



FISCAL RESEARCH DIVISION

A Staff Agency of the North Carolina General Assembly

2015 ANNOTATED CONFERENCE COMMITTEE REPORT ON THE BASE, EXPANSION, AND CAPITAL BUDGETS

(Includes summaries of provisions in S.L. 2015-241, 2015 Appropriations Act (H.B. 97); S.L. 2015-268, General Government Technical Corrections (H.B. 259); S.L. 2015-264, General Statutes Commission Technical Corrections 2015 (S.B. 119); and other bills and select budget information.)

300 N. Salisbury Street, Legislative Office Building Suites 203 & 619
Raleigh, North Carolina 27603-5925
TELEPHONE (919) 733-4910 - FAX (919) 715-3589

<http://www.ncleg.net/FiscalResearch/>

Foreword

This document is an annotated version of The Joint Conference Committee Report on the Base, Expansion, and Capital Budgets for the FY 2015-17 Biennium as enacted in S.L. 2015-241, 2015 Appropriations Act (H.B. 97), as amended by S.L. 2015-268, General Government Technical Corrections (H.B. 259) and S.L. 2015-264, General Statutes Commission Technical Corrections 2015 (S.B. 119).

The Annotated Report includes all legislative adjustments to the FY 2015-17 Budgets enacted during the 2015 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.

Acknowledgements

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

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Staff Assignments

Director

Mark Trogdon

Support Staff

Joanne Holcomb
Julie McLaughlin

Subcommittee/Departments/Coverage

Budget Development

House and Senate Appropriations Committees
Statewide Budget Issues
Appropriations Bill Coordination
Savings Reserve Account
Budget Technical Corrections Bill Coordination
Joint Commission on Governmental Operations

Analysts

Karen Hammonds-Blanks - House
Richard Bostic - House

Evan Rodewald - Senate
Kristin Walker - Senate

Agriculture and Natural and Economic Resources

Environmental Quality
Agriculture and Consumer Services
Commerce
Commerce-State Aid
Labor
Natural and Cultural Resources
Wildlife Resources Commission

Jennifer Hoffmann, Team Leader
William Childs
Timothy Dale

Capital

Mark Bondo
Daniel Sater

Digital Information Management

Chris Black

Economy and Taxation

Revenue Estimates
Finance Committees
Revenue Laws Study Committee
Economic Issues
State Bond Proposals

Rodney Bizzell, Team Leader
Barry Boardman
Denise Harb Canada
Brian Slivka
Jonathan Tart

Education

Public Instruction (K-12)
Community Colleges
University of North Carolina

Brett Altman
Mark Bondo
Brian Matteson
Kristopher Nordstrom

Subcommittee/Departments/Coverage

General Government

Administration
Administrative Hearings
Auditor
General Assembly
Governor's Office
Insurance
Housing Finance Agency
Licensing Boards
Lieutenant Governor
Military and Veteran Affairs
Revenue
Secretary of State
State Board of Elections
State Budget and Management
State Controller
State Ethics Commission
State Treasurer

Health and Human Services

Information Technology

Justice and Public Safety

Public Safety
Judicial
Judicial Indigent Defense
Justice

Salaries and Benefits

Transportation

Analysts

Lisa Hollowell, Team Leader
Cara Bridges
Daniel Sater

Susan Jacobs, Team Leader
Deborah Landry
Steve Owen
Denise Thomas

Lanier McRee
Daniel Sater

Kristine Leggett, Team Leader
Lisa Fox
John Poteat

Lanier McRee
David Vanderweide

Bryce Ball
Amna Cameron

General Fund Availability Statement

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General Fund Availability Statement

	FY 2015-16	FY 2016-17
1 Unappropriated Balance	2,033,330	175,488,544
2 Over Collections FY 2014-15	445,820,623	0
3 Reversions FY 2014-15	415,657,138	0
4 Proceeds from Sale of Dix Received in FY 2014-15	2,000,000	0
5 Revenue Adjustment as per S.L. 2015-2	(1,000,000)	0
6 Earmarkings of Year End Fund Balance:		
7 Savings Reserve (Adjusted after Ratification of H.B. 943 (S.L. 2015-280))	(450,000,000)	0
8 Repairs and Renovations (Adjusted after Ratification of H.B. 943 (S.L. 2015-280))	(150,000,000)	0
9 Beginning Unreserved Fund Balance	264,511,091	175,488,544
10		
11 Revenues Based on Existing Tax Structure	20,981,400,000	21,592,400,000
12		
13 Non-tax Revenues		
14 Investment Income	17,100,000	17,400,000
15 Judicial Fees	227,800,000	225,500,000
16 Disproportionate Share	139,000,000	139,000,000
17 Insurance	78,400,000	79,600,000
18 Master Settlement Agreement	137,500,000	137,500,000
19 Other Non-Tax Revenues	168,000,000	168,800,000
20 Highway Fund Transfer	215,900,000	215,900,000
21 Subtotal Non-tax Revenues	983,700,000	983,700,000
22		
23 Total General Fund Availability	22,229,611,091	22,751,588,544
24		
25 Adjustments to Availability: 2015 Session		
26 Historic Preservation Tax Credit (Amended by S.L. 2015-264, Sec. 54.5(b))	0	(8,100,000)
27 Modify Corporate Income Tax Rate Trigger, Expand Corporate Tax Base, and Repeal Bank Privilege Tax	6,000,000	0
28 Phase-In Single Sales Factor Apportionment	(7,900,000)	(23,300,000)
29 Reduce Individual Income Tax (Reduces Rate to 5.499% in 2017, Restores Medical Deduction, and Raises Standard Deduction)	(117,300,000)	(437,100,000)
30 Expand Sales Tax Base	44,500,000	159,500,000
31 Transfer Additional Local Sales Tax Revenue for Economic Development, Public Education, and Community Colleges	0	(17,600,000)
32 Renewable Energy Safe Harbor (S.L. 2015-11)	0	(36,700,000)
33 Exempt Commercial Aviation Fuel from Sales Tax (S.L. 2015-259)	(7,500,000)	(15,000,000)
34 Increase Sales Tax Rate on Aircraft (S.L. 2015-259)	400,000	500,000
35 Extend Sales Tax Refund Motorsports Parts and Fuel (S.L. 2015-259)	0	(1,900,000)
36 Repeal Highway Fund Transfer	(215,900,000)	(215,900,000)
37 Transfer to Medicaid Transformation Fund	(75,000,000)	(150,000,000)
38 Standard & Poor's Settlement Funds	19,382,143	0
39 Master Settlement Agreement Funds to Golden L.E.A.F.	(10,000,000)	(10,000,000)
40 Department of Justice Tobacco Settlement	2,194,000	0
41 Transfer from Federal Insurance Contributions Act (FICA) Fund	4,296,802	641,628
42 Transfer from E-Commerce Fund Cash Balance	3,000,000	0
43 Transfer from DPS Enterprise Resource Planning System IT Fund	9,000,000	0
44 Adjustment of Transfer from Treasurer's Office	62,998	18,471
45 Adjustment of Transfer from Insurance Regulatory Fund	355,915	58,882
46 Realign Judicial Fees	25,000,000	25,000,000
47		
48 Subtotal Adjustments to Availability: 2015 Session	(319,408,142)	(729,881,019)
49		
50 Revised General Fund Availability	21,910,202,949	22,021,707,525
51		
52 Less General Fund Appropriations	(21,734,714,405)	(21,919,468,078)
53		
54 Unappropriated Balance Remaining	175,488,544	102,239,447

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Summary: General Fund Appropriations

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Summary of General Fund Appropriations						
Fiscal Year 2015-16						
2015 Legislative Session						
		Legislative Adjustments				Revised
	Base Budget	Recurring	Nonrecurring	Net	FTE	Appropriation
	2015-16	Adjustments	Adjustments	Changes	Changes	2015-16
Education:						
Community Colleges	1,048,495,115	(2,099,158)	22,671,041	20,571,883	7.00	1,069,066,998
Public Education	8,106,033,100	266,735,700	144,000,497	410,736,197	0.00	8,516,769,297
University System	2,647,296,221	58,742,318	40,524,039	99,266,357	0.00	2,746,562,578
Total Education	11,801,824,436	323,378,860	207,195,577	530,574,437	7.00	12,332,398,873
Health and Human Services:						
Central Management and Support	89,605,783	14,436,065	18,424,738	32,860,803	(20.00)	122,466,586
Aging and Adult Services	42,845,788	0	969,549	969,549	0.00	43,815,337
Blind and Deaf / Hard of Hearing Services	8,107,457	65,750	0	65,750	0.00	8,173,207
Child Development and Early Education	249,687,727	4,816,022	(22,040,920)	(17,224,898)	0.00	232,462,829
Health Service Regulation	16,022,641	82,606	0	82,606	2.00	16,105,247
Medical Assistance	3,532,548,786	279,094,664	(75,068,507)	204,026,157	0.00	3,736,574,943
Mental Health, Dev. Disabilities, & Sub. Abuse Services	680,179,847	6,928,916	(91,026,343)	(84,097,427)	2.00	596,082,420
NC Health Choice	41,874,629	5,522,950	(34,841,237)	(29,318,287)	0.00	12,556,342
Public Health	141,283,615	2,421,369	(2,327,764)	93,605	2.00	141,377,220
Social Services	180,017,803	2,765,460	400,000	3,165,460	1.00	183,183,263
Vocational Rehabilitation	37,752,132	0	0	0	0.00	37,752,132
Total Health and Human Services	5,019,926,208	316,133,802	(205,510,484)	110,623,318	(13.00)	5,130,549,526
Justice and Public Safety:						
Public Safety	1,758,733,006	61,996,903	27,399,201	89,396,104	112.83	1,848,129,110
Judicial	467,897,397	10,411,055	6,622,765	17,033,820	3.00	484,931,217
Judicial - Indigent Defense	112,087,174	3,485,302	430,421	3,915,723	0.00	116,002,897
Justice	50,584,602	1,852,333	1,412,529	3,264,862	13.00	53,849,464
Total Justice and Public Safety	2,389,302,179	77,745,593	35,864,916	113,610,509	128.83	2,502,912,688
Agriculture and Natural and Economic Resources:						
Agriculture and Consumer Services	113,940,604	1,892,669	481,702	2,374,371	6.00	116,314,975
Commerce	47,261,954	3,618,058	6,607,962	10,226,020	(6.36)	57,487,974
Commerce - State Aid	11,704,240	6,300,000	2,750,000	9,050,000	0.00	20,754,240
Cultural Resources	64,231,047	90,970,293	8,196,927	99,167,220	979.28	163,398,267
Cultural Resources - Roanoke Island	508,384	15,000	0	15,000	0.00	523,384
Environment and Natural Resources	162,279,549	(86,434,020)	5,461,073	(80,972,947)	(1,007.65)	81,306,602
Labor	15,945,674	(123,439)	173,124	49,685	(2.00)	15,995,359
Wildlife Resources Commission	13,317,641	(2,294,145)	(869,873)	(3,164,018)	(3.75)	10,153,623
Total Agriculture, Natural and Economic Resources	429,189,093	13,944,416	22,800,915	36,745,331	(34.48)	465,934,424

Summary of General Fund Appropriations						
Fiscal Year 2015-16						
2015 Legislative Session						
		Legislative Adjustments				Revised
	Base Budget	Recurring	Nonrecurring	Net	FTE	Appropriation
	2015-16	Adjustments	Adjustments	Changes	Changes	2015-16
General Government:						
Administration	67,409,693	(7,368,465)	1,299,684	(6,068,781)	(75.40)	61,340,912
Auditor	11,733,689	271,102	98,872	369,974	0.00	12,103,663
General Assembly	52,865,521	4,143,530	400,598	4,544,128	0.00	57,409,649
Governor	5,859,246	(293,072)	255,935	(37,137)	(2.00)	5,822,109
Governor - Special Projects	2,000,000	0	0	0	0.00	2,000,000
Housing Finance Agency	9,118,739	0	12,500,000	12,500,000	0.00	21,618,739
Insurance	38,296,364	58,882	297,033	355,915	1.00	38,652,279
Lieutenant Governor	676,874	1,098	4,903	6,001	0.00	682,875
Military and Veterans Affairs	0	7,556,254	1,980,741	9,536,995	77.90	9,536,995
Office of Administrative Hearings	4,992,437	150,976	36,771	187,747	1.00	5,180,184
Revenue	80,521,722	(213,325)	751,142	537,817	(1.00)	81,059,539
Secretary of State	11,676,506	74,189	137,996	212,185	0.00	11,888,691
State Board of Elections	6,620,578	(107,215)	251,479	144,264	0.00	6,764,842
State Budget and Management	7,586,922	(55,514)	152,541	97,027	1.00	7,683,949
State Budget and Management -- Special	0	1,500,000	13,281,688	14,781,688	0.00	14,781,688
State Controller	22,205,229	521,157	127,393	648,550	0.00	22,853,779
Treasurer - Operations	9,734,913	233,471	294,527	527,998	4.00	10,262,911
Treasurer - Retirement / Benefits	20,664,274	1,027,025	350,000	1,377,025	0.00	22,041,299
Total General Government	351,962,707	7,500,093	32,221,303	39,721,396	6.50	391,684,103
Statewide Reserves and Debt Service:						
Debt Service:						
Interest / Redemption	719,974,837	(6,815,194)	0	(6,815,194)	0.00	713,159,643
Federal Reimbursement	1,616,380	0	0	0	0.00	1,616,380
Subtotal Debt Service	721,591,217	(6,815,194)	0	(6,815,194)	0.00	714,776,023
Statewide Reserves:						
Contingency and Emergency Fund	5,000,000	0	0	0	0.00	5,000,000
Salary Adjustment Reserve	7,500,000	5,000,000	0	5,000,000	0.00	12,500,000
OSHR Minimum of Market Adjustment	0	0	0	0	0.00	0
Workers' Compensation Reserve	0	21,500,543	2,000,000	23,500,543	0.00	23,500,543
Information Technology Reserve	18,803,648	2,834,527	(1,079,447)	1,755,080	0.00	20,558,728
Information Technology Fund	24,199,049	(1,755,080)	73,337	(1,681,743)	0.00	22,517,306
IT Reserve - Budget Transparency Project	0	0	814,000	814,000	0.00	814,000
Job Development Investment Grants (JDIG)	63,045,357	0	(5,229,142)	(5,229,142)	0.00	57,816,215

Summary of General Fund Appropriations						
Fiscal Year 2015-16						
2015 Legislative Session						
		Legislative Adjustments				Revised
	Base Budget	Recurring	Nonrecurring	Net	FTE	Appropriation
	2015-16	Adjustments	Adjustments	Changes	Changes	2015-16
One North Carolina Fund	9,000,000	0	(2,004,024)	(2,004,024)	0.00	6,995,976
Pending Legislation	4,500,000	(4,500,000)	0	(4,500,000)	0.00	0
Voter Information Verification Act	1,000,000	(1,000,000)	0	(1,000,000)	0.00	0
Film and Entertainment Grant Fund	0	0	30,000,000	30,000,000	0.00	30,000,000
Subtotal Statewide Reserves	133,048,054	22,079,990	24,574,724	46,654,714	0.00	179,702,768
Total Reserves and Debt Service	854,639,271	15,264,796	24,574,724	39,839,520	0.00	894,478,791
Total General Fund for Operations	20,846,843,894	753,967,560	117,146,951	871,114,511	94.85	21,717,958,405
Capital Improvements						
Dorton Arena Roof Replacement	0	0	2,305,000	2,305,000	0.00	2,305,000
USS North Carolina Hull Repair and Cofferdam	0	0	3,500,000	3,500,000	0.00	3,500,000
Water Resources Development	0	0	5,083,000	5,083,000	0.00	5,083,000
Armory and Facility Development Projects	0	0	868,000	868,000	0.00	868,000
School of Science and Math - Technology Upgrades and Building Repairs	0	0	4,000,000	4,000,000	0.00	4,000,000
NCSU Engineering Building - Advance Planning	0	0	1,000,000	1,000,000	0.00	1,000,000
Total Capital Improvements	0	0	16,756,000	16,756,000	0.00	16,756,000
Total General Fund Budget	20,846,843,894	753,967,560	133,902,951	887,870,511	94.85	21,734,714,405

Summary of General Fund Appropriations						
Fiscal Year 2016-17						
2015 Legislative Session						
		Legislative Adjustments				Revised
	Base Budget 2016-17	Recurring Adjustments	Nonrecurring Adjustments	Net Changes	FTE Changes	Appropriation 2016-17
Education:						
Community Colleges	1,048,495,115	17,300,405	100,000	17,400,405	7.00	1,065,895,520
Public Education	8,106,033,100	313,231,521	180,000	313,411,521	0.00	8,419,444,621
University System	2,647,304,656	25,771,233	10,232,038	36,003,271	0.00	2,683,307,927
Total Education	11,801,832,871	356,303,159	10,512,038	366,815,197	7.00	12,168,648,068
Health and Human Services:						
Central Management and Support	89,605,783	22,435,470	17,992,000	40,427,470	(17.00)	130,033,253
Aging and Adult Services	42,845,788	0	969,549	969,549	0.00	43,815,337
Blind and Deaf / Hard of Hearing Services	8,107,457	65,750	0	65,750	0.00	8,173,207
Child Development and Early Education	249,687,727	8,515,712	(15,169,463)	(6,653,751)	0.00	243,033,976
Health Service Regulation	16,022,641	88,033	0	88,033	2.00	16,110,674
Medical Assistance	3,532,548,784	455,259,298	(71,570,810)	383,688,488	0.00	3,916,237,272
Mental Health, Dev. Disabilities, & Sub. Abuse Services	680,179,847	8,067,844	(150,386,383)	(142,318,539)	2.00	537,861,308
NC Health Choice	41,874,629	6,230,413	(47,358,284)	(41,127,871)	0.00	746,758
Public Health	141,283,615	2,453,313	4,561,500	7,014,813	2.00	148,298,428
Social Services	180,017,803	5,515,460	0	5,515,460	1.00	185,533,263
Vocational Rehabilitation	37,752,132	0	0	0	0.00	37,752,132
Total Health and Human Services	5,019,926,206	508,631,293	(260,961,891)	247,669,402	(10.00)	5,267,595,608
Justice and Public Safety:						
Public Safety	1,758,773,164	84,971,162	3,621,300	88,592,462	222.83	1,847,365,626
Judicial	467,898,110	16,228,211	0	16,228,211	9.00	484,126,321
Judicial - Indigent Defense	112,097,118	4,532,846	0	4,532,846	0.00	116,629,964
Justice	50,584,602	2,130,990	0	2,130,990	13.00	52,715,592
Total Justice and Public Safety	2,389,352,994	107,863,209	3,621,300	111,484,509	244.83	2,500,837,503
Agriculture and Natural and Economic Resources:						
Agriculture and Consumer Services	113,940,604	2,015,169	1,000,000	3,015,169	6.00	116,955,773
Commerce	47,261,954	5,082,375	5,251,799	10,334,174	(8.29)	57,596,128
Commerce - State Aid	11,704,240	3,851,570	2,500,000	6,351,570	0.00	18,055,810
Cultural Resources	64,231,047	97,604,806	7,453,550	105,058,356	979.28	169,289,403
Cultural Resources - Roanoke Island	508,384	15,000	0	15,000	0.00	523,384
Environment and Natural Resources	162,279,549	(85,099,940)	5,250,000	(79,849,940)	(1,007.65)	82,429,609
Labor	15,945,674	(123,439)	0	(123,439)	(2.00)	15,822,235
Wildlife Resources Commission	13,317,641	(2,294,145)	(1,000,000)	(3,294,145)	(3.75)	10,023,496
Total Agriculture, Natural and Economic Resources	429,189,093	21,051,396	20,455,349	41,506,745	(36.41)	470,695,838

Summary of General Fund Appropriations						
Fiscal Year 2016-17						
2015 Legislative Session						
		Legislative Adjustments				Revised
	Base Budget	Recurring	Nonrecurring	Net	FTE	Appropriation
	2016-17	Adjustments	Adjustments	Changes	Changes	2016-17
General Government:						
Administration	65,932,950	(7,268,465)	0	(7,268,465)	(81.60)	58,664,485
Auditor	11,733,689	271,102	0	271,102	0.00	12,004,791
General Assembly	52,865,521	4,143,530	0	4,143,530	0.00	57,009,051
Governor	5,859,246	(293,072)	0	(293,072)	(2.00)	5,566,174
Governor - Special Projects	2,000,000	0	0	0	0.00	2,000,000
Housing Finance Agency	9,118,739	1,541,261	15,000,000	16,541,261	0.00	25,660,000
Insurance	38,296,364	58,882	0	58,882	1.00	38,355,246
Lieutenant Governor	676,874	1,098	0	1,098	0.00	677,972
Military and Veterans Affairs	0	7,556,254	250,000	7,806,254	77.90	7,806,254
Office of Administrative Hearings	4,992,437	150,976	0	150,976	1.00	5,143,413
Revenue	80,539,222	(81,543)	0	(81,543)	0.00	80,457,679
Secretary of State	11,676,506	74,189	0	74,189	0.00	11,750,695
State Board of Elections	6,620,578	(107,215)	0	(107,215)	0.00	6,513,363
State Budget and Management	7,586,922	(55,514)	0	(55,514)	1.00	7,531,408
State Budget and Management -- Special	0	1,500,000	500,000	2,000,000	0.00	2,000,000
State Controller	22,205,229	521,157	0	521,157	0.00	22,726,386
Treasurer - Operations	9,734,913	558,471	55,000	613,471	4.00	10,348,384
Treasurer - Retirement / Benefits	20,664,274	1,027,025	0	1,027,025	0.00	21,691,299
Total General Government	350,503,464	9,598,136	15,805,000	25,403,136	1.30	375,906,600
Statewide Reserves and Debt Service:						
Debt Service:						
Interest / Redemption	719,974,837	(18,125,622)	0	(18,125,622)	0.00	701,849,215
Federal Reimbursement	1,616,380	0	0	0	0.00	1,616,380
Subtotal Debt Service	721,591,217	(18,125,622)	0	(18,125,622)	0.00	703,465,595
Statewide Reserves:						
Contingency and Emergency Fund	5,000,000	0	0	0	0.00	5,000,000
Salary Adjustment Reserve	7,500,000	17,500,000	0	17,500,000	0.00	25,000,000
OSHR Minimum of Market Adjustment	0	12,000,000	0	12,000,000	0.00	12,000,000
Reserve for Future Benefit Needs	0	71,000,000	0	71,000,000	0.00	71,000,000
Workers' Compensation Reserve	0	21,500,543	0	21,500,543	0.00	21,500,543
Information Technology Reserve	18,803,648	3,114,053	(1,358,973)	1,755,080	0.00	20,558,728
Information Technology Fund	24,199,049	(1,755,080)	0	(1,755,080)	0.00	22,443,969
Job Development Investment Grants (JDIG)	63,045,357	8,682,769	0	8,682,769	0.00	71,728,126

Summary of General Fund Appropriations						
Fiscal Year 2016-17						
2015 Legislative Session						
		Legislative Adjustments				Revised
	Base Budget	Recurring	Nonrecurring	Net	FTE	Appropriation
	2016-17	Adjustments	Adjustments	Changes	Changes	2016-17
One North Carolina Fund	9,000,000	0	0	0	0.00	9,000,000
Pending Legislation	4,500,000	(4,500,000)	0	(4,500,000)	0.00	0
Voter Information Verification Act	1,000,000	(1,000,000)	0	(1,000,000)	0.00	0
Film and Entertainment Grant Fund	0	0	30,000,000	30,000,000	0.00	30,000,000
Public Schools Average Daily Membership (ADM)	0	107,000,000	0	107,000,000	0.00	107,000,000
UNC System Enrollment Growth Reserve	0	31,000,000	0	31,000,000	0.00	31,000,000
Subtotal Statewide Reserves	133,048,054	264,542,285	28,641,027	293,183,312	0.00	426,231,366
Total Reserves and Debt Service	854,639,271	246,416,663	28,641,027	275,057,690	0.00	1,129,696,961
Total General Fund for Operations	20,845,443,899	1,249,863,856	(181,927,177)	1,067,936,679	206.72	21,913,380,578
Capital Improvements						
Armory and Facility Development Projects	0	0	5,087,500	5,087,500	0.00	5,087,500
NCSU Engineering Building	0	0	1,000,000	1,000,000	0.00	1,000,000
Total Capital Improvements	0	0	6,087,500	6,087,500	0.00	6,087,500
Total General Fund Budget	20,845,443,899	1,249,863,856	(175,839,677)	1,074,024,179	0.00	21,919,468,078

Education Section F

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2015 Annotated Conference Committee Report

Public Education

GENERAL FUND

	FY 15-16	FY 16-17
Recommended Base Budget	\$8,106,033,100	\$8,106,033,100

Legislative Changes

A. Reserve for Salaries and Benefits

1 Compensation Reserve - Educators

\$62,171,653	R	\$62,171,653	R
\$79,521,583	NR		

Funds several changes to the Statewide teachers salary schedule, including an increase in starting pay from \$3,300 to \$3,500 per month (i.e. \$33,000 to \$35,000 per year for a 10-month teacher), an experience-based step increase for educators earning a year of creditable experience, and a sixth tier for school psychologists, speech pathologists and school audiologists. Funds are also provided for a \$750 one-time bonus for educators and to ensure that bonuses received in FY 2014-15 are continued as appropriate. (S.L. 2015-241, Sec. 9.1 and 30.18A)

2 Compensation Reserve - School-based Administrators (SBAs)

\$4,550,919	R	\$4,550,919	R
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Provides funds for a \$750 bonus for school-based administrators (SBAs) and for an experience-based step increase for SBAs earning a year of creditable experience. Funds are also appropriated to continue the bonus granted in FY 2014-15 for SBAs who did not receive a salary increase in that year; this bonus shall continue to be paid monthly. (S.L. 2015-241, Sec. 9.2 and 30.18A)

\$3,599,248	NR
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3 Compensation Reserve - Other LEA Personnel

Provides funds for a \$750 one-time bonus for central office and non-certified personnel within local education agencies (LEAs). This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes. (S.L. 2015-241, Sec. 9.3, 9.4, and 30.18A)

\$39,781,698	NR
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4 Compensation Reserve - DPI

Provides funds for a \$750 one-time bonus for State employees. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes. In addition, funds are appropriated for the changes to the Statewide teacher salary schedule that affect State agency teachers within the Department. (S.L. 2015-241, Sec. 30.9, 30.10, and 30.18A)

\$216,430	R	\$216,430	R
\$676,818	NR		

2015 Annotated Conference Committee Report

FY 15-16

FY 16-17

5 State Retirement Contributions - School District Personnel

\$6,308,775

R

\$6,308,775

R

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund increased retiree medical premiums. Total General Fund appropriation across all sections in the committee report is \$11.0 million in FY 2015-16 and FY 2016-17. (S.L. 2015-241, Sec. 30.20)

6 State Retirement Contributions - DPI

\$49,396

R

\$49,396

R

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund increased retiree medical premiums. Total General Fund appropriation across all sections in the committee report is \$11.0 million in FY 2015-16 and FY 2016-17. (S.L. 2015-241, Sec. 30.20)

7 State Health Plan - School District Personnel

\$14,124,040

R

\$14,124,040

R

Provides additional funding to continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium. (S.L. 2015-241, Sec. 30.20)

8 State Health Plan - DPI

\$77,199

R

\$77,199

R

Provides additional funding to continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium. (S.L. 2015-241, Sec. 30.20)

B. Technical Adjustments

9 Average Daily Membership (ADM) (Multiple)

\$100,236,542

R

\$100,236,542

R

Revises allotted FY 2015-16 ADM to reflect 17,338 more students than are included in FY 2014-15 allotted ADM. This adjustment includes revisions to multiple position, dollar, and categorical allotments. Funding associated with projected FY 2016-17 ADM growth is reserved in the "Reserves, Debt Service and Adjustments" section of this report.

10 Exceptional Children Headcount (1860)

\$404,103

R

\$404,103

R

Adjusts funding budgeted for the Children with Disabilities preschool and school age allotments to reflect actual student headcount. This adjustment revises budgeted funding for both preschool and school-age children with special needs to reflect the April 1, 2015 headcount and does not modify per-student funding.

11 Average Certified Personnel Salaries (Multiple)

(\$14,839,270)

R

(\$14,977,035)

R

Revises budgeted funding for certified personnel salaries based on actual salary data from December 2014. 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.

2015 Annotated Conference Committee Report

FY 15-16

FY 16-17

12 Classroom Teachers (1800)

\$254,586,185 R \$254,586,185 R

Adjusts the receipts budgeted for the Classroom Teachers allotment to reflect a new distribution of NC Education Lottery (Lottery) receipts. This adjustment, while eliminating Lottery support for this allotment, does not impact the combined total funding from Lottery and other General Fund sources available to it. (S.L. 2015-241, Sec. 5.2)

13 Noninstructional Support Personnel (1800)

(\$310,455,157) R (\$314,950,482) R

Adjusts the receipts budgeted for the Noninstructional Support Personnel allotment to reflect a new distribution of Lottery receipts. This adjustment, while significantly reducing General Fund support for this allotment, does not impact the combined total funding from Lottery and other General Fund sources available to it. (S.L. 2015-241, Sec. 5.2)

14 Civil Penalties (1800)

(\$3,978,850) R (\$3,978,850) R
(\$3,978,850) NR

Increases budgeted receipts from Civil Penalties and takes a corresponding nonrecurring General Fund reduction. The nonrecurring reduction reflects actual overrealized receipts in FY 2014-15, while the recurring reduction reflects an increased estimate of anticipated FY 2015-17 receipts. (S.L. 2015-241, Sec. 5.3)

C. Public School Funding Adjustments

15 Low-Wealth Supplemental Funding (1800)

(\$10,091,091) R (\$10,091,091) R

Adjusts the supplemental allotment for school districts in low-wealth communities to align funding availability with actual school district eligibility. This adjustment will not reduce funding to eligible districts. A related provision in this act adjusts the Low-Wealth formula to provide the same amount of supplemental funding to school districts in certain low-wealth counties as was received in the 2012-2013 fiscal year. These local school administrative units have an average daily membership of more than 23,000 students and are in counties that also contain a base of the Armed Forces of the United States. \$205.5 million will be available for this allotment. (S.L. 2015-241, Sec. 8.3)

16 Teacher Assistants (1800)

\$138,134,525 R \$138,134,525 R

Provides funding sufficient to maintain the FY 2014-15 level of support for this allotment. Additional funds are provided in the "Average Daily Membership" item that will have the impact of increasing overall support for Teacher Assistants due to increased student headcount. \$377.1 million will be available for this allotment in FY 2015-16 and FY 2016-17. (S.L. 2015-241, Sec. 8.47)

2015 Annotated Conference Committee Report

FY 15-16

FY 16-17

17 Increased Funding for Classroom Teachers (1800)

\$26,898,798 R

Increases funding to school districts for guaranteed Classroom Teachers positions in grade 1. Beginning in FY 2016-17, the teacher allotment ratio will be decreased by 1 student per teacher in grade 1 to provide 1 teacher per 16 students.

Total funding for guaranteed classroom teacher positions, inclusive of salary and benefits costs, will be \$4.31 billion in FY 2016-17. (S.L. 2015-241, Sec. 8A.3)

18 Textbooks and Digital Resources (1800)

\$21,820,000 R \$31,030,837 R

Increases General Fund support for textbooks and digital resources, bringing total funding for this allotment to \$52.4 million in FY 2015-16 and \$62.0 million in FY 2016-17. (H.B. 738; S.L. 2015-241, Sec. 8.18 and 8.33)

19 School Connectivity Initiative (1900)

\$2,000,000 R \$12,000,000 R

Provides additional support for this Initiative, which brings broadband connectivity to all K-12 public school buildings in the State. New funds will allow enhancement of school-level internal Wi-Fi networks to provide high-quality, reliable connectivity to the classroom level. Total State funding for the School Connectivity Initiative will total \$21.9 million in FY 2015-16 and \$31.9 million in FY 2016-17. (H.B. 660)

20 Cooperative and Innovative High Schools (CIHS) (1821)

\$621,338 R \$932,007 R
\$100,000 NR

Provides CIHS allotment support to fulfill the funding requests for new CIHSs. Funding will support schools in Pitt, Watauga, and Wilson Counties. These schools will receive the \$310,669 allotment provided to other CIHS programs. Wilson Academy of Applied Technology will receive nonrecurring planning funds in FY 2015-16 and the full CIHS allotment beginning in FY 2016-17, as it will open a year later than the other CIHSs listed above. Total support in the Public Education budget for CIHS programs will be \$24.3 million in FY 2015-16 and \$24.5 million in FY 2016-17. (H.B. 500)

21 Cooperative and Innovative High School Tuition (1821)

\$800,000 R \$800,000 R

Provides additional support to the Department of Public Instruction (DPI) for the payment of tuition at four-year colleges and universities on behalf of students taking college-level coursework through CIHS programs. Total support for tuition will be \$2.5 million.

22 Transportation (1830)

(\$25,079,807) R (\$25,079,807) R

Reduces by approximately 5% the total budget for this allotment, which supports transportation personnel salaries, diesel fuel, replacement parts, and yellow school bus maintenance. This reduction reflects a lower projected cost for diesel fuel (\$2.17 per gallon) than is included in the base budget (\$3.15 per gallon). Total funding for this allotment will be \$444.4 million in FY 2015-16 and FY 2016-17.

2015 Annotated Conference Committee Report

FY 15-16

FY 16-17

23 ADM Contingency Reserve (1800)

\$2,500,000

R

\$2,500,000

R

Provides funding for the ADM Contingency Reserve to offset the potential costs associated with two virtual charter schools beginning operations in the 2015-16 school year. Total support for the reserve will be \$8.8 million.

24 Read to Achieve (RTA) Reading Camp-1st & 2nd Grade Expansion (multiple)

\$20,000,000

R

\$20,000,000

R

Provides additional funds to expand the RTA Reading Camps to serve 1st and 2nd graders, in addition to the currently served 3rd graders. As specified in a related provision, newly eligible summer camp participants will be 1st and 2nd grade students who demonstrate reading comprehension below grade level as identified through the administration of formative and diagnostic assessments. These expansion funds shall be allocated in a manner consistent with allocation of the summer camp funding for 3rd graders. (S.L. 2015-241, Sec. 8.48)

25 Excellent Public Schools Act (Multiple)

\$3,812,141

R

\$8,520,748

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, 2012 Appropriations Act. DPI will have \$41.8 million available to implement these requirements in FY 2015-16 and \$46.5 million in FY 2016-17.

(S.L. 2015-268, Sec. 3.8, General Government Technical Corrections, amends this item to clarify that these funds shall not be used to increase funding for the North Carolina Teacher Corps program.)

26 Education Value-Added Assessment System (EVAAS) (1800)

\$871,474

R

\$871,474

R

Provides additional support to expand EVAAS capacities in support of the Read to Achieve program as well as student and teacher performance measurement. Total State support for EVAAS will be \$3.7 million. (S.L. 2015-241, Sec. 8.42)

27 Driver Training (1830)

\$24,120,000

NR

Provides nonrecurring funding to support Driver Training programs administered at the LEA level. State support in FY 2016-17 for this activity is provided by the Civil Fines and Forfeitures Fund. (H.B. 919; S.L. 2015-241, Sec. 5.3 and 29.30)

28 Regional Schools (1821)

\$310,669

R

\$310,669

R

Provides additional funding to the Northeast Regional School of Biotechnology and Agriscience in Jamesville, NC. (S.L. 2015-241, Sec. 8.43)

2015 Annotated Conference Committee Report

FY 15-16**FY 16-17****D. Grants****29 Beginnings for Children, Inc. (1901)**

\$84,486

R

\$84,486

R

Provides support to expand the programs and services provided by Beginnings for Parents of Children Who Are Deaf or Hard of Hearing, Inc. (Beginnings), as part of its outreach and support to North Carolina families. Total FY 2015-16 and FY 2016-17 State support for Beginnings will be \$1,004,216.

30 Eastern North Carolina STEM Summer Program (1901)

\$180,000

NR

\$180,000

NR

Provides funds to the State Board of Education to contract with an independent entity to administer a residential science, mathematics, engineering and technology (STEM) enrichment program for traditionally underserved students. Participation in the program shall be limited to students of the Northampton County Schools, Weldon City Schools, Roanoke Rapids City Schools and KIPP Pride High School.

(S.L. 2015-264, Sec. 91.5, GSC Technical Corrections 2015, adds Halifax County Schools to the list of eligible participants.)

E. Department of Public Instruction**31 DPI Flexible Reduction (Multiple)**

(\$2,500,000)

R

(\$2,500,000)

R

Reduces State General Fund support for DPI by 5.2%. The State Board of Education may allocate this reduction at its discretion. \$45.3 million will remain available to support DPI operations. (S.L. 2015-241, Sec. 8.37)

Total Legislative Changes**\$266,735,700**

R

\$313,231,521

R

\$144,000,497

NR

\$180,000

NR

Total Position Changes**Revised Budget****\$8,516,769,297****\$8,419,444,621**

Special Provisions

2015 Session: HB 97

Department: Public Education

Section: 8.1

Title: FUNDS FOR CHILDREN WITH DISABILITIES

Summary Provides \$3,926.97 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 allotted average daily membership (ADM).

Section: 8.2

Title: FUNDS FOR ACADEMICALLY GIFTED CHILDREN

Summary Provides \$1,280.70 per child for academically and intellectually gifted children to each LEA for a maximum of 4% of each LEA's allotted ADM for the 2015-17 school years.

Section: 8.3

Title: USE OF SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES

Summary Continues the formula for determining eligibility for and distribution of funds appropriated in FY 2015-16 and FY 2016-17 for supplemental funding for public schools in low-wealth counties. Subsection (h) continues funding for counties that contain a base of the Armed Forces of the

United States and that have an ADM of more than 23,000 students regardless of other attributes that would make those counties ineligible for funding.

Section: 8.4

Title: SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING

Summary Continues the formula for the small county allotment as modified by Section 8.4 of S.L. 2014-100, Appropriations Act of 2014. This section provides a tiered funding formula for distributing the small county supplemental funding allotment. Under the formula, each eligible LEA receives a defined dollar amount based on its allotted ADM.

Section: 8.5

Title: DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING (DSSF)

Summary Continues the formula for the DSSF allotment. The section allots the dollar equivalent of a number of teaching positions (including benefits). The amount provided is based on the number of positions required to reduce class sizes for the eligible DSSF population as defined by the State Board of Education (SBE) from a ratio of 1 teacher for every 21 students to a lower proposed ratio (depending on an LEA's wealth, per the low wealth allotment formula). Additionally, the provision holds harmless the original 16 pilot LEAs; these LEAs may not receive less than their FY 2006-07 allotment.

Section: 8.7

Title: UNIFORM EDUCATION REPORTING SYSTEM (UERS) FUNDS

Summary Directs that funds appropriated for UERS for the 2015-17 fiscal biennium shall not revert.

Section: 8.8

Title: **COOPERATIVE INNOVATIVE HIGH SCHOOLS**

Summary Modifies G.S. 115C-238.54 to clarify that funds appropriated for Cooperative Innovative High Schools shall not be adjusted for any legislative increase in public school personnel salaries.

Section: 8.11

Title: **STUDY NCVPS ALTERNATIVE FUNDING FORMULA**

Summary Requires the SBE to study the existing funding formula for the North Carolina Virtual Public School (NCVPS) and to look at the cost/benefit of offering an alternative formula option. The findings shall be reported to the Joint Legislative Education Oversight Committee (JLEOC) by January 15, 2016.

