



# FISCAL RESEARCH DIVISION

A Staff Agency of the North Carolina General Assembly

## 2014 ANNOTATED CONFERENCE COMMITTEE REPORT ON THE CONTINUATION, EXPANSION, AND CAPITAL BUDGETS

(Includes summaries of provisions in S.L. 2014-100, Appropriations Act of 2014 (S.B. 744), 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 2014-15 as enacted in S.L. 2014-100, Appropriations Act of 2014 (S.B. 744).

The Annotated Report includes all legislative adjustments to the FY 2014-15 Budgets enacted during the 2014 Legislative Session. Also included are summaries of other related bills and select budgetary information.

This document and other budgetary and fiscal information are available on the division's website at [www.ncleg.net/FiscalResearch](http://www.ncleg.net/FiscalResearch).

## Acknowledgements

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

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Auditor  
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  
State Ethics Commission  
State Treasurer

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Commerce  
Commerce-State Aid  
Labor  
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# **General Fund Availability Statement**

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## General Fund Availability Statement

	<b>FY 2014-15</b>
1 Unappropriated Balance Remaining from FY 2013-14	323,693,704
2 Anticipated Undercollections from FY 2013-14	(452,600,000)
3 Anticipated Reversions from FY 2013-14	396,275,923
4 Adjustments from Estimated to Actual FY 2013-14 Fund Balance	2,033,330
5	
6 <b>Less Earmarkings of Year End Fund Balance</b>	
7     Savings Reserve	0
8     Repairs and Renovations	0
9 <b>Beginning Unreserved Fund Balance</b>	<b>269,402,957</b>
10	
11 <b>Revenues Based on Existing Tax Structure</b>	<b>19,972,100,000</b>
12	
13 <b>Non-tax Revenues</b>	
14     Investment Income	11,300,000
15     Judicial Fees	244,500,000
16     Disproportionate Share	109,000,000
17     Master Settlement Agreement	137,500,000
18     Other Non-Tax Revenues	195,500,000
19     Insurance	77,000,000
20     Highway Fund Transfer	215,900,000
21 <b>Subtotal Non-tax Revenues</b>	<b>990,700,000</b>
22	
23 <b>Total General Fund Availability</b>	<b>21,232,202,957</b>
24	
25 <b>Adjustments to Availability: 2014 Session</b>	
26     Transfer to Medicaid Contingency Reserve	(186,372,673)
27     Transfer from Cash Balances from Department of Agriculture and Consumer Services Special Funds	1,449,680
28     Transfer from IDF Utility Account	5,000,000
29     Transfer of Interest from Department of Environment and Natural Resources (DENR) Special Funds	793,095
30     Diversion of Funds from DENR Inspection and Maintenance Control Special Fund	3,300,000
31     Diversion of Funds from DENR Water and Air Account Special Fund	1,000,000
32     Transfer from Federal Insurance Contribution Act (FICA) Fund Cash Balance	5,255,000
33     Transfer from Government Data Analytics Center (GDAC) Cash Balance	1,500,000
34     Transfer from Blount Street Properties Fund Cash Balance	5,456,787
35     Transfer from E-Commerce Fund Cash Balance	2,130,000
36     Adjustment of Transfer from Insurance Regulatory Fund	(291,302)
37     Adjustment of Transfer from Treasurer's Office	2,659,931
38     Increase from ABC Permit Fees	9,600,000
39     Four-year Phaseout of Provision of Medicaid Hold Harmless Law Guaranteeing Counties \$500,000 Benefit	5,990,000
40     Redirection of Funds from Gross Premiums Tax on Property Coverage Contracts to General Fund (S.L. 2014-64)	1,600,000
41     Sales Tax on Manufactured and Modular Homes	(4,700,000)
42     Piped Natural Gas Sales Tax Phase-in (S.L. 2014-39)	(2,430,000)
43 <b>Subtotal Adjustments to Availability: 2014 Session</b>	<b>(148,059,482)</b>
44	
45 <b>Revised General Fund Availability</b>	<b>21,084,143,475</b>
46	
47 <b>Less: General Fund Appropriations</b>	<b>(21,082,110,145)</b>
48	
49 <b>Unappropriated Balance Remaining</b>	<b>2,033,330</b>

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# **Summary: General Fund Appropriations**

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Summary of General Fund Appropriations						
Fiscal Year 2014-15						
2014 Legislative Session						
		Legislative Adjustments				Revised
	Enacted Budget	Recurring	Nonrecurring	Net	FTE	Appropriation
	2014-15	Adjustments	Adjustments	Changes	Changes	2014-15
<b>Education</b>						
Public Education	8,046,101,622	5,844,212	53,030,774	58,874,986	0.00	8,104,976,608
Community Colleges	1,016,487,467	24,423,804	0	24,423,804	0.00	1,040,911,271
UNC System	2,599,901,709	34,060,366	(4,579,138)	29,481,228	(2.80)	2,629,382,937
<b>Total Education</b>	<b>11,662,490,798</b>	<b>64,328,382</b>	<b>48,451,636</b>	<b>112,780,018</b>	<b>(2.80)</b>	<b>11,775,270,816</b>
<b>Health and Human Services</b>						
Central Management and Support	76,301,328	(5,396,528)	2,000,000	(3,396,528)	1.00	72,904,800
Aging and Adult Services	54,342,341	(969,549)	100,000	(869,549)	0.00	53,472,792
Blind and Deaf / Hard of Hearing Services	8,178,618	0	0	0	0.00	8,178,618
Child Development and Early Education	254,314,609	(1,893,496)	(28,784,759)	(30,678,255)	(1.00)	223,636,354
Health Service Regulation	16,411,479	(288,000)	0	(288,000)	0.00	16,123,479
Medical Assistance	3,608,119,091	(56,536,746)	136,965,778	80,429,032	0.00	3,688,548,123
Mental Health, Dev. Disabilities, & Sub. Abuse Services	704,985,988	(8,323,653)	(16,598,589)	(24,922,242)	(7.00)	680,063,746
NC Health Choice	57,747,933	(15,813,961)	0	(15,813,961)	0.00	41,933,972
Public Health	141,941,587	176,620	(5,782,163)	(5,605,543)	(7.00)	136,336,044
Social Services	176,558,432	11,081,105	1,125,750	12,206,855	9.00	188,765,287
Vocational Rehabilitation	38,773,169	(575,336)	0	(575,336)	(11.95)	38,197,833
<b>Total Health and Human Services</b>	<b>5,137,674,575</b>	<b>(78,539,544)</b>	<b>89,026,017</b>	<b>10,486,473</b>	<b>(16.95)</b>	<b>5,148,161,048</b>
<b>Justice and Public Safety</b>						
Public Safety	1,690,014,006	55,574,908	(4,390,563)	51,184,345	95.50	1,741,198,351
Judicial	456,426,252	7,466,820	0	7,466,820	0.00	463,893,072
Judicial - Indigent Defense	111,357,264	335,967	0	335,967	0.00	111,693,231
Justice	82,308,926	(32,665,102)	(300,000)	(32,965,102)	(391.50)	49,343,824
<b>Total Justice and Public Safety</b>	<b>2,340,106,448</b>	<b>30,712,593</b>	<b>(4,690,563)</b>	<b>26,022,030</b>	<b>(296.00)</b>	<b>2,366,128,478</b>
<b>Natural and Economic Resources</b>						
Agriculture and Consumer Services	115,409,902	(503,213)	2,161,417	1,658,204	0.00	117,068,106
Commerce	56,733,282	(2,242,255)	31,297,064	29,054,809	(1.00)	85,788,091
Commerce - State Aid	15,624,767	79,473	1,750,000	1,829,473	0.00	17,454,240
Environment and Natural Resources	157,767,236	3,769,002	(2,234,182)	1,534,820	(13.22)	159,302,056
Labor	16,696,339	(145,889)	0	(145,889)	0.00	16,550,450
Wildlife Resources Commission	14,476,588	(1,313,319)	(2,000,000)	(3,313,319)	0.00	11,163,269
<b>Total Natural and Economic Resources</b>	<b>376,708,114</b>	<b>(356,201)</b>	<b>30,974,299</b>	<b>30,618,098</b>	<b>(14.22)</b>	<b>407,326,212</b>

Summary of General Fund Appropriations						
Fiscal Year 2014-15						
2014 Legislative Session						
		Legislative Adjustments				Revised
	Enacted Budget	Recurring	Nonrecurring	Net	FTE	Appropriation
	2014-15	Adjustments	Adjustments	Changes	Changes	2014-15
<b>General Government</b>						
Administration	67,047,033	(1,764,816)	0	(1,764,816)	(9.00)	65,282,217
Auditor	11,217,468	154,799	0	154,799	0.00	11,372,267
Cultural Resources	63,008,100	688,852	0	688,852	(4.00)	63,696,952
Cultural Resources - Roanoke Island	450,000	(9,000)	0	(9,000)	0.00	441,000
General Assembly	51,634,767	862,927	(400,000)	462,927	0.00	52,097,694
Governor	7,172,132	(35,621)	80,866	45,245	0.00	7,217,377
Housing Finance Agency	8,411,632	(169,678)	10,000,000	9,830,322	0.00	18,241,954
Insurance	38,003,624	(291,302)	0	(291,302)	(7.80)	37,712,322
Lieutenant Governor	675,089	(3,782)	0	(3,782)	0.00	671,307
Office of Administrative Hearings	5,027,130	37,818	0	37,818	0.00	5,064,948
Revenue	80,896,458	(1,517,149)	0	(1,517,149)	(10.00)	79,379,309
Secretary of State	11,575,183	25,523	0	25,523	(2.00)	11,600,706
State Board of Elections	5,693,244	160,815	0	160,815	3.00	5,854,059
State Budget and Management	7,534,217	(52,626)	0	(52,626)	(1.00)	7,481,591
State Budget and Management -- Special	1,520,000	(20,000)	175,000	155,000	0.00	1,675,000
State Controller	28,710,691	(332,152)	130,000	(202,152)	(4.75)	28,508,539
Treasurer - Operations	7,026,305	2,607,991	51,940	2,659,931	10.00	9,686,236
Treasurer - Retirement / Benefits	23,179,042	(1,694,768)	0	(1,694,768)	0.00	21,484,274
<b>Total General Government</b>	<b>418,782,115</b>	<b>(1,352,169)</b>	<b>10,037,806</b>	<b>8,685,637</b>	<b>(25.55)</b>	<b>427,467,752</b>
<b>Statewide Reserves and Debt Service</b>						
<b>Debt Service</b>						
Interest / Redemption	723,721,279	(3,746,442)	0	(3,746,442)	0.00	719,974,837
Federal Reimbursement	1,616,380	0	0	0	0.00	1,616,380
<b>Subtotal Debt Service</b>	<b>725,337,659</b>	<b>(3,746,442)</b>	<b>0</b>	<b>(3,746,442)</b>	<b>0.00</b>	<b>721,591,217</b>
<b>Statewide Reserves</b>						
Salary Adjustment Reserve	7,500,000	0	0	0	0.00	7,500,000
State Health Plan Contribution	89,000,000	(22,000,000)	0	(22,000,000)	0.00	67,000,000
State Retirement System Contributions	36,000,000	0	0	0	0.00	36,000,000
Reserve for Future Benefit Needs	56,400,000	(56,400,000)	0	(56,400,000)	0.00	0
Judicial Retirement System Contributions	1,000,000	0	0	0	0.00	1,000,000
Firemen's and Rescue Squad Workers' Pension Fund	(820,000)	0	0	0	0.00	(820,000)
Information Technology Fund	10,470,657	679,488	6,505,000	7,184,488	0.00	17,655,145
Information Technology Reserve Fund	31,582,485	270,067	(11,612,485)	(11,342,418)	0.00	20,240,067

Summary of General Fund Appropriations						
Fiscal Year 2014-15						
2014 Legislative Session						
		Legislative Adjustments				Revised
	Enacted Budget	Recurring	Nonrecurring	Net	FTE	Appropriation
	2014-15	Adjustments	Adjustments	Changes	Changes	2014-15
NC Government Efficiency and Reform Project	2,000,000	0	0	0	0.00	2,000,000
One North Carolina Fund	9,000,000	0	(7,144,263)	(7,144,263)	0.00	1,855,737
Unemployment Insurance Reserve	13,600,000	0	0	0	0.00	13,600,000
Reserve for Voter ID	1,000,000	0	0	0	0.00	1,000,000
Contingency and Emergency Fund	5,000,000	0	0	0	0.00	5,000,000
Reserve for Pending Litigation/Legislation	4,500,000	0	1,500,000	1,500,000	0.00	6,000,000
NCGA Litigation Reserve	0	0	300,000	300,000	0.00	300,000
Disability Income Plan	0	(3,200,000)	0	(3,200,000)	0.00	(3,200,000)
Job Development Investment Grants (JDIG)	63,045,357	0	(15,571,684)	(15,571,684)	0.00	47,473,673
<b>Subtotal Statewide Reserves</b>	<b>329,278,499</b>	<b>(80,650,445)</b>	<b>(26,023,432)</b>	<b>(106,673,877)</b>	<b>0.00</b>	<b>222,604,622</b>
<b>Total Reserves and Debt Service</b>	<b>1,054,616,158</b>	<b>(84,396,887)</b>	<b>(26,023,432)</b>	<b>(110,420,319)</b>	<b>0.00</b>	<b>944,195,839</b>
<b>Total General Fund for Operations</b>	<b>20,990,378,208</b>	<b>(69,603,826)</b>	<b>147,775,763</b>	<b>78,171,937</b>	<b>(355.52)</b>	<b>21,068,550,145</b>
<b>Capital Improvements</b>						
National Guard Projects	3,250,000	0	0	0	0.00	3,250,000
Samarkand Training Facility	5,173,000	0	(5,173,000)	(5,173,000)	0.00	0
Water Resources Development Projects	0	0	5,810,000	5,810,000	0.00	5,810,000
Museum of History Expansion	0	0	1,500,000	1,500,000	0.00	1,500,000
ASU Health Sciences Building - Planning	0	0	3,000,000	3,000,000	0.00	3,000,000
<b>Total Capital Improvements</b>	<b>8,423,000</b>	<b>0</b>	<b>5,137,000</b>	<b>5,137,000</b>	<b>0.00</b>	<b>13,560,000</b>
<b>Total General Fund Budget</b>	<b>20,998,801,208</b>	<b>(69,603,826)</b>	<b>152,912,763</b>	<b>83,308,937</b>	<b>(355.52)</b>	<b>21,082,110,145</b>

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# **Education Section F**

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## 2014 Annotated Conference Committee Report

### Public Education

GENERAL FUND
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FY 14-15
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Total Budget Enacted 2013 Session

\$8,046,101,622

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#### Legislative Changes

##### A. Reserve for Salaries & Benefits

###### 1 Compensation Increase Reserve - Educators

\$275,514,319 R

Provides funds for a new teacher salary schedule as well as an experience-based step for all step-eligible educators. The new schedule increases the pay of all educators to at least \$33,000 annually. This new schedule for all educators provides, on average, a 7% salary increase assuming that local supplements remain the same, there is no turnover, and there are no changes to educator educational attainment or certifications. Funds are provided for a \$1,000 salary bonus for educators at the top of the salary schedule who would not otherwise receive a salary increase. (S.L. 2014-100, Sec. 9.1)

\$6,764,338 NR

###### 2 Accrued Longevity Reserve - Educators

Provides funding for accrued longevity pay. (S.L. 2014-100, Sec. 9.1.(f))

\$24,299,233 NR

###### 3 Compensation Increase Reserve - School-based Administrators

\$5,818,632 R

Provides funds for salary schedule changes and an experience-based step for all step-eligible school-based administrators. In addition, funds are provided for a nonrecurring salaries and benefits bonus of \$1,000 (\$809 salary increase) for all school-based administrators who do not receive a salary increase on this schedule. (S.L. 2014-100, Sec. 9.11)

\$133,410 NR

###### 4 Compensation Increase Reserve - Non-certified and Central Office Personnel

\$32,635,439 R

Provides a \$618 recurring salary and benefit increase (\$500 salary increase) for permanent full-time non-certified and central office personnel. (S.L. 2014-100, Sec. 9.12 and 9.13)

**5 Compensation Increase Reserve - Department of Public Instruction (DPI)**

\$1,652,844 R

Provides a \$1,000 annual recurring salary increase (~\$1,236 salary and benefit increase) for permanent full-time employees and funds the salary increase required by the Teacher Salary Schedule for State agency teachers. (S.L. 2014-100, Sec. 35.1, 35.6A, and 35.10)

**6 State Retirement System Contributions - School District Personnel**

\$26,455,623 R

Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution, provide a 1.0% cost-of-living adjustment to retirees, and reflect the ratification of H.B. 1195. Total General Fund appropriation across all sections in the committee report is \$45.5 million. (S.L. 2014-100, Sec. 35.13 and 35.14)

**7 State Retirement System Contributions - DPI**

\$226,087 R

Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution, provide a 1.0% cost-of-living adjustment to retirees, and reflect the ratification of H.B. 1195. Total General Fund appropriation across all sections in the committee report is \$45.5 million. (S.L. 2014-100, Sec. 35.13 and 35.14)

**B. Technical Adjustments****8 Average Daily Membership (ADM) (Multiple)**

(\$37,453,734) R

Revises projected ADM for FY 2014-15 to reflect 6,286 fewer students than originally projected. The adjustment includes revisions to all position, dollar, and categorical allotments.

Total allotted ADM for FY 2014-15 is 1,520,305, an increase of 10,320 students over FY 2013-14.

**9 Average Certified Personnel Salaries (Multiple)**

(\$64,923,926) R

Revises budgeted funding for certified personnel salaries based on actual salary data from December 2013. 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>10 ADM Adjustment: Opportunity Scholarships (1800)</b>	\$11,797,941	R
Provides funding to eliminate the ADM Adjustment for Opportunity Scholarships. (S.L. 2014-100, Sec. 8.25)		
<b>11 Education Lottery Receipts: Classroom Teachers (1800)</b>	(\$33,942,997)	R
Adjusts the receipts budgeted for the Classroom Teachers allotment to reflect an updated distribution between Lottery-supported programs. (S.L. 2014-100, Sec. 5.2)		
<b>12 Education Lottery Receipts: Teacher Assistants (1800)</b>	(\$113,318,880)	R
Budgets Lottery receipts into the Teacher Assistants allotment and takes an equivalent reduction to the allotment's General Fund support. (S.L. 2014-100, Sec. 5.2)		
<b>13 Exceptional Children Headcount (1860)</b>	(\$5,327,241)	R
Adjusts funding budgeted for the Children with Disabilities preschool and school-age allotments to reflect actual student headcount. The enacted FY 2014-15 budget included anticipated growth based on the projected headcount of children with disabilities. This adjustment revises budgeted funding for both preschool and school-age children with special needs to reflect the April 1, 2014 headcount and does not reduce funding per student.		
<b>14 Civil Penalties (1800)</b>	(\$4,000,000)	R
Increases budgeted receipts from Civil Penalties and takes corresponding General Fund reductions. The nonrecurring reduction reflects actual overrealized receipts in FY 2013-14, while the recurring reduction reflects an increased estimate of anticipated FY 2014-15 receipts. (S.L. 2014-100, Sec. 5.3)		
<b>C. Public School Funding Adjustments</b>		
<b>15 Excellent Public Schools Act (Multiple)</b>	\$6,015,859	R
Provides additional funds to the Department of Public Instruction to carry out elements of the Excellent Public Schools Act contained in Section 7A.1 and Section 7A.7 of S.L. 2012-142. DPI will have \$38.0 million available to implement these requirements. (S.L. 2014-100, Sec. 8.7)		

**16 Classroom Teachers (1800)**

\$41,932,566 R

Decreases class size funding allocations by 1 student in both Kindergarten and Grade 1. The new Kindergarten allotment ratio will be 1 guaranteed teaching position for every 18 students in membership, an increase of 359 positions. The new Grade 1 allotment ratio will be 1 guaranteed teaching position for every 17 students in membership, an increase of 402 positions. This expansion, combined with other class size modifications made in S.L. 2013-360, will lower the FY 2014-15 teacher allotment ratios in Grades K-3 by 1 student per teacher as compared to the FY 2013-14 ratios. \$3.80 billion is budgeted in total for this allotment.

**17 Excellent Public Schools Act - Five Extra Days (Multiple)**

(\$391,637) R

Eliminates funding that had been provided to support a requirement that local education agencies (LEAs) provide additional instructional days (S.L. 2011-145, Section 7.29). A subsequent amendment to G.S. 115C-84.2.(a)(1) eliminated this mandate. Funding had previously supported \$40,168 for additional costs related to substitute teachers and \$351,469 for additional costs related to student transportation.

**18 Education-Based Salary Supplements Restoration (1800)**

\$18,700,000 R

Provides additional funding necessary to restore education-based salary supplements for master's, advanced or doctoral degrees for certain personnel. (S.B. 842/H.B. 1208; S.L. 2014-100, Sec. 8.3)

**19 School Bus Replacement (1830)**

(\$3,369,983) R

(\$3,369,983) NR

Reduces this allotment supporting the purchase of replacement school buses to reflect lower-than-expected bus prices and departmental operational efficiencies. The nonrecurring reduction reflects the savings associated with foregone bus purchases in FY 2013-14 and the recurring reduction reflects reduced future financing payments as a result of those foregone purchases. This reduction does not reduce the number of replacement buses to be purchased in FY 2014-15. \$46.2 million remains in this allotment to support the purchase of 579 replacement buses in FY 2014-15.

**20 Teacher Assistants (1800)**

(\$129,912,165) R

\$24,815,645 NR

Adjusts the Teacher Assistant allotment and continues to allocate funding on the basis of student headcount in grades K-3. Approximately \$368.3 million will remain in this allotment from a combination of General Fund and Lottery sources.

- |   |               |   |
|---|---------------|---|
| <b>21 Central Office Administration (1810)</b>  | (\$2,750,000) | R |
| <p>Reduces the allotment to LEAs for the salaries and benefits of central office staff by approximately 3%. This staff includes, but is not limited to, superintendents, associate and assistant superintendents, finance officers, athletic trainers, and transportation directors. \$93.1 million will remain to support these local staff in FY 2014-15.</p>   |               |   |
|   |               |   |
| <b>22 Transportation (1830)</b>   | (\$4,630,992) | R |
| <p>Reduces by approximately 1% the total budget for the allotment, which supports the salaries of transportation personnel and the maintenance of yellow school buses. Total funding for this allotment will be \$445.7 million in FY 2014-15.</p>  |               |   |
|   |               |   |
| <b>23 Small County Supplemental Funding (1800)</b>  | \$3,581,140   | R |
| <p>Revises the funding formula to provide differentiated funding based on the size of eligible districts. \$46.3 million will be available for this allotment in FY 2014-15. (S.L. 2014-100, Sec. 8.4)</p>  |               |   |
|   |               |   |
| <b>24 Panic Alarms (1830)</b>   | (\$1,100,000) | R |
| <p>Reduces available funding for this program to reflect FY 2013-14 actual expenditures. \$900,000 will be available for awards in FY 2014-15, slightly more than the amount awarded in FY 2013-14. (S.L. 2014-100, Sec. 8.8)</p>   |               |   |
|   |               |   |
| <b>25 Cooperative and Innovative High Schools (1821)</b>  | \$1,864,014   | R |
| <p>Provides Cooperative and Innovative High Schools (CIHS) allotment support to fulfill the funding requests for the six new CIHSs approved by the State Board of Education in 2014. Funding will support one STEM Early College and two Middle Colleges in Mecklenburg County, A Young Men's and Young Women's Leadership Academy in Wake County; and the Buncombe Discovery Academy in Buncombe County.</p> |               |   |
|   |               |   |
| <b>26 Textbooks (1800)</b>  | \$905,000     | R |
| <p>Increases General Fund support for textbooks, bringing total funding for this allotment to \$24.3 million.</p>   |               |   |

<b>27 Merit Pay for Teachers (1800)</b>	(\$10,200,000)	R
Modifies funding status of this teacher supplemental compensation program to nonrecurring support.	\$10,200,000	NR
<b>28 Differential Teacher Compensation</b>		
Supports the initial phase of differentiated pay for highly effective classroom teachers for selected LEAs to develop differentiated pay approaches for classroom teachers based on a teacher's demonstrated effectiveness, teaching in hard-to-staff areas, and additional responsibilities in advanced roles. This funding shall be allocated to the North Carolina Educational Endowment Fund. (S.L. 2014-100, Sec. 8.41)	\$1,000,000	NR
<b>29 At-Risk Student Services (1800)</b>	(\$9,263,980)	R
Reduces funding for this allotment to the FY 2013-14 level of \$283.7 million. (S.L. 2014-100, Sec. 8.19)		
<b>30 Funds for Children in Private Psychiatric Residential Treatment Facilities</b>	\$3,200,000	R
Provides funds to support the costs related to the education of children in private psychiatric residential treatment facilities. (H.B. 831; S.L. 2014-100, Sec. 8.39)		
<b>D. Department of Public Instruction</b>		
<b>31 DPI Flexible Reduction (Multiple)</b>	(\$5,026,050)	R
Reduces State General Fund support for DPI by 10%. The State Board of Education may allocate this reduction at its discretion. (S.L. 2014-100, Sec. 8.6)		
<b>32 North Carolina Center for the Advancement of Teaching (1410)</b>	\$3,239,639	R
Shifts all State General Fund support for the ongoing operations of this teacher professional development provider to recurring funding.	(\$3,239,639)	NR

**33 Military Interstate Children's Compact Commission (1660)**

\$11,694 R

Provides additional funding to cover the actual cost of membership in the Military Interstate Children's Compact Commission. The Commission seeks to ensure consistent policies amongst member states to resolve educational transition issues encountered by military children due to frequent relocation. The total budget for this item will be \$60,000.

**E. Grants****34 Teaching Fellows (1900)**

(\$3,095,000) R

Eliminates the General Fund appropriation supporting the Teaching Fellows program. Obligations to previous Fellows classes will continue to be supported from funds available in the Teaching Fellows Trust Fund. The Teaching Fellows Trust Fund has a cash balance of \$4.7 million as of April 30, 2014.

**35 Communities in Schools (1901)**

\$1,000,000 R

Provides support to expand the intervention programs and services provided by Communities In Schools of North Carolina, Inc. (CISNC), as part of its public and private partnership with local school administrative units to address the needs of public school students at risk of grade level retention and dropout from school. Total FY 2014-15 State support for CISNC will be \$2,446,750. (H.B. 1160)

**Total Legislative Changes**

\$5,844,212 R

\$53,030,774 NR

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

\$8,104,976,608

# Special Provisions

## 2014 Session: SB 744

**Department:** Public Education

Section: 8.1

**Title:** FUNDS FOR CHILDREN WITH DISABILITIES

**Summary** Provides \$3,768.11 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: 8.2

**Title:** FUNDS FOR ACADEMICALLY GIFTED CHILDREN

**Summary** Provides \$1,239.65 per child for academically and intellectually gifted children for a maximum of 4% of each LEA's allotted ADM for the 2014-15 school year.

Section: 8.3

**Title:** EXTEND THE DATE FOR SCHOOL EMPLOYEES TO QUALIFY FOR CERTAIN EDUCATION-BASED SALARY SUPPLEMENTS/JLEOC STUDY

**Summary** Extends the date for certain school employees to qualify for education-based salary supplements, and requires the Joint Legislative Education Oversight Committee (JLEOC) to study certain topics.

Subsection (a) modifies Section 8.22 of S.L. 2013-360, Appropriations Act of 2013, to clarify which public school personnel will receive a salary supplement for a master's degree or academic preparation at the six-year degree level or at the doctoral degree level for the 2014-15 school year and subsequent years. This modification adds teachers and instructional support personnel who complete at least one course towards an eligible degree prior to August 1, 2013 to the list of personnel eligible to continue receiving these education-based salary supplements.

Subsection (b) requires the JLEOC to study the payment of salary supplements for teachers and instructional support personnel and the use of State funds to provide differentiated pay for classroom teachers.

Subsection (c) requires the JLEOC to report on the study required by subsection (b) prior to the convening of the 2015 General Assembly.

Section: 8.4

**Title:** FUNDS FOR SMALL COUNTY SCHOOL ADMINISTRATIVE UNITS

**Summary** Modifies Section 8.4 of S.L. 2013-360, as amended by Section 3.11 of S.L. 2013-363, Modifications/2013 Appropriations Act, to create a tiered funding formula for distributing the small county supplemental funding allotment. Under the modified formula, eligible LEAs will receive a defined dollar amount based on that LEA's allotted ADM.

Section: 8.6

Title: **BUDGET REDUCTIONS/DEPARTMENT OF PUBLIC INSTRUCTION**

Summary Modifies Section 8.6 of S.L. 2013-360 to clarify that the Department of Public Instruction (DPI) has the authority to reorganize to implement budget reductions for the 2013-15 fiscal biennium, and that the State Board of Education (SBE) will retain responsibility for any such reorganization. This Section prohibits the SBE from making reductions to the North Carolina Center for Advancement of Teaching, the Eastern North Carolina School for the Deaf, the North Carolina School for the Deaf, and the Governor Morehead School – other than to eliminate positions vacant for more than 16 months at these entities. Additionally, this Section prohibits funding reductions to Communities in Schools of North Carolina, Inc., Teach for America, Inc., or Beginnings for Parents of Children Who Are Deaf or Hard of Hearing, Inc.

Section: 8.7

Title: **CLARIFY CARRYFORWARD FOR READING CAMPS**

Summary Modifies Section 8.16 of S.L. 2013-360 to clarify that funds appropriated for reading camps as defined in G.S. 115C-83.3(9) shall not revert in FY 2014-15 and subsequent fiscal years and shall remain available for expenditure until October 31 of the subsequent fiscal year.

Section: 8.8

Title: **CARRYFORWARD FOR PANIC ALARM GRANTS**

Summary Modifies Section 8.37 of S.L. 2013-360 to clarify that funds appropriated for the award of panic alarm system grants shall not revert at the end of the fiscal year and shall remain available for expenditure until the end of the subsequent fiscal year.

Section: 8.9

Title: **STATE BOARD OF EDUCATION NOTIFICATION TO THE GENERAL ASSEMBLY OF FEDERAL GRANT APPLICATIONS**

Summary Modifies G.S. 115C-12, adding to the powers and duties of the SBE to require the SBE to notify the General Assembly of any federal grant applications prior to submitting the application. The notification shall include details about the grant and a summary of any anticipated policy implications of accepting the grant.

Section: 8.10

Title: **PROPERTY INSURANCE SYSTEM FOR CHARTER SCHOOLS**

Summary Modifies G.S. 115C-533 to allow the SBE to offer a system of property insurance to charter schools.

Section: 8.11

Title: **NC EDUCATION ENDOWMENT FUND**

Summary Creates the North Carolina Education Endowment Fund (the Fund).

Subsection (a) modifies G.S. 115C to create a new Article 32E, establishing the Fund. This special fund shall consist of:

- Money credited to it from the sale of "I Support Teachers" special registration plates;
- Gifts, grants, or contributions designated for the Fund;
- Appropriations to the Fund made by the General Assembly; and
- Interest accrued thereon.

Money in the Fund may only be appropriated for teacher compensation directly related to improving student academic outcomes.

Subsection (b) modifies G.S. 20-79.4(b) to allow the issuance of the "I Support Teachers" special registration plate.

Subsection (c) modifies G.S. 20-81.12(b12) to allow the issuance of the "I Support Teachers" special registration plate.

Subsection (d) modifies G.S. 20-79.7 to detail the treatment of fees related to the issuance of the "I Support Teachers" special registration plate.

Subsection (e) modifies G.S. 20-63(b1) to add the "I Support Teachers" special registration plate to the list of special registration plates that do not have to be a "First in Flight" plate.

Subsection (f) authorizes the Revisor of Statutes to alphabetize, number, and renumber the special registration plates listed in G.S. 20-79.4(b).

Subsection (g) repeals Article 32C of G.S. 115C to conform to the issuance of the new "I Support Teachers" special registration plate.

Subsection (h) modifies Article 9 of Subchapter 1 of Chapter 105 of the General Statutes by adding a new G.S. 105-269.7 to allow taxpayers entitled to a refund of income taxes to elect to contribute all or part of the refund to the Fund. Additionally, taxpayers wishing to make a contribution to the Fund shall also be allowed to do so.

Subsection (i) states that funds appropriated by the General Assembly to the Fund in FY 2014-15 shall be used to provide LEAs with additional funds to provide local programs for differentiated pay for highly effective classroom teachers in accordance with Section 8.41 of this Act.

Subsection (j) makes this Section effective beginning the 2014 tax year. (S.B. 818)

Section: 8.12

Title: **CLARIFY MILITARY SERVICE CREDIT FOR NEWLY HIRED EDUCATORS**

Summary Amends G.S. 115C-302.3(a) to clarify that the Statute – which provides additional years of creditable service to educators with eligible military experience – only applies to newly hired principals, assistant principals, and teachers. This section further clarifies that the credit is not retroactive and is instead designed to be an incentive for military personnel to enter into the teacher workforce in the future.



Section: 8.13

Title: **SCHOOL TRANSPORTATION FLEET MANUAL REVIEW**

Summary Requires DPI to convene a committee of school bus transportation maintenance experts to study revisions to the State's School Transportation Fleet Manual. DPI is required to report the study results, along with any recommendations for statutory changes, to the Joint Legislative Education Oversight Committee by December 15, 2014.

Section: 8.15

Title: **DRIVER EDUCATION FUNDING**

Summary Makes certain changes regarding funding of driver education programs.

Subsection (a) repeals G.S. 20-88.1(c), eliminating the requirement that the driver education program administered by DPI in accordance with G.S. 115C-215 be paid out of the Highway Fund based on an annual appropriation by the General Assembly effective July 1, 2015.

Subsection (b) states that, beginning with FY 2015-16, it is the General Assembly's intent that the driver education program no longer be paid out of the Highway Fund.

Subsection (c) modifies G.S. 115C-216(g) to increase the maximum fee that LEAs are allowed to charge students participating in a driver education course from \$55 to \$65.

Section: 8.17

Title: **FUNDS FOR ADVANCED PLACEMENT/INTERNATIONAL BACCALAUREATE COURSES**

Summary Modifies Section 8.27 of S.L. 2013-360 to:

- Authorize DPI to use other funds within the State Public School Fund if funds appropriated for Advanced Placement/International Baccalaureate test fees are insufficient to cover program expenses; and
- Clarify that students at charter schools are also eligible to have their testing fees for advanced courses covered by this program.

Section: 8.18

Title: **JLEOC STUDY OF NCVPS REVENUE**

Summary Requires the JLEOC to study the potential generation of revenue by the North Carolina Virtual Public School Program by selling virtual course seats in under-subscribed courses to out-of-state students, selling training courses, and selling packages of educational materials to out-of-state entities. The JLEOC shall report the results of the study to the General Assembly prior to the convening of the 2015 General Assembly.

Section: 8.19

Title: **COMPETITIVE GRANTS TO IMPROVE AFTER-SCHOOL SERVICES**

Summary Requires the SBE to create a competitive grant program to pilot after-school learning programs for at-risk students. Funding is provided by utilizing \$5 million from the at-risk student services/alternative schools allotment. LEAs and nonprofits working in collaboration with LEAs shall be eligible to receive two-year grants of up to \$500,000. At least 70% of students served by the program must qualify for free or reduced-price meals, and grants must be matched on the basis of \$3 in grant funds for every \$1 in nongrant funds. Grant recipients shall report annually to DPI. DPI is required to provide interim reports on the grant program to the JLEOC by September 15, 2015 and September 15, 2016, with a final report due September 15, 2017.

Section: 8.20

Title: **SCHEMATIC DESIGNS/EMERGENCY ACCESS TO SCHOOLS**

Summary Requires traditional public schools to provide schematic diagrams and key access to local law enforcement agencies.

Subsection (a) repeals Section 8.39 of S.L. 2013-360.

Subsection (b) modifies Article 8C of G.S. 115C, creating two new sections as follows:

- G.S. 115C-105.53 requires each LEA to provide to local law enforcement agencies schematic diagrams and emergency access to key storage devices for all school buildings. DPI shall provide guidelines for schematic diagrams, which are no longer considered a public record.

- G.S. 115C-105.54 requires each LEA to provide schematic diagrams and emergency response information to the Division of Emergency Management at the Department of Public Safety.

Schematic diagrams are to be provided to law enforcement agencies and the Division of Emergency Management by June 1, 2015. (S.B. 770/H.B. 1062)

Section: 8.21

Title: **NBPTS SUPPLEMENT FOR INSTRUCTIONAL COACHES IN TITLE I SCHOOLS**

Summary Modifies G.S. 115C-296.2(b) to add instructional coaches at Title I schools to the list of teachers eligible to receive a salary supplement for having National Board of Professional Teaching Standards (NBPTS) certification. (S.B. 852)

Section: 8.22

Title: **JLEOC STUDY DIAGNOSTIC READING ASSESSMENTS FOR READ TO ACHIEVE**

Summary Requires the JLEOC to study the formative and diagnostic reading assessments required by the Read to Achieve Program. In particular, the study will examine whether:

- Other formative or diagnostic assessments exist that could meet the requirements of Read to Achieve as well as satisfy the requirements of the teacher evaluation instrument for kindergarten through second grade teachers; and
- The requirements of Read to Achieve could be satisfied with fewer assessments.

The Joint Legislative Education Oversight Committee shall report the results of the study to the General Assembly prior to the convening of the 2015 General Assembly.

Section: 8.23

Title: **SUPPLY OF EMERGENCY EPINEPHRINE AUTO-INJECTORS ON SCHOOL PROPERTY**

Summary Subsection (a) modifies Article 25A of G.S. 115C, creating a new section G.S. 115C-375.2A. This Statute requires LEAs to provide to each school a supply of at least two emergency epinephrine auto-injectors on school property for use by trained school personnel. School principals are required to develop an emergency action plan for the use of epinephrine auto-injectors in an emergency. Finally, this Statute eliminates potential liability for LEA members, employees, designees, agents, or volunteers for any act authorized by this Statute.

Subsection (b) modifies G.S. 115C-238.29F(a) to add compliance with G.S. 115C-375.2A to the charter school Health and Safety Standards.

Subsection (c) requires the board of directors of a regional school to comply with G.S. 115C-375.2A.

Subsection (d) requires the North Carolina Board of Pharmacy, in consultation with the SBE, to adopt rules for authorizing public school personnel to obtain prescriptions for epinephrine for emergency circumstances within 60 days of the act becoming law.

Subsection (e) states that the requirements in Subsections (a) through (c) become effective November 1, 2014. (S.B. 700, H.B. 824)

Section: 8.25

Title: **OPPORTUNITY SCHOLARSHIP GRANT CLARIFICATIONS**

Summary Makes several modifications to the Opportunity Scholarship program.

Subsection (a) modifies G.S. 115C-562.2(a) to change the date at which the State Education Assistance Authority (the Authority) is required to begin awarding scholarship grants each year from March 1 to March 15.

Subsection (b) modifies G.S. 115C-562.2 to establish that scholarship applications and personally identifiable information related to scholarship grant recipients shall not be a public record under Chapter 132 of the General Statutes.

Subsection (c) modifies G.S. 115C-562.3(a) to require the Authority to verify at least 6% of applications, inclusive of those applications with apparent errors.

Subsection (d) amends G.S. 115C-562.5 to require that nonpublic schools accepting Opportunity Scholarship recipients may not discriminate with respect to race, color, or national origin.

Subsection (d1) amends G.S. 115C-562.5(a)(2) to clarify that nonpublic schools accepting Opportunity Scholarship recipients must provide required criminal background checks to the Authority.

Subsection (e) repeals G.S. 115C-562.7(a), which had previously required DPI to reduce LEA allotments on the basis of the number of Opportunity Scholarship grant recipients in a given LEA.

Subsection (f) modifies G.S. 115C-562.7(b) to change the date of the Authority's annual report to the JLEOC from March 1 of each year to April 1 of each year.

Subsections (g) through (m) allow the Authority to issue semester-long scholarship grants of up to \$2,100 for the 2015 spring semester.

Section: 8.26

Title: **INJURY PREVENTION AND RETURN-TO-WORK PROGRAMS**

Summary Amends G.S. 115C-12, adding to the powers and duties of the SBE to require the SBE to ensure that LEAs implement injury prevention and return-to-work programs to reduce the number of injuries resulting in workers' compensation claims and to ensure that injured employees with workers' compensation claims return to work, in accordance with current SBE policy. (S.B. 753/H.B. 1040)

Section: 8.27

Title: **PARTICIPATION IN INVESTING IN INNOVATION GRANTS**

Summary Modifies Subsection 8.25.(b) of S.L. 2013-360, to correct the list of LEAs participating in the federal Innovation Fund Grant: Validating Early College Strategies for Traditional Comprehensive High Schools.

Section: 8.28

Title: **DEPARTMENT OF PUBLIC INSTRUCTION RESPONSE TIME**

Summary Requires staff at DPI to initially respond to requests for information from LEA superintendents, charter school principal officers, or regional school principals (or their designees) within three business days. Absent extraordinary circumstances, requests must be reasonably and fully answered within 14 business days.

Section: 8.30

Title: **EXTEND REPORTING FOR SCHOOL PERFORMANCE SCORES AND GRADES**

Summary Modifies Subsection 9.4.(f) of S.L. 2013-360 to change the date at which the SBE may first issue annual school report cards from August 1, 2014 to January 15, 2015.

Section: 8.32

Title: **ANNUAL DISTRIBUTION OF SCHOOL BULLYING/CYBER-BULLYING POLICIES**

Summary Requires distribution of bullying policies at traditional public schools and encourages creation and distribution of bullying policies at charter and regional schools.

Subsection (a) modifies G.S. 115C-407.16(d) to require principals at traditional public schools to provide staff, students, and parents with the LEA's bullying policy at the beginning of each school year.

Subsection (b) modifies G.S. 115C-238.29F to encourage charter schools to adopt policies against bullying or harassing behavior. If the charter school adopts such policies, the policy is required to be distributed to staff, students, and parents at the beginning of each school year.

Subsection (c) modifies G.S. 115C-238.66 to encourage regional schools to adopt policies against bullying or harassing behavior. If the regional school adopts such policies, the policy is required to be distributed to staff, students, and parents at the beginning of each school year.

Section: 8.33

Title: **CLARIFY SCHOOL COUNSELORS WORK DUTIES**

Summary Modifies G.S. 115C-316.1(b) to clarify when school counselors may assist in test administration, and removes the requirement that LEAs develop a formal plan to administer changes in school counselor policies.

Section: 8.34

Title: **FUNDS FOR CHARTER SCHOOL CLOSURE**

Summary Requires certain charter schools to maintain at least \$50,000 for payment of expenses related to closure proceedings.

Subsection (a) repeals G.S. 115C-238.29F(i), which had regulated the treatment of charter school assets upon dissolution or the nonrenewal of a charter school.

Subsection (b) creates a new G.S. 238.29L, which requires a charter school to maintain at least \$50,000 on hand to ensure payment of expenses related to closure proceedings. Additionally, this Statute clarifies that, upon dissolution, all net assets of the charter school purchased with public funds shall be deemed the property of the LEA in which the charter school is located.

Subsection (c) makes conforming changes to G.S. 115C-238.29G(a1).

Subsection (d) states that this Section applies to charter schools that submit an initial application or a renewal after this act becomes law.

Section: 8.35

Title: **VIRTUAL CHARTER SCHOOL PILOT PROGRAM**

Summary Creates a pilot program for virtual charter schools.

Subsection (a) requires the SBE to establish a pilot program to authorize two virtual charter schools serving students in grades K-12, beginning operation in the 2015-16 school year. The pilot program will end with the 2018-19 school year.

Subsection (b) requires virtual charter schools to comply with the statutes and rules applicable to charter schools. In addition, each participating virtual charter school must:

- Have a maximum student enrollment of 1,500 in its first year, with subsequent growth limited to 20% per year;
- Maintain a ratio of teachers to students in grades K-8 of at least 1:50 and for grades 9-12 of at least 1:150; and
- Adopt procedures to allow students regularly failing to participate in courses to withdraw from the school following the provision of fair notice to the parent and student, and provision of the opportunity for the student and parent to demonstrate that failure to participate is due to a lawful absence.

Subsection (c) places additional operating requirements on participating virtual charter schools, including that :

- Each school maintain an administrative office within North Carolina, and at least one testing center or meeting place within each of the eight SBE districts;
- If the school contracts with a third party for the provision of administrative staff, the equivalent positions of superintendent, principal, or business officer must be a resident of North Carolina.
- All teaching staff shall be certified in their area of instruction and shall receive professional development in virtual instruction within 30 days of the employee's hire date;
- At least 90% of the teaching staff shall reside in North Carolina;
- The school shall have a withdrawal rate below 25%, however students who enrolled with the expressed intent of only being enrolled for a finite period of time within the school year shall not be counted; and
- Each student must be provided a learning coach.

Subsection (d) allows participating virtual charter schools to be approved at the discretion of the SBE without further application at the end of the pilot period.

Subsection (e) establishes the State and local funding parameters for virtual charter schools. Virtual charter schools will be funded like brick-and-mortar charters, except that State amounts will not include per-student appropriations for low-wealth counties supplemental funding or small county supplemental funding. The per-student amount of local funding shall be the lesser of \$790 or the amount of local funds that would be provided via G.S. 238.29H(b).

Subsection (f) states that a virtual charter school failing to comply with provisions of this section may be terminated or have its enrollment growth capped. Additionally, this subsection requires participating virtual charters to provide data to the SBE with a minimum 21 days' notice.

Subsection (g) requires the SBE to report on initial implementation of the pilot program to the JLEOC by November 15, 2016, with a final report due November 15, 2018.

Section: 8.36

Title: **CLARIFY REGIONAL SCHOOL CIHS APPLICATIONS**

Summary Allows the Northeast Regional School of Biotechnology and Agriscience to operate as a cooperative innovative high school for the 2014-15 school year.

Subsection (a) modifies G.S. 115C-238.50A(1a) to allow a regional school to qualify as a cooperative innovative high school even if it is not located on a college campus or if it exceeds the limit on the number of students per grade level.

Subsection (b) allows the Northeast Regional School of Biotechnology and Agriscience to be designated as a cooperative innovative high school for the 2014-15 school year and requires the school's board of directors to apply with a local board of trustees for approval as a cooperative innovative high school program. (S.B. 849)

Section: 8.38

Title: **LEASE PURCHASE OR INSTALLMENT PURCHASE CONTRACTS TO PURCHASE ATHLETIC LIGHTING**

Summary Modifies G.S. 115C-528(a) to add athletic lighting to the list of items that an LEA may purchase or finance by lease purchase contracts or installment purchase contracts.

Section: 8.39

Title: **EDUCATION OF CHILDREN IN PRIVATE PSYCHIATRIC RESIDENTIAL TREATMENT FACILITIES**

Summary Establishes the educational requirements of private psychiatric residential treatment facilities (PRTFs).

Subsection (a) modifies G.S. 108A-80 to allow the Department of Health and Human Services to share with DPI or an LEA confidential information regarding a person receiving public assistance or social services in order to establish, coordinate, or maintain appropriate educational services for that person.

Subsection (b) amends G.S. 115C-12, adding to the powers and duties of the SBE to require the SBE, in collaboration with the Department of Health and Human Services, to provide educational services to all students in PRTFs.

Subsection (c) modifies G.S. 122C-23.1 to allow the Department of Health and Human Services to license PRTFs and require that all PRTFs serving children must have a facility-based school.

Subsection (d) modifies G.S. 122C-55 to require PRTFs to disclose client identifying information of any client eligible for educational services to DPI. DPI may subsequently provide this information to an LEA, if necessary.

Subsection (e) amends Article 6 of G.S. 122C, adding a new Part 4 governing educational services in PRTFs, as follows:

- G.S. 122C-450 defines “educational services,” “nonpublic exceptional children’s program,” and “private psychiatric residential treatment facility.”

- G.S. 122C-450.1 defines which children are eligible to receive educational services while at a PRTF; allows licensed PRTFs to receive funding allocations from the Department of Health and Human Services for the purpose of providing educational services; allows PRTFs to enter into educational services contracts; requires funds appropriated to DPI for the delivery of educational services in PRTFs to be transferred to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, where the funds will be held in reserve; allows the Department of Health and Human Services to cease disbursement of educational funding to a PRTF upon receipt of notification from DPI that the PRTF is not providing educational services; and requires PRTFs receiving educational funding to comply with all audit and accounting policies applicable to other entities receiving public funds.

- G.S. 122C-450.2 requires any PRTF admitting a child to notify DPI and the LEA in which the child was last enrolled, in order to receive any applicable Individualized Education Programs or other applicable documents related to the provision of appropriate educational services. This Statute also requires the PRTF to notify DPI within three business days if the child is withdrawn or discharged. Finally, this Statute requires the PRTF and the receiving LEA to work together to develop a transition plan upon discharge of a child residing in a PRTF.

- G.S. 122C-450.3 requires the SBE and DPI to offer training to PRTFs to ensure compliance with special education laws and regulations, maintain a current list of children residing in PRTFs, and develop and implement rules to monitor the delivery of educational services in PRTFs.

- G.S. 122C-450.4 requires the Department of Health and Human Services and DPI to report to the Joint Legislative Education Oversight Committee and the Joint Legislative Oversight Committee on Health and Human Services by January 15 of each year regarding the delivery of educational services in PRTFs.

Subsection (f) requires PRTFs licensed to serve children to obtain approval of their facility-based school from DPI within six months of their next annual renewal. This Subsection does not apply to PRTFs that are approved charter schools.

Subsection (g) allows the SBE to adopt emergency rules to monitor delivery of educational services in PRTFs.



Subsection (h) states that the first report required by G.S. 122C-450.4 must be submitted by January 15, 2015.

Subsection (i) requires DPI to transfer funds provided in this act in accordance with G.S. 122C-450.1(d).

Subsection (j) requires DPI to process all applications submitted by PRTFs on or before September 1, 2014, for approval no later than December 1, 2014.

Section: 8.40

Title: **ALLOW CONTINUED TRANSFER OF FUNDS FROM SPECIAL EDUCATION TAX CREDITS**

Summary Amends Section 6(b) of S.L. 2013-364, Children w/Disabilities Scholarship Grants, to allow continued transfer of funds from the Fund for Special Education and Related Services to support General Fund appropriations.

Section: 8.41

Title: **DIFFERENTIATED PAY FOR HIGHLY EFFECTIVE TEACHERS**

Summary Subsection (a) states the General Assembly's intent to provide LEAs with additional State funds for local differentiated pay programs for highly effective classroom teachers through funds appropriated to the Education Endowment Fund (Section 8.11 of this Act).

Subsection (b) requires LEAs desiring to establish local differentiated pay programs for highly effective classroom teachers to submit proposals to the Senate Appropriations/Base Budget Committee, the House Committee on Appropriations, and the Joint Legislative Education Oversight Committee by January 15, 2015. Proposals may include performance-based salary increases for highly effective classroom teachers or differentiated bonuses for classroom teachers or instructional coaches.

Section: 9.1

Title: **TEACHER SALARY SCHEDULE**

Summary Sets the monthly salary schedule for the 2014-15 school year for certified personnel of North Carolina public schools.

Subsection (a) sets the monthly salary schedule for the 2014-15 school year for licensed public school personnel who are classified as teachers.

Subsection (b) states the salary supplements for licensed teachers who have NBPTS certification, are classified as "M" teachers, have licensure based on academic preparation at the six-year degree level, or have licensure based on academic preparation at the doctoral degree level. Additionally, certified school nurses receive a salary supplement of 10%.

Subsection (c) establishes that the salary schedule for school psychologists, speech pathologists, and school audiologists shall be equivalent to Step 5 of the "A" salary schedule, and that these employees shall receive a 10% salary supplement.

Subsection (d) clarifies that, in lieu of receiving annual longevity payments, the amounts of those longevity payments are built into the salary schedule.

Subsection (e) states that teachers not otherwise receiving a salary increase from the applicable amount on the new salary schedule are held harmless at their FY 2013-14 salary plus longevity payment. Such teachers will also receive a bonus of \$1,000.

Subsection (f) allows for payment of longevity accrued during FY 2013-14.

Subsection (g) includes instructional support personnel within the term "teacher."

Subsection (h) repeals the teacher salary schedules found in Section 35.11 of S.L. 2013-360.

A summary of this provision is also available in the Salaries and Benefits section of the Annotated Conference Committee Report.

Section: 9.11

Title: **SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE**

Summary Establishes the salary schedules and policies for school-based administrators.

Subsection (a) sets the salary schedule for the 2014-15 school year for principals and assistant principals.

Subsections (b) and (c) define the appropriate classification and experience-based step placement on the salary schedule for principals and assistant principals, except for principals at alternative and cooperative innovative high schools. Classification is based on the number of teachers and assistant principals paid from State funds that the position supervises. The beginning classification for principals at alternative and cooperative innovative high schools shall be the Principal III level except for principals at these schools who supervise 33 or more teachers and assistant principals; these principals shall be classified in the same manner as principals at traditional public schools. Placement on the experience-based step schedule is based on total number of years of experience as a certified employee of the public schools with an additional step for every three years of experience as a principal on or before June 30, 2009.

Subsection (d) maintains the monthly salary supplements for school-based administrators with a six-year degree at \$126 monthly and central office personnel with a doctoral degree at \$253 monthly.

Subsection (e) sets the annual longevity schedule for school-based administrator positions at the longevity rates provided to State employees under the North Carolina Human Resources Act.

Subsection (f) guarantees that a principal reassigned to a higher or lower classification due to being transferred to a school with a different number of State-allotted teachers shall be placed on the salary schedule as if the principal's entire career had been served at the job classification of the new school.

Subsection (g) requires that participants in an approved full-time master's in-school administration program receive up to a 10-month stipend, which shall not exceed the difference between the beginning salary of an assistant principal plus program costs (tuition, fees, and books) and any fellowship funds received.

Subsection (h) requires administrators with a one-year provisional assistant principal's certificate to be placed at the entry-level salary for an assistant principal or the appropriate step on the teacher salary schedule, whichever is higher.

Subsection (i) provides a bonus of \$809 to any principal or assistant principal who does not receive a salary increase under the new salary schedule.

A summary of this provision is also available in the Salaries and Benefits section of the Annotated Conference Committee Report.

Section: 9.12

Title: **CENTRAL OFFICE SALARIES**

Summary Amends Section 35.13 of S.L. 2013-360 to set the salary ranges for superintendents, assistant superintendents, associate superintendents, director/coordinators, supervisors, finance officers, and other permanent full-time personnel paid from the central office allotment at \$500 above the levels approved in FY 2013-14.

A summary of this provision is also available in the Salaries and Benefits section of the Annotated Conference Committee Report.

Section: 9.13

Title: **NONCERTIFIED PERSONNEL SALARIES**

Summary Amends Section 35.14 of S.L. 2013-360 to increase the salaries of permanent, full-time noncertified public school employees by \$500. Part-time employees shall receive a prorated increase.

A summary of this provision is also available in the Salaries and Benefits section of the Annotated Conference Committee Report.

## 2014 Annotated Conference Committee Report

### Community Colleges

GENERAL FUND
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FY 14-15
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Total Budget Enacted 2013 Session

\$1,016,487,467

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#### Legislative Changes

##### Reserve for Salaries & Benefits

**36 Compensation Increase Reserve - Community Colleges**

\$22,741,352

R

Provides a \$1,000 annual recurring salary increase (~\$1,236 salary and benefit increase) for permanent full-time employees. (S.L. 2014-100, Sec. 35.5)

**37 State Retirement System Contributions - Community Colleges**

\$4,358,447

R

Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution, provide a 1.0% cost-of-living adjustment to retirees, and reflect the ratification of H.B. 1195. Total General Fund appropriation across all sections in the committee report is \$45.5 million. (S.L. 2014-100, Sec. 35.13 and 35.14)

**38 Compensation Increase Reserve - System Office**

\$202,461

R

Provides a \$1,000 annual recurring salary increase (~\$1,236 salary and benefit increase) for permanent full-time employees. (S.L. 2014-100, Sec. 35.10)

**39 State Retirement System Contributions - System Office**

\$55,069

R

Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution, provide a 1.0% cost-of-living adjustment to retirees, and reflect the ratification of H.B. 1195. Total General Fund appropriation across all sections in the committee report is \$45.5 million. (S.L. 2014-100, Sec. 35.13 and 35.14)

**B. Technical and Formula Changes****40 Enrollment Growth Adjustment (Multiple)**

(\$17,199,053) R

Adjusts funds for FY 2014-15 based on the decline in community college enrollment.

The Community College system saw its enrollment decline by 2.5% (or 6,156 FTE) from the budgeted amount in the 2013-14 certified budget for a savings of \$17.2 million. (S.B. 842/H.B. 1208)

**41 Closing the Skills Gap (Multiple)**

\$15,066,588 R

Directs the System Office to create a fourth tier in its enrollment funding formula. The tier will be funded at a higher rate than the current highest tier. The new tier shall include health care and technical educational programs that train North Carolinians for jobs that have documented skills gaps and that pay higher wages. (S.B. 842/H.B. 1208)

**42 Transfer to Commerce to Offset Apprenticeship Fees (1622)**

Transfers \$300,000 from the Customized Industry Training Program to the Department of Commerce for the Apprenticeship and Training Bureau's Registered Apprenticeship program, which helps workers learn new specialized skills needed in the workforce.

The Department of Commerce is directed to use the funds to offset fee revenue lost when apprenticeship fees assessed under G.S. 94-12 are waived. (S.B. 842/H.B. 1208; S.L. 2014-100, Sec. 10.6)

(This item also appears in the Natural and Economic Resources section of the Committee Report. See page H-58, item 73.)

**C. Financial Aid Changes****43 Yellow Ribbon G.I. Education Enhancement Program (1900)**

\$1,000,000 R

Funds financial aid for eligible military veterans and dependents attending North Carolina community colleges by providing State dollars to leverage federal matching funds via the Yellow Ribbon Program.

The Yellow Ribbon Program provides a direct match of school funds to offset the cost of the gap for veterans between non-resident tuition rates and the Post -9/11 G.I. Bill, which pays only up to the resident tuition rate. Funds provided in FY 2014-15 are intended for use in academic year 2015-16 but may be awarded and disbursed in spring 2015. (S.L. 2014-100, Sec. 11.12)

**D. Other Changes****44 Curriculum Tuition (1620)**

(\$2,101,060) R

Increases curriculum tuition by \$0.50 per credit hour and makes a corresponding General Fund reduction in anticipation of increased tuition receipts.

Tuition will increase from \$71.50 to \$72 per credit hour for residents and from \$263.50 to \$264 for nonresidents. Tuition for resident students will increase by a maximum of \$32 per year, from \$2,288 to \$2,320. (S.B. 842/H.B. 1208)

**45 Manufacturing Solutions Center (1624)**

\$150,000 R

Provides additional funding for the Manufacturing Solutions Center at Catawba Valley Community College. Annual funding for this program will be \$846,922.

**46 Textile Technology Center (1624)**

\$150,000 R

Provides additional funding for the Textile Technology Center at Gaston College. Annual funding for this program will be \$653,954.

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**Total Legislative Changes**

\$24,423,804 R

**Total Position Changes****Revised Budget**\$1,040,911,271

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# Special Provisions

## 2014 Session: SB 744

**Department:** Community Colleges

Section: 10.2

**Title:** PROCESS FOR PERIODICALLY REVISING ENROLLMENT TIERS

**Summary** Directs the State Board of Community Colleges to develop a process by March 1, 2015 for periodically reviewing and revising how courses and programs are classified into tiers in the enrollment funding model. Requires the process to be developed and reported to the Office of State Budget and Management (OSBM) and the Fiscal Research Division (FRD).

Section: 10.3

**Title:** REVENUES/EXPENDITURES/FEES COLLECTED AND ASSESSED BY THE MANUFACTURING SOLUTIONS CENTER AND THE TEXTILE TECHNOLOGY CENTER

**Summary** Requires the State Board of Community Colleges to report a summary of the revenues (including fees assessed and collected) and expenditures for the Manufacturing Solutions Center at Catawba Valley Community College and the Textile Technology Center at Gaston Community College during the 2012-13 and 2013-14 fiscal years. The report is due by January 1, 2015 to OSBM, FRD, and the Joint Legislative Education Oversight Committee (JLEOC).

Section: 10.4

**Title:** JLEOC STUDY ON VOCATIONAL TRAINING FOR INDIVIDUALS WITH INTELLECTUAL DISABILITIES

**Summary** Subsection (a) directs JLEOC to study various issues related to vocational training for individuals with intellectual disabilities and specifies information that must be included in the study.

Subsection (b) requires JLEOC to report the results of its study prior to the convening of the 2015 General Assembly.

Section: 10.5

**Title:** EXTEND AUTHORITY TO REORGANIZE THE COMMUNITY COLLEGES SYSTEM OFFICE

**Summary** Amends S.L. 2013-360, Sec. 10.1(b) to extend through June 30, 2015 the authority of the President of the North Carolina Community College System Office (System Office) to reorganize the System Office.

Section: 10.6

**Title:** PERMIT THE BOARD OF COMMUNITY COLLEGES TO TRANSFER CERTAIN FUNDS TO DEPARTMENT OF COMMERCE TO OFFSET APPRENTICESHIP FEES

**Summary** Requires the State Board of Community Colleges to transfer \$300,000 of the funds appropriated for the Customized Industry Training Program to the Department of Commerce to offset fee revenue lost by the waiver of apprenticeship fees assessed pursuant to G.S. 94-12. This section expires June 30, 2015.



Section: 10.7

Title: **COMMUNITY COLLEGES AND UNC STUDY BILATERAL AGREEMENTS REGARDING TRANSFER PROCESS**

Summary Requires a joint study of bilateral agreements and partnerships that exist between University of North Carolina system (UNC) constituent institutions and community colleges throughout the State.

Subsection (a) directs the UNC Board of Governors and the State Board of Community Colleges to jointly conduct the study and specifies data on the agreements and partnerships to be included.

Subsection (b) requires that the results of the study be reported to JLEOC, the Senate Appropriations Committee on Education/Higher Education, and the House Appropriations Subcommittee on Education by February 1, 2015.

Section: 10.9

Title: **GUILFORD TECHNICAL COMMUNITY COLLEGE PROPERTY LEASE**

Summary Amends two sections of S.L. 2011-153, Guilford Tech. May Lease Property, to make technical corrections.

Subsection (a) amends Section 1 by revising the name of the entity to which Guilford Technical Community College may lease at private sale a portion of its land and improvements located on the Donald W. Cameron Campus (Campus).

Subsection (b) amends Section 3 to expand the allowable uses of the Campus as an event venue.

