



# **FISCAL RESEARCH DIVISION**

A Staff Agency of the North Carolina General Assembly

## **2012 ANNOTATED CONFERENCE COMMITTEE REPORT ON THE CONTINUATION, EXPANSION AND CAPITAL BUDGETS**

**(Also includes summaries of S.L. 2012-145, Modifications/2012 Appropriations Act; summaries of relevant provisions of S. L. 2012-74 (HB 1015); S.L. 2012-36 (HB 1025); S.L. 2012-194 (SB 847) and other bills and select budget information).**

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# **FOREWORD**

This document is an annotated version of The Joint Conference Committee Report on the Continuation, Expansion and Capital Budgets for FY 2012-13 as enacted in S.L. 2012-142, Modify 2011 Appropriations Act (HB 950), and amended by S.L. 2012-145, Modifications/2012 Appropriations Act (SB 187); S. L. 2012-74 (HB 1015); S.L. 2012-36 (HB 1025); and S.L. 2012-194 (SB 847).

The Annotated Report includes all legislative adjustments to the FY 2012-13 Budget enacted during the 2012 Legislative Session. Also included are summaries of other related bills and select budgetary information.

## **Acknowledgements**

The Fiscal Research Division is a nonpartisan, central staff agency that provides fiscal and policy information to the legislature.

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Cultural Resources  
General Assembly  
Governor's Office  
Insurance  
Information Technology Services  
Housing Finance Agency  
Licensing Boards  
Lieutenant Governor  
Revenue  
Secretary of State  
State Board of Elections  
State Budget and Management  
State Controller  
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| <b>General Fund Availability<sup>1</sup></b>                                     | <b>FY 2012-13</b>         |
|--|---------------------------|
| Unappropriated Balance Remaining   | 41,232,325                |
| Anticipated Overcollections from FY 2011-12                                      | 232,500,000               |
| Anticipated Reversions for FY 2011-12  | 206,873,330               |
| Net Supplemental Medicaid Appropriations (S.L. 2012-2)                           | (154,000,000)             |
| Adjustment from Estimated to Actual FY 2011-12 Fund Balance                      | 213,432,877               |
| Less Earmarkings of Year End Fund Balance:                                       |                           |
| Savings Reserve Account  | (123,170,924)             |
| Repairs and Renovations Reserve Account  | (23,170,924)              |
| <b>Beginning Unreserved Fund Balance</b>   | <b>393,696,684</b>        |
| <br><b>Revenue Based on Existing Tax Structure</b>                               | <br><b>18,931,200,000</b> |
| <br><b>Non-Tax Revenue</b>   |                           |
| Investment Income  | 21,600,000                |
| Judicial Fees  | 258,700,000               |
| Disproportionate Share   | 115,000,000               |
| Insurance  | 73,700,000                |
| Other Non-tax Revenues   | 304,400,000               |
| Highway Trust Fund Transfer  | 27,600,000                |
| Highway Fund Transfer  | 212,280,000               |
| <b>Total Non-Tax Revenue</b>   | <b>1,013,280,000</b>      |
| <br><b>Subtotal General Fund Availability</b>                                    | <br><b>20,338,176,684</b> |
| <br><b>Adjustments to Availability: 2012 Session</b>                             |                           |
| E-Commerce Reserve Cash Balance  | 2,470,642                 |
| Charitable Licensing Receipts  | 979,752                   |
| One NC Fund Cash Balance   | 45,000,000                |
| Insurance Regulatory Fund  | 166,613                   |
| Work Opportunity Tax Credit Extension (S.L. 2012-36)                             | (800,000)                 |
| Sales Tax Refund Application Extension for Passenger Air Carriers (S.L. 2012-74) | (3,150,000)               |
| Sale of State Assets Receipts  | (25,000,000)              |
| Highway Fund Transfer  | 8,000,000                 |
| Teaching Fellows Trust Fund Cash Balance   | 3,265,000                 |
| Information Technology Internal Service Fund Cash Balance                        | 14,000,000                |
| Tax Deduction for Education Supplies (S.L. 2012-74)                              | (1,800,000)               |
| Diversion of Golden LEAF Funds   | 6,750,000                 |
| National Mortgage Settlement   | 9,610,000                 |
| <br><b>Subtotal Adjustments to Availability:</b>                                 | <br><b>59,492,007</b>     |
| <br><b>Revised Total General Fund Availability</b>                               | <br><b>20,397,668,691</b> |
| <b>Less General Fund Appropriations</b>  | <b>20,184,235,814</b>     |
| <br><b>Balance Remaining</b>   | <br><b>213,432,877</b>    |

<sup>1</sup>General Fund Availability and Appropriations as revised by S.L. 2012-145, Modifications/2012 Appropriations Act.

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**SUMMARY:**

**GENERAL FUND  
APPROPRIATIONS**

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| SUMMARY OF GENERAL FUND APPROPRIATIONS          |                       |                         |                          |                     |                |                       |
|---|-----------------------|-------------------------|--------------------------|---------------------|----------------|-----------------------|
| Fiscal Year 2012-13                             |                       |                         |                          |                     |                |                       |
|   |                       |                         |                          |                     |                |                       |
|   |                       | Legislative Adjustments |                          |                     |                | Revised               |
|   | 2011 Approved Budget  | Recurring Adjustments   | Nonrecurring Adjustments | Net Changes         | FTE Changes    | Appropriation 2012-13 |
| <b><u>Education</u></b>                         |                       |                         |                          |                     |                |                       |
| Community Colleges                              | 985,000,000           | 165,000                 | 5,000,000                | 5,165,000           | 0.00           | 990,165,000           |
| Public Education                                | 7,444,122,100         | 62,430,967              | 0                        | 62,430,967          | 11.00          | 7,506,553,067         |
| University System                               | 2,551,672,698         | 24,569,254              | (460,783)                | 24,108,471          | 231.40         | 2,575,781,169         |
| <b>Total Education</b>                          | <b>10,980,794,798</b> | <b>87,165,221</b>       | <b>4,539,217</b>         | <b>91,704,438</b>   | <b>242.40</b>  | <b>11,072,499,236</b> |
| <b><u>Health and Human Services</u></b>         |                       |                         |                          |                     |                |                       |
| Central Management and Support                  | 44,577,987            | (7,852,058)             | 9,159,699                | 1,307,641           | 0.00           | 45,885,628            |
| Aging and Adult Services                        | 37,019,667            | 10,300,000              | 39,700,000               | 50,000,000          | 0.00           | 87,019,667            |
| Blind and Deaf / Hard of Hearing Services       | 8,372,886             | (168,336)               | 0                        | (168,336)           | 0.00           | 8,204,550             |
| Child Development                               | 266,102,933           | 0                       | (3,500,000)              | (3,500,000)         | 0.00           | 262,602,933           |
| Health Service Regulation                       | 16,133,031            | 0                       | 1,792,559                | 1,792,559           | 0.00           | 17,925,590            |
| Medical Assistance                              | 2,907,276,302         | 150,565,342             | 43,606,924               | 194,172,266         | 0.00           | 3,101,448,568         |
| Mental Health, Dev. Disabilities and Sub. Abuse | 710,712,232           | 5,030,019               | (20,227,000)             | (15,196,981)        | 431.10         | 695,515,251           |
| NC Health Choice                                | 83,717,865            | (2,007,430)             | 0                        | (2,007,430)         | 0.00           | 81,710,435            |
| Public Health                                   | 157,538,834           | 1,843,527               | 9,541,251                | 11,384,778          | 50.05          | 168,923,612           |
| Social Services                                 | 186,183,068           | (9,079,116)             | 0                        | (9,079,116)         | 0.00           | 177,103,952           |
| Vocational Rehabilitation                       | 37,528,128            | 0                       | 0                        | 0                   | 0.00           | 37,528,128            |
| <b>Total Health and Human Services</b>          | <b>4,455,162,933</b>  | <b>148,631,948</b>      | <b>80,073,433</b>        | <b>228,705,381</b>  | <b>481.15</b>  | <b>4,683,868,314</b>  |
| <b><u>Justice and Public Safety</u></b>         |                       |                         |                          |                     |                |                       |
| Public Safety                                   | 1,694,715,876         | (27,231,135)            | (5,000,000)              | (32,231,135)        | (48.08)        | 1,662,484,741         |
| Judicial Department                             | 435,141,107           | (2,334,307)             | 0                        | (2,334,307)         | 44.00          | 432,806,800           |
| Judicial - Indigent Defense                     | 112,748,733           | 0                       | 0                        | 0                   | 0.00           | 112,748,733           |
| Justice   | 80,864,138            | (3,667,504)             | (3,000,000)              | (6,667,504)         | (21.00)        | 74,196,634            |
| <b>Total Justice and Public Safety</b>          | <b>2,323,469,854</b>  | <b>(33,232,946)</b>     | <b>(8,000,000)</b>       | <b>(41,232,946)</b> | <b>(25.08)</b> | <b>2,282,236,908</b>  |

| SUMMARY OF GENERAL FUND APPROPRIATIONS       |                      |                         |                          |                    |              |                       |
|--|----------------------|-------------------------|--------------------------|--------------------|--------------|-----------------------|
| Fiscal Year 2012-13                          |                      |                         |                          |                    |              |                       |
|  |                      |                         |                          |                    |              |                       |
|  |                      | Legislative Adjustments |                          |                    |              | Revised               |
|  | 2011 Approved Budget | Recurring Adjustments   | Nonrecurring Adjustments | Net Changes        | FTE Changes  | Appropriation 2012-13 |
| <b><u>Natural and Economic Resources</u></b> |                      |                         |                          |                    |              |                       |
| Agriculture and Consumer Services            | 62,198,634           | 45,750,602              | 1,612,230                | 47,362,832         | 511.91       | 109,561,466           |
| Commerce                                     | 33,250,463           | (778,638)               | 8,250,000                | 7,471,362          | 1.00         | 40,721,825            |
| Commerce - State Aid                         | 30,151,984           | (1,289,040)             | 1,071,500                | (217,540)          | 0.00         | 29,934,444            |
| Environment and Natural Resources            | 148,148,105          | (44,373,084)            | 5,033,796                | (39,339,288)       | (416.92)     | 108,808,817           |
| Clean Water Mgmt. Trust Fund                 | 11,250,000           | (11,250,000)            | 10,750,000               | (500,000)          | 0.00         | 10,750,000            |
| Labor  | 15,836,887           | (316,738)               | 0                        | (316,738)          | 0.00         | 15,520,149            |
| NC Biotechnology Center                      | 17,551,710           | (351,034)               | 0                        | (351,034)          | 0.00         | 17,200,676            |
| Rural Economic Development Center            | 25,376,729           | (3,757,535)             | 2,000,000                | (1,757,535)        | 0.00         | 23,619,194            |
| Wildlife Resources Commission                | 17,221,179           | 434,397                 | 0                        | 434,397            | 0.00         | 17,655,576            |
| <b>Total Natural and Economic Resources</b>  | <b>360,985,691</b>   | <b>(15,931,070)</b>     | <b>28,717,526</b>        | <b>12,786,456</b>  | <b>95.99</b> | <b>373,772,147</b>    |
| <b><u>General Government</u></b>             |                      |                         |                          |                    |              |                       |
| Administration                               | 66,353,073           | (444,861)               | 420,000                  | (24,861)           | 0.00         | 66,328,212            |
| Auditor                                      | 10,676,035           | (213,521)               | 0                        | (213,521)          | 0.00         | 10,462,514            |
| Cultural Resources                           | 61,697,001           | (798,866)               | 500,000                  | (298,866)          | (1.00)       | 61,398,135            |
| Cultural Resources - Roanoke Island Comm.    | 1,203,491            | (300,000)               | 0                        | (300,000)          | 0.00         | 903,491               |
| General Assembly                             | 50,104,208           | 3,889,367               | (2,318,945)              | 1,570,422          | 31.60        | 51,674,630            |
| Governor                                     | 4,741,157            | (94,823)                | 0                        | (94,823)           | 0.00         | 4,646,334             |
| Housing Finance Agency                       | 9,673,051            | (187,879)               | (7,876,755)              | (8,064,634)        | 0.00         | 1,608,417             |
| Insurance                                    | 36,393,921           | 459,055                 | 0                        | 459,055            | 3.00         | 36,852,976            |
| Insurance - Worker's Compensation Fund       | 2,623,654            | 0                       | 0                        | 0                  | 0.00         | 2,623,654             |
| Lieutenant Governor                          | 695,324              | (144,150)               | 0                        | (144,150)          | 0.00         | 551,174               |
| Office of Administrative Hearings            | 4,142,258            | 0                       | 0                        | 0                  | 0.00         | 4,142,258             |
| Revenue                                      | 78,199,538           | (1,563,991)             | 0                        | (1,563,991)        | 0.00         | 76,635,547            |
| Secretary of State                           | 10,654,563           | 766,661                 | 0                        | 766,661            | 9.43         | 11,421,224            |
| State Board of Elections                     | 5,126,603            | (102,532)               | 0                        | (102,532)          | 0.00         | 5,024,071             |
| State Budget and Management (OSBM)           | 5,848,663            | (116,973)               | 0                        | (116,973)          | 0.00         | 5,731,690             |
| OSBM - Special Appropriations                | 440,612              | (391,612)               | 1,830,000                | 1,438,388          | 0.00         | 1,879,000             |
| State Controller                             | 28,368,957           | 233,015                 | 1,347,397                | 1,580,412          | (1.00)       | 29,949,369            |
| Treasurer - Operations                       | 6,621,750            | 0                       | 0                        | 0                  | 0.00         | 6,621,750             |
| Treasurer - Fire/Rescue Retirement           | 17,812,114           | 0                       | 0                        | 0                  | 0.00         | 17,812,114            |
| <b>Total General Government</b>              | <b>401,375,973</b>   | <b>988,890</b>          | <b>(6,098,303)</b>       | <b>(5,109,413)</b> | <b>42.03</b> | <b>396,266,560</b>    |
|  |                      |                         |                          |                    |              |                       |

| SUMMARY OF GENERAL FUND APPROPRIATIONS                       |                       |                         |                          |                     |               |                       |
|--|-----------------------|-------------------------|--------------------------|---------------------|---------------|-----------------------|
| Fiscal Year 2012-13  |                       |                         |                          |                     |               |                       |
|  |                       |                         |                          |                     |               |                       |
|  |                       | Legislative Adjustments |                          |                     |               | Revised               |
|  | 2011 Approved Budget  | Recurring Adjustments   | Nonrecurring Adjustments | Net Changes         | FTE Changes   | Appropriation 2012-13 |
| <b>Debt Service and Statewide Reserves</b>                   |                       |                         |                          |                     |               |                       |
| <b>Debt Service:</b>   |                       |                         |                          |                     |               |                       |
| Interest / Redemption  | 759,984,974           | (52,904,635)            | 0                        | (52,904,635)        | 0.00          | 707,080,339           |
| Federal Reimbursement  | 1,616,380             |                         | 0                        | 0                   | 0.00          | 1,616,380             |
| <b>Subtotal Debt Service</b>                                 | <b>761,601,354</b>    | <b>(52,904,635)</b>     | <b>0</b>                 | <b>(52,904,635)</b> |               | <b>708,696,719</b>    |
|  |                       |                         |                          |                     |               |                       |
| <b>Statewide Reserves:</b>                                   |                       |                         |                          |                     |               |                       |
| Contingency and Emergency Fund                               | 5,000,000             |                         |                          | 0                   | 0.00          | 5,000,000             |
| Information Technology Fund                                  | 6,158,142             | 0                       | (750,000)                | (750,000)           | 2.00          | 5,408,142             |
| Job Development Investment Grants (JDIG)                     | 27,400,000            | 0                       | (6,500,000)              | (6,500,000)         | 0.00          | 20,900,000            |
| State Retirement System Contributions                        | 336,000,000           | 0                       | 0                        | 0                   | 0.00          | 336,000,000           |
| Judicial Retirement System Contribution                      | 7,800,000             | 100,000                 | 0                        | 100,000             | 0.00          | 7,900,000             |
| Firemen & Rescue Squad Workers Pension Fund                  | 5,366,928             | 0                       | 0                        | 0                   | 0.00          | 5,366,928             |
| State Health Plan  | 102,151,104           | 0                       | 0                        | 0                   | 0.00          | 102,151,104           |
| Continuation/Justification Review Reserve                    | 35,576,758            | 0                       | (35,576,758)             | (35,576,758)        | 0.00          | 0                     |
| Compensation and Performance Pay Reserve                     | 121,105,840           | (121,105,840)           |                          | (121,105,840)       | 0.00          | 0                     |
| Reserve for Compensation Increases and Personnel Flexibility | 0                     | 159,984,426             | 0                        | 159,984,426         | 0.00          | 159,984,426           |
| Disability Income Plan of North Carolina                     | 0                     | (8,688,000)             | 0                        | (8,688,000)         | 0.00          | (8,688,000)           |
| Automated Fraud Detection Development                        | 7,000,000             | 0                       | 0                        | 0                   | 0.00          | 7,000,000             |
| Controller - Fraud Detection Development                     | 500,000               | 0                       | 0                        | 0                   | 0.00          | 500,000               |
| One North Carolina Fund                                      | 0                     | 9,000,000               | 0                        | 9,000,000           | 0.00          | 9,000,000             |
| VIPER Reserve  | 0                     | 0                       | 10,000,000               | 10,000,000          | 0.00          | 10,000,000            |
| <b>Subtotal Statewide Reserves</b>                           | <b>654,058,772</b>    | <b>39,290,586</b>       | <b>(32,826,758)</b>      | <b>6,463,828</b>    |               | <b>660,522,600</b>    |
|  |                       |                         |                          |                     |               |                       |
| <b>Total Reserves and Debt Service</b>                       | <b>1,415,660,126</b>  | <b>(13,614,049)</b>     | <b>(32,826,758)</b>      | <b>(46,440,807)</b> |               | <b>1,369,219,319</b>  |
|  |                       |                         |                          |                     |               |                       |
| <b>Total General Fund for Operations</b>                     | <b>19,937,449,375</b> | <b>174,007,994</b>      | <b>66,405,115</b>        | <b>240,413,109</b>  | <b>836.49</b> | <b>20,177,862,484</b> |

| SUMMARY OF GENERAL FUND APPROPRIATIONS               |                         |                          |                             |                    |                |                          |
|--|-------------------------|--------------------------|-----------------------------|--------------------|----------------|--------------------------|
| Fiscal Year 2012-13                                  |                         |                          |                             |                    |                |                          |
|  |                         |                          |                             |                    |                |                          |
|  |                         | Legislative Adjustments  |                             |                    |                | Revised                  |
|  | 2011 Approved<br>Budget | Recurring<br>Adjustments | Nonrecurring<br>Adjustments | Net<br>Changes     | FTE<br>Changes | Appropriation<br>2012-13 |
|  |                         |                          |                             |                    |                |                          |
| <b><u>Capital Improvements</u></b>                   |                         |                          |                             |                    |                |                          |
| Water Resources Development Projects                 | 0                       | 0                        | 5,000,000                   | 5,000,000          | 0.00           | 5,000,000                |
| Greensboro Readiness Center Renovation and Expansion | 0                       | 0                        | 1,373,330                   | 1,373,330          | 0.00           | 1,373,330                |
| <b>Total Capital Improvements</b>                    | <b>0</b>                | <b>0</b>                 | <b>6,373,330</b>            | <b>6,373,330</b>   | <b>0</b>       | <b>6,373,330</b>         |
|  |                         |                          |                             |                    |                |                          |
| <b>Total General Fund Budget</b>                     | <b>19,937,449,375</b>   | <b>174,007,994</b>       | <b>72,778,445</b>           | <b>246,786,439</b> | <b>836.49</b>  | <b>20,184,235,814</b>    |



# **EDUCATION**

## **Section F**

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## 2012 Annotated Committee Report

### Public Education

|              |
|--------------|
| GENERAL FUND |
|--------------|

|          |
|----------|
| FY 12-13 |
|----------|

Total Budget Approved 2011 Session

\$7,444,122,100

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#### Budget Changes

##### A. Technical Adjustments

###### 1 Average Daily Membership (ADM)

(\$6,423,088)

R

Revises projected ADM for FY 2012-13 to reflect 2,084 fewer students than originally projected. The adjustment includes revisions to all position, dollar, and categorical allotments.

Total allotted ADM for FY 2012-13 is 1,492,793, an increase of 11,802 students over FY 2011-12.

###### 2 Average Teacher Salary

(\$85,670,329)

R

Revises budgeted funding for certified personnel salaries based on actual salary data from December 2011. The adjustment does not reduce any salary paid to certified personnel, nor does it reduce the number of guaranteed State-funded teachers, administrators, or instructional support personnel.

##### B. Other Public School Funding Adjustments

###### 3 LEA Adjustment Reduction

\$126,943,661

R

Provides \$143.3 million to reduce the LEA Adjustment in FY 2012-13 by appropriating \$126.9 million and allocating an additional \$16.4 million from FY 2012-13 North Carolina Education Lottery net revenues.

The State Board of Education shall distribute the remainder of the LEA Adjustment to all LEAs and charter schools on the basis of ADM. LEAs and charter schools will then be responsible for identifying budget reductions in order to meet their share of the Adjustment.

###### 4 Textbooks

(\$4,364,277)

R

Reduces funding for textbooks. \$22.8 million will remain in this allotment in FY 2012-13, \$615,188 below the 2011-12 budgeted amount.

**D. Department of Public Instruction****5 Residential Schools****\$4,700,000 R**

Restores funds to operate all three Residential Schools. None of the Residential Schools shall be closed. The Department of Public Instruction is strongly encouraged to maximize the use of all three facilities to generate receipts to further defray General Fund reductions to program operations. (S.L. 2012-142, Sec. 7.3 and 7.8)

**6 Governor's Schools****\$800,000 R**

Provides funding for this program that supports summer enrichment activities for talented high school students.

**7 Liability Insurance for Public School Personnel****(\$555,000) R**

Aligns the appropriation with projected costs. The actual cost of securing the statewide liability insurance policy in school year 2011-12 was less than the appropriation.

**E. Excellent Public Schools Act****8 Excellent Public Schools Act****\$27,000,000 R**

Provides funds to the Department of Public Instruction to carry out the elements of the Excellent Public Schools Act contained in Sections 7A.1 and 7A.6. (S.B. 795; S.L. 2012-142 Sec. 7A)

11.00

(S.L. 2012-145, Sec. 2.1, Modifications/2012 Appropriations Act, authorizes the Department of Public Instruction to establish up to 11 positions for program implementation.)

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**Budget Changes****\$62,430,967 R****Total Position Changes**

11.00

**Revised Total Budget****\$7,506,553,067**

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# Special Provisions

## 2012 Session: SB 187

**Department:** Public Education

Section: 2.1

**Title:** TECHNICAL CHANGE: AUTHORITY TO ESTABLISH POSITIONS TO ADMINISTER THE EXCELLENT PUBLIC SCHOOLS ACT

**Summary** Amends S.L. 2012-142, Modify 2011 Appropriations Act, creating a new Section 7A.12, authorizing the Department of Public Instruction to establish 11 positions to administer the provisions of the Read to Achieve program.

Section: 2.4

**Title:** BUDGET CHANGE: BUDGETING OF POSITION ALLOTMENTS

**Summary** Amends Section 7.18 of S.L. 2012-142, Modify 2011 Appropriations Act, so that funds received for transfers of classroom teacher positions and instructional support positions shall be based on the step corresponding to six years of experience on the "A" Teachers salary schedule.

Section: 2.5

**Title:** BUDGET CHANGE: SCHOOL CALENDAR

**Summary** Amends S.L. 2012-142, Modify 2011 Appropriations Act, creating a new Section 7A.11, making various policy changes associated with public school calendars. The provision modifies G.S. 115C-84.2 to provide public schools the option of providing a minimum of 185 days or 1,025 hours of instruction. The State Board of Education (SBE) would no longer have the authority to waive required instructional days. Allowable opening and closing dates are amended such that schools could not open for students before the Monday closest to August 26 and the closing date could not be after the Friday closest to June 11. Additionally, this section limits the ability of local education agencies (LEAs) to receive waivers to the required closing date for "good cause" and eliminates the SBE's authority to provide closing date waivers for "educational purposes". This section applies beginning with the 2013-14 school year.

## 2012 Session: HB 950

**Department:** Public Education

Section: 7.1

**Title:** FUNDS FOR CHILDREN WITH DISABILITIES

**Summary** Provides \$3,709 per child for children with disabilities to each local education agency (LEA) for the lesser of (i) all children who are identified as children with disabilities, or (ii) 12.5% of the LEA's average daily membership (ADM).

Section: 7.2

**Title:** FUNDS FOR ACADEMICALLY GIFTED CHILDREN

**Summary** Provides each LEA \$1,223.93 per child for academically and intellectually gifted children for a maximum of 4% of each LEA's allotted ADM for the 2012-13 school year.

Section: 7.3

Title: **SCHOOL IMPROVEMENT PLANS AT RESIDENTIAL SCHOOLS**

Summary Restores language related to school improvement plans at the Eastern North Carolina School for the Deaf, the Governor Morehead School for the Blind, and the North Carolina School for the Deaf (the "residential schools") that had previously been found in G.S. 143B-146.12. This Section requires the principal of each residential school, instructional personnel and residential life personnel assigned to that school, and a minimum of five parents of children enrolled in the school to constitute a school improvement team to develop a school improvement plan.

Section: 7.4

Title: **SCHOOL CALENDAR PILOT PROGRAM**

Summary Extends the school calendar pilot program in Wilkes County Schools, Montgomery County Schools, and Stanly County Schools, allowing these LEAs to operate a calendar with either 185 instructional days or 1,025 hours of instruction for the 2012-13 school year.

The State Board of Education shall report on this program to the Joint Legislative Education Oversight Committee by March 15, 2013. (H.B. 553)

Section: 7.8

Title: **RESIDENTIAL SCHOOLS**

Summary Makes three changes related to the operation of the Eastern North Carolina School for the Deaf, the Governor Morehead School for the Blind, and the North Carolina School for the Deaf (collectively, the "residential schools").

Subsection (a) repeals Section 7.25(a) of S.L. 2011-145, Appropriations Act of 2011, which had mandated the closure of one of the three residential schools effective July 1, 2012.

Subsection (b) prohibits the Department of Public Instruction (DPI) from transferring school-based personnel from the residential schools to central office administrative positions.

Subsection (c) allows DPI to retain all proceeds generated from the rental of building space on the residential school campuses. Such proceeds shall be used to staff and operate the residential schools.

Section: 7.9

Title: **LIABILITY INSURANCE FOR PUBLIC SCHOOL PERSONNEL**

Summary Creates a new allotment to allow LEAs to provide written notification to all public school employees regarding the coverage provided by the State-funded liability insurance policy for North Carolina public school employees.

Subsection (a) requires LEAs to provide written notification to all public school employees regarding the coverage provided by the State-funded liability insurance policy for North Carolina public school employees within 60 days of the passage of S.L. 2012-142.

Subsection (b) requires DPI to distribute additional funds budgeted for liability insurance to LEAs on the basis of ADM in order to implement the requirements of Subsection (a).

Section: 7.10

Title: **PILOT COOPERATIVE INNOVATIVE HIGH SCHOOL**

Summary Authorizes the Yadkin Valley Regional Career Academy to begin operating in the 2012-13 school year as a cooperative innovative high school pilot. (H.B. 1018)

Section: 7.11

Title: **CLARIFYING COOPERATIVE INNOVATIVE HIGH SCHOOL STATUTES**

Summary Clarifies the application process and the funding of cooperative innovative high schools.

Subsection (a) modifies G.S. 115C-238.50A to:

- Clarify the definition of “cooperative innovative high school”;
- Define “cooperative innovative high school allotment”;
- Clarify the definition of “education partner”; and
- Define “partner institution of higher education”.

Subsection (b) modifies G.S. 115C-238.51 to clarify the information required to be included in applications, and the institutions to which the application shall be submitted.

Subsection (c) amends Part 9 of Article 16 of Chapter 115C of the General Statutes by adding a new section, G.S. 115C-238.51A, detailing two application processes: one for schools that will be locally funded, and one for schools that will require additional State funding.

Subsection (d) modifies G.S. 115C-238.52 to make conforming changes.

Subsection (e) modifies G.S. 115C-238.53 to make conforming changes.

Subsection (f) modifies G.S. 115C-238.54 to clarify the payment of tuition for students in cooperative innovative high schools for courses taken through the partner institution of higher education. For courses taken through the North Carolina Community College System, students in cooperative innovative high schools shall be included in calculations of budget full-time equivalent students. For courses taken through constituent institutions of The University of North Carolina or private North Carolina colleges, tuition shall be reimbursed by the SBE. Tuition may not exceed the highest undergraduate resident rate approved by the Board of Governors for The University of North Carolina constituent institutions and shall not include fees.

Subsection (g) modifies G.S. 115C-238.55 to make conforming changes.

Subsection (h) repeals Section 7.21(e) of S.L. 2010-31, Appropriations Act of 2010, to remove conflicting language associated with the cooperative innovative high school application process.

Section: 7.12

Title: **NORTH CAROLINA VIRTUAL PUBLIC SCHOOLS**

Summary Modifies Section 7.22(k) of S.L. 2011-145, Appropriations Act of 2011, to expand which funds may be used for the instructional costs of the North Carolina Virtual Public Schools (NCVPS) to include:

- Funds provided through the NCVPS Allotment Formula;
- Funds provided through the NCVPS enrollment reserve as set forth in this section;
- Local funds;
- Federal funds;
- Special State Reserve Funds for Children and Youth with Disabilities; and
- ADM Contingency Reserve.

Section: 7.13

Title: **REPEAL OBSOLETE REPORTS**

Summary Repeals six obsolete or seldom-used reports, as follows:

Subsection (a) repeals Section 7.19(d) of S.L. 2007-323, 2007 Appropriations Act, removing the requirement for an obsolete report on Learn & Earn high schools, a program that no longer exists.

Subsection (b) repeals Section 7.21 of S.L. 2007-323, 2007 Appropriations Act, removing the requirement for an obsolete report on small, redesigned high schools, a program that no longer exists.

Subsection (c) repeals G.S. 115C-276(t), removing the requirement for a seldom-used report on DWI Vehicle Forfeiture.

Subsection (d) repeals Subsections (c) and (g) of Section 7.5 of S.L. 2010-31, Appropriations Act of 2010, removing the requirement for an obsolete report on More at Four, a program that no longer exists.

Subsection (e) repeals Section 7.19(c) of S.L. 2010-31, Appropriations Act of 2010, removing the requirement for an obsolete report on Dropout Prevention Grants, a program that no longer exists.

Subsection (f) repeals G.S. 115C-12(26), removing the requirement for an obsolete report on the professional development allotment, an allotment that no longer exists.

Section: 7.14

Title: **TEACHER/TEACHER ASSISTANT LEAVE ON INSTRUCTIONAL DAYS**

Summary Provides LEAs with the option of permitting instructional personnel employed for 11 or 12 months in year-round schools to, with the approval of the principal, take vacation leave on instructional days, and makes conforming changes to existing statute.

Subsection (a) amends G.S. 115C-302.1(c) to provide LEAs with the option of permitting instructional personnel employed for 11 or 12 months in year-round schools to, with the approval of the principal, take vacation leave on instructional days. LEAs would be required to use local funds to pay for the cost of substitute teachers in these instances.

Subsection (b) makes conforming changes to G.S. 115C-316(a)(3).

Section: 7.16

Title: **GEOGRAPHICALLY ISOLATED SCHOOLS**

Summary Allows an LEA receiving special allotments for a small, geographically isolated school to continue receiving one-half of that special allotment funding for the fiscal year after the school is closed.



Section: 7.17

Title: **INVESTING IN INNOVATION GRANT**

Summary Allows 10th grade students in 11 LEAs (Alleghany, Beaufort, Hertford, Jones, Madison, Richmond, Rutherford, Sampson, Surry, Wilkes, and Yancey County Schools) to take one community college course as part of the federal Investing in Innovation Fund Grant: Validating Early College Strategies for Traditional Comprehensive High Schools awarded to the North Carolina New Schools Project. These federal grant funds shall be used to pay for all costs incurred by the LEAs and the community college partners, including community college FTE. Community colleges shall not earn budget FTE for student course enrollments supported with this grant. The North Carolina New Schools Project shall report on the implementation of the grant to the State Board of Education, State Board of Community Colleges, Office of the Governor, and the Joint Legislative Education Oversight Committee no later than March 15, 2013, and annually thereafter until the end of the grant period.

Section: 7.18

Title: **BUDGETING OF POSITION ALLOTMENTS**

Summary Amends the amount of funds LEAs are to receive when transferring allotted positions from the classroom teacher allotment or the instructional support personnel allotment.

Subsection (a) amends Section 7.21(a) of S.L. 2011-145, Appropriations Act of 2011, to clarify the amount of funds LEAs are to receive when transferring allotted classroom teacher positions into the teacher assistants allotment. When transferring classroom teacher positions into the teacher assistants allotment, the salary transferred shall be based on the first step of the "A" Teachers salary schedule.

Subsection (b) clarifies the amount of funds LEAs are to receive when transferring allotted instructional support positions into other allotments. When transferring instructional support positions into other allotments, the salary transferred shall be based on the first step of the "A" Teachers salary schedule.

(S.L. 2012-145, Sec. 2.4, Modifications/2012 Appropriation Act, amends this provision so that funds received for transfers of classroom teacher positions and instructional support positions shall be based on the step corresponding to six years of experience on the "A" Teachers salary schedule.)

Section: 7.19

Title: **UNIFORM EDUCATION REPORTING SYSTEM (UERS) FUNDS**

Summary Directs that funds appropriated for UERS shall not revert at the end of FY 2011-12.

Section: 7A.1

Title: **IMPROVE K-3 LITERACY**

Summary Establishes the North Carolina Read to Achieve Program, and makes several other changes to statute regarding literacy in early grades.

Subsection (a) repeals G.S. 115C-81.2 requiring the SBE to implement a comprehensive plan to improve reading achievement in the public schools.

Subsection (b) establishes the North Carolina Read to Achieve Program ("the Program"). The Program is established by amending Article 8 of Chapter 115C of the General Statutes, adding ten new sections.

First, G.S. 115C-83.1A states the Program's goal of ensuring that every student read at or above grade level by the end of third grade, with continued improvement necessary for secondary education and career success.

Second, G.S. 115C-83.1B states the Program's purposes, ensuring that (i) difficulty with reading development is identified early; (ii) students receive instructional and support services to address difficulty with reading development and remediation for reading deficiencies; (iii) students and parents are continuously informed of the students' academic needs and progress; and (iv) progression from one grade to another be based in part upon proficiency in reading.

Third, G.S. 115C-83.1C defines numerous terms in the Program including "difficulty with reading development", "reading proficiency", and "reading deficiency".

Fourth, G.S. 115C-83.1D requires the SBE to develop, implement, and continuously evaluate a comprehensive plan to improve reading based on practices that have strong evidence of effectiveness in current empirical research in reading development. When appropriate, the plan should modify the standard course of study, teacher licensure standards, and teacher education program standards. The SBE must report biennially to the Joint Legislative Education Oversight Committee on the implementation, evaluation, and revisions to the plan including recommendations for legislative changes.

Fifth, G.S. 115C-83.1E requires the SBE to ensure that each kindergarten student be given a developmental screening of early language, literacy, and math skills within 30 days of enrollment and a kindergarten entry assessment within 60 days of enrollment. The results of both must be used to inform: (i) the status of children's learning at kindergarten entry; (ii) instruction for each child; (iii) efforts to reduce the achievement gap at kindergarten entry; and (iv) continuous improvement of the early childhood system.

Sixth, G.S. 115C-83.1F mandates that K-3 students must be given diagnostic assessments and difficulty with reading development must be addressed with instructional supports and services. Local school administrative units (LEAs) are encouraged to partner with community organizations and businesses for volunteers, mentors, and tutors to help enhance reading development and proficiency.

Seventh, G.S. 115C-83.1G requires that the SBE mandate that a student be retained in grade 3 if the student fails to demonstrate 3rd grade reading proficiency on a State-approved standardized test of reading comprehension. The test can be re-administered once prior to the school year. A student can be exempt from mandatory retention for good cause but must receive instructional supports and services and reading interventions. Good cause exemptions are limited to the following:

- Limited English proficient students with less than two years of instruction in an English as a Second Language Program.
- Students with disabilities whose individualized education program indicates the use of alternative assessments and reading interventions.

- Students who demonstrate 3rd grade reading proficiency on an alternative test provided by the SBE.
- Students who demonstrate 3rd grade reading proficiency through a student reading portfolio.
- Students who have received reading intervention and previously been retained more than once in kindergarten, first, second, or third grades.

The superintendent of the LEA must determine whether a student may be exempt from mandatory retention on the basis of a good cause exemption. The teacher must submit documentation to the principal of the relevant exemption as well as evidence that promotion is appropriate based on the student's academic record. The principal must review the documentation and make an initial determination on promotion. If the principal determines the student should be promoted, the principal then must make a written recommendation of promotion to the superintendent for a final determination.

Eighth, G.S. 115C-83.1H requires enrollment in a summer camp and allows promotion to 4th grade if the student shows reading proficiency on an alternative test of reading comprehension or reading portfolio after completion of the camp. If the student does not show proficiency then the student must be retained and:

- Provided with a teacher with demonstrated student outcomes in reading proficiency;
- Placed in an accelerated reading class or transitional 3rd and 4th grade class combination;
- Provided at least 90 minutes of daily, uninterrupted, evidence based reading instruction; and
- Given other appropriate instructional supports and services and reading interventions.

The SBE must establish a mid-year promotion policy for retained students who demonstrate reading proficiency by November 1 of the school year. Parents of students retained once must be provided with a home reading plan and participation in shared and guided reading workshops. Parents of students retained twice must be offered supplemental tutoring for the retained student outside of the instructional day.

Ninth, G.S. 115C-83.1I requires that parents be notified in writing that a student will be retained if the student is not demonstrating reading proficiency by the end of the 3rd grade unless there is a good cause exemption. The notice must be given when a kindergarten, 1st, 2nd, or 3rd grade student is demonstrating difficulty with reading development, is not reading at grade level, or has a personal education plan. Parents must also be given notice in writing if the student is not eligible for a good cause exemption as well as proposed reading interventions. For retained students, the parents must be given monthly written reports on the student's progress toward reading proficiency.

Finally, G.S. 115C-83.1J directs local boards of education to annually publish on its LEA's website and submit in writing to the SBE each year the following information:

- The number and percentage of 3rd graders showing and not showing reading proficiency on the State-approved test of 3rd grade reading comprehension;
- The number and percentage of 3rd graders who take and pass the alternative test of reading comprehension;
- The number and percentage of 3rd graders retained for not demonstrating reading proficiency; and
- The number and percentage of 3rd graders exempt from mandatory retention due to a good cause exemption.

LEAs must also report annually to the SBE describing all reading interventions provided to the 3rd grade students retained for lack of reading proficiency. The SBE must annually compile the information provided by the LEAs and provide a State-level summary to the Governor, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Joint Legislative Education Oversight Committee beginning with the 2014-15 school year. The SBE and the Department of Public Instruction (DPI) must provide technical assistance as needed to assist LEAs to implement the Program.

Subsection (c) repeals G.S. 115C-105.27(b)(1a) requiring school improvement plans for schools

that serve kindergarten and 1st grade students to include a reading plan to prepare the students to read at grade level by 2nd grade.

Subsection (d) amends G.S. 115C-105.41, requiring LEAs to identify students at risk of academic failure and who are not progressing toward grade promotion and graduation beginning no later than kindergarten, as opposed to by 4th grade under existing law. Identification could be based on diagnostic and formative assessments required under subsection (b).

Subsection (e) amends G.S. 115C-174.11(a) to require the SBE to provide developmentally appropriate assessments to LEAs for grades K-3 instead of standardized tests. LEAs cannot use standardized tests except as required as a condition of receiving a federal grant. LEAs are required to use the assessments for K-3 students to assess progress, diagnose difficulties, and inform instruction and remediation needs.

Subsection (f) amends G.S. 115C-238.29F, adding a new subsection (d1) creating five additional requirements for charter schools.

First, this subsection requires charter schools to retain a student in the 3rd grade if the student fails to demonstrate 3rd grade reading proficiency on a State-approved standardized test of reading comprehension, consistent with traditional public school requirements in subsection (b).

Second, this subsection requires charter schools to provide reading interventions to retained students which may include 90 minutes of daily evidence-based reading instruction, accelerated reading classes, transition classes with 3rd and 4th grade students, and summer reading camps, consistent with traditional public school requirements in subsection (b).

Third, this subsection allows charter schools to exempt students from mandatory 3rd grade retention for good cause, but they must continue to provide instructional supports and services, consistent with traditional public school requirements in subsection (b).

Fourth, this subsection requires charter schools to provide notice to parents when a student is not reading at grade level and that if the deficiency is not remediated by the end of the 3rd grade, the student will be retained unless a good cause exemption applies. If the student is not eligible for an exemption, then the parents must be given information on the reading interventions that will be provided.

Fifth, this subsection requires charter schools to publish annually on their websites and report to the SBE the following information on the prior school year:

- The number and percentage of 3rd graders showing and not showing reading proficiency on the State-approved test of 3rd grade reading comprehension;
- The number and percentage of 3rd grade students not demonstrating reading proficiency who do not return to the charter school for the following school year;
- The number and percentage of 3rd graders who take and pass the alternative test of reading comprehension;
- The number and percentage of 3rd graders retained for not demonstrating reading proficiency; and
- The number and percentage of 3rd graders exempt from mandatory retention due to a good cause exemption.

Subsection (g) amends G.S. 115C-288(a), providing principals the authority to grade and classify students except when a student must be mandatorily retained in the 3rd grade for failing to demonstrate 3rd grade reading proficiency.

Subsection (h) amends G.S. 130A-440(b) to make conforming changes regarding kindergarten developmental screenings.

Subsection (i) states that Section 7A.1 is effective when it becomes law and applies beginning with the 2013-14 school year. The developmental screening and kindergarten entry assessments

shall be administered beginning with the 2014-15 school year. (S.B. 795)

Section: 7A.3

Title: **SCHOOL PERFORMANCE GRADES**

**Summary** Requires the SBE to award an overall school performance grade of A, B, C, D, or F to each school as a part of the annual report card process, requires LEAs and charters to place school performance grades on websites, establishes the process for calculating school performance grades, and states the General Assembly intent to modify the process for calculating school performance grades by adding a student growth component at some later date.

Subsection (a) amends G.S. 115C-12(9)c1 to require the SBE to award an overall school performance numerical score on a scale of 0 to 100, and a corresponding letter grade of A, B, C, D, or F to each school as a part of the annual report card process. The school performance grade must reflect student performance on annual subject-specific assessments, college and workplace readiness measures, and graduation rates. For schools serving K-8 students, separate performance grades must be awarded on the performance on literacy and mathematics. The report card for schools with 3rd grade students must include the number of students who take and pass the alternative reading assessment; were retained in 3rd grade for lack of reading proficiency, and were exempt from mandatory retention in 3rd grade because of a good cause exemption.

Subsection (b) amends G.S. 115C-47(58) to require LEAs to place the overall school performance grades for each school in its LEA on the website for the LEA or charter school for the current and previous four years. Notice would be provided in writing to parents of students enrolled in schools that obtain a grade of D or F.

Subsection (c) amends G.S. 115C-238.29F to require charter schools to place the overall school performance grades for each school in its LEA on the website for the LEA or charter school for the current and previous four years. Notice would be provided in writing to parents of students enrolled in schools that obtain a grade of D or F.

Subsection (d) amends G.S. 115C-238.66 to require that regional schools to place the overall school performance grades for each school in its LEA on the website for the LEA or charter school for the current and previous four years. Notice would be provided in writing to parents of students enrolled in schools that obtain a grade of D or F.

Subsection (e) details how the SBE shall calculate school performance scores at each grade level and how school performance scores shall be converted to letter grades. This subsection also requires the SBE to report to the Joint Legislative Education Oversight Committee annually by January 15 on recommended adjustments to the school performance grade elements and scales for award of scores and grades.

Subsection (f) states that it is the intent of the General Assembly to add a student growth component to school performance grades.

Subsection (g) states that Section 7A.3 is effective when it becomes law and applies beginning with the 2012-13 school year. (S.B. 795)

Section: 7A.6

Title: **FUNDING FOR THE ADDITION OF FIVE INSTRUCTIONAL DAYS WITHIN THE EXISTING SCHOOL CALENDAR**

Summary Provides supplemental funds for the addition of five instructional days in accordance with Section 7.29 of S.L. 2011-145, Appropriations Act of 2011, for those instructional days which have not received a waiver from the SBE for the 2012-13 school year. The provision appropriates an additional \$40,168 to the instructional support allotment and an additional \$351,469 to the transportation allotment. (S.B. 795)

Section: 7A.7

Title: **ESTABLISH NC TEACHER CORPS**

Summary Establishes the North Carolina Teacher Corps program and requires the SBE to recruit and place an initial cohort no later than the 2012-13 school year.

Subsection (a) amends Article 20 of Chapter 115C of the General Statutes by adding a new section, G.S. 115C-296.7, codifying the North Carolina Teacher Corps program. The program recruits and places recent graduates of colleges and universities and mid-career professionals as teachers in high needs public schools.

Subsection (b) requires the SBE to recruit and place an initial cohort of NC Teacher Corps members no later than the 2012-13 school year. (S.B. 795)

Section: 7A.10

Title: **PAY FOR EXCELLENCE**

Summary Provides LEAs the option of developing a plan for a system of performance pay for all licensed personnel. Under the plans, the licensed employees would be eligible to receive bonuses or adjustments to base salary for meeting certain performance criteria. These criteria must include, but are not limited to, the following:

- annual growth in student achievement assigned to a teacher's classroom, when applicable;
- annual growth in student achievement of students assigned to a specific school;
- assignment of additional academic responsibilities; assignment to a hard-to-staff school; and
- assignment to a hard-to-staff subject area.

LEAs that have developed a plan shall submit plans to the SBE no later than March 1, 2013. The SBE must report to the Fiscal Research Division, the Joint Legislative Commission on Governmental Operations, and the respective Subcommittees on Education Appropriations of the Senate and House of Representatives on submitted plans as well as the achievement-based compensation models developed as part of the federal Race to the Top grant by April 15, 2013. Members of the public may also submit plans for performance pay no later than April 15, 2013, to the Fiscal Research Division, the Joint Legislative Commission on Governmental Operations, and the respective Subcommittees on Education Appropriations of the Senate and House of Representatives. (S.B. 795)

## Community Colleges

## GENERAL FUND

FY 12-13

Total Budget Approved 2011 Session

\$985,000,000

## Budget Changes

## A. Technical Adjustments

**9 Enrollment Growth Adjustments**

(\$12,108,704) R

Adjusts funds for FY 2012-13 based on the estimated decline in community college enrollment.

According to the FY 2011-12 spring enrollment census, enrollment has declined by 1.1% (2,663 full-time-equivalent students or FTE) from the FY 2011-12 budgeted enrollment of 251,017 and by 2.5% (6,335 FTE) from the current budgeted enrollment for FY 2012-13.

Total requirements will be reduced by \$31,705,796. Of this reduction, \$19,597,092 is due to revised tuition and fee revenue estimates based on the new enrollment estimates.

**10 NC Community College Grant Program Adjustment**

\$165,000 R

Makes a technical adjustment to the General Fund funding for the NC Community College Grant, a need-based scholarship program for community college students. This will be offset by an equal reduction in funding from the Escheat Fund. (S.L. 2012-142, Sec. 8.11)

## B. Other Community College Funding Adjustments

**11 Management Flexibility Reduction**

\$4,310,863 R

Provides funding to restore 5% of the management flexibility reduction. The remaining amount in FY 2012-13 will be \$83,233,302. The State Board of Community Colleges shall distribute the remaining reduction accounting for the unique needs of each college.

**12 Enhance Math Instruction**

\$4,210,790 R

Funds college-level mathematics courses at the same level as science, engineering, and technology, providing colleges funding to enhance math instruction.

|  |             |    |
|--|-------------|----|
| <b>13 Eliminate Fee Increase</b>   | \$664,509   | R  |
| Eliminates the \$5 fee increase per continuing education course that was scheduled to take effect in FY 2012-13.   |             |    |
| <b>14 Multi-campus College Funding</b>   | \$2,922,542 | R  |
| Provides additional funds for multi-campus colleges (MCCs). Additionally, the State Board of Community Colleges shall eliminate the categorical allotment for MCCs and instead provide an additional base allotment through the Institutional and Academic Support formula to colleges with approved MCCs. The allotment shall be based on the number of FTE served at each campus.  |             |    |
| <b>15 Textile Technology Center</b>  | (\$487,436) | R  |
| Reduces the categorical allotment to the Textile Technology Center at Gaston College. These funds will instead be appropriated under the MCC funding formula. Total funding remaining for the Textile Technology Center will be \$353,952. (H.B. 1127; S.L. 2012-142, Sec. 8.10)   |             |    |
| <b>16 Additional Multi-campus College</b>  | \$487,436   | R  |
| Provides funds for the addition of the Kimbrell Campus at Gaston College to the MCC funding formula. (H.B. 1127; S.L. 2012-142, Sec. 8.10)   |             |    |
| <b>17 NC Back-to-Work: Investing in Our Workforce</b>  | \$5,000,000 | NR |
| Provides funding for a retraining program to prepare North Carolinians facing long-term unemployment for new careers, described further in Section 8.10A. This program will provide students with job training, employability skills, and industry-recognized, third-party credentials. Participating colleges will be jointly recommended by the Department of Commerce and the Community Colleges System Office. (S.L. 2012-142, Sec. 8.10A) |             |    |

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|                               |                      |           |
|-------------------------------|----------------------|-----------|
| <b>Budget Changes</b>         | <b>\$165,000</b>     | <b>R</b>  |
|                               | <b>\$5,000,000</b>   | <b>NR</b> |
| <b>Total Position Changes</b> |                      |           |
| <b>Revised Total Budget</b>   | <b>\$990,165,000</b> |           |

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# Special Provisions

## 2012 Session: HB 950

### **Department:** Community Colleges

Section: 8.2

Title: **CARRYFORWARD FOR EQUIPMENT**

Summary Reiterates that in accordance with G.S. 115D-31, funds appropriated to the Community Colleges System Office for equipment for FY 2011-12 shall not revert but shall remain available for FY 2012-13.

Section: 8.3

Title: **REPEAL OBSOLETE REPORTS**

Summary Amends various statutes to repeal the following reports: Multi-campus/Off-Campus Center Funding, 2000 Higher Education Bond, HB 275 Funding, and the Lateral Teacher Entry program.

Section: 8.4

Title: **REPEAL DUPLICATIVE AUDIT REQUIREMENT**

Summary Repeals G.S. 147-64.6A, which required the Office of the State Auditor to audit community colleges once every five years. Colleges already need to be audited by the Office of the State Auditor or a private CPA once every two years.

Section: 8.5

Title: **UPDATE COLLEGE PERFORMANCE MEASURES**

Summary Amends G.S. 115D-31.3 to update the community college performance measures.

Section: 8.6

Title: **MODIFY INSTITUTIONAL PERFORMANCE ACCOUNTABILITY FOR ONE YEAR**

Summary Permits the community colleges to not report on the progress of basic skills students for the 2011-12 reporting year. The data for this measure is not reliable in the current reporting system.

Section: 8.7

Title: **GATEWAY TO COLLEGE PILOT AT DURHAM TECHNICAL COMMUNITY COLLEGE**

Summary Permits the existing Gateway to College Program at Durham Technical Community College to continue to operate and earn budget FTE for FY 2012-13. Durham Technical Community College is required to report to the Joint Education Appropriations Subcommittee on student outcomes and program costs by March 1, 2013. (S.B. 296)

Section: 8.8

Title: **COMMUNITY COLLEGE TUITION WAIVER**

Summary Amends G.S. 115D-5(b)(2) to add the following entities to the list of public safety personnel for whom tuition is waived:

(1) Law enforcement, fire, EMS or rescue and lifesaving entities serving a lake authority created by a board of county commissioners and existing as of 7/1/12; and

(2) Eastern Band of Cherokee Indians law enforcement, fire, EMS or rescue and lifesaving tribal government departments or programs.

Section: 8.9

Title: **INCREASE MAXIMUM PARKING FINE**

Summary Amends G.S. 115D-21 to increase the maximum parking fine a college may charge from \$5 to \$25 and clarify that the clear proceeds of these fines go to the Civil Penalty and Forfeiture Fund.

Section: 8.9A

Title: **POWERS OF THE STATE BOARD OF PROPRIETARY SCHOOLS**

Summary Amends G.S. 115D-89 to increase the powers of the State Board of Proprietary Schools.

Section: 8.10

Title: **GASTON MULTICAMPUS**

Summary Directs the State Board of Community Colleges to approve the Kimbrell Campus of Gaston College as a multicampus site. (H.B. 1127)

Section: 8.10A

Title: **NORTH CAROLINA BACK-TO-WORK PROGRAM**

Summary Directs the use of the \$5 million appropriated for the NC Back-to-Work Program, a retraining program to prepare North Carolinians facing long-term unemployment for new careers.

Section: 8.11

Title: **FINANCIAL AID PROGRAM ADMINISTRATIVE COSTS**

Summary Amends Section 9.8 of S.L. 2011-145, 2011 Appropriations Act, to appropriate \$5,165,000 more in FY 2012-13 from the Escheat Fund to the Board of Governors of the University of North Carolina (UNC) and \$165,000 less to the State Board of Community Colleges (SBCC) for need-based financial aid programs. These changes are offset elsewhere by a corresponding decrease in General Fund appropriations for the UNC Need-based Financial Aid program and a corresponding increase in General Fund appropriations for the Community College grant program.

Additionally, this section amends G.S. 115D-40.1(c) to permit up to 1 percent of funds appropriated to SBCC for financial aid to be used for administration if interest earnings are not adequate to support administrative costs.

## UNC System

## GENERAL FUND

FY 12-13

Total Budget Approved 2011 Session

\$2,551,672,698

## Budget Changes

## A. Technical Adjustments

## 18 Enrollment Adjustments

\$1,376,061 R

Funds projected enrollment growth for FY 2012-13 at the University of North Carolina. This \$1.4 million net increase consists of projected enrollment increases of \$17,434,805 and a reduction of \$16,058,744 to adjust for campuses whose enrollment is projected to be less than what is currently budgeted. The Board of Governors shall determine the allocations by campus.