Section: 8.12

Title: **COMPETENCY-BASED LEARNING AND ASSESSMENTS**

Summary Encourages the SBE to evaluate the feasibility of integrating competency-based assessments for use in LEAs and as part of the statewide testing system for measuring student performance and student growth. (H.B. 439)

Section: 8.14

Title: **COLLABORATIVE PROCUREMENT**

Summary Modifies existing law requiring the Department of Public Instruction (DPI) to establish collaborative procurement processes for digital and technology purchases by LEAs. Subsection (a) repeals Section 7.6 of S.L. 2013-360, Appropriations Act of 2013, as amended by Section 91 of S.L. 2014-115, Technical and Other Corrections. The remainder of the section requires the SBE to coordinate with the Friday Institute in developing collaborative procurement agreements and to annually report on both collaborative procurement agreements and their resulting savings. (H.B. 660)

Section: 8.18

Title: **REVISE THE DESIGNATION OF THE TEXTBOOK FUNDING ALLOTMENT**

Summary Renames the textbooks allotment as the "textbooks and digital resources allotment," effective July 1, 2015. The allowable uses for these funds shall remain unchanged.

Section: 8.22

Title: **TWELVE-MONTH PERSONNEL POSITIONS FOR VOCATIONAL AGRICULTURE TEACHERS**

Summary Modifies G.S. 115C-302.1(b) to prohibit LEAs from reducing the employment term for any vocational agriculture teacher positions that were 12-month positions for the 2014-15 school year for any school year thereafter.

Section: 8.25

Title: **REPEAL UNNECESSARY STATE BOARD OF EDUCATION REPORTS**

Summary Eliminates five reports that the General Assembly has determined are no longer necessary.

Subsection (a) modifies G.S. 115C-12(19) to eliminate the SBE report on paperwork reduction.

Subsection (b) modifies G.S. 115C-12(25) to eliminate the SBE report on the ABCs accountability program.

Subsection (c) modifies G.S. 115C-102.6B(b) to eliminate the SBE report on the State School Technology Plan.

Subsection (d) modifies G.S. 115C-105.35(a) to eliminate the SBE report on the evaluation of the school-based accountability system.

Subsection (e) modifies G.S. 115C-375.3 to eliminate the LEA and charter school report on students with diabetes.

Section: 8.26

Title: **SCHOOL SAFETY/STATEWIDE SCHOOL RISK AND RESPONSE MANAGEMENT SYSTEM**

Summary Creates additional school safety requirements.

Subsection (a) modifies G.S. 115C-47(40) to require each LEA to adopt a School Risk Management Plan (SRMP) for each school in the district, utilizing the School Risk and Response Management System (SRRMS).

Subsection (b) modifies G.S. 115C-105.49 to increase the frequency of school safety exercises from biennially to annually. Exercises must contain certain prescribed elements. Additionally, the Department of Public Safety (DPS), Division of Emergency Management (DEM), and the Center for Safer Schools (CSS) shall provide guidance and recommendations to LEAs on the types of hazards for which to plan.

Subsection (c) creates a new G.S. 115C-105.49A to require DPS, DEM, and CSS to construct and maintain a statewide SRRMS.

Subsection (d) modifies G.S. 115C-105.51 to require DPS to develop standards and guidelines related to anonymous tip lines. Additionally, DPS, DEM, and CSS are required to create their own anonymous tip line and statewide panic alarm system that can be integrated with the SRRMS.

Subsection (e) makes a conforming change to G.S. 115C-105.52.

Subsection (f) modifies G.S. 115C-105.53 to provide LEAs the option of sharing with law enforcement the keys to the main entrance of all school buildings in place of access to key storage devices such as KNOX® boxes for all school buildings.

Subsections (g) through (j) make conforming changes to the General Statutes.

Subsection (k) requires LEAs to adopt SRMPs by March 1, 2017.

Subsections (l) and (m) encourage charter and regional schools to adopt SRMPs by March 1, 2017.

Subsection (n) requires DPS to implement the anonymous safety tip line and statewide panic alarm by July 1, 2016.

Subsection (o) requires the Department of Public Safety, Division of Emergency Management, and the Center for Safer Schools to submit a report to the Joint Legislative Commission on Governmental Operations on the status of the SRRMS by February 1, 2016. (H.B. 380)

Section: 8.27

Title: **INVESTING IN INNOVATION GRANT**

Summary Expands the list of LEAs participating in the federal Innovation Fund Grant: Validating Early College Strategies for Traditional Comprehensive High Schools to include Duplin, Harnett, and Scotland counties. Additionally, this section extends the program's authorization by three years through the end of FY 2019-20.

(S.L. 2015-268, Sec. 3.1, General Government Technical Corrections, amends this section to clarify that students who would generate budget FTE as provided in G.S. 115D-20(4)a may continue to do so.)

Section: 8.28

Title: **STUDY ON CHARTER SCHOOL CLOSURE FUNDS**

Summary Requires the SBE to study and propose recommended changes to G.S. 115C-218.5, which requires certain charter schools to retain \$50,000 of school closure funds. The SBE shall report its recommended changes, if any, to the JLEOC by February, 15, 2016. (H.B. 334)

Section: 8.29

Title: **AFTER-SCHOOL QUALITY IMPROVEMENT COMPETITIVE GRANTS**

Summary Modifies a competitive grant program for extended learning time programs that was initiated in Section 8.19 of S.L. 2014-100, Appropriations Act of 2014. Funding is provided by utilizing \$6 million from the at-risk student services/alternative schools allotment. LEAs, charter schools, nonprofits, and nonprofits working in collaboration with LEAs shall be eligible to receive grants of up to \$500,000 for up to two years. Programs should focus on serving at-risk students, and grantees must certify that grant funds will be matched on the basis of \$3 in grant funds for every \$1 in non-grant funds. Nonprofit grantees may serve as the fiscal agent for the grant. Grant recipients shall report annually to DPI. DPI is required to provide interim reports on the grant program to the JLEOC each September 15 through 2017, with a final report due September 15, 2018. (H.B. 473, S.B. 551)

Section: 8.30

Title: **DPI STUDY/IMPROVE OUTCOMES FOR STUDENTS WITH DISABILITIES**

Summary Requires DPI to study and implement various policy changes for improving the outcomes of students with disabilities. DPI shall examine: IEP requirements to incorporating outcome-based goals, expanding access to the Future Ready Core Course of Study, and examining model programs to increase the graduation rate. DPI shall report to the JLEOC by November 15 and annually thereafter on these activities. (H.B. 921)

Section: 8.33

Title: **TEXTBOOKS AND DIGITAL RESOURCES ALLOTMENT/USE OF FUNDS**

Summary Amends G.S. 115C-105.25(c) to require LEAs to include an explanation for any funds transfer of funds from the textbook and digital resources allotment as part of required annual financial reporting on its website.

Section: 8.34

Title: **STUDY ON JUVENILE LITERACY PROGRAM**

Summary Requires the JLEOC to examine and evaluate the Juvenile Literacy Center program established in Wake County and to report the results prior to the convening of the 2016 Regular Session.

Section: 8.37

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

Summary Provides DPI the authority to reorganize to implement budget reductions for the 2015-17 fiscal biennium and maintains the SBE's responsibility for any such reorganization. This section prohibits the SBE from making budget 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. 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: 8.38

Title: **LOCAL BOARDS OF EDUCATION/PERFORMANCE-BASED RIFS**

Summary Modifies G.S. 115C-325.4 and G.S. 115C-325(e)(2) to codify an existing requirement (Section 7.23 of S.L. 2011-145, Appropriations Act of 2011) that LEAs adopt policies for performance-based reductions in force. (S.B. 95)

Section: 8.39

Title: **DRIVER EDUCATION TRAINING**

Summary Clarifies the use and regulation of driver education fees and creates detailed reporting requirements for use in a JLEOC study of the program.

Subsection (a) modifies G.S. 115C-215(a) to clarify that driver education is an element of making public education available to all students.

Subsection (b) modifies G.S. 115C-216(g) to clarify that LEAs may waive or reduce fees for students unable to pay due to economic hardship.

Subsection (c) modifies G.S. 115C-105.25(b) to prohibit the transfer of other State funds into the driver education allotment.

Subsection (d) requires LEAs to report various data related to driver education to DPI by December 15, 2015.

Subsection (e) requires DPI to report to JLEOC by February 15, 2016 on the data provided by the LEAs.

Subsections (f) and (g) require the JLEOC to study driver education and make recommendations to improve the program's quality and/or to reduce costs.

Subsections (a), (b), and (c) sunset on December 31, 2017.

Section: 8.40

Title: **DPI REPORT ON THE EDUCATOR LICENSURE PROCESSING SYSTEM**

Summary Requires DPI to report to the JLEOC by October 15, 2016 regarding various metrics for evaluating the educator licensure processing system, including implementation of the electronic processing of applications.

Section: 8.41

Title: **MODIFY EDUCATOR PREPARATION PROGRAM APPROVAL PROCESS**

Summary Creates new standards for educator preparation programs in North Carolina and reorganizes and codifies certain existing standards. Most notably this section adds a minimum grade point average (GPA) requirement for admission into approved educator preparation programs, and establishes requirements for student clinical experiences (i.e., student teaching).

Subsection (a) creates a new G.S. 115C-296.8 through 296.13 to require the SBE to set standards for educator preparation programs that mirror national standards. The approvals shall include a peer review process and technical assistance to support teacher preparation programs.

Subsection (a) also codifies existing SBE Policy that all programs in NC must meet State or national approval standards – graduates of programs that do not meet those standards are not eligible for initial licensure.

Subsection (a) adds a minimum GPA requirement for admission into approved educator preparation programs.

Finally, subsection (a) requires formal partnerships between educator preparation programs and schools for student clinical experiences including:

- Standards for clinical educators who will work with student teachers;
- Clinical experiences that are at least 16 weeks long and expose the student to the beginning and end of the school year; and
- A pedagogy assessment to determine clinical practice performance.

The remainder of this section reorganizes, recodifies, and makes conforming changes to all statutes related to educator preparation programs.

Educator preparation programs must meet the new requirements by July 1, 2017.

(S.L. 2015-268, Sec. 3.7, General Government Technical Corrections, changes the reporting date in G.S. 115C-296.13(e) from November 15 to December 15.)

Section: 8.42

Title: **ACCESS FOR TEACHERS TO EVAAS DATA**

Summary Modifies Article 22 of G.S. 115C to require LEAs to provide individual teachers with access to school-level value-added data and the teacher's own value-added data.

Section: 8.43

Title: **CERTAIN CIHS OPERATING WITHOUT ADDITIONAL FUNDS**

Summary Allows the Academy at High Point Central, the Academy at Ben L. Smith High School, STEM Early College at NC A&T State University, Middle College at the University of North Carolina at Greensboro, Vernon Malone College and Career Academy, and the Northeast Regional School of Biotechnology and Agriscience to operate as cooperative innovative high schools beginning with the 2015-16 school year.

Section: 8.44

Title: **CHANGE THE MANDATORY ANNUAL TRAINING FOR LOCAL BOARDS OF EDUCATION TO EVERY TWO YEARS**

Summary Modifies G.S. 115C-50(a) to require that mandatory training for local boards of education occur biennially, rather than annually.

Section: 8.45

Title: **REPEAL EXTRACURRICULAR DUTIES RESTRICTION FOR TEACHERS WITH 27 OR MORE YEARS OF EXPERIENCE**

Summary Repeals G.S. 115C-47(18a)b, which had required local boards of education to adopt rules ensuring that teachers with 27 or more years of experience are not assigned extracurricular activities unless they request the assignments in writing, and that other noninstructional duties be minimized so that these teachers have an opportunity to informally share their experience and expertise with their colleagues.

Section: 8.46

Title: **LICENSURE FOR RETIRED SUBSTITUTE TEACHERS WITH AT LEAST 30 YEARS OF TEACHING EXPERIENCE**

Summary Modifies G.S. 115C-296(b)(1) to ensure that retired teachers serving as substitutes can maintain their teaching license in order to get paid at a higher rate.

Section: 8.47

Title: **TEACHER ASSISTANT ALLOTMENT**

Summary Creates new restrictions on allowable uses of funds and modifies the allotment funding formula.

Subsection (a) amends G.S. 115C-105.25(b) to prohibit LEAs from transferring teacher assistant funds to any other allotment.

Subsection (b) creates a new funding formula that provides LEAs with the dollar equivalent of a teacher assistant position at various student ratios depending on grade level. The formula will provide LEAs with the dollar equivalent of two teacher assistants for every three classrooms in kindergarten, one teacher assistant for every two classrooms in grades one and two, and one teacher assistant for every three classrooms in grade three.

Section: 8.48

Title: **READING CAMPS OFFERED TO FIRST AND SECOND GRADE STUDENTS**

Summary Modifies G.S. 115C-83.3(4a), G.S. 115C-83.6, G.S. 115C-83.10, and G.S. 115C-83.11 to allow LEAs to enroll first and second grade students with below-grade-level reading comprehension in reading camps. Parents or guardians of first and second grade students with below-grade-level reading comprehension are encouraged, but not required, to enroll their children in reading camps. Additionally, this section adds the number and percentage of first and second grade students demonstrating and not demonstrating reading comprehension at grade level to the reporting requirements of G.S. 115C-83.10.

Section: 8.49

Title: **EXCELLENT PUBLIC SCHOOLS ACT FUNDS/TECHNICAL CORRECTION**

Summary Clarifies that funds for the Excellent Public Schools Act shall not be used to increase funding for the North Carolina Teacher Corps program.

(S.L. 2015-268, Sec. 3.8, General Government Technical Corrections, adds this section to S.L. 2015-241.)

Section: 8A.1

Title: **LEGISLATIVE FINDINGS**

Summary Presents the General Assembly's findings regarding LEA compliance with Leandro. Despite a history of adequate State and local funding and legislatively-granted flexibility in administration, management, and employment at the local level to provide tools to facilitate compliance with Leandro, some local boards of education have failed to:

- Prevent education bureaucracies from interfering with and overriding accountability measures and education reforms required by State law;
- Properly administer the public schools; and
- Provide high-quality principals in every school and high-quality teachers in every classroom.

Additionally, this section clarifies the General Assembly's intent to provide LEAs and the SBE with the ability to address these deficiencies.

Section: 8A.2

Title: **DUTY OF LOCAL BOARDS OF EDUCATION TO PROVIDE STUDENTS WITH THE OPPORTUNITY TO RECEIVE A SOUND BASIC EDUCATION**

Summary Modifies G.S. 115C-47(1) to change the duty of local school boards from providing an "adequate school system" to providing students with "the opportunity to receive a sound basic education."

Section: 8A.3

Title: **CLASS SIZE IN KINDERGARTEN THROUGH THIRD GRADE**

Summary Modifies G.S. 115C-301 to delineate the specific situations for which LEAs can apply for class size waivers, and reinstates language (formerly repealed by Section 3.3.(a) of S.L. 2013-363, Modifications/2013 Appropriations Act) allowing DPI to withhold superintendent salary funds in LEAs that fail to meet class size requirements. Additionally, subsection (b) clarifies that class size requirements in grades kindergarten through three shall remain unchanged for the 2015-17 school years.

Section: 8A.4

Title: **IDENTIFICATION OF LOW-PERFORMING SCHOOLS AND UNITS**

Summary Creates new definitions of and consequences for low-performing schools and low-performing school districts.

Subsection (a) repeals G.S. 115C-105.35(c), which had required the SBE to consider incorporating into the School-Based Management and Accountability Program a character and civic education component which may include a requirement for student councils.

Subsection (b) modifies G.S. 115C-105.37 to define "low-performing schools" as those receiving a performance grade of D or F and failing to exceed growth expectations. For each such school, the superintendent must develop a plan for school improvement that must be approved by the local board and the SBE. The plan shall be made public on the district website, and parents shall be notified.

Subsection (c) creates a new statute, G.S. 115C-105.39A, to create similar requirements for low-performing districts. A "low-performing district" is defined as one in which the majority of schools in the district are identified as low-performing. The superintendent of a low-performing district must develop a district improvement plan that must be approved by the local board and the SBE. The local board of education shall make the plan available on the district website, and each low-performing school shall notify parents or guardians of the low-performing designation.

Section: 8A.5

Title: **STATE BOARD AUTHORITY TO CONSOLIDATE CONTIGUOUS COUNTY SCHOOL ADMINISTRATIVE UNITS**

Summary Creates a new statute, G.S. 115C-66.5, authorizing the SBE to consolidate and merge contiguous county LEAs. Mergers would require a written plan and would become effective on July 1 immediately following the first opportunity for the General Assembly to meet for at least 30 days. Mergers may be disapproved by the General Assembly.

Section: 8A.6

Title: **LIMIT LOCAL BOARD OF EDUCATION WAIVERS**

Summary Modifies G.S. 115C-105.26 to limit each LEA's ability to receive certain waivers from State laws or rules. LEAs would only be allowed to apply for waivers related to class size or the school calendar. The SBE shall report to the JLEOC by October 15 of each year on waivers granted.

Section: 9.1

Title: **TEACHER SALARY SCHEDULE**

Summary Sets the monthly salary schedule for the 2015-16 school year for certified personnel of North Carolina public schools.

Subsection (a) sets the monthly salary schedule for the 2015-16 school year for licensed public school personnel who are classified as teachers.

Subsection (b) sets 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, this section sets the certified school nurse salary supplement at 10%.

Subsection (c) establishes that first step of 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) sets the 26th step of the salary schedule for school psychologists, speech pathologists, and school audiologists at 7.5% higher than the 25th step.

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

Subsection (f) states that teachers not otherwise receiving a salary increase from the applicable amount on the new salary schedule are held harmless at the amount received in FY 2014-15, including any State-provided bonuses, if applicable.

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

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

Section: 9.2

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

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

Subsection (a) sets the salary schedules for the 2015-16 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 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 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 administrators at the longevity rates provided to State employees under the North Carolina Human Resources Act.

Subsection (f) requires 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 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, not to 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 section is also available in the Salaries and Benefits section of the Annotated Conference Committee Report.

Section: 9.3

Title: **CENTRAL OFFICE SALARIES**

Summary Sets 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 for the 2015-17 biennium. Salary ranges are unchanged from FY 2014-15.

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

Section: 9.4

Title: **NONCERTIFIED PERSONNEL SALARIES**

Summary States that noncertified public school employee salaries shall be unchanged for the 2015-17 biennium.

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

(S.L. 2015-268, Sec. 3.2, General Government Technical Corrections, amends this section to clarify that salaries may be increased as otherwise provided by law, consistent with other State employees.)

Section: 9.5

Title: **NO PAY LOSS FOR TEACHERS WHO BECOME ADMINISTRATORS OR ASSISTANT PRINCIPALS WHO BECOME PRINCIPALS**

Summary Modifies laws to ensure no loss of pay for teachers who become administrators or for assistant principals who become principals.

Subsection (a) modifies Section 7.22.(b) of S.L. 2009-451, Appropriations Act of 2009, to make a conforming change.

Subsection (b) modifies G.S. 115C-285(a) to require that an assistant principal who becomes a principal without a break in service be paid, on a monthly basis, at least as much as he or she would earn as an assistant principal.

(S.L. 2015-268, Sec. 3.3, General Government Technical Corrections, adds a subsection (c) to clarify that increases in salary due to this section shall not apply to work performed prior to July 1, 2015.)

A summary of this section is also available in the Salaries and Benefits section of the Annotated Conference Committee Report. (H.B. 228)

2015 Session: HB 259

Department: Public Education

Section: 3.1

Title: **TECHNICAL CHANGE: INVESTING IN INNOVATION GRANT**

Summary Modifies Section 8.27(c) of S.L. 2015-241, 2015 Appropriations Act, to clarify that students who generate budget full-time equivalent (FTE) as provided in G.S. 115D-20(4)a may continue to do so.

Section: 3.2

Title: **TECHNICAL CHANGE: NONCERTIFIED PERSONNEL SALARIES**

Summary Modifies Section 9.4 of S.L. 2015-241, 2015 Appropriations Act, to clarify that salaries for noncertified personnel may be increased as otherwise provided by law, consistent with other policies impacting State employees.

Section: 3.3

Title: **TECHNICAL CHANGE: NO PAY LOSS FOR TEACHERS WHO BECOME ADMINISTRATORS OR FOR ASSISTANT PRINCIPALS WHO BECOME PRINCIPALS**

Summary Modifies Section 9.5 of S.L. 2015-241, 2015 Appropriations Act, to clarify that salary increases due to Section 9.5 of S.L. 2015-241 shall not apply to work performed prior to July 1, 2015.

Section: 3.7

Title: **TECHNICAL CHANGE: MODIFY EDUCATOR PREPARATION PROGRAM APPROVAL PROCESS**

Summary Modifies G.S. 115C-296.13(e), as enacted by Section 8.41(a) of S.L. 2015-241, 2015 Appropriations Act, to change the reporting date in G.S. 115C-296.13(e) from November 15 to December 15.

Section: 3.8

Title: **TECHNICAL CHANGE: EXCELLENT PUBLIC SCHOOLS ACT FUNDS**

Summary Modifies S.L. 2015-241, 2015 Appropriations Act, to add a new Section 8.49. The new section clarifies that funds for the Excellent Public Schools Act shall not be used to increase funding for the North Carolina Teacher Corps program.

(See the Education section of the Conference Committee Report on page F-5, Item 25.)

2015 Session: SB 119

Department: Public Education

Section: 91.5

Title: **BUDGET CHANGE: EASTERN NORTH CAROLINA STEM SUMMER PROGRAM**

Summary Clarifies that students enrolled in the Halifax County Schools shall be permitted to participate in the residential science, mathematics, engineering, and technology (STEM) enrichment program for traditionally underserved students supported by S.L. 2015-241, 2015 Appropriations Act.

(See the Education section of the Conference Committee Report on page F-6, Item 30.)

2015 Annotated Conference Committee Report

Community Colleges

GENERAL FUND

	FY 15-16		FY 16-17	
Recommended Base Budget	\$1,048,495,115		\$1,048,495,115	
Legislative Changes				
A. Reserve for Salaries and Benefits				
32 Compensation Reserve - Community Colleges	\$10,000,000	R	\$20,000,000	R
Provides funds for salary increases for State-funded local community college employees. Community Colleges are given flexibility in allocating these funds to their State-funded employees. (S.L. 2015-241, Sec. 30.5)				
33 Compensation Reserve - Community Colleges	\$14,935,807	NR		
Provides funds for a \$750 one-time bonus for State-funded community college employees. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes. (S.L. 2015-241, Sec. 30.9, 30.10, and 30.18A)				
34 Compensation Reserve - System Office	\$135,234	NR		
Provides funds for a \$750 one-time bonus for State employees. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes. (S.L. 2015-241, Sec. 30.9, 30.10, and 30.18A)				
35 State Retirement Contributions - Community Colleges	\$1,025,726	R	\$1,025,726	R
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund increased retiree medical premiums. Total General Fund appropriation across all sections in the committee report is \$11.0 million in FY 2015-16 and FY 2016-17. (S.L. 2015-241, Sec. 30.20)				
36 State Retirement Contributions - System Office	\$13,256	R	\$13,256	R
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund increased retiree medical premiums. Total General Fund appropriation across all sections in the committee report is \$11.0 million in FY 2015-16 and FY 2016-17. (S.L. 2015-241, Sec. 30.20)				
37 State Health Plan - Community Colleges	\$1,699,899	R	\$1,699,899	R
Provides additional funding to continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium. (S.L. 2015-241, Sec. 30.20)				

2015 Annotated Conference Committee Report

FY 15-16

FY 16-17

38 State Health Plan - System Office

\$15,392 R

\$15,392 R

Provides additional funding to continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium. (S.L. 2015-241, Sec. 30.20)

B. Technical and Formula Adjustments

39 Enrollment Growth Adjustment (Multiple)

(\$6,466,443) R

(\$6,466,443) R

Adjusts funds for the biennium based on the decline in community college enrollment.

The Community College System total enrollment declined by 4,864 Full Time Equivalent (FTE) students (2.1%) from the budgeted amount in the FY 2014-15 certified budget for a savings of \$6.5 million.

40 Summer Enrollment Funding (Multiple)

\$16,968,959 R

Allows the Community College System to include curriculum courses taught year round in the enrollment funding calculation for General Fund support. There are currently 3,458 Full Time Equivalent students enrolled within these courses at a Community College campus in the Summer Term. These FTEs would now be included in the enrollment funding formula to receive State support at the Tier 2 allocation rate (\$4,907 per FTE). (H.B. 579; S.L. 2015-241, Sec. 10.5)

41 Curriculum Tuition (1620)

(\$8,069,397) R

(\$16,138,793) R

Increases curriculum tuition by \$4.00 per credit hour and budgets the expected increase in receipts. The increase is effective beginning Spring Semester 2016.

Tuition will increase from \$72 to \$76 per credit hour for residents and from \$264 to \$268 for non-residents. Tuition for resident students will increase by a maximum of \$128 per year, from \$2,304 to \$2,432.

C. Other Adjustments

42 Procurement Efficiencies (Multiple)

(\$2,519,343) R

(\$2,519,343) R

Reduces funds related to purchase and contract to reflect efficiencies created by participation in the State's Procurement Transformation Program administered by the Department of Administration.

43 Audit Services (1300)

\$551,752 R

\$551,752 R

Restores funding for the System Office's Audit Services division. (H.B. 87; S.L. 2015-241, Sec. 10.6)

7.00

7.00

44 Equipment (1623)

\$7,500,000 NR

Provides funds for the purchase of instructional equipment and technology at all 58 colleges. These funds are in addition to the \$49.0 million included in the base budget for this purpose. Funds shall be distributed in accordance with the existing equipment allocation formula.

2015 Annotated Conference Committee Report

FY 15-16

FY 16-17

45 Caldwell Community College Truck Driver Training Program (1624)

\$150,000

R

\$150,000

R

Provides funds for the Caldwell Community College Truck Driver Training program.

46 NC Works Career Coaches

\$500,000

R

\$1,000,000

R

Establishes a program to place local community college-employed career coaches in high schools. (S.B. 535; S.L. 2015-241, Sec. 10.14)

47 Fayetteville Technical Community College Botanical Lab (1624)

\$100,000

NR

\$100,000

NR

Increases support for the Botanical Lab at Fayetteville Technical Community College by \$100,000 nonrecurring in each year of the biennium. The total program funding for both FY 2015-16 and FY 2016-17 will be \$200,000.

D. Financial Aid Adjustments
48 Yellow Ribbon G.I. Education Enhancement Program (1900)

(\$1,000,000)

R

(\$1,000,000)

R

Eliminates funding for the Yellow Ribbon Program which leveraged federal matching funds to reduce tuition costs for certain non-resident veterans. (S.L. 2015-116, Sec. 2)

49 Resident Tuition for Certain Non-Resident Veterans (1620)

\$2,000,000

R

\$2,000,000

R

Provides funds to offset a reduction in tuition receipts as a result of granting certain non-resident veterans resident status for tuition purposes. The federal Veterans Access, Choice, and Accountability Act of 2014 requires public institutions of higher education to charge certain non-resident veterans no more than the resident tuition and fee rates or risk losing approval to receive federal educational benefits. This item funds the expected costs of compliance with that Act for the Community College System. (S.L. 2015-116)

Total Legislative Changes

(\$2,099,158)

R

\$17,300,405

R

\$22,671,041

NR

\$100,000

NR

Total Position Changes

7.00

7.00

Revised Budget

\$1,069,066,998

\$1,065,895,520

Special Provisions

2015 Session: HB 97

Department: Community Colleges

Section: 10.1

Title: **REORGANIZATION OF THE COMMUNITY COLLEGES SYSTEM OFFICE**

Summary Allows the President of the North Carolina Community College System to reorganize the System Office with approval of the State Board of Community Colleges. The reorganization authority expires June 30, 2017.

Section: 10.2

Title: **BASIC SKILLS PLUS**

Summary Amends G.S. 115D-5(b) to allow community colleges to waive tuition and registration fees for courses related to employment-specific outcomes for students also enrolled in literacy courses. The State Board of Community Colleges is authorized to allow a college to utilize up to 20% of its State literacy funds for these waivers and related instruction.

Section: 10.3

Title: **EQUIPMENT FUNDING**

Summary Allows community colleges to expend funds allocated for equipment on repairs, renovations, and new construction if such expenditures are required to accommodate the equipment being purchased and approval is granted by the State Board of Community Colleges. Colleges must match State funds with local funds for any new construction and must identify those funds by June 30, 2017.

Section: 10.4

Title: **EXPAND AGRICULTURAL AND TRANSPORTATION CLASSES TO FRESHMEN AND SOPHOMORES**

Summary Amends G.S. 115D-20(4)a to allow local community colleges to offer courses to freshman and sophomore high school students that may lead to a certificate or diploma in the fields of agriculture and natural resources and transportation technology.

Section: 10.5

Title: **COLLEGES EARN BUDGET FTE FOR CURRICULUM COURSES TAUGHT DURING THE SUMMER TERM**

Summary Amends G.S. 115D-5(v) to allow community colleges to include student membership hours in all curriculum courses in State budget funding formulas.

Subsection (b) requires a report by the State Board of Community Colleges to the Joint Legislative Education Oversight Committee by December 1, 2015 on the number of full time equivalent students enrolled in the summer 2015 term.

Subsection (c) makes this section applicable for the summer 2015 term. (H.B. 579)

Section: 10.6

Title: **COMMUNITY COLLEGES PROGRAM COMPLIANCE REVIEW FUNCTION**

Summary Amends G.S. 115D-5(m) to make changes to the State Board of Community Colleges education program auditing function.

Subsection (a) repeals Section 10.15 of S.L. 2013-360, Appropriations Act of 2013, which had eliminated this function.

Subsection (b) changes the title to "accountability function," makes the reviews of individual colleges performed as part of this function periodic rather than annual, and directs the State Board of Community Colleges to adopt rules governing such reviews.

Subsection (c) makes these changes applicable with the 2015-16 academic year.

Section: 10.11

Title: **YOUTH CAREER CONNECT PROGRAM**

Summary Allows ninth and tenth grade students enrolled in Anson County Schools to participate in the federal Youth Career Connect program at South Piedmont Community College and not be charged tuition. South Piedmont Community College may not use such enrollments toward full time equivalent (FTE) student budget funding formulas unless otherwise authorized. This authority expires June 30, 2018. (H.B. 47)

(S.L. 2015-268, Sec. 3.4, General Government Technical Corrections, amends this section to clarify that South Piedmont Community College can earn budget FTE for student enrollments authorized in this section if such enrollments are authorized in G.S. 115D-20(4)a.)

Section: 10.13

Title: **CAREER- AND COLLEGE-READY GRADUATES**

Summary Requires the State Boards of Community Colleges and Education to implement college remedial education courses in the areas of reading and mathematics for certain high school seniors.

Subsection (a) specifies that high school seniors shall be identified as requiring remediation by utilizing ACT scores, grade point averages, or other measures currently used by the State Board of Community Colleges to determine college readiness. The State Boards of Community Colleges and Education shall make all necessary changes to curriculum, policy, and rules to make such remedial courses available for identified students. High schools shall use curriculum approved by the State Board of Community Colleges.

The State Board of Community College shall develop measures to assess the quality of remediation courses developed under this program and determine how long after high school graduation such remedial education courses will remain valid for completion of an equivalent community college remedial course.

The State Boards of Community Colleges and Education shall develop policies that require high school faculty teaching remedial courses complete approved training requirements. The State Board of Community Colleges has oversight over remedial courses.

Subsection (b) requires that the State Boards of Community Colleges and Education report to the Joint Legislative Oversight Committee on Education by March 15, 2016 on the status of this program. (S.B. 561)

Section: 10.14

Title: **NC WORKS CAREER COACHES**

Summary Establishes the NC Works Career Coaches Program.

Subsection (a) amends Article 2 of G.S. 115D to authorize community colleges to enter into agreements with local school boards to place college-employed career coaches in local public schools and directs minimum roles and responsibilities for each entity in such agreements. The revised statute authorizes the State Board of Community Colleges to establish a competitive grant program to award matching funds to colleges for the purposes of employing career coaches and specifies requirements for the review of applications and awarding of funds. The State Board of Community Colleges is required to report annually to the Joint Legislative Education Oversight Committee on October 1 regarding various metrics for the program.

Subsection (b) requires the State Board of Community Colleges to begin accepting applications for available funds no later than December 15, 2015 and to select initial recipients no later than February 22, 2016.

Subsection (c) limits the use of State funds appropriated for the program to salary and benefit costs for NC Works Career Coaches. (S.B. 535)

2015 Session: HB 259

Department: Community Colleges

Section: 3.4

Title: **TECHNICAL CHANGE: YOUTH CAREER CONNECT PROGRAM**

Summary Modifies S.L. 2015-241, 2015 Appropriations Act, Section 10.11(b) to clarify that South Piedmont Community College may earn FTE for student enrollments authorized in this section if such enrollments are authorized in G.S. 115D-20(4)a.

2015 Annotated Conference Committee Report

UNC System

		GENERAL FUND	
		FY 15-16	FY 16-17
Recommended Base Budget		\$2,647,296,221	\$2,647,304,656
Legislative Changes			
A. Reserve for Salaries and Benefits			
50 Compensation Reserve	\$58,980 R \$27,212,889 NR		\$58,980 R
Provides funds for a \$750 one-time bonus for UNC employees. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes. In addition, funds are appropriated for the changes to the Statewide teacher salary schedule that affect NC School of Science and Math teachers within the UNC System. (S.L. 2015-241, Sec. 9.1, 30.9, 30.10, and 30.18A)			
51 State Retirement Contributions - TSERS Members	\$1,458,018 R		\$1,458,018 R
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund increased retiree medical premiums. Total General Fund appropriation across all sections in the committee report is \$11.0 million in FY 2015-16 and FY 2016-17. (S.L. 2015-241, Sec. 30.20)			
52 State Retirement Contributions - ORP Members	\$988,900 R		\$988,900 R
Increases the State's contribution for members of the Optional Retirement Program to fund increased retiree medical premiums. (S.L. 2015-241, Sec. 30.20)			
53 State Health Plan	\$3,097,323 R		\$3,097,323 R
Provides additional funding to continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium. (S.L. 2015-241, Sec. 30.20)			
B. Technical and Formula Adjustments			
54 Enrollment Growth Adjustments (16011)	\$49,324,741 R		\$49,324,741 R
Fully funds the projected enrollment growth at the University of North Carolina (UNC) System for FY 2015-16. Enrollment is expected to increase by 3,345 Full Time Equivalent (FTE) students (1.7%) in FY 2015-16. Funding associated with projected FY 2016-17 FTE growth is reserved in the "Reserves, Debt Service and Adjustments" section of this report.			
55 Building Reserves (Multiple)	\$470,912 R \$170,282 NR		\$714,678 R \$91,170 NR
Provides funding for new and renovated buildings coming online during the FY 2015-17 biennium at Appalachian State University, East Carolina University, North Carolina State University, and UNC-Wilmington.			

C. Other Adjustments**56 Elizabeth City State University: Budget Stabilization Funds (16086)**

Provides funds to Elizabeth City State University to stabilize enrollment. The funds will be used to enhance technology related to enrollment and recruitment of students, campus access and safety, and human resource management.

\$3,000,000 NR \$3,000,000 NR

57 Management Flexibility Reduction (16011)

Mandates a management flexibility reduction for the UNC operating budget. The UNC Board of Governors shall not allocate this reduction on an across-the-board basis to constituent institutions.

(\$18,033,112) R (\$43,593,567) R
(\$3,000,000) NR

(S.L. 2015-268, Sec. 3.5, General Government Technical Corrections, increased the amount of this reduction by \$119,300 each year of the 2015-17 biennium; S.L. 2015-241, Sec. 11.24)

58 Advancement Activity Limitations (16011)

Caps the use of General Fund appropriations for campus advancement activities at \$1 million per campus. The following campuses do not receive a reduction: Elizabeth City State University, Fayetteville State University, University of North Carolina School of the Arts, Western Carolina University, and North Carolina School of Science and Math. (S.L. 2015-241, Sec. 11.6)

(\$16,354,396) R

59 East Carolina University: Medical School Sustainability Funds (16066)

Provides funds to stabilize the Brody School of Medicine due to lower revenues.

\$8,000,000 NR \$8,000,000 NR

60 Mountain Area Health Education Center (16022)

Provides funds to the Mountain Area Health Education Center for surgery and family medicine residencies in the MAHEC service area.

\$8,000,000 R \$8,000,000 R

(S.L. 2015-268, Sec. 3.10, General Government Technical Corrections, amended this to include psychiatry residencies; S.L. 2015-241, Sec. 11.26)

61 Medical Scholars Program (16021)

Provides funds to the University of North Carolina's School of Medicine Kenan Medical Scholars program at Chapel Hill. This program supports students with a specialization interest in primary care, general surgery, and psychiatry who are interested in practicing medicine in a rural area.

\$1,000,000 R \$1,000,000 R

62 Western Governors University Challenge Grant (16015)

Provides a challenge grant to Western Governors University for development of a North Carolina campus contingent on the University raising \$5 million in private funds. (S.L. 2015-241, Sec. 11.20)

\$2,000,000 NR

2015 Annotated Conference Committee Report

FY 15-16

FY 16-17

63 Academic Summer Bridge Program (16011)

(\$1,073,700) R

(\$1,073,700) R

Eliminates funding for the Academic Summer Bridge Program.

(S.L. 2015-268, Sec. 3.5, General Government Technical Corrections, adjusted the amount of this reduction; S.L. 2015-241, Sec. 11.24)

64 Hunt Institute (16020)

(\$737,230) R

(\$737,230) R

Eliminates General Fund support for The Hunt Institute. (S.L. 2015-241, Sec. 11.21)

65 UNC Core (16020)

\$1,000,000 R

\$1,000,000 R

Provides funds to support course development for UNC Core, a program of online instruction for active duty service members and veterans housed at the Friday Center for Continuing Education at UNC-Chapel Hill.

66 ASU: Recruit Community College Students Pilot (16080)

\$140,868 NR

\$140,868 NR

Provides nonrecurring funds to establish a pilot program in the Appalachian State University College of Education for the purposes of recruiting and retaining community college students. The program ends in FY 2017-18.

(H.B. 602; S.L. 2015-268, Sec. 3.6, General Government Technical Corrections, adds undergraduate students as potential candidates for this program; S.L. 2015-241, Sec. 11.25)

67 Union Square Campus, Inc. (16011)

\$2,000,000 NR

Provides additional funds to the Union Square Campus, Inc., a non-profit entity providing nursing education and training facilities with North Carolina A&T, UNC Greensboro, Guilford Technical Community College, and Cone Health. This project received \$2 million in nonrecurring funds in FY 2014-15.