## 2014 Annotated Conference Committee Report

### UNC System

#### GENERAL FUND

**FY 14-15****Total Budget Enacted 2013 Session****\$2,599,901,709**

#### Legislative Changes

##### A. Reserve for Salaries & Benefits

**47 Compensation Increase Reserve - SHRA Employees & NCSSM Teachers** \$18,151,272 R

Provides a \$1,000 annual recurring salary increase (~\$1,236 salary and benefit increase) for permanent full-time UNC employees who are subject to the State Human Resources Act (SHRA) and funds the salary increase required by the Teacher Salary Schedule for North Carolina School of Science and Math teachers. (S.L. 2014-100, Sec. 35.6)

**48 Compensation Increase Reserve - EHRA Employees** \$5,000,000 R

Provides funds for salary increases for UNC employees who are exempt from the State Human Resources Act (EHRA). UNC is not required to provide an across the board increase with these funds. The Board of Governors shall determine how best to allocate these funds to improve employee retention. (S.L. 2014-100, Sec. 35.6)

**49 State Retirement System Contributions** \$5,391,665 R

Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution, provide a 1.0% cost-of-living adjustment to retirees, and reflect the ratification of H.B. 1195. Total General Fund appropriation across all sections in the committee report is \$45.5 million. (S.L. 2014-100, Sec. 35.13 and 35.14)

##### B. Technical and Formula Changes

**50 Enrollment Funding Adjustment (16011)** (\$1,773,018) R

Reduces budgeted enrollment to match revised projections. The FY 2014-15 budget includes \$26.7 million of State appropriation for enrollment growth in the UNC System but only \$24.9 million is required, based on refined enrollment estimates. (S.B. 842/H.B. 1208)

<b>51 Enrollment Growth Model Change (16011)</b>	(\$5,326,425)	R
Directs UNC General Administration to revise the Enrollment Growth Funding Model for general institutional support. The current model contains an adjustment factor to limit budget cuts to institutional support lines when enrollment declines. UNC is directed to remove this factor from its model and to reduce campus budgets accordingly. (S.B. 842/H.B. 1208)		
<b>52 Building Reserves (Multiple)</b>	(\$922,599)	R
Reduces funding in reserves for new facilities due to delays in completion dates. (S.B. 842/H.B. 1208)		
	(\$79,138)	NR
	-2.80	
<b>53 Teacher Preparation Programs through Distance Education (16011)</b>	(\$1,801,861)	R
Eliminates funding for the Teacher Preparation Distance Education Reserve. Funding for distance education teacher preparation was originally provided by the 2001 Appropriations Act (S.L. 2001-424, Sec. 31.7); since that time, these programs have also been added to the enrollment growth funding formula. This adjustment ends that duplicative funding. (S.B. 842/H.B. 1208)		
<b>C. Financial Aid Changes</b>		
<b>54 Yellow Ribbon G.I. Education Enhancement Program (16011)</b>	\$4,863,276	R
Funds financial aid for eligible military veterans and dependents attending the University of North Carolina by providing State dollars to leverage federal matching funds via the Yellow Ribbon Program.		
The Yellow Ribbon Program provides a direct match of school funds to offset the cost of the gap for veterans between non-resident tuition rates and the Post -9/11 G.I. Bill, which pays only up to the resident tuition rate. Funds provided in FY 2014-15 are intended for use in academic year 2015-16 but may be awarded and disbursed in spring 2015. (S.L. 2014-100, Sec. 11.12)		
<b>55 NC Need-Based Scholarship (16015; 124T)</b>	\$4,500,000	R
Shifts from nonrecurring to recurring \$4.5 million for the NC Need-Based Scholarship for students attending private institutions of higher education. Total funding for the program in FY 2014-15 will be \$86,351,588. (S.B. 842/H.B. 1208)		
	(\$4,500,000)	NR

<b>56 National Guard Tuition Assistance Program (16012, 124R)</b> Increases funding for the National Guard Tuition Assistance Program, which provides financial aid to active members of the North Carolina Army or Air National Guard. The new State appropriation for the program will be \$1,912,815, an increase of 2.7%.	\$50,000 R
<b>57 College Foundation of North Carolina (16011)</b> Mitigates the structural budget gap at the College Foundation of North Carolina (CFNC), which formerly was supported largely by receipts from the federal guaranteed student loan program at the College Foundation, Inc. and the State Education Assistance Authority. The 2010 federalization of the student loan program ended any new loan originations through the guaranteed loan program, so those receipts are no longer sufficient to sustain CFNC. (S.L. 2014-100, Sec. 11.11)	\$1,000,000 R
<b>58 UNC Need-Based Financial Aid Forward-Funding Reserve</b> Increases the funding for the UNC Need-Based financial aid program by \$19,130,728. This amount shall be funded from the Escheat Fund. (S.L. 2014-100, Sec. 11.26)	
<b>59 Opportunity Scholarships (16015)</b> Provides funds to expand Opportunity Scholarship Grants for the Spring 2015 semester. The program provides scholarship grants of up to \$2,100 per semester for eligible students to attend nonpublic schools. The additional funds will support 400 semester-long scholarships. Total funding for this program is \$10.8 million.	\$840,000 R
<b>D. Other Changes</b>	
<b>60 Management Flexibility Reduction (16011)</b> Increases the management flexibility reduction for the UNC operating budget by 3.3%. Including this change, the management flexibility reduction for FY 2014-15 totals \$76,039,788. The UNC Board of Governors shall not allocate this reduction on an across-the-board basis to constituent institutions.	(\$2,429,444) R

- 61 Game-Changing Research (16011)** \$3,000,000 R  
 Funds focused investments in faculty, research, and scholarship in six priority areas: advanced manufacturing; data sciences; defense, military, and security; energy; marine and coastal sciences; and pharmacoengineering. The investment in data sciences shall include data sciences programs at UNC Charlotte. (S.B. 842/H.B. 1208)
- 62 NCSU Next Generation Power Electronics Innovation Institute (16030)** \$2,000,000 R  
 Provides State matching funds for a federal initiative to establish a regional and national Wide Bandgap Institute at North Carolina State University (NCSU). This Institute will be part of the U.S. Department of Energy's National Network for Manufacturing Innovation for Wide Bandgap Semiconductors for Power Electronic Devices. The State match represents the first installment of a total \$10 million State pledge, and NCSU shall only use these funds to provide the required State match for the federal grant. (S.B. 842/H.B. 1208; S.L. 2014-100, Sec. 11.25)
- 63 North Carolina New Teacher Support Program (16011)** \$1,200,000 R  
 Funds the North Carolina New Teacher Support Program, a program that targets beginning teachers in schools across the state that qualified for Race to the Top services. The program is administered through a central office and four regional anchor sites at UNC Greensboro, UNC Charlotte, East Carolina University, and the UNC Center for School Leadership Development.
- 64 NCSU Food Processing**  
 Provides \$250,000 in nonrecurring funding to the College of Agriculture and Life Sciences at NC State University to support the development of the Department's food processing initiative. The University of North Carolina may not collect Facilities and Administrative expenses from these funds. (S.L. 2014-100, Sec. 13.1)
- (This item also appears in the Natural and Economic Resources section of the Committee Report. See page H-2, item 9.)

**65 NCSU Plant Science Initiative**

Provides \$350,000 in nonrecurring funding to the College of Agriculture and Life Sciences at NC State University to support the development of the Department's plant science initiative. The University of North Carolina may not collect Facilities and Administrative expenses from these funds. (S.L. 2014-100, Sec. 13.1)

(This item also appears in the Natural and Economic Resources section of the Committee Report. See page H-3, item 10.)

**66 Internships and Career-Based Opportunities for HBCU Students (16011)**

\$317,500 R

Creates a pilot internship program to link 60 students attending Historically Black Colleges and Universities (HBCUs) with North Carolina-based companies. Elizabeth City State University plus three HBCUs selected through a competitive application process will participate in the pilot. Of the three institutions selected, one must be an HBCU constituent institution of the UNC system and two must be private HBCU colleges or universities located in North Carolina. The University of North Carolina may use up to 5% of these funds to administer the program. (S.B. 842/H.B. 1208)

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<b>Total Legislative Changes</b>	<b>\$34,060,366</b>	<b>R</b>
	<b>(\$4,579,138)</b>	<b>NR</b>
<b>Total Position Changes</b>	<b>-2.80</b>	
<b>Revised Budget</b>	<b>\$2,629,382,937</b>	

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# Special Provisions

## 2014 Session: SB 744

**Department:** UNC System

Section: 11.1

Title: **STRATEGIC PLAN AND DISTINGUISHED PROFESSOR ENDOWMENT FUND**

Summary Subsection (a) encourages the University of North Carolina system (UNC) to cut up to \$15 million from centers and institutes and to redirect these funds to the Distinguished Professors Endowment Trust Fund (up to \$10 million) and to activities identified in the UNC Strategic Plan (up to \$5 million).

Subsection (b) permits UNC to spend private donations to the Distinguished Professors Endowment Trust Fund without a State match for FY 2014-15, if permitted by the donor.

Section: 11.2

Title: **UNC TO FUND NORTH CAROLINA RESEARCH CAMPUS**

Summary Directs UNC to spend \$29 million from funds available on its activities at Kannapolis.

Section: 11.3

Title: **UNC BUDGET REDUCTIONS**

Summary Prohibits UNC from allocating budget cuts in FY 2014-15 to the budgets of UNCSA, NCSSM, and UNCA, except that these campuses can be allocated budget cuts related to tuition increases or changes in the Enrollment Growth Funding Model.

Section: 11.4

Title: **REPORT ON INSTITUTIONAL TRUST FUNDS**

Summary Amends G.S. 116-36.1 to allow the Office of State Budget and Management (OSBM) to request reports on Institutional Trust Funds from UNC. (S.B. 842/H.B. 1208)

Section: 11.5

Title: **REPORT ON ACADEMIC SUMMER BRIDGE**

Summary Requires UNC to prepare and submit a one-time report on the Academic Summer Bridge program to OSBM and the Joint Legislative Education Oversight Committee (JLEOC) by January 1, 2015. (S.B. 842/H.B. 1208)

Section: 11.7

Title: **OPERATION OF 4-H CAMPS AND USE OF VARIOUS SITES OF DEFUNCT 4-H CAMPS AND TRANSFER 4-H CAMP SERTOMA/MOORE SPRINGS TO THE STATE PARKS SYSTEM**

Summary Subsection (a) amends G.S. 116 by creating a new section, G.S. 116-43.20, which (i) prohibits NCSU from closing the Eastern, Millstone, or Betsy-Jeff Penn 4-H educational camps or centers; (ii) requires that if requested by a board of county commissioners, NCSU must consult with that board regarding potential ways to reopen the currently-closed Anita-Alta and Swannanoa 4-H camps, and (iii) requires NCSU to attempt to operate its 4-H camps in a way that generates net revenue.

Subsection (b) amends G.S. 116 by creating a new section, G.S. 146-30.1, which constrains how NCSU may use funds it receives from selling property related to 4-H camps.

Subsection (c) stipulates how NCSU may use the net proceeds earned from activities conducted on property related to 4-H camps.

Subsection (d) transfers the Sertoma 4-H property to the State Parks System.

Subsection (e) divides the current appropriation of \$725,000 to 4-H camps equally among camps.

Section: 11.8

Title: **STUDY FINANCIAL AID PAYMENT SCHEDULE TO INCENTIVIZE THIRTY COMPLETED HOURS PER YEAR AND IMPLEMENT REVISED PAYMENT SCHEDULE**

Summary Amends S.L. 2013-360, Sec. 11.15.(h), to allow additional time for the State Education Assistance Authority to develop methods of using financial aid to encourage students to take 30+ credit hours per year. (S.B. 842/H.B. 1208)

Section: 11.9

Title: **UNC FACULTY TUITION WAIVER**

Summary Amends G.S. 116-143.(d) to clarify that UNC may waive fees as well as tuition for faculty and increases the number of courses that may be waived per faculty member per year from 2 to 3.



Section: 11.10

Title: **STATE EDUCATION ASSISTANCE AUTHORITY TO ASSUME RESPONSIBILITY FOR TEACHING FELLOWS PROGRAM SCHOLARSHIP LOANS**

Summary Charges the State Education Assistance Authority (SEAA) with responsibility for the long-term financial closeout of the former Teaching Fellows Scholarship Loan program.

Subsection (a) directs OSBM to transfer the Teaching Fellows Trust Fund to SEAA.

Subsection (b) amends Chapter 116 by adding a new section, G.S. 116-209.27, requiring SEAA to administer loans made under the former Teaching Fellows program and directs that all funds that SEAA receives associated with the program shall be deposited in the Forgivable Education Loans for Service Fund.

Subsection (c) directs the North Carolina Teaching Fellows Commission to transfer its records about the Teaching Fellows program to SEAA.

Subsections (d) and (e) specify how much money the Public School Forum and SEAA may use related to the costs of operating the Teaching Fellows program.

Subsection (f) amends S.L. 2011-266 to change from July 1, 2015 to March 1, 2015 the date upon which the Teaching Fellows Commission is abolished.

Subsection (g) amends G.S. 116-209.45(h) to add expenses related to the Teaching Fellows program as eligible expenses under the Forgivable Education Loans for Service Fund.

Section: 11.11

Title: **REPORT ON COLLEGE FOUNDATION OF NORTH CAROLINA SUSTAINABILITY**

Summary Requires SEAA to report to OSBM and the Fiscal Research Division on its progress toward operating the College Foundation of North Carolina (CFNC) without General Fund appropriations. (S.B. 842/H.B. 1208)

Section: 11.12

Title: **TUITION ASSISTANCE TO VETERANS WHO PARTICIPATE IN THE YELLOW RIBBON PROGRAM AND THEIR SPOUSES AND DEPENDENT RELATIVES**

Summary Requires UNC and the North Carolina Community College System (NCCCS) to participate in the federal Yellow Ribbon Program to offset the cost of the gap for veterans between non-resident tuition rates and the Post-9/11 G.I. Bill benefit, which pays only up to the resident tuition rate.

Subsection (a) amends G.S. 116 by creating G.S. 116-143.8, as follows:

G.S. 116-143.8.(a) defines components of the section.

G.S. 116-143.8.(b) directs either the UNC Board of Governors or one or more constituent institutions and either the State Board of Community Colleges (State Board) or one or more community colleges to annually enter into an agreement with the U.S. Secretary of Veterans Affairs to participate in the Yellow Ribbon Program.

G.S. 116-143.8.(b)(1) requires that those agreements provide a grant of 90% of the cost of tuition and fees not covered by the Post-9/11 G.I. Bill be provided to every eligible veteran or eligible spouse or dependent enrolled as an undergraduate at a constituent institution or community college.

G.S. 116-143.8.(b)(2) requires that eligible students must meet all federal eligibility criteria and be enrolled as an undergraduate.

G.S. 116-143.8.(c) states that this section is not intended to prohibit constituent institutions from using private funds to provide Yellow Ribbon grants to master's or doctoral students.

G.S. 116-143.8.(d) encourages private institutions of higher education in North Carolina to participate in the Yellow Ribbon Program.

Subsection (b) states the General Assembly's intent to establish two Yellow Ribbon Reserve Funds for the purpose of forward-funding tuition assistance to students who participate in the Yellow Ribbon Program. Funds shall be held in reserve in FY 2014-15 to be used for tuition assistance for the 2015-16 academic year.

Subsection (b)(1) establishes a reserve of \$4,863,276 to be managed by the UNC Board of Governors.

Subsection (b)(2) establishes a reserve of \$1,000,000 to be managed by the State Board.

Subsection (c) requires the UNC Board of Governors and the State Board to report regarding their planned participation in the Yellow Ribbon Program to JLEOC by January 1, 2015 and specifies the information to be included in those reports.

Subsection (d) specifies that Subsection (a) of this section applies to the 2015-16 academic year and each subsequent academic year.

Section: 11.14

Title: **HEALTH CARE EDUCATION/PUBLIC PRIVATE PARTNERSHIP**

Summary Directs UNC to spend \$2 million from funds available to support Union Square Campus, Inc., which will build a facility whose occupants will include nursing programs from North Carolina A&T State University, the University of North Carolina at Greensboro, and Guilford Technical Community College.

Section: 11.15

Title: **STUDY UNIVERSITY TUITION**

Summary Directs the JLEOC to study tuition and cost of attendance for the UNC constituent institutions and to report the results of its study prior to the convening of the 2015 General Assembly.

Section: 11.17

Title: **UNC REVERSIONS**

Summary Rewrites G.S. 116-30.3 and G.S. 116-14.(b2) for clarity without making policy or substantive changes.

Section: 11.18

Title: **UNC SET NONRESIDENT TUITION RATES**

Summary Allows UNC to set non-resident tuition rates for FY 2014-15 at any level that will produce a systemwide increase in tuition receipts of at least \$27,243,157, notwithstanding S.L. 2013-360 and the associated Committee Report.

Section: 11.19

Title: **UNC STRATEGIC PLAN FUNDS**

Summary Amends S.L. 2013-360, Sec. 11.13, to clarify that the \$15 million in annual expenditures toward Strategic Plan initiatives permitted by that section may be spent on a recurring, rather than one-time, basis. The section also directs that these funds are in addition to any new funds appropriated to UNC by the 2014 Appropriations Act. (S.B. 842/H.B. 1208)

Section: 11.20

Title: **REPORT ON FUNDING OF STATE MEDICAL SCHOOLS**

Summary Requires UNC to prepare and submit a one-time report on the revenues and expenditures associated with each of its medical schools. The report must be submitted to JLEOC and the Joint Legislative Oversight Committee on Health and Human Services by October 1, 2014.

Section: 11.21

Title: **STUDY ON ESTABLISHMENT OF NEW OPTOMETRY SCHOOLS**

Summary Requires UNC to prepare and submit a one-time report on the feasibility of opening a school of optometry.

Subsection (a) requires UNC to submit a report on the feasibility of opening a school of optometry to the JLEOC, the Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal Research Division by October 1, 2014

Subsection (b) specifies the information that the report required by Subsection (a) must contain.

Subsection (c) encourages the North Carolina Independent Colleges and Universities, Inc., to study and report to the legislature on the feasibility of one or more of its member institutions opening a school of optometry. (H.B. 1066/S.B. 805)

Section: 11.24

Title: **ECSU STUDY**

Summary Requires a study of Elizabeth City State University (ECSU).

Subsection (a) directs JLEOC to evaluate and study strategies to address any financial or enrollment concerns at ECSU.

Subsection (b) specifies information that must be included in the study required by subsection (a).

Subsection (c) requires JLEOC to report the results of its study prior to the convening of the 2015 General Assembly.

Section: 11.25

Title: **NCSU NEXT GENERATION POWER ELECTRONICS INNOVATION INSTITUTE STATE MATCHING FUNDS/OSBM TO ADJUST UNC BASE BUDGET WHEN STATE MATCH PLEDGE IS FULFILLED**

Summary Directs OSBM to remove from the base budget a \$2 million recurring appropriation to NCSU once an intended State funding pledge of \$10 million has been fulfilled. The \$2 million recurring appropriation may be used only as a match for the federal National Network for Manufacturing Innovation for Wide Bandgap Semiconductors funds.

Section: 11.26

Title: **UNC NEED-BASED FINANCIAL AID FORWARD FUNDING RESERVE/ESCHEAT FUNDS**

Summary Amends S.L. 2013-360, Sec. 11.2 to appropriate \$19,130,728 from the Escheat Fund to the UNC Board of Governors for the UNC Need-Based Financial Aid Forward Funding Reserve and makes conforming changes within S.L. 2013-230, Sec. 11.2.

**Health  
and  
Human Services  
Section G**

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# Health and Human Services

GENERAL FUND

FY 14-15

Total Budget Enacted 2013 Session

\$76,301,328

## Legislative Changes

### ( 1.0) Division of Central Management and Support

#### 1 Compensation Increase Reserve

\$7,581,977 R

Provides a \$1,000 annual recurring salary increase (~\$1,236 salary and benefit increase) for permanent full-time employees and funds the salary increase required by the Teacher Salary Schedule for State agency teachers. (S.L. 2014-100, Sec. 35.6A and 35.10)

#### 2 State Retirement System Contributions

\$1,396,718 R

Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution, provide a 1.0% cost-of-living adjustment to retirees, and reflect the ratification of H.B. 1195. Total General Fund appropriation across all sections in the committee report is \$45.5 million. (S.L. 2014-100, Sec. 35.13 and 35.14)

#### 3 Contracts and Administrative Reductions

(\$16,000,000) R

Reduces funds for contracts and administrative expenses across the Department of Health and Human Services. The Department is given flexibility to achieve the reduction through the elimination or reduction of contract expenses, vacant or filled positions and other state-level administrative expenses. The Department may also budget recurring overrealized receipts. In achieving the reduction, the Department shall not reduce or eliminate programs or services that provide direct services.

#### 4 Maintenance - Cost Allocation (1120)

(\$120,000) R

Allocates allowable federal funds for maintenance expenses in the Division of Child Development and Early Education.

**5 NC TRACKS (2413,1122)**

\$0 R

Provides funding for continued system development by using prior-year earned revenue in the nonrecurring amount of \$5,223,975 in FY 2014-15. The total FY 2014-15 budget for development costs is \$10.7 million and the budget for ongoing operations and maintenance is an additional \$10.7 million. (S.L. 2014-100, Sec. 12A.5)

**6 NC FAST (2411)**

\$0 R

Provides funding to support the continued development and implementation of the Eligibility Information System for the Child Care, Low Income Energy Assistance and Crisis Intervention Programs, and Federally-Facilitated Exchange Interoperability. The funding will be provided from prior-year earned revenue in the nonrecurring amount of \$4,138,002 in FY 2014-15. These projects are funded with 90% federal funds until December 31, 2015. The FY 2014-15 total budget for this project is \$55.6 million. (S.L. 2014-100, Sec. 12A.6)

**7 Competitive Block Grant Transfers (1910)**

(\$600,223) R

Transfers funds from the competitive block grant to the appropriate Divisions. Funds for maternity homes are transferred to the Division of Social Services in the amount of \$375,000. Funds for traumatic brain injury are transferred to the Division of Mental Health, Developmental Disability Services and Substance Abuse Services in the amount of \$225,223. Combined with the additional funding from the Competitive Block Grant Additional Funds item, the competitive block grant General Fund appropriation is reduced by 4.5% to \$9,103,911 recurring. (S.L. 2014-100, Sec. 12A.1)

**8 Competitive Block Grant Additional Funds (1910)**

\$175,000 R

Provides recurring funds to increase the competitive block grant. Designates \$175,000 in FY 2014-15 for the St. Gerard House for autism services. In FY 2015-16 this organization may apply for funding through the competitive block grant. (S.L. 2014-100, Sec. 12A.1)

**9 Actuary Positions (1120)**

\$170,000 R

Creates two actuary positions in the Office of the Secretary for the Medicaid Program. The total cost of the positions is \$340,000. Federal Medicaid receipts will be used to cover 50% of the cost of each position, therefore the State will fund effectively 1 net FTE.

1.00



## 2014 Annotated Conference Committee Report

<b>FY 14-15</b>
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### **10 Health Information Exchange (1910)**

\$2,000,000 R

Provides State matching funds to support the Health Information Exchange.(S.L. 2014-100, Sec. 12A.2)

### **11 Supplemental Short-Term Assistance for Group Homes**

\$2,000,000 NR

Provides funding for one year for group home residents who were determined to be ineligible for Medicaid personal care services on or after January 1, 2013. The maximum monthly payment is set at \$464.30 and is based on providing 33 hours of service per eligible recipient. Group homes may only use these funds to provide supervision and medication management to residents who meet the required eligibility criteria. Funds for this purpose are capped at maximum amount of \$2,000,000 and will end upon depletion of the funds or June 30, 2015, whichever is earlier. (S.L. 2014-100, Sec. 12A.7)

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### **Total Legislative Changes**

**(\$5,396,528) R**

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

### **Total Position Changes**

1.00

### **Revised Budget**

**\$72,904,800**

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## 2014 Annotated Conference Committee Report

### Health and Human Services

GENERAL FUND
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FY 14-15
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Total Budget Enacted 2013 Session

\$54,342,341

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**Legislative Changes**

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

**12 Senior Center**

Provides nonrecurring General Fund appropriation for Senior Center capital projects.

\$100,000 NR

**13 Home and Community Care Block Grant Reduction  
(1370,1451)**

Reduces General Fund appropriation for the Home and Community Care Block Grant (HCCBG) by 3%, leaving a balance of \$31,808,889.

(\$969,549) R

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**Total Legislative Changes**

(\$969,549) R

\$100,000 NR

**Total Position Changes**

**Revised Budget**

\$53,472,792

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## Health and Human Services

GENERAL FUND

FY 14-15

Total Budget Enacted 2013 Session

\$254,314,609

### Legislative Changes

#### ( 3.0) Division of Child Development and Early Education

##### 14 TANF Funds for PreK (1330)

Replaces General Fund appropriation for the PreK program with Temporary Assistance for Needy Families block grant funds and Temporary Assistance for Needy Families Emergency Contingency Funds on a nonrecurring basis. (S.L. 2014-100, Sec. 12J.1)

(\$19,842,334) NR

##### 15 Administrative Savings due to Efficiencies and Cost Allocation

Reduces General Fund appropriation budgeting overrealized receipts, and replacing General Fund appropriation with Child Care and Development Fund for Child Care Regulation. Additionally the Division's administrative costs have been reduced due to the move to the Dorothea Dix campus, including the elimination of one position.

(\$1,893,496) R

-1.00

#60038615 - Administrative Asst. II - \$37,659

(S.L. 2014-100, Sec. 12J.1)

##### 16 Child Care Subsidy Block Grant Swap Out

Replaces General Fund appropriation for the Child Care Subsidy program with Child Care Development Fund and Temporary Assistance For Needy Families Emergency Contingency block grant funds on a nonrecurring basis. Both block grants have increased availability for FY 2014-15. Combined with other Child Care Subsidy items, General Fund appropriation is reduced by 34% to \$27.1 million due to the replacement of State funds with federal funding. Total funding for Child Care Subsidy is unchanged. (S.L. 2014-100, Sec. 12J.1)

(\$13,982,425) NR

**17 Child Care Subsidy Eligibility Changes (1380)**

(\$7,670,393) R

Changes eligibility for Child Care Subsidy from 75% of State Median Income to 200% of Federal Poverty Level (FPL) for children age 0-5 and children with special needs. Children who are age 6-12 are eligible at 133% of FPL. This change is effective October 1, 2014. Children currently receiving assistance will have their income eligibility determined according to the new income standards at their next redetermination after October 1, 2014. Combined with other Child Care Subsidy items, General Fund appropriation is reduced by 34% to \$27.1 million due to the replacement of state funds with federal funding. Savings from this item are reinvested in market rates and the waiting list. Total funding for Child Care Subsidy is unchanged. (S.L. 2014-100, Sec. 12B.1)

**18 Child Care Subsidy Co-Payments Set at 10% of Income (1380)**

(\$1,631,418) R

Sets co-payments at 10% of income for all households that are required to pay a co-payment effective October 1, 2014. This does not change who pays a co-payment; children receiving child care subsidy through Child Welfare, Child Protective Services and Foster Care will continue to be exempt from the co-payment requirement. This reduction does not change the slot availability for child care subsidy as the amount paid by the Child Care Subsidy Program will be reduced due to the increased co-payment. The co-payment is paid to the child care provider. There were 40,000 children whose families paid a co-payment based on 8% or 9% of their family income out of 110,000 children whose families paid a co-payment in FY 2012-13. Combined with other Child Care Subsidy items, General Fund appropriation is reduced by 34% to \$27.1 million due to the replacement of state funds with federal funding. Savings from this item are reinvested in market rates and the waiting list. Total funding for Child Care Subsidy is unchanged. (S.L. 2014-100, Sec.12B.1)

**19 Child Care Subsidy Co-Payment No Longer Prorated for Part-time Care (1380)**

(\$2,123,968) R

Eliminates the proration of co-payments for part-time care effective October 1, 2014. This reduction does not result in any loss of child care slots. The increased co-payment will reduce the amount paid to child care providers by the Child Care Subsidy program.

Providers collect the co-payment from the parents. There were 26,000 children whose families paid a reduced co-payment due to part-time care out of 110,000 children whose families paid a co-payment in FY 2012-13. Combined with other Child Care Subsidy items, General Fund appropriation is reduced by 34% to \$27.1 million due to the replacement of state funds with federal funding. Savings from this item are reinvested in market rates and the waiting list. Total funding for Child Care Subsidy is unchanged. (S.L. 2014-100, Sec. 12B.1)

**20 Child Care Waiting List**

\$4,611,750 R

Provides funding to reduce the Child Care Subsidy waiting list by an estimated 1,000 children. When fully implemented, the waiting list will be reduced by an estimated 4,000. Combined with other Child Care Subsidy items, General Fund appropriation is reduced by 34% to \$27.1 million due to the replacement of state funds with federal funding. Savings from Child Care Subsidy eligibility and co-payment change items are reinvested in market rates and the waiting list. Total funding for Child Care Subsidy is unchanged.

**21 Child Care Market Rates (1380)**

\$6,814,029 R

Provides funding to increase the child care market rates for the Child Care Subsidy Program effective January 1, 2015, based on the 2013 North Carolina Child Care Market Rate Study. The child care market rates are increased by 25% of the difference between the current child care market rates and the 2013 child care market rates. Combined with other Child Care Subsidy items, General Fund appropriation is reduced by 34% to \$27.1 million due to the replacement of state funds with federal funding. Savings from Child Care Subsidy eligibility and co-payment change items are reinvested in market rates and the waiting list. Total funding for Child Care Subsidy is unchanged. (S.L. 2014-100, Sec. 12B.5)

**22 PreK (1330)**

\$5,040,000 NR

Provides funding to address the additional average per slot cost increase due to teacher raises and provides funding for additional slots.

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<b>Total Legislative Changes</b>	<b>(\$1,893,496)</b>	<b>R</b>
	<b>(\$28,784,759)</b>	<b>NR</b>
<b>Total Position Changes</b>	<b>-1.00</b>	
<b>Revised Budget</b>	<b>\$223,636,354</b>	

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## Health and Human Services

GENERAL FUND

FY 14-15

Total Budget Enacted 2013 Session

\$176,558,432

### Legislative Changes

#### ( 4.0) Division of Social Services

- |   |                      |          |
|---|----------------------|----------|
| <p><b>23 State-County Special Assistance Caseloads (1570)</b></p> <p>Reduces funding for State-County Special Assistance (SA) due to decreasing caseloads. The reduced funding has no impact on assistance for eligible recipients. (S.L. 2014-100, Sec. 12D.2)</p>   | <p>(\$4,215,542)</p> | <p>R</p> |
| <p><b>24 State-County Special Assistance Income Eligibility (1570)</b></p> <p>Changes the income eligibility for the State-County Special Assistance (SA) Program from a method that bases income eligibility on the payment rate for the facility type where the recipient resides, to a method based on the federal poverty level for all recipients regardless of where they reside. The SA eligibility level is set at 100% of the Federal Poverty Level. Current recipients of SA are grandfathered in and will continue to receive SA. This change is contingent on the Center for Medicare &amp; Medicaid Services (CMS) approving the state plan amendment allowing the grandfathered recipients to continue to receive Medicaid. If CMS does not approve the continuation of Medicaid for these individuals, then this eligibility change will not be implemented. (S.L. 2014-100, Sec. 12D.1)</p> | <p>(\$377,997)</p>   | <p>R</p> |
| <p><b>25 State Funding for County Medicaid Administration Eliminated (1376)</b></p> <p>Eliminates funding provided to local departments of social services to offset counties' cost for Medicaid enrollment. The federal match rate is increasing from 50% to 75% for eligibility determination for Medicaid, therefore counties will receive additional federal funds for this activity.</p>   | <p>(\$1,682,806)</p> | <p>R</p> |

**26 Adult Care Home Case Management (1453)**

(\$856,058) R

Eliminates funding for the Adult Care Home Case Management Service (ACHCM) which ended in June 2013. This service provided funding for county departments of social services workers to perform the assessment and case management for individuals in adult care homes and licensed family homes who were heavy need residents. The Personal Care Services (PCS) Program now uses an independent assessment to determine eligibility for PCS and therefore the Case Management Service is no longer needed.

**27 Child Protective Services Caseloads (1430)**

\$7,369,970 R

Provides funding to replace \$4.5 million in federal block grant funds that counties lost in FY 2013-14 that was utilized to pay for Child Protective Services (CPS) workers. An additional \$2.8 million in funding is provided effective October 1, 2014 to reduce county departments of social services caseloads to an average of 10 families per worker performing Child Protective Services assessments. Combined with other Child Protective Services expansion, the General Fund appropriation for Child Protective Services is increased by 100% to \$26 million. (S.L. 2014-100, Sec. 12C.1.(b))

**28 Enhance Oversight of County Child Welfare Services (1430)**

\$750,000 R

Provides funding for 9 positions to enhance oversight of child welfare services in local county departments of social services. These positions will monitor, train, and provide technical assistance to the local county departments of social services to ensure children and families are provided services to address safety, permanency and the well-being of children who are served by child welfare services. The funds will increase Division of Social Services staffing for Child Protective Services to 28 positions, an increase of 47%. Combined with other Child Protective Services items, this General Fund appropriation for Child Protective Services is increased by 100% to \$26 million. (S.L. 2014-100, Sec. 12C.1.(d))

9.00



**29 Child Welfare In-Home Expansion**

\$4,500,000 R

Increases General Fund appropriation for Child Welfare In-Home Services. In-Home Services are provided to maintain the safety of the child while helping the parent/caretaker learn more effective parenting practices. In-Home Services provide, arrange for, and coordinate interventions and services, as needed that focus on child safety and protection, family preservation, and the prevention of further abuse or neglect. Combined with other Child Protective Services items, the General Fund appropriation for Child Protective Services is increased by 100% to \$26 million. (S.L. 2014-100, Sec. 12C.1.(c))

**30 Child Protective Services Statewide Evaluation (1430)**

\$700,000 NR

Provides funding for an independent, statewide evaluation of Child Protective Services at local departments of social service and the Department of Health and Human Services. The evaluation will assess performance, caseload sizes, administrative structure, funding and worker turnover and include recommendations on improving Child Protective Services. (S.L.2014-100, Sec. 12C.1.(f))

**31 Child Protective Services Pilot Program (1430)**

\$300,000 NR

Provides funding to develop and implement a pilot program designed to enhance coordination of services and information among agencies to improve the protection and outcomes for vulnerable children served through Child Welfare Services. The Division shall coordinate with the Government Data Analytics Center (GDAC) in developing the pilot program. The agencies in the pilot include local county departments of social services, local law enforcement, the court system, Guardian Ad Litem programs and other agencies as determined appropriate by the Department of Health and Human Services. (S.L. 2014-100, Sec. 12C.1.(e))

**32 Foster Care Assistance Payments (1532)**

\$5,000,000 R

Provides funding for Foster Care Assistance Payments due to increasing caseloads. Caseloads increased by 9% from March 2013 to March 2014 and are projected to continue to grow. General Fund appropriation is increased by 18% to a total of \$32.2 million.

**33 State Maternity Home Fund (1110)**

\$375,000 R

Transfers General Fund Appropriation from the Competitive Block grant in the Division of Central Management to the State Maternity Home Fund in the Division of Social Services. Maternity Homes are removed from the competitive block grant. Individuals experiencing an unplanned pregnancy apply to receive funding from the State Maternity Home Fund. Once the individual is determined eligible, the payment goes to the appropriate Maternity Home. There is no change in funding for the State Maternity Home Fund. (S.L. 2014-100, Sec. 12A.1)

**34 Work First Drug Testing**

\$218,538 R

Provides funds for the implementation of Part II. Drug Screening and Testing For Work First Program Assistance of S.L. 2013-417.

\$125,750 NR

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**Total Legislative Changes**

\$11,081,105 R

\$1,125,750 NR

**Total Position Changes**

9.00

**Revised Budget**

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\$188,765,287

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## 2014 Annotated Conference Committee Report

### Health and Human Services

GENERAL FUND
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FY 14-15
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Total Budget Enacted 2013 Session

\$141,941,587

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#### Legislative Changes

##### ( 5.0) Division of Public Health

##### 35 ADAP - AIDS Drug Assistance Program (1460)

Budgets increased pharmaceutical rebates and federal receipts.  
\$68.8 million remains in the ADAP budget to provide services in FY  
2014-15 to all eligible persons, with no waiting lists anticipated.

(\$5,782,163) NR

##### 36 Incubation Project (1161)

Eliminates General Fund support for the North Carolina Public  
Health Incubator Collaborative. Funds are used to support a  
contract with the UNC Institute of Public Health. The contract will  
be discontinued, but regional health department collaboratives will  
continue to develop and disseminate best practices.

(\$100,000) R

##### 37 Vector Control Program (1153)

Terminates the Vector Control Program, which provided small  
grants to a limited number of counties for mosquito control.

(\$185,992) R

##### 38 Child and Family Support Team (1332)

Eliminates funding for the Child and Family Support Team. Funds  
were originally provided as start-up funding to support schools  
participating in the Child and Family Support Team program. The  
school-based program is now fully implemented, and start-up  
resources are no longer needed. Two positions are eliminated  
effective July 1, 2014.

(\$251,788) R

-2.00

#60037795 - Program Development Coordinator - \$66,173

#60037797 - Administrative Asst I - \$44,648

- 39 Operational Efficiencies (1110, 1171, 1261, 1441)** (\$298,275) R
- Reduces operating funds for the Purchase of Medical Care Unit, State Center for Health Statistics, and the Early Intervention, Physical Activity and Nutrition, and Chronic Disease and Prevention Units. Five positions are eliminated effective July 1, 2014.
- 5.00
- #60041103 - Office Assistant IV - \$35,891  
 #60088935 - Processing Asst V - \$36,931  
 #60041456 - Administrative Officer III - \$51,304  
 #60041171 - Nutrition Program Supervisor - \$55,808  
 #60040661 - Business Officer - \$50,200
- 40 Public Health Program Adjustments (1271, 1332)** (\$337,325) R
- Eliminates residual funds for Purchase of Medical Care, Early Hearing Detection and Intervention, and Tobacco Prevention and Control programs. The budgets are being modified to actual or anticipated spending levels, with no reduction to public service.
- Fund Code 1271: Purchase of Medical Care - (\$142,325)  
 Fund Code 1332: Early Hearing Detection and Intervention - (\$131,000)  
 Fund Code 1271: Tobacco Prevention and Control - (\$64,000)
- 41 Vital Records (1173)** \$350,000 R
- Provides funds for temporary staffing to keep up with the demand for certificate issuance, the relocation of records from the primary vault to a secondary vault due to safety issues, microfilming/daily records management, the adoptions database and certificate issuance, and long term vital events document preservation.
- 42 Office of Chief Medical Examiner (1172)** \$1,000,000 R
- Provides funding to address operational issues in the statewide medical examiner system. The expansion will increase the FY 2014-15 budget by 23% from \$4.4 million to \$5.4 million. (S.L. 2014-100, Sec. 12E.5 and 12E.6)

**43 Well Water Testing Fee (1174)**

Budgets increased receipts from fees charged by the State Public Health Laboratory to analyze private well water samples. The fee charged to test samples from newly constructed wells increases from \$55 to \$74, (35%). In addition, the Laboratory is authorized to analyze water samples from existing private wells for a fee of \$74. The fee change will increase receipts to cover the costs of supplies used to analyze water samples. (S.L. 2014-100, Sec.12E.3)

Requirements	\$221,548
Receipts	\$221,548
Net Appropriation	\$ 0

**44 Food Protection Program**

\$0 R

Realigns the Food Protection Program budget by reallocating \$400,000 from aid to counties for local food and lodging programs to be used for the costs to operate the State elements of this program. Due to an increase in the amount of the counties' share of food and lodging fee receipts enacted in Section 12E.1 of S.L. 2013-360, the counties no longer need to receive this General Fund Appropriation. The Food Protection Program will use these funds to cover State costs related to food and lodging regulation. (S.L. 2014-100, Sec. 12E.8)

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<b>Total Legislative Changes</b>	<b>\$176,620</b>	<b>R</b>
	<b>(\$5,782,163)</b>	<b>NR</b>
<b>Total Position Changes</b>	<b>-7.00</b>	
<b>Revised Budget</b>	<b>\$136,336,044</b>	

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## Health and Human Services

GENERAL FUND

FY 14-15

Total Budget Enacted 2013 Session

\$704,985,988

### Legislative Changes

#### ( 6.0) Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

##### 45 New Broughton Hospital Reserve (1910)

Eliminates reserve funds provided to purchase equipment, furniture, and information technology infrastructure for the new Broughton Hospital. S.L. 2013-360 appropriated the nonrecurring funds for the anticipated December 2014 opening of the new facility. Due to construction issues, the opening of the replacement facility is delayed until May 2016.

(\$16,598,589) NR

##### 46 Claims Processing (1110)

Reduces funding by 47% to budget anticipated savings in contracted claims processing costs. In FY 2013-14, the Division began using the NC Tracks system to process community service claims and no longer uses private contractors for this purpose. \$2.7 million remains in the FY 2014-15 budget for contractual information technology services.

(\$2,400,000) R

##### 47 Local Management Entity/Managed Care Organizations (1111)

Reduces the General Fund appropriation for Local Management Entity/Managed Care Organization (LME/MCO) administrative cost allocations by 5.6%. Administrative cost savings will be achieved by merging the nine LME/MCOs operating in FY 2013-14 to seven or fewer by June 30, 2015. Approximately \$30 million remains in the FY 2014-15 budget for LME/MCO administration.

(\$1,800,000) R

**48 Central Office Administration (1110)**

(\$448,876) R

Reduces the General Fund appropriation for the Division's central offices by 4.5%. Seven vacant positions are eliminated, effective July 1, 2014. Approximately \$9.5 million remains in the Division's FY 2014-15 central administration budget.

-7.00

#65006250, Quality Assurance Officer - \$70,840  
 #60043442, Mental Health Prgm Mgr I – \$59,962,  
 #60043463, W/A Primary Care Systems Asso - \$49,171  
 #60043400, Processing Assistant V - \$48,979  
 #60043406, W/A Administrative Asst - \$29,856  
 #60043320, Administrative Off III - \$54,498  
 #60043328, Budget Manager - \$90,000

**49 LME/MCO General Administration (1111)**

(\$6,100,000) R

Eliminates funds held in reserve for LME/MCO risk management. As required by S.L. 2013-85, the Division has increased responsibilities related to monitoring LME/MCO administrative, operational, actuarial, and financial performance, eliminating the need to maintain a reserve fund.

**50 Brain Injury Association of North Carolina (1451)**

\$225,223 R

Continues General Fund appropriation for the Brain Injury Association of North Carolina contract. The association provides information, referral, and training services for persons with traumatic brain injury, their families, and health care professionals. (S.L. 2014-100, Sec. 12F.1)

**51 Community-Based Crisis Services**

\$2,200,000 R

Provides funds to be used to increase community-based crisis stabilization services. These services provide alternatives to the use of local hospital emergency departments or inpatient services in State-operated facilities. Crisis services include psychiatric outpatient clinics, 24-hour crisis walk-in clinics, psychiatric urgent care units, facility-based crisis treatment, 23-hour observation, and non-hospital detoxification. (S.L. 2014-100, Sec. 12F.5)

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<b>Total Legislative Changes</b>	<b>(\$8,323,653)</b>	<b>R</b>
	<b>(\$16,598,589)</b>	<b>NR</b>
<b>Total Position Changes</b>	<b>-7.00</b>	
<b>Revised Budget</b>	<b>\$680,063,746</b>	

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## 2014 Annotated Conference Committee Report

### Health and Human Services

GENERAL FUND
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FY 14-15
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**Total Budget Enacted 2013 Session**

**\$38,773,169**

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**Legislative Changes**

**( 7.0) Division of Vocational Rehabilitation**

**52 Operational Efficiencies (1110, 1452, 1480)**

**(\$575,336) R**

Reduces General Fund appropriation to reflect savings achieved by reducing layers of management and administration. Effective July 1, 2014, 20.75 positions (11.95 full-time equivalents (FTEs) supported by the General Fund), are eliminated from Service Support, Employment Services, and Independent Living Services.

-11.95

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**Total Legislative Changes**

**(\$575,336) R**

**Total Position Changes**

-11.95

**Revised Budget**

**\$38,197,833**

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## Health and Human Services

GENERAL FUND

FY 14-15

Total Budget Enacted 2013 Session

\$16,411,479

### Legislative Changes

#### ( 8.0) Division of Health Service Regulation

**53 Cost Allocation for Construction Team Inspections (1153)** (\$263,000) R

Allocates the cost for construction team inspections of adult care homes, family homes, and group homes to claim administrative match through Medicaid. The construction teams inspect facilities to ensure compliance with federal licensure standards. The inspections consist of external and internal evaluations, including living quarters, fire safety, electrical and plumbing equipment, ensuring homes and facilities are maintained in a safe living condition.

**54 Health Care Personnel Registry Receipts (1110)** (\$25,000) R

Budgets over-realized receipts for the Health Care Personnel Registry, a tool for monitoring unlicensed health care personnel. The registry lists nurses and medications aides who have met Federal and State educational and competency requirements. Further, it lists unlicensed health care personnel who are being investigated for or have been found to have caused harm to a resident of a facility. The cost of maintaining the registry is shared with Medicare. For FY 2012-13, actual expenditures totaled \$4.1 million. While budgeting the over-realized receipts (\$25,000) will result in a corresponding decrease in appropriation, the FY 2014-15 budget (requirements) of \$4.4 million is unchanged.

**Total Legislative Changes** (\$288,000) R

**Total Position Changes**

**Revised Budget** \$16,123,479

# Health and Human Services

GENERAL FUND

FY 14-15

Total Budget Enacted 2013 Session

\$3,608,119,091

## Legislative Changes

### ( 9.0) Division of Medical Assistance

**55 Mental Health Drug Management (1310,1331)** (\$6,000,000) R

Directs the Department of Health and Human Services, Division of Medical Assistance, to manage mental health drugs to produce \$12 million savings, net of rebates, to General Fund appropriations to the Medicaid program. In order to achieve the annual savings the Department will first make adjustments to the preferred drug list, to maximize supplemental rebates. Next the Department is authorized to impose controls including prior authorization, utilization review criteria, and any other restrictions. Notwithstanding the foregoing, because of the effective date of this section, savings in fiscal year 2014-2015 shall be \$6 million. (S.L. 2014-100, Sec 12H.9)

**56 Provider Rate and Hospital DRG Weight Mix Reduction (1310)** (\$7,190,441) R

Reduces provider rates by 1.0% effective January 1, 2015. This reduction applies to all fee-for-service providers with the exception of hospital inpatient services, drugs and dispensing fees, nursing homes, non-PCS home care services, private duty nursing, all cost based providers, services where rates or rate methodologies are set by the federal government, negotiated through a contract, hospice, CAP services, FQHC and Rural Health Centers or as specified in special provision. (S.L. 2014-100, Sec 12H.14A)

Reduces Hospital DRG weights by 2.1% effective January 1, 2015. The 2.1% reduction will be uniformly applied to each DRG weight. (S.L. 2014-100, Sec 12H.14B)

**57 Medsolutions Contract Renegotiation and Imaging Request for Proposal (1310)** (\$5,000,000) R

Reduces spending for the imaging contract with Medsolutions to reflect the recently renegotiated contract terms. The Department is also directed to issue a Request for Proposal (RFP) for high tech imaging services. This represents a 14.9% reduction in spending on the high tech imaging contract, leaving an estimated \$90 million in the budget for FY 2014-15. (S.L. 2014-100, Sec 12H.30)

**58 Hospital Outpatient Cost (1310)**

(\$9,959,511) R

Reduces the settlement for the UNC Hospitals (UNC-CH) and Vidant, formally known as Pitt Memorial Hospital (ECU) for outpatient services to 70% of Medicaid costs effective July 1, 2014. Historically, the State has funded the State share of payment to UNC-CH and ECU at 100% of costs, unlike other hospitals which are paid 70% of cost through the claims and settlement processes. The reduction in the settlement percentage will be factored into supplemental payments under the Disproportionate Share Hospital (DSH) and hospital GAP payment plans, as appropriate. This represents a 2.1% reduction in overall hospital outpatient Medicaid spending, leaving an estimated \$821 million in the budget for outpatient services for all hospitals in FY 2014-15. (S.L. 2014-100, Sec 12H.13A)

**59 Nursing Home Case Mix Index Adjustment (1310)**

(\$2,200,000) R

Freezes the case-mix index adjustments for direct cost of nursing home rates effective January 1, 2015. Historically, nursing home direct care rates are adjusted quarterly for the change in the average case mix or intensity of care for each facility's residents from the previous quarter. The case mix index adjustments do not apply to the indirect care or fair rental value components of the nursing home per diem rates. Total Medicaid payments for nursing homes is projected to be \$1.16 billion in FY 2013-14. This represents a 0.5% reduction in overall budgeted spending for nursing homes leaving an estimated \$1.2 billion in the Medicaid budget for FY 2014-15. (S.L. 2014-100, Sec 12H.7)

**60 Average Acquisition Cost for Drug Pricing (1310)**

(\$975,000) R

Converts the pricing for drug products from a multiple of Wholesale Acquisition Cost (WAC) for brand medications and State Maximum Allowable Cost (SMAC) for generic medications to an average acquisition cost for all Medicaid drugs. This item also adjusts dispensing fees to more closely align with the cost of dispensing. Adjustments to drug pricing and dispensing fees will result in a net savings of \$975,000 in FY 2014-15. Total spending for drug product and dispensing fees are projected to be \$1.4 billion in FY 2013-14. Drug ingredient prices will be updated at least monthly.

The amount is offset by drug rebates that are estimated at \$678 million in FY 2013-14. This represents a 0.3% reduction in spending for drug costs, net of rebates, leaving an estimated net budget of \$737 million in FY 2014-15. (S.L. 2014-100, Sec 12H.8)

- 61 State Retention of the Hospital GAP Plan Assessment (1310)** (\$15,102,794) R  
Increases the State retention on assessments through the hospital GAP plan from 25.9% to 28.85% effective July 1, 2014. The increased retention percentage will apply to the total amount assessed under the GAP plan. The residual amount of assessment will be used to make supplemental equity and upper payment limit payments as defined under the plan. The GAP plan for the year ending September 30, 2014 provides for payments from hospitals totaling \$366 million and supplemental payments for outpatient equity and inpatient upper payment limit of \$787 million. This change will increase the amount of payments from the hospitals, but will not change the supplement payments the hospitals receive. (S.L. 2014-100, Sec 12H.17)
- 62 Single Base Rate for All Hospitals (1310)** (\$10,800,000) R  
Establishes a single base diagnosis related group (DRG) rate for inpatient hospital services based on the statewide median base rate at June 30, 2014 for all hospitals effective January 1, 2015. This reduces payments for hospital services by \$35.5 million and increases the GAP plan retention by \$9.2 million on an annual basis. In FY 2013-14 total spending for inpatient hospital services is projected to be \$938 million. This represents a 1.8% reduction in spending for inpatient hospital services, leaving an estimated \$992 million in the FY 2014-15 budget. (S.L. 2014-100, Sec 12H.12)
- 63 Botox Rates (1310)** \$21,000 R  
Changes the rate methodology for Botox under the physician drug program effective 7/1/14 for Medicaid and Health Choice to be the same as the pharmacy drug pricing methodologies using wholesale acquisition costs (WAC) or the state Medicaid average costs (SMAC) for point of sale pharmacies, as appropriate. (S.L. 2014-100, Sec 12H.33A)
- 64 Paragard Rate (1310)** \$62,000 NR  
Changes pricing methodology for Paragard IUD's to be consistent with pricing formula for other IUD's. (S.L. 2014-100, Sec 12H.33)
- 65 Dispensing Fee Study (1102)** \$100,000 NR  
Directs the Department to conduct a study of pharmacy dispensing fees. (S.L. 2014-100, Sec 12H.8.(b))

**66 Medicaid Funds FY 13-14**

Appropriates nonrecurring funds to address a projected FY 2013-14 Medicaid budget shortfall of \$72.3 million. Unachieved S.L. 2013-360 reductions and other unbudgeted items are outlined below:

\$136,503,778 NR

Medicaid Claims, Utilization and Growth:(\$157,100,000)  
 Budget Reduction Items not Achieved: \$63,600,000  
 Presumptive Eligibility: \$6,600,000  
 MAGI Recertification Delay: \$2,800,000  
 Additional Children Shifted from Heath Choice: \$8,700,000  
 PCS Services: \$12,400,000  
 Settlements: \$8,200,000  
 Heath Choice Surplus:(\$9,400,000)  
 Medicaid Claims and Enrollment Backlog: \$136,500,000

Net Shortfall: \$ 72,300,000

A projected FY 2013-14 cash surplus of \$54.8 million, anticipated due to backlogs of unpaid claims and unprocessed eligibility applications, will revert on June 30, 2014. Therefore, a nonrecurring appropriation of \$136.5 million is needed for the liability associated with the unpaid claims and enrollment backlogs that will be paid in FY 2014-15.

**67 Nursing Home Rates (1310)**

\$670,000 R

Restores the 3% reduction implemented as part of the shared savings plan item in FY 2013-14 effective June 1, 2015. The ongoing annual state cost will be \$8,000,000. (S.L. 2014-100, Sec 12H.14.(c))

**68 Personal Care Services (PCS) Study Optional Program (1102)**

\$300,000 NR

Provides funding for the Department to transfer \$300,000 to the Legislative Services Commission to contract for a study to define a new limited PCS optional service program. This amount represents the State share of the total funding of \$600,000. The remaining source of funding will come from the Medicaid administrative funding from the Centers for Medicare and Medicaid Services (CMS). The report from this study is due December 1, 2015. Additionally, the Department will study and report on Adult Care Home inspections, procedures and processes. (S.L. 2014-100, Sec 12H.10.(c))

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<b>Total Legislative Changes</b>	<b>(\$56,536,746)</b>	<b>R</b>
	<b>\$136,965,778</b>	<b>NR</b>
<b>Total Position Changes</b>		
<b>Revised Budget</b>	<b>\$3,688,548,123</b>	

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## 2014 Annotated Conference Committee Report

### Health and Human Services

GENERAL FUND
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FY 14-15
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**Total Budget Enacted 2013 Session**

**\$57,747,933**

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#### **Legislative Changes**

##### **(10.0) NC Health Choice**

###### **69 Health Choice Rebase (1310)**

**(\$14,500,000)**

**R**

Funds the Health Choice rebase for FY 2014-15 that includes a 5.3% growth in enrollment and utilization, the impact of an additional 20,000 children shifting from Health Choice to Medicaid, and the impact of not meeting all the budget reduction items included in the 2013 Appropriations Act.

The following chart details the various components of the rebase calculation:

Growth, Claims and Utilization: (\$9,900,000)  
Budget Reductions Not Achieved: \$2,900,000  
Additional Children Shifted From Health Choice: (\$7,500,000)

HEALTH CHOICE REBASE FY 2014-15      (\$14,500,000)

###### **70 Single Base Rate for all Hospitals (1310)**

**(\$63,961)**

**R**

Establishes a single base diagnosis related group (DRG) rate for inpatient hospital services based on the statewide median base rate for all hospitals effective January 1, 2015. This represents a 1.8% reduction in claims spending for inpatient hospital services. (S.L. 2014-100, Sec 12H.12)

###### **71 Health Choice Administrative Budget Adjustment (1102)**

**(\$1,250,000)**

**R**

Adjusts the Health Choice administrative budget to more accurately reflect actual expenditures and anticipated costs in FY 2014-15.

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**Total Legislative Changes**

**(\$15,813,961)**

**R**

**Total Position Changes**

**Revised Budget**

**\$41,933,972**

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## 2014 Annotated Conference Committee Report

### Health and Human Services

GENERAL FUND
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FY 14-15
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**Total Budget Enacted 2013 Session**

**\$8,178,618**

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**Legislative Changes**

**(11.0) Divisions of Services for the Blind and Services for the Deaf and Hard of Hearing**

**72 No Action Taken**

Takes no budget action specific to the Divisions of Services for the Blind and Services for the Deaf and Hard of Hearing.

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**Total Legislative Changes**

**Total Position Changes**

**Revised Budget**

**\$8,178,618**

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# Special Provisions

## 2014 Session: SB 744

**Department:** Health and Human Services

Section: 12A.1

Title: **HHS COMPETITIVE GRANTS PROCESS REVISIONS**

Summary Amends S.L. 2013-360, Appropriations Act of 2013, Section 12A.2 by revising the recurring funding to \$9,103,922, deleting brain injury from and adding smoking prevention and cessation to the list of health and wellness initiatives that can be supported by the competitive block grant. Allocates \$175,000 to St. Gerard House for the purpose of assisting individuals with autism spectrum disorders.

Section: 12A.2

Title: **FUNDS FOR STATEWIDE HEALTH INFORMATION EXCHANGE**

Summary Directs the Department of Health and Human Services (DHHS), Division of Central Management, to allocate to the North Carolina Health Information Exchange (NC HIE) an amount sufficient to represent the State share for the maximum amount of approved federal matching funds for allowable Medicaid administrative cost related to the HIE Network. This section requires the NC HIE to report to the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee on Information Technology, and the Fiscal Research Division by March 1, 2015, on its use of State appropriations and federal matching funds received by the NC HIE for costs related to the HIE Network.

Section: 12A.4

Title: **DEVELOPMENT OF PLAN TO IMPLEMENT SINGLE INFORMATION TECHNOLOGY SYSTEM FOR MEDICAID CLAIM ADJUDICATION BY LOCAL MANAGEMENT ENTITIES/MANAGED CARE ORGANIZATIONS**

Summary Subsection (a) repeals Section 12A.4.(j) of S.L. 2013-360, Appropriations Act of 2013. Subsection (b) repeals Section 12A.4(k) of S.L. 2013-360, as amended by Section 4.11 of S.L. 2013-363, Modifications/2013 Appropriations Act. Subsection (c) directs the DHHS to report on a plan to implement a single, stand-alone information technology system to be used for Medicaid claim adjudication by all local management entities, including local management entities approved to operate the 1915 (b)/(c) Medicaid waiver. The report shall be submitted by December 1, 2014 to the Joint Legislative Oversight Committees on Health and Human Services and Information Technology and to the Fiscal Research Division.

Section: 12A.5

Title: **FUNDS FOR REPLACEMENT MEDICAID MANAGEMENT INFORMATION SYSTEM**

Summary Amends S.L. 2013-360, Appropriations Act of 2013, Section 12A.4.(a) by adjusting the amount of prior year earned revenue the DHHS may utilize for the replacement MMIS to \$6,890,660.

Section: 12A.6

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

Summary Amends S.L. 2013-360, Appropriations Act of 2013, Section 12A.6.(a) by amending the amount of prior year earned revenue the DHHS may use for the North Carolina Families Accessing Services through Technology (NC FAST) project to \$4,138,002.

Section: 12A.7

Title: **SUPPLEMENTAL SHORT-TERM ASSISTANCE FOR GROUP HOMES**

Summary Directs the Division of Central Management and Support to use \$2 million in nonrecurring funds to provide temporary short-term payments not to exceed \$464.30 per group home resident per month until June 30, 2014. Limits payments to residents who became ineligible for Medicaid Personal Care Services as a result of changes to the PCS Program that took effect on January 1, 2013. Payments may not be provided for residents appealing an adverse determination made by the Department under G.S. 108A-70.9A. Group homes shall use these payments to provide supervision or medication management. DHHS must submit a detailed plan to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division for a long-term solution for individuals residing in group homes by April 1, 2015. If the Department fails to submit the plan, any remaining balance of the funds appropriated shall revert to the General Fund.

Section: 12B.1

Title: **CHILD CARE SUBSIDY RATES/REVISE CO-PAYMENTS AND ELIGIBILITY CRITERIA**

Summary Amends S.L. 2013-360, Section 12B.3 to change income eligibility from 75% of State median income to 200% of the Federal Poverty Level (FPL) for children age 0-5 and special needs children and to 133% FPL for children age 6-12 effective October 1, 2014. This provision sets co-payments at 10% of income for all households that are required to pay a co-payment and eliminates the proration of co-payments for part time care. Effective January 1, 2015, the definition of income unit is changed to include stepparents and their children; and non-parent caretaker relatives and their spouses and children if applicable.

Section: 12B.2

Title: **EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES  
ENHANCEMENTS/IMPLEMENT FUND RAISING PLAN/CODIFY TANF MAINTENANCE OF  
EFFORT REQUIREMENT**

Summary Amends Section 12B.9 of S.L. 2013-360, Appropriations Act of 2013, to require the North Carolina Partnership for Children, Inc. implement a plan to increase local capacity to raise private funds to support childhood activities.

Subsection (b) amends G.S. 143B-168.15(g) to require local partnerships to spend at least \$52 million for child care subsidies that meet the Temporary Assistance for Needy Families block grant maintenance of effort and the Child Care Development Fund match requirements.

Section: 12B.3

Title: **STUDY CHILD CARE SUBSIDY FOR 11- AND 12-YEAR OLDS**

Summary Directs the Division of Child Development and Early Education to study child care subsidy for 11- and 12-year olds. The Division shall study available options for before and after school care, available resources other than child care subsidy to pay for this care, and the average cost of care. The report is due to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by November 30, 2014.

Section: 12B.4

Title: **REVISE CHILD CARE ALLOCATION FORMULA**

Summary Amends Section 12B.4 of S.L. 2013-360, the Appropriations Act of 2013, to require the Division of Child Development and Early Education to utilize the newest Census data available in allocating child care subsidy funds to counties. The division shall implement one-third of the change in allocation in 2014-15, the next one-third in 2016-17, and the final one-third in 2018-19. Counties shall not receive an increase in their allocations in 2014-15 if they did not have a waiting list in 2013-14, and in future years, counties shall not receive an increase in their allocations if their spending coefficient is below 95% in the previous year. The Division may waive the spending coefficient requirement due to extraordinary circumstances. The Division shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by October 1 of each year the counties that received a waiver and the reasons for the waiver.

Section: 12B.5

Title: **CHILD CARE MARKET RATE ADJUSTMENTS**

Summary Requires DHHS to adjust the child care market rates for three-, four- and five- star centers and homes. The market rate is increased by 25% of the recommended adjustment in the 2013 Child Care Market Rate Study.

Section: 12B.6

Title: **NC PRE-K AUDITS**

Summary Amends Section 12B.1 of S.L. 2013-360, Appropriations Act of 2013, by adding a new subsection (k) to require local partnerships that administer the NC Pre-K program be subject to the biennial financial and compliance audits authorized under G.S. 143B-168.14(b).

Section: 12C.1

Title: **CHILD PROTECTIVE SERVICES IMPROVEMENT INITIATIVE**

Summary States the intent of the General Assembly to support the initiatives and the allocation of funds for child welfare services in this section.

Subsection (b) provides \$7.4 million in funding for county departments of social services. Of these funds, \$4.5 million is to replace lost federal funding that was used to pay for child protective services workers. Beginning October 1, 2014, \$2.9 million is provided for new child protective services workers to reduce the average caseloads to 10 families per worker.

Subsection (c) provides \$4.5 million for child welfare in-home services.

Subsection (d) provides \$750,000 for 9 positions in the Division of Social Services. These positions shall monitor, train, and provide technical assistance to county departments of social services.

Subsection (e) provides \$300,000 for a pilot program to enhance coordination of services and information among county departments of social services and other agencies. The Division shall commence the pilot by December 1, 2014 and shall provide a progress report by March 1, 2015 and a final report by March 1, 2016 to the Joint Legislative Oversight Committee on Health and Human Services.

Subsection (f) provides \$700,000 for a statewide evaluation of the State's child protective services system.

Subsection (g) requires the Division of Social Services to report to 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 no later than February 1, 2015 on the issue of conflicts of interest in child welfare cases as related to public guardianship.

Section: 12C.2

Title: **CLARIFY WORK FIRST FAMILY ASSISTANCE INCOME LEVELS**

Summary Amends G.S. 108A-27.01 to clarify the income eligibility standards for Work First Family Assistance.

Section: 12C.3

Title: **EASTERN BAND OF CHEROKEE INDIANS/ASSUMPTION BY TRIBE OF VARIOUS HUMAN SERVICES**

Summary Enables the Eastern Band of Cherokee Indians to assume responsibility for certain social services, health care benefit and ancillary services.

Subsection (b) allows the Eastern Band of Cherokee Indians, beginning October 1, 2014 or upon federal approval, to begin assuming the responsibility for the Supplemental Nutrition Assistance Program. No later than October 1, 2015, the Eastern Band of Cherokee Indians may assume responsibility for other programs as described under G.S. 108A-25(e).

Subsection (c) amends G.S. 108A-25 by adding subsection (e) relieving counties of the legal responsibility of programs relative to the tribal assumption of services.

Subsection (d) amends G.S. 108A-87 adding subsection (c) allocating the non-federal share for the Eastern Band of Cherokee Indians when they assume responsibility for a program. Non-federal matching funds designated to Jackson and Swain counties to serve tribal members will be allocated to the Eastern Band of Cherokee Indians. Any portion of non-federal share that was borne by the counties will be borne by the Eastern Band of Cherokee Indians.

Subsection (e) requires the Division of Medical Assistance to submit to the Centers for Medicare and Medicaid Services Medicaid and NC Health Choice state plan amendments as necessary to implement this section and to address health care needs identified by the Eastern Band of Cherokee Indians provided that the changes will be 100% federally funded. If the State share of administrative or other costs will increase, the Department shall report the anticipated increased costs to the Joint Legislative Oversight Committee on Health and Human Services. The State plan amendments and waivers shall have an effective date no later than October 1, 2015.

Section: 12D.1

Title: **ELIGIBILITY FOR STATE-COUNTY SPECIAL ASSISTANCE PROGRAM**

Summary Amends G.S. 108A-41(b) to clarify who is eligible for State-County Special Assistance (SA).

Subsection (b) amends G.S. 108A-41(b)(2) to set the income limit at 100% of the federal poverty level.

Subsection (c) amends G.S. 108A-41(b)(3) by deleting the requirement allowing individuals who join a close relative who has resided in North Carolina for 180 consecutive days to be eligible for SA and requiring that a person discharged from a State facility as a result of an interstate mental health compact is only eligible if the compact requires the State to continue treating the person within the State.

Subsection (d) provides that subsection (a) and (c) do not affect the eligibility of SA applicants approved to receive assistance prior to November 1, 2014.