## B. Reserves for New and Renovated Facilities

## 19 Building Reserves

\$7,115,285 R

Provides funds to operate new or renovated UNC buildings that will be completed in FY 2012-13. Specifically, funds are for the housekeeping, maintenance, and security requirements for the added building square footage.

\$2,263,358 NR  
101.90

Also provides \$313,000 to Appalachian State University to fund lease payments for space for the Human Performance Lab at the North Carolina Research Campus (Kannapolis).

## 20 NCSU Centennial Campus Library

\$1,000,000 R

Provides operating and program funds for a new library that will open in FY 2012-13 on NCSU's Centennial Campus. The library will serve as a second "main library" for NCSU to help ease overcrowding in the D.H. Hill Library on the school's North Campus. The appropriation includes funds for 13.5 additional FTE.

13.50

|   |               |    |
|---|---------------|----|
| <b>21 Joint School of Nanoscience &amp; Nanoengineering</b>   | \$2,000,000   | R  |
| <b>Operational and Program Funds</b>  |               |    |
| Funds the NC A&T/UNC-G Joint School of Nanoscience and Nanoengineering located in the Gateway University Research Park in Greensboro. The program is designed to conduct research in areas such as drug design and delivery, nanobioengineering, and genetic screening.   | (\$1,000,000) | NR |
| Specifically, the budget provides an additional \$1 million in recurring funding and converts an existing \$1 million nonrecurring appropriation to recurring. (S.B. 390, H.B. 257, S.B. 862/H.B. 1062)   |               |    |
| <b>C. Other UNC Funding Adjustments</b>   |               |    |
| <b>22 Faculty Recruiting and Retention Fund</b>   | \$3,000,000   | R  |
| Provides funding for the Faculty Recruiting and Retention Fund, which the General Assembly created in S.L. 2006-66, Sec. 22.12A, to offer salary increases to recruit and retain faculty members. This appropriation increases the Fund's total recurring budget to \$13 million. (H.B. 1013; S.L. 2012-142, Sec. 25.3) |               |    |
| <b>23 UNC School of Medicine for Medical Education</b>  | (\$3,000,000) | R  |
| Reduces the State appropriation to the UNC School of Medicine for Medical Education by \$3 million. After this reduction, \$15 million will remain in the FY 2012-13 budget.  |               |    |
| (S.L. 2012-145, Sec. 2.3, Modifications/2012 Appropriations Act, directed the UNC Board of Governors to transfer all State appropriation from UNC Hospitals to the UNC School of Medicine to be used for medical education.)  |               |    |
| <b>24 Management Flexibility Reduction</b>  | \$9,184,767   | R  |
| Eliminates the budgeted increase to the management flexibility reduction for FY 2012-13. The University of North Carolina Board of Governors shall allocate this reduction according to the terms of S.L. 2011-145, Sec. 9.6. (S.L. 2012-142, Sec. 9.14)  |               |    |
| <b>25 Center for Public Television</b>  | \$9,058,141   | R  |
| Restores partial funding for the Center for Public Television, which was subject to Continuation Review (CR) in FY 2011-12. Of the \$10.6 million cut due to the CR, a total of \$9.8 million is restored for FY 2012-13 (\$9.1 million recurring and \$750,000 nonrecurring). (H.B. 1010)                              | \$750,000     | NR |
|   | 116.00        |    |

#### D. Need-based Student Financial Aid

##### 26 UNC Need-based Financial Aid Program

(\$5,165,000) R

Adjusts the General Fund appropriation for the UNC Need-based Financial Aid program to account for corresponding increases in funding from the Escheat Fund and the Lottery Fund.

(\$6,974,141) NR

In addition to the increases described above, an additional \$25.6 million is appropriated for this program from the Lottery Fund in Section 5.3. S.L. 2012-145, Modifications/2012 Appropriations Act amends Sec. 5.3 to appropriate an additional \$6.5 million, for a revised total of \$32.1 million. Total funding for the UNC Need-based Financial Aid program from all sources will be \$147,635,342, which is \$25.2 million more than originally budgeted. (S.L. 2012-142, Secs. 5.3 and 8.11)

##### 27 NC Need-based Scholarship

Increases funding for the NC Need-based Scholarship for students attending private institutions of higher education by \$4.5 million in FY 2012-13. Total funding for the program in FY 2012-13 will be \$86,351,588. (S.L. 2012-142, Sec. 9.2)

\$4,500,000 NR

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|                               |                        |           |
|-------------------------------|------------------------|-----------|
| <b>Budget Changes</b>         | <b>\$24,569,254</b>    | <b>R</b>  |
|                               | <b>(\$460,783)</b>     | <b>NR</b> |
| <b>Total Position Changes</b> | 231.40                 |           |
| <b>Revised Total Budget</b>   | <b>\$2,575,781,169</b> |           |

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# Special Provisions

## 2012 Session: SB 847

**Department:** UNC System

Section: 67

**Title:** BUDGET CHANGE: ECU RENTAL RECEIPTS

**Summary** Amends G.S. 146-30(c) to allow East Carolina University's Division of Health Sciences to deposit revenue received from leasing land or facilities for the delivery of health care services into clinical accounts.

Section: 68

**Title:** BUDGET CHANGE: ECU PHYSICIANS INTEREST AND PENALTY FEES COLLECTION PRACTICES

**Summary** Amends the North Carolina General Statutes regarding employment with and debts to the East Carolina University (ECU) Division of Health Sciences.

Subsection (a) amends G.S. 143-553(a) such that State employees may not be terminated solely due to debts owed to ECU Division of Health Sciences.

Subsection (b) amends G.S. 147-86.11(e) to exempt the ECU Physicians Practice Plan from statutory mandates that require State agencies to refer past due patient accounts to the Attorney General's office.

Subsection (c) amends G.S. 147-86.23 to exempt the ECU Physicians Practice Plan from statutory mandates that require State agencies to apply interest and penalty fees to past due patient accounts.

## 2012 Session: SB 187

**Department:** UNC System

Section: 2.2

**Title:** BUDGET CHANGE: FUNDING FOR BOWLES CENTER FOR ALCOHOL STUDIES

**Summary** Adds a new section to S.L. 2012-142, amending G.S. 20-7(i1) to clarify that the Office of the State Controller has the authority and responsibility to transfer \$537,455 annually to the Board of Governors of The University of North Carolina (UNC) to be used for the operating expenses of the Bowles Center for Alcohol Studies at The University of North Carolina at Chapel Hill.

Section: 2.3

**Title:** BUDGET CHANGE: FUNDING FOR UNC MEDICAL SCHOOL

**Summary** Adds a new section to S.L. 2012-142, directing the UNC Board of Governors to transfer all State appropriation from UNC Hospitals to the UNC School of Medicine to be used for medical education.

## **2012 Session: HB 950**

### **Department: UNC System**

Section: 9.1

Title: **STUDY TUITION COST FOR VETERANS**

Summary Directs the Joint Legislative Education Oversight Committee to study the tuition costs for veterans who enroll in the State's community colleges or in any UNC constituent institution.

Section: 9.2

Title: **STUDENT FINANCIAL AID/TECHNICAL CORRECTIONS**

Summary Makes the following technical and clarifying changes to financial aid programs:

- (1) Amends G.S. 116-209.45(b)(1) to make a technical correction.
- (2) Amends Section 9.18 of S.L. 2011-145, Appropriations Act of 2011, to change the due date for a report on the NC Need-based Scholarship program.
- (3) Permits the State Education Assistance Authority (SEAA) to make payments pursuant to the repealed G.S. 116-43.5 (Certain Other Private Education Institutions program) for the 2011-12 academic year. SEAA is further authorized to use up to \$281,517 of funds appropriated to the NC Need-based Scholarship Program for these payments.

Section: 9.4

Title: **UNC/REPEAL OBSOLETE OR REDUNDANT REPORTING REQUIREMENTS**

Summary Repeals seven reporting requirements.

Subsection (a) modifies G.S. 116-11(10a), eliminating a report on a system to exchange information among K-20 education agencies.

Subsection (b) modifies G.S. 116-11(12a) eliminating a report on UNC-administered, public school employee professional-development programs.

Subsection (c) repeals G.S. 116D-3(a)(1), eliminating a report on 2000 Higher Education Bond program projects.

Subsection (d) amends S.L. 1989-936, Sec. 7, eliminating a report on UNC's service & technical assistance to public schools.

Subsections (e) and (f) amend S.L. 2000-3, Sections 1.1 and 6, respectively, eliminating reports on the condition of the University's capital facilities, its maintenance projects, and future maintenance needs.

Subsection (g) repeals S.L. 2001-496, Sec. 13, eliminating reports by all public entities to the Department of Administration on construction methods authorized in G.S. 143-128(a1).

Section: 9.5

Title: **NC GRADUATES IN PRIMARY CARE CENTERS/CHANGE REPORT DATE**

Summary Amends G.S. 143-613(d) to change from October 1 to November 15 the annual due date of a Board of Governors report to the Fiscal Research Division and the Joint Legislative Education Oversight Committee regarding graduates entering primary care from private and State-owned or operated medical schools.

Section: 9.7

Title: **PERMANENT TRANSFER OF FUNDING FOR MILITARY ONE-STOP & BRAC OUTREACH**

Summary Transfers the budget and administrative responsibility for the Military One-Stop and Base Realignment and Closure (BRAC) Outreach program from Fayetteville State University to UNC-General Administration.

Section: 9.8

Title: **STUDY UNC TUITION SURCHARGE**

Summary Requires the General Assembly's Fiscal Research Division to study the UNC Tuition Surcharge Policy and to report to the Joint Legislative Education Oversight Committee and to the Education Appropriation Subcommittees of the House and Senate by January 1, 2013.

Section: 9.9

Title: **UNC STUDENT FEES/INSTITUTIONAL TRUST FUNDS**

Summary Modifies G.S. 116-36.1(g) to allow UNC to budget all student fees in Institutional Trust Funds, rather than the General Fund.

Section: 9.10

Title: **UNC ACQUISITION AND DISPOSITION OF REAL PROPERTY**

Summary Amends the North Carolina General Statutes to grant UNC additional flexibility to sublease property.

Subsections (a) and (b) amend G.S. 116-31.12 and G.S. 116-198.34(5) to permit UNC to lease out property for up to 10 years without seeking permission of the Department of Administration.

Subsection (c) requires the UNC Board of Governors to report to the Joint Legislative Commission on Governmental Operations by September 1, 2014 on its use of the authority granted in subsections (a) and (b).

Subsection (d) provides that the authority granted under subsections (a) and (b) expires on June 30, 2015.

Section: 9.13

Title: **UNC PARTNERSHIP FOR NATIONAL SECURITY**

Summary Permits UNC to use existing funds to continue and expand its work on the UNC Partnership for National Security.



Section: 9.14

Title: **UNC/FUNDS FOR CAMPUSES SPECIALIZING IN THE ARTS AND SCIENCES**

Summary Requires UNC to provide special appropriations to three campuses.

Subsection (a) directs that of the new funds appropriated to the UNC Board of Governors to restore a portion of the management flexibility reduction, the Board must provide an additional \$1 million in operating funds out of existing resources to the University of North Carolina School of the Arts, the University of North Carolina at Asheville, and the North Carolina School of Science and Mathematics.

Subsection (b) directs the Board of Governors not to reduce the appropriations to these schools in other areas to compensate for the additional funds provided under subsection (a).

Section: 9.15

Title: **LIABILITY INSURANCE**

Summary Amends G.S. 116-11 to permit the UNC Board of Governors to purchase commercial liability insurance to cover risks and liabilities of staff related to benefit plan investments managed by the University.

## DPI - Trust Special

Budget Code: 63501

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|   |                     |  |
|---|---------------------|--|
|   | <b>FY 2012-13</b>   |  |
| <b>Beginning Unreserved Fund Balance</b>  | <b>\$4,286,450</b>  |  |
| <b>Total Budget Approved 2011 Session</b> |                     |  |
| Requirements                              | <b>\$10,461,782</b> |  |
| Receipts                                  | <b>\$10,461,782</b> |  |
| Positions                                 | <b>0.00</b>         |  |

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|  |                    |    |
|--|--------------------|----|
| <b>Legislative Changes</b>   |                    |    |
| <b>Requirements:</b>   |                    |    |
| <b>Teaching Fellows Trust Fund</b>   | \$0                | R  |
| Transfers \$3,265,000 from the cash balance of the Teaching Fellows Trust Fund to the General Fund for general availability. | \$3,265,000        | NR |
|  | 0.00               |    |
| <b>Subtotal Legislative Changes</b>  | <b>\$0</b>         | R  |
|  | <b>\$3,265,000</b> | NR |
|  | 0.00               |    |

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|                                     |            |    |
|-------------------------------------|------------|----|
| <b>Receipts:</b>                    |            |    |
| <b>Teaching Fellows Trust Fund</b>  | \$0        | R  |
|                                     | \$0        | NR |
| <b>Subtotal Legislative Changes</b> | <b>\$0</b> | R  |
|                                     | <b>\$0</b> | NR |

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|                                   |                      |
|-----------------------------------|----------------------|
| <b>Revised Total Requirements</b> | <b>\$13,726,782</b>  |
| <b>Revised Total Receipts</b>     | <b>\$10,461,782</b>  |
| <b>Change in Fund Balance</b>     | <b>(\$3,265,000)</b> |
| <b>Total Positions</b>            | <b>0.00</b>          |

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|   |                    |
|---|--------------------|
| <b>Unappropriated Balance Remaining</b> | <b>\$1,021,450</b> |
|---|--------------------|

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**HEALTH  
&  
HUMAN SERVICES  
Section G**

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## Health and Human Services

GENERAL FUND

FY 12-13

Total Budget Approved 2011 Session

\$4,455,162,933

## Budget Changes

## ( 1.0) Division of Medical Assistance

**1 Medicaid Rebase**

\$212,476,461 R

Provides additional funds for the Medicaid program based upon projected growth in number of people eligible for Medicaid and growth in consumption.

**2 Federal Repayment of 2009 Federal Overdraw of Funds**

\$31,300,776 NR

Provides funding to repay the federal government due to an erroneous federal draw down for the Medicaid program. FY 2012-13 will be the final year in which quarterly payments are due and satisfies this obligation to the federal government.

**3 Federal Drug Rebate Payment**

\$24,606,148 NR

Provides funding to pay the amount owed to the federal government as a result of a 2010 federal policy change related to drug rebates.

**4 DHHS Savings Through CCNC**

(\$59,000,000) R

Reduces funds based upon projected savings to be achieved by Community Care North Carolina (CCNC) and its networks in the management of health care for Medicaid recipients.

**5 Managed Care Organizations Schedule Delays**

\$1,700,000 NR

Provides necessary funds due to the delayed state-wide expansion of the Medicaid behavioral health 1915 b/c waiver sites (S.L. 2011-264). The loss is based upon changes to the implementation schedule as reported by the Division of Medical Assistance. In FY 2012-13, Local Management Entities (LMEs) will convert to Managed Care Organizations (MCOs) and will receive capitated Medicaid funding to purchase mental health, developmental disabilities, and substance abuse services for eligible persons living within the LME coverage areas.

|  |                |           |
|--|----------------|-----------|
| <b>6 Fraud, Waste, and Abuse Detection and Prevention</b>  | (\$3,807,519)  | <b>R</b>  |
| Reduces funding available in the Medicaid program in anticipation of savings through the efforts of detecting fraud and waste among Medicaid providers and recipients. There are two information technology efforts underway to combat fraud, waste, and abuse through the Division's Fraud and Abuse Management System. |                |           |
| <b>7 Restructure Fee for Service Payments</b>  | (\$1,976,636)  | <b>R</b>  |
| Revises payment structures for various services provided within the Medicaid program. These changes will result in bundling of payments for services based upon a period of time or a diagnosis instead of fee-for-service.  |                |           |
| <b>8 Pharmacy Improvements</b>   | (\$6,671,507)  | <b>R</b>  |
| Creates savings through increased usage by facilities who utilize the 340B pricing program for the purchase of hemophilia drugs. In addition, the Department shall increase the use of prior authorization and lower dispensing fees to achieve savings within the Medicaid program.                                     |                |           |
| (S.L. 2012-142, Sec. 10.8)   |                |           |
| <b>9 CHIPRA Bonus</b>  | (\$14,000,000) | <b>NR</b> |
| Reduces Medicaid funds in anticipation of receiving the FY 2012-13 federal Children's Health Insurance Program Reauthorization Act (CHIPRA) bonus for Health Choice enrollment growth.   |                |           |
| <b>10 CCNC Home Health Initiatives</b>   | (\$4,455,457)  | <b>R</b>  |
| Budgets savings anticipated from the implementation of a CCNC initiative that will manage home health care to ensure the provision of medically appropriate services.  |                |           |
| <b>11 Medicaid Contracts</b>   | \$5,000,000    | <b>R</b>  |
| Provides funding for Medicaid contracts, including claims processing, prior authorization, and various studies.  |                |           |
| <b>12 Medicaid Settlements</b>   | \$15,000,000   | <b>R</b>  |
| Provides funding for Medicaid cost settlements with various providers and fraud, waste, and abuse prevention initiatives.  |                |           |



**13 Personal Care Services (PCS)** (\$6,000,000) **R**

Budgets reduced Medicaid cost as a result of changing the eligibility criteria for personal care services (PCS) to needing assistance with two or more activities of daily living (ADL).

(S.L. 2012-142, Sec. 10.9F)

**( 2.0) Division of Child Development and Early Education**

**14 Block Grant Funding**

Provides federal block grant funds for the Smart Start Program. This continues similar actions taken by the Office of State Budget and Management during FY 2011-12 in which \$4 million of Smart Start funds were replaced by \$4 million of Block Grant funds.

(\$7,000,000) **NR**

(S.L. 2012-142, Sec. 10.25)

**15 Literacy Pilot, Development Consultants, and Rural Partnership Assistance**

Provides funding for early literacy initiatives to be administered by North Carolina Partnership for Children. These initiatives include: the Reach Out and Read program, Raising a Reader, parenting programs and lending libraries. Funds shall be used to enhance technical assistance to local partnerships in the areas of grant writing and fund-raising activities. Funding shall also be used to enhance local rural partnerships' funds. These funds shall not be expended prior to January 1, 2013 and only after OSBM certification that the funding is not needed for the Medicaid Program.

\$3,500,000 **NR**

(H.B. 1151; S.L. 2012-142, Sections 10.4 and 10.9G)

**( 3.0) NC Health Choice**

**16 Health Choice Costs**

Adjusts Health Choice budget to expected expenditure level for FY 2012-13. This adjustment is based upon the projected rate of consumption and mix of services. This adjustment should not impact the open-enrollment policy for the program. There are approximately 148,000 children enrolled in Health Choice and the forecast projects 153,000 for FY 2012-13.

(\$1,919,704) **R**

**17 Fee for Service Payments**

Reduces Health Choice budget to reflect expected savings that will result from fee for service payments which will be converted to all-inclusive or fixed rates for selected services.

(\$21,959) **R**

**18 Pharmacy Improvements**

Reduces the Health Choice budget to reflect savings that will be achieved through the implementation of a specialty pharmacy for hemophilia drugs.

(\$17,936) **R**

|  |               |           |
|--|---------------|-----------|
| <b>19 CCNC Home Health Services Initiative</b>   | (\$47,831)    | <b>R</b>  |
| Budgets savings anticipated from the implementation of a CCNC initiative that will manage home health care to ensure the provision of medically appropriate services.  |               |           |
| <b>( 4.0) Division of Health Service Regulation</b>  |               |           |
| <b>20 Nursing Home Licensure and Certification</b>   | \$1,792,559   | <b>NR</b> |
| Provides funds to replace lost receipts from civil fines and penalties assessed against nursing homes. Funds will be used for DHSR Nursing Home licensure staff positions.   |               |           |
| <b>( 5.0) Division of Central Management and Support</b>   |               |           |
| <b>21 Administrative Efficiencies</b>  | (\$2,700,000) | <b>R</b>  |
| Reduces DHHS budget due to elimination of seat management funds, the elimination of positions vacant two years or more, reorganizations, and expired contracts.  |               |           |
| <b>22 Budget DOA Cost Allocation Receipts</b>  | (\$544,000)   | <b>R</b>  |
| Replaces state funds due to the implementation of a cost allocation plan for the Office of Property Construction and the Office of Public Affairs.   |               |           |
| <b>23 DIRM Contracts</b>   | \$5,599,390   | <b>R</b>  |
| Restores recurring State General Fund Appropriations for the Division of Information Resources Management (DIRM) for various contracts for Department-wide IT services. S.L. 2011-145 eliminated the recurring funds for this purpose pending the findings and recommendations from a continuation review. |               |           |
| (S.L. 2011-145, Sec. 6.7(b)(4))  |               |           |
| <b>24 ITS Refunds</b>  | (\$1,047,749) | <b>R</b>  |
| Reduces State General Fund Appropriation in anticipation of a reduction in costs for Information Technology Services (ITS). This reduction is based upon current year's charges to DHHS by ITS.  |               |           |

**25 Non-State Entity Pass-Through Funds**

(\$9,159,699) R

Replaces \$9,159,699 in recurring special appropriation (pass-through) funds for the following non-state entities with non-recurring funds:

\$9,159,699 NR

North Carolina Senior Games, Inc. - \$121,481  
ARC of North Carolina - \$305,598  
ARC of North Carolina – Wilmington - \$51,048  
Autism Society of North Carolina - \$2,941,818  
The Mariposa School for Children with Autism - \$339,879  
Easter Seals UCP of North Carolina - \$76,792  
Easter Seals UCP of North Carolina and Virginia - \$1,542,647  
ABC of North Carolina Child Development Center - \$366,703  
Residential Services, Inc. - \$ 246,424  
Oxford House, Inc. - \$200,000  
Brain Injury Association of North Carolina - \$225,223  
Food Bank of Central and Eastern North Carolina, Inc. - \$333,334  
Food Bank of the Albemarle - \$333,334  
Manna Food Bank - \$333,334  
Second Harvest Food Bank of Metrolina, Inc - \$333,334  
Second Harvest Food Bank of Northwest North Carolina, Inc. - \$333,332  
Prevent Blindness NC - \$308,163  
Second Harvest Food Bank of Southeast NC \$333,332

(S.L. 2012-142, Sec. 10.19)

**( 6.0) Division of Social Services****26 Adoption Vendor Payments**

(\$2,025,649) R

Reduces funds for adoption vendor services through efficiencies gained by better program oversight by the Division of Social Services.

**27 FMAP IV-E Child Welfare Services**

(\$379,116) R

Increases State General Funds due to changes in the Federal Medical Assistance Percentage (FMAP). The change from 65.28% to 65.51% goes into effect in October of 2012.

**28 Foster Care Efficiencies**

(\$6,674,351) R

Reduces funds for the Foster Care Program due to a change in the case mix of foster care children in the care of the Division of Social Services.

**( 7.0) Division of Aging and Adult Services**

|   |                |           |
|---|----------------|-----------|
| <b>29 Transition to Community Living</b>  | \$10,300,000   | <b>R</b>  |
| Establishes a fund, Transitions to Community Living Fund, to facilitate implementation of the plan to transition individuals with severe mental illness to community living arrangements, including establishing a rental assistance program.   |                |           |
| (S.L. 2012-142, Sec. 10.23 and 10.23A)  |                |           |
| <b>30 Temporary Short-term Assistance</b>   | \$39,700,000   | <b>NR</b> |
| Establishes a fund for the implementation of the State's plan to provide temporary, short-term assistance to adult care and group homes as they transition to the State's Transitions to Community Living Plan. These funds will be used to pay monthly stipends to adult care and group homes for residents who are no longer eligible to receive Medicaid-reimbursable personal care services but for whom a community placement has not yet been arranged. |                |           |
| <b>( 8.0) Divisions of Services for the Blind and Services for the Deaf and Hard of Hearing</b>   |                |           |
| <b>31 Budget Increased Telecommunications Receipts</b>  | (\$168,336)    | <b>R</b>  |
| Replaces state funds for the administration of the Division of Services for the Deaf and Hard of Hearing with receipts from the Telecommunications Relay Fund.  |                |           |
| (S.L. 2012-142, Sec. 10.24)   |                |           |
| <b>(10.0) Division of Mental Health, Developmental Disabilities, and Substance Abuse Services</b>   |                |           |
| <b>32 Community Services Funding</b>  | (\$20,000,000) | <b>NR</b> |
| Continues non-recurring reduction to local management entities' (LME) community services funding for FY 2012-13. Approximately \$345 million in State general funds remain in the budget for LMEs to purchase community-based services.   |                |           |
| <b>33 Federal Block Grant Funding</b>   | (\$227,000)    | <b>NR</b> |
| Provides federal Substance Abuse Prevention and Treatment Block Grant funds for Division of Mental Health's administrative costs.   |                |           |
| (S.L. 2012-142, Sec. 10.25)   |                |           |
| <b>34 Three-way Contracts</b>   | \$9,000,000    | <b>R</b>  |
| Provides funding to increase the number of community hospital beds available to LMEs under the State-administered three-way contract from 141 to 186. Funds may not be expended prior to January 1, 2013 and only after OSBM certification that the funding is not needed for the Medicaid Program.   |                |           |
| (H.B. 1072; S.L. 2012-142, Sections 10.9G and 10.10)  |                |           |

|   |               |           |
|---|---------------|-----------|
| <b>35 Local Management Entities (LME)</b>   | (\$8,497,935) | <b>R</b>  |
| Reduces the administrative budget for LMEs in anticipation of the savings to be achieved from the transition to managed care organizations (MCO). LME administrative funds will be provided as part of the capitation contract rather than on a per capita basis. |               |           |
| <b>36 Cherry Hospital</b>   | \$3,472,954   | <b>R</b>  |
| Provides funding to support the expanded bed capacity at the new Cherry Hospital, which is scheduled to begin operating in April 2013. The new hospital will have 314 beds, an increase of 124 beds as compared to the old Cherry Hospital.                       |               |           |
|   | 373.10        |           |
| <b>37 Broughton Hospital</b>  | \$3,513,000   | <b>R</b>  |
| Provides funding for 19 additional psychiatric care beds at Broughton Hospital. Funds may not be expended prior to January 1, 2013 and only after OSBM certification that the funding is not needed for the Medicaid Program.                                     |               |           |
|   | 58.00         |           |
| (S.L. 2012-142, Sec. 10.9G)   |               |           |
| <b>38 Drug Treatment Courts</b>   | (\$2,258,000) | <b>R</b>  |
| Eliminates pass-through funding provided for drug treatment court services. S.L. 2011-145 eliminated funds budgeted to the Judicial Department for these courts.  |               |           |
| <b>39 Mental Health Association, Inc.</b>   | (\$200,000)   | <b>R</b>  |
| Eliminates pass-through funding provided in 2008 for the Mental Health Association, Inc. This organization lost its accreditation in 2010 and no longer operates.   |               |           |
| <b>(11.0) Division of Public Health</b>   |               |           |
| <b>40 CheckMeds</b>   | \$1,695,379   | <b>NR</b> |
| Provides funds to continue support for the CheckMeds Program which provides counseling on the correct use of prescription drugs.  |               |           |
| <b>41 Medication Assistance Program</b>   | \$1,704,033   | <b>NR</b> |
| Provides funds to continue support of the Medication Assistance Program which provides free prescription drugs to low-income, uninsured persons.  |               |           |

**42 Roanoke-Chowan Telehealth Network**

Provides funds to continue support for the Roanoke Chowan Telehealth Network. The Network delivers remote monitoring and chronic disease care management services to persons living in a medically underserved region of the State.

\$300,000 NR

**43 County Health Departments**

Provides funding to county health departments to start or continue community health and wellness initiatives that promote healthy behaviors, e.g. smoking cessation, nutrition, physical activities, disease prevention, school nurse positions, etc. This funding cannot be used to supplant existing funds being used for this purpose. Funds shall not be expended prior to January 1, 2013 and only after OSBM certification that the funding is not needed for the Medicaid Program.

\$4,894,727 NR

(S.L. 2012-142, Sections 10.25 and 10.9G)

**44 Environmental Health Section**

Provides for a technical correction reflecting the Type I transfer of the Division of Environmental Health from the Department of Natural and Economic Resources to the Department of Health and Human Services, Division of Public Health. This transfer was enacted during the 2011 Legislative Session via SL 2011-145. See page H-11, item 15.

\$3,700,675 R

35.05

(S.L. 2011-145, Sec. 13.3)

**45 Maternity Homes**

Increases State General Fund Appropriations to replace the loss of federal funds formerly provided for maternity homes.

\$375,000 NR

**46 Early Intervention**

Adjusts the budget for early intervention services based upon actual expenditures.

(\$2,500,000) R

**47 Services for Rape Victims**

Replaces lost federal block grant funding with State General Fund Appropriations for services to rape victims.

\$197,112 NR

**48 High Risk Maternity Clinic**

Provides funds for the East Carolina University High Risk Maternity Clinic.

\$375,000 NR

(H.B. 997, H.B. 1120, H.B. 1160)

|   |             |   |
|---|-------------|---|
| <b>49 Health Department Accreditation</b> | (\$300,000) | R |
|---|-------------|---|

Eliminates funding for the UNC Institute for Public Health contract to provide state-based accreditation. This contract duplicates a national program available to county health departments for this purpose.

|  |             |   |
|--|-------------|---|
| <b>50 State Public Health Lab and Office of Chief Medical Examiner</b> | \$1,155,666 | R |
|--|-------------|---|

Provides funds for new positions and operating costs for the new State Public Health Laboratory and the Chief Medical Examiner's Office which will begin operating in FY 2012-13.

12.00

(H.B. 1140)

|  |           |   |
|--|-----------|---|
| <b>51 Environmental Health Regional Office Positions</b> | \$221,109 | R |
|--|-----------|---|

Restores funding for transferred positions formerly located in DENR regional offices. This funding was made non-recurring in FY 2011-12 pending a Justification Review. Due to the FY 2011-12 transfer of the Division of Environmental Health to the Division of Public Health in the Department of Health & Human Services (DHHS), the restored salaries and benefits of positions formerly located in DENR regional offices are transferred from DENR to DHHS as follows:

|          |                     |          |
|----------|---------------------|----------|
| 60034273 | Env Health Reg Spec | \$69,922 |
| 60034303 | Env Health Reg Spec | \$67,812 |
| 60034278 | Soil Scientist      | \$83,375 |

This item was amended in S.L. 2012-145, Modifications/2012 Appropriations Act, Sec. 4.1, to correct the transfer amount from \$221,109 to \$282,412; however, the bill figures in the Appropriations Bill were not adjusted, and thus the bill prevails and the amounts are not changed here. The amount will be corrected to \$282,412 via a budget revision after certification. This transfer also appears in the Natural and Economic Resources section of the Committee Report. See page H-14, item 27

|                                    |             |   |
|------------------------------------|-------------|---|
| <b>52 Healthy Start Foundation</b> | (\$433,923) | R |
|------------------------------------|-------------|---|

Eliminates pass-through funding provided to the Healthy Start Foundation. These funds are not used to provide direct services.

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|                               |                        |           |
|-------------------------------|------------------------|-----------|
| <b>Budget Changes</b>         | <b>\$148,631,948</b>   | <b>R</b>  |
|                               | <b>\$80,073,433</b>    | <b>NR</b> |
| <b>Total Position Changes</b> |                        | 481.15    |
| <b>Revised Total Budget</b>   | <b>\$4,683,868,314</b> |           |

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# Special Provisions

**2012 Session: SB 797**

**Department:** Health and Human Services

Section: 1.0 - 4.0

Title: **PAYMENT OF 2012 MEDICAID COSTS/INMATE MEDICAL COSTS**

Summary Amends the FY 2011-12 State budget to provide adequate funds for the State Medicaid program and places other restrictions as follows:

Section 1.(a) directs the following budget adjustments in priority order up to \$205.5 million. Each adjustment is authorized to be made until the preceding adjustment is completely exhausted in the amounts as outlined below:

- (1) A minimum of \$29 million of funds available within the Department of Health and Human Services (DHHS);
- (2) \$21 million in unanticipated federal receipts;
- (3) \$10.5 million in FY 2011-12 Repair and Renovations funds allocated to DHHS;
- (4) \$105 million in reversions from all State agencies and departments;
- (5) \$20 million in FY 2011-12 Repair and Renovations funds allocated to various state agencies; and
- (6) \$20 million in FY 2011-12 revenue over-collections.

Section 1(b) requires excess funds transferred pursuant to this Act to be returned to the original source fund.

Section 1(c) requires a report on the execution of this Act to the House and Senate appropriations committees and to the Joint Legislative Commission on Governmental Operations on or before October 1, 2012.

Section 2 prohibits drawing down or transferring unearned revenue by the Director of the Budget and any other State official that would create or increase a financial obligation on the State during FY 2012-13.

Section 3 prohibits the State from issuing a request for proposal or entering into a new contract for the operational oversight or management of health care services for inmates in the State prison system without action of the General Assembly.

Section 4 provides that the act is effective when it becomes law. (Note: S.B. 797 was enacted on May 24, 2012 and became S.L. 2012-2).



# Special Provisions

## 2012 Session: SB 187

**Department:** Health and Human Services

Section: 3.1.(a) and 3.1.(d)

Title: **TECHNICAL CHANGE: SOCIAL SERVICES BLOCK GRANT**

Summary Revises S.L. 2012-142, Sec. 10.25(a), by changing the Social Services Block Grant amount allocated to the Division of Social Services from \$32,249,206 to \$30,452,068. This provision corrects an error in the original budget bill.

Section: 3.1.(b)

Title: **TECHNICAL CHANGE: MATERNAL AND CHILD HEALTH BLOCK GRANT**

Summary Revises S.L. 2012-142, Sec. 10.25(a), by changing the amount allocated to the Division of Public Health for Children's Health Services from \$8,487,547 to \$8,569,465. This provision corrects an error in the original budget bill.

Section: 3.1.(c)

Title: **TECHNICAL CHANGE: PREVENTIVE HEALTH SERVICES BLOCK GRANT**

Summary Corrects S.L. 2012-142, Sec. 10.25(a), by removing language identifying the funds for HIV/STD Prevention and Community Planning for Local Program Expenditures as a transfer from the Social Services Block Grant. This program is funded through carry-forward funds from the Preventive Health Services Block Grant.

Section: 3.1.(e)

Title: **TECHNICAL CHANGE: SOCIAL SERVICES BLOCK GRANT**

Summary Amends S.L. 2012-142, Sec. 10.25, to clarify that \$2.7 million allocated to the Division of Public Health shall be used for tobacco cessation and prevention.

Section: 3.3

Title: **TECHNICAL CHANGE: STATE AUDITOR AUDIT DIVISION OF MEDICAL ASSISTANCE**

Summary Rewrites S.L. 2012-142, Sec. 10.9, to outline the details of the Division of Medical Assistance Audit to be conducted by the State Auditor. The audit shall include a full review of administrative functions and cost, compliance and adherence to federal guidelines, timeliness of submission of State Plan Amendments, the maintenance and use of statistical data in the overall management of the division, and responsiveness to information requests made by the Secretary of Health and Human Services, the General Assembly members and staff, and the Governor's office.

Section: 3.4

Title: **TECHNICAL CHANGE: EXAMINATION OF THE STATE'S DELIVERY OF MENTAL HEALTH SERVICES**

Summary Amends S.L. 2012-142, Sec. 10.11(a), by requiring the Joint Legislative Oversight Committee on Health and Human Services' Subcommittee on Mental Health to review the State's deliverance of public guardianship services.

Section: 3.5

Title: **TECHNICAL CHANGE: MEDICAID OPTION/SPECIAL CARE AND MEMORY CARE UNITS**

Summary Revises S.L. 2012-142, Sec. 10.9E(a), to direct that the Department of Health and Human Services must submit an application to the Centers for Medicare and Medicaid Services for a 1915(i) authority by September 15, 2012.

Section: 3.6

Title: **BUDGET CHANGE: TRANSITIONS TO COMMUNITY LIVING INITIATIVE**

Summary Revises S.L. 2012-142, Sec. 10.23A(f), by making clarifying changes regarding implementation of the Transitions to Community Living Initiative.

## Special Provisions

**2012 Session: HB 950**

**Department:** Health and Human Services

Section: 10.1

Title: **NC PRE-K**

Summary Directs the Division of Child Development and Early Education (DCDEE) to require all NC Pre-K contractors to issue multi-year contracts for NC Pre-K classrooms and to implement a pilot to pay providers on a per-classroom basis in lieu of per-child basis. DCDEE is required to report on the results of this pilot by January 31, 2013 to the Joint Appropriations Subcommittees on Health and Human Services and the Fiscal Research Division. This provision also directs the Child Care Commission to adopt rules on nutrition standards for child care facilities by amending G.S. 110-91 (2). This provision clarifies that children served in NC Pre-K shall turn four years old by August 31st of that school year and that with the exception of developmental disabilities and chronic disease issues, a child's health may not be used as a factor in program eligibility. DCDEE is required to establish a standard decision-making process to be used by local NC Pre-K Committees in awarding NC Pre-K classrooms and selecting students. Additionally, DCDEE is directed to report annually by March 15th on the number of children served, expenditures, and results of any evaluations of the NC Pre-K program. The report is to be submitted to Joint Legislative Commission on Governmental Operations, the Joint Legislative Oversight Committee on Health and Human Services, and the Appropriations Subcommittees on Health and Human Services.

(H.B. 503)

Section: 10.2A

Title: **REVISE CHILD CARE SUBSIDY RATES PROVISION**

Summary Directs the Division of Child Development and Early Education to require local Departments of Social Services to include on their subsidy wait list information whether the child waiting is receiving services from NC Pre-K or Head Start.

Section: 10.2

Title: **CHILD CARE ALLOCATION FORMULA/DIRECTION**

Summary Directs the Division of Child Development and Early Education to use the same data source in allocating FY 2012-13 county subsidy funds as it used for the FY 2011-12 allocations.

(H.B. 423)

Section: 10.3

Title: **EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES  
ENHANCEMENTS/SALARY SCHEDULE/MATCH REQUIREMENT ADJUSTMENTS**

Summary Repeals the salary schedule from S.L. 2011-145, Sec. 10.5(c), and directs the North Carolina Partnership for Children (NCPC) to develop a salary schedule for executive directors based upon the population of the local partnership's service area, total of funds administered, professional experience, and other relevant factors as determined by NCPC. This provision requires NCPC and local partnerships collectively to match State appropriations by at least 13%, of which 10% must be cash and 3% may be in-kind donations.

Section: 10.4

Title: **"READ NC" EARLY LITERACY INITIATIVE/DEVELOPMENT OFFICERS/ASSISTANCE TO  
RURAL PARTNERSHIPS**

Summary Appropriates \$3.5 million for the North Carolina Partnership for Children's (NCPC) to be used for the Early Literacy Pilot, to hire four Development Officers to assist local partnerships with fund-raising activities, and to provide financial assistance to rural partnerships. The provision defines the goals of the Early Literacy Pilot as being to educate the parents in early literacy practices, increase the quality of literacy in child care settings, and create additional opportunities for young children. The provision specifies the four programs to be funded through this initiative: Reach Out and Read, Raising a Reader, Motherread/Fatheread, and Dolly Parton Imagination Library. The Division of Child Development and Early Education shall report by April 1, 2013 to the Joint Legislative Committee on Governmental Operations, Joint Legislative Committee Health and Human Services, and the Appropriations Subcommittees on Health and Human Services.

Section: 10.5

Title: **MEDICAID THERAPIES LIMIT REVISED**

Summary Repeals erroneous language in S.L. 2011-145, Sec. 10.37, that restricted Medicaid-funded therapy visits to no more than three per year.

Section: 10.6

Title: **MEDICAID ELIGIBILITY/COLA DISREGARD**

Summary Amends G.S. 108A-54.4 by stating that any increase in a Medicaid recipient's income due solely to a cost-of-living adjustment to federal Social Security and Railroad Retirement payments shall be disregarded when determining income eligibility for the Medicaid program. The disregard becomes effective January 1, 2013 and expires December 31, 2017.

Section: 10.7

Title: **MEDICAID NONEMERGENCY MEDICAL TRANSPORTATION SERVICES**

Summary Directs the Departments of Health and Human Services and Transportation to issue a Request for Proposals (RFP) for the management of nonemergency medical transportation for Medicaid recipients. In crafting the RFP, the agencies shall consider the implementation and effectiveness of this type of brokerage system in other states and the current coordination of human services transportation in North Carolina. They must prepare a cost-benefit analysis of implementing a statewide brokerage model for Medicaid recipients. The Department of Health and Human Services shall report on its analyses by September 15, 2012 to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Oversight Committee on Transportation.

Section: 10.8

Title: **MODIFY AND IMPROVE PHARMACY SERVICES**

Summary Directs the Division of Medical Assistance to save \$1.3 million by implementing a special pharmacy program using the 340B pricing structure and to save \$5.2 million by lowering the dispensing fees paid to pharmacists.

Section: 10.8A

Title: **STUDY ELECTRONIC PRIOR AUTHORIZATION FOR MEDICAID PRESCRIPTIONS**

Summary Directs the Department of Health and Human Services (DHHS) to study the implementation of electronic prior authorization prescription systems within the Medicaid program that comply with National Council of Prescription Drug Programs standards. DHHS shall report its findings, including a review of other state's practices, startup costs, and potential savings, no later than March 1, 2013 to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division.

Section: 10.9

Title: **SMART CARD PILOT PROGRAM**

Summary Directs the Department of Health and Human Services to use up to \$1 million to implement a smart card pilot program to be used by designated Medicaid vendors and recipients. The Department shall collaborate with the Division of Motor Vehicles. The Department shall report on the results of the pilot effort by March 1, 2013 to the Joint Legislative Oversight Committees on Health and Human Services and Information Technology and the Appropriations Subcommittees on Health and Human Services.

Section: 10.9A

Title: **STATE AUDITOR AUDIT DIVISION OF MEDICAL ASSISTANCE**

Summary Directs the State Auditor to conduct an audit of the Division of Medical Assistance (DMA) and the NC Medicaid Program. The audit shall examine DMA's administrative functions and responsibilities, contracted administrative functions, resources dedicated to each administrative function, and the timeliness of compliance with State and federal mandates. The State Auditor shall provide a preliminary report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division by November 1, 2012, and the audit is to be completed by February 1, 2013. The Department of Health and Human Services shall transfer the funds necessary to complete the audit to the Office of the State Auditor.

(S.L. 2012-145, Sec. 3.3, Modifications/2012 Appropriations Act, amended this provision to direct the audit to include review of fiscal controls, Medicaid forecasting, and compliance with federal and State laws.)

Section: 10.9B

Title: **PED/FRD JOINT STUDY MEDICAID ORGANIZATION**

Summary Directs the Program Evaluation Division and Fiscal Research Division to study the feasibility of creating a separate Department of Medicaid and to make a joint recommendation by February 15, 2013.

Section: 10.9C

Title: **REMOVE AUTHORITY FOR MEDICAID PROVIDER RATE AND SERVICE REDUCTION**

Summary Prohibits the Division of Medical Assistance from reducing provider rates and eliminating optional Medicaid services.

Section: 10.9D

Title: **OUTPATIENT IMAGING SERVICES**

Summary Prohibits the Division of Medical Assistance from entering into a new vendor contract for Medicaid imaging services prior to March 31, 2013 at which time, if the Division determines that decision support saves as much money as the current capitation model and awards the contract for decision support, it must report to the Appropriation Subcommittees on Health and Human Services and the Fiscal Research Division.

Section: 10.9E

Title: **MEDICAID OPTION/SPECIAL CARE AND MEMORY CARE UNITS**

Summary Directs the Department of Health and Human Services (DHHS) to develop and submit to the federal Centers for Medicare and Medicaid Services (CMS) an application for a home- and community-based services program under the Medicaid State Plan 1915 (i) authority for elderly individuals who (i) are typically served in special care and memory care units that meet the criteria of the State-County Special Assistance Program and (ii) have been diagnosed with a progressive, degenerative, irreversible disease that attacks the brain and results in impaired memory, thinking, and behavior. DHHS shall implement the program upon CMS' approval of the application. On or before April 1, 2013, DHHS shall report on the status of approval and implementation of the program to the Joint Legislative Commission on Governmental Operations, the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

(S.L. 2012-145, Sec. 3.5 amended this provision to 1) require DHHS to submit the application to CMS by September 15, 2012, and 2) to expand the waiver authority to include all adults, by the deleting "elderly," and deleting "progressive" to include all degenerative, irreversible diseases that attack the brain and results in impaired memory thinking, and behavior.)

Section: 10.9F

Title: **PERSONAL CARE SERVICES/ADL ELIGIBILITY**

Summary Repeals S.L. 2011-145, Sec. 10.38, to restore optional Medicaid personal care services (PCS) for children and establishes new PCS eligibility criteria for adults. Effective January 1, 2013, adult Medicaid recipients must meet each of the following criteria in order to begin or continue receiving Medicaid-funded personal care services:

1. The recipient has a medical condition, disability, or cognitive impairment, and demonstrates unmet needs for, at a minimum, (i) two activities of daily living (ADLs), one of which requires extensive assistance; or (ii) two ADLs, one of which requires assistance at the full dependence level; and
2. The recipient resides either in a private living arrangement or a residential facility licensed by the State of North Carolina as an adult care home.

After January 1, 2013, the Medicaid-funded PCS will no longer be provided to those persons who are currently receiving PCS either in a private residential setting or in an adult care or group home who do not meet the new eligibility criteria as determined by an independent assessment.

DHHS shall report on the implementation of the new eligibility criteria and the progress in completing the independent assessments by September 1, 2012 to the Joint Legislative Oversight Committee on Health and Human Services. DHHS shall apply, by July 15, 2012, to the Centers for Medicare and Medicaid Services for a Medicaid State Plan Amendment to implement the new criteria.

(S.L. 2012-145, Sec. 3.5 amended this provision to change the effective date for the independent assessments from January 1, 2013 to July 1, 2012.)

Section: 10.9G

Title: **APPROPRIATIONS CONTINGENT UPON ADEQUACY OF FUNDING FOR MEDICAID BUDGET**

Summary Directs the Office of State Budget and Management to determine that there are adequate State funds appropriated for the Medicaid program for FY 2012-13 prior to expenditures incurred for the following programs: \$3.5 million appropriated to the Division of Child Development and Early Education for the Smart Start activities, \$9 million for additional psychiatric beds within the Three Way Contracts, \$3.5 million to reopen a unit at Broughton hospital, and \$4.8 million for local health departments' health and wellness activities.

Section: 10.10

Title: **FUNDS FOR INPATIENT PSYCHIATRIC BEDS OR BED DAYS**

Summary Appropriates \$9 million for the purchase of local inpatient psychiatric beds or bed days, provided that the Department shall not expend the funds until January 1, 2013, pending a determination by the Office of State Budget and Management that these funds are not needed for the Medicaid Program. (H.B. 1072)

Section: 10.11

Title: **EXAMINATION OF THE STATE'S DELIVERY OF MENTAL HEALTH SERVICES**

Summary Directs the Joint Legislative Oversight Committee on Health and Human Services to appoint a subcommittee to examine the State's delivery of mental health services. The review shall include the State's:

- (1) Progress in reforming the mental health system to deliver services in the most appropriate setting without unnecessary institutionalization;
- (2) Capacity to meet growing mental health needs with community supports; and
- (3) Process for determining the catchment areas served by the State's psychiatric hospitals.

The subcommittee shall report its findings and recommendations to the full committee by January 15, 2013, at which time it shall terminate.

(S.L. 2012-145, Sec. 3.4 amended this provision to add an additional topic to be reviewed: (4) Impact of 1915(b)(c) Medicaid waiver and other mental health system reforms on public guardianship services.)

Section: 10.12

Title: **FUNDS FOR FAMILY PLANNING SERVICES BY LOCAL HEALTH DEPARTMENTS**

Summary Directs that none of the funds appropriated to the Department of Health and Human Services (DHHS) for the 2012-13 fiscal year shall be allocated to renewing, extending, or entering into new contracts for the provision of family planning services and pregnancy prevention activities with providers other than local health departments. DHHS is directed, upon the expiration of any such contracts with private providers in effect during the 2011-12 fiscal year, to reallocate \$343,000 to local health departments. Local health departments shall not use these funds to contract with private providers for the provision of family planning or pregnancy prevention services.

Section: 10.13

Title: **COMMUNITY HEALTH GRANT FUNDING**

Summary Directs DHHS to enter into contracts to spend the entire amount of FY 2012-13 funding appropriated for community health centers. These funds shall be used only for community health grants to nonprofit or public health care safety net programs that provide primary and preventive medical services to uninsured or medically-indigent patients. The Department shall not use these funds to supplant any reduction in funding prescribed by the General Assembly for FY 2012-13. DHHS shall submit a written report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division no later than March 1, 2013 on the grants awarded.

Section: 10.14

Title: **FUNDS FOR COMMUNITY-BASED HEALTH AND WELLNESS INITIATIVES**

Summary Provides funding for tobacco cessation and prevention, CheckMeds, the Medication Assistance Program, the Roanoke Chowan Telehealth Network, and local health department community wellness initiatives. The tobacco cessation and prevention funds shall not be used for statewide marketing and media campaigns. The Department shall spend the local health department community wellness funds on or after January 1, 2013 and only after the Office of State Budget and Management determines that the funding is not needed for the Medicaid program. DHHS shall submit a written report by December 1, 2013 to the Joint Legislative Oversight Committee on Health and Human Services, the House and Senate Appropriations Subcommittees on Health and Human Services, and the Fiscal Research Division on the use of these funds.

Section: 10.15

Title: **DELAY LOCAL RECEIPT OF LARGER PORTION OF FOOD & LODGING FEES**

Summary Amends S.L. 2011-145, Sec. 31.11A, to delay the effective date of changes to the food and lodging fee from July 1, 2012 to July 1, 2013. Effective July 1, 2013, the percentage of the fee that may be used for State programs or activities decreases from 33 1/3 percent to no more than 10 percent.

Section: 10.16

Title: **AIDS DRUG ASSISTANCE PROGRAM PILOT**

Summary Authorizes DHHS to develop a pilot program to enroll individuals receiving services under the AIDS Drug Assistance Program (ADAP) in Inclusive Health North Carolina, the State's high risk insurance pool. The pilot program shall operate from January 1, 2013 to December 31, 2013. DHHS shall not implement the pilot program until it has obtained actuarial data to ensure that the program is cost-neutral or will produce cost savings. The Department may contract with a vendor to evaluate the results of the pilot program. By April 2, 2014, DHHS shall report the results of the pilot program to the Joint Legislative Oversight Committee on Health and Human Services and the House and Senate Appropriations Subcommittees on Health and Human Services. The Division of Public Health shall manage the number of ADAP recipients enrolled in the pilot program to ensure that expenditures do not exceed available funds.

Section: 10.18

Title: **REDUCE FUNDING FOR NONPROFIT ORGANIZATIONS**

Summary Directs DHHS to reduce for the 2012-13 fiscal year the amount of funds allocated to nonprofit organizations by \$5 million recurring. The Department shall not use any funds to supplement the reduced funding.

Section: 10.19

Title: **REPORTS BY NON-STATE ENTITIES RECEIVING DIRECT STATE APPROPRIATIONS**

Summary Requires that agencies receiving special appropriation funding from the Department provide a ten percent match and submit an annual written report to the Joint Legislative Oversight Committee on Health and Human Services, the House and Senate Appropriations Subcommittees on Health and Human Services, and the Fiscal Research Division on the activities funded.

Section: 10.20

Title: **REPORT ON LAPSED SALARY FUNDS**

Summary Requires DHHS to submit quarterly reports, beginning November 1, 2012, to the Joint Legislative Oversight Committee on Health and Human Services, the House and Senate Appropriations Subcommittees on Health and Human Services, and the Fiscal Research Division on the use of lapsed salary funds by each Division within the Department.

Section: 10.22

Title: **REVISE DATES/TANF BENEFIT IMPLEMENTATION**

Summary Stipulates that the General Assembly approves the current Temporary Assistance for Needy Families State Plan submitted by DHHS to the US Department of Health and Human Services.



Section: 10.23

Title: **EQUALIZE SPECIAL ASSISTANCE PAYMENTS UNDER IN-HOME, ADULT CARE HOME, AND RENTAL ASSISTANCE**

Summary Changes the Special Assistance In-Home payment rate from 75% to 100% of the current adult care home rate. The provision directs all counties to participate in the Special Assistance In-Home program. It further directs the Department of Health and Human Services (DHHS) and counties to maintain funding in the State-County Special Assistance In-Home Program at the FY 2011-12 funding levels. The provision modifies the State-County Special Assistance Program rate determination formula and removes the requirement that DHHS transfer funds between the State-County Special Assistance program and the Division of Medical Assistance for Medicaid-funded personal care services.

Section: 10.23A

Title: **TRANSITIONS TO COMMUNITY LIVING INITIATIVE**

Summary Establishes the Blue Ribbon Commission on Transitions to Community Living to examine the State's system of housing and supports for persons diagnosed with a mental illness, and those with intellectual and developmental disabilities. The provision appropriates \$10.3 million to the Department of Health and Human Services for transitioning individuals to community-based living arrangements. The provision also appropriates \$39.7 million to the Adult Care Home industry for the temporary provision of services for Medicaid-ineligible individuals targeted for transition to a community-based living arrangement.

Section: 10.24

Title: **TELECOMMUNICATIONS RELAY SERVICE**

Summary Removes the requirement that wireless surcharge funds be used to fund the Regional Resource Centers within the Division of Services for the Deaf and Hard of Hearing. The provision allows funds to be used to support all programs and services of the Division of Services for the Deaf and Hard of Hearing.

Section: 10.25

Title: **DHHS BLOCK GRANTS**

Summary Appropriates \$832.5 million in federal block grant funds including \$94 million in Work First block grants, \$68.2 million in Social Services block grants, \$327 million in Temporary Assistance to Needy Families block grants, \$65 million in Low Income Energy Assistance grants, \$20 million in Community Services block grants, \$19.2 million in Maternal and Child Health block grants, \$278.6 million in Child Care Development funds, \$14 million in Mental Health block grants, and \$38.6 million in Substance Abuse block grants.