D. Financial Aid Adjustments

68 Yellow Ribbon G.I. Education Enhancement Program (16011)

(\$4,863,276) R

(\$4,863,276) R

Eliminates funding for the Yellow Ribbon Program which leveraged federal matching funds to reduce tuition costs for certain non-resident veterans. (S.L. 2015-116, Sec. 2)

69 Resident Tuition for Certain Non-Resident Veterans (16011)

\$9,300,762 R

\$9,300,762 R

Provides funds to offset a reduction in tuition receipts as a result of granting certain non-resident veterans resident status for tuition purposes. The federal Veterans Access, Choice, and Accountability Act of 2014 requires public institutions of higher education to charge certain non-resident veterans no more than the resident tuition and fee rates or risk losing approval to receive federal educational benefits. This item funds the expected costs of compliance with that Act for the UNC System. (S.L. 2015-116)

2015 Annotated Conference Committee Report

	FY 15-16		FY 16-17	
70 NC Need-Based Scholarships (16015)	\$1,000,000	R	\$2,000,000	R
Provides additional nonrecurring funds for the NC Need-Based Scholarship for resident students attending private colleges. This represents a 2% increase in funding for this program and provides \$88.4 million in scholarships once the full increase goes into effect for FY 2016-17.				
71 Principal Preparation (16015)	\$500,000	R	\$1,000,000	R
Creates a competitive grant program for principal development to be administered by the State Education Assistance Authority. (H.B. 902; S.L. 2015-241, Sec. 11.9)				
72 Opportunity Scholarships (16015)	\$6,800,000	R	\$14,000,000	R
Increases funds for the Opportunity Scholarships program. The program provides scholarship grants of up to \$2,100 per semester for eligible students to attend nonpublic schools. The total program funding will be \$17.6 million in FY 2015-16 and \$24.8 million in FY 2016-17. Program funding in FY 2016-17 will be an increase of 129% over FY 2014-15 levels.				
73 National Guard Tuition Assistance Program (16012)	\$200,000	R	\$200,000	R
Increases funding for the National Guard Tuition Assistance Program by 10%, which provides financial aid to active members of the North Carolina Army or Air National Guard. The total program funding after the adjustment will be \$2.1 million.				
74 Special Education Scholarships (16015)	\$250,000	R	\$250,000	R
Increases funds for the Special Education Scholarships program by 6%. The program provides scholarship grants of up to \$4,000 per semester for eligible students. The total funding after this adjustment will be \$4.2 million. (H.B. 133; S.L. 2015-241, Sec. 11.11 and 11.18)				
Total Legislative Changes	\$58,742,318	R	\$25,771,233	R
	\$40,524,039	NR	\$10,232,038	NR
Total Position Changes				
Revised Budget	\$2,746,562,578		\$2,683,307,927	

Special Provisions

2015 Session: HB 97

Department: UNC System

Section: 11.1

Title: USE OF ESCHEAT FUNDS FOR STUDENT FINANCIAL PROGRAMS/TECHNICAL CORRECTIONS

Summary Directs the appropriation of the Escheat Fund income to need-based financial aid.

Subsection (a) allows the use of principal from the Escheat Fund should interest income not be sufficient to meet appropriations for the FY 2015-17 biennium and directs uncommitted scholarship funds revert to the Escheat Fund.

Subsection (b) requires the State Education Assistance Authority (SEAA) to make periodic evaluations of the financial aid programs to ensure that the programs are being utilized to ensure access to higher education. The SEAA is allowed to make recommendations for the redistribution of funds to UNC and the President of the Community College System.

Subsection (c) amends section G.S. 116B-7(b) to place the Scholarship for Children of War Veterans Scholarships under the newly created Department of Military and Veterans Affairs.

Subsection (d) makes technical corrections to G.S. 116B-6 to remove references to the Executive Budget Act and reference the State Budget Act.

Section: 11.2

Title: AMEND REGULATION OF UNC INSTITUTIONAL TRUST FUNDS AND FUNDS OF UNC HEALTH CARE SYSTEM

Summary Amends G.S. 116-36.1(h) to require certain cash balances held in institutional trust funds at UNC be secured.

Section: 11.4

Title: UNC MANAGEMENT FLEXIBILITY REDUCTION

Summary Provides the methods by which the management flexibility reduction is to be administered by the UNC System.

Subsection (a) directs the UNC Board of Governors to allocate the management flexibility reduction on a programmatic basis and not on an across-the-board basis.

Subsection (b) prohibits budget reductions to be taken to UNC Need-Based Financial Aid, North Carolina Need-Based Financial Aid, Elizabeth City State University, Fayetteville State University, NC School of Science and Mathematics, University of North Carolina at Asheville, University of North Carolina School of the Arts, Future Farmers of America Program at North Carolina State University.

Subsection (c) requires UNC report to OSBM and FRD by April 1, 2016 regarding the reductions taken and to specify the number of positions eliminated by type and the number of low-performing, redundant, and low-enrollment programs eliminated.

Section: 11.5

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

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

Section: 11.6

Title: **LIMIT USE OF STATE FUNDS FOR UNC ADVANCEMENT PROGRAMS**

Summary Limits the amount of General Funds that may be used for advancement activities at each constituent institution to \$1 million per year beginning in FY 2016-17.

Section: 11.7

Title: **NC GUARANTEED ADMISSION PROGRAM (NCGAP)**

Summary Creates the North Carolina Guaranteed Admissions Program (NCGAP).

Subsection (a) provides Legislative findings regarding low UNC six-year graduation rates and costs to the State resulting from failure to graduate within six years.

Subsection (b) requires the UNC Board of Governors and the State Board of Community Colleges to jointly study and evaluate a deferred admissions program to be entitled NCGAP. The study shall identify how to implement NCGAP and evaluate the fiscal impact resulting from the program.

Subsection (c) requires UNC to identify students who qualify for admission, but are not as competitive as their peers, to enroll in a community college to pursue an associates degree. The appropriate institution shall hold an enrollment slot open for the student and offer the slot to the student upon completion of an associates degree.

Subsection (d) requires the UNC Board of Governors and the State Board of Community Colleges to report the results of subsection (b) to the Office of State Management and Budget, Fiscal Research Division, and the Joint Legislative Education Oversight Committee by March 1, 2016.

Subsection (e) requires each constituent institution to implement NCGAP beginning in the 2016-17 academic year to be applied for the 2017-18 academic year.

Subsection (f) requires the State Board of Community Colleges to consult with the UNC Board of Governors to develop rules and provide counseling and assistance to ensure that students enrolled in NCGAP have a smooth transition to a constituent institution.

Subsection (g) requires NCGAP to be implemented in the 2016-17 fiscal year and apply to all admission policies beginning with the 2017-18 academic year.

Subsection (h) states that the program does not apply to the North Carolina School of Science and Mathematics.

Section: 11.9

Title: **TRANSFORMING PRINCIPAL PREPARATION**

Summary Creates the grant program for principal preparation under SEAA.

Subsection (a) creates a competitive grant program to be awarded to a nonprofit entity and administered by SEAA to prepare principals throughout the State.

Subsection (b) provides definitions relevant to the program.

Subsection (c) authorizes SEAA to award a grant for administration of the program to an eligible entity.

Subsection (d) requires SEAA to issue a request for proposal to contract with a nonprofit entity for the administration of the program.

Subsection (e) requires SEAA report to the Joint Legislative Education Oversight Committee by January 15, 2016 on the selection of the nonprofit required in subsection (d).

Subsection (f) requires that the nonprofit which is awarded the administration contract in subsection (d) create a request for proposal to award grants for preparing principals based on factors provided within the subsection.

Subsection (g) sets the priorities that the administering non-profit shall use in evaluating the results of the request for proposals outlined in subsection (f).

Subsection (h) requires the grants described in subsection (f) to be awarded by June 1, 2016 and requires each recipient to conduct a program to recruit and select school leaders to participate; operate a school leader preparation program; and, collect data on program implementation and outcomes.

Subsection (i) sets maximum grant awards for more than five years and allows the administering nonprofit entity to make recommendations based on data collected regarding renewal of grants.

Subsection (j) requires grant recipients to provide an annual report to the administering nonprofit entity.

Subsection (k) requires the State Board of Education to create a licensure process for successful completion of the program outlined in subsection (h).

Subsection (l) requires that the administering nonprofit entity submit annual reports to the UNC Board of Governors and the State Board of Education so that they may revise any licensure requirements. The State Board of Education is required to report to the Joint Legislative Education Oversight Committee regarding any changes to licensure by November 15, 2021.

Subsection (m) requires that \$500,000 of funds be allocated to the administering nonprofit entity with up to 5% allowed for SEAA to administer the program.

Subsection (n) requires that \$500,000 be awarded to entities described in subsection (h) beginning in FY 2016-17. (H.B. 902)

Section: 11.11

Title: **SPECIAL EDUCATION SCHOLARSHIP CHANGES AND REEVALUATION FUNDS**

Summary Amends G.S. 115C-112.6 to makes changes to the Special Education Scholarships for Children with Disabilities program. The maximum scholarship amount is increased from \$3,000 to \$4,000 per semester; SEAA shall make tuition payments up-front rather than in arrears; and a technical change is made to how SEAA transfers funds to DPI for student re-evaluations. (H.B. 133)

Section: 11.12

Title: **INTERNSHIPS AND CAREER-BASED OPPORTUNITIES FOR STUDENTS ATTENDING HISTORICALLY BLACK COLLEGES AND UNIVERSITIES (HBCU)**

Summary Amends S.L. 2014-100 to give discretion to the UNC Board of Governors to award internships and career-based opportunities to four or more Historically Black Colleges and Universities and removes the requirement that Elizabeth City State University receive one of the internships. The Board of Governors is to conduct a competitive process to award grants to four or more institutions, of which at least two are private institutions. UNC is allowed to retain up to 5% of funds to administer the program.

Section: 11.13

Title: **ELIZABETH CITY STATE UNIVERSITY BUDGET STABILIZATION FUNDS REPORT**

Summary Requires that the President of the University of North Carolina report quarterly on funds appropriated to Elizabeth City State University for budget stabilization in the FY 2015-17 biennium beginning January 1, 2016.

Section: 11.14

Title: **UNC ENROLLMENT GROWTH REPORT**

Summary Amends G.S. 116-30.7 to change the biennial enrollment growth report due date from October 15 to December 15.

Section: 11.16

Title: **EARLY COLLEGE GRADUATES/UNC ADMISSION POLICY**

Summary Requires that the Board of Governors adopt a policy for each constituent institution regarding graduates of cooperative and innovative high schools to allow admission as a freshman or as a transfer student for the 2016-17 academic year. UNC is required to report annually beginning March 1, 2017 to the Joint Legislative Education Oversight Committee on the admission of such students.

Section: 11.18

Title: **SEAA FUNDS FOR ADMINISTRATION OF SPECIAL EDUCATION SCHOLARSHIP GRANT PROGRAM**

Summary Amends S.L. 2013-364, Sec. 5(b), Appropriations Act of 2013, to allow the State Education Assistance Authority to retain up to 4% of funds for the administration of the Special Education Scholarship Program.

Section: 11.19

Title: **EDUCATION OPPORTUNITIES FOR STUDENTS WITH DISABILITIES**

Summary Creates requirements for DHHS, DPI, UNC, and the State Board of Community Colleges regarding students with disabilities.

Subsection (a) requires DHHS, DPI, UNC, and the State Board of Community Colleges and relevant stakeholders to analyze and implement policies to improve post secondary opportunities for students with disabilities. DHHS is required to report annually beginning on November 15, 2015 to the Joint Legislative Education Oversight Committee and the Joint Legislative Oversight Committee on Health and Human Services on the status of this subsection.

Subsection (b) requires the State Education Assistance Authority (SEAA) to study strategies to ensure the availability of financial aid for students with disabilities who are enrolled in certificate-based, approved university programs. SEAA is required to report to the Joint Legislative Education Oversight Committee and the Joint Legislative Oversight Committee on Health and Human Services on March 15, 2016 on the results of the study.

Section: 11.20

Title: **WESTERN GOVERNORS UNIVERSITY CHALLENGE GRANT**

Summary Establishes a \$2 million challenge grant for Western Governors University in FY 2016-17 contingent upon the University raising \$5 million in private funds.

Section: 11.21

Title: **HUNT INSTITUTE/NO GENERAL FUNDS**

Summary Prohibits the use of General Funds to support the Hunt Institute at the University of North Carolina at Chapel Hill.

Section: 11.23

Title: **CENTRALIZED PROCESS TO DETERMINE RESIDENCY FOR TUITION PURPOSES**

Summary Authorizes the State Education Assistance Authority to be the central agency for determining residency for tuition purposes for those applying for admission to, or financial aid at, a constituent institution of UNC or a community college, or applying for State-funded financial aid to attend a private institution beginning in December 31, 2016.

Section: 11.24

Title: **ACADEMIC SUMMER BRIDGE PROGRAM/TECHNICAL CORRECTION**

Summary Adjusts the amount of reductions to the Academic Summer Bridge Program and the management flexibility reduction in the UNC System budget.

Subsection (a) decreases the amount of the reduction to the Academic Summer Bridge Program by \$119,300 in recurring funds for each year of the 2015-17 fiscal biennium.

Subsection (b) increases the amount of the management flexibility reduction by \$119,300 in recurring funds for each year of the 2015-17 fiscal biennium.

(See the Education Section of the Conference Committee Report on page F-27, Item 57 and page F-28, Item 63.)

(S.L. 2015-268, Sec. 3.5, General Government Technical Corrections, adds this section to S.L. 2015-241.)

Section: 11.25

Title: **APPALACHIAN STATE UNIVERSITY/RECRUIT COMMUNITY COLLEGE STUDENTS PILOT**

Summary Adds undergraduate students to the type of students that may be recruited to participate in the Appalachian State University College of Education pilot program.

(See the Education section of the Conference Committee Report on page F-11, Item 66.)

(S.L. 2014-268, Sec. 3.6, General Government Technical Corrections, adds this section to S.L. 2015-241.)

Section: 11.26

Title: **MOUNTAIN AREA HEALTH EDUCATION CENTER FUNDS**

Summary Adds psychiatry residencies to the type of residencies that may be supported with additional funds appropriated to the Mountain Area Health Education Center.

(See the Education section of the Conference Committee Report on page F-10, Item 60.)

(S.L. 2015-268, Sec. 3.10, General Government Technical Corrections, adds this section to S.L. 2015-241.)

2015 Session: HB 259

Department: UNC System

Section: 3.5

Title: BUDGET CHANGE: ACADEMIC SUMMER BRIDGE PROGRAM

Summary Modifies S.L. 2015-241, 2015 Appropriations Act, to add a new Section 11.24 to adjust the amount of reductions to the Academic Summer Bridge Program and the management flexibility reduction in the UNC System budget.

Subsection (a) decreases the amount of the reduction to the Academic Summer Bridge Program by \$119,300 in recurring funds for each year of the 2015-17 fiscal biennium.

Subsection (b) increases the amount of the management flexibility reduction by \$119,300 in recurring funds for each year of the 2015-17 fiscal biennium.

(See the Education section of the Conference Committee Report on page F-10, Items 57 and 63.)

Section: 3.6

Title: TECHNICAL CHANGE: APPALACHIAN STATE UNIVERSITY/RECRUIT COMMUNITY COLLEGE STUDENTS PILOT

Summary Modifies S.L. 2015-241, 2015 Appropriations Act, to add a new Section 11.25 to add undergraduate students to the type of students that may be recruited to participate in the Appalachian State University College of Education pilot program.

(See the Education section of the Conference Committee Report on page F-11, Item 66.)

Section: 3.9

Title: TECHNICAL CHANGE: IN-STATE TUITION FOR CERTAIN VETS/FED. PROG.

Summary Amends G.S. 116-143.3A(a)(3), as enacted by S.L. 2015-116, In-State Tuition for Certain Vets/Fed. Prog., to modify the definition of veterans eligible under the statute.

(See the Education section of the Conference Committee Report on page F-8, Item 49 and on page F-11, Item 69.)

Section: 3.10

Title: TECHNICAL CHANGE: MOUNTAIN AREA HEALTH EDUCATION CENTER FUNDS

Summary Modifies S.L. 2015-241, 2015 Appropriations Act, to add a new Section 11.26 to add psychiatry residencies to the type of residencies that may be supported with additional funds appropriated to the Mountain Area Health Education Center.

(See the Education section of the Conference Committee Report on page F-10, Item 60.)

**Health
and
Human Services
Section G**

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2015 Annotated Conference Committee Report

Health and Human Services

		GENERAL FUND	
		FY 15-16	FY 16-17
Recommended Base Budget		\$89,605,783	\$89,605,783
Legislative Changes			
(1.0) Division of Central Management and Support			
1 State Health Plan	\$594,352 R	\$594,352 R	
Provides additional funding to continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium. (S.L. 2015-241, Sec. 30.20)			
2 State Retirement Contributions	\$340,897 R	\$340,897 R	
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund increased retiree medical premiums. Total General Fund appropriation across all sections in the committee report is \$11.0 million in FY 2015-16 and FY 2016-17. (S.L. 2015-241, Sec. 30.20)			
3 Compensation Reserve	\$124,148 R	\$124,148 R	
Provides funds for a \$750 one-time bonus for State employees. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes. In addition, funds are appropriated for the changes to the Statewide teacher salary schedule that affect State agency teachers within the Department. (S.L. 2015-241, Sec. 30.9. Sec. 30.10, and Sec. 30.18A)			
	\$5,221,738 NR		
4 Health Information Exchange (1910)	(\$2,000,000) R	(\$2,000,000) R	
Eliminates recurring funding for the exchange in accordance with S.L. 2015-7.			
5 Vacant Positions	(\$1,481,673) R	(\$1,481,673) R	
Eliminates vacant positions within the Department of Health and Human Services (DHHS).			
	-57.00	-57.00	
6 Competitive Block Grant Transfer (1910)	(\$75,000) R	(\$75,000) R	
Transfers funds from the complete block grant for Accessible Electronic Information for the Blind to the Division of Services for the Blind. Combined with the Competitive Block Additional Funds item, the total competitive block grant appropriation is increased by 11% to \$14,506,411. (S.L. 2015-241, Sec. 12A.8)			
7 Health Net Grants (1372)	(\$2,250,000) R	(\$2,250,000) R	
Eliminates the NC Health Net program and allocates half of the remaining funding to the Community Health Grants program. The Community Health Grant program is increased by 42% to \$7.5 million. (S.L. 2015-241, Sec. 12A.9)			

2015 Annotated Conference Committee Report

FY 15-16

FY 16-17

8 Miscellaneous Contractual Services (1120)

Reduces funding for contracts in central management. Over \$3.1 million remains in the budget for this purpose in central management.

(\$3,200,000) NR

(S.L. 2015-268, Sec. 4.1, General Government Technical Corrections, amends this item to allow the reduction to be taken from any departmental contracts, except contracts associated with the federal Department of Justice settlement agreement for housing, support and other services for people with mental illness.)

9 NC FAST Required Changes (2411,1122)

Provides funds to make the required changes to NC FAST associated with allowing the Eastern Band of the Cherokee to administer their Medicaid and Food and Nutrition Services Programs in accordance with State law. (S.L. 2015-241, Sec. 12C.10)

\$360,000 R
\$3,200,000 NR

\$360,000 R

10 NC FAST- Operations and Maintenance (2411, 1122)

Provides \$9,871,059 in FY 2015-16 and \$13,220,665 in FY 2016-17 in additional receipts for ongoing maintenance and operations for the NC FAST system. Three technology support analyst positions will be created and funded with the additional receipts. Total funding for this purpose is \$60 million for FY 2015-16 and \$47.5 million for FY 2016-17. (S.L. 2015-241, Sec. 12A.7)

11 NC FAST (2411, 1122)

Provides funding for continued system development including using prior-year earned revenue in the nonrecurring amount of \$9.4 million in FY 2015-16 and FY 2016-17, to bring the total funding for NC FAST, along with federal funding, to \$77.7 million for FY 2015-16 and \$84.4 million for FY 2016-17. (S.L. 2015-241, Sec. 12A.7)

\$5,803,000 NR
37.00

\$13,052,000 NR
40.00

12 NCTRACKS (2413, 1122)

Provides recurring funding for the operation and maintenance of NC TRACKS. Additional nonrecurring funding is provided for the development and implementation of 2 projects; ICD-10 which is used to code medical procedures and the Business Process Automated System for the Division of Health Service Regulation. Total funding for this purpose is over \$60 million for FY 2015-16 and FY 2016-17. (S.L. 2015-241, Sec.12A.6)

\$400,000 R
\$2,300,000 NR

\$400,000 R
\$940,000 NR

13 Health Information Exchange (HIE) (1910)

Funding is provided to continue efforts towards the implementation of a statewide HIE. (S.B. 713/H.B. 940; S.L. 2015-264, Sec. 86.5; S.L. 2015-241, Sec. 12A.5)

\$8,000,000 R
\$4,000,000 NR

\$8,000,000 R
\$4,000,000 NR

14 Government Data Analytics Center (1910)

Funds a contract for the development for new and enhanced health data analytics capability and functionality for the Department. (S.L. 2015-241 Sec. 12A.17)

\$250,000 R
\$750,000 NR

\$250,000 R

2015 Annotated Conference Committee Report

FY 15-16

FY 16-17

15 Office of Program Evaluation, Reporting and Accountability (1910)

\$250,000 R \$500,000 R

Establishes an Office within the Department of Health and Human Services to evaluate effectiveness and efficiency of programs as Directed by the Secretary, Governor and as requested by the General Assembly. (S.L. 2015-241, Sec. 12A.3)

16 Community Paramedicine Pilot Project

\$350,000 NR

Provides funds to implement 3 pilot projects focused on expanding the role of paramedics to allow for community-based initiatives designed to avoid nonemergency use of hospital emergency rooms. (H.B. 472/S.B. 381; S.L. 2015-241, Sec. 12A.12)

17 Competitive Block Grant Additional Funds (1910)

\$1,625,000 R \$1,625,000 R

Increases funds for long-term, residential substance abuse services. (S.L. 2015-241, Sec. 12A.8)

18 Office of the State Auditor - Financial Audit

\$450,000 R \$450,000 R

Provides funds for a comprehensive financial audit of DHHS for FY 2014-15 and FY 2015-16. These funds shall be transferred to the Office of the State Auditor to perform the financial audit.

19 Community Mental Health Initiatives (1910)

\$7,848,341 R \$15,597,746 R

Provides funds pursuant to the U.S. Department of Justice settlement agreement to continue to develop and implement housing, support, and other services for people with mental illness. This action increases the settlement budget to \$27.5 million in FY 2015-16 and to \$35.3 million in FY 2016-17.

Total Legislative Changes

\$14,436,065 R \$22,435,470 R
\$18,424,738 NR \$17,992,000 NR

Total Position Changes

-20.00 -17.00

Revised Budget

\$122,466,586 \$130,033,253

Special Provisions

2015 Session: HB 97

Division: (1.0) Division of Central Management and Support

Section: 12A.3

**Title: CREATION OF OFFICE OF PROGRAM EVALUATION REPORTING AND ACCOUNTABILITY
WITHIN THE DEPARTMENT OF HEALTH AND HUMAN SERVICES**

Summary Amends G.S. 143B-216.52 - 216.55 by establishing an independent Office of Program Evaluation Reporting and Accountability (OPERA) within the Department of Health and Human Services (DHHS). Subsection (a) requires the Secretary to appoint a director for OPERA, who has a minimum of 10 years of experience in program evaluation. This subsection specifies that the director can only be removed from the position by the Secretary effective 30 days after written notification, which includes a justification for the removal, to the Speaker of the House of Representatives, the President Pro Tempore of the Senate, the State Auditor, and the Director of Fiscal Research.

Subsection (a) also delineates the duties and powers of the new office which include (i) evaluating DHHS programs using evidence-based methodologies; (ii) developing an inventory of all DHHS programs and publishing the inventory to a departmental website; (iii) developing an inventory of DHHS contracts; and (iv) responding promptly to information requests for program-level data and information. Subsection (a) also authorizes OPERA to have access to any data or record maintained by DHHS, interview DHHS employees, and conduct announced or unannounced inspections of DHHS facilities.

Subsection (b) amends G.S. 126-5.(c1) by exempting the employees of OPERA from the NC Human Resources Act.

Section: 12A.4

Title: HEALTH INFORMATION TECHNOLOGY

Summary Directs the DHHS, in cooperation with the State Chief Information Officer, to coordinate State Health Information Technology (HIT) policies and programs in a manner consistent with State and federal HIT goals and to establish and direct an efficient and transparent HIT management structure that is compatible with the Office of National Health Coordinator for Information Technology. DHHS is to provide a comprehensive report on the status of these efforts to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by January 15, 2016.

Section: 12A.5

Title: **FUNDS FOR OVERSIGHT AND ADMINISTRATION OF STATEWIDE HEALTH INFORMATION EXCHANGE NETWORK**

Summary Directs DHHS Central Management and Support to transfer funds appropriated for the implementation of a statewide Health Information Exchange (HIE) network to the State Chief Information Officer (CIO). The State CIO and the Secretary of DHHS shall enter into a written memorandum of understanding pursuant to which the State CIO will have sole authority to direct expenditure of these funds until the NC Health Information Exchange Authority (Authority) is established and the State CIO has appointed an Authority director and the NC HIE Advisory Board is established with members appointed.

The Authority must establish, oversee, administer and provide ongoing support to a successor HIE Network for the HIE Network established under Article 29A of Chapter 90 of the General Statutes. The Authority must facilitate the termination or assignment to the Authority by February 29, 2016, of any contracts pertaining to the HIE Network established under Article 29A of Chapter 90 of the General Statutes.

Subsection (d) amends Chapter 90 of the General Statutes by adding a new Article 29B Statewide Health Information Exchange Act. This Article describes the purpose, definitions, and required participation for certain providers in the HIE Network. The Article requires the Authority to provide to the Department and the State Health Plan for Teachers and State Employees secure, real-time access to data and information disclosed through the HIE Network to improve care coordination within and across health systems, increase care quality for beneficiaries, enable more effective population health management, allow more accurate measurement of care services and outcomes, and facilitate health care cost containment. Any data submitted through and stored by the HIE Network is and will remain the sole property of the State. The North Carolina Health Information Exchange Authority and the North Carolina Health Information Exchange Advisory Board are created. Penalties are established for any covered entity that discloses protected health information in violation of Article 29B.

Subsection (f) repeals Article 29A of Chapter 90 of the General Statutes. (S.B. 713/H.B. 940)

(S.L. 2015-264, Sec. 86.5, GSC Technical Corrections 2015, amends this section to require that no later than 30 days after receipt of the transferred funds and notwithstanding any State laws pertaining to contracting procedures, that State CIO shall negotiate and enter into or amend a contract for services to accomplish the following: 1) transition from the HIE Network established under Article 29A of Chapter 90 of the General Statutes to the successor HIE Network; 2) establishment, oversight, administration and ongoing support for the successor HIE Network; and 3) initial steps toward implementation of an HIE analytics data warehouse.

The State CIO shall: 1) ensure the provision of services necessary to accomplish the State's transition to the successor HIE Network; 2) provide for the integration of health information exchange clinical data, including the implementation of a health information exchange analytics data warehouse; and 3) provide health information exchange stakeholders with access to specific health information exchange analytics that allows stakeholders to leverage data for the purpose of reducing healthcare costs and improving quality and access to care.

Adds new subsection (f1) clarifying that covered entities that are required to submit demographic and clinical information through the successor HIE are not required to do so until the Authority establishes a date for covered entities to begin submitting data.)

Section: 12A.6

Title: **FUNDS FOR NCTRACKS, THE REPLACEMENT MULTIPAYER MEDICAID MANAGEMENT INFORMATION SYSTEM**

Summary Directs the use of nonrecurring funds appropriated for NCTracks be used to develop and implement the 10th revision of International Statistical Classification of Diseases and Related Health Problems (ICD-10) Project and the Business Process Automated System for the Division of Health Service Regulation. Overrealized receipts are appropriated up to the amounts necessary to implement this section. In order to utilize the overrealized receipts, DHHS must first obtain prior approval from the Office of State Budget and Management and 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.

DHHS is directed to report beginning November 15, 2015, and monthly thereafter to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the status of the implementation of ICD-10. DHHS must continue to report by the 15th of each month until 3 consecutive months have passed in which DHHS did not issue any hardship advances and until the new Department of Information Technology can assume this function.

Section: 12A.7

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

Summary Directs DHHS to use appropriated funds and the cash balance in Budget code 24410 Fund 2411 for the NC FAST project to match federal funds to expedite the development and implementation of Child Care, Low Income Energy Assistance, Crisis Intervention Program, Child Services and the NC FAST Federally-Facilitated Marketplace (FFM) interoperability components of the NC FAST program. DHHS shall report any changes in approved federal funding or federal match rates within 30 days after the change to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division.

Departmental receipts are appropriated to be used for the ongoing maintenance and operations for the NC FAST system, including the creation of 3 full-time equivalent technology support analyst positions.

Section: 12A.8

Title: **COMPETITIVE GRANTS/NONPROFIT ORGANIZATIONS**

Summary Subsections (a) and (b) set forth the requirements for funds appropriated for nonprofits and requires DHHS to continue to administer a competitive process for nonprofit funding. Grants may be awarded up to 2 years.

Subsection (c) requires that the Secretary allocate funds awarded to nonprofits no later than July 1 of each year. The DHHS Secretary is required to report to the Joint Legislative Oversight Committee on Health and Human Services on the grant awards.

Subsection (d) requires each nonprofit organization to submit a report to the Division of Central Management and Support no later than December 1 of each year.

Subsection (e) states that for FY 2015-17, Boys and Girls Clubs and the Triangle Residential Options for Substance Abusers, Inc. will not have to compete for funding, and will receive specific amounts.

Section: 12A.9

Title: **COMMUNITY HEALTH GRANT PROGRAM CHANGES**

Summary Transfers 50% of the funds from the Health Net Program to the Community Health Grant Program. Agencies receiving Health Net funds at the end of FY 2014-15 are authorized to continue to receive Community Health Grant funding at the same level for FY 2015-17. After FY 2016-17, agencies will be required to compete for the funding.

Section: 12A.10

Title: **RURAL HEALTH LOAN REPAYMENT PROGRAM**

Summary Allows DHHS to use funds to repay loans for medical, dental, and psychiatric providers practicing in State facilities or in rural or medically underserved communities. Subsection (b) expands the use of funds to include eligible providers in North Carolina who use telemedicine in rural and underserved areas.

Section: 12A.12

Title: **FUNDS FOR COMMUNITY PARAMEDICINE PILOT PROGRAM**

Summary Establishes a paramedicine pilot program.

Subsection (a) directs the use of \$350,000 for a pilot program designed to expand the role of paramedics in providing care that would avoid unnecessary use of hospital admissions and emergency services.

Subsections (b) and (c) require the North Carolina Office of Emergency Medical Services to set the education and qualification standards for the program, and DHHS to establish up to 3 sites to implement the program.

Subsection (d) requires DHHS to submit a report to the Senate Appropriations Committee on Health and Human Services, the House of Representative Appropriations Committee on Health and Human Services, and the Fiscal Research Division by June 1, 2016.

Subsection (e) requires a final report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by November 1, 2016. (H.B. 472)

Section: 12A.13

Title: **STUDY DESIGN AND IMPLEMENTATION OF CONTRACTING SPECIALIST AND CERTIFICATION PROGRAM**

Summary Directs the Joint Legislative Oversight Committee on Health and Human Services to study and make recommendations on the design of a contracting specialist training and certification program similar to the Certified Local Government Purchasing Officer Program.

Section: 12A.15

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

Summary Amends G.S. 131E-214.13 by changing reporting period dates and frequencies, and extending the time to adopt rules to March 1, 2016 that establish and define no fewer than 10 quality measures for licensed hospitals and licensed ambulatory surgical facilities. Subsection (b) amends G.S. 131E-214.14 by changing the disclosure of charity care and policy costs by requiring DHHS to post all of the information collected on its website in one location and in a searchable format.

Section: 12A.16

Title: **RENAMING OF OFFICE OF RURAL HEALTH AND COMMUNITY CARE**

Summary Renames the Office of Rural Health and Community Care to the Office of Rural Health.

Section: 12A.17

Title: **FUNDS FOR DEVELOPMENT OF HEALTH ANALYTICS PILOT PROGRAM**

Summary Directs the DHHS to use funds appropriated for the development and implementation of a pilot program for Medicaid claims analytics and population health management.

DHHS is directed to coordinate with the Government Data Analytics Center (GDAC) to develop the pilot program.

DHHS and GDAC are directed to provide a progress report on the pilot program by January 15, 2016, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Committee on Health and Human Services and the Fiscal Research Division. A final report is due by May 31, 2016 to the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee on Information Technology, and the Fiscal Research Division.

Section: 12I.1

Title: **DHHS BLOCK GRANTS**

Summary Sets forth the allocation of nearly \$900 million in federal block grant funds for each year of the FY 2015-17 biennium in subsection (a).

Subsections (b) through (f) direct the use of all of the block grants.

Subsections (g) through (i) direct the use of the Temporary Assistance for Needy Families block grant.

Subsections (j) through (q) direct the use of the Social Services Block Grant.

Subsections (r) and (s) direct the use of the Low-Income Home Energy Assistance Block Grant.

Subsections (t) and (u) direct the use of the Child Care and Development Fund Block Grant.

Subsection (v) directs the use of the Mental Health Services Block Grant

Subsection (w) directs the use of the Substance Abuse Prevention and Treatment Block Grant.

Subsections (x) through (bb) direct the use of the Maternal and Child Health Block Grant.

Subsection (z) requires that \$1,575,000 be used for evidence-based programs in counties with the highest infant mortality rates.

(S.L. 2015-268, Sec.4.6, General Government Technical Corrections, amends (w) to correct the name of the entity receiving Substance Abuse Prevention and Treatment Block Grant funds from the Department of Administration, Division of Veterans Affairs, to the Department of Military and Veterans Affairs.)

2015 Session: HB 259

Division: (1.0) Division of Central Management and Support

Section: 4.1

Title: **BUDGET CHANGE: MISCELLANEOUS CONTRACTUAL SERVICES**

Summary Amends S.L. 2015-241, 2015 Appropriations Act, to add a new Section 21A.18 that converts a nonrecurring reduction for miscellaneous contracts in the Division of Central Management and Support to a reduction in contracts department-wide. DHHS is prohibited from reducing any contracts to develop and implement housing, support, and other services for people with mental illness pursuant to the settlement agreement entered into between the U.S. Department of Justice and the State.

Section: 4.6

Title: **SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT**

Summary Amends S.L. 2015-241, Sec. 121(w), 2105 Appropriations Act, to correct the name of the entity receiving Substance Abuse Prevention and Treatment Block Grant funds from the Department of Administration, Division of Veterans Affairs, to the Department of Military and Veterans Affairs.

2015 Session: SB 119

Division: (1.0) Division of Central Management and Support

Section: 86.5

Title: **BUDGET CHANGE: FUNDS FOR OVERSIGHT AND ADMINISTRATION OF STATEWIDE HEALTH INFORMATION EXCHANGE NETWORK**

Summary Amends S.L. 2015-241, Sec. 12A.5, 2015 Appropriations Act, to require that no later than 30 days after receipt of the transferred funds and notwithstanding any State laws pertaining to contracting procedures, that State Chief Information Officer (CIO) shall negotiate and enter into or amend a contract for services to accomplish the following: transition from the Health Information Exchange (HIE) Network established under Article 29A of Chapter 90 of the General Statutes to the successor HIE Network; establishment, oversight, administration and ongoing support for the successor HIE Network; and initial steps toward implementation of an HIE analytics data warehouse.

The State CIO is required to: 1) ensure the provision of services necessary to accomplish the State's transition to the successor HIE Network; 2) provide for the integration of health information exchange clinical data, including the implementation of a health information exchange analytics data warehouse; and 3) provide health information exchange stakeholders with access to specific health information exchange analytics that allows stakeholders to leverage data for the purpose of reducing healthcare costs and improving quality and access to care.

A new subsection (f1) is added clarifying that covered entities required to submit demographic and clinical information through the successor HIE are not required to do so until the Authority establishes a date for covered entities to begin submitting data.

2015 Annotated Conference Committee Report

Health and Human Services

GENERAL FUND

	FY 15-16		FY 16-17	
Recommended Base Budget	\$42,845,788		\$42,845,788	
Legislative Changes				
(2.0) Division of Aging and Adult Services				
20 Home and Community Care Block Grant (1370,1451)				
Restores the reduction taken in FY 2014-15, increasing the Home and Community Care Block Grant total availability by 2% to \$55 million.	\$969,549	NR	\$969,549	NR
Total Legislative Changes	\$969,549	NR	\$969,549	NR
Total Position Changes				
Revised Budget	\$43,815,337		\$43,815,337	

Special Provisions

2015 Session: HB 97

Division: (2.0) Division of Aging and Adult Services

Section: 12D.1

Title: STATE-COUNTY SPECIAL ASSISTANCE RATES

Summary Sets FY 2015-17 biennial State-County Special Assistance rates for adult care home residents at \$1,182 per month per resident and at \$1,515 per month per resident for special care units. (S.B. 713/H.B. 940)

2015 Annotated Conference Committee Report

Health and Human Services

GENERAL FUND				
	FY 15-16		FY 16-17	
Recommended Base Budget	\$249,687,727		\$249,687,727	
Legislative Changes				
(3.0) Division of Child Development and Early Education				
21 Federal Funding for NC Pre-K (1330)				
Budgets Temporary Assistance for Needy Families block grant funding on a nonrecurring basis for NC Pre-K. (S.L. 2015-241, Sec. 12I.1.(a))	(\$16,829,306)	NR	(\$12,333,981)	NR
22 Cost-Allocate Staff (1110)	(\$507,577)	R	(\$507,577)	R
Budgets federal block grant funds for positions within the Division of Child Development and Early Education. Total availability for this program has not changed. (S.L. 2015-241, Sec. 12I.1(a))				
23 Child Care Subsidy (1380)				
Budgets Temporary Assistance for Needy Families (TANF) and TANF Contingency Block grant funds on a nonrecurring basis for child care subsidy. Total availability for this program has not changed. (S.L. 2015-241, Sec. 12I.1.(a))	(\$5,211,614)	NR	(\$2,835,482)	NR
24 NC Pre-K (1330)	\$2,323,599	R	\$2,323,599	R
Provides funding for NC Pre-K, including \$2,716,401 in Lottery receipts. Total availability is \$144.2 million. (S.L. 2015-241, Sec. 5.2)				
25 Child Care Subsidy Market Rate Increase (1380)	\$3,000,000	R	\$6,000,000	R
Provides funding to increase the Child Care Subsidy market rate, effective January 1, 2016, to the recommended rates based on the 2015 Market Rate study for ages 0,1 and 2 in 3-, 4-, and 5-star centers and homes in Tier 1 and 2 counties. Total availability for FY 2015-16 is increased by 1.3% to \$330.4 million and for FY 2016-17 is increased by 1.5% to \$333.4 million. (S.L. 2015-241, Sec.12B.2A)				
26 North Carolina Early Childhood Integrated Data System (ECIDS) (1163)			\$699,690	R
Provides funding for ECIDS, an integrated system of early childhood education, health, and social service information focused on children ages 0-5 receiving State and federal services. The system is designed to provide information about when and how children are being served and the program services they receive. ECIDS will connect with the Department of Public Instruction's data system to allow analysis of the effects of early childhood programs and services over time.				

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FY 15-16

FY 16-17

Total Legislative Changes	\$4,816,022 R	\$8,515,712 R
	(\$22,040,920) NR	(\$15,169,463) NR
Total Position Changes		
Revised Budget	\$232,462,829	\$243,033,976

Special Provisions

2015 Session: HB 97

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

Section: 12B.1

Title: NC PRE-K PROGRAM/STANDARDS FOR FOUR- AND FIVE-STAR RATED FACILITIES

Summary Maintains the current eligibility criteria for the prekindergarten program, NC Pre-K.

Subsections (a) through (d) require NC Pre-K contractors to continue to issue multi-year contracts, and requires entities operating NC Pre-K classrooms to adhere to programmatic standards and classroom requirements as prescribed by the Division of Child Development and Early Education (DCDEE). Local NC Pre-K committees are required to use the standard decision-making process developed by DCDEE in awarding prekindergarten classroom slots and student selection.

Subsection (e) directs DCDEE to report annually by March 15 on the number of children served by county, expenditures, and the results of an annual evaluation of the program. The report is to be provided to the Joint Legislative Oversight Committee on Health and Human Services, the Office of State Budget and Management, and the Fiscal Research Division.

Subsection (f) requires the administration of NC Pre-K by local partnerships be subject to the financial and compliance audits authorized under G.S. 143B-168.14(b).