Subsection (e) directs that subsection (b) shall not affect the eligibility of SA applicants approved to receive benefits prior to the effective date of subsection (b).

Subsection (f) requires the Division of Medical Assistance to submit by October 1, 2014, an amendment to the Medicaid State Plan to allow Medicaid recipients who were approved to receive SA benefits prior to the effective date of subsection (b) to retain their eligibility for Medicaid.

Subsection (g) sets November 1, 2014 as the effective date of subsections (a), (c) and (d); and subsections (f), (g) and (h) are effective when they become law.

Subsection (h) sets the effective date of subsection (b) and (e) 30 days after the date Centers for Medicare and Medicaid Services (CMS) approves the Medicaid State Plan Amendment submitted pursuant to subsection (f). The Secretary of the DHHS shall report to the Revisor of Statutes when CMS approval is obtained and the date of the approval. Subsections (b) and (e) shall not become effective if CMS disapproves the Medicaid State Plan Amendment submitted pursuant to subsection (f).

Section: 12D.2

Title: **STATE-COUNTY SHARE OF COSTS FOR SPECIAL ASSISTANCE PROGRAM**

Summary Amends G.S. 143B-139.5 by deleting the requirement that the DHHS maintain State appropriation for the State-County Special Assistance program at the FY 2012-13 certified budget, and by deleting the requirement that counties maintain their appropriations at the FY 2011-12 level.

Section: 12D.3

Title: **EXAMINATION OF WAYS TO IMPROVE THE PUBLIC GUARDIANSHIP SYSTEM**

Summary Directs the Division of Aging and Adult Services to collaborate with the Administrative Office of the Courts to develop a plan regarding the evaluation of complaints pertaining to wards under the care of publicly funded guardians.

Subsection (b) requires the Division to consult with other entities to develop a model plan for transitioning a ward when an individual guardian of the person can no longer serve as guardian.

Subsection (c) directs the Department to continue to study whether care coordination services would provide needed oversight against conflicts of interest when guardians also serve as paid providers. Subsection (d) requires the Department to submit a report of its findings and recommendations to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by October 1, 2014. (H.B. 1110/S.B.813)

Section: 12D.4

Title: **STATUS REPORTS FILED BY CORPORATIONS OR DISINTERESTED PUBLIC AGENTS SERVING AS GUARDIANS FOR INCOMPETENT WARDS**

Summary Amends G.S. 35A-1202(14) to delete the requirements for status reports.

Subsection (b) amends G.S.35A-1242 to detail the requirements of what is to be included in status reports submitted by any corporation or disinterested public agent that is guardian of the person for an incompetent person.

Subsection (c) sets the effective date of October 1, 2014. (H.B. 1179/S.B. 803)

Section: 12D.5

Title: **DEVELOPMENT OF STRATEGIC STATE PLAN FOR ALZHEIMER'S DISEASE**

Summary Amends G.S. 143B-181.1(a) by adding a new subdivision (13) to require the development of a strategic State plan for Alzheimer's disease.

Section: 12D.6

Title: **REINSTATEMENT OF THE VOLUNTEER DEVELOPMENT PROGRAM AS A SERVICE CATEGORY UNDER THE HOME AND COMMUNITY CARE BLOCK GRANT**

Summary Directs the Division of Aging and Adult Services to reinstate the Volunteer Development Program as a service category available for funding under the Home and Community Care Block Grant.

Section: 12E.1

Title: **CHILDREN'S DEVELOPMENTAL SERVICES AGENCIES**

Summary Amends S.L. 2013-360, Sec. 12E.4 to remove the Department's authority to close Children's Developmental Services Agencies (CDSAs). The Department is directed to maintain the CDSA eligibility criteria in effect on June 30, 2013.

Section: 12E.3

Title: **INCREASED FEE FOR PRIVATE WELL-WATER TESTING**

Summary Amends G.S. 130A-5(16) to increase the fee that the State Laboratory of Public Health shall charge for private well water testing from \$55 to \$74. The State Laboratory is also authorized to analyze water samples from existing private wells.

Section: 12E.5

Title: **PROGRAM EVALUATION STUDY OF CHIEF MEDICAL EXAMINER'S OFFICE**

Summary Directs the Joint Legislative Program Evaluation Oversight Committee to consider in its 2014-15 work plan a study on ways to improve North Carolina's medical examiner system.



Section: 12E.6

Title: **OPERATIONAL EFFICIENCIES FOR OFFICE OF THE CHIEF MEDICAL EXAMINER**

Summary Amends G.S. 130A-382 to authorize the Chief Medical Examiner to select and appoint county medical examiners, giving preference to physicians licensed to practice in the State. In addition, emergency medical technicians/paramedics are added to the list of professionals that may be appointed as county medical examiners. The DHHS Division of Public Health shall study and report recommendations on 1) the adequacy of the current medical exam fee structure, 2) categories of professionals that may be appointed as medical examiners, and 3) qualifications and training requirements for medical examiners. The report is due to the Joint Legislative Oversight Committee on Health and Human Services no later than November 1, 2014. The Department shall use funds appropriated to Office of the Chief Medical Examiner to establish an oversight system to achieve operational efficiencies and improve quality assurance.

Section: 12E.7

Title: **ADJUST REPORTING DATE FOR DIABETES COORDINATION REPORT**

Summary Revises G.S. 130A-221.1(b) to change the due date for the biennial Diabetes Coordination Report from December 1 of every even-numbered year to January 1 of every odd-numbered year.

Section: 12E.8

Title: **FOOD PROTECTION PROGRAM BUDGET REALIGNMENT**

Summary Realigns the Division of Public Food Protection Program's budget to reduce by \$400,000 the funding allocated to counties for local food protection programs.

Section: 12E.9

Title: **TRANSFER OF SUMMER FOOD SERVICE PROGRAM TO DEPARTMENT OF PUBLIC INSTRUCTION**

Summary Transfers the Summer Food Service Program from the Division of Public Health to the Department of Public Instruction, effective October 1, 2014. The transfer is a Type 1, as defined by G.S. 143A-6.

Section: 12F.1

Title: **TRAUMATIC BRAIN INJURY FUNDING**

Summary Directs that \$2.4 million of the funds appropriated to the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services be used exclusively for services and assistance to individuals with traumatic brain injury.

Section: 12F.3

Title: **REPORT ON STRATEGIES FOR IMPROVING MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES**

Summary Directs the Department to submit 2 reports on strategies to improve the delivery of behavioral health services. The reports are due to the Joint Legislative Oversight Committee on Health and Human Services no later than November 1, 2014 and March 1, 2015 respectively. (S.B. 804/H.B. 1132)

Section: 12F.4

Title: **REPORT AND PLAN REGARDING BUDGET SHORTFALLS WITHIN THE DIVISION OF MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES**

Summary Directs the Department to report on budget shortfalls resulting from liabilities associated with community services funding and State-operated healthcare facilities. The report shall include a history of the annual budget shortfalls since 2008, an explanation of actions taken by the Department and the Office of State Budget and Management to address the situation, and a plan for eliminating the shortfall. The report is due to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by December 1, 2014.

Section: 12F.5

Title: **FUNDS APPROPRIATED TO IMPLEMENT RECOMMENDATIONS OF THE JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON HEALTH AND HUMAN SERVICES REGARDING BEHAVIORAL HEALTH CRISIS SERVICES**

Summary Establishes definitions for facility-based crisis and behavioral health urgent care centers. The Division is directed to use \$2.2 million to increase the number of such centers, giving priority to those areas of the State where there is a shortage of these types of facilities; to reimburse for services provided by facility-based crisis centers; and to establish facility-based crisis centers for children and adolescents.

Section: 12G.1

Title: **TECHNICAL CORRECTION TO CERTIFICATE OF NEED EXEMPTION FOR REPLACEMENT OF PREVIOUSLY APPROVED EQUIPMENT**

Summary Amends G.S. 131E-184(f) to exempt the purchase of equipment which costs exceed \$2 million from certificate of need (CON) requirements set forth in G.S.131E-176(22a) if it is located on the main campus, replaces equipment that has a previous CON, and the facility provides the Department written notice including supporting documentation demonstrating exemption.

Section: 12G.2

Title: **HEALTH CARE COST REDUCTION AND TRANSPARENCY ACT REVISIONS**

Summary Amends G.S. 131E-214.13 to redefine health insurer to include an insurance company under Article 3 of Chapter 58, a service corporation under Article 65 of Chapter 58, a health maintenance organization under Article 67 of Chapter 58 and a third-party administrator as defined in Section 607(1) of the Employee Retirement Income Security Act of 1974. The date by which the N.C. Medical Care Commission (Commission) would adopt rules for certain hospital reporting is changed to January 1, 2015. The Commission shall adopt rules to establish quality measures for identified procedures that are identical to those defined by the Joint Commission. (H.B. 1065/S.B. 784)

Section: 12G.3

Title: **STUDY CONCERNING EXPANSION OF HEALTH CARE COST REDUCTION AND TRANSPARENCY ACT TO ADDITIONAL HEALTH CARE PROVIDERS**

Summary Directs the Department to submit a report by December 1, 2014 summarizing recommendations for additional providers to be included under the Health Care Cost Reduction and Transparency Act of 2013.

Section: 12G.4

Title: **MORATORIUM ON HOME CARE AGENCY LICENSES FOR IN-HOME AIDE SERVICES**

Summary Extends the prior moratorium through June 30, 2016, notwithstanding provisions set forth in the Home Care Agency Licensing Act in Part 3 of Article 6 of Chapter 131E of the general statutes.

Section: 12G.5

Title: **MORATORIUM ON SPECIAL CARE UNIT LICENSES**

Summary Amends S.L. 2013-360 Section 12G.1 to extend the prior moratorium through June 30, 2016.

Section: 12H.1

Title: **MEDICAID REFORM**

Summary States the intent of the General Assembly to continue to work towards reform during a special session in November 2014. The Department is directed to continue to consult with stakeholders but not commit the State to any particular course of action.

Note: The Adjournment Resolution enacted by the General Assembly does not allow for a Special Session in November 2014.

Section: 12H.2

Title: **REINSTATE MEDICAID ANNUAL REPORT**

Summary Directs the Department to reinstate the annual Medicaid reports and to publish them on the website only.

Section: 12H.4

Title: **MODIFY INTENSIVE IN-HOME SERVICE**

Summary Directs the Department to modify the definition for Intensive In-Home Services to reflect a team-to-family ratio of not more than 1 to 12 by October 1, 2014

Section: 12H.5

Title: **STUDY ADDITIONAL 1915( C) WAIVER**

Summary Directs the Department to draft a waiver to create 1,000 new slots each year over a 3 year period for adults with developmental disabilities from January 1, 2016 to June 30, 2019. This section directs that each slot should be capped at \$20,000 per year per beneficiary and managed by the LME/MCO system.

Section: 12H.6

Title: **TRAUMATIC BRAIN INJURY WAIVER**

Summary Directs the Department to draft a waiver for a new service package for Medicaid eligibles with traumatic brain injury (TBI) that may be based on an update of the 2010 report on a waiver to serve individuals with TBI.

Section: 12H.7

Title: **FREEZE NURSING HOME CASE MIX INDEX**

Summary Amends Section 12H.13.(b) of S.L. 2013-360 to eliminate the case mix adjustment to nursing home direct care rates and freezes rates to those in effect on December 1, 2014.

Section: 12H.8

Title: **DRUG REIMBURSEMENT USING AVERAGE ACQUISITION COST**

Summary Directs the Division of Medical Assistance to adopt an average acquisition cost methodology for drug ingredient pricing effective January 1, 2015 that will be consistent with regulations being promulgated by the federal government. In addition, the Department is directed to raise dispensing fees on January 1, 2015 to result in a net reduction in spending on drugs of \$975,000 in FY 2014-15.

Subsection (b) directs the Division of Medical Assistance to begin a survey of the pharmacies on dispensing costs on March 1, 2015.

Subsection (c) directs the Division of Medical Assistance to follow procedures in G.S. 108A-54.1A in submitting the State Plan Amendment required to implement this section.

Section: 12H.8A

Title: **SUBSTITUTION OF GENERIC DRUGS FOR UNAVAILABLE PREFERRED DRUGS**

Summary Directs the Division of Medical Assistance to allow pharmacists to substitute and dispense a generic drug in place of a preferred drug without prior authorization when there is a net savings to the Department and the pharmacy maintains documentation that it has not been able to acquire the medication.

Section: 12H.9

Title: **MENTAL HEALTH DRUG MANAGEMENT**

Summary Amends Section 12H.13.(g) of S.L. 2013-360 to direct the Division of Medical Assistance to manage mental health drugs through the preferred drug list to maximize supplemental rebates and other controls including prior authorization and utilization management to generate an annual savings of \$12 million.

Section: 12H.10

Title: **PERSONAL CARE SERVICES MANAGEMENT**

Summary Directs the Division of Medical Assistance to recoup overpayments made to providers as a result of the retroactive implementation of rates in Section 2 of S.L. 2013-360.

Subsection (b) directs the Division to propose a plan by March 1, 2015 to contain spending in FY 2015-16 to the same level as FY 2014-15.

Subsection (c) specifies that the Joint Legislative Oversight Committee on Health and Human Services shall engage a contractor to study the issues of reforming and redesigning the Personal Care Services program and report to the Joint Legislative Oversight Committee on Health and Human Services not later than December 1, 2015.

Section: 12H.11

Title: **ADULT CARE HOME COST REPORTING**

Summary Directs the Department to require compliance with G.S. 131D-4.2 for submission of annual cost reports.

Section: 12H.12

Title: **CREATE STATEWIDE HOSPITAL BASE RATE**

Summary Repeals S.L. 2013-360, Section 12H.20.(b). Subsection (b) establishes a single statewide base rate for all hospital inpatient services of \$2,788 or based on the state wide median rate in effect at June 30, 2014, whichever is less. Stipulates that the individualized base rates for hospitals, excluding UNC Hospitals and Vidant Medical Center, are replaced by a single, statewide rate.

Section: 12H.13

Title: **SUPPLEMENTAL PAYMENTS TO ELIGIBLE MEDICAL PROFESSIONAL PROVIDERS**

Summary Directs the Department to modify the State plan effective July 1, 2014 to set the number of positions to be used in the determination of supplemental payments based on the average commercial rate. Additionally, UNC Hospitals and ECU Brody School of Medicine are directed to submit an annual report to the Joint Legislative Oversight Committee on Health and Human Services beginning December 1, 2014 on services, hours and reimbursement for positions covered under this plan.

Section: 12H.13A

Title: **COST SETTLE NORTH CAROLINA UNIVERSITY HOSPITALS AT SAME RATE AS OTHER HOSPITALS**

Summary Directs the Department to reduce payments and settlements to UNC Hospitals and Vidant Medical Center to 70% of costs.

Section: 12H.14

Title: **REPEAL SHARED SAVINGS PROGRAM; MAINTAIN CERTAIN RATE REDUCTIONS**

Summary Repeals all subsections of Section 12H.18 of S.L. 2013-360 relating to the shared savings payments of the plan, except to maintain the 3% reduction implemented January 1, 2014 as a rate reduction. The 3% reduction is restored for nursing homes effective June 1, 2015.

Section: 12H.14A

Title: **PROVIDER RATE REDUCTION**

Summary Directs the Department to reduce the rates for non-exempted providers by 1%.

Section: 12H.14B

Title: **CASE WEIGHTING FACTOR REDUCTION**

Summary Directs the Department to uniformly reduce the diagnosis-related group (DRG) case weighting factors by 2.1% for all DRGs for inpatient service payments rendered to Medicaid and Health Choice recipients on or after January 1, 2015.

Section: 12H.15

Title: **PUBLISH MEDICAID PAYMENTS TO PROVIDERS**

Summary Directs the Division of Medical Assistance to publish defined information on its website for all providers receiving Medicaid payments and to begin discussions with the UNC School of Public Health to perform analytics and generate an interactive website.

Section: 12H.17

Title: **INCREASE HOSPITAL ASSESSMENT RETENTION BY STATE**

Summary Amends G.S. 108A.121(8) to increase the percentage of the hospital assessment retained by the State from 25.9% to 28.85%

Section: 12H.19

Title: **REPEAL PLANNED CCNC PAYMENTS OF PMPMS**

Summary Repeals Section 12H.22 of S.L. 2013-360 and states the General Assembly's intent that the structure of per member per month (PMPM) payments be considered as part of Medicaid reform.

Section: 12H.20

Title: **PRIMARY CARE CASE MANAGEMENT FOR DUAL ELIGIBLES**

Summary Directs the Division of Medical Assistance to draft CMS waivers to allow NC to expand primary care case management (PCCM) to include Medicaid-Medicare dual eligibles that require enrollment in the PCCM, including individuals with a primary diagnosis of mental illness or intellectual or developmental disabilities administered by the LME/MCO system. The waiver draft will be submitted no later than March 1, 2015.

Section: 12H.20A

Title: **OPTION TO CANCEL CONTRACTS**

Summary Directs the Department to ensure any contract entered into in FY 2014-15 for Medicaid or Health Choice after the effective date of this section contains a 30-day cancellation provision.

Section: 12H.21

Title: **ADDITIONAL NOTICE ON SPAs**

Summary Amends G.S. 108A-54.1A to require all amendments to the State Plan remain on the website until the amendment is approved or denied by CMS or is withdrawn by the Department. All amendments must be submitted to CMS at least 90 days prior to the effective date of the amendment. The reporting requirements to the Joint Legislative Oversight Committee on Health and Human Services and Fiscal Research are defined.

Subsection(b) amends G.S. 108A-55 (c) to correct references to the Health Care Financing Administration (HCFA) and to CMS.

Subsection (c) directs that by repealing notice language in Subsection (b) it is not the intent of the General Assembly to remove required notice of changes to reimbursement amounts for services, equipment or supplies. Those notices will be given pursuant to G.S. 108A-54.1A(f).

Subsection (d) states that this section becomes effective September 1, 2014 and the amendment to G.S. 108A-54.1A(e) applies to State Plan Amendments with an effective date of December 1, 2014 or later.

Section: 12H.22

Title: **COMPREHENSIVE PROGRAM INTEGRITY CONTRACT**

Summary Directs the Division of Medical Assistance to issue a request for proposal no later than June 30, 2015 for a comprehensive program integrity contract for the defined functions that provides specified data or information. The Division of Medical Assistance will report to the Joint Legislative Oversight Committee on Health and Human Services by December 31, 2015.

Section: 12H.26

Title: **CLARIFY NOTICE OF EXTRAPOLATED OVERPAYMENTS**

Summary Amends G.S. 108C-5(i) to clarify that the Department is allowed to identify extrapolated overpayment amounts in the same notice required in G.S. 108C-5(i) and permits the Department to utilize a contractor to send notice on behalf of the Department.

Section: 12H.27

Title: **MODIFY MEDICAID APPEALS**

Summary Amends G.S. 108C-12(d) to change the burden of proof from the Department to the petitioner in appeals of Medicaid providers or applicants concerning an adverse determination and allows the Office of Administrative Hearings to dismiss a contested case if the recipient accepts an offer of mediation and fails to attend mediation without good cause.

Section: 12H.30

Title: **RFP FOR IMAGING UTILIZATION MANAGEMENT SERVICES CONTRACT**

Summary Directs the Division of Medical Assistance to issue request for proposals for a contract for imaging utilization management services to determine if the Division of Medical Assistance could obtain greater savings with an alternative vendor and report to the House Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services and the Fiscal Research Division by March 1, 2015.

Section: 12H.32

Title: **AMBULANCE TRANSPORTS TO CRISIS CENTERS**

Summary Directs the Division of Medical Assistance to study the practice of reimbursing for ambulance transports that divert individuals in mental health crisis from hospital emergency departments to alternative locations for care. The Department shall report to the House Appropriations Subcommittee on Health and Human Services and the Senate Appropriations Committee on Health and Human Services on its findings by March 1, 2015.

Section: 12H.33

Title: **PARAGARD REIMBURSEMENT**

Summary Directs the Division of Medical Assistance to implement the same pricing methodology for Paragard dispensed in physician offices that is used by pharmacies to dispense Implanon and Mirena effective July 1, 2014.

Section: 12H.33A

Title: **BOTOX REIMBURSEMENT**

Summary Directs the Department to implement the same pricing methodology for Botox dispensed by physician offices that is used by pharmacies when provided in accordance with medical coverage policy.

Section: 12H.34

Title: **REPORT ON PACE PROGRAM**

Summary Directs the Division of Medical Assistance to report by October 1, 2014 on the number of individuals, enrollment criteria and process, spending, and other information specified for the Program of All-Inclusive Care for the Elderly (PACE). The Division is further directed to submit a report to the Joint Legislative Oversight Committee on Health and Human Services by January 1, 2015 with updated information on the program, comparison of the NC program to other states and recommendations to make the program sustainable.

Section: 12H.35

Title: **MEDICAID COUNTY OF ORIGIN**

Summary Directs the Department to take measures to address when a recipient moves their residence from one county to another and from one LME/MCO catchment area to another to reduce administrative burdens and resolve issues related to county of origin for social services and public assistance programs. By February 1, 2015 the Department shall report on progress of measures to the House Appropriations Subcommittee on Health and Human Services and the Senate Appropriations Committee on Health and Human Services. (H.B. 867)

Section: 12H.37

Title: **ALIGN ANNUAL MEDICAID BASIC BILLING UNIT LIMITS TO FISCAL YEAR**

Summary Directs the Division of Medical Assistance to implement changes to align benefit years for all LME/MCOs to the State's fiscal year effective July 1, 2015.

Section: 12H.38

Title: **MEDICAID CONTINGENCY RESERVE**

Summary Establishes a recurring contingency reserve for Medicaid budget shortfalls in FY 2014-15 in the amount of \$186.4 million and stipulates that the funds are available only upon an appropriation by the General Assembly. Subsection (b) sets forth the basis and process for accessing those funds, and the submission of a State Plan amendment to delink Medicaid eligibility for State-County Special Assistance recipients should any funds from the reserve be required to cover a Medicaid shortfall.

Section: 12I.1

Title: **CONTROL OF DATA DISCLOSED TO THE NORTH CAROLINA HEALTH INFORMATION EXCHANGE BY REQUIRED PARTICIPANTS**

Summary Amends G.S. 90-413.3A(b) to clarify hospital requirements for connecting to the Health Information Exchange (HIE) Network and requires NC HIE to provide to the professional staff of Fiscal Research, Bill Drafting, Research and Program Evaluation Divisions redacted data and information, in a manner that complies with HIPPA's standards for de-identification of health information, and only at the request of a Division Director.

Subsection (b) specifies that data disclosed through the HIE Network by required hospital participants will remain sole property of the State and also prohibits NC HIE from allowing use of proprietary information disclosed through HIE Network for commercial purposes.

Subsection (c) requires the Department, in consultation with NC HIE and the Office of Information Technology Services to develop a plan for transitioning the HIE Network to a different entity in the event NC HIE is unwilling or unable to continue overseeing or administering the network. The plan must be submitted to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by February 1, 2015.



Section: 12I.2

Title: **ESTABLISHMENT OF TRAUMATIC BRAIN INJURY SUBCOMMITTEE OF THE JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON HEALTH AND HUMAN SERVICES**

Summary Establishes a Traumatic Brain Injury (TBI) Subcommittee of the Joint Legislative Oversight Committee on Health and Human Services. The purpose of the Subcommittee is to study the availability and accessibility of existing TBI services, service deficiencies, TBI service definitions, reimbursement rates, the State's current organizational model for the delivery of TBI services, and related matters. The Subcommittee shall submit a final report of its findings and recommendations to the Full Committee by December 15, 2014. The Subcommittee shall terminate upon filing the final report. (S.B. 596)

Section: 12I.3

Title: **PED STUDY CONCERNING ALCOHOL AND SUBSTANCE ABUSE EDUCATION AND PREVENTION INITIATIVE TO BE FUNDED BY LOCAL ALCOHOLIC BEVERAGE CONTROL BOARDS**

Summary Directs the Joint Legislative Program Evaluation Oversight Committee to consider including in the Program Evaluation Division's 2014-15 Work Plan a study of the benefits and disadvantages to the State of requiring local Alcoholic Beverage Control (ABC) Boards to 1) cease payments to DHHS, effective July 1, 2015, for alcoholism or substance abuse research, treatment, or education and 2) redirect those payments to the North Carolina ABC Commission to be used for an alcohol and substance abuse education and prevention initiative. If the Committee adds the study to its work plan, the Program Evaluation Division shall submit a report to the Joint Legislative Program Evaluation Oversight Committee and the Fiscal Research Division by February 1, 2015.

Section: 12I.4

Title: **REINSTATEMENT OF HOSPITAL SETOFF DEBT COLLECTION AGAINST TAX REFUNDS AND LOTTERY PRIZES**

Summary Amends G.S. 105A-2(2) to reinstate the authority of University of North Carolina (UNC) medical schools, UNC medical satellite offices, and UNC Health Care System to utilize hospital setoff debt collection.

Section: 12J.1

Title: **REVISE DHHS BLOCK GRANTS**

Summary Amends Section 12J.1 of S.L. 2013-360, Appropriations Act of 2013, by amending the allocation of \$903 million in federal block grant funds.

Subsection (a) allocates the block grant funds.

Subsections (b) through (e1), General Provisions, direct the use of all of the block grants. There are two changes to these sections. Subsection (c) clarifies that increases in the Temporary Assistance for Needy Families (TANF) Block Grant shall be used for the North Carolina Child Care subsidy program and shall not be used to supplant State funds. Subsection (e1) allows the transfer of funding between the TANF block grant and the TANF Emergency Contingency Funds Block Grant as long as the total allocation for the line items within those block grants remains the same.

Subsections (f) through (j) direct the use of the TANF block grant.

Subsections (k) through (r) direct the use of the Social Services Block Grant.

Subsections (s) and (t) direct the use of the Low-Income Home Energy Assistance Block Grant. Subsection (t) is revised to include new requirements for county outreach plans.

Subsection (u) and (v) direct the use of the Child Care and Development Fund Block Grant.

Subsection (v1) directs that \$250,000 from the Substance Abuse Prevention and Treatment Block Grant be provided to the Department of Administration, Division of Veterans Affairs to establish a call-in center to assist veterans in locating service benefits and crisis services.

Subsection (w) and (x) direct the use of the Maternal and Child Health Block Grant.

# **Natural and Economic Resources Section H**

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## 2014 Annotated Conference Committee Report

### Agriculture and Consumer Services

GENERAL FUND
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FY 14-15
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**Total Budget Enacted 2013 Session**

**\$115,409,902**

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#### Legislative Changes

##### Reserve for Salaries & Benefits

###### 1 Compensation Increase Reserve

\$1,635,070 R

Provides a \$1,000 annual recurring salary increase (~\$1,236 salary and benefit increase) for permanent full-time employees. (S.L. 2014-100, Sec. 35.1 and 35.10)

###### 2 State Retirement System Contributions

\$280,057 R

Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution, provide a 1.0% cost-of-living adjustment to retirees, and reflect the ratification of H.B. 1195. Total General Fund appropriation across all sections in the committee report is \$45.5 million. (S.L. 2014-100, Sec. 35.13 and 35.14)

##### Department-wide

###### 3 Management Flexibility Reduction

(\$1,356,590) R

Allocates a 1.2% management flexibility reduction to the Department. The Commissioner may apply the reductions as deemed necessary.

##### Forest Service

###### 4 Forestry Management Plans (1510)

(\$761,750) R

Budgets anticipated receipts from fees charged for forestry management plans produced by the NC Forest Service. The Board of Agriculture shall establish a fee schedule for plans produced by the Department. (S.L. 2014-100, Sec. 13.13)

**Research Stations****5 Bioenergy Development - TVA Funds (1190)**

Budgets TVA settlement funds returned by the Biofuels Center to the Department of Commerce upon dissolution of the nonprofit. Funds will be provided to the Bioenergy Development program administered by the Department and will offset existing General Fund support for FY 2014-15. Total program funding will remain at \$1.5 million for FY 2014-15. TVA funds may only be spent in the counties identified in Section 13.3 of S.L. 2013-360.

(\$438,583) NR

**6 Commodity Receipts (1190)**

Budgets additional sales receipts from research station products to more closely match actual experience. In FY 2012-13, the research stations overrealized commodity sales receipts by \$681,389.

(\$200,000) R

**Reserves and Transfers****7 FFA Grant Funding (1990)**

Eliminates expansion funding to the FFA Foundation. The program will continue to receive \$40,000 in recurring grant funding.

(\$100,000) R

**8 Farmland Preservation Trust Fund - Military Buffers (1990)**

Provides \$1 million in nonrecurring funding to match federal funds for the purchase of development rights from agricultural operations located near military bases in the State. Funding to the Trust Fund in FY 2014-15 will total over \$1.6 million from the General Fund and an additional \$1 million from TVA settlement funds. (S.L. 2014-100, Sec. 13.2A)

\$1,000,000 NR

**9 NCSU Food Processing Initiative (1990)**

Provides \$250,000 in nonrecurring funding to the College of Agriculture and Life Sciences at NC State University to support the development of the Department's food processing initiative. The University of North Carolina system may not collect Facilities and Administrative expenses from these funds provided to the initiative. (S.L. 2014-100, Sec. 13.1)

\$250,000 NR

(This item also appears in the Education section of the Committee Report. See page F-31, item 64.)

**10 NCSU Plant Science Initiative (1990)**

Provides \$350,000 in nonrecurring funding to the College of Agriculture and Life Sciences at NC State University to support the development of the Department's plant science initiative. The University of North Carolina system may not collect Facilities and Administrative expenses from these funds provided to the initiative. (H.B. 1188; S.L. 2014-100, Sec. 13.1)

\$350,000 NR

(This item also appears in the Education section of the Committee Report. See page F-32, item 65.)

**Soil and Water Conservation****11 Agriculture Water Resource Assistance Program (1611)**

Provides additional nonrecurring funding to support agriculture water resource development projects. Total program funding is \$1.5 million.

\$1,000,000 NR

(S.L. 2014-100, Sec. 13.3, expands program criteria to include agricultural well development.)

**Veterinary Services****12 National Poultry Improvement Plan Fees (1130)**

Budgets \$25,000 in anticipated receipts generated from increasing fees associated with the National Poultry Improvement Plan certification to support the program. (S.L. 2014-100, Sec. 13.11)

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<b>Total Legislative Changes</b>	<b>(\$503,213)</b>	<b>R</b>
	<b>\$2,161,417</b>	<b>NR</b>
<b>Total Position Changes</b>		
<b>Revised Budget</b>	<b>\$117,068,106</b>	

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## DACS - Special Revenue

Budget Code: 23700

	FY 2014-15
<b>Beginning Unreserved Fund Balance</b>	<b>\$9,332,705</b>
<b>Recommended Budget</b>	
Requirements	<b>\$9,997,390</b>
Receipts	<b>\$7,230,638</b>
Positions	<b>34.00</b>
<hr/>	
<b>Legislative Changes</b>	
<b>Requirements:</b>	
<b>Sleep Products (2500)</b>	\$0 R
Reverts over \$1.1 million from existing cash balance to the General Fund. (S.L. 2014-100, Sec. 2.2)	\$1,196,785 NR
	0.00
<b>Research Stations NR Fund (2185)</b>	\$0 R
Reverts funds in excess of the \$1 million cash balance cap on the fund. (S.L. 2014-100, Sec. 2.2)	\$11,208 NR
	0.00
<b>Plasticulture Tech Training (2147)</b>	\$0 R
Reverts existing cash balance to the General Fund and closes fund code 2147 - Plasticulture Tech Training. (S.L. 2014-100, Sec. 2.2)	\$2,697 NR
	0.00
<b>Subtotal Legislative Changes</b>	<b>\$0 R</b>
	<b>\$1,210,690 NR</b>
	0.00

**Receipts:**

<b>Sleep Products (2500)</b>	\$0 R
Reverts over \$1.1 million from existing cash balance to the General Fund.	\$0 NR
<b>Research Stations NR Fund (2185)</b>	\$0 R
Reverts funds in excess of the \$1 million cash balance cap on the fund.	\$0 NR



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**Plasticulture Tech Training (2147)**

\$0 R

Reverts existing cash balance to the General Fund  
and closes fund code 2147 - Plasticulture Tech  
Training.

\$0 NR

**Subtotal Legislative Changes**

\$0 R

\$0 NR

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Revised Total Requirements

**\$11,208,080**

Revised Total Receipts

**\$7,230,638**

**Change in Fund Balance**

**(\$3,977,442)**

**Total Positions**

**34.00**

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**Unappropriated Balance Remaining**

**\$5,355,263**

# DACS - Warehouse Investment Fund

Budget Code: 23701
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	<b>FY 2014-15</b>	
<b>Beginning Unreserved Fund Balance</b>	<b>\$32,438</b>	
<b>Recommended Budget</b>		
Requirements	<b>\$0</b>	
Receipts	<b>\$0</b>	
Positions	<b>0.00</b>	

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<b>Legislative Changes</b>		
<b>Requirements:</b>		
<b>Warehouse Investment Fund (2201)</b>	<b>\$0</b>	<b>R</b>
Reverts existing cash balance to the General Fund	<b>\$32,438</b>	<b>NR</b>
and closes budget code 23701 - DACS - Warehouse		
Investment Fund. (S.L. 2014-100, Sec. 2.2)	<b>0.00</b>	
<b>Subtotal Legislative Changes</b>	<b>\$0</b>	<b>R</b>
	<b>\$32,438</b>	<b>NR</b>
	<b>0.00</b>	

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**Receipts:**

<b>Warehouse Investment Fund</b>	<b>\$0</b>	<b>R</b>
Reverts existing cash balance to the General Fund		
and closes budget code 23701 - DACS -	<b>\$0</b>	<b>NR</b>
Warehouse Investment Fund.		
<b>Subtotal Legislative Changes</b>	<b>\$0</b>	<b>R</b>
	<b>\$0</b>	<b>NR</b>

**FY 2014-15**

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Revised Total Requirements	<b>\$32,438</b>
Revised Total Receipts	<b>\$0</b>
<b>Change in Fund Balance</b>	<b>(\$32,438)</b>
<b>Total Positions</b>	<b>0.00</b>

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<b>Unappropriated Balance Remaining</b>	<b>\$0</b>
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## DACS - Soil &amp; Water Conservation

Budget Code: 23704

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	<b>FY 2014-15</b>
<b>Beginning Unreserved Fund Balance</b>	<b>\$13,247,553</b>
<b>Recommended Budget</b>	
Requirements	<b>\$10,261,581</b>
Receipts	<b>\$9,581,537</b>
Positions	<b>1.00</b>

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**Legislative Changes****Requirements:**

<b>Swine Waste Fund (2730)</b>	\$0	R
Reverts a portion of unencumbered funds appropriated in FY 2007-08 for swine waste management practices due to low demand. (S.L. 2014-100, Sec. 2.2)	\$206,552	NR
	0.00	
<b>Subtotal Legislative Changes</b>	<b>\$0</b>	<b>R</b>
	<b>\$206,552</b>	<b>NR</b>
	0.00	

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**Receipts:**

<b>Swine Waste Fund (2730)</b>	\$0	R
Reverts a portion of unencumbered funds appropriated in FY 2007-08 for swine waste management practices due to low demand.	\$0	NR
<b>Subtotal Legislative Changes</b>	<b>\$0</b>	<b>R</b>
	<b>\$0</b>	<b>NR</b>

**FY 2014-15**

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Revised Total Requirements	<b>\$10,468,133</b>
Revised Total Receipts	<b>\$9,581,537</b>
<b>Change in Fund Balance</b>	<b>(\$886,596)</b>
<b>Total Positions</b>	<b>1.00</b>

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<b>Unappropriated Balance Remaining</b>	<b>\$12,360,957</b>
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# Special Provisions

## 2014 Session: SB 744

**Department:** Agriculture and Consumer Services

Section: 13.1

Title: **PLANT SCIENCES RESEARCH AND INNOVATION INITIATIVE**

Summary Directs the Department of Agriculture and Consumer Services (DACS) to work collaboratively with the College of Agriculture and Life Sciences at North Carolina State University and stakeholders to jointly develop a formal proposal and economic needs assessment for the establishment of a public-private partnership to advance the food processing and plant science industries. Also directs the Department and North Carolina State University to jointly report their findings to the Chairs of the House and Senate Appropriations Subcommittees for Natural and Economic Resources, the Agriculture and Forestry Awareness Study Commission, and the Fiscal Research Division by January 1, 2015.

Section: 13.1A

Title: **BEDDING LAW ACCOUNT FUND**

Summary Allows DACS to use excess funds remaining in the Bedding Law Account to fund information technology needs of the Structural Pest Control and Pesticides Division. The Department must report by February 1, 2015 to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division regarding any information technology project initiated under this section.

Section: 13.2

Title: **STATE FAIR ADMISSION**

Summary Exempts the Board of Agriculture from the rule-making process of the Administrative Procedure Act for the purpose of establishing admission fees for the State Fair.

Section: 13.2A

Title: **FARMLAND PRESERVATION TRUST FUND**

Summary Requires that expansion funding provided to the Agricultural Development and Farmland Preservation Trust Fund for military buffers be matched by the federal government before the funds may be expended. If federal funds do not become available, the expansion funds will revert to the General Fund.

Section: 13.3

Title: **AGRICULTURAL WELL DEVELOPMENT AS CRITERIA FOR AGRICULTURAL WATER RESOURCES ASSISTANCE PROGRAM FUNDING**

Summary Amends G.S. 139-60(c)(3) to require the Soil and Water Conservation Commission to consider agricultural wells when awarding grants from the Agricultural Water Resources Assistance Program.

Section: 13.4

Title: **"GOT TO BE NC" MARKETING CAMPAIGN TO BE THE OFFICIAL AGRICULTURAL MARKETING CAMPAIGN FOR THE STATE**

Summary Amends G.S. 106-550 to declare the "Got to be NC" marketing campaign administered by DACS as the official agricultural marketing campaign for the State. This provision also amends G.S. 106-550 to include seafood as a farm product to be promoted by the Department.

Section: 13.8

Title: **DACS RESEARCH STATIONS**

Summary Amends G.S. 106-6.3 to cap the cash balance in the Research Stations special fund at \$1 million. The provision directs that any funds in excess of the cap at the end of the fiscal year shall revert to the General Fund.

Section: 13.10

Title: **CERTIFICATION OF PRIVATE PESTICIDE APPLICATORS**

Summary Amends G.S. 143-440(b) to clarify that the Structural Pest Control Committee has the ability to classify private pesticide applicators. The provision also directs the Committee to adopt rules that would exempt certain types of ancillary activities from structural pest control licensing requirements and would allow individuals engaged in these ancillary activities to work for multiple structural pest control licensees. The Committee is exempted from the rule-making process of the Administrative Procedure Act for the purpose of establishing these rules until July 1, 2016.

Section: 13.11

Title: **INCREASE FEES ASSOCIATED WITH NATIONAL POULTRY IMPROVEMENT PLAN**

Summary Amends G.S. 106-543 to increase fees for National Poultry Improvement Plan certification services offered by DACS. Fees were previously the greater of \$5 or \$0.10 per bird for each annual inspection. New fees will be \$50 plus \$0.10 per bird for the initial inspection and \$10 plus \$0.10 per bird annually thereafter.

Section: 13.13

Title: **FEES FOR FOREST MANAGEMENT PLANS**

Summary Directs the Board of Agriculture to implement fees for forestry management plans produced by the Forest Service. The Board of Agriculture is exempted from the rule-making process of the Administrative Procedure Act for the purpose of establishing these fees until July 1, 2016.

Section: 13.15

Title: **TVA SETTLEMENT FUNDS**

Summary Reallocates \$500,000 of Tennessee Valley Authority (TVA) Settlement Funds previously budgeted for the Agriculture Water Resources Assistance Program to WNC Communities to fund lighting efficiency projects in public schools located in areas served by the organization. WNC Communities may use up to \$50,000 of these funds to administer the program. The provision also prohibits the purchase of conservation easements with TVA Settlement Funds.

## 2014 Annotated Conference Committee Report

### Labor

GENERAL FUND
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FY 14-15
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**Total Budget Enacted 2013 Session**

**\$16,696,339**

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**Legislative Changes**

**Reserve for Salaries & Benefits**

**13 Compensation Increase Reserve**

**\$294,698 R**

Provides a \$1,000 annual recurring salary increase (~\$1,236 salary and benefit increase) for permanent full-time employees. (S.L. 2014-100, Sec. 35.1 and 35.10)

**14 State Retirement System Contributions**

**\$59,413 R**

Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution, provide a 1.0% cost-of-living adjustment to retirees, and reflect the ratification of H.B. 1195. Total General Fund appropriation across all sections in the committee report is \$45.5 million. (S.L. 2014-100, Sec. 35.13 and 35.14)

**Department-wide**

**15 Management Flexibility Reduction**

**(\$500,000) R**

Allocates a 3% management flexibility reduction to the Department. The Commissioner may apply the reductions as deemed necessary.

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**Total Legislative Changes**

**(\$145,889) R**

**Total Position Changes**

**Revised Budget**

**\$16,550,450**

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# Special Provisions

2014 Session: **SB 744**

**Department:** Labor

Section:

Title: **No Special Provisions**

Summary

## Environment & Natural Resources

GENERAL FUND

FY 14-15

### Total Budget Enacted 2013 Session

\$157,767,236

#### Legislative Changes

##### Reserve for Salaries & Benefits

##### 16 Compensation Increase Reserve

\$1,986,356 R

Provides a \$1,000 annual recurring salary increase (~\$1,236 salary and benefit increase) for permanent full-time employees. (S.L. 2014-100, Sec. 35.10)

##### 17 State Retirement System Contributions

\$340,450 R

Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution, provide a 1.0% cost-of-living adjustment to retirees, and reflect the ratification of H.B. 1195. Total General Fund appropriation across all sections in the committee report is \$45.5 million. (S.L. 2014-100, Sec. 13.13 and 13.14)

##### Aquariums

##### 18 Admission Receipts (1355)

(\$180,000) R

Budgets additional admission fee receipts to offset General Fund support of the State's three aquariums. Admission fees were increased by \$2.95 for all age groups effective March 1, 2014, and are estimated to generate an additional \$1.4 million in new revenue. (S.L. 2014-100, Sec. 14.2C)

(This offset also appears in the Natural & Economic Resources special fund section on page H-21.)

##### Coastal Management

##### 19 Public Information Efforts (1625)

(\$42,601) R

Reduces funding for a Public Information Officer position (60031534) by 50% in the Division of Coastal Management by cost sharing the position with the Department's Office of Public Affairs. This position will be split between the Division and the Office of Public Affairs where it will support department-wide issues.

-0.50

**Energy, Mineral and Land Resources****20 Position Reduction (1740)**

(\$61,049) R

Abolishes a vacant Environmental Senior Specialist position (65002024) in the Wilmington Regional Office's Stormwater Permitting Section. Six Stormwater Engineers and one Engineer who works on National Pollutant Discharge Elimination System permit program will remain in the Wilmington Office.

-1.00

**21 University Energy Centers (1749)**

(\$816,933) NR

Budgets Stripper Well Settlement funds transferred from budget code 64327-693E to partially offset General Fund support of the university energy centers located at North Carolina State University, North Carolina Agricultural and Technical State University (N.C. A&T), and Appalachian State University. A total of \$1,056,933 is appropriated for these centers.

(This offset also appears in the Natural & Economic Resources special fund section on page H-43.)

**22 Operating Funds for Oil and Gas Program (1740)**

\$176,789 R

Provides operating funds to support the Energy Section's requirement to develop and implement a modern regulatory program for oil and gas exploration and development, and to support the Mining and Energy Commission in developing associated administrative rules.

**Environmental Assistance and Customer Service****23 Utility Savings Initiative (1615)**

(\$183,067) NR

Budgets Stripper Well Settlement funds transferred from budget code 64327-693E to partially offset General Fund support of the Utility Savings Initiative on a nonrecurring basis.

(This offset also appears in the Natural & Economic Resources special fund section on page H-43.)

**24 Position Reductions (1615)**

(\$113,011) R

Reduces General Fund support for a vacant Environmental Senior Specialist position (60035972) in the Environmental Assistance Center to 50% and abolishes a vacant Senior Economic Developer position (60080986) that was transferred from Commerce as part of the Energy Office move to DENR. The office supplies line-item is reduced by \$314, leaving \$3,147.

-1.22

**Marine Fisheries**

- 25 Position Shifts (1320)** (\$143,760) R  
 Fund shifts three Marine Fisheries Technician II positions (60032634, 60032668, 60032653) from General Fund support to federal grant support and takes a corresponding General Fund reduction. -3.00
- 26 Position Reductions (1495)** (\$148,240) R  
 Closes the Marine Fisheries office located in Nags Head for an operating savings of \$19,422, and shifts two positions to home-based operations. Also abolishes two filled positions, an Environmental Health Specialist (60034501), an Environmental Senior Technician (60034515), and a vacant Microbiology Lab Technician III (60034517) that is currently split funded between General Fund support and a federal grant. -2.50
- 27 Marine Patrol (1325)** (\$1,900,000) NR  
 Budgets a transfer from the Advance License Sales special fund to offset General Fund support of the Marine Patrol Section on a nonrecurring basis.  
 (This offset also appears in the Natural & Economic Resources special fund section on page H-21.)
- 28 At-Sea Observer Program (1320)** (\$289,000) R  
 Eliminates the recurring General Fund support for the At-Sea Observer Program, and provides \$1,039,000 in nonrecurring support for the program in FY 2014-15 from the following sources: \$699,442 from the General Fund and \$339,558 from the Advance License Sales special fund. Recurring support will be provided from increases in six commercial fishing license fees, which will begin to be collected in the second quarter of 2015. NR  
 (\$699,442)  
 (S.L. 2014-100, Sec. 14.9, lists the fees increased to support the At-Sea Observer Program for the FY 2015-16 license year. This item also appears in the Natural & Economic Resources special fund section on page H-21.)
- 29 Marine Oyster Sanctuary (1320)** \$150,000 R  
 Provides funding for habitat mapping and water column/benthic data collection associated with establishing an oyster sanctuary. Also supports any advance analysis and studies that may be required by State or federal agencies to permit shellfish conservation efforts in the sanctuary. (S.B. 808)

**30 Fisheries Information Network System (1315)**

Transfers \$1.6 million from the unencumbered cash balance in the Advance License Sales special fund to support the upgrade of the Fisheries Information Network System.

(This transfer also appears in the Natural & Economic Resources special fund section on page H-21.)

**Museum of Natural Sciences****31 Operating Reductions (1360)**

(\$195,616) R

Reduces Museum funding by 1.6% by abolishing a vacant Administrative Assistant I position (60035022) and reducing funding for temporary wages. Also reduces salary reserve by \$30,000 and the carpentry and hardware supplies line-item by \$30,785.

-1.00

**Office of Land and Water Stewardship****32 One NC Naturally Initiative (1610)**

(\$59,274) R

Abolishes a filled Educational Development Consultant position (60036213) that provided outreach and education programs for the One NC Naturally initiative to generate interest in and understanding of the State's conservation needs. Duties will be shifted to the remaining employees.

-1.00

**33 Clean Water Management Trust Fund (1115)**

Provides an additional \$500,000 for the Trust Fund in FY 2014-15 bringing the total funding available to \$14.1 million. (S.L. 2014-100, Sec. 14.8A)

\$500,000 NR

(S.L. 2014-100, Sec. 14.8, makes technical corrections to Trust Fund statutes.)

**Parks and Recreation****34 Operating Reductions (1280)**

(\$414,616) R

Abolishes a vacant State Parks Facility Architect position (60092635) supported by the Parks and Recreation Trust Fund. Also reduces various equipment line-items including but not limited to motor vehicles, boats, trailers, voice communication equipment, computers, and printers. Operating funds of \$9.6 million remain after this reduction.

-1.00

**35 Camp Sertoma Land Management (1280)**

\$70,000 R

Provides funds to support the management of the Camp Sertoma Property, which is being transferred from the University System to the State Parks System in Section 11.7.(d) of this Act. (S.L. 2014-100, Sec. 11.7)

**36 Parks and Recreation Trust Fund (1280)**

\$75,000 NR

Provides grant funding to the Town of Emerald Isle for the Senator Preston Memorial Park.

**Secretary's Office****37 Salary Reserve (1140)**

(\$34,949) R

Reduces salary reserve available within the Secretary's Office.

**38 Public Information Office (1140)**

Expands the Department's public information efforts by transferring 50% of a Public Information Officer position (60031534) from the Division of Coastal Management to the Office of Public Affairs. Position will be supported by indirect cost receipts.

**Waste Management****39 Solid Waste Section (1760)**

(\$23,606) R

Reduces the legal services and motor vehicle insurance line-items in the Solid Waste Section, leaving \$174,974 for these purposes.

**40 Waste Management (1760)**

(\$500,000) R

Budgets a transfer of solid waste disposal tax receipts to replace General Fund support of positions that inspect and permit hazardous waste and solid waste facilities. Positions also enforce hazardous waste, solid waste and inactive hazardous sites management standards, and ensure the development and implementation of comprehensive plans for management of waste. (S.L. 2014-100, Sec. 14.24)

(This transfer also appears in the Natural & Economic Resources special fund section on page H-38.)

**41 Noncommercial Fund (1910)**

\$3,417,105 R

Provides a \$3.4 million recurring appropriation for the Noncommercial Leaking Petroleum Underground Storage Tank Fund to assist homeowners with the cleanup cost of petroleum releases from home heating oil tanks and small farm tanks.

**Water Infrastructure****42 Operating Support (1460)**

(\$10,000) R

Reduces the supplies line item on a recurring basis, leaving \$5,000 for this purpose.

**43 Drinking Water State Revolving Fund (DWSRF) (1460)**

(\$1,400,000) NR

Reduces funding for the DWSRF State match by \$600,000 due to an anticipated decrease in the federal capitalization grant for the program in federal fiscal year 2014-15. Also transfers \$800,000 in unused DWSRF State matching funds back to the division's General Fund budget and takes a corresponding nonrecurring reduction in FY 2014-15.

(This transfer also appears in the Natural & Economic Resources special fund section on page H-41.)

**44 Water and Sewer Grants (1460)**

\$1,000,000 NR

Provides additional funds for water and sewer infrastructure development projects in Tier I and Tier II counties. (S.L. 2014-100, Sec. 14.17A)

(S.L. 2014-100, Sec. 14.15, 14.16, 14.17, and 14.28, provide additional guidance for water and sewer grants.)

**Water Resources****45 Position Reductions (1620 & 1690)**

(\$155,976) R

Abolishes a filled Business & Technology Applications Technician position (60031523) in the Water Resources Management Section and also abolishes a vacant Environmental Regional Supervisor (60035227) in the Fayetteville Regional Office. A receipt-supported supervisor from the Central Office will be reassigned to replace the regional supervisor position.

-2.00

**Zoological Park****46 Zoo Trams (1305)**

Reduces funds to the motorized vehicles line item on a nonrecurring basis.

(\$208,624) NR

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<b>Total Legislative Changes</b>	<b>\$3,769,002</b>	<b>R</b>
	<b>(\$2,234,182)</b>	<b>NR</b>
<b>Total Position Changes</b>	<b>-13.22</b>	
<b>Revised Budget</b>	<b>\$159,302,056</b>	

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**DENR - Special**

Budget Code: 24300

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	<b>FY 2014-15</b>
<b>Beginning Unreserved Fund Balance</b>	<b>\$19,291,529</b>
<b>Recommended Budget</b>	
Requirements	<b>\$46,315,424</b>
Receipts	<b>\$37,223,777</b>
Positions	<b>275.50</b>

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**Legislative Changes****Requirements:****Aquariums Admissions Fund (2865)**

\$1,400,000 R

Increases the transfer of admission fee receipts to the aquariums' General Fund budget by \$180,000 to support the operations of the State's three aquariums. Also budgets additional fee receipts of \$1,220,000 in the North Carolina Aquariums Fund.

\$0 NR

0.00

(This item also appears in the Natural & Economic Resources section of the Committee Report. See page H-14, item 18).

**Inspection & Maintenance Pollution Control**

\$0 R

No adjustment necessary.

\$0 NR

0.00

**Advance License Sales (2392)**

\$0 R

Transfers the cash balance in the Advance Licenses Sales Fund to the Division of Marine Fisheries for the following items:

\$3,839,558 NR

0.00

Marine Patrol Section - \$1,900,000

Fisheries Information Network System - \$1,600,000

At-Sea Observer Program - \$339,558

(This item also appears in the Natural & Economic Resources section of the Committee Report. See pages H-16 and H-17, items 27, 28, & 30).

**FY 2014-15**

**Subtotal Legislative Changes**

**\$1,400,000** R  
**\$3,839,558** NR  
 0.00

**Receipts:**

**Aquariums Admissions Fund (2865)**

**\$1,400,000** R

Budgets additional admission fee receipts anticipated to be generated as the result of a fee increase at the State's three aquariums and Jennette's Pier. Aquarium admission fees were increased by \$2.95 for all age groups. Pier fees were increased for multi-day fishing passes and sightseeing passes.

**\$0** NR

**Inspection & Maintenance Pollution Control (2338)**

**\$0** R

Diverts \$3.3 million of the emissions inspection fee from the I & M Air Pollution Control Account to the General Fund in FY 2014-15. Directs the Division of Air Quality to use its cash balance to support the pollution control program for mobile sources in FY 2014-15. (S.L. 2014-100, Sec. 2.2 and 14.22)

**(\$3,300,000)** NR

**Advance License Sales (2392)**

**\$0** R

No adjustment necessary.

**\$0** NR

**Subtotal Legislative Changes**

**\$1,400,000** R

**(\$3,300,000)** NR

Revised Total Requirements

**\$51,554,982**

Revised Total Receipts

**\$35,323,777**

**Change in Fund Balance**

**(\$16,231,205)**

**Total Positions**

**275.50**

**Unappropriated Balance Remaining**

**\$3,060,324**

## Reserve for Air Quality - Fuel Tax

Budget Code: 24301

	FY 2014-15
<b>Beginning Unreserved Fund Balance</b>	<b>\$1,675,632</b>
<b>Recommended Budget</b>	
Requirements	<b>\$9,678,445</b>
Receipts	<b>\$9,664,348</b>
Positions	<b>99.60</b>
<hr/>	
<b>Legislative Changes</b>	
<b>Requirements:</b>	
<b>Air Quality Fuel Tax (2334)</b>	\$0 R
No adjustment necessary.	\$0 NR
	0.00
<b>Subtotal Legislative Changes</b>	<b>\$0 R</b>
	<b>\$0 NR</b>
	0.00
<hr/>	
<b>Receipts:</b>	
<b>Air Quality Fuel Tax (2334)</b>	\$0 R
Diverts \$1 million of the fuel tax allocated to the Water and Air Account pursuant to G.S. 105-449.125 from Account to the General Fund in FY 2014-15. Directs the Division of Air Quality to use the cash balance for operations to replace the diverted revenue for one year. (S.L. 2014-100, Sec. 2.2 and 14.23)	(\$1,000,000) NR
<b>Subtotal Legislative Changes</b>	<b>\$0 R</b>
	<b>(\$1,000,000) NR</b>

**FY 2014-15**

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Revised Total Requirements	<b>\$9,678,445</b>
Revised Total Receipts	<b>\$8,664,348</b>
<b>Change in Fund Balance</b>	<b>(\$1,014,097)</b>
<b>Total Positions</b>	<b>99.60</b>

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<b>Unappropriated Balance Remaining</b>	<b>\$661,535</b>
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## DENR - Marine Conservation Fund

Budget Code: 24303

	FY 2014-15	
<b>Beginning Unreserved Fund Balance</b>	<b>\$228,527</b>	
<b>Recommended Budget</b>		
Requirements	<b>\$208,776</b>	
Receipts	<b>\$47,737</b>	
Positions	<b>0.00</b>	
<hr/>		
<b>Legislative Changes</b>		
<b>Requirements:</b>		
<b>North Carolina Marine Conservation Fund (2990)</b>	<b>(\$19,557)</b>	<b>R</b>
Adjusts program requirements to reflect the loss of budgeted interest earnings that are being redirected to the General Fund on a permanent basis.	<b>\$0</b>	<b>NR</b>
	<b>0.00</b>	
<b>Subtotal Legislative Changes</b>	<b>(\$19,557)</b>	<b>R</b>
	<b>\$0</b>	<b>NR</b>
	<b>0.00</b>	
<hr/>		
<b>Receipts:</b>		
<b>North Carolina Marine Conservation Fund (2990)</b>	<b>(\$19,557)</b>	<b>R</b>
Redirects interest earnings credited to the Marine Conservation Fund to the General Fund on a permanent basis. Interest earnings are estimated to be \$990 annually. (S.L. 2014-100, Sec. 2.2 and 14.21)	<b>\$0</b>	<b>NR</b>
<b>Subtotal Legislative Changes</b>	<b>(\$19,557)</b>	<b>R</b>
	<b>\$0</b>	<b>NR</b>

**FY 2014-15**

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Revised Total Requirements	<b>\$189,219</b>
Revised Total Receipts	<b>\$28,180</b>
<b>Change in Fund Balance</b>	<b>(\$161,039)</b>
<b>Total Positions</b>	<b>0.00</b>

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<b>Unappropriated Balance Remaining</b>	<b>\$67,488</b>
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## DENR - Clean Water Management Fund

Budget Code: 24305

	FY 2014-15	
<b>Beginning Unreserved Fund Balance</b>	<b>\$26,968,832</b>	
<b>Recommended Budget</b>		
Requirements	<b>\$8,686,976</b>	
Receipts	<b>\$8,686,976</b>	
Positions	<b>0.00</b>	
<hr/>		
<b>Legislative Changes</b>		
<b>Requirements:</b>		
<b>Clean Water Management Trust Fund (2002)</b>	(\$260,000)	R
Adjusts program requirements to reflect the loss of budgeted interest earnings that are being redirected to the General Fund on a permanent basis. (S.L. 2014-100, Sec. 2.2 and 4.21)	\$0	NR
	0.00	
<b>Subtotal Legislative Changes</b>	<b>(\$260,000)</b>	<b>R</b>
	<b>\$0</b>	<b>NR</b>
	0.00	
<hr/>		
<b>Receipts:</b>		
<b>Clean Water Management Trust Fund (2002)</b>	(\$260,000)	R
Redirects interest earnings credited to the Clean Water Management Trust Fund to the General Fund on a permanent basis. Interest earnings are estimated to be \$256,590 annually.	\$0	NR
<b>Subtotal Legislative Changes</b>	<b>(\$260,000)</b>	<b>R</b>
	<b>\$0</b>	<b>NR</b>

**FY 2014-15**

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Revised Total Requirements	<b>\$8,426,976</b>
Revised Total Receipts	<b>\$8,426,976</b>
<b>Change in Fund Balance</b>	<b>\$0</b>
<b>Total Positions</b>	<b>0.00</b>

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<b>Unappropriated Balance Remaining</b>	<b>\$26,968,832</b>
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## DENR - Dry Cleaning Solvent Tax

Budget Code: 24306

	FY 2014-15	
<b>Beginning Unreserved Fund Balance</b>	<b>\$9,613,324</b>	
<b>Recommended Budget</b>		
Requirements	<b>\$16,108,204</b>	
Receipts	<b>\$15,235,048</b>	
Positions	<b>18.80</b>	
<hr/>		
<b>Legislative Changes</b>		
<b>Requirements:</b>		
<b>Dry-Cleaning Solvent Cleanup Fund (2127)</b>	(\$1,136,500)	R
Adjusts program requirements to reflect the loss of budgeted interest earnings that are being redirected to the General Fund on a permanent basis. (S.L. 2014-100, Sec. 2.2 and 14.21)	\$0	NR
	0.00	
<b>Subtotal Legislative Changes</b>	<b>(\$1,136,500)</b>	<b>R</b>
	<b>\$0</b>	<b>NR</b>
	0.00	
<hr/>		
<b>Receipts:</b>		
<b>Dry-Cleaning Solvent Cleanup Fund (2127)</b>	(\$1,136,500)	R
Redirects interest earnings credited to the Dry-Cleaning Solvent Cleanup Fund to the General Fund on a permanent basis. Interest earnings are estimated to be \$46,935 annually.	\$0	NR
<b>Subtotal Legislative Changes</b>	<b>(\$1,136,500)</b>	<b>R</b>
	<b>\$0</b>	<b>NR</b>

**FY 2014-15**

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Revised Total Requirements	<b>\$14,971,704</b>
Revised Total Receipts	<b>\$14,098,548</b>
<b>Change in Fund Balance</b>	<b>(\$873,156)</b>
<b>Total Positions</b>	<b>18.80</b>

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<b>Unappropriated Balance Remaining</b>	<b>\$8,740,168</b>
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## DENR - Parks and Recreation Trust Fund

Budget Code: 24309

	FY 2014-15	
<b>Beginning Unreserved Fund Balance</b>	<b>\$24,793,469</b>	
<b>Recommended Budget</b>		
Requirements	<b>\$11,968,082</b>	
Receipts	<b>\$13,523,231</b>	
Positions	<b>0.00</b>	
<hr/>		
<b>Legislative Changes</b>		
<b>Requirements:</b>		
<b>Parks and Recreation Trust Fund Interest (2235)</b>	(\$130,000)	R
Adjusts program requirements to reflect the loss of budgeted interest earnings that are being redirected to the General Fund on a permanent basis. (S.L. 2014-100, Sec. 2.2 and 14.21)	\$0	NR
	0.00	
<b>Subtotal Legislative Changes</b>	<b>(\$130,000)</b>	R
	<b>\$0</b>	NR
	0.00	
<hr/>		
<b>Receipts:</b>		
<b>Parks and Recreation Trust Fund Interest (2235)</b>	(\$130,000)	R
Redirects interest earnings credited to the Parks and Recreation Trust Fund to the General Fund on a permanent basis. Interest earnings are estimated to be \$106,120 annually.	\$0	NR
<b>Subtotal Legislative Changes</b>	<b>(\$130,000)</b>	R
	<b>\$0</b>	NR

**FY 2014-15**

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Revised Total Requirements	<b>\$11,838,082</b>
Revised Total Receipts	<b>\$13,393,231</b>
<b>Change in Fund Balance</b>	<b>\$1,555,149</b>
<b>Total Positions</b>	<b>0.00</b>

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<b>Unappropriated Balance Remaining</b>	<b>\$26,348,618</b>
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## DENR - Special Interest Bearing

Budget Code: 24318

	FY 2014-15
<b>Beginning Unreserved Fund Balance</b>	<b>\$796,808</b>
<b>Recommended Budget</b>	
Requirements	<b>\$400,000</b>
Receipts	<b>\$400,000</b>
Positions	<b>1.00</b>
<hr/>	
<b>Legislative Changes</b>	
<b>Requirements:</b>	
<b>Bernard Allen Drinking Water Fund (2054)</b>	\$0 R
No adjustment necessary.	\$0 NR
	0.00
<b>Subtotal Legislative Changes</b>	<b>\$0 R</b>
	<b>\$0 NR</b>
	0.00
<hr/>	
<b>Receipts:</b>	
<b>Bernard Allen Drinking Water Fund (2054)</b>	\$0 R
Redirects interest earnings credited to the Bernard Allen Memorial Emergency Drinking Water Fund to the General Fund on a permanent basis. Interest earnings are estimated to be \$2,725 annually. No impact to the Fund is anticipated because interest earnings were not budgeted to be spent. (S.L. 2014-100, Sec. 2.2 and 14.21)	\$0 NR
<b>Subtotal Legislative Changes</b>	<b>\$0 R</b>
	<b>\$0 NR</b>

**FY 2014-15**

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Revised Total Requirements	<b>\$400,000</b>
Revised Total Receipts	<b>\$400,000</b>
<b>Change in Fund Balance</b>	<b>\$0</b>
<b>Total Positions</b>	<b>1.00</b>

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<b>Unappropriated Balance Remaining</b>	<b>\$796,808</b>
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## DENR - Waste Water Operating Training

Budget Code: 64301

	FY 2014-15	
<b>Beginning Unreserved Fund Balance</b>	<b>\$581,192</b>	
<b>Recommended Budget</b>		
Requirements	<b>\$658,489</b>	
Receipts	<b>\$568,384</b>	
Positions	<b>7.00</b>	
<hr/>		
<b>Legislative Changes</b>		
<b>Requirements:</b>		
<b>Water Pollution Control System Account (6342)</b>	(\$19,125)	R
Adjusts program requirements to reflect the loss of budgeted interest earnings that are being redirected to the General Fund on a permanent basis. (S.L. 2014-100, Sec. 2.2 and 14.21)	\$0	NR
	0.00	
<b>Subtotal Legislative Changes</b>	<b>(\$19,125)</b>	<b>R</b>
	<b>\$0</b>	<b>NR</b>
	0.00	
<hr/>		
<b>Receipts:</b>		
<b>Water Pollution Control System Account (6342)</b>	(\$19,125)	R
Redirects interest earnings credited to the Water Pollution Control System Account to the General Fund on a permanent basis. Interest earnings are estimated to be \$2,130 annually.	\$0	NR
<b>Subtotal Legislative Changes</b>	<b>(\$19,125)</b>	<b>R</b>
	<b>\$0</b>	<b>NR</b>

**FY 2014-15**

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Revised Total Requirements	<b>\$639,364</b>
Revised Total Receipts	<b>\$549,259</b>
<b>Change in Fund Balance</b>	<b>(\$90,105)</b>
<b>Total Positions</b>	<b>7.00</b>

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<b>Unappropriated Balance Remaining</b>	<b>\$491,087</b>
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## DENR - Commercial LUST Cleanup

Budget Code: 64305

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	<b>FY 2014-15</b>
<b>Beginning Unreserved Fund Balance</b>	<b>\$87,735,200</b>
<b>Recommended Budget</b>	
Requirements	<b>\$31,408,298</b>
Receipts	<b>\$29,881,200</b>
Positions	<b>14.20</b>

---

**Legislative Changes****Requirements:****Brownfield Superfund Fund (6376)**

No adjustment necessary.