(S.L. 2012-145, Sec. 3.1 amended this provision by changing the Social Services Block Grant total for the County Department of Social Services, the Mental Health Block Grant total for the Division of Public Health, and the Preventive Health Services Block Grant total for HIV/STD Prevention).

(H.B. 1100, H.B. 1101, H.B. 1156, S.B. 383/H.B. 570, S.B. 866, S.B. 437/H.B. 423)

# Special Provisions

**2012 Session: HB 14**

**Department:** Health and Human Services

Section: 1.0 - 2.0

Title: **USE REPAIRS AND RENOVATIONS FUNDS FOR 2011-2012 MEDICAID COSTS**

Summary Amends the FY 2011-12 State budget to allow the transfer of up to \$94 million in previously-appropriated Repairs and Renovation (R&R) funds to the State Medicaid program in order to provide adequate funds for provider payments. The bill also requires any excess funds transferred from R&R be returned to the R&R Reserve Account for reallocation to State agencies. (Note: H.B. 14 became law on June 21, 2012, S.L. 2012-57.)

**NATURAL  
&  
ECONOMIC  
RESOURCES  
Section H**

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## Agriculture and Consumer Services

|              |
|--------------|
| GENERAL FUND |
|--------------|

|                     |
|---------------------|
| <b>FY 12-13</b>     |
| <b>\$62,198,634</b> |

**Total Budget Approved 2011 Session**

### Budget Changes

#### (1.0) Technical Correction

##### 1 NC Forest Service

\$36,462,776 R

Provides for a technical correction showing the transfer of the NC Forest Service from the Department of Environment & Natural Resources to the Department of Agriculture & Consumer Services. The Division was transferred in FY 2011-12 after certification of the budget. This item should not be certified in the FY 2012-13 budget as it will be certified through a budget revision.

452.16

(This item also appears in the Department of Environment and Natural Resources section of the Committee Report. See page H-10, item 12.)

##### 2 Division of Soil & Water Conservation

\$10,323,455 R

Provides for a technical correction showing the transfer of the Division of Soil & Water Conservation from the Department of Environment & Natural Resources to the Department of Agriculture & Consumer Services. The Division was transferred in FY 2011-12 after certification of the budget. This item should not be certified in the FY 2012-13 budget as it will be certified through a budget revision.

33.00

(This item also appears in the Department of Environment and Natural Resources section of the Committee Report. See page H-10, item 13.)

##### 3 Four Central Office Positions

\$178,410 R

Provides for a technical correction showing the transfer of 4.0 central office positions from the Department of Environment & Natural Resources to the Department of Agriculture & Consumer Services. The Division was transferred in FY 2011-12 after certification of the budget. This item should not be certified in the FY 2012-13 budget as it will be certified through a budget revision.

4.00

(This item also appears in the Department of Environment and Natural Resources section of the Committee Report. See page H-10, item 14.)

## **(2.0) Reserves & Transfers**

### **4 Ag. Water Resources Assistance Program**

Provides funds for the Agricultural Water Resources Assistance program.

\$500,000 NR

## **Department-wide**

### **5 Management Flexibility Reduction**

Implements a necessary management flexibility reduction to pay for unbudgeted overpayments, penalties and unachieved reductions in the Medicaid Program.

(\$2,183,266) R

## **Markets**

### **6 Grape Growers Council**

Transfers the Grape Growers Council from the Department of Commerce to the Department of Agriculture & Consumer Services and provides nonrecurring funding to support the program.

\$500,000 NR  
1.00

(This item was amended by S.L. 2012-145, Modifications/2012 Appropriations Act, to transfer position #60080945 from the Department of Commerce to the Department of Agriculture & Consumer Services (DACS). This position is to be supported by the nonrecurring funds appropriated to the Department for the Grape Growers Council.) (S.L. 2012-142, Sec. 13.9A)

### **7 Southeastern NC Agricultural Center and Farmers Market**

Restores funding for the Southeastern NC Agricultural Center and Farmers Market for one year. This program was subject to Justification Review in FY 2011-12. A corresponding special provision directs the Department to conduct a study evaluating alternative operating models for the facility, including permanent closure, contracting out the facility, or leasing or donating the facility. This report is to be completed by the Department and submitted to the General Assembly by February 1, 2013. (S.L. 2012-142, Sec. 11.3)

\$362,230 NR  
6.00

### **8 Ag Marketing Funds**

Provides funding for Got to Be NC and International Marketing. The funds are to be divided equally between these two programs.

\$250,000 NR

## NC Forest Service

### 9 Young Offenders BRIDGE Program

\$318,208 R

Transfers the portion of the Young Offenders Forest Conservation Program (aka BRIDGE) that is currently funded by the Department of Public Safety to the Department of Agriculture and Consumer Services. BRIDGE program participants are all young offenders from the Western Youth Institute and assist the NC Forest Service with firefighting and other forest management efforts. (S.L. 2012-142, Sec. 11.1)

7.00

(This transfer also appears in the Justice and Public Safety section of the Committee Report. See page I-8, item 11.)

## Soil & Water Conservation

### 10 Restore Regional Office Positions - DACS

\$651,019 R

Restores funding for transferred positions formerly located in DENR regional offices. This funding was made non-recurring in FY 2011-12 pending a Justification Review. Due to the FY 2011-12 transfers of the Division of Soil & Water Conservation to the Department of Agriculture & Consumer Services (DACS), the restored salaries and benefits of positions formerly located in DENR regional offices will need to be transferred from DENR to DACS as follows:

8.75

|          |                    |          |          |
|----------|--------------------|----------|----------|
| 60032345 | Engineer           | \$74,775 | 1.00 FTE |
| 60032360 | Engineer           | \$64,270 | 1.00 FTE |
| 60032328 | Env Prog Super III | \$79,165 | 1.00 FTE |
| 60032369 | Env Specialist     | \$55,581 | 1.00 FTE |
| 60090071 | Paralegal II       | \$47,567 | 0.75 FTE |
| 60032346 | Engineer           | \$69,056 | 1.00 FTE |
| 60032323 | Soil Scientist     | \$79,106 | 1.00 FTE |
| 60032372 | Env Specialist     | \$53,060 | 1.00 FTE |
| 60032348 | Engineer           | \$66,059 | 1.00 FTE |

(This item was amended by S.L. 2012-145, Modifications/2012 Appropriations Act, to reduce the number of FTE transferred from DENR to DACS from 9.75 to 8.75. Position #60032341 was eliminated in FY 2011-12 and thus cannot be transferred.)

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|                               |                      |           |
|-------------------------------|----------------------|-----------|
| <b>Budget Changes</b>         | <b>\$45,750,602</b>  | <b>R</b>  |
|                               | <b>\$1,612,230</b>   | <b>NR</b> |
| <b>Total Position Changes</b> | 511.91               |           |
| <b>Revised Total Budget</b>   | <b>\$109,561,466</b> |           |

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## DACS - Livestock Acquisition

Budget Code: 23700

**FY 2012-13**

|   |                    |
|---|--------------------|
| <b>Beginning Unreserved Fund Balance</b>  | <b>\$4,498,899</b> |
| <b>Total Budget Approved 2011 Session</b> |                    |
| Requirements                              | <b>\$1,184,615</b> |
| Receipts                                  | <b>\$677,920</b>   |
| Positions                                 | <b>0.00</b>        |

**Legislative Changes****Requirements:****Tennessee Valley Authority Settlement Funds**

\$0 R

Provides funds from the Tennessee Valley Authority settlement to be expended on projects described in subsection h of paragraph 128 and in compliance with the requirements of paragraphs 122 through 128 of the Consent Decree. Subsection h allows for funds to be used by the agricultural and forestry sectors to use and produce renewable energy and carbon sequestration. The Department is encouraged to award these funds to projects and programs in Western North Carolina. The settlement agreement provides \$11.2 million to North Carolina, which can be drawn down in equal installments over five years; the State was authorized to begin collecting funds in 2011.

\$2,240,000 NR

0.00

Use of these funds is further restricted by Section 20 of S.L. 2012-200, Amend Environmental Laws 2012, which limits the use of TVA funds appropriated to the Department of Agriculture and Consumer Services to Avery, Buncombe, Burke, Cherokee, Clay, Graham, Haywood, Henderson, Jackson, Macon, Madison, McDowell, Mitchell, Swain, Transylvania, Watauga, and Yancey counties.

**Subtotal Legislative Changes**

\$0 R

**\$2,240,000 NR**

0.00

**Receipts:**



**FY 2012-13****Tennessee Valley Authority**

\$0 R

Provides funds from the Tennessee Valley Authority settlement to be expended on projects described in subsection h of paragraph 128 and in compliance with the requirements of paragraphs 122 through 128 of the Consent Decree. Subsection h allows for funds to be used by the agricultural and forestry sectors to use and produce renewable energy and carbon sequestration. The Department is encouraged to award these funds to projects and programs in Western North Carolina. The settlement agreement provides \$11.2 million to North Carolina, which can be drawn down in equal installments over five years; the State was authorized to begin collecting funds in 2011.

\$2,240,000 NR

**Subtotal Legislative Changes**

\$0 R

**\$2,240,000** NR

---

**Revised Total Requirements****\$3,424,615****Revised Total Receipts****\$2,917,920****Change in Fund Balance****(\$506,695)****Total Positions****0.00**

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**Unappropriated Balance Remaining****\$3,992,204**

# Special Provisions

## 2012 Session: SB 229

**Department:** Agriculture and Consumer Services

Section: 20

Title: **TECHNICAL CHANGE: USE OF TVA FUNDS**

Summary Restricts the use of Tennessee Valley Authority (TVA) Settlement funds allocated to the Department of Agriculture and Consumer Services to environmental mitigation projects in 17 western counties.

## 2012 Session: SB 187

**Department:** Agriculture and Consumer Services

Section: 4.2

Title: **TECHNICAL CHANGE: CORRECT SOIL AND WATER CONSERVATION TECHNICAL TRANSFER**

Summary Amends S.L. 2012-142, Modify 2011 Appropriations Act, by correcting the number of positions transferred from the Department of Environment and Natural Resources to the Department of Agriculture and Consumer Services due to the restoration of regional office positions. The provision corrects the transfer from 9.75 to 8.75 FTE.

Section: 4.3

Title: **TECHNICAL CHANGE: SOIL AND WATER CONSERVATION CLARIFICATIONS**

Summary Clarifies the Division of Soil and Water Conservation's authority to use Conservation Reserve Enhancement Program funds in all eligible river basins and makes technical corrections to the Division's General Statutes necessary due to the transfer of the division to the Department of Agriculture and Consumer Services in FY 2011-12.

## **2012 Session: HB 950**

### **Department: Agriculture and Consumer Services**

Section: 11.1

Title: **B.R.I.D.G.E. YOUTHFUL OFFENDERS/PRIORITY AND REPORTING**

Summary Directs the Division of Adult Correction to give priority to the B.R.I.D.G.E Youthful Offenders program operated by the North Carolina Forest Service (NCFS) when assigning youthful offenders from the Western Youth Institute to work programs.

Subsection (b) requires NCFS to submit an annual report on the B.R.I.D.G.E Youthful Offenders program to the Fiscal Research Division, the Chairs of the House and Senate Appropriations Subcommittee on Natural and Economic Resources, the Chairs of the House and Senate Appropriations Subcommittee on Justice and Public Safety, the Joint Legislative Commission on Governmental Operations, and the Joint Legislative Oversight Committee on Justice and Public Safety. The report is due October 1 beginning in 2012.

Section: 11.2

Title: **FOREST FIRES/ANNUAL REPORT**

Summary Requires the North Carolina Forest Service to submit an annual report on the State's wildfires to the chairs of the House and Senate Appropriations Subcommittee on Natural and Economic Resources, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division. The report is due annually by October 1 beginning in 2012.

Section: 11.2A

Title: **CLARIFY REQUIREMENTS TO RECEIVE NC AGRICULTURE COST SHARE PROGRAM FUNDS OR AGRICULTURE WATER RESOURCES ASSISTANCE**

Summary Clarifies documentation requirements for the Agricultural Water Resources Assistance Program and the Agriculture Cost Share Program. Previously, applicants were required to present a federal tax form Schedule F to qualify for these programs. This provision authorizes other forms of documentation for an applicant to establish that he or she is engaged in farming.

Section: 11.3

Title: **SOUTHEASTERN NORTH CAROLINA AGRICULTURAL CENTER AND FARMERS MARKET/STUDY OPTIONS**

Summary Requires the Department of Agriculture and Consumer Services to study and recommend an alternative operating model for the Southeastern NC Agricultural Center and Farmers Market in Lumberton, NC. The report is due to the House and Senate Appropriations Subcommittees on Natural and Economic Resources and the Fiscal Research Division by February 1, 2013.

Section: 11.4

Title: **RESEARCH STATIONS NONREVERTING FUND**

Summary Creates a new special fund for the Research Stations Division within the Department of Agriculture and Consumer Services. This fund will consist of receipts from the sale of commodities produced by the research stations and can be used for repairs, renovations, maintenance, and operations of the research stations.

## 2012 Annotated Committee Report

### Labor

|              |
|--------------|
| GENERAL FUND |
|--------------|

|          |
|----------|
| FY 12-13 |
|----------|

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**Total Budget Approved 2011 Session**

**\$15,836,887**

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**Budget Changes**

**Department-wide**

**11 Management Flexibility Reduction**

**(\$316,738) R**

Implements a necessary management flexibility reduction to pay for unbudgeted overpayments, penalties and unachieved reductions in the Medicaid Program.

---

**Budget Changes**

**(\$316,738) R**

**Total Position Changes**

**Revised Total Budget**

**\$15,520,149**

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# Special Provisions

2012 Session: HB 950

Department: Labor

Section:

Title: NO SPECIAL PROVISIONS

Summary

## Environment & Natural Resources

GENERAL FUND

FY 12-13

Total Budget Approved 2011 Session

\$148,148,105

### Budget Changes

#### (1.0) Technical Correction

##### 12 NC Forest Service

(\$36,462,776) R

Provides for a technical correction showing the transfer of the NC Forest Service from the Department of Environment & Natural Resources to the Department of Agriculture & Consumer Services. The Division was transferred in FY 2011-12 after certification of the budget. This item should not be certified in the FY 2012-13 budget as it will be certified through a budget revision.

-452.16

(This item also appears in the Department of Agriculture and Consumer Services section of the Committee Report. See page H-1, item 1.)

##### 13 Division of Soil & Water Conservation

(\$10,323,455) R

Provides for a technical correction showing the transfer of the Division of Soil & Water Conservation from the Department of Environment & Natural Resources to the Department of Agriculture & Consumer Services. The Division was transferred in FY 2011-12 after certification of the budget. This item should not be certified in the FY 2012-13 budget as it will be certified through a budget revision.

-33.00

(This item also appears in the Department of Agriculture and Consumer Services section of the Committee Report. See page H-1, item 2.)

##### 14 Four Central Office Positions

(\$178,410) R

Provides for a technical correction showing the transfer of 4.0 central office positions from the Department of Environment & Natural Resources to the Department of Agriculture & Consumer Services. The Division was transferred in FY 2011-12 after certification of the budget. This item should not be certified in the FY 2012-13 budget as it will be certified through a budget revision.

-4.00

(This item also appears in the Department of Agriculture and Consumer Services section of the Committee Report. See page H-1, item 3.)

**15 Division of Environmental Health** (\$3,700,675) R

Provides for a technical correction showing the transfer of the Division of Environmental Health from the Department of Environment & Natural Resources to the Department of Health & Human Services. The Division was transferred in FY 2011-12 after certification of the budget. This item should not be certified in the FY 2012-13 budget as it will be certified through a budget revision.

-35.05

(This transfer also appears in the Health and Human Services section of the Committee Report. See page G-8, item 44.)

**(1.0) Department-wide**

**16 Management Flexibility Reduction** (\$2,216,074) R

Implements a necessary management flexibility reduction to pay for unbudgeted overpayments, penalties and unachieved reductions in the Medicaid Program.

**(1.0) Reserves & Transfers**

**17 Clean Water State Revolving Fund**

Directs the Department to use \$5,101,400 of its loan origination fee fund to provide the 20% State match needed to draw down \$25,507,000, the maximum available federal funds for the Clean Water State Revolving Fund for FY 2012-13. The Department needs permission from the US EPA to use these funds for FY 2012-13 only.

**18 Drinking Water State Revolving Fund**

Directs the Department to use funds from the Drinking Water Reserve to provide the 20% State match needed to draw down the maximum available federal funds for the Drinking Water State Revolving Fund. The match amount of \$4,939,600 for Federal Fiscal Year 2011-12 will allow the State to draw down \$24,698,000 in federal funds, and the match amount of \$4,707,400 for the Federal Fiscal Year 2012-13 will allow the State to draw down \$23,537,000 in federal funds. The EPA encourages states to have their match amounts available prior to the beginning of the Federal Fiscal Year so the amount of the State grant can be encumbered in the EPA budget. The Department is currently a year in arrears obtaining these federal grants from EPA, and this will allow the Department to have its match amounts available prior to the beginning of future Federal Fiscal Years. (S.L. 2012-142, Sec. 12.3)

**19 Eliminate Operating Reserve** (\$2,309,998) R

Eliminates the operating reserves for the Green Square Office Building and the Nature Research Center building for FY 2012-13. These buildings' operating expenses shall be paid by the Department of Administration beginning in FY 2012-13.

**20 Noncommercial Leaking Underground Storage Tank (LUST) Fund**

Provides \$4,883,796 to the Noncommercial Leaking Underground Storage Tank (LUST) Fund.

\$4,883,796 NR

**(2.0) Land Resources****21 State Boundary Survey Completion**

Provides nonrecurring funding to complete the state boundary survey project between North Carolina and South Carolina.

\$50,000 NR

**22 Mining and Energy Commission**

Provides \$250,000 to support the salaries and benefits of 3.0 positions to staff the Mining and Energy Commission per Senate Bill 820, should that bill become law. (S.L. 2012-142, Sec. 12.1; S.L. 2012-143; S.B. 820/H.B. 1054)

\$250,000 R

3.00

**23 Erosion & Sedimentation Positions**

Reduces General Fund support for the salaries and benefits of 4.0 FTEs in the Land Quality Section's Erosion and Sedimentation Program.

(\$227,136) R

-4.00

**24 Geodetic Survey**

Eliminates salary and benefits of 1.0 filled position that will be eliminated as part of the transfer of the Geodetic Survey Section to the Department of Public Safety's Emergency Management Division:

(\$39,004) R

-1.00

60032388 Office Assistant III

\$39,004



**25 Geodetic Survey Section to Emergency Management**

(\$780,857) R

Transfers the Geodetic Survey Section from the Department of Environment and Natural Resources to the Department of Public Safety as a Type I transfer. Geodetic Survey will be housed in the Division of Law Enforcement, Emergency Management Section. The transfer includes the following positions:

-11.92

## General Fund Supported Positions (11.92 FTE):

|                 |  |           |          |
|-----------------|--|-----------|----------|
| 60032386        | Engineering/Architectural Supervisor   | \$104,835 | 1.00 FTE |
| 60032387        | Office Assistant IV                    | \$43,691  | 1.00 FTE |
| 60032389        | Engineering/Architectural Technician   | \$62,320  | 1.00 FTE |
| 60032390        | Engineering/Architectural Supervisor   | \$78,995  | 1.00 FTE |
| 60032393        | Technology Support Analyst             | \$60,575  | 1.00 FTE |
| 60032395        | Engineering/Architectural Technician   | \$66,407  | 1.00 FTE |
| 60032396        | Engineering/Architectural Technician   | \$52,381  | 1.00 FTE |
| 60032399        | Business And Technology Applic Tech    | \$72,037  | 1.00 FTE |
| 60032400        | Information & Communication Specialist | \$58,698  | 1.00 FTE |
| 60032402        | Engineering/Architectural Technician   | \$38,901  | 0.92 FTE |
| 60032403        | Engineering/Architectural Technician   | \$46,161  | 1.00 FTE |
| 60032405        | Engineering/Architectural Technician   | \$59,173  | 1.00 FTE |
| Operating Costs |  | \$36,683  |          |

## Receipt Supported Positions (5.08 FTE):

|          |                                      |          |          |
|----------|--------------------------------------|----------|----------|
| 60032392 | Engineer                             | \$67,539 | 1.00 FTE |
| 60032398 | Engineering/Architectural Technician | \$63,939 | 1.00 FTE |
| 60032401 | Engineering/Architectural Technician | \$42,436 | 1.00 FTE |
| 60032402 | Engineering/Architectural Technician | \$3,535  | 0.08 FTE |
| 60032404 | Engineering/Architectural Technician | \$45,139 | 1.00 FTE |
| 60032406 | Engineering/Architectural Technician | \$42,436 | 1.00 FTE |

(S.L. 2012-142, Sec. 12.4; this transfer also appears in the Justice and Public Safety section of the Committee Report. See page I-9, item 14.)

**(2.0) Regional Offices****26 Restore Regional Offices**

\$12,624,378 R

Restores funding for the regional offices. This funding was made non-recurring in FY 2011-12 pending a Justification Review. Due to the FY 2011-12 transfers of the Division of Soil & Water Conservation to the Department of Agriculture & Consumer Services (DACS) and the Division of Environmental Health to the Division of Public Health in the Department of Health & Human Services (DHHS), the restored salaries and benefits of positions formerly located in DENR regional offices will need to be transferred from DENR to those Departments as follows:

134.96

|  |           |          |
|--|-----------|----------|
| Division of Public Health (DHHS)             | \$282,412 | 3.00 FTE |
| Division of Soil & Water Conservation (DACS) | \$651,019 | 8.75 FTE |

(S.L. 2012-145, Sec. 12.2; This item was amended by S.L. 2012-145, Modifications/2012 Appropriations Act, to correct the transfer amount for DHHS from \$221,109 to \$282,412 and to reduce the number of FTE transferred from DENR to DACS from 9.75 to 8.75. Position #60032341 was eliminated in FY 2011-12 and thus cannot be transferred.)

**27 Restore Regional Office Positions - DHHS**

(\$221,109) R

Restores funding for transferred positions formerly located in DENR regional offices. This funding was made non-recurring in FY 2011-12 pending a Justification Review. Due to the FY 2011-12 transfer of the Division of Environmental Health to the Division of Public Health in the Department of Health & Human Services (DHHS), the restored salaries and benefits of positions formerly located in DENR regional offices will need to be transferred from DENR to DHHS as follows:

-3.00

|          |                     |          |          |
|----------|---------------------|----------|----------|
| 60034273 | Env Health Reg Spec | \$69,922 | 1.00 FTE |
| 60034303 | Env Health Reg Spec | \$67,812 | 1.00 FTE |
| 60034278 | Soil Scientist      | \$83,375 | 1.00 FTE |

(This item was amended in S.L. 2012-145, Modifications/2012 Appropriations Act, Sec. 4.1, to correct the transfer amount from \$221,109 to \$282,412; however, the bill figures in the Appropriations Bill were not adjusted, and thus the bill prevails and the amounts are not changed here. The amount will be corrected to \$282,412 via a budget revision after certification. This transfer also appears in the Health and Human Services section of the Committee Report. See page G-9, item 51.)

**28 Restore Regional Office Positions - DACS**

(\$651,019) R

Restores funding for transferred positions formerly located in DENR regional offices. This funding was made non-recurring in FY 2011-12 pending a Justification Review. Due to the FY 2011-12 transfers of the Division of Soil & Water Conservation to the Department of Agriculture & Consumer Services (DACS), the restored salaries and benefits of positions formerly located in DENR regional offices will need to be transferred from DENR to DACS as follows:

-8.75

|          |                    |          |          |
|----------|--------------------|----------|----------|
| 60032345 | Engineer           | \$74,775 | 1.00 FTE |
| 60032360 | Engineer           | \$64,270 | 1.00 FTE |
| 60032328 | Env Prog Super III | \$79,165 | 1.00 FTE |
| 60032369 | Env Specialist     | \$55,581 | 1.00 FTE |
| 60090071 | Paralegal II       | \$47,567 | 0.75 FTE |
| 60032346 | Engineer           | \$69,056 | 1.00 FTE |
| 60032323 | Soil Scientist     | \$79,106 | 1.00 FTE |
| 60032372 | Env Specialist     | \$53,060 | 1.00 FTE |
| 60032348 | Engineer           | \$66,059 | 1.00 FTE |

(This item was amended by S.L. 2012-145, Modifications/2012 Appropriations Act, to reduce the number of FTE transferred from DENR to DACS from 9.75 to 8.75. Position #60032341 was eliminated in FY 2011-12 and thus cannot be transferred.)

**29 Restore Regional Office Positions - DPS**

(\$136,949) R

Restores funding for transferred positions formerly located in DENR regional offices. This funding was made non-recurring in FY 2011-12 pending a Justification Review. Due to the FY 2012-13 transfer of the Division of Land Resources' Geodetic Survey Section to the Emergency Management Section of the Division of Law Enforcement in the Department of Public Safety (DPS), the restored salaries and benefits of positions formerly located in DENR regional offices will need to be transferred from DENR to DPS as follows:

-2.00

|          |                                      |          |          |
|----------|--------------------------------------|----------|----------|
| 60032391 | Engineering/Architectural Supervisor | \$77,859 | 1.00 FTE |
| 60032397 | Engineering/Architectural Technician | \$59,090 | 1.00 FTE |

(This transfer also appears in the Justice and Public Safety section of the Committee Report. See page I-9, item 15.)

**(3.0) Marine Fisheries****30 Oyster Sanctuary Funds**

Provides nonrecurring funding for the Oyster Sanctuary Program.

\$100,000 NR

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**Budget Changes**

(\$44,373,084) R

\$5,033,796 NR

**Total Position Changes**

-416.92

**Revised Total Budget****\$108,808,817**

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## DENR Water Pollution Revolving Loan

Budget Code: 64311

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|   |                      |
|---|----------------------|
|   | <b>FY 2012-13</b>    |
| <b>Beginning Unreserved Fund Balance</b>  | <b>\$251,442,946</b> |
| <b>Total Budget Approved 2011 Session</b> |                      |
| Requirements                              | <b>\$64,304,756</b>  |
| Receipts                                  | <b>\$64,304,756</b>  |
| Positions                                 | <b>0.00</b>          |

---

**Legislative Changes****Requirements:****Clean Water State Revolving Fund**

\$0 R

Directs the Department to use \$5,101,400 of its loan origination fee fund to provide the 20% State match needed to draw down \$25,507,000, the maximum available federal funds for the Clean Water State Revolving Fund for FY 2012-13.

\$0 NR

0.00

**Subtotal Legislative Changes**

\$0 R

\$0 NR

0.00

**Receipts:****Clean Water State Revolving Fund**

\$0 R

\$0 NR

**Subtotal Legislative Changes**

\$0 R

\$0 NR

---

|                                   |                     |
|-----------------------------------|---------------------|
| <b>Revised Total Requirements</b> | <b>\$64,304,756</b> |
| <b>Revised Total Receipts</b>     | <b>\$64,304,756</b> |
| <b>Change in Fund Balance</b>     | <b>\$0</b>          |
| <b>Total Positions</b>            | <b>0.00</b>         |

---

|   |                      |
|---|----------------------|
| <b>Unappropriated Balance Remaining</b> | <b>\$251,442,946</b> |
|---|----------------------|

## DENR Drinking Water SRF

Budget Code: 64320

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|   | FY 2012-13          |
|---|---------------------|
| <b>Beginning Unreserved Fund Balance</b>  | <b>\$66,581,987</b> |
| <b>Total Budget Approved 2011 Session</b> |                     |
| Requirements                              | <b>\$52,236,713</b> |
| Receipts                                  | <b>\$51,066,125</b> |
| Positions                                 | <b>0.00</b>         |

---

**Legislative Changes****Requirements:****Drinking Water State Revolving Fund**

Directs the Department to use funds from the Drinking Water Reserve to provide the 20% State match needed to draw down the maximum available federal funds for the Drinking Water State Revolving Fund. The match amount of \$4,939,600 for Federal Fiscal Year 2011-12 will allow the State to draw down \$24,698,000 in federal funds, and the match amount of \$4,707,400 for the Federal Fiscal Year 2012-13 will allow the State to draw down \$23,537,000 in federal funds. (S.L. 2012-142, Sec. 12.3)

\$0 R  
\$0 NR  
0.00

**Subtotal Legislative Changes**

\$0 R  
\$0 NR  
0.00

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**Receipts:****Drinking Water State Revolving Fund**

Directs the Department to use funds from the Drinking Water Reserve to provide the 20% State match needed to draw down the maximum available federal funds for the Drinking Water State Revolving Fund. The match amount of \$4,939,600 for Federal Fiscal Year 2011-12 will allow the State to draw down \$24,698,000 in federal funds, and the match amount of \$4,707,400 for the Federal Fiscal Year 2012-13 will allow the State to draw down \$23,537,000 in federal funds.

\$0 R  
\$0 NR

**Subtotal Legislative Changes**

\$0 R  
\$0 NR

---

|                                   |                      |
|-----------------------------------|----------------------|
| <b>Revised Total Requirements</b> | <b>\$52,236,713</b>  |
| <b>Revised Total Receipts</b>     | <b>\$51,066,125</b>  |
| <b>Change in Fund Balance</b>     | <b>(\$1,170,588)</b> |
| <b>Total Positions</b>            | <b>0.00</b>          |

---

|   |                     |
|---|---------------------|
| <b>Unappropriated Balance Remaining</b> | <b>\$65,411,399</b> |
|---|---------------------|

# Special Provisions

## 2012 Session: SB 187

**Department:** Environment & Natural Resources

Section: 4.1

Title: **TECHNICAL CHANGE: CORRECT ENVIRONMENTAL HEALTH REGIONAL OFFICE TRANSFER**

Summary Amends S.L. 2012-142, Modify 2011 Appropriations Act, by correcting the amount of funding transferred from the Department of Environment and Natural Resources to the Department of Health and Human Services due to the restoration of regional office positions. This provision corrects the transfer from \$221,019 to \$282,412.

Section: 4.4

Title: **TECHNICAL CHANGE: CLARIFY USE OF FUNDS FROM NATURAL HERITAGE TRUST FUND**

Summary Makes a technical change to the Natural Heritage Trust Fund (NHTF) General Statutes to clarify that expenditures for programs shifted to NHTF receipts in FY 2011-12 are in addition to previously authorized programmatic expenditures.

## 2012 Session: HB 950

**Department:** Environment & Natural Resources

Section: 12.01

Title: **WATER INFRASTRUCTURE FUND CLOSING FEE CONFORMING CHANGES**

Summary Makes conforming changes so that G.S. 159G-24 reflects the language used in G.S. 159G-22, which establishes the Drinking Water and Clean Water State Revolving Funds within the Water Infrastructure Fund. In addition, subsection (a) reduces the loan fee from 2.5 percent to 2 percent to reflect the fee as established in rule.

Section: 12.1

Title: **DENR POSITIONS TO STAFF FOSSIL FUEL OVERSIGHT BODY**

Summary Authorizes the Department of Environment and Natural Resources to reclassify and fill vacant positions to provide support for the Mining and Energy Commission if Senate Bill 820, Clean Energy and Economic Security Act, becomes law. S.B. 820 was enacted as S.L. 2012-143 on July 2, 2012.



Section: 12.2

Title: **DENR TO CENTRALIZE OVERSIGHT OF ITS REGIONAL OFFICES**

Summary Requires the Department of Environment and Natural Resources to centralize oversight of its seven regional offices.

Subsection (a) directs the Department to centralize oversight of its seven regional offices by creating a mission statement for the offices; expanding performance measures related to customer service and consistency; implementing a new customer survey during FY 2012-13; and reviewing office best practices.

Subsection (b) requires the Department to report to the House and Senate Appropriations Subcommittees on Natural and Economic Resources and the Fiscal Research Division regarding its progress in implementing both the requirements of Subsection (a) and the recommendations from public listening sessions conducted in 2011. The report is due February 1, 2013.

Section: 12.3

Title: **DRINKING WATER STATE REVOLVING FUND**

Summary Notwithstanding G.S. 159G-22 to allow the Department of Environment and Natural Resources to use funds available in the Drinking Water Reserve as the match needed to draw down federal funds for the Drinking Water State Revolving Fund program.

Section: 12.4

Title: **TRANSFER GEODETIC SURVEY SECTION FROM DENR TO THE DIVISION OF EMERGENCY MANAGEMENT OF THE DEPARTMENT OF PUBLIC SAFETY**

Summary Transfers the Geodetic Survey program from the Division of Land Resources within the Department of Environment and Natural Resources to the Division of Emergency Management within the Department of Public Safety.

Section: 12.5

Title: **PROHIBIT THE CONSTRUCTION OF NEW PIERS/SATELLITE AREAS**

Summary Prohibits the construction of new piers and satellite areas within the Division of Aquariums.

Subsection (a) removes the authorization to use receipts collected in the North Carolina Aquariums Fund to finance and expand satellite areas. Subsection (c) states that the Department shall not build, authorize, or operate satellite areas without specific authorization from the General Assembly. Subsections (b) and (d) clarify that, despite the changes in Subsections (a) and (c), the North Carolina Aquarium Pier at Nags Head may continue to operate. Subsection (d1) allows grants awarded to local municipalities prior to these changes to be distributed.

Section: 12.8

Title: **AQUARIUM BUDGETING CLARIFICATION**

Summary Requires the Department of Environment and Natural Resources to budget all line items related to daily operations of the State aquariums in Budget Code 14300. The Department may continue to use Budget Code 24300 for special events, activities, debt service, and other items not related to daily operations of the State aquariums.

## DENR-Clean Water Management Trust Fund

|              |
|--------------|
| GENERAL FUND |
|--------------|

|          |
|----------|
| FY 12-13 |
|----------|

---

Total Budget Approved 2011 Session

\$11,250,000

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**Budget Changes**

**Department-wide**

**31 Operating Funds**

(\$11,250,000) R

Eliminates recurring funding for the Clean Water Management Trust Fund and replaces it with nonrecurring funding for FY 2012-13.

\$10,750,000 NR

---

**Budget Changes**

(\$11,250,000) R

\$10,750,000 NR

**Total Position Changes**

**Revised Total Budget**

\$10,750,000

---

# Special Provisions

**2012 Session: HB 950**

**Department:** DENR-Clean Water Management Trust Fund

Section: 12.7

Title: **CLEAN WATER MANAGEMENT TRUST FUND**

Summary Outlines how the Clean Water Management Trust Fund (CWMTF) is to utilize FY 2012-13 appropriations.

Subsection (a) notwithstanding G.S. 113A-253(d) to limit CWMTF's administrative expenses, including operations and debt service, to no more than \$3 million for FY 2012-13.

Subsection (b) directs the Board of Trustees to give priority consideration to applications requesting State matching funds for infrastructure programs and for the Readiness and Environmental Protection Initiative or any other United States Department of Defense program that provides for military buffers and protects the overall military training mission.

## Wildlife Resources Commission

|              |
|--------------|
| GENERAL FUND |
|--------------|

|          |
|----------|
| FY 12-13 |
|----------|

---

**Total Budget Approved 2011 Session**

**\$17,221,179**

---

**Budget Changes**

**Commission-wide**

**32 Management Flexibility Reduction**

**(\$344,424) R**

Implements a necessary management flexibility reduction to pay for unbudgeted overpayments, penalties and unachieved reductions in the Medicaid Program.

**Conservation Education**

**33 Continuation Review**

**\$778,821 R**

Restores the \$778,821 appropriation for the Conservation Education program, the full amount of General Fund support for the program.

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**\$434,397 R**

**Budget Changes**

**Total Position Changes**

**Revised Total Budget**

**\$17,655,576**

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## Wildlife Res. - MTR-BT-Int. Bearing

Budget Code: 24352

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|   |                     |
|---|---------------------|
|   | <b>FY 2012-13</b>   |
| <b>Beginning Unreserved Fund Balance</b>  | <b>\$992,340</b>    |
| <b>Total Budget Approved 2011 Session</b> |                     |
| Requirements                              | <b>\$10,773,694</b> |
| Receipts                                  | <b>\$10,773,694</b> |
| Positions                                 | <b>0.00</b>         |

---

|                                       |               |
|---------------------------------------|---------------|
| <b>Legislative Changes</b>            |               |
| <b>Requirements:</b>                  |               |
| <b>Motor Fuels Adjustment and Cap</b> | \$0 R         |
|                                       | \$0 NR        |
|                                       | 0.00          |
| <b>Subtotal Legislative Changes</b>   | <b>\$0 R</b>  |
|                                       | <b>\$0 NR</b> |
|                                       | 0.00          |

---

|  |                      |
|--|----------------------|
| <b>Receipts:</b>   |                      |
| <b>Motor Fuels Adjustment and Cap</b>  | (\$196,833) R        |
| Reduces the amount of receipts expected to be transferred from the<br>Department of Transportation to the Wildlife Resources Commission. | \$0 NR               |
| <b>Subtotal Legislative Changes</b>  | <b>(\$196,833) R</b> |
|  | <b>\$0 NR</b>        |

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|                                   |                     |
|-----------------------------------|---------------------|
| <b>Revised Total Requirements</b> | <b>\$10,773,694</b> |
| <b>Revised Total Receipts</b>     | <b>\$10,576,861</b> |
| <b>Change in Fund Balance</b>     | <b>(\$196,833)</b>  |
| <b>Total Positions</b>            | <b>0.00</b>         |

---

|   |                  |
|---|------------------|
| <b>Unappropriated Balance Remaining</b> | <b>\$795,507</b> |
|---|------------------|

# Special Provisions

**2012 Session: HB 950**

**Department:** Wildlife Resources Commission

Section: 12.6

Title: **WILDLIFE RESOURCES COMMISSION BUDGET**

Summary Requires the Wildlife Resources Commission (WRC) to work with the Office of State Budget and Management, the State Controller, and the Fiscal Research Division to transfer WRC's operating budget to General Fund budget code 14350. This change is required beginning with FY 2013-14, and the Governor's Continuation Budget for FY 2013-14 is required to present WRC's operating budget in budget code 14350. It is the intent of the General Assembly that the budgeting change required by this section not adversely impact current federal funding or future funding eligibility.

## 2012 Annotated Committee Report

### Commerce

|              |
|--------------|
| GENERAL FUND |
|--------------|

|          |
|----------|
| FY 12-13 |
|----------|

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Total Budget Approved 2011 Session

\$33,250,463

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#### Budget Changes

##### Department-wide

##### 34 Management Flexibility Reduction

(\$665,009) R

Implements a necessary management flexibility reduction to pay for unbudgeted overpayments, penalties and unachieved reductions in the Medicaid Program.

##### Administration

##### 35 Military Support Funds

\$500,000 NR

Provides funds to ensure military base continuity in North Carolina.

##### Commerce Finance Center

##### 36 Job Maintenance and Capital Development Fund (JMAC)

\$7,500,000 NR

Provides \$7.5M nonrecurring for JMAC. \$6 million shall be allocated to fulfill existing agreements with Bridgestone/Firestone and Goodyear. \$1.5 million shall be allocated to fulfill year 2 of a pending agreement with Domtar.

##### 37 NC Broadband Rigor in Mapping (BRIM) Project

(\$200,000) R

Replaces \$200,000 in General Fund appropriation with funds from a cash balance that existed when the e-NC Authority was abolished. \$175,730 will remain in General Fund appropriations for this purpose. The NC BRIM project is expected to be completed in October 2014.

##### Community Assistance

##### 38 Assistant Secretary Position

(\$129,228) R

Eliminates the Assistant Secretary Position (60077156) and associated salary and benefits. Employees in this division will now report to the Assistant Secretary for Energy, which will be retitled to be the Assistant Secretary for Energy and Community Assistance.

-1.00



## Energy Office

### 39 Tennessee Valley Authority (TVA) Settlement Funds

Directs the Energy Office to apply for funding from the TVA Settlement Agreement in compliance with the requirements of paragraphs 122 through 128 of the Consent Decree. The requested funding will be for biofuels projects in alignment with work done by the Biofuels Center. Once funds are received, Commerce is to disburse them to the Biofuels Center. The settlement agreement provides \$11.2 million to North Carolina and funds can be drawn down in equal installments over five years; the State was authorized to begin collecting funds in 2011.

## Office of Science and Technology

### 40 Continuation Review

\$215,599 R

Restores funding eliminated due to the Continuation Review of this program in FY 2011-12.

2.00

## Tourism, Film, and Sports Development

### 41 Marketing

Provides additional one-time funds to market the State as a tourist destination.

\$250,000 NR

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## Budget Changes

(\$778,638) R

\$8,250,000 NR

## Total Position Changes

1.00

## Revised Total Budget

\$40,721,825

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## Commerce Special GF

Budget Code: 24609

|  | FY 2012-13          |           |
|--|---------------------|-----------|
| <b>Beginning Unreserved Fund Balance</b>   | <b>\$77,403,582</b> |           |
| <b>Total Budget Approved 2011 Session</b>  |                     |           |
| Requirements   | <b>\$28,711,556</b> |           |
| Receipts   | <b>\$28,476,737</b> |           |
| Positions  | <b>0.00</b>         |           |
| <hr/>  |                     |           |
| <b>Legislative Changes</b>   |                     |           |
| <b>Requirements:</b>   |                     |           |
| <b>One NC Fund - General Fund Transfer</b>   | \$0                 | R         |
| Transfers \$45 million to the General Fund for general availability.   | \$45,000,000        | NR        |
| Fifteen million will remain in the fund: ten million dollars will be used to fund One NC grant agreements, in addition to the nine million dollars recurring appropriated in the Reserves section. Notwithstanding any other law to the contrary, five million dollars of the remaining funds shall be appropriated for economic development projects that shall not be subject to the terms of the One NC Fund. (S.L. 2012-142, Sec. 2.2(f) and 13.6) | 0.00                |           |
| <b>Subtotal Legislative Changes</b>  | <b>\$0</b>          | <b>R</b>  |
|  | <b>\$45,000,000</b> | <b>NR</b> |
|  | <b>0.00</b>         |           |
| <hr/>  |                     |           |
| <b>Receipts:</b>   |                     |           |
| <b>One North Carolina Fund</b>   | \$0                 | R         |
|  | \$0                 | NR        |
| <b>Subtotal Legislative Changes</b>  | <b>\$0</b>          | <b>R</b>  |
|  | <b>\$0</b>          | <b>NR</b> |

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|                                   |                       |
|-----------------------------------|-----------------------|
| <b>Revised Total Requirements</b> | <b>\$73,711,556</b>   |
| <b>Revised Total Receipts</b>     | <b>\$28,476,737</b>   |
| <b>Change in Fund Balance</b>     | <b>(\$45,234,819)</b> |
| <b>Total Positions</b>            | <b>0.00</b>           |

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|   |                     |
|---|---------------------|
| <b>Unappropriated Balance Remaining</b> | <b>\$32,168,763</b> |
|---|---------------------|

# Special Provisions

## 2012 Session: SB 187

**Department:** Commerce

Section: 4.5

Title: **TECHNICAL CHANGE: WINE AND GRAPE GROWERS COUNCIL POSITION**

Summary Transfers position #60080945 to the Department of Agriculture and Consumer Services from the Department of Commerce to work with the Wine and Grape Growers Council.

## 2012 Session: HB 950

**Department:** Commerce

Section: 13.1

Title: **NER BLOCK GRANTS**

Summary Appropriates \$42.5 million in federal Community Development Block Grant (CDBG) funds for FY 2012-13. This provision provides for subsequent increases or decreases in fund availability and places limitations on the use of CDBG funds. It requires the Department of Commerce to consult with the Joint Legislative Commission on Governmental Operations (Gov Ops) prior to reallocating funds, except when an emergency arises that poses a threat to public health or safety or if future funding might be adversely affected. The Department is required to submit a report to Gov Ops by September 1, 2012 including the categories of funding, the number of applications received, and a list of grantees with the award amount and project description.

Section: 13.2

Title: **DEPARTMENT OF COMMERCE/TRAVEL EXPENSES**

Summary Directs that the Department of Commerce not provide per diem, subsistence, or travel allowances for State employees who are not employees of the Department.

Section: 13.3

Title: **NC SMALL BUSINESS CONTRACTOR AUTHORITY/REPORTING REQUIREMENT**

Summary Modifies G.S. 143B-472.102 such that the Department of Commerce only has to report on the Small Business Contractor Authority in years in which funds are appropriated to the Authority.

Section: 13.4

Title: **DEPARTMENT OF COMMERCE/CHANGES TO STATUTORY REPORTING REQUIREMENTS**

Summary Modifies various general statutes related to economic development reporting.

Subsection (a) changes G.S. 143B-434.01 to remove the requirement that the Economic Development Board conduct a needs assessment and makes other modifications to the Board's Annual Evaluation of the State's economic performance.

Subsection (b) modifies the economic development clawback report by adding new recipients, including the Joint Legislative Commission on Governmental Operations, the House and Senate Appropriations Subcommittees on Natural and Economic Resources, and the Fiscal Research Division.

Subsection (c) repeals G.S. 143B-437.01 (c) and (c1) which required quarterly reports on the Industrial Development Fund and the Utility Account.

Subsection (d) changes the Economic Development Grant report required under G.S. 143B-437.07. The due date for the report is changed to October 1 from March 1; the date of the award agreement is required to be reported; and the report recipients are specified as the Joint Legislative Commission on Governmental Operations, the Revenue Laws Study Committee, the House and Senate Appropriations Subcommittees on NER, and the Fiscal Research Division.

Subsection (e) amends G.S. 143B-437.08 to add a new section requiring that the county tier designations completed by the Department of Commerce be reported by November 30 each year to the Joint Legislative Commission on Governmental Operations, the House and Senate Appropriations Subcommittees on NER, and the Fiscal Research Division.

Section: 13.6

Title: **ALIGN ONE NORTH CAROLINA FUND WITH JDIG PROGRAM**

Summary Makes statutory changes to the One North Carolina Fund (One NC) so that it can be funded on a cash-flow basis.

Subsection (a) outlines the General Assembly's commitment to the Fund.

Subsection (b) specifies that up to \$14 million in Governor's letters/letters of commitment may be issued each fiscal year.

Subsection (c) modifies G.S. 143B-437.72(b) to create new requirements that businesses notify the Department of Commerce when they have completed the terms of the grant agreement.

Subsection (d) modifies G.S. 143B-437.74 and requires that the Department conduct a study and report to the House and Senate Finance Committees, the House and Senate Appropriations Subcommittees on Natural and Economic Resources, and the Fiscal Research Division by April 1 of each year on the funding needed for One NC.

Subsection (e) modifies G.S. 143B-437.75 to establish that One NC will be funded on a cash-flow basis with funds transferred from the reserve fund as needed.

Subsection (f) adds a new section to G.S. 143C to establish a reserve fund for One NC.

Subsection (g) amends G.S. 143B-437.52 to remove the cap on the number of awards that can be made each year under the Job Development Investment Grant (JDIG) program.

Subsection (h) requires that the Department report to the Joint Legislative Economic Development and Global Engagement Oversight Committee by October 1, 2012 on One NC Fund allocations.

Section: 13.7

Title: **INDUSTRIAL COMMISSION FEES/COMPUTER SYSTEM REPLACEMENT**

Summary Authorizes the Industrial Commission to keep any increase in the compromised settlement fee in excess of \$200 to replace existing computer hardware and software and to develop and administer databases for the Electronic Case Management System.

Section: 13.8

Title: **EMPLOYMENT SECURITY RESERVE FUND**

Summary Appropriates funds from the Employment Security Reserve Fund, the Worker Training Trust Fund, and the Unemployment Trust Fund.

Subsection (a) allows up to \$2.5 million from the Reserve Fund to be used as collateral to secure federal funds and to pay for the administrative costs associated with the Reserve Fund surcharge.

Subsection (b) appropriates \$20 million from the Reserve Fund for the following purposes:

|   |              |
|---|--------------|
| Division of Employment Security Local Offices | \$19,500,000 |
| Training Program Participant Tracking         | \$200,000    |
| Common Follow-Up System                       | \$300,000    |

Subsection (c) appropriates \$1 million from the Reserve Fund for State initiatives not currently funded through grants.

Subsection (d) appropriates \$1 million from the Worker Training Trust Fund for "Opportunity NC" (formerly known as "Tar Heel Works" Program).

Subsection (e) authorizes up to \$205,063,552 of federal funds in the Unemployment Trust Fund to be used for the following:

|   |               |
|---|---------------|
| Unemployment Benefit and Tax Accounting System  | \$100,000,000 |
| Operation of the Unemployment Insurance Program | \$105,063,552 |

Subsection (f) appropriates from the Reserve Fund the amount needed to make the interest payment on the debt owed to the US Treasury for unemployment benefits.

Section: 13.9

Title: **WORKER TRAINING TRUST FUND**

Summary Appropriates \$75,000 from the Worker Training Trust Fund to North Carolina Rural Entrepreneurship through Action Learning (NC REAL).

Section: 13.9A

Title: **WINE AND GRAPE GROWERS COUNCIL TRANSFERRED TO DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES**

Summary Transfers the Wine and Grape Growers Council to the Department of Agriculture and Consumer Services and makes conforming changes to the General Statutes.

## Commerce - State Aid

GENERAL FUND

FY 12-13

Total Budget Approved 2011 Session

\$30,151,984

## Budget Changes

- 42 Management Flexibility Reduction to all Commerce State-Aid Nonprofits** (\$1,289,040) R  
 Implements a necessary management flexibility reduction to pay for unbudgeted overpayments, penalties and unachieved reductions in the Medicaid Program. (\$28,000) NR  
 The Department is to allocate this cut out on a pro-rata basis to all non-profits funded through Commerce State-Aid.
- 43 Biofuels Center of NC - TVA Settlement Agreement Funds** (\$2,240,000) NR  
 Provides \$2.24 million in the Biofuels Center budget with receipts from the TVA Settlement Agreement. A corresponding item within the Commerce section of the budget directs Commerce to apply for funds from the TVA Settlement Agreement which will then be allocated to the Biofuels Center. The Biofuels Center is required to expend these funds on projects described in and in compliance with the requirements of paragraphs 122 through 128 in the Consent Decree. The Center is encouraged to award these funds to projects and programs in Western North Carolina. The settlement agreement provides \$11.2 million to North Carolina and can be drawn down in equal installments over five years; the State was authorized to begin collecting funds in 2011. (S.L. 2012-142, Sec. 13.12A; S.L. 2012-145, Sec. 4.6 and 4.7)
- 44 Johnson & Wales** \$500,000 NR  
 Appropriates \$500,000 to Johnson & Wales University.
- 45 RTI International** \$500,000 NR  
 Provides \$500,000 NR to RTI to match US Department of Energy grant funds.



**46 Regional Economic Development Commissions**

Provides additional funding to the Regional Economic Development Commissions, in addition to the \$2.25 million recurring already appropriated. Of the funds appropriated in this act to the Piedmont Triad Partnership for the 2012-13 fiscal year, the sum of \$56,000 nonrecurring shall instead be appropriated to the Montgomery County Economic Development Commission for the 2012-13 fiscal year. (S.L. 2012-142, Sec. 13.12 and 13.15)

\$2,339,500 NR

(This item was amended by S.L. 2012-145, Modifications/2012 Appropriations Act, to provide an additional \$1 million nonrecurring to the Regional Economic Development Commissions.) (S.L. 2012-145, Sec. 4.8)

---

|                               |                      |           |
|-------------------------------|----------------------|-----------|
| <b>Budget Changes</b>         | <b>(\$1,289,040)</b> | <b>R</b>  |
|                               | <b>\$1,071,500</b>   | <b>NR</b> |
| <b>Total Position Changes</b> |                      |           |
| <b>Revised Total Budget</b>   | <b>\$29,934,444</b>  |           |

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# Special Provisions

## 2012 Session: SB 187

**Department:** Commerce - State Aid

Section: 4.6

Title: **TECHNICAL CHANGE: BIOFUELS CENTER MODIFICATIONS**

Summary Repeals S.L. 2012-142, Sec. 13.12A which required the Biofuels Center of North Carolina to take reductions on a pro rata basis across programs.

Section: 4.7

Title: **TECHNICAL CHANGE: BIOFUELS CENTER OF NORTH CAROLINA/TVA FUNDS**

Summary Repeals subsections (a) and (b) of Section 14.14 of S.L. 2011-145 which provided specific categories of funding for the Biofuels Center of North Carolina appropriation.

Section: 4.8

Title: **BUDGET CHANGE: REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS FUNDING**

Summary Appropriates an additional \$1 million nonrecurring to the Regional Economic Development Commissions.

## 2012 Session: HB 950

**Department:** Commerce - State Aid

Section: 13.10

Title: **COUNCIL OF GOVERNMENT FUNDS**

Summary Repeals subsection (a) of section 14.12A of S.L. 2011-145, 2011 Appropriations Act, to eliminate potential conflicts between the actual dollar amount appropriated to the Councils of Governments and the amount specified in the prior year special provision.

Section: 13.11

Title: **GRASSROOTS SCIENCE PROGRAM**

Summary Amends S.L. 2011-145, Sec. 14.11 to indicate that any reduction in funds should be taken on a pro rata basis across the Grassroots Science Museums.

Section: 13.12

Title: **REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS ALLOCATIONS**

Summary Allocates funds for the Regional Economic Development Commissions.

Subsections (a) and (b) outline the three-step process for allocating the appropriation to the seven Commissions. First, each county's allocation is calculated by dividing the county's development factor, which the Department of Commerce calculates using the Tier calculation formula, by the sum of the development factors for eligible counties and multiplying by the appropriation amount. Each Commission's allocation is the sum of its member counties.

Next, the allocation for NC's Eastern Region is reduced by the total interest earnings on the \$7.5 million appropriated for the, then named, Global TransPark Development Zone. In FY 2011-12 NC's Eastern Region reported \$161,861 in total interest earnings, which includes both interest on the remaining balance and on loans made from the original appropriation.

Finally, the \$161,861 is redistributed to the seven Commissions using the same methodology as the original allocation.

Subsection (c) restricts individual salaries paid from State funds to no more than \$120,000 per year.

Subsection (d) encourages the Commissions to seek funding from other sources.