Section: 12B.2

Title: **CHILD CARE SUBSIDY RATES**

Summary Sets the Child Care Subsidy income, market rate and other payment criteria.

Subsection (a) sets the maximum gross family income for child care subsidy eligibility at 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.

Subsection (b) directs DCDEE to revise child care subsidy policy to exclude from the policy's definition of "income unit" a nonparent relative caretaker, and the caretaker's spouse and child, if applicable, when the parent of the child receiving child care subsidy does not live in the home with the child.

Subsection (c) sets the co-payment at 10% of gross family income and co-payments for part-time care are set at 75% of the full-time co-payment.

Subsection (d) sets out the requirements for payments to child care facilities and prohibits the use of child care subsidy funds for facility registration fees and transportation services. Eligibility for post-secondary education subsidy is limited to 20 months.

Subsections (e) through (h) direct DCDEE to calculate a market rate for each rate category in each county or region, define higher quality care as four- and five-star rated facilities, and prohibit separate licensing requirements for facilities operated pursuant to G.S. 110-106.

Subsection (i) requires that child care services funded through the Temporary Assistance for Needy Families Block Grant comply with all subsidized child care program regulations and procedures.

Subsection (j) sets child care subsidy eligibility criteria for legal and illegal noncitizen families in the State.

Subsection (k) requires county departments of social services to include information on whether a child waiting for child care subsidy is receiving assistance through NC Pre-K or Head Start. (H.B. 743, H.B. 832)

Section: 12B.2A

Title: **CHILD CARE SUBSIDY MARKET RATE INCREASES/CERTAIN AGE GROUPS AND COUNTIES**

Summary Requires DHHS to adjust the child care market rate for children from birth to age 2 in three-, four- and five-star rated child care centers and homes in tier 1 and tier 2 counties to the recommended market rate in the 2015 Market Rate Study. County tier designations are those established by the N.C. Department of Commerce's 2015 County Tier Designations.

Section: 12B.3

Title: **CHILD CARE ALLOCATION FORMULA**

Summary Sets the allocation formula to distribute child care subsidy funds to counties.

Subsection (a) directs DHHS to allocate child care subsidy funds to counties based on the number of children in each county under age 11 in families with all parents working who earn less than the applicable federal poverty level percentage set forth in Section 12B.2.

Subsection (b) authorizes DHHS to reallocate unused child care subsidy voucher funds to counties based on projected expenditures of all child care subsidy voucher funding.

Subsection (c) requires DCDEE to continue to implement one-third of the change in a county's allocation based on the newest census data; implement an additional one-third in FY 2016-17, and the final one-third in FY 2018-19. Counties shall not receive an increase in their allocations beginning in FY 2015-16 if their spending coefficient is less than 95% in the previous fiscal year. DCDEE may waive the spending coefficient requirement due to extraordinary circumstances and is required to report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by October 1st of each year the counties that received a waiver and the reasons for the waiver.

Section: 12B.4

Title: **CHILD CARE FUNDS MATCHING REQUIREMENTS**

Summary Directs that no matching funds may be required of local governments as a condition of receiving their initial allocation of child care funds. All reallocated funds exceeding \$25,000 above a local government's initial allocation shall be matched by 20%.

Section: 12B.5

Title: **CHILD CARE REVOLVING LOAN**

Summary Authorizes DHHS to administer the Child Care Revolving Loan Fund.

Section: 12B.6

Title: **ADMINISTRATIVE ALLOWANCE FOR COUNTY DEPARTMENTS OF SOCIAL SERVICES/USE OF SUBSIDY FUNDS FOR FRAUD DETECTION**

Summary Directs DCDEE to fund the administrative allowance for county departments of social services at 4% of the county's total child care subsidy funds or \$80,000, whichever is greater.

County department of social services are allowed to use up to 2% of subsidy funds allocated to the county for fraud detection and investigation.

DCDEE is allowed to adjust the allocations in the Child Care and Development Fund Block Grant specified in Section 121.1 to the final allocations for local departments of social services under subsection (a) of this section and the funds allocated for fraud detection and investigation initiatives under subsection (b). DCDEE must submit a report on the final adjustments to the allocations of the administrative costs no later than January 1, 2016 for the 2015-16 fiscal year, and no later than September 30 of each year thereafter, to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division.

Section: 12B.7

Title: **EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES ENHANCEMENTS**

Summary Directs the North Carolina Partnership for Children, Inc. (NCPC) and its board to establish policies that focus on improving child care quality in North Carolina for children from birth to 5 years of age.

NCPC shall maintain administrative costs at no more than 8% of the total statewide allocation to all local partnerships. NCPC shall not reduce allocations for counties with less than 35,000 population below their FY 2012-13 funding level. NCPC is prohibited from allocating funds for use on capital expenditures or on advertising and promotional activities. Local partnerships are prohibited from using State funds on marketing and advertising.

Section: 12B.8

Title: **STATEWIDE EARLY EDUCATION AND FAMILY SUPPORT PROGRAMS**

Summary Requires the Joint Legislative Oversight Committee on Health and Human Services to appoint a subcommittee to study early childhood and family support programs, including the Child Care Subsidy, NC PreK, and Smart Start programs.

The subcommittee must develop a proposal for a statewide plan that addresses how to meet county or regional needs of children. The report is due to the Joint Legislative Oversight Committee on Health and Human Services on or before April 1, 2016, at which time the subcommittee shall terminate.

Section: 12B.9

Title: **U.S. DEPARTMENT OF DEFENSE-CERTIFIED CHILD CARE FACILITIES PARTICIPATION IN STATE-SUBSIDIZED CHILD CARE PROGRAM**

Summary Amends Article 7 of Chapter 110 of the General Statutes by adding G.S. 110-106.2, Department of Defense-certified child care facilities. Department of Defense (DoD) child care facilities are exempted from State licensure. DoD child care facilities must file a notice of intent to operate a child care facility. DoD certified child care facilities may participate in the Subsidized Child Care program and will be reimbursed on a five-star rated license rate if accredited by the National Association for the Education of Young Children, all other DoD certified child care centers are reimbursed based on the four-star rated license rate.

G.S. 143B-168.15(g) is amended to require funds allocated under this section to supplement and not supplant any federal or State funds allocated to DoD certified child care facilities licensed under G.S. 110-106.2.

Funds allocated from the Subsidized Child Care program to DoD certified child care centers that participate in the program must supplement and not supplant funding received in accordance with G.S. 143B-169.15(g). (S.B. 368)

Health and Human Services

GENERAL FUND

	FY 15-16		FY 16-17	
Recommended Base Budget	\$180,017,803		\$180,017,803	
Legislative Changes				
(4.0) Division of Social Services				
27 State-County Special Assistance (1570)	(\$4,000,000)	R	(\$5,750,000)	R
Reduces funding for State-County Special Assistance due to a decline in the number of individuals participating in the program. The FY 2015-16 total availability is decreased by 6% leaving \$125.8 million. The FY 2016-17 total availability is decreased by 8.6% leaving \$122.3 million.				
28 Personal Services Contracts (1110)	(\$9,540)	R	(\$9,540)	R
Eliminates funding for personal services contracts in the Services Support fund. There is \$2.5 million remaining for this purpose across all funds in the division.				
29 Foster Care Caseload Increase (1532)	\$4,500,000	R	\$7,500,000	R
Increases funding for foster care to support the growth in the foster care caseload. Paid placements are expected to increase by 6% in FY 2015-16 and 3% in FY 2016-17. Increases total availability by 6.9% to \$192.7 million in FY 2015-16 and increases total availability by 11.7% to \$201.2 million in FY 2016-17.				
30 Foster Care Expansion to Age 21 (1532)	\$50,000	R	\$1,000,000	R
Provides funding to increase the age to 21 for youth in foster care. This item along with the Foster Care Caseload item increases the total availability for FY 2016-17 by 13.8% to \$205 million.				
	1.00		1.00	
Social Services Program Coordinator - \$58,951				
(S.B. 424/H.B. 424; S.L. 2015-241, Sec. 12C.9)				
31 Child Advocacy Centers				
Provides funding for child advocacy centers.	\$400,000	NR		
32 Adoption Assistance for Youth Adopted after Age 16 (1531)			\$100,000	R
Provides funds for Adoption Assistance to age 21 for youth adopted after age 16. Federal rules require that if states extend foster care past age 18, they must extend adoption assistance for youth adopted after age 16 to the same age as foster care. This increases the total availability for Adoption Assistance to \$105.7 million.				

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	FY 15-16		FY 16-17	
33 Successful Transition of Youths in Foster Care (1532)	\$1,300,000	R	\$1,750,000	R
Provides funds to support a demonstration project with services provided by Youth Villages to improve outcomes for youth ages 17-21 years who transition from foster care through implementation of outcome-based Transitional Living Services. (H.B. 933; S.L. 2015-241, Sec. 12C.6)				
34 Maternity Homes (1110)	\$925,000	R	\$925,000	R
Provides recurring funding for maternity homes. Funding remains the same as the FY 2014-15 level of \$1.3 million.				
35 Child Support Enforcement Incentive Payments (1371)				
Budgets federal Child Support Enforcement incentive payments. The Division shall retain up to 15% of annual federal incentive payments it receives to enhance centralized child support services. No less than 85% of the federal incentive payments must be allocated to county child support services programs to improve effectiveness and efficiency. (H.B. 940/S.B. 713, S.B.115/H.B.121; S.L. 2015-241, Sec. 12C.7)				
Total Legislative Changes	\$2,765,460	R	\$5,515,460	R
	\$400,000	NR		
Total Position Changes	1.00		1.00	
Revised Budget	\$183,183,263		\$185,533,263	

Special Provisions

2015 Session: HB 97

Division: (4.0) Division of Social Services

Section: 12C.1

Title: **TANF BENEFIT IMPLEMENTATION**

Summary Approves the Temporary Assistance for Needy Families (TANF) 2013-16 State plan, and designates the Electing Counties for 2013-16.

Section: 12C.2

Title: **INTENSIVE FAMILY PRESERVATION SERVICES FUNDING AND PERFORMANCE ENHANCEMENTS**

Summary Notwithstands G.S. 143B-150.6 and sets forth the standards and reporting requirements for the Intensive Family Preservation Service Program, which provides intensive services for children and families in cases of child abuse, neglect, or dependency where a child may or may not be at imminent risk of removal from the home.

Section: 12C.3

Title: **CHILD CARING INSTITUTIONS**

Summary Limits the maximum reimbursement rates for child caring institutions to the rate established by the DHHS, Office of the Controller until the Social Services Commission adopts rules setting standardized rates.

Section: 12C.4

Title: **USE OF FOSTER CARE BUDGET FOR GUARDIANSHIP ASSISTANCE PROGRAM**

Summary Authorizes the Division of Social Services (DSS) to use existing funds available for foster care services to support the Guardianship Assistance Program that will allow existing foster parents to serve as legal guardians of children in foster care. In order for a child to be eligible for the program, the child must be deemed to be in a permanent family placement setting, eligible for legal guardianship, and otherwise unlikely to receive permanency. This section requires DSS to design the Guardianship Assistance Program to include provisions for extending guardianship services for individuals who have attained the age of 18 years and opt to continue to receive guardianship services until reaching 21 years of age if they meet certain conditions.

Section: 12C.5

Title: **CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM (NC REACH)**

Summary Requires funds appropriated to the DHHS for NC Reach be used to continue the program. NC Reach is a child welfare postsecondary support program that provides assistance for the educational needs of youth aging out of foster care and for special needs children adopted from foster care after age 12.

Section: 12C.6

Title: **SUCCESSFUL TRANSITION/FOSTER CARE YOUTH**

Summary Creates the Foster Care Transitional Living Initiative Fund to support a demonstration project designed to improve outcomes for youth ages 17-21 years who are transitioning from foster care. The project will implement outcome-based transitional living services, identify cost-savings in social services, juvenile and adult correction services, and take necessary steps to establish an evidence-based transitional living program available to all youth aging out of foster care. Services will be provided by Youth Villages. G.S. 131D-10.9A is amended to include a representative from Youth Villages on the Permanency Innovation Initiative Oversight Committee. (H.B. 933)

Section: 12C.7

Title: **FEDERAL CHILD SUPPORT INCENTIVE PAYMENTS**

Summary Requires the Child Support Services Section of the DHHS, Division of Social Services, to retain up to 15% of the annual federal incentive payments it receives to enhance centralized child support services. Requires the Child Support Services Section to work with county child support services programs to identify how federal incentive funding could improve centralized services.

Requires the Child Support Services Section to allocate no less than 85% of the annual federal incentive payments to county child support services programs to improve effectiveness and efficiency using the federal performance measures. Requires the Child Support Services Section to: (1) work with county child support services programs to examine the current methodology for distributing federal incentive funding to the county programs and determine whether an alternative formula would be appropriate, and (2) upon adopting an alternative formula, develop a process to phase in the alternative formula over a 4 year period.

The Child Support Services Section shall develop a plan to implement the requirements of this section and report on the plan to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by February 1, 2016. (S.B. 713/H.B. 940, S.B. 115/H.B. 121)

Section: 12C.8

Title: **CHILD PROTECTIVE SERVICES IMPROVEMENT INITIATIVE/REVISE STATEWIDE EVALUATION REPORT DATE**

Summary Requires the report on findings and recommendations from the comprehensive statewide evaluation of the State's child protective services system required by S.L. 2014-100 Section 12C.1(f) be submitted to the Joint Legislative Oversight Committee on Health and Human Services on or before March 1, 2016.

Section: 12C.9

Title: **FOSTERING SUCCESS/EXTEND FOSTER CARE TO 21 YEARS OF AGE**

Summary Amends G.S. 108A-48 to expand the foster care to age 21 for youth who choose to remain in foster care. The youth must be completing secondary education, enrolled in an institution that provides postsecondary or vocational education, participating in a program or activity to remove barriers to employment, employed for at least 80 hours a month, or must be incapable of participating in any of these activities due to a medical condition or disability.

A child who attained the age of 18 years and initially chose not to continue receiving foster care services, may opt to receive foster care services at a later date until reaching 21 years of age.

The court must review the placement of a youth who opts to continue receiving foster care services after turning age 18 within 90 days of the date the voluntary placement agreement was executed. (S.B. 424/H.B. 424)

Section: 12C.10

Title: **REQUIRE TRANSFER OF CERTAIN SERVICES TO EASTERN BAND OF CHEROKEE INDIANS**

Summary Amends G.S. 108A-25, which allows Native American tribes within the State to assume responsibility for any social services, Medicaid and NC Health Choice healthcare benefit programs.

Subsection (a) requires an agreement between DHHS and a tribe who wishes to assume responsibility for any of the aforementioned programs, to set forth the general terms, definitions, and conditions by which the parties shall operate.

Subsection (b) amends G.S. 108A-87(c) clarifying the State's provision of nonfederal matching funds and other State funds for State programs to the Eastern Band of Cherokee Indians.

Subsection (e1) amends Section 12C.3(b) of S.L. 2014-100, Appropriations Act of 2015 to change the dates to no later than October 1, 2016 that the Eastern Band of Cherokee Indians may assume responsibility for certain programs.

Subsection (e2) requires Jackson and Swain County Departments of Social Services to provide NC Medicaid, NC Health Choice, and Supplemental Nutrition Assistance Program eligibility workers on-site at the Qualla Boundary 5 days per week until the transfer of eligibility determination responsibilities under this section have been completed.

Subsection (f1) requires DHHS in collaboration with the Eastern Band of Cherokee Indians to draft a project plan to meet the October 1, 2016 effective date to administer the NC Medicaid and NC Health Choice programs. DHHS must report on the project plan to the Joint Legislative Oversight Committee on Health and Human Services on or before January 1, 2016.

Beginning October 1, 2015 and quarterly thereafter the Department must report to the Joint Legislative Oversight Committee on Health and Human Services on the status of implementation of this section until implementation is complete.

(S.L. 2015-268, Sec. 4.2, General Government Technical Corrections, amends this section to remove reference to the Division of Social Services, and includes the Division of Central Management and Support as the agency receiving funding.)

Section: 12C.11

Title: **CHILD PROTECTIVE SERVICES PILOT PROJECT**

Summary Directs the Division of Social Services (DSS) to continue implementing the pilot project to enhance coordination of services and information among county departments of social services, local law enforcement agencies, the court, guardian ad litem programs, and other agencies as deemed appropriate by DHHS as established by Section 12C.1(e) of S.L. 2014-100.

The DSS must submit its findings and recommendations in a final report to the Joint Legislative Oversight Committee on Health and Human Services no later than March 1, 2016.

2015 Session: HB 259

Division: (4.0) Division of Social Services

Section: 4.2

Title: **TECHNICAL CHANGE: REQUIRE TRANSFER OF CERTAIN SERVICES OT EASTERN BAND OF CHEROKEE INDIANS**

Summary Amends S.L. 2015-241, Sec. 12C.10(c), 2015 Appropriations Act by removing the reference to the Division of Social Services, and including the Division of Central Management and Support as the division receiving funding.

Health and Human Services

GENERAL FUND

	FY 15-16		FY 16-17	
Recommended Base Budget	\$141,283,615		\$141,283,615	
Legislative Changes				
(5.0) Division of Public Health				
36 Office of Minority Health (1262)				
Budgets additional federal Preventive Health Services Block Grant funds to be used for community health disparities grants and maintains \$3,299,576 in total funds available. (S.L. 2015-241, Sec. 12E.3)	(\$2,756,865)	NR		
37 AIDS Drug Assistance Program Receipts (1460)	(\$6,268,646)	R	(\$6,268,646)	R
Budgets additional drug rebate receipts and maintains funds available for AIDS pharmaceuticals at \$47,844,707.				
38 Physical Activity and Nutrition Program (1261)				
Budgets additional federal Preventive Health Services Block Grant funds. \$9,436,780 remains in total funds available.	(\$1,243,899)	NR		
39 Personal Services and University Contracts (1110)	(\$70,072)	R	(\$70,072)	R
Reduces funding for university and personal services contracts. \$3,551,989 remains available for this purpose.				
40 QUITLINE Receipts (1271)	(\$100,000)	R	(\$100,000)	R
Budgets additional Medicaid receipts and maintains Quitline's budget at \$1,200,000.				
41 Office of Chief Medical Examiner (OCME) - Autopsy Costs (1172)	(\$661,500)	R	(\$661,500)	R
Budgets revenue generated from autopsy fee increase and eliminates the \$400.00 supplement paid for autopsies performed by contractors, a savings of \$1,080,000. This is offset by the increased contract rate that OCME will pay for contracted autopsies that are not billed to counties, a cost of \$418,500. Total funding after all actions in this report will be \$8.6 million in FY 2015-16 and \$10.4 million in FY 2016-17. (S.B. 395; S.L. 2015-241, Sec. 12E.3)				
42 Office of Chief Medical Examiner - Equipment (1172)				
Provides funds to replace outdated and obsolete equipment. Total funding after all actions in this report will be \$8.6 million in FY 2015-16 and \$10.4 million in FY 2016-17.	\$400,000	NR	\$400,000	NR
43 Office of Chief Medical Examiner - Automation (1172)				
Provides funds to replace and upgrade the Medical Examiner Information System. Total funding after all actions in this report will be \$8.6 million in FY 2015-16 and \$10.4 million in FY 2016-17. (S.B. 395)			\$2,195,000	NR

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	FY 15-16		FY 16-17	
44 Office of Chief Medical Examiner - Transportation (1172)	\$400,000	R	\$400,000	R
Provides funds to increase the rate paid for transporting bodies for death investigations or to the OCME autopsy centers. Total funding after all actions in this report will be \$8.6 million in FY 2015-16 and \$10.4 million in FY 2016-17. (S.B. 395)				
45 Office of Chief Medical Examiner - Training (1172)	\$100,000	R	\$100,000	R
Provides funds to implement mandatory annual training for county medical examiners. Total funding after all actions in this report will be \$8.6 million in FY 2015-16 and \$10.4 million in FY 2016-17. (H.B. 814, S.B. 395; S.L. 2015-211, Sec. 1)				
46 ECU and Wake Forest University Forensic Pathologist Fellowships (1172)	\$250,000	R	\$250,000	R
Provides funds to support 1 Forensic Pathologist Fellowship each at East Carolina and Wake Forest Universities. The fellows will perform autopsies at the State's regional autopsy centers. Total funding after all actions in this report will be \$8.6 million in FY 2015-16 and \$10.4 million in FY 2016-17. (S.B. 395)				
47 Office of Chief Medical Examiner - Autopsy Fee Receipts (1172)	\$0	R	\$0	R
Budgets increased annual autopsy fee receipts of \$585,000 paid by counties. Effective October 1, 2015, the autopsy fee will increase from \$1,250 to \$2,800. The new fee approximates the actual cost to perform an autopsy. Total funding after all actions in this report will be \$8.6 million in FY 2015-16 and \$10.4 million in FY 2016-17. (S.B. 395)				
48 Office of Chief Medical Examiner (OCME) - Autopsy Fee Supplement	\$3,780,000	R	\$3,780,000	R
Provides funds to offset the difference between the rate that counties will be billed for autopsies, \$1,750, and the cost of performing an autopsy, \$2,800. (S.B.395; S.L. 2015-241, Sec. 12E.5)				
49 State Public Health Laboratory (1174)	\$110,000	R	\$110,000	R
Budgets funds to provide rabies drugs to indigent persons who have been exposed to rabid animals. This action increases funds available for drug supplies to \$280,466.				
50 Electronic Death Records System (1173)	\$106,587	R	\$138,531	R
Provides funds to develop and implement an Electronic Death Records System. This action increases the vital records automation budget from \$36,052 to \$510,639 in FY 2015-16 and from \$510,639 to \$1,506,083 in FY 2016-17.	\$368,000	NR	\$1,331,500	NR
	2.00		2.00	
51 Local Health Departments - Improve Birth Outcomes (13A1)	\$2,500,000	R	\$2,500,000	R
Provides funds for a competitive block grant process for county health departments to increase access to prenatal care and improve birth outcomes. This action increases funding for Maternal and Infant Health to \$52.8 million. (S.L. 2015-241, Sec. 12E.11)				

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	FY 15-16		FY 16-17	
52 Nurse Family Partnership Program (13A1)	\$900,000	R	\$900,000	R
Provides funds for home visiting services provided by the Nurse Family Partnership Program. Of the amount provided, \$225,000 shall be used to add new and expand existing programs serving rural areas in the western and eastern portions of the State. Total funds available for the program is \$1.4 million.				
53 Perinatal Quality Collaborative of North Carolina (PQCNC) (13A1)	\$465,000	NR	\$635,000	NR
Provides funds to sustain PQCNC while it transitions during the 2015-17 biennium to become fully receipt-supported effective July 1, 2017. This action maintains funding at \$808,172 in FY 2015-16 and \$835,000 in FY 2016-17.				
54 Newborn Screening (1174)	\$440,000	NR		
Provides funding for equipment and supply purchases needed to expand newborn screening to include severe combined immunodeficiency (SCID) as required by H.B. 698. This action increases funding for newborn screening to \$24.4 million in FY 2015-16. (H.B. 698; S.L. 2015-272)				
55 Poison Control Center Funds (1332)	\$1,000,000	R	\$1,000,000	R
Provides funding for the Carolinas Poison Center 24-hour telephone hotline. This action increases the Children's Health Services budget to \$268 million. (S.B. 437)				
56 High Risk Maternity Clinic (13A1)	\$375,000	R	\$375,000	R
Provides funds for the East Carolina University High Risk Maternity Clinic.				
<hr/>				
Total Legislative Changes	\$2,421,369	R	\$2,453,313	R
	(\$2,327,764)	NR	\$4,561,500	NR
Total Position Changes	2.00		2.00	
Revised Budget	\$141,377,220		\$148,298,428	
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Special Provisions

2015 Session: HB 97

Division: (5.0) Division of Public Health

Section: 12E.1

Title: FUNDS FOR SCHOOL NURSES

Summary Directs that funds appropriated for the School Nurse Initiative shall supplement, not supplant, other State or local funds for school nurses. Local Education Agencies shall maintain current level of effort and funding for school nurses. An allocation formula for the distribution of the funds is established.

Section: 12E.2

Title: AIDS DRUG ASSISTANCE PROGRAM (ADAP)

Summary Directs DHHS to work with the Department of Public Safety (DPS) to ensure that DPS expenditures for AIDS pharmaceuticals are included in the State matching funds required to draw down federal Ryan White funds.

Section: 12E.3

Title: COMMUNITY-FOCUSED ELIMINATING HEALTH DISPARITIES INITIATIVE

Summary Directs DHHS to award up to 12 grants, not to exceed \$300,000 each, to local health departments, hospitals, community and faith-based organizations, and the Community Care of North Carolina networks for initiatives to eliminate health disparities among minority populations. A report on the activities funded is required to be submitted to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by October 1, 2017.

Section: 12E.5

Title: INCREASE IN NORTH CAROLINA MEDICAL EXAMINER AUTOPSY FEE

Summary Amends G.S. 130A-389(a) to increase the autopsy fee from \$1,250 to \$2,800 per autopsy, effective October 1, 2015. Counties in which decedents resided shall pay \$1,750 per autopsy with the State paying the remaining balance of \$1,050. If the death occurred outside the decedent's county of residence, the State shall pay the full fee of \$2,800 per autopsy. (S.B.395)

Section: 12E.6

Title: INCREASE IN MEDICAL EXAMINER FEES

Summary Amends G.S. 130A-387 to increase the fee from \$100 to \$200 per filed death investigation report, effective October 1, 2015. (S.B.395)

Section: 12E.7

Title: INCREASE IN TRANSPORTATION RATE FOR DEATH INVESTIGATIONS AND AUTOPSIES

Summary Directs that the funds appropriated to the DHHS Office of the Chief Medical Examiner for transportation shall be used to increase the base contract rate paid to transport bodies for death investigations and autopsies to \$190 for the first 40 miles and then \$1.00 per mile after the first 40 miles.

Section: 12E.11

Title: **IMPROVE MATERNAL AND CHILD HEALTH/ESTABLISH COMPETITIVE GRANTS PROCESS**

Summary Establishes a competitive grants process for local health departments to improve maternal and child health.

Subsection (a) states the General Assembly's findings related to the status of maternal, infant, and early childhood health in North Carolina.

Subsection (b) designates the DHHS, Division of Public Health (DPH) as the lead agency responsible for 1) controlling all funding and contracts designed to improve birth outcomes, the overall status of children ages 1 through 5, and lower the State's infant mortality rates, 2) working with the University of North Carolina (UNC) Gillings School of Global Public Health to develop a statewide comprehensive maternal and child health plan, and 3) conducting a continuation review of all maternal and child health-related programs and activities designated under S.L. 2015-246, Sec. 6.20.

Subsection (c) establishes a competitive grant process to provide funds for local health departments to invest in evidence-based maternal and child health programs.

Subsection (d) requires DHHS to use \$2.5 million to establish the competitive grants process for local health departments.

Subsection (e) directs DPH to work with the UNC Gillings School of Global Public Health to establish an evaluation protocol for determining program effectiveness and future funding requirements.

Section: 12E.12

Title: **INCREASE FEE FOR NEWBORN SCREENING PROGRAM**

Summary Amends G.S. 130A-125(c) to increase the fee for newborn screening tests from \$19 to \$24, effective October 1, 2015. (S.L. 2015-272)

Section: 12E.13

Title: **LIMITATION ON USE OF STATE FUNDS FOR FAMILY PLANNING SERVICES, PREGNANCY PREVENTION ACTIVITIES, AND ADOLESCENT PARENTING PROGRAMS**

Summary Prohibits the allocation of State funds to renew or extend existing contracts or enter into new contracts for family planning services, pregnancy prevention activities, or adolescent parenting programs with any provider that performs abortions. This section clarifies that DHHS is not prevented from paying any State Health Plan or Medicaid provider for authorized services. (S.L. 2015-265)

Health and Human Services

GENERAL FUND

	FY 15-16		FY 16-17	
Recommended Base Budget	\$680,179,847		\$680,179,847	
Legislative Changes				
(6.0) Division of Mental Health, Developmental Disabilities, and Substance Abuse Services				
57 Personal Services Contracts (1110)	(\$243,886)	R	(\$243,886)	R
Reduces funding for personal services contracts. \$535,015 remains available for personal and miscellaneous contractual services in each year of the biennium.				
58 Alcohol and Drug Abuse Treatment Centers (ADATC) (156D, 156E, 156F)	(\$37,381,817)	R	(\$37,381,817)	R
Eliminates the General Fund appropriations and converts the State-operated ADATCs to 100% receipt-supported. (H.B. 119; S.L. 2015-241, Sec. 12F.12)				
59 Single Stream Funding (1422)				
Reduces single stream funding and replaces it with LME/MCO cash balance for both years of the biennium. (S.L. 2015-241, Sec. 12F.2)	(\$110,808,752)	NR	(\$152,850,133)	NR
60 Paramedicine/ER Diversion Pilot Projects (1464)				
Provides funds to pilot the use of emergency medical services (EMS) departments to assess and transport persons with a mental health or substance abuse crisis to a nonhospital setting such as a behavioral health urgent care center. The amount provided will expand the existing pilot from 1 to 14 sites and complete a study after 1 year. This action increases the pilot budget from \$60,000 to \$285,000. (H.B. 472; S.L. 2015-241, Sec. 12F.8)	\$225,000	NR		
61 New Broughton Hospital (1541, 1561)				
Provides funds for technology infrastructure, furniture, and equipment for the Broughton Hospital replacement facility scheduled to open in December 2016.	\$16,598,589	NR		
62 Inflationary Increases for State Facilities (14460)	\$2,819,802	R	\$3,158,730	R
Provides funds to offset inflationary increases in utilities, food, and other costs at the State-operated healthcare facilities. This action increases the total funds available for the facilities to \$897,841,574 in FY 2015-16 and \$898,180,502 in FY 2016-17.				
63 Three-way Psychiatric Beds (1464)				
Provides funds to increase the number of community hospital beds that may be purchased to provide psychiatric inpatient treatment services. This action increases funding 7% to \$40,583,394 and will increase the three-way contract capacity from 165 to 172 beds.	\$2,463,750	NR	\$2,463,750	NR

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	FY 15-16		FY 16-17	
64 START Teams (1445,1462)	\$1,544,000	R	\$1,544,000	R
Provides funds to expand Systematic, Therapeutic, Assessment, Resources, and Treatment Team (START) services to children and adolescents with intellectual or developmental disabilities and to add respite services for both children and adults. This action increases the total funds available for child and adult NC START services from \$2,437,207 to \$3,981,207.				
65 Substance Abuse Services Criminal Offenders - TASC (1463)	\$1,860,000	R	\$1,860,000	R
Provides funds to increase the number of Treatment Alternatives for Safer Communities (TASC) case managers who provide substance abuse assessment and referral services to criminal offenders who are maintained in the community instead of sentenced to prison or those who have been released from prison and are under supervision of a probation officer. This action will increase the TASC budget by 35% from \$5,362,122 to \$7,222,122.				
66 Crisis Bed Registry (1110)	\$134,000	R	\$134,000	R
Provides funds to develop and operate a psychiatric bed registry to provide real-time information on the number of child, adolescent, and adult beds available at each licensed inpatient facility in the State.	\$350,000	NR		
	2.00		2.00	
67 Substance & Alcohol Abuse Treatment Services (1442, 1463)	\$37,381,817	R	\$37,381,817	R
Provides funding to LME/MCOs to purchase inpatient alcohol and substance abuse treatment services from the State-operated ADATCs. This action increases the budget for LME/MCO alcohol and substance abuse treatment to \$77,692,211. (H.B. 119; S.L. 2015-241, Sec. 12F.12)				
68 Cross-Area Service Programs (1422)	\$800,000	R	\$1,600,000	R
Provides funding to support individuals with intellectual/developmental disabilities including residential living, day services, supported employment opportunities, and family support services. This action increases the single stream funding budget to \$330,828,240 in FY 2015-16 and to \$331,628,240 in FY 2016-17.				
69 Drug Overdose Medications (1463)	\$50,000	NR		
Provides funds to purchase opioid antagonists as defined in G.S. 90-106.2. This action increases funding for adult community substance abuse services to \$34,618,966. (S.B. 377; S.L. 2015-241, Sec. 12F.15)				
70 NC Controlled Substance Reporting System (1110)	\$15,000	R	\$15,000	R
Provides funding to strengthen controlled substance monitoring. This action increases the Services Support budget to \$14,116,956. (H.B. 165, S.B. 317; S.L. 2015-241, Sec. 12F.16)	\$95,070	NR		
Total Legislative Changes	\$6,928,916	R	\$8,067,844	R
	(\$91,026,343)	NR	(\$150,386,383)	NR
Total Position Changes	2.00		2.00	
Revised Budget	\$596,082,420		\$537,861,308	

Special Provisions

2015 Session: HB 97

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

Section: 12F.1

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

Summary Directs the use of \$40,583,394 in funds appropriated to the Division of Mental Health, Developmental Disabilities and Substance Abuse Services (DMH/DD/SAS) each year of the FY 2015-17 biennium to increase the number of community hospital beds available to Local Management Entities/Managed Care Organizations (LME/MCO) under the State administered three-way contracts. Authorizes the use of the funds for both new and existing beds. The funds are to be used only to purchase inpatient psychiatric services for individuals who are medically indigent. DHHS shall submit annual reports on the uniform system and other State-funded initiatives to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by December 1, 2016 and December 1, 2017.

Section: 12F.2

Title: **SINGLE STREAM FUNDING FOR MH/DD/SAS COMMUNITY SERVICES**

Summary Sets forth the requirements for the allocation of State single stream funding to the LME/MCO.

Subsection (a) directs DMH/DD/SAS to distribute 1/12th of each LME/MCO allocation at the beginning of each fiscal year.

Subsection (b) directs DHHS to reduce single stream funding to the LME/MCOs by \$110,808,752 nonrecurring in FY 2015-16 and by \$152,850,133 nonrecurring in FY 2016-17.

Subsection (c) directs DHHS to modify the monthly reporting requirement for LME/MCOs to include revenues and expenditures for State single stream funds.

Subsection (d) authorizes the Division of Medical Assistance to transfer \$30 million each year of the biennium to DMH/DD/SAS to offset the single stream reduction, if OSBM certifies a Medicaid budget surplus.

Subsection (e) directs DHHS to develop annual maintenance of effort (MOE) spending requirements, which must be maintained for all mental health and substance abuse services using non-federal, State appropriations.

Section: 12F.3

Title: **FUNDS FOR THE NORTH CAROLINA CHILD TREATMENT PROGRAM**

Summary Directs the use of funds appropriated for the FY 2015-17 biennium for the NC Child Treatment Program for clinical training on evidence-based mental health treatment for children. DHHS shall develop a secure, online database to provide individual and aggregate-level data. All data, including data entered or stored in the database, is and shall remain State property.

Section: 12F.6

Title: **TRAUMATIC BRAIN INJURY FUNDING**

Summary Directs that \$2.4 million of the funds appropriated to DMH/DD/SAS be used exclusively for services and assistance to individuals with traumatic brain injury.

Section: 12F.7

Title: **DOROTHEA DIX HOSPITAL PROPERTY FUND AND PLAN FOR USE OF FUNDS**

Summary Amends G.S. 143C-9-2 to establish the Dorothea Dix Hospital Property Fund to receive the proceeds from the sale of the Dorothea Dix Hospital property. The proceeds may be allocated or expended only upon appropriation by the General Assembly. DHHS shall submit a plan for using up to \$25 million of the receipts to establish 150 new inpatient behavioral health beds around the State to be named in honor of Dorothea Dix. DHHS shall submit recommendations to increase community-based, behavioral health treatment and services. The plan and recommendations shall be submitted to the Joint Legislative Oversight Committee on Health and Human Services no later than April 1, 2016. (H.B. 923, S.B. 705)

Section: 12F.8

Title: **COMMUNITY PARAMEDIC MOBILE CRISIS MANAGEMENT PILOT PROGRAM**

Summary Directs the use of \$225,000 provided to implement 13 community paramedic mobile crisis pilot sites around the State in FY 2015-16. DHHS shall develop a plan to evaluate the pilot program and submit a report to the House and Senate Appropriations on Health and Human Services Committees and the Fiscal Research Division by June 1, 2016.

Section: 12F.10

Title: **JOINT STUDY OF JUSTICE AND PUBLIC SAFETY AND BEHAVIORAL HEALTH**

Summary Directs the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Oversight Committee on Justice and Public Safety to each appoint a subcommittee to study the intersection of justice and public safety and behavioral health. The subcommittees shall meet jointly to study and report their findings and recommendations to their respective committees.

Section: 12F.12

Title: **LME/MCO USE OF FUNDS TO PURCHASE INPATIENT ALCOHOL AND SUBSTANCE ABUSE SERVICES**

Summary Eliminates the General Fund appropriation for the Alcohol and Drug Abuse Treatment Centers (ADATCs) and transitions them to 100% receipt-supported over the next ten years. The State appropriation is re-directed on a phased-in basis over the next 10 years to the LME/MCOs to purchase inpatient alcohol and substance abuse services. By March 1, 2016, DHHS shall develop and report to the Joint Legislative Health and Human Services Oversight Committee and the Fiscal Research Division a plan to fully convert the ADATCs to receipt-support. The report shall also include an evaluation of alternative community-based and residential services that could be provided by the ADATCs, and potential funding sources. (H.B. 119)

Section: 12F.14

Title: **REPORT ON MULTIPLICATIVE AUDITING AND MONITORING OF CERTAIN SERVICE PROVIDERS**

Summary Directs DHHS to report no later than December 1, 2015 to the Joint Legislative Health and Human Services Oversight Committee and the Fiscal Research Division on the status of multiplicative auditing and monitoring of all MH/DD/SAS provider agencies accredited through a recognized national accrediting body.

Section: 12F.15

Title: **FUNDS FOR DRUG OVERDOSE MEDICATIONS**

Summary Directs the use of \$50,000 nonrecurring in FY 2015-16 appropriated to purchase opioid antagonists medications for persons at risk of experiencing an opioid drug overdose. \$25,000 shall be used to purchase opioid antagonists to be distributed for free to an incorporated, nonprofit organization in the State that provides services to at-risk individuals or to their friends and family members. The remaining \$25,000 shall be used to purchase medications to be distributed free of charge to North Carolina law enforcement agencies. The funds shall be adjusted or eliminated if DHHS obtains grants or other receipts for this purpose and unused funds shall revert to the General Fund. (S.B. 377)

Section: 12F.16.(a)

Title: **STATEWIDE OPIOID PRESCRIBING GUIDELINES**

Summary Requires DHHS, the Department of Public Safety, and other specified health care provider licensing boards to adopt the NC Medical Board's policy for the Use of Opiates for the Treatment of Pain. (H.B.165, S.B. 317)

Section: 12F.16.(b)

Title: **CONTINUING EDUCATION REQUIREMENTS**

Summary Requires providers who are licensed by the Board of Dental Examiners, Board of Nursing, Board of Podiatry Examiners, and Medical Board and who prescribe controlled substances to complete 1 hour of continuing education on the abuse of controlled substances. (H.B.165, S.B. 317)

Section: 12F.16.(d)

Title: **IMPROVE CONTROLLED SUBSTANCES REPORTING SYSTEM ACCESS AND UTILIZATION**

Summary Amends G.S. 90-113.74 to require that data within the North Carolina Controlled Substances Reporting System (CSRS), which contains information on controlled substance prescriptions, be accessible to federal law enforcement and the North Carolina Health Information Exchange (NC HIE). (H.B.165, S.B. 317)

Section: 12F.16.(f)

Title: **IMPROVED CONTROLLED SUBSTANCES REPORTING SYSTEM CONTRACT**

Summary Requires DHHS to modify the Controlled Substances Reporting System contract in order to improve performance, establish user access controls, establish data security protocols, and ensure availability of data for advanced analytics. Specifically, the contract shall be modified to (1) include a connection to the Health Information Exchange Network, (2) establish interstate connectivity, and (3) include data security protocols.