\$0 R

\$0 NR

0.00

**Commercial Leaking Petroleum UST Fund (6370)**

Adjusts program requirements to reflect the loss of budgeted interest earnings that are being redirected to the General Fund on a permanent basis. (S.L. 2014-100, Sec. 2.2 and 14.21)

(\$30,000) R

\$0 NR

0.00

**Emergency Response Fund (6373)**

No adjustment necessary.

\$0 R

\$0 NR

0.00

**Inactive Hazardous Sites Cleanup Fund (6372)**

No adjustment necessary.

\$0 R

\$0 NR

0.00

**Inactive Hazardous Sites Fund -SB 1492 (6379)**

No adjustment necessary.

\$0 R

\$0 NR

0.00

**FY 2014-15**

**Administrative Funds (6379)**

(\$500,000) R

Transfers a portion of the solid waste disposal tax allowed for administrative expenses to the Division of Waste Management's General Fund budget to support positions in the Solid Waste and Hazardous Waste sections. (S.L. 2014-100, Sec. 14.24)

\$0 NR  
0.00

(This item also appears in the Natural & Economic Resources section of the Committee Report. See page H-18, item 40).

**Noncommercial Leaking Petroleum UST Fund (6371)**

(\$70,000) R

Adjusts program requirements to reflect the loss of budgeted interest earnings that are being redirected to the General Fund on a permanent basis. (S.L. 2014-100, Sec. 2.2 and 14.21)

\$0 NR  
0.00

**Superfund Cost Share (6375)**

(\$28,561) R

Adjusts program requirements to reflect the loss of budgeted interest earnings that are being redirected to the General Fund on a permanent basis. (S.L. 2014-100, Sec. 2.2 and 14.21)

\$0 NR  
0.00

**Subtotal Legislative Changes**

**(\$628,561) R**

**\$0 NR**  
0.00

**Receipts:**

**Brownfield Superfund Fund (6376)**

\$0 R

Redirects interest earnings credited to the Brownfield Superfund Fund to the General Fund on a permanent basis. Interest earnings are estimated to be \$3,075 annually. No impact to the Fund is anticipated because interest earnings were not budgeted to be spent. (S.L. 2014-100, Sec. 2.2 and 14.21)

\$0 NR

**Commercial Leaking Petroleum UST Fund (6370)**

(\$30,000) R

Redirects interest earnings credited to the Commercial Leaking Petroleum Underground Storage Tank Cleanup Fund to the General Fund on a permanent basis. Interest earnings are estimated to be \$179,215 annually.

\$0 NR

**FY 2014-15**

**Emergency Response Fund (6373)**

\$0 R

Redirects interest earnings credited to the Emergency Response Fund to the General Fund on a permanent basis. Interest earnings are estimated to be \$2,210 annually. No impact to the Fund is anticipated because interest earnings were not budgeted to be spent. (S.L. 2014-100, Sec. 2.2 and 14.21)

\$0 NR

**Inactive Hazardous Sites Cleanup Fund (6372)**

\$0 R

Redirects interest earnings credited to the Inactive Hazardous Sites Cleanup Fund to the General Fund on a permanent basis. Interest earnings are estimated to be \$23,980 annually. No impact to the Fund is anticipated because interest earnings were not budgeted to be spent. (S.L. 2014-100, Sec. 2.2 and 14.21)

\$0 NR

**Inactive Hazardous Sites Cleanup Fund (6379)**

\$0 R

Redirects interest earnings credited to the Inactive Hazardous Sites Cleanup Fund to the General Fund on a permanent basis. Interest earnings are estimated to be \$137,445 annually. No impact to the Fund is anticipated because interest earnings were not budgeted to be spent. (S.L. 2014-100, Sec. 2.2 and 14.21)

\$0 NR

**Noncommercial Leaking Petroleum UST Fund (6371)**

(\$70,000) R

Redirects interest earnings credited to the Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund to the General Fund on a permanent basis. Interest earnings are estimated to be \$2,400 annually.

\$0 NR

**Superfund Cost Share (6375)**

(\$28,561) R

Redirects interest earnings credited to the Superfund Cost Share Fund to the General Fund on a permanent basis. Interest earnings are estimated to be \$29,280 annually.

\$0 NR

**Subtotal Legislative Changes**

(\$128,561) R

\$0 NR

**FY 2014-15**

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Revised Total Requirements	<b>\$30,779,737</b>
Revised Total Receipts	<b>\$29,752,639</b>
<b>Change in Fund Balance</b>	<b>(\$1,027,098)</b>
<b>Total Positions</b>	<b>14.20</b>

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<b>Unappropriated Balance Remaining</b>	<b>\$86,708,102</b>
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## DENR - Drinking Water State Revolving Fund

Budget Code: 64320

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	<b>FY 2014-15</b>
<b>Beginning Unreserved Fund Balance</b>	<b>\$88,864,479</b>
<b>Recommended Budget</b>	
Requirements	<b>\$53,707,408</b>
Receipts	<b>\$46,934,583</b>
Positions	<b>47.20</b>

---

**Legislative Changes****Requirements:****Drinking Water State Revolving Fund (6D12)**

Transfers \$800,000 from the cash balance to the Division of Water Infrastructure in the Department of Environment and Natural Resources. These funds were not needed to meet the State match in FY 2013-14.

\$0 R  
 (\$800,000) NR  
 0.00

(This item also appears in the Natural & Economic Resources section of the Committee Report. See page H-19, item 43).

**Subtotal Legislative Changes**

\$0 R  
 (\$800,000) NR  
 0.00

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**Receipts:****Drinking Water State Revolving Fund (6D12)**

No adjustment necessary.

\$0 R  
 \$0 NR

**Subtotal Legislative Changes**

\$0 R  
 \$0 NR

**FY 2014-15**

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Revised Total Requirements	<b>\$52,907,408</b>
Revised Total Receipts	<b>\$46,934,583</b>
<b>Change in Fund Balance</b>	<b>(\$5,972,825)</b>
<b>Total Positions</b>	<b>47.20</b>

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<b>Unappropriated Balance Remaining</b>	<b>\$82,891,654</b>
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## DENR - Energy Stripper Well

Budget Code: 64327

	FY 2014-15	
<b>Beginning Unreserved Fund Balance</b>	<b>\$2,037,967</b>	
<b>Recommended Budget</b>		
Requirements	\$0	
Receipts	\$0	
Positions	0.00	
<hr/>		
<b>Legislative Changes</b>		
<b>Requirements:</b>		
<b>Petroleum Violation Escrow Funds (693E)</b>	\$0	R
Transfers \$1,000,000 from the cash balance in the Stripper Well fund to the Division of Energy, Mineral and Land Resources to offset the General Fund support of the university energy centers and the Utility Savings Initiative.	\$1,000,000	NR
	0.00	
(This item also appears in the Natural & Economic Resources section of the Committee Report. See page H-15, items 21 & 23).		
<b>Subtotal Legislative Changes</b>	<b>\$0</b>	<b>R</b>
	<b>\$1,000,000</b>	<b>NR</b>
	0.00	
<hr/>		
<b>Receipts:</b>		
<b>Petroleum Violation Escrow Funds (693E)</b>	\$0	R
No adjustment necessary.	\$0	NR
<b>Subtotal Legislative Changes</b>	<b>\$0</b>	<b>R</b>
	<b>\$0</b>	<b>NR</b>

**FY 2014-15**

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Revised Total Requirements	<b>\$1,000,000</b>
Revised Total Receipts	<b>\$0</b>
<b>Change in Fund Balance</b>	<b>(\$1,000,000)</b>
<b>Total Positions</b>	<b>0.00</b>

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<b>Unappropriated Balance Remaining</b>	<b>\$1,037,967</b>
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# Special Provisions

## 2014 Session: SB 744

### Department: Environment & Natural Resources

Section: 14.1

Title: **AGENCIES REPORT ON FEDERAL GRANTS**

Summary Directs the Department of Environment and Natural Resources (DENR), the Wildlife Resources Commission (WRC), the Department of Labor (DOL), the Department of Commerce (DOC), and the Department of Agriculture and Consumer Services (DACS) to review and report on all active federal grants received by each respective Department. The reports must be submitted to the Chairs of the House and Senate Appropriations Subcommittees for Natural and Economic Resources and the Fiscal Research Division by February 1, 2015.

Section: 14.2

Title: **NER FACILITIES AND ADMINISTRATIVE FEES**

Summary Directs DACS, DOC, the Biotechnology Center, and DENR to negotiate indirect cost fees with each constituent institution of The University of North Carolina performing research for the respective Department. The indirect costs paid by the Center or the Departments may not exceed the lowest rate paid by any other State agency, department, or commission.

Section: 14.2A

Title: **EFFICIENCIES REPORTING BY NER AGENCIES**

Summary Directs WRC, DENR, DOL, DOC, and DACS to report on reorganizations implemented or completed within the current biennium. Each entity must report to the Chairs of the House and Senate Appropriations Subcommittees on Natural and Economic Resources and the Fiscal Research Division by December 1, 2014.

Section: 14.2C

Title: **AQUARIUM FUND FEE TRANSFERS**

Summary Requires DENR to transfer fees deposited in the North Carolina Aquariums Fund to the aquariums' General Fund budget to support the aquariums' operational expenses on a monthly basis.

Section: 14.3

Title: **HOUSING PROGRAMS STUDY**

Summary Directs the Office of State Budget and Management (OSBM) to study the various housing programs administered by State agencies and outlines the minimum requirements of the study. Requires OSBM to submit its findings and recommendations to the Chairs of the House and Senate Appropriations Subcommittees on Natural and Economic Resources and the Fiscal Research Division by February 1, 2015.

Section: 14.4

Title: **COASTAL AND ESTUARINE WATER BEACH ACCESS PROGRAM**

Summary Creates a special fund, the Coastal and Estuarine Water Beach Access Fund, to deposit funds earmarked from the Parks and Recreation Trust Fund. This provision also directs funds that were previously deposited in a capital fund be transferred to the special fund by September 30, 2014.

Section: 14.5

Title: **CAROLINA BEACH STATE PARK MARINA**

Summary Directs DENR to issue a request for information (RFI) to solicit proposals from interested third parties to operate the State-owned marina at Carolina Beach State Park. The Department must report to the Chairs of the House and Senate Appropriations Subcommittees on Natural and Economic Resources and the Fiscal Research Division by February 1, 2015 regarding the results of the RFI.

Section: 14.7

Title: **OREGON INLET**

Summary Directs the Department of Administration (DOA) to negotiate with the federal government to acquire Oregon Inlet in exchange for State-owned real property. If the Oregon Inlet property is conveyed to the State, DOA must report the terms of the agreement to the Joint Legislative Commission on Governmental Operations within 30 days of the agreement and DENR is authorized to create a State park with the property. If the property is not conveyed to the State by July 1, 2015, DOA is directed to condemn the property and report to the General Assembly. If the General Assembly is in Session, DOA shall report to the Chairs of the House and Senate Appropriations Committees and the Fiscal Research Division. If the General Assembly is not in Session, the Department shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division.

The section also directs the Department of Transportation (DOT) to identify federally owned property that is necessary to construct or to manage existing and future transportation corridors on the Outer Banks and to report this information to the Joint Legislative Transportation Oversight Committee, the DOA Secretary, and the Fiscal Research Division. Lastly, the provision expands the emergency powers of the Governor by allowing the Governor to waive requirements for certain environmental documents or permits for improvements to the State highway system that provide the sole road access to a coastal area.

Section: 14.8

Title: **TECHNICAL CORRECTIONS: CWMTF**

Summary Amends G.S. 113A-251 through 259 to make technical changes to the Clean Water Management Trust Fund (CWMTF) statutes to conform with the changes made by the General Assembly in the 2013 Long Session.

Section: 14.8A

Title: **WATER QUALITY REMEDIATION FUNDS**

Summary Directs the CWMTF to use \$500,000 for the remediation and mitigation of stormwater impacts to lakes subject to a Nutrient Management Strategy approved by the Environmental Management Commission.

Section: 14.9

Title: **COMMERCIAL FISHING LICENSES**

Summary Amends G.S. 113 and adds a new Article 14A to increase 6 commercial fishing license fees to support the At-Sea Observer Program and to develop sustainable commercial fishing in the State. This section requires receipts generated from the increased fees to be deposited in a new special fund. This section also creates a funding committee of representatives from the commercial fishing industry to recommend, along with the Marine Fisheries Committee, the disbursement of money remaining in the special fund after the At-Sea Observer Program is fully funded.

Section: 14.10

Title: **ADVANCED SALE OF LICENSES**

Summary Amends G.S. 113-168.1 to clarify that unencumbered and unexpended license and permit fee receipts retained by the Division of Marine Fisheries (DMF) at the end of a fiscal year shall revert to the General Fund at the end of the subsequent fiscal year.

Section: 14.11

Title: **DIVISION OF MARINE FISHERIES JOINT ENFORCEMENT AGREEMENTS**

Summary Allows DMF to enter into a joint enforcement agreement with the National Marine Fisheries Service for the purpose of assuming law enforcement powers over waters under the jurisdiction of the National Marine Fisheries Service.

Section: 14.12

Title: **STUDY COMMERCIAL SHELLFISH LEASING**

Summary Directs The University of North Carolina Coastal Studies Institute to study the State's shellfish leasing and franchising program and report its findings to the Chairs of the House and Senate Appropriations Subcommittees on Natural and Economic Resources and the Fiscal Research Division by March 1, 2015.

Section: 14.13

Title: **PERMIT ELECTRONIC TRANSMISSION OF RULES**

Summary Amends G.S. 113-221 to allow DMF to provide electronic copies of fishing rules and regulations to license holders. DMF must still provide hard copies of the rules upon request.

Section: 14.13A

Title: **NATURAL HERITAGE PROGRAM ONLINE ACCESS FEES**

Summary Adds Article 9A to G.S. 113A to provide DENR with the authority to set fees to defray costs associated with 1) preparing customized environmental review services or developing an online technology for external users to access Natural Heritage Program data, and 2) conducting an inventory of natural areas, conservation and protection planning, and informational programs for owners of natural areas. This section also directs that fees collected be deposited in the CWMTF to support the Natural Heritage Program.

Section: 14.15

Title: **CDBG INFRASTRUCTURE ELIGIBLE ACTIVITIES CLARIFICATION**

Summary Amends Section 15.14(g) of S.L. 2013-360 to clarify that Community Development Block Grant funds can be used for connections of new water and wastewater lines located on private property.

Section: 14.16

Title: **WATER INFRASTRUCTURE GRANT PRIORITY**

Summary Requires the Division of Water Infrastructure and State Water Infrastructure Authority to give priority to loan and grant applications submitted by local governments located in a Tier 1 county with water or wastewater projects required to be completed due to an EPA administrative order.

Section: 14.17

Title: **WATER INFRASTRUCTURE**

Summary Amends G.S. 159G to require a local government applying for loans or grants from the Division of Water Infrastructure to certify that no funds received from water or wastewater operations have been transferred to subsidize the local government's General Fund. This prohibition does not limit the local government from allocating reasonable indirect costs associated with water or wastewater operations to reimburse its General Fund.

Section: 14.17A

Title: **GRANTS TO MUNICIPALITIES IN DEVELOPMENT TIER ONE AND TWO AREAS FOR WATER AND SEWER INFRASTRUCTURE IMPROVEMENTS**

Summary Allocates the \$1 million in nonrecurring expansion funding provided to the Division of Water Infrastructure into two categories: 1) \$500,000 for grants to local governments located in Tier 1 and 2 counties for projects that provide water and sewer service to local government or educational facilities, and 2) \$500,000 for loans or grants to any local government in a Tier 1 county that submits a complete project application for a project required to be completed due to an EPA administrative order.

Section: 14.18

Title: **AMEND SHALLOW DRAFT NAVIGATION CHANNEL AND LAKE DREDGING FUNDING**

Summary Amends G.S. 105-449.126 to modify the frequency that the motor fuels tax is credited to the Wildlife Resource Fund and to the Shallow Draft Navigation Channel Dredging and Lake Maintenance Fund from annually to quarterly. This section also directs the Secretary of Revenue to make a one-time distribution of \$1.67 million in motor fuel tax proceeds to the Shallow Draft Navigation Channel Dredging and Lake Maintenance Fund in FY 2014-15.

Section: 14.19

Title: **AQUATIC WEED CONTROL**

Summary Amends G.S. 143-215.73F to allow up to \$500,000 per fiscal year from the Shallow Draft Navigation Channel Dredging and Lake Maintenance Fund to be used for aquatic weed projects. This section also allows the Parks and Recreation Trust Fund to provide matching funds for aquatic weed projects conducted in lakes located within a State park.

Section: 14.20A

Title: **MUSEUM OF FORESTRY CHALLENGE GRANT**

Summary States the General Assembly's intent to cut future State funds to the Museum of Forestry if the Museum does not raise at least \$100,000 in non-State funds during FY 2014-15.

Section: 14.21

Title: **REDIRECT INTEREST ON CERTAIN ENVIRONMENTAL FUNDS**

Summary Amends various statutes to redirect investment income currently accruing to 13 special funds to the General Fund on a permanent basis.

Section: 14.22

Title: **I & M AIR POLLUTION ACCOUNT**

Summary Directs DENR to use the cash balance in the I & M Air Pollution Control Account to support the air pollution control programs for mobile sources in FY 2014-15.

Section: 14.23

Title: **WATER AND AIR QUALITY ACCOUNT**

Summary Directs DENR to use the cash balance in the Water and Air Quality Account to support the Division of Air Quality's programs in FY 2014-15.

Section: 14.24

Title: **SOLID WASTE DISPOSAL TAX USES**

Summary Amends G.S. 130A-295.9 to increase the allowance for administrative expenses in the Inactive Hazardous Sites Cleanup Fund from 13% to 19%. The section also broadens the types of administrative expenses that may be funded to include expenses related to hazardous and solid waste management. Lastly, the section also conforms the statute to the changes enacted by the General Assembly in the 2013 Long Session, which redirected a portion of the solid waste disposal tax to the General Fund.

Section: 14.24A

Title: **ELIMINATE WASTE MANAGEMENT FEE CAP**

Summary Repeals G.S. 130A-294.1(c), which expressed budgetary intent language that hazardous waste fees not exceed 30% of the total funds budgeted from all sources for the Hazardous Waste Program.

Section: 14.24B

Title: **DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES MANAGEMENT FLEXIBILITY**

Summary Notwithstanding S.L. 2013-360 and G.S. 143C-6-4 to give DENR flexibility to take a \$2 million reduction department-wide rather than solely from the Division of Water Resources as directed in the 2013 Committee Report. Specifies that DENR cannot apply the reduction to any expansion item provided by the General Assembly in the 2013-15 biennium, or reduce any State attraction proposed for closure by either chamber, but not enacted. DENR must report on the reductions made as required by this section to the Chairs of the House and Senate Appropriations Subcommittees on Natural and Economic Resources and the Fiscal Research Division by October 1, 2014.

Section: 14.27

Title: **INTERSTATE CHEMICALS CLEARINGHOUSE**

Summary Allows DENR to join the Interstate Chemicals Clearinghouse.

Section: 14.28

Title: **WATER AND SEWER FUNDS/FOREST CITY**

Summary Directs DENR to allocate \$17,500 in critical needs water infrastructure development grants to Forest City for a waterline extension.

## 2014 Annotated Conference Committee Report

### Wildlife Resources Commission

GENERAL FUND
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FY 14-15
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**Total Budget Enacted 2013 Session**

**\$14,476,588**

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#### Legislative Changes

##### Reserve for Salaries & Benefits

###### **47 Compensation Increase Reserve**

\$225,059 R

Provides a \$1,000 annual recurring salary increase (~\$1,236 salary and benefit increase) for permanent full-time employees. (S.L. 2014-100, Sec. 35.10)

###### **48 State Retirement System Contributions**

\$40,686 R

Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution, provide a 1.0% cost-of-living adjustment to retirees, and reflect the ratification of H.B. 1195. Total General Fund appropriation across all sections in the committee report is \$45.5 million. (S.L. 2014-100, Sec. 13.13 and 13.14)

##### Wildlife Resources Commission

###### **49 Management Flexibility Reserve**

(\$289,532) R

Reduces funding to the Commission by 16% by creating a management flexibility reserve. The Director shall prioritize the recurring portion of the reduction on elimination of positions that are redundant, newly created, and vacant.

(\$2,000,000) NR

###### **50 Beaver Management Assistance Program (1151)**

(\$7,700) R

Reduces funding for the Beaver Management Assistance Program by 2%. A total of \$377,300 remains in the budget to support the Program.

**51 Position Adjustments**

(\$168,785) R

Offsets General Fund appropriated salaries in each of the following programs by budgeting additional fishing and hunting license receipts transferred from the Wildlife Resources Fund established in G.S. 143-250:

1101: Administrative Policy and Regulation	(\$38,245)
1111: Controller's Office	(\$26,678)
1113: Information Technology	(\$58,883)
1115: Purchasing Services Warehouse	(\$17,825)
1116: Budget, Planning and Audit	(\$10,386)
1117: Personnel	(\$16,768)

**52 Budget Realignments**

(\$113,047) R

Reduces receipt supported line items in the customer service and information technology sections and realigns those funds to offset General Fund appropriated salaries in each of those sections as follows:

1112: Customer Service	(\$29,122)
1113: Information Technology	(\$83,925)

**53 Federal Grant Funds (1166)**

(\$1,000,000) R

Budgets an increase in a federal grant for game land operations and maintenance and reduces the General Fund appropriation by the same amount.

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<b>Total Legislative Changes</b>	<b>(\$1,313,319)</b>	<b>R</b>
	<b>(\$2,000,000)</b>	<b>NR</b>
<b>Total Position Changes</b>		
<b>Revised Budget</b>	<b>\$11,163,269</b>	

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# Special Provisions

**2014 Session: SB 744**

**Department:** Wildlife Resources Commission

Section: 14.25

Title: **WILDLIFE LICENSING CHANGES**

Summary Amends various statutes to make technical changes to clarify that youth are not charged fees for bear management stamps, to make the license terms of all hunting and fishing licenses consistent, and to conform the age criteria of certain fishing licenses. This section also provides the same eligibility requirement opportunities for disabled Coastal Recreational Fishing License holders as is provided for other Wildlife Resource Commission (WRC) disabled license holders.

Section: 14.26

Title: **OVERSIGHT OF CERVIDS**

Summary Requires WRC to follow the U.S. Department of Agriculture's Chronic Wasting Disease Program Standards except that the Commission may not issue a transportation permit for the importation of cervids (deer) into the State until July 1, 2017. The Commission is required to report on differences in cervid regulations between the U.S. Department of Agriculture standards and rules adopted by the Commission prior to the enactment of this provision. The report must be submitted to the Agriculture and Forestry Awareness Study Commission by March 1, 2015.

This provision also amends G.S. 113-272.6(a) to allow the sale of antlers, antler velvet, or hides from captive cervid populations.

## 2014 Annotated Conference Committee Report

### Commerce

GENERAL FUND
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FY 14-15
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**Total Budget Enacted 2013 Session**

**\$56,733,282**

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#### Legislative Changes

##### Department-wide

##### **54 Management Flexibility Reserve**

(\$1,022,654) R

Reduces funding to the Department by 2%, resulting in a revised General Fund appropriation of \$50.1 million (exclusive of Industrial Commission). The Secretary shall prioritize the elimination of positions that are redundant, newly created, and vacant.

##### Reserve for Salaries & Benefits

##### **55 Compensation Increase Reserve**

\$337,402 R

Provides a \$1,000 annual recurring salary increase (~\$1,236 salary and benefit increase) for permanent full-time employees. (S.L. 2014-100, Sec. 35.10)

##### **56 State Retirement System Contributions**

\$68,996 R

Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution, provide a 1.0% cost-of-living adjustment to retirees, and reflect the ratification of H.B. 1195. Total General Fund appropriation across all sections in the committee report is \$45.5 million. (S.L. 2014-100, Sec. 13.13 and 13.14)

**Administration****57 Special Funds (1111)**

Offsets the General Fund appropriation for administration by directing the unencumbered cash balance as of June 30, 2014 from the following funds toward operating costs:

(\$663,839) NR

Economic Development Reserve (24609-2584)  
 Energy Research Grants Special Fund (24609-2537)  
 NC Green Business Fund (24609-2535)  
 One NC Small Business Fund (24609-2562)  
 Main Street Solutions Special Fund (24613-2622)

The Economic Development Reserve Fund is closed after the transfer. (S.L. 2014-100, Sec. 15.5)

(These offsets also appear in the Natural & Economic Resources special fund section on pages H-61, H-62, and H-66.)

**58 Purchasing Officer (1111)**

(\$76,728) R

Eliminates a vacant Purchasing Officer position (60077170).

-1.00

**Commerce Finance Center****59 Job Maintenance and Capital Development Fund (JMAC) (1581)**

Reduces funds appropriated for JMAC payments. A total of \$7.5 million is available for payments to Bridgestone, Goodyear, and Domtar for the 2013 grant year. Funds disbursed in FY 2013-14 were less than what was appropriated due to companies' underperformance. (S.L. 2014-118 modifies program eligibility criteria and increases maximum program liability.)

(\$364,097) NR

**Industrial Commission****60 Compromise Settlement Agreement Fees (1831)**

(\$500,000) R

Shifts Industrial Commission expenses to Compromise Settlement Agreement fee receipts in the General Fund, which will now be fully budgeted in the General Fund. Net General Fund appropriation to the Commission will be \$5 million.

**61 Special Fund (1831)**

Offsets the General Fund appropriation for the Industrial Commission by directing the unencumbered cash balance as of June 30, 2014 from the Investigation Management System Special Fund (24611-2240) toward operating costs. This fund is closed after the transfer.

(\$125,000) NR

(This offset also appears in the Natural & Economic Resources special fund section on page H-64.)

**62 Investigation Management System (1831)**

(\$75,000) R

Eliminates funding for the Industrial Commission's Investigation Management System, which was intended to process, prioritize, and track investigations by the Insurance Compliance Program. Funding was appropriated to the Commission in FY 2013-14 but has not been used. The Commission is working with the Office of Information Technology Services to evaluate future system needs.

**Labor and Economic Analysis Division****63 Common Follow-Up System (CFS) (1130)**

Budgets \$500,000 in nonrecurring receipts for CFS; the Commission on Workforce Development will prescribe a method for calculating the amount that participating agencies shall contribute to CFS. Agencies will transfer funds by December 31, 2014. (S.L. 2014-100, Sec. 15.6)

**64 AccessNC and Demand Driven Data Delivery System (D4) (1130)**

Provides nonrecurring funding for contractual services to merge two information technology platforms (AccessNC and D4). AccessNC inventories available business sites statewide and provides economic data to the public. D4 publishes labor market data. (S.L. 2014-100, Sec. 15.7)

\$250,000 NR

**Reserves and Transfers****65 Film and Entertainment Grant Fund (1912)**

Provides funds to encourage the production of motion pictures, television shows, and commercials and to develop the film-making industry within the State. (S.B. 743; S.L. 2014-100, Sec. 15.14B)

\$10,000,000 NR

**66 Job Catalyst Fund (1912)**

Provides funds to encourage the creation of jobs and investment within the manufacturing industry in North Carolina. This item is contingent upon H.B. 1224, 2013 Regular Session, becoming law. (H.B. 1224 was not enacted during the 2014 Session of the 2013 Biennium; therefore these funds will not be allotted and will revert to the General Fund.)

\$20,000,000 NR

**67 Challenge Grant for Study of Future Use of Broughton Hospital**

Provides funds for a challenge grant for a study of the future use of Broughton Hospital facilities. (S.L. 2014-100, Sec. 15.20)

\$200,000 NR

**Rural Economic Development****68 Limited Resource Communities Grants (1534)**

Reduces funds appropriated to the Limited Resource Communities Grant program established in Section 15.10B of S.L. 2013-360 leaving \$1.25 million in recurring support. Also, appropriates \$500,000 on a nonrecurring basis in FY 2014-15. (S.L. 2014-100, Sec. 15.8)

(\$1,293,021) R  
\$500,000 NR

**69 Rural Economic Development Division**

Reduces Rural Economic Development Division funds to partially offset Community Development Block Grant (CDBG) cash match expansion. Reductions may not be taken to Rural Grant programs. (S.L. 2014-100, Sec. 15.9)

(\$318,750) R

**70 Community Development Block Grant (CDBG) (1620)**

Provides 50% of the required cash match for the CDBG program. FY 2014-15 funds shall be used to purchase and install a new grants management software program. The other 50% match will be in-kind, achieved via staff salaries who are dedicated to full-time CDBG activities. (S.L. 2014-100, Sec. 15.9)

\$637,500 R

**71 NC Broadband (1477)**

Provides six months of nonrecurring funding to allow for continuation of the NC Broadband program from January 1, 2015 to June 30, 2015 as federal funding ends December 31, 2014. (S.L. 2014-100, Sec. 15.7)

\$250,000 NR

**72 Grant Program Expansion (1534)**

Appropriates on a nonrecurring basis \$1.25 million to the Rural Economic Development Division grant programs. Funds may not be used for administrative costs. (S.L. 2014-100, Sec. 15.10A)

\$1,250,000 NR

(S.L. 2014-100, Sec. 15.10, also broadens the criteria for Building Reuse grants. S.L. 2014-90, Sec. 6, Building Reutilization for Economic Dev. Act, further expands eligibility for the Building Reuse program by making eligible those projects that are located in rural census tracts of Tier 3 counties.)

**Workforce Solutions****73 Apprenticeship Program (1912)**

Budgets \$300,000 in nonrecurring receipts for the Apprenticeship Program from the Community Colleges System Office to offset forgone revenue for waived apprentice fees in FY 2014-15. The Department of Commerce will evaluate the fee waivers effect on increasing participation in the program before requesting a permanent fee change. (S.L. 2014-100, Sec. 10.6)

(This item also appears in the Education section of the Committee Report. See page F-24, item 42.)

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<b>Total Legislative Changes</b>	<b>(\$2,242,255)</b>	<b>R</b>
	<b>\$31,297,064</b>	<b>NR</b>
<b>Total Position Changes</b>	<b>-1.00</b>	
<b>Revised Budget</b>	<b>\$85,788,091</b>	

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## Disaster Relief Fund

Budget Code: 24602

	FY 2014-15	
<b>Beginning Unreserved Fund Balance</b>	<b>\$3,317,157</b>	
<b>Recommended Budget</b>		
Requirements	<b>\$1,500,000</b>	
Receipts	<b>\$1,500,000</b>	
Positions	<b>0.00</b>	
<hr/>		
<b>Legislative Changes</b>		
<b>Requirements:</b>		
<b>Small Bus Loans, Hurricane Floyd (2959)</b>	\$0	R
Transfers all but \$1,000 to a reserve in the Department of Public Safety for LiDAR topological mapping (14550-1504). (S.L. 2014-100, Sec. 15.12)	\$122,243	NR
	0.00	
(This item also appears in the Justice & Public Safety section of the Committee Report. See page I-4, item 16.)		
<b>Small Bus Loans, 2005 Disaster Recovery (2966)</b>	\$0	R
Transfers all but \$96,157 to a reserve in the Department of Public Safety for LiDAR topological mapping (14550-1504). (S.L. 2014-100, Sec. 15.12)	\$3,097,757	NR
	0.00	
(This item also appears in the Justice & Public Safety section of the Committee Report. See page I-4, item 16.)		
<b>Subtotal Legislative Changes</b>	<b>\$0</b>	<b>R</b>
	<b>\$3,220,000</b>	<b>NR</b>
	0.00	
<hr/>		
<b>Receipts:</b>		
<b>Disaster Relief Fund (24602)</b>	\$0	R
	\$0	NR

**FY 2014-15**

**Subtotal Legislative Changes**

**\$0 R**

**\$0 NR**

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Revised Total Requirements

**\$4,720,000**

Revised Total Receipts

**\$1,500,000**

**Change in Fund Balance**

**(\$3,220,000)**

**Total Positions**

**0.00**

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**Unappropriated Balance Remaining**

**\$97,157**



## Commerce - Special Revenue - GF

Budget Code: 24609

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	<b>FY 2014-15</b>
<b>Beginning Unreserved Fund Balance</b>	<b>\$13,537,607</b>
<b>Recommended Budget</b>	
Requirements	<b>\$29,389,508</b>
Receipts	<b>\$28,748,168</b>
Positions	<b>4.00</b>

---

**Legislative Changes****Requirements:****Economic Development Reserve (2584)**

\$0 R

Transfers cash balance to Commerce's  
Administration Division to offset operating expenses.  
Fund 24609-2584 is closed. (S.L. 2014-100, Sec.  
15.5)

\$49,687 NR

0.00

(This item also appears in the Natural & Economic  
Resources section of the Committee Report. See  
page H-55, item 57.)

**Energy Research Grants (2537)**

\$0 R

Transfers a portion of the cash balance to  
Commerce's Administration Division to offset  
operating expenses. (S.L. 2014-100, Sec. 15.5)

\$3,674 NR

0.00

(This item also appears in the Natural & Economic  
Resources section of the Committee Report. See  
page H-55, item 57.)

**NC Green Business Fund (2535)**

\$0 R

Transfers a portion of the cash balance to  
Commerce's Administration Division to offset  
operating expenses. (S.L. 2014-100, Sec. 15.5)

\$19,018 NR

0.00

(This item also appears in the Natural & Economic  
Resources section of the Committee Report. See  
page H-55, item 57.)

**FY 2014-15**

**One North Carolina Small Business Fund (2562)**

\$0 R

Transfers a portion of the cash balance to Commerce's Administration Division to offset operating expenses. (S.L. 2014-100, Sec. 15.5)

\$172,687 NR  
0.00

(This item also appears in the Natural & Economic Resources section of the Committee Report. See page H-55, item 57.)

**Ag Gas Expansion**

\$2,500,000 R

Establishes a special fund for Expanded Gas Products Service to Agriculture. (S.L. 2014-100, Sec. 15.13)

\$1,000,000 NR  
0.00

**IDF Utility Account (2568)- Ag Gas Expansion**

\$2,500,000 R

Transfers \$2.5 million in recurring receipts and \$1 million of cash balance to the newly established special fund for Expanded Gas Products Service to Agriculture. (S.L. 2014-100, Sec. 15.13)

\$1,000,000 NR  
0.00

**IDF Utility Account (2568)**

\$0 R

Transfers \$5 million of the cash balance to General Fund availability. (S.L. 2014-100, Sec. 2.2)

\$5,000,000 NR  
0.00

**One North Carolina Small Business Fund (2562)**

\$0 R

Receives \$2.5 million from the One NC Fund. (S.L. 2014-100, Sec. 15.14)

\$2,500,000 NR  
0.00

**One North Carolina Fund (2560)**

\$0 R

Transfers \$2.5 million cash balance to the One North Carolina Small Business Fund. (S.L. 2014-100, Sec. 15.14)

\$2,500,000 NR  
0.00

**IDF Utility Account (2568)**

\$0 R

Transfers \$1 million of cash balance to the Main Street Solutions Fund. (S.L. 2014-100, Sec. 15.14A)

\$1,000,000 NR  
0.00

**Subtotal Legislative Changes**

**\$5,000,000** R  
**\$13,245,066** NR  
0.00

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**Receipts:**

Commerce

	<b>FY 2014-15</b>	
<b>Economic Development Reserve (2584)</b>	\$0	R
	\$0	NR
<b>Energy Research Grants (2537)</b>	\$0	R
	\$0	NR
<b>NC Green Business Fund (2535)</b>	\$0	R
	\$0	NR
<b>One North Carolina Small Business Fund (2562)</b>	\$0	R
Receives \$2.5 million from the One NC Fund.	\$2,500,000	NR
<b>Ag Gas Expansion</b>	\$2,500,000	R
Establishes a special fund for Expanded Gas Products Service to Agriculture.	\$1,000,000	NR
<b>One North Carolina Fund (2560)</b>	\$0	R
	\$0	NR
<b>IDF Utility Account (2568)</b>	\$6,900,000	R
Increases receipts to reflect FY 2013-14 actuals.	\$0	NR
<b>Subtotal Legislative Changes</b>	<b>\$9,400,000</b>	R
	<b>\$3,500,000</b>	NR
<hr/>		
Revised Total Requirements	<b>\$65,879,640</b>	
Revised Total Receipts	<b>\$54,548,168</b>	
<b>Change in Fund Balance</b>	<b>(\$11,331,472)</b>	
<b>Total Positions</b>	<b>4.00</b>	
<hr/>		
<b>Unappropriated Balance Remaining</b>	<b>\$2,206,135</b>	

## Commerce - IT Projects

Budget Code: 24611

	FY 2014-15	
<b>Beginning Unreserved Fund Balance</b>	<b>\$975,165</b>	
<b>Recommended Budget</b>		
Requirements	<b>\$1,776,205</b>	
Receipts	<b>\$1,776,205</b>	
Positions	<b>0.00</b>	
<hr/>		
<b>Legislative Changes</b>		
<b>Requirements:</b>		
<b>Investigation Management System (2240)</b>	\$0	R
Transfers cash balance to the Industrial Commission to offset operating expenses. Fund 24611-2240 is closed.	\$125,000	NR
	0.00	
(This item also appears in the Natural & Economic Resources section of the Committee Report. See page H-56, item 61.)		
<b>Subtotal Legislative Changes</b>	<b>\$0</b>	<b>R</b>
	<b>\$125,000</b>	<b>NR</b>
	0.00	
<hr/>		
<b>Receipts:</b>		
<b>Investigation Management System (2240)</b>	\$0	R
	\$0	NR
<b>Subtotal Legislative Changes</b>	<b>\$0</b>	<b>R</b>
	<b>\$0</b>	<b>NR</b>

**FY 2014-15**

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Revised Total Requirements	<b>\$1,901,205</b>
Revised Total Receipts	<b>\$1,776,205</b>
<b>Change in Fund Balance</b>	<b>(\$125,000)</b>
<b>Total Positions</b>	<b>0.00</b>

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<b>Unappropriated Balance Remaining</b>	<b>\$850,165</b>
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## Commerce - Special Revenue

Budget Code: 24613

	FY 2014-15	
<b>Beginning Unreserved Fund Balance</b>	<b>\$1,605,141</b>	
<b>Recommended Budget</b>		
Requirements	\$77,958	
Receipts	\$2,958	
Positions	2.00	
<hr/>		
<b>Legislative Changes</b>		
<b>Requirements:</b>		
<b>Main Street Solutions (2622)</b>	\$0	R
Transfers cash balance to Commerce's Administration Division to offset operating expenses. (S.L. 2014-100, Sec. 15.5)	\$418,773	NR
	0.00	
(This item also appears in the Natural & Economic Resources section of the Committee Report. See page H-55, item 57.)		
<b>Main Street Solutions (2622)</b>	\$0	R
Receives \$1 million from the IDF Utility Account. (S.L. 2014-100, Sec. 15.14A)	\$1,000,000	NR
	0.00	
<b>Subtotal Legislative Changes</b>	<b>\$0</b>	<b>R</b>
	<b>\$1,418,773</b>	<b>NR</b>
	0.00	
<hr/>		
<b>Receipts:</b>		
<b>Main Street Solutions (2622)</b>	\$0	R
Receives \$1 million from the IDF Utility Account.	\$1,000,000	NR
<b>Subtotal Legislative Changes</b>	<b>\$0</b>	<b>R</b>
	<b>\$1,000,000</b>	<b>NR</b>

**FY 2014-15**

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Revised Total Requirements	<b>\$1,496,731</b>
Revised Total Receipts	<b>\$2,002,958</b>
<b>Change in Fund Balance</b>	<b>\$506,227</b>
<b>Total Positions</b>	<b>2.00</b>

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<b>Unappropriated Balance Remaining</b>	<b>\$2,111,368</b>
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## Commerce – Enterprise

Budget Code: 54600

	FY 2014-15
<b>Beginning Unreserved Fund Balance</b>	<b>\$5,880,653</b>
<b>Recommended Budget</b>	
Requirements	<b>\$46,432,723</b>
Receipts	<b>\$46,229,552</b>
Positions	<b>326.00</b>
<hr/>	
<b>Legislative Changes</b>	
<b>Requirements:</b>	
<b>Underage Drinking Initiative (5883)</b>	(\$2,568) R
Transfers the Underage Drinking Initiative Fund operating budget and associated cash balance to the Department of Public Safety via Type II transfer. (S.L. 2014-100, Sec. 15.2A)	\$1,229,788 NR 0.00
(This transfer also appears in the Justice & Public Safety special fund section on page I-24).	
<b>ABC Warehouse (5882)</b>	(\$8,131,662) R
Transfers the ABC Warehouse Fund operating budget and associated cash balance to the Department of Public Safety via Type II transfer. (S.L. 2014-100, Sec. 15.2A)	\$2,564,818 NR 0.00
(This transfer also appears in the Justice & Public Safety special fund section on page I-23).	
<b>ABC Commission (5881)</b>	(\$4,873,156) R
Transfers the ABC Commission Fund operating budget and associated cash balance to the Department of Public Safety via Type II transfer. (S.L. 2014-100, Sec. 15.2A)	\$1,069,328 NR -46.00
(This transfer also appears in the Justice & Public Safety special fund section on page I-23).	
<b>Subtotal Legislative Changes</b>	<b>(\$13,007,386) R</b> <b>\$4,863,934 NR</b> <b>-46.00</b>



FY 2014-15

**Receipts:****Underage Drinking Initiative (5883)**

(\$2,568) R

Transfers the Underage Drinking Initiative Fund operating budget and associated cash balance to the Department of Public Safety via Type II transfer.

\$0 NR

**ABC Warehouse (5882)**

(\$8,131,662) R

Transfers the ABC Warehouse Fund operating budget and associated cash balance to the Department of Public Safety via Type II transfer.

\$0 NR

**ABC Commission (5881)**

(\$4,328,046) R

Transfers the ABC Commission Fund operating budget and associated cash balance to the Department of Public Safety via Type II transfer.

\$0 NR

**Subtotal Legislative Changes**

(\$12,462,276) R

\$0 NR

Revised Total Requirements

\$38,289,271

Revised Total Receipts

\$33,767,276

**Change in Fund Balance**

(\$4,521,995)

**Total Positions**

280.00

**Unappropriated Balance Remaining**

\$1,358,658

# Special Provisions

**2014 Session: SB 744**

**Department:** Commerce

Section: 15.1

Title: **ABC COMMISSION/USE OF FUNDS CREDITED TO ABC COMMISSION FUND**

Summary Amends G.S. 18B-208 to remove the statutory appropriation of all revenues collected by the Alcoholic Beverage Control Commission.

Section: 15.2

Title: **TRANSFER ABC COMMISSION TO DEPARTMENT OF PUBLIC SAFETY**

Summary Transfers the Alcoholic Beverage Control (ABC) Commission from the Department of Commerce to the Department of Public Safety as a Type II transfer.

Section: 15.2A1

Title: **ABC COMMISSION/30-DAY SUSPENSION OF PERMIT FOR CERTAIN CRIMINAL CHARGES**

Summary Amends G.S. 18B-904(e) to allow the ABC Commission to suspend permits issued by the Commission for 30 days if law enforcement officers provide advance notice to the Commission that undercover operations of a permitted establishment are ongoing and the undercover operation results in 5 or more persons prosecuted for criminal activities.

Section: 15.2B

Title: **SET REGULATORY FEE FOR UTILITIES COMMISSION**

Summary Amends Section 15.1(a) of S.L. 2013-360, Appropriations Act of 2013, to increase the regulatory fee applied to regulated utilities from 0.13% to 0.135%.

Section: 15.4

Title: **COMMERCE FUNDS USED FOR BASE REALIGNMENT AND CLOSURE ACTIVITIES**

Summary Allows the Department of Commerce to carryforward unexpended and unencumbered funds provided in S.L. 2013-360 for Base Realignment and Closure Activities.

Section: 15.5

Title: **SPECIAL FUNDS TRANSFER/OFFSET COMMERCE ADMINISTRATION GENERAL FUND APPROPRIATION**

Summary Transfers the cash balances of 5 special funds to the Department of Commerce's Administration Division to offset General Fund appropriations on a nonrecurring basis. This provision closes the Economic Development Reserve special fund after the transfer.

Section: 15.6

Title: **COMMON FOLLOW-UP/COSTS SHARED BY STATE AGENCIES & LEAD DEVELOP PLAN TO TRANSFER COMMON FOLLOW-UP DATA AND CAPABILITIES TO GDAC**

Summary Directs the Commission on Workforce Development to prescribe the contribution methodology for how participating agencies will support the Common Follow-Up System (CFS). The provision requires the Department of Public Safety, Department of Public Instruction, Department of Commerce, Department of Health and Human Services, Community College System, and The University of North Carolina to transfer funds by December 31, 2014 as determined by the Commission. This provision also requires Commerce's Labor and Economic Analysis Division (LEAD) to develop a plan to transfer the information and required capabilities of CFS to the Government Data Analytics Center. LEAD shall submit this plan by February 1, 2015 to the Office of the State Chief Information Officer, the Joint Legislative Oversight Committee on Information Technology, and the Fiscal Research Division.

Section: 15.7

Title: **MERGE ACCESS NC & DEMAND DRIVEN DATA DELIVERY SYSTEMS/NC BROADBAND REPORTING REQUIREMENT**

Summary Requires the Department of Commerce to merge 2 existing information technology programs, AccessNC and the Demand Driven Data Delivery System. The Department must report on the progress of the merger, including any efficiencies and cost-savings generated, to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division by February 1, 2015. The section also requires the Office of the State Chief Information Officer to report on NC Connect activities, including the integration of NC Broadband, to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division by February 1, 2015.

Section: 15.8

Title: **ECONOMIC DEVELOPMENT COMPETITIVE GRANT PROGRAM FOR UNDERSERVED AND LIMITED RESOURCE COMMUNITIES**

Summary Modifies S.L. 2013-360, Section 15.10B to reflect revised appropriations of \$1.25 million recurring and \$500,000 nonrecurring provided to the Underserved and Limited Resource Communities Competitive Grant Program.

Section: 15.9

Title: **COMMUNITY DEVELOPMENT BLOCK GRANT GRANTS/STATE MATCHING FUNDS**

Summary Provides the Department of Commerce with \$637,500 as part of the State match for federal Community Development Block Grant (CDBG) funding. The Department must use all or a portion of these funds to implement a grants management software program in FY 2014-15. This provision partially offsets the \$637,500 appropriation by reducing the Rural Economic Development Division appropriation by \$318,750; reductions may not be taken from grants. The Department must ensure that the remaining State CDBG match requirement is accomplished through in-kind expenditures. This provision also requires the Department to report by February 1, 2015, to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division regarding implemented reductions, the manner in which the State CDBG match requirement will be achieved, and how the match will be reported to federal CDBG administrators.

Section: 15.9A

Title: **USE OF DEOBLIGATED COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS**

Summary Directs the Department of Commerce to use \$5.9 million in deobligated Community Development Block Grant (CDBG) funds for rural veteran support services (\$4.7 million), grant cost overruns (\$500,000), and local government CDBG training (\$750,000).

Section: 15.10

Title: **RURAL ECONOMIC DEVELOPMENT DIVISION/LOANS & GRANTS TO LOCAL GOVERNMENTS TO REUSE OR DEMOLISH BUILDINGS AND PROPERTIES**

Summary Amends G.S. 143B-472.127 to expand the types of projects eligible for the Rural Economic Development Division's Building Reuse grant program by removing the requirement that a building be vacant and adding demolition as an eligible activity.

(S.L. 2014-90, Section 6, Building Reutilization for Economic Dev. Act., further expands eligibility for the Building Reuse program by making eligible projects located in rural census tracts of Tier 3 counties. A rural census tract is defined as having a population density of less than 500 people per square mile.)

Section: 15.10A

Title: **RURAL ECONOMIC DEVELOPMENT DIVISION/NONRECURRING FUNDS USED FOR GRANTS ONLY**

Summary Requires that the nonrecurring appropriation for Rural Economic Development Division grants be used only for grants; no portion shall support administration.

Section: 15.10B

Title: **COMMERCE STUDY ADJUSTMENTS TO DEVELOPMENT FACTORS USED IN MAKING DEVELOPMENT TIER DESIGNATIONS**

Summary Directs the Department of Commerce to study factors used in determining a county's tier designation. By February 1, 2015, the Department must report its findings to the Joint Legislative Commission on Governmental Operations, the House and Senate Appropriations Subcommittees on Natural and Economic Resources, and the Fiscal Research Division.

Section: 15.12

Title: **LIDAR RESERVE/TOPOGRAPHICAL MAPPING OF THE STATE**

Summary Creates a new LiDAR Reserve in G.S. 143B-603. Subsection (b) transfers \$3.2 million from Department of Commerce Disaster Relief Funds to a reserve in the Department of Public Safety for purposes of completing the third phase of a Statewide topographical mapping update through use of Light Detection and Ranging (LiDAR) technology.

Section: 15.13

Title: **AGRICULTURE GAS EXPANSION FUND**

Summary Modifies G.S. 143B-437.020 to make operational the Expanded Gas Products Service to Agriculture Fund. The Fund is established to provide awards to projects that expand agricultural production or processing capabilities that require new or expanded natural gas or propane gas service. The Secretary of Commerce must transfer at least \$5 million per biennium from the Utility Account to capitalize the Fund. Funds appropriated to the Job Development Investment Grant Program and One North Carolina Fund may be used to reimburse the Utility Account at the end of the fiscal year, if available. The Secretary must report quarterly on the Fund's activities to the Joint Legislative Commission on Energy Policy. This provision also exempts this program from the rule-making process of the Administrative Procedure Act.

Section: 15.14

Title: **FUND ONE NC SMALL BUSINESS FUND**

Summary Transfers \$2.5 million from the One North Carolina Fund to the One North Carolina Small Business Fund.

Section: 15.14A

Title: **MAIN STREET SOLUTIONS FUNDING**

Summary Transfers \$1 million from the Utility Account to the Main Street Solutions Fund.

Section: 15.14B

Title: **FILM AND ENTERTAINMENT GRANT FUND**

Summary Modifies Article 10 of G.S. 143B to create a new Film and Entertainment Grant Fund to support the State's filmmaking industry. Effective January 1, 2015, the Department of Commerce may provide grants to production companies that meet a minimum of qualifying expenses, including \$5 million for a film and \$250,000 for a television series episode or commercial. Grants cannot exceed 25% of qualifying expenses and are capped at \$5 million for a film and tv/video series and at \$250,000 for a commercial.

Subsection (b) exempts this program from the rule-making process of the Administrative Procedure Act under G.S. 150B-1(d).

Section: 15.15

Title: **EMPLOYMENT SECURITY RESERVE FUND**

Summary Amends Section 15.4(a) of S.L. 2013-360 to appropriate funds from the Employment Security Reserve Fund to pay the interest payment on the State's unemployment insurance debt for FY 2014-15.

Section: 15.16

Title: **APPOINTMENT OF DEPUTY COMMISSIONERS FOR INDUSTRIAL COMMISSION**

Summary Modifies G.S. 97-79 (b) to designate that the Industrial Commission Chair may appoint deputy commissioners to serve a term of 6 years, with no person serving more than 2 terms. This section requires a staggered expiration of current deputy commissioners' terms, which begins February 1, 2015, continues on August 1, 2015, and is finalized February 1, 2016. This provision also makes deputy commissioners exempt from the State Human Resources System (G.S. 126-5) and clarifies that deputy commissioners may only be removed from office in accordance with standards of judicial conduct (G.S. 97-78-1).

Section: 15.16A

Title: **WORKERS' COMPENSATION/REIMBURSEMENT FOR PRESCRIPTION DRUGS AND PROFESSIONAL PHARMACEUTICAL SERVICES**

Summary Amends G.S. 97-26.2 to limit workers' compensation reimbursement for prescription drugs and professional pharmaceutical services to no more than 95% of the average wholesale price. This section directs that no outpatient provider, other than a licensed pharmacy, may receive reimbursement for schedule II or III narcotics dispensed in excess of an initial 5-day supply.

Section: 15.16B

Title: **INDUSTRIAL COMMISSION FEES**

Summary Amends G.S. 97-73 to sunset certain Industrial Commission hearing and filing fees, effective July 1, 2015. Replaces lost fee revenue in future fiscal years with proceeds from the Insurance Regulatory Fund. (There is a corresponding special provision in Section 20.2 of S.L. 2014-100, which increases the insurance regulatory charge and expands its uses).

Section: 15.20

Title: **STUDY FUTURE USE OF BROUGHTON HOSPITAL FACILITIES**

Summary Requires the Department of Commerce to raise \$200,000 from non-State funds to match \$200,000 in nonrecurring funds appropriated to the Department to study reuse opportunities for the vacated Broughton Hospital facilities. This provision directs that the study be accomplished in conjunction with the Department of Health and Human Services, the Department of Administration, the City of Morganton and the County of Burke. By December 31, 2014, the Department of Commerce shall submit an interim report to the Chairs of the following committees: Joint Legislative Oversight Committee on Health and Human Services, Joint Legislative Committee on Economic Development and Global Engagement, and Joint Legislative Commission on Governmental Operations. By June 30, 2015, the Department of Administration must submit a final report to the Chairs of these same committees.

## 2014 Annotated Conference Committee Report

### Commerce - State Aid

GENERAL FUND
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FY 14-15
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**Total Budget Enacted 2013 Session**

**\$15,624,767**

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#### Legislative Changes

##### Biotechnology Center

###### 74 Biotechnology Center (1121)

Increases General Fund support to the Biotechnology Center by \$1 million. Total funding to the Center will total \$13.6 million for FY 2014-15. (S.L. 2014-100, Sec. 15.17)

\$1,000,000 NR

##### Earl Scruggs Center

###### 75 Earl Scruggs Center

Provides \$250,000 in nonrecurring funding to the Earl Scruggs Center to support activities related to the history and cultural traditions of Cleveland County. (S.L. 2014-100, Sec. 15.20)

\$250,000 NR

##### Farm Bureau - Ag in the Classroom

###### 76 Ag in the Classroom (1913)

Eliminates funding to the Ag in the Classroom program due to inability to spend funds.

(\$21,175) R

##### Grassroots Science Museums

###### 77 Museum Additions (1913)

Provides base funding to three additional museums (Marbles in Raleigh, HandsOn! in Hendersonville, and Cowan in Kenansville) and eliminates funding to the Health Adventure museum in Asheville due to closure. (S.L. 2014-100, Sec. 15.19)

\$100,648 R

##### Research Triangle Institute

###### 78 Research Triangle Institute Grant (1913)

Provides \$500,000 in nonrecurring funding to the Research Triangle Institute for US Department of Energy grant match requirements. Research findings will be shared with the State Energy Office. (S.L. 2014-100, Sec. 15.18)

\$500,000 NR

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<b>Total Legislative Changes</b>	<b>\$79,473</b>	<b>R</b>
	<b>\$1,750,000</b>	<b>NR</b>
<b>Total Position Changes</b>		
<b>Revised Budget</b>	<b>\$17,454,240</b>	

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# Special Provisions

## 2014 Session: SB 744

**Department:** Commerce - State Aid

Section: 15.17

Title: **NC BIOTECHNOLOGY CENTER**

Summary Amends Section 15.30 of S.L. 2013-360 to direct the NC Biotechnology Center to prioritize the funding of loans over grants. This section also directs the Center's additional \$1 million nonrecurring appropriation to 2 new initiatives, \$750,000 for the biodefense cluster effort and \$250,000 for Ag Biotech.

Section: 15.18

Title: **RESEARCH TRIANGLE INSTITUTE ENERGY RESEARCH**

Summary Directs the Research Triangle Institute to share with the State Energy Office any research supported by State funds pertaining to energy or energy efficiency.

Section: 15.19

Title: **GRASSROOTS SCIENCE PROGRAM**

Summary Adds 3 new museums to the Grassroots Science Program at the base funding level of \$58,000 and eliminates funding for 1 museum that closed.

Section: 15.20

Title: **FUNDS FOR THE EARL SCRUGGS CENTER**

Summary Provides the Earl Scruggs Center with \$250,000 in nonrecurring funds to support activities related to the history and cultural traditions of Cleveland County.

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# **Justice and Public Safety Section I**

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## 2014 Annotated Conference Committee Report

### Public Safety

GENERAL FUND
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FY 14-15
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Total Budget Enacted 2013 Session

\$1,690,014,006

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#### Legislative Changes

##### A. Reserve for Salaries & Benefits

###### 1 Compensation Increase Reserve

\$30,219,820 R

Provides a \$1,000 annual recurring salary increase (~\$1,236 salary and benefit increase) for permanent full-time employees and funds the salary increase required by the Teacher Salary Schedule for State agency teachers. Employees eligible for a step increase through a statutory pay plan are provided at least a step increase in lieu of the \$1,000 salary increase. (S.L. 2014-100, Sec. 35.2, 35.6A, 35.8, and 35.10)

###### 2 Experience-based Step Increase Reserve - State Highway Patrol

\$1,834,633 R

Provides funds for at least 1 experience-based step increase for all step-eligible State Highway Patrol troopers. Salary increases for step-eligible troopers range from 5% to 6%. State Highway Patrol troopers who are not eligible for a step are provided a \$1,000 salary increase. A provision in the Salaries and Benefits part of the Appropriations Act provides additional details on this increase. (S.L. 2014-100, Sec. 35.6B)

###### 3 State Retirement System Contributions

\$4,423,979 R

Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution, provide a 1.0% cost-of-living adjustment to retirees, and reflect the ratification of H.B. 1195. Total General Fund appropriation across all sections in the committee report is \$45.5 million. (S.L. 2014-100, Sec. 35.13, 35.14, and 35.15)

##### B. Department-wide

###### 4 Management Flexibility Reduction

(\$6,319,863) NR

Allows the Department of Public Safety (DPS) to identify additional savings on a nonrecurring basis for FY 2014-15. These reductions will be replaced by the increased savings associated with prison closures and other budget changes that will be annualized in FY 2015-16. This amount is 0.5% of the total DPS budget.

**C. Administration****5 Various Administrative Reductions**

(\$625,520) R

Eliminates 3.5 FTE positions that have been vacant for a year or more. The positions are:

-3.50

Fund Code	Position Number	Title	Position Cost
1100	60056105	Office Assistant IV	\$44,833
1100	60084591	Processing Assistant III	\$38,651
1100	60001065	Personnel Analyst II	\$80,958
1250	60000343	Office Assistant IV	\$24,739

This item also makes reductions totaling \$436,339 to various operating line items within the Division of Administration for a total reduction of \$625,520. The total budget for the Division of Administration (including External Affairs, the Governor's Crime Commission, and Victims' Services) after this 1.1% reduction is \$55,961,766.

**6 NCVAN (1170)**

(\$112,500) R

Eliminates the grant to the NC Victims Assistance Network. This is the last direct appropriation to a non-profit in the Department's budget; the others were eliminated in the 2011 budget. This reduction will have no impact on services provided by State agencies to victims of crime.

**D. Law Enforcement****7 State Highway Patrol Vacant Trooper Positions**

(\$1,781,325) R

Eliminates 35 vacant trooper positions in the State Highway Patrol (SHP). As of March 2014, there were 134.5 vacant trooper positions, of which 56 had been vacant for longer than six months. These positions are budgeted at the starting trooper salary of \$35,700, for a total position cost of \$50,895 each including retirement, social security, and health benefits. After this reduction, there will be 1,759 sworn law enforcement positions in the State Highway Patrol.

-35.00

**8 State Highway Patrol Uniforms**

\$863,384 R

Increases funding for State Highway Patrol uniforms to provide adequate resources for troopers. After the reduction in Item 7, there are a total of 1,691 General Fund supported troopers (68 troopers are supported by federal funds). Uniform expenditures for troopers are \$985 each for 1,430 traditional patrol and \$1,008 each for 261 Size and Weight troopers. The total annual cost is \$1,671,638. The Authorized Budget for FY 2014-15 appropriates \$808,254 for this purpose, leaving a shortfall of \$863,384. This item increases the budget for uniforms by 106% to fully fund SHP uniform needs.

**9 NC Trooper's Association Caisson Unit**

\$100,000 NR

Provides funding to the NC Trooper's Association (NCTA) Caisson Unit for the purchase of a truck and trailer. The Caisson Unit provides funeral services with a horse-drawn military caisson wagon for fallen law enforcement officers and firefighters in North Carolina and the surrounding states. The Unit is a partnership between NCTA and the State Highway Patrol. The NCTA maintains

the horses and equipment and the State Highway Patrol provides troopers to perform the funeral missions.

<b>10 State Bureau of Investigation (SBI)</b>	\$31,073,086	R
Transfers the SBI from the Department of Justice to the Law Enforcement Division of DPS. A total of 448 FTE positions are transferred, including 11 Special Fund positions and 35.5 receipt supported FTE positions. DPS is directed to identify \$1 million in savings from the merger in FY 2014-15. Consolidation of all of the State's major law enforcement agencies and criminal information sections under DPS should result in additional savings in the future. Medicaid Fraud Investigators who are not funded in Fund Code 1300 may be transferred in FY 2015-16 after further review of the program. (S.L. 2014-100, Sec. 17.1)	401.50	
(This transfer also appears in the Department of Justice section of the Committee Report. See page I-11, item 33.)		
<b>11 ALE District Office Consolidation (1401)</b>	(\$231,439)	R
Reduces the budget for Alcohol Law Enforcement (ALE) district offices. These offices can be co-located with SBI offices, producing savings in rent and lease costs, utilities, and maintenance agreements. This reduction is a prorated amount based on closures effective October 1, 2014. FY 2015-16 annualized General Fund savings will be \$308,585, a reduction of 4% to the General Fund appropriation of \$6,941,552 for ALE. (S.L. 2014-100, Sec. 17.1(aaaa))		
<b>12 ALE Positions (1401)</b>	\$724,454	R
Restores funding for 13 ALE positions that were transferred to nonrecurring receipt support by the Department to meet a management flexibility reduction included in the 2013 budget.	13.00	
<b>E. Emergency Management and National Guard</b>		
<b>13 Geodetic Survey Receipts (1511)</b>	(\$89,489)	R
Shifts 1.25 FTE and some operating costs to receipt support. Geodetic Survey has a total budget of \$1,209,391. This item increases budgeted receipts and reduces General Fund support for the program. The budget will be as follows:	-1.25	
Total Requirements:           \$1,209,391		
Less Receipts:               \$ 356,899		
Net General Fund Approp.: \$ 852,492		
<b>14 Joint Forces Headquarters Building Repairs (1500)</b>	(\$89,488)	R
Reduces Emergency Management's budget for building repairs at its Joint Forces Headquarters facility by 44%. \$111,632 remains in the budget for this purpose.		
<b>15 Hazardous Materials and Regional Response Teams (1506)</b>	(\$691,277)	R
Creates a fee structure for facilities that store or process hazardous materials. Funds generated by the fee will be used to fund the Hazardous Materials Database for use by first responders and to support the seven Regional	-3.00	

Response Teams (RRT) for Hazardous Materials located in Wilmington, Williamston, Raleigh, Fayetteville, Greensboro, Charlotte and Asheville. The RRT are currently funded by a General Fund appropriation that supports a program coordinator and two emergency management officers, as well as operating costs for the teams. Funds may also be used to provide grants to local emergency management entities for equipment, training and exercises related to hazardous material response. The total amount collected by the fee is estimated to be \$1.5 million. (S.L. 2014-100, Sec. 16B.3)

#### **16 Light Detection and Ranging (LiDAR) Technology (1504)**

Provides \$3,220,000 for LiDAR topographical mapping technology in the Geospatial Technology Management Section. These funds are being transferred to DPS from the Department of Commerce's Disaster Relief Fund. (S.L. 2014-100, Sec. 15.12)

(This item also appears in the Natural and Economic Resources special fund section on page H-59.)