Section: 13.12A

Title: **BIOFUELS CENTER OF NORTH CAROLINA**

Summary Amends S.L. 2011-145, Sec. 14.14 to indicate that any reduction in funds should be taken on a pro rata basis across the programs funded at the Biofuels Center of North Carolina.

(S.L. 2012-145, Sec. 4.6, Modifications/2012 Appropriations Act, repeals this section. Sec. 4.7 repeals subsections (a) and (b) of section 14.14 of S.L. 2011-145 which provided specific categories of funding for the Biofuels Center appropriation.)

Section: 13.15

Title: **REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS/STUDY**

Summary Authorizes the Legislative Research Commission to study the funding and alignment of the membership of each of the regional economic development commissions.

2012 Annotated Committee Report

N.C. Biotechnology Center

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|--------------|
| GENERAL FUND |
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|          |
|----------|
| FY 12-13 |
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Total Budget Approved 2011 Session

\$17,551,710

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**Budget Changes**

**47 Management Flexibility Reduction**

(\$351,034) R

Implements a necessary management flexibility reduction to pay for unbudgeted overpayments, penalties and unachieved reductions in the Medicaid Program.  
(S.L. 2012-142, Sec. 13.12B)

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**Budget Changes**

(\$351,034) R

**Total Position Changes**

**Revised Total Budget**

\$17,200,676

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# Special Provisions

**2012 Session: HB 950**

**Department:** N.C. Biotechnology Center

Section: 13.12B

Title: **NORTH CAROLINA BIOTECHNOLOGY CENTER**

Summary Amends S.L. 2011-145, Sec. 14.15 to indicate that any reduction in funds should be taken on a pro rata basis across the programs funded at the North Carolina Biotechnology Center.

## Rural Economic Development Center

## GENERAL FUND

FY 12-13

Total Budget Approved 2011 Session

\$25,376,729

## Budget Changes

**48 Operating Reduction**

(\$3,250,000) R

Reduces the General Fund appropriation for the Rural Economic Development Center. (S.L. 2012-142, Sec. 13.13A, 13.14, 13.14A)

\$2,000,000 NR

(This item was amended by S.L. 2012-145, Modifications/2012 Appropriations Act, to provide an additional \$2 million nonrecurring to the Rural Economic Development Center.) (S.L. 2012-145, Sec. 4.9)

**49 Management Flexibility Reduction**

(\$507,535) R

Implements a necessary management flexibility reduction to pay for unbudgeted overpayments, penalties and unachieved reductions in the Medicaid Program. (S.L. 2012-142, Sec. 13.13A, 13.14, 13.14A)

**Budget Changes**

(\$3,757,535) R

\$2,000,000 NR

**Total Position Changes****Revised Total Budget**

\$23,619,194

# Special Provisions

## 2012 Session: SB 187

**Department:** Rural Economic Development Center

Section: 4.9

Title: **TECHNICAL CHANGE AND BUDGET CHANGE: RURAL ECONOMIC DEVELOPMENT CENTER FLEXIBILITY**

Summary Repeals Sections 13.13, 13.13A, and 13.14A of S.L. 2012-142.

Subsection (b) notwithstanding Sections 14.16, 14.17, and 14.18 of S.L. 2011-145 and appropriates an additional \$2 million nonrecurring to the Rural Economic Development Center.

(Note: Section 13.13 was erroneously repealed. Section 13.14 should have been repealed.)

## 2012 Session: HB 950

**Department:** Rural Economic Development Center

Section: 13.13

Title: **RURAL CENTER/RURAL JOBS FUND**

Summary Amends S.L. 2011-145, Sec. 14.20 to clarify that individual projects may exceed the \$5,000 per-job-created cap if the overall program stays beneath a \$5,000 per-job-created cap.

(S.L. 2012-145, Sec. 4.9, Modifications/2012 Appropriations Act, repeals this section erroneously.)

Section: 13.13A

Title: **RURAL ECONOMIC DEVELOPMENT CENTER**

Summary Amends S.L. 2011-145, Sec. 14.16(a) to reflect the new dollar amount appropriated for the Rural Economic Development Center's core programs.

(S.L. 2012-145, Sec. 4.9, Modifications/2012 Appropriations Act, repeals this section.)

Section: 13.14

Title: **RURAL ECONOMIC DEVELOPMENT CENTER/INFRASTRUCTURE PROGRAM**

Summary Amends S.L. 2011-145, Sec. 14.17 to reflect the new dollar amount appropriated to the Rural Economic Development Center's Infrastructure Program.

Section: 13.14A

Title: **OPPORTUNITIES INDUSTRIALIZATION CENTERS FUNDS**

Summary Amends S.L. 2011-145, Sec. 14.18 to reflect the new dollar amount appropriated to the Opportunities Industrialization Centers.

(S.L. 2012-145, Sec. 4.9, Modifications/2012 Appropriations Act, repeals this section.)

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**JUSTICE**  
**&**  
**PUBLIC SAFETY**  
**Section I**

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## 2012 Annotated Committee Report

### Judicial

|              |
|--------------|
| GENERAL FUND |
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|----------|
| FY 12-13 |
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Total Budget Approved 2011 Session

\$435,141,107

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**Budget Changes**

**1 Management Flexibility Reserve**

(\$5,000,000) R

Implements a necessary management flexibility reduction to pay for unbudgeted overpayments, penalties and unachieved reductions in the Medicaid Program.

**2 Family Courts**

\$2,865,693 R

Restores the recurring appropriation for the Family Court Program.

44.00

**3 Administration of Mortgage Settlement Funds**

(\$200,000) R

Reduces the pass-through appropriation to the Conference of District Attorneys by \$200,000. The Conference of District Attorneys has been awarded \$6.69 million in the Mortgage Settlement Agreement. These funds are to be used for grants and training for prosecutorial offices throughout the State. A portion of the funds can be used for administration at the Conference. (S.L. 2012-142, Sec. 6.5)

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**Budget Changes**

**(\$2,334,307) R**

**Total Position Changes**

44.00

**Revised Total Budget**

**\$432,806,800**

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# Special Provisions

**2012 Session: HB 950**

**Department:** Judicial

Section: 16.1

Title: **STUDY MANAGEMENT OF MAGISTRATE SCHEDULES**

Summary Directs the Administrative Office of the Courts (AOC) to study the management of magistrate schedules. AOC is required to report its findings and recommendations to the Chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety by March 1, 2013.

Section: 16.2

Title: **FAMILY COURT PROGRAMS**

Summary Directs the Administrative Office of the Courts (AOC) to provide direction and oversight to the existing family court programs in order to ensure that each district with a family court program is utilizing best practices and is working effectively and efficiently in the disposition of domestic and juvenile cases. AOC is required to report on its efforts to the Chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety by March 1, 2013.

Section: 16.3

Title: **FOREIGN LANGUAGE INTERPRETERS FOR THE COURTS**

Summary Amends G.S. 7A-343 to remove language that limited the appointment of foreign language interpreters in the courts. This provision expands the duties of the Director of the Administrative Office of the Courts to allow the appointment and payment of foreign language interpreters in civil cases. Previously, AOC had interpreted the law to limit the appointment of interpreters to cases where a person also qualified for a court appointed attorney, thus limiting the ability of AOC to provide interpreters in civil cases and in some domestic violence cases. The provision also authorizes AOC to use funds available to pay for additional interpreters in the courts.

Section: 16.4

Title: **EXTEND SUNSET ON PILOT PROJECT FOR ELECTRONIC FILING IN DOMESTIC VIOLENCE AND CIVIL NO-CONTACT CASES IN ALAMANCE COUNTY**

Summary Extends the sunset on a pilot program established in S.L. 2010-31, Section 15.13, Appropriations Act of 2010. The pilot program allows the clerk of superior court in Alamance County to accept electronically-filed complaints requesting domestic violence protective orders. Previously, authorization for the pilot expired on June 30, 2012. The new sunset is June 30, 2014.

Section: 16.5

Title: **EXPAND USES FOR COURT INFORMATION TECHNOLOGY FUND**

Summary Allows the Administrative Office of the Courts (AOC) to use the Court Information Technology Fund for repairs and renovations at State judicial facilities (AOC, the Court of Appeals building, and the Supreme Court building) during FY 2012-13. This provision expires on June 30, 2013.

Section: 16.6

Title: **WAIVER OF MEDIATION FEES TO REQUIRE FINDING OF JUST CAUSE**

Summary Clarifies the requirement for written findings of just cause for the waiver of fees and adds the written requirement to the waiver of mediation fees. The new requirement calls for a written order, supported by findings of fact and conclusions of law, determining there is just cause to grant the waiver or reduction.

Section: 16.7

Title: **COLLECTION OF WORTHLESS CHECK FUNDS**

Summary Allows the Administrative Office of the Courts (AOC) to use funds remaining at the end of the year in the Worthless Check Fund to purchase or repair office and computer equipment in the prosecutorial offices where they operate. AOC must report to the Joint Legislative Commission on Governmental Operations, the Chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety, and the Office of State Budget and Management prior to using these funds.

## Judicial - Indigent Defense

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|--------------|
| GENERAL FUND |
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| FY 12-13 |
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Total Budget Approved 2011 Session

\$112,748,733

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**Budget Changes**

**4** No legislative changes.

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**Budget Changes**

Total Position Changes

Revised Total Budget

\$112,748,733

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# Special Provisions

**2012 Session: HB 950**

**Department:** Judicial - Indigent Defense

Section: 16.8

Title: **OFFICE OF INDIGENT DEFENSE SERVICES EXPANSION FUNDS**

Summary Rewrites Section 15.16(a) of S.L. 2011-145, Appropriations Act of 2011, to clarify that the Office of Indigent Defense Services is authorized to create up to 50 new attorney positions and 25 new support staff positions during the 2011-13 fiscal biennium, not just during FY 2011-12.

Section: 16.9

Title: **OFFICE OF INDIGENT DEFENSE SERVICES/STATE MATCH FOR GRANTS**

Summary Allows the Office of Indigent Defense Services (OIDS) to use up to \$50,000 from funds available to provide the State matching funds needed to receive federal grant funds. OIDS must report to the Chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety and the Joint Legislative Commission on Governmental Operations prior to using funds for this purpose.

## 2012 Annotated Committee Report

### Justice

#### GENERAL FUND

**FY 12-13****Total Budget Approved 2011 Session****\$80,864,138**

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**Budget Changes****A. Department-wide****5 Management Flexibility Reserve**

(\$1,617,283) R

Implements a necessary management flexibility reduction to pay for unbudgeted overpayments, penalties and unachieved reductions in the Medicaid Program. (S.L. 2012-142, Sec. 15.5)

**6 Non-recurring Operating Reduction**

(\$3,000,000) NR

Uses Department of Justice receipts to partially fund operations for one year.

**B. Legal Services****7 Consumer Protection**

(\$1,757,780) R

Transfers the Consumer Protection Section to receipt support. Currently, half of this section is supported by receipts from settlement agreements. This reduction transfers the remaining consumer protection section to receipt support.

-17.00

**8 Managed Care Section Transfer to DOI**

(\$292,441) R

Transfers the Managed Care Unit within the Legal Services Division to the Department of Insurance, Health Insurance Ombudsman Services unit for efficiency through consolidation of duplicative functions. Appropriations for the Managed Care Unit in the Department of Justice have been reimbursed by the Insurance Regulatory Fund, and appropriations for this function will continue to be reimbursed by the Insurance Regulatory Fund. Transferred positions include two Consumer Protection Specialists (60010426 and 60010427), an Administrative Secretary II (60010429) and a Consumer Protection Specialist funded with federal receipts (60010477). The vacant Special Deputy Attorney General position in the Unit (60010425) is eliminated. (S.L. 2012-142, Sec. 15.3)

-4.00

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**Budget Changes**

(\$3,667,504) R

(\$3,000,000) NR

**Total Position Changes**

-21.00

**Revised Total Budget****\$74,196,634**

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# Special Provisions

## 2012 Session: HB 950

**Department:** Justice

Section: 15.1

**Title: ITEMIZED BILLING FOR LEGAL SERVICES PROVIDED TO STATE AGENCIES**

**Summary** Adds a new statute (G.S. 114-8.5) requiring the Department of Justice to provide agencies with itemized bills for services rendered by the Department.

Section: 15.2

**Title: BIENNIAL REPORTING ON ATTORNEY ACTIVITY**

**Summary** Creates a new biennial reporting requirement for the Department of Justice (DOJ) on the work of DOJ attorneys. The new report will be submitted to the Chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety beginning on February 1, 2013, and every six months thereafter.

Section: 15.3

**Title: CONSOLIDATE OFFICE OF MANAGED CARE PATIENT ASSISTANCE PROGRAM BY TRANSFERRING THE DEPARTMENT OF JUSTICE, HEALTH INSURANCE CONSUMER PROTECTION UNIT, TO THE DEPARTMENT OF INSURANCE**

**Summary** Transfers the Office of Managed Care Patient Assistance to the Department of Insurance by Type I transfer.

Section: 15.3A

**Title: ESTABLISH HUMAN TRAFFICKING COMMISSION**

**Summary** Creates a Human Trafficking Commission within the Department of Justice. The Commission will have twelve members appointed by the Speaker of the House, the President Pro Tempore of the Senate, and the Governor. The Commission expires on December 13, 2014.

Section: 15.4

**Title: REQUIRE PLANNING OF WESTERN REGIONAL LABORATORY**

**Summary** Directs the Department of Justice to develop plans for the construction of a Western Regional Laboratory on the Edneyville Training Academy Campus. The Department must submit its plan to the Chairs of the House and Senate Appropriations Committees, the Chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety, and the Fiscal Research Division by February 1, 2013.

Section: 15.5

**Title: NO ELIMINATION OF CRIME LAB POSITIONS**

**Summary** Restricts the management flexibility reduction by prohibiting the elimination of positions at State Crime Laboratory facilities.

## Public Safety

GENERAL FUND

FY 12-13

Total Budget Approved 2011 Session

\$1,694,715,876

## Budget Changes

## A. Department-wide

**9 Management Flexibility Reserve**

(\$26,292,018) R

Implements a necessary management flexibility reduction to pay for unbudgeted overpayments, penalties and unachieved reductions in the Medicaid Program. (S.L. 2012-142, Sec. 14.3A)

## B. Adult Correction

**10 Treatment for Effective Community Supervision**

(\$5,000,000) NR

Transfers \$5 million from the Statewide Misdemeanant Confinement Fund (Special Fund code 24500-2225) to the Division of Adult Correction (General Fund budget code 14500-1433) for the Treatment for Effective Community Supervision program. This program provides treatment services to probationers in the community.

**11 BRIDGE Program**

(\$318,208) R

Transfers the portion of the Young Offenders Forest Conservation Program (BRIDGE) that is currently funded by the Department of Public Safety to the Department of Agriculture and Consumer Services. BRIDGE program participants are young offenders from the Western Youth Institute who assist the NC Forest Service with firefighting and other forest management efforts.

-7.00

(This transfer also appears in the Natural and Economic Resources section of the Committee Report. See page H-3, Item 9.)

**12 Parole Commission**

\$169,267 R

Expands the Parole Commission to meet the increased caseloads resulting from the Justice Reinvestment Act. The Parole Commission will be responsible for reviewing an additional 14,000 post release supervision cases annually. Effective August 1, 2012, provides funding to convert two part-time Parole Commissioners to full time. Effective February 1, 2013, provides funding to establish one additional full-time Parole Commissioner. (S.L. 2012-142, Sec. 25.1(g))

2.00

## C. Juvenile Justice

**13 Edgecombe Youth Development Center**

(\$1,707,982) R

Closes Edgecombe Youth Development Center (YDC) and eliminates 57 full-time equivalent (FTE) positions, effective January 1, 2013. The Department is authorized to transfer five youth counselor associate positions to Chatham YDC and five youth counselor associate positions to Lenoir YDC to increase the operating capacities at those facilities from 28 beds each to 32 beds each. (S.L. 2012-142, Sec. 14.9)

-57.00

**D. Law Enforcement****14 Geodetic Survey Section Transfer**

\$780,857 R

Transfers the Geodetic Survey Section from the Department of Environment and Natural Resources to the Department of Public Safety as a Type I transfer. Geodetic Survey will be housed in the Division of Law Enforcement, Emergency Management Section. The transfer includes \$36,683 in operating funds and the following positions:

11.92

## General Fund Supported Positions:

| Position | Title                                  | Total<br>Position Cost | FTE  |
|----------|--|------------------------|------|
| 60032386 | Engineering/Architectural Supervisor   | \$104,835              | 1.00 |
| 60032387 | Office Assistant IV                    | \$ 43,691              | 1.00 |
| 60032389 | Engineering/Architectural Technician   | \$ 62,320              | 1.00 |
| 60032390 | Engineering/Architectural Supervisor   | \$ 78,995              | 1.00 |
| 60032393 | Technology Support Analyst             | \$ 60,575              | 1.00 |
| 60032395 | Engineering/Architectural Technician   | \$ 66,407              | 1.00 |
| 60032396 | Engineering/Architectural Technician   | \$ 52,381              | 1.00 |
| 60032399 | Business And Technology Applic. Tech   | \$ 72,037              | 1.00 |
| 60032400 | Information & Communication Specialist | \$ 58,698              | 1.00 |
| 60032402 | Engineering/Architectural Technician   | \$ 38,901              | 0.92 |
| 60032403 | Engineering/Architectural Technician   | \$ 46,161              | 1.00 |
| 60032405 | Engineering/Architectural Technician   | \$ 59,173              | 1.00 |

## Receipt Supported Positions:

|          |                                      |           |      |
|----------|--------------------------------------|-----------|------|
| 60032392 | Engineer                             | \$ 67,539 | 1.00 |
| 60032398 | Engineering/Architectural Technician | \$ 63,939 | 1.00 |
| 60032401 | Engineering/Architectural Technician | \$ 42,436 | 1.00 |
| 60032402 | Engineering/Architectural Technician | \$ 3,535  | 0.08 |
| 60032404 | Engineering/Architectural Technician | \$ 45,139 | 1.00 |
| 60032406 | Engineering/Architectural Technician | \$ 42,436 | 1.00 |

(S.L. 2012-142, Sec. 12.4; this transfer also appears in the Natural and Economic Resources section of the Committee Report. See page H-13, Item 25.)

**15 Geodetic Survey Section Transfer**

\$136,949 R

Transfers additional Geodetic Survey positions to the Emergency Management Section of the Division of Law Enforcement in the Department of Public Safety (DPS). These positions had been included in a Justification Review of DENR's Regional Offices. The following positions are transferred:

2.00

| Position | Title                                | Total<br>Position Cost | FTE  |
|----------|--------------------------------------|------------------------|------|
| 60032391 | Engineering/Architectural Supervisor | \$77,859               | 1.00 |
| 60032397 | Engineering/Architectural Technician | \$59,090               | 1.00 |

(S.L. 2012-142, Sec. 12.4; this transfer also appears in the Natural and Economic Resources section of the Committee Report. See page H-15, Item 29.)

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|                               |                        |           |
|-------------------------------|------------------------|-----------|
| <b>Budget Changes</b>         | <b>(\$27,231,135)</b>  | <b>R</b>  |
|                               | <b>(\$5,000,000)</b>   | <b>NR</b> |
| <b>Total Position Changes</b> | -48.08                 |           |
| <b>Revised Total Budget</b>   | <b>\$1,662,484,741</b> |           |

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# Special Provisions

**2012 Session: SB 797**

**Department:** Public Safety

Section: 3

Title: **PAYMENT OF 2012 MEDICAID COSTS/INMATE MED COSTS**

Summary Prohibits the Department of Public Safety during the 2011-13 fiscal biennium from issuing any request for proposals, or entering into any new contracts for the operational oversight or management of inmate health services, without the prior approval of the General Assembly. This provision does not exclude the Department from entering into contracts with providers to staff clinics in existing facilities.

# Special Provisions

**2012 Session: HB 950**

**Department:** Public Safety

Section: 6.3

Title: **VOICE INTEROPERABILITY PLAN FOR EMERGENCY RESPONSE (VIPER) SYSTEM**

Summary Directs planning and funding for the Voice Interoperability Plan for Emergency Response (VIPER) system. Subsection (a) limits expenditures for VIPER to \$10 million in the 2011-13 fiscal biennium.

Subsection (b) directs the Department of Public Safety (DPS) to revert \$54.6 million in FY 2011-12. The Department had planned to carry forward these funds to complete construction of VIPER towers and to transition the system to P-25 technology to expand the number of users on the system. Instead, the Reserve Section of the Committee Report appropriates \$10 million to DPS for this purpose.

Subsection (c) requires DPS to coordinate VIPER efforts with the new federal First Responder Network Authority.

Subsection (d) requires the Department to report on a quarterly basis on the progress of the VIPER system to the Joint Legislative Oversight Committees on Justice and Public Safety and Information Technology.

Section: 14.1

Title: **DIVISION OF ADULT CORRECTION/RELEASE DATES**

Summary Allows the Division of Adult Correction to establish more than two release dates per month for inmates leaving prison.

Section: 14.2

Title: **INMATE MEDICAL COSTS**

Summary Repeals S.L. 2009-451, Sec. 19.20, Appropriations Act of 2009, as amended by S.L. 2009-575, Sec. 15A, Modify Appropriations Act, and S.L. 2010-31, Sec. 19.6(h), Appropriations Act of 2010, which required the Department to privatize inmate health care services. This provision also modifies the quarterly hospital utilization reporting requirements.

Section: 14.2A

Title: **JUSTICE REINVESTMENT ACT/LIMITED AUTHORITY TO RECLASSIFY VACANT POSITIONS**

Summary Permits the Secretary of the Department of Public Safety to reclassify existing vacant positions to create new probation parole officer, parole case analyst, and judicial service coordinator positions to meet the increasing caseloads resulting from the Justice Reinvestment Act. This provision requires the Department to report on the positions created and positions reclassified under this authority to the Chairs of the Senate and House Subcommittees on Justice and Public Safety by March 1, 2013.

Section: 14.3

Title: **TECHNICAL REVOCATION CENTER STUDY**

Summary Directs the Division of Adult Correction of the Department of Public Safety to study the feasibility of creating a technical revocation center to house probationers ordered to serve 90 days in confinement. The Department shall report its findings and recommendations to the Office of State Budget and Management and to the Chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety by January 1, 2013.

Section: 14.3A

Title: **DEPARTMENT OF PUBLIC SAFETY MANAGEMENT FLEXIBILITY REDUCTIONS**

Summary Restricts the management flexibility reduction by prohibiting closure of Bladen Correctional Center, reductions to community program funding, or elimination of district level State Highway Patrol trooper positions.

Section: 14.4

Title: **STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS**

Summary Allows the Department of Public Safety to use State funds appropriated for the Division of Juvenile Justice (DJJ) to match Juvenile Accountability Incentive Block Grants. DJJ, the Office of State Budget and Management, and the Governor's Crime Commission are required to report to the Chairs of the Senate and House Appropriations Committees and the Joint Legislative Commission on Governmental Operations prior to the allocation of federal funds.

Section: 14.5

Title: **REPEAL REQUIREMENT REGARDING THE STAFFING TREATMENT MODEL AT YOUTH DEVELOPMENT CENTERS**

Summary Repeals S.L. 2011-145, Sec. 17.7, Appropriations Act of 2011, which limited staffing levels at the youth development centers.

Section: 14.6

Title: **MULTIPURPOSE GROUP HOME FUNDS**

Summary Directs the Department of Public Safety (DPS) to continue to operate a multipurpose group home for youth in Craven County using funds appropriated to DPS for the Division of Juvenile Justice.

Section: 14.7

Title: **JUVENILE CRIME PREVENTION COUNCIL FUNDS**

Summary Directs the Department of Public Safety to transfer \$121,600 from funds appropriated for Juvenile Crime Prevention Council (JCPC) grants to Project Challenge North Carolina, Inc., to be used for the continued support of Project Challenge programs throughout the State.

Section: 14.8

Title: **STRATEGIC PLAN FOR FACILITY CLOSURE, CONSTRUCTION, AND REPAIR**

Summary Requires the Department of Public Safety to study detention and youth development center populations and submit a strategic plan for facility closure, construction, and repair and renovation to the Chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety by February 1, 2013.

Section: 14.9

Title: **STUDY USES FOR EDGECOMBE YOUTH DEVELOPMENT CENTER**

Summary Requires the Department of Public Safety, in consultation with the Department of Health and Human Services, to study the potential uses for the Edgecombe Youth Development Center facility. The Department must report its findings and recommendations to the Chairs of the Joint Legislative Oversight Committees on Justice and Public Safety and Health and Human Services by December 1, 2012.

## Correction - Special

Budget Code: 24500

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|   |                     |  |
|---|---------------------|--|
|   | <b>FY 2012-13</b>   |  |
| <b>Beginning Unreserved Fund Balance</b>  | <b>\$13,922,110</b> |  |
| <b>Total Budget Approved 2011 Session</b> |                     |  |
| Requirements                              | <b>\$0</b>          |  |
| Receipts                                  | <b>\$0</b>          |  |
| Positions                                 | <b>0.00</b>         |  |

---

|  |                    |           |
|--|--------------------|-----------|
| <b>Legislative Changes</b>   |                    |           |
| <b>Requirements:</b>   |                    |           |
| <b>Statewide Misdemeanant Confinement Fund</b>   | <b>\$0</b>         | <b>R</b>  |
| Transfers \$5 million nonrecurring to the Division of Adult Correction for the Treatment of Effective Community Supervision program. | <b>\$5,000,000</b> | <b>NR</b> |
|  | <b>0.00</b>        |           |
| <b>Subtotal Legislative Changes</b>  | <b>\$0</b>         | <b>R</b>  |
|  | <b>\$5,000,000</b> | <b>NR</b> |
|  | <b>0.00</b>        |           |

---

|  |            |           |
|--|------------|-----------|
| <b>Receipts:</b>                               |            |           |
| <b>Statewide Misdemeanant Confinement Fund</b> | <b>\$0</b> | <b>R</b>  |
|  | <b>\$0</b> | <b>NR</b> |
| <b>Subtotal Legislative Changes</b>            | <b>\$0</b> | <b>R</b>  |
|  | <b>\$0</b> | <b>NR</b> |



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|                                   |                      |
|-----------------------------------|----------------------|
| <b>Revised Total Requirements</b> | <b>\$5,000,000</b>   |
| <b>Revised Total Receipts</b>     | <b>\$0</b>           |
| <b>Change in Fund Balance</b>     | <b>(\$5,000,000)</b> |
| <b>Total Positions</b>            | <b>0.00</b>          |

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|   |                    |
|---|--------------------|
| <b>Unappropriated Balance Remaining</b> | <b>\$8,922,110</b> |
|---|--------------------|

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**GENERAL  
GOVERNMENT  
Section J**

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## Administration

GENERAL FUND

FY 12-13

Total Budget Approved 2011 Session

\$66,353,073

## Budget Changes

## 1421 - Facilities Management

- |  |                   |       |
|--|-------------------|-------|
| <b>1 Green Square and Nature Research Center Building Reserve</b>                                    | \$2,309,998       | R     |
| Provides the necessary funds to operate the Nature Research Center and Green Square Office Building. |                   |       |
| <br><b>2 Reduce Natural Gas/Propane Appropriation</b>  | <br>(\$1,200,000) | <br>R |
| Reduces appropriation for natural gas propane to more closely reflect the five year average.         |                   |       |

## 2401 - E-Commerce Reserve

- 3 Reduce E-Commerce Reserve to Fund Cash Management Module**  
Reduces the E-Commerce Reserve at the Department of Administration by \$2,470,642 to transfer to General Availability. Of this amount, \$1,347,397 will be utilized to fund the General Fund-supported portion of the Banking System Upgrade at the Office of the State Controller (S.L. 2012-142, Sec. 2.2(g)).

## Department-wide

- |  |               |   |
|--|---------------|---|
| <b>4 Management Flexibility Reduction</b>  | (\$1,406,494) | R |
| Implements a necessary management flexibility reduction to pay for unbudgeted overpayments, penalties and unachieved reductions in the Medicaid Program. |               |   |

## Office of State Personnel

- |  |             |   |
|--|-------------|---|
| <b>5 Management Flexibility Reduction</b>  | (\$125,473) | R |
| Implements a necessary management flexibility reduction to pay for unbudgeted overpayments, penalties and unachieved reductions in the Medicaid Program. |             |   |

**State Ethics Commission****6 Management Flexibility Reduction**

(\$22,892) R

Implements a necessary management flexibility reduction to pay for unbudgeted overpayments, penalties and unachieved reductions in the Medicaid Program.

**Transition and Inauguration****7 Fund Governor's Transition and Inauguration**

\$420,000 NR

Provides funding for the Transition Team and Governor's Inauguration to fund all fiscal activities related to the Governor Inauguration and Transition for the Governor and Council of State. In FY 2008-09 these items were funded, in total, at \$420,000. Funds are to be distributed as follows:

Fund Code: 1881: \$170,000

Fund Code: 1882: \$250,000

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|                               |                     |           |
|-------------------------------|---------------------|-----------|
| <b>Budget Changes</b>         | <b>(\$444,861)</b>  | <b>R</b>  |
|                               | <b>\$420,000</b>    | <b>NR</b> |
| <b>Total Position Changes</b> |                     |           |
| <b>Revised Total Budget</b>   | <b>\$66,328,212</b> |           |

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# Special Provisions

**2012 Session: SB 187**

**Department:** Administration

Section: 5.1

Title: **BUDGET CHANGE: NORTH CAROLINA STERILIZATION VICTIMS FOUNDATION FUNDING**

Summary Amends S.L. 2012-142 to add a section directing the Department of Administration to use up to \$128,618 of funds available to continue funding for the North Carolina Sterilization Victims Foundation on a non-recurring basis for FY 2012-13.

Auditor

GENERAL FUND

FY 12-13

Total Budget Approved 2011 Session

\$10,676,035

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**Budget Changes****Department-wide****8 Management Flexibility Reduction**

(\$213,521) R

Implements a necessary management flexibility reduction to pay for unbudgeted overpayments, penalties and unachieved reductions in the Medicaid Program.

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**Budget Changes**

(\$213,521) R

**Total Position Changes****Revised Total Budget**\$10,462,514

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# Special Provisions

**2012 Session: HB 950**

**Department:** Auditor

Section: 17.1

Title: **EXEMPT OCCUPATIONAL LICENSING BOARDS FROM PAYING FOR AUDITS UNDER CERTAIN CIRCUMSTANCES**

Summary Rewrites G.S. 93B-4 to remove language requiring Occupational Licensing Boards to pay for audits conducted by the State Auditor.

Section: 17.2

Title: **SPECIAL RESPONSIBILITY CONSTITUENT INSTITUTIONS – AUDIT**

Summary Rewrites G.S. 116-30.8 to permit the State Auditor to enter into multi-year (up to three-year) contracts with UNC to provide audit services.

Section: 17.3

Title: **AUDITOR PUBLISH COST OF AUDITS**

Summary Directs the State Auditor to publish the workload and cost of each audit in the audit report.

Section: 17.4

Title: **AGENCY PUBLISH COST OF AUDITS**

Summary Directs that, when State agencies are audited by certified public accountants, those audit reports shall include the workload and cost of the audit.

## Cultural Resources

GENERAL FUND

FY 12-13

Total Budget Approved 2011 Session

\$61,697,001

## Budget Changes

## Department-wide

**9 Management Flexibility Reduction**

(\$1,154,467) R

Implements a necessary management flexibility reduction to pay for unbudgeted overpayments, penalties and unachieved reductions in the Medicaid Program.

## Museum of Art

**10 Restore Operating Reduction**

\$105,037 R

Partially restores the scheduled reduction to the Museum of Art's operating budget for FY 2012-13, as directed in the 2011 Conference Report.

## Museum of History

**11 Partially Restore Reduction**

\$105,037 R

Restores two of the four Museum of History positions eliminated in FY 2012-13 in the 2011 Conference Report. Permits the Department flexibility in identifying one of the remaining two positions to eliminate in the Museum of History. Directs the Department to continue to eliminate position #60083995, identified in the 2011 Conference Report, as it is currently vacant.

2.00

## State Arts Council

**12 Consolidate Functions and Reorganize Staff**

(\$105,040) R

Eliminates 2 vacant positions in the Arts Council, and directs the Department to reorganize the Arts Council staff to consolidate functions. The two vacant positions are #60080937 and #60083928.

-2.00

**13 Reduce Arts Grants**

(\$2,640) R

Reduces the appropriation for Basic Arts Grants, leaving \$3,289,680. Total General Fund appropriations for Basic Arts Grants and Grassroots Arts will total \$5,593,388, a reduction of 0.05%.

**State Capitol****14 Consolidate Staff Functions**

(\$46,793) R

Eliminates the Executive Mansion Tour Coordinator position, consolidating this function with the State Capitol Tour Coordinator position and the Interpretation & Research Specialist position.

-1.00

**State Historic Sites****15 Partially Restore Transportation Museum Appropriation**

\$300,000 R

Appropriates \$300,000 to the Transportation Museum to offset an anticipated shortage in receipts. S.L. 2011-145 directed the Transportation Museum to shift to 100% receipt-support in FY 2012-13, with a reduction in appropriations of \$1,152,515.

**Tryon Palace****16 Tryon Palace Operating Funds**

Partially restores the \$1.3 million reduction to Tryon Palace's budget in the 2011 Conference Report.

\$500,000 NR

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**Budget Changes**

(\$798,866) R

\$500,000 NR

**Total Position Changes**

-1.00

**Revised Total Budget****\$61,398,135**

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# Special Provisions

**2012 Session: HB 950**

**Department:** Cultural Resources

Section: 18.2

Title: **MODIFY STATE HISTORIC SITES SPECIAL FUND TO INCLUDE STATE HISTORY MUSEUMS**

Summary Expands the State Historic Sites special fund created in S.L. 2011-213, State Historic Sites Special Fund, to include the State history and maritime museums. Funds from leases, sales, donations, and fees generated by any museum or site will only be available for use by that museum or site.

Section: 18.3

Title: **REQUIRE DEPARTMENT OF CULTURAL RESOURCES AND ROANOKE ISLAND COMMISSION TO DEVELOP FIVE-YEAR PLANS FOR CERTAIN HISTORIC SITES**

Summary Directs the development of comprehensive five-year plans for Tryon Palace, the Transportation Museum, and the Roanoke Island Commission. The Department of Cultural Resources and the Roanoke Island Commission shall submit their reports to the Chairs of the House and Senate Appropriations Subcommittees on General Government by February 1, 2013.

## Cultural Resources - Roanoke Island Commission

GENERAL FUND

FY 12-13

Total Budget Approved 2011 Session

\$1,203,491

**Budget Changes****17 Budget Anticipated Receipts**

(\$300,000) R

Budgets receipts based on investment income earnings. Roanoke Island Commission is directed to request from the Friends of Elizabeth II, Inc. funds equivalent to 80% of the total investment income earned at the end of the calendar year on the State funds provided to the Friends in prior years and invested on behalf of the Roanoke Island Commission's mission.

**All RIC Fund Codes****18 Technical Correction: Apply Reduction to Multiple Fund Codes**

(\$1,203,491) R

Clarifies that the reduction of \$1.2 million (50%) in the 2011 Conference Report is to be achieved by reductions in Fund 1584 (RIC Operating Fund) and Fund 1586 (RIC Performing Arts Fund).

**Fund Code 1584****19 Technical Correction: Restore Reduction to Operating Fund Code**

\$1,203,491 R

Clarifies that the reduction of \$1.2 million (50%) in the 2011 Conference Report is to be achieved by reductions in Fund 1584 (RIC Operating Fund) and Fund 1586 (RIC Performing Arts Fund).

**Budget Changes**

(\$300,000) R

**Total Position Changes****Revised Total Budget**

\$903,491

# Special Provisions

**2012 Session: HB 950**

**Department:** Cultural Resources - Roanoke Island Commission

Section: 18.1

Title: **ROANOKE ISLAND COMMISSION REPORTING REQUIREMENT**

Summary Modifies the reporting requirement for the Roanoke Island Commission to specify that the report be submitted to the Chairs of the House and Senate Appropriations Subcommittees on General Government and the Fiscal Research Division, and requires quarterly rather than annual reporting

## General Assembly

GENERAL FUND

FY 12-13

Total Budget Approved 2011 Session

\$50,104,208

**Budget Changes****Administration****20 National Conference of State Legislatures Dues**

Eliminates appropriation for NCSL dues on a one-time basis, as FY 2012-13 payment was paid in FY 2011-12.

(\$204,390) NR

**Building & Maintenance****21 Building & Maintenance Continuation Review**

Restores recurring funding for the Building &amp; Maintenance Division, which was subject to Continuation Review for FY 2011-12.

\$2,572,506 R

31.60

**Department-wide****22 Management Flexibility Reduction**

Implements a necessary management flexibility reduction to pay for unbudgeted overpayments, penalties and unachieved reductions in the Medicaid Program.

(\$797,694) R

**Information Systems Division****23 Clarify Funding Mechanism**

Clarifies language in Item #61 of the 2011 Conference Report. Continues the elimination of appropriations for ISD non-personnel costs for FY 2012-13 by budgeting receipts from the Carryforward Reserve on a nonrecurring basis. Restores operating account requirements and offsets those requirements with Carryforward Reserve receipts.

\$2,114,555 R

(\$2,114,555) NR

**Budget Changes**

\$3,889,367 R

(\$2,318,945) NR

**Total Position Changes**

31.60

**Revised Total Budget**

\$51,674,630

# Special Provisions

**2012 Session: HB 950**

**Department:** General Assembly

Section: 19.1

**Title: PROGRAM EVALUATION DIVISION TO STUDY THE DUTIES AND SERVICES OF THE NORTH CAROLINA HUMAN RELATIONS COMMISSION AND THE CIVIL RIGHTS DIVISION OF THE OFFICE OF ADMINISTRATIVE HEARINGS**

**Summary** Directs the Program Evaluation Division (PED) to study the functions of the Civil Rights Division and the Human Relations Commission to determine if there is any overlap in functions and if there is any potential to consolidate functions. Directs PED to report its findings to the General Assembly upon the convening of the 2013 General Assembly.



**\$4,741,157**

## (\$94,823) R

(\$94,823) R

**\$4,646,334**

# Special Provisions

**2012 Session: HB 950**

**Department:** Governor

Section:

Title: **No Special Provisions**

Summary

## Housing Finance Agency

GENERAL FUND

FY 12-13

Total Budget Approved 2011 Session

\$9,673,051

**Budget Changes****1100 - Home Protection Pilot****25 Eliminate Funding for Home Protection Pilot**

(\$187,879) R

Eliminates funding for the Home Protection Pilot Program. Funding is unnecessary due to the Housing Finance Agency's participation in the Hardest Hit Program.

**1100 - Housing Trust Fund****26 Utilization of Housing Settlement Funds to Fund the Housing Trust Funds**

(\$7,876,755) NR

Eliminates, on a non-recurring basis, the General Fund appropriation to the Housing Trust Fund. Funds from the Mortgage Settlement Agreement to the Housing Finance Agency may be redirected or deposited into the Housing Trust Fund to offset the FY 2012-13 non-recurring reductions to the fund. Nothing in this item is intended to, or shall be construed to, conflict with the mandatory requirements of the Mortgage Settlement Agreement. (S.L. 2012-142, Sec. 6.5)

**Budget Changes**

(\$187,879) R

(\$7,876,755) NR

**Total Position Changes****Revised Total Budget**

\$1,608,417

# Special Provisions

**2012 Session: HB 950**

**Department:** Housing Finance Agency

Section:

Title: **No Special Provisions**

Summary

## Insurance

GENERAL FUND

FY 12-13

Total Budget Approved 2011 Session

\$36,393,921

## Budget Changes

**27 Consolidate Health Insurance Ombudsman Programs**

\$159,055 R

Transfers the Managed Care Unit within the Consumer Protection Division of the Department of Justice (DOJ) to the Department of Insurance, Health Insurance Ombudsman Services unit for efficiency through consolidation of duplicative functions. Appropriations for the Managed Care Unit in DOJ were reimbursed by the Insurance Regulatory Fund, and appropriations for this function will continue to be reimbursed by the Insurance Regulatory Fund. Transferred positions include two Consumer Protection Specialists (#60010426 & #60010427), an Administrative Secretary II (#60010429) and a Consumer Protection Specialist funded with federal receipts (#60010477). The vacant Special Deputy Attorney General position in the Unit (#60010425) is eliminated.

3.00

Net reduction in appropriations reimbursed by the Insurance Regulatory Fund: (\$133,387)  
Recurring

(S.L. 2012-142, Sec. 15.3)

**Consumer Protection Fund****28 Increase Consumer Protection Fund Appropriation**

\$300,000 R

Increases the appropriation for the Consumer Protection Fund to \$628,227, based on prior year actual expenditures. Appropriations will be reimbursed by the Insurance Regulatory Fund. (S.L. 2012-142, Sec. 20.2)

**Budget Changes**

\$459,055 R

**Total Position Changes**

3.00

**Revised Total Budget**

\$36,852,976

## Special Provisions

**2012 Session: HB 950**

**Department:** Insurance

Section: 20.1

Title: **DOI TO STUDY FIRE PROTECTION GRANT FUND**

Summary Directs the Department of Insurance (DOI) to study the distribution formula for grants made to local fire departments for the protection of State assets and make recommendations as to how the formula can be changed to (1) reflect costs borne by local fire departments for state buildings, and (2) include all State-owned buildings in the formula. DOI is directed to report findings and recommendations to the House and Senate Appropriations Subcommittees on General Government and to the Fiscal Research Division on or before October 1, 2012.

Section: 20.2

Title: **INCREASE CONSUMER PROTECTION FUND RETAINED AMOUNT**

Summary Increases the amount of unspent funds that can be retained in the Department of Insurance's Consumer Protection Fund at the end of the year from \$250,000 to \$500,000.

Section: 20.3

Title: **FUNDING OF BUILDING CODE REVIEWS FOR STATE BUILDINGS**

Summary Maintains the current source of funds (Insurance Regulatory Fund) for building code review positions in the Department of Administration.

## Special Provisions

**2012 Session: HB 1015**

**Department:** Insurance

Section: 1.(c)

Title: **SET REGULATORY FEES**

Summary Sets the percentage rate to be used in calculating the insurance regulatory charge under G.S. 58-6-25 at six percent (6%) for the 2012 calendar year. The percentage rate is the same as last year.

Insurance - Volunteer Safety Workers'  
Compensation Fund

GENERAL FUND

FY 12-13

Total Budget Approved 2011 Session

\$2,623,654

Budget Changes

29 No Changes

Budget Changes

Total Position Changes

Revised Total Budget

\$2,623,654

# Special Provisions

**2012 Session: HB 950**

**Department:** Insurance - Volunteer Safety Workers' Compensation Fund

Section: 20.4

Title: **DOI TO ASSESS VOLUNTEER SAFETY WORKERS COMPENSATION FUND**

Summary Directs the Department of Insurance (DOI) to contract with an independent actuary to assess the status and financial health of the Volunteer Safety Workers' Compensation Fund. DOI is directed to report the independent actuary's assessment and findings and also to provide a comparison of the premiums paid into the Fund and premiums paid by municipal fire departments for their employees' workers compensation insurance to the Chairs of the House and Senate Appropriations Committees, the Chairs of the House and Senate Appropriations Subcommittees on General Government, and the Fiscal Research Division, by October 1, 2012. It is the General Assembly's expectation that local contributions to the Fund will need to be increased in future years to restore the actuarial soundness of the Fund.



Lieutenant Governor

GENERAL FUND

FY 12-13

Total Budget Approved 2011 Session

\$695,324

Budget Changes

Department-wide

30 Consolidate Functions

(\$144,150) R

Reduces appropriations for staff salaries and related expenses, effective December 31, 2012. The Office is directed to consolidate staff functions and reduce positions to achieve savings.

Budget Changes

(\$144,150) R

Total Position Changes

Revised Total Budget

\$551,174

# Special Provisions

**2012 Session: HB 950**

**Department:** Lieutenant Governor

Section:

Title: **No Special Provisions**

Summary

Office of Administrative Hearings

|              |
|--------------|
| GENERAL FUND |
|--------------|

|          |
|----------|
| FY 12-13 |
|----------|

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Total Budget Approved 2011 Session

\$4,142,258

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**Budget Changes**

31 No Changes

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**Budget Changes**

Total Position Changes

Revised Total Budget

\$4,142,258

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# **Special Provisions**

**2012 Session: HB 950**

**Department:** Office of Administrative Hearings

Section:

Title: **No Special Provisions**

Summary

## Revenue

GENERAL FUND

FY 12-13

Total Budget Approved 2011 Session

\$78,199,538

## Budget Changes

## 1629 - Local Government Division

## 32 Combined Registration and Tax Collection System

Budgets receipts from the Combined Motor Vehicle and Registration Account to support the development and implementation costs for the Combined Motor Vehicle Registration and Property Tax System as required by S.L. 2005-294. The total costs for FY 2012-13 are \$377,797 with \$353,197 of this amount as recurring costs. Four new positions within the division are created:

Business & Technology Application Specialist  
 DBE Specialist  
 Property Valuation Specialist I  
 Property Valuation Specialist II

## 1710 - Fuel Tax Compliance

## 33 Eliminate Vacant Positions

Eliminates ten (10) vacant positions for a total personnel savings to the Highway Fund of \$488,366. Other costs to support these personnel, such as travel, per diem, and supplies are reduced by \$32,000.

The positions eliminated include eight (8) Motor Fuel Auditors and two (2) Law Enforcement Agents. The position numbers supported by the Highway Fund are 60083149, 60083173, 60083153, 60083182, 60083177, 60083178, 60083201, and 60083205. Two positions supported with federal funds are 65007466 and 65007490.

## Department-wide

## 34 Management Flexibility Reduction

(\$1,563,991) R

Implements a necessary management flexibility reduction to pay for unbudgeted overpayments, penalties and unachieved reductions in the Medicaid Program.

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|                               |                      |          |
|-------------------------------|----------------------|----------|
| <b>Budget Changes</b>         | <b>(\$1,563,991)</b> | <b>R</b> |
| <b>Total Position Changes</b> |                      |          |
| <b>Revised Total Budget</b>   | <b>\$76,635,547</b>  |          |

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# Special Provisions

**2012 Session: HB 950**

**Department:** Revenue

Section: 22A.1

Title: **PROSECUTION OF CASES INVOLVING TAX FRAUD**

Summary Directs the Department of Revenue (DOR) and the Department of Justice (DOJ) to enter into an agreement through which DOR shall fund a criminal attorney position at DOJ.

## Secretary of State

## GENERAL FUND

FY 12-13

Total Budget Approved 2011 Session

\$10,654,563

## Budget Changes

## 1600 - Charitable Fundraising

## 35 Move Charitable Fundraising to General Fund Support

\$816,936

R

Moves the Charitable Fundraising Division at the Secretary of State to General Fund support. Receipts that are collected by the Division and associated administration will be credited to the General Fund, which include over-realized receipts of \$162,816. (S.L. 2012-142, Sec. 21.1)

9.43

## Department-wide

## 36 Management Flexibility Reduction

(\$50,275)

R

Implements a necessary management flexibility reduction to pay for unbudgeted overpayments, penalties and unachieved reductions in the Medicaid Program.

## Budget Changes

\$766,661

R

## Total Position Changes

9.43

## Revised Total Budget

\$11,421,224



# Special Provisions

**2012 Session: HB 950**

**Department:** Secretary of State

Section: 21.1

**Title: TREAT FEES COLLECTED BY CHARITABLE LICENSING DIVISION LIKE OTHER FEES  
COLLECTED BY THE SECRETARY OF STATE**

**Summary** Moves receipts collected by the Secretary of State's Charitable Licensing Division into the General Fund.

## State Board of Elections

GENERAL FUND

FY 12-13

Total Budget Approved 2011 Session

\$5,126,603

**Budget Changes****Department-wide****37 Management Flexibility Reduction**

(\$102,532) R

Implements a necessary management flexibility reduction to pay for unbudgeted overpayments, penalties and unachieved reductions in the Medicaid Program.

**Budget Changes**

(\$102,532) R

**Total Position Changes****Revised Total Budget**

\$5,024,071

# Special Provisions

**2012 Session: HB 950**

**Department:** State Board of Elections

Section: 23.1

Title: **HAVA FUNDS/DISABILITY ACCESS**

Summary Continues the freeze of federal Help America Vote Act (HAVA) Title II funds, as Maintenance of Effort spending requirements will not be met for FY 2012-13, and clarifies that federal HAVA Title II disability access funds, which do not require State Maintenance of Effort, may be spent in FY 2012-13.

Section: 23.3

Title: **ELECTION SYSTEM MAINTENANCE CONTRACTS**

Summary Directs the State Board of Elections to assist counties in obtaining certification of their elections technicians. This provision also places certain parameters on contracts for maintenance agreements for voting equipment if a county board of elections employs certified technicians to maintain the equipment.

Section: 23.5

Title: **SBOE SUPPLEMENTAL REPORT ON VOTER-OWNED ELECTIONS ACT**

Summary Directs the State Board of Elections to provide a supplemental report on the administration and implementation of the Voter-Owned Elections Act to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division by July 25, 2012.

## State Budget &amp; Management

GENERAL FUND

FY 12-13

Total Budget Approved 2011 Session

\$5,848,663

**Budget Changes****Department-wide****38 Management Flexibility Reduction**

(\$116,973) R

Implements a necessary management flexibility reduction to pay for unbudgeted overpayments, penalties and unachieved reductions in the Medicaid Program.

**Budget Changes**

(\$116,973) R

**Total Position Changes****Revised Total Budget**

\$5,731,690

# Special Provisions

**2012 Session: HB 950**

**Department:** State Budget & Management

Section: 22.2

Title: **AUTHORIZATION TO SPEND FUNDS FOR CERTAIN PURPOSES**

Summary Permits the Office of State Budget & Management to use available funds in its operations budget code to reallocate positions for Medicaid Senior Economists and to fund maintenance and operations for the Integrated Budget Information System.

## State Budget and Management - Special

GENERAL FUND

FY 12-13

Total Budget Approved 2011 Session

\$440,612

**Budget Changes****39 Align Budget With 2011 Reductions**

(\$390,612) R

Adjusts the total transferred to the Department of Insurance for the Fire Protection Grant Fund to account for the 10% reduction directed in the 2011 Conference Report.

**40 Transition Reserve**

\$330,000 NR

Funds a reserve for operating expenses and temporary staff for planning, reorganization, and other activities related to the transition of Executive Branch offices. Any unspent funds shall revert to the General Fund at the end of the fiscal year.

**41 NC Symphony Challenge Grant**

\$1,500,000 NR

Provides a Challenge Grant for the North Carolina Symphony of \$1.5 million, for which the Symphony will raise \$8 million in non-State revenue. (S.L. 2012-142, Sec. 22.1)

**N.C. Humanities Council****42 Management Flexibility Reduction**

(\$1,000) R

Implements a necessary management flexibility reduction to pay for unbudgeted overpayments, penalties and unachieved reductions in the Medicaid Program.

**Budget Changes**

(\$391,612) R

\$1,830,000 NR

**Total Position Changes****Revised Total Budget**

\$1,879,000

# Special Provisions

**2012 Session: HB 950**

**Department:** State Budget and Management - Special

Section: 22.1

Title: **NC SYMPHONY FUNDING**

Summary Provides a \$1.5 million Challenge Grant to the N.C. Symphony, to be matched by \$8 million in non-State funds. Directs that the NC Symphony cannot use funds transferred from the organization's endowment to its operating budget to achieve the \$8 million fund-raising target.

## State Controller

GENERAL FUND

FY 12-13

Total Budget Approved 2011 Session

\$28,368,957

## Budget Changes

## 43 HR/Payroll Operational Support

\$453,383

R

Funds maintenance agreements for the BEACON system.

## 44 Cash Management Module

\$1,347,397

NR

Funds the Office of the State Controller's portion of the upgrade of the State's Cash Management System. This is a joint project between the Department of the State Treasurer and the Office of the State Controller.

## BEACON HR Payroll

## 45 Eliminate Vacant Position.

(\$111,365)

R

Eliminates position vacant more than 240 days: #60087179 Personnel Supervisor II.

-1.00

## Department-Wide

## 46 Reduce Various Operating Line Items

(\$109,003)

R

Reduces appropriations for the following based on actual expenditures:

532xxx Purchased Services: (\$107,547)

533xxx Supplies: (\$687)

534xxx Property, Plant &amp; Equipment: (\$769)

## Budget Changes

\$233,015

R

\$1,347,397

NR

## Total Position Changes

-1.00

## Revised Total Budget

\$29,949,369



# **Special Provisions**

**2012 Session: HB 950**

**Department:** State Controller

Section:

Title: **No Special Provisions**

Summary

## Treasurer

GENERAL FUND

FY 12-13

Total Budget Approved 2011 Session

\$6,621,750

**Budget Changes****1310 - Local Government Operations****47 Audit, Integrated Debt, And Fiscal Management System**

Funds the acquisition of an electronic audit management system and the development and implementation of a debt management system. The Department received authorization for the first phase of the project in FY 2011-12 regarding a document management system. This is the second phase of the project. Funding for the project is from fees assessed by the Department on debt issuances which were previously approved by the General Assembly. Total cost for the system in FY 2012-13 is \$1,082,219 with \$200,419 recurring and \$881,800 non-recurring.

**1510 - Financial Operations Division****48 Banking System Upgrade**

Funds the Department of State Treasurer's portion of the upgrade of the State's Cash Management System that is utilized by the State's Pension Fund. This is a joint project between the Department of the State Treasurer and the Office of the State Controller. The portions not related to the State's Pension Fund shall be funded by an appropriation to the Office of the State Controller. The total amount authorized to be used by the Department of the State Treasurer is \$2,052,000 in FY 2012-13.