Subsection (g) directs DHHS to complete the contract modifications by December 31, 2015. A progress report is due to the Joint Legislative Program Evaluation Oversight Committee and the Joint Oversight Committee on Health and Human Services by November 15, 2015.

Subsection (h) directs DHHS to apply for grant funding from the National Association of Boards of Pharmacy to establish the connection to the PMP InterConnect.

Subsection (i) appropriates \$15,000 recurring and \$95,070 nonrecurring in FY 2015-16 for the Controlled Substances Reporting System contract.

(H.B.165, S.B. 317)

Section: 12F.16.(l)

Title: **MEDICAID LOCK-IN PROGRAM**

Summary Requires the Division of Medical Assistance to modify the existing Medicaid lock-in program to improve its effectiveness and efficiency. (H.B.165, S.B. 317)

Section: 12F.16.(m)

Title: **STATEWIDE STRATEGIC PLAN**

Summary Creates the Prescription Drug Abuse Advisory Committee. The Committee shall develop a statewide strategic plan to combat prescription drug abuse and monitor the implementation of the plan. (H.B.165, S.B. 317)

Section: 12F.16.(r)

Title: **EFFECTIVE DATE**

Summary Directs that Sec. 12F.16.(a) subdivision (1) of this act becomes effective upon the establishment of the Health Information Exchange Network. The remaining Sec. 12F.16 subdivisions become effective when H.B.97 becomes law. (H.B.165, S.B. 317)

Section: 12F.17

Title: **ELIMINATE PUBLICATION/ACCESS NORTH CAROLINA TRAVEL GUIDE**

Summary Repeals G.S. 168-2, which establishes the right of persons with disabilities to have full and free use of all public facilities, and requires DHHS to develop, print, promote, and make copies of the ACCESS NORTH CAROLINA travel guide publication.

(S.L. 2015-264, Sec. 87, Technical Corrections, repeals Sec.12F.17 and amends G.S. 168-2 to eliminate the requirement that DHHS develop, print, and promote the ACCESS NORTH CAROLINA travel guide and provide copies to the NC Department of Commerce.)

2015 Session: HB 259

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

Section: 4.4

Title: **TECHNICAL CHANGE: MEDICAID LOCK-IN PROGRAM**

Summary Amends S. L. 2015-241, Sec. 12F.16.(l) by changing a reporting date from September 30, 2015 to September 30, 2016.

Section: 4.8

Title: **LME/MCO SINGLE STREAM FUNDING**

Summary Amends S.L. 2015-241, Sec. 12F.2(b) to add language clarifying that the section cannot be construed to require LME/MCOs to maintain funding of services for individual persons or providers at FY 2014-15 level. Additionally, it is clarified that Sec. 12F.2(b) cannot be construed to create a private right of action for any person or entity against the State, DHHS, or any of its divisions, agents, or contractors.

2015 Session: SB 119

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

Section: 87.(a)

Title: **TECHNICAL CHANGE: REPEAL S.L. 2015-241, SEC. 12F.17 ELIMINATE PUBLICATION/ACCESS NC TRAVEL GUIDE**

Summary Reinstates G.S. 168-2 which was erroneously repealed by S.L. 2015-241, Section 12F.17. G.S. 168-2 establishes the right of persons with disabilities to have full and free use of all public facilities, and requires the Department of Health and Human Services to develop, print, and promote the ACCESS NORTH CAROLINA travel guide publication.

Section: 87.(b)

Title: **TECHNICAL CHANGE: ELIMINATE ACCESS NC TRAVEL GUIDE**

Summary Amends G.S. 168-2 to eliminate the requirement that DHHS develop, print, promote and make copies of the ACCESS NORTH CAROLINA travel guide. See Sec. 87.(a) above.

2015 Annotated Conference Committee Report

Health and Human Services

GENERAL FUND

	FY 15-16		FY 16-17	
Recommended Base Budget	\$37,752,132		\$37,752,132	
Legislative Changes				
(7.0) Division of Vocational Rehabilitation				
71 Access North Carolina Travel Program	\$0	R	\$0	R
Eliminates the Access NC Travel Guide due to the loss of Highway Fund receipts earmarked for this purpose. One position is eliminated:				
60054404, Communications Project Manager, \$41,729				
(S.L. 2015-241, Sec. 12F.17)				
(S.L. 2015-264, Sec. 87.(a), Technical Corrections, repeals this S.L. 2015-241, Sec. 12F.71. S.L. 2015-264, Sec. 87.(b) amends G.S. 168-2 to eliminate the requirement that DHHS develop, print, and promote and make copies of the ACCESS NORTH CAROLINA travel guide.)				
Total Legislative Changes	\$0	R	\$0	R
Total Position Changes				
Revised Budget	\$37,752,132		\$37,752,132	

2015 Annotated Conference Committee Report

Health and Human Services

GENERAL FUND			
	FY 15-16		FY 16-17
Recommended Base Budget	\$16,022,641		\$16,022,641
Legislative Changes			
(8.0) Division of Health Service Regulation			
72 Overnight Respite (1101)	\$82,606	R	\$88,033 R
Increases funding for staffing cost for a new nursing consultant and an engineer/architect tech for new Medicaid waiver and Home and Community Care Block Grant services. The positions will perform initial and renewal inspections of Adult Care Homes and Adult Day Health Facilities and oversight of construction of facilities for overnight respite services. These positions are partially supported by initial and renewal certification fees and other receipts. (H.B. 910; S.L. 2015-241, Sec. 12G.3)	2.00		2.00
Total Legislative Changes	\$82,606	R	\$88,033 R
Total Position Changes	2.00		2.00
Revised Budget	\$16,105,247		\$16,110,674

Special Provisions

2015 Session: HB 97

Division: (8.0) Division of Health Service Regulation

Section: 12G.2

Title: MORATORIUM ON SPECIAL CARE UNIT LICENSES

Summary Amends S.L. 2013-360, Section 12G.1(a) to extend the moratorium on the issuance new special care licenses to June 30, 2017, except under circumstances defined in this Section. The section also requires DHHS to report to the JLOC on HHS by March 1, 2016 on special care units in North Carolina.

Section: 12G.3

Title: LICENSURE OF OVERNIGHT RESPITE FACILITIES

Summary Amends G.S. 131D-6.1 to add a new section authorizing the licensure of overnight respite facilities. Directs DHHS to adopt rules for the annual licensing of adult day and adult day health facilities by the Medicaid Care Commission as respite care facilities.

The section limits the provision of overnight respite services to no more than 14 consecutive calendars and not more than 60 days in a 365 day period. The section defines the minimum requirements to ensure health and safety of overnight respite recipients.

The section requires that each facility licensed to periodically report to DHHS on number of recipients served and the average daily census on a schedule to be determined by DHHS.

The section establishes fees to be imposed for the review of residential construction projects.
(H.B. 910)

2015 Annotated Conference Committee Report

Health and Human Services

		GENERAL FUND	
		FY 15-16	FY 16-17
Recommended Base Budget		\$3,532,548,786	\$3,532,548,784
Legislative Changes			
(9.0) Division of Medical Assistance			
73 Personal Services Contracts (1101)	(\$425,447) R	(\$850,895) R	
Reduces funding for personal services contracts effective 1/1/16. This leaves over \$3 million in the Medicaid budget for this and similar spending.			
74 NCTRACKS Certification	(\$8,940,545) R (\$19,600,000) NR	(\$8,566,737) R	R
Increases federal receipts for the Medicaid program for claims adjudication and other functions contracted through Computer Sciences Corporation (CSC) effective 7/1/15 due to federal certification of the system. The NCTRACKS system was certified in April 2015, allowing the Federal Medical Assistance Percentage to increase from 50% to 75% on a recurring basis. This item includes the nonrecurring impact of recovering the difference in Federal Medical Assistance Percentage (FMAP) paid from 7/1/13 for NCTRACKS prior to system certification by Centers for Medicare and Medicaid Services (CMS).			
75 NCTRACKS-System Savings (1102)	(\$4,775,749) R	(\$4,775,749) R	R
Decreases funding based on anticipated savings associated with the replacement of Medicaid's claims processing system. Over \$60 million remains in the DHHS budget for this purpose.			
76 Mobile Dental Screenings and Assessments (1310)	(\$255,900) R	(\$511,800) R	R
Eliminates gaps in services created by mobile dental screenings and assessments in both public schools and long-term care settings where no referral for subsequent treatment by a qualified Medicaid provider follows screening and assessment service effective 1/1/16. This represents a .4% reduction in provider payments and will leave over \$350 million in budgeted payments for dental providers. (S.L. 2015-241, Sec. 12H.21)			
77 Pharmacy Dispensing Fees (1310)	(\$3,700,000) R	(\$8,200,000) R	R
Reduces funding for dispensing prescribed drugs. The Department shall use a survey of pharmacies to determine the average cost of dispensing Medicaid prescriptions and increase the weighted average dispensing fee to no more than \$12.40 effective 1/1/16 to ensure the cost of filling Medicaid prescriptions is covered based on the survey. The Department will maintain a higher dispensing fee for generic and preferred drugs than for brand and non-preferred drugs. This represents a 1.4% reduction in provider payments and leaves over \$1.5 billion for payment of prescription drugs. (S.L. 2015-241, Sec. 12H.19)			

2015 Annotated Conference Committee Report

FY 15-16

FY 16-17

78 LME/MCO Intergovernmental Transfers

Recognizes LME/MCO intergovernmental transfer (IGT) of \$17,236,985 in both years of the biennium on a nonrecurring basis to fund a portion of the State's Medicaid spending for behavioral health services. (S.L. 2015-241, Sec. 12H.8)

(\$17,236,985) NR (\$17,236,985) NR

79 Hospital Inpatient Base Rates - GME (1310, 1320, 1337)

Discontinues the Graduate Medical Education (GME) add-on to inpatient hospital base rates effective 1/1/16. The GME cost will continue to be included in all calculations under the Medicaid Reimbursement Initiative (MRI) and Hospital GAP equity and upper payment limit (UPL) supplemental plans for determining payments and related intergovernmental transfers and provider assessments. This will leave over \$850 million in Medicaid claims for inpatient hospital services and increases the budget for supplemental payment to over \$900 million for inpatient hospitals. (S.L. 2015-14, Sec. 12H.23)

(\$12,748,795) R (\$31,127,204) R

80 Traumatic Brain Injury Waiver (1101, 1102, 1310)

Increases funding for a new service package for Traumatic Brain Injury under a waiver in North Carolina effective 1/1/16. Cost include both service expenditures and administrative costs. (S.L. 2015-241, Sec. 12H.6)

\$1,000,000 R \$2,000,000 R

81 Immunizing Pharmacists (1102)

Provides funding for programming NCTRACTS to allow pharmacists to be added as an individual provider for reimbursement for vaccinations. (S.L. 2015-241, Sec. 12H.5)

\$500,000 NR

82 Medicaid Reform (1101, 1102)

Provides funding for planning and reform of the Medicaid program to shift utilization risk from the State under a capitated model. (S.L.2015-245)

\$5,000,000 R \$5,000,000 R

83 Reinstatement Cost Settlement Per 1993 Agreement (1310, 1320)

Increases outpatient cost settlement for Vidant Medical Center to 100% of allowable costs. (S.L. 2015-241, Sec. 12H.17)

\$3,400,000 R \$3,400,000 R

84 Private Duty Nursing Rates (1310)

Increases rates for private duty nursing services (PDN) by 10% effective 1/1/16. (S.L. 2015-241, Sec. 12H.22)

\$1,182,615 R \$2,564,747 R

85 Medicaid Rebase (1310, 1311, 1320, 1331)

Provides funds for enrollment and utilization growth for the Medicaid program.

\$299,358,485 R \$496,326,936 R

86 State Children's Health Insurance Program Federal Rate (1101, 1102, 1310)

Reduces funding on a nonrecurring basis for SCHIP/Health Choice due to a nonrecurring increase in FMAP for 2 years.

(\$38,731,522) NR (\$54,333,825) NR

2015 Annotated Conference Committee Report

FY 15-16

FY 16-17

Total Legislative Changes	\$279,094,664	R	\$455,259,298	R
	(\$75,068,507)	NR	(\$71,570,810)	NR
Total Position Changes				
Revised Budget	\$3,736,574,943		\$3,916,237,272	

Special Provisions

2015 Session: HB 97

Division: (9.0) Division of Medical Assistance

Section: 12H.1

Title: **REINSTATE MEDICAID ANNUAL REPORT**

Summary Directs DHHS to reinstate the Medicaid Annual Report discontinued after 2008. The report is to be published on the website by June 1, 2016.

Section: 12H.2

Title: **MEDICAID ELIGIBILITY**

Summary Sets authorized categories of eligibility and income standards for Medicaid eligibility.

Section: 12H.3

Title: **LME/MCO OUT-OF-NETWORK AGREEMENTS**

Summary Directs DHHS to ensure that all LME/MCO agreements contain standardized elements for out-of-network services. The out-of-network agreements shall streamline agreements between single providers and an LME/MCO to ensure access to care in accordance with 42CFR 438.206 (b)(4), reduce administrative burden, and comply with State and federal regulations. Out-of-network agreements shall be effective 11/1/15, based on meeting conditions outlined in Section 12H.3.

Section: 12H.4

Title: **PROVIDER APPLICATION AND RECREDENTIALING FEE**

Summary Directs DHHS to reaffirm the frequency of fee charged to providers being credentialed as a participating provider every three years.

(S.L. 2015-264, Section 87.5, amends S.L. 2015-241, Section 12H.4 to modify the frequency of recredentialing for Medicaid providers to every five years rather than every three years.)

Section: 12H.5

Title: **REIMBURSEMENT FOR IMMUNIZING PHARMACIST SERVICES**

Summary Directs DHHS to modify reimbursement policies to include payment to pharmacies for the administration of covered vaccinations and immunizations to Medicaid and NC Health Choice enrollees.

Section: 12H.6

Title: **TRAUMATIC BRAIN INJURY MEDICAID WAIVER**

Summary Directs DHHS to submit a waiver application to the federal Centers of Medicare and Medicaid Services (CMS) to establish services for individuals affected by a traumatic brain injury.

Section: 12H.6A

Title: **STUDY MEDICAID COVERAGE FOR VISUAL AIDS**

Summary Directs DHHS, in consultation with the Department of Public Safety, to submit a report by March 1, 2016 analyzing the impact of reinstating Medicaid coverage of visual aids for adults through a contract with the Department of Public Safety.

Section: 12H.7

Title: **ASSESSMENTS**

Summary Amends G.S. 108A.122(b) to clarify the definition of allowable Medicaid cost to exclude provider assessments paid.

Section: 12H.8

Title: **LME/MCO INTERGOVERNMENTAL TRANSFERS**

Summary Requires Local Management Entities/Managed Care Organizations (LME/MCO) to make intergovernmental transfers in the amount of \$17,236,985 in each year of the FY 2015-17 biennium. The transfers approximate the State's share of risk payments made as part of the monthly capitation payments by DHHS to LME/MCO's.

Section: 12H.9

Title: **ADMINISTRATIVE HEARINGS FUNDING**

Summary Maintains the annual transfer of funds from DHHS to the Office of Administrative Hearings to fund the cost of Medicaid applicant and recipient appeals.

Section: 12H.10

Title: **ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE**

Summary Establishes the amount to be accounted for as nontax revenue each year of the FY 2015-17 biennium from DHHS revenues and deposited with the Department of State Treasurer.

Section: 12H.11

Title: **MEDICAID SPECIAL FUND TRANSFER**

Summary Establishes the amount from funds transferred to DHHS pursuant to G.S. 143C-9-1 that will be appropriated to the Medicaid Special Fund annually during the biennium.

Section: 12H.12

Title: **MISCELLANEOUS MEDICAID PROVISIONS**

Summary Continues miscellaneous Medicaid provisions.

Subsection (a) authorizes DHHS to contract for services, medical equipment, supplies and appliances by implementing volume purchase plans, single source procurement and other processes to improve cost containment.

Subsection (b) authorizes DHHS to undertake cost containment programs, including contracting, preadmissions and prior authorizations for certain outpatient surgeries before they are performed in an inpatient setting.

Subsection (c) directs the DHHS to issue Medicaid identification cards annually.

Section: 12H.17

Title: **REINSTATE COST SETTLEMENT PURSUANT TO 1993 STATE AGREEMENT**

Summary Reinstates cost settlement to 100% of allowable Medicaid cost for outpatient services performed by Vidant Medical Center.

(S.L. 2015-268, Section 4.7, changes the effective date for Vidant Medical Center's cost settlement from July 1, 2015 to October 1, 2015)

Section: 12H.18

Title: **COVERED SERVICES AND PAYMENT FOR SERVICES**

Summary Establishes that all reimbursement rates and fees and copays in effect at June 30, 2015, unless otherwise modified in this act or another act, shall remain in force.

Section: 12H.19

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

Summary Directs DHHS to adopt an average acquisition cost methodology for brand and generic drugs by January 1, 2016 and to raise the average dispensing fee to the weighted average cost of dispensing up to \$12.40 per prescription. DHHS shall maintain a differential in dispensing fees for brand/nonpreferred versus generic/preferred drugs.

Section: 12H.20

Title: **MEDICAID DENTAL SERVICE COST SETTLEMENT**

Summary Directs DHHS to submit a State plan amendment to CMS to adopt a single payment methodology that is the same for all State operated dental schools.

Section: 12H.21

Title: **MOBILE DENTAL PROVIDER ENROLLMENT**

Summary Directs DHHS to establish that all providers seeking Medicaid enrollment to provide mobile dental services must demonstrate proof of the existence of a contractual affiliation with a nonmobile dental practice.

Section: 12H.22

Title: **INCREASE RATES FOR PRIVATE DUTY NURSING**

Summary Directs DHHS to increase rates for private duty nursing services by 10% effective January 1, 2016.

Section: 12H.23

Title: **RESTRICTING GRADUATE MEDICAL EDUCATION PAYMENTS**

Summary Directs DHHS to eliminate the graduate medical education add-on to the hospital inpatient claims payments.

Subsection (a) eliminates the claims payment add-on to inpatient hospital rates for graduate medical education (GME).

The elimination of the GME add-on shall be effective upon approval by CMS. DHHS shall be exempt from the 90 day prior submission requirement in G.S. 108A-54.1A for submission of a State Plan Amendment.

Subsection (d) directs DHHS to submit a report to the Joint Legislative Oversight Committee on Health and Human Services by March 1, 2016 on options for alternative funding to replace GME reimbursement eliminated in this section.

(S.L. 2015-264, Section 88 Amends S.L. 2015-241, Section 23H.23(a) to confirm that graduate medical education costs will be considered as an allowable Medicaid cost and considered in the calculation of all supplemental payments made as part of cost settlement, the Medicaid Reimbursement Initiative plan and upper payment limit models.)

Section: 12H.25

Title: **MEDICAID TRANSFORMATION ENACTMENT CONTINGENCY**

Summary Directs DHHS to take certain actions if H.B. 372 is not ratified prior to March 1, 2016. (H.B. 372 was ratified on 9/22/2015 and became S.L. 2015-245)

Section: 12H.27

Title: **BLOOD GLUCOSE TESTING EQUIPMENT AND SUPPLIES**

Summary Authorizes DHHS to use any reimbursement methodology to provide Medicaid coverage for blood glucose testing supplies and equipment as long as it does not exceed \$1,933,357 in FY 2015-16 and \$2,020,974 in FY 2016-17.

Section: 12H.28

Title: **MEDICAID CONTINGENCY RESERVE**

Summary Sets forth the conditions under which the Contingency Reserve may be used to cover budget shortfalls.

Section: 12H.29

Title: **MEDICAID TRANSFORMATION FUND**

Summary Establishes a special fund in OSBM to provide funds for the transformation of Medicaid from a fee-for-service payment system to a capitated payment system.

2015 Session: HB 259

Division: (9.0) Division of Medical Assistance

Section: 4.7

Title: **BUDGET CHANGE: COST SETTLEMENT**

Summary Amends S.L. 2015-241, Section 12H.17 to change the effective date for Vidant Medical Center's cost settlement from July 1, 2015 to October 1, 2015.

2015 Session: SB 119

Division: (9.0) Division of Medical Assistance

Section: 87.5

Title: **TECHNICAL CHANGE: PROVIDER CREDENTIALING FEE**

Summary Amends S.L. 2015-241, Sec. 12H.4 to modify the frequency of re-credentialing for Medicaid providers to every five years rather than every three years.

Section: 88

Title: **TECHNICAL CHANGE: GRADUATE MEDICAL EDUCATION COSTS**

Summary Amends S.L. 2015-241, Sec. 12H.23(a) to clarify that graduate medical education costs will be included as an allowable Medicaid cost and considered in the calculation of all supplemental payments made as part of cost settlement, the Medicaid Reimbursement Initiative plan and upper payment limit models.

Section: 89

Title: **TECHNICAL CHANGE: AMEND LOCAL HEALTH DEPARTMENT COST SETTLEMENT**

Summary Amends S.L. 2015-241 to add a new Section 12H.30 directing the Department of Health and Human Resources to submit a state plan amendment to modify cost settlement for local health departments to ensure settlement payments include the maximum federal reimbursement consistent with Medicare reimbursement principles.

2015 Annotated Conference Committee Report

Health and Human Services

		GENERAL FUND	
		FY 15-16	FY 16-17
Recommended Base Budget		\$41,874,629	\$41,874,629
Legislative Changes			
(10.0) NC Health Choice			
87 SCHIP FMAP Rate			
Budgets an increase in the Federal Medical Assistance Percentage (FMAP). North Carolina's FMAP is increasing by 23 percentage points effective October 1, 2015. Overall spending is not impacted by the budgeting of these increased receipts.		(\$34,841,237) NR	(\$47,358,284) NR
88 Health Choice Rebase			
Funds the anticipated growth in the Health Choice program. Projects enrollment growth at 2.3% for FY 2015-16 and 1.1% for FY 2016-17. Funds are also provided for increased utilization and claims. Increases total availability in FY 2015-16 by 14.2% to \$199.2 million. Increases total availability in FY 2016-17 by 16.2% to \$202.8 million.		\$5,522,950 R	\$6,230,413 R
Total Legislative Changes		\$5,522,950 R (\$34,841,237) NR	\$6,230,413 R (\$47,358,284) NR
Total Position Changes			
Revised Budget		\$12,556,342	\$746,758

Special Provisions

2015 Session: HB 97

Division: (10.0) NC Health Choice

Section: 12H.14

Title: **MISCELLANEOUS HEALTH CHOICE PROVISIONS**

Summary Repeals subsections (g) and (h) of G.S. 108A-70.21.

Amends G.S. 108A-70.21(i) permitting benefits provided to an enrollee to be subject to lifetime maximum limits set forth in Medicaid and NC Health Choice medical coverage policies.

Section: 12H.26

Title: **NC HEALTH CHOICE COST SETTLEMENT**

Summary Requires, effective October 1, 2015, that hospital outpatient services covered by NC Health Choice to be cost settled at 70% of allowable costs using the same methodology used for Medicaid.

2015 Annotated Conference Committee Report

Health and Human Services

GENERAL FUND

	FY 15-16		FY 16-17	
Recommended Base Budget	\$8,107,457		\$8,107,457	
Legislative Changes				
(11.0) Division of Services for the Blind and Services for the Deaf and Hard of Hearing				
89 Personal Services Contract (1110)	(\$9,250)	R	(\$9,250)	R
Reduces funding for personal services contracts. \$65,750 remains available to fund contractual services.				
90 Accessible Electronic Information for the Blind (1110)	\$75,000	R	\$75,000	R
Provides funding for the National Federation for the Blind Newsline, an electronic reading service for the blind.				
Total Legislative Changes	\$65,750	R	\$65,750	R
Total Position Changes				
Revised Budget	\$8,173,207		\$8,173,207	

Agriculture and Natural and Economic Resources Section H

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Special Provisions

2015 Session: HB 97

Committee: Agriculture and Natural and Economic Resources

Section: 15.24

Title: CREATE JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON AGRICULTURE AND NATURAL AND ECONOMIC RESOURCES

Summary Creates a 12-member committee, overseeing the functioning of Agriculture and Natural and Economic Resources entities, including the Department of Agriculture and Consumer Services (DACS), Department of Labor (Labor), Department of Environmental Quality (DEQ), Department of Commerce (Commerce), the Wildlife Resources Commission (WRC), and the Department of Natural and Cultural Resources (DNCR). Members consist of:

- Six members appointed by the President Pro Tempore, at least three of whom are members of the Senate Appropriations Committee on Natural and Economic Resources; and
- Six members appointed by the Speaker, at least three of whom are members of the House Appropriations Committee on Agriculture and Natural and Economic Resources.

2015 Annotated Conference Committee Report

Agriculture and Consumer Services

GENERAL FUND

	FY 15-16		FY 16-17	
Recommended Base Budget	\$113,940,604		\$113,940,604	
Legislative Changes				
Reserve for Salaries and Benefits				
1 Compensation Reserve				
Provides funds for a \$750 one-time bonus for State employees. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes. (S.L. 2015-241, Sec. 30.1, 30.2, 30.9, 30.10, and 30.18A)	\$1,079,128	NR		
2 State Retirement Contributions	\$66,121	R	\$66,121	R
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund increased retiree medical premiums. Total General Fund appropriation across all sections in the committee report is \$11.0 million in FY 2015-16 and FY 2016-17. (S.L. 2015-241, Sec. 30.20)				
3 State Health Plan	\$122,820	R	\$122,820	R
Provides additional funding to continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium. (S.L. 2015-241, Sec. 30.20)				
Administration				
4 Indirect Cost Receipts (1991)	(\$2,772)	R	(\$2,772)	R
Reduces requirements from fund code 1991 to match budgeted indirect cost receipts.				
Food & Drug				
5 Registration Fee Receipts (1100)	(\$450,000)	R	(\$450,000)	R
Budgets additional receipts generated by increasing annual registration fees for drug manufacturers, repackagers, and distributors. Annual registration fees for drug manufacturers or repackagers are increased from \$500 to \$1,000. Annual registration fees for drug wholesalers are increased from \$350 to \$700. Fees were last increased in 1988. (S.L. 2015-241, Sec. 13.4)				
6 License Fee Receipts (1100)	(\$100,000)	R	(\$100,000)	R
Budgets additional receipts generated by increasing annual licensing fees for wholesale drug distributors. Annual licensing fees for drug manufacturers are increased from \$500 to \$1,000. Annual licensing fees for non-manufacturers are increased from \$350 to \$700. Fees were last increased in 1988. (S.L. 2015-241, Sec. 13.4)				

2015 Annotated Conference Committee Report

FY 15-16

FY 16-17

7 Dairy Inspection Fee Receipts (1100)

(\$17,500)

R

(\$35,000)

R

Budgets additional receipts generated by increasing annual inspection fees for dairy retailers and wholesalers. Annual inspection fees for dairy retailers are increased from \$10 to \$50. Annual inspection fees for dairy wholesalers are increased from \$40 to \$100. Fees were last increased in 1989. (S.L. 2015-241, Sec. 13.5)

8 Food & Drug Receipts (1070)

(\$250,000)

R

(\$250,000)

R

Budgets \$250,000 in receipts previously transferred to support the Spay and Neuter program.

9 Food Safety Modernization Act Education (FSMA) (1100)

\$140,000

R

\$280,000

R

Provides funding to the Food & Drug Division on a recurring basis to increase awareness of federal FSMA food safety regulations.

4.00

4.00

10 Operating Support (1100)

Provides additional nonrecurring funding to the Food and Drug Division.

\$550,000

NR

Food Distribution

11 Diesel Fuel (1210)

\$50,000

R

\$50,000

R

Provides additional funding for the Division's increased fuel requirements. Total annual funding provided to the Division for diesel fuel is \$205,330.

Forest Service

12 Forestry Management Plan Fee Receipts (1510)

\$400,000

R

\$400,000

R

Reduces the budgeted fee receipts from forestry management plans.

Plant Industry

13 Plant Industry Fee Receipts (1180)

(\$125,000)

R

(\$125,000)

R

Budgets \$125,000 in fee receipts to more closely align with actual collections.

Research Stations

14 Bioenergy Development (1190)

(\$500,000)

NR

Budgets \$500,000 in Tennessee Valley Authority (TVA) Settlement receipts to replace existing funding to the Bioenergy Development program in FY 2015-16. Total funds available for the grant program remain at \$1,278,652. (S.L. 2015-241, Sec. 13.2)

Reserves & Transfers**15 Tobacco Trust Fund Program Expansion (1990)**

Provides nonrecurring funding to the Tobacco Trust Fund over the biennium to expand the grant program. Total funding for the program is approximately \$2.5 million in FY 2015-16 and \$3 million in FY 2016-17. (S.L. 2015-241, Sec. 13.12)

\$559,133 NR \$1,000,000 NR

16 Duplin County Events Center (1990)

Provides nonrecurring funding to support the Duplin County Events Center.

\$100,000 NR

17 Military Buffers (1990)

Provides additional recurring funds to the Agricultural Development and Farmland Preservation Trust Fund (ADFPTF) for the purpose of acquiring buffers around military bases. Total annual funding provided to the ADFPTF is \$2,608,376.

\$1,000,000 R \$1,000,000 R

18 FFA Foundation (1990)

Provides additional recurring funding to support the FFA program. Total annual funds supporting the program are \$100,000.

\$60,000 R \$60,000 R

Soil & Water Conservation**19 Agriculture Cost Share (ACS) Program (1611)**

Budgets \$500,000 in TVA Settlement receipts to replace existing funding to the ACS program in FY 2015-16. Total funding provided to the program in FY 2015-16 is approximately \$6.6 million. (S.L. 2015-241, Sec. 13.2)

(\$500,000) NR

20 Conservation Reserve Enhancement Program (CREP) (1611)

Budgets receipts transferred from the CREP special fund (23704-2711) cash balance in FY 2015-16. (S.L. 2015-241, Sec. 13.8)

(\$531,160) NR

21 Operating Funds (1611)

Budgets receipts transferred from the Swine Waste special fund (23704-2730).

(\$275,399) NR

22 Agricultural Water Resources Assistance Program (AgWRAP) (1611)

Provides additional recurring funding to the AgWRAP program. Annual funding for the program totals \$977,500.

\$500,000 R \$500,000 R

Structural Pest Control & Pesticides**23 Pesticide Fee Receipts (1090)**

Budgets an additional \$150,000 in receipts from pesticide registration and licensing fees to more closely align with actual collections.

(\$150,000) R (\$150,000) R

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FY 15-16

FY 16-17

Veterinary Services

24 Animal Shelter Support Program (1130)

\$250,000

R

\$250,000

R

Provides funding to a new program to be administered by the Animal Welfare section of the Veterinary Services Division. (S.L. 2015-241, Sec. 13.7)

25 Spay and Neuter Account (1130)

\$250,000

R

\$250,000

R

Replaces the \$250,000 transfer from the Food & Drug Division with a direct appropriation of \$250,000 in recurring funding to support the Spay and Neuter program. Total annual program funding is approximately \$460,000. (S.L. 2015-241, Sec. 13.7)

26 Cervid Farming (1130)

\$149,000

R

\$149,000

R

Provides funding to support 2 additional positions for the Captive Cervid program. Funding is contingent on the enactment of S.B. 513 or substantively similar legislation transferring the program from the Wildlife Resources Commission to the Department. If legislation is not enacted, funds will remain unallotted and will revert to the General Fund.

2.00

2.00

(S.B. 513 was passed and is now S.L. 2015-263, North Carolina Farm Act of 2015.)

Total Legislative Changes

\$1,892,669

R

\$2,015,169

R

\$481,702

NR

\$1,000,000

NR

Total Position Changes

6.00

6.00

Revised Budget

\$116,314,975

\$116,955,773

DACS - Soil & Water Conservation

Budget Code: 23704

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$15,073,553	\$13,838,617
Recommended Budget		
Requirements	\$9,605,835	\$9,605,835
Receipts	\$9,177,458	\$9,177,458
Positions	1.00	1.00

Legislative Changes**Requirements:**

Conservation Reserve Enhancement Program (2711)	\$0 R	\$0 R
Transfers \$531,160 from the Conservation Reserve Enhancement Program special fund cash balance to support the Soil & Water Conservation Division operating budget in FY 2015-16.	\$531,160 NR 0.00	\$0 NR 0.00
Swine Waste (2730)	\$0 R	\$0 R
Transfers \$275,399 from the Swine Waste special fund cash balance to support the operating budget for the Soil & Water Conservation Division in FY 2015-16.	\$275,399 NR 0.00	\$0 NR 0.00
Subtotal Legislative Changes	\$0 R \$806,559 NR 0.00	\$0 R \$0 NR 0.00

Receipts:

Conservation Reserve Enhancement Program (2711)	\$0 R	\$0 R
No budget action necessary.	\$0 NR	\$0 NR
Swine Waste (2730)	\$0 R	\$0 R
No budget action necessary.	\$0 NR	\$0 NR

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	FY 2015-16	FY 2016-17
Subtotal Legislative Changes	\$0 R \$0 NR	\$0 R \$0 NR
Revised Total Requirements	\$10,412,394	\$9,605,835
Revised Total Receipts	\$9,177,458	\$9,177,458
Change in Fund Balance	(\$1,234,936)	(\$428,377)
Total Positions	1.00	1.00
Unappropriated Balance Remaining	\$13,838,617	\$13,410,240

Special Provisions

2015 Session: HB 97

Department: Agriculture and Consumer Services

Section: 13.2

Title: **TVA SETTLEMENT FUNDS**

Summary Directs the Department of Agriculture and Consumer Services (DACS) to allocate the final \$2.24 million payment from the Tennessee Valley Authority (TVA) Settlement in FY 2015-16. Funds are allocated as follows:

- \$500,000 - WNC Communities for energy efficiency projects in public schools;
- \$740,000 - Municipalities with a population of less than 1,000 in the TVA service area and classified as distressed by the Appalachian Regional Commission, for upgrades to electrical transmission and distribution equipment;
- \$500,000 - Agriculture Cost-Share Program; and
- \$500,000 - Bioenergy Development Program.

Funds provided for the Agriculture Cost-Share and Bioenergy Development programs are restricted to projects in the following counties: Avery, Buncombe, Burke, Cherokee, Clay, Graham, Haywood, Henderson, Jackson, Macon, Madison, McDowell, Swain, Transylvania, Watauga, and Yancey.

Section: 13.4

Title: **DRUG MANUFACTURING LICENSING AND REGISTRATION FEES**

Summary Amends G.S. 106-140.1(h) and G.S. 106-145.4(b) to increase annual license or registration fees applied to prescription drug manufacturers, repackagers or wholesalers. Annual fees for manufacturers or repackagers increase from \$500 to \$1,000. Annual fees for wholesalers increase from \$350 to \$700.

(S.L. 2015-268, Sec. 5.1, General Government Technical Corrections, amends this section to set an October 1, 2015 effective date for the fee increase.)

Section: 13.5

Title: **FOOD MANUFACTURER AND RETAILER INSPECTION FEES**

Summary Amends G.S. 106-254 to increase the annual inspection fee on frozen dairy retailers from \$10 to \$50, and on frozen dairy wholesalers from \$40 to \$100.

(S.L. 2015-268, Sec. 5.2, General Government Technical Corrections, amends this section to set an October 1, 2015 effective date for the fee increase.)

Section: 13.7

Title: **SPAY/NEUTER PROGRAM REVISIONS**

Summary Amends G.S. 19A-63 to modify eligibility requirements to receive reimbursement from the Spay and Neuter Account. This section also adds a new Article 5A to G.S. 19A that creates a new Animal Shelter Support Fund that provides matching grants to animal shelters managed by local governments in the event of a disaster or denial, suspension, or revocation of the shelter's registration.

Section: 13.8

Title: **CONSERVATION RESERVE ENHANCEMENT PROGRAM REPORT**

Summary Directs DACS to report on the activities, costs, effectiveness, and future funding needs of the Conservation Reserve Enhancement Program (CREP). The report is due to the House Appropriations Committee on Agriculture and Natural and Economic Resources, the Senate Appropriations Committee on Natural and Economic Resources, and the Fiscal Research Division by April 1, 2016.

Section: 13.12

Title: **TOBACCO TRUST FUND ADMINISTRATION**

Summary Amends G.S. 143-717(i) to cap administrative expenses at \$350,000 and allow the Tobacco Trust Fund Commission to annually adjust the cap based on statewide salary and benefit adjustments.

2015 Session: HB 259

Department: Agriculture and Consumer Services

Section: 5.1

Title: **TECHNICAL CHANGE: EFFECTIVE DATE FOR PRESCRIPTION DRUG FEE INCREASE**

Summary Amends S.L. 2015-241, 2015 Appropriations Act, by setting an effective date of October 1, 2015 for fee increases enacted in Section 13.4 of S.L. 2015-241.

Section: 5.2(a)

Title: **TECHNICAL CHANGE: SECTION REFERENCE**

Summary Amends S.L. 2015-241, 2015 Appropriations Act, to retitle Section 13.5 of the S.L. 2015-241 as Section 13.5(a). Section 5.2(b) of the bill adds a new Section 13.5(b) to S.L. 2015-241.

Section: 5.2(b)

Title: **TECHNICAL CHANGE: EFFECTIVE DATE OF DAIRY INSPECTION FEE INCREASE**

Summary Amends S.L. 2015-241, 2015 Appropriations Act, by setting an effective date of October 1, 2015 for fee increases enacted in Section 13.5 of the S.L. 2015-241.

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Labor

GENERAL FUND				
	FY 15-16		FY 16-17	
Recommended Base Budget	\$15,945,674		\$15,945,674	
Legislative Changes				
Reserve for Salaries and Benefits				
27 Compensation Reserve				
Provides funds for a \$750 one-time bonus for State employees. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes. (S.L. 2015-241, Sec. 30.1, 30.9, 30.10, and 30.18A)	\$173,124	NR		
28 State Retirement Contributions				
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund increased retiree medical premiums. Total General Fund appropriation across all sections in the committee report is \$11.0 million in FY 2015-16 and FY 2016-17. (S.L. 2015-241, Sec. 30.20)	\$12,236	R	\$12,236	R
29 State Health Plan				
Provides additional funding to continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium. (S.L. 2015-241, Sec. 30.20)	\$19,704	R	\$19,704	R
Administration				
30 Fund Shift Positions (1120)				
Shifts funding for 2 positions to receipt-support from boiler inspection fees.	(\$130,150)	R	(\$130,150)	R
	-2.00		-2.00	
60012882 - Admin Officer (1.0)				
60013046 - Health Benefits Officer (1.0)				
Occupational Safety & Health (OSH)				
31 Operating Reduction (1352)				
Reduces the operating budget for the OSH program by 4.6%, leaving \$527,065 available for operating expenses.	(\$25,229)	R	(\$25,229)	R
Total Legislative Changes	(\$123,439)	R	(\$123,439)	R
	\$173,124	NR		
Total Position Changes	-2.00		-2.00	
Revised Budget	\$15,995,359		\$15,822,235	

Special Provisions

2015 Session: **HB 97**

Department: Labor

Section:

Title: **No Special Provisions**

Summary

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Environment & Natural Resources

GENERAL FUND

	FY 15-16		FY 16-17	
Recommended Base Budget	\$162,279,549		\$162,279,549	

Legislative Changes

Reserve for Salaries and Benefits

32 Compensation Reserve

Provides funds for a \$750 one-time bonus for State employees. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes. (S.L. 2015-241, Sec. 30.9, 30.10, and 30.18A)

\$496,708 NR

33 State Retirement Contributions

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund increased retiree medical premiums. Total General Fund appropriation across all sections in the committee report is \$11.0 million in FY 2015-16 and FY 2016-17. (S.L. 2015-241, Sec. 30.20)

\$45,739 R \$45,739 R

34 State Health Plan

Provides additional funding to continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium. (S.L. 2015-241, Sec. 30.20)

\$56,532 R \$56,532 R

Department-wide

35 Operating Reduction

Reduces the budgets for the following line items throughout the Department:

(\$1,000,000) R (\$1,000,000) R

Misc Contractual Services	\$450,000
Rent/Lease - Buildings/Office	\$55,000
Rent/Lease - Motor Vehicles	\$260,000
Transportation - Ground In-State	\$50,000
Lodging - In State	\$25,000
Meals - In State	\$25,000
Postage, Freight & Delivery	\$35,000
General Office Supplies	\$100,000

Administrative Services

36 Administrative Operating Reduction (1140)

Reduces the Department's administrative services operating budget, and shifts 2 accounting positions (60036006 and 60036000) to federal indirect cost receipts. Total reduction to the operating budget is 13%, leaving approximately \$1.9 million in operating support for administration.