#### **17 National Guard Adjutant General's Office (1600)**

(\$11,000) R

Reduces the National Guard's Adjutant General's administrative services budget by \$6,000 and the employee travel meal account by \$5,000. The total reduction is a 0.23% reduction to the Adjutant General's budget, leaving \$4,690,442.

#### **18 Tarheel Challenge Academy**

\$425,336 R

Provides funding for the operation of a Tarheel Challenge Academy in Stanly County. The new Academy will begin classes in FY 2015-16, but partial year funding is required in FY 2014-15 to hire and train staff. The State provides 25% of the costs. The other 75% is federally funded. The total annualized operating costs in FY 2015-16 will be \$3,523,233, of which \$880,808 is State funded.

13.75

This item also provides funding to transition Tarheel Challenge Academy staff in Salemburg from temporary positions to permanent positions. Currently, those positions do not receive health or retirement benefits. The total cost to pay for health and retirement for these positions is \$696,845, of which \$174,211 is the 25% State share.

### **F. Adult Correction and Juvenile Justice - Prisons**

#### **19 Regional Office and Female Command**

(\$477,134) R

Eliminates a prison regional office and the female command and distributes the prisons into 4 remaining regional offices. Sixteen prisons have closed since 2009 and the 4 regional offices are capable of supporting the remaining facilities. The female command will end operations effective November 1, 2014, and a regional office for male prisons will close March 1, 2015. FY 2015-16 annualized General Fund savings will be \$1,017,778.

-11.00

#### **20 Tillery Correctional Center (CC) and Caledonia Correctional Institution (CI)**

(\$1,565,182) R

Consolidates the management of Tillery CC and Caledonia CI in Halifax County. The prisons are adjacent to one another and Tillery CC supports the mission of Caledonia CI.

-32.00



<b>21 Operating and Vacant Position Reduction</b>	(\$1,056,848)	R
Reduces line items in supplies (\$28,000), medical contracts and equipment (\$258,196), PC software (\$200,000), and training (\$38,299). This item also eliminates 11 vacant healthcare-related positions at NC Correctional Institution for Women and Pender Correctional Institution (\$532,353).	-11.00	
<b>22 Prison Misdemeanants</b>	(\$2,662,357)	R
Eliminates all misdemeanants from State prison. Currently, offenders with sentences between 91-180 days serve their sentence in county jails supported by the Statewide Misdemeanant Confinement Program (SMCP). SMCP is managed by the NC Sheriffs' Association and pays counties for housing, transportation, and medical care for offenders. SMCP will support approximately 1,000 additional misdemeanants with sentences greater than 180 days. This section applies to misdemeanants convicted on or after October 1, 2014, and DWI offenders convicted on or after January 1, 2015. SMCP will also expand to provide appropriate treatment for DWI offenders. Currently, North Carolina is 1 of 3 states that house misdemeanants in the state prison system without exceptional circumstances. FY 2015-16 annualized General Fund savings will be \$4,374,854. (S.L. 2014-100, Sec. 16C.1)		
<b>23 Fountain Correctional Center for Women (CCW)</b>	(\$4,397,312)	R
Closes Fountain CCW, a 531-bed minimum-custody unit in Nash County, effective January 1, 2015. This closure is part of the plan to convert Eastern Correctional Institution to a minimum-custody female facility. FY 2015-16 annualized General Fund savings will be \$8,794,623. (Technical Correction: Fountain CCW is actually in Edgecombe County, not Nash County.)	-176.00	
<b>24 North Piedmont CCW</b>	(\$1,965,095)	R
Closes North Piedmont Correctional Center for Women, a 136-bed minimum-custody unit in Davidson County, effective August 1, 2014. This closure is part of the plan to convert Eastern Correctional Institution to a minimum-custody female facility. FY 2015-16 annualized General Fund savings will be \$2,143,740.	-44.00	
<b>25 Eastern CI</b>	(\$2,560,955)	R
Converts Eastern Correctional Institution, a 429-bed medium-custody male facility in Greene County, to a minimum-custody female facility effective November 1, 2014. This conversion is part of the Division's prison closure plan and is dependent on the elimination of all misdemeanants from State prison. FY 2015-16 annualized General Fund savings will be \$4,336,433.	-102.00	
<b>G. Adult Correction and Juvenile Justice - Community Corrections</b>		
<b>26 Burke County Confinement in Response to Violation (CRV) Facility</b>	\$2,767,414	R
Provides funding, effective October 1, 2014, for a facility dedicated to housing offenders who have violated the terms of their probation and are subject to a mandatory 90-day sentence as directed by the Justice Reinvestment Act. The annualized cost for this facility will be \$3,689,886.	43.00	
<b>27 Robeson County CRV Facility</b>	\$1,559,723	R

Provides funding, effective February 1, 2015, for a facility dedicated to housing offenders who have violated the terms of their probation and are subject to a mandatory 90-day sentence as directed by the Justice Reinvestment Act. The annualized cost for this facility will be \$3,743,334.

43.00

## 28 Vehicles for Probation/Parole Officers (1370)

Provides funds to purchase new vehicles required for 100 new Probation/Parole Officer positions funded in the FY 2014-15 budget. Funds will be transferred to the Department of Administration Motor Fleet Management Division to purchase the vehicles, which will then be leased to the Department of Public Safety. Funds for the annual lease cost of each vehicle were included in the position costs for 175 new Probation/Parole Officers authorized by the Appropriations Act of 2013.

\$1,829,300 NR

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<b>Total Legislative Changes</b>	<b>\$55,574,908</b>	<b>R</b>
	<b>(\$4,390,563)</b>	<b>NR</b>
<b>Total Position Changes</b>		95.50
<b>Revised Budget</b>	<b>\$1,741,198,351</b>	

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# Special Provisions

## 2014 Session: SB 744

**Department:** Public Safety

Section: 15.2A

Title: **TRANSFER ABC COMMISSION TO DEPARTMENT OF PUBLIC SAFETY**

Summary Transfers the Alcoholic Beverage Control (ABC) Commission from the Department of Commerce to the Department of Public Safety (DPS). The Commission will be housed administratively in DPS, but the Department will have no control over the operation and management of the Commission.

Section: 15.12

Title: **LIDAR RESERVE/TOPOGRAPHICAL MAPPING OF THE STATE**

Summary Transfers \$3.2 million from Department of Commerce Disaster Relief Funds to a reserve in the Department of Public Safety for completion of the third phase of a Statewide topological mapping update using Light Detection and Ranging (LiDAR) technology.

Section: 16A.2

Title: **GOVERNOR'S CRIME COMMISSION**

Summary Modifies an existing report from the Governor's Crime Commission regarding gang activity to specify that the report should go to the chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety (JPS) and to the chairs of the Joint Legislative Oversight Committee on JPS.

Section: 16A.3

Title: **LIMITED AUTHORITY TO RECLASSIFY AND ELIMINATE CERTAIN POSITIONS**

Summary Allows the Secretary of DPS, subject to the approval of the Office of State Budget and Management (OSBM), to reclassify or eliminate existing positions in the Division of Administration as needed for the efficient operation of the Department. The Secretary must report on any position reclassification resulting from this section to the chairs of the House and Senate Appropriations Subcommittees on JPS and to the Fiscal Research Division within 30 days of the reclassification.

Section: 16B.1

Title: **COMPLIANCE WITH CJIS DATA SECURITY STANDARDS**

Summary Directs the Department to use funds available to the Division of Law Enforcement to ensure compliance with Federal Bureau of Investigation security standards relating to the access of data in its Criminal Justice Information System (CJIS). The Department is encouraged to use federal seized assets funds for this purpose.

Section: 16B.2

Title: **ABC PERMIT FEE INCREASE**

Summary Amends G.S. 18B-903 to increase the annual renewal or registration fees for ABC permits so that they will be the same as the initial permit fees. Most permits are for the sale of beer and wine,

which will increase by \$200 to \$400. The mixed beverages permit renewal will increase from \$750 to \$1,000. The total annual revenue generated by these increases is estimated to be \$9.6 million.

Section: 16B.3

Title: **ESTABLISH HAZARDOUS MATERIALS FACILITY FEE/NEW HAZMAT RESPONSE TEAM**

Summary Amends G.S. 166A-21 to create a new fee for hazardous materials. The fee will be \$50 for each hazardous chemical and \$90 for each extremely hazardous material, as defined by the federal Emergency Planning and Community Right-to-Know Act (EPCRA). The fee is capped at \$5,000. Family farms, most gas stations, and car dealers are exempted from the fee. Proceeds from the fee shall be used for the hazardous materials database, the regional response program for hazardous materials emergencies and terrorist incidents, and grants to counties for hazardous materials emergency response planning, training, and related exercises.

Section: 16B.5

Title: **MOBILE VIPER RADIOS FOR THE STATE HIGHWAY PATROL**

Summary Directs the Department to use \$2.9 million of funds available to the Division of Law Enforcement to purchase mobile 800 mHz radios for the State Highway Patrol's Voice Interoperability Plan for Emergency Response (VIPER). (Mobile radios are mounted in the trooper's vehicle, as opposed to portable radios, which are carried by the trooper.)

Section: 16B.6

Title: **STATE CAPITOL POLICE/RECEIPT-SUPPORTED POSITIONS**

Summary Allows the State Capitol Police to contract with State agencies to create receipt-supported positions to provide security services to buildings occupied by those agencies. Any positions created pursuant to this provision must be reported to the chairs of the House and Senate Appropriations Subcommittees on JPS and to the Fiscal Research Division within 30 days.

Section: 16B.7

Title: **AUTHORIZE ADDITIONAL ASSISTANT ADJUTANT GENERAL POSITION**

Summary Amends G.S. 127A-19 to allow the National Guard to appoint 2 assistant adjutants general for the Army National Guard rather than 1. These positions are federally supported. (H.B. 760/S.B. 1048)

Section: 16C.1

Title: **ALL MISDEMEANANTS TO SERVE SENTENCES IN LOCAL CONFINEMENT FACILITIES**

Summary Amends G.S. 15A-1351(a) and G.S. 15A-1352 to eliminate all misdemeanants from State prison. Misdemeanants with sentences greater than 90 days will serve their sentences in local confinement facilities that participate in the Statewide Misdemeanant Confinement Program (SMCP). The NC Sheriffs' Association administers the SMCP, a voluntary program that pays counties with surplus jail bed capacity for housing, transportation, and medical care for misdemeanants.

Section: 16C.2

Title: **REMOVE LIMITATION ON COMMUNITY WORK CREW FEE**

Summary Amends G.S. 148-32.2 to permit the Division of Adult Correction and Juvenile Justice (DACJJ) to charge local governments the actual cost of providing a community work crew.

Section: 16C.3

Title: **INMATE LABOR CONTRACT**

Summary Directs DACJJ to prioritize inmate labor contracts in areas where prisons were closed in FY 2013-14. This provision directs the Division to charge a transportation fee equivalent to the cost of transporting inmates to and from the contract site. The Division is also required to charge an administrative fee as part of the labor contract.

Section: 16C.4

Title: **EVALUATION OF ELECTRICAL DEVICES, APPLIANCES, AND EQUIPMENT USED BY THE DIVISION OF ADULT CORRECTION**

Summary Amends G.S. 66-25(b) to allow the Central Engineering Section to evaluate electrical devices, appliances, or equipment used by the DACJJ. If the Central Engineering Section does not perform the evaluation, the Department must contract with a qualified testing laboratory to have the evaluations conducted in accordance with nationally recognized standards.

Section: 16C.5

Title: **MAINTENANCE OF PRISONS**

Summary Amends S.L. 2011-412, Section 1.1 and 1.2, Maintenance of Prisons, to allow DPS to expand private maintenance contracts to additional prisons if the Department determines that savings can be realized and security maintained. The provision requires the Department to report to the Joint Legislative Commission on Governmental Operations on the anticipated savings and safety considerations prior to entering into any new contracts.

Section: 16C.6

Title: **ADULT AND JUVENILE INMATE MEDICAL COSTS**

Summary Amends S.L. 2013-360, Sec.16C.4(a), Appropriations Act of 2013, to establish and cap the rates that DPS will pay for the health care of juveniles who are in the custody of the DACJJ.

Subsection (b) amends Sec.19.6.(c) of S.L. 2010-31, Appropriations Act of 2010, to direct DPS to consult with the Division of Medical Assistance in the Department of Health and Human Services to develop protocols for juveniles committed to the Department to enable eligible juveniles to access Medicaid services.

Section: 16C.7

Title: **REPORT ON TREATMENT FOR EFFECTIVE COMMUNITY SUPERVISION PROGRAM**

Summary Repeals Sec. 16C.12 of S.L. 2013-360 to eliminate a duplicate reporting provision required of this program that was included in the 2013-15 budget.

Subsection (b) amends G.S. 143B-1155(c) to clarify and expand the reporting requirements for the Treatment for Effective Community Supervision program to include data on the utilization, capacity, and completion rates of participants in each program.

Section: 16C.8

Title: **CLARIFY THE IMPOSITION OF CONFINEMENT IN RESPONSE TO VIOLATIONS**

Summary Amends G.S.15A-1344(d2) to specify that offenders sentenced to a period of Confinement in Response to Violation (CRV) must serve the entire 90-day sentence in the custody of DACJJ.

Subsection (b) creates an effective date of October 1, 2014 for this provision.

Section: 16C.9

Title: **DETER INMATE ACCESS TO CELL PHONES**

Summary Allows DPS to use funds available to purchase equipment to deter illegal access to cell phones by inmates in the State's prisons. The Department is encouraged to find non-General Fund sources of funding for this purpose.

Section: 16C.10

Title: **USE OF CLOSED FACILITIES**

Summary Amends Sec.16A.3 of S.L. 2013-360 to allow DPS to use funds available to reopen and convert closed facilities to house offenders sentenced to a 90-day CRV.

Section: 16C.11

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

Summary Amends Sec.16C.13 of S.L. 2013-360 to allow DPS to reclassify up to 30 vacant positions as field service specialists or chief probation/parole officer positions in order to meet the demands of the increasing caseloads resulting from the implementation of the Justice Reinvestment Act.

Subsection (b) requires DPS to report to the Chairs of the House and Senate Appropriations Subcommittee on JPS by March 1, 2015 on the status of the new positions created and vacant positions eliminated.

Section: 16C.12

Title: **STATE COMMUNITY CORRECTIONS ADVISORY BOARD APPOINTMENT**

Summary Amends G.S. 143B-1157 to change the statutory composition of the Community Corrections Advisory Board by requiring the appointment of one rehabilitated ex-offender instead of two.

Section: 16C.13

Title: **STUDY 340B DRUG PRICING OPPORTUNITIES**

Summary Directs DACJJ, in conjunction with the University of North Carolina (UNC) Health Care system, to study whether inmates receiving medical care from physicians in the UNC Health Care System may be eligible for a federally-subsidized prescription drug program.

## 2014 Annotated Conference Committee Report

### Justice

#### GENERAL FUND

**FY 14-15****Total Budget Enacted 2013 Session****\$82,308,926**

#### Legislative Changes

##### A. Reserve for Salaries & Benefits

**29 Compensation Increase Reserve** \$989,918 R

Provides a \$1,000 annual recurring salary increase (~\$1,236 salary and benefit increase) for permanent full-time employees. (S.L. 2014-100, Sec. 35.1, 35.8, and 35.10)

**30 State Retirement System Contributions** \$150,676 R

Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution, provide a 1.0% cost-of-living adjustment to retirees, and reflect the ratification of H.B. 1195. Total General Fund appropriation across all sections in the committee report is \$45.5 million. (S.L. 2014-100, Sec. 35.13, 35.14, and 35.15)

##### B. Legal Services (1200)

**31 DOJ Legal Services – NCGA Litigation Reserve** (\$300,000) NR

Reduces funding for Legal Services. A corresponding \$300,000 increase is made to the North Carolina General Assembly's litigation reserve.

##### C. State Bureau of Investigation (SBI) (1300)

**32 Crime Lab Position Correction** (\$267,661) R

Transfers 5 positions from the SBI to the NC State Crime Lab. These positions support the operations of the Crime Lab and should have been transferred when the budgets were split into two fund codes in FY 2013-14. The following positions are transferred:

Number	Title	Total Cost
60011076	Processing Asst IV	\$38,245
60011060	Purchasing Agent II	\$56,074
60011091	Administrative Officer I	\$57,847
60010606	HVAC Technician	\$65,933
60011062	Program Asst V	\$49,562

(This item also appears in the State Crime Lab section of the Committee Report. See page I-12, item 34.)

**33 Transfer to Department of Public Safety** (\$32,073,086) R

Transfers the SBI from the Department of Justice to the Department of Public Safety (DPS), Law Enforcement Division. A total of 448 FTE positions are

-401.50

transferred, including 11 Special Fund positions and 35.5 receipt supported FTE positions. DPS is directed to identify \$1 million in savings from the merger in FY 2014-15. Consolidation of all of the State's major law enforcement agencies and criminal information sections under DPS should result in additional savings in the future. Medicaid Fraud Investigators who are not funded in Fund Code 1300 may be transferred in FY 2015-16 after further review of the program. (S.L. 2014-100, Sec. 17.1)

(This transfer also appears in the Department of Public Safety section of the Committee Report. See page I-3, item 10.)

#### D. State Crime Laboratory (1400)

##### 34 Crime Lab Position Correction

\$267,661 R

Transfers 5 positions from the SBI to the NC State Crime Lab. These positions support the operations of the Crime Lab and should have been transferred when the budgets were split into 2 fund codes in FY 2013-14. The following positions are transferred:

5.00

Number	Title	Total Cost
60011076	Processing Asst IV	\$38,245
60011060	Purchasing Agent II	\$56,074
60011091	Administrative Officer I	\$57,847
60010606	HVAC Technician	\$65,933
60011062	Program Asst V	\$49,562

(This item also appears in the State Bureau of Investigation section of the Committee Report. See page I-11, item 32.)

##### 35 Toxicology Outsourcing Funds

(\$500,000) R

Reduces the appropriation for private toxicology testing by 66% to \$250,000.

##### 36 Western Crime Lab - Forensic Biology/DNA Unit

\$267,390 R

Provides funding to establish a new Forensic Biology/DNA Unit at the Western Regional Laboratory, effective March 1, 2015. The annualized cost for these positions is \$802,168. Approximately 20% of Forensic Biology/DNA submissions to the Crime Laboratory originate from counties served by the Western Lab. An additional 20% originate from counties served by the Triad Lab. Currently, only the Raleigh Lab has Forensic Biology/DNA capabilities. Adding a unit to the western region will decrease turnaround time on analysis and reduce analysts' court and travel time. The unit will consist of the following positions:

10.00

- 6 Forensic Scientist I
- 2 Forensic Scientist II
- 1 Evidence Technician
- 1 Forensic Scientist Supervisor

Approximately \$1.2 million in federal grant funds will be used to pay for the equipment and other nonrecurring start-up costs for the unit. (H.B. 39, S.B. 497,



H.B. 897; S.L. 2014-100, Sec. 17.7)

(S.L. 2014-100, Sec. 36.12.(f)(1) authorizes the expenditure of \$15.4 million for a new Western Crime Lab on the Edneyville Training Academy Campus. Once that building is complete, these positions will be housed there.)

#### E. Department-wide

##### 37 Management Flexibility Reserve

(\$1,500,000) R

Directs the Department to identify efficiencies in its operations by eliminating positions, transitioning expenditures to receipt support, or reducing operating line items such as travel, purchased services, and supplies. This is a 3% reduction to the Department's remaining budget after the transfer of the State Bureau of Investigation. No reductions will be made to the State Crime Laboratory. (S.L. 2014-100, Sec. 17.6)

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<b>Total Legislative Changes</b>	<b>(\$32,665,102)</b>	<b>R</b>
	<b>(\$300,000)</b>	<b>NR</b>
<b>Total Position Changes</b>	<b>-391.50</b>	
<b>Revised Budget</b>	<b>\$49,343,824</b>	

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# Special Provisions

## 2014 Session: SB 744

**Department:** Justice

Section: 17.1

**Title:** TRANSFER THE SBI AND THE ALCOHOL LAW ENFORCEMENT SECTION

**Summary** Transfers the State Bureau of Investigation (SBI) from the Department of Justice (DOJ) to the Department of Public Safety (DPS).

Subsection (a) takes the Division of Criminal Information out of the SBI and transfers it directly under the Commissioner of Law Enforcement in DPS.

Subsection (b) transfers the remainder of the SBI to DPS as an independent agency under a Type II transfer. The director of the SBI will be responsible for all staffing and investigatory decisions. The secretary of Public Safety will be responsible for all other administrative functions, including budgeting.

Subsections (c) through (vv) make statutory and conforming changes related to the transfer.

Subsection (ww) clarifies that the SBI is housed administratively in DPS and that it is an independent agency under the direction and supervision of the director of the SBI.

Subsections (xx) through (aaa) make statutory and conforming changes related to the transfer.

Subsection (bbb) changes G.S. 114-20 (recodified as G.S. 143B-986) regarding protection of public officials by the SBI to state that the director of the SBI must notify the governor any time such protection is provided. The governor must approve the protection if it is provided for longer than 30 days.

Subsections (ccc) through (ooo) make statutory and conforming changes related to the transfer.

Subsection (ppp) creates G.S. 143B-926 providing for the appointment of the director of the SBI. The director will be appointed for an 8 year term. The first full term will begin on July 1, 2015. The director may be removed from office only by the governor and solely for the grounds set forth in G.S. 143B-13(b), (c), and (d).

Subsection (qqq) requires the governor to submit a name for the first director no later than May 1, 2015.

Subsection (rrr) directs the governor to appoint an acting director by August 31, 2014.

Subsection (sss) prohibits DOJ from making any changes to the total authorized budget of the SBI prior to the transfer.

Subsection (ttt) creates G.S. 143B-927 giving the director sole control over all personnel decisions within the SBI.

Subsection (uuu) makes Alcohol Law Enforcement (ALE) a branch of the SBI.

Subsection (vvv) clarifies that, while ALE is under the control of the director of the SBI, its broader jurisdiction remains the same and does not transfer to the SBI. ALE has statewide authority to

investigate any crime. The SBI has original jurisdiction in a limited number of crimes, such as arson and computer crimes; otherwise, its assistance must be requested by local law enforcement.

Subsection (www) clarifies that the primary responsibility of an ALE agent is to enforce ABC and lottery laws.

Subsections (xxx) through (zzz) make statutory and conforming changes related to the ALE move.

Subsection (aaaa) directs DPS to consolidate ALE and SBI regional offices by October 1, 2014, with the exception of the Asheville region, which must be consolidated by July 1, 2015.

Subsection (bbbb) requires DPS to provide three reports regarding the transfer to the chairs of the Joint Legislative Oversight Committee on JPS and the chairs of the House and Senate Appropriations Subcommittees on JPS. The following reports are required:

- An interim report by January 1, 2015;
- An interim report by April 1, 2015; and,
- A final report by October 1, 2015.

Subsection (cccc) allows DPS to use nonrecurring funds to meet the reduction requirement associated with the SBI transfer for FY 2014-15. The Department must identify recurring reductions for FY 2015-16 and report them to the Office of State Budget and Management and the Fiscal Research Division by March 1, 2015.

Subsection (dddd) authorizes DPS to use funds available to create three new positions for the SBI's Computer Crimes Unit to investigate reports of Internet crimes against children.

Subsection (eeee) makes a statutory and conforming change related to the SBI transfer.

Subsections (ffff) and (gggg) make a technical change to S.L. 2014-115, Technical and Other Corrections (H.B. 1133) to conform to changes made by this provision.

Subsection (hhhh) makes the transfer effective July 1, 2014.

(S.B. 594)

Section: 17.3

Title: **STUDY MERGER OF STATE CRIME LAB AND OFFICE OF THE STATE MEDICAL EXAMINER**

Summary Directs the Joint Legislative Oversight Committee on JPS and the Joint Legislative Oversight Committee on Health and Human Services to study merging the NC State Crime Laboratory and the Office of the State Medical Examiner into a single independent State agency. The Committees are to report their findings to the 2015 General Assembly.

Section: 17.3A

Title: **ENSURE PROPER ROLE FOR ATTORNEY GENERAL**

Summary Amends G.S. 120-32.6 to clarify that when the validity or constitutionality of an act of the General Assembly is the subject of a court action and the General Assembly hires outside counsel to represent them in connection with that action, the General Assembly is the client of the Attorney General. When this occurs, the Speaker of the House and the President Pro Tempore may designate the outside counsel as lead counsel for the General Assembly. The provision also amends G.S. 114-2.2 and G.S. 114-2.4 to provide that when a State department, agency, institution, or office to officer is sued, that department, agency, institution, or officer, rather than the Attorney General, must approve consent judgments or settlement agreements.

Section: 17.5

Title: **TRANSFER PRIVATE PROTECTIVE SERVICES BOARD AND ALARM SYSTEMS LICENSING BOARD TO THE DEPARTMENT OF PUBLIC SAFETY**

Summary Transfers the Private Protective Services Board and the Alarm Systems Licensing Board from DOJ to DPS by Type II transfer and makes other statutory conforming changes. Both boards are wholly receipt-supported by licensing fees.

Section: 17.6

Title: **MANAGEMENT FLEXIBILITY REDUCTION**

Summary Prohibits reductions to the State Crime Lab and directs the Department to report to the Fiscal Research Division by October 1, 2014 on the required management flexibility reduction.

Section: 17.7

Title: **MISCELLANEOUS PROVISIONS RELATED TO STATE CRIME LABORATORY PERSONNEL**

Summary Allows the State Crime Lab to post and advertise for new DNA positions prior to the effective date of the positions and amends G.S. 114-63 to clarify that the State Crime Lab has the authority to transfer employees between sections of the Lab.

## 2014 Annotated Conference Committee Report

### Judicial - Indigent Defense

GENERAL FUND
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FY 14-15
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Total Budget Enacted 2013 Session

\$111,357,264

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#### Legislative Changes

##### A. Reserve for Salaries & Benefits

###### 38 Compensation Increase Reserve

\$648,801 R

Provides a \$1,000 annual recurring salary increase (~\$1,236 salary and benefit increase) for permanent full-time employees. (S.L. 2014-100, Sec. 35.3)

###### 39 State Retirement System Contributions

\$153,546 R

Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution, provide a 1.0% cost-of-living adjustment to retirees, and reflect the ratification of H.B. 1195. Total General Fund appropriation across all sections in the committee report is \$45.5 million. (S.L. 2014-100, Sec. 35.13 and 35.14)

##### B. Department-wide

###### 40 Administrative Reduction for the Office of Indigent Defense Services (IDS)

(\$466,380) R

Reduces the appropriation for IDS administrative costs not related to the direct representation of clients.

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#### Total Legislative Changes

\$335,967 R

#### Total Position Changes

#### Revised Budget

\$111,693,231

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# Special Provisions

**2014 Session: SB 744**

**Department:** Judicial - Indigent Defense

Section: 18A.1

Title: **INDIGENT DEFENSE SERVICES FEE TRANSPARENCY**

Summary Directs the Office of Indigent Defense Services (IDS) to make information from most fee applications available online. IDS shall report on its progress to the chairs of the House and Senate Appropriations Subcommittees on JPS by October 1, 2014.

Section: 18A.2

Title: **FINAL REPORT ON CRIMINAL CASE INFORMATION SYSTEM**

Summary Directs the Administrative Office of the Courts and IDS to make a final report on the progress of the Criminal Case Information System for Public Defenders to the chairs of the House and Senate Appropriations Subcommittees on JPS and the chairs of the Joint Legislative Oversight Committee on JPS by July 1, 2015.

## 2014 Annotated Conference Committee Report

### Judicial

GENERAL FUND
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FY 14-15
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Total Budget Enacted 2013 Session

\$456,426,252

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#### Legislative Changes

##### A. Reserve for Salaries & Benefits

- |   |             |   |
|---|-------------|---|
| <b>41 Compensation Increase Reserve</b>   | \$3,671,777 | R |
| Provides a \$1,000 annual recurring salary increase (~\$1,236 salary and benefit increase) for permanent full-time employees. Employees eligible for a step increase through a statutory pay plan are provided at least a step increase in lieu of the \$1,000 salary increase. (S.L. 2014-100, Sec. 35.3)  |             |   |
| <b>42 Experience-based Step Increase Reserve - Assistant &amp; Deputy Clerks of Superior Court</b>  | \$3,621,172 | R |
| Provides funds for an experience-based step increase for all step-eligible Assistant and Deputy Clerks of Superior Court. Assistant and Deputy Clerks of Superior Court who are not eligible for a step are provided a \$1,000 salary increase. (S.L. 2014-100, Sec. 35.3 and 35.7)   |             |   |
| <b>43 Experience-based Step Increase Reserve - Magistrates</b>  | \$3,733,327 | R |
| Increases the entry rate of pay and all subsequent steps of the Magistrate pay plan defined in G.S. 7A-171.1(a)(1) and provides all step-eligible Magistrates with a step. Salaries of Magistrates not eligible for a step shall be increased to reflect the new salary schedule. A provision in the Salaries and Benefits part of the Appropriations Act provides additional details on this increase. (S.L. 2014-100, Sec. 35.3 and 35.7) |             |   |
| <b>44 State Retirement System Contributions</b>   | \$1,138,738 | R |
| Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution, provide a 1.0% cost-of-living adjustment to retirees, and reflect the ratification of H.B. 1195. Total General Fund appropriation across all sections in the committee report is \$45.5 million. (S.L. 2014-100, Sec. 35.13 and 35.14)   |             |   |
| <b>45 Consolidated Judicial Retirement System</b>   | (\$560,000) | R |
| Reduces the State's contribution to the Consolidated Judicial Retirement System for FY 2014-15 to match the Annual Required Contribution after providing a 1.0% cost-of-living adjustment to retirees and reflecting ratification of H.B. 1195. (S.L. 2014-100, Sec. 35.13 and 35.14; S.L. 2014-88)   |             |   |

**B. Department-wide**

- 46 Administrative Reduction for the Administrative Office of the Courts (AOC)** (\$2,925,344) R  
 Allows AOC to identify savings throughout the Department to achieve a \$2.9 million reduction. AOC shall not eliminate any State-funded position in a district operating at less than 100% of the recommended staffing level identified by the current workload formula developed for that position in consultation with the National Center for State Courts.
- 47 Salary Reserve** (\$41,600) R  
 Directs AOC to budget salaries at actual levels.

**C. Administration and Service (1100)**

- 48 Technology Services** (\$500,000) R  
 Reduces the appropriation for AOC's Technology Services Division by 3.2%, leaving \$15,096,017.

**D. Pass-throughs (1800)**

- 49 Access to Civil Justice Grant** (\$671,250) R  
 Eliminates the Access to Civil Justice funds, which pass through AOC's budget to the NC State Bar.

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<b>Total Legislative Changes</b>	<b>\$7,466,820</b>	<b>R</b>
<b>Total Position Changes</b>		
<b>Revised Budget</b>	<b>\$463,893,072</b>	

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# Special Provisions

**2014 Session: SB 744**

**Department:** Judicial

Section: 18B.1

**Title: AMEND VARIOUS PROVISIONS REQUIRING REPORTS ON THE OPERATIONS OF THE COURTS**

**Summary** Codifies as G.S. 7A-34.3 and makes technical changes to various reporting requirements for the Administrative Office of the Courts (AOC). All reports shall be sent to the chairs of the House and Senate Appropriations Subcommittees on JPS and the chairs of the Joint Legislative Oversight Committee on JPS. The reports have varying due dates.

Section: 18B.2

**Title: ANNUAL REPORT ON CRIMINAL COURT COST WAIVERS**

**Summary** Amends S.L. 2011-145, Sec. 15.10(b), Appropriations Act of 2011, to change the court report on criminal cost waivers to include information about the district in which the waiver or waivers were granted and the name of the judge granting a waiver or waivers. The report goes to the chairs of the House and Senate Appropriations Subcommittees on JPS and the chairs of the Joint Legislative Oversight Committee on JPS by February 1 of each year.

Section: 18B.3

**Title: COMPENSATION OF COURT REPORTERS**

**Summary** Amends S.L. 2013-360, Sec. 18B.21, Appropriations Act of 2013, to create a final report on the compensation of court reporters to be delivered to the chairs of the House and Senate Appropriations Subcommittees on JPS and the chairs of the Joint Legislative Oversight Committee on JPS by January 1, 2015.

Section: 18B.4

**Title: FAMILY COURT PROGRAMS**

**Summary** Amends S.L. 2013-360, Sec. 18B.6 to annualize the report on Family Court so that it will be sent to the chairs of the House and Senate Appropriations Subcommittees on JPS and the chairs of the Joint Legislative Oversight Committee on JPS by March 1 of each year.

Section: 18B.5

**Title: TRAINING FOR SUPERIOR AND DISTRICT COURT JUDGES**

**Summary** Directs the School of Government at the University of North Carolina at Chapel Hill to work with AOC, the NC Association of District Court Judges, the NC Conference of Superior Court Judges, and the NC State Crime Laboratory to regularly train judges on the operations of the NC State Crime Laboratory.

Section: 18B.6

**Title: ABOLISH FOUR SPECIAL SUPERIOR COURT JUDGESHIPS/PROVIDE FOR TWO ADDITIONAL BUSINESS COURT JUDGES/PROCEDURE FOR NOMINATION AND CONFIRMATION OF SPECIAL SUPERIOR COURT JUDGES**

Summary Amends G.S. 7A-45.1 to abolish 4 special superior court judgeships and create 2 new special superior court judgeships with the intention that they be designated as business court judges by the Chief Justice. After September 1, 2014, all new special superior court judges will follow a confirmation process where the Governor nominates a potential judge and the General Assembly confirms or rejects the nominee. (H.B. 1078)

Section: 18B.7

Title: **ALLOCATION OF ASSISTANT DISTRICT ATTORNEYS**

Summary Amends G.S. 7A-60(a2) to direct AOC to use the workload formulas developed in consultation with the National Center for State Courts when recommending the allocation of Assistant District Attorney positions.

Section: 18B.13

Title: **MAINTAIN TRIAL COURT ADMINISTRATOR**

Summary Directs AOC to maintain the trial court administrator position in Superior Court Districts 7B and 7C

Section: 18B.14

Title: **AUTHORIZE THE COURT TO ASSESS A FEE FOR THE COSTS OF THE SERVICES OF A PRIVATE HOSPITAL PERFORMING TOXICOLOGICAL TESTING FOR A PROSECUTORIAL DISTRICT**

Summary Amends G.S. 7A-304(a) to establish a \$600 court fee for toxicological testing and expert witness testimony by private hospitals. (H.B. 1203)

Section: 18B.16

Title: **THREE-JUDGE PANEL TO RULE ON CLAIMS THAT AN ACT OF THE GENERAL ASSEMBLY IS FACIALLY INVALID ON THE BASIS THAT THE ACT VIOLATES THE NORTH CAROLINA CONSTITUTION OR FEDERAL LAW**

Summary Creates Article 26A of G.S. 1 to establish that any facial challenge to the validity of an act by the General Assembly shall be heard by a three-judge panel in the Superior Court of Wake County. The Chief Justice shall appoint each judge from one of the three regions of the State. (H.B. 189)

Section: 18B.17

Title: **LEGAL AID REPORT**

Summary Requires Legal Aid of North Carolina to report quarterly beginning October 1, 2014, to the chairs of the House and Senate Appropriations Subcommittees on JPS and the Fiscal Research Division on the cases in which Legal Aid appears as counsel and investigative activity related to the Access to Civil Justice Act.

## ABC Commission

Budget Code: 5455X

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	FY 2014-15
<b>Beginning Unreserved Fund Balance</b>	<b>\$0</b>
<b>Recommended Budget</b>	
Requirements	\$0
Receipts	\$0
Positions	0.00

---

**Legislative Changes****Requirements:****ABC Commission**

\$4,873,156 R

Transfers the budget for the ABC Commission from the Department of Commerce's Enterprise budget (54600) to a new enterprise fund in the Department of Public Safety in accordance with the Type II transfer of the ABC Commission to the Department of Public Safety. (S.L. 2014-100, Section 15.2A)

\$0 NR

46.00

(This item also appears in the Natural and Economic Resources special fund section on page H-68.)

**ABC Warehouse**

\$8,131,662 R

Transfers the ABC Commission's Warehouse budget from the Department of Commerce's Enterprise budget (54600) to a new enterprise fund in the Department of Public Safety in accordance with the Type II transfer of the ABC Commission to the Department of Public Safety. (S.L. 2014-100, Section 15.2A)

\$0 NR

0.00

(This item also appears in the Natural and Economic Resources special fund section on page H-68.)

**FY 2014-15**

**Underage Drinking Initiative**

Transfers the ABC Commission's Underage Drinking Initiative budget from the Department of Commerce's Enterprise budget (54600) to a new enterprise fund in the Department of Public Safety in accordance with the Type II transfer of the ABC Commission to the Department of Public Safety. (S.L. 2014-100, Section 15.2A)

\$2,568 R  
NR  
0.00

(This item also appears in the Natural and Economic Resources special fund section on page H-68.)

**Subtotal Legislative Changes**

**\$13,007,386** R  
**\$0** NR  
46.00

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**Receipts:**

**ABC Commission**

Transfers the cash balance in the ABC Commission budget from the Department of Commerce's Enterprise budget (54600) to a new enterprise fund in the Department of Public Safety. (S.L. 2014-100, Sec. 15.2A)

\$4,873,156 R  
\$1,069,328 NR

(This item also appears in the Natural and Economic Resources special fund section on page H-69.)

**ABC Warehouse**

Transfers the cash balance from the ABC Commission's Warehouse fund in the Department of Commerce's Enterprise budget (54600) to a new enterprise fund in the Department of Public Safety. (S.L. 2014-100, Sec. 15.2A)

\$8,131,662 R  
\$2,564,818 NR

(This item also appears in the Natural and Economic Resources special fund section on page H-69.)

**FY 2014-15**

**Underage Drinking Initiative**

\$2,568 R

Transfers the budget and the cash balance for the Underage Drinking Initiative from Commerce's Enterprise budget (54600) to a new enterprise fund in the Department of Public Safety. (S.L. 2014-100, Sec. 15.2A)

\$1,229,788 NR

(This item also appears in the Natural and Economic Resources special fund section on page H-69.)

**Subtotal Legislative Changes**

**\$13,007,386 R**

**\$4,863,934 NR**

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**Revised Total Requirements**

**\$13,007,386**

**Revised Total Receipts**

**\$17,871,320**

**Change in Fund Balance**

**\$4,863,934**

**Total Positions**

**46.00**

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**Unappropriated Balance Remaining**

**\$4,863,934**

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# **General Government**

## **Section J**

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## ( 1.0) Cultural Resources

GENERAL FUND

FY 14-15

Total Budget Enacted 2013 Session

\$63,008,100

**Legislative Changes****Reserve for Salaries & Benefits****1 Compensation Increase Reserve**

\$778,215 R

Provides a \$1,000 annual recurring salary increase (~\$1,236 salary and benefit increase) for permanent full-time employees. (S.L. 2014-100, Sec. 35.10)

**2 State Retirement System Contributions**

\$117,353 R

Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution, provide a 1.0% cost-of-living adjustment to retirees, and reflect the ratification of H.B. 1195. Total General Fund appropriation across all sections in the committee report is \$45.5 million. (S.L. 2014-100, Sec. 35.13 and 35.14)

**Historic Publications (1220)****3 Historic Publications Positions**

(\$186,885) R

Reduces staff and operations funds for the Historic Publications Unit. There remains approximately \$173,484 in the account to be used to continue producing the publications that are required in G.S. 121-4.

-3.00

60083324 Editor I \$39,761  
60083313 Administrator \$61,676  
60083322 Administrative Secretary II \$38,947

**Historic Sites (1241)****4 Position Elimination**

(\$63,870) R

Eliminates an educator position located in Kinston vacated by a retirement.

-1.00

60084315 Education Coordinator \$47,887

**Marketing****5 Strategic Marketing**

\$43,000 R

Continues funding for a strategic marketing initiative that began in FY 2013-14.

**NC Museum of History (1500)****6 Museum of History**

(\$114,961) R

Reduces funds appropriated to the Museum of History by 2%. State appropriations for the museum will be \$5.6 million for FY 2014-15.

**Statewide Library Programs and Grants (1480)****7 Library Grants**

(\$284,000) R

Reduces funds appropriated for grants to local libraries by 2%. There remains \$13,207,033 in State appropriations and \$4,381,126 available in federal grants for FY 2014-15. (S.L. 2014-100, Sec. 19.2)

**Tryon Palace****8 Operations**

\$400,000 R

Increases recurring funding for Tryon Palace. The total State appropriations for Tryon Palace will be \$3,042,252 for FY 2014-15.

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**Legislative Changes**

\$688,852 R

**Total Position Changes**

-4.00

**Revised Budget****\$63,696,952**

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# Special Provisions

## 2014 Session: SB 744

### Department: ( 1.0) Cultural Resources

Section: 19.2

Title: **CAP GRANTS FROM STATE AID TO LIBRARIES FUND**

Summary Limits the library grant award to a single county at \$400,000 for FY 2014-15.

Section: 19.4

Title: **QUEEN ANNE'S REVENGE PROJECT SPECIAL FUND**

Summary Amends G.S. 143B-53.3 to create a special fund for the Queen Anne's Revenge Project. This fund is interest-bearing and comprised of receipts from private donations, grant funds, and earned revenue. Funds may only be used to pay for operational and administrative costs related to the Queen Anne's Revenge Project.

Section: 19.5

Title: **EXEMPT DCR FROM OPERATING RULES REQUIREMENTS RELATED TO HISTORIC SITES AND MUSEUMS**

Summary Amends G.S. 121-7.3 to exempt the Department of Cultural Resources (DCR) from rule making requirements when changing operating days and/or hours at State historic sites, Tryon Palace, and the USS North Carolina Battleship.

Section: 19.6

Title: **CLOSURE OF MOUNTAIN GATEWAY MUSEUM PROHIBITED**

Summary Prohibits DCR from closing the Mountain Gateway Museum during FY 2014-15.

Section: 19.7

Title: **DCR BUDGET INTEGRITY**

Summary Directs the Office of State Budget and Management to correctly prepare the budgets for Archives and Records, Historic Preservation, and Personal Services.

Section: 19.9

Title: **DCR UMSTEAD EXEMPTION FOR CERTAIN EVENTS, ACTIVITIES, AND PROGRAMMING**

Summary Amends G.S. 66-58(b)(9b) to add revenues from public and private special events, activities, and programming to those actions exempt from The Umstead Act. Any revenues generated from these activities are to be used to support the operation of historic sites or museums.

( 2.0) Cultural Resources - Roanoke Island  
Commission

GENERAL FUND

FY 14-15

Total Budget Enacted 2013 Session

\$450,000

Legislative Changes

Roanoke Island Commission

9 Operations

(\$9,000) R

Reduces funds appropriated to the Roanoke Island Commission for operation of the Roanoke Island Festival Park by 2%. The State appropriations for FY 2014-15 will be \$441,000.

Legislative Changes

(\$9,000) R

Total Position Changes

Revised Budget

\$441,000

# Special Provisions

**2014 Session: SB 744**

**Department:** ( 2.0) Cultural Resources - Roanoke Island Commission

Section: 19.8

**Title:     MODIFY ROLES OF ROANOKE ISLAND COMMISSION AND DEPARTMENT OF CULTURAL RESOURCES IN MANAGING ROANOKE ISLAND FESTIVAL PARK**

**Summary**   Amends G.S. 143B-B1 to reestablish the role of the Roanoke Island Commission to become an advisory board to DCR regarding operations of the Roanoke Island Festival Park.   DCR will directly manage and operate the Roanoke Island Festival Park.

## ( 3.0) Insurance

GENERAL FUND

FY 14-15

Total Budget Enacted 2013 Session

\$38,003,624

## Legislative Changes

## Reserve for Salaries &amp; Benefits

## 10 Compensation Increase Reserve

\$455,884 R

Provides a \$1,000 annual recurring salary increase (~\$1,236 salary and benefit increase) for permanent full-time employees. (S.L. 2014-100, Sec. 35.1 and 35.10)

## 11 State Retirement System Contributions

\$106,769 R

Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution, provide a 1.0% cost-of-living adjustment to retirees, and reflect the ratification of H.B. 1195. Total General Fund appropriation across all sections in the committee report is \$45.5 million. (S.L. 2014-100, Sec. 35.13 and 35.14)

## Administration (1100)

## 12 Operations

(\$20,000) R

Reduces funds available for miscellaneous contracts throughout Administration by .36% and leaves \$5,570,747 remaining for FY 2014-15.

## Agency Wide

## 13 Position Eliminations

(\$433,955) R

Eliminates 4 vacant and 3.8 filled positions. The remaining amount is \$34,206,053 in personal services for FY 2014-15.

-7.80

60013402	Office Assistant IV	\$26,013
60013409	Administrative Assistant I	\$29,856
60013487	Program Assistant V	\$27,875
60013668	Insurance Company Examiner	\$54,648
60013694	Insurance Co. Examiner	\$69,401
60013467	Office Assistant IV	\$34,518
60013489	Office Assistant III	\$29,745
60013531	Insurance Regulations Analyst III (.8 FTE)	\$47,116

**14 Over-realized Receipts**

(\$200,000) R

Reduces appropriations based upon anticipated additional receipts from collection agencies for license fees.

**Office of State Fire Marshal (1500)****15 Communications, Printing, and Various Line Items**

(\$200,000) R

Reduces funds appropriated for the purpose of communications, data, and programming and brings the budget closer to actual expenditures of prior years. The FY 2014-15 State appropriations for 5328XX accounts will be approximately \$800,000.

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**Legislative Changes**

(\$291,302) R

**Total Position Changes**

-7.80

**Revised Budget****\$37,712,322**

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# Special Provisions

**2014 Session: SB 744**

**Department:** ( 3.0) Insurance

Section: 20.2

Title: **Insurance Regulatory Charge**

Summary Increases the insurance regulatory charge under G.S. 58-6-25 from 6% to 6.5% beginning January 1, 2015. The North Carolina Industrial Commission's activities related to workers' compensation cases is added as an allowable use of this fund. (See also S.L. 2014-100, Sec. 15.16B)



## ( 5.0) State Board of Elections

GENERAL FUND

FY 14-15

Total Budget Enacted 2013 Session

\$5,693,244

**Legislative Changes****Reserve for Salaries & Benefits****16 Compensation Increase Reserve**

\$63,056

R

Provides a \$1,000 annual recurring salary increase (~\$1,236 salary and benefit increase) for permanent full-time employees. (S.L. 2014-100, Sec. 35.10)

**17 State Retirement System Contributions**

\$13,517

R

Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution, provide a 1.0% cost-of-living adjustment to retirees, and reflect the ratification of H.B. 1195. Total General Fund appropriation across all sections in the committee report is \$45.5 million. (S.L. 2014-100, Sec. 35.13 and 35.14)

**Information Systems Division (1300)****18 Contract Elimination**

(\$117,415)

R

Eliminates funds for contracting of data services; the functions previously performed by a vendor are now completed by State Board of Elections staff.

**Investigations****19 Investigator Positions (1200)**

\$201,657

R

Provides funding for three new positions to investigate fraud in elections, discrepancies in voter registration information, including duplicate registrations, and to pursue prosecution for violations of election law.

3.00

**Legislative Changes**

\$160,815

R

**Total Position Changes**

3.00

**Revised Budget**

\$5,854,059

# Special Provisions

**2014 Session: SB 744**

**Department:** ( 5.0) State Board of Elections

Section:

Title: **No Special Provisions**

Summary

## ( 6.0) General Assembly

GENERAL FUND

FY 14-15

Total Budget Enacted 2013 Session

\$51,634,767

**Legislative Changes****Reserve for Salaries & Benefits****20 Compensation Increase Reserve**

\$654,365 R

Provides a \$1,000 annual recurring salary increase (~\$1,236 salary and benefit increase) for permanent and temporary full-time employees. (S.L. 2014-100, Sec. 35.4 and 35.10)

**21 State Retirement System Contributions**

\$173,829 R

Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution, provide a 1.0% cost-of-living adjustment to retirees, and reflect the ratification of H.B. 1195. Total General Fund appropriation across all sections in the committee report is \$45.5 million. (S.L. 2014-100, Sec. 35.13 and 35.14)

**House and Senate (1110 & 1120)****22 General Government Oversight Committee**

\$34,733 R

Provides funds for the Joint Legislative Oversight Committee on General Government. The Committee will be comprised of 12 members who will meet during the interim to monitor implementation of laws, budget, and reports from the seventeen agencies within the purview of the appropriations subcommittees on General Government.

**Information Systems Division (1217)****23 Operations**

Reduces funds appropriated for operations for FY 2014-15. This reduction will be offset by one-time carry-forward funds that would have otherwise transferred into a reserve account.

(\$400,000) NR

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<b>Legislative Changes</b>	<b>\$862,927</b>	<b>R</b>
	<b>(\$400,000)</b>	<b>NR</b>
<b>Total Position Changes</b>		
<b>Revised Budget</b>	<b>\$52,097,694</b>	

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# Special Provisions

**2014 Session: SB 744**

**Department:** ( 6.0) General Assembly

Section: 22.1

Title: **Create Joint Legislative Committee on General Government**

Summary Creates a new G.S. 120-29.5 for the new Joint Legislative Oversight Committee on General Government. The Committee will review budgets, services, and programs provided by the agencies that are within the purview of the General Government Appropriations Subcommittees.

## ( 7.0) Governor

GENERAL FUND

FY 14-15

Total Budget Enacted 2013 Session

\$7,172,132

**Legislative Changes****Reserve for Salaries & Benefits****24 Compensation Increase Reserve**

\$63,922 R

Provides a \$1,000 annual recurring salary increase (~\$1,236 salary and benefit increase) for permanent full-time employees. (S.L. 2014-100, Sec. 35.1 and 35.10)

**25 State Retirement System Contributions**

\$15,887 R

Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution, provide a 1.0% cost-of-living adjustment to retirees, and reflect the ratification of H.B. 1195. Total General Fund appropriation across all sections in the committee report is \$45.5 million. (S.L. 2014-100, Sec. 35.13 and 35.14)

**Administration****26 Operations Reduction and Position Elimination**

(\$115,430) R

Eliminates recurring funding for one Washington, DC-based federal government liaison and other operating costs. Funds have been transferred annually to the North Carolina Department of Transportation to partially fund this position. Additionally, nonrecurring funds are provided for FY 2014-15 to continue funding this position for one more year.

\$80,866 NR

60014914 Federal Legislative Programs Coordinator \$80,866

**Legislative Changes**

(\$35,621) R

\$80,866 NR

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

\$7,217,377

# Special Provisions

**2014 Session: SB 744**

**Department:** ( 7.0) Governor

Section: 23.1

Title: **EDUCATION AND WORKFORCE INNOVATION PROGRAM**

Summary Reduces the match requirement of grantees from 25% of total program costs to matching only 50% of grant funds received and allows in-kind contributions to be counted toward this requirement. Additionally, the North Carolina Education and Workforce Innovation Commission membership is increased from 11 to 14 members.

## ( 8.0) State Budget &amp; Management

GENERAL FUND

FY 14-15

Total Budget Enacted 2013 Session

\$7,534,217

**Legislative Changes****Reserve for Salaries & Benefits****27 Compensation Increase Reserve**

\$75,025 R

Provides a \$1,000 annual recurring salary increase (~\$1,236 salary and benefit increase) for permanent full-time employees. (S.L. 2014-100, Sec. 35.10)

**28 State Retirement System Contributions**

\$23,033 R

Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution, provide a 1.0% cost-of-living adjustment to retirees, and reflect the ratification of H.B. 1195. Total General Fund appropriation across all sections in the committee report is \$45.5 million. (S.L. 2014-100, Sec. 35.13 and 35.14)

**Administration****29 Position Elimination**

(\$50,684) R

Eliminates 1 vacant position.

-1.00

60056045 Grants Assistant \$37,000

**Technology and Data Services (1310)****30 Contract**

(\$100,000) R

Reduces funds for a maintenance agreement/server software contract by 15%, leaving \$587,487 for FY 2014-15.

**Legislative Changes**

(\$52,626) R

**Total Position Changes**

-1.00

**Revised Budget**

\$7,481,591



# Special Provisions

**2014 Session: SB 744**

**Department:** ( 8.0) State Budget & Management

Section: 24.3

**Title: STAFFING ANALYSIS OF STATE AGENCY BUSINESS FUNCTIONS AND REDEPLOYMENT  
OF RESOURCES FROM HR/PAYROLL MANAGEMENT**

**Summary** Repeals Sec. 6.7 of S.L. 2007-323, 2007 Appropriations Act, to direct the Office of State Budget and Management to discontinue a staffing analysis report.

## ( 9.0) State Budget and Management - Special

GENERAL FUND

FY 14-15

Total Budget Enacted 2013 Session

\$1,520,000

**Legislative Changes****Special Appropriations****31 Resources Education Assistance Counseling and Housing of Macon County**

Provides funding to Resources Education Assistance Counseling and Housing of Macon County, Inc. (REACH) to match other funds for the construction of a shelter for battered women and families. The complex will serve individuals in and around Macon and Jackson counties. (S.L. 2014-100, Sec. 24.2)

\$75,000 NR

**32 Amphitheater Rehabilitation**

Provides funds to The Andrew Jackson Historical Foundation, Inc. to rebuild a dilapidated amphitheater. This grant requires a match of other funds locally. (S.L. 2014-100, Sec. 24.1)

\$100,000 NR

**Special Appropriations (13085)****33 North Carolina Humanities Council**

Eliminates the grant-in-aid to the Humanities Council.

(\$20,000) R

**Legislative Changes**

(\$20,000) R

\$175,000 NR

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

\$1,675,000

# Special Provisions

**2014 Session: SB 744**

**Department:** ( 9.0) State Budget and Management - Special

Section: 24.1

Title: **MUSEUM OF WAXHAW AMPHITHEATER**

Summary Appropriates funds for the Museum of Waxhaw Amphitheater for the purpose of rebuilding the dilapidated amphitheater. These funds shall be used in conjunction with other funds to complete this effort.

Section: 24.2

Title: **WOMEN'S SHELTER FOR MACON AND JACKSON COUNTIES**

Summary Appropriates funds for Resources, Education, Assistance, Counseling, and Housing of Macon County, Inc. for the construction of a facility to shelter families of domestic violence in Macon and Jackson Counties. These funds are to be matched dollar-for-dollar.

## (10.0) Auditor

GENERAL FUND

FY 14-15

Total Budget Enacted 2013 Session

\$11,217,468

**Legislative Changes****Reserve for Salaries & Benefits****34 Compensation Increase Reserve**

\$150,841 R

Provides a \$1,000 annual recurring salary increase (~\$1,236 salary and benefit increase) for permanent full-time employees. (S.L. 2014-100, Sec. 35.1 and 35.10)

**35 State Retirement System Contributions**

\$40,958 R

Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution, provide a 1.0% cost-of-living adjustment to retirees, and reflect the ratification of H.B. 1195. Total General Fund appropriation across all sections in the committee report is \$45.5 million. (S.L. 2014-100, Sec. 35.13 and 35.14)

**Agency Wide****36 Operations Reductions**

(\$37,000) R

Reduces funds appropriated for travel, lodging and telephone services in the 537XX accounts. There remains \$286,303 in these accounts for FY 2014-15.

\$154,799 R

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

\$11,372,267

# Special Provisions

**2014 Session: SB 744**

**Department:** (10.0) Auditor

Section: 25.1

Title: **PRIVATE AUDIT OF PENSION FUND**

Summary Directs the State Auditor to hire a commercial independent expert audit firm to evaluate the governance, operations, and investment practices of the State Treasurer. The audit firm shall evaluate potential cost-savings and performance impact that may result from internal management of investments.

Section: 25.2

Title: **EXPAND THE STATE AUDITOR'S AUTHORITY TO PUBLISH REPORTS AND PROVIDE DISCRETION WHEN CHARGING AND COLLECTING COSTS OF CERTAIN AUDITS**

Summary Amends G.S. 147-64.6(c) to allow, but not require, the State Auditor to publish state agency audits conducted by outside auditors on the auditor's website. The State Auditor is no longer required to charge for audits from various licensing boards, but rather may choose to charge and collect those fees.

Section: 25.3

Title: **STATE AUDITOR/REPORT EVIDENCE OF CRIMINAL MISCONDUCT**

Summary Amends G.S. 147-64.6(c) to require the State Auditor to report any evidence of criminal misconduct to either the State Bureau of Investigation or the district attorney for the county where the alleged misconduct occurred.

**(11.0) Revenue****GENERAL FUND****FY 14-15****Total Budget Enacted 2013 Session****\$80,896,458****Legislative Changes****Reserve for Salaries & Benefits****37 Compensation Increase Reserve**

\$1,151,362 R

Provides a \$1,000 annual recurring salary increase (~\$1,236 salary and benefit increase) for permanent full-time employees. (S.L. 2014-100, Sec. 35.10)

**38 State Retirement System Contributions**

\$223,228 R

Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution, provide a 1.0% cost-of-living adjustment to retirees, and reflect the ratification of H.B. 1195. Total General Fund appropriation across all sections in the committee report is \$45.5 million. (S.L. 2014-100, Sec. 35.13 and 35.14)

**Administrative Services (1681)****39 Asheville Office Space Lease**

\$103,061 R

Increases the budget for the Asheville office space lease to pay for the physical security upgrades required by new IRS regulations.

**Agency Wide****40 Vacant Position Elimination**

(\$634,375) R

Eliminates vacant positions. The positions eliminated are:

-9.00

60081349 Business And Technology ApplicSpec I(\$62,865)  
 60081578 Processing Assistant III (\$26,215)  
 60081418 Tax Administrator I (\$86,681)  
 60081363 Business And Technology Applic Analyst (\$43,917)  
 60082209 Business Systems Analyst (\$51,487)  
 60081943 Tax Auditor Mgr (\$47,195)  
 60081872 Revenue Field Auditor Supv (\$70,668)  
 60081970 Field Auditor Team Leader (\$60,311)  
 60082632 Processing Assistant IV (\$28,832)

**41 Operating Expenses Transferred to Receipt Support**

(\$2,360,425) R

Shifts ongoing expenses and one position to the Collection Assistance Fee. The position is Revenue Officer I and a salary of \$40,125.

-1.00

Fund 1605 - Information Technology

Fund 1660 - Collection

Fund 1663 - Examination

Fund 1681 - Administrative Services

(This item also appears on page J-25 Project Collect Tax, Budget Code: 24704.)

**Property Tax (1629)****42 MotoTax Project**

Authorizes the Department of Revenue to pay for expenditures related to the MotoTax Project, a collaboration between the Department of Transportation and the Department of Revenue. The cost will be \$795,236 recurring and will come from property tax collections on motor vehicles collected by the Division of Motor Vehicles.

**43 Local Government Division Positions**

Adds five positions to the Local Government Division. The cost of the positions will be \$400,575 recurring and \$36,575 nonrecurring. Funding for the positions will come from local sales and use tax receipts. These positions will aid counties in auditing refund requests from nonprofits and governmental units.

**Legislative Changes**

(\$1,517,149) R

**Total Position Changes**

-10.00

**Revised Budget****\$79,379,309**

## Project Collect Tax

Budget Code: 24704

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	<b>FY 2014-15</b>
<b>Beginning Unreserved Fund Balance</b>	<b>\$56,140,869</b>
<b>Recommended Budget</b>	
Requirements	<b>\$22,632,612</b>
Receipts	<b>\$22,632,612</b>
Positions	<b>0.00</b>

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**Legislative Changes****Requirements:****Scanner Replacement**

Provides nonrecurring funds to the Department of Revenue to purchase new document scanners. The current scanners are out of date and will be vulnerable to computer viruses once Microsoft ceases patching Windows XP. The Department of Revenue will receive 4 new scanners responsible for scanning correspondence, checks, and returns. In 2013, the current scanners processed more than 11 million documents. (S.L. 2014-100, Sec. 26.3)

\$0 R  
\$1,600,000 NR  
0.00

**Locator Services**

Increases the cap on taxpayer locator services from \$150,000 to \$350,000. Funds for the increase will come from the Collection Assistance Fee. Funds pay for extending the program that works with financial institutions in the State to locate asset information for taxpayers with overdue tax debts. (S.L. 2014-100, Sec. 26.1)

\$200,000 R  
\$0 NR  
0.00

**Taxpayer Assistance Call Center**

Appropriates funds to the Department of Revenue to open a second call center in Guilford County.

\$3,938,078 R  
\$0 NR  
50.00

**Criminal Investigation Division Special Agents**

Authorizes the Department of Revenue to use funds collected through the Collection Assistance Fee to hire two new special agents to pursue individuals and businesses with overdue tax debts. The cost for the new agents will be \$228,425 recurring and \$10,430 nonrecurring.

\$228,425 R  
\$10,430 NR  
2.00



**FY 2014-15**

**Collection E-Service**

Transfers funds to Budget Code 24708 Fund 2478, to support the collection e-service initiative as part of the Integrated Tax Administration System (ITAS) replacement project.

\$0 R  
\$7,549,000 NR  
0.00

(This item also appears on page J-28 ITAS Replacement, Budget Code: 24708.)

**Taxpayer Assistance Call Center**

Authorizes the Department of Revenue to spend \$1,477,585 in nonrecurring funds to upgrade technology for the Interactive Voice Response (IVR) system and provide the flexibility for the installation of additional phone lines.

\$0 R  
\$1,477,585 NR  
0.00

**ABC Permit/Tax Compliance Program**

Authorizes the Department of Revenue to spend \$30,000 from the Collection Assistance Fee to implement software applications that will ensure applicants for Alcoholic Beverage Control retail permits are in compliance with North Carolina tax statutes.

\$0 R  
\$30,000 NR  
0.00

**Operating Expenses Transferred to Receipt Support**

Shifts ongoing expenses and 1 position to the Collection Assistance Fee. The position is Revenue Officer I with a salary of \$40,125.

\$2,360,425 R  
\$0 NR  
1.00

Fund 1605 - Information Technology  
Fund 1660 - Collection  
Fund 1663 - Examination  
Fund 1681 - Administrative Services

(This item also appears on page J-23, item 41.)

**Subtotal Legislative Changes**

\$6,726,928 R  
\$10,667,015 NR  
53.00

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**Receipts:**

2014 Annotated Conference Committee Report

	<b>FY 2014-15</b>	
<b>Operating Expenses Transferred to Receipt Support</b>	\$0	R
	\$0	NR
<b>Collection Agency Service</b>	\$0	R
	\$0	NR
<b>ABC Permit/Tax Compliance Program</b>	\$0	R
	\$0	NR
<b>Subtotal Legislative Changes</b>	<b>\$0</b>	<b>R</b>
	<b>\$0</b>	<b>NR</b>
<hr/>		
<b>Revised Total Requirements</b>	<b>\$40,026,555</b>	
<b>Revised Total Receipts</b>	<b>\$22,632,612</b>	
<b>Change in Fund Balance</b>	<b>(\$17,393,943)</b>	
<b>Total Positions</b>	<b>53.00</b>	
<hr/>		
<b>Unappropriated Balance Remaining</b>	<b>\$38,746,926</b>	

## ITAS Replacement, code 2478

Budget Code: 24708

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	<b>FY 2014-15</b>
<b>Beginning Unreserved Fund Balance</b>	<b>\$29,853,135</b>
<b>Recommended Budget</b>	
Requirements	<b>\$51,024,601</b>
Receipts	<b>\$27,874,319</b>
Positions	<b>7.00</b>

---

**Legislative Changes****Requirements:****Collections Case Management**

Authorizes the Department of Revenue to use funds available to begin implementation of a new case management system for the Collections Division as part of the replacement of the Integrated Tax Administration System (ITAS).

\$0	R
\$5,000,000	NR
0.00	

**Collection E-Service**

Provides funds from the Collection Assistance fee to implement an e-garnishment project that will automate management of the garnishment process, verification of NC-3s and W-2s, web portal for installment payments, and a decision analytics framework.