**Budget Changes****Total Position Changes****Revised Total Budget****\$6,621,750**

# Special Provisions

2012 Session: HB 950

**Department:** Treasurer

Section:

Title: **No Special Provisions**

Summary

## Treasurer - Retirement for Fire and Rescue

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|--------------|
| GENERAL FUND |
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| FY 12-13 |
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Total Budget Approved 2011 Session

\$17,812,114

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**Budget Changes**

49 No Changes

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**Budget Changes**

Total Position Changes

Revised Total Budget

\$17,812,114

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# Special Provisions

**2012 Session: HB 950**

**Department:** Treasurer - Retirement for Fire and Rescue

Section:

Title: **No Special Provisions**

Summary

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# **TRANSPORTATION**

## **Section K**

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## Highway Fund

|                     |
|---------------------|
| <b>HIGHWAY FUND</b> |
|---------------------|

|                 |
|-----------------|
| <b>FY 12-13</b> |
|-----------------|

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**Total Budget Approved 2011 Session**

**\$2,134,160,000**

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### **Budget Changes**

#### **Administration**

##### **1 Information Technology**

**\$2,020,000 R**

Appropriates additional funds to support telecommunication (\$750,000) and data processing costs (\$930,000), as well as lease requirements (\$340,000).

##### **2 Information Technology - Combined Registration and Tax Collection System**

Budgets receipts from the Combined Motor Vehicle and Registration Account to support development and implementation costs for the Combined Motor Vehicle Registration and Property Tax Collection System. Receipts budgeted for FY 2012-13 total \$2,267,963 recurring and \$12,290,309 non-recurring. (S.L. 2012-142, Sec. 24.10)

**3 Fiscal - Combined Registration and Tax Collection System**

Authorizes six receipt-supported positions to oversee the collection of registration fees and property taxes in advance of the July 1, 2013 implementation date for the Combined Motor Vehicle Registration and Property Tax Collection System. Pre-implementation functions include initiation of system projects and changes which affect revenue capture and reporting from the: State Registration and Titling System (STARS), Vehicle Property Tax System (VPT), State Automated Driver's License System (SADLS), Fuel Tax Compliance System (FuelTacs), SAP, the Division of Motor Vehicles (DMV) Bad Debt System, and other DMV subsystems.

Budgeted receipts for FY 2012-13 total \$370,038 recurring and \$121,806 non-recurring, per transfers from the Combined Motor Vehicle and Registration Account.

Effective dates for the authorized positions are shown below:

| Grade      | Position Title        | Effective Date |
|------------|-----------------------|----------------|
| Banded - J | Accounting Manager    | 07/01/2012     |
| Banded - A | Accountant            | 08/01/2012     |
| Banded - C | Accountant            | 09/01/2012     |
| Banded - J | Accounting Technician | 09/01/2012     |
| Banded - C | Accountant            | 12/01/2012     |
| Banded - J | Accounting Technician | 12/01/2012     |

(S.L. 2012-142, Sec. 24.10)

**Construction****4 Contingency Fund**

Appropriates \$22,000,000 of accumulated unencumbered fund balance from the Contingency Fund. (S.L. 2012-142, Sec. 24.12)

**5 Secondary Roads**

(\$26,293,824) R

Reduces funding to the secondary system construction program to meet new revenue target. The total budget is \$27,186,358 in FY 2012-13.

**Department-wide****6 Personnel Reduction**

(\$588,561) R

Eliminates 70 vacant positions throughout the Department, including: nine positions funded with Highway Funds; 12 receipt-supported Highway Trust Fund positions totaling \$661,669; and 49 field positions totaling \$3,439,178. The total includes salary, benefits, and an employee cost multiplier of 2.31%. DOT is directed to identify all positions for elimination.

-9.00

**Division of Motor Vehicles****7 Adjust Driver License Credit/Debit Costs**

Reduces funds budgeted for credit/debit card transaction costs based on the revised implementation timeline for the Next Generation Secure Driver License System (NGSDLS) and a rate reduction for Information Technology Services (ITS) common payment services. Phased implementation of the NGSDLS is targeted for January 2013.

(\$792,641) NR

**8 Bulk Data Fee Receipts**

Adjusts net appropriations per projected FY 2012-13 bulk data fee receipts.

\$4,000,000 R

**9 Internal Consolidation**

Consolidates the Division of Motor Vehicles (DMV) fiscal, human resources, information technology, facility management, and associated functions assigned to the "DOT PAM/PD DMV II Operations" and "DOT PAM/PD DMV II Operations Budget" organizational units among respective central administrative units of the Department of Transportation.

(\$768,963) R

-13.00

The following positions are eliminated effective July 31, 2012, per this restructuring:

Position    Position Title  
Number

60029792 Administrative Assistant  
60029795 Technology Support Analyst  
60029798 Safety Officer II  
60029799 Business Officer  
60030094 Administrative Officer III  
60029837 Departmental Purchasing Agent I  
60030103 Processing Assistant IV  
60030155 Processing Assistant V  
60030157 Processing Assistant V  
60030165 Administrative Assistant I  
60030168 Departmental Purchasing Agent I  
60030925 Departmental Purchasing Agent I  
60088760 Accountant

Annualized savings, beginning in FY 2013-14, total \$838,868. An additional \$282,480 is appropriated, per item 27, on a non-recurring basis for estimated severance payments incurred during FY 2012-13.

**10 Driver License Program Continuation Review**

\$47,713,947 R

Restores recurring funds held in reserve for the Driver License Program per continuation review.

**11 DMV - Combined Registration and Tax System**

Authorizes 43 receipt-supported positions, of which 22 are time-limited, within the Vehicle Services Section to implement and administer the Combined Motor Vehicle Registration and Property Tax Collection System. This authorization includes: four Staff Development Specialist I positions to conduct training in advance of system implementation; four Administrative Assistant II positions to assist license plate agencies by recording and resolving system problems; two Title Examiner Supervisor I positions to supervise call center employees; four Information Processing Technicians to support transaction volumes at the Raleigh and Charlotte offices; 25 Information Processing Technicians to resolve customer service requests; and, four Processing Assistant IV positions to accommodate increases in mailings and internet renewals. Time-limited positions shall terminate no later than June 30, 2014.

Budgeted receipts for FY 2012-13 total \$1,407,763 recurring and \$1,802,955 non-recurring. Non-recurring costs include equipment acquisitions to implement credit/debit payments at license plate agencies and State offices. These costs are offset by corresponding transfers from the Combined Motor Vehicle and Registration Account.

Effective dates for the authorized positions are shown below:

| Grade | Position Title                         | Effective Date | FTE   |
|-------|--|----------------|-------|
| 67    | Staff Development Specialist I         | 07/01/2012     | 1.00  |
| 67    | Staff Development Specialist I - TL    | 07/01/2012     | 3.00  |
| 65    | Administrative Assistant II            | 10/01/2012     | 2.00  |
| 65    | Administrative Assistant II - TL       | 10/01/2012     | 2.00  |
| 64    | Title Examiner Supervisor I            | 10/01/2012     | 2.00  |
| 63    | Information Processing Technician      | 10/01/2012     | 14.00 |
| 63    | Information Processing Technician - TL | 10/01/2012     | 15.00 |
| 59    | Processing Assistant IV                | 04/01/2013     | 2.00  |
| 59    | Processing Assistant IV - TL           | 04/01/2013     | 2.00  |

(S.L. 2012-142, Sec. 24.10)

**Intermodal****12 Public Transportation Division - New Starts**

(\$28,972,845) R

Eliminates the Regional New Start & Capital grant program within the Public Transportation Division. The remaining unexpended program balance within the Highway Fund is allocated for the LYNX Blue Line Extension project. (S.L. 2012-142, Sec. 24.19)

**13 Public Transportation Division - Grant Programs**

(\$1,935,661) R

Increases the recurring reduction across Public Transportation Division grant programs from 6% to 9%. International Trade Show Transportation grants are exempt from this reduction.

**14 Public Transportation Division - LYNX Blue Line Extension**

\$25,000,000 R

Appropriates \$25 million recurring within the Public Transportation Division as State matching funds for the LYNX Blue Line Extension project. (S.L. 2012-142, Sec. 24.19)

**15 Rail Division - Personnel Reduction**

Eliminates one vacant, receipt-supported field position (60015656 Engineering Technician) totaling \$74,900 in estimated operating savings.

**16 Rail Division - Operating Reduction**

(\$500,000) R

Reduces funding for the Streamline Freight Operations (\$250,000) and Rail Capital and Safety (\$250,000) subprograms.

**17 Ferry Division - Toll Revenue**

\$500,000 NR

Establishes a one-year delay on the implementation of additional and new tolls as required by S.L. 2011-145, Sec. 31.30. Non-recurring funds, totaling \$2.5 million, are appropriated to offset budgeted toll receipts as follows:

- \$2 million is transferred from the Highway Trust Fund and budgeted as one-time receipts; and,
- \$500,000 is reallocated from the Reserve for General Maintenance.

(S.L. 2012-145, Sec. 6.2, Modifications/2012 Appropriations Act, added this item to the Committee Report.)

**18 Ferry Division - Dredge Replacement Project**

Adjusts funding for the dredge build project per the engineer's estimate of total project cost.

(\$3,000,000) NR

**19 Ferry Division - Personnel Reduction**

Eliminates nineteen vacant, receipt-supported field positions totaling \$787,294 in estimated operating savings. The total includes salary, benefits, and an employee cost multiplier of 2.31%. FTE reductions are as follows:

| Position Number | Position Title |
|-----------------|----------------|
|-----------------|----------------|

|          |                          |
|----------|--------------------------|
| 60018911 | Office Assistant III     |
| 60018566 | Processing Assistant III |
| 60018501 | Ferry Crew Member I      |
| 60018533 | Security Guard           |
| 60018538 | Security Guard           |
| 60018611 | Security Guard           |
| 60018617 | Security Guard           |
| 65009109 | Security Guard           |
| 65009108 | Security Guard           |
| 60089130 | Ferry Crew Member I      |
| 60018643 | Security Guard           |
| 60018667 | Security Guard           |
| 60018729 | Security Guard           |
| 65009103 | Security Guard           |
| 60018490 | Dredge Deckhand          |
| 60018796 | Ferry Master             |
| 60018883 | Maintenance Mechanic IV  |
| 60018872 | Processing Assistant IV  |

**Maintenance****20 Primary System**

(\$43,823,040) R

Reduces funding to the primary system maintenance program to meet new revenue target. The total budget is \$138,147,758 in FY 2012-13.

**21 Secondary System**

(\$17,529,216) R

Reduces funding to the secondary system maintenance program to meet new revenue target. The total budget is \$246,982,608 in FY 2012-13.

**22 System Preservation**

\$520,014 R

Increases system preservation, per G.S. 119-18(b), by \$520,014 from cuts made to the Department of Revenue's Taxpayer Collection Division for motor fuel enforcement and auditing. The total budget is \$235,504,017 in FY 2012-13.

**23 General Maintenance Reserve**

(\$500,000) NR

Reduces funding to the General Maintenance Reserve by \$500,000 non-recurring to offset the costs associated with the one-year delay in additional and new ferry tolls.

(S.L. 2012-145, Sec. 6.2, Modifications/2012 Appropriations Act, added this item to the Committee Report.)

**Reserves****24 Compensation Adjustment and Performance Pay Reserve**

(\$4,906,715) R

Eliminates the reserve in FY 2012-13.

**25 Highway Fund Reserve for Compensation Increases**

\$4,668,590 R

Provides funding to support an annual salary increase of 1.2% to permanent employees whose salaries are supported by Highway Fund appropriations. (S.L. 2012-142, Sec. 25.1E)

**26 Disability Income Plan of North Carolina**

(\$255,000) R

Reduces the State's contribution to the Disability Income Plan from .52% of payroll to .44% of payroll (a .08% reduction) as a result of the December 31, 2010 actuarial valuation. (S.L. 2012-142, Sec. 25.10)

**27 Severance Expenditure Reserve**

\$282,480 NR

Increases funding for severance salary continuation payments and health benefit coverage under the State Health Plan for employees reduced-in-force.

**28 State Retirement System Contributions - State Highway Patrol Transfer**

(\$4,000,000) R

Adjusts the budgeted retirement contribution to the Teachers' and State Employees' Retirement System for FY 2012-13 per the transfer of the State Highway Patrol to the General Fund. (S.L. 2012-142, Sec. 24.13)

- 29 State Health Plan - State Highway Patrol Transfer** (\$1,000,000) R  
Adjusts funding for the State Health Plan per the transfer of the State Highway Patrol to the General Fund. (S.L. 2012-142, Sec. 24.13)
- 30 Global TransPark** (\$152,000) R  
Reduces operating assistance to the Global TransPark by \$152,000. FY 2012-13 appropriations total \$1 million.
- 31 Reserve for Continuation Review** (\$47,713,947) R  
Eliminates the internal reserve for the Driver License Program per restoration of funding.

**Revenue Availability**

- 32 Inspection Program Account Balance**  
Notwithstanding G.S. 20-183.7(d) to appropriate \$5 million from the Inspection Program Account balance. Highway Fund availability is adjusted accordingly. (S.L. 2012-142, Sec. 24.3)
- 33 Civil Penalty Collections**  
Reduces estimated Highway Fund revenue by \$22 million to reflect a change in accounting procedure. Rather than recording civil penalty proceeds as revenue, the clear proceeds of all civil penalties, civil forfeitures, and civil fines collected by the Department of Transportation for transfer to the Civil Penalty and Forfeiture Fund shall be recorded as receipts and budgeted in a receipt-supported fund center for transfer to the Civil Penalty and Forfeiture Fund. (S.L. 2012-142, Sec. 24.9)

**Statutory Adjustments**

- 34 Aid to Municipalities** (\$912,604) R  
Reduces funds for State Aid to Municipalities for FY 2012-13, consistent with new revenue estimates and G.S. 136-41.1.



**Transfers****35 Highway Trust Fund**

Transfers \$2 million nonrecurring from the Highway Trust Fund to the Highway Fund to offset the costs associated with the one-year delay in additional and new ferry tolls.

(S.L. 2012-145, Sec. 6.2, Modifications/2012 Appropriations Act, added this item to the Committee Report.)

**36 State Retirement System Contributions - State Highway Patrol Transfer**

\$4,000,000 R

Adjusts the budgeted retirement contribution to the Teachers' and State Employees' Retirement System for FY 2011-12 and FY 2012-13 per the transfer of the State Highway Patrol to the General Fund. (S.L. 2012-142, Sec. 24.13)

\$3,000,000 NR

**37 State Health Plan Contribution - State Highway Patrol Transfer**

\$1,000,000 R

Adjusts the budgeted contribution for the State Health Plan in FY 2012-13 per the transfer of the State Highway Patrol to the General Fund. (S.L. 2012-142, Sec. 24.13)

**38 Department of Revenue - Taxpayer Collections (Motor Fuels)**

(\$520,014) R

Eliminates ten vacant positions for a total personnel savings of \$488,014. Other costs to support these personnel, such as travel, per diem, and supplies are reduced by \$32,000. The savings transferred to System Preservation total \$520,014.

The positions eliminated include eight (8) Motor Fuel Auditors and two (2) Law Enforcement Agents. The position numbers supported by the Highway Fund are 60083149, 60083173, 60083153, 60083182, 60083177, 60083178, 60083201, and 60083205. Two positions supported with federal funds are 65007466 and 65007490.

**39 Motor Carrier Safety Assistance Program (MCSAP)**

\$330,000 R

Increases budgeted State matching funds to match \$6 million in anticipated federal MCSAP basic and incentive grants administered by the Department of Public Safety, State Highway Patrol. Appropriated matching and maintenance of effort funds total \$1,980,458.

**40 Civil Penalty and Forfeiture Fund**

(\$22,000,000) R

Eliminates the appropriated reserve (84210-0889) historically used to budget civil penalty collections and transfer funds to the Civil Penalty and Forfeiture Fund. Civil penalties are instead budgeted as receipts to better account for the annual fluctuation in collections, and to establish consistency in statewide accounting procedures. Estimated Highway Fund revenue is reduced accordingly.

Per FY 2012-13 projections, an estimated \$29.88 million will be transferred to the Civil Penalty and Forfeiture Fund. (S.L. 2012-142, Sec. 24.9)

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|                               |                        |           |
|-------------------------------|------------------------|-----------|
| <b>Budget Changes</b>         | <b>(\$112,619,839)</b> | <b>R</b>  |
|                               | <b>(\$510,161)</b>     | <b>NR</b> |
| <b>Total Position Changes</b> | -22.00                 |           |
| <b>Revised Total Budget</b>   | <b>\$2,021,030,000</b> |           |

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## Highway Trust Fund

HIGHWAY TRUST  
FUND

FY 12-13

Total Budget Approved 2011 Session

\$1,086,910,000

## Budget Changes

## Administration

- 41 Statutory Adjustment to Program Administration** (\$1,516,320) R  
Decreases funds for Program Administration for FY 2012-13 consistent with new revenue estimates and G.S. 136-176(b). The total budget is \$45,590,880 in FY 2012-13.

## Aid to Municipalities

- 42 Statutory Adjustment to Aid to Municipalities Allocation** (\$979,789) R  
Decreases funds for State Aid to Municipalities for FY 2012-13, consistent with new revenue estimates and G.S. 136-176(b)(3). The total budget is \$53,063,643 in FY 2012-13.

## Construction

- 43 Secondary Roads** (\$979,789) R  
Reduces funds for Secondary Roads by 6.5% of the total amount needed to balance the Highway Trust Fund in accordance to the formula in G.S. 136-176(b)(4). The total budget is \$48,341,155 in FY 2012-13.
- 44 Intrastate System** (\$9,338,145) R  
Reduces funds for the Intrastate System by 61.95% of the total amount needed to balance the Highway Trust Fund in accordance to the formula in G.S. 136-176(b)(1). The total budget is \$478,164,889 in FY 2012-13.
- 45 Urban Loops** (\$3,775,957) R  
Reduces funds for Urban Loops by 25.05% of the total amount needed to balance the Highway Trust Fund in accordance to the formula in G.S. 136-176(b)(2). The total budget is \$209,182,029 in FY 2012-13.

**Mobility Fund****46 DOT Prioritization Reserve**

(\$45,000,000) R

Eliminates the DOT Prioritization Reserve.

**47 Mobility Fund**

\$45,000,000 R

Transfers funds in the DOT Prioritization Reserve to the Mobility Fund and transfers \$30.5 million in unneeded FY 2012-13 gap funds appropriated to the Garden Parkway and Mid-Currituck Bridge projects. (S.L. 2012-142, Sec. 24.8)

\$30,500,000 NR

**Transfers****48 Highway Fund**

Transfers \$2 million nonrecurring from the Highway Trust Fund to the Highway Fund to offset the costs associated with the one-year delay in additional and new ferry tolls.

(S.L. 2012-145, Sec. 6.2, Modifications/2012 Appropriations Act, added this item to the Committee Report.)

**Turnpike Authority****49 Gap Funds**

Eliminates the FY 2012-13 gap funding to the Garden Parkway and the Mid-Currituck Bridge projects based on a determination by DOT that these two projects will not issue debt until FY 2013-14. (S.L. 2012-142, Sec. 24.7.(b))

(\$32,500,000) NR

**50 Mid-Currituck Bridge Project**

Reallocates \$15 million of unencumbered gap funds appropriated in FY 2011-12 to the Mid-Currituck Bridge project. (S.L. 2012-142, Sec. 24.7.(a))

**51 Mid-Currituck Bridge Funding**

Appropriates \$2 million to supplement and advance project studies related to the Mid-Currituck Bridge project to move the project forward to construction.

[S.L. 2012-145, Sec. 6.2, Modifications/2012 Appropriations Act, eliminates the funding for studies related to the Mid-Currituck Bridge project and transfers the funds to the Highway Fund to offset the costs associated with the one-year delay in additional and new ferry tolls.]

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|                               |                        |           |
|-------------------------------|------------------------|-----------|
| <b>Budget Changes</b>         | <b>(\$16,590,000)</b>  | <b>R</b>  |
|                               | <b>(\$2,000,000)</b>   | <b>NR</b> |
| <b>Total Position Changes</b> |                        |           |
| <b>Revised Total Budget</b>   | <b>\$1,068,320,000</b> |           |

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## Turnpike Authority

|                    |
|--------------------|
| TURNPIKE AUTHORITY |
|--------------------|

|          |
|----------|
| FY 12-13 |
|----------|

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**Total Budget Approved 2011 Session**

**\$3,642,571**

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**Budget Changes**

**Turnpike Authority Administration**

**52 Reduces Operating Funds**

**(\$336,193) R**

Eliminates three vacant receipt-supported positions totaling \$336,193. The total includes salary, benefits, and an employee cost multiplier of 2.31%.

60088764 Engineering Manager

65004640 Technology Support Specialist

65007229 Business Officer

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**Budget Changes**

**(\$336,193) R**

**Total Position Changes**

**Revised Total Budget**

**\$3,306,378**

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# Special Provisions

## 2012 Session: SB 187

### Department:

Section: 6.1

Title: **BUDGET CHANGE: DEPARTMENT OF TRANSPORTATION RELOCATION OF MUNICIPAL UTILITIES**

Summary Changes the interest rate charged by the Department from 8% to the prime rate plus 1% for loans made to municipalities to relocate utility lines for road projects.

Section: 6.2

Title: **BUDGET CHANGE: DELAYED COLLECTION OF ADJUSTED FERRY TOLLS**

Summary Rewrites Section 24.18(b) of S.L. 2012-142, Modify 2011 Appropriations Act, to establish a one-year delay on the collection of new and adjusted fares as required by Section 31.30 of S.L. 2011-145. Section 24.18(b) directed the collection of new and adjusted tolls effective July 1, 2012, but established a one-year delay for the Cherry Branch/Minnesott Beach Route.

In addition, \$2 million of gap funds from the Mid-Currituck Bridge Project and \$500,000 from the Reserve for General Maintenance are reallocated to offset budgeted toll receipts for FY 2012-13. (H.B. 1077)

## 2012 Session: HB 950

### Department:

Section: 24.1

Title: **CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS**

Summary Estimates the amount of available cash for the next four fiscal years to allow the Department of Transportation to contract for payments beyond the fiscal biennium.

Section: 24.2

Title: **FURTHER PRIVATIZATION OF PRE-CONSTRUCTION ACTIVITIES**

Summary Reduces the amount of preliminary engineering work that is performed in-house and shifts this work to the private sector. This will increase the work performed by small businesses. The total percentage of pre-engineering projects outsourced will increase to 60% by FY 2013-14.

Section: 24.3

Title: **FUNDS FROM INSPECTION PROGRAM ACCOUNT FOR OTHER HIGHWAY FUND USES**

Summary Transfers \$5 million of unencumbered funds from the Inspection Program Account to Highway Fund availability.

Section: 24.6

Title: **CLARIFY USE OF CREDIT RESERVE BALANCE IN HIGHWAY FUND**

Summary Restructures the Department's credit reserve account to reduce spending of over-realized revenue and administrative savings by limiting the availability of funds, increasing oversight, and restricting uses to urgent needs.

Section: 24.7

Title: **ADJUST TURNPIKE GAP FUND APPROPRIATIONS**

Summary Eliminates unused Mid-Currituck Bridge gap funds in FY 2011-12 and eliminates unneeded Mid-Currituck Bridge and Garden Parkway gap funds in FY 2012-13.

Section: 24.8

Title: **CODIFY MOBILITY FUND FORMULA DEVELOPED BY DEPARTMENT OF TRANSPORTATION**

Summary Codifies the Travel Time Savings formula developed by the Department of Transportation in response to the project selection criteria modifications in S.L. 2011-145, Sec. 28.33.

Section: 24.9

Title: **CIVIL PENALTIES TO BE TREATED AS RECEIPTS FOR TRANSFER TO CIVIL PENALTY AND FORFEITURE FUND**

Summary Adjusts budgeting practices for penalties collected by the Department of Transportation, establishing consistency across State agencies and making it easier to account for annual fluctuations.

Section: 24.10

Title: **POSITIONS IN SUPPORT OF THE COMBINED MOTOR VEHICLE REGISTRATION AND PROPERTY TAX COLLECTION SYSTEM**

Summary Authorizes the creation of additional receipt-supported, time-limited positions to implement and administer the Combined Registration and Property Tax System. Subsections (b) and (c) establish quarterly reporting of transfers from the Combined Motor Vehicle and Registration Account, and require a joint report on the status of the memorandum of understanding between the Departments of Revenue and Transportation concerning system administration and financing.

Section: 24.11

Title: **REDUCE MOTOR FUEL EXCISE TAX RATE**

Summary Caps the motor fuel excise tax rate at 37.5 cents per gallon for one year. This rate will be in effect until July 1, 2013. (H.B. 142, H.B. 399, S.B. 666, S.B. 751)

Section: 24.12

Title: **USE OF UNEXPENDED CONTINGENCY FUNDS**

Summary Transfers \$22 million in accumulated unencumbered contingency funds to reduce cuts to highway maintenance and construction.

Section: 24.13

Title: **INCREASE GENERAL FUND TRANSFER FROM HIGHWAY FUND**

Summary Transfers an additional \$8 million from the Highway Fund to the General Fund. The total transfer is \$196,209,049 in FY 2012-13.



Section: 24.14

Title: **EXEMPT B.S.I.P. SYSTEM FROM INFORMATION TECHNOLOGY HOSTING REQUIREMENT**

Summary Exempts the Department of Transportation from in-state hosting requirements for the SAP Business System Integration Portal (BSIP).

Section: 24.15

Title: **PRIORITIZE PAVING OF UNPAVED ROADS THROUGHOUT THE STATE**

Summary Directs the Department of Transportation to pave the highest priority unpaved secondary roads on a Statewide basis during FY 2012-13.

Section: 24.16

Title: **APPLY STATE ETHICS ACT TO METROPOLITAN PLANNING ORGANIZATIONS AND RURAL PLANNING ORGANIZATIONS**

Summary Applies the State Ethics Act policies, education, disclosures, and enforcement for voting members of metropolitan planning organizations and rural transportation planning organizations involved in statewide and regional transportation planning. (S.B. 888)

Section: 24.18

Title: **CLARIFY FERRY TOLLING**

Summary Directs implementation of new and adjusted fares as required by Section 31.30 of S.L. 2011-145, Appropriations Act of 2011. Subsection (b) delays toll collection for the Cherry Branch/Minnesott Beach route for one fiscal year.

(H.B. 142, H.B. 1077; S.L. 2012-145, Modifications/2012 Appropriations Act, Section 6.2 rewrites this provision to establish a one-year delay on the collection of new and adjusted fares as required by Section 31.30 of S.L. 2011-145. Additionally, \$2 million of gap funds from the Mid-Currituck Bridge Project and \$500,000 from the Reserve for General Maintenance are reallocated to offset budgeted toll receipts for FY 2012-13.)

Section: 24.19

Title: **PUBLIC TRANSPORTATION FUNDING ADJUSTMENTS**

Summary Discontinues the Regional New Starts & Capital grant program and reallocates the unexpended program balance to support State financial participation in the Charlotte Area Transit System LYNX Blue Line Extension/Northeast Corridor light rail project. Subsection (b) authorizes funding of fixed guideway projects from three Highway Trust Fund formula allocations (Intrastate System, Powell Bill, and Secondary Road Construction funds), effective FY 2013-14.

Section: 24.20

Title: **REPEAL PROGRAM EVALUATION DIVISION STUDY OF NORTH CAROLINA RAILROAD COMPANY**

Summary Repeals S.L. 2011-145, Sec. 28.12A, which directed the Program Evaluation Division to conduct a comprehensive evaluation of the North Carolina Railroad Company.

Section: 24.21

Title: **STUDY INTERSTATE 95 TOLLING**

Summary Directs the Department of Transportation to conduct an economic impact study to determine the impact of tolling I-95 on residents and businesses, study new or existing alternatives for I-95 and options to make critical repairs without tolls, and report its results to the General Assembly by March 1, 2013. DOT is prohibited from tolling I-95 prior to July 1, 2013. (H.B. 1134, S.B. 902)

**RESERVES/  
DEBT SERVICE/  
ADJUSTMENTS  
Section L**

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## Statewide Reserves

GENERAL FUND

FY 12-13

Total Budget Approved 2011 Session

\$1,415,660,126

## Legislative Changes

## A. Employee Benefits

- |  |                 |   |
|--|-----------------|---|
| <b>1 Compensation and Performance Pay Reserve</b>  | (\$121,105,840) | R |
| Eliminates the reserve in FY 2012-13. (S.L. 2012-142, Sec. 25.2A)  |                 |   |
|  |                 |   |
| <b>2 Reserve for Compensation Increases and Personnel Flexibility</b>  | \$159,984,426   | R |
| Provides funds to support salary increases for employees of State agencies, departments, institutions, public schools, and university SPA employees and to support salary increases and personnel flexibility for university EPA employees and employees of community college institutions. (S.L. 2012-142, Sec. 25.01, 25.02, 25.1, 25.1A, 25.1B, 25.1C, 25.1D, 25.1E, 25.1F, 25.6, 25.7, 25.7C, 25.7D, and 25.7E)  |                 |   |
|  |                 |   |
| <b>3 State Agency/Department Salary Increases</b>  |                 |   |
| Provides up to \$30,046,765 to support an annual salary increase of 1.2% for permanent employees of State agencies and departments.  |                 |   |
|  |                 |   |
| <b>4 Public School Salary Increases</b>  |                 |   |
| Provides up to \$84,964,142 to local school administrative units to support an annual salary increase of 1.2% for State-funded public school employees.  |                 |   |
|  |                 |   |
| <b>5 Community College Salary Increases/Personnel Flexibility</b>  |                 |   |
| Provides up to \$14,102,935, the amount necessary to support a 1.2% annual salary increase, to State-funded community college employees. The State Board of Community Colleges may use these funds to award compensation increases to employees, including but not limited to merit increases, across-the-board increases, recruitment bonuses, retention increases, and other increases pursuant to applicable personnel policies; to offset the management flexibility reduction; and to employ personnel. |                 |   |

**6 University Salary Increase/Personnel Flexibility**

Provides up to \$8,649,234 for SPA employees and \$22,221,350 for EPA employees, the amount necessary to support a 1.2% annual salary increase. Permanent university SPA employees shall receive a 1.2% annual salary increase. The University Board of Governors may use funds designated for EPA faculty and EPA nonfaculty to award compensation increases to EPA employees including but not limited to merit increases, across-the-board increases, recruitment bonuses, retention increases, and other increases pursuant to applicable personnel policies; to offset the management flexibility reduction; and to employ personnel.

**7 Highway Fund Reserve for Compensation Increases**

Provides funding in the amount of \$4,668,590 recurring to support an annual salary increase of 1.2% to permanent employees whose salaries are supported by Highway Fund appropriations. (S.L. 2012-142, Sec. 25.01, 25.02, 25.1, 25.1A, 25.1B, 25.1C, 25.1D, 25.1E, 25.1F, 25.6, 25.7, 25.7C, 25.7D, and 25.7E)

**8 Retirement Systems Cost of Living Increase**

Provides a 1.0% cost of living adjustment to retirees of the Teachers' and State Employees' Retirement System effective July 1, 2012. (S.L. 2012-142, Sec. 25.13(a))

Also, provides a 1.0% cost of living adjustment to retirees of the Legislative Retirement System effective July 1, 2012. (S.L. 2012-142, Sec. 25.13 (c))

**9 Consolidated Judicial Retirement System**

\$100,000 R

Increases the State's contribution for Fiscal Year 2012-13 to provide a 1.0% cost-of-living adjustment for retirees of the Consolidated Judicial Retirement System. (S.L. 2012-142, Sec. 25.13(b))

**10 Disability Income Plan of North Carolina**

(\$8,688,000) R

Reduces the State's contribution to the Disability Income Plan from 0.52% of payroll to 0.44% of payroll (a .08% reduction) as a result of the December 31, 2010 actuarial valuation. (S.L. 2012-142, Sec. 25.10)

**B. Other Reserves****11 One North Carolina Fund**

\$9,000,000 R

Provides recurring funding for the One North Carolina Fund. A corresponding special provision changes the funding basis to cash flow. The Fund currently has a cash balance of over \$60.0 million. \$15.0 million will remain in the Fund and \$45.0 million will be transferred to the General Fund. (S.L. 2012-142, Sec. 2.2(f), S.L. 2012-142, Sec. 13.6)

**12 Job Development Investment Grant Reserves**

Reduces the funding for Job Development Investment Grants to the amount needed to meet projected needs for FY 2012-13 grant payments.

(\$6,500,000) NR

**13 Information Technology Fund**

Continues reduction in IT consolidation funding taken by the Office of State Budget and Management in FY 2011-12. (S.L. 2012-142, Sec. 2.2(e))

(\$750,000) NR

**14 Continuation/Justification Review Reserve**

Eliminates reserve due to the distribution of funds to agencies with programs under review.

(\$35,576,758) NR

**15 VIPER Reserve**

Authorizes the State Highway Patrol to use up to \$10 million in the 2011-13 fiscal biennium for the Voice Interoperability Plan for Emergency Response (VIPER) system. Funds may be used for construction of the remaining 23 towers and for migrating existing and new sites to P25 technology. (S.L. 2012-142, Sec. 6.3)

\$10,000,000 NR

**C. Debt Service****16 Adjust Debt Service Payments**

Adjusts debt service appropriations based on updated cash flow requirements.

(\$52,904,635) R

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**Total Legislative Changes**

(\$13,614,049) R

(\$32,826,758) NR

**Total Position Changes****Revised Budget**

**\$1,369,219,319**

---

# Special Provisions

**2012 Session: HB 14**

**Department:** Availability and Appropriations

Section: 1-2

**Title:     USE REPAIR AND RENOVATION FUNDS FOR 2011-2012 MEDICAID COSTS**

**Summary**   Amends the FY 2011-12 State budget to allow the transfer of up to \$94 million in previously appropriated Repairs and Renovation (R&R) funds to the State Medicaid program in order to provide adequate funds for provider payments. The bill also requires any excess funds transferred from R&R be returned to the R&R Reserve Account for reallocation to state agencies. (Note: H.B. 14 became law on June 21, 2012 (S.L. 2012-57).)



# Special Provisions

## 2012 Session: HB 950

**Department:** Availability and Appropriations

Section: 1.1

Title: **INTRODUCTION AND TITLE OF ACT**

Summary Sets forth the parameters of appropriations made for the 2012-13 fiscal year.

Section: 2.1

Title: **CURRENT OPERATIONS AND EXPANSION/GENERAL FUND**

Summary Sets forth the adjustments to agency and statewide reserves appropriations (the FY 2012-13 Budget) enacted during the 2011 Session. Adjustments represent net changes to certified budgets.

(S.L. 2012-145, Sec.1.1, Modifications/2012 Appropriations Act, amends this section to adjust appropriations to the UNC System and to increase appropriations for Commerce-State Aid by \$1 million and for the Rural Economic Development Center by \$2 million.)

Section: 2.2

Title: **GENERAL FUND AVAILABILITY STATEMENT**

Summary Explains General Fund availability for FY 2012-13.

Subsection (a) sets forth the amounts of general purpose revenue and other sources of availability used to support the appropriations made in Section 2.1.

Subsections (b) and (c ) direct the Office of State Controller (OSC) to reserve \$23.2 million for the Repairs and Renovations Account and appropriates the funds for FY 2012-13.

Subsection (d) directs OSC to reserve \$123.2 million for the Savings Reserve Account.

Subsections (e ) through (i) make the following transfers to General Availability:

- Transfers \$14 million from the Information Technology Internal Service Fund
- Transfers \$45 million from the One North Carolina Fund unreserved fund balance  
(See Section 13.6 for additional information)
- Diverts an additional \$3,750,000 from funds that would have been transferred to The Golden L.E.A.F. Inc.
- Transfers \$3,265,000 from the Department of Public Instruction, Teaching Fellows Fund.

(S.L. 2012-145, Sec. 1.1A(a) and (b), Modifications/2012 Appropriations Act, amend this section to increase anticipated reversions by \$1,373,330 to offset a new capital appropriation for the Greensboro Readiness Center and to increase the amount of funds diverted from the Golden L.E.A.F. by an additional \$3 million to offset adjustments to appropriations made to the Commerce-State Aid and Rural Economic Development Center budgets.)

Section: 3.1

Title: **CURRENT OPERATIONS/HIGHWAY FUND**

Summary Sets forth adjustments in the FY 2012-13 appropriations enacted during the 2011 Session. Adjustments represent net changes to the certified budget.

Section: 3.2

Title: **HIGHWAY FUND AVAILABILITY STATEMENT**

Summary Sets forth the \$2 billion in resources used as the basis for appropriations from the Highway Fund to support appropriations for the Department of Transportation for FY 2012-13.

Section: 4.1

Title: **CURRENT OPERATIONS/HIGHWAY TRUST FUND**

Summary Sets forth adjustments in the FY 2012-13 appropriations enacted during the 2011 Session. Adjustments represent net changes in the certified budget.

Section: 4.2

Title: **HIGHWAY TRUST FUND AVAILABILITY STATEMENT**

Summary Sets forth the \$1.07 billion in resources used as the basis for appropriations from the Highway Trust Fund to support appropriations of the Department of Transportation for FY 2012-13.

Section: 5.1

Title: **ELIMINATE REPORTING REQUIREMENT/APPROPRIATION OF OTHER FUNDS/USE OF DEPARTMENTAL RECEIPTS**

Summary Amends S.L. 2011-145, Sec. 5.1, Appropriations Act of 2011, as follows:

Subsection (c ) eliminates quarterly reporting of the use of overrealized receipts.

Subsection (d) appropriates refunds for tax overpayments.

Subsection (e ) appropriates escheated funds to claimants.

Subsection (f) appropriates refunds of overpayments to claimants.

Section: 5.3

Title: **EDUCATION LOTTERY**

Summary Sets forth the amounts and purposes of State Lottery Fund transfers and appropriations.

Subsection (a) transfers \$441.4 million from State Lottery Fund net proceeds to the Education Lottery Fund.

Subsection (b) directs, notwithstanding G.S. 18C-164(b), the State Lottery Commission to not transfer funds to the Education Lottery Reserve Fund.

Subsection (c) repeals S.L. 2011, 145, Sec. 5.4(f), Appropriations Act of 2011, which directed excess net lottery revenue be allocated to public school capital on the basis of average daily membership.

Subsection (d) transfers \$25.6 million in FY 2011-12 excess lottery receipts to UNC Need-Based Financial Aid for FY 2012-13.

Subsection (g) appropriates \$441.4 million as follows:

|                                      |                 |
|--------------------------------------|-----------------|
| -Teachers in Early Grades            | \$220.6 million |
| -Prekindergarten Program             | 63.1 million    |
| -Public School Building Capital Fund | 100.0 million   |
| -Scholarships for Needy Students     | 30.5 million    |
| -UNC Need-Based Financial Aid        | 10.7 million    |
| -LEA Adjustment                      | 16.4 million    |

Subsection (h) directs funds appropriated for public school capital be allocated on the basis of average daily membership.

Subsection (i) directs the administration of funds appropriated for UNC Need-Based Financial Aid be used in accordance with policy adopted by the Board of Governors of the University of North Carolina.

(S.L. 2012-145, Sec.1.3, Modifications/2012 Appropriations Act, amends this section to appropriate \$6,545,271 in additional Education Lottery funds for UNC Need-Based Financial Aid.)

## **2012 Session: HB 950**

### **Department: General Provisions**

#### Section: 6.1

Title: **REMOVE CONSULTATION BY GOVERNOR REQUIREMENT/INTERIM APPROPRIATIONS COMMITTEES**

Summary Repeals S.L. 2011-145, Sec. 6.5, Appropriations Act of 2011, that required the Governor to consult with the Joint Commission on Governmental Operations prior to:

- Establishment of new permanent positions.
- Agency spending in excess of 3 percent than was appropriated from all sources.
- Extraordinary measures taken in the event of a revenue shortfall.
- Approval of new capital projects funded with receipts as per G.S. 143C-8-12.

#### Section: 6.2

Title: **EXTEND REPORTING DATE/UTILIZATION REVIEW/PUBLIC SCHOOL AND PUBLIC HEALTH NURSES**

Summary Amends S.L. 2011, Sec.6.9, Appropriations Act of 2011, to extend a reporting date (from May 1 to December 1, 2012), for the review of nursing services provided to public schools students.

#### Section: 6.3

Title: **VOICE INTEROPERABILITY PLAN FOR EMERGENCY RESPONSE (VIPER) SYSTEM**

Summary Directs that \$54 million in unspent funds revert to the General Fund and authorizes the Department of Public Safety to use up to \$10 million over the 2011-13 biennium for the continued development and implementation of the VIPER system.

For additional information see the Justice and Public Safety section of this report.

#### Section: 6.4

Title: **EXTEND MATURITY DATE/GLOBAL TRANSPARK**

Summary Extends the date of final maturity of the Escheat Fund loan to the Global TransPark Authority from October 1, 2012 to October 1, 2014.

#### Section: 6.5

Title: **NATIONAL MORTGAGE SETTLEMENT APPROPRIATIONS**

Summary Appropriates funds from the 2012 National Mortgage Settlement to states for foreclosure relief and housing programs, including housing counseling, legal assistance, foreclosure prevention hotlines and foreclosure mediation.

#### Section: 6.7

Title: **EXECUTIVE ORDER NO. 115/HURRICANE IRENE DISASTER LOANS**

Summary Waives repayment of state funds, contingent upon securing and maintaining flood insurance, loaned to Pamlico and Tyrrell Counties for damage to public school building and structures resulting from Hurricane Irene.

Section: 6.9

Title: **AUTHORIZE CERTAIN MODIFICATIONS OF THE CERTIFIED BUDGET**

Summary Amends S.L. 2011-145, Sec.6.1, Appropriations Act of 2011, to clarify and expand allowable adjustments to the certified budget (the budget as enacted by the General Assembly prior to mid-year adjustments authorized in G.S. 143C, the State Budget Act) as follows:

(1) Allocation of tuition, fees and other receipts, realized in excess of budgeted levels up to a maximum of ten percent (10%), to the individual institutions within The University of North Carolina; (2) All receipts realized in excess of budgeted levels within The University of North Carolina Health Care System receipts; (3) Allocation of funds carried forward from one fiscal year to the next, and (4) Changes to the enacted budget resulting from laws passed subsequent to the enactment of the main appropriations act.

Section: 6.10

Title: **ESTABLISHING OR INCREASING FEES UNDER THIS ACT**

Summary Provides that an agency, as defined in G.S. 12-3.1, is not required to consult with the Joint Legislative Commission on Governmental Operations prior to establishing or increasing a fee authorized in this Act, and allows for an expedited emergency rule making process if the fee included in this Act and if required under Article 2A of the Administrative Procedures Act, G.S. 150B.

Section: 6.11

Title: **CONSULTATION WITH A LEGISLATIVE COMMITTEE**

Summary Amends G.S. 12-3 to specify what constitutes a consultation with a committee or commission of the General Assembly as follows:

- Submission of a report as required by law, and
- Appearance at a meeting of a committee or commission

Provides, unless otherwise required by law, that if a committee or commission does not meet within 90 days of the time specified by statute, the requirement to appear is satisfied.

Section: 6.12

Title: **MEDICAID PROGRAM DISCLOSURES TO THE FISCAL RESEARCH DIVISION**

Summary Amends G.S.120-32.01 to require the Department of Health and Human Services (DHHS) to provide the Fiscal Research Division access to all data and data systems related to the State's Medicaid program. Also requires DHHS to provide its annual financial projection of Medicaid to the chairs of the House and Senate budget committees no later than the date the Governor presents budget recommendations as required in G.S. 143C-3-5.

Section: 6.13

Title: **STATE CONTRACTS SHALL INCLUDE A CLAUSE MAKING THEM SUBJECT TO THE AVAILABILITY OF APPROPRIATIONS**

Summary Amends G.S. 143C-6-8 to require all state contracts to include a clause that sets forth the stipulation that the contract is subject to the availability of state funds.

Section: 6.14

Title: **MANAGEMENT FLEXIBILITY REDUCTIONS TO ENSURE ADEQUATE FUNDS ARE AVAILABLE TO COVER MEDICAID SHORTFALLS**

Summary Sets forth the General Assembly's findings for the management flexibility reductions enacted in order to provide funds to cover past budget shortfalls and to ensure funds to cover the FY 2012-13 budget. Also, requires the Governor take the necessary steps to ensure that at least 50% of anticipated costs savings in this Act are realized by December 31, 2012.

(S.L. 2012-145, Sec.1.2, Modifications/2012 Appropriations Act, amends this section to prohibit State agencies from using additional funds appropriated during the 2011 and 2012 legislative sessions to offset management flexibility reductions enacted S.L. 2011-145 and S.L. 2012-142.)

## Special Provisions

### 2012 Session: SB 187

**Department:** Availability and Appropriations

Section: 1.1

Title: **TECHNICAL AND BUDGET CHANGE: CURRENT OPERATIONS AND EXPANSION/GENERAL FUND**

Summary Amends S.L. 2012-142, Sec. 2.1, Modify 2011 Appropriations Act, to adjust appropriations to the UNC System and to increase appropriations for Commerce-State Aid by \$1 million and for the Rural Economic Development Center by \$2 million.

Section: 1.1A

Title: **BUDGET CHANGE: GENERAL FUND AVAILABILITY STATEMENT**

Summary Amends S.L. 2012-142, Sec.2.2(e), Modify 2011 Appropriations Act, to adjust General Fund Availability as follows:

(a) Increases anticipated reversions by \$1,373,330 to offset a new capital appropriation for the Greensboro Readiness Center. Also increases the amount of funds diverted from the Golden L.E.A.F. by an additional \$3 million to offset adjustments to appropriations made to the Commerce-State Aid and Rural Economic Development Center budgets.

(b) Effectuates the \$3 million increase in Golden L.E.A.F. funds specified in section (a) above.

Section: 1.2

Title: **BUDGET CHANGE: EXEMPTIONS FROM MANAGEMENT FLEXIBILITY REDUCTIONS**

Summary Amends S.L. 2012-142, Sec. 6.14, Modify 2011 Appropriations Act, to prohibit State agencies from using additional funds appropriated during the 2011 and 2012 legislative sessions to offset management flexibility reductions enacted S.L. 2011-145 and S.L. 2012-142.

Section: 1.3

Title: **BUDGET CHANGE: LOTTERY FUNDS**

Summary Amends S.L. 2012-142, Sec. 5.3(d), Modify 2011 Appropriations Act, to appropriate \$6,545,271 in excess FY 2011-12 Education Lottery receipts to UNC Need-Based Financial Aid, bringing the total appropriated from Lottery funds to UNC Need-Based Financial Aid to \$32,133,641.

# Special Provisions

**2012 Session: SB 797**

**Department:** Availability and Appropriations

Section: 1-4

**Title: PAYMENT OF 2012 MEDICAID COSTS/INMATE MEDICAL COSTS**

**Summary** Amends the FY 2011-12 State budget to provide adequate funds for the State Medicaid program and places other restrictions as follows:

Section 1.(a) directs the following budget adjustments in priority order up to \$205.5 million. Each adjustment is authorized to be made until the preceding adjustment is completely exhausted in the amounts as outlined below:

(1) A minimum of \$29 million of funds available within the Department of Health and Human Services (DHHS);

(2) \$21 million in unanticipated federal receipts;

(3) \$10.5 million in FY 2011-12 Repair and Renovations funds allocated to DHHS;

(4) \$105 million in reversions from all State agencies and departments;

(5) \$20 million in FY 2012-13 Repair and Renovations funds; and

(6) \$20 million in FY 2011-12 revenue overcollections.

Section 1(b) requires excess funds transferred pursuant to this Act to be returned to the original source fund.

Section 1(c) requires a report on the execution of this Act to the House and Senate appropriations committees and to the Joint Legislative Commission on Governmental Operations on or before October 1, 2012.

Section 2 prohibits drawing down or transferring unearned revenue by the Director of the Budget and any other State official that would create or increase a financial obligation on the State during FY 2012-13.

Section 3 prohibits the State from issuing a request for proposal or entering into a new contract for the operational oversight or management of health care services for inmates in the State prison system without action of the General Assembly.

Section 4 provides that the act is effective when it becomes law (Note: S.B. 797 was enacted on May 24, 2012 (S.L. 2012-2)).

# **CAPITAL**

## **Section M**

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## 2012 Annotated Committee Report

### Capital

|              |
|--------------|
| GENERAL FUND |
|--------------|

|          |
|----------|
| FY 12-13 |
|----------|

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#### Department of Environment and Natural Resources

##### 1 Water Resources Development Projects

Provides funds for the State's share of Water Resources Development Projects. Funds will provide a State match for \$86.39 million in federal funds. The projects are listed in a special provision. (S.L. 2012-142, Sec. 26.2)

\$5,000,000 NR

#### Department of Public Safety

##### 2 Greensboro Readiness Center Renovation and Expansion

Provides funding for the renovation and expansion of the Greensboro Readiness Center, a National Guard facility, from funds available to the Department of Public Safety. The funds will match \$4,116,490 in federal funds.

\$1,373,330 NR

(S.L. 2012-145, Sec. 6A.1, Modifications/2012 Appropriations Act added this item to the Committee Report.)

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#### Total Appropriation to Capital

\$6,373,330 NR

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# Special Provisions

## 2012 Session: SB 187

**Department:** Capital

Section: 6A.1

Title: **BUDGET CHANGE: CAPITAL APPROPRIATIONS/GENERAL FUND**

Summary: Amends Sec. 26.1 of S.L. 2012-142 to increase the General Fund appropriation for Capital Projects by \$1,373,330. An additional project is added for the Department of Public Safety to renovate and expand the Greensboro Readiness Center.

## 2012 Session: HB 950

**Department:** Capital

Section: 26.1

Title: **CAPITAL APPROPRIATIONS/GENERAL FUND**

Summary: Appropriates \$5 million in State General Funds for Water Resources Development Projects.

Section: 26.2

Title: **WATER RESOURCES DEVELOPMENT PROJECTS**

Summary: Provides the projects, guidelines, and reporting requirements for Water Resources Development Projects appropriated in Sec. 26.1.

Subsection (a) lists the 11 individual Water Resources Development Projects to be funded from funds carried forward by, and additional funds appropriated to, the Department of Environment and Natural Resources (DENR).

Subsection (b) appropriates \$8.53 million in funds carried forward by DENR to six projects listed in subsection (a).

Subsection (c) allows DENR the flexibility to allocate money amongst projects to manage costs. If the listed projects are delayed, DENR is also allowed to spend funds on US Army Corps of Engineers project feasibility studies and projects that have advanced schedules and require a State match. DENR may also use funds on State and local water resources development projects.

Subsection (d) requires DENR to make semi-annual reports to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Office of State Budget and Management.

Subsection € directs that DENR may fund at most 50% of the nonfederal portion of a project's cost.

Subsection (f) provides guidance for the 2012 Long Term Dredging Memorandum of Agreement with the US Army Corps of Engineers. Requires an annual report to the Joint Legislative Committee on Governmental Operations, the Fiscal Research Division, and the Office of State Budget and Management on projects funded under the agreement.

(S.L. 2012-166, An Act to Provide Flexibility for Certain Water Resources Projects, amended subsection (a) of this provision to allow funds appropriated to Carolina Beach for beach renourishment to also be used for Kure Beach renourishment.)

Section: 26.3

Title: **PROHIBIT EXPENDITURES OF STATE FUNDS FOR THE NORTH CAROLINA INTERNATIONAL TERMINAL**

Summary: Prohibits State funds from being used to fund the North Carolina International Terminal. This provision expires on June 30, 2013.

Section: 26.4

Title: **REPAIRS AND RENOVATION RESERVE ALLOCATION**

Summary: Allocates funding for the Repairs and Renovation Reserve. The Office of State Budget and Management will receive 50% of funds to be allocated amongst State Agencies supported by the General Fund. The University of North Carolina (UNC) will receive 50% of funds to be allocated across its campuses.

Section: 26.5

Title: **REPORTING ON CAPITAL PROJECTS**

Summary: Requires a new semiannual report on the status of all capital projects beginning on October 1, 2012.

Section: 26.6

Title: **UNCW SOCIAL AND BEHAVIORAL SCIENCES BUILDING**

Summary: Amends Sec. 29.13(a) of S.L. 2007-323, which authorized \$32,899,699 in special indebtedness to construct the Teaching Laboratory Building at UNC-Wilmington, to include the renovation of the Social and Behavioral Science Building.

Section: 26.9

Title: **TRANSFER FOR PLANT CONSERVATION PROGRAM**

Summary: Transfers funds collected by the State Treasurer to the Department of Agriculture and Consumer Services to be used for the Plant Conservation Program.

Section: 26.10

Title: **AUTHORIZE UNC CARRYFORWARD FUNDS TO BE USED FOR CAPITAL PROJECTS**

Summary: Allows UNC to utilize General Funds carried-forward from the previous fiscal year as non-General Funds for FY 2012-13 for the purpose of capital projects.

Section: 26.11

Title: **OSBM ALLOCATION OF REPAIRS AND RENOVATIONS FUNDS**

Summary: Amends G.S. 143C-4-3 to require the Office of State Budget and Management to consult with the Joint Legislative Commission on Governmental Operations upon the allocation of funds from the Repair and Renovations Reserve. The Office is mandated to report to the Joint Legislative Commission on Governmental Operations on any reallocations of these funds.