(\$284,686) R (\$284,686) R

-2.00 -2.00

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FY 16-17

37 Administrative Positions (1140)

(\$3,129,370)

R

(\$3,129,370)

R

Eliminates 24.94 vacant administrative positions and transfers 15.45 filled administrative positions due to the transfer of the Zoo, Aquariums, Museum of Natural Sciences, Parks System, Clean Water Management Trust Fund and the Natural Heritage Program. Positions may be reestablished in the newly renamed Department of Natural and Cultural Resources (DNCR). A related provision in the Appropriations Act directs the Department of Environment and Natural Resources to convert any receipt-supported positions to General Fund support prior to transfer to DNCR.

-40.39

-40.39

Filled Positions:

60036012 - Accountant (1.0)
 60036004 - Accounting Technician (1.0)
 60036013 - Accounting Technician (1.0)
 60036014 - Accounting Technician (1.0)
 60036017 - Accounting Technician (1.0)
 60036019 - Accounting Technician (1.0)
 60035954 - Administrative Assistant III (1.0)
 60035979 - Artist Illustrator (1.0)
 60035971 - Attorney II (1.0)
 60035991 - EEO Administrator (1.0)
 65010186 - Engineer (1.0)
 60035950 - GS 5th Floor Receptionist (1.0)
 60035949 - HR Representative (1.0)
 60032527 - Info Communication Specialist (0.45)
 60036042 - Purchaser (1.0)
 60035942 - Special Assistant (1.0)

Vacant Positions:

60032766 - Accountant (1.0)
 60036006 - Accounting Technician (1.0)
 60035955 - Administrative Operations Director (1.0)
 60034828 - Agency Legal Specialist II (1.0)
 60036023 - Auditor (1.0)
 60036031 - Budget Analyst (1.0)
 60036034 - Budget Analyst (1.0)
 60036029 - Budget Manager (1.0)
 60036060 - Business and Technology Applic Spec (1.0)
 60036063 - Business and Technology Applic Spec (1.0)
 60036186 - Chief Deputy II (1.0)
 60035958 - Environmental Program Supervisor II (1.0)
 60035318 - IT Security Specialist (1.0)
 60035953 - Ombudsman (0.54)
 60035496 - Office Assistant (0.40)
 60035984 - Personnel Analyst (1.0)
 60035996 - Personnel Assistant IV (1.0)
 60035952 - Policy Development Analyst (1.0)
 60035976 - Policy Development Specialist (1.0)
 60036039 - Purchaser (1.0)
 60036041 - Purchaser (1.0)
 60035829 - Staff Development Coordinator (1.0)
 60034553 - Staff Development Specialist (1.0)
 60034575 - Technology Support Analyst (1.0)

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60035501 - Technology Support Analyst (1.0)

60035986 - W/A Recruitment Analyst (1.0)

(S.L. 2015-241, Sec. 14.30)

(S.L. 2015-268, Sec. 5.4(h), General Government Technical Corrections, amends this item to allow for the transfer of the vacant positions.)

(This item also appears in the Cultural Resources section of the Conference Committee Report. See page H-68, item 114.)

Aquariums

38 Aquariums Admission Receipts (1355)

(\$356,224) R

(\$356,224) R

Budgets additional admission receipts transferred from the North Carolina Aquariums Fund (24300-2865) to support the operations of the State's 3 aquariums. After this change, the aquariums' total General Fund budget of \$9.65 million will be supported by \$2.97 million in admission fee receipts and \$6.68 million in net General Fund appropriations.

39 Aquariums Base Budget (1355)

(\$6,677,619) R

(\$6,677,619) R

Eliminates the base budget for the aquariums from the Department of Environment and Natural Resources (DENR) due to the transfer of this function to the newly renamed Department of Natural and Cultural Resources (DNCR), effective July 1, 2015. A related provision in the Appropriations Act directs DNCR to transfer funds to DENR to cover expenses incurred prior to the effective date of the Act and any outstanding liabilities for the aquariums. (S.L. 2015-241, Sec. 14.30)

-118.50

-118.50

(This item also appears in the Cultural Resources section of the Conference Committee Report. See page H-69, item 116.)

Coastal Management

40 Lease Support (1625)

(\$30,523) R

(\$30,523) R

Replaces State funds for lease expenses with federal funds available within the Division due to a reduction in force in FY 2013-14.

Energy, Mineral and Land Resources

41 Federal Grant Receipts (1749)

(\$37,483) R

(\$37,483) R

Budgets additional federal grant funds to support one-third of the Energy Section Chief's salary and benefits (65020508).

-0.33

-0.33

42 University Energy Centers (1749)

(\$417,908) NR

Budgets Petroleum Violation Escrow (PVE) settlement funds transferred from budget code 64327 to partially offset support of the university energy centers at North Carolina State University, North Carolina Agricultural and Technical State University and Appalachian State University on a nonrecurring basis. (S.L. 2015-241, Sec. 14.27)

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43 Position Reduction (1730)

Eliminates a filled Rules Review Coordinator position (65019618), which was created to coordinate the development of shale gas rules that went into effect March 16, 2015.

(\$51,027)	R	(\$68,036)	R
-1.00		-1.00	

44 Cash Balances (1740 & 1735)

Budgets the following special fund cash balances transferred to the Division's General Fund budget on a one-time basis. A related provision in the Appropriations Act also closes these special funds and directs the Division to budget fee receipts in the General Fund.

(\$343,560) NR

Mining Fees \$203,073
Mining Interest \$79,487
Storm Water Permits \$61,000

(S.L. 2015-241, Sec. 14.16)

45 Dam Safety Program (1740)

Provides funds to hire contract or temporary positions to manage and conduct the initial review and subsequent annual reviews of Emergency Action Plans and associated dam safety inspections and technical assistance for the 1,559 intermediate and high hazard dams, as required by Part 5 of S.L. 2014-122.

\$250,000	NR	\$250,000	NR
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46 Shale Gas (1735)

Provides nonrecurring funding to drill new vertical geological test holes in shale-bearing basins as well as any relevant analyses needed to examine the basins, cores, boreholes, or other geological analyses required to evaluate natural gas potential. Funding may also be used to analyze pre-existing cores. (S.L. 2015-241, Sec. 14.28)

\$500,000 NR

Environmental Assistance and Customer Service

47 Operating Reduction (1130 & 1615)

Reduces the rent line item in the Department's regional offices, leaving over \$2.4 million for this expense. Also reduces various line items in the Office of Environmental Assistance and Customer Service by 4%, leaving \$446,505 in operating support.

(\$35,077)	R	(\$35,077)	R
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Land and Water Stewardship

48 Clean Water Management Trust Fund (CWMTF) Base Budget (1115)

Eliminates the base budget for the CWMTF from the Department of Environment and Natural Resources (DENR) due to the transfer of this function to the newly renamed Department of Natural and Cultural Resources (DNCR), effective July 1, 2015. A related provision in the Appropriations Act directs DNCR to transfer funds to DENR to cover expenses incurred prior to the effective date of the Act and any outstanding liabilities for CWMTF. (S.L. 2015-241, Sec. 14.30)

(\$11,657,530)	R	(\$11,657,530)	R
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(This item also appears in the Cultural Resources section of the Conference Committee Report. See page H-69, item 119.)

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49 Operating Funds (1115)

Separates funding for administrative expenses from CWMTF's annual appropriation. CWMTF is also transferred to the newly renamed Department of Natural and Cultural Resources (DNCR), effective July 1, 2015. A related provision in the Appropriations Act directs DNCR to transfer funds to the Department of Environment and Natural Resources to cover expenses incurred prior to the effective date of the Act and any outstanding liabilities for CWMTF. (S.L. 2015-241, Sec. 14.4)

(\$1,127,452) R (\$1,127,452) R

-9.60

-9.60

(This item also appears in the Cultural Resources section of the Conference Committee Report. See page H-69, item 120.)

50 Natural Heritage Program Operating (1115)

Separates funding for the Natural Heritage Program (NHP) from the Clean Water Management Trust Fund budget. NHP is also transferred to the newly renamed Department of Natural and Cultural Resources (DNCR), effective July 1, 2015. A related provision in the Appropriations Act directs DNCR to transfer funds to the Department of Environment and Natural Resources to cover expenses incurred prior to the effective date of the Act and any outstanding liabilities for NHP. (S.L. 2015-241, Sec. 14.4, 14.30)

(\$764,726) R (\$764,726) R

-9.10

-9.10

(This item also appears in the Cultural Resources section of the Conference Committee Report. See page H-71, item 130.)

51 Salary Reserve (1115)

Reduces salary reserve in the Office of Land and Water Stewardship, leaving approximately \$1.76 million in the personnel line items.

(\$99,821) R (\$99,821) R

Marine Fisheries

52 Shellfish Rehabilitation (1320)

Provides additional funds for cultch planting due to an increase in the price of oyster shells. Total General Fund support doubles in FY 2015-16 from \$300,000 to \$600,000 and increases again in FY 2016-17 to \$900,000.

\$50,000 R \$600,000 R
\$250,000 NR

53 Oyster Research and Development (1320)

Provides funds to contract with the University of North Carolina Wilmington to develop oyster brood stock to provide seed for aquaculture. (S.L. 2015-241, Sec. 14.29A)

\$450,000 R \$500,000 R

54 Oyster Sanctuaries (1320)

Provides funding to support a network of oyster sanctuaries in FY 2016-17. Total General Fund support for this purpose is \$483,969. (S.L. 2015-241, Sec. 14.9)

\$200,000 R

Museum of Natural Sciences**55 Museum Base Budget (1360)**

(\$11,842,973)	R	(\$11,842,973)	R
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Eliminates the base budget for the Museum from the Department of Environment and Natural Resources (DENR) due to the transfer of this function to the newly renamed Department of Natural and Cultural Resources (DNCR), effective July 1, 2015. The transfer includes 3.12 receipt-supported positions. A related provision in the Appropriations Act directs DNCR to transfer funds to DENR to cover expenses incurred prior to the effective date of the Act and any outstanding liabilities for the Museum. (S.L. 2015-241, Sec. 14.30)

-148.88

-148.88

(This item also appears in the Cultural Resources section of the Conference Committee Report. See page H-71, item 128.)

Parks and Recreation**56 Parks Base Budget (1280)**

(\$42,807,443)	R	(\$42,807,443)	R
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Eliminates the base budget for the Parks System from the Department of Environment and Natural Resources (DENR) due to the transfer of this function to the newly renamed Department Natural and Cultural Resources (DNCR), effective July 1, 2015. The transfer includes 17 receipt-supported positions. A related provision in the Appropriations Act directs DNCR to transfer funds to DENR to cover expenses incurred prior to the effective date of the Act and any outstanding liabilities for the Parks System. (S.L. 2015-241, Sec. 14.30)

-463.50

-463.50

(This item also appears in the Cultural Resources section of the Conference Committee Report. See page H-71, item 131.)

Waste Management**57 Position Reduction (1760)**

(\$282,259)	R	(\$282,259)	R
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Eliminates a filled Environmental Specialist position (60034599) in the Solid Waste Section. Also reduces the legal services line item by \$144,042, leaving \$458,612 for these services and the communications and data processing line item by \$70,385, leaving \$292,613 for this purpose.

-1.00

-1.00

58 Cash Balance (1671)

(\$43,595)	NR
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Budgets the cash balance in the UST Soil Permitting special fund (24300-2391) in the Division's General Fund on a one-time basis. A provision in the Appropriations Act directs the Division to budget fee receipts directly in the General Fund. (S.L. 2015-241, Sec. 14.16)

59 Noncommercial Fund Backlog (1910)

\$2,369,428	NR
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Provides nonrecurring funds to eliminate the backlog of claims against the Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund through June 30, 2015.

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60 Noncommercial Fund Elimination (1910)

(\$3,417,105) R

(\$3,417,105) R

Eliminates funding for the Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund for releases reported after October 1, 2015. (S.L. 2015-241, Sec. 14.16A)

61 Noncommercial Fund Administrative Transfer (1671)

Eliminates the transfer of \$1,641,785 from the Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund to the Division's General Fund to support the Underground Storage Tank Program. (S.L. 2015-241, Sec. 14.16A)

62 Leaking Underground Storage Tank Program (1671)

\$1,000,000 R

\$1,000,000 R

Provides \$1 million in funding to partially offset the loss of \$1.6 million previously transferred from the Noncommercial Fund. Funds shall be used to support expenses associated with the Underground Storage Tank Program.

Water Infrastructure

63 Operating Reduction (1460)

(\$1,592) R

(\$1,592) R

Reduces funds for cellular phone service by 29%, leaving \$3,908 in the Division for this service.

64 Drinking Water State Revolving Funds (DWSRF) (1460)

(\$478,825) R

(\$478,825) R

Reduces funding for the State match for the DWSRF to more closely align with actual requirements; \$4.5 million in State funds remain to fully match the federal capitalization grant. (S.L. 2015-241, Sec. 14.14)

65 State Match for Clean Water State Revolving Fund (CWSRF) (1460)

\$100,000 R

\$100,000 R

Provides additional funds for the State match for the CWSRF to more closely align with actual needs of the program. Total State funding is \$5.1 million. (S.L. 2015-241, Sec. 14.14)

66 State Grant Program Expansion (1460)

\$5,000,000 R

\$5,000,000 R

Provides additional funds for the State water and wastewater infrastructure grants benefitting rural, economically distressed areas. Total State grant funding available over the biennium is \$27.4 million. (S.L. 2015-241, Sec. 14.13)

\$2,400,000 NR

\$5,000,000 NR

Water Resources

67 Dredging Funds (1910)

\$1,579,268 R

\$2,130,357 R

Provides additional funds for the Shallow Draft Navigation Channel Dredging and Lake Maintenance Fund. Total funding available in each year of the biennium is approximately \$19.6 million. (S.L. 2015-241, Sec. 14.6 and 29.4)

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FY 15-16**FY 16-17****Zoo****68 Zoo Receipts (1305)**

(\$50,000)

R

(\$100,000)

R

Budgets additional receipts to support the operations of the NC Zoo.

69 Zoo Base Budget (1305)

(\$10,583,824)

R

(\$10,533,824)

R

Eliminates the base budget for the Zoo from the Department of Environment and Natural Resources (DENR) due to the transfer of this function to the newly renamed Department of Natural and Cultural Resources (DNCR), effective July 1, 2015. The transfer includes 49.9 receipt-supported positions. A related provision in the Appropriations Act directs DNCR to transfer funds to DENR to cover expenses incurred prior to the effective date of the Act and any outstanding liabilities for the Zoo. (S.L. 2015-241, Sec. 14.30)

-213.35

-213.35

(This item also appears in the Cultural Resources section of the Conference Committee Report. See page H-72, item 135.)

Total Legislative Changes**(\$86,434,020)**

R

(\$85,099,940)

R

\$5,461,073

NR

\$5,250,000

NR

Total Position Changes

-1007.65

-1007.65

Revised Budget**\$81,306,602****\$82,429,609**

DENR - Special

Budget Code: 24300

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$22,269,945	\$32,143,686
Recommended Budget		
Requirements	\$91,999,421	\$91,999,421
Receipts	\$82,443,138	\$82,443,138
Positions	273.12	273.12

Legislative Changes**Requirements:****Shallow Draft Dredging Fund (2182)**

\$19,778,577 R

\$19,686,615 R

Increases the motor fuel tax transfer from the Highway Fund from 1/6 of 1% to 1%, which brings total motor fuel tax revenue to \$13.1 million in FY 2015-16 and \$12.46 million in FY 2016-17. This item also budgets \$5.1 million in boat fees transferred from the Wildlife Resources Commission and a General Fund transfer of \$1.6 million in FY 2015-16 and \$2.1 million in FY 2016-17. Total State funding is \$19.78 million in FY 2015-16 and \$19.69 million in FY 2016-17. (S.L. 2015-241, Sec. 6.20, 14.6 and 29.4)

\$0 NR

\$0 NR

0.00

0.00

(S.L. 2015-268, Sec. 1.3, General Government Technical Corrections, deletes the Shallow Draft Dredging Fund from the Continuation Review requirements.)

Soil Remediation Fees (2391)

\$0 R

\$0 R

Transfers the cash balance in the Soil Remediation Fees special fund to the Division of Waste Management's General Fund budget. A provision in the Appropriations Act eliminates the special fund and directs the Department to budget the requirements and receipts in the General Fund. (S.L. 2015-241, Sec. 14.16)

\$43,595 NR

\$0 NR

0.00

0.00

Mining Interest Cash Balance (2610)

\$0 R

\$0 R

Transfers the cash balance in the Mining Interest special fund to the Division of Energy, Mineral and Land Resource's General Fund budget. (S.L. 2015-241, Sec. 14.16)

\$79,487 NR

\$0 NR

0.00

0.00

2015 Annotated Conference Committee Report

	FY 2015-16		FY 2016-17
Mining Interest (2610)	(\$38,431) R		(\$38,431) R
Eliminates the budget for the Mining Interest special fund. A provision in the Appropriations Act eliminates this special fund and directs the Department to budget the requirements and receipts in the General Fund.	\$0 NR		\$0 NR
	0.00		0.00
Mining Fees Cash Balance (2745)	\$0 R		\$0 R
Transfers the cash balance in the Mining Fees special fund to the Division of Energy, Mineral and Land Resource's General Fund.	\$203,073 NR		\$0 NR
	0.00		0.00
Mining Fees (2745)	(\$188,480) R		(\$188,480) R
Eliminates the budget for the Mining Fees special fund. A provision in the Appropriations Act eliminates this special fund and directs the Department to budget the requirements and receipts in the General Fund. (S.L. 2015-241, Sec. 14.16)	\$0 NR		\$0 NR
	0.00		0.00
Stormwater Cash Balance (2750)	\$0 R		\$0 R
Transfers the cash balance in the Stormwater special fund to the Division of Energy, Mineral and Land Resource's General Fund. (S.L. 2015-241, Sec. 14.16)	\$61,000 NR		\$0 NR
	0.00		0.00
Stormwater (2750)	(\$822,113) R		(\$822,113) R
Eliminates the budget for the Stormwater special fund. A provision in the Appropriations Act eliminates this special fund and directs the Department to budget the requirements and receipts in the General Fund. (S.L. 2015-241, Sec. 14.16)	\$0 NR		\$0 NR
	0.00		0.00
Inspection and Maintenance (I&M) Fees (2338)	(\$3,588,862) R		(\$3,588,862) R
Eliminates the recurring I&M fee transfer and budgets a nonrecurring transfer of I&M fee proceeds in FY 2015-16. Program is also subject to a Continuation Review. (S.L. 2015-241, Sec. 6.20)	\$3,082,888 NR		\$0 NR
	0.00		0.00
Mercury Pollution Prevention Account (2119)	(\$681,887) R		(\$681,887) R
Eliminates the recurring title fee transfer and budgets a nonrecurring transfer of title fee proceeds in FY 2015-16. Program is also subject to a Continuation Review. (S.L. 2015-241, Sec. 6.20)	\$681,887 NR		\$0 NR
	0.00		0.00

2015 Annotated Conference Committee Report

	FY 2015-16		FY 2016-17	
Solid Waste Permitting Fees (2394)	\$0	R	(\$260,359)	R
Reduces the operating budget, including the personnel line items, by 20% due to the implementation of a new fee schedule for life-of-site permits for sanitary landfills and transfer stations. (S.L. 2015-241, Sec. 14.16)	\$0	NR	\$0	NR
	0.00		0.00	
Subtotal Legislative Changes	\$14,458,804	R	\$14,106,483	R
	\$4,151,930	NR	\$0	NR
	0.00		0.00	
<hr/>				
Receipts:				
Shallow Draft Dredging Fund (2182)	\$19,778,577	R	\$19,686,615	R
Increases the motor fuel tax transfer from the Highway Fund from 1/6 of 1% to 1%, which brings total motor fuel tax revenue to \$13.1 million in FY 2015-16 and \$12.46 million in FY 2016-17. This item also budgets \$5.1 million in boat fees transferred from the Wildlife Resources Commission and a General Fund transfer of \$1.6 million in FY 2015-16 and \$2.1 million in FY 2016-17. Total State funding is \$19.78 million in FY 2015-16 and \$19.69 million in FY 2016-17.	\$0	NR	\$0	NR
Soil Remediation Fees (2391)	\$0	R	\$0	R
The base budget contains no receipts. No budget action is necessary.	\$0	NR	\$0	NR
Mining Interest Cash Balance (2610)	\$0	R	\$0	R
No budget action is necessary.	\$0	NR	\$0	NR
Mining Interest (2610)	(\$38,431)	R	(\$38,431)	R
Removes the budget for mining interest receipts in the special fund. Receipts will be budgeted in the General Fund.	\$0	NR	\$0	NR
Mining Fees Cash Balance (2745)	\$0	R	\$0	R
No budget action is necessary.	\$0	NR	\$0	NR
Mining Fees (2745)	(\$300,730)	R	(\$300,730)	R
Removes the budget for mining fees receipts in the special fund. Receipts will be budgeted in the General Fund.	\$0	NR	\$0	NR

2015 Annotated Conference Committee Report

	FY 2015-16		FY 2016-17	
Stormwater Cash Balance (2750)	\$0	R	\$0	R
No budget action is necessary.	\$0	NR	\$0	NR
Stormwater (2750)	(\$822,113)	R	(\$822,113)	R
Removes the budget for stormwater fee receipts in the special fund. Receipts will be budgeted in the General Fund.	\$0	NR	\$0	NR
Inspection and Maintenance (I&M) Fees (2338)	(\$3,082,888)	R	(\$3,082,888)	R
Eliminates the recurring motor fuels tax transfer and budgets a nonrecurring transfer of motor fuel tax proceeds in FY 2015-16. Program is also subject to a Continuation Review.	\$3,082,888	NR	\$0	NR
Mercury Pollution Prevention Account (2119)	(\$681,887)	R	(\$681,887)	R
Eliminates the recurring title fee transfer and budgets a nonrecurring transfer of title fee proceeds in FY 2015-16. Program is also subject to a Continuation Review.	\$681,887	NR	\$0	NR
Solid Waste Permitting Fees (2394)	\$403,076	R	\$403,076	R
Increases the receipt line item for solid waste permitting fees to correctly budget the estimated revenue anticipated from the implementation of a new fee schedule for life-of-site permits for sanitary landfills and transfer stations.	\$0	NR	\$0	NR
Subtotal Legislative Changes	\$15,255,604	R	\$15,163,642	R
	\$3,764,775	NR	\$0	NR
<hr/>				
Revised Total Requirements	\$110,610,155		\$106,105,904	
Revised Total Receipts	\$120,483,896		\$112,770,422	
Change in Fund Balance	\$9,873,741		\$6,664,518	
Total Positions	273.12		273.12	
<hr/>				
Unappropriated Balance Remaining	\$32,143,686		\$38,808,204	

Reserve for Air Quality - Fuel Tax

Budget Code: 24301

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$469,246	\$299,291
Recommended Budget		
Requirements	\$9,549,205	\$9,549,205
Receipts	\$9,379,250	\$9,379,250
Positions	93.70	93.70

Legislative Changes**Requirements:**

Water and Air Quality Account (Fuel Tax) (2334)	(\$7,299,805) R	(\$7,299,805) R
Eliminates the recurring motor fuels tax transfer and budgets a nonrecurring transfer of motor fuel tax proceeds in FY 2015-16. Program is also subject to a Continuation Review. (S.L. 2015-241, Sec. 6.20)	\$7,299,805 NR	\$0 NR
	0.00	0.00
Subtotal Legislative Changes	(\$7,299,805) R	(\$7,299,805) R
	\$7,299,805 NR	\$0 NR
	0.00	0.00

Receipts:

Water and Air Quality Account (Fuel Tax) (2334)	(\$7,299,805) R	(\$7,299,805) R
Eliminates the recurring motor fuels tax transfer and budgets a nonrecurring transfer of motor fuel tax proceeds in FY 2015-16. Program is also subject to a Continuation Review.	\$7,299,805 NR	\$0 NR
Subtotal Legislative Changes	(\$7,299,805) R	(\$7,299,805) R
	\$7,299,805 NR	\$0 NR

2015 Annotated Conference Committee Report

	FY 2015-16	FY 2016-17
Revised Total Requirements	\$9,549,205	\$2,249,400
Revised Total Receipts	\$9,379,250	\$2,079,445
Change in Fund Balance	(\$169,955)	(\$169,955)
Total Positions	93.70	93.70
Unappropriated Balance Remaining	\$299,291	\$129,336

DENR - Commercial LUST Cleanup

Budget Code: 64305

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$83,787,906	\$52,984,756
Recommended Budget		
Requirements	\$63,762,710	\$63,762,710
Receipts	\$32,959,560	\$32,959,560
Positions	11.20	11.20

Legislative Changes**Requirements:**

Noncommercial Fund (6371)	(\$5,608,732) R	(\$5,608,732) R
Budgets a nonrecurring transfer of \$2,369,428 from the General Fund to eliminate the claims backlog as of June 30, 2015. Eliminates the recurring motor fuels tax transfer of \$2,191,627 and budgets a nonrecurring transfer of \$2,507,106 in motor fuel tax proceeds in FY 2015-16. Also, eliminates the recurring \$3,417,105 transfer from the General Fund on a permanent basis. Lastly, eliminates the transfer of \$1,641,785 from the Noncommercial Fund to the General Fund to support the underground storage tank program starting in FY 2016-17. (S.L. 2015-241, Sec. 14.16A)	\$4,876,537 NR	\$0 NR
	0.00	0.00
Commercial Fund Tax Transfer (6370)	(\$12,722,432) R	(\$12,722,432) R
Eliminates the recurring motor fuels tax transfer and budgets a nonrecurring transfer of motor fuel tax proceeds in FY 2015-16. Program is also subject to a Continuation Review. (S.L. 2015-241, Sec. 6.20)	\$12,722,432 NR	\$0 NR
	0.00	0.00
Subtotal Legislative Changes	(\$18,331,164) R	(\$18,331,164) R
	\$17,598,969 NR	\$0 NR
	0.00	0.00

Receipts:

2015 Annotated Conference Committee Report

	FY 2015-16	FY 2016-17
Noncommercial Fund (6371)	(\$5,608,732) R	(\$5,608,732) R
Budgets a nonrecurring transfer of \$2,369,428 from the General Fund to eliminate the claims backlog as of June 30, 2015. Eliminates the recurring motor fuels tax transfer of \$2,191,627 and budgets a nonrecurring transfer of \$2,507,106 in motor fuel tax proceeds in FY 2015-16. Also, eliminates the recurring \$3,417,105 transfer from the General Fund on a permanent basis. Lastly, eliminates the transfer of \$1,641,785 from the Noncommercial Fund to the General Fund to support the underground storage tank program starting in FY 2016-17.	\$4,876,537 NR	\$0 NR
Commercial Fund (6370)	(\$12,722,432) R	(\$12,722,432) R
Eliminates the recurring motor fuels tax transfer and budgets a nonrecurring transfer of motor fuel tax proceeds in FY 2015-16. Program is also subject to a Continuation Review.	\$12,722,432 NR	\$0 NR
Subtotal Legislative Changes	(\$18,331,164) R	(\$18,331,164) R
	\$17,598,969 NR	\$0 NR
<hr/>		
Revised Total Requirements	\$63,030,515	\$45,431,546
Revised Total Receipts	\$32,227,365	\$14,628,396
Change in Fund Balance	(\$30,803,150)	(\$30,803,150)
Total Positions	11.20	11.20
<hr/>		
Unappropriated Balance Remaining	\$52,984,756	\$22,181,606

DENR - Energy Stripper Well

Budget Code: 64327

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$882,675	\$464,767
Recommended Budget		
Requirements	\$0	\$0
Receipts	\$0	\$0
Positions	0.00	0.00
Legislative Changes		
Requirements:		
Petroleum Violation Escrow Cash Balance (64327)	\$0 R	\$0 R
Transfers the cash balance in the Petroleum Violation Escrow trust fund to the Division of Energy, Mineral and Land Resources to offset the General Fund support of the university energy centers.	\$417,908 NR	\$0 NR
	0.00	0.00
Subtotal Legislative Changes	\$0 R	\$0 R
	\$417,908 NR	\$0 NR
	0.00	0.00
Receipts:		
Petroleum Violation Escrow Cash Balance (64327)	\$0 R	\$0 R
Base budget contains no receipts. No budget action is necessary.	\$0 NR	\$0 NR
Subtotal Legislative Changes	\$0 R	\$0 R
	\$0 NR	\$0 NR

2015 Annotated Conference Committee Report

	FY 2015-16	FY 2016-17
Revised Total Requirements	\$417,908	\$0
Revised Total Receipts	\$0	\$0
Change in Fund Balance	(\$417,908)	\$0
Total Positions	0.00	0.00
Unappropriated Balance Remaining	\$464,767	\$464,767

Special Provisions

2015 Session: HB 97

Department: Environment & Natural Resources

Title: **DEPARTMENT NAME CHANGES**

Summary The General Assembly transferred selected natural resource programs and State attractions from the Department of Environment and Natural Resources (DENR) to the Department of Cultural Resources (DCR). As a result, DENR was renamed the Department of Environmental Quality (DEQ) and DCR was renamed the Department of Natural and Cultural Resources (DNCR). This document will use the new department names throughout the summaries that follow.

Section: 14.1

Title: **PROSPERITY ZONE DENR LIAISONS**

Summary Directs DEQ to use existing and funded positions to fulfill the "Collaboration for Prosperity Zones" departmental liaison requirements.

(S.L. 2015-268, Section 5.2A, General Government Technical Corrections, amends this section to correct the spelling of liaison.)

Section: 14.2

Title: **IMPROVE FINANCIAL MANAGEMENT OF ENVIRONMENTAL STEWARDSHIP FUNDS THROUGH CONSERVATION GRANT FUND**

Summary Amends G.S. 147-69.2 to add the Conservation Grant Fund to the list of special funds that the State Treasurer may invest in a variety of long term investment options.

Section: 14.3

Title: **ALLOW REVENUE GENERATED FROM TIMBER SALE TO BE RETAINED IN A NONREVERTING ACCOUNT FOR A PERIOD OF FOUR YEARS**

Summary Allows the DEQ's Stewardship Program to retain revenue generated from timber harvesting on the Great Coharie property for the purpose of restoration and stewardship of that property. Any unused portion of this revenue shall revert to the General Fund on June 30, 2019.

Section: 14.4

Title: **SEPARATE NATURAL HERITAGE PROGRAM FROM CLEAN WATER MANAGEMENT TRUST FUND AND REVISE TRUST FUND ADMINISTRATIVE EXPENSE PROVISIONS**

Summary Amends G.S. 113A-253, Clean Water Management Trust Fund (CWMTF) statutes, to remove the Natural Heritage Program and CWMTF administration from the list of allowable Fund uses.

Section: 14.5

Title: **ENVIRONMENTAL MANAGEMENT OF IMPAIRED WATER BODIES**

Summary Earmarks \$1.5 million from CWMTF to extend the Jordan Lake Water Quality Demonstration Project for a term ending on or after October 15, 2018, and delays the effective date of the Jordan Lake Rules by an additional three years or one year after the completion of the demonstration project. This section also exempts DEQ from the following State laws: purchase and contracts, procurement of architectural, engineering, and surveying services, and public contracts. Lastly, this section requires DEQ to study other in situ strategies that have the potential to mitigate water quality impairments and to report the findings of the study to the Environmental Review Commission (ERC), the Fiscal Research Division (FRD) and the chairs of the Senate Appropriations Committee on Natural and Economic Resources and the House Appropriations Committee on Agriculture and Natural and Economic Resources no later than April 1, 2016.

Section: 14.6

Title: **INLET AND PORT ACCESS**

Summary Makes the following changes affecting inlet and port access:

SHALLOW DRAFT FUND REVISIONS

Amends G.S.143-215.73F, Shallow Draft Navigation Channel Dredging and Lake Maintenance Fund, by changing the cost-share requirements as follows:

Previously - \$1 State to \$1 non-State for projects located in any county

Revised - \$3 State to \$1 non-State for projects located in Tier 1 counties

\$2 State to \$1 non-State for projects located in Tier 2 & 3 counties

Subsection (a) also allows non-State entities to contribute money to the Shallow Draft Dredging Fund and creates a mechanism for the return of those funds if not spent or encumbered within 2 years.

Subsection (b) reserves funds in the Shallow Draft Dredging Fund for various purposes.

DEEP DRAFT NAVIGATION CHANNEL DREDGING AND MAINTENANCE FUND

Subsection (c) creates a new special fund entitled the Deep Draft Navigation Channel Dredging and Maintenance Fund (Deep Draft Dredging Fund) to be used for costs associated with projects providing safe and efficient navigational access to a State Port.

Subsection (d) directs the State Ports Authority to negotiate a long term memorandum of agreement (MOA) with the U.S. Army Corps of Engineers (Corps) allowing for nonfederal funding of dredging and related studies at the State Ports.

Subsection (e) directs DEQ to negotiate a long term MOA with the Corps to allow for the nonfederal dredging at Oregon Inlet.

Subsection (f) directs the Department of Administration (DOA) to initiate negotiations with the appropriate federal agency to acquire the federally owned property necessary for the management of deep draft navigation channels providing access to State port facilities at Morehead City in exchange for State-owned real property.

Subsection (g) exempts DEQ from the contested case provisions of the Administrative Procedures Act for the waiver or modification of non-State cost-share requirements under the Deep Draft Dredging Fund.

CAPE FEAR ESTUARINE RESOURCE RESTORATION

Subsection (h) directs DEQ to notify the Corps of the State's intent to study the removal of the Southern Component of the New Inlet Dam, to issue a request for information for a firm capable of conducting an analysis of the cost and benefits of removing the Southern Component of the New Inlet Dam, and to request approval from the National Oceanic and Atmospheric Administration to adjust the boundary for Zeke's Island.

CLARIFY COASTAL COUNTY AUTHORITY OVER ABANDONED VESSELS

Subsection (n) repeals S.L. 2013-182, which authorized Brunswick and Dare counties to remove abandoned vessels in navigable waters within the county's ordinance-making jurisdiction.

Subsection (o) amends G.S. 153A-132(i) to authorize all the coastal counties to remove abandoned vessels in navigable waters within the county's ordinance-making jurisdiction.

EROSION CONTROL STRUCTURES

Subsection (p) directs the Coastal Resources Commission (CRC) to amend its rules to allow for the use of temporary erosion control structures under certain circumstances.

Subsection (q) directs the CRC to adopt temporary rules to implement subsection (p) until

permanent rules are adopted.

Subsection (r) amends G.S. 113A-115.1(g) by increasing the allowable number of terminal groins from 4 to 6 and specifies that 2 of the groins must be on the sides of the New River Inlet in Onslow County and Bogue Inlet between Carteret and Onslow counties. (S.B. 160)

Section: 14.7

Title: **USE OF OYSTER SHELLS PROHIBITED IN COMMERCIAL LANDSCAPING**

Summary Prohibits landscape contractors from using oyster shells as ground cover effective October 1, 2015.

Section: 14.8

Title: **CORE SOUND OYSTER LEASING**

Summary Directs the Division of Marine Fisheries (DMF) to consult with representatives from the commercial fishing industry, the shellfish aquaculture industry, and relevant federal agencies to create a proposal to open shellfish cultivation leasing areas of Core Sound that are currently subject to a moratorium on shellfish leasing. A report is due to the Joint Legislative Commission on Governmental Operations no later than April 1, 2016. (S.B. 573, H.B. 302)

Section: 14.9

Title: **AMEND SENATOR JEAN PRESTON MARINE SHELLFISH SANCTUARY LEGISLATION**

Summary Amends Section 44 of S.L. 2014-120, by changing the name of the sanctuary from shellfish to oyster and clarifying that the shellfish habitats will be enhanced through a network of oyster sanctuaries. The section also directs DMF to develop a plan that includes the location and delineation of the sanctuaries, recommendations to enhance oyster habitat restoration, ways to promote shellfish aquaculture in North Carolina, outreach and education, and a monitoring plan. DEQ is required to report its findings to the chairs of the Senate Appropriations Committee on Natural and Economic Resources and the House Appropriations Committee on Agriculture and Natural and Economic Resources, and FRD no later than March 1, 2016. (S.B. 573, H.B. 302)

Section: 14.10

Title: **SHELLFISH CULTIVATION LEASING REFORM**

Summary Amends G.S. 113-202(i) to allow the use of a global positioning system device to determine the boundaries of a shellfish cultivation lease. The section also amends G.S. 113-202(j) by changing the length of the lease terms from 5 years to 10. (S.B. 573)

Section: 14.10A

Title: **SIMPLIFY OYSTER RESTORATION PROJECT PERMITTING**

Summary Directs DMF and the Division of Coastal Management (DCM) to consult with representatives of nongovernmental conservation organizations working on oyster restoration to create a new permitting process in lieu of the major development permit required under G.S. 113A-118 and to report its recommendations to the ERC by May 1, 2016. This section also directs DMF to issue Scientific or Educational Activity Permits until the revised permanent rule is adopted by the Coastal Resources Commission. (S.B. 573)

(S.L. 2015-268, Section 5.2B, General Government Technical Corrections, amends this section replacing the Environmental Management Commission with the Marine Fisheries Commission.)

Section: 14.10B

Title: **SCFL EXEMPTION FOR EMPLOYEES OF LEASEHOLDER**

Summary Amends G.S. 113-169.2 to allow employees of a shellfish cultivation leaseholder holding a valid Standard Commercial Fishing License to take shellfish without a shellfish license. (S.B. 573)

Section: 14.10C

Title: **WATER COLUMN LEASING CLARIFICATION**

Summary Amends G.S. 113-202 to clarify that a water column lease is not necessary for devices or equipment related to the cultivation or harvesting of marine resources on or within 18 inches of the leased bottom. (S.B. 573)

(S.L. 2015-268, Section 5.5, General Government Technical Corrections, amends this section to specify that water column leases are issued for a period of 10 years.)

Section: 14.10D

Title: **DIVISION OF MARINE FISHERIES RECOMMENDATIONS FOR SHELLFISH AQUACULTURE**

Summary Requires DMF to report its recommendations for policy and statutory changes needed to support and encourage the ecological restoration and economic stability of the shellfish aquaculture industry to ERC, FRD and the chairs of the Senate Appropriations Committee on Natural and Economic Resources and the House Appropriations Committee on Agriculture and Natural and Economic Resources no later than March 1, 2016.