\$0	R
\$7,549,000	NR
0.00	

**Tax Information Management System Funding**

Authorizes the Department of Revenue to use available funds to support the remediation of the backlog and ongoing support and maintenance of Release 3 of the Tax Information Management System (TIMS) for several tax schedules including alcoholic beverage, tobacco products, estate, and gift tax. Funding for the time-limited positions is included in the appropriated funds. The funds come from a special fund containing money from General Fund appropriations, Collection Assistance Fee, and the TIMS benefit stream. (S.L. 2014-100, Sec. 7.5)

\$0	R
\$11,080,942	NR
0.00	

**FY 2014-15**

**Corporate Electronic Filing Contract**

Provides funds for an existing contract for the development of a corporate electronic tax filing system. This contract was previously authorized and this appropriation continues the funding for this effort. (S.L. 2014-100, Sec. 26.4)

\$0 R  
\$5,000,000 NR  
0.00

**ITAS Replacement - Budget Adjustment**

Revises the ITAS budget to reflect the changed authorization to the public private partnership found in the IT section of the appropriations bill. The requirements for the ITAS replacement for FY 2014-15 include the following initiatives: Collections Case Management, Collection E-Services, and Tax Information Management System Funding. (S.L. 2014-100, Sec. 7.5)

\$0 R  
(\$51,024,601) NR  
0.00

**Subtotal Legislative Changes**

\$0 R  
(\$22,394,659) NR  
0.00

**Receipts:**

**ITAS Replacement - Budget Adjustment**

Revises the ITAS budget to reflect the changed authorization to the public private partnership found in the IT section of the appropriations bill. The requirements for the ITAS replacement for FY 2014-15 include the following initiatives: Collections Case Management, Collection E-Services, and Tax Information Management System Funding.

\$0 R  
(\$27,874,319) NR

**Collection E-Service**

\$0 R  
\$7,549,000 NR

**Subtotal Legislative Changes**

\$0 R  
(\$20,325,319) NR

**FY 2014-15**

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<b>Revised Total Requirements</b>	<b>\$28,629,942</b>
<b>Revised Total Receipts</b>	<b>\$7,549,000</b>
<b>Change in Fund Balance</b>	<b>(\$21,080,942)</b>
<b>Total Positions</b>	<b>7.00</b>

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<b>Unappropriated Balance Remaining</b>	<b>\$8,772,193</b>
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# Special Provisions

## 2014 Session: SB 744

### Department: (11.0) Revenue

#### Section: 26.1

##### Title: **MODIFY TAX LOCATOR SERVICES CAP**

Summary Amends G.S. 105-243.1(e) to decrease the cap on locator services purchased by the Department of Revenue from \$500,000 to \$350,000.

#### Section: 26.2

##### Title: **PROHIBIT CLOSURE OF TAXPAYER ASSISTANCE CENTER IN ROCKY MOUNT**

Summary Prohibits the Department of Revenue from closing the taxpayer assistance call center located in Rocky Mount during the 2014-15 fiscal year.

#### Section: 26.3

##### Title: **USE COLLECTION ASSISTANCE FUND FOR PURCHASE OF SCANNERS**

Summary Instructs the Department of Revenue to use \$1.6 million from the Collection Assistance Fee to purchase new scanners. The use requirements of G.S. 105-243.1(e) are not withstood.

#### Section: 26.4

##### Title: **MODERNIZED E-FILING SYSTEM FOR CORPORATE TAXES**

Summary Requires the Department of Revenue to provide a report to the Joint Legislative Oversight Committee on General Government detailing the cost and progress of the modernized e-filing system for corporate taxes. The report is due on November 1, 2014.

## (12.0) Secretary of State

GENERAL FUND

FY 14-15

Total Budget Enacted 2013 Session

\$11,575,183

**Legislative Changes****Reserve for Salaries & Benefits****44 Compensation Increase Reserve**

\$215,224 R

Provides a \$1,000 annual recurring salary increase (~\$1,236 salary and benefit increase) for permanent full-time employees. (S.L. 2014-100, Sec. 35.1 and 35.10)

**45 State Retirement System Contributions**

\$36,470 R

Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution, provide a 1.0% cost-of-living adjustment to retirees, and reflect the ratification of H.B. 1195. Total General Fund appropriation across all sections in the committee report is \$45.5 million. (S.L. 2014-100, Sec. 35.13 and 35.14)

**Agency Wide****46 Management Flexibility Reduction**

(\$150,511) R

Reduces the budget for the Secretary of State.

**Corporations (1210)****47 Position Eliminations**

(\$75,660) R

Eliminates 2 vacant positions from the Corporations Division. The positions are:

60008687 Processing Assistant IV (\$26,013)  
60094557 Processing Assistant IV (\$26,946)

-2.00

**Legislative Changes**

\$25,523 R

**Total Position Changes**

-2.00

**Revised Budget**

\$11,600,706

# Special Provisions

**2014 Session: SB 744**

**Department:** (12.0) Secretary of State

Section:

Title: **NO SPECIAL PROVISIONS**

Summary



## (13.0) Lieutenant Governor

GENERAL FUND

FY 14-15

Total Budget Enacted 2013 Session

\$675,089

**Legislative Changes****Reserve for Salaries & Benefits****48 Compensation Increase Reserve**

\$7,418 R

Provides a \$1,000 annual recurring salary increase (~\$1,236 salary and benefit increase) for permanent full-time employees. (S.L. 2014-100, Sec. 35.1 and 35.10)

**49 State Retirement System Contributions**

\$2,302 R

Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution, provide a 1.0% cost-of-living adjustment to retirees, and reflect the ratification of H.B. 1195. Total General Fund appropriation across all sections in the committee report is \$45.5 million. (S.L. 2014-100, Sec. 35.13 and 35.14)

**Administration (1100)****50 Operating Expense Reductions**

(\$13,502) R

Reduces the budget for the following line items.

Reduces in-state ground transportation by 50%, leaving \$1,500.

Reduces in-state lodging by 71%, leaving \$1,229.

Reduces in-state meals by 84%, leaving \$1,133.

Reduces telephone services by 16%, leaving \$5,096.

Reduces food supplies by 83%, leaving \$400.

**Legislative Changes**

(\$3,782) R

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

\$671,307

# Special Provisions

**2014 Session: SB 744**

**Department:** (13.0) Lieutenant Governor

Section:

Title: **NO SPECIAL PROVISIONS**

Summary

## (14.0) State Controller

GENERAL FUND

FY 14-15

Total Budget Enacted 2013 Session

\$28,710,691

## Legislative Changes

## Reserve for Salaries &amp; Benefits

**51 Compensation Increase Reserve**

\$227,139 R

Provides a \$1,000 annual recurring salary increase (~\$1,236 salary and benefit increase) for permanent full-time employees. (S.L. 2014-100, Sec. 35.2 and 35.10)

**52 State Retirement System Contributions**

\$60,978 R

Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution, provide a 1.0% cost-of-living adjustment to retirees, and reflect the ratification of H.B. 1195. Total General Fund appropriation across all sections in the committee report is \$45.5 million. (S.L. 2014-100, Sec. 35.13 and 35.14)

## Agency Wide

**53 Personnel Reductions**

(\$531,783) R

Eliminates 2.75 filled and 2 vacant positions. The positions eliminated are:

-4.75

60087099 Financial/Business Systems Manager (\$111,320)  
 60087082 (0.75 Full Time Equivalent) Administrative Assistant (\$41,328)  
 60087102 Deputy State Controller (\$115,298)  
 60087105 Business and Technology Application Specialist (\$95,165)  
 60087116 Support Services Supervisor (\$40,632)

## Office of State Controller (1000)

**54 Maintenance for the Cash Management System**

\$180,821 R

Provides funds for ongoing maintenance of the Cash Management System.

**55 Operating Budget Reductions**

(\$520,086) R

Reduces budgeted line items for communication and data processing accounts to bring them in line with prior year actual expenditures, leaving \$1,702,770 for these purposes.

<b>56 Oracle DSS Contract Increase</b>	\$21,000	R
Provides funds to pay for the increase in Oracle software licensing fees.		
<b>57 Lease Increase</b>	\$15,764	R
Appropriates money for a contractual inflationary lease increase for the Bush Street building.		
<b>58 BEACON Hardware</b>	\$130,000	NR
Provides funds to extend the warranty on hardware for BEACON through July 2015.		
<b>59 Operating Budget Adjustment</b>	\$114,015	R
Appropriates General Fund money to decrease the amount of the transfer between the State Controller's special and general fund budget codes.		
(This item also appears on page J-37 Office of State Controller - Special, Budget Code: 24160.)		
<b>60 IBM Cognos DSS Contract Increase</b>	\$100,000	R
Provides funds for a software license fee increase. Cognos Decision Support System is a data warehouse of financial transactions.		

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<b>Legislative Changes</b>	<b>(\$332,152)</b>	<b>R</b>
	<b>\$130,000</b>	<b>NR</b>
<b>Total Position Changes</b>	<b>-4.75</b>	
<b>Revised Budget</b>	<b>\$28,508,539</b>	

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## Office of State Controller – Special

Budget Code: 24160

	<b>FY 2014-15</b>	
<b>Beginning Unreserved Fund Balance</b>	<b>\$28,075,373</b>	
<b>Recommended Budget</b>		
Requirements	<b>\$15,366,290</b>	
Receipts	<b>\$8,523,770</b>	
Positions	<b>20.00</b>	
<hr/>		
<b>Legislative Changes</b>		
<b>Requirements:</b>		
<b>Federal Insurance Contribution Act (FICA)</b>	\$0	R
<b>Savings</b>		
Transfers \$5,255,000 in FY 2014-15 to general availability. (S.L. 2014-100, Sec. 2.2.(a))	\$5,255,000	NR
	0.00	
<b>Operating Budget Adjustment</b>	(\$114,015)	R
Decreases the transfer between the State Controller's special and general fund codes. (This item also appears on page J-36, item 59.)	\$0	NR
	0.00	
<b>Subtotal Legislative Changes</b>	<b>(\$114,015)</b>	<b>R</b>
	<b>\$5,255,000</b>	<b>NR</b>
	0.00	

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**Receipts:**

<b>Federal Insurance Contribution Act (FICA)</b>	\$0	R
<b>Savings</b>		
	\$0	NR
<b>Subtotal Legislative Changes</b>	<b>\$0</b>	<b>R</b>
	<b>\$0</b>	<b>NR</b>

**FY 2014-15**

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<b>Revised Total Requirements</b>	<b>\$20,507,275</b>
<b>Revised Total Receipts</b>	<b>\$8,523,770</b>
<b>Change in Fund Balance</b>	<b>(\$11,983,505)</b>
<b>Total Positions</b>	<b>20.00</b>

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<b>Unappropriated Balance Remaining</b>	<b>\$16,091,868</b>
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# Special Provisions

**2014 Session: SB 744**

**Department:** (14.0) State Controller

Section:

Title: **NO SPECIAL PROVISIONS**

Summary

## (15.0) Administration

GENERAL FUND

FY 14-15

Total Budget Enacted 2013 Session

\$67,047,033

## Legislative Changes

## Reserve for Salaries &amp; Benefits

**61 Compensation Increase Reserve**

\$579,765 R

Provides a \$1,000 annual recurring salary increase (~\$1,236 salary and benefit increase) for permanent full-time employees. (S.L. 2014-100, Sec. 35.10)

**62 State Retirement System Contributions**

\$117,715 R

Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution, provide a 1.0% cost-of-living adjustment to retirees, and reflect the ratification of H.B. 1195. Total General Fund appropriation across all sections in the committee report is \$45.5 million. (S.L. 2014-100, Sec. 35.13 and 35.14)

## Agency Wide

**63 Operations Reductions and Efficiency**

(\$184,451) R

Reduces operating budgets throughout divisions within the Department to more closely reflect actual expenditures and to achieve efficiencies. The Divisions impacted are as follows:

1121 - Fiscal Management:	\$22,900
1122 - Human Resources:	\$11,818
1123 - Historically Underutilized Business:	\$12,727
1241 - Management Information Systems:	\$16,341
1411 - State Construction:	\$43,704
1412 - State Property:	\$17,749
1511 - Purchase and Contract:	\$59,212



**64 Vacant Positions**

(\$386,612) R

Eliminates 8 full-time equivalent positions and benefits throughout the Department of Administration. The positions are as follows:

-8.00

60013844 Administrative Secretary III  
 60013862 Attorney  
 60013864 Office Assistant III  
 60013897 Contract Specialist I  
 60013923 Administrative Assistant II  
 60014598 Processing Assistant V  
 60014805 BES Technician  
 60014820 Building & Environmental Technician

**Facilities Management (1421)****65 Janitorial Services Contract**

(\$300,000) R

Reduces the janitorial services contract (532184) by 11% to more closely reflect actual expenditures leaving \$2,206,823.

**66 Utilities Expenditures**

(\$1,224,000) R

Reduces the appropriation for utilities within the Department (5322XX) by 8% to more closely reflect actual expenditures leaving \$13,247,559.

**Office of State Human Resources (1311)****67 Operations Reduction - Agency Wide**

(\$145,175) R

Reduces funds appropriated for operations. There remains approximately \$7 million for Office of State Human Resources' operations.

**68 Position Elimination**

(\$71,193) R

Eliminates a position within the Office of State Human Resources identified in the voluntary Reduction In Force project.

-1.00

**State Ethics Commission (1810)****69 Operating Expense Reductions**

(\$12,865) R

Reduces line items for information technology expenditures, printing expenses, and office supplies. The total operating reduction is 11% and leaves \$105,281 in operating funds.

**Veterans' Affairs (1771)****70 Aid to County Veterans' Services Offices**

(\$138,000) R

Eliminates the grant-in-aid program to county governments for the provision of veterans' services. The program gave county veterans' services offices administration a supplement for the provision of veterans' services. (S.L. 2014-100, Sec. 30.1)

**Veterans Home Program (1772)****71 Veterans' Homes Building Reserves**

Appropriates funds from the North Carolina Veterans' Home Trust Fund to fully operate the two recently opened State Veterans' Homes in Black Mountain and Kinston. The additional amount appropriated from the Trust Fund is \$18,268,588 which brings the total operating budget for the Homes to \$42,056,930 for FY 2014-15.

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<b>Legislative Changes</b>	<b>(\$1,764,816)</b>	<b>R</b>
<b>Total Position Changes</b>	<b>-9.00</b>	
<b>Revised Budget</b>	<b>\$65,282,217</b>	

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## Reserve for E-Commerce Initiative (2514)

Budget Code: 24100

	<b>FY 2014-15</b>	
<b>Beginning Unreserved Fund Balance</b>	<b>\$17,716,898</b>	
<b>Recommended Budget</b>		
Requirements	<b>\$29,225,969</b>	
Receipts	<b>\$19,278,784</b>	
Positions	<b>2.90</b>	
<hr/>		
<b>Legislative Changes</b>		
<b>Requirements:</b>		
<b>E-Commerce Fund Transfer</b>	\$0	R
Transfers \$2,130,000 from the E-Commerce Fund to support general availability. (S.L. 2014-100, Sec. 2.2.(g))	\$2,130,000	NR
	0.00	
<b>Subtotal Legislative Changes</b>	<b>\$0</b>	R
	<b>\$2,130,000</b>	NR
	0.00	
<hr/>		
<b>Receipts:</b>		
<b>E-Commerce Fund Transfer</b>	\$0	R
	\$0	NR
<b>Subtotal Legislative Changes</b>	<b>\$0</b>	R
	<b>\$0</b>	NR

**FY 2014-15**

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<b>Revised Total Requirements</b>	<b>\$31,355,969</b>
<b>Revised Total Receipts</b>	<b>\$19,278,784</b>
<b>Change in Fund Balance</b>	<b>(\$12,077,185)</b>
<b>Total Positions</b>	<b>2.90</b>

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<b>Unappropriated Balance Remaining</b>	<b>\$5,639,713</b>
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## NC Veterans Trust Fund

Budget Code: 64106

	FY 2014-15	
<b>Beginning Unreserved Fund Balance</b>	<b>\$23,038,009</b>	
<b>Recommended Budget</b>		
Requirements	<b>\$23,788,342</b>	
Receipts	<b>\$23,785,816</b>	
Positions	<b>0.00</b>	
<hr/>		
<b>Legislative Changes</b>		
<b>Requirements:</b>		
<b>State Veterans' Homes</b>	\$18,268,588	R
Appropriates funds to fully operate the two recently opened State Veterans' Homes in Black Mountain and Kinston.	\$0	NR
	0.00	
<b>Subtotal Legislative Changes</b>	<b>\$18,268,588</b>	R
	<b>\$0</b>	NR
	0.00	
<hr/>		
<b>Receipts:</b>		
<b>State Veterans' Homes</b>	\$18,268,588	R
Increases receipts to reflect the recently opened State Veterans' Homes in Black Mountain and Kinston	\$0	NR
<b>Subtotal Legislative Changes</b>	<b>\$18,268,588</b>	R
	<b>\$0</b>	NR

**FY 2014-15**

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<b>Revised Total Requirements</b>	<b>\$42,056,930</b>
<b>Revised Total Receipts</b>	<b>\$42,054,404</b>
<b>Change in Fund Balance</b>	<b>(\$2,526)</b>
<b>Total Positions</b>	<b>0.00</b>

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<b>Unappropriated Balance Remaining</b>	<b>\$23,035,483</b>
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## Department of Administration Special Fund

Budget Code: 74100-7211

	<b>FY 2014-15</b>	
<b>Beginning Unreserved Fund Balance</b>	<b>\$45,453,806</b>	
<b>Recommended Budget</b>		
Requirements	<b>\$40,799,693</b>	
Receipts	<b>\$46,491,012</b>	
Positions	<b>48.00</b>	
<hr/>		
<b>Legislative Changes</b>		
<b>Requirements:</b>		
<b>Motor Fleet Management</b>	\$10,979,483	R
Appropriates receipts from the Motor Fleet Management Fund to bring the State Fleet replacement schedule closer to the industry standard. The funds will be used to purchase 800 to 1,000 additional vehicles per year.	\$0	NR
	0.00	
<b>Subtotal Legislative Changes</b>	<b>\$10,979,483</b>	R
	<b>\$0</b>	NR
	0.00	
<hr/>		
<b>Receipts:</b>		
<b>Motor Fleet Management</b>	\$10,979,483	R
Budgets receipts to actual.	\$0	NR
<b>Subtotal Legislative Changes</b>	<b>\$10,979,483</b>	R
	<b>\$0</b>	NR

**FY 2014-15**

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<b>Revised Total Requirements</b>	<b>\$51,779,176</b>
<b>Revised Total Receipts</b>	<b>\$57,470,495</b>
<b>Change in Fund Balance</b>	<b>\$5,691,319</b>
<b>Total Positions</b>	<b>48.00</b>

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<b>Unappropriated Balance Remaining</b>	<b>\$51,145,125</b>
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# Temporary Solutions

Budget Code: 74100-7511
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	<b>FY 2014-15</b>
<b>Beginning Unreserved Fund Balance</b>	<b>(\$3,954,660)</b>
<b>Recommended Budget</b>	
Requirements	<b>\$22,234,149</b>
Receipts	<b>\$22,434,444</b>
Positions	<b>7.50</b>

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## Legislative Changes

### Requirements:

<b>Temporary Solutions - Budget Adjustment</b>	\$21,918,668	R
Increases the requirements for the operations of Temporary Solutions. Executive Order #4, issued February 27, 2013, required State agencies to utilize Temporary Solutions for their temporary employment needs; therefore, the budget has increased due to the increased usage of this service. (S.L. 2014-100, Sec. 22A.2)	\$0	NR
	0.00	
<b>Subtotal Legislative Changes</b>	<b>\$21,918,668</b>	<b>R</b>
	<b>\$0</b>	<b>NR</b>
	0.00	

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### Receipts:

<b>Temporary Solutions</b>	\$25,673,033	R
Increases the receipts for Temporary Solutions resulting from increased revenues due to Executive Order #4.	\$0	NR
<b>Subtotal Legislative Changes</b>	<b>\$25,673,033</b>	<b>R</b>
	<b>\$0</b>	<b>NR</b>

**FY 2014-15**

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<b>Revised Total Requirements</b>	<b>\$44,152,817</b>
<b>Revised Total Receipts</b>	<b>\$48,107,477</b>
<b>Change in Fund Balance</b>	<b>\$3,954,660</b>
<b>Total Positions</b>	<b>7.50</b>

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<b>Unappropriated Balance Remaining</b>	<b>\$0</b>
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# State Parking System

Budget Code: 74103
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	FY 2014-15	
<b>Beginning Unreserved Fund Balance</b>	<b>\$1,691,613</b>	
<b>Recommended Budget</b>		
Requirements	<b>\$1,835,325</b>	
Receipts	<b>\$1,835,722</b>	
Positions	<b>14.75</b>	
<hr/>		
<b>Legislative Changes</b>		
<b>Requirements:</b>		
<b>State Parking Fund</b>	\$800,000	R
Increases receipts to actual required amounts for the purposes of improving facility maintenance and repairs as well as security upgrades.	\$0	NR
	0.00	
<b>Subtotal Legislative Changes</b>	<b>\$800,000</b>	R
	<b>\$0</b>	NR
	0.00	
<hr/>		
<b>Receipts:</b>		
<b>State Parking Correction</b>	\$800,000	R
Budgets receipts to actual.	\$0	NR
<b>Subtotal Legislative Changes</b>	<b>\$800,000</b>	R
	<b>\$0</b>	NR

**FY 2014-15**

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<b>Revised Total Requirements</b>	<b>\$2,635,325</b>
<b>Revised Total Receipts</b>	<b>\$2,635,722</b>
<b>Change in Fund Balance</b>	<b>\$397</b>
<b>Total Positions</b>	<b>14.75</b>

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<b>Unappropriated Balance Remaining</b>	<b>\$1,692,010</b>
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# Special Provisions

## 2014 Session: SB 744

### Department: (15.0) Administration

#### Section: 30.1

Title: **ELIMINATE AUTHORITY FOR STATE CONTRIBUTION TO COUNTY VETERANS SERVICE PROGRAM**

Summary Eliminates G.S. 165-6(9) which provided a grant to county veterans service offices.

#### Section: 30.2

Title: **CLOSURE OF CERTAIN NC DIVISION OF VETERANS AFFAIRS OFFICES PROHIBITED**

Summary Prohibits the closure of Division of Veterans Affairs District Offices in Garner and Wilson for the FY 2013-15 Biennium.

#### Section: 30.3

Title: **DISCONTINUE STUDENTS AGAINST DESTRUCTIVE DECISIONS PROGRAM**

Summary Amends G.S. 143B-387.1 to discontinue to the Students Against Destructive Decisions Program within the Youth Involvement Division in the Department of Administration.

#### Section: 30.5

Title: **CLOSE BLOUNT STREET PROPERTIES FUND**

Summary Closes the Blount Street Properties Fund and transfers the fund balance to the General Fund. Sec. 2 of S.L. 2003-404 is repealed.

(See also Sec. 2.2.(a) of S.L. 2014-100.)

#### Section: 22.A1

Title: **DISCONTINUE USE OF AUTOMATIC SCORING AND SCREENING OF APPLICATIONS FOR STATE GOVERNMENT EMPLOYMENT**

Summary Directs the Office of State Human Resources (OSHR) to end the utilization of the current vendor tool for online job application, scoring, and screening of applicants.

#### Section: 22.A2

Title: **OFFICE OF STATE HUMAN RESOURCES/JLOCGG REVIEW OF TEMPORARY SOLUTIONS**

Summary Directs the Joint Legislative Oversight Committee on General Government to review the operations and budget of the Temporary Solutions services by January 30, 2015. The Committee will review the volume of placements, the surcharge paid by recipient-agencies, and turn-around time of services and payments.

Section: 22.A3

Title: **EXTEND REORGANIZATION THROUGH REDUCTION PROGRAM**

Summary Amends Sec. 8.2 of S.L. 2013-382 to direct OSHR to continue the voluntary reduction-in-force program created in FY 2013-14. The program is extended through June 30, 2015.

## (16.0) Housing Finance Agency

GENERAL FUND

FY 14-15

Total Budget Enacted 2013 Session

\$8,411,632

## Legislative Changes

## HOME Match (1100)

## 72 HOME Match

(\$29,678) R

Reduces the State match for the federal HOME Program by 2%. The General Fund appropriation for FY 2014-15 is \$1,458,649.

## Housing Trust Fund (1100)

## 73 Workforce Housing Loan Program

Appropriates funds to the Housing Trust Fund in order to create a Low Income Housing Loan program to assist in the development of low-income housing units throughout the State. (S.L. 2014-100, Sec. 31.1)

\$10,000,000 NR

## 74 Housing Trust Fund

(\$140,000) R

Reduces the General Fund appropriation to the Housing Trust Fund by 2%. For FY 2014-15, the General Fund appropriation to the Housing Trust Fund is \$6,860,000.

## Legislative Changes

(\$169,678) R

\$10,000,000 NR

## Total Position Changes

## Revised Budget

\$18,241,954

# Special Provisions

**2014 Session: SB 744**

**Department:** (16.0) Housing Finance Agency

Section: 31.1

Title: **WORKFORCE HOUSING LOAN PROGRAM**

Summary Establishes guidelines for use of \$10 million appropriated to the Workforce Housing Loan Program. In order to be eligible for a loan from the program, entities must have been awarded a Federal Low Income Housing Tax Credit in 2015. The award is capped for low-income counties at \$1 million; \$750,000 for moderate-income counties; and, \$250,000 for high-income counties. The Housing Finance Agency is required to report to the Joint Legislative Commission on Governmental Operations by February 1, 2016 on awards made under this program.



## (17.0) Office of Administrative Hearings

GENERAL FUND

FY 14-15

Total Budget Enacted 2013 Session

\$5,027,130

**Legislative Changes****Reserve for Salaries & Benefits****75 Compensation Increase Reserve**

\$55,638 R

Provides a \$1,000 annual recurring salary increase (~\$1,236 salary and benefit increase) for permanent full-time employees. (S.L. 2014-100, Sec. 35.10)

**76 State Retirement System Contributions**

\$14,291 R

Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution, provide a 1.0% cost-of-living adjustment to retirees, and reflect the ratification of H.B. 1195. Total General Fund appropriation across all sections in the committee report is \$45.5 million. (S.L. 2014-100, Sec. 35.13 and 35.14)

**Administration (1100)****77 Operating Reduction**

(\$32,111) R

Reduces various operating line items within the Office to more closely reflect actual expenditures. The following line items are reduced: Maintenance Agreements/Service Contracts (532499), Intangible Assets(5347XX), Postage/Freight/Delivery (532840). The operating reduction reflects a 1% decrease to the Office, leaving \$2,999,244.

**Legislative Changes**

\$37,818 R

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

\$5,064,948

# Special Provisions

**2014 Session: SB 744**

**Department:** (17.0) Office of Administrative Hearings

Section:

Title: **NO SPECIAL PROVISIONS**

Summary

## (18.0) Treasurer

## GENERAL FUND

FY 14-15

Total Budget Enacted 2013 Session

\$7,026,305

## Legislative Changes

## Reserve for Salaries &amp; Benefits

**78 Compensation Increase Reserve**

\$46,241 R

Provides a \$1,000 annual recurring salary increase (~\$1,236 salary and benefit increase) for permanent full-time employees. (S.L. 2014-100, Sec. 35.1 and 35.10)

**79 State Retirement System Contributions**

\$12,120 R

Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution, provide a 1.0% cost-of-living adjustment to retirees, and reflect the ratification of H.B. 1195. Total General Fund appropriation across all sections in the committee report is \$45.5 million. (S.L. 2014-100, Sec. 35.13 and 35.14)

## Financial Operations (1510)

**80 Operating Reduction**

(\$70,662) R

Reduces budgeted Computer and Data Processing (532821) expenditures to more closely reflect actual expenditures.

## Investments (1210)

**81 Compensation Reserve**

\$1,020,000 R

Establishes a Compensation Reserve to be used for providing market based compensation to employees of the Investment Division. In addition to the \$1.02 million in General Funds appropriated for this purpose, up to \$697,000 is to be apportioned directly from Investments under management to be used for positions not subject to G.S.147-69.3(f). (S.L. 2014-100, Sec. 33.2)

**82 Investments Internalization**

Provides funds to the Investments Division to internalize a variety of investments currently managed by external fund managers. The appropriation will provide funding to hire five Portfolio Managers and five Investment Analysts to manage investments for global equity, private equity, credit strategies, real estate, and inflation protection. There is also additional funding for software licenses and employee related expenses.

\$1,600,292 R  
\$51,940 NR  
10.00

**Supplemental Retirement****83 Start Up Funds**

Appropriates \$150,000 from the Qualified Excess Benefit Arrangement to fund the start-up costs to administer the State-wide 403(b) plan created under S.L. 2011-310. (S.L. 2014-100, Sec. 35.15A)

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**Legislative Changes**

\$2,607,991 R  
\$51,940 NR

**Total Position Changes**

10.00

**Revised Budget**

\$9,686,236

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## Blount Street Properties

Budget Code: 23480
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	<b>FY 2014-15</b>	
<b>Beginning Unreserved Fund Balance</b>	<b>\$5,456,787</b>	
<b>Recommended Budget</b>		
Requirements	<b>\$60,000</b>	
Receipts	<b>\$60,000</b>	
Positions	<b>0.00</b>	

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<b>Legislative Changes</b>		
<b>Requirements:</b>		
<b>Blount Street Properties</b>	\$0	R
Transfers the entire balance of the Blount Street Properties fund to support general availability. (S.L. 2014-100, Sec. 2.2.(h) and 30.5)	\$5,456,787	NR
	0.00	
<b>Subtotal Legislative Changes</b>	<b>\$0</b>	R
	<b>\$5,456,787</b>	NR
	0.00	

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**Receipts:**

<b>Blount Street Properties</b>	\$0	R
	\$0	NR
<b>Subtotal Legislative Changes</b>	<b>\$0</b>	R
	<b>\$0</b>	NR

**FY 2014-15**

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<b>Revised Total Requirements</b>	<b>\$5,516,787</b>
<b>Revised Total Receipts</b>	<b>\$60,000</b>
<b>Change in Fund Balance</b>	<b>(\$5,456,787)</b>
<b>Total Positions</b>	<b>0.00</b>

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<b>Unappropriated Balance Remaining</b>	<b>\$0</b>
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# Special Provisions

**2014 Session: SB 744**

**Department:** (18.0) Treasurer

Section: 33.1

Title: **RECEIPT-SUPPORTED COMPLIANCE POSITIONS FOR RETIREMENT SYSTEM**

Summary Creates 2 new positions within the Retirement System Division to staff a new compliance unit.  
The Department may spend up to \$250,000 to fund the positions.

Section: 33.2

Title: **INVESTMENT DIVISION COMPENSATION**

Summary Amends G.S. 147-69.3(i2) to allow the State Treasurer to establish market-rate compensation for employees in the Investments Division and exempts the employees from the Division from the Office of State Human Resources classification and compensation rules. The Division employees are also exempt from sections of G.S. 126 (State Human Resources System). A compensation reserve is established to increase salaries to a market rate and the State Treasurer is required to report to the Joint Legislative Oversight Committee on General Government by March 1, 2015 on the methodology used in distributing funds from the reserve.

**(19.0) Fire Rescue Nat Guard Pensions & LDD Benefits****GENERAL FUND****FY 14-15****Total Budget Enacted 2013 Session****\$23,179,042****Legislative Changes****Firefighters' Pension Fund (1412)****84 General Fund Contribution**

(\$696,253) R

Reduces the General Fund contribution to match the Annual Required Contribution to the Firefighters' and Rescue Squad Workers' Pension Fund. The reduction reflects changes that allow distributions at age 55 regardless of pay status. The payment of these pension benefits is made pursuant to Article 86 of G.S. 58, as amended in a special provision. The amount of the recurring General Fund contribution is \$13,319,481. (SL 2014-64, Sec. 3.(a))

**National Guard (1414)****85 General Fund Contribution**

(\$968,169) R

Reduces the General Fund contribution to the National Guard Pension Fund to match the Annual Required Contribution. The reduction reflects benefits increases of \$4 per month. The payment of these pension benefits is made pursuant to G.S. 127A-40. The amount of the recurring General Fund contribution to the fund is \$6,039,274. (S.L. 2014-100, Sec. 35.15C)

**Rescue Squad (1413)****86 General Fund Contribution**

(\$30,346) R

Reduces the General Fund contribution to match the Annual Required Contribution to the Rescue Squad Workers' Pension Fund. The reduction reflects changes that allow distributions at age 55 regardless of pay status. The payment of these pension benefits is made pursuant to Article 86 of G.S. 58, as amended in a special provision. The amount of the recurring General Fund contribution is \$580,519. (SL 2014-64, Sec. 3.(a))

**Legislative Changes**

(\$1,694,768) R

**Total Position Changes****Revised Budget****\$21,484,274**



# Special Provisions

**2014 Session: SB 744**

**Department:** (19.0) Fire Rescue Nat Guard Pensions & LDD Benefits

Section:

Title: **SEE SALARIES AND BENEFITS SECTION (PAGE 01)**

Summary

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# **Transportation Section K**

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## Highway Fund

HIGHWAY FUND

FY 14-15

Total Budget Enacted 2013 Session

\$1,916,310,500

### Legislative Changes

#### Adjustments to Availability

##### 1 Revenue Adjustment

Reflects the repeal of the Motor Fuels Tax refund for taxicabs in G.S. 105-449.106(b), effective on January 1, 2015, increasing revenue availability by \$69,420 in FY 2014-15. (S.L. 2014-100, Sec. 3.2, 4.2, and 34.6)

##### 2 Intermodal Division Balances

Reallocates \$12,000,000 of the unallotted and unexpended balance of funds within the intermodal divisions. (S.L. 2014-100, Sec. 34.19)

##### 3 Shallow Draft Navigation Channel and Lake Dredging Fund

Reduces Highway Fund revenue availability to reflect a one-time transfer of \$1,677,134 to the Shallow Draft Navigation Channel and Lake Dredging Fund. (S.L. 2014-100, Sec. 14.18)

#### Administration

##### 4 Division Cuts

(\$1,705,907) R

Reduces the Communications, Strategic Planning Office, Office of Inspector General, Financial Management, Information Technology, and Facilities Management programs by 2% of the certified FY 2014-15 budgets for these programs, as recommended in the Governor's Budget. The cuts include \$1,705,907 to the Highway Fund and \$10,130 in receipts.

Divisional adjustments are enumerated below:

Communications Division (Fund Code 84210-0002): \$29,957  
Strategic Planning Office (Fund Code 84210-1096): \$3,958  
Office of Inspector General (Fund Code 84210-7011): \$39,353  
Financial Management Division (Fund Code 84210-7020): \$149,903  
Information Technology Division (Fund Code 84210-7025): \$1,091,183  
Facilities Management Division (Fund Code 84210-7030): \$401,683

**5 Division of Highways Administration Cuts**

Reduces the Intergovernmental Affairs, Program Development, Technical Services, Transportation Planning, and Transportation Mobility and Safety programs by 2% of the certified FY 2014-15 budgets for these programs, as recommended in the Governor's Budget. The cuts include \$198,056 to receipts.

Divisional adjustments are enumerated below:

Intergovernmental Affairs (Fund Code 84210-1078/1129): \$13,878  
 Program Development Division (Fund Code 84210-1256): \$15,266  
 Technical Services Division (Fund Code 84210-7153): \$110,738  
 Transportation Planning Program (Fund Code 84210-7070): \$4,000  
 Transportation Mobility and Safety Division (Fund Code 84210-0149):  
 \$54,174

**6 Financial Management**

(\$4,200,000) R

Reduces funding for the Financial Management Division (Fund Code 84210-7020) by \$4,200,000 to realign the budget to reflect actual spending. Budgeted funds total \$5,688,248 in FY 2014-15.

**7 Governance Office**

(\$82,516) R

Eliminates a position and associated costs within the Quality Enhancement Unit.

-1.00

Position	Title	Total Position Cost
60015423	Management Engineer I	\$82,516

**8 Occupational Safety & Health Program (OSHA)**

(\$7,307) R

Reduces funding for the OSHA Program (Fund Code 84210-7832), as recommended in the Governor's budget. The program provides funding to address safety deficiencies that impact the workplace environment. Eligible projects include mitigation of deficiencies discovered in routine inspections by OSHA, building code, or health code inspectors and employee safety training. This \$7,307 reduction represents a 2.0% adjustment to the certified FY 2014-15 budget for this program. Budgeted funds total \$358,030 in FY 2014-15.

**9 Position Eliminations**

(\$2,006,362) R

Eliminates 27 administrative positions and 270 vacant receipt-supported positions assigned to equipment, HTF field, and HF field units which have been vacant for 180 days or longer. Estimated recurring savings total \$2,006,362.

-27.00

**Aid to Municipalities****10 State Aid to Municipalities**

\$9,453,990 R

Appropriates additional funding for the Aid to Municipalities program based on revised projections for motor fuels tax consumption in accordance with G.S. 136-41.1. Budgeted funds total \$146,328,000 in FY 2014-15.

**Construction****11 Economic Development Program Fund**

\$4,036,171 R

Converts funding for the Economic Development Program (Fund Code 84210-7838) to recurring. (S.L. 2014-100, Sec. 34.29)

(\$4,036,171) NR

**Division of Motor Vehicles****12 Credit/Debit Transaction Payments**

(\$3,707,308) R

Realigns funding for payments to card vendors for credit/debit transactions based on actual transaction rates and the deployment of point-of-sale capability to driver license offices. Funding for Vehicle Services (Fund Code 84210-7055) is reduced by \$3,707,308 recurring, a 28.0% adjustment to the certified FY 2014-15 budget for this line item. Funding for Driver Services (Fund Code 84210-0049) is reduced by \$648,879 nonrecurring, a 46.9% adjustment to the certified FY 2014-15 budget for this line item.

(\$648,879) NR

**13 Title Conversion Fees**

(\$53,853) R

Budgets anticipated net receipts from the authorized \$3.00 fee for the conversion of paper titles under the Electronic Lien and Titling system required pursuant to G.S. 20-58.4A. (S.L. 2014-100, Sec. 34.7)

**14 License and Identification Card Costs**

\$1,585,443 R

Increases funding for the production of new format driver license and identification cards issued by the Division of Motor Vehicles, as recommended in the Governor's budget. This \$1,585,443 increase to Driver Services (Fund Code 84210-0049) represents a 36.2% adjustment to the certified FY 2014-15 budget for this line item.

**15 Medical Review Unit**

\$350,000 R

Increases funding for contractual physician case reviews and Medical Review Board hearings, as recommended in the Governor's budget. This \$350,000 increase represents a 0.7% adjustment to the certified FY 2014-15 budget for Driver Services (Fund Code 84210-0049).

**16 Ignition Interlock Program**

\$617,495 R

Increases funding to establish a stand-alone Ignition Interlock Unit, as recommended in the Governor's budget. This \$663,945 increase represents an 8.4% adjustment to the certified FY 2014-15 budget for the Commissioner's Office.

\$46,450 NR  
10.00

**17 Driver License Examiner Facilitators**

\$793,515 R

Provides funding for fourteen Driver License Examiners to reduce customer wait times at high volume offices, as recommended in the Governor's budget. This \$822,397 increase represents a 1.8% adjustment to the certified FY 2014-15 budget for Driver Services (Fund Code 84210-0049).

\$28,882 NR  
14.00

**Governor's Highway Safety Program****18 Governor's Highway Safety Program**

(\$5,699) R

Reduces the Governor's Highway Safety Program (Fund Code 84210-0042) administrative budget for car mileage reimbursement by \$11,398, including \$5,699 in receipts, as recommended in the Governor's Budget. Budgeted funds for the program total \$279,233 in FY 2014-15.

**Information Technology****19 SOA Governance and Competency Center**

\$640,000 R

Provides funds to establish enterprise-level Service Oriented Architecture (SOA) Governance to support the design, development and deployment of products and services as part of the Division of Motor Vehicles Modernization effort and other ongoing initiatives, as recommended in the Governor's budget. The Department will also establish an SOA competency center to retrain existing technical resources and develop the new technologies to be delivered via modernization. This \$3,000,000 funding increase represents a 5.6% adjustment to the certified FY 2014-15 budget for the Information Technology Division. (S.L. 2014-100, Sec. 7.14)

\$2,360,000 NR

**20 Modernization of Driver Services**

Increases funding to advance Phase 3 of the State Automated Driver License System replacement project, supplementing \$5.3 million of available funding from current appropriations for the modernization initiative in FY 2014-15. This \$3,024,503 funding increase represents a 5.6% adjustment to the certified FY 2014-15 budget for the Information Technology Division. (S.L. 2014-100, Sec. 7.14)

\$3,024,503 NR



**21 Hearing Fee Implementation**

Provides \$256,000 nonrecurring for web application development to facilitate the future implementation of hearing fees. This \$256,000 funding increase represents a 0.5% adjustment to the certified FY 2014-15 budget for the Information Technology Division. (S.L. 2014-100, Sec. 7.14 and 34.9)

\$256,000 NR

**22 DMV Service Initiatives**

Provides additional Information Technology (IT) staffing for the State Automated Driver License System (SADLS) and State Titling and Registration System (STARS) project teams, as recommended in the Governor's budget. Four (4.00) additional positions are authorized for the SADLS project team and three (3.00) additional positions are authorized for the STARS project team. This \$830,707 funding increase represents a 1.5% adjustment to the certified FY 2014-15 budget for the Information Technology Division.

\$830,707 R

7.00

**23 Channel Strategy Development**

Provides funding to design, develop and deploy tools, applications, solutions and systems for internal and external users, as recommended in the Governor's budget. This \$1,800,000 funding increase represents a 3.3% adjustment to the certified FY 2014-15 budget for the Information Technology Division. (S.L. 2014-100, Sec. 7.14)

\$1,800,000 R

**24 Card Payment Operation and Maintenance**

Provides funding for maintenance, licensing costs, and required Payment Card Industry (PCI) Data Security Standards associated with the acceptance of credit cards, as recommended in the Governor's budget. This \$1,032,919 funding increase represents a 1.9% adjustment to the certified FY 2014-15 budget for the Information Technology Division. (S.L. 2014-100, Sec. 7.14)

\$1,032,919 R

**Intermodal****25 Aviation, Rail, Ferry, and Bicycle and Pedestrian Operating Reductions** (\$3,332,685) R

Reduces operating and grant funding for the Divisions of Aviation, Rail, Ferry, and Bicycle and Pedestrian Transportation. Recurring reductions total \$3,332,685, a 4.0% adjustment to the certified FY 2014-15 budgets for these programs.

Divisional adjustments are enumerated below:

Aviation Division (Fund Code 84210-7830): \$800,000  
 Rail Division (Fund Code 84210-7829): \$960,325  
 Ferry Division (Fund Code 84210-7825): \$1,542,317  
 Bicycle & Pedestrian Division (Fund Code 84210-0035): \$30,043

**Maintenance****26 Primary System** (\$6,678,148) R

Reduces funding for Primary System Maintenance Program, as recommended in the Governor's budget. Budgeted funds total \$140,845,060 in FY 2014-15.

**27 Contract Resurfacing** \$5,750,000 R

Increases funding for Contract Resurfacing (Fund Code 84210-7824). Budgeted funds total \$408,173,088 in FY 2014-15.

**28 Secondary System** (\$10,709,290) R

Reduces funding for the Secondary System Maintenance Program, as recommended in the Governor's budget. Budgeted funds total \$262,872,935 in FY 2014-15.

**29 Pavement Preservation** \$65,045,024 R

Establishes funding for the Pavement Preservation Program. (S.L. 2014-100, Sec. 34.11)

**Reserves****30 Compensation Increase Reserve** \$9,291,113 R

Provides a \$1,000 annual recurring salary increase (~\$1,236 salary and benefit increase) for permanent full-time employees. (S.L. 2014-100, Sec. 35.10)

<b>31 State Retirement System Contributions</b>	\$1,513,400	R
Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution, provide a 1.0% cost-of-living adjustment to retirees, and reflect the ratification of H.B. 1195. (S.L. 2014-100, Sec. 35.13 and 35.14).		
<b>32 State Health Plan</b>	(\$1,050,000)	R
Reduces the reserve for health benefit coverage for enrolled active and retired employees supported by the Highway Fund to reflect zero premium increase at January 1, 2015.		
<b>33 Disability Income Plan</b>	(\$98,700)	R
Reduces contributions to the Disability Income Plan for FY 2014-15 to match the Annual Required Contribution. (S.L. 2014-100, Sec. 35.13)		
<b>34 Reserve for Future Benefit Needs</b>	(\$1,745,000)	R
Eliminates the Highway Fund reserve for future benefit needs.		
<b>Transfers</b>		
<b>35 Global TransPark</b>	(\$250,000)	R
Reduces the operating transfer to the Global TransPark Authority by \$250,000, a 25% adjustment to the certified FY 2014-15 budget.		
<b>36 Department of Public Instruction - Driver Education</b>	(\$26,682,132)	R
Converts funding to nonrecurring and adjusts the transfer from the Highway Fund to the Department of Public Instruction based on the forecasted ninth-grade Average Daily Membership (ADM) for the 2014-15 school year. (S.L. 2014-100, Sec. 8.15)		
	\$26,376,131	NR

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<b>Total Legislative Changes</b>	<b>\$40,424,870</b>	<b>R</b>
	<b>\$27,406,916</b>	<b>NR</b>
<b>Total Position Changes</b>	3.00	
<b>Revised Budget</b>	<b>\$1,984,142,286</b>	

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## Highway Trust Fund

HIGHWAY TRUST FUND
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FY 14-15
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**Total Budget Enacted 2013 Session****\$1,105,400,000****Legislative Changes****Adjustments to Availability****37 Revenue Adjustment**

Reflects the repeal of the Motor Fuels Tax refund for taxicabs in G.S. 105-449.106(b), effective January 1, 2015. The repeal increases revenue availability by \$23,140 in FY 2014-15. (S.L. 2014-100, Sec. 3.2, 4.2, and 34.6)

**Administration****38 Administration**

(\$11,000,000) R

Reduces funding for Highway Trust Fund administration by \$11,000,000 to realign the budget to reflect actual spending. Budgeted funds total \$34,590,880 in FY 2014-15.

**Construction****39 Strategic Transportation Investments**

\$67,993,140 R

Increases funding for Strategic Transportation Investments to \$1,018,094,812 in FY 2014-15.

**Total Legislative Changes****\$56,993,140 R****Total Position Changes****Revised Budget****\$1,162,393,140**

## Turnpike Authority

Budget Code: 64208

	FY 2014-15	
<b>Beginning Unreserved Fund Balance</b>	<b>\$0</b>	
<b>Recommended Budget</b>		
Requirements	<b>\$88,725,718</b>	
Receipts	<b>\$88,725,718</b>	
Positions	<b>20.00</b>	
<hr/>		
<b>Legislative Changes</b>		
<b>Requirements:</b>		
<b>Administration</b>	<b>(\$42,601)</b>	<b>R</b>
Reduces funding for the Turnpike Authority administration budget by \$42,601, as recommended in the Governor's budget. Budgeted funds to the Turnpike Authority total \$1,442,878 in FY 2014-15.	<b>\$0</b>	<b>NR</b>
	<b>0.00</b>	
<b>Subtotal Legislative Changes</b>	<b>(\$42,601)</b>	<b>R</b>
	<b>\$0</b>	<b>NR</b>
	<b>0.00</b>	
<hr/>		
<b>Receipts:</b>		
<b>Administration</b>	<b>(\$42,601)</b>	<b>R</b>
Reduces associated receipts for Turnpike Authority administration.	<b>\$0</b>	<b>NR</b>
<b>Subtotal Legislative Changes</b>	<b>(\$42,601)</b>	<b>R</b>
	<b>\$0</b>	<b>NR</b>

**FY 2014-15**

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Revised Total Requirements	<b>\$88,683,117</b>
Revised Total Receipts	<b>\$88,683,117</b>
<b>Change in Fund Balance</b>	<b>\$0</b>
<b>Total Positions</b>	<b>20.00</b>

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<b>Unappropriated Balance Remaining</b>	<b>\$0</b>
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# Special Provisions

## 2014 Session: **SB 790**

**Department:** Transportation

Section: 3

Title: **HIGHWAY USE TAX EXPANSION**

Summary Clarifies that G.S. 105-187.3(a), which expands the Highway Use Tax to apply to administrative, origination, documentary, procurement, or other administrative fees charged by motor vehicle dealers, becomes effective on October 1, 2014.

## 2014 Session: **SB 744**

**Department:** Transportation

Section: 34.1

Title: **STATE AID TO MUNICIPALITIES APPROPRIATIONS BASELINE**

Summary Amends G.S. 136-41.1(a) to clarify the time period used to calculate the amount to be appropriated to the State Aid to Municipalities program. This is a technical change. The language was removed in S.L. 2013-183 by mistake.

Section: 34.2

Title: **CLARIFY DOT PRIVATE DEVELOPER REPORTING**

Summary Expands the reporting requirement in G.S. 136-28.6(h) to require the Department of Transportation (DOT) to report pass-through funds that a local government receives from a private developer after the local government sends the funds to DOT.

Section: 34.5

Title: **DEPARTMENT OF TRANSPORTATION OUT-OF-STATE TRAVEL**

Summary Restricts DOT spending on out-of-state travel, including travel, conference, registration, education expenses, lodging, and meals, to the amount expended in FY 2009-10, which totaled \$536,626.

Section: 34.6

Title: **FUEL EXCISE TAX CHANGE**

Summary Repeals G.S. 105-449.106(b) eliminating the refund from motor fuel taxes for taxicabs and buses operated as part of a city transit system that is exempt from regulation by the North Carolina Utilities Commission under G.S. 62-260(a)(8), effective January 1, 2015.

Section: 34.7

Title: **CONVERSION OF PAPER TITLES**

Summary Effective January 1, 2015, amends G.S. 20-58.4A to authorize the Division of Motor Vehicles (DMV) to convert existing paper titles to electronic liens for a maximum fee of \$3.00 per conversion and amends G.S. 20-63(h) to create a new compensable transaction for License Plate Agents in accordance with current statutory rates. (H.B. 1029/S.B. 834)

Section: 34.8

Title: **REMOTE DRIVERS LICENSE RENEWAL**

Summary Amends G.S. 20-7(f) to authorize DMV to renew licenses online for eligible drivers, provided the driver: possesses a valid unexpired license without restriction; attests to residency and correct personal information; and, last renewed the license in-person. (H.B. 1208/S.B. 842, H.B. 1157)

Section: 34.9

Title: **DMV HEARING FEES**

Summary Directs DMV to develop and implement a hearing fee schedule to offset the costs of administering hearings fees. DMV must report its recommended schedule to the Joint Legislative Transportation Oversight Committee (JLTOC) by December 1, 2014 and implement no later than January 1, 2016.

Section: 34.10

Title: **DEPARTMENT OF TRANSPORTATION AIRCRAFT FLEET**

Summary Directs the Division of Aviation to sell its Sikorsky S-76C helicopter and Cessna 550 Citation Bravo airplane, depositing the proceeds of these sales in a reserve for future aircraft fleet modernization. The Division is further required to develop a fleet modernization plan and report to the JLTOC by October 1, 2014.



Section: 34.11

Title: **HIGHWAY MAINTENANCE IMPROVEMENT PROGRAM AND PAVEMENT PRESERVATION PROGRAM**

Summary Establishes a new Highway Maintenance Improvement Program and a Pavement Preservation Program by amending Chapters 136 and 143B of the General Statutes as follows:

Subsection (a) amends G.S. 143B-350(f) to require the DOT Board of Transportation to annually approve the Highway Maintenance Improvement Program.

Subsection (b) establishes a new Highway Maintenance Improvement Program in G.S. 136-44.3A. Subsection (a) adds program definitions and requires DOT to conduct a needs assessment of highway maintenance preservation activities that are not funded. Subsection (b) explains the program's goals. Subsection (c) includes the program's requirements. Subsection (d) requires DOT to let 70% of contract resurfacing funds annually by September 1 beginning in FY 2015-16. Subsection (e) prohibits the use of single chip seal treatments on subdivision streets and access routes. Subsection (f) authorizes the use of single chip seal treatments on secondary roads with traffic volumes less than 15,000 vehicles per day, when the seal is used in combination with a slurry seal, microsurfacing, or resurfacing treatment, and in conditions when a rough road surface is needed to improve traction. Subsection (g) requires DOT to report annually by April 1 of each year on the Highway Maintenance Improvement Program and the Highway Maintenance Improvement Program Needs Assessment. The report is sent to the House of Representatives Appropriations Subcommittee on Transportation, the Senate Appropriations Committee on the Department of Transportation, and the Fiscal Research Division if the General Assembly is in session or to the JLTOC and the Fiscal Research Division if the General Assembly is not in session.

Subsection (c) amends the biennial Maintenance Condition Assessment Report in G.S. 136-44.3 to include additional information to compare costs, staffing levels, and performance metrics across highway divisions and counties, and to prioritize maintenance needs.

Subsection (d) authorizes that costs associated with slurry seals, microsurfacing, and thin lift asphalt overlays are authorized uses of contract resurfacing funds.

Subsection (e) requires DOT to let 40% of contract resurfacing funds by September 1, 2014 and an additional 20% by November 1, 2014.

Subsection (f) creates the Pavement Preservation Program and details eligible and ineligible activities and treatments.

Subsection (g) establishes the Pavement Preservation Account.

Subsections (h) and 34.11(i) require DOT to outsource 20% of pavement preservation funds to the private sector in FY 2014-15, 30% in FY 2015-16, 55% in FY 2016-17, and 80% in FY 2017-18.

Subsection (j) requires DOT to provide training and informational meetings to the private pavement industry.

Subsection (k) requires DOT to pave a minimum of 4,300 lane miles with funds appropriated to the Pavement Preservation Account in FY 2014-15.

Subsection (l) requires DOT to report to the JLTOC and the Fiscal Research Division by September 1, 2014 on its plan to increase the use of outsourcing of pavement preservation activities. DOT is further required to report to the JLTOC and the Fiscal Research Division annually by December 1 on its progress in outsourcing pavement preservation activities.

Section: 34.12

Title: **DOT BUDGET TRANSFERS/ELIMINATION OF FUNDING FOR POSITION**

Summary Authorizes DOT to fully fund 2 positions and partially fund 4 positions in the Governor's Office in FY 2014-15 and eliminates the transfer after June 30, 2015. The section eliminates funds for Position Number 60014914 after June 30, 2015.

Section: 34.13

Title: **OUTSOURCING OF PRECONSTRUCTION ACTIVITY**

Summary Amends the outsourcing requirements in S.L. 2013-360, Sec. 34.2, by increasing the targets for the Preconstruction and Technical Services units to 70% and for Roadway Design to 50% in FY 2014-15.

Section: 34.14

Title: **DOT SIGNAGE**

Summary Amends G.S. 136-89.56 to clarify that the DOT Board of Transportation has the authority to set the tourist oriented directional sign fees and the logo sign fees at a rate to cover the sign and sign installation costs, and the costs to administer the programs.

Section: 34.15

Title: **STATE PARKS AND TRAILS SIGNAGE**

Summary Directs DOT to study the use of signage for historic and cultural sites and the Mountains-to-Sea Trail and report to the Chairs of the JLTOC and to the Fiscal Research Division by April 1, 2015.

Section: 34.16

Title: **DOT STAFFING**

Summary Requires DOT to study staffing levels in the highway divisions and report to the JLTOC and the Fiscal Research Division by December 1, 2014.

Section: 34.17

Title: **BOARD OF TRANSPORTATION TO STUDY FEES, SPONSORSHIPS, AND PRIVATIZATION**

Summary Directs the DOT Board of Transportation to study existing fees, to charge new fees for services performed by DOT, to examine sponsorship opportunities, and to review DOT functions that can be privatized. The study is due to the JLTOC and the Fiscal Research Division by December 1, 2014.

Section: 34.18

Title: **RENAME AND REDIRECT TAX PROCEEDS OF SYSTEM PRESERVATION PROGRAM**

Summary Renames the System Preservation Program the Bridge Program and amends G.S. 119-18 to clarify that proceeds from the Gasoline Inspection Tax will continue to be used for deficient bridges. System Preservation funds have been earmarked for deficient bridges since FY 2011-12.

Section: 34.19

Title: **HIGHWAY FUND CREDIT RESERVE**

Summary Amends G.S. 136-44.2 to clarify that the current composition of the Highway Fund credit reserve and expands its sources to include the:

- year-end unallotted and unencumbered balances of the intermodal and highway construction programs funded by the Highway Fund; and,
- remaining balances for completed and inactive construction projects.

Subsection (b) effects a non-recurring reallocation of \$12.0 million of the unencumbered and unexpended balances from intermodal programs.

Section: 34.20

Title: **SALE OF CERTAIN FORMER NC RAILROAD PROPERTIES**

Summary Grants a year-long first right of refusal to affected localities and authorizes the Department of Administration to dispose of the four former North Carolina Railroad Company properties at appraised fair market value. Net proceeds from the dispositions are credited to the Freight Rail & Rail Crossing Safety Improvement Fund.

Section: 34.22

Title: **DIVISION OF MOTOR VEHICLES POSITION FUNDING**

Summary Authorizes DMV to continue funding positions that are supported with Highway Trust Fund receipts for the 2014-15 fiscal year.

Section: 34.23

Title: **DOT CASH MANAGEMENT**

Summary Amends G.S. 143C-6-11(f) to adjust the cash balance floor to 7.5% of the total appropriations for the current fiscal year from the Highway Fund and Highway Trust Fund and amends the cash balance target in G.S. 143-6-11(K)(1) to be within 15% to 20% of the total appropriations for the current fiscal year from the Highway Fund and Highway Trust Fund.

Subsection (b) requires the DOT Board of Transportation to study the DOT cash management policies and report to the House of Representatives Appropriations Subcommittee on Transportation, the Senate Appropriations Committee on Transportation, and the Fiscal Research Division by April 1, 2015.

Subsection (c) requires DOT to report its cash balance to the Board of Transportation, and to the House of Representatives Appropriations Subcommittee on Transportation, the Senate Appropriations Committee on Transportation, and the Fiscal Research Division if the General Assembly is in session or to the JLTOC and the Fiscal Research Division if the General Assembly is not in session. The report is due no later than the 15th day of the following month when the cash balance exceeds \$1 billion, beginning on July 1, 2015.

Section: 34.24

Title: **DOT LEGAL SERVICES**

Summary Amends Sec. 34.27 of S.L. 2013-360 and G.S. 136-103.1 to expand departmental authority to contract for external counsel, establishes a target outsourcing rate of 20% of new cases arising in the 2015-16 fiscal year, and requires quarterly performance reporting to the JLTOC on the outsourcing of legal counsel beginning January 1, 2015.

Section: 34.27

Title: **HISTORIC BRIDGE PRESERVATION PROGRAM CLARIFICATION**

Summary Amends G.S. 136-18 to add a new Subdivision (45) to allow DOT to transfer ownership of a State-owned concrete arch bridge to a public, private, or nonprofit entity if the entity assumes all future liability and posts a bond or makes other financial assurances to cover all costs associated with maintaining the structure and paying costs incurred by DOT if the bridge transfer requires DOT to change the planned route of any replacement structure.

Section: 34.28

Title: **"FIRST IN FREEDOM" REGISTRATION PLATES**

Summary Amends G.S. 20-63 to authorize DMV to produce alternate standard background license plates commemorating the Mecklenburg Declaration of 1775 or the Halifax Resolves of 1776, effective July 1, 2015.

Section: 34.29

Title: **REPORT ON USE OF ECONOMIC DEVELOPMENT PROGRAM FUNDS**

Summary Amends S.L. 2013-360, Sec. 34.7, to require DOT and the Department of Commerce to develop guidelines and procedures to select projects to receive economic development funds. Funding is changed from nonrecurring to recurring. Both Departments are required to report quarterly to the JLTOC and the Joint Legislative Commission on Governmental Operations beginning October 1, 2014.

Section: 34.30

Title: **REGULATION OF UNMANNED AIRCRAFT SYSTEMS**

Summary Amends Chapter 15A to add a new Article (16B) that establishes a State regulatory process for the public and commercial/private operation of unmanned aircraft systems (UAS).

New G.S. 15A-300.1 provides for the following:

- Subsection (a) defines unmanned aircraft and UAS to distinguish each from manned and model aircraft.
- Subsection (b) prohibits unlawful surveillance or photography with a UAS.
- Subsection (c) grants specific exceptions for law enforcement use for counter-terrorism, warranted surveillance, reasonable suspicion of imminent danger, suspect or escapee pursuit, and missing person searches.
- Subsection (d) restricts commercial/private use of thermal imaging technology on UAS to scientific research, mapping, farming operation, forest management, and similar investigation of vegetation or wildlife.
- Subsection (e) authorizes persons subjected to unauthorized UAS surveillance or photography to recover \$5,000 for each photograph or video disseminated in lieu of actual damages.
- Subsection (f) makes evidence obtained in violation of these provisions inadmissible in a criminal prosecution.

Amends Chapter 14 to add a new Article 2F, establishing a new G.S. 15A-300.2, to prohibit UAS launch and recovery on State or private property without consent and authorizes local governments to adopt regulations for use of local government property for launch and recovery.

New G.S. 14-7.45 provides that crimes committed with a UAS while in flight over North Carolina shall be governed by State laws.

New G.S. 14-280.3 creates a Class H felony offense for the use of UAS to commit willful interference with manned aircraft.

New G.S. 14-401.24 creates a Class E felony offense for the possession and use of UAS with attached weaponry. It also creates a Class 1 misdemeanor offense for the use of UAS for the purposes of fishing or hunting.

New G.S. 14-401.25 creates a Class A1 misdemeanor offense for the unlawful publishing or dissemination of images obtained through UAS thermal imaging.

Revised G.S. 113-295 adds a Class 1 misdemeanor offense for the use of UAS for unlawful interference with the taking of wildlife.

Amends Chapter 63 to add a new Article 10, establishing a new G.S. 63-95, that directs the Division of Aviation to develop and administer a knowledge and skills test for UAS operation, and prohibits operation by an agent of the State or political subdivision prior to test completion.

New G.S. 63-96 prohibits commercial operation prior to licensure by the Division of Aviation. The Division is required to develop the licensing process and implement it within 60 days of the issuance of final FAA guidance on commercial operation. Violation of the licensing requirement is a Class 1 misdemeanor.

General provisions are effective October 1, 2014. Criminal provisions are effective December 1, 2014. The required knowledge and skills test must be implemented by May 31, 2015, with a subsequent status report issued by June 15, 2015 to the Joint Legislative Transportation Oversight Committee. (H.B. 1099)

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**Reserves,  
Debt Service,  
and  
Adjustments  
Section L**

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## Statewide Reserves

GENERAL FUND

FY 14-15

Total Budget Enacted 2013 Session

\$1,054,616,158

## Legislative Changes

## A. Employee Benefits

- |   |                |   |
|---|----------------|---|
| <b>1 Reserve for Future Benefit Needs</b>   | (\$56,400,000) | R |
| Eliminates the General Fund Reserve for Future Benefit Needs.   |                |   |
| <b>2 State Health Plan</b>  | (\$22,000,000) | R |
| Reduces the reserve for health benefit coverage for enrolled active and retired employees supported by the General Fund to reflect a zero premium increase as of January 1, 2015. (S.L. 2014-100, Sec. 35.13) |                |   |
| <b>3 Disability Income Plan</b>   | (\$3,200,000)  | R |
| Reduces contributions to the Disability Income Plan for FY 2014-15 to match the Annual Required Contribution. (S.L. 2014-100, Sec. 35.13)   |                |   |

## B. Other Reserves

- |  |             |    |
|--|-------------|----|
| <b>4 NCGA Litigation Reserve</b>   | \$300,000   | NR |
| Provides \$300,000 to the General Assembly's litigation reserve in defense of the North Carolina Constitution.   |             |    |
| <b>5 Information Technology Reserve</b>  | \$270,067   | R  |
| Continues funding of \$20,240,067 to upgrade, simplify, and modernize the State's IT operations and internal infrastructure. This includes replacing obsolete computers and applications and ensuring State agencies are meeting IT security requirements. (S.L. 2014-100, Sec. 7.3)   |             |    |
| <b>6 Information Technology Fund</b>   | \$679,488   | R  |
| Maintains funding of \$17,655,145 to support the Office of the State Chief Information Officer and statewide information technology projects. Additional funding of \$5 million, to include \$1.5 million in carryforward, is provided to the Government Data Analytics Center (GDAC) to improve fraud detection. An additional \$1,129,488 is provided for the Criminal Justice Law Enforcement Automated Data System (CJLEADS) to support law enforcement and the Administrative Office of the Courts. (S.L. 2014-100, Sec. 7.1) |             |    |
|  | \$6,505,000 | NR |

## 2014 Annotated Conference Committee Report

**FY 14-15**

### **7 Job Development Investment Grant (JDIG) Reserve**

Decreases funding for the JDIG Reserve to align funding with needs for FY 2014-15. Combined with available cash balance, total funds appropriated for FY 2014-15 will be \$54,024,000. (S.L. 2014-100, Sec. 15.13(a))

(\$15,571,684) NR

### **8 One North Carolina Fund**

Decreases funding for the One NC Fund to align funding with needs for FY 2014-15. Combined with available cash balance, total funds appropriated for FY 2014-15 will be \$11,402,677. (S.L. 2014-100, Sec. 15.13(a))

(\$7,144,263) NR

### **9 Pending Legislation and Legislative Services Commission Litigation**

Provides funds for pending legislation and expenditures authorized by the Legislative Services Commission.