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**INFORMATION  
TECHNOLOGY  
SERVICES  
Section N**

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## Information Technology Fund

Budget Code: 24667

|   | FY 2012-13         |
|---|--------------------|
| <b>Beginning Unreserved Fund Balance</b>  | <b>\$582,975</b>   |
| <b>Recommended Budget</b>   |                    |
| Requirements  | <b>\$6,183,142</b> |
| Receipts  | <b>\$6,158,142</b> |
| Positions   | <b>31.00</b>       |
| <hr/>   |                    |
| <b>Legislative Changes</b>  |                    |
| <b>Requirements:</b>  |                    |
| <b>Information Technology Consolidation Reduction</b>   | \$0 R              |
| Reduces IT Consolidation by \$312,953 and transfers that amount to the General Fund to reflect previous year OSBM reduction to the IT Fund.   | (\$312,953) NR     |
|   | 0.00               |
| <b>Provide Architecture and Engineering Strategists</b>   | \$270,000 R        |
| Increases Architecture and Engineering funding to provide a Computer Strategist and a Network Strategist to build roadmaps and assessments to support Office of Information Technology Services systems and services deployments. | \$0 NR             |
|   | 2.00               |
| <b>Reduction to CGIA Appropriation</b>  | (\$137,476) R      |
| Reduces appropriation for the Center for Geographic Information and Analysis and transfers requirements to receipt support. (S.L. 2012-142, Sec. 6A.2)  | \$0 NR             |
|   | 0.00               |
| <b>Reduction to Enterprise Project Management Office</b>  | \$0 R              |
| Reduces funding for Enterprise Project Management Office by \$70,000 to \$1,403,285.  | (\$70,000) NR      |
|   | 0.00               |
| <b>Increase Appropriation to CJIN</b>   | \$12,404 R         |
| Increases appropriation to the Criminal Justice Information Network to include overhead costs.  | \$0 NR             |
|   | 0.00               |
| <b>Reduction to ESRMO</b>   | \$0 R              |
| Reduces funding to Enterprise Security Risk Management Office by \$38,000 to \$826,148.   | (\$38,000) NR      |
|   | 0.00               |

**FY 2012-13**

|  |                    |    |
|--|--------------------|----|
| <b>Funding for State Website</b>                   | \$100,000          | R  |
| Provides funding to support current State website. | \$0                | NR |
|  | 0.00               |    |
| <b>Subtotal Legislative Changes</b>                | <b>\$244,928</b>   | R  |
|  | <b>(\$420,953)</b> | NR |
|  | 2.00               |    |

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**Receipts:**

|   |                    |    |
|---|--------------------|----|
| <b>Information Technology Fund Interest</b>                             | \$16,000           | R  |
| Accounts for the interest generated by the Information Technology Fund. | \$0                | NR |
|   | \$0                | R  |
| <b>Transfer to General Fund</b>   |                    |    |
| Transfers portion of carryforward balance to the General Fund.          | (\$750,000)        | NR |
| <b>Subtotal Legislative Changes</b>                                     | <b>\$16,000</b>    | R  |
|   | <b>(\$750,000)</b> | NR |

---

|                               |                    |
|-------------------------------|--------------------|
| Revised Total Requirements    | <b>\$6,007,117</b> |
| Revised Total Receipts        | <b>\$5,424,142</b> |
| <b>Change in Fund Balance</b> | <b>(\$582,975)</b> |
| <b>Total Positions</b>        | <b>33.00</b>       |

---

|                                       |            |
|---------------------------------------|------------|
| <b>Ending Unreserved Fund Balance</b> | <b>\$0</b> |
|---------------------------------------|------------|



## Information Technology Internal Service Fund

Budget Code: 74660

|   | FY 2012-13           |           |
|---|----------------------|-----------|
| <b>Beginning Unreserved Fund Balance</b>  | <b>\$34,643,121</b>  |           |
| <b>Recommended Budget</b>   |                      |           |
| Requirements  | <b>\$189,626,312</b> |           |
| Receipts  | <b>\$189,095,142</b> |           |
| Positions   | <b>531.00</b>        |           |
| <hr/>   |                      |           |
| <b>Legislative Changes</b>  |                      |           |
| <b>Requirements:</b>  |                      |           |
| <b>Reduction to IT Internal Service Fund</b>  | \$0                  | R         |
| Requires the Office of the State Chief Information Officer and the Office of Information Technology Services to reduce requirements for the Information Technology Internal Service Fund to reflect a reduction of 24 positions (\$2,604,386), elimination of lease costs (\$491,302), hosting contract reduction (\$3,617,243), network service contract and allocation reductions (\$1,108,175), NCID cost reduction (\$703,000), allocation adjustments (\$2,238,115), and reduced purchased services costs (\$5,523,458). | (\$16,285,679)       | NR        |
|   | -24.00               |           |
| Eliminated positions include:<br>60087660, 65010103, 60087301, 60087278, 65000716, 60087484, 60087378, 60087439, 60087526, 65000533, 60089793, 60087677, 60087592, 60087668, 65000051, 60087657, 60087672, 60087643, 60093435, 60087699, 60087637, 60087701, 60089800, 65000708.  |                      |           |
| <b>Transfer to General Fund</b>   | \$0                  | R         |
| Transfers \$14 million in allowable receipts in excess of 40-day balance to the General Fund.   | \$14,000,000         | NR        |
|   | 0.00                 |           |
| <b>Transfer for Federal Refund</b>  | \$0                  | R         |
| Transfers federal match for General Fund transfer to appropriate agencies for return to the federal government.   | \$2,800,000          | NR        |
|   | 0.00                 |           |
| <b>Subtotal Legislative Changes</b>   | <b>\$0</b>           | <b>R</b>  |
|   | <b>\$514,321</b>     | <b>NR</b> |
|   | -24.00               |           |

**FY 2012-13****Receipts:****Reduction to IT Internal Service Fund**

Reduces receipts for IT Internal Service Fund to reflect reduction in requirements (S.L. 2012-142, Sec. 6A.5).

\$0 R  
(\$10,866,142) NR

**Reduction for EVAAS**

Reduces payments by the Department of Public Instruction by \$850,000 and redirects the funding to the Education Value Added Assessment System. (S.L. 2012-142, Sec. 6A.5)

\$0 R  
(\$850,000) NR

**Reduction for CJLEADS**

Reduces payments by the Office of the State Controller to the Information Technology Fund by \$2,379,000, and redirects the funding to the Criminal Justice Law Enforcement Automated Data Services. (S.L. 2012-142, Sec. 6A.5)

\$0 R  
(\$2,379,000) NR

**Subtotal Legislative Changes**

\$0 R  
(\$14,095,142) NR

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Revised Total Requirements

**\$190,140,633**

Revised Total Receipts

**\$175,000,000**

**Change in Fund Balance**

**(\$15,140,633)**

**Total Positions**

**507.00**

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**Ending Unreserved Fund Balance**

**\$19,502,488**

# Special Provisions

**2012 Session: HB 950**

**Department:** Information Technology

Section: 6A.1

Title: **INFORMATION TECHNOLOGY FUND/AVAILABILITY**

Summary Establishes and limits uses of the Information Technology Fund, setting both availability and appropriations at just over \$6 million.

Section: 6A.2

Title: **OFFICE OF INFORMATION TECHNOLOGY SERVICES/CENTER FOR GEOGRAPHIC INFORMATION AND ANALYSIS/GIS FUNCTIONS AND COST RECOVERY**

Summary Amends G.S. 147-33.82 to allow the Center for Geographic Information and Analysis to provide geographic information system services on a cost recovery basis.

Section: 6A.3

Title: **TAX INFORMATION MANAGEMENT SYSTEM/ADDITIONAL PUBLIC/PRIVATE PARTNERSHIP AUTHORIZED**

Summary Allows the Secretary of Revenue to enter into an additional public-private arrangement in order to expand the implementation of the Tax Information Management System (TIMS) and provides an additional \$16 million to support this effort. Provision extends TIMS public-private partnerships until June 30, 2018, adding an additional three years. Provision provides an additional \$16.2 million in funding for internal costs. Provision allows the Secretary to make a one-time payment of \$2 million to the vendor if certain conditions are met that accelerate implementation.

Section: 6A.4

Title: **INFORMATION TECHNOLOGY PERSONAL SERVICES CONTRACTS/REPORTING CHANGE**

Summary Changes information technology personal services contract reporting requirement from monthly to quarterly.

Section: 6A.5

Title: **OFFICE OF INFORMATION TECHNOLOGY SERVICES/INTERNAL SERVICE FUND RATE ESTABLISHED/CASH MANAGEMENT**

Summary Establishes guidelines for the development and uses of the Information Technology (IT) Internal Service Fund. Provision limits the IT Internal Service Fund to \$175 million for fiscal year 2012-13 and limits contingency to 40 days. Provision requires rates to be set to support specific services for which an agency is charged. Provision reduces charges to the Criminal Justice Law Enforcement Automated Data Service (CJLEADS) by \$850,000, and to the Education Value-Added Assessment System (EVAAS) by \$2.4 million, to support the development and implementation of the systems. Provision requires the State Chief Information Officer to report monthly on the status of the IT Internal Service Fund.

Section: 6A.6

Title: **INFORMATION TECHNOLOGY PRIVATIZATION**

Summary Requires prior approval from the General Assembly for any privatization of State information technology services. Provision requires establishment of an accurate rate structure, a comprehensive asset management system, issuance of a request for proposal, approval from the State Treasurer, and development of a detailed plan prior to privatization.

Section: 6A.7

Title: **MOBILE ELECTRONIC REPORTING DEVICE CHANGE**

Summary Changes mobile electronic device reporting requirements from quarterly to annual.

Section: 6A.7A

Title: **ENHANCE ENTERPRISE-LEVEL BUSINESS INTELLIGENCE TO INCREASE EFFICIENCY IN STATE GOVERNMENT**

Summary Establishes an enterprise-level business intelligence initiative in the Office of the State Controller. Provision establishes a Government Business Intelligence Competency Center. Provision requires a phased implementation and provides funding of \$5 million. (S.B. 878/H.B. 1031)

Section: 6A.9

Title: **STATE PRIVATE CLOUD**

Summary Requires the State Chief Information Officer to create a plan for the development and implementation of a State-owned, State-hosted private cloud and to report to the General Assembly on the plan no later than January 1, 2013.

Section: 6A.10

Title: **ENTERPRISE GRANTS MANAGEMENT**

Summary Establishes a Grants Management Oversight Committee to coordinate the development of an enterprise grants management system. Provision requires the Office of State Budget and Management to submit a detailed plan for the development and implementation of an enterprise grants management system, and to submit monthly reports on the status of the system.

Section: 6A.12

Title: **STATE PORTAL IMPLEMENTATION/OPERATION**

Summary Establishes planning and funding requirements for any State Portal implementation.

**SALARIES &  
BENEFITS  
Section O**

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## Statewide Reserves: Salaries

### State Funded Compensation and Across-the-Board Compensation Changes

The State provides funding for salaries and salary increases of employees of State agencies and universities and a majority of the personnel employed by local public schools and community colleges. The General Fund payroll base is estimated to exceed \$10.9 billion for FY 2012-13. Total payroll is expected to exceed \$15.27 billion, including receipts from State agencies, universities, local public schools, and community colleges.

#### A. Salary Increases

**General Salary Increase** -- The General Assembly enacted the following recurring General Fund and Highway Fund appropriations to provide salary increases effective July 1, 2012, for employees paid from State funds:

|                          | 2012-2013            |
|--------------------------|----------------------|
| General Fund (Recurring) | \$159,984,426        |
| Highway Fund (Recurring) | 4,668,590            |
| <b>TOTAL</b>             | <b>\$164,653,016</b> |

#### B. Specified Salary Increases

##### Governor

- (1) The General Assembly increased the Governor's annual salary by 1.2 percent to an annual rate of \$141,265, effective July 1, 2012.

##### Council Of State

- (2) The General Assembly increased the annual salary of the Council of State members by 1.2 percent to an annual rate of \$124,676, effective July 1, 2012.

| Council of State                                  | 2012-2013 |
|---|-----------|
| Lieutenant Governor                               | \$124,676 |
| Attorney General                                  | 124,676   |
| Secretary of State                                | 124,676   |
| State Treasurer                                   | 124,676   |
| State Auditor                                     | 124,676   |
| Superintendent of Public Instruction              | 124,676   |
| Commissioner of Agriculture and Consumer Services | 124,676   |
| Commissioner of Insurance                         | 124,676   |
| Commissioner of Labor                             | 124,676   |

## Statewide Reserves: Salaries

### Governor's Cabinet

- (3) The General Assembly increased the annual salary of members of the Governor's Cabinet by 1.2 percent to an annual rate of \$121,807<sup>1</sup>, effective July 1, 2012.

| <b>Cabinet</b>                                 | <b>2012-2013</b>       |
|--|------------------------|
| Secretary of Administration                    | \$121,807 <sup>1</sup> |
| Secretary of Cultural Resources                | 121,807 <sup>1</sup>   |
| Secretary of Commerce                          | 121,807 <sup>1</sup>   |
| Secretary of Environment and Natural Resources | 121,807 <sup>1</sup>   |
| Secretary of Health and Human Services         | 121,807 <sup>1</sup>   |
| Secretary of Public Safety                     | 121,807 <sup>1</sup>   |
| Secretary of Revenue                           | 121,807 <sup>1</sup>   |
| Secretary of Transportation                    | 121,807 <sup>1</sup>   |

### Certain Executive Officials

- (4) The General Assembly increased the annual salary of certain Executive Officials by 1.2 percent to the annual rates listed below, effective July 1, 2012.

| <b>Executive Officials</b>  | <b>2012-2013</b>     |
|---|----------------------|
| Chairman, Alcoholic Beverage Control Commission                   | \$110,868            |
| State Controller  | 155,159              |
| Commissioner of Motor Vehicles                                    | 110,868 <sup>2</sup> |
| Commissioner of Banks   | 124,676              |
| Chair, Board of Review, Division of Employment Security           | 122,255              |
| Members, Board of Review, Division of Employment Security         | 120,737              |
| State Personnel Director  | 121,807 <sup>2</sup> |
| Chairman, Parole Commission                                       | 101,235              |
| Full-time Members of the Parole Commission                        | 93,464 <sup>3</sup>  |
| Part-time Members of the Parole Commission                        | 46,732 <sup>3</sup>  |
| Chairman of the Utilities Commission                              | 138,849              |
| Members of the Utilities Commission                               | 124,676              |
| Director, Museum of Art   | 113,603 <sup>2</sup> |
| Executive Director, North Carolina Agricultural Finance Authority | 107,915              |
| State Chief Information Officer                                   | 155,066 <sup>2</sup> |

<sup>1</sup> Salaries are effective at this rate until the appointment of persons to these positions on or after January 1, 2013. See Section 25.02 under Significant Special Provisions.

<sup>2</sup> Salaries are effective at this rate until the appointment of persons to these positions on or after January 1, 2013. See Section 25.1 under Significant Special Provisions.

<sup>3</sup> Half-time Parole Commissioners become full-time commissioners effective August 1, 2012. The salary for half-time commissioners is effective for July 2012. See Section 25.1 under Significant Special Provisions.



## Statewide Reserves: Salaries

### Judicial Personnel

- (5) The General Assembly increased the annual salary of Judges, Clerks of Superior Court, certain administrative officers, district attorneys, and public defenders by 1.2 percent to the annual rates listed below, effective July 1, 2012.

#### **2012-2013**

|  |           |
|--|-----------|
| Chief Justice, Supreme Court                   | \$142,623 |
| Associate Justice, Supreme Court               | 138,896   |
| Chief Judge, Court of Appeals                  | 136,682   |
| Judge, Court of Appeals                        | 133,109   |
| Judge, Senior Regular Resident Superior Court  | 129,492   |
| Judge, Superior Court                          | 125,875   |
| Chief Judge, District Court                    | 114,301   |
| Judge, District Court                          | 110,684   |
| District Attorney                              | 120,737   |
| Administrative Officer of the Courts           | 128,259   |
| Assistant Administrative Officer of the Courts | 117,152   |
| Public Defender                                | 120,737   |
| Director of Indigent Defense Services          | 124,498   |

### **Clerks of Court**

#### **2012-2013**

|                                      |          |
|--------------------------------------|----------|
| Less than 100,000 County Population  | \$83,390 |
| 100,000 to 149,999 County Population | 93,578   |
| 150,000 to 249,999 County Population | 103,766  |
| 250,000 and above County Population  | 113,958  |

- (6) The General Assembly authorized an across-the-board annual salary increase of 1.2 percent in the average salaries of Assistant District Attorneys and Assistant Public Defenders effective July 1, 2012. The General Assembly authorized District Attorneys and Public Defenders (with the approval of the Administrative Officer of the Courts) to set the average salaries of Assistant District Attorneys or Assistant Public Defenders within their judicial districts such that the average salary does not exceed \$71,797 or the minimum salary fall below \$37,628.
- (7) The General Assembly authorized an across-the-board annual salary increase of 1.2 percent, effective July 1, 2012, for Assistant and Deputy Clerks of Court. Automatic step increases associated with their respective pay plans remain frozen; see “Automatic Salary Increases and Other Salary Plans”.

#### **2012-2013**

### Assistant Clerks and Head Bookkeeper

|         |          |
|---------|----------|
| Minimum | \$32,609 |
| Maximum | 55,424   |

## Statewide Reserves: Salaries

### Deputy Clerks

|         |          |
|---------|----------|
| Minimum | \$28,223 |
| Maximum | 43,107   |

### Magistrates

- (8) The General Assembly authorized an across-the-board annual salary increase of 1.2 percent effective July 1, 2012, for Magistrates.

#### **2012-2013**

|            |          |
|------------|----------|
| Entry Rate | \$33,025 |
| Step 1     | 35,951   |
| Step 2     | 39,135   |
| Step 3     | 42,640   |
| Step 4     | 46,551   |
| Step 5     | 50,959   |
| Step 6     | 55,901   |

Magistrates who were serving on June 30, 1994, but whose salaries were below the Entry Rate as of that date, also received an across-the-board annual salary increase of 1.2 percent effective July 1, 2012:

|  |          |
|--|----------|
| Less than 1 year of service                | \$26,846 |
| 1 or more but less than 3 years of service | 28,027   |
| 3 or more but less than 5 years of service | 30,405   |

Automatic step increases associated with the magistrates pay plan remain frozen; see “Automatic Salary Increases and Other Salary Plans”.

### Legislators

- (9) The General Assembly did not authorize a salary increase for legislators. The last salary increase for legislators was authorized in 1994 to be effective with the convening of the 1995 Regular Session of the General Assembly.

### Salary Increases For Legislative Principal Clerks, Sergeants-At-Arms, And Reading Clerks

- (10) The General Assembly increased the annual salaries of the Principal Clerks in the House of Representatives and Senate by 1.2 percent to an annual rate of \$105,333, effective July 1, 2012. It also increased the salaries of the Sergeants-at-Arms and the Reading Clerks in the House of Representatives and the Senate to \$385 per week, effective July 1, 2012.

### Salary Increases For Legislative Employees

- (11) The General Assembly authorized the Legislative Services Officer to increase salaries of legislative employees by 1.2 percent effective July 1, 2012.

## Statewide Reserves: Salaries

### C. General Salary Increases

- (1) **State Employees Subject to the State Personnel Act** – The General Assembly authorized an across-the-board annual salary increase of 1.2 percent effective July 1, 2012 for employees whose salaries are set in accordance with the State Personnel Act.
- (2) **State Agency Employees Exempt from the State Personnel Act** – The General Assembly authorized an across-the-board annual salary increase of 1.2 percent effective July 1, 2012 for employees in positions exempt from the State Personnel Act.
- (3) **University Employees** – The General Assembly authorized an across-the-board annual salary increase of 1.2 percent effective July 1, 2012 for University of North Carolina employees who are subject to the State Personnel Act. For employees of the University of North Carolina System who are exempt from the State Personnel Act (EPA), the General Assembly provided funding to support an annual salary increase of 1.2 percent for EPA faculty and EPA non-faculty, effective July 1, 2012. The General Assembly authorized the UNC Board of Governors (BOG) to use these funds to award compensation increases to EPA employees pursuant to policies adopted by the BOG including but not limited to (i) merit pay increases, (ii) across-the-board increases, (iii) recruitment bonuses, and (iv) retention increases. The General Assembly also authorized the BOG to use these compensation funds for one or more of the following (i) to offset the management flexibility reduction, or (ii) employ personnel. The BOG is required to report to the 2013 Regular Session of the General Assembly on the use of these funds.
- (4) **Community College Institutional Personnel** – The General Assembly provided funding to support an annual salary increase of 1.2 percent effective July 1, 2012 for all community college employees. The General Assembly authorized the State Board of Community Colleges to use these funds for any one or more of the following: (i) merit pay increases, (ii) across-the-board increases, (iii) recruitment bonuses, (iv) retention increases, (v) any other compensation increase, (vi) to offset the management flexibility reduction, or (vii) to employ personnel. The State Board of Community Colleges is required to report to the 2013 Regular Session of the General Assembly on the use of these funds.

### D. State-Funded Local Public School Employees

#### **Central Office Personnel (Superintendents, Assistant Superintendents, Associate Superintendents, Supervisors, Directors, Coordinators, and Finance Officers)**

The General Assembly authorized an across-the-board annual salary increase of 1.2 percent effective July 1, 2012 for Central Office personnel employed by the Public Schools. See [Table 1](#) in this section for the current Central Office personnel salary schedules.

## Statewide Reserves: Salaries

**TABLE 1**

The following monthly salary ranges apply to public school assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2012-13 fiscal year, beginning July 1, 2012:

|                          | <b>Salary Range</b> |
|--------------------------|---------------------|
| School Administrator I   | \$3,349 - \$6,281   |
| School Administrator II  | \$3,550 - \$6,662   |
| School Administrator III | \$3,769 - \$7,068   |
| School Administrator IV  | \$3,920 - \$7,349   |
| School Administrator V   | \$4,078 - \$7,647   |
| School Administrator VI  | \$4,326 - \$8,109   |
| School Administrator VII | \$4,500 - \$8,436   |

The following monthly salary ranges apply to public school superintendents for the 2012-13 fiscal year, beginning July 1, 2012:

|  | <b>Salary Range</b> |
|--|---------------------|
| Superintendent I (Up to 2,500 ADM <sup>4</sup> ) | \$4,777 - \$8,949   |
| Superintendent II (2,501-5,000 ADM)              | \$5,071 - \$9,490   |
| Superintendent III (5,001-10,000 ADM)            | \$5,380 - \$10,067  |
| Superintendent IV (10,001-25,000 ADM)            | \$5,710 - \$10,679  |
| Superintendent V (Over 25,000 ADM)               | \$6,060 - \$11,330  |

<sup>4</sup> Average Daily Membership

### **Non-certified Public School Employees**

The General Assembly authorized an across-the-board annual salary increase of 1.2 percent effective July 1, 2012 for non-certified personnel employed by the Public Schools.

### **Principals and Assistant Principals**

The General Assembly appropriated funds for FY 2012-13 to provide an across-the-board annual salary increase of 1.2 percent for Public School principals and assistant principals, effective July 1, 2012. Principals and assistant principals, who have gained an additional year of experience, will move up one step on the experience-based schedules but their salaries will increase by the across-the-board increase of 1.2% and not by the normal percentage step increase that would have applied based upon their placement on the schedule. See [Table 2](#) in this section for the current salary schedule applicable to principals and assistant principals.

### **Teachers**

The General Assembly appropriated funds for the 2012-13 fiscal year to provide an across-the-board annual salary increase of 1.2 percent for Public School teachers, effective July 1, 2012. Teachers, who have gained an additional year of experience, will move up one step on the experience based schedules but their salaries will increase by the across-the-board increase of 1.2% and not by the

## Statewide Reserves: Salaries

normal percentage step increase that would have applied based upon their placement on the schedule. See Table 3 in this section for the current salary schedule applicable to teachers.

### **E. Automatic Salary Increases and other Salary Plans**

The 2012 Session of the General Assembly maintained the freeze on most automatic salary increase plans for certain State employees as enacted during the 2009 Session. S.L. 2012-142, Section 25.2, maintained the freeze on automatic salary increase plans for assistant and deputy clerks of superior court, magistrates and members of the Highway Patrol.

The 2012 Session of the General Assembly also maintained the freeze on compensation bonuses for employees of the Office of the Commissioner of Banks and the Lottery Commission as enacted during the 2009 Session. S.L. 2012-142, Section 25.2, rewrote S.L. 2011-145, Sections 29.8 (d) and (e) to provide the 1.2 percent across-the-board increase to these employees.

# Statewide Reserves: Salaries

**TABLE 2****FY 2012-13 Principal and Assistant Principal Base Salary Schedule**

| <b>Classification</b>     |                                |                               |                                 |                                      |                                 |                                |                                 |                                   |                                  |
|---------------------------|--------------------------------|-------------------------------|---------------------------------|--------------------------------------|---------------------------------|--------------------------------|---------------------------------|-----------------------------------|----------------------------------|
| <b>Yrs<br/>of<br/>Exp</b> | <b>Assistant<br/>Principal</b> | <b>Principal I<br/>(0-10)</b> | <b>Principal II<br/>(11-21)</b> | <b>Principal<br/>III<br/>(22-32)</b> | <b>Principal IV<br/>(33-43)</b> | <b>Principal V<br/>(44-54)</b> | <b>Principal VI<br/>(55-65)</b> | <b>Principal VII<br/>(66-100)</b> | <b>Principal VIII<br/>(101+)</b> |
| 0-8                       | \$3,828                        | N/A                           | N/A                             | N/A                                  | N/A                             | N/A                            | N/A                             | N/A                               | N/A                              |
| 9                         | \$3,977                        | N/A                           | N/A                             | N/A                                  | N/A                             | N/A                            | N/A                             | N/A                               | N/A                              |
| 10                        | \$4,123                        | N/A                           | N/A                             | N/A                                  | N/A                             | N/A                            | N/A                             | N/A                               | N/A                              |
| 11                        | \$4,240                        | N/A                           | N/A                             | N/A                                  | N/A                             | N/A                            | N/A                             | N/A                               | N/A                              |
| 12                        | \$4,295                        | \$4,295                       | N/A                             | N/A                                  | N/A                             | N/A                            | N/A                             | N/A                               | N/A                              |
| 13                        | \$4,348                        | \$4,348                       | N/A                             | N/A                                  | N/A                             | N/A                            | N/A                             | N/A                               | N/A                              |
| 14                        | \$4,406                        | \$4,406                       | \$4,461                         | N/A                                  | N/A                             | N/A                            | N/A                             | N/A                               | N/A                              |
| 15                        | \$4,461                        | \$4,461                       | \$4,518                         | N/A                                  | N/A                             | N/A                            | N/A                             | N/A                               | N/A                              |
| 16                        | \$4,518                        | \$4,518                       | \$4,575                         | \$4,634                              | N/A                             | N/A                            | N/A                             | N/A                               | N/A                              |
| 17                        | \$4,575                        | \$4,575                       | \$4,634                         | \$4,695                              | \$4,757                         | N/A                            | N/A                             | N/A                               | N/A                              |
| 18                        | \$4,634                        | \$4,634                       | \$4,695                         | \$4,757                              | \$4,819                         | \$4,885                        | N/A                             | N/A                               | N/A                              |
| 19                        | \$4,695                        | \$4,695                       | \$4,757                         | \$4,819                              | \$4,885                         | \$4,951                        | N/A                             | N/A                               | N/A                              |
| 20                        | \$4,757                        | \$4,757                       | \$4,819                         | \$4,885                              | \$4,951                         | \$5,017                        | \$5,085                         | N/A                               | N/A                              |
| 21                        | \$4,819                        | \$4,819                       | \$4,885                         | \$4,951                              | \$5,017                         | \$5,085                        | \$5,154                         | \$5,300                           | N/A                              |
| 22                        | \$4,885                        | \$4,885                       | \$4,951                         | \$5,017                              | \$5,085                         | \$5,154                        | \$5,229                         | \$5,373                           | \$5,447                          |
| 23                        | \$4,951                        | \$4,951                       | \$5,017                         | \$5,085                              | \$5,154                         | \$5,229                        | \$5,300                         | \$5,447                           | \$5,524                          |
| 24                        | \$5,017                        | \$5,017                       | \$5,085                         | \$5,154                              | \$5,229                         | \$5,300                        | \$5,373                         | \$5,524                           | \$5,603                          |
| 25                        | \$5,085                        | \$5,085                       | \$5,154                         | \$5,229                              | \$5,300                         | \$5,373                        | \$5,447                         | \$5,603                           | \$5,684                          |
| 26                        | \$5,154                        | \$5,154                       | \$5,229                         | \$5,300                              | \$5,373                         | \$5,447                        | \$5,524                         | \$5,684                           | \$5,794                          |
| 27                        | \$5,229                        | \$5,229                       | \$5,300                         | \$5,373                              | \$5,447                         | \$5,524                        | \$5,603                         | \$5,794                           | \$5,909                          |
| 28                        | \$5,300                        | \$5,300                       | \$5,373                         | \$5,447                              | \$5,524                         | \$5,603                        | \$5,684                         | \$5,909                           | \$6,027                          |
| 29                        | \$5,373                        | \$5,373                       | \$5,447                         | \$5,524                              | \$5,603                         | \$5,684                        | \$5,794                         | \$6,027                           | \$6,148                          |
| 30                        | \$5,447                        | \$5,447                       | \$5,524                         | \$5,603                              | \$5,684                         | \$5,794                        | \$5,909                         | \$6,148                           | \$6,271                          |
| 31                        | \$5,524                        | \$5,524                       | \$5,603                         | \$5,684                              | \$5,794                         | \$5,909                        | \$6,027                         | \$6,271                           | \$6,396                          |
| 32                        | \$5,603                        | \$5,603                       | \$5,684                         | \$5,794                              | \$5,909                         | \$6,027                        | \$6,148                         | \$6,396                           | \$6,524                          |
| 33                        | \$5,684                        | \$5,684                       | \$5,794                         | \$5,909                              | \$6,027                         | \$6,148                        | \$6,271                         | \$6,524                           | \$6,654                          |
| 34                        | \$5,794                        | \$5,794                       | \$5,909                         | \$6,027                              | \$6,148                         | \$6,271                        | \$6,396                         | \$6,654                           | \$6,787                          |
| 35                        | \$5,909                        | \$5,909                       | \$6,027                         | \$6,148                              | \$6,271                         | \$6,396                        | \$6,524                         | \$6,787                           | \$6,923                          |
| 36                        | N/A                            | \$6,027                       | \$6,148                         | \$6,271                              | \$6,396                         | \$6,524                        | \$6,654                         | \$6,923                           | \$7,061                          |
| 37                        | N/A                            | N/A                           | \$6,271                         | \$6,396                              | \$6,524                         | \$6,654                        | \$6,787                         | \$7,061                           | \$7,202                          |
| 38                        | N/A                            | N/A                           | \$6,396                         | \$6,524                              | \$6,654                         | \$6,787                        | \$6,923                         | \$7,202                           | \$7,346                          |
| 39                        | N/A                            | N/A                           | N/A                             | \$6,654                              | \$6,787                         | \$6,923                        | \$7,061                         | \$7,346                           | \$7,493                          |
| 40                        | N/A                            | N/A                           | N/A                             | \$6,787                              | \$6,923                         | \$7,061                        | \$7,202                         | \$7,493                           | \$7,643                          |
| 41                        | N/A                            | N/A                           | N/A                             | N/A                                  | \$7,061                         | \$7,202                        | \$7,346                         | \$7,643                           | \$7,796                          |
| 42                        | N/A                            | N/A                           | N/A                             | N/A                                  | N/A                             | \$7,346                        | \$7,493                         | \$7,796                           | \$7,952                          |
| 43                        | N/A                            | N/A                           | N/A                             | N/A                                  | N/A                             | N/A                            | \$7,643                         | \$7,952                           | \$8,111                          |
| 44                        | N/A                            | N/A                           | N/A                             | N/A                                  | N/A                             | N/A                            | \$7,796                         | \$8,111                           | \$8,273                          |
| 45                        | N/A                            | N/A                           | N/A                             | N/A                                  | N/A                             | N/A                            | N/A                             | \$8,273                           | \$8,438                          |

**Note:** Principal classification, i.e. Principal I, II, III, etc., is based upon the number of State-paid teachers and assistant principals supervised.

## Statewide Reserves: Salaries

**TABLE 3**  
**FY 2012-13 Teacher Salary Schedule**

| <b>Years of Experience</b> | <b>"A" Teachers</b> | <b>NBPTS Certification</b> | <b>Years of Experience</b> | <b>"M" Teachers</b> | <b>NBPTS Certification</b> |
|----------------------------|---------------------|----------------------------|----------------------------|---------------------|----------------------------|
| 0                          | \$3,080             | N/A                        | 0                          | \$3,388             | N/A                        |
| 1                          | \$3,080             | N/A                        | 1                          | \$3,388             | N/A                        |
| 2                          | \$3,080             | N/A                        | 2                          | \$3,388             | N/A                        |
| 3                          | \$3,080             | \$3,450                    | 3                          | \$3,388             | \$3,795                    |
| 4                          | \$3,080             | \$3,450                    | 4                          | \$3,388             | \$3,795                    |
| 5                          | \$3,122             | \$3,497                    | 5                          | \$3,434             | \$3,846                    |
| 6                          | \$3,167             | \$3,547                    | 6                          | \$3,484             | \$3,902                    |
| 7                          | \$3,303             | \$3,699                    | 7                          | \$3,633             | \$4,069                    |
| 8                          | \$3,445             | \$3,858                    | 8                          | \$3,790             | \$4,245                    |
| 9                          | \$3,580             | \$4,010                    | 9                          | \$3,938             | \$4,411                    |
| 10                         | \$3,711             | \$4,156                    | 10                         | \$4,082             | \$4,572                    |
| 11                         | \$3,816             | \$4,274                    | 11                         | \$4,198             | \$4,702                    |
| 12                         | \$3,865             | \$4,329                    | 12                         | \$4,252             | \$4,762                    |
| 13                         | \$3,914             | \$4,384                    | 13                         | \$4,305             | \$4,822                    |
| 14                         | \$3,965             | \$4,441                    | 14                         | \$4,362             | \$4,885                    |
| 15                         | \$4,015             | \$4,497                    | 15                         | \$4,417             | \$4,947                    |
| 16                         | \$4,066             | \$4,554                    | 16                         | \$4,473             | \$5,010                    |
| 17                         | \$4,118             | \$4,612                    | 17                         | \$4,530             | \$5,074                    |
| 18                         | \$4,171             | \$4,672                    | 18                         | \$4,588             | \$5,139                    |
| 19                         | \$4,226             | \$4,733                    | 19                         | \$4,649             | \$5,207                    |
| 20                         | \$4,282             | \$4,796                    | 20                         | \$4,710             | \$5,275                    |
| 21                         | \$4,337             | \$4,857                    | 21                         | \$4,771             | \$5,344                    |
| 22                         | \$4,397             | \$4,925                    | 22                         | \$4,837             | \$5,417                    |
| 23                         | \$4,456             | \$4,991                    | 23                         | \$4,902             | \$5,490                    |
| 24                         | \$4,515             | \$5,057                    | 24                         | \$4,967             | \$5,563                    |
| 25                         | \$4,577             | \$5,126                    | 25                         | \$5,035             | \$5,639                    |
| 26                         | \$4,639             | \$5,196                    | 26                         | \$5,103             | \$5,715                    |
| 27                         | \$4,706             | \$5,271                    | 27                         | \$5,177             | \$5,798                    |
| 28                         | \$4,771             | \$5,344                    | 28                         | \$5,248             | \$5,878                    |
| 29                         | \$4,836             | \$5,416                    | 29                         | \$5,320             | \$5,958                    |
| 30                         | \$4,903             | \$5,491                    | 30                         | \$5,393             | \$6,040                    |
| 31                         | \$4,972             | \$5,569                    | 31                         | \$5,469             | \$6,125                    |
| 32                         | \$5,044             | \$5,649                    | 32                         | \$5,548             | \$6,214                    |
| 33                         | \$5,116             | \$5,730                    | 33                         | \$5,628             | \$6,303                    |
| 34                         | \$5,215             | \$5,841                    | 34                         | \$5,737             | \$6,425                    |
| 35+                        | \$5,318             | \$5,956                    | 35+                        | \$5,850             | \$6,552                    |

**Note:** Teachers are paid based upon years of experience. Those with bachelor's degrees are paid on the "A" schedule while those with master's degrees are paid on the "M" schedule (10% greater than the bachelor's schedule). Teachers with National Board for Professional Teaching Standards certification receive a NBPTS bonus of 12% which is reflected in the NBPTS columns above.

## Statewide Reserves: Salaries

### Significant Special Provisions

#### Session Law 2012-142 House Bill 950

##### **SECTION 25.02 NONELECTED DEPARTMENT HEADS**

Sets the salaries of nonelected department heads at \$121,807, an increase of 1.2%, effective July 1, 2012. This section also rewrites G.S. 143B-9 authorizing the Governor, rather than the General Assembly, to set the salaries of nonelected department heads effective with persons appointed on or after January 1, 2013.

##### **SECTION 25.1 CERTAIN EXECUTIVE BRANCH OFFICIALS**

Sets the salaries of certain executive branch officials increasing those salaries by 1.2% effective July 1, 2012. This section also amends G.S. 20-2(a), 126-3(a), 140-5.15(c), and 147-33.76(c) authorizing the Governor to set the salaries of the Commissioner of Motor Vehicles, the State Personnel Director, the Director of the North Carolina Museum of Art, and the State Chief Information Officer effective with persons appointed to these positions on or after January 1, 2013. In addition, this section amends G.S. 143B-721 by making the two part-time members of the Post-Release Supervision and Parole Commission full-time effective August 1, 2012 and by adding an additional full-time member on February 1, 2013.

##### **SECTION 25.2B MONITOR SALARY INCREASES**

Rewrites S.L. 2011-145, Section 29.19, to continue to require the Office of State Budget and Management and the Office of State Personnel to monitor salary increases awarded to employees of State agencies, departments and institutions, including authorities, boards and commissions; the judicial branch; and the University of North Carolina. Quarterly reporting to the General Assembly is required.

##### **SECTION 25.2C REPEAL COMPREHENSIVE COMPENSATION SYSTEM**

Amends G.S. 126-7 by repealing 126-7(a), (a2), (b1), (c), and (e), which effectively repeals the Comprehensive Compensation System and the associated performance appraisal system applicable to employees subject to the State Personnel Act. G.S. 126-7(b) is the only subsection of G.S. 126-7 that was not repealed; it requires the Office of State Personnel to conduct annual compensation studies and to present the results of its compensation surveys to the House and Senate Appropriations Committees.

##### **SECTION 25.2D COMPREHENSIVE REVIEW FOR REFORM OF PUBLIC EMPLOYEE COMPENSATION PLANS/RECOMMENDATIONS FOR LEGISLATION BY MARCH 1, 2013**

Rewrites S.L. 2011-145, Section 29.20, directing the Legislative Services Commission to commission a comprehensive review and study of the current compensation plans of State agencies, departments, institutions, and the University of North Carolina applicable to employees subject to the State Personnel Act. The review and study are to include recommendations and design of a comprehensive performance-based compensation plan for implementation by the General Assembly in FY 2013-14. Eliminated from the scope of the original provision are compensation plans of employees of the University of North Carolina exempt from the State Personnel Act, of the North Carolina Community College System, and of local public schools.

##### **SECTION 25.2E EXEMPT POSITIONS**

Amends G.S. 126-5(d) by increasing the number of positions that the Governor can designate as exempt from the State Personnel Act (still limited to exempt policymaking positions and exempt managerial positions) to 1,000 and by increasing the period of time that the Governor has to designate positions as exempt. Both of these changes are effective January 1, 2013.



## Statewide Reserves: Salaries

### **Significant Special Provisions**

#### **Session Law 2012-145 Senate Bill 187**

#### **SECTION 6B.1 SALARIES AND BENEFITS**

Amends S.L. 2012-142 by adding Section 25.5, Special Annual Leave Bonus. This section provides permanent employees, employed or under contract to be employed on July 1, 2012, five additional days of annual leave. This 'special annual leave bonus' is to be accounted for separately from annual leave and separately from the annual leave bonuses awarded in previous years. These five days of special annual leave must be used by June 30, 2013 or they will expire. Upon termination of employment on or before June 30, 2013, any unused special annual leave will not be paid as a lump-sum termination payment unless the employee effects a retirement from a State-supported retirement system immediately upon termination of employment.

### **Additional Legislation**

**NONE**

## Statewide Reserves: Salaries

### ACROSS-THE-BOARD SALARY COSTS FOR EACH 1% INCREASE (MILLIONS)

| YEAR    | GENERAL FUND        | HIGHWAY FUND      |
|---------|---------------------|-------------------|
| 1973-74 | 10.13               | 1.35              |
| 1974-75 | 12.27               | 1.51              |
| 1975-76 | No Increase Granted |                   |
| 1976-77 | 13.91               | 1.73              |
| 1977-78 | 15.79               | 1.84              |
| 1978-79 | 17.44               | 2.01              |
| 1979-80 | 18.86               | 2.13              |
| 1980-81 | 21.29               | 2.26              |
| 1981-82 | 25.14 <sup>a</sup>  | 2.51 <sup>a</sup> |
| 1982-83 | No Increase Granted |                   |
| 1983-84 | 25.97               | 2.57              |
| 1984-85 | 27.60               | 2.70              |
| 1985-86 | 32.10               | 2.50              |
| 1986-87 | 36.45               | 2.66              |
| 1987-88 | 40.84 <sup>b</sup>  | 2.72              |
| 1988-89 | 45.40               | 2.93              |
| 1989-90 | 47.75               | 2.93              |
| 1990-91 | 55.90               | 3.35              |
| 1991-92 | No Increase Granted |                   |
| 1992-93 | 54.11               | 3.39              |
| 1993-94 | 55.75               | 3.48              |
| 1994-95 | 58.28               | 3.64              |
| 1995-96 | 63.56               | 3.96              |
| 1996-97 | 66.77               | 3.98              |
| 1997-98 | 70.22               | 4.19              |
| 1998-99 | 75.33               | 4.64              |
| 1999-00 | 80.69               | 4.00              |
| 2000-01 | 86.45               | 4.33              |
| 2001-02 | 89.73               | 4.32              |
| 2002-03 | 91.05 <sup>c</sup>  | 4.19              |
| 2003-04 | 91.35 <sup>d</sup>  | 4.15              |
| 2004-05 | 95.13               | 4.37              |
| 2005-06 | 100.61              | 4.56              |
| 2006-07 | 106.89              | 4.79              |
| 2007-08 | 117.08              | 5.11              |
| 2008-09 | 124.93              | 5.37              |
| 2009-10 | 130.65 <sup>e</sup> | 5.54 <sup>e</sup> |
| 2010-11 | 129.73 <sup>e</sup> | 5.40 <sup>e</sup> |
| 2011-12 | 131.29 <sup>e</sup> | 5.32 <sup>e</sup> |
| 2012-13 | 133.32              | 3.89 <sup>f</sup> |

<sup>a</sup> Figure reflects annual cost, even though the increase was not effective until January 1, 1982.

<sup>b</sup> Figure does not reflect adjustment to offset anticipated savings from the tax sheltering of employee Health Benefits from Social Security tax.

<sup>c</sup> No across-the-board salary increases were funded by the General Assembly for employees in FY 2002-03 except for the salary step increases funded for teachers and school-based administrators.

<sup>d</sup> No across-the-board salary increases were funded by the General Assembly for employees in FY 2003-2004 except for the salary step increases funded for teachers and school-based administrators and a one-half percent (.5%) average salary increase for Community College faculty and professional staff.

<sup>e</sup> No across-the-board salary increases were funded by the General Assembly for employees or teachers in FY 2009-10, FY 2010-11, and FY 2011-12.

<sup>f</sup> Reduction in the Highway Fund 1% cost was attributable to the Highway Patrol shifting from Highway Fund support to General Fund support for FY 2011-12.

# Statewide Reserves: Salaries

## LEGISLATIVE INCREASES

| YEAR                 | STATE EMPLOYEES                       | TEACHERS  |
|----------------------|---------------------------------------|---|
| 1973-74              | 5% + (5% for those under \$2.75/hour) | 5% + (employment extended 187 to 200 days = 7% salary increase and 1 step added to schedule)    |
| 1974-75              | 7.5%                                  | 7.5%  |
| 1975-76              | -0-                                   | -0-   |
| 1976-77              | 4% + \$300 (average 7.2%)             | 4% + \$300 (average 6.8%)   |
| 1977-78              | 6.5%                                  | 6.5%  |
| 1978-79              | 6%                                    | 6%  |
| 1979-80              | 5% + (\$200 one-time bonus payment)   | 5% + (\$200 one-time bonus payment)   |
| 1980-81              | 10%                                   | 10% + (Salary schedule changed = 2% to 10% added to each step of salary range)                  |
| 1981-82              | 5% (effective 1-1-82)                 | 5% (effective 1-1-82)   |
| 1982-83 <sup>a</sup> | -0-                                   | -0-   |
| 1983-84 <sup>a</sup> | 5%                                    | 5%  |
| 1984-85 <sup>a</sup> | 10%                                   | 10% + 4.8% salary classification adjustment   |
| 1985-86 <sup>b</sup> | 5% + 1 step increase (9.6%)           | 1-step increase (4.8%) second year teachers; 2-step increase (9.6%) third or more year teachers |
| 1986-87              | \$75 month (average 6%)               | 6.5%  |
| 1987-88              | 5%                                    | 5%  |
| 1988-89              | 4.5%                                  | 4.5%  |
| 1989-90              | 4% + 2% merit funds                   | 6.65% average   |
| 1990-91              | 4% + 2% merit funds                   | 6.15% average   |
| 1991-92              | -0-                                   | -0-   |
| 1992-93              | \$522                                 | 2% average  |
| 1993-94              | 2% + 1% one-time bonus payment        | 3% average  |
| 1994-95              | 4% + 1% one-time bonus payment        | 5% - 1-3 years<br>7% - 4-29 years   |
| 1995-96              | 2%                                    | 2%  |

## Statewide Reserves: Salaries

### LEGISLATIVE INCREASES (Continued)

| YEAR                 | STATE EMPLOYEES  | TEACHERS                           |
|----------------------|--|------------------------------------|
| 1996-97              | 2.5% COLA + 2% career growth                               | 5.5%                               |
| 1997-98 <sup>c</sup> | 2% COLA + 2% career growth                                 | 4% - 9%                            |
| 1998-99              | 1% COLA + 2% career growth<br>+ 1% one-time bonus          | 4% - 9%                            |
| 1999-00              | 1% COLA + 2% career growth<br>+ \$125 Compensation Bonus   | 4%-11%                             |
| 2000-01              | 2.2% COLA + 2% career growth<br>+ \$500 Compensation Bonus | 2.5%-13.8%                         |
| 2001-02              | \$625  | 1% to 6.92%<br>(2.86% average)     |
| 2002-03              | -0-  | 0.0% to 5.85%<br>(1.84% average)   |
| 2003-04              | -0-  | 1.42% to 5.86%<br>(1.81% average)  |
| 2004-05              | Greater of a \$1,000 or 2.5%<br>across-the-board increase  | 1.41% to 5.9%<br>(2.5% average)    |
| 2005-06              | Greater of a \$850 or 2%<br>across-the-board increase      | 1.77% to 6.27%<br>(2.24% average)  |
| 2006-07              | 5.5% across-the-board increase                             | 6.45% to 14.05%<br>(8.23% average) |
| 2007-08              | 4% across-the-board increase                               | 4.05% to 9.53%<br>(5% average)     |
| 2008-09              | Greater of \$1,100 or 2.74%<br>across-the-board increase   | 2.39% to 6.63%<br>(3% average)     |
| 2009-10              | -0-  | -0-                                |
| 2010-11              | -0-  | -0-                                |
| 2011-12              | -0-  | -0-                                |
| 2012-13 <sup>d</sup> | 1.2%   | 1.2%                               |

a Salary increment program frozen

b Conditional upon continuous employment for one year

c Most teachers received between 4%-9%. Teachers receiving National Board of Professional Teaching Standards (NBPTS) certification were eligible for larger increases.

d The UNC Board of Governors was given flexibility in the use of compensation increase funds for EPA employees. Likewise, the State Board of Community Colleges was given flexibility in the use of compensation increase funds for local community college employees.

## Statewide Reserves: Salaries

### AVERAGE SALARY OF EMPLOYEES SUBJECT TO THE STATE PERSONNEL ACT

| YEAR    | AVERAGE SALARY <sup>1,2</sup> |
|---------|-------------------------------|
| 1970-71 | \$6,748                       |
| 1972-73 | 7,680                         |
| 1973-74 | 8,249                         |
| 1974-75 | 9,013                         |
| 1975-76 | 9,092                         |
| 1976-77 | 9,431                         |
| 1977-78 | 11,060                        |
| 1978-79 | 11,756                        |
| 1979-80 | 12,677                        |
| 1980-81 | 14,233                        |
| 1981-82 | 15,329                        |
| 1982-83 | 15,329                        |
| 1983-84 | 16,026                        |
| 1984-85 | 17,587                        |
| 1985-86 | 18,742                        |
| 1986-87 | 20,290                        |
| 1987-88 | 21,305                        |
| 1988-89 | 22,272                        |
| 1989-90 | 23,105                        |
| 1990-91 | 23,397                        |
| 1991-92 | 24,665                        |
| 1992-93 | 25,152                        |
| 1993-94 | 25,645                        |
| 1994-95 | 26,605                        |
| 1995-96 | 27,087                        |
| 1996-97 | 27,473                        |
| 1997-98 | 28,166                        |
| 1998-99 | 30,332                        |
| 1999-00 | 31,385                        |
| 2000-01 | 32,803                        |
| 2001-02 | 33,474                        |
| 2002-03 | 33,556                        |
| 2003-04 | 33,854                        |
| 2004-05 | 35,151                        |
| 2005-06 | 36,691                        |
| 2006-07 | 38,743                        |
| 2007-08 | 40,283                        |
| 2008-09 | 41,769                        |
| 2009-10 | 41,687                        |
| 2010-11 | 41,568                        |
| 2011-12 | 41,512                        |

(1) Prior to 1972, computations were made every two years.

(2) The average salary figures show all permanent SPA employees at a particular point in time. During these years, new programs were added and SPA coverage was extended to previously exempt positions. When new positions were added at salaries above the average or at salaries below the average, the average salary levels changed accordingly. **Therefore, changes in average salaries are not measures of salary increases or decreases.**

## Statewide Reserves: Retirement

### State Retirement Systems:

The State of North Carolina operates several retirement systems for public employees. The Teachers' and State Employees' Retirement System has the largest membership and assets of all the retirement systems and provides benefits to eligible employees of State agencies, departments, universities, local public schools, and local community colleges. As of December 31, 2010, the System had approximately 337,000 contributing members and paid retirement benefits of \$3.3 billion annually to 163,711 beneficiaries. As of December 31, 2010, the market value of assets totaled \$54.1 billion while the actuarially-recognized assets totaled approximately \$57.1 billion. Recognized assets exceed the market value of assets due to the effect of investment gains and losses being averaged over a five-year period to smooth market fluctuations (i.e., the significant losses sustained during the 2008 calendar year). The System was considered 94% funded (i.e., \$0.94 in assets for each \$1.00 of liabilities) based upon the recognized assets as of December 31, 2010.

The following table reflects the Employer Contribution Rates to the Teachers' and State Employees' Retirement System since Fiscal Year 1999-2000.

| <b>Fiscal<br/>Year</b> | <b>Employer<br/>Rate</b> |
|------------------------|--------------------------|
| 1999-2000              | 8.15%                    |
| 2000-2001              | 5.33%                    |
| 2001-2002              | 1.97%                    |
| 2002-2003              | 0.00%                    |
| 2003-2004              | 0.22%                    |
| 2004-2005              | 2.17%                    |
| 2005-2006              | 2.34%                    |
| 2006-2007              | 2.66%                    |
| 2007-2008              | 3.05%                    |
| 2008-2009              | 3.36%                    |
| 2009-2010              | 3.57%                    |
| 2010-2011              | 4.93%                    |
| 2011-2012              | 7.44%                    |
| 2012-2013              | 8.33%                    |

The General Assembly appropriates funds to increase employer retirement contributions to a reserve administered by the Office of State Budget and Management (OSBM). After the budget is enacted, OSBM allocates these funds to State agencies, departments, universities, local public schools, and local community colleges to pay the increased employer contributions to the Department of State Treasurer, which administers the retirement systems.

### Significant Legislative Budget Actions

In 2011, The General Assembly enacted the following recurring General Fund and Highway Fund appropriations to the various retirement system or funds:

| <b>State Appropriations (Recurring)</b>                      | <b>FY 2012-13</b>    |
|--|----------------------|
| General Fund for State Retirement System                     | 336,000,000          |
| Highway Fund for State Retirement System                     | 15,100,000           |
| General Fund for Firemen's and Rescue Squad Workers' Pension | 5,366,928            |
| <u>General Fund for Judicial Retirement System</u>           | <u>7,800,000</u>     |
| <b>TOTAL</b>   | <b>\$364,266,928</b> |

## Statewide Reserves: Retirement

The amount of budgeted receipts of employing agencies used to pay employer retirement system contributions for receipt-funded positions may be increased to pay the additional employer contributions authorized by the General Assembly.

### **Significant Special Provisions**

**Session Law 2012-142    House Bill 950**

#### **SECTION 25.10. SALARY-RELATED CONTRIBUTIONS**

Sets the contribution rates for the retirement systems for FY 2012-13. The contribution rate for FY 2012-13 to the Teachers' and State Employees' Retirement System is 8.33 percent of payroll for retirement, 0.44 percent of payroll for the Disability Income Plan, 0.16 percent of payroll for the Death Benefit, and 5.30 percent of payroll for retiree health benefits. The rate for the Disability Income Plan was reduced from 0.52 percent to 0.44 percent due to favorable experience.

#### **SECTION 25.11. OPTIONAL RETIREMENT SYSTEM/FORFEITURE FUNDS**

Modifies G.S. 135-5.1(b)(5) relating to the employer contributions from the Optional Retirement Program for members who forfeit the employer contributions by not completing five years of service. The University System shall retain those funds and use them for the benefit of plan participants.

#### **SECTION 25.12 EXPAND OPTIONAL RETIREMENT PROGRAM FOR UNIVERSITY OF NORTH CAROLINA SYSTEM**

Expands the Optional Retirement Program for the University of North Carolina System to all employees, both EPA and SPA, hired on or after January 1, 2013. These employees will have a choice between the Teachers' and State Employees' Retirement System (a defined benefit plan) or the Optional Retirement Program (a defined contribution plan).

#### **SECTION 25.13 PROVIDE COST-OF-LIVING INCREASES FOR RETIREES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM**

Provides a cost-of-living adjustment of 1 percent to retirees of the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, and the Legislative Retirement System effective July 1, 2012.

### **Additional Legislation**

#### **S. L 2012-82 (SB869) REMOVE RESTRICTION/FIREFIGHTER DISABILITY**

Allows firemen and rescue squad workers who become incapacitated for duty as the natural and proximate result of an injury occurring while in the actual performance of duty, and meet all other requirements for disability retirement benefits from the Local Governmental Employees Retirement System, to be retired by the Board of Trustees on a disability retirement allowance regardless of retirement creditable service. This section removes the requirement that firemen and rescue squad workers have one year or more of retirement creditable service in order to be retired

## Statewide Reserves: Retirement

on a disability retirement allowance due to an incapacity resulting from an accident occurring while in the actual performance of duty.