Section: 14.10I

Title: **BEACH EROSION STUDY**

Summary Requires the DCM to study and develop a proposal for preventing, mitigating and remediating the effects of beach erosion and report study results to ERC, FRD and the chairs of the Senate Appropriations Committee on Natural and Economic Resources and the House Appropriations Committee on Agriculture and Natural and Economic Resources no later than February 15, 2016.

Section: 14.11

Title: **DYNAMIC PRICING FOR STATE PARKS AND ATTRACTIONS**

Summary Amends G.S. 150B-1 to exempt the Department of Agriculture and Consumer Services (DACS) and DEQ from rule making for the operating hours, admission fees, or related activity fees at State forests, the NC Zoo, State parks, Aquariums, and the NC Museum of Natural Sciences. DNCR is prohibited from charging new parking fees at the Zoo, State parks or Aquariums or an admission fee at a site that does not currently charge an admission fee. This section requires DACS, DEQ and DNCR to use a "dynamic pricing" strategy when establishing fees and defines dynamic pricing for this purpose. Lastly, DNCR is required to study issues related to charging admission fees at the Museums of History and Natural Sciences and to report its findings to FRD and the chairs of the Senate Appropriations Committee on Natural and Economic Resources and the House Appropriations Committee on Agriculture and Natural and Economic Resources no later than April 1, 2016. (S.B. 486/S.B. 426)

(S.L. 2015-268, Section 5.5, General Government Technical Corrections, amends this section to clarify that regular admission charges do not include a separate admission charge for a special temporary exhibition or a special program.)

Section: 14.13

Title: **WATER INFRASTRUCTURE AUTHORITY REVISIONS**

Summary Amends Chapter 159G, Water Infrastructure, in the following ways: 1) eliminates the definitions for high unit cost project and high unit cost threshold and adds a new definition for affordability, 2) replaces high unit cost grants with a project grant and the technical assistance grants with a merger/regionalization grant and an asset inventory and assessment grant, and 3) switches the common criteria established in statute to priority items that the State Water Infrastructure Authority must consider when evaluating applications for loans or grants from the Wastewater and Drinking Water Reserves.

Section: 14.14

Title: **WATER INFRASTRUCTURE STATE MATCH SURPLUS FUNDS**

Summary Permits the Division of Water Infrastructure to use State matching funds that are in excess of the amount required by the federal revolving loan programs for State water and wastewater infrastructure grants.

Section: 14.14A

Title: **ENCOURAGE INTERCONNECTION OF PUBLIC WATER SYSTEMS**

Summary Amends G.S. 130A-317 by adding a new section that requires DEQ to identify and notify public water systems that have the potential for interconnectivity with another system within the same river basin or that have adequate unallotted capacity to expend. (S.B. 547, H.B. 576)

Section: 14.16

Title: **DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES/CLOSE CERTAIN SPECIAL FUNDS**

Summary Requires DEQ to transfer the unencumbered cash balances from 4 special funds to the DEQ's General Fund budget and then close each of the funds. This section also amends various statutes to remove DEQ's authority to establish these special funds.

Section: 14.16A

Title: **PHASEOUT OF NONCOMMERCIAL LEAKING UST FUND**

Summary Eliminates reimbursements to applicants from the Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund for the cleanup of petroleum releases reported on or after October 1, 2015. Applicants who report a release prior to October 1 have until July 1, 2016 to submit a claim for reimbursement. This section also makes various statutory conforming changes to remove references to the Noncommercial Fund and directs that any funds remaining in the Noncommercial Fund as of July 1, 2016 be transferred to the Commercial Leaking Petroleum Underground Storage Tank Cleanup Fund.

Section: 14.16B

Title: **NONCOMMERCIAL TANKS - ELIMINATE INITIAL ABATEMENT REQUIREMENTS**

Summary Requires DEQ to adopt rules that eliminate the initial abatement requirements for noncommercial leaking underground storage tanks until the Department has classified the risk posed by the release. If the risk is determined to be low the Department is required to notify the responsible party that no cleanup, no further cleanup or no further action is necessary.

Section: 14.17

Title: **WATER AND WASTEWATER INFRASTRUCTURE GRANTS**

Summary Requires DEQ to use \$5 million appropriated in FY 2015-16 for State water and wastewater grants to provide a grant to a municipality located in a development tier two county that had previously received a Drinking Water State Revolving Fund loan and where the municipality meets certain criteria set out in this section.

Section: 14.18

Title: **MILITARY BUFFERS**

Summary Limits the use of funds appropriated to the CWMTF for military buffers to grants for land that buffers a military facility from incompatible use encroachment. This section also defines military facility.

Section: 14.19

Title: **ENVIRONMENTAL ASSESSMENT METHODOLOGY**

Summary Requires DEQ to revise its procedures and rate tables for reimbursement of soil assessment activities to permit the use of ultra violet fluorescence and other appropriate test methods as alternatives to US EPA Method 1815 for soil assessment and petroleum contamination delineation activities. The alternatives may not violate federal law, must provide equivalent accuracy and quality of results, and result in appreciable cost savings.

Section: 14.20

Title: **LANDFILL CHANGES**

Summary Amends various solid waste laws to replace 5-year and 10-year permits with life-of-site permits for sanitary landfills and transfer stations. This section also amends G.S 130A-295.8 to replace the former permit fee structure with a new fee structure based largely on annual fees for all landfill facilities.

Section: 14.21

Title: **ENVIRONMENTAL REVIEW COMMISSION STUDIES**

Summary Requires ERC to convene a stakeholder working group to study local government authority over solid waste management matters. This section also requires ERC to study the use of new technologies and strategies, including the use of integrated and mobile aerosolization systems, to dewater leachate and other forms of wastewater for the purpose of reducing the burden and cost of disposal at the site where it is generated.

Section: 14.24

Title: **PETITION FOR WETLANDS MITIGATION FLEXIBILITY**

Summary Requires DEQ to petition the Wilmington District, the South Atlantic Division, and the Headquarters of the United States Army Corps of Engineers to allow for greater flexibility and opportunity to perform wetlands mitigation outside of the 8-digit Hydrologic Unit Code (HUC) where development will occur. DEQ is also required to report on its progress in petitioning the Corps offices to the chairs of the Senate Appropriations Committee on Natural and Economic Resources and the House Appropriations Committee on Agriculture and Natural and Economic Resources, ERC, and FRD no later than March 1.

(S.L. 2015-268, Section 5.2C, General Government Technical Corrections, amends this section to delete the word "wetland.")

Section: 14.26

Title: **REFORM CIVIL PENALTIES UNDER THE SEDIMENTATION POLLUTION CONTROL ACT**

Summary Amends G.S. 113A-54, Sedimentation Pollution Control Act (SPCA), by limiting the maximum cumulative amount of a civil penalty to \$25,000 when a person has not been assessed any civil penalty for any previous violation and that person has abated the violation within 180 days from the date of notice of violation. This section also adds a new section to allow for the remission of civil penalties if the petitioner meets certain factors set out in statute.

Section: 14.27

Title: **ENERGY CENTERS**

Summary Allocates funds appropriated for the university energy centers between Appalachian State University, North Carolina Agriculture and Technical State University (NCA&T), and North Carolina State University. This section also requires NCA&T to use these funds for the study of beneficial reuse of coal combustion residuals and the preparation and prosecution of a patent covering any reuse technology developed at the university.

Section: 14.28

Title: **ENERGY EXPLORATION FUNDS**

Summary Requires DEQ to use the funds appropriated for energy exploration for any of the following purposes: leveraging private funds, drilling vertical geologic test holes in any shale bearing basin with commercial potential for natural gas production, and analyzing preexisting cores and assessing infrastructure necessary for natural gas production and development.

Section: 14.29A

Title: **OYSTER RESEARCH REPORTING**

Summary Requires DMF and the University of North Carolina at Wilmington to report annually no later than March 1 to the chairs of the Senate Appropriations Committee on Natural and Economic Resources and the House Appropriations Committee on Agriculture and Natural and Economic Resources and FRD regarding the use of the funding provided for oyster research and restoration activities.

Section: 14.30

Title: **CONSOLIDATE ALL STATE ATTRACTIONS WITHIN DEPARTMENT OF CULTURAL RESOURCES TO CREATE THE DEPARTMENT OF NATURAL AND CULTURAL RESOURCES**

Summary Transfers the following from DENR to DCR as a Type I transfer:

- 1) Division of Parks and Recreation,
- 2) State Parks System,
- 3) North Carolina (NC) Aquariums Division,
- 4) NC Zoological Park,
- 5) Museum of Natural Sciences,
- 6) Clean Water Management Trust Fund, and
- 7) Natural Heritage Program.

DENR and DCR are renamed the Department of Environmental Quality (DEQ) and the Department of Natural and Cultural Resources (DNCR), respectively.

The following commissions, boards, councils and committees are transferred as a Type II transfer:

- 1) NC Parks and Recreation Authority,
- 2) NC Trails Committee,
- 3) NC Zoological Park Council,
- 4) Advisory Commission for the NC State Museum of Natural Sciences, and
- 5) CWMTF Board of Trustees.

This section also authorizes the aquariums and zoo to transfer up to \$1 million from their operating budgets to their special funds and creates a new special fund for the Museum of Natural Sciences.

Lastly, this section directs the following administrative actions:

- 1) allows DNCR to reclassify or eliminate 24.94 vacant and 12.45 filled positions transferred from DEQ,
- 2) directs DNCR to transfer funds to DEQ to cover any outstanding expenses incurred by the entities being transferred,
- 3) directs DEQ to inventory and compile all written and stated policies related to the entities transferred and provide those policies to DNCR, and
- 4) requires OSBM, in consultation with DNCR and DEQ, to submit an interim report by January 1, 2016 and a final report by April 1, 2016 on the progress of implementing this section and the new organizational structures resulting from the transfers to the ERC, FRD and the chairs of Senate Appropriations Committee on Natural and Economic Resources and the House Appropriations Committee on Agriculture and Natural and Economic Resources.

(S.L. 2015-268, Section 5.4, General Government Technical Corrections, amends this section to correct conforming changes and the legal titles of certain entities. It also clarifies that vacant positions may be transferred from DEQ to DNCR, Jennette's Pier is part of the Aquarium Fund, and a regular admission charge does not include a charge for a special program. Lastly, it also clarifies that the Codifier of Rules shall make conforming rule changes to reflect the transfer of selected natural resource programs and State attractions from DEQ to DNCR.)

Section: 14.31

Title: **STUDY FURTHER EFFICIENCIES IN ORGANIZATION OF DEPARTMENT OF NATURAL AND CULTURAL RESOURCES AND DEPARTMENT OF ENVIRONMENTAL QUALITY**

Summary Requires DNCR, in consultation with DEQ and the Wildlife Resources Commission, to study the potential efficiencies, cost savings and alignment of core missions from further consolidations of agencies, divisions, or programs, and to report their findings no later than April 1, 2016 to the chairs of the Senate Appropriations Committee on Natural and Economic Resources and the House Appropriations Committee on Agriculture and Natural and Economic Resources and FRD.

Section: 14.34

Title: **PARTF FUNDS**

Summary Directs that \$50,000 of the funds appropriated to the Parks and Recreation Trust Fund be used to provide a greenway planning grant to a county impacted by a spill from a coal ash pond.

2015 Session: HB 259

Department: Environment & Natural Resources

Section: 5.2A

Title: **TECHNICAL CHANGE: CORRECT SPELLING ERROR**

Summary Amends Section 14.1 of S.L. 2015-241, 2015 Appropriation Act, to correct the spelling of liaison in the title.

Section: 5.2B

Title: **TECHNICAL CORRECTION: RULE MAKING COMMISSION**

Summary Amends Section 14.10A(d) of S.L. 2015-241, 2015 Appropriation Act, by replacing the Environmental Management Commission with the Marine Fisheries Commission.

Section: 5.2C

Title: **TECHNICAL CORRECTION: MITIGATION FLEXIBILITY**

Summary Amends Section 14.24 of S.L. 2015-241, 2015 Appropriation Act, by deleting the word "wetland" from the section.

Section: 5.4

Title: **TECHNICAL CORRECTION: TRANSFER FROM DEQ TO DNCR**

Summary Amends Section 14.30 of S.L. 2015-241, 2015 Appropriation Act, to correct conforming changes and the legal titles of certain entities. It also clarifies that vacant positions may be transferred from DEQ to DNCR, Jennette's Pier is part of the Aquarium Fund, and a regular admission charge does not include a charge for a special program. Lastly, it also clarifies that the Codifier of Rules shall make conforming rule changes to reflect the transfer of selected natural resource programs and State attractions from DEQ to DNCR.

Section: 5.5

Title: **TECHNICAL CORRECTION: FEES FOR SCHOOL GROUPS**

Summary Amends Section 14.11(g) of S.L. 2015-241, 2015 Appropriation Act, to clarify that regular admission charges do not include a separate admission charge for a special temporary exhibition or special program.

Section: 5.6

Title: **TECHNICAL CORRECTION: DURATION OF WATER COLUMN LEASES**

Summary Amends Section 14.10C of S.L. 2015-241, 2015 Appropriation Act, to specify that water column leases are issued for a period of 10 years.

Section: 5.7

Title: **TECHNICAL CORRECTION: FUND/BUDGET CODE REFERENCES**

Summary Amends S.L. 2015-241, 2015 Appropriation Act, by adding a new section to correct fund code references for items 46, 59 and 60, and a budget code reference for the Petroleum Violation Escrow item on page H-28. This section also removes a reduction to the solid waste permitting fees in FY 2015-16 on page H-22.

2015 Annotated Conference Committee Report

Wildlife Resources Commission

		GENERAL FUND	
		FY 15-16	FY 16-17
Recommended Base Budget		\$13,317,641	\$13,317,641
Legislative Changes			
Reserve for Salaries and Benefits			
70 Compensation Reserve			
Provides funds for a \$750 one-time bonus for State employees. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes. (S.L. 2015-241, Sec. 30.9, 30.10, and 30.18A)		\$130,127 NR	
71 State Retirement Contributions			
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund increased retiree medical premiums. Total General Fund appropriation across all sections in the committee report is \$11.0 million in FY 2015-16 and FY 2016-17. (S.L. 2015-241, Sec. 30.20)		\$8,686 R	\$8,686 R
72 State Health Plan			
Provides additional funding to continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium. (S.L. 2015-241, Sec. 30.20)		\$14,810 R	\$14,810 R
Wildlife Resources Commission			
73 Agency-wide Reduction			
Reduces funding to the Wildlife Resources Commission by 23% due to an increase in budgeted receipts, leaving approximately \$70 million in the budget from all sources.		(\$2,090,990) R	(\$2,090,990) R
		(\$1,000,000) NR	(\$1,000,000) NR

2015 Annotated Conference Committee Report

FY 15-16

FY 16-17

74 Operating Reduction (1135 & 1166)

(\$226,651) R

(\$226,651) R

Reduces printing and postage line items related to the production of the Wildlife magazine and budgets timber receipts to support a portion of the following Forester positions:

-3.75

-3.75

60034105 - Forester (0.50)
 60034121 - Forester (0.50)
 60034156 - Forester (0.25)
 60033832 - Forester (0.25)
 60033837 - Forester (0.25)
 60033851 - Forester (0.25)
 60033867 - Forester (0.25)
 60033876 - Forester (0.25)
 60089496 - Forester (0.25)
 60033847 - Forester (0.25)
 60033848 - Forester (0.25)
 60033849 - Forester (0.25)
 60033574 - Forester (0.25)

Total Legislative Changes

(\$2,294,145) R

(\$2,294,145) R

(\$869,873) NR

(\$1,000,000) NR

Total Position Changes

-3.75

-3.75

Revised Budget

\$10,153,623

\$10,023,496

Motor Boat Interest Bearing

Budget Code: 24352

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$1,349,466	\$1,349,466
Recommended Budget		
Requirements	\$16,916,753	\$16,916,753
Receipts	\$16,916,753	\$16,916,753
Positions	0.00	0.00

Legislative Changes**Requirements:**

Boating Safety Account (2371)	(\$2,318,667) R	(\$2,318,667) R
Reduces the motor fuel tax transfer by \$179,358 in FY 2015-16 and \$252,409 in FY 2016-17 based on distributional changes between the Highway Fund and Highway Trust Fund. Program is also subject to a Continuation Review so the recurring motor fuels tax transfer is eliminated and replaced with a nonrecurring transfer of motor fuel tax proceeds in FY 2015-16. (S.L. 2015-241, Sec. 6.20)	\$2,139,309 NR	\$0 NR
	0.00	0.00
Subtotal Legislative Changes	(\$2,318,667) R	(\$2,318,667) R
	\$2,139,309 NR	\$0 NR
	0.00	0.00

Receipts:

Boating Safety Account (2371)	(\$2,318,667) R	(\$2,318,667) R
Reduces the motor fuel tax transfer by \$179,358 in FY 2015-16 and \$252,409 in FY 2016-17 based on distributional changes between the Highway Fund and Highway Trust Fund. Program is also subject to a Continuation Review so the recurring motor fuels tax transfer is eliminated and replaced with a nonrecurring transfer of motor fuel tax proceeds in FY 2015-16.	\$2,139,309 NR	\$0 NR
Subtotal Legislative Changes	(\$2,318,667) R	(\$2,318,667) R
	\$2,139,309 NR	\$0 NR

2015 Annotated Conference Committee Report

	FY 2015-16	FY 2016-17
Revised Total Requirements	\$16,737,395	\$14,598,086
Revised Total Receipts	\$16,737,395	\$14,598,086
Change in Fund Balance	\$0	\$0
Total Positions	0.00	0.00
Unappropriated Balance Remaining	\$1,349,466	\$1,349,466

Special Provisions

2015 Session: HB 97

Department: Wildlife Resources Commission

Section:

Title: **No Special Provisions**

Summary

2015 Annotated Conference Committee Report

Commerce

		GENERAL FUND	
		FY 15-16	FY 16-17
Recommended Base Budget		\$47,261,954	\$47,261,954
Legislative Changes			
Reserve for Salaries and Benefits			
75 Compensation Reserve			
Provides funds for a \$750 one-time bonus for State employees. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes. (S.L. 2015-241, Sec. 30.2, 30.9, 30.10, and 30.18A)	\$152,962	NR	
76 State Retirement Contributions			
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund increased retiree medical premiums. Total General Fund appropriation across all sections in the committee report is \$11.0 million in FY 2015-16 and FY 2016-17. (S.L. 2015-241, Sec. 30.20)	\$11,154	R	\$11,154 R
77 State Health Plan			
Provides additional funding to continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium. (S.L. 2015-241, Sec. 30.20)	\$17,409	R	\$17,409 R
Department-wide			
78 Management Flexibility Reserve			
Reduces funds available to Department and provides Secretary discretion to find efficiencies in the agency.	(\$257,315)	R	(\$257,315) R
79 Legal Services			
Reduces legal services funding in the Department. Remaining funds available for this purpose total approximately \$450,000.	(\$93,626)	R	(\$93,626) R
Administration			
80 Human Resources Operating Budget Reduction (1111)			
Reduces the operating budget for Human Resources.	(\$61,070)	R	(\$61,070) R
81 Deputy General Counsel (1111)			
Replaces approximately one-fourth of the funding for Deputy General Counsel (60080998) with receipts.	(\$32,211)	R	(\$32,211) R
	-0.26		-0.26
(S.L. 2015-268, Sec. 5.8, General Government Technical Corrections, amends this item to reflect the correct FTE count.)			

2015 Annotated Conference Committee Report

FY 15-16

FY 16-17

82 Business Recruitment/Expansion (1111)

\$25,000

R

\$25,000

R

Provides additional funds for the Secretary's business recruitment/expansion activities, accomplished in partnership with the Economic Development Partnership of North Carolina (EDPNC).

Commerce Finance Center

83 Job Maintenance and Capital (JMAC) Development Fund (1581)

\$6,869,254

R

\$7,500,000

R

Provides funds for JMAC payments to Bridgestone, Domtar, Evergreen, and Goodyear.

84 Operating Costs (1581)

\$200,000

R

\$200,000

R

Provides funds for administration of the One North Carolina Fund and other economic development incentive programs. Commerce Finance Center operating budget totals approximately \$865,000, of which approximately \$221,000 is provided by receipts.

Economic Dev Partnership of NC (EDPNC)

85 EDPNC Contract (1114)

Eliminates \$982,379 in special registration plate fee receipts that have historically been transferred from the Department of Transportation for use in out-of-state print and other media advertising for promotion of travel and industrial development in accordance with G.S. 20-79.7(c)(3)a. (S.L. 2015-241, Sec. 29.30B)

86 EDPNC Contract (1114)

(\$525,060)

R

(\$525,060)

R

Reduces budget for EDPNC contract by 3%; remaining funds total \$17 million.

87 Tourism Advertising (1114)

\$1,000,000

R

\$2,000,000

R

Provides additional funding to EDPNC for tourism advertising. In accordance with G.S. 143B-431.01.(b), these funds are restricted for a research-based, comprehensive marketing program directed toward consumers in key markets most likely to travel to North Carolina and not for ancillary activities, such as statewide branding and business development marketing.

Graphics

88 Comprehensive Branding (1520)

(\$1,500,000)

R

(\$1,500,000)

R

Eliminates recurring funding provided for development of a comprehensive branding strategy to promote North Carolina.

89 Operating Funds (1520)

(\$142,834)

R

(\$142,834)

R

Removes excess funds remaining post EDPNC contract implementation; remaining funds total nearly \$158,000 to support partial positions.

2015 Annotated Conference Committee Report

FY 15-16

FY 16-17

90 Graphics Positions (1520)

(\$83,406) R

(\$83,406) R

Reduces funding for 2 Artist Illustrator II positions (60081262 & 60081263) by 75% and 1 temporary position by 100%. Positions will be supported by receipts.

-1.50

-1.50

Industrial Commission

91 Over-realized Receipts (1831)

(\$375,000) R

(\$375,000) R

Reduces State funding due to a projected net increase in receipts.

92 Position Elimination (1831)

(\$209,258) R

(\$311,913) R

Eliminates 4 positions in FY 2015-16, 2 of which are receipt-supported, and an additional 2 positions in FY 2016-17, 1 of which is receipt-supported; reduces General Fund appropriation in a like amount.

-2.00

-2.93

FY 2015-16:

60080703 - Program Assistant V (1.0)

65020435 - Investigator (1.0)

60080724 - Safety Consultant I

60080736 - Workers' Compensation Nurse

FY 2016-17:

60080628 - Deputy Commissioner (0.93)

60080679 - Program Assistant V

93 Positions (1831)

(\$167,129) R

(\$213,269) R

Shifts 4 positions to receipt-support in FY 2015-16 and an additional 1 position in FY 2016-17; reduces General Fund appropriation in a like amount.

-4.00

-5.00

FY 2015-16:

60080651 - Program Assistant V (1.0)

60080752 - Claims Examiner (1.0)

60080757 - Processing Assistant IV (1.0)

60080760 - Processing Assistant IV (1.0)

FY 2016-17:

60080710 - Program Assistant V (1.0)

94 Information Technology Positions (1831)

\$297,411 R

\$297,411 R

Provides funding for 3 Information Technology positions that will support ongoing administration of the Consolidated Case Management System, including:

3.00

3.00

Operations & Systems Specialist (1.0)

Bus & Tech App Analyst (1.0)

Technology Support Specialist (1.0)

2015 Annotated Conference Committee Report

FY 15-16

FY 16-17

95 Insurance Regulatory Surcharge Receipts (1831)

Directs the Commission to budget \$2.4 million for Insurance Regulatory Surcharge receipts.

Labor and Economic Analysis

96 Position Elimination (1130)

Eliminates 5 filled positions; 3.9 of which are receipt-supported:

(\$52,903) R (\$70,537) R

-1.10 -1.10

60079961 - Employment Security Research Analyst III (0.3)

60080019 - Manpower Programs Coordinator

60080021 - Manpower Programs Coordinator

60079990 - Labor Market Analyst (0.4)

60080024 - Labor Market Analyst (0.4)

Office of Science and Technology

97 One NC Small Business Fund (1113)

Provides nonrecurring funds to offer early-stage technology development grants for small businesses that receive federal awards from the Small Business Innovative Research program or Small Business Technology Transfer program. Total fiscal biennium funding is \$5.25 million.

\$2,250,000 NR \$3,000,000 NR

Rural Economic Development

98 Underserved & Limited Resource Communities Grants (ULRC) (1534)

Eliminates the ULRC program, a competitive grant program for underserved and low-resource communities that was active for 1 year in FY 2014-15.

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

99 Grant Program Expansion (1534)

Provides additional funding for Rural Economic Development Division grant programs. Total funding in FY 2015-16 is \$15.6 million and FY 2016-17 is \$15.7 million. (S.L. 2015-241, Sec. 15.8)

\$2,205,000 NR \$2,251,799 NR

100 Main Street Solutions Fund (1620)

Provides nonrecurring funds to offer reimbursable matching grants to local governments to assist planning agencies and small businesses with efforts to revitalize downtown areas. Total FY 2015-16 funding is \$2 million. (S.L. 2015-241, Sec. 15.8A)

\$2,000,000 NR

Travel Inquiry

101 Visitor Services Director (1551)

Budgets federal indirect cost receipts for one-half of a filled position (60080871).

(\$52,358) R (\$52,358) R

-0.50 -0.50

Workforce Solutions**102 Apprenticeship Program (1912)**

Eliminates Apprenticeship fees (G.S. 94-12) and reduces budgeted receipts by \$300,000. (S.L. 2015-241, Sec. 15.13)

Total Legislative Changes	\$3,618,058	R	\$5,082,375	R
	\$6,607,962	NR	\$5,251,799	NR
Total Position Changes	-6.36		-8.29	
Revised Budget	\$57,487,974		\$57,596,128	

Commerce Employment Security

Budget Code: 24650

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$11,845,640	\$11,845,640
Recommended Budget		
Requirements	\$168,075,000	\$168,075,000
Receipts	\$168,075,000	\$168,075,000
Positions	1,282.40	1,282.40

Legislative Changes**Requirements:****USDOL Grant (2000)**

Directs the Division of Employment Security to budget requirements and receipts for US Department of Labor Unemployment Compensation Modernization incentive payment. Funds shall be used to design and build an integrated unemployment benefit and tax accounting system; remaining funds shall be used for the operation of the unemployment insurance program.

\$0 R
\$205,063,552 NR
0.00

\$0 R
\$0 NR
0.00

Subtotal Legislative Changes

\$0 R
\$205,063,552 NR
0.00

\$0 R
\$0 NR
0.00

Receipts:**USDOL Grant (2000)**

Directs the Division of Employment Security to budget requirements and receipts for US Department of Labor Unemployment Compensation Modernization incentive payment. Funds shall be used to design and build an integrated unemployment benefit and tax accounting system; remaining funds shall be used for the operation of the unemployment insurance program.

\$0 R
\$205,063,552 NR

\$0 R
\$0 NR

2015 Annotated Conference Committee Report

	FY 2015-16	FY 2016-17
Subtotal Legislative Changes	\$0 R	\$0 R
	\$205,063,552 NR	\$0 NR
<hr/>		
Revised Total Requirements	\$373,138,552	\$168,075,000
Revised Total Receipts	\$373,138,552	\$168,075,000
Change in Fund Balance	\$0	\$0
Total Positions	1,282.40	1,282.40
<hr/>		
Unappropriated Balance Remaining	\$11,845,640	\$11,845,640

Commerce – Enterprise

Budget Code: 54600

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$3,639,764	\$3,981,703
Recommended Budget		
Requirements	\$33,541,658	\$33,541,658
Receipts	\$33,883,597	\$33,883,597
Positions	284.00	284.00

Legislative Changes**Requirements:**

Utilities Commission (5211)	(\$144,428) R	(\$144,428) R
Reduces the budgeted requirements and receipts for the Utilities Commission to more closely align to actuals.	\$0 NR	\$0 NR
	0.00	0.00
Utilities - Public Staff (5221)	(\$478,193) R	(\$478,193) R
Reduces the budgeted requirements and receipts for the Public Staff to more closely align to actuals.	\$0 NR	\$0 NR
	0.00	0.00
Subtotal Legislative Changes	(\$622,621) R	(\$622,621) R
	\$0 NR	\$0 NR
	0.00	0.00

Receipts:

Utilities Commission (5211)	(\$144,428) R	(\$144,428) R
Reduces the budgeted requirements and receipts for the Utilities Commission to more closely align to actuals.	\$0 NR	\$0 NR
Utilities - Public Staff (5221)	(\$478,193) R	(\$478,193) R
Reduces the budgeted requirements and receipts for the Public Staff to more closely align to actuals.	\$0 NR	\$0 NR
Subtotal Legislative Changes	(\$622,621) R	(\$622,621) R
	\$0 NR	\$0 NR

2015 Annotated Conference Committee Report

	FY 2015-16	FY 2016-17
Revised Total Requirements	\$32,919,037	\$32,919,037
Revised Total Receipts	\$33,260,976	\$33,260,976
Change in Fund Balance	\$341,939	\$341,939
Total Positions	284.00	284.00
Unappropriated Balance Remaining	\$3,981,703	\$4,323,642

2015 Annotated Conference Committee Report

Utilities Commission/Public Staff

Budget Code: 64605

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$3,366,237	\$3,366,237
Recommended Budget		
Requirements	\$16,122,621	\$16,122,621
Receipts	\$16,122,621	\$16,122,621
Positions	0.00	0.00
Legislative Changes		
Requirements:		
Utilities Comm. - Public Staff - Enterprise (6431)	(\$622,621) R	(\$622,621) R
Reduces the budgeted requirements and receipts for the fund to more closely align to actuals.	\$0 NR	\$0 NR
	0.00	0.00
Subtotal Legislative Changes	(\$622,621) R	(\$622,621) R
	\$0 NR	\$0 NR
	0.00	0.00
Receipts:		
Utilities Comm. - Public Staff - Enterprise (6431)	(\$622,621) R	(\$622,621) R
Reduces the budgeted requirements and receipts for the fund to more closely align to actuals.	\$0 NR	\$0 NR
Subtotal Legislative Changes	(\$622,621) R	(\$622,621) R
	\$0 NR	\$0 NR

2015 Annotated Conference Committee Report

	FY 2015-16	FY 2016-17
Revised Total Requirements	\$15,500,000	\$15,500,000
Revised Total Receipts	\$15,500,000	\$15,500,000
Change in Fund Balance	\$0	\$0
Total Positions	0.00	0.00
Unappropriated Balance Remaining	\$3,366,237	\$3,366,237

Special Provisions

2015 Session: HB 97

Department: Commerce

Section: 15.1

Title: **EDPNC STATE BUDGET ACT EXEMPTION**

Summary Amends G.S. 143B-431.01(b) to exempt the Economic Development Partnership of North Carolina from G.S. 143C-6-23, the portion of the State Budget Act that applies to the administration, oversight, and reporting requirements associated with State grant funds.

Section: 15.3

Title: **COMMERCE STUDY TIME SPENT ADMINISTERING PROGRAMS SUPPORTED BY FEDERAL FUNDS**

Summary Directs the Department of Commerce to study opportunities to shift funding of General Fund positions to federal indirect cost receipts. The report is due to the House Appropriations Committee on Agriculture and Natural and Economic Resources, the Senate Appropriations Committee on Natural and Economic Resources, and the Fiscal Research Division by March 1, 2016.

Section: 15.4

Title: **DEPARTMENT OF COMMERCE/CONFORMING STATUTORY CHANGES**

Summary Makes conforming statutory changes to accommodate the Department of Commerce contracting with a nonprofit to perform one or more of the Department's functions. This section also eliminates a statutory reference to the Office of Urban Development.

Section: 15.5

Title: **NER BLOCK GRANTS/2016 AND 2017 PROGRAM YEARS**

Summary Directs federal Community Development Block Grant (CDBG) funding appropriated for program years 2016 and 2017 to be allocated across administration, economic development, and infrastructure. This section also requires the Department to submit a report on use of CDBG funds during the prior fiscal year to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division by October 1, 2015 and September 1, 2016.

Section: 15.6

Title: **USE OF DEOBLIGATED COMMUNITY DEVELOPMENT BLOCK GRANT AND SURPLUS
FEDERAL ADMINISTRATIVE FUNDS**

Summary Directs the use of deobligated Community Development Block Grant (CDBG) funds and surplus federal administrative funds as follows:

1) Divides equally all surplus federal administrative funds between the Department of Commerce (DOC) and Department of Environment and Natural Resources (DENR, renamed the Department of Environmental Quality (DEQ)) and instructs each agency to use funds according to subsections (3) and (4), described below.

Subdivision (2) of subsection (b) also directs DOC to use \$5.9 million of deobligated funds in the following ways:

- a) \$4.7 million for public facilities and public services for at-risk veterans;
 - b) \$500,000 for existing CDBG programs that encounter cost overruns; and
 - c) \$750,000 for CDBG training to local governments.
- 3) After fulfilling the directive of subdivision (2), above, instructs DOC to use funds for economic development, local government training, and program administration.
- 4) Instructs DEQ to use funds for infrastructure and program administration.

Section: 15.8

Title: **FUNDS TO CERTAIN COUNTIES FOR APPALACHIAN REGIONAL COMMISSION MATCH**

Summary Directs \$253,956 of nonrecurring funds provided for the expansion of Rural Economic Development Division grants to 4 western counties in order to attain each county's Appalachian Regional Commission match requirement.

Section: 15.8A

Title: **MAIN STREET SOLUTIONS FUND ALLOCATION**

Summary Directs \$1 million of nonrecurring funds to a downtown revitalization project along the main street corridor of a municipality that meets the following criteria:

- 1) Population of 105,000 to 110,000 as of July 2013;
- 2) Located in a county that has moved from a Tier 3 to Tier 2 county in 2015; and
- 3) Provides \$1.43 match to every \$1 from the Fund.

This section also requires the Department of Commerce to allocate \$100,000 in FY 2015-16 to the Renaissance West Community Initiative.

Section: 15.8B

Title: **WANCHESE MARINE INDUSTRIAL PARK**

Summary Transfers the cash balance in the Wanchese Marine Industrial Park budget-fund code to an enterprise fund effective June 30, 2015.

Section: 15.10

Title: **MODIFY ECONOMIC DEVELOPMENT GRANT REPORT**

Summary Amends G.S. 143B-437.07 by requiring that future annual economic development grant reports include data starting in calendar year 2002 for Job Development Investment Grants. Reports must also address whether the award was provided to a new or existing business and whether the project site location is a new or expanded facility.

Section: 15.11

Title: **WORKFORCE DEVELOPMENT BOARDS/CHANGES TO CONFORM WITH FEDERAL LAW**

Summary Amends various General Statutes to conform with the federal Workforce Innovation and Opportunity Act (formerly known as the Workforce Investment Act or WIA), including increasing the size of Commission on Workforce Development, which is also renamed as the NCWorks Commission.

Section: 15.11A

Title: **STATE MATCH FOR REVOLUTIONARY FIBERS AND TEXTILES MANUFACTURING INNOVATION INSTITUTE GRANT PROGRAM**

Summary Authorizes the Department of Commerce and North Carolina State University to use funds available to help match a federal U.S. Department of Defense grant for Revolutionary Fibers and Textiles Manufacturing Innovation Institute if awarded to the State.

Section: 15.12

Title: **REPEAL STATUTES AUTHORIZING TRADE JOBS FOR SUCCESS/INITIATIVE ENDED JUNE 30, 2013**

Summary Repeals Part 3C of Article 10 of G.S. 143B associated with the Trade Job for Success Initiative; the program is unfunded and has been inactive since the end of FY 2012-13.

Section: 15.13

Title: **REPEAL APPRENTICESHIP FEE**

Summary Repeals G.S. 94-12, eliminating the Apprenticeship Program fee.

Section: 15.13A

Title: **INDUSTRIAL COMMISSION STUDY IMPLEMENTING DRUG FORMULARY IN WORKERS' COMPENSATION CLAIMS**

Summary Directs the Industrial Commission to study implementation of a drug formulary for workers' compensation claims filed by State employees. The study shall consider:

- 1) Pharmacy-related expenses;
- 2) Cost-saving potential;
- 3) Opportunities for generating efficiencies in medication delivery, providing reasonable and necessary care, and disincenting use of brand-name, expensive drugs and narcotics; and
- 4) Implementing an appeals process for providers and workers to get approval and coverage of non-formulary drugs.

The study findings and recommendations are due by April 1, 2016 to the House Health Committee, the Senate Health Care Committee, and the Fiscal Research Division.

Section: 15.13B

Title: **INDUSTRIAL COMMISSION/REIMBURSEMENT FOR PRESCRIPTION DRUGS AND PROFESSIONAL PHARMACEUTICAL SERVICES**

Summary Amends G.S. 97-26.2, modifying the Industrial Commission's reimbursement for prescription drugs by:

- 1) Including prescribed over-the-counter drugs;
- 2) Changing reimbursement from 95% of average wholesale price to the lesser of 95% of average wholesale price or an amount agreed upon by the dispensing health care provider and the payor employer or the insurance carrier;
- 3) Changing "physician" to "health care provider" throughout the statute;
- 4) Making a number of changes to documentation requirements, including mandating that invoices reflect the original manufacturer's National Drug Code number; and
- 5) Adding Schedule IV and V controlled substances to the list of drugs that, beyond an initial 5-day supply, may only be reimbursed when provided by a licensed pharmacy.

Section: 15.14

Title: **INDUSTRIAL COMMISSION/USE OF IT FUNDS**

Summary Authorizes the Industrial Commission to use available funds in budget code 24611 to maintain its Consolidated Case Management System.

Section: 15.15

Title: **UTILITIES COMMISSION/PUBLIC STAFF REALIGN CERTIFIED BUDGET WITH ANTICIPATED AGENCY REQUIREMENTS**

Summary Requires the Utilities Commission and Public Staff to realign their respective certified budgets following a reduction in budgeted receipts.

Section: 15.16A

Title: **UTILITY COMMISSION FEES AND CHARGES**

Summary Directs the Utilities Commission to review fees and charges to ensure revenue is sufficient to cover administrative costs. Recommendations regarding changes are due by April 1, 2016 to the Joint Legislative Commission on Energy Policy, the House Appropriations Committee on Agriculture and Natural and Economic Resources, the Senate Appropriations Committee on Natural and Economic Resources, and the Fiscal Research Division.

Section: 15.16B

Title: **MUNICIPAL SERVICE DISTRICTS/CONTRACTS WITH PRIVATE AGENCY/TAXES/STUDY**

Summary Amends G.S. Chapter 160A, effective October 1, 2015, by requiring cities to enhance oversight and accountability of private contractors for certain Municipal Service Districts (MSD) (historic, downtown, and urban revitalization) through the following activities:

1. Soliciting input on MSD needs from residents and property owners prior to entering into a contract;
2. Using a bid process to determine which private agency is best suited to achieve the needs of the MSD prior to entering into or renewing any contract (multi-year contracts may not exceed 5 years);
3. Charging a city to hold a public hearing before entrance into a contract (2-week notice required);
4. Requiring the private contractor to report annually to the city via presentation and written report; and
5. Mandating the contract to specify the scope of services (any change must be approved by the city council).

Effective January 1, 2016, subsections (b) and (d) require cities to set all MSD tax rates in a manner that considers current needs and long range plans. Subsection (c) directs the Legislative Research Commission to study the feasibility of authorizing MSD property owners to petition for withdrawal from the MSD; study recommendations must be reported to the 2016 Regular Session of the 2015 General Assembly.

Section: 15.23

Title: **LOTTERY PROCEEDS DISCLOSURE**

Summary Amends G.S. 18C-115 by requiring each State entity receiving lottery funds to inform the public about amounts received and activities supported.