\$1,500,000 NR

## **C. Debt Service**

### **10 Debt Service Savings**

Decreases debt service to reflect the authorization of Two-Thirds Bonds to replace existing authorized but unissued special indebtedness. (S.L. 2014-100, Sec.36.12)

(\$200,000) R

### **11 Debt Service Increase**

Increases debt service to reflect the authorization of Two-Thirds Bonds to fund projects authorized in this act. (S.L. 2014-100, Sec. 36.12)

\$5,794,474 R

### **12 Debt Service Adjustment**

Adjusts debt service appropriations based on updated cash flow requirements.

(\$9,340,916) R

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## **Total Legislative Changes**

(\$84,396,887) R

(\$26,023,432) NR

## **Total Position Changes**

### **Revised Budget**

\$944,195,839

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# Special Provisions

## 2014 Session: SB 744

**Department:** Availability and Appropriations

Section: 1.1

Title: **TITLE OF ACT**

Summary Sets the title of the act as "The Current Operations and Capital Improvements Appropriations Act of 2014."

Section: 1.2

Title: **INTRODUCTION**

Summary Directs that the amounts appropriated in the budget are maximum and that savings shall revert to the appropriate fund at the end of each fiscal year.

Section: 2.1

Title: **CURRENT OPERATIONS AND EXPANSION/GENERAL FUND**

Summary Sets forth adjustments to agency and statewide reserves appropriations (FY 2014-15) enacted during the 2013 Session. Adjustments represent net changes to certified budgets.

Section: 2.2

Title: **GENERAL FUND AVAILABILITY STATEMENT**

Summary Sets forth General Fund availability for FY 2014-15.  
Subsection (a) sets forth the amounts of general purpose revenue and other funds available to support appropriations made in Section 2.1.

Subsections (b) and (c) direct the State Controller not to transfer funds from the unreserved fund balance to the Savings Reserve Account and the Repairs and Renovations Reserve.

Subsection (d) redirects the interest from 13 Department of Environment and Natural Resources funds to the General Fund.

Subsection (e) credits to the General Fund all fees collected for electronic inspection authorizations during FY 2014-15 that otherwise would have gone to the I&M Air Pollution Control Account.

Subsection (f) credits \$1 million to the General Fund in FY 2014-15 from revenue collected from motor fuel excise tax that otherwise would have gone to the Water and Air Quality Account.

Subsection (g) transfers funds from special funds in FY 2014-15 as follows:

- Research Stations - \$11,208
- Plasticulture Tech Training - \$2,697
- Swine Waste - \$206,552
- IDF-Utility Account - \$5,000,000
- Government Data Analytics - \$1,500,000
- E-Commerce Reserve - \$2,130,000

Subsection (h) transfers the Blount Street Properties Fund cash balance to the General Fund and directs the State Controller to close the Fund.

## 2014 Annotated Conference Committee Report

Subsections (i) and (j) transfer the unallotted and unexpended balances in the Bedding Law Account and the Cotton Warehouse Fund to the General Fund.

Subsection (k) clarifies that the Medicaid Contingency Reserve is not an appropriation as defined in Section 7(1) of Article V of the North Carolina Constitution.

### Section: 3.1

#### Title: **CURRENT OPERATIONS/HIGHWAY FUND**

Summary Sets forth adjustments for FY 2014-15 appropriations enacted during the 2013 Session.

### Section: 3.2

#### Title: **HIGHWAY FUND AVAILABILITY STATEMENT**

Summary Sets forth the funding used in developing the FY 2014-15 budget from the Highway Fund for the Department of Transportation.

### Section: 4.1

#### Title: **CURRENT OPERATIONS/HIGHWAY TRUST FUND**

Summary Sets forth adjustments for FY 2014-15 appropriations enacted during the 2013 Session. Adjustments represent net changes in the certified budget.

### Section: 4.2

#### Title: **HIGHWAY TRUST FUND AVAILABILITY STATEMENT**

Summary Sets forth the funding used for appropriations from the Highway Trust Fund to support the Department of Transportation in FY 2014-15.

### Section: 5.1

#### Title: **INDIAN GAMING EDUCATION REVENUE FUND**

Summary Amends S.L. 2013-360, Sec. 5.4, to increase the funding from the Indian Gaming Education Revenue Fund to the School Technology Fund in the Department of Public Instruction from \$3 million to \$5 million in FY 2013-14 and from \$3.5 million to \$6 million in FY 2014-15.

### Section: 5.2

#### Title: **EDUCATION LOTTERY FUNDS**

Summary Amends S.L. 2013-360, Sec. 6.11, to adjust appropriations from the North Carolina State Lottery as follows:

Subsection (a) increases the appropriations made from the Education Lottery Fund from \$468,433,093 to \$584,635,507 and changes the allocations as follows:

- Increases the allocation for classroom teachers from \$220,643,188 to \$254,586,185.
- Removes the allocations for digital learning and the UNC need-based financial aid forward funding reserve.
- Adds a new \$113,318,880 allocation for teacher assistants.

Subsection (b) directs the Office of State Budget and Management not to transfer funds to the Education Lottery Reserve Fund in FY 2014-15.

Subsections (c) and (d) clarify that the funding allocated to digital learning in FY 2013-14 will (1) not revert and will remain available until expended, (2) have up to \$1 million set aside during the FY 2013-15 biennium for the Department of Public Instruction to perform textbook transition planning, and (3) be subject to reporting to the Joint Legislative Education Oversight Committee

## 2014 Annotated Conference Committee Report

and the Fiscal Research Division by January 1, 2015 and August 15, 2015.

Subsection (e) clarifies that lottery funds may not be pledged for debt repayment.

Subsections (f) and (g) eliminate the Lottery Oversight Committee by repealing G.S. 18C-172 and deleting a statutory reference to the Committee.

Subsection (h) creates the Joint Legislative Oversight Committee on the North Carolina State Lottery.

Section: 5.3

Title: **CIVIL PENALTY AND FORFEITURE FUND**

Summary Amends S.L. 2013-360, Sec. 5.3, to increase the FY 2014-15 appropriation from the Civil Penalty and Forfeiture Fund to the State Public School Fund from \$120,362,790 to \$131,935,020.

## Special Provisions

### 2014 Session: SB 744

#### Department: General Provisions

##### Section: 6.1

Title: **APPROPRIATE ENCUMBERED GRANT FUNDS THAT ARE RETURNED TO THE STATE**

Summary Amends S.L. 2013-360, Sec. 5.1, by adding a new subsection that appropriates encumbered grant funds that are returned to the State in FY 2014-15.

##### Section: 6.2

Title: **ESTABLISHING OR INCREASING FEES UNDER THIS ACT**

Summary Provides in subsection (a) that an agency is not required to consult with the Joint Legislative Commission on Governmental Operations prior to establishing or increasing a fee authorized in the 2014 Appropriations Act. Subsection (b) permits an agency to adopt emergency rules to establish or increase fees authorized in the 2014 Appropriations Act.

##### Section: 6.3

Title: **EXPENDITURES OF FUNDS IN RESERVES LIMITED**

Summary Limits the expenditure of funds appropriated in reserves to those purposes for which the reserves were established.

##### Section: 6.4

Title: **MAKE THE BASE BUDGET THE STARTING POINT FOR STATE AGENCY BUDGETING**

Summary Subsection (a) amends G.S. 143C-1 to repeal the definition of "continuation budget", the starting point for State agencies' recommended budgets.

Subsection (b) provides that the newly-defined "base budget" shall serve as the starting point for state agencies' recommended budgets. Whereas the continuation budget for a particular agency is the amount necessary to continue the same level of services in the next biennium as is provided in the current fiscal year, the base budget for a particular agency is that agency's authorized budget for the current fiscal year with certain statutorily enumerated adjustments.

Subsections (c) through (g) make conforming changes to other statutes.

Subsection (h) makes this section effective July 1, 2014 and applies the changes to the recommended State budget for the 2015-17 fiscal biennium.

##### Section: 6.5

Title: **STATUTORY CHANGES RELATING TO THE HANDLING OF GRANTS TO NON-STATE ENTITIES**

Summary Makes a number of changes to G.S. 143C-6-23, which governs the handling of State grant funds. Changes include the following:

- Requires grantees and subgrantees to keep State grant funds separate from other funds from an accounting standpoint.
- Requires certain additional information to be included in grant terms. The required information

## 2014 Annotated Conference Committee Report

includes the relevant terms of any legislation governing the grant program, a recitation that grant funds are subject to the availability of appropriated funds, and related matters.

- Requires that grant funds be returned to the State if they have not been spent or encumbered within a certain amount of time, the grantee or subgrantee dissolves or ceases operations, or the Office of State Budget and Management seeks to recover the funds for any statutorily sufficient reason.

- Authorizes interest earned on State grant funds to be used for the same purpose for which the grant or subgrant was initially made.

Section: 6.6

Title: **STATUTORY CHANGES RELATED TO THE DISPOSITION OF SETTLEMENT FUNDS**

Summary Amends Article 1 of Chapter 114 to add a new section that requires that funds received by the State or a State agency from a settlement or other final judgment of a court remain unspent until appropriated by the General Assembly except where the funds are transferred to a party to the action, a consumer entitled to a refund or the recovery of damages, or to an attorney who was awarded attorneys' fees. This section also prohibits the Attorney General from agreeing to spend, transfer, or award funds to any person or entity other than a party to an action, a consumer entitled to a refund or recovery of damages, or an attorney awarded attorneys' fees. These limitations do not apply to the recovery of previously-expended Medicaid funds. This section further requires that the Attorney General submit copies to the Legislative Library of settlements in which the State or a State agency is awarded more than \$75,000. This section has an effective date of December 1, 2014.

Section: 6.7

Title: **PILOT PROGRAM TO IMPROVE BUDGETING OF THE GENERAL FUND**

Summary Subsection (a) states that State budgeting is "more transparent when the enacted budget for any given fiscal year appropriates all State funds intended for expenditure during that fiscal year."

Subsection (b) requires the Office of State Budget and Management (OSBM) and the Office of the State Controller (OSC), in conjunction with the Fiscal Research Division of the General Assembly, to conduct a review of current practices relating to how the General Fund is accounted for. The review is to include a comparison with similar practices in other states, an analysis of whether current practices comply with applicable Governmental Accounting Standards Board standards, and an examination of whether any statutory or administrative changes would improve the transparency and accounting accuracy of the General Fund.

Subsection (c) allows OSBM and OSC to conduct a pilot program for improving the extent to which funds that are to be spent in a given fiscal year are properly budgeted in that fiscal year.

Subsection (d) requires OSBM and OSC to report the findings of their review and the results of the pilot program no later than October 1, 2015, to the chairs of the Senate and House Appropriations Committees and to the Director of the Budget. If there is no pilot program, Subsection (e) requires these agencies to report to these same entities by February 1, 2015 explaining their reasons for not conducting a pilot. According to Subsection (f), the pilot program expires upon the submission of a report required in either subsection (d) or subsection (e).

Subsection (g) sets the section's effective date and states that the section applies to funds appropriated for the 2014-15 fiscal year and subsequent years.

Section: 6.8

Title: **ORDER OF APPROPRIATIONS BILLS**

Summary Amends G.S. 143C-5-2 to clarify that the order in which appropriations bills must be passed in a

## 2014 Annotated Conference Committee Report

legislative session applies to each fiscal year of the biennium and adds a new exemption to this bill order provision.

### Section: 6.10

#### Title: **REPORTING ON AGENCY REORGANIZATIONS AND MOVEMENTS OF POSITIONS**

**Summary** Creates G.S. 143C-6-12, which requires the Office of State Budget and Management to report quarterly to the Joint Legislative Commission on Governmental Operations and the appropriate Joint Legislative Oversight Committee on agency reorganizations and movements of positions.

### Section: 6.12

#### Title: **CONTINGENCY AND EMERGENCY FUND**

**Summary** Amends S.L. 2013-360, Sec. 6.1, to allow up to \$750,000 to be used for litigation expenses incurred by State agencies in defense of the State during FY 2014-15.

### Section: 6.13

#### Title: **DEPARTMENT OF ADMINISTRATION/EUGENICS PROGRAM AMENDMENTS**

**Summary** Subsection (a) amends G.S. 143B-426.51 to change the distribution of compensation to victims of asexualization or sterilization from a lump sum payment to be made on June 30, 2015 to 2 payments to be made on October 31, 2014 (initial payment) and within 90 days of the exhaustion of the last appeal (final payment). New language is added to specify that compensation payments cannot be used to pay attorneys' fees. September 30, 2014 is set as the final day for all claim information to be submitted.

Subsection (b) amends G.S. 143B-426.52(a) to add "mailed and postmarked" to the claim submission deadline of June 30, 2014.

Subsection (c) amends G.S. 143B-426.53(g) to change the agencies notified about qualified recipients from the Office of State Treasurer to the Office of Justice for Sterilization Victims and the Office of State Controller (OSC). OSC replaces the State Treasurer as the agency making the compensation payments to the qualified recipients.

Subsection (d) allocates \$130,000 in FY 2014-15 from the Eugenics Sterilization Compensation Fund to the Office of Justice for Sterilization Victims for administrative costs.

Subsection (e) amends S.L. 2013-360, Sec. 6.18(g), to abolish the Office of Justice for Sterilization Victims on June 30, 2015.

Subsection (f) amends G.S. 108A-70.5 to reduce the amount of any recovery sought from a deceased recipient's estate

### Section: 6.14

#### Title: **USE OF CASH BALANCES TO MEET TEMPORARY CASH NEEDS**

**Summary** Amends G.S. 147-86.11(e) to allow the State Controller to use cash reserved in the Savings Reserve Account and other funds to meet the cash flow needs of the General Fund. If funds are transferred from an interest-bearing fund, the funds are required to be paid back with interest before the end of the fiscal year in which they were transferred.

### Section: 38.1

#### Title: **STATE BUDGET ACT APPLIES**

**Summary** Reenacts and incorporates by reference Chapter 143C, State Budget Act into S.L. 2014-100, the



## 2014 Annotated Conference Committee Report

### Appropriations Act of 2014.

#### Section: 38.2

##### Title: **COMMITTEE REPORT**

**Summary** Subsection (a) sets forth how the Committee Report is to be used in conjunction with the Appropriations Act of 2014 (Act) and directs that the Committee Report is to be used to construe the Act as directed in Chapter 143C, State Budget Act.

Subsection (b) provides that the appropriations in the Act are for all State funds as defined in the State Budget Act.

Subsection (c) provides that in the event of a conflict between the Committee Report and the Act, the Act prevails.

#### Section: 38.3

##### Title: **REPORT BY THE FISCAL RESEARCH DIVISION ON CHANGES TO 2014-15 BUDGET/PUBLICATION**

**Summary** Subsection (a) directs the Fiscal Research Division (FRD) to issue a revised S. B. 744 Committee Report to include all modifications to the FY 2014-15 budget made prior to sine die adjournment of the 2013 Regular Session.

Subsection (b) directs FRD to send the report to the Director of the Budget and to publish the document on the General Assembly's website.

#### Section: 38.4

##### Title: **MOST TEXT APPLIES ONLY TO 2014-2015 FISCAL YEAR**

**Summary** Provides that provisions of the Act apply to FY 2014-15 only, unless the law stipulates otherwise.

#### Section: 38.5

##### Title: **EFFECT OF HEADINGS**

**Summary** Provides that the purpose of headings throughout the Act are for reference and convenience purposes only.

#### Section: 38.6

##### Title: **APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY**

**Summary** Subsection (a) provides that the provisions in S.L. 2013-360, S.L. 2013-363, S.L. 2013-364, and S.L. 2013-397 remain in effect unless expressly repealed or amended.

Subsection (b) provides that the limitations and directions for amounts appropriated for FY 2014-15 in S.L. 2013-360, S.L. 2013-363, S.L. 2013-364, and S.L. 2013-397 apply to appropriations in the Appropriations Act of 2014 unless expressly repealed or amended.

#### Section: 38.7

##### Title: **SEVERABILITY**

**Summary** Provides that a judicial ruling declaring a section or provision of the Act unconstitutional or invalid does not render the whole or any other part of the Act invalid.

#### Section: 38.8

##### Title: **EFFECTIVE DATE**

## General Provisions

## 2014 Annotated Conference Committee Report

Summary Sets July 1, 2014 as the effective date of the Act except as otherwise stipulated in the Act.

# **Capital Section M**

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## Capital

GENERAL FUND

FY 14-15

**A. Department of Cultural Resources****1 Museum of History Expansion**

Appropriates funds to the Museum of History for advance planning of an expansion, renovation, and exhibit development for the Museum of History in Raleigh. The estimated total cost of the project is \$45.2 million.

\$1,500,000 NR

**B. Department of Environment and Natural Resources****2 Water Resource Development Projects**

Provides funds for the State's share of Water Resource Development Projects. State funds will match \$9.65 million in federal funds and \$1.47 million in local funds. (S.L. 2014-100, Sec. 36.2)

\$5,810,000 NR

**C. Department of Public Safety****3 Samarkand Training Facility**

Eliminates funding for the renovation of the Samarkand Training Facility. Two-Thirds Bonds are authorized to continue the renovation of the facility within this Act. (S.L. 2014-100, 36.12)

(\$5,173,000) NR

**D. University of North Carolina****4 Appalachian State University - Health Sciences Building Planning**

Appropriates \$3 million in General Funds and an additional \$2.2 million in non-State funds to Appalachian State University to fully plan the Health Sciences Building. The total cost of construction is estimated to be \$73.4 million and the total square footage is 203,000 gross square feet. (S.L. 2014-100, Sec. 36.16)

\$3,000,000 NR

**E. Two-Thirds Bonds****5 Department of Administration - Albemarle Building Renovation**

Authorizes the issuance of Two-Thirds Bonds to fully renovate the Albemarle Building in Raleigh. The total amount of debt authorized is \$42.3 million. (S.L. 2014-100, Sec. 36.12)

**6 Department of Cultural Resources - USS North Carolina Battleship**

Authorizes the issuance of Two-Thirds Bonds to build a cofferdam to protect the USS North Carolina Battleship. The total amount of debt authorized is \$3 million. (S.L. 2014-100, Sec. 36.12)

**7 Repairs and Renovations Reserve**

Authorizes the issuance of Two-Thirds Bonds to be allocated to the Repairs and Renovations Reserve. The total amount of debt authorized is \$30 million. (S.L. 2014-100, 36.12)

**8 Department of Public Safety - Samarkand Training Facility**

Authorizes the issuance of Two-Thirds Bonds to complete the Samarkand Training Facility project. The total amount of debt authorized is \$5.2 million. (S.L. 2014-100, Sec. 36.12)

**9 Department of Environment and Natural Resources - Hammocks Beach State Park**

Authorizes the issuance of Two-Thirds Bonds to the Parks and Recreation Trust Fund within the Department of Environment and Natural Resources to expand Hammocks Beach State Park. The total amount of debt authorized is \$3 million. (S.L. 2014-100, Sec. 36.12)

**10 Department of Agriculture and Consumer Services- McGough Arena Roof Repair**

Authorizes the issuance of Two-Thirds Bonds to repair the McGough Arena Roof located at the Western North Carolina Agricultural Center. The total amount of debt authorized is \$2 million. (S.L. 2014-100, Sec. 36.12)

**11 Department of Justice - Western Crime Lab**

Authorizes the issuance of Two-Thirds Bonds for the purpose of constructing the Western Crime Lab in Edneyville, as planned in S.L. 2012-142 and S.L. 2013-360. The total amount of debt authorized is \$15.4 million. (S.L. 2014-100, Sec. 36.12)

**12 Bond Reauthorization**

Reauthorizes \$206 million of authorized but unissued special indebtedness with Two-Thirds Bonds. (S.L. 2014, Sec. 36.12)

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**Total Appropriation to Capital****\$5,137,000 NR**

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# Special Provisions

## 2014 Session: SB 744

**Department:** Capital

Section: 36.1

**Title:** CAPITAL APPROPRIATIONS/GENERAL FUND

**Summary** Amends Sec. 36.2(a) of S.L. 2013-360 to appropriate funds to specific projects.

Subsection (a) appropriates \$13,560,000 for FY 2014-15.

(Detailed project-by-project information for each State agency/department may be found on pages M1 and M2 of this report.)

Section: 36.2

**Title:** WATER RESOURCES DEVELOPMENT PROJECTS

**Summary** Identifies the projects, guidelines, and reporting requirements for Water Resources Development Projects appropriated in FY 2014-15.

Subsection (a) lists the 9 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 \$2,625,000 in funds carried forward by DENR to three projects listed in subsection (a).

Subsection (c) allows DENR the flexibility to allocate money among projects to manage costs. If the listed projects are delayed, DENR is 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 for 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 (e) restricts DENR funding to a maximum of 50% of the nonfederal portion of a project's cost.

Section: 36.3

**Title:** NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS

**Summary** Authorizes \$47.1 million for projects across State agencies that are to be funded entirely with non-General Fund money.

Section: 36.4

**Title:** JUVENILE FACILITIES PROJECTS

**Summary** Repeals S.L. 2013-360, Sec. 16D.9, and reallocates \$1.8 million of Repair and Renovations Reserve funds allocated to the Department of Public Safety for the Dobbs Youth Development Center Kitchen Renovations to repair projects consistent with the 2014 Juvenile Justice Facilities Strategic Plan.

Section: 36.5

Title: **USE OF CERTAIN FUNDS CARRIED FORWARD BY UNC FOR CAPITAL PROJECTS**

Summary Amends G.S. 143C-8-12 to allow the University of North Carolina (UNC) to utilize General Funds carried forward from the previous year for the purpose of repairing and renovating General Fund supported facilities.

Section: 36.6

Title: **REPEAL UNC CHANCELLORS' AUTHORITY TO APPROVE CERTAIN MAINTENANCE PROJECTS**

Summary Repeals G.S. 116-31.1(c) which allowed a chancellor at a constituent institution to approve the use of operating funds for repair and renovations projects under \$1 million.

Section: 36.7

Title: **EXPAND UNC LEASING AUTHORITY**

Summary Amends G.S. 116-198.34(5) to allow UNC to lease property for up to 99 years without seeking permission from the Department of Administration (DOA) and the Council of State. Subsection (b) repeals a June 30, 2015 sunset on previous authority that set the lease term to 65 years.

Section: 36.8

Title: **INCREASE NATIONAL GUARD FLEXIBILITY WITH RESPECT TO CERTAIN CAPITAL PROJECTS**

Summary Amends G.S. 143C-8-12 to allow the National Guard to begin a capital project without General Assembly authorization if the project is funded wholly from federal funds and any operation of the project will be funded wholly by federal funds.

Subsection (b) amends Sec. 36.11(c) of S.L. 2013-360 to allow the National Guard to use unspent General Funds appropriated under the National Guard Armory and Facility Development Projects on projects approved by Congress but not listed in S.L. 2013-360, Sec. 36.11(a).

Subsection (c) amends Article 8 of G.S. 143 to create an exemption from public bidding for the National Guard. The National Guard is exempted from public bidding if a capital project is related to a training exercise. All projects are still subject to public bidding thresholds set by Congress for National Guard projects.

Section: 36.10

Title: **USS NORTH CAROLINA BATTLESHIP HULL REPAIRS**

Summary Authorizes \$10 million of non-General Fund money to be used for the repair of the USS North Carolina Battleship's hull. \$3 million of Two-Thirds Bonds are authorized in Sec. 36.12 for this project.

Section: 36.12

Title: **TWO-THIRDS BOND ACT OF 2014**

Summary Authorizes \$306.9 million in Two-Thirds Bonds for projects across State agencies.

(Detailed project-by-project information for each State agency/department may be found on pages M1 and M2 of this Report.)

Section: 36.14

Title: **TRANSFER UNSPENT CAPITAL FUNDS TO PROJECT RESERVE ACCOUNT**

Summary Amends G.S. 143C-8-11 to add a new subsection (c) that requires the State Controller to close a capital project budget if the project has been complete for over two years. Funds will be reallocated pursuant to State law.



Section: 36.16

Title: **REPORT ON APPALACHIAN STATE UNIVERSITY HEALTH SCIENCES BUILDING**

Summary Requires a report to the UNC Board of Governors and the Fiscal Research Division by October 1, 2014 on the plan for financing construction and operation of a new Health Sciences Building. Subsection (b) authorizes \$2.2 million in non-General Fund money in addition to \$5 million in State funds to complete the planning of the Health Sciences Building.

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**Information  
Technology Services  
Section N**

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## Information Technology Fund

Budget Code: 24667

**FY 2014-15****Beginning Unreserved Fund Balance****\$3,909,023****Recommended Budget**

Requirements

**\$10,470,657**

Receipts

**\$10,472,857**

Positions

**31.00****Legislative Changes****Requirements:****Criminal Justice Information Network (2705)**

\$0 R

Maintains funding of \$189,563 for the Criminal Justice Information Network (CJIN). The CJIN is a statewide criminal justice infrastructure that allows the sharing of information between State and local criminal justice agencies.

\$0 NR

0.00

**Center for Geographic Info and Analysis (2715)**

\$0 R

Maintains funding of \$495,338 for the Center for Geographic Information and Analysis (CGIA), the lead agency for geographic information systems (GIS) services and GIS coordination for North Carolina, providing GIS services to State and local governments.

\$0 NR

0.00

**Enterprise Security Risk Management Office (2720)**

\$0 R

Maintains funding of \$864,148 for Enterprise Security Risk Management. The Enterprise Security and Risk Management Office (ESRMO) is responsible for the development, delivery and maintenance of an information security and risk management program that safeguards the State's information assets and the supporting infrastructure against unauthorized use, disclosure, modification, damage, or loss.

\$0 NR

0.00

**Enterprise Project Management Office (2740)**

\$0 R

Maintains funding of \$1,473,285 for the Enterprise Project Management Office (EPMO). The EPMO was established to improve the management of IT projects in State government.

\$0 NR

0.00

**FY 2014-15****Architecture and Engineering (2750)**

\$0 R

Maintains funding of \$851,986 for the Office of Enterprise Architecture. The Office acts as a strategic planner and architect for the State's IT programs and is responsible for formulating and advancing a vision for those programs.

\$0 NR  
0.00

**State Portal (2760)**

\$0 R

Maintains funding of \$224,741 to support the current State web site within the Office of the State Chief Information Officer.

\$0 NR  
0.00

**Enterprise Licenses (2780)**

\$0 R

Maintains funding of \$33,000 to support enterprise license agreements. Enterprise license agreements support multiple agencies' IT projects and applications.

\$0 NR  
0.00

**Consolidation (2790)**

\$0 R

Maintains funding of \$1,021,081 for consolidation, allowing the State Chief Information Officer to work to centralize IT operations and functions in the State.

\$0 NR  
0.00

**Electronic Forms and Digital Signatures (2790)**

(\$450,000) R

Reduces funding for the State's enterprise electronic forms and digital signatures capability by 50% from \$900,000 to \$450,000, while continuing support for agencies currently using the service.

\$0 NR  
0.00

**GDAC (2800, 2404, 2457, 2459)**

\$1,129,488 R

Increases funding from the Information Technology Fund by \$5,000,000, or 53%, to \$9,417,515 to continue the efforts of the Government Data Analytics Center (GDAC) and the North Carolina Financial Accountability and Compliance Technology System (NCFACS) to develop an enterprise business intelligence capability. Included in the \$5 million is \$1.5 million in GDAC carryforward. It also includes an increase in recurring funding for the Criminal Justice Law Enforcement Automated Data System (CJLEADS) of \$1,129,488 to support ongoing operations and allow the development of additional capabilities. In addition to funding from the IT Fund, GDAC receives an appropriation in the Office of the State Controller's budget. Total funding for GDAC operations from all funding sources in fiscal year 2014-2015 is anticipated to be \$17,069,414.

\$5,000,000 NR  
0.00

## 2014 Annotated Conference Committee Report

### FY 2014-15

#### **Longitudinal Data System Board Staffing**

Provides funding of \$5,000 for administrative support for the Longitudinal Data Board.

\$0 R  
\$5,000 NR  
0.00

#### **Enterprise Resource Planning/NC GEAR**

Provides \$1.5 million in funding to the State Chief Information Officer to develop a strategic implementation plan for a Statewide Enterprise Resource Planning System (ERP), in coordination with the North Carolina Government Efficiency and Reform Initiative (NC GEAR), and the State Controller. The plan is to be submitted to the Joint Legislative Oversight Committee on Information Technology by December 1, 2014.

\$0 R  
\$1,500,000 NR  
0.00

#### **Subtotal Legislative Changes**

\$679,488 R  
\$6,505,000 NR  
0.00

---

#### **Receipts:**

##### **Interest**

Accounts for interest generated by the Information Technology Fund during FY 2013-14.

\$2,200 R  
\$0 NR

##### **GDAC Funding (2404, 2457, 2459, 2800)**

Provides \$5 million in nonrecurring funding from the IT Fund for the Government Data Analytics Center (GDAC) and the North Carolina Financial Accountability and Compliance Technology System (NCFACTS), an increase of 53%. This includes GDAC carryforward of \$1.5 million. An additional \$1,129,488 in recurring funding is provided for the Criminal Justice Law Enforcement Automated Data System (CJLEADS). All of this funding will be used to continue the State's efforts to develop an enterprise business intelligence capability.

\$1,129,488 R  
\$5,000,000 NR

2014 Annotated Conference Committee Report

**FY 2014-15**

**Electronic Forms and Digital Signatures (2790)**

(\$450,000) R

Reduces funding for the Electronic Forms and Digital Signatures project by 50%, from \$900,000 to \$450,000, limiting support to current users.

\$0 NR

**Funding for Longitudinal Data Board**

\$0 R

Provides funding to support administrative requirements of the Longitudinal Data Board.

\$5,000 NR

**Funding for Enterprise Resource Planning/NC GEAR**

\$0 R

Provides \$1.5 million for the State Chief Information Officer, in conjunction with the NC Government Efficiency and Reform Initiative (NC GEAR), and the State Controller to develop a strategic implementation plan for a Statewide Enterprise Resource Planning System.

\$1,500,000 NR

**Subtotal Legislative Changes**

\$681,688 R

\$6,505,000 NR

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Revised Total Requirements

\$17,655,145

Revised Total Receipts

\$17,659,545

**Change in Fund Balance**

\$4,400

**Total Positions**

31.00

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**Ending Unreserved Fund Balance**

\$3,913,423



## Information Technology Reserve Fund

Budget Code: 00000

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	FY 2014-15
<b>Beginning Unreserved Fund Balance</b>	<b>\$0</b>
<b>Recommended Budget</b>	
Requirements	\$31,582,485
Receipts	\$31,582,485
Positions	33.00

---

**Legislative Changes****Requirements:****Plan (Enterprise Architecture) (2725)**

\$0 R

Maintains State Chief Information Officer funding for Enterprise Architecture at \$2,239,512 for personnel with the skills necessary to ensure that the State has an enterprise architecture that can be used as the basis for planning Statewide IT support and integrating agency requirements. As part of this effort, a consistent, detailed business case development process will be created that is based on best practices and ensures that the State acquires the best support at the lowest cost.

\$0 NR  
0.00

**Build (Project Management) (2725)**

(\$1,109,901) R

Reduces funding for project management by 39% to \$1,772,353 to allow the State CIO to maintain staff with the skills required to create and deploy a development model for Cabinet agencies that will assist them in defining software requirements and require standard methodologies for project management and system development.

\$0 NR  
0.00

**Remediation (Equipment Relocation) (2725)**

\$0 R

Continues the relocation of information technology equipment from substandard facilities to State data centers. For FY 2014-15, funding of \$600,000 is provided for equipment costs associated with the effort.

\$0 NR  
0.00

**FY 2014-15**

**Security (2775)**

Continues the State CIO's effort to assess IT security requirements, then implement improvements, with nonrecurring funding of \$250,000 for FY 2014-15. Recurring funding of \$142,788 is provided to support an additional security specialist in the Office of the State Chief Information Officer.

\$0 R  
\$0 NR  
0.00

**Desktop Remediation (2725)**

Reduces desktop remediation funding by \$7,050,000, requiring the State Chief Information Officer to prioritize requirements for agency desktop support.

\$450,000 R  
(\$7,500,000) NR  
0.00

**Network Simplification (2725)**

Provides funding of \$4,262,453 to allow for the upgrade, simplification, and modernization of the State's critical IT infrastructure.

\$929,968 R  
(\$1,500,000) NR  
0.00

**MS Office (2725)**

Maintains funding of \$2.3 million to update approximately 50,000 agency software licenses to meet current standards.

\$0 R  
\$0 NR  
0.00

**Operate (Standards and Measures)**

Eliminates nonrecurring funding of \$500,000 for a consultant to support standardization of IT services.

\$0 R  
(\$500,000) NR  
0.00

**Customer Data (2725)**

Eliminates nonrecurring funding of \$1 million for a consultant to support the development of standard State policy regarding access to and use of data held by the State.

\$0 R  
(\$1,000,000) NR  
0.00

**Secure Sign-On (2775)**

Maintains recurring funding of \$70,000 for secure sign-on, but reduces nonrecurring funding by 34%, from \$3,280,000 to \$2,167,515 to support the upgrade of the State's identity management system. This will allow the implementation of increasing security requirements for access to certain types of data.

\$0 R  
(\$1,112,485) NR  
0.00

**FY 2014-15**

**Innovation Center (2725)**

\$0 R

Continues operation of the State Information Technology Innovation Center to encourage collaboration among State agencies, institutions of higher learning, citizens, and the private sector to create information technology solutions with potential benefit to the State and anyone using government services.

\$0 NR

0.00

**Subtotal Legislative Changes**

**\$270,067 R**

**(\$11,612,485) NR**

0.00

**Receipts:**

**IT Reserve Receipts (2725 and 2775)**

\$270,067 R

Sets IT Reserve receipts at \$20,240,067, a reduction of 36%.

(\$11,612,485) NR

**Subtotal Legislative Changes**

**\$270,067 R**

**(\$11,612,485) NR**

Revised Total Requirements

**\$20,240,067**

Revised Total Receipts

**\$20,240,067**

**Change in Fund Balance**

**\$0**

**Total Positions**

**33.00**

**Ending Unreserved Fund Balance**

**\$0**

## Information Technology Internal Service Fund

Budget Code: 74660

	FY 2014-15
<b>Beginning Unreserved Fund Balance</b>	<b>\$18,557,047</b>
<b>Recommended Budget</b>	
Requirements	<b>\$190,000,002</b>
Receipts	<b>\$190,000,000</b>
Positions	<b>507.00</b>
<b>Legislative Changes</b>	
<b>Requirements:</b>	
<b>Information Technology Internal Service Fund</b>	\$0 R
Sets funding for the Office of Information Technology Services at \$195,000,000 (Fund Codes 7105, 7115, 7280, 7217, 7250, 7EPA, 7228, 7100, 7240, 7260, 7224, and 7USG).	\$5,000,000 NR
	0.00
<b>Subtotal Legislative Changes</b>	<b>\$0 R</b>
	<b>\$5,000,000 NR</b>
	0.00

**Receipts:**

<b>IT Internal Service Fund Receipts</b>	\$0 R
Limits receipts for FY 2014-15 to \$195,000,000 (Fund Codes 7115, 7280, 7217, 7250, 7EPA, 7228, 7100, 7240, 7260, 7224, and 7USG).	\$5,000,000 NR
<b>Subtotal Legislative Changes</b>	<b>\$0 R</b>
	<b>\$5,000,000 NR</b>

**FY 2014-15**

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Revised Total Requirements	<b>\$195,000,002</b>
Revised Total Receipts	<b>\$195,000,000</b>
<b>Change in Fund Balance</b>	<b>(\$2)</b>
<b>Total Positions</b>	<b>507.00</b>

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<b>Ending Unreserved Fund Balance</b>	<b>\$18,557,045</b>
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# Special Provisions

## 2014 Session: SB 744

**Department:** Information Technology

Section: 7.1

Title: **INFORMATION TECHNOLOGY FUND**

Summary Amends S.L. 2013-360, Sec. 7.1, to adjust Information Technology (IT) Fund availability to \$17,655,145 for the operation of the Office of the State Chief Information Officer (CIO) and statewide, or enterprise, IT projects. This section also requires the development of a strategic implementation plan for an enterprise resource planning (ERP) system, which is to be submitted to the Joint Legislative Oversight Committee on Information Technology by December 15, 2014.

Section: 7.2

Title: **INFORMATION TECHNOLOGY INTERNAL SERVICE FUND/RATE SETTING**

Summary Amends S.L. 2013-360, Sec. 7.2, to limit receipts in the IT Internal Service Fund to \$195 million for FY 2014-15. The State CIO is required to establish consistent, fully transparent, easily understandable rates by October 31, 2014. Subsection (c1) directs the State CIO to establish rates for the Government Data Analytics Center (GDAC) and for non-state users of the Criminal Justice Law Enforcement Automated Data System (CJLEADS). Subsection (c2) makes \$165 million of the IT Internal Service Fund nonrecurring for FY 2014-15.

Section: 7.3

Title: **INFORMATION TECHNOLOGY RESERVE FUND**

Summary Amends S.L. 2013-360, Sec. 7.3, to appropriate \$20,240,067 to the IT Reserve Fund for improvements to IT operations, infrastructure, and security. The State CIO is required to update a timeline for completing IT Reserve Fund initiatives, and beginning October 1, 2014, to report quarterly to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on fund expenditures.

Section: 7.4

Title: **INFORMATION TECHNOLOGY OPERATIONS**

Summary Amends S.L. 2013-360, Sec. 7.4, to require agencies to install any new equipment in State data centers, unless an exception is granted by the State CIO. By December 1, 2014, the State CIO is required to update the IT restructuring plan and to submit it to the Joint Legislative Oversight Committee on Information Technology.

Section: 7.5

Title: **TAX INFORMATION MANAGEMENT SYSTEM CHANGES**

Summary Amends S.L. 2013-360, Sec. 7.17, to eliminate the use of public-private partnerships to develop and implement the Department of Revenue's Tax Information Management System (TIMS). The Secretary of Revenue is required to establish metrics to determine increases in revenue attributable to TIMS. The Department of Revenue is required to engage private counsel for the TIMS project. Project oversight is increased, with the State CIO and the Office of State Budget and Management required to report any failure to adhere to State project management standards. An Oversight Committee is established within the Department of Revenue to review and approve project requirements. Beginning August 1, 2014, the Department of Revenue is required to submit quarterly status reports to the Joint Legislative Oversight Committee on Information Technology, the Chairs of the Senate Appropriations Committee on General Government and Information Technology, the Chairs of the House Appropriations Subcommittee on Information Technology, and the Fiscal Research Division.

Section: 7.6

Title: **GOVERNMENT DATA ANALYTICS CENTER/BUSINESS INTELLIGENCE**

Summary Rewrites G.S. 143B-426.38A to include a definition of business intelligence. All State agency business intelligence requirements are to be implemented through the GDAC. Subsection (b) provides funding of \$9.4 million for the GDAC, with an additional \$1.1 million for CJLEADS.

Section: 7.7

Title: **INFORMATION TECHNOLOGY CONTRACTS**

Summary Amends S.L. 2013-360, Sec. 7.7, to require the State CIO, the Office of State Human Resources, and institutions of higher education in the State, to plan a career path for information technology contracting professionals. By December 1, 2014 the State CIO is to provide a report on the plan to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division.

Section: 7.11

Title: **VEHICLE MANAGEMENT**

Summary Amends S.L. 2013-360, Sec. 7.16, to extend the requirement for State CIO approval for State and local government procurement or operation of an unmanned aircraft system by 6 months to December 31, 2015.

Section: 7.12

Title: **USE OF MOBILE COMMUNICATIONS DEVICES**

Summary Rewrites G.S. 147-33.91(a) to require the State CIO to exercise coordinating authority for all mobile communications matters. Subsections (b) and (c) repeal agency requirements to report mobile communications devices numbers and costs to the General Assembly (S.B. 798/H.B.1149).

Section: 7.13

Title: **STATE PORTAL**

Summary Amends S.L. 2013-360, Sec. 7.22, to direct the State CIO to develop a plan to implement an electronic portal and to report to the Joint Legislative Oversight Committee on Information Technology prior to implementation. The State CIO is to determine the resources required to establish the portal.

Section: 7.14

Title: **DEPARTMENT OF TRANSPORTATION INFORMATION TECHNOLOGY MODERNIZATION**

Summary Provides \$22,911,822 for Department of Transportation (DOT) IT modernization, with the State Automated Driver License System (SADLS) as the priority. Beginning October 1, 2014, the DOT CIO is required to submit a quarterly report to the Joint Legislative Oversight Committee on Information Technology and the Joint Legislative Transportation Oversight Committee on the status of information technology projects.

Section: 7.16

Title: **GEOGRAPHIC INFORMATION SYSTEM DATA/CONSOLIDATION/FEASIBILITY OF SELLING DATA**

Summary Directs the State CIO to document existing State Geographic Information System (GIS) capabilities in State agencies and develop recommendations to consolidate them. The State CIO is also to determine if there are potential markets for State GIS data, and if feasible, to develop a plan for selling the data. The results of these requirements are to be reported to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division no later than December 1, 2014.

Section: 7.17

Title: **INFORMATION TECHNOLOGY SERVICES/EMPLOYEES EXEMPTED FROM CERTAIN PROVISIONS OF STATE HUMAN RESOURCES ACT**

Summary Amends G.S. 126-5(c11) to allow State IT employees to choose voluntary exemption from the State Human Resources Act.

Section: 7.18

Title: **BUDGET AND REPORTING INFORMATION TECHNOLOGY EXPENDITURES**

Summary Requires the State CIO to complete implementation of a Budget and Reporting Information Technology Expenditures (BRITE) tool. By December 15, 2014, the State CIO is to report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on the tool's implementation.



# **Salaries and Benefits**

## **Section O**

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## Statewide Reserves: Salaries

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### State Funded Compensation and Salary Increases

The State provides funding for salaries for employees of State agencies, departments, and institutions, universities, and a majority of the personnel employed by local public schools and community colleges. The General Fund payroll base is estimated to exceed \$10.7 billion for FY 2014-15. Total payroll is expected to exceed \$15.4 billion, including receipts from State agencies, universities, local public schools, and community colleges.

### Significant Legislative Budget Actions

The General Assembly enacted the following General Fund and Highway Fund appropriations to provide salary increases effective July 1, 2014, for employees paid from State funds:

	FY 2014-15	
	Recurring	Nonrecurring
General Fund	\$423,020,424	\$6,897,748
Highway Fund	9,291,113	-
<b>Total</b>	<b>\$432,311,537</b>	<b>\$6,897,748</b>

These appropriations funded:

1. A \$1,000 annual salary increase for most permanent, full-time employees of State agencies, departments, and institutions and the local community college system;  
*Note:* University system employees who are exempt from the Human Resources Act did not receive the \$1,000 salary increase. In lieu of the flat increase, the General Assembly appropriated \$5 million to the University System for the Board of Governors to distribute to employees exempt from the Human Resources Act
2. A step increase for employees paid in accordance with an automatic salary increase plan;
3. An average raise for teachers and instructional support of approximately 7%;
4. An average raise of approximately 2% for school-based administrators; and
5. A \$500 annual salary increase for permanent, full-time central office and noncertified personnel of local education agencies.

For the first time in FY 2014-15, the General Assembly appropriated funds directly to State agencies, departments, universities, local public schools, and local community colleges to fund salary increases. In previous years, the General Assembly appropriated funds to a reserve administered and allocated by the Office of State Budget and Management (OSBM).

### Historical Compensation Information

Three tables at the end of the Salaries section provide historical compensation information, including:

1. The estimated cost of a 1% across-the-board salary increase since FY 2000-01;
2. All legislative salary increases for State employees and teachers since FY 1973-74; and
3. The average salary of State employees subject to the State Human Resources Act since FY 1990-91.

### Special Provisions

#### Session Law 2014-100, Senate Bill 744

#### State Agency, University, and Community College Personnel

Section: 35.1

Title: GOVERNOR AND COUNCIL OF STATE

Salaries and Benefits

## 2014 Annotated Conference Committee Report

**Summary** Increases the Governor and Council of State annual salaries by \$1,000, effective July 1, 2014. The Governor's annual salary increases to \$142,265 per year. Per subsection (b), the salaries of Council of State members increase to an annual rate of \$125,676.

**Section:** 35.2

**Title:** **CERTAIN EXECUTIVE BRANCH OFFICIALS**

**Summary** Increases the annual salary of certain Executive Officials by \$1,000 to the annual rates listed below, effective July 1, 2014.

<b>Executive Officials</b>	<b>FY 2014-15</b>
Chairman, Alcoholic Beverage Control Commission	\$111,868
State Controller	156,159
Commissioner of Banks	125,676
Chair, Board of Review, Division of Employment Security	123,255
Members, Board of Review, Division of Employment Security	121,737
Chairman, Parole Commission	102,235
Members of the Parole Commission	94,464
Chairman, Utilities Commission	139,849
Members of the Utilities Commission	125,676
Executive Director, North Carolina Agricultural Finance Authority	108,915

**Section:** 35.3

**Title:** **JUDICIAL BRANCH**

**Summary** Increases the annual salaries of permanent, full-time Judicial Branch employees by \$1,000 annually, effective July 1, 2014. The salary increase excludes employees eligible for to receive a step increase under an automatic salary increase plan. Subsection (a) increases the annual salary of Judges, Clerks of Superior Court, certain administrative officers, district attorneys, and public defenders by \$1,000 to the annual rates listed below, effective July 1, 2014.

<b>Judicial Personnel</b>	<b>FY 2014-15</b>
Chief Justice, Supreme Court	\$143,623
Associate Justice, Supreme Court	139,896
Chief Judge, Court of Appeals	137,682
Judge, Court of Appeals	134,109
Judge, Senior Regular Resident Superior Court	130,492
Judge, Superior Court	126,875
Chief Judge, District Court	115,301
Judge, District Court	111,684
District Attorney	121,737
Administrative Officer of the Courts	129,259
Assistant Administrative Officer of the Courts	118,152
Public Defender	121,737
Director of Indigent Defense Services	125,498

Subsection (c) authorizes 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 \$72,797 or the minimum salary fall below \$38,628, reflecting a \$1,000 annual salary increase.

Subsection (d) provides the \$1,000 annual salary increase to clerks of superior court, effective July 1, 2014.

## 2014 Annotated Conference Committee Report

### Clerks of Superior Court

Less than 100,000	\$84,390
100,000 to 149,999	94,578
150,000 to 249,999	104,766
250,000 and above	114,958

In subsection (e), the General Assembly increases the maximum annual salary for Assistant and Deputy Clerks of Court by \$1,000, effective July 1, 2014.

### Assistant Clerks and Head Bookkeeper

**FY 2014-15**

minimum	\$32,609
maximum	56,424

### Deputy Clerks

minimum	\$28,223
maximum	44,107

Subsection (f) increases most steps on the Magistrates pay scale by more than \$1,000 annually. The following table provides the FY 2013-14 and FY 2014-15 salaries for each step on the magistrate pay plan as well as the salary increase at each step.

	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>Change in Step Salary</b>
Entry Rate	\$33,025	\$35,275	\$2,250
Step 1	35,951	37,950	1,999
Step 2	39,135	40,835	1,700
Step 3	42,640	43,890	1,250
Step 4	46,551	47,550	999
Step 5	50,959	51,960	1,001
Step 6	55,901	56,900	999

According to subsection (g), the salaries of Magistrates who were serving on June 30, 1994, but whose salaries were below the Entry Rate as of that date, are increased by \$1,000 annually effective July 1, 2014. The General Assembly set new minimum and maximum salaries for these Magistrates:

	<b>Minimum</b>	<b>Maximum</b>
Less than 1 year of service		\$27,846
1 or more but less than 3 years of service	28,027	29,027
3 or more but less than 5 years of service	30,405	31,405

Two other provisions affect assistant and deputy clerks and magistrates. In Section 35.7, the General Assembly reinstates the automatic salary increase plans for these employees. Section 35.10(b) requires that any assistant and deputy clerk and magistrate who is not eligible for a step increase receives a \$1,000 salary increase.

Subsection (h) authorizes the clerk of superior court offices to use salary reserve generated by the clerk offices. The Administrative Office of the Courts shall allocate these funds to the clerk offices on a per capita basis for salary adjustments.

Section: 35.4

Title: **LEGISLATIVE BRANCH**

Summary Provides for a \$1,000 salary increase for employees of the Legislative Branch. The General Assembly also increases the annual salaries of Legislative Branch employees whose salaries are set by General Statute by \$1,000 as follows:

Salaries and Benefits

## 2014 Annotated Conference Committee Report

**FY 2014-15**

Principal Clerks in the House of Representatives and Senate  
Sergeants-at-Arms, Reading Clerks in the House of Representatives and  
Senate

\$106,333

\$404/ week

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.

Section: 35.5

Title: **COMMUNITY COLLEGES PERSONNEL**

Summary Authorizes funding to support a \$1,000 annual salary increase effective July 1, 2014 for all community college employees. Subsection (b) applies the \$1,000 salary increase to community college faculty whose salaries are supported by the State's General Fund and sets the minimum salaries for nine-month, full-time curriculum community college faculty for FY 2014-15.

Section: 35.6

Title: **UNIVERSITY OF NORTH CAROLINA SYSTEM**

Summary Authorizes a \$1,000 annual salary increase effective July 1, 2014 for permanent, full-time University of North Carolina employees who are subject to the North Carolina Human Resources Act (SHRA). For employees of the University of North Carolina System who are exempt from the North Carolina Human Resources Act (EHRA), the General Assembly appropriated \$5 million to provide salary increases to improve employee retention. The General Assembly authorized the UNC Board of Governors (BOG) to use these funds to award compensation increases to EHRA employees pursuant to policies adopted by the BOG.

Section: 35.6A

Title: **STATE AGENCY TEACHERS**

Summary Requires that employees of schools operated by the Departments of Health and Human Services, Public Instruction, and Public Safety who are paid on the teacher salary schedule receive the experience step increase authorized in S.L. 2014-100, Sec. 9.1. The average salary increase for current employees paid on the teacher salary schedule is approximately 7%.

Section: 35.6B

Title: **STATE HIGHWAY PATROL STEP INCREASES**

Summary Provides salary increases for certain State Highway Patrol troopers. In FY 2014-15, the General Assembly provided 6% increases for troopers sworn between 2012 and June 30, 2014, 5.5% increases for troopers sworn between 2008 and 2011, and 5% salary increases for all other step-eligible troopers.

Two other provisions affect State Highway Patrol troopers. In Section 35.7, the General Assembly reinstates the automatic salary increase plans for State Highway Patrol Troopers but 35.6B notwithstanding this plan and provides the increases described above instead of the historical 5% automatic increase. Per Section 35.10(b), any trooper who is not eligible for a step increase receives a \$1,000 salary increase.

Section: 35.7

Title: **SALARY ADJUSTMENT REQUIREMENTS/LIMIT ON CUMULATIVE INCREASES**

Summary Rewrites Section 35.8 of S.L. 2013-360 such that the section applies to FY 2013-14 only instead of the 2013-15 fiscal biennium. This rewrite unfreezes State employee salaries, allowing salary increases pursuant to the other provisions of the Appropriations Act as well as adjustments allowed prior to the freeze (i.e. career progression, job change, equity, reallocations, promotions, etc.). This change also unfreezes the automatic salary step increases and other compensation

## 2014 Annotated Conference Committee Report

increases, including bonuses, for assistant and deputy clerks of superior court, magistrates, the State Highway Patrol, the Office of the Commissioner of Banks, and employees of the Lottery Commission.

Subsection 35.8(b1) requires approval by an authorizing body for any salary adjustment in excess of 10%. Authorizing bodies include but are not limited to the Office of State Budget and Management (OSBM), The University of North Carolina Board of Governors, the Board of the North Carolina Community College System, the Legislative Services Commission, and local boards of education.

Section: 35.8

Title: **USE OF FUNDS APPROPRIATED FOR LEGISLATIVELY MANDATED SALARY INCREASES**

Summary Requires OSBM to ensure that funds appropriated for legislatively mandated salary increases are used only for salary increases. Subsection (b) allows the Director of the Budget to reallocate funds between departments as needed to meet required salary increases. OSBM is required to report to the Joint Legislative Commission on Governmental Operations by October 1, 2014 on the use and reallocation of these funds and the amount of funds expected to revert. This provision is new in FY 2014-15 and reflects the allocation of the compensation reserve to individual agencies. Historically, one compensation reserve was appropriated for all employee groups to a reserve fund within OSBM.

Section: 35.9

Title: **ALL STATE-SUPPORTED PERSONNEL/SALARY INCREASES**

Summary Provides administrative details on salary increases for State-supported personnel. Examples include requirements and the like.

Section: 35.10

Title: **MOST STATE EMPLOYEES**

Summary Authorizes an annual salary increase of \$1,000 effective July 1, 2014 for most permanent, full-time employees whose salaries are set in accordance with the North Carolina Human Resources Act and for employees exempt from the Human Resources Act. Subsection (a)(3) clarifies that permanent part-time employees and temporary permanent hourly employees also receive the salary increase but on a prorated basis.

Subsection (b) specifies that employees paid on an automatic salary increase plan who receive a step increase do not receive the \$1,000 salary increase but employees on these plans who are not granted a step increase do receive the \$1,000 salary increase.

Section: 35.10A

Title: **SPECIAL ANNUAL LEAVE BONUS**

Summary Provides 5 bonus annual leave days to full-time permanent employees of the State and community college institutions employed on September 1, 2014 and eligible to earn leave. A pro rata share of the leave is given to part-time permanent employees. Bonus annual leave days do not expire and may be cashed out at separation or retirement.

Section: 35.11

Title: **STATE EMPLOYEES REASSIGNMENT/NO THIRTY-FIVE-MILE RADIUS REQUIREMENT**

Summary Removes the 35-mile radius criterion for the reassignment of certain employees in exempt positions. This provision applies only to the reassignment of employees that meet 3 criteria: (1) have at least 10 year of service, including the immediately preceding 12 months, in positions subject to the Human Resources Act, (2) is in a position that is changed from "subject to" the Human Resources Act to "exempt from" the Human Resources Act, and (3) is removed from the exempt position for reasons other than just cause.

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Section: 35.11A

Title: **STUDY GRANTING EXPERIENCE AND EDUCATION CREDIT TO PROSPECTIVE STATE HIGHWAY PATROL MEMBERS WITH PRIOR LAW ENFORCEMENT OR MILITARY EXPERIENCE**

Summary Directs the State Highway Patrol to study granting law enforcement experience and education credit to prospective members of the State Highway Patrol who have prior law enforcement or military experience. The State Highway Patrol is to conduct this study in consultation with the Criminal Justice Education and Training Standards Commission and the Fiscal Research Division. The report is due February 1, 2015 to the Chairs of the House Appropriations Committee, the Chairs of the Senate Appropriations/Base Budget Committee, the Chairs of the House Appropriations Subcommittees on Justice and Public Safety, and the Chairs of the Senate Appropriations Subcommittees on Justice and Public Safety. The report should include at least (1) an analysis of the costs and benefits of granting experience and education credit, (2) identification of resources that may be needed to grant credit, and (3) Identification of obstacles to granting credit for experience and education.

Section: 35.12

Title: **AMEND THE SALARY CONTINUATION LAWS TO PROVIDE THAT ONLY LAW ENFORCEMENT OFFICERS INJURED AND INCAPACITATED AS THE RESULT OF THE HEIGHTENED RISK AND SPECIAL HAZARDS POSED BY THEIR OFFICIAL DUTIES RECEIVE A HIGHER COMPENSATION RATE FOR THE TWO-YEAR PERIOD BEFORE REVERTING TO THE RATES PROVIDED UNDER THE WORKERS' COMPENSATION LAWS**

Summary Amends the Salary Continuation laws such that only eligible employees whose injuries are proximately caused by the heightened risk and hazards posed by their official duties receive salary continuation (i.e. 100% of salary) for the two-year period before reverting to the workers' compensation rate (66.667% of salary). Prior to this change, eligible employees (i.e. those listed in G.S. 143-166.13(a) and (b)) received salary continuation for any injury arising out of or in the course of official duties.

Section: 35.12A

Title: **LOTTERY COMMISSION/LIMITS ON CERTAIN SALARY INCREASES**

Summary Disallows merit- or performance-based salary increases for employees of the Lottery Commission for FY 2014-15.

### **Public School Employees**

This section provides a brief summary of the salary increases for public school employees. A summary of each provision is available in the Education section of the Annotated Conference Committee Report.

Section: 9.1

Title: **TEACHER SALARY SCHEDULE**

Summary Provides the teacher salary schedule for the 2014-15 school year. The new schedule, which is effective July 1, 2014, provides an average salary increase of 7% for current Public School teachers and instructional support personnel. Salary increases range from 0.3% to 18.5%. This average increase for educators is determined by taking the percent change between the FY 2014-15 State-funded salary and the FY 2013-14 State-funded salary plus longevity payments; this methodology is consistent with historical practices for estimating percentage salary increases for educators. Teachers and instructional support personnel, who have gained an additional year of experience, will move up one step on the experience-based schedule and salaries will increase in accordance with the new salary schedule. The new salary schedule continues to be a step and lane, experience-based schedule but contains 6 steps instead of the 37 steps of the FY 2013-14 schedule.



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Subsection (b) provides the methodology for the educational and certification salary supplements. This section clarifies that the supplements for a master's degree (10%) and National Board of Professional Teaching Standards certificate (NBPTS) (12%) are based on the "A" schedule. This change only affects educators who hold both a Masters and NBPTS and ends the compounding of these supplements; the total State supplement for these educators is now 22% instead of 23.2%.

In addition to this tweak to the supplement calculation, the new salary schedule ends historical longevity practices. Subsection (d) states that in lieu of providing annual longevity payments the amount of those longevity payments are built into the new schedule. The following example illustrates the change in longevity practices: Two teachers both have a bachelor's degree and have just completed 15 years of teaching (i.e. moving onto step 15); one has taught in NC his whole career (NC teacher) and the other moved here from SC in FY 2013-14 (NC-SC teacher). The table below shows these teachers compensation last year and this year.

	<b>FY 2013-14 Pay – Step 14</b>	<b>FY 2014-15 Pay – Step 15</b>
NC Teacher	\$39,727 (Step 14 base pay + 1.5% longevity)	\$43,500
NC-SC Teacher	\$39,140 (Step 14 base pay only)	\$43,500

As you can see, in the past, teachers on the same step (and assuming the same credentials) could have different State-funded salaries. With the end of past longevity practices, that is no longer the case.

Subsection 9.1(e) ensures that no educator is paid less in FY 2014-15 than in FY 2013-14. Any educator whose base salary plus longevity payment in FY 2013-14 is more than their expected pay on the new salary schedule shall be paid their FY 2013-14 base salary plus longevity and receive a \$1,000 per year bonus, paid monthly.

The current salary schedule applicable to teachers and instructional support personnel is provided below. Additional details related to the changes in the teacher salary schedule can be found in the Education section of the Annotated Conference Committee Report or in the FY 2014-15 Salaries and Benefits Budget Brief.

### Monthly Teacher Salary Schedule<sup>1</sup>

*2014-15 School Year*

NBPTS Bonus = 12% greater than the "A" Schedule

Master's Bonus = 10% greater than the "A" Schedule

<b>Years of Experience</b>	<b>"A" Teachers</b>	<b>NBPTS "A" Certification</b>	<b>"M" Teachers<sup>2</sup></b>	<b>NBPTS "M" Certification</b>
0 - 4	\$3,300	\$3,696	\$3,630	\$4,026
5 - 9	3,650	4,088	4,015	4,453
10 - 14	4,000	4,480	4,400	4,880
15 - 19	4,350	4,872	4,785	5,307
20 - 24	4,650	5,208	5,115	5,673
25+ <sup>3</sup>	5,000	5,600	5,500	6,100

<sup>1</sup> Teachers are paid for 10 months per year 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. Teachers with National Board for Professional Teaching Standards certification receive a NBPTS bonus, reflected in the NBPTS columns above.

<sup>2</sup> Sec. 8.3(a) prohibits teachers that had not received a master's supplement in North Carolina prior to July 1, 2014 from receiving it going forward unless a master's degree is required for licensure or they have completed at least one course prior to July 1, 2013.

<sup>3</sup> See Subsection 9.1(e), which ensures that no educator is paid less in FY 2014-15 than in FY 2013-14.

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Section: 9.2

Title: **SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE**

Summary Provides the FY 2014-15 salary schedules for school-based administrators (SBAs) (i.e. assistant principals and principals). The FY 2014-15 salary schedule provides, on average, a 2% annual salary increase for SBAs, effective July 1, 2014. Principals and assistant principals, who have gained an additional year of experience, will move up 1 step on the experience-based schedules. Principals and assistant principals whose salaries do not increase under the new School-based Administrator Salary Schedule will receive an \$809 nonrecurring bonus. The following table provides the FY 2014-15 monthly salary schedules for principals and assistant principals.

**Monthly Principal and Assistant Principal Base Salary Schedule**  
 2014-15 School Year

Yrs of Exp	Assistant <sup>2</sup>	Principal <sup>1</sup>							
		I (0-10)	II (11-21)	III (22-32)	IV (33-43)	V (44-54)	VI (55-65)	VII (66-100)	VIII (101+)
0-9	\$3,828								
10	3,977								
11	4,123								
12	4,240								
13	4,323	\$4,323							
14	4,377	4,377							
15	4,434	4,434	\$4,489						
16	4,489	4,489	4,547						
17	4,547	4,547	4,606	\$4,665					
18	4,606	4,606	4,665	4,726	\$4,788				
19	4,665	4,665	4,726	4,788	4,851	\$4,918			
20	4,726	4,726	4,788	4,851	4,918	4,983			
21	4,788	4,788	4,851	4,918	4,983	5,050	\$5,119		
22	4,851	4,851	4,918	4,983	5,050	5,119	5,188	\$5,335	
23	4,918	4,918	4,983	5,050	5,119	5,188	5,263	5,409	\$5,483
24	4,983	4,983	5,050	5,119	5,188	5,263	5,335	5,483	5,561
25	5,050	5,050	5,119	5,188	5,263	5,335	5,409	5,561	5,641
26	5,119	5,119	5,188	5,263	5,335	5,409	5,483	5,641	5,722
27	5,188	5,188	5,263	5,335	5,409	5,483	5,561	5,722	5,794
28	5,263	5,263	5,335	5,409	5,483	5,561	5,641	5,794	5,909
29	5,335	5,335	5,409	5,483	5,561	5,641	5,722	5,909	6,027
30	5,409	5,409	5,483	5,561	5,641	5,722	5,794	6,027	6,148
31	5,483	5,483	5,561	5,641	5,722	5,794	5,909	6,148	6,271
32	5,561	5,561	5,641	5,722	5,794	5,909	6,027	6,271	6,396
33	5,641	5,641	5,722	5,794	5,909	6,027	6,148	6,396	6,524
34	5,722	5,722	5,794	5,909	6,027	6,148	6,271	6,524	6,654
35	5,794	5,794	5,909	6,027	6,148	6,271	6,396	6,654	6,787
36	5,909	5,909	6,027	6,148	6,271	6,396	6,524	6,787	6,923
37		6,027	6,148	6,271	6,396	6,524	6,654	6,923	7,061
38			6,271	6,396	6,524	6,654	6,787	7,061	7,202
39			6,396	6,524	6,654	6,787	6,923	7,202	7,346
40				6,654	6,787	6,923	7,061	7,346	7,493
41				6,787	6,923	7,061	7,202	7,493	7,643
42					7,061	7,202	7,346	7,643	7,796
43						7,346	7,493	7,796	7,952
44							7,643	7,952	8,111
45							7,796	8,111	8,273
46+								8,273	8,438

<sup>1</sup> Principal classification, i.e. Principal I, II, III, etc., is based upon the number of State-paid teachers and assistant principals supervised.