### **S.L. 2012-130 (SB 804) RETIREMENT TECHNICAL CHANGES**

Makes technical changes in the laws governing the Teachers' and State Employees' Retirement System (State System) and the Local Governmental Employees' Retirement System (Local System, as follows:

Section 1: Shortens the period during which employees of new units joining the Local Governmental Employees' Retirement System may opt out. The present 90-day period may not survive IRS scrutiny under U.S. Treasury Regulation § 1.401(k) – 1(a)(3)(v). Outside counsel advises that 30 days would be a reasonable substitute, since 30-day periods for a one-time irrevocable election are generally permitted by the IRS. This only affects employees of local government units when their employer begins participation in the retirement system.

Section 2: Includes actuarial reports in plan documentation for IRS compliance. This change ensures that actuarial reports will be considered a part of retirement plan documentation for IRS purposes.

Section 3: Moves dormant sick leave provision within the statutes to enhance clarity. This change repositions this law within the statutes for greater clarity and incorporates policy from the Office of State Personnel on viability of dormant sick leave. Additionally, the provision aligns statutory language with current practice with UNC Health Care and the N.C. Education Lottery that has been subject of a memorandum of understanding between those agencies and the retirement system.

Section 4: Conforms the statutes to federal law on required minimum distributions. This change adds explicit reference to Section 401(a) (17) of the Internal Revenue Code; updates Required Minimum Distributions language to mirror 2009 Final IRS Regulation applicable to governmental plans; and reorganizes language to improve the clarity of subsection (d).

Section 5: Simplifies administration of the Survivor's Alternate Benefit. This change would make the Survivor's Alternate Benefit for the Legislative Retirement System align with the statutes for the Teachers' and State Employees' Retirement System and Local Governmental Employees' Retirement System.

Section 6: Clarifies the definition of Full-Time Teacher. This change clarifies what constitutes full-time employment for teachers, consistent with administrative practice of the Retirement Systems Division. This does not in any way change the current qualifications for receiving a retirement benefit.

Section 7: Conforms the statutes to federal law on retirement trust funds. This change is required to conform statutes to federal law on retirement trust funds.

Section 8: Removes archaic membership provisions.

Section 9: Clarifies quorum provisions for Retirement Boards of Trustees. This changes the quorum required for decisions made by the Teachers' and State Employees' Retirement System Board of Trustees to parallel the quorum provision for the Local Governmental Employees'



## Statewide Reserves: Retirement

Retirement System Board of Trustees. It also requires a minimum number of present members for the transaction of business in both retirement plans.

Section 10: Corrects an inaccurate reference to Retiree Health Benefit Fund. This change corrects a missed reference when the name of the Retiree Health Premium Reserve Account was changed to "Retiree Health Benefit Fund."

### **S.L. 2012-178 (SB 803) RETIREMENT ADMINISTRATIVE CHANGES**

Makes changes in the laws governing the Teachers' and State Employees' Retirement System (State System) and the Local Governmental Employees' Retirement System (Local System), as follows:

Section 1: Clarifies access for Fiscal Research Division retirement database users. This clarifies that online access to retirement databases provided to the Fiscal Research Division of the North Carolina General Assembly may not include tax information on members of the retirement system that is not allowed by other state and federal laws.

Section 2: Clarifies the role of the Retirement Board of Trustees. This change clarifies that the Board of Trustees of the Local Governmental Employees' Retirement System has full discretion over the granting of post-retirement increases as long as any changes are not inconsistent with actions of the General Assembly. The long-time policy of the State of North Carolina is to provide ad hoc Cost of Living Adjustments (COLAs) to retirees, rather than automatic COLAs. This clarification is being sought in anticipation of forthcoming standards from the Governmental Accounting Standards Board that would potentially create unfunded long-term liabilities for local government employers based on an alternate reading of this statute that would require trustees to give automatic COLAs.

Section 3: Allows the Board of Trustees to require full payment of unfunded liability. This section would allow the Board of Trustees of the Local Governmental Employees' Retirement System to institute a new policy that would ensure that local governments that enter the retirement system would pay the full amount they owe to liquidate their unfunded accrued liability. A study conducted by the system's actuary and staff in 2011 found that 50 of the 240 local governments with unfunded liability would not finish paying off their liability before the State is required to stop collecting payments. Under current law, the units cease paying after their allotted time to pay is over, regardless of whether they have fully funded their liability.

Section 4: Clarifies that the Retirement Systems Division can deduct premiums for the State Health Plan and supplemental insurance plans from a retiree's benefits if requested by the retiree. Currently, there is no explicit statutory authorization allowing the department to collect these premiums.

Section 5: Corrects a 2011 change that prevented conversion from disability retirement. The eligibility requirements for Long Term Disability (LT) under the Disability Income Plan of N.C. (DIPNC) did not change under the new 10-year vesting law enacted in 2011. While there was no change in the DIPNC laws or disability retirement laws, there is now a discrepancy between DIPNC law requiring only five years to qualify for LT and the new 10-year vesting law regarding eligibility for a service retirement. The DIPNC law provides that a person on LT will "convert" to a service retirement once he or she becomes eligible for an unreduced retirement. However, that time for conversion from DIPNC to service retirement will never occur for an employee who becomes a TSERS member on or after August 1, 2011 who has less than 10 years but more than 5

## Statewide Reserves: Retirement

years of TSERS membership service at the time of disability onset. That person will never convert to a service retirement, but will stay on LT at a 65 percent rate until death. This provision provides a mechanism for an individual to convert to service retirement.

Section 6: Allows Retiree Health Benefit Trust to be invested with pension funds. This change would create greater efficiency in the use of staff resources by treating the Retiree Health Benefit Trust as part of the retirement systems for investment purposes. Currently, the department is not allowed to use the same investment strategy on this trust fund.

### **S.L. 2012-185 (HB1074) STOP WASTE, FRAUD, AND ABUSE IN GOVT. ACT**

Makes changes in the laws governing the Teachers' and State Employees' Retirement System (State System), the Local Governmental Employees' Retirement System (Local System), and the Disability Income Plan of North Carolina as follows:

Section 1: Provides whistleblower protection for reporting retirement fraud. This change provides whistleblower protection to employees in the Local Governmental Employees' Retirement System who report suspected retirement fraud. State employees already have this protection.

Section 2: Provides tools to conduct fraud investigations. This creates the definition of "Fraud Investigation" for the state and local retirement systems, provides access to records for purposes of conducting an investigation, and delineates procedures for reporting on investigations. The provision also protects the identities of whistleblowers and fraud tipsters. The scope of the investigative tools this section would provide is limited to the investigation of retirement fraud. Currently, the department does not have the authority to use the tools this provision would provide to conduct investigations.

Section 3: Makes it a crime to keep a disabled decedent's benefit. The change enacts a new provision in the Disability Income Plan of North Carolina law effective July 1, 2012 to classify the improper receipt of a decedent's retirement benefit as a Class 1 misdemeanor.

Section 4: Clarifies medical board appointment authority. This clarifies the selection process for members of the Medical Review Board, which makes determinations of disability.

### **S.L. 2012-193 (HB153) NO PUBLIC RETIREMENT FOR CONVICTED FELONS**

Prohibits any member of the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, the Legislative Retirement System or the Local Governmental Employees' Retirement System from receiving any retirement benefits if the member is convicted of any felony under federal law or the laws of North Carolina committed after December 1, 2012 and the member's conduct is directly related to the member's office or employment. Any member with less than five years of membership service as of December 1, 2012, is prohibited from receiving any retirement benefit other than a return of the member's contributions and interest. Any member with more than five years of membership service as of December 1, 2012, is prohibited from receiving any retirement benefit for any service rendered after December 1, 2012 other than a return of the member's contributions and interest for that period of service.

For members of the University Optional Retirement Program and the Community College Optional Retirement Program whose employers are required to make contributions and for State and local law enforcement officers whose employers are required to make contributions to the

## Statewide Reserves: Retirement

Supplemental Retirement Income Plan of North Carolina, any contributions and earnings on those contributions made by the employer after December 1, 2012 shall be forfeited if the member is convicted of any felony under federal law or the laws of North Carolina committed after December 1, 2012 and the member's conduct is directly related to the member's office or employment.

The bill allows a member or former member whose benefits are forfeited and who subsequently receives an unconditional pardon of innocence or has the conviction vacated or set aside for any reason to seek a reversal of the benefit forfeiture. The bill also specifies how the State Treasurer must calculate repayment of accumulated contributions if the Treasurer determines that the reversal of the benefit forfeiture is appropriate.

## Statewide Reserves: Health Benefits

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### **State Health Plan for Teachers and State Employees**

The State Health Plan for Teachers and State Employees (Plan) administers health benefit coverage for active employees from employing units of State agencies and departments, universities, local public schools, and local community colleges. Eligible retired employees of authorized employing units may also access health benefit coverage under the Plan. Eligible dependents of active and retired employees are authorized to participate in the Plan provided they meet certain requirements.

Employees and retired employees of selected local governments may also participate in the Plan under certain conditions. Members of fire, rescue squads, and the National Guard may also obtain coverage under the Plan provided they meet certain eligibility criteria.

The State finances the Plan on a self-funded basis and administers benefit coverage under a Preferred Provider Option (PPO) arrangement. As of June 2012, enrollment in the Plan was 663,731 Plan members. Premiums for health benefit coverage are paid by (1) employees and employing agencies for active employees, (2) retirees and the Retiree Health Benefit Fund for retired employees, and (3) employees and retirees who elect dependent coverage. Total requirements for the Plan were projected to be \$3 billion for FY 2012-13.

### **Significant Special Provisions**

#### **Session Law 2012-142 House Bill 950**

NONE

### **Additional Legislation**

#### **S.L. 2012-173 (HB 1085) STATE HEALTH PLAN/STATUTORY CHANGES-AB**

Amends statutes governing the State Health Plan as follows:

Section 1: Brings the definition of “dependent child” into compliance with the federal Affordable Care Act.

Section 2: Limits enrollment for eligible employees to enroll themselves and/or their dependents into the Plan to when first eligible for coverage, experiencing a qualifying event, or during annual enrollment periods.

Section 3: Repeals the optional Long-Term Care Benefit effective January 1, 2013 and entitles participants in that program to a conversion to a nongroup plan of long-term care benefits.

Section 4: Clarifies that the State Treasurer and Board of Trustees have authority to set coinsurance percentages.

Section 5: Clarifies that the General Assembly reserves the right to amend any part of Article 3B of Chapter 135.

## Statewide Reserves: Health Benefits

### **S.L. 2012-192 (HB 244) STATE HEALTH PLAN/ADD SCHOOLS; WHISTLEBLOWERS**

Authorizes two named charter schools to elect to participate in the State Health Plan within 30 days after the effective date of this session law, notwithstanding the time limitation on initial elections. This bill also adds whistleblower protections for employees and contractors who report violations of law, fraud, misappropriation of State resources, or gross mismanagement related to the State Health Plan. The affected persons could be employees or contractors of any entity, public or private.

### **Other Changes Affecting the Plan**

S.L. 2011-85, enacted in 2011, gave broad authority to the State Treasurer and the Plan's Board of Trustees to set premiums and benefit provisions. The Board voted to increase premiums by 5.3%, effective July 1, 2012, as shown in the following table:

| Employee/Retiree Premiums   |                         |          |                            |          |
|---|-------------------------|----------|----------------------------|----------|
| <u>Coverage Type</u>  | <u>Basic 70/30 Plan</u> |          | <u>Standard 80/20 Plan</u> |          |
| Non-Medicare Active Employee/Retiree  | Current                 | New      | Current                    | New      |
| Employee/Retiree Only   | \$0.00                  | \$0.00   | \$21.62                    | \$22.76  |
| Employee/Retiree + Child(ren)   | \$188.12                | \$198.06 | \$271.80                   | \$286.16 |
| Employee/Retiree + Spouse   | \$484.70                | \$510.32 | \$598.04                   | \$629.64 |
| Employee/Retiree + Family   | \$516.26                | \$543.54 | \$632.74                   | \$666.18 |
| Medicare Primary for Both Employee/Retiree and Dependent(s)   |                         |          |                            |          |
| Employee/Retiree Only   | \$0.00                  | \$0.00   | \$10.00                    | \$10.52  |
| Employee/Retiree + Child(ren)   | \$133.84                | \$140.92 | \$200.44                   | \$211.02 |
| Employee/Retiree + Spouse   | \$351.90                | \$370.50 | \$440.32                   | \$463.58 |
| Employee/Retiree + Family   | \$383.44                | \$403.70 | \$475.04                   | \$500.14 |
| The employer premium increased from \$410.94 per month (\$320.64 for Medicare Primary) to \$432.66 per month (\$336.25 for Medicare Primary). |                         |          |                            |          |

The Board did not make any significant changes to benefit provisions for the 2012-13 plan year.

The additional appropriations shown on the following pages under budget code 28410 authorize the Plan to spend additional receipts from the Plan's trust fund on administrative expenses for an Employer Group Waiver Plan (EGWP), which is expected to increase the Plan's net income by around \$19 million per year.

## State Health Plan (Administration)

Budget Code: 28410

|  | FY 2012-13           |    |
|--|----------------------|----|
| <b>Beginning Unreserved Fund Balance</b>   | <b>\$40,005</b>      |    |
| <b>Total Budget Approved 2011 Session</b>  |                      |    |
| Requirements   | <b>\$183,604,143</b> |    |
| Receipts   | <b>\$183,604,143</b> |    |
| Positions  | <b>42.00</b>         |    |
| <hr/>  |                      |    |
| <b>Legislative Changes</b>   |                      |    |
| <b>Requirements:</b>   |                      |    |
| <b>Other Administrative Cost</b>   | \$328,332            | R  |
| Creates three new staff positions to administer a Medicare Part D Employer Group Waiver Plan (EGWP) that will reduce the State Health Plan's cost of drug coverage.  | \$10,200             | NR |
|  | 3.00                 |    |
| <b>Pharmacy Benefits Management Contract</b>   | \$5,444,717          | R  |
| Increases the budgeted amount for the Pharmacy Benefit Management Contract to cover fees to administer a Medicare Part D Employer Group Waiver Plan (EGWP) that will reduce the State Health Plan's cost of drug coverage. | \$0                  | NR |
|  | 0.00                 |    |
| <b>Subtotal Legislative Changes</b>  | <b>\$5,773,049</b>   | R  |
|  | <b>\$10,200</b>      | NR |
|  | 3.00                 |    |
| <hr/>  |                      |    |
| <b>Receipts:</b>   |                      |    |
| <b>Increase Transfers from Trust Funds</b>   | \$5,773,049          | R  |
| Increases the amount of transfer from the Plan's health benefit trust fund budget codes to support administrative costs related to Medicare Part D Employer Group Waiver Plan (EGWP).                                      | \$10,200             | NR |
| <b>Subtotal Legislative Changes</b>  | <b>\$5,773,049</b>   | R  |
|  | <b>\$10,200</b>      | NR |

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|                                   |                      |
|-----------------------------------|----------------------|
| <b>Revised Total Requirements</b> | <b>\$189,387,392</b> |
| <b>Revised Total Receipts</b>     | <b>\$189,387,392</b> |
| <b>Change in Fund Balance</b>     | <b>\$0</b>           |
| <b>Total Positions</b>            | <b>45.00</b>         |

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|   |                 |
|---|-----------------|
| <b>Unappropriated Balance Remaining</b> | <b>\$40,005</b> |
|---|-----------------|

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# **FINANCE**

## **Section P**

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# Finance Legislation

## 2012 Session: HB 1015

Section: 2

Title: **CONTINUE EDUCATOR EXPENSE DEDUCTION**

Summary Amends G.S. 105-134.6(d) to create an individual income tax deduction for educator expenses to ensure that North Carolina educators continue to receive the same tax benefit received since 2002, regardless of whether Congress extends the federal educator expense deduction. The deduction will reduce General Fund revenue by \$1.8 million for FY 2012–13. (S.B. 795)

Section: 3

Title: **CLARIFY AND EXTEND THE PERIOD OF TIME TO APPLY FOR A SALES TAX REFUND OF AVIATION FUEL PURCHASED BY AN INTERSTATE PASSENGER AIR CARRIER BETWEEN JANUARY 1, 2010, AND JUNE 30, 2011**

Summary Clarifies the time to apply for a sales tax refund of the taxes paid on aviation fuel allowed under G.S. 105-164.14(a) for FY 2010–11 and FY 2011–12. The clarification reduces General Fund revenues by \$3.15 million and local government revenues by \$2.72 million for FY 2012–13. The provision became effective June 26, 2012. (H.B. 142)

Section: 5

Title: **TEMPORARY 20-YEAR CARRYFORWARD FOR ARTICLE 3J TAX CREDITS IF THE TAXPAYER INVESTS MORE THAN ONE HUNDRED MILLION DOLLARS IN A TIER ONE COUNTY**

Summary Allows a 20–year carryforward period under Article 3J for a taxpayer who makes an investment of \$100 million in a tier one county. This change may decrease General Fund revenues by \$2.7 million over the 20–year lifetime of the credit, but the timing of the fiscal impact is unknown. The temporary change is effective for taxable years beginning on or after January 1, 2012, and expires for taxable years beginning on or after January 1, 2013.

# Finance Legislation

Section: 7

Title: **ONE-YEAR SALES TAX REFUND FOR PURCHASES OF SPECIALIZED EQUIPMENT USED AT STATE PORTS**

Summary Provides a sales and use tax refund for the tax paid on specialized machinery used at a port facility to unload and process bulk cargo purchased between July 1, 2012 and June 30, 2013. The tax refund is equivalent to the tax paid on the machinery, less the tax that would be due on the equipment under Article 5F.

The 2011 General Assembly enacted S.L. 2011-301, Various Economic Development Incentives (H.B. 751), which qualified specialized machinery used at port facilities as equipment that can be purchased under the Article 5F tax rate. This legislation, effective for purchases on or after July 1, 2013, exempted machinery used in the unloading or processing of bulk cargo at a port facility from State and local sales taxes and instead applied the Article 5F excise tax.

# Finance Legislation

## 2012 Session: HB 1025

Section: 1

Title: **EXTEND TAX PROVISIONS**

Summary Amends Section 2 of S.L. 2009-505, Development Tier Designation Exception, the tier one designation for seafood industrial parks. The change extends the designation through July 1, 2013 and reduces General Fund Availability by \$100,000 in FY 2013-14.

Section: 11

Title: **EXTEND TAX PROVISIONS**

Summary Amends G.S. 105-164.14A(a) and G.S. 105-164.14B(f) to modify four economic development sales tax incentives. The legislation extends the sales tax refunds for the following industries and/or qualified purchases through December 31, 2013:

1. Passenger air carriers, reduces General Fund availability by \$6.0 million in FY 2013 -14,
2. Machinery and equipment placed in a tier one county, reduces General Fund availability by \$0.2 million in FY 2013-14,
3. Aviation fuel of motorsports team or sanctioning body, reduces General Fund availability by \$0.1 million in FY 2013-14,
4. Analytical business services, reduces General Fund availability by \$0.1 million in FY 2013-14, and
5. Certain industrial facilities, reduces General Fund availability by \$0.7 million in FY 2013 -14.

Section: 12

Title: **EXTEND TAX PROVISIONS**

Summary Extends the following income tax credits through January 1, 2015:

1. Credits for rehabilitating historic mill structures (G.S. 105-129.39), reduces General Fund availability by \$14.2 million in FY 2013-14, and
2. Credits for rehabilitating historic mill property, reduces General Fund availability by \$2.0 million in FY 2013-14 (G.S. 105-129.75).

# Finance Legislation

Section: 2-10

Title: **EXTEND TAX PROVISIONS**

Summary Extends the following personal and corporate income tax credits through January 1, 2014:

1. Renewable fuel facilities (G.S. 105-129.16D(d)), reduces General Fund availability by \$0.1 million in FY 2013-14,
2. Biodiesel producers (G.S.105-129.16F(b)), reduces General Fund availability by \$0.1 million in FY 2013-14,
3. The work opportunity tax credit (G.S.105-129.16G(b)), reduces General Fund availability by \$1.6 million over a two year period, FY 2012-13 and FY 2013-14,
4. Companies qualifying for the Article 3J tax credits (G.S.105-129.16F(b)), reduces General Fund availability by \$6.4 million in FY 2013-14,
5. Oyster shell recycling (G.S. 105-130.48(f) and G.S. 105-151.30(f)), reduces General Fund availability by \$0.1 million in FY 2013-14,
6. Premiums paid for long-term care insurance (G.S. 105-151.28(d)), reduces General Fund availability by \$5.8 million in FY 2013-14,
7. The refundable earned income tax credit (G.S. 105-151.31(c)), reduces General Fund availability by \$102.5 million in FY 2013-14,
8. Investments in qualified business ventures (G.S. 105-163.015), reduces General Fund availability by \$7.5 million in FY 2013-14, and
9. Adoption expenses (G.S. 105-151.32 (c)), reduces General Fund availability by \$5.4 million in FY 2013-14.

## 2012 Session: **SB 824**

Section: All

Title: **EXPEDITED RULE MAKING AND FORCED COMBINATIONS**

Summary Supplements legislation that established new procedures for the Secretary of Revenue to follow when he/she believes that separate entity returns of affiliated corporations should be combined into one tax return, S.L. 2011-390, Forced Combinations which enacted G.S. 105-262.1. S.L. 2012-43 (S.B. 824) supplements this legislation by creating an expedited rule-making process for the Department regarding the determination of whether affiliated corporations are required to file combined tax returns. This act has been highlighted in 65 State Tax Notes 149 (July 16, 2012): "Transparency in North Carolina: Portrait of a State in Flux."

# Finance Legislation

## **2012 Session: SB 847**

Section: 79.10

Title: **GSC TECHNICAL CORRECTIONS AND OTHER CHANGES**

Summary Amends G.S. 105-130.47(k) and G.S. 105-151.29(k). Sec. 79.10 (a) and (b) extends eligibility for the personal and corporate income tax film credit through January 1, 2015. This change has no fiscal impact during the biennium, but does reduce General Fund availability by \$60 million in FY 2014 -15.

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# **APPENDICES**

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# Total State Budget By Source of Funds

**PENDING**

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**State of North Carolina**  
**Full-time Equivalent Position Counts by GAAP Fund Type**  
**(December 2011)**

|                                   | General Fund (1)  |                  | Highway Fund    |                 | Enterprise    | Institutional    | Internal        | Special         | Trust           | Total by          |
|-----------------------------------|-------------------|------------------|-----------------|-----------------|---------------|------------------|-----------------|-----------------|-----------------|-------------------|
|                                   | Appropriated      | Receipt          | Appropriated    | Receipt (2)     | Fund          | Fund             | Service         | Fund (5)        | Fund            | Sector            |
| <b>Government Sector</b>          |                   |                  |                 |                 |               |                  |                 |                 |                 |                   |
| <b>State Government</b>           |                   |                  |                 |                 |               |                  |                 |                 |                 |                   |
| UNC System <sup>(3)</sup>         | 32,993.98         | 1,950.48         | -               | -               | -             | 18,336.11        | -               | -               | 8,146.81        | <b>61,427.38</b>  |
| Justice and Public Safety         | 32,219.72         | 811.32           | -               | -               | -             | -                | 391.00          | 468.82          | -               | <b>33,890.86</b>  |
| Health & Human Services           | 6,223.00          | 10,832.58        | -               | 9.67            | 3.00          | -                | -               | 862.99          | 27.00           | <b>17,958.23</b>  |
| Transportation                    | -                 | -                | 7,456.00        | 5,690.00        | -             | -                | -               | -               | 29.00           | <b>13,175.00</b>  |
| Natural & Economic Resources      | 3,700.21          | 1,448.49         | -               | 141.00          | 688.00        | -                | -               | 2,255.75        | 214.56          | <b>8,448.02</b>   |
| General Government                | 3,666.56          | 955.62           | 14.00           | 72.00           | 33.00         | -                | 721.25          | 377.87          | 3.00            | <b>5,843.30</b>   |
| Education (State Administration)  | 1,054.00          | 441.20           | -               | -               | -             | -                | -               | -               | 32.05           | <b>1,527.25</b>   |
| <b>Sub-total</b>                  | <b>79,857.47</b>  | <b>16,439.69</b> | <b>7,470.00</b> | <b>5,912.67</b> | <b>724.00</b> | <b>18,336.11</b> | <b>1,112.25</b> | <b>3,965.43</b> | <b>8,452.42</b> | <b>142,270.04</b> |
| <b>Local Education</b>            |                   |                  |                 |                 |               |                  |                 |                 |                 |                   |
| Public Schools <sup>(3)(4)</sup>  | 160,768.31        | -                | 41.42           | -               | -             | -                | -               | -               | -               | <b>160,809.73</b> |
| Community Colleges <sup>(3)</sup> | 19,511.20         | -                | -               | -               | -             | -                | -               | -               | -               | <b>19,511.20</b>  |
| <b>Sub-total</b>                  | <b>180,279.51</b> | <b>-</b>         | <b>41.42</b>    | <b>-</b>        | <b>-</b>      | <b>-</b>         | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>180,320.93</b> |
| <b>Total by GAAP Fund Type</b>    | <b>260,136.98</b> | <b>16,439.69</b> | <b>7,511.42</b> | <b>5,912.67</b> | <b>724.00</b> | <b>18,336.11</b> | <b>1,112.25</b> | <b>3,965.43</b> | <b>8,452.42</b> | <b>322,590.97</b> |

**Notes:**

- 1) Salary Base includes 200 positions in Reserve budget codes.
- 2) Includes 5,332 work order positions funded out of construction and maintenance line-items in the Highway Fund Budget.
- 3) Includes FTE growth due to projected enrollment growth for the 2012-2013 fiscal year.
- 4) The total number contains some non-FTE counts that may slightly overstate the overall total position count.

**Source:** Survey of State Agencies and Other State-funded Institutions, Fiscal Research Division, NC General Assembly, Office of State Budget and Management, February 2012.

**Total General Fund Authorizations as Adjusted to Determine Total Current Operations**

|                |                           |                               | Less: Adjustments to Total Authorizations |                                 |                          |             |                      |                                |                               |
|----------------|---------------------------|-------------------------------|---|---------------------------------|--------------------------|-------------|----------------------|--------------------------------|-------------------------------|
| Fiscal<br>Year | Total<br>Authorizations * | % Change<br>vs. Prior<br>Year | Capital Improvements                      |                                 |                          |             | Total<br>Adjustments | Total<br>Current<br>Operations | % Change<br>vs. Prior<br>Year |
|                |                           |                               | Direct                                    | Earmarking                      | Savings Reserve          |             |                      |                                |                               |
|                |                           |                               | Appropriations<br>Includes FRS            | of Unreserved<br>Credit Balance | Direct<br>Appropriations | Other       |                      |                                |                               |
| 1981-1982      | 3,432,556,046             | 5.45%                         | 30,861,142                                | 0                               | 0                        | 0           | 30,861,142           | 3,401,694,904                  | 7.96%                         |
| 1982-1983      | 3,626,915,248             | 5.66%                         | 65,772,358                                | 0                               | 0                        | 0           | 65,772,358           | 3,561,142,890                  | 4.69%                         |
| 1983-1984      | 3,857,564,088             | 6.36%                         | 59,782,244                                | 0                               | 0                        | 25,800,000  | A 85,582,244         | 3,771,981,844                  | 5.92%                         |
| 1984-1985      | 4,532,103,411             | 17.49%                        | 212,535,238                               | 0                               | 0                        | 0           | 212,535,238          | 4,319,568,173                  | 14.52%                        |
| 1985-1986      | 5,130,563,978             | 13.20%                        | 253,503,234                               | 0                               | 0                        | 0           | 253,503,234          | 4,877,060,744                  | 12.91%                        |
| 1986-1987      | 5,531,345,878             | 7.81%                         | 297,667,245                               | 0                               | 0                        | 0           | 297,667,245          | 5,233,678,633                  | 7.31%                         |
| 1987-1988      | 5,978,265,764             | 8.08%                         | 173,020,035                               | 0                               | 0                        | 0           | 173,020,035          | 5,805,245,729                  | 10.92%                        |
| 1988-1989      | 6,561,392,895             | 9.75%                         | 258,659,030                               | 0                               | 0                        | 0           | 258,659,030          | 6,302,733,865                  | 8.57%                         |
| 1989-1990      | 7,266,680,455             | 10.75%                        | 150,092,738                               | 0                               | 0                        | 0           | 150,092,738          | 7,116,587,717                  | 12.91%                        |
| 1990-1991      | 7,973,824,802             | 9.73%                         | 106,400,195                               | 0                               | 141,000,000              | 0           | 247,400,195          | 7,726,424,607                  | 8.57%                         |
| 1991-1992      | 7,825,732,308             | -1.86%                        | 0   | 0                               | 400,000                  | 0           | 400,000              | 7,825,332,308                  | B 1.28%                       |
| 1992-1993      | 8,209,537,916             | 4.90%                         | 95,205,570                                | 0                               | 0                        | 0           | 95,205,570           | 8,114,332,346                  | C 3.69%                       |
| 1993-1994      | 9,317,906,610             | 13.50%                        | 135,371,704                               | 57,000,000                      | 0                        | 0           | 192,371,704          | 9,125,534,906                  | 12.46%                        |
| 1994-1995      | 10,268,424,627            | 10.20%                        | 189,391,450                               | 60,000,000                      | 66,700,000               | 0           | 316,091,450          | 9,952,333,177                  | 9.06%                         |
| 1995-1996      | 10,031,584,878            | -2.31%                        | 113,522,500                               | 125,000,000                     | 0                        | 0           | 238,522,500          | 9,793,062,378                  | -1.60%                        |
| 1996-1997      | 10,654,778,229            | E 6.21%                       | 157,267,000                               | 0                               | D 0                      | 47,100,000  | F 204,367,000        | 10,450,411,229                 | 6.71%                         |
| 1997-1998      | 11,635,189,516            | G 9.20%                       | 152,991,120                               | 174,260,955                     | 0                        | 49,354,893  | H 376,606,968        | 11,258,582,548                 | 7.73%                         |
| 1998-1999      | 13,111,623,293            | 12.69%                        | 192,199,500                               | 145,000,000                     | 0                        | 447,397,819 | I 784,597,319        | 12,327,025,974                 | 9.49%                         |
| 1999-2000      | 14,237,669,453            | 8.59%                         | 77,059,168                                | 90,000,000                      | J 0                      | 629,000,000 | K 796,059,168        | 13,441,610,285                 | 9.04%                         |
| 2000-2001      | 14,383,516,932            | 1.02%                         | 114,974,172                               | L 0                             | 120,000,000              | 270,000,000 | M 504,974,172        | 13,878,542,760                 | N 3.25%                       |
| 2001-2002      | 14,863,745,843            | 3.34%                         | 157,936,000                               | 0                               | 0                        | 0           | O 157,936,000        | 14,705,809,843                 | N 5.96%                       |
| 2002-2003      | 14,351,822,876            | -3.44%                        | 31,158,000                                | 0                               | 0                        | 0           | 31,158,000           | 14,320,664,876                 | -2.62%                        |
| 2003-2004      | 14,914,222,783            | P 3.92%                       | 27,601,000                                | 15,000,000                      | 0                        | 0           | 42,601,000           | 14,871,621,783                 | 3.85%                         |
| 2004-2005      | 16,024,170,294            | 7.44%                         | 45,192,000                                | 76,797,361                      | 0                        | 4,500,000   | Q 126,489,361        | 15,897,680,933                 | 6.90%                         |
| 2005-2006      | 17,341,821,310            | R 8.22%                       | 54,960,000                                | 125,000,000                     | 0                        | 0           | 179,960,000          | 17,161,861,310                 | 7.95%                         |
| 2006-2007      | 19,102,281,272            | 10.15%                        | 206,343,300                               | 222,229,189                     | 0                        | 0           | 428,572,489          | 18,673,708,783                 | 8.81%                         |
| 2007-2008      | 20,817,042,249            | S 8.98%                       | 230,741,100                               | 145,000,000                     | 0                        | 0           | 375,741,100          | 20,441,301,149                 | 9.47%                         |
| 2008-2009      | 21,437,970,761            | 2.98%                         | 129,082,062                               | 69,839,238                      | 0                        | 0           | 198,921,300          | 21,239,049,461                 | 3.90%                         |
| 2009-2010      | 19,039,174,596            | T,U -11.19%                   | 4,875,000                                 | 0                               | 0                        | 0           | 4,875,000            | 19,034,299,596                 | -10.38%                       |
| 2010-2011      | 18,985,738,843            | V -0.28%                      | 11,173,440                                | 0                               | 0                        | 0           | 11,173,440           | 18,974,565,403                 | -0.31%                        |
| 2011-2012      | 19,849,782,946            | W 4.55%                       | 4,535,000                                 | 124,500,000                     | W 0                      | 0           | 129,035,000          | 19,720,747,946                 | 3.93%                         |
| 2012-2013      | 20,224,871,761            | X 1.89%                       | 6,373,330                                 | 23,170,924                      |                          | 0           | 29,544,254           | 20,195,327,507                 | 2.41%                         |

\* Includes Local Government Hold Harmless Revenue; additional information is available from the Department of Revenue at <http://www.dor.state.nc.us/publications>

## **Total General Fund Authorizations as Adjusted to Determine Total Current Operations**

### **Notes**

- A \$25.8 million transferred to the Highway Fund
- B Amount shown is net after transfer of \$6.6 million to EHNR operating budget
- C Amount shown is net after transfer of \$4.4 million to EHNR operating budget
- D Repairs/Renovations of \$130 million were funded directly from earmarked reserve as was \$39,519,567 additional items by transferring funds appropriated from the General Fund for the Fiscal Year 1995-96 to a capital improvement reserve
- E Adjusted to reflect supplemental appropriation for Community Colleges for 1996-97 as appropriated by the 1997 Session
- F \$47.1 million for the Clean Water Management Trust Fund and Wetlands Restoration Fund earmarked from year-end credit balance
- G Adjusted to reflect Year 2000 Conversion appropriation made for 1997-98 by 1998 Session
- H \$49.4 million for the Clean Water Management Trust Fund earmarked from year-end credit balance
- I Includes \$400 million for Bailey/Emory/Patton Reserve and \$47.4 million for Clean Water Management Trust Fund earmarked from year-end credit balance
- J Originally \$150 million but \$60 million was transferred to the Hurricane Floyd Disaster Relief Fund; this redirection of funds does not affect current operations amount
- K Includes \$399 million for Bailey/Emory/Patton Reserve; \$200 million for Intangibles Settlement Reserve; and \$30 million for Clean Water Management Trust Fund earmarked from year-end credit balance
- L Includes \$100 million direct appropriation to R & R, due to insufficient year-end credit balance for earmarking
- M Includes \$240 million transfer to the Reserve for Intangibles Tax Settlement effective June 30, 2000 and \$30 million direct appropriation to Clean Water Management Trust Fund, due to insufficient year-end credit balance for earmarking
- N Amounts for FY 2000-01 and FY 2001-02 differ from amounts published in the Overview document for the 2000 and 2001 Sessions. The amounts shown for "Total Authorizations" and "Total Current Operations" have been revised.
- O Effective July 1, 2001, the General Assembly established an annual General Fund appropriation for the Clean Water Management Trust Fund; as such funding for this program is included in the Total Current Operations amount for FY 2001-02 and all subsequent fiscal years.
- P Includes \$24 million in economic development funding appropriated in S.L. 2003-435 and \$64.1 million in emergency funding appropriated in S.L. 2004-88
- Q Statutorily established the "JDIG Reserve Fund" to make annual appropriations to the Job Development Investment Grants Program. In response to the Governor's appropriation limit, appropriations made to this Reserve in the FY 2004-05 are not considered to be part of the current operating budget.
- R Includes an additional \$15 million in emergency funds appropriated mid-year for the Department of Corrections as per S.L. 2006-2 (HB 1868).
- S Total Authorizations include additional funding passed in HB 265 (Establish High-Risk Pool), HB1517 (Voter-Owned Elections Pilot); and Extra Session: HB 4 (Job Maintenance and Capital Development Fund).
- T S.L. 2007-323, Sec. 31.16.3.(c) changed the calculation of the Hold Harmless Distribution effective January 1, 2008.
- U Total Authorizations include additional funding passed in S.L. 2009-475 (Budget Technical Corrections).
- V Total Authorizations include additional funding passed in S.L. 2010-123 (Budget Technical Corrections).
- W Includes a supplemental appropriation of \$20 million from overcollections as authorized in S.L. 2012-2. While the General Assembly authorized an increase in Total Requirements of up to \$299.5 million to prevent a shortfall in the FY 2011-12 Medicaid budget, only the \$20 million in additional overcollections required an adjustment to Total Authorizations; the remaining funds came from unanticipated agency receipts and net appropriations as authorized in S.L. 2012-2 (SB 797) and S.L. 2012-57 (HB 14).
- X Total Authorizations include additional funding passed in S.L. 2012-145 (Modifications/2012 Appropriations Act).

**North Carolina General Fund Operating Appropriations**  
(Excludes Local Government Shared Revenues/Reimbursements)

| Fiscal<br>Year | Total Current Operations |               | Education      |         |                    |         | Health & Human Services |         |               |                         | All Other |             |       |
|----------------|--------------------------|---------------|----------------|---------|--------------------|---------|-------------------------|---------|---------------|-------------------------|-----------|-------------|-------|
|                |                          |               | Public Schools |         | Community Colleges |         | University              |         | as % of Total | Health & Human Services |           | All Other   |       |
|                | Amount                   | Percent       | Amount         | Percent | Amount             | Percent | Amount                  | Percent |               | Amount                  | Percent   |             |       |
| 1972-73        | Authorization            | 1,187,443,130 | 575,012,350    | 48.4%   | 63,193,535         | 5.3%    | 179,910,706             | 15.2%   | 68.9%         | 180,762,164             | 15.2%     | 188,564,375 | 15.9% |
|                | Expenditure              | 1,139,500,642 | 569,792,945    | 50.0%   | 60,636,067         | 5.3%    | 166,208,535             | 14.6%   | 69.9%         | 168,819,831             | 14.8%     | 174,043,264 | 15.3% |
|                | Reversion                | 47,942,488    | 5,219,405      | 10.9%   | 2,557,468          | 5.3%    | 13,702,171              | 28.6%   | 44.8%         | 11,942,333              | 24.9%     | 14,521,111  | 30.3% |
|                | % Unexpended             | 4.04%         | 0.91%          |         | 4.05%              |         | 7.62%                   |         |               | 6.61%                   |           | 7.70%       |       |
| 1973-74        | Authorization            | 1,520,694,407 | 718,947,864    | 47.3%   | 99,582,404         | 6.5%    | 222,838,796             | 14.7%   | 68.5%         | 224,614,625             | 14.8%     | 254,710,718 | 16.7% |
|                | Expenditure              | 1,433,241,642 | 702,789,400    | 49.0%   | 92,458,946         | 6.5%    | 207,225,420             | 14.5%   | 69.9%         | 198,201,121             | 13.8%     | 232,566,755 | 16.2% |
|                | Reversion                | 87,452,765    | 16,158,464     | 18.5%   | 7,123,458          | 8.1%    | 15,613,376              | 17.9%   | 44.5%         | 26,413,504              | 30.2%     | 22,143,963  | 25.3% |
|                | % Unexpended             | 5.75%         | 2.25%          |         | 7.15%              |         | 7.01%                   |         |               | 11.76%                  |           | 8.69%       |       |
| 1974-75        | Authorization            | 1,698,417,672 | 789,391,908    | 46.5%   | 109,218,752        | 6.4%    | 280,638,400             | 16.5%   | 69.4%         | 270,434,740             | 15.9%     | 248,733,872 | 14.6% |
|                | Expenditure              | 1,627,703,631 | 772,145,444    | 47.4%   | 106,413,517        | 6.5%    | 267,090,160             | 16.4%   | 70.4%         | 246,757,184             | 15.2%     | 235,297,326 | 14.5% |
|                | Reversion                | 70,714,041    | 17,246,464     | 24.4%   | 2,805,235          | 4.0%    | 13,548,240              | 19.2%   | 47.5%         | 23,677,556              | 33.5%     | 13,436,546  | 19.0% |
|                | % Unexpended             | 4.16%         | 2.18%          |         | 2.57%              |         | 4.83%                   |         |               | 8.76%                   |           | 5.40%       |       |
| 1975-76        | Authorization            | 1,737,659,496 | 800,937,335    | 46.1%   | 105,465,494        | 6.1%    | 270,526,549             | 15.6%   | 67.7%         | 282,548,220             | 16.3%     | 278,181,898 | 16.0% |
|                | Expenditure              | 1,670,011,262 | 792,213,250    | 47.4%   | 99,816,634         | 6.0%    | 249,604,282             | 14.9%   | 68.4%         | 274,169,121             | 16.4%     | 254,207,975 | 15.2% |
|                | Reversion                | 67,648,234    | 8,724,085      | 12.9%   | 5,648,859          | 8.4%    | 20,922,767              | 30.9%   | 52.2%         | 8,379,099               | 12.4%     | 23,973,424  | 35.4% |
|                | % Unexpended             | 3.89%         | 1.09%          |         | 5.36%              |         | 7.73%                   |         |               | 2.97%                   |           | 8.62%       |       |
| 1976-77        | Authorization            | 1,962,976,606 | 899,151,043    | 45.8%   | 116,481,854        | 5.9%    | 307,123,340             | 15.6%   | 67.4%         | 335,842,343             | 17.1%     | 304,378,026 | 15.5% |
|                | Expenditure              | 1,890,839,697 | 888,449,745    | 47.0%   | 110,824,929        | 5.9%    | 289,972,146             | 15.3%   | 68.2%         | 313,022,287             | 16.6%     | 288,570,590 | 15.3% |
|                | Reversion                | 72,136,909    | 10,701,298     | 14.8%   | 5,656,925          | 7.8%    | 17,151,194              | 23.8%   | 46.5%         | 22,820,056              | 31.6%     | 15,807,436  | 21.9% |
|                | % Unexpended             | 3.67%         | 1.19%          |         | 4.86%              |         | 5.58%                   |         |               | 6.79%                   |           | 5.19%       |       |
| 1977-78        | Authorization            | 2,193,405,714 | 997,654,527    | 45.5%   | 114,065,103        | 5.2%    | 357,790,592             | 16.3%   | 67.0%         | 368,169,434             | 16.8%     | 355,726,058 | 16.2% |
|                | Expenditure              | 2,131,150,750 | 988,189,540    | 46.4%   | 113,168,528        | 5.3%    | 337,633,079             | 15.8%   | 67.5%         | 351,655,302             | 16.5%     | 340,504,301 | 16.0% |
|                | Reversion                | 62,254,964    | 9,464,987      | 15.2%   | 896,575            | 1.4%    | 20,157,513              | 32.4%   | 49.0%         | 16,514,132              | 26.5%     | 15,221,757  | 24.5% |
|                | % Unexpended             | 2.84%         | 0.95%          |         | 0.79%              |         | 5.63%                   |         |               | 4.49%                   |           | 4.28%       |       |
| 1978-79        | Authorization            | 2,452,011,095 | 1,098,173,958  | 44.8%   | 139,794,869        | 5.7%    | 394,767,166             | 16.1%   | 66.6%         | 412,559,917             | 16.8%     | 406,715,185 | 16.6% |
|                | Expenditure              | 2,358,332,842 | 1,092,015,308  | 46.3%   | 133,975,021        | 5.7%    | 379,305,638             | 16.1%   | 68.1%         | 372,632,422             | 15.8%     | 380,404,453 | 16.1% |
|                | Reversion                | 93,678,253    | 6,158,650      | 6.6%    | 5,819,848          | 6.2%    | 15,461,528              | 16.5%   | 29.3%         | 39,927,495              | 42.6%     | 26,310,732  | 28.1% |
|                | % Unexpended             | 3.82%         | 0.56%          |         | 4.16%              |         | 3.92%                   |         |               | 9.68%                   |           | 6.47%       |       |
| 1979-80        | Authorization            | 2,750,988,834 | 1,230,099,474  | 44.7%   | 145,243,264        | 5.3%    | 436,949,552             | 15.9%   | 65.9%         | 473,705,994             | 17.2%     | 464,990,550 | 16.9% |
|                | Expenditure              | 2,660,272,288 | 1,230,099,473  | 46.2%   | 145,243,264        | 5.5%    | 414,751,963             | 15.6%   | 67.3%         | 429,814,253             | 16.2%     | 440,363,335 | 16.6% |
|                | Reversion                | 90,716,546    | 1              | 0.0%    | 0                  | 0.0%    | 22,197,589              | 24.5%   | 24.5%         | 43,891,741              | 48.4%     | 24,627,215  | 27.1% |
|                | % Unexpended             | 3.30%         | 0.00%          |         | 0.00%              |         | 5.08%                   |         |               | 9.27%                   |           | 5.30%       |       |
| 1980-81        | Authorization            | 3,150,963,479 | 1,390,907,313  | 44.1%   | 174,996,965        | 5.6%    | 515,255,082             | 16.4%   | 66.0%         | 532,775,202             | 16.9%     | 537,028,917 | 17.0% |
|                | Expenditure              | 3,050,012,908 | 1,390,907,313  | 45.6%   | 169,011,630        | 5.5%    | 487,919,423             | 16.0%   | 67.1%         | 488,201,903             | 16.0%     | 513,972,639 | 16.9% |
|                | Reversion                | 100,950,571   | 0              | 0.0%    | 5,985,335          | 5.9%    | 27,335,659              | 27.1%   | 33.0%         | 44,573,299              | 44.2%     | 23,056,278  | 22.8% |
|                | % Unexpended             | 3.20%         | 0.00%          |         | 3.42%              |         | 5.31%                   |         |               | 8.37%                   |           | 4.29%       |       |
| 1981-82        | Authorization            | 3,401,694,904 | 1,495,263,953  | 44.0%   | 194,452,082        | 5.7%    | 567,573,821             | 16.7%   | 66.4%         | 562,503,966             | 16.5%     | 581,901,082 | 17.1% |
|                | Expenditure              | 3,244,758,733 | 1,477,036,604  | 45.5%   | 185,809,489        | 5.7%    | 534,143,560             | 16.5%   | 67.7%         | 501,927,937             | 15.5%     | 545,841,143 | 16.8% |
|                | Reversion                | 156,936,171   | 18,227,349     | 11.6%   | 8,642,593          | 5.5%    | 33,430,261              | 21.3%   | 38.4%         | 60,576,029              | 38.6%     | 36,059,939  | 23.0% |
|                | % Unexpended             | 4.61%         | 1.22%          |         | 4.44%              |         | 5.89%                   |         |               | 10.77%                  |           | 6.20%       |       |
| 1982-83        | Authorization            | 3,561,142,890 | 1,515,742,033  | 42.6%   | 205,585,837        | 5.8%    | 599,235,054             | 16.8%   | 65.2%         | 589,530,327             | 16.6%     | 651,049,639 | 18.3% |
|                | Expenditure              | 3,374,921,984 | 1,455,408,320  | 43.1%   | 191,749,633        | 5.7%    | 560,438,959             | 16.6%   | 65.4%         | 547,208,474             | 16.2%     | 620,116,598 | 18.4% |
|                | Reversion                | 186,220,906   | 60,333,713     | 32.4%   | 13,836,204         | 7.4%    | 38,796,095              | 20.8%   | 60.7%         | 42,321,853              | 22.7%     | 30,933,041  | 16.6% |
|                | % Unexpended             | 5.23%         | 3.98%          |         | 6.73%              |         | 6.47%                   |         |               | 7.18%                   |           | 4.75%       |       |



**North Carolina General Fund Operating Appropriations**  
(Excludes Local Government Shared Revenues/Reimbursements)

| Fiscal<br>Year | Total Current Operations |                 |  | Education      |         |                    |         |               |         | Health & Human Services |               | All Other |               |         |
|----------------|--------------------------|-----------------|--|----------------|---------|--------------------|---------|---------------|---------|-------------------------|---------------|-----------|---------------|---------|
|                |                          |                 |  | Public Schools |         | Community Colleges |         | University    |         | as % of Total           | Amount        | Percent   | Amount        | Percent |
|                |                          |                 |  | Amount         | Percent | Amount             | Percent | Amount        | Percent |                         |               |           |               |         |
| 1983-84        | Authorization            | 3,771,981,844 A |  | 1,619,049,694  | 42.9%   | 232,195,091        | 6.2%    | 641,511,441   | 17.0%   | 66.1%                   | 615,625,461   | 16.3%     | 663,600,157   | 17.6%   |
|                | Expenditure              | 3,689,904,837   |  | 1,615,216,290  | 43.8%   | 226,494,819        | 6.1%    | 615,765,535   | 16.7%   | 66.6%                   | 584,128,657   | 15.8%     | 648,299,536   | 17.6%   |
|                | Reversion                | 82,077,007      |  | 3,833,404      | 4.7%    | 5,700,272          | 6.9%    | 25,745,906    | 31.4%   | 43.0%                   | 31,496,804    | 38.4%     | 15,300,621    | 18.6%   |
|                | % Unexpended             | 2.18%           |  | 0.24%          |         | 2.45%              |         | 4.01%         |         |                         | 5.12%         |           | 2.31%         |         |
| 1984-85        | Authorization            | 4,319,568,173   |  | 1,886,700,077  | 43.7%   | 259,101,105        | 6.0%    | 746,998,910   | 17.3%   | 67.0%                   | 676,582,049   | 15.7%     | 750,186,032   | 17.4%   |
|                | Expenditure              | 4,187,988,292   |  | 1,854,957,593  | 44.3%   | 257,230,807        | 6.1%    | 714,513,120   | 17.1%   | 67.5%                   | 629,977,924   | 15.0%     | 731,308,848   | 17.5%   |
|                | Reversion                | 131,579,881     |  | 31,742,484     | 24.1%   | 1,870,298          | 1.4%    | 32,485,790    | 24.7%   | 50.2%                   | 46,604,125    | 35.4%     | 18,877,184    | 14.3%   |
|                | % Unexpended             | 3.05%           |  | 1.68%          |         | 0.72%              |         | 4.35%         |         |                         | 6.89%         |           | 2.52%         |         |
| 1985-86        | Authorization            | 4,877,060,744   |  | 2,185,803,123  | 44.8%   | 281,875,727        | 5.8%    | 840,311,094   | 17.2%   | 67.8%                   | 747,615,271   | 15.3%     | 821,455,529   | 16.8%   |
|                | Expenditure              | 4,718,355,240   |  | 2,156,921,328  | 45.7%   | 277,815,320        | 5.9%    | 793,114,439   | 16.8%   | 68.4%                   | 707,151,818   | 15.0%     | 783,352,335   | 16.6%   |
|                | Reversion                | 158,705,504     |  | 28,881,795     | 18.2%   | 4,060,407          | 2.6%    | 47,196,655    | 29.7%   | 50.5%                   | 40,463,453    | 25.5%     | 38,103,194    | 24.0%   |
|                | % Unexpended             | 3.25%           |  | 1.32%          |         | 1.44%              |         | 5.62%         |         |                         | 5.41%         |           | 4.64%         |         |
| 1986-87        | Authorization            | 5,233,678,633   |  | 2,346,139,866  | 44.8%   | 307,102,490        | 5.9%    | 909,134,150   | 17.4%   | 68.1%                   | 804,932,884   | 15.4%     | 866,369,243   | 16.6%   |
|                | Expenditure              | 5,051,335,794   |  | 2,293,921,501  | 45.4%   | 299,359,220        | 5.9%    | 853,232,567   | 16.9%   | 68.2%                   | 771,114,680   | 15.3%     | 833,707,826   | 16.5%   |
|                | Reversion                | 182,342,839     |  | 52,218,365     | 28.6%   | 7,743,270          | 4.2%    | 55,901,583    | 30.7%   | 63.5%                   | 33,818,204    | 18.5%     | 32,661,417    | 17.9%   |
|                | % Unexpended             | 3.48%           |  | 2.23%          |         | 2.52%              |         | 6.15%         |         |                         | 4.20%         |           | 3.77%         |         |
| 1987-88        | Authorization            | 5,805,245,729   |  | 2,639,237,658  | 45.5%   | 326,296,294        | 5.6%    | 980,746,492   | 16.9%   | 68.0%                   | 874,393,715   | 15.1%     | 984,571,570   | 17.0%   |
|                | Expenditure              | 5,600,754,849   |  | 2,571,179,747  | 45.9%   | 317,666,441        | 5.7%    | 936,874,299   | 16.7%   | 68.3%                   | 824,077,048   | 14.7%     | 950,957,314   | 17.0%   |
|                | Reversion                | 204,490,880     |  | 68,057,911     | 33.3%   | 8,629,853          | 4.2%    | 43,872,193    | 21.5%   | 59.0%                   | 50,316,667    | 24.6%     | 33,614,256    | 16.4%   |
|                | % Unexpended             | 3.52%           |  | 2.58%          |         | 2.64%              |         | 4.47%         |         |                         | 5.75%         |           | 3.41%         |         |
| 1988-89        | Authorization            | 6,302,733,865   |  | 2,930,643,866  | 46.5%   | 332,064,381        | 5.3%    | 1,039,510,499 | 16.5%   | 68.3%                   | 961,204,892   | 15.3%     | 1,039,310,227 | 16.5%   |
|                | Expenditure              | 6,131,757,410   |  | 2,857,740,313  | 46.6%   | 324,207,283        | 5.3%    | 996,187,476   | 16.2%   | 68.1%                   | 939,216,000   | 15.3%     | 1,014,406,338 | 16.5%   |
|                | Reversion                | 170,976,455     |  | 72,903,553     | 42.6%   | 7,857,098          | 4.6%    | 43,323,023    | 25.3%   | 72.6%                   | 21,988,892    | 12.9%     | 24,903,889    | 14.6%   |
|                | % Unexpended             | 2.71%           |  | 2.49%          |         | 2.37%              |         | 4.17%         |         |                         | 2.29%         |           | 2.40%         |         |
| 1989-90        | Authorization            | 6,883,018,393 A |  | 3,134,428,215  | 45.5%   | 365,537,274        | 5.3%    | 1,109,917,895 | 16.1%   | 67.0%                   | 1,010,637,670 | 14.7%     | 1,262,497,339 | 18.3%   |
|                | Expenditure              | 6,539,691,898   |  | 3,111,034,727  | 47.6%   | 346,856,268        | 5.3%    | 989,230,466   | 15.1%   | 68.0%                   | 943,279,717   | 14.4%     | 1,149,290,720 | 17.6%   |
|                | Reversion                | 343,326,495     |  | 23,393,488     | 6.8%    | 18,681,006         | 5.4%    | 120,687,429   | 35.2%   | 47.4%                   | 67,357,953    | 19.6%     | 113,206,619   | 33.0%   |
|                | % Unexpended             | 4.99%           |  | 0.75%          |         | 5.11%              |         | 10.87%        |         |                         | 6.66%         |           | 8.97%         |         |
| 1990-91        | Authorization            | 7,249,630,710 A |  | 3,329,171,720  | 45.9%   | 387,611,956        | 5.3%    | 1,143,216,957 | 15.8%   | 67.0%                   | 1,098,228,128 | 15.1%     | 1,291,401,949 | 17.8%   |
|                | Expenditure              | 6,877,865,221   |  | 3,176,190,223  | 46.2%   | 374,186,097        | 5.4%    | 1,089,669,672 | 15.8%   | 67.5%                   | 1,071,202,135 | 15.6%     | 1,166,617,094 | 17.0%   |
|                | Reversion                | 371,765,491     |  | 152,981,497    | 41.1%   | 13,425,859         | 3.6%    | 53,547,285    | 14.4%   | 59.2%                   | 27,025,993    | 7.3%      | 124,784,857   | 33.6%   |
|                | % Unexpended             | 5.13%           |  | 4.60%          |         | 3.46%              |         | 4.68%         |         |                         | 2.46%         |           | 9.66%         |         |
| 1991-92        | Authorization            | 7,357,101,134 A |  | 3,293,699,663  | 44.8%   | 344,131,858        | 4.7%    | 1,121,976,740 | 15.3%   | 64.7%                   | 1,237,322,428 | 16.8%     | 1,359,970,445 | 18.5%   |
|                | Expenditure              | 7,184,089,741   |  | 3,235,476,119  | 45.0%   | 338,050,542        | 4.7%    | 1,092,166,393 | 15.2%   | 64.9%                   | 1,223,468,038 | 17.0%     | 1,294,928,649 | 18.0%   |
|                | Reversion                | 173,011,390     |  | 58,223,544     | 33.7%   | 6,081,316          | 3.5%    | 29,810,346    | 17.2%   | 54.4%                   | 13,854,390    | 8.0%      | 65,041,794    | 37.6%   |
|                | % Unexpended             | 2.35%           |  | 1.77%          |         | 1.77%              |         | 2.66%         |         |                         | 1.12%         |           | 4.78%         |         |
| 1992-93        | Authorization            | 7,881,908,182 A |  | 3,435,634,234  | 43.6%   | 398,689,471        | 5.1%    | 1,170,947,533 | 14.9%   | 63.5%                   | 1,410,255,601 | 17.9%     | 1,466,381,343 | 18.6%   |
|                | Expenditure              | 7,552,787,565   |  | 3,399,653,728  | 45.0%   | 391,402,904        | 5.2%    | 1,140,308,136 | 15.1%   | 65.3%                   | 1,222,683,543 | 16.2%     | 1,398,739,254 | 18.5%   |
|                | Reversion                | 329,120,617     |  | 35,980,506     | 10.9%   | 7,286,567          | 2.2%    | 30,639,398    | 9.3%    | 22.5%                   | 187,572,058   | 57.0%     | 67,642,088    | 20.6%   |
|                | % Unexpended             | 4.18%           |  | 1.05%          |         | 1.83%              |         | 2.62%         |         |                         | 13.30%        |           | 4.61%         |         |
| 1993-94        | Authorization            | 8,888,710,752 A |  | 3,634,055,711  | 40.9%   | 450,882,941        | 5.1%    | 1,299,865,905 | 14.6%   | 60.6%                   | 1,759,286,096 | 19.8%     | 1,744,620,099 | 19.6%   |
|                | Expenditure              | 8,575,733,017   |  | 3,587,786,193  | 41.8%   | 447,100,088        | 5.2%    | 1,266,772,749 | 14.8%   | 61.8%                   | 1,647,826,530 | 19.2%     | 1,626,247,457 | 19.0%   |
|                | Reversion                | 312,977,735     |  | 46,269,518     | 14.8%   | 3,782,403          | 1.2%    | 33,093,156    | 10.6%   | 26.6%                   | 111,459,566   | 35.6%     | 118,373,092   | 37.8%   |
|                | % Unexpended             | 3.52%           |  | 1.27%          |         | 0.84%              |         | 2.55%         |         |                         | 6.34%         |           | 6.79%         |         |