<sup>2</sup> G.S. 115C-285(a)(8) requires that "A teacher who becomes an assistant principal without a break in service shall be paid, on a monthly basis, at least as much as he or she would earn as a teacher employed by that local school administrative unit."

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Section: 9.12

Title: **CENTRAL OFFICE SALARIES**

Summary Authorizes a \$500 annual salary increase effective July 1, 2014 for permanent, full-time central office personnel employed by the public schools. Central office personnel includes local public school employees such as superintendents, assistant superintendents, associate superintendents, supervisors, directors, coordinators, and finance officers.

The following monthly salary ranges apply to public school assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2014-15 fiscal year, beginning July 1, 2014:

	<b>2014-15</b>	
School Administrator I	\$3,391	\$6,323
School Administrator II	3,592	6,704
School Administrator III	3,811	7,110
School Administrator IV	3,962	7,391
School Administrator V	4,120	7,689
School Administrator VI	4,368	8,151
School Administrator VII	4,542	8,478

The following monthly salary ranges apply to public school superintendents for the 2014-15 fiscal year, beginning July 1, 2014:

	<b>2014-15</b>	
Superintendent I (Up to 2,500 ADM *)	\$4,819	\$8,991
Superintendent II (2,501-5,000 ADM)	5,113	9,532
Superintendent III (5,001-10,000 ADM)	5,422	10,109
Superintendent IV (10,001-25,000 ADM)	5,752	10,721
Superintendent V (Over 25,000 ADM)	6,102	11,372

\* *Average Daily Membership*

Section: 9.13

Title: **NONCERTIFIED PERSONNEL SALARIES**

Summary Authorizes a \$500 salary increase effective July 1, 2014 for permanent, full-time non-certified personnel employed by the public schools. The salary increase for part-time permanent personnel shall be pro-rated. Noncertified personnel include bus drivers, teaching assistants, cafeteria workers, maintenance workers, janitorial staff, etc.

**Across-the-Board Salary Cost for Each 1% Increase**  
 (\$ Millions)

<b>Year</b>	<b>General Fund</b>	<b>Highway Fund</b>
2000-01	\$86.45	\$4.33
2001-02	89.73	4.32
2002-03 <sup>b</sup>	91.05	4.19
2003-04 <sup>c</sup>	91.35	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 <sup>d</sup>	130.65	5.54
2010-11 <sup>d</sup>	129.73	5.4
2011-12 <sup>d</sup>	131.29	5.32
2012-13	133.32	3.89
2013-14 <sup>d</sup>	135.72	3.8
2014-15 <sup>e</sup>	131.43	4.03

- a Additional historical data available upon request.
- b 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.
- c 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 0.5% average salary increase for Community College faculty and professional staff.
- d No across-the-board salary increases were funded by the General Assembly for employees or teachers in FY 2009-10, FY 2010-11, FY 2011-12, or FY 2013-14.
- e No across-the-board percentage-based salary increases were funded by the General Assembly for employees or teachers in FY 2014-15; the General Assembly provided a flat \$1,000 salary increase for most State employees but the salary increase varied by employee group.

## Legislative Salary 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 top 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 7% - 4-29 years
1995-96	2%	2%
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 + 1% one-time bonus	4% - 9%
1999-00	1% COLA + 2% career growth + \$125 compensation bonus	4% - 11%

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Year	State Employees	Teachers
2000-01	2.2% COLA + 2% career growth + \$500 compensation bonus	2.5% - 13.8%
2001-02	\$625	1% - 6.92% (2.86% average)
2002-03	-0-	0% - 5.85% (1.84% average)
2003-04	-0-	1.42% - 5.86% (1.81% average)
2004-05	Greater of a \$1,000 or 2.5% across-the-board increase	1.41% - 5.9% (2.5% average)
2005-06	Greater of a \$850 or 2% across-the-board increase	1.77% - 6.27% (2.24% average)
2006-07	5.5% across-the-board increase	6.45% - 14.05% (8.23% average)
2007-08	4% across-the-board increase	4.05% - 9.53% (5% average)
2008-09	Greater of \$1,100 or 2.74% across-the-board increase	2.39% - 6.63% (3% average)
2009-10	-0-	-0-
2010-11	-0-	-0-
2011-12	-0-	-0-
2012-13 <sup>d</sup>	1.2% across-the-board increase	1.2% across-the-board increase
2013-14	-0-	-0-
2014-15 <sup>e</sup>	\$1,000 for State employees \$500 for central office and noncertified public school employees	0.5% - 18.5% (7% average)

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. The State Board of Community Colleges was given flexibility in the use of compensation increase funds for local community college employees.

e State agency and local community college employees received a \$1,000 salary increase. UNC employees who are subject to the Human Resources Act (SHRA) also received a \$1,000 increase. The UNC Board of Governors was given \$5 million to provide increases to UNC employees who are exempt from the Human Resources Act (EHRA). Noncertified and central office local public school employees received a \$500 salary increase.

**Average Salary of Employee Subject to the Human Resources Act**

<b>Year</b>	<b>Average Salary <sup>a, b</sup></b>
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
2012-13	42,258
2013-14	42,753

a Prior to 1972, computations were made every two years.

b The average salary is determined using permanent subject employees at a particular point in time. When new programs are added or positions change status, the average salary changes. **Therefore, changes in average salaries are not measures of salary increases or decreases.**



## Statewide Reserves: Retirement

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### State Retirement Systems

The State of North Carolina operates several retirement systems for public employees. The Teachers' and State Employees' Retirement System (TSERS) 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, 2012, the most recent valuation date, TSERS had approximately 313,000 contributing members and paid retirement benefits of \$3.7 billion annually to 180,000 beneficiaries. As of December 31, 2012, the market value of assets totaled \$57.8 billion while the actuarially-recognized assets totaled approximately \$59.9 billion. Recognized assets exceed the market value of assets due to the effect of unrecognized investment gains and losses being phased in one-fifth each year to smooth market fluctuations (particularly the significant losses sustained during the 2008 calendar year). TSERS 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, 2012.

The following table reflects the Employer Contribution Rates to TSERS since FY 2002-03.

<b>Fiscal Year</b>	<b>Employer Rate</b>
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%
2013-2014	8.69%
2014-2015	9.15%

For the first time in FY 2014-15, the General Assembly appropriated funds directly 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. In previous years, the General Assembly appropriated funds to a reserve administered and allocated by the Office of State Budget and Management (OSBM). Section 35.15 grants OSBM authority to reallocate the appropriated reserves if they exceed or fall short of the amount needed by a particular employer.

### Significant Legislative Budget Actions

In 2014, The General Assembly enacted the following recurring changes in General Fund and Highway Fund appropriations to the various retirement systems or pension funds:

<b>Changes in State Appropriations</b>	<b>FY 2014-15</b>
General Fund for TSERS (distributed throughout Committee Report)	\$45,498,600
Highway Fund for TSERS	1,513,400
General Fund for Firemen's and Rescue Squad Workers' Pension Fund	(726,599)
General Fund for Judicial Retirement System	(560,000)
General Fund for National Guard Pension Fund	(968,169)
<b>TOTAL</b>	<b>\$44,757,232</b>

## Significant Special Provisions

### Session Law 2014-100, Senate Bill 744

Section: 35.13

Title: **SALARY-RELATED CONTRIBUTIONS**

Summary: Sets the contribution rates for the retirement systems for FY 2014-15. The contribution rate for FY 2014-15 to TSERS is 15.21% of payroll. The contribution rate is made up of the following: 9.15% of payroll for retirement, 0.41% of payroll for the Disability Income Plan, 0.16% of payroll for the Death Benefit, and 5.49% of payroll for retiree health benefits.

Section: 35.14

Title: **PROVIDE COST-OF-LIVING INCREASES FOR RETIREES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM**

Summary: Provides a cost-of-living adjustment of 1% to retirees of the TSERS, the Consolidated Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) effective July 1, 2014.

Section: 35.15

Title: **USE OF FUNDS APPROPRIATED FOR STATE RETIREMENT SYSTEM CONTRIBUTION INCREASES**

Summary: Requires OSBM to ensure that funds appropriated for State retirement system contribution increases are used only for those contribution increases. Subsection (b) allows the Director of the Budget to reallocate funds between departments as needed to meet required contribution increases. OSBM is required to report to the Joint Legislative Commission on Governmental Operations by October 1, 2014 on the use and reallocation of these funds and the amount of funds expected to revert. This provision is new in FY 2014-15 and reflects the allocation of the retirement reserve to individual agencies. Historically, one retirement reserve was appropriated for all employees groups to a reserve fund within OSBM.

Section: 35.15A

Title: **FUNDING FOR NORTH CAROLINA PUBLIC SCHOOL TEACHERS' AND PROFESSIONAL EDUCATORS' INVESTMENT PLAN**

Summary: Allows the statewide 403(b) plan established by the Department of State Treasurer under the authority of Session Law 2011-310 to obtain a \$150,000 loan from the Qualified Excess Benefit Arrangement (QEBA). The QEBA is a non-qualified plan used to pay TSERS benefits that are in excess of the limits in Section 415 of the Internal Revenue Code. The Department has indicated that the funds would be used to cover start-up costs until the account balances in the 403(b) plan are large enough that administrative fees collected from those balances cover the administrative costs. The loan would be repaid with interest at a rate set by the TSERS Board of Trustees.

Section: 35.15C

Title: **ENHANCE BENEFITS PAYABLE THROUGH THE NATIONAL GUARD PENSION FUND**

Summary: Provides a benefit increase to both active and retired members of the National Guard Pension Fund. The current benefit is \$95 per month with 20 years of service, plus \$9.50 for each additional year of service, up to a maximum of \$190 per month with 30 years of service. The new benefit is \$99 per month with 20 years of service, plus \$9.90 for each additional year of service, up to a maximum of \$198 per month with 30 years of service.

## **Additional Legislation**

### **S. L. 2014-64 (H.B. 1034)**

Title: **VOLUNTEER FIRE AND RESCUE FINANCES (PED)**

Summary Amends various statutes related to support for fire departments and rescue squads. Section 3 of the law allows paid firefighters and rescue squad workers to commence benefits under the Firefighters' and Rescue Squad Workers' Pension Fund even if they are still doing paid work as a firefighter or rescue squad worker.

### **S.L. 2014-88 (H.B. 1195)**

Title: **FISCAL INTEGRITY/PENSION-SPIKING PREVENTION**

Summary Amends several different statutes governing TSERS, Local Governmental Employees' Retirement System (LGERS), CJRS, LRS, Disability Income Plan (DIP), and the Special Separation Allowance for Law Enforcement Officers as follows:

Section 1: Establishes a contribution-based benefit cap for TSERS and LGERS. The cap is intended to control the practice of "pension spiking," in which compensation increases significantly during or right before the four year period over which compensation is averaged for calculating the benefit. The cap is essentially the annuity equivalent of the accumulated balance of employee contributions, multiplied by a factor. The TSERS and LGERS benefits are typically at least 2 to 3 times the annuity equivalent of the employee contributions, so the factor set by the Boards of Trustees will presumably be somewhat greater than 3. The Boards of Trustees are required to select a factor such that no more than 0.75% of retirement allowances are expected to be capped. The cap would not apply to members with an average final compensation less than \$100,000, indexed.

For those who became members prior to 2015, the last employer will be required to pay an additional contribution equal to the lump sum equivalent of the benefit in excess of the cap. For those who become members after 2014, the employer and the member will both be given the opportunity to pay the cost of the excess benefit, or the member may choose to have the benefit reduced to the cap. The Retirement System is required to provide a regular report to employers listing those employees most likely to require an additional contribution.

Section 2: Provides a return of contributions with interest (currently 4%) for those terminating with less than 5 years of service under TSERS, LGERS, CJRS, and LRS. Under prior statute, members who terminate voluntarily with less than 5 years of service receive only their contributions, without interest.

Section 3: Reverses the changes made in sections 1 through 9 of Session Law 2011-232, which increased the service requirement for monthly benefits in TSERS, CJRS, and the Special Separation Allowance from 5 years to 10 years for those who became members on or after August 1, 2011. The service requirement is reduced to 5 years for those members, the same requirement as for those who became members before August 1, 2011. This section does not affect the change in retiree medical vesting made in S.L. 2006-174.

### **S.L. 2014-97 (H.B. 1193)**

Title: **RETIREMENT TECHNICAL CORRECTIONS ACT OF 2014**

Summary Amends several different statutes governing the TSERS, LGERS, CJRS, Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF), LRF, Separate Insurance Benefits Plan (SIBP), and DIP as follows:

Section 1: Clarifies the definition of an inactive member in the FRSWPF.

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Section 2: Clarifies that a minimum benefit established in 1973 only applies to those who retired prior to January 1, 1970.

Section 3: Allows LGERS members to annuitize various types of retirement account balances on a market-value basis. These opportunities are already available to TSERS members.

Section 4: Amends various statutes applicable to TSERS, LGERS, and CJRS to define the term Consumer Price Index as it applies to limits on the amount that can be earned by re-employed retirees and recipients of disability benefits.

Section 5: Corrects references to FRSWPF statutes in several other statutes.

Section 6: Clarifies that a member of CJRS only invalidates his retirement if he returns to service covered in CJRS in the month following retirement. The previous statute said that the retirement is invalidated due to any work for the State, a change that was made in S.L. 2013-288, a previous act making technical changes to retirement statutes. The CJRS has been administered as modified in this bill.

Section 7: Clarifies the procedure for transferring funds to pay benefits from the LRF.

Section 8: Corrects a typographical error in the DIP statutes.

Section 9: Reflects gender-neutral language in provisions governing the SIBP.

### **S.L. 2014-112 (H.B. 1194)**

Title: **RETIREMENT ADMIN. CHANGES ACT OF 2014**

Summary Amends several different statutes governing TSERS, LGERS, CJRS, and LRS, as follows:

Section 1: Changes the timing of the offset for Social Security benefits under Option Four. Option Four, one of the payment options available to TSERS and LGERS retirees, provides a higher benefit until the retiree becomes eligible for Social Security and a lower benefit after eligibility, with the goal of providing a more constant total income stream. Because Social Security benefits for a given month are paid in the following month, the retiree can receive significantly less total cash flow in the month he or she first becomes eligible for Social Security. This section delays the reduction in the TSERS or LGERS benefit by one month to avoid this situation.

Section 2: Clarifies the procedure for granting a penalty waiver to employers that fail to remit contributions in a timely manner.

Section 3: Allows members to choose a beneficiary for the Contributory Death Benefit of \$10,000. Prior to this change, the benefit was paid to the spouse, if married, or to the estate. That payment order continues to apply if the retiree does not name a beneficiary.

Section 4: Requires the Boards of Trustees to publish an annual report on supplemental insurance offerings for retirees such as vision, dental, and life insurance.

Section 5: Limits payment of a member's former spouse's benefit under a domestic relations order entered on or after January 1, 2015 to the lifetime of the former spouse. Previously, the benefit could continue to beneficiaries of the former spouse's estate.

Section 6: Provides personal immunity from civil liabilities for fiduciary decisions made by members of the TSERS and LGERS Boards of Trustees.

## 2014 Annotated Conference Committee Report

Section 7: Allows rescue squad workers to have the same early retirement option at age 55 with 5 years of service as firefighters. This benefit option is reduced for early payment and is rarely elected.

## Statewide Reserves: State Health Plan

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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 departments, rescue squads, and the National Guard may 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, with the exception of most Medicare-eligible retirees who participate in fully-insured Medicare Advantage plans. As of June 2014, the Plan had 678,144 members. Premiums for health benefit coverage are paid by (1) employing agencies for active employees, (2) the Retiree Health Benefit Fund for retired employees, (3) employees and retirees who elect dependent coverage, and (4) employees and retirees who enroll in contributory plans who pay a small portion of the premium for their own coverage. Total requirements for the Plan were projected to be \$3.0 billion for FY 2014-15.

### Significant Special Provisions

#### Session Law 2014-100, Senate Bill 744

Section: 35.13

Title: **SALARY-RELATED CONTRIBUTIONS**

Summary Subsection (c) sets the maximum annual employer contributions for health benefit coverage for eligible employees and retired employees. The maximum contribution set in this section is increased by 1.8% relative to FY 2013-14 but is decreased from the amount previously set for FY 2014-15 by S.L. 2013-360. The decrease is possible because the State Treasurer indicated her intention to keep premiums for members and employers constant through December 2015 due to positive financial experience in the Plan. The annual contribution is still increasing from FY 2013-14 because the increase in monthly premiums at January 2014 applied to only six months of FY 2013-14, but will apply to all of FY 2014-15.

Section: 35.16

Title: **ALTERNATIVE HEALTH BENEFIT COVERAGE FOR NONPERMANENT FULL-TIME STATE EMPLOYEES**

Summary Allows the State Treasurer and Plan's Board of Trustees to create alternative coverage for employees who are not currently eligible for coverage under the Plan, but who are affected by the employer mandate in the federal Affordable Care Act. Permanent employees working over 30 hours per week are already eligible for coverage under the Plan, so the employees who would be eligible for the alternative coverage are temporary, contingent, and other non-permanent employees working an average of 30 or more hours per week, as determined by the employer. These employees would generally include temporary office workers, graduate teaching assistants, student employees, adjunct faculty, visiting faculty, post-doctoral employees, and substitute teachers. The alternative coverage would have higher out-of-pocket requirements, higher employee premiums for many employees, and lower employer premiums than regular coverage under the Plan.

Section: 35.16A

## 2014 Annotated Conference Committee Report

Title: **CLARIFY THAT RE-HIRED STATE RETIREES SHALL BE OFFERED COVERAGE IN STATE HEALTH PLAN AS ACTIVE EMPLOYEES RATHER THAN AS RETIREES**

Summary Clarifies that retired State employees who are working for a State agency, department, university, local public school, or local community college, and qualify for coverage as an active employee, shall be covered as an active employee not as a retiree. This codifies language that had appeared in the budget since 2007, most recently in Section 35.15(a) of S.L. 2013-360. The provision helps the State comply with federal Medicare secondary payer laws and the federal Affordable Care Act, and reflects the State's policy on retirees returning to work for State-supported entities.

### Additional Legislation

S.L. 2014-75 (S.B. 105) and S.L. 2014-105 (S.B. 376)

Title: **ADD TOWNS TO SHP**

Title: **MONTGOMERY CO. EMPLOYEES IN STATE HEALTH PLAN**

Summary Amend State Health Plan statutes to allow Montgomery County and the towns of Elizabethtown and Matthews to enroll their employees and dependents, but not their retirees, in the Plan. Various previous laws allowed certain local governments to enroll their employees, retirees, and dependents in the Plan, including S.L. 2004-124, 2005-276, 2006-249, and 2007-405. Unlike the previous laws, the 2014 laws permanently codify the provisions allowing specified local governments to participate. They also provide greater clarity about participation, premiums, and plan options and give the Plan greater power to penalize employers for late payment of premiums and refuse participation to persons who would jeopardize the Plan's tax qualification.

### 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 State Treasurer and Board have not made any significant changes in benefit provisions for 2015, other than offering the alternative coverage described above.

The following page shows the current employee/retiree premium rate structure.

**State Health Plan**  
**Calendar Year 2014 Employee/Retiree Monthly Premium Structure**

**Active Employees and Non-Medicare Retirees**

## Wellness Plans

	<b>Employer Share</b>	<b>Employee/Retiree Share</b>	
		<b>Complete All Wellness Activities *</b>	<b>Complete No Wellness Activities</b>
Enhanced 80/20 Plan	\$448.11	13.56	63.56
Consumer-Directed Health Plan	448.11	0.00	40.00

## Alternate Plan

	<b>Employer Share</b>	<b>Employee/Retiree Share</b>
Traditional 70/30 Plan	\$448.11	0.00

\* Members receive credits for each activity. All or none are shown for simplicity.

**Medicare Retirees**

## Medicare Advantage Plans

	<b>Employer Share</b>	<b>Employee/Retiree Share</b>
MA-PDP Base Plan	\$348.25	0.00
MA-PDP Enhanced Plan	348.25	33.00

## Alternate Plan

	<b>Employer Share</b>	<b>Employee/Retiree Share</b>
Traditional 70/30 Plan	\$348.25	0.00

**Dependents**

	<b>All Dependents are Non-Medicare</b>			<b>One or More Medicare Dependents</b>		
	<b>Enhanced 80/20</b>	<b>CDHP</b>	<b>Traditional 70/30</b>	<b>MA-PDP Base</b>	<b>MA-PDP Enhanced</b>	<b>Traditional 70/30</b>
Employee/Retiree + Children	272.80	184.60	205.12	114.50	147.50	145.94
Employee/Retiree + Spouse	628.54	475.68	528.52	114.50	147.50	383.72
Employee/Retiree + Family	666.38	506.64	562.94	229.00	295.00	418.10



## State Health Plan (Administration)

Budget Code: 23450

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**FY 2014-15****Beginning Unreserved Fund Balance****Recommended Budget**

Requirements	<b>\$212,151,548</b>
Receipts	<b>\$212,151,548</b>
Positions	<b>46.00</b>

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**Legislative Changes****Requirements:****Medical Benefits Administration Contracts (2A25)**

\$10,150,000 R

Adjusts the budgeted amounts for Third Party  
Administrative Services contracts to reflect revised  
estimates.

\$0 NR

0.00

**Agency Administration (2A10)**

\$2,650,000 R

Adjusts the budgeted amounts for the Plan's other  
administrative costs to reflect revised estimates.

\$0 NR

0.00

**Subtotal Legislative Changes****\$12,800,000** R**\$0** NR

0.00

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**Receipts:****Adjust Transfers from Trust Funds**

\$12,800,000 R

Adjusts the amount of transfer from the Plan's  
health benefit trust fund budget codes to support  
administrative costs authorized for FY 2014-15.

\$0 NR

**Subtotal Legislative Changes****\$12,800,000** R**\$0** NR

**FY 2014-15**

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<b>Revised Total Requirements</b>	<b>\$224,951,548</b>
<b>Revised Total Receipts</b>	<b>\$224,951,548</b>
<b>Change in Fund Balance</b>	<b>\$0</b>
<b>Total Positions</b>	<b>46.00</b>

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**Unappropriated Balance Remaining**

# **Finance**

## **Section P**

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# Special Provisions

**2014 Session: SB 744**

**Department:** Finance

Section: 37.1

Title: **CLARIFY “NET GENERAL FUND TAX COLLECTED” FOR PURPOSES OF THE CORPORATE INCOME TAX RATE REDUCTION TRIGGER**

Summary Amends G.S. 105-130.3C to clarify the General Fund collections necessary to trigger a 1% reduction in the Corporate Income Tax rate in FY 2014-15 or FY 2015-16. General Fund collections are identified as the “total General Fund Revenue” reported by the Department of Revenue for the 12-month period ending June 30, less any large, one-time revenue and adjusted by any changes in net collections resulting from the suspension of transfers out of General Fund tax collections.

Section: 37.2

Title: **MODIFY COUNTY HOLD HARMLESS FOR REPEALED LOCAL TAXES**

Summary Modifies G.S. 105-523 to modify the amount of hold harmless payments received under S.L. 2007-323, 2007 Appropriations Act. Under S.L. 2007-323, counties were provided hold harmless payments to ensure that savings from the State assumption of Medicaid costs exceeded loss of revenue from a portion of county sales taxes assumed by the State by at least \$500,000. Section 37.2 limits hold harmless payments to amounts required for county savings to exceed lost revenues by \$325,000 in FY 2014-15, \$250,000 in FY 2015-16 and \$125,000 in FY 2016-17. After FY 2016-17, the State will hold counties harmless for the loss of local sales taxes.

Section: 37.3

Title: **MODULAR/MANUFACTURED HOME SALES TAX**

Summary Modifies G.S. 105-164.13 to provide that the sales tax on modular or manufactured homes applies to 50% of the sales price.

# Other Finance Legislation

**2014 Session: HB 558**

Section:

Title: **SOIL AND WATER/REGIONAL JAILS REFUNDS**

Summary Modifies G.S. 105-164.14(c)(25) and G.S. 105-164.14(c)(26) adding soil and water conservation districts organized under G.S. 139 and regional jails to the list of entities eligible for State and local sales tax refunds under G.S. 105-164.14. Effective July 1, 2015 this legislation reduces General Fund revenues by \$5,000 to \$10,000 annually.

# Other Finance Legislation

## 2014 Session: HB 1050

Section: 1.1

Title: **DEDUCTION FOR STATE NET LOSS**

Summary Modifies G.S. 105-130.5 to simplify the calculation of the corporate loss deduction, effective for taxable years beginning on or after January 1, 2015. The simplified calculation is similar to the federal net operating loss calculation.

Section: 2.1

Title: **SECTION 179 EXPENSE DEDUCTION**

Summary Modifies G.S. 105-130.5B, G.S. 105-134.6A, and G.S. 105-153.6 to correct the dollar amount of the investment limit for the Section 179 expense deduction to \$200,000 instead of \$125,000 for the 2013 tax year.

Section: 2.2

Title: **PERSONAL INCOME TAX DEDUCTIONS**

Summary Modifies G.S. 105-153.5 to clarify that a person who is not eligible for a federal standard deduction is not eligible for a State standard deduction. This section also clarifies that the \$20,000 deduction cap for mortgage interest expenses and property taxes applies cumulatively for a married couple, regardless of whether they file joint or separate tax returns.

Section: 2.3

Title: **INCOME TAX RATE APPLICABLE TO ESTATES AND TRUSTS**

Summary Updates statutory references in G.S. 105-160.2 regarding estates and trusts to reflect changes made in S.L. 2013-316, Tax Simplification and Reduction Act. S.L. 2013-316, recodified the statutes allowing modifications to North Carolina taxable income and setting the tax rate for individuals. Estates and trusts generally receive the same tax rates and modifications to taxable income as single individuals and G.S. 105-160.2 references individual income tax statutes.

Section: 3.1

Title: **AGRICULTURAL EXEMPTION CERTIFICATE**

Summary Modifies G.S. 105-164 to change the income test a person must meet to qualify for a sales tax agricultural exemption certificate. To obtain a certificate, a person must have \$10,000 or more in gross receipts or other income from farming during the previous taxable year, or an average of \$10,000 or more for the three preceding taxable years. Prior to the change, there was no provision providing for 3 year averaging.

# Other Finance Legislation

Section: 4.1

Title: **PREPAID MEAL PLANS**

Summary Modifies G.S. 105-164 to make technical corrections associated with the repeal of the sales tax exemption enacted by S.L. 2013-316 for gross receipts derived from prepaid meal plans offered by institutions of higher education. The modification provides reporting options, sources the local sales tax revenue to the county where the school is located, and clarifies that elementary and secondary schools regulated under Chapter 115C are exempt from sales tax.

Section: 5.1

Title: **ADMISSIONS**

Summary Modifies G.S. 105-164 to make technical corrections associated with the expansion of the sales tax base enacted by S.L. 2013-316 that changed the taxation of live events and movies from a 3% gross receipts privilege tax to a State and local sales tax. This section also repeals tax exemptions for agricultural fairs and State attractions, and provides that an event sponsored by a nonprofit is exempt if no compensation is paid to any person.

Section: 6.1

Title: **SERVICE CONTRACTS**

Summary Modifies G.S. 105-164 to make technical corrections associated with the expansion of the sales tax base to service contracts enacted by S.L. 2013-316 and to clarify that the gross receipts from a service contract for a motor vehicle are not subject to the highway use tax.

Section: 7.1

Title: **RETAILER-CONTRACTORS**

Summary Modifies G.S. 105-164.3, G.S. 105-164.4, and G.S. 105-164.4H to provide that the general rate of sales tax applies to the sales price of tangible personal property sold to a real property contractor when that property is used by the contractor for the improvement, alteration, or repair of real property and the item becomes part of the real property.

Section: 8.1

Title: **ACCOMMODATIONS**

Summary Modifies G.S. 105-164.4F to provide that a private residence or cottage rented for fewer than 15 days that is listed with a real estate broker or agent is subject to sales tax and occupancy tax.

Section: 8.2

Title: **VIDEO PROGRAMMING AND PIPED NATURAL GAS**

Summary Modifies G.S. 105-164.14 to disallow sales tax refunds for sales taxes paid on video programming and piped natural gas.



## Other Finance Legislation

Section: 8.3

Title: **VENDING MACHINES**

Summary Modifies G.S. 105-164.13 to repeal an obsolete sales tax exemption of 1 cent per sale from vending machines.

Section: 8.4

Title: **MODULAR/MANUFACTURED HOME SALES TAX**

Summary Modifies G.S. 105-164.13 to provide that the sales tax on modular or manufactured homes applies to 50% of the sales price.

Section: 9.1

Title: **WHOLESALE AND IMPORTERS OF MALT BEVERAGES AND WINE**

Summary Modifies G.S. 105-113.13, G.S. 105-113.38, and G.S. 105-113.86 to allow a wholesaler or importer of malt beverages and wine to provide security to the Secretary of Revenue in the form of a letter of credit as an alternative to a bond.

Section: 9.2

Title: **WHOLESALE OR RETAIL DEALERS OF OTHER TOBACCO PRODUCTS**

Summary Modifies G.S. 105-113.39 to allow a wholesale or retail dealer of other tobacco products to provide the Department of Revenue with a manufacturer's affidavit in lieu of a notarized affidavit as supporting documentation for a tax refund.

Section: 9.3

Title: **TAX SECRECY PROVISIONS**

Summary Modifies G.S. 105-259 to allow the Department of Revenue to provide tax information associated with the Master Settlement Agreement between the State and certain tobacco manufacturers to a data clearinghouse.

Section: 9.4

Title: **SECRETARY OF REVENUE AUTHORITY**

Summary Modifies G.S. 105-260.1 to allow the Secretary of Revenue to delegate the authority to hold hearings.

## Other Finance Legislation

Section: 9.5

Title: **INTRASTATE AND INTERSTATE MOTOR CARRIERS**

Summary Modifies G.S. 105-449.47 to clarify that the tax on motor carriers applies to both intrastate and interstate motor carriers.

Section: 9.6

Title: **SALES TAX ON MOTOR FUEL**

Summary Modifies G.S. 105-449.47 to clarify that local sales tax is due on motor fuel for which a refund of the per gallon excise tax is allowed.

Section: 9.7

Title: **BIODIESEL FUEL**

Summary Modifies G.S. 105-449.83A to provide that all biodiesel fuel is subject to the State excise tax on motor fuels.

Section: 9.8

Title: **CIVIL PENALTIES UNDER MOTOR FUELS TAX STATUTES**

Summary Modifies G.S. 105-449.119 to allow the Secretary of Revenue to waive or reduce penalties imposed under the motor fuel statutes under the Department's penalty waiver policy used for other tax schedules.

Section: 9.9

Title: **MOTOR FUELS SHIPPING DOCUMENTS**

Summary Modifies G.S. 105-449.115 to clarify that a shipping document required by a vessel transporting motor fuel should be provided in a form that can be preserved as permanent information instead of on a chalk board or by other means that can be erased.

Section: 9.10

Title: **OBSOLETE PRIVILEGE TAX PROVISIONS**

Summary Modifies G.S. 105-449.106 to remove obsolete references to the privilege tax.

Section: 10.1

Title: **TAX LAW COMPLIANCE CHANGES**

Summary Modifies G.S. 18B-900 to require ABC permit holders to be current in filing all State tax returns and paying all State taxes.

# Other Finance Legislation

Section: 11.1

Title: **PROPERTY TAX CHANGES**

Summary Modifies G.S. 105-333 through 339 to provide for the central assessment of mobile telecommunications property by the Department of Revenue instead of local assessment by each county.

Section: 12.1

Title: **LOCAL PRIVILEGE LICENSE TAX TECHNICAL CORRECTION**

Summary Reenacts G.S. 160A-211 to correct a drafting error in S.L. 2013-414, Revenue Laws, Technical, Clarifying, and Administrative Changes.

Section: 12.2

Title: **LOCAL PRIVILEGE LICENSE TAX AUTHORITY**

Summary Modifies G.S. 160A-211 to require that a business be physically located within a county to be subject to the privilege license tax. This section also requires that local privilege license tax ordinances for FY 2014-15 be the same as what was in effect for FY 2013-14.

Section: 12.3

Title: **REPEAL LOCAL BUSINESS TAX AUTHORITY**

Summary Modifies G.S. 160A-211 to repeal local privilege tax authority effective July 1, 2015.

Section: 13.1

Title: **LICENSE PLATE AGENT COMPENSATION**

Summary Modifies G.S. 20-63 to set the motor vehicle license plate agent transaction rate at \$1.06.

Section: 14.1

Title: **TECHNICAL CHANGES**

Summary Modifies numerous statutes to update cross references and make technical corrections to the Revenue Laws as a result of tax reform legislation enacted by S.L. 2013-414.

Section: 15.1

Title: **TAX ON TOBACCO PRODUCTS OTHER THAN CIGARETTES**

Summary Modifies G.S. 105-113.35 to levy tax on vapor products at the rate of five cents per milliliter on the consumable portion of vapor products.

## Other Finance Legislation

Section: 15.2

Title: **VAPOR PRODUCTS DEFINED**

Summary Modifies G.S. 148-23 to define vapor products and to update cross references.

## Other Finance Legislation

### 2014 Session: **SB 790**

Section:

Title: **CAPE HATTERAS/GAS CITIES/INFRASTRUCTURE LAND**

Summary Modifies G.S. 105-164.4(a) by adding 2 new subdivisions (14) and (14a) both effective July 1, 2014 and set to expire July 1, 2015. The first newly added subdivision, G.S. 105-164.4(a)(14), temporarily reduces the sales tax rate on piped natural gas in Bessemer City, Greenville, Kings Mountain, Lexington, Monroe, Rocky Mount, Shelby, and Wilson from the combined general sales tax rate of 7% to 3.5%. This change reduces General Fund revenues by \$2.2 million in FY 2014-15. The second subdivision G.S. 105-164.4(a)(14a) temporarily reduces the sales tax rate on electricity from 7% to 3.5% for sales made by the Cape Hatteras Electric Membership Corporation. This change reduces General Fund revenues by \$0.2 million in FY 2014-15.

Modifies G.S. 105-164.44L(a) and G.S. 105-164.44L(b) ensuring that the local share of the sales tax on piped natural gas and electric utilities is reduced for the cities in which a lower sales tax is paid during FY 2014-15.

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# Appendices

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**State of North Carolina**  
**Full-time Equivalent Position Counts by GAAP Fund Type**  
(December 2013)

<b>Government Sector</b>	<b>General Fund<sup>1</sup></b>		<b>Highway Fund</b>		<b>Enterprise Fund</b>	<b>Institutional Fund</b>	<b>Internal Service Fund</b>	<b>Special Fund<sup>5</sup></b>	<b>Trust Fund</b>	<b>Total by Sector</b>
	<b>Appropriated</b>	<b>Receipt</b>	<b>Appropriated</b>	<b>Receipt<sup>2</sup></b>						
<b>State Government</b>										
Education (State Administration)	1,055.50	480.20	-	-	-	-	-	-	10.05	<b>1,545.75</b>
UNC System <sup>3</sup>	33,443.92	1,796.58	-	-	-	18,570.06	-	-	7,909.04	<b>61,719.60</b>
General Government	3,656.94	1,058.98	-	77.62	70.20	-	678.26	355.73	2.00	<b>5,899.74</b>
Health & Human Services	6,009.65	10,929.90	-	9.67	-	-	3.00	821.99	27.00	<b>17,801.21</b>
Justice & Public Safety	31,169.05	754.16	-	-	-	-	391.00	477.13	25.00	<b>32,816.33</b>
Natural & Economic Resources	3,609.27	1,989.97	-	141.47	694.00	-	-	2,403.99	221.95	<b>9,060.66</b>
Transportation	-	-	7,487.00	5,822.00	-	-	-	-	-	<b>13,309.00</b>
<b>Sub-total</b>	<b>77,888.83</b>	<b>16,529.59</b>	<b>7,487.00</b>	<b>6,050.76</b>	<b>764.20</b>	<b>18,570.06</b>	<b>1,072.26</b>	<b>4,058.84</b>	<b>8,184.99</b>	<b>140,606.53</b>
<b>Local Education</b>										
Public Schools <sup>3,4</sup>	155,826.93	-	27.65	-	-	-	-	-	-	<b>155,854.58</b>
Community Colleges <sup>3</sup>	18,393.20	-	-	-	-	-	-	-	-	<b>18,393.20</b>
<b>Sub-total</b>	<b>174,220.13</b>	<b>-</b>	<b>27.65</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>174,247.78</b>
<b>Total by GAAP Fund Type</b>	<b>252,108.96</b>	<b>16,529.59</b>	<b>7,514.65</b>	<b>6,050.76</b>	<b>764.20</b>	<b>18,570.06</b>	<b>1,072.26</b>	<b>4,058.84</b>	<b>8,184.99</b>	<b>314,854.31</b>

**Notes:**

1. Salary Base includes -399 positions and -\$13.2 million in salaries budgeted in Reserve budget codes; these figures are negative because the Department of Public Safety will eliminate over 412 positions with a salary base of nearly \$13.7 million after the survey date of December 1, 2013.
2. Includes 920 receipt-supported positions and 5,131 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 FY 2013-14.
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 2014.

**Total General Fund Authorizations as Adjusted to Determine Total Current Operations**

			Less: Adjustments to Total Authorizations							
			Capital Improvements							
		% Change	Earmarking		Savings Reserve		Total		Total	% Change
Fiscal	Total	vs. Prior	Direct	of Unreserved	Direct				Current	vs. Prior
Year	Authorizations <sup>1</sup>	Year	Appropriations	Fund Balance	Appropriations	Other		Adjustments	Operations	Year
1990-91	7,973,824,802	9.73%	106,400,195	0	141,000,000	0		247,400,195	7,726,424,607	8.57%
1991-92	7,825,732,308	-1.86%	0	0	400,000	0		400,000	7,825,332,308 <b>A</b>	1.28%
1992-93	8,209,537,916	4.90%	95,205,570	0	0	0		95,205,570	8,114,332,346 <b>B</b>	3.69%
1993-94	9,317,906,610	13.50%	135,371,704	57,000,000	0	0		192,371,704	9,125,534,906	12.46%
1994-95	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%
1995-96	10,031,584,878	-2.31%	113,522,500	125,000,000	0	0		238,522,500	9,793,062,378	-1.60%
1996-97	10,654,778,229 <b>C</b>	6.21%	157,267,000	0 <b>D</b>	0	47,100,000 <b>E</b>		204,367,000	10,450,411,229	6.71%
1997-98	11,635,189,516 <b>F</b>	9.20%	152,991,120	174,260,955	0	49,354,893 <b>G</b>		376,606,968	11,258,582,548	7.73%
1998-99	13,111,623,293	12.69%	192,199,500	145,000,000	0	447,397,819 <b>H</b>		784,597,319	12,327,025,974	9.49%
1999-2000	14,237,669,453	8.59%	77,059,168	90,000,000 <b>I</b>	0	629,000,000 <b>J</b>		796,059,168	13,441,610,285	9.04%
2000-01	14,383,516,932	1.02%	114,974,172 <b>K</b>	0	120,000,000	270,000,000 <b>L</b>		504,974,172	13,878,542,760 <b>M</b>	3.25%
2001-02	14,863,745,843	3.34%	157,936,000	0	0	0 <b>N</b>		157,936,000	14,705,809,843 <b>M</b>	5.96%
2002-03	14,351,822,876	-3.44%	31,158,000	0	0	0		31,158,000	14,320,664,876	-2.62%
2003-04	14,914,222,783 <b>O</b>	3.92%	27,601,000	15,000,000	0	0		42,601,000	14,871,621,783	3.85%
2004-05	16,024,170,294	7.44%	45,192,000	76,797,361	0	4,500,000 <b>P</b>		126,489,361	15,897,680,933	6.90%
2005-06	17,341,821,310 <b>Q</b>	8.22%	54,960,000	125,000,000	0	0		179,960,000	17,161,861,310	7.95%
2006-07	19,102,281,272	10.15%	206,343,300	222,229,189	0	0		428,572,489	18,673,708,783	8.81%
2007-08	20,817,042,249 <b>R</b>	8.98%	230,741,100	145,000,000	0	0		375,741,100	20,441,301,149	9.47%
2008-09	21,437,970,761	2.98%	129,082,062	69,839,238	0	0		198,921,300	21,239,049,461	3.90%
2009-10	19,039,174,596 <b>S,T</b>	-11.19%	4,875,000	0	0	0		4,875,000	19,034,299,596	-10.38%
2010-11	18,985,738,843 <b>U</b>	-0.28%	11,173,440	0	0	0		11,173,440	18,974,565,403	-0.31%
2011-12	19,849,782,946 <b>V</b>	4.55%	4,535,000	124,500,000	0	0		129,035,000	19,720,747,946	3.93%
2012-13	20,532,971,761 <b>W</b>	3.44%	6,373,330	23,170,924	0	0		29,544,254	20,503,427,507	3.97%
2013-14	20,789,434,065 <b>X</b>	1.25%	27,939,000	150,000,000	0	0		177,939,000	20,611,495,065	0.53%
2014-15	21,091,110,145 <b>Y</b>	1.45%	13,560,000	0	0	0		13,560,000	21,077,550,145	2.26%

<sup>1</sup>Includes Local Government Hold Harmless Revenue; additional information is available from the Department of Revenue at <http://www.dor.state.nc.us/publications>.

**Notes**

- A Amount shown is net after transfer of \$6.6 million to Environment, Health, and Natural Resources operating budget.
- B Amount shown is net after transfer of \$4.4 million to Environment, Health, and Natural Resources operating budget.
- C Adjusted to reflect supplemental appropriation for Community Colleges for FY 1996-97 as appropriated by the 1997 Session.
- D Repairs and Renovations of \$130 million were funded directly from earmarked reserve as were \$39,519,567 of additional items by transferring funds appropriated from the General Fund for FY 1995-96 to a capital improvement reserve.
- E \$47.1 million for the Clean Water Management Trust Fund and Wetlands Restoration Fund earmarked from year-end fund balance.

### **Total General Fund Authorizations as Adjusted to Determine Total Current Operations**

- F Adjusted to reflect Year 2000 Conversion appropriation made for FY 1997-98 by the 1998 Session.
- G \$49.4 million for the Clean Water Management Trust Fund earmarked from year-end fund balance.
- H Includes \$400 million for Bailey/Emory/Patton Reserve (S.L. 1998-212, Sec. 6) and \$47.4 million for Clean Water Management Trust Fund earmarked from year-end fund balance.
- I 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.
- J 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.
- K Includes \$100 million direct appropriation to Repairs and Renovations, due to insufficient year-end fund balance for earmarking.
- L 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.
- M 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.
- N 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.
- O 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.
- P Statutorily established the "JDIG Reserve" to make annual appropriations to the Job Development Investment Grant 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.
- Q Includes an additional \$15 million in emergency funds appropriated mid-year for the Department of Corrections as per S.L. 2006-2 (H.B. 1868).
- R Total Authorizations include additional funding passed in S.L. 2007-532, Establish Health Insurance Risk Pool, S.L. 2007-540, Voter-Owned Elections Pilot, and Extra Session: S.L. 2007-552, Job Maintenance and Capital Development Fund.
- S S.L. 2007-323, Sec. 31.16.3.(c), changed the calculation of the Hold Harmless Distribution effective January 1, 2008.
- T Total Authorizations include additional funding passed in S.L. 2009-475, Budget Technical Corrections.
- U Total Authorizations include additional funding passed in S.L. 2010-123, Budget Technical Corrections.
- V 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 and S.L. 2012-57.
- W Includes a supplemental appropriation of \$308.1 million from overcollections and Unreserved Fund Balance as authorized in S.L. 2013-56. While the General Assembly authorized an increase in Total Requirements of up to \$496 million to prevent a shortfall in the FY 2012-13 Medicaid budget, only the \$308.1 million in additional overcollections and Unreserved Fund Balance required an adjustment to Total Authorizations; the remaining funds came from unanticipated agency receipts and net appropriations as authorized in S.L. 2012-56 and S.L. 2013-57.
- X Total Authorizations updated to include actual local government Hold Harmless Distributions of \$8,999,420; final distributions had not been made at the time of the release of the 2013 Annotated Conference Committee Report.
- Y Total Authorizations include estimated local government Hold Harmless Distributions of \$9 million based on the FY 2013-14 actual distribution amount; final distributions had not been made at the time of the release of the 2014 Annotated Conference Committee Report.

**North Carolina General Fund Operating Appropriations**  
(Excludes Local Government Shared Revenues/Reimbursements)

Fiscal Year	Total Current Operations			Education						Health & Human Services		All Other		
				Public Schools		Community Colleges		University		as Percent of Total	Amount	as Percent of Total	Amount	as Percent of Total
				Amount	Percent	Amount	Percent	Amount	Percent					
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%		
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	21.5% C	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%		
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%		

**North Carolina General Fund Operating Appropriations**  
(Excludes Local Government Shared Revenues/Reimbursements)

Fiscal Year	Total Current Operations			Education						Health & Human Services		All Other	
				Public Schools		Community Colleges		University		as Percent of Total	as Percent of Total	Amount	as Percent of Total
				Amount	Percent	Amount	Percent	Amount	Percent				
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%
	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%
	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%
	% 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%
	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%
	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%
	% 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%	2,895,327,623	13.6%	57.8%		4,956,587,127	23.4%
	Expenditure	19,629,407,644		8,141,898,009	41.5%	924,402,451	4.7%	2,576,878,422	13.1%	59.3%		4,353,279,435	22.2%
	Reversion	1,597,477,728 J		223,964,885	14.0%	92,256,109	5.8%	318,449,201	19.9%	39.7%		603,307,692	37.8%
	% Unexpended	7.5%		2.7%		9.07%		11.00%				12.17%	9.00%
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%
	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%
	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%
	% Unexpended	2.6%		0.8%		6.58%		5.05%				0.62%	5.66%
2010-11	Authorization	18,947,820,772		7,283,106,776	38.4%	1,050,945,454	5.5%	2,682,309,295	14.2%	58.1%		4,054,984,600	21.4%
	Expenditure	18,491,746,632		7,261,758,864	39.3%	1,013,809,381	5.5%	2,590,810,462	14.0%	58.8%		4,043,042,916	21.9%
	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%
	% Unexpended	2.4%		0.3%		3.53%		3.41%				0.29%	7.59%
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%
	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%
	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%
	% Unexpended	0.6%		0.5%		0.43%		0.23%				0.00%	2.00%
2012-13	Authorization	20,485,962,484 N		7,844,644,612	38.3%	1,040,421,605	5.1%	2,663,562,434	13.0%	56.4%		5,008,983,415	24.5%
	Expenditure	20,195,219,898		7,740,033,167	38.3%	1,036,253,406	5.1%	2,651,847,350	13.1%	56.6%		5,005,715,991	24.8%
	Reversion	290,742,586		104,611,445	36.0%	4,168,199	1.4%	11,715,084	4.0%	41.4%		3,267,424	1.1%
	% Unexpended	1.4%		1.3%		0.40%		0.44%				0.07%	4.25%
2013-14	Authorization	20,602,828,645		7,920,136,315	38.4%	1,028,960,649	5.0%	2,604,213,664	12.6%	56.1%		4,997,660,184	24.3%
	Expenditure	20,206,236,943		7,767,677,973	38.4%	1,015,960,648	5.0%	2,572,757,241	12.7%	56.2%		4,893,648,871	24.2%
	Reversion	396,591,702		152,458,342	38.4%	13,000,001	3.3%	31,456,423	7.9%	49.7%		104,011,313	26.2%
	% Unexpended	1.9%		1.9%		1.26%		1.21%				2.08%	2.36%

- Notes**
- A Amounts Adjusted; see Total General Fund Authorizations as Adjusted Table to determine Total Current Operations.
- B Adjusted to include Year 2000 Appropriation for 1997-98 made by the 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 S.L. 1998-212, Sec. 9, 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 landfill.
- F Total includes \$240 million transferred from 11th/12th month payroll funds to Intangibles Reserve and additional \$11 million transferred 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: 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, FY 2001-02, and FY 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.
- 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, Spending Cuts 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.
- N Total Authorizations increased pursuant to S.L. 2013-156 and S.L. 2013-184, which authorized \$308.1 million in overcollections and unreserved fund balance to address the FY 2012-13 budget shortfall in Medicaid.
- O The \$396.6 million in reversions reflects mid-year budget restrictions instituted by the Governor to help cover the FY 2013-14 revenue shortfall.

### Earmarking of the Year-end Fund Balance by Fiscal Year

(Includes Earmarkings, Transfers, and Appropriations directly from Year-end Fund Balance)

Fiscal Year	Unreserved Fund Balance on June 30 Fiscal Year End*	Statutory Earmarkings, Transfers, and Appropriations of Year-end Fund Balance							Unreserved Fund Balance for Subsequent Fiscal Year on July 1
		Savings Reserve Account	Repairs & Renovations Reserve	Clean Water Management Trust Fund**	Tax Relief/ Tax Refunds	Other Earmarkings	Appropriation of Reversions	Total	
1991-92	164,773,001	41,193,253	0	0	0	0	0	41,193,253	123,579,748
1992-93	537,330,259	134,332,565	57,000,000	0	0	0	0	191,332,565	345,997,694
1993-94	622,712,983	155,678,246	60,000,000	0	0	0	0	215,678,246	407,034,737
1994-95	680,022,275	213,005,569 <b>A</b>	146,305,569 <b>B</b>	0	28,100,000 <b>C</b>	0	0	387,411,138	292,611,137
1995-96	726,581,754	77,342,026	130,000,000	47,100,000 <b>D</b>	26,200,000 <b>E</b>	0	39,803,567 <b>F</b>	320,445,593	406,136,161
1996-97	759,306,050	0	174,260,955	49,354,893	156,000,000 <b>G</b>	61,000,000 <b>H</b>	0	440,615,848	318,690,202
1997-98	784,224,890	21,568,903	145,000,000	47,397,819	0	400,000,000 <b>I</b>	55,027,680 <b>J</b>	668,994,402	115,230,488
1998-99	514,756,178	0	150,000,000	31,054,152	0	0	37,000,000 <b>K</b>	218,054,152	296,702,026
1999-00	3,869,243	967,311	2,901,932	0 <b>L</b>	0	0	0	3,869,243	0
2000-01	6,350,587	0	0	0 <b>L</b>	0	6,350,587 <b>M</b>	0	6,350,587	0
2001-02	3,785,997 <b>N</b>	0	0	0	0	0	0	0	25,000,000 <b>N</b>
2002-03	415,543,840 <b>O</b>	150,000,000	15,000,000	0	0	0	0	165,000,000	250,543,840 <b>O</b>
2003-04	482,842,037 <b>P</b>	116,666,064	76,797,361	0	0	0	0	193,463,425	289,378,612 <b>P</b>
2004-05	802,633,946 <b>Q</b>	199,125,000	125,000,000	0	0	0	0	324,125,000	478,508,946 <b>Q</b>
2005-06	1,287,766,872 <b>R</b>	316,151,631 <b>S</b>	222,229,189	0	0	0	0	538,380,820	749,386,052 <b>R</b>
2006-07	1,541,181,489 <b>T</b>	175,000,000 <b>U</b>	145,000,000	0	0	0	0	320,000,000	1,221,181,489 <b>T</b>
2007-08	668,876,937 <b>V</b>	0 <b>W</b>	69,839,238	0	0	0	0	69,839,238	599,037,699 <b>V</b>
2008-09	92,237,091 <b>X</b>	0	0	0	0	0	0	0	92,237,091
2009-10	236,902,394	0	0	0	0	0	0	0	236,902,394 <b>Y</b>
2010-11	1,015,599,914 <b>Z</b>	183,650,000	124,500,000	0	0	125,000,000 <b>AA</b>	0	433,150,000	582,449,914
2011-12	694,038,532	123,170,924	23,170,924	0	0	154,000,000 <b>BB</b>	0	300,341,848	393,696,684
2012-13	1,041,616,538	232,537,942	150,000,000	0	0	308,100,000 <b>CC</b>	0	690,637,942	350,978,596 <b>DD</b>
2013-14	269,402,957	0	0	0	0	0	0	0	269,402,957 <b>EE</b>

\* June 30th unreserved fund balance according to the Office of State Budget and Management and the Office of the State Controller.

\*\* Effective July 1, 2001, the General Assembly repealed the required earmarking of the year-end fund balance for the Clean Water Management Trust Fund and established an annual appropriation for the Fund.

#### Notes

- A Includes direct transfer to the Savings Reserve Account of \$66.7 million (S.L. 1993-769, Sec. 3).
- B Only \$125 million was appropriated by the General Assembly for Repairs and Renovations; the balance of \$21,305,569 was appropriated by the 1996 Session of the General Assembly for Special Projects.
- C Funds directed to the Reserve for Tax Relief (S.L. 1993-769, Sec. 8.2).
- D \$9.2 million was transferred to the Wetlands Restoration Fund (S.L. 1996-18es2, Sec. 27.6(d)).

## **Earmarking of the Year-end Fund Balance by Fiscal Year**

(Includes Earmarkings, Transfers, and Appropriations directly from Year-end Fund Balance)

- E Reserve for Federal Retirees Refund (\$25 million) and Federal Retiree Administration (\$1.2 million).
- F \$39,519,567 in FY 1995-96 unexpended appropriations was transferred to a reserve for capital expenditures. \$284,000 originally appropriated to the Department of Cultural Resources for grants to public libraries in FY 1995-96 was not reverted and was authorized to be used for the same purpose. (Second Extra Session 1996-18-es2, Sec. 7.11 and 11.6)
- G Funds directed to the Reserve for Intangible Tax Refunds (S.L. 1997-443, Sec. 6).
- H Treasurer was authorized to invest \$61 million for the purchase of the North Carolina Railroad (S.L. 1997-443, Sec. 6).
- I Funds reserved for Bailey/Emory/Patton Reserve (S.L. 1998-212, Sec. 6).
- J Appropriation of FY 1997-98 reversions for FY 1997-98 in accordance with S.L. 1998-212, Sec. 9.
- K \$30 million appropriation for Aquariums capital improvements (S.L. 1998-212, Sec. 29.17); \$7 million appropriated for Warren County PCB landfill (S.L. 1999-456, Sec. 54).
- L Year-end fund balance insufficient for earmarking; General Assembly appropriated \$30 million directly to the Clean Water Management Trust Fund.
- M Transferred to the Reserve for Disaster Relief.
- N The beginning unreserved fund balance recognized by the General Assembly and included in General Fund availability for FY 2002-03 was \$25 million, as specified in S.L. 2002-126, Sec. 2.2.(a).
- O The unreserved fund balance recognized by the General Assembly prior to and after earmarkings was \$409.2 million and \$244.2 million, respectively (S.L. 2003-284, Sec. 2.2(a)).
- P The unreserved fund balance recognized by the General Assembly prior to and after earmarkings was \$466.7 million and \$271.2 million, respectively (S.L. 2004-124, Sec. 2.2(a)).
- Q The unreserved fund balance recognized by the General Assembly prior to and after earmarkings was \$796.5 million and \$472.4 million, respectively (S.L. 2005-276, Sec. 2.2(a)).
- R The unreserved fund balance recognized by the General Assembly prior to and after earmarkings was \$1.295 billion and \$749.4 million, respectively (S.L. 2006-66, Sec. 2.2(a)).
- S Pursuant to G.S. 143-15.3, Savings Reserve earmarking was adjusted to reflect final unreserved fund balance; earmarking recognized by General Assembly in S.L. 2006-66 was \$323,871,747.
- T The unreserved fund balance recognized by the General Assembly prior to and after earmarkings was \$1.493 billion and \$1.173 billion, respectively (S.L. 2007-323, Sec. 2.2(a)).
- U Pursuant to S.L. 2007-323, Sec. 2.2.(c1), Savings Reserve earmarking recognized by the General Assembly was \$175 million.
- V The unreserved fund balance recognized by the General Assembly prior to and after earmarkings was \$576.1 million and \$506.2 million, respectively (S.L. 2008-107, Sec. 2.2(a)).
- W Pursuant to S.L. 2008-107, Sec. 2.2.(c1), Savings Reserve earmarking recognized by the General Assembly was \$0.
- X The unreserved fund balance recognized by the General Assembly was \$91,967,011 (S.L. 2009-451, Sec. 2.2.(a)).
- Y The unreserved fund balance recognized by the General Assembly was \$3,972,262 (S.L. 2010-31, Sec. 2.2.(a)). 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.
- Z The unreserved beginning fund balance prior to earmarking recognized by the General Assembly was \$955,443,193 (S.L. 2011-145, Sec. 2.2.(a)). The Fiscal Research Division published a revised Availability Statement that reflected actual beginning fund balance of \$1,015,599,914 prior to earmarking.
- AA S.L. 2011-145, Sec. 2.2.(j) authorized up to \$125 million for the repayment of Medicaid federal funds.
- BB S.L. 2012-2 authorized the use of funds, including net appropriations up to \$154 million, to help close the FY 2011-12 shortfall in Medicaid.
- CC S.L. 2013-56 as amended by S.L. 2013-184, Sec. 13, authorized the use of \$308.1 million from unreserved fund balance and revenue overcollections to help close the FY 2012-13 shortfall in Medicaid.
- DD The unreserved beginning fund balance prior to earmarking recognized by the General Assembly was \$968,432,877 (S.L. 2013-360, Sec. 2.2.(a)). The Fiscal Research Division published a revised Availability Statement that reflected actual beginning fund balance of \$1,041,616,538 prior to earmarking.
- EE The unreserved beginning fund balance recognized by the General Assembly was \$267,369,627 (S.L. 2014-100, Sec. 2.2.(a)).

**Savings Reserve at Fiscal Year Ending June 30th**

<b>Fiscal Year</b>	<b>Prior Fiscal Year Current Operations Appropriation*</b>	<b>Statutory Goal: 8% of Prior Fiscal Year Operations Appropriation**</b>	<b>Unreserved Fund Balance at Fiscal Year End June 30th</b>	<b>Current Year Earmarking / Appropriation to Savings Reserve</b>	<b>Withdrawals and Adjustments</b>	<b>Savings Reserve Account Balance</b>
1990-91				141,000,000 <b>A</b>	0	<b>0</b>
1991-92	7,726,343,007	<b>386,317,150</b>	164,773,001	41,593,253	0	<b>41,593,253</b>
1992-93	7,825,507,308	<b>391,275,365</b>	537,330,259	134,332,565	0	<b>175,925,818</b>
1993-94	8,114,332,336	<b>405,716,617</b>	622,712,983	155,678,246	(121,000,000) <b>B</b>	<b>210,604,064</b>
1994-95	9,125,084,906	<b>456,254,245</b>	586,422,276 <b>B</b>	213,005,569		<b>423,609,633</b>
1995-96	10,019,033,177 <b>C</b>	<b>500,951,659</b>	726,581,754	77,342,029	0	<b>500,951,662</b>
1996-97	9,793,062,378	<b>489,653,119</b>	759,306,050	0	0	<b>500,951,662</b>
1997-98	10,450,411,229 <b>D</b>	<b>522,520,561</b>	784,224,890	21,568,899	0	<b>522,520,561</b>
1998-99	11,258,582,548 <b>E</b>	<b>562,929,127</b>	515,077,350	0 <b>F</b>	(200,000,000) <b>G</b>	<b>322,520,561</b>
1999-2000	12,327,025,974 <b>H</b>	<b>616,351,299</b>	3,869,243	967,311	(285,965,824) <b>I</b>	<b>37,522,048</b>
2000-01	13,441,610,285	<b>672,080,514</b>	6,350,587	120,000,000 <b>J</b>	0	<b>157,522,048</b>
2001-02	13,878,542,760	<b>693,927,138</b>	3,785,997 <b>M, N</b>	90,000,000 <b>K</b>	(247,522,048) <b>L</b>	<b>0</b>
2002-03	14,705,809,843	<b>735,290,492</b>	415,543,840 <b>O</b>	150,000,000	0	<b>150,000,000</b>
2003-04	14,320,664,876	<b>716,033,244</b>	482,842,037 <b>P</b>	116,666,064	391,343 <b>Q</b>	<b>267,057,407</b>
2004-05	14,871,621,783	<b>743,581,089</b>	802,633,946 <b>R</b>	199,125,000	(153,541,447) <b>S</b>	<b>312,640,960</b>
2005-06	15,897,680,933	<b>794,884,047</b>	1,287,766,872 <b>T</b>	316,151,631 <b>T</b>	0	<b>628,792,591</b>
2006-07	17,161,861,310	<b>858,093,066</b>	1,541,181,489 <b>U</b>	175,000,000	(17,142,913) <b>V</b>	<b>786,649,678</b>
2007-08	18,673,708,783	<b>933,685,439</b>	668,876,937	0	0	<b>786,649,678</b>
2008-09	20,441,301,149	<b>1,635,304,092</b>	92,237,091	0	(636,649,678) <b>W</b>	<b>150,000,000</b>
2009-10	21,239,049,461	<b>1,699,123,957</b>	236,902,394	0	0	<b>150,000,000</b>
2010-11	19,034,299,596	<b>1,522,743,968</b>	1,015,599,914	183,650,000	(38,008,589) <b>X</b>	<b>295,641,411</b>
2011-12	18,974,565,403	<b>1,517,965,232</b>	694,038,532	123,170,924	0	<b>418,812,335</b>
2012-13	19,720,747,946	<b>1,577,659,836</b>	968,432,877	232,537,942	0	<b>651,350,277</b>
2013-14	20,215,236,363	<b>1,617,218,909</b>	965,699,070	0	0	<b>651,350,277</b>

\* Includes Local Government Shared Revenues/Reimbursements

\*\* 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 statutory cap of 5% of prior year operations appropriations. Effective July 1, 2007, G.S. 143C-4-2 of the State Budget Act 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 Savings Reserve 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.



## **Savings Reserve at Fiscal Year Ending June 30th**

### **Notes**

- A The General Assembly appropriated \$141 million; this reserve was used to offset a shortfall in revenue for FY 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.
- E Adjusted to reflect emergency appropriation for Year 2000 Conversion for 1997-98 (\$20,506,367) as approved by the 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, Tax Revenue for 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 Fund balance 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 fund balance.
- O This amount is per OSBM and the Office of the State Controller (OSC). The unreserved fund balance recognized by the General Assembly prior to earmarkings was \$409.2 million.
- P Fund balance per OSBM. The unreserved fund 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 Fund balance per OSBM and OSC. The unreserved fund balance recognized by the General Assembly prior to earmarkings was \$796.5 million.
- S S.L. 2005-1, Hurricane Recovery Act of 2005, appropriated \$123.5 million from the Savings Reserve Account for hurricane recovery efforts. An additional \$30 million for mitigation efforts was expended as recommended by the Governor.
- T June 30th fund balance and final Savings Reserve earmarking per OSBM and OSC. Estimated unreserved fund balance and Savings Reserve earmarking recognized by the General Assembly (S.L. 2006-66, Modify Appropriations Act of 2005) was \$1.295 billion and \$323.9 million respectively.
- U June 30th fund balance and final Savings Reserve earmarking per OSBM and OSC. Estimated unreserved fund balance and Savings Reserve earmarking recognized by the General Assembly was \$1.493 billion and \$175 million respectively. (S.L. 2007-323)
- V Section 2.2.(g) of S. L. 2006-66, Modify Appropriations Act of 2005, directed the State Treasurer to transfer funds from the Savings Reserve to hold the Highway Fund and the Highway Trust Fund harmless from the cap on the Motor Fuels Tax.
- W S.L. 2009-16, State Hlth Plan \$/Good Health Initiatives, appropriated \$250 million from the Savings Reserve Account to the State Health Plan to cover a projected shortfall in the Plan for FY 2008-09. Additionally, S.L. 2009-215, Continuing Budget Authority, 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.
- X Section 1.3 of S.L. 2010-123, Budget Technical Corrections, authorized the Director of the Budget to use \$38,008,589 from the Savings Reserve Account to offset the loss of Enhanced FMAP Funds from the federal government.

**Actual Tax Revenues Collected by Major Schedules**

Fiscal Year	Individual Income	Corporate Income	Total Income Tax	Sales & Use	Franchise	Inheritance	Alcohol	Insurance	Cigarette/ 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
2012-13	10,953,140,820	1,191,730,504	12,144,871,324	5,294,146,987	660,141,125	111,430,080	298,639,841	521,509,350	255,400,938	0	115,744,723	19,401,884,368
2013-14	10,272,358,827	1,356,856,206	11,629,215,033	5,566,518,176	697,012,493	19,275,567	305,994,895	440,922,113	255,532,320	0	172,035,791	19,086,506,388