**North Carolina General Fund Operating Appropriations**  
(Excludes Local Government Shared Revenues/Reimbursements)

| Fiscal<br>Year | Total Current Operations |                  |                 | Education      |             |                    |               |            |         | Health & Human Services |        | All Other     |        |         |
|----------------|--------------------------|------------------|-----------------|----------------|-------------|--------------------|---------------|------------|---------|-------------------------|--------|---------------|--------|---------|
|                |                          |                  |                 | Public Schools |             | Community Colleges |               | University |         | as % of Total           | Amount | Percent       | Amount | Percent |
|                |                          |                  |                 | Amount         | Percent     | Amount             | Percent       | Amount     | Percent |                         |        |               |        |         |
| 1994-95        | Authorization            | 9,715,509,023 A  | 4,082,959,317   | 42.0%          | 455,651,184 | 4.7%               | 1,296,558,991 | 13.3%      | 60.1%   | 1,948,639,177           | 20.1%  | 1,931,700,354 | 19.9%  |         |
|                | Expenditure              | 9,482,528,320    | 4,048,929,070   | 42.7%          | 453,927,375 | 4.8%               | 1,265,809,673 | 13.3%      | 60.8%   | 1,902,007,678           | 20.1%  | 1,811,854,524 | 19.1%  |         |
|                | Reversion                | 232,980,703      | 34,030,247      | 14.6%          | 1,723,809   | 0.7%               | 30,749,318    | 13.2%      | 28.5%   | 46,631,499              | 20.0%  | 119,845,830   | 51.4%  |         |
|                | % Unexpended             | 2.40%            | 0.83%           |                | 0.38%       |                    | 2.37%         |            |         | 2.39%                   |        | 6.20%         |        |         |
| 1995-96        | Authorization            | 9,793,062,378    | 3,998,978,216   | 40.8%          | 470,880,697 | 4.8%               | 1,301,040,079 | 13.3%      | 58.9%   | 2,049,069,520           | 20.9%  | 1,973,093,866 | 20.1%  |         |
|                | Expenditure              | 9,570,832,269    | 3,951,497,059   | 41.3%          | 467,105,237 | 4.9%               | 1,275,618,898 | 13.3%      | 59.5%   | 1,991,088,366           | 20.8%  | 1,885,522,709 | 19.7%  |         |
|                | Reversion                | 222,230,109      | 47,481,157      | 21.4%          | 3,775,460   | 1.7%               | 25,421,181    | 11.4%      | 34.5%   | 57,981,154              | 26.1%  | 87,571,157    | 39.4%  |         |
|                | % Unexpended             | 2.27%            | 1.19%           |                | 0.80%       |                    | 1.95%         |            |         | 2.83%                   |        | 4.44%         |        |         |
| 1996-97        | Authorization            | 10,450,411,229   | 4,301,626,282   | 41.2%          | 501,802,184 | 4.8%               | 1,385,611,961 | 13.3%      | 59.2%   | 2,189,874,842           | 21.0%  | 2,071,495,960 | 19.8%  |         |
|                | Expenditure              | 10,309,508,861   | 4,267,252,095   | 41.4%          | 495,543,157 | 4.8%               | 1,382,794,052 | 13.4%      | 59.6%   | 2,153,564,048           | 20.9%  | 2,010,355,509 | 19.5%  |         |
|                | Reversion                | 140,902,368      | 34,374,187      | 24.4%          | 6,259,027   | 4.4%               | 2,817,909     | 2.0%       | 30.8%   | 36,310,794              | 25.8%  | 61,140,451    | 43.4%  |         |
|                | % Unexpended             | 1.35%            | 0.80%           |                | 1.25%       |                    | 0.20%         |            |         | 1.66%                   |        | 2.95%         |        |         |
| 1997-98        | Authorization            | 11,258,582,548 B | 4,697,892,305   | 41.7%          | 534,873,175 | 4.8%               | 1,489,866,397 | 13.2%      | 59.7%   | 2,422,884,666 C         | 21.5%  | 2,113,066,005 | 18.8%  |         |
|                | Expenditure              | 11,108,886,722   | 4,693,184,126   | 42.2%          | 528,107,909 | 4.8%               | 1,475,180,196 | 13.3%      | 60.3%   | 2,359,194,346           | 21.2%  | 2,053,220,145 | 18.5%  |         |
|                | Reversion                | 149,695,826 D    | 4,708,179       | 3.1%           | 6,765,266   | 4.5%               | 14,686,201    | 9.8%       | 17.5%   | 63,690,320              | 42.5%  | 59,845,860    | 40.0%  |         |
|                | % Unexpended             | 1.33%            | 0.10%           |                | 1.26%       |                    | 0.99%         |            |         | 2.63%                   |        | 2.83%         |        |         |
| 1998-99        | Authorization            | 12,327,025,974   | 5,068,634,951   | 41.1%          | 587,542,475 | 4.8%               | 1,628,888,154 | 13.2%      | 59.1%   | 2,663,571,595           | 21.6%  | 2,378,388,799 | 19.3%  |         |
|                | Expenditure              | 12,177,442,547   | 5,038,223,817   | 41.4%          | 582,222,727 | 4.8%               | 1,626,641,628 | 13.4%      | 59.5%   | 2,598,933,047           | 21.3%  | 2,331,421,328 | 19.1%  |         |
|                | Reversion                | 149,583,427 E    | 30,411,134      | 20.3%          | 5,319,748   | 3.6%               | 2,246,526     | 1.5%       | 25.4%   | 64,638,548              | 43.2%  | 46,967,471    | 31.4%  |         |
|                | % Unexpended             | 1.21%            | 0.60%           |                | 0.91%       |                    | 0.14%         |            |         | 2.43%                   |        | 1.97%         |        |         |
| 1999-00        | Authorization            | 13,441,610,285   | 5,497,075,780 F | 40.9%          | 589,634,008 | 4.4%               | 1,682,143,914 | 12.5%      | 57.8%   | 2,797,755,988           | 20.8%  | 2,875,000,595 | 21.4%  |         |
|                | Expenditure              | 13,297,649,285 G | 5,450,607,364   | 41.0%          | 582,151,546 | 4.4%               | 1,679,203,122 | 12.6%      | 58.0%   | 2,776,740,143           | 20.9%  | 2,808,947,110 | 21.1%  |         |
|                | Reversion                | 143,961,000      | 46,468,416      | 32.3%          | 7,482,462   | 5.2%               | 2,940,792     | 2.0%       | 39.5%   | 21,015,845              | 14.6%  | 66,053,485    | 45.9%  |         |
|                | % Unexpended             | 1.07%            | 0.85%           |                | 1.27%       |                    | 0.17%         |            |         | 0.75%                   |        | 2.30%         |        |         |
| 2000-01        | Authorization            | 13,785,142,760   | 5,792,274,120   | 42.0%          | 644,032,372 | 4.7%               | 1,802,069,274 | 13.1%      | 59.8%   | 2,954,057,035           | 21.4%  | 2,592,709,959 | 18.8%  |         |
|                | Expenditure              | 13,220,036,214   | 5,671,631,385   | 42.9%          | 624,550,046 | 4.7%               | 1,767,873,649 | 13.4%      | 61.0%   | 2,884,925,899           | 21.8%  | 2,271,055,235 | 17.2%  |         |
|                | Reversion                | 565,106,546 H    | 120,642,735     | 21.3%          | 19,482,326  | 3.4%               | 34,195,625    | 6.1%       | 30.8%   | 69,131,136              | 12.2%  | 321,654,724   | 56.9%  |         |
|                | % Unexpended             | 4.10%            | 2.08%           |                | 3.03%       |                    | 1.90%         |            |         | 2.34%                   |        | 12.41%        |        |         |
| 2001-02        | Authorization            | 14,372,409,843   | 5,922,450,405   | 41.2%          | 650,075,770 | 4.5%               | 1,801,953,447 | 12.5%      | 58.3%   | 3,403,041,641           | 23.7%  | 2,594,888,580 | 18.1%  |         |
|                | Expenditure              | 13,708,199,020   | 5,815,381,127   | 42.4%          | 603,705,902 | 4.4%               | 1,647,270,569 | 12.0%      | 58.8%   | 3,273,742,131           | 23.9%  | 2,368,099,291 | 17.3%  |         |
|                | Reversion                | 664,210,823 H    | 107,069,278     | 16.1%          | 46,369,868  | 7.0%               | 154,682,878   | 23.3%      | 46.4%   | 129,299,510             | 19.5%  | 226,789,289   | 34.1%  |         |
|                | % Unexpended             | 4.62%            | 1.81%           |                | 7.13%       |                    | 8.58%         |            |         | 3.80%                   |        | 8.74%         |        |         |
| 2002-03        | Authorization            | 14,323,937,462   | 5,932,964,494   | 41.4%          | 667,345,336 | 4.7%               | 1,769,913,435 | 12.4%      | 58.4%   | 3,591,717,953           | 25.1%  | 2,361,996,244 | 16.5%  |         |
|                | Expenditure              | 13,824,364,493   | 5,872,954,662   | 42.5%          | 620,183,204 | 4.5%               | 1,686,217,160 | 12.2%      | 59.2%   | 3,346,742,225           | 24.2%  | 2,298,267,242 | 16.6%  |         |
|                | Reversion                | 499,572,969 H    | 60,009,832      | 12.0%          | 47,162,132  | 9.4%               | 83,696,275    | 16.8%      | 38.2%   | 244,975,728             | 49.0%  | 63,729,002    | 12.8%  |         |
|                | % Unexpended             | 3.49%            | 1.01%           |                | 7.07%       |                    | 4.73%         |            |         | 6.82%                   |        | 2.70%         |        |         |
| 2003-04        | Authorization            | 14,835,621,783   | 6,182,040,462   | 41.7%          | 683,286,314 | 4.6%               | 1,821,404,924 | 12.3%      | 58.6%   | 3,391,464,938           | 22.9%  | 2,757,425,145 | 18.6%  |         |
|                | Expenditure              | 14,676,583,520   | 6,166,536,283   | 42.0%          | 671,326,024 | 4.6%               | 1,793,421,536 | 12.2%      | 58.8%   | 3,344,888,536           | 22.8%  | 2,700,411,141 | 18.4%  |         |
|                | Reversion                | 159,038,263      | 15,504,179      | 9.7%           | 11,960,290  | 7.5%               | 27,983,388    | 17.6%      | 34.9%   | 46,576,402              | 29.3%  | 57,014,004    | 35.8%  |         |
|                | % Unexpended             | 1.1%             | 0.3%            |                | 1.75%       |                    | 1.54%         |            |         | 1.37%                   |        | 2.07%         |        |         |
| 2004-05        | Authorization            | 15,873,167,528   | 6,519,008,204   | 41.1%          | 751,146,236 | 4.7%               | 1,959,240,757 | 12.3%      | 58.1%   | 3,812,042,289           | 24.0%  | 2,831,730,042 | 17.8%  |         |
|                | Expenditure              | 15,753,167,545 I | 6,483,369,051   | 41.2%          | 748,369,052 | 4.8%               | 1,953,902,429 | 12.4%      | 58.3%   | 3,785,482,228           | 24.0%  | 2,782,044,785 | 17.7%  |         |
|                | Reversion                | 119,999,983      | 35,639,153      | 29.7%          | 2,777,184   | 2.3%               | 5,338,328     | 4.4%       | 36.5%   | 26,560,061              | 22.1%  | 49,685,257    | 41.4%  |         |
|                | % Unexpended             | 0.8%             | 0.5%            |                | 0.37%       |                    | 0.27%         |            |         | 0.70%                   |        | 1.75%         |        |         |

**North Carolina General Fund Operating Appropriations**  
(Excludes Local Government Shared Revenues/Reimbursements)

| Fiscal<br>Year | Total Current Operations |                  | Education      |         |                    |         |               |       |               | Health & Human Services |         | All Other     |         |
|----------------|--------------------------|------------------|----------------|---------|--------------------|---------|---------------|-------|---------------|-------------------------|---------|---------------|---------|
|                |                          |                  | Public Schools |         | Community Colleges |         | University    |       | as % of Total | Amount                  | Percent | Amount        | Percent |
|                | Amount                   | Percent          | Amount         | Percent | Amount             | Percent |               |       |               |                         |         |               |         |
| 2005-06        | Authorization            | 17,141,460,791   | 6,880,737,717  | 40.1%   | 827,719,984        | 4.8%    | 2,151,799,848 | 12.6% | 57.5%         | 4,057,141,594           | 23.7%   | 3,224,061,648 | 18.8%   |
|                | Expenditure              | 16,977,479,186   | 6,867,308,952  | 40.4%   | 824,876,346        | 4.9%    | 2,146,047,180 | 12.6% | 57.9%         | 4,025,185,595           | 23.7%   | 3,114,061,113 | 18.3%   |
|                | Reversion                | 163,981,605      | 13,428,765     | 8.2%    | 2,843,638          | 1.7%    | 5,752,668     | 3.5%  | 13.4%         | 31,955,999              | 19.5%   | 110,000,535   | 67.1%   |
|                | % Unexpended             | 1.0%             | 0.2%           |         | 0.34%              |         | 0.27%         |       |               | 0.79%                   |         | 3.41%         |         |
| 2006-07        | Authorization            | 18,659,616,984   | 7,403,293,531  | 39.7%   | 935,718,292        | 5.0%    | 2,444,487,725 | 13.1% | 57.8%         | 4,282,975,588           | 23.0%   | 3,593,141,848 | 19.3%   |
|                | Expenditure              | 18,455,735,426   | 7,377,354,362  | 40.0%   | 931,214,004        | 5.0%    | 2,435,690,255 | 13.2% | 58.2%         | 4,233,479,600           | 22.9%   | 3,477,997,205 | 18.8%   |
|                | Reversion                | 203,881,558      | 25,939,169     | 12.7%   | 4,504,288          | 2.2%    | 8,797,470     | 4.3%  | 19.2%         | 49,495,988              | 24.3%   | 115,144,643   | 56.5%   |
|                | % Unexpended             | 1.1%             | 0.4%           |         | 0.48%              |         | 0.36%         |       |               | 1.16%                   |         | 3.20%         |         |
| 2007-08        | Authorization            | 20,428,846,612   | 8,055,773,246  | 39.4%   | 990,523,754        | 4.8%    | 2,752,879,241 | 13.5% | 57.8%         | 4,656,473,863           | 22.8%   | 3,973,196,508 | 19.4%   |
|                | Expenditure              | 20,145,647,198   | 7,977,135,139  | 39.6%   | 980,870,382        | 4.9%    | 2,713,732,194 | 13.5% | 57.9%         | 4,633,261,552           | 23.0%   | 3,840,647,931 | 19.1%   |
|                | Reversion                | 283,199,414      | 78,638,107     | 27.8%   | 9,653,372          | 3.4%    | 39,147,047    | 13.8% | 45.0%         | 23,212,311              | 8.2%    | 132,548,577   | 46.8%   |
|                | % Unexpended             | 1.4%             | 1.0%           |         | 0.97%              |         | 1.42%         |       |               | 0.50%                   |         | 3.34%         |         |
| 2008-09        | Authorization            | 21,226,885,372   | 8,365,862,894  | 39.4%   | 1,016,658,560      | 4.8%    | 2,895,358,623 | 13.6% | 57.8%         | 4,956,587,127           | 23.4%   | 3,992,418,168 | 18.8%   |
|                | Expenditure              | 19,629,407,644   | 8,141,898,009  | 41.5%   | 924,402,451        | 4.7%    | 2,573,160,635 | 13.1% | 59.3%         | 4,353,279,435           | 22.2%   | 3,636,667,114 | 18.5%   |
|                | Reversion                | 1,597,477,728 J  | 223,964,885    | 14.0%   | 92,256,109         | 5.8%    | 322,197,988   | 20.2% | 40.0%         | 603,307,692             | 37.8%   | 355,751,054   | 22.3%   |
|                | % Unexpended             | 7.5%             | 2.7%           |         | 9.07%              |         | 11.13%        |       |               | 12.17%                  |         | 8.91%         |         |
| 2009-10        | Authorization            | 19,010,057,199   | 7,544,465,541  | 39.7%   | 1,011,884,279      | 5.3%    | 2,738,558,775 | 14.4% | 59.4%         | 3,912,766,229           | 20.6%   | 3,802,382,375 | 20.0%   |
|                | Expenditure              | 18,507,766,990   | 7,486,556,464  | 40.5%   | 945,298,841        | 5.1%    | 2,600,397,012 | 14.1% | 59.6%         | 3,888,458,569           | 21.0%   | 3,587,056,104 | 19.4%   |
|                | Reversion                | 502,290,209 K    | 57,909,077     | 11.5%   | 66,585,438         | 13.3%   | 138,161,763   | 27.5% | 52.3%         | 24,307,660              | 4.8%    | 215,326,271   | 42.9%   |
|                | % Unexpended             | 2.6%             | 0.8%           |         | 6.58%              |         | 5.05%         |       |               | 0.62%                   |         | 5.66%         |         |
| 2010-11        | Authorization            | 18,958,994,212   | 7,283,106,776  | 38.4%   | 1,050,945,454      | 5.5%    | 2,682,309,295 | 14.1% | 58.1%         | 4,054,984,600           | 21.4%   | 3,887,648,087 | 20.5%   |
|                | Expenditure              | 18,502,920,072   | 7,261,758,864  | 39.2%   | 1,013,809,381      | 5.5%    | 2,590,810,462 | 14.0% | 58.7%         | 4,043,042,916           | 21.9%   | 3,593,498,448 | 19.4%   |
|                | Reversion                | 456,074,140 L    | 21,347,912     | 4.7%    | 37,136,073         | 8.1%    | 91,498,833    | 20.1% | 32.9%         | 11,941,684              | 2.6%    | 294,149,639   | 64.5%   |
|                | % Unexpended             | 2.4%             | 0.3%           |         | 3.53%              |         | 3.41%         |       |               | 0.29%                   |         | 7.57%         |         |
| 2011-12        | Authorization            | 19,698,616,193 M | 7,617,376,287  | 38.7%   | 1,006,454,200      | 5.1%    | 2,556,910,757 | 13.0% | 56.8%         | 4,575,882,407           | 23.2%   | 3,941,992,542 | 20.0%   |
|                | Expenditure              | 19,571,795,418   | 7,579,687,341  | 38.7%   | 1,002,081,608      | 5.1%    | 2,550,935,536 | 13.0% | 56.9%         | 4,575,821,800           | 23.4%   | 3,863,269,133 | 19.7%   |
|                | Reversion                | 126,820,775      | 37,688,946     | 29.7%   | 4,372,592          | 3.4%    | 5,975,221     | 4.7%  | 37.9%         | 60,607                  | 0.0%    | 78,723,409    | 62.1%   |
|                | % Unexpended             | 0.6%             | 0.5%           |         | 0.43%              |         | 0.23%         |       |               | 0.00%                   |         | 2.00%         |         |

## **North Carolina General Fund Operating Appropriations**

(Excludes Local Government Shared Revenues/Reimbursements)

### **Notes**

- A Amounts Adjusted; see Total General Fund Authorizations as Adjusted to Determine Total Current Operations
- B Adjusted to include Year 2000 Appropriation for 1997-98 made by 1998 Session
- C Adjusted for Reorganization reflecting transfer of Health Services to Department of Health and Human Services
- D Reversions for 1997-98 of \$55,027,680 were earmarked for expenditure in Section 9 of SB 1366 (SL1998-212), reducing net reversions to \$94,668,146
- E Reversions of \$37 million were earmarked: \$30 million for Aquariums Capital and \$7 million for Warren County
- F Total includes \$240 million transfer from 11th/12th month payroll funds to Intangibles Reserve and additional \$11 million transfer to General Fund
- G Total includes \$225.7 million in "targeted reversions" transferred from state agencies to the Reserve for Hurricane Floyd Disaster Relief. (Amounts transferred to the Floyd Reserve by: Public Schools = \$45,545,171; Community Colleges = \$5,797,721; UNC System = \$13,607,225; DHHS = \$96,758,305)
- H Reversion totals higher for FY 2000-01, 2001-02 and 2002-03 due to budget balancing measures directed by the Governor.
- I Total includes \$91 million in "targeted reversions" transferred from state agencies to the Disaster Relief Reserve Fund.
- J The \$1.6 billion shown as "reversions" reflects reduced spending authorizations due to a significant revenue shortfall (see Special Topics section).
- K The \$502.3 million shown as "reversions" reflects reduced spending authorizations due to a revenue shortfall.
- L The \$456.1 million shown as reversions reflects the requirement of S.L. 2011-15 (Senate Bill 109), An Act To Require The Governor To Cut Spending For The Current Fiscal Year."
- M Total Authorizations increased pursuant to S.L. 2012-2, which authorized up to \$20 million in overcollections to address the FY 2011-12 budget shortfall in Medicaid.

| Fiscal Year | June 30th<br>Unreserved<br>Fund Balance<br>b/f Earmarking | Statutory Earmarkings, Transfers and Appropriations of Year-end Fund Balance |                                     |   |                            |                       |                                   |             | Unreserved<br>Fund Balance<br>for Subsequent FY<br>Beginning July 1st |
|-------------|---|--|-------------------------------------|---|----------------------------|-----------------------|-----------------------------------|-------------|---|
|             |   | Savings<br>Reserve<br>Account  | Repairs &<br>Renovations<br>Account | Clean Water<br>Management<br>Trust Fund | Tax Relief/<br>Tax Refunds | Other<br>Earmarking   | Appropriation<br>of<br>Reversions | Total       |   |
| 1991-92     | 164,773,001   | 41,193,253   |                                     |   |                            |                       |                                   | 41,193,253  | 123,579,748   |
| 1992-93     | 537,330,259   | 134,332,565  | 57,000,000                          |   |                            |                       |                                   | 191,332,565 | 345,997,694   |
| 1993-94     | 622,712,983   | 155,678,246  | 60,000,000                          |   |                            |                       |                                   | 215,678,246 | 407,034,737   |
| 1994-95     | 680,022,275   | 213,005,569 <b>C</b>   | 146,305,569 <b>D</b>                |   | 28,100,000 <b>E</b>        |                       |                                   | 387,411,138 | 292,611,137   |
| 1995-96     | 726,581,754   | 77,342,026   | 130,000,000                         | 47,100,000 <b>F</b>                     | 26,200,000 <b>G</b>        |                       | 39,803,567 <b>H</b>               | 320,445,593 | 406,136,161   |
| 1996-97     | 759,306,050   |  | 174,260,955                         | 49,354,893                              | 156,000,000 <b>I</b>       | 61,000,000 <b>J</b>   |                                   | 440,615,848 | 318,690,202   |
| 1997-98     | 784,224,890   | 21,568,903   | 145,000,000                         | 47,397,819                              |                            | 400,000,000 <b>L</b>  | 55,027,680 <b>K</b>               | 668,994,402 | 115,230,488   |
| 1998-99     | 514,756,178   |  | 150,000,000                         | 31,054,152                              |                            |                       | 37,000,000 <b>M</b>               | 218,054,152 | 296,702,026   |
| 1999-00     | 3,869,243   | 967,311  | 2,901,932                           | 0 <b>N</b>                              |                            |                       |                                   | 3,869,243   | 0   |
| 2000-01     | 6,350,587   |  |                                     | 0 <b>M</b>                              |                            | 6,350,587 <b>O</b>    |                                   | 6,350,587   | 0   |
| 2001-02     | 3,785,997 <b>P</b>  |  |                                     |   |                            |                       |                                   | 0           | 25,000,000 <b>p</b>   |
| 2002-03     | 415,543,840 <b>Q</b>                                      | 150,000,000  | 15,000,000                          |   |                            |                       |                                   | 165,000,000 | 250,543,840 <b>Q</b>  |
| 2003-04     | 482,842,037 <b>R</b>                                      | 116,666,064  | 76,797,361                          |   |                            |                       |                                   | 193,463,425 | 289,378,612 <b>R</b>  |
| 2004-05     | 802,633,946 <b>S</b>                                      | 199,125,000  | 125,000,000                         |   |                            |                       |                                   | 324,125,000 | 478,508,946 <b>S</b>  |
| 2005-06     | 1,287,766,872 <b>T</b>                                    | 316,151,631 <b>U</b>   | 222,229,189                         |   |                            |                       |                                   | 538,380,820 | 749,386,052 <b>T</b>  |
| 2006-07     | 1,541,181,489 <b>V</b>                                    | 175,000,000 <b>W</b>   | 145,000,000                         |   |                            |                       |                                   | 320,000,000 | 1,221,181,489 <b>V</b>  |
| 2007-08     | 668,876,937 <b>X</b>                                      |  | <b>Y</b> 69,839,238                 |   |                            |                       |                                   | 69,839,238  | 599,037,699 <b>X</b>  |
| 2008-09     | 92,237,091 <b>Z</b>                                       |  |                                     |   |                            |                       |                                   | 0           | 92,237,091  |
| 2009-10     | 236,902,394   |  |                                     |   |                            |                       |                                   | 0           | 236,902,394 <b>AA</b>   |
| 2010-11     | 1,015,599,914 <b>BB</b>                                   | 183,650,000  | 124,500,000                         |   |                            | 125,000,000 <b>CC</b> |                                   | 433,150,000 | 582,449,914   |
| 2011-12     | 694,038,532   | 123,170,924  | 23,170,924                          |   |                            | 154,000,000 <b>DD</b> |                                   | 300,341,848 | 393,696,684   |

### Notes

- A June 30th unreserved fund balance according to the Office of State Budget and Management and the Office of the State Controller.
- B Effective July 1, 2001, the General Assembly repealed the required earmarking of the year end credit balance for the Clean Water Management Trust Fund and established an annual appropriation for the trust fund.
- C Includes direct transfer to the Savings Reserve Account of \$66,700,000.
- D Only \$125,000,000 was appropriated by the General Assembly for Repairs/Renovations; the balance of \$21,305,569 was appropriated by the 1996 Session of the General Assembly for Special Projects.

- E Funds reserved for Future Tax Relief.
- F \$9.2 million was transferred to the Wetlands Restoration Fund in accordance with Section 27.6(d) of Chapter 18 of the 1996 Extra Session Laws.
- G Reserve for Federal Retirees Refund (\$25 million) and Federal Retiree Administration (\$1.2 million).
- H Appropriation of additional 1996-97 capital improvements of \$39,519,567 made by re-appropriating 1995-96 unexpended appropriations and the appropriation of 1995-96 reversion of \$284,000 for library grants (Library grant was not re-appropriated but held in reserve).
- I Funds reserved for Intangible Tax Remedy/Refunds.
- J Investment in North Carolina Railroad stock.
- K Appropriation of 1997-98 reversions for FY 1997-98 in accordance with S.L. 1998-212, Sec. 9.
- L Funds reserved for Bailey/Emory/Patton Reserve.
- M \$30 million appropriation for Aquariums capital improvement; \$7 million appropriated for Warren County Landfill.
- N Year-end credit balance insufficient for earmarking; General Assembly appropriated \$30 million directly to the Clean Water Management Trust Fund.
- O Transferred to the Reserve for Disaster Relief .
- P The beginning unreserved fund balance recognized by the General Assembly and included in General Fund availability for the FY 2002-03 is \$25 million, as specified in S.L. 2002-126, Sec. 2.2.(a).
- Q The unreserved fund balance recognized by the General Assembly prior to and after earmarkings was \$409.2 million and \$244.2 million, respectively.
- R The unreserved fund balance recognized by the General Assembly prior to and after earmarkings was \$466.7 million and \$273.2 million, respectively.
- S The unreserved fund balance recognized by the General Assembly prior to and after earmarkings was \$796.5 million and \$472.4 million, respectively.
- T The unreserved fund balance recognized by the General Assembly prior to and after earmarkings was \$1.296 billion and \$749.4 million, respectively.
- U Pursuant to G.S. 143-15.3, Savings Reserve earmarking is adjusted to reflect final unreserved fund balance; earmarking recognized by General Assembly in S.L. 2006-66 was \$323,871,747.
- V The unreserved fund balance recognized by the General Assembly prior to and after earmarkings was \$1.493 billion and \$1.173 billion, respectively.
- W Pursuant to S.L. 2007-323, Sec. 2.2.(c1), Savings Reserve earmarking recognized by the General Assembly was \$175,000,000.
- X The unreserved fund balance recognized by the General Assembly prior to and after earmarkings was \$576.1 million and \$506.2 million, respectively.
- Y Pursuant to S.L. 2008-107, Sec. 2.2.(c1), Savings Reserve earmarking recognized by the General Assembly was \$0.
- Z The unreserved fund balance recognized by the General Assembly was \$91,967,011.
- AA The unreserved fund balance recognized by the General Assembly was \$3,972,262. As per the Office of State Budget and Management, Medicaid reimbursements anticipated for the first quarter of FY 2010/11 were drawn down and deposited into the FY 2009/10 budget.
- BB The unreserved beginning fund balance (prior to earmarking) recognized by the General Assembly in S.L. 2011-145 was \$955,443,193. Fiscal Research published a revised Availability Statement that reflects actual beginning fund balance of \$1,015,599,914 (prior to earmarking) .
- CC S.L. 2011-145, Section 2.2(j) authorized up to \$125 million for the repayment of Medicaid federal funds.
- DD S.L. 2012-2 authorized the use of funds, including net appropriations up to \$154 million, to help close the FY 2011-12 budget gap in Medicaid.

**Savings Reserve Account at Fiscal Year Ending June 30th**

| Fiscal Year | Prior Fiscal Year<br>Current Operations<br>Appropriation* | Statutory Goal:<br>8% of Prior<br>Fiscal Year<br>Operations<br>Appropriation** | Unreserved<br>Fund Balance<br>at Fiscal Year End<br>June 30th | Current Year<br>Earmarking /<br>Appropriation to<br>Savings Reserve | Withdrawals<br>and<br>Adjustments | Savings<br>Reserve<br>Account<br>Balance |
|-------------|---|--|---|---|-----------------------------------|--|
| 1990-1991   |   |  |   | 141,000,000   | A                                 | 0  |
| 1991-1992   | 7,726,343,007   | 386,317,150  | 164,773,001   | 41,593,253  | 0                                 | 41,593,253                               |
| 1992-1993   | 7,825,507,308   | 391,275,365  | 537,330,259   | 134,332,565   | 0                                 | 175,925,818                              |
| 1993-1994   | 8,114,332,336   | 405,716,617  | 622,712,983   | 155,678,246   | (121,000,000) B                   | 210,604,064                              |
| 1994-1995   | 9,125,084,906   | 456,254,245  | 586,422,276   | 213,005,569   |                                   | 423,609,633                              |
| 1995-1996   | 10,019,033,177  | C 500,951,659  | 726,581,754   | 77,342,029  | 0                                 | 500,951,662                              |
| 1996-1997   | 9,793,062,378   | 489,653,119  | 759,306,050   | 0   | 0                                 | 500,951,662                              |
| 1997-1998   | 10,450,411,229  | D 522,520,561  | 784,224,890   | 21,568,899  | 0                                 | 522,520,561                              |
| 1998-1999   | 11,258,582,548  | E 562,929,127  | 515,077,350   | 0   | F (200,000,000) G                 | 322,520,561                              |
| 1999-2000   | 12,327,025,974  | H 616,351,299  | 3,869,243   | 967,311   | (285,965,824) I                   | 37,522,048                               |
| 2000-2001   | 13,441,610,285  | 672,080,514  | 6,350,587   | 120,000,000   | J                                 | 157,522,048                              |
| 2001-2002   | 13,878,542,760  | 693,927,138  | 3,785,997   | M, N 90,000,000   | K (247,522,048) L                 | 0  |
| 2002-2003   | 14,705,809,843  | 735,290,492  | 415,543,840   | O 150,000,000   |                                   | 150,000,000                              |
| 2003-2004   | 14,320,664,876  | 716,033,244  | 482,842,037   | P 116,666,064   | 391,343 Q                         | 267,057,407                              |
| 2004-2005   | 14,871,621,783  | 743,581,089  | 802,633,946   | R 199,125,000   | (153,541,447) S                   | 312,640,960                              |
| 2005-2006   | 15,897,680,933  | 794,884,047  | 1,287,766,872   | T 316,151,631   | T 0                               | 628,792,591                              |
| 2006-2007   | 17,161,861,310  | 858,093,066  | 1,541,181,489   | U 175,000,000   | (17,142,913) V                    | 786,649,678                              |
| 2007-2008   | 18,673,708,783  | 933,685,439  | 668,876,937   | W 0   | 0                                 | 786,649,678                              |
| 2008-2009   | 20,441,301,149  | 1,635,304,092  | 92,237,091  | 0   | (636,649,678) X                   | 150,000,000                              |
| 2009-2010   | 21,239,049,461  | 1,699,123,957  | 236,902,394   | 0   | 0                                 | 150,000,000                              |
| 2010-2011   | 18,974,565,403  | 1,517,965,232  | 582,449,914   | 183,650,000   | (38,008,589) Y                    | 295,641,411                              |
| 2011-2012   | 19,700,747,946  | 1,576,059,836  | 393,696,684   | 123,170,924   |                                   | 418,812,335                              |

\* Includes Local Government Shared Revenues/Reimbursements

\*\* Effective July 1, 2007, the State Budget Act (S.L. 2006-323) sets a Savings Reserve Account balance goal equal to at least 8% of the prior year operations appropriations. Prior to FY 2008-2009, there was a statutory cap of 5% of the prior year operations appropriations.

**Notes**

- A The General Assembly appropriated \$141 million; this reserve was used to offset a shortfall in revenue for 1990-91
- B The General Assembly authorized the transfer of \$121 million to be used for the purpose of restoring the June 30 paydate.
- C Includes direct appropriation to Savings Reserve Account (\$66.7 million) and Local Government Shared Revenue (\$236.8 million).
- D Adjusted to reflect Emergency Appropriation made to the Dept. of Community Colleges for 1996-97 by the 1997 Session.

### **Savings Reserve Account at Fiscal Year Ending June 30th**

- E Adjusted to reflect Emergency Appropriation for Year 2000 Conversion for 1997-98 (\$20,506,367) as approved by 1998 Session.
- F The 1999 General Assembly directed that no funds be transferred to the Savings Reserve Account for the fiscal year ending June 30, 1999.
- G Funds appropriated from the Savings Reserve Account to comply with the lawsuit settlement on the Intangible Tax Refunds.
- H Adjusted for \$6.5 million in Juvenile Justice Reserve transferred to Capital Improvements.
- I Funds appropriated from the Savings Reserve Account to the Hurricane Floyd Reserve Fund (Office of State Budget Disaster Relief Fund).
- J Funds appropriated directly to the Savings Reserve Account, due to insufficient year-end credit balance for earmarking.
- K Includes funds credited directly to the Savings Reserve Account from anticipated revenues, due to insufficient year-end credit balance for earmarking. Includes \$181 million credited per S.L. 2001-424, Appropriations Act and \$750,000 per S.L. 2001-514, Turfgrass Research. Due to a revenue shortfall during FY 2001-02, the Director of the Budget credited only \$90 million to the Savings Reserve Account.
- L \$8,180,351 transferred to terrorism defense initiatives and \$239,341,697 transferred to General Fund availability to cover revenue shortfall as authorized by the General Assembly.
- M Per the Office of State Budget and Management (OSBM). The beginning unreserved credit balance recognized by the General Assembly and included in General Fund availability for FY 2002-03 is \$25 million, as specified in Section 2.2(a) of S.L. 2002-126.
- N The General Assembly directed that no funds be credited to the Savings Reserve Account from the FY 2001-02 year-end credit balance.
- O Per OSBM and Office of the State Controller (OSC). The unreserved credit balance recognized by the General Assembly prior to earmarkings was \$409.2 million.
- P Per OSBM. The unreserved credit balance recognized by the General Assembly prior to earmarkings was \$466.7 million.
- Q \$391,343 in unexpended funds for FY 2001-02 terrorism defense initiatives reverted to the Savings Reserve Account.
- R June 30th credit balance per the Office of State Budget and Management and Office of the State Controller. The unreserved credit balance recognized by the General Assembly prior to earmarkings was \$796.5 million.
- S Senate Bill 7 appropriated \$123.5 million from the Savings Reserve Account pursuant to the Hurricane Recovery Act of 2005 (S.L. 2005-1) and \$30 million for mitigation efforts recommended by the Governor.
- T June 30th credit balance and final Savings Reserve earmarking per the Office of State Budget and Management and Office of the State Controller. Estimated unreserved credit balance and Savings Reserve earmarking recognized by the General Assembly (S.L. 2006-66) was \$1.296 billion and \$323.9 million respectively.
- U June 30th credit balance and final Savings Reserve earmarking per the Office of State Budget and Management and Office of the State Controller. Estimated
- V S. L. 2006-66, Sec. 2.2.(g) Directed the State Treasurer to transfer funds from the Savings Reserve to hold Highway Fund and the Highway Trust Fund harmless from the cap on the Motor Fuels Tax.
- W Effective with the FY 1992-93 budget, the Executive Budget Act required an earmarking of the lesser of 25% of the year-end unreserved credit balance or the amount required to reach the 5% statutory cap. Effective July 1, 2007, G.S. 143C-4-2 of the State Budget Act now requires that 25% of the year-end unreserved fund balance be reserved to the Savings Reserve Account. The goal is to maintain a balance in the SRA that is at least 8% of the prior year operations appropriations. The State Budget Act (S.L. 2006-203) repealed and replaced the Executive Budget Act as of July 1, 2007.
- X S.L. 2009-16 appropriated \$250,000,000 from the Savings Reserve Account to the State's Health Plan to cover a projected shortfall in the Plan for FY 2008-09. Additionally, S.L. 2009-215 appropriated funds to the extent needed to balance the FY 2008-09 General Fund budget; in total, Governor Purdue withdrew \$386.6 million from the Savings Reserve for this purpose.
- Y S.L. 2010-123, Sec. 1.3 authorized the Director of the Budget to use \$38,008,589 from the Savings Reserve Account to offset the loss of Enhanced FMAP Funds.



**Actual Tax Revenues Collected by Major Schedules**

| Fiscal Year | Individual Income | Corporate Income | Total Income Tax | Sales & Use   | Franchise   | Inheritance | Alcohol     | Insurance   | Cigarette/<br>Tobacco | Soft Drinks | Other       | Total Tax Revenue |
|-------------|-------------------|------------------|------------------|---------------|-------------|-------------|-------------|-------------|-----------------------|-------------|-------------|-------------------|
| 1970-71     | 301,755,720       | 111,841,025      | 413,596,745      | 285,893,056   | 61,924,665  | 18,808,807  | 56,382,987  | 32,368,226  | 16,361,491            | 18,550,517  | 17,558,198  | 921,444,692       |
| 1971-72     | 361,816,480       | 122,034,298      | 483,850,778      | 324,824,018   | 71,073,722  | 22,164,706  | 60,583,412  | 35,927,677  | 18,891,365            | 19,192,153  | 15,391,871  | 1,051,899,702     |
| 1972-73     | 431,222,164       | 135,086,285      | 566,308,449      | 368,746,184   | 80,622,288  | 34,030,814  | 63,957,863  | 40,802,936  | 20,228,597            | 19,724,564  | 19,575,349  | 1,213,997,044     |
| 1973-74     | 504,319,052       | 148,748,753      | 653,067,805      | 409,393,909   | 91,658,623  | 29,196,269  | 67,751,142  | 44,764,328  | 20,531,733            | 20,200,510  | 21,621,149  | 1,358,185,468     |
| 1974-75     | 549,927,432       | 165,473,944      | 715,401,376      | 423,006,813   | 111,742,188 | 26,202,077  | 70,042,026  | 47,999,930  | 20,753,314            | 18,110,432  | 17,925,944  | 1,451,184,100     |
| 1975-76     | 604,792,720       | 155,685,814      | 760,478,534      | 464,756,311   | 130,193,042 | 28,280,942  | 73,323,247  | 54,809,184  | 21,473,062            | 19,765,341  | 18,765,791  | 1,571,845,454     |
| 1976-77     | 782,092,041       | 203,397,684      | 985,489,725      | 510,295,335   | 146,139,025 | 31,038,176  | 75,216,249  | 56,609,311  | 20,307,632            | 20,119,909  | 24,751,396  | 1,869,966,758     |
| 1977-78     | 848,247,311       | 228,693,809      | 1,076,941,120    | 578,960,737   | 162,348,177 | 35,122,343  | 79,809,085  | 63,957,032  | 19,415,339            | 22,071,726  | 21,856,189  | 2,060,481,748     |
| 1978-79     | 996,226,723       | 252,704,464      | 1,248,931,187    | 646,729,888   | 181,454,337 | 37,709,225  | 85,115,511  | 71,109,177  | 18,826,236            | 23,047,831  | 24,294,753  | 2,337,218,145     |
| 1979-80     | 1,180,507,067     | 290,632,136      | 1,471,139,203    | 691,902,227   | 200,814,972 | 40,077,397  | 90,461,024  | 80,258,938  | 18,031,230            | 21,970,740  | 24,558,259  | 2,639,213,990     |
| 1980-81     | 1,303,517,221     | 279,803,897      | 1,583,321,118    | 737,098,123   | 235,280,325 | 43,433,565  | 95,389,760  | 86,188,075  | 18,247,220            | 22,278,966  | 24,716,296  | 2,845,953,448     |
| 1981-82     | 1,449,370,198     | 277,447,978      | 1,726,818,176    | 777,449,131   | 269,764,189 | 43,480,619  | 99,640,685  | 92,817,199  | 18,277,757            | 21,882,630  | 27,582,451  | 3,077,712,837     |
| 1982-83     | 1,550,107,336     | 306,517,039      | 1,856,624,375    | 823,400,004   | 298,560,505 | 44,071,761  | 100,343,420 | 98,116,843  | 15,618,474            | 21,829,242  | 20,460,219  | 3,279,024,843     |
| 1983-84     | 1,784,986,813     | 367,823,717      | 2,152,810,530    | 998,987,392   | 326,787,458 | 66,412,027  | 101,192,377 | 106,523,346 | 14,970,694            | 23,667,499  | 23,026,280  | 3,814,377,603     |
| 1984-85     | 2,023,463,495     | 489,955,619      | 2,513,419,114    | 1,155,845,141 | 310,142,987 | 71,203,186  | 105,075,395 | 116,107,705 | 14,907,150            | 24,607,217  | 25,414,359  | 4,336,722,254     |
| 1985-86     | 2,206,749,074     | 510,675,054      | 2,717,424,128    | 1,380,409,070 | 197,594,803 | 82,020,611  | 108,981,903 | 134,814,850 | 14,895,376            | 25,712,882  | 32,667,227  | 4,694,520,850     |
| 1986-87     | 2,565,878,217     | 563,528,678      | 3,129,406,895    | 1,451,612,941 | 206,523,263 | 73,540,356  | 112,514,998 | 139,229,389 | 11,616,044            | 24,828,396  | 31,289,835  | 5,180,562,117     |
| 1987-88     | 2,686,832,223     | 625,972,626      | 3,312,804,849    | 1,555,266,971 | 234,779,520 | 60,728,032  | 122,479,873 | 186,461,390 | 8,484,073             | 27,365,786  | 42,918,379  | 5,551,288,873     |
| 1988-89     | 3,002,323,870     | 549,432,007      | 3,551,755,877    | 1,681,724,768 | 236,296,779 | 67,154,138  | 127,614,668 | 187,071,844 | 7,952,400             | 27,912,071  | 41,059,561  | 5,928,542,106     |
| 1989-90     | 3,390,389,817     | 557,763,530      | 3,948,153,347    | 1,762,717,987 | 262,760,974 | 72,871,272  | 145,690,616 | 176,714,976 | 15,315,186            | 28,987,047  | 148,211,757 | 6,561,423,162     |
| 1990-91     | 3,534,474,150     | 493,213,262      | 4,027,687,412    | 1,682,340,881 | 372,888,415 | 76,790,835  | 153,753,340 | 193,240,504 | 15,190,478            | 29,752,060  | 140,861,252 | 6,692,505,177     |
| 1991-92     | 3,583,017,675     | 606,195,418      | 4,189,213,093    | 2,161,362,545 | 406,952,650 | 87,676,257  | 158,075,821 | 203,829,955 | 40,362,907            | 32,417,808  | 158,554,573 | 7,438,445,609     |
| 1992-93     | 3,992,016,392     | 429,848,526      | 4,421,864,918    | 2,344,073,330 | 419,986,494 | 89,618,065  | 159,142,463 | 198,811,590 | 42,880,901            | 34,461,373  | 172,177,426 | 7,883,016,560     |
| 1993-94     | 4,254,506,549     | 487,796,660      | 4,742,303,209    | 2,578,846,239 | 439,287,031 | 106,533,229 | 161,133,617 | 219,439,488 | 37,925,056            | 36,538,688  | 194,749,199 | 8,516,755,756     |
| 1994-95     | 4,665,474,733     | 649,389,838      | 5,314,864,571    | 2,781,683,390 | 458,058,989 | 109,865,448 | 163,188,783 | 236,215,989 | 44,635,750            | 37,958,080  | 219,345,056 | 9,365,816,056     |
| 1995-96     | 4,800,034,948     | 673,837,774      | 5,473,872,722    | 2,958,132,813 | 355,918,036 | 112,912,290 | 145,517,853 | 242,652,553 | 46,697,736            | 39,805,998  | 83,245,228  | 9,458,755,229     |
| 1996-97     | 5,329,990,261     | 717,750,574      | 6,047,740,835    | 3,127,673,443 | 387,811,674 | 132,068,325 | 150,208,567 | 258,503,720 | 46,677,349            | 31,347,645  | 57,115,919  | 10,239,147,477    |
| 1997-98     | 6,028,870,217     | 696,338,557      | 6,725,208,774    | 3,255,372,048 | 407,256,555 | 138,124,663 | 153,723,510 | 283,763,234 | 47,177,218            | 23,078,645  | 58,741,873  | 11,092,446,520    |
| 1998-99     | 6,606,500,278     | 848,509,669      | 7,455,009,947    | 3,376,206,664 | 409,558,340 | 169,935,220 | 158,026,529 | 291,230,879 | 44,852,542            | 12,349,253  | 48,094,529  | 11,965,263,904    |
| 1999-00     | 7,080,106,177     | 903,241,974      | 7,983,348,151    | 3,354,897,708 | 306,979,197 | 163,327,319 | 166,372,353 | 273,367,118 | 43,663,205            | 1,285,949   | 97,737,509  | 12,390,978,509    |
| 2000-01     | 7,391,342,524     | 460,315,086      | 7,851,657,610    | 3,435,558,577 | 580,431,850 | 123,165,443 | 172,698,910 | 305,791,331 | 42,025,877            | 51,202      | 61,678,611  | 12,573,059,411    |
| 2001-02     | 7,134,629,832     | 409,322,539      | 7,543,952,371    | 3,705,769,832 | 446,270,680 | 104,750,885 | 174,644,725 | 340,785,358 | 41,531,347            | 1,855       | 86,953,961  | 12,444,661,014    |
| 2002-03     | 7,088,526,873     | 840,499,824      | 7,929,026,697    | 3,922,821,877 | 429,128,005 | 112,504,407 | 170,896,551 | 408,873,354 | 41,998,713            | 0           | 101,981,180 | 13,117,230,784    |
| 2003-04     | 7,509,898,086     | 776,964,847      | 8,286,862,933    | 4,222,201,842 | 445,294,486 | 128,479,443 | 182,392,509 | 423,405,050 | 43,732,769            | 0           | 98,357,842  | 13,830,726,874    |
| 2004-05     | 8,409,288,618     | 1,193,529,164    | 9,602,817,782    | 4,477,159,178 | 498,681,391 | 135,211,344 | 189,308,658 | 431,664,202 | 42,981,044            | 0           | 99,734,304  | 15,477,557,903    |
| 2005-06     | 9,400,167,970     | 1,204,102,940    | 10,604,270,910   | 4,893,911,220 | 477,055,108 | 133,379,473 | 200,845,242 | 431,729,295 | 171,636,758           | 0           | 107,687,797 | 17,020,515,803    |
| 2006-07     | 10,507,966,531    | 1,451,399,198    | 11,959,365,729   | 4,995,570,841 | 531,412,140 | 161,586,810 | 212,608,231 | 475,545,413 | 241,174,320           | 0           | 135,776,844 | 18,713,040,328    |
| 2007-08     | 10,902,299,190    | 1,111,668,852    | 12,013,968,042   | 4,981,673,149 | 574,460,805 | 158,764,850 | 225,125,416 | 492,698,607 | 237,377,533           | 0           | 148,954,250 | 18,833,022,652    |
| 2008-09     | 9,470,172,884     | 835,544,512      | 10,305,717,396   | 4,677,947,375 | 651,938,670 | 104,256,014 | 228,458,572 | 466,601,945 | 227,056,891           | 0           | 118,003,597 | 16,779,980,460    |
| 2009-10     | 9,047,605,408     | 1,197,865,423    | 10,245,470,831   | 5,565,043,256 | 724,451,377 | 71,905,766  | 282,316,942 | 486,848,659 | 251,730,956           | 0           | 118,272,416 | 17,744,727,983    |
| 2010-11     | 9,734,868,036     | 1,013,546,433    | 10,748,414,469   | 5,871,669,069 | 607,500,353 | 23,755,446  | 275,193,609 | 480,134,608 | 265,270,142           | 0           | 109,401,632 | 18,381,339,329    |
| 2011-12     | 10,272,136,381    | 1,132,871,163    | 11,405,007,544   | 5,257,585,405 | 612,527,734 | 58,102,537  | 287,363,097 | 460,440,592 | 270,900,735           | 0           | 112,497,655 | 18,464,425,299    |