Section: 15.25

Title: **MODIFY FILM AND ENTERTAINMENT GRANT FUND**

Summary Amends G.S. 143B-437.02A, The Film and Entertainment Grant Fund, in the following ways:

- 1) Subsection (a) modifies fund purpose to include "movies for television" and "productions intended for on-line distribution";
- 2) Increases the minimum spend necessary for a television series to qualify for a grant from \$250,000 per episode to \$1 million per episode;
- 3) Increases the grant cap for a single season of a television series from \$5 million to \$9 million;
- 4) Modifies definitions for:
 - Employee, by eliminating the requirement to work at least 35 hours per week,
 - Production, by including made-for-television movies and productions intended for on-line distribution
- 5) Eliminates language requiring a production company to apply "under oath;" and
- 6) Subsection (b) allows for the exchange and disclosure of tax information for purposes of program administration by the Department of Revenue, Commerce, and any contractor hired for administration purposes.

2015 Session: HB 117

Department: Commerce

Section: PART I

Title: **JDIG MODIFICATIONS**

Summary Amends Part 2G of Article 10 of G.S. 143B by modifying the Job Development Investment Grant (JDIG) program, including:

- Extending Commerce's authority to make new awards by 3 years;
- Increasing the maximum annual liability from \$15 million to \$20 million (each year, for up to 12 years); and
- Crafting a new "high-yield project" (HYP) category for which a business is eligible by creating a minimum of 1,750 jobs and investing \$500 million. For any year in which a HYP is awarded, Commerce's authorized annual liability cap increases to \$35 million.

Section: PART II

Title: **ONE NC MODIFICATIONS**

Summary Amends G.S. 143B-437.72(c) by modifying the One North Carolina Fund to require that local governments match State dollars according to the County Tier Designation in which the project is located (Tier 1: \$1 Local matched to every \$3 State, Tier 2: \$1 Local matched to every \$2 State, Tier 3: \$1 Local matched to every \$1 State).

2015 Session: HB 259

Department: Commerce

Section: 5.8

Title: **TECHNICAL CHANGE: COMMERCE/DEPUTY GENERAL COUNSEL POSITION FUNDING**

Summary Amends S.L. 2015-241 by adding a new Section 15.3A to correct Item 81 on Page H-29 of the Joint Conference Committee Report on the Base, Expansion and Capital Budgets for House Bill 97; the FTE reduction is -0.26.

2015 Annotated Conference Committee Report

Commerce - State Aid

GENERAL FUND

	FY 15-16		FY 16-17	
Recommended Base Budget	\$11,704,240		\$11,704,240	
Legislative Changes				
American Legion World Series Baseball (1913)				
103 American Legion World Series (ALWS) Baseball Inc.				
Provides nonrecurring funding to ALWS, the nonprofit organization responsible for hosting the 2015 American Legion Baseball World Series. (S.L. 2015-241, Sec. 15.19)	\$200,000	NR		
Biotechnology Center				
104 Biotechnology Center (1121)	\$5,000,000	R	\$5,000,000	R
Provides recurring funding for the Biotechnology Center; annual funding totals \$13.6 million. (S.L. 2015-241, Sec. 15.17)				
Brevard Station Museum				
105 Brevard Station Museum (1913)				
Provides nonrecurring funding for the Brevard Station Museum in Stanley. (S.L. 2015-241, Sec. 15.19)	\$25,000	NR		
Grassroots Science Museums (1913)				
106 Grassroots Science Museums			(\$2,448,430)	R
Transfers funding in FY 2016-17 to the Museum of Natural Sciences to establish a competitive grant program for North Carolina science centers/museums and children's museums. (S.L. 2015-241, Sec. 15.18 and 15.18A)				
(This transfer also appears in the Cultural Resources section of the Annotated Conference Committee Report. See page H-71, item 129.)				
High Point Market Authority (1913)				
107 High Point Market Authority (HPMA)	\$500,000	R	\$500,000	R
Provides additional funding for HPMA marketing; total annual funding is \$1.2 million. (S.L. 2015-241, Sec. 15.19)				
Rankin Museum (1913)				
108 Rankin Museum of American Heritage				
Provides nonrecurring funding for the Rankin Museum in Ellerbe. (S.L. 2015-241, Sec. 15.19)	\$25,000	NR		

2015 Annotated Conference Committee Report

FY 15-16

FY 16-17

Research Triangle Institute (1913)

109 Research Triangle Institute Grant

\$800,000

R

\$800,000

R

Provides funds to the Research Triangle Institute. FY 2015-16 monies will match US Department of Energy grants for clean energy research and development. (S.L. 2015-241, Sec. 15.19)

The Support Center (1913)

110 The Support Center

\$2,500,000

NR

\$2,500,000

NR

Provides nonrecurring funding to The Support Center for each year of the fiscal biennium to provide small business loans and financial training to start-ups and existing businesses and lending services to community-based organizations. (S.L. 2015-241, Sec. 15.19)

Total Legislative Changes

\$6,300,000

R

\$3,851,570

R

\$2,750,000

NR

\$2,500,000

NR

Total Position Changes

Revised Budget

\$20,754,240

\$18,055,810

Special Provisions

2015 Session: HB 97

Department: Commerce - State Aid

Section: 15.17

Title: **NC BIOTECHNOLOGY CENTER**

Summary Allocates funding provided to the Biotechnology Center across three categories:

- 1) Job creation;
- 2) Science and commercialization; and
- 3) Center operations.

Also requires the Center to submit annual reports to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division by September 1 of each year.

Section: 15.18

Title: **GRASSROOTS SCIENCE PROGRAM**

Summary Allocates funding for the 32 science museums funded through the Grassroots Science Program. The funding formula provides a base appropriation of \$58,000 per museum plus a pro-rata distribution of remaining appropriated funds based on prior year actual expenditures. This section also requires the Grassroots Science Museums Collaborative to report annually on program activities to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division by September 1 of each year.

Section: 15.18A

Title: **GRASSROOTS SCIENCE PROGRAM/COMPETITIVE GRANT PROGRAM**

Summary Transfers the Grassroots Science Program and its funding in FY 2016-17 to the Museum of Natural Sciences (MNS) as a competitive grant program for science centers and museums in the State that offer science, technology, engineering, and math (STEM) exhibits or programming.

Subsections (b) and (c) establish the Grassroots Science Competitive Grant Program in statute effective July 1, 2016 and require MNS to:

- 1) Reserve a portion of funds for Tier 1 and Tier 2 counties during initial award determination;
- 2) Fund a maximum of \$75,000, \$60,000, and \$50,000 for a museum located in a Tier 1, 2, or 3 county, respectively;
- 3) Make an award commitment for 2 years, starting in FY 2017-18; and
- 4) Implement museum eligibility standards.

Subsection (d) requires MNS to submit draft guidelines for the Grassroots Science Competitive Grant Program by March 1, 2016 to the House Appropriations Committee on Agriculture and Natural and Economic Resources, the Senate Appropriations Committee on Natural and Economic Resources, and the Fiscal Research Division.

Section: 15.19

Title: **COMMERCE NONPROFITS/REPORTING REQUIREMENT**

Summary Requires the Brevard Station Museum, Cleveland County ALWS Baseball, Inc., High Point Market Authority, RTI International, The Rankin Museum, and The Support Center to submit an annual performance report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division by September 1 of each year. This section also requires, within 30 days of issuance, each nonprofit to provide its annual audited financial statement to the Fiscal Research Division.

2015 Annotated Conference Committee Report

Cultural Resources

GENERAL FUND				
	FY 15-16		FY 16-17	
Recommended Base Budget	\$64,231,047		\$64,231,047	
Legislative Changes				
Reserve for Salaries and Benefits				
111 Compensation Reserve				
Provides funds for a \$750 one-time bonus for State employees. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes. (S.L. 2015-241, Sec. 30.9, 30.10, and 30.18A)	\$1,305,055	NR		
112 State Retirement Contributions	\$61,895	R	\$61,895	R
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund increased retiree medical premiums. Total General Fund appropriation across all sections in the committee report is \$11.0 million in FY 2015-16 and FY 2016-17. (S.L. 2015-241, Sec. 30.20)				
113 State Health Plan	\$148,533	R	\$148,533	R
Provides additional funding to continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium. (S.L. 2015-241, Sec. 30.20)				

Department-wide**114 Administrative Positions**

\$3,129,370	R	\$3,129,370	R
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Establishes administrative positions in the newly renamed Department of Natural and Cultural Resources due to the transfer of the Zoo, Aquariums, Museum of Natural Sciences, Parks System, the Clean Water Management Trust Fund and Natural Heritage Program. Positions will be established using funds made available from the elimination of 24.94 vacant positions and the transfer of 15.45 filled positions from the Department of Environment and Natural Resources.

15.45

15.45

Filled Positions:

60036012 - Accountant (1.0)
 60036004 - Accounting Technician (1.0)
 60036013 - Accounting Technician (1.0)
 60036014 - Accounting Technician (1.0)
 60036017 - Accounting Technician (1.0)
 60036019 - Accounting Technician (1.0)
 60035954 - Administrative Assistant III (1.0)
 60035979 - Artist Illustrator (1.0)
 60035971 - Attorney II (1.0)
 60035991 - EEO Administrator (1.0)
 65010186 - Engineer (1.0)
 60035950 - GS 5th Floor Receptionist (1.0)
 60035949 - HR Representative (1.0)
 60032527 - Info Communication Specialist (0.45)
 60036042 - Purchaser (1.0)
 60035942 - Special Assistant (1.0)

(S.L. 2015-241, Sec. 14.30)

(S.L. 2015-268, Sec. 5.4(h), General Government Technical Corrections, amends this item to allow for the transfer of the vacant positions.)

(This item also appears in the Environment and Natural Resources section of the Conference Committee Report. See page H-13, item 37.)

A+ Schools**115 A+ Schools**

Provides additional funds for the management and execution of the A+ Schools program. The total amount of funds for this effort will be \$756,189 for FY 2015-16 and \$1,006,189 in FY 2016-17, including special revenue funds. There is a special revenue account that allows donations to be deposited and used only for the purpose of the activities for this program.

\$232,711	NR	\$482,711	NR
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2015 Annotated Conference Committee Report

FY 15-16

FY 16-17

Aquariums

116 Aquariums Base Budget

\$6,677,619 R \$6,677,619 R

Creates an aquariums reserve to be used to establish the base budget for the aquariums transferred from the Department of Environment and Natural Resources to the newly renamed Department of Natural and Cultural Resources, effective July 1, 2015.(S.L. 2015-241, Sec. 14.30)

118.50

118.50

(This item also appears in the Environment and Natural Resources section of the Conference Committee Report. See page H-14, item 39.)

Archeology

117 Queen Anne's Revenge

\$929,161 NR \$570,839 NR

Provides funding for the continued archeological work for the Queen Anne's Revenge excavation project. The total funding is \$1.5 million over the biennium for this effort.

Arts Council Grants

118 Grassroots Art Grants

\$150,000 NR \$150,000 NR

Provides additional funds for the Grassroots Art Grants program. The total funding for this grants program will be \$2,453,708 in both FY 2015-16 and FY 2016-17.

Clean Water Management Trust Fund

119 Clean Water Management Trust Fund (CWMTF) Base Budget

\$11,657,530 R \$11,657,530 R

Creates a CWMTF reserve to be used to establish the base budget for the Trust Fund transferred from the Department of Environment and Natural Resources to the newly renamed Department of Natural and Cultural Resources, effective July 1, 2015. (S.L. 2015-241, Sec. 14.5, 14.30)

(This item also appears in the Environment and Natural Resources section of the Conference Committee Report. See page H-15, item 48.)

120 CWMTF Operating (1115)

\$1,127,452 R \$1,127,452 R

Provides recurring funds to support the CWMTF's administrative expenses rather than funding administration from grant funds. (S.L. 2015-241, Sec. 14.4)

9.60

9.60

(This item also appears in the Environment and Natural Resources section of the Conference Committee Report. See page H-16, item 49.)

2015 Annotated Conference Committee Report

FY 15-16

FY 16-17

121 Military Buffers

Provides additional funding to the CWMTF to be allocated specifically for the purpose of acquiring buffers around military bases. Total General Fund support for all CWMTF grants is \$30.3 million over the biennium. Total funding from all sources, including special license plates revenue, is \$38.7 million over the biennium. (S.L. 2015-241, Sec. 14.18)

\$1,000,000 R

\$1,000,000 R

122 Grant Program Expansion

Provides additional grant funds for the CWMTF bringing total General Fund support for grants to approximately \$30.3 million over the fiscal biennium. Total funding from all sources, including special license plate revenue, is \$38.7 million over the biennium. (S.L. 2015-241, Sec. 14.5)

\$5,000,000 NR

Historic Preservation

123 Staff Support for Federal Historic Tax Credits

Provides funding for staff to support historic revitalization and federal tax credits.

\$190,730 R

\$190,730 R

4.00

4.00

Historic Sites

124 Tryon Palace

Provides additional operating funds for Tryon Palace. Total funding for Tryon Palace is \$3,453,914 in FY 2015-16 and \$3,403,914 in FY 2016-17.

\$100,000 NR

\$50,000 NR

History Museum

125 Chief Curator Position

Provides funds for the creation of 1 military curator position to serve the history museums.

\$102,000 R

\$102,000 R

1.00

1.00

Library Grant Program

126 Library Grant Program

Provides \$1 million in funds for the library grant program to be disbursed through the formula. The amount available through State appropriations equals \$14,207,033 for each year of the biennium.

\$1,000,000 R

\$1,000,000 R

Museum of Art

127 North Carolina Museum of Art

Provides nonrecurring funds to the North Carolina Museum of Art for FY 2015-16. The total funds available for FY 2015-16 is \$6,311,036.

\$130,000 NR

Museum of Natural Sciences**128 Museum Base Budget**

\$11,842,973	R	\$11,842,973	R
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Creates a museum reserve to be used to establish the base budget for the museum transferred from the Department of Environment and Natural Resources to the newly renamed Department of Natural and Cultural Resources, effective July 1, 2015. The transfer includes 3.12 receipt-supported positions. (S.L. 2015-241, Sec. 14.30)

148.88

148.88

(This item also appears in the Environment and Natural Resources section of the Conference Committee Report. See page H-17, item 55.)

129 Grassroots Science Museums

\$2,448,430	R
-------------	---

Establishes a competitive grant program for North Carolina science centers/museums and children's museums with science and STEM (science, technology, engineering, and mathematics) exhibits and programming. (S.L. 2015-241, Sec. 15.18)

Natural Heritage Program**130 Natural Heritage Program Operating Funds (1115)**

\$450,000	R	\$450,000	R
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Provides funding for the Natural Heritage Program transferred from the Department of Environment and Natural Resources to the newly renamed Department of Natural and Cultural Resources, effective July 1, 2015. Total funding for the program is reduced by 41%. (S.L. 2015-241, Sec. 14.4)

5.00

5.00

(This item also appears in the Environment and Natural Resources section of the Conference Committee Report. See page H-16, item 50.)

Parks and Recreation**131 Parks Base Budget**

\$42,807,443	R	\$42,807,443	R
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Creates a parks reserve to be used to establish the base budget for the parks system transferred from the Department of Environment and Natural Resources to the newly renamed Department of Natural and Cultural Resources, effective July 1, 2015. The transfer includes 17 receipt-supported positions. (S.L. 2015-241, Sec. 14.30)

463.50

463.50

(This item also appears in the Environment and Natural Resources section of the Conference Committee Report. See page H-17, item 56.)

132 Parks and Recreation Trust Fund (PARTF)

\$190,924	R	\$4,427,007	R
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Provides additional funding for PARTF bringing total grant funding from all sources to approximately \$37.2 million over the fiscal biennium. (S.L. 2015-241, Sec. 14.34)

\$6,000,000	NR
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133 Centennial Funding

\$250,000	NR	\$200,000	NR
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Provides nonrecurring funds for the promotion of the 100th Anniversary of the North Carolina State Parks System, including marketing funds, special exhibits and improved signage.

2015 Annotated Conference Committee Report

FY 15-16

FY 16-17

134 Park Restoration

Provides nonrecurring funds to restore Brock's Mill House and Pond.

\$100,000 NR

Zoo

135 Zoo Base Budget

\$10,583,824 R \$10,533,824 R

Creates a zoo reserve to be used to establish the base budget for the zoo transferred from the Department of Environment and Natural Resources to the newly renamed Department of Natural and Cultural Resources, effective July 1, 2015. The transfer includes 49.9 receipt-supported positions. (S.L. 2015-241, Sec. 14.30)

213.35

213.35

(This item also appears in the Environment and Natural Resources section of the Conference Committee Report. See page H-19, item 69.)

Total Legislative Changes

\$90,970,293 R **\$97,604,806** R

\$8,196,927 NR **\$7,453,550** NR

Total Position Changes

979.28

979.28

Revised Budget

\$163,398,267

\$169,289,403

Special Provisions

2015 Session: HB 97

Department: Cultural Resources

Section:

Title: **No Special Provisions**

Summary

2015 Annotated Conference Committee Report

Cultural Resources - Roanoke Island Commission

GENERAL FUND

	FY 15-16		FY 16-17	
Recommended Base Budget	\$508,384		\$508,384	
Legislative Changes				
Roanoke Island Festival Park				
136 Operating Fund Increase	\$15,000	R	\$15,000	R
Provides additional operating funds for the Roanoke Island Festival Park. The total funds available will be \$523,384.				
Total Legislative Changes	\$15,000	R	\$15,000	R
Total Position Changes				
Revised Budget	\$523,384		\$523,384	

Special Provisions

2015 Session: HB 97

Department: Cultural Resources - Roanoke Island Commission

Section: 14.33

Title: **TECHNICAL CORRECTION RELATING TO ROANOKE ISLAND COMMISSION LEGAL COUNSEL**

Summary Repeals G.S. 143B-131.7 which required the Attorney General to assign legal counsel to the Roanoke Island Commission.

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Justice and Public Safety Section I

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2015 Annotated Conference Committee Report

Public Safety

GENERAL FUND

	FY 15-16		FY 16-17	
Recommended Base Budget	\$1,758,733,006		\$1,758,773,164	
Legislative Changes				
A. Reserve for Salaries and Benefits				
1 Compensation Reserve	\$134,578	R	\$134,578	R
Provides funds for a \$750 one-time bonus for State employees. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes. In addition, funds are appropriated for the changes to the Statewide teacher salary schedule that affect State agency teachers within the Department. (S.L. 2015-241, Secs. 30.2, 30.7, 30.9, 30.10, and 30.18A)	\$19,778,039	NR		
2 Trooper Step Increase	\$876,980	R	\$1,753,960	R
Provides funds for an experience-based step increase for State Highway Patrol Troopers pursuant to G.S. 20-187.3. The FY 2015-16 step increase shall be effective January 1, 2016. (S.L. 2015-241, Sec. 30.8)				
(S.L. 2015-267, Sec. 3, DPS Changes, amends G.S. 143B-911(a) as amended by Section 16A.7(f) of S.L. 2015-241, to clarify that employees of the State Capitol Police are not considered members of the State Highway Patrol.)				
(S.L. 2015-268, Sec. 6.2, General Government Technical Corrections, clarifies that employees of the State Capitol Police are not entitled to the salary increases provided to the State Highway Patrol by G.S. 20-187.3 or Sec. 30.15 of S.L. 2015-241.)				
3 State Highway Patrol Market Adjustment	\$3,700,000	R	\$3,700,000	R
Provides funds for a market-based salary adjustment for sworn members of the State Highway Patrol (SHP). Salaries of all sworn members of the SHP are increased 3% and the starting pay for entry-level SHP positions is also increased 3% from \$35,000 to \$36,050. (S.L. 2015-241, Sec. 30.15)				
(S.L. 2015-267, Sec. 3, DPS Changes, amends G.S. 143B-911(a) as amended by Section 16A.7(f) of S.L. 2015-241, to clarify that employees of the State Capitol Police are not considered members of the State Highway Patrol.)				
(S.L. 2015-268, Sec. 6.2, General Government Technical Corrections, clarifies that employees of the State Capitol Police are not entitled to the salary increases provided to the State Highway Patrol by G.S. 20-187.3 or Sec. 30.15 of S.L. 2015-241.)				

2015 Annotated Conference Committee Report

FY 15-16

FY 16-17

4 Correctional Officer Custody-level Based Pay Adjustment

\$12,771,297

R

\$25,542,594

R

Provides funds to begin implementation of custody-level pay for Correctional Officers, Custody Supervisors, and Prison Facility Administrators. No earlier than January 1, 2016, the Department of Public Safety will begin adjusting Correctional Officer salaries, including the salaries of Correctional Food Service Officers and Managers, based on the custody level of the correctional facility.

5 Parole Commission Salary Adjustment

\$98,393

R

\$98,393

R

Increases the salaries of the Parole Commission. The salary of the Chair of the Parole Commission is increased to the same salary as the Chair of the Board of Review. The salary of the three members of the Parole Committee remain at 92.4% of the Chair's salary.

6 State Retirement Contributions

\$1,046,686

R

\$1,046,686

R

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund increased retiree medical premiums. Total General Fund appropriation across all sections in the committee report is \$11.0 million in FY 2015-16 and FY 2016-17. (S.L. 2015-241, Sec. 30.20)

7 State Health Plan

\$2,251,128

R

\$2,251,128

R

Provides additional funding to continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium. (S.L. 2015-241, Sec. 30.20)

B. Department-wide

8 Samarcand Operating Costs

\$1,096,687

R

\$1,936,248

R

Funds start-up costs for the Samarcand Training Academy in Moore County. The training facility will allow the Department to provide overnight training for correctional officers and juvenile justice officers, as well as other employees of the Department of Public Safety (DPS). Positions are phased in throughout the biennium. (S.L. 2015-241, Sec. 16A.4)

\$466,121
18.00

NR

21.00

9 Appropriate Use-of-Force Training

Provides nonrecurring funds to purchase a use-of-force training simulator for the Samarcand Training Academy.

\$109,656

NR

10 Samarcand Firing Range

Provides funds to construct a state-of-the-art firing range at the Samarcand Training Academy. The firing range will be made available to train for correction officers, probation and parole officers, State law enforcement officers, and local law enforcement agencies.

\$2,898,779

NR

C. Administration**11 Operating Budget Reductions**

(\$199,189)	R	(\$199,189)	R
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Reduces various line items in the operating budget for the Division of Administration. Reductions include:

PC/Printer Equipment	(\$110,000)
Server Equipment	(\$ 56,000)
Data Processing Supplies	(\$ 15,000)
Laboratory Service Agreement	(\$ 6,000)
Library and Learning Resources	(\$ 7,000)
Other line items	(\$ 5,189)

This reduction is 0.33% of the \$59.9 million budget for the Division of Administration.

12 Governor's Crime Commission Budget Alignment

(\$12,489)	R	(\$12,489)	R
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Modifies the budgeted amount for PC software by \$10,879 and eliminates State matching funds of \$1,610 for grant funds that are no longer necessary. This is a 0.04% reduction to the Governor's Crime Commission budget of \$25.9 million.

13 Grants for Body-worn Cameras

Provides matching grants for local and county law enforcement agencies to purchase and use body-worn video cameras and for training and related expenses. Agencies can receive up to \$100,000. Grants must be matched by agencies on a 2-to-1 basis. (H.B. 395, H.B. 537; S.L. 2015-241, Sec. 16A.8)

\$2,500,000	NR	\$2,500,000	NR
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14 HERO Grants

Provides funds to the Governor's Crime Commission for grants to law enforcement agencies for salaries, training, and equipment for Internet Crimes Against Children Task Force affiliate investigators and forensic analysts to utilize technology and data analysis to locate and rescue children at risk of exploitation. Priority will be given to veterans who have received training from the Human Exploitation Rescue Operative (HERO) project, a collaborative between the National Association to Protect Children, US Immigration and Customs Enforcement, and the US Special Operations Command, or a comparable training program.

\$600,000	NR	\$1,000,000	NR
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D. Law Enforcement**15 SHP - Appropriate Use-of-Force Training**

\$150,000	R	\$150,000	R
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Provides funds to the Highway Patrol to develop and coordinate appropriate use-of-force training for State law enforcement officers, including the State Bureau of Investigation (SBI), Alcohol Law Enforcement (ALE), and State Capitol Police. Recurring funds are provided for supplies and equipment replacement and training costs; nonrecurring funds are provided for a use-of-force training simulator and associated equipment in the first year.

\$109,656	NR
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FY 15-16

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16 SHP Vehicles

\$7,657,143 R

\$7,657,143 R

Increases funding for Highway Patrol vehicles by 153% to \$12,649,895 to fully fund the enforcement and support fleet vehicle replacement schedule. Enforcement vehicles will be replaced every 100,000 miles.

17 SHP Vehicle Cameras

\$2,649,625 R
\$695,650 NR

\$2,649,625 R

Provides funds to install cameras in the remaining enforcement fleet vehicles that do not already have them. Once the remaining fleet is outfitted with cameras, all of the cameras will be on a five-year replacement cycle.

18 SBI Vehicles

\$1,943,373 R

\$1,943,373 R

Establishes a recurring budget to replace 75 vehicles per year for the State Bureau of Investigation, including ALE.

19 SAFIS Replacement

Budgets \$399,602 in receipts on a recurring basis for replacement of the Statewide Automated Fingerprint Identification System (SAFIS). An additional \$333,557 nonrecurring is transferred from Budget Code 23002 - Governor's Office Special Revenue into the Public Safety Information Technology Fund (Budget Code 24554) in the Special Fund section for this purpose.

(S.L. 2015-267, Sec. 1(a), DPS Changes, amends this item to remove the reference to the transfer from Budget Code 23002 since the funds had been reverted by OSBM prior to passage of the budget. The bill also authorizes the use of up to \$3 million in overrealized receipts for SAFIS during the 2015-17 fiscal biennium.)

20 Operation Medicine Drop

Provides funds to the SBI for Operation Medicine Drop, a program that conducts events for citizens to bring unused or expired medications to a central location for safe disposal.

\$120,000 NR

21 Law Enforcement Reorganization

(\$153,791) R

(\$153,791) R

Eliminates the Commissioner of Law Enforcement (Chief Deputy Secretary - 65014617). A corresponding special provision transfers the State Capitol Police as a section under the State Highway Patrol and makes the Highway Patrol a direct report to the Secretary. (S.L. 2015-241, Sec. 16A.7)

-1.00

-1.00

E. Emergency Management and National Guard

22 Emergency Management Operating Efficiencies

(\$73,360) R

(\$73,360) R

Shifts partial funding of 4 positions (60084453, 60032393, 60084598, 60032400) to receipt support (\$48,657), and reduces funds for supplies and equipment by \$24,703. This is a 0.20% reduction to the total budget for Emergency Management of \$35.7 million.

-1.17

-1.17

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23 National Guard Operating Efficiencies

(\$103,680) R

(\$103,680) R

Reduces the National Guard operating budget as follows:

Waste Mgt Services	(\$67,679)
Travel	(\$26,001)
Motor Vehicle Insurance	(\$10,000)

This is a 0.29% reduction to the total National Guard budget of \$35.5 million.

24 National Guard Joint Forces Headquarters (JFHQ) Operating Expenses

\$350,000 R

\$375,000 R

Provides funds for building utilities and maintenance for the National Guard's portion of JFHQ. Federal funds were used for this purpose until last year, when the federal portion of the funding was reduced to 55% and a 45% State match was required.

F. Adult Correction and Juvenile Justice - Prisons

25 Harnett CI Electronic Intrusion System

(\$53,788) R

(\$511,219) R

Enhances prison security through the installation of an Electronic Intrusion System (EIS) at Harnett Correctional Institution. EIS improves efficiency by eliminating staff in watchtowers and replacing them with a roving perimeter patrol. The total amount reduced in FY 2015-16 is \$127,838. However, the Department is authorized to spend \$74,050 nonrecurring funds for vehicles and telecommunications equipment for the perimeter patrols.

-14.00

-14.00

26 Inmate Education

(\$500,000) R

(\$500,000) R

Reduces the Inmate Education budget by 5.6%, leaving \$8,451,087 to provide education services.

27 Central Prison Mental Health Beds

\$1,074,669 R

\$3,161,763 R

Funds 66 positions at the Central Prison Mental Health Facility to open 72 additional beds to enable the unit to operate at full capacity of 216 beds. Thirty-five positions are effective January 1, 2016 and 31 additional positions are effective January 1, 2017. (S.L. 2015-241, Sec. 16C.13)

35.00

66.00

28 Mental Health Behavior Treatment

\$2,092,641 R

\$5,619,247 R

Establishes mental health behavior treatment units at eight close custody prisons. Four units are effective January 1, 2016 and four units are effective January 1, 2017. (S.L. 2015-241, Sec. 16C.13)

\$121,300
76.00

\$121,300
152.00

29 Electronic Health Records

\$1,363,357 R

Provides funding for vendor fees for access and data for the electronic inmate healthcare records system. The Department is currently using nonrecurring funds for the development and implementation of the system.

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30 Statewide Misdemeanant Confinement Fund

\$22,500,000

R

\$22,500,000

R

Provides funds for the Statewide Misdemeanant Confinement Fund (SMCF). This fund was previously supported by court costs that were transferred directly to the fund. SMCF provides payments to county jails for housing, transportation, and medical care for misdemeanants sentenced to confinement for longer than 90 days. (S.L. 2015-241, Sec. 16C.6)

G. Adult Correction and Juvenile Justice - Community Corrections

31 Electronic Monitoring

\$700,000

R

\$2,641,795

R

Provides increased funding for electronic monitoring equipment for offenders under supervision. Use of electronic monitoring has more than doubled following the Justice Reinvestment Act; this funding supports the increased demand. With these additional funds, the budget for electronic monitoring will be \$4.9 million in the first year, a 17% increase. In the second year, it will be \$6.8 million, a 62% increase.

H. Adult Correction and Juvenile Justice - Juvenile Justice

32 Residential Beds for Adjudicated Juveniles

\$2,000,000

R

\$2,000,000

R

Provides funding for expanded bed capacity for adjudicated juveniles in contracted and State-run facilities throughout the State. The new total budget for juvenile community programs will be \$20.1 million, an increase of 11%.

Total Legislative Changes

\$61,996,903

R

\$84,971,162

R

\$27,399,201

NR

\$3,621,300

NR

Total Position Changes

112.83

222.83

Revised Budget

\$1,848,129,110

\$1,847,365,626

Special Provisions

2015 Session: HB 97

Department: Public Safety

Section: 16A.1

Title: GRANT REPORTING AND MATCHING FUNDS

Summary Directs all Justice and Public Safety (JPS) agencies to report by May 1 of each year to the Chairs of the House and Senate Appropriations Committees on JPS regarding federal grant funds received or preapproved for receipt.

Subsection (b) authorizes the Department of Public Safety (DPS) to use up to \$1.2 million each year of the biennium from funds available to provide the State match needed to receive grant funds. The Department is required to report to the Chairs of the House and Senate Appropriations Committees on JPS before using funds for this purpose.

Section: 16A.2

Title: CHANGE RECIPIENTS OF VICTIMS' COMPENSATION REPORT

Summary Modifies G.S. 15B-21 to change the recipients of the Victims' Compensation Annual Report from the Governor and the General Assembly to the Chairs of the Joint Legislative Oversight Committee on Justice and Public Safety (JLOCJPS) and the Chairs of the House and Senate Appropriations Committees on JPS.

Section: 16A.3

Title: LIMITED AUTHORITY TO ELIMINATE AND RECLASSIFY 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 Committees on JPS and to the Fiscal Research Division within 30 days of the reclassification.

Section: 16A.4

Title: SAMARCAND TRAINING ACADEMY

Summary Moves the Samarcand Training Academy from the Division of Adult Correction and Juvenile Justice to the Office of the Secretary within DPS and gives the Secretary of Public Safety direct oversight of the Director of the Training Academy. The section also directs that the budget for the Academy be kept separate from the budgets of other divisions.

Section: 16A.5

Title: SENSITIVE PUBLIC SECURITY INFORMATION IS NOT A PUBLIC RECORD

Summary Amends G.S. 132-1.7 by exempting information related to executive protection, gang prevention or response, and prison security from public records laws.

Section: 16A.7

Title: **CLARIFY ADMINISTRATION AND ORGANIZATION OF THE LAW ENFORCEMENT FUNCTIONS OF THE DEPARTMENT OF PUBLIC SAFETY**

Summary Makes various changes regarding the law enforcement functions of the Department.

Subsection (a) amends G.S. 143B-915 to clarify that the Director of the SBI is solely responsible for all management functions of the SBI.

Subsections (b) and (f) through (j) make various technical and conforming changes to the statutes to eliminate references to the Division of Law Enforcement and the Commissioner of Law Enforcement. The Commissioner of Law Enforcement was eliminated in the Committee Report. The Commander of the State Highway Patrol will report directly to the Secretary of Public Safety and will oversee the State Capitol Police.

Subsection (c) creates G.S. 143B-916 to allow the SBI to appoint liaison personnel to lobby the legislature.

Subsection (d) creates G.S. 143B-929 to clarify that the Information Sharing and Analysis Center (ISAAC) is under the sole control of the Director of the SBI.

Subsection (e) makes the State Capitol Police (SCP) a section of the State Highway Patrol (SHP).

(Section 3 of S.L. 2015-267, DPS Changes, makes additional changes to G.S. 143B-911 to clarify that the State Capitol Police are not considered members of the State Highway Patrol.)

(Section 6.2 of S.L. 2015-268, General Government Technical Corrections, provides further clarification regarding the move of SCP into SHP by adding a new section 16A.11 that says the relocation of SCP within SHP does not affect the subject matter or territorial jurisdiction of SCP officers and does not entitle them to salary increases given to SHP troopers in G.S. 20-187.3 and Sec. 30.15 of S.L. 2015-241, 2015 Appropriations Act.)

Section: 16A.8

Title: **GRANTS FOR BODY-WORN VIDEO CAMERAS FOR LAW ENFORCEMENT AGENCIES**

Summary Provides guidelines for the distribution of funds appropriated to the Governor's Crime Commission for body-worn camera grants.

Subsection (a) limits the maximum grant award to \$100,000. This subsection also requires local law enforcement agencies to provide a \$2 match for every \$1 in grant funds received and have appropriate policies and procedures in place governing camera operation and image storage.

Subsection (b) requires the Governor's Crime Commission to submit the following reports to the Chairs of JLOCJPS and the Chairs of the House and Senate Appropriations Committees on JPS:

Guidelines and Procedures - November 1, 2015
FY 2015-16 Grant Funds - August 1, 2016
FY 2016-17 Grant Funds - August 1, 2017

Subsection (c) defines the term body-worn camera.

Section: 16B.1

Title: **USE OF SEIZED AND FORFEITED PROPERTY TRANSFERRED TO STATE LAW ENFORCEMENT AGENCIES BY THE FEDERAL GOVERNMENT**

Summary Requires the Department of Justice and DPS to report to the Chairs of the House and Senate Appropriations Committees on JPS regarding the receipt and intended use of federally-forfeited funds or assets.

Section: 16B.2

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

Summary Changes the VIPER quarterly report to an annual report due March 1 to the Chairs of JLOCJPS.

Section: 16B.3

Title: **GANGNET REPORT AND RECOMMENDATIONS**

Summary Codifies as G.S. 20-196.5 the annual GangNet Report. The State Highway Patrol, in conjunction with the SBI and the Governor's Crime Commission, is required to develop recommendations concerning gang prevention and report those recommendations to the Chairs of JLOCJPS and the Chairs of the House and Senate Appropriations Committees on JPS by March 1 each year.

Section: 16B.4

Title: **STATE CAPITOL POLICE/CREATION OF RECEIPT-SUPPORTED POSITIONS/REPORTING ON POSITIONS**

Summary Allows SCP 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 section must be reported to the Chairs of the House and Senate Appropriations Committees on JPS and to the Fiscal Research Division within 30 days. The section also requires SCP to submit an annual position report to JLOCJPS by September 1 of each year.

Section: 16B.5

Title: **CHANGES TO EXPUNCTION AND METHAMPHETAMINE REPORTING REQUIREMENTS**

Summary Shifts responsibility for the Methamphetamine Report required by G.S. 15A-160 from the Department of Justice to DPS. The SBI is responsible for this report but this change was not made when the SBI was transferred in 2014. This section also adds JLOCJPS as a report recipient.

Section: 16B.6

Title: **CLARIFY BOXING COMMISSION FEE**

Summary Changes admission fees collected by the Boxing Commission from \$2 per ticket sold to \$2 per spectator.

Section: 16B.7

Title: **SBI/ALE ASHEVILLE REGIONAL OFFICE**

Summary Extends the deadline for consolidation of the SBI/ALE regional offices from July 1, 2015 to "upon completion of a new facility" to allow time for renovations at the new facility.

Section: 16B.8

Title: **CLARIFY HAZARDOUS MATERIALS FEE**

Summary Clarifies that the Hazardous Materials Fee created in 2014 is charged per reporting site and that proceeds from the fee can be used to offset Emergency Management Division costs that directly support hazardous materials emergency preparedness and response.

Section: 16B.9

Title: **AMEND NATIONAL GUARD FAMILY ASSISTANCE CENTERS ANNUAL REPORT REQUIREMENTS**

Summary Adds a September 1 reporting date to the National Guard Family Assistance Centers annual report and makes it a fiscal year report rather than a calendar year report.

Section: 16C.1

Title: **REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL COSTS FOR INMATES, PAROLEES, AND POST-RELEASE SUPERVISEES AWAITING TRANSFER TO STATE PRISON SYSTEM**

Summary Permits DPS to use funds available to reimburse counties for housing inmates awaiting transfer to prison. The Department must provide an annual report by February 1 to the Chairs of JLOCJPS and the Chairs of the House and Senate Appropriations Committees on JPS.

Section: 16C.2

Title: **CENTER FOR COMMUNITY TRANSITIONS/CONTRACT AND REPORT**

Summary Allows DPS to continue to contract with the Center for Community Transitions for the purchase of prison beds for minimum-custody female inmates. The Center shall report by February 1 each year to the Chairs of the House and Senate Appropriations Committees on JPS on the annual cost per inmate and the average daily population compared to the bed capacity at its facility.

Section: 16C.3

Title: **USE OF CLOSED FACILITIES**

Summary Establishes guidelines for handling property and facilities after a prison is closed. Prior to disposition of the property and buildings, DPS shall consult with the county or municipality in which the unit is located, with the elected State and local officials, and with State and federal agencies about the possibility of converting the unit to other use. Priority should be given to other criminal justice uses.

This section also allows DPS to use funds available to reopen and convert closed prison facilities for use as treatment and behavior modification facilities for offenders serving a term of confinement in response to violation (CRV). Prior to opening a facility, the Department shall consult with JLOCJPS on the location of the facility, proposed staffing, estimated operational costs, opening dates, and estimated number of offenders to be served.

Section: 16C.4

Title: **MEDICAL COSTS FOR INMATES AND JUVENILE OFFENDERS**

Summary Codifies the inmate medical cost containment report and adds juvenile justice to the reporting requirements.

Subsection (a) directs DPS to reimburse medical providers and facilities the lesser amount of 70% of billed charges or twice the then-current Medicaid rate for any given service.

Subsection (b) directs the Department to make every effort to contain inmate medical costs by using its own hospitals. The Department shall also make reasonable efforts to equitably distribute inmates among hospitals or appropriate health care facilities.

Subsection (c) directs the Department to report quarterly to JLOCJPS and the Chairs of the House and Senate Appropriations Committees on JPS on the percentages of total inmates and juvenile offenders who are hospitalized or who receive hospital-based services; the volume of scheduled and emergent services provided by contracted and non-contracted providers; services provided to Medicaid-eligible inmates and juvenile offenders; and the number of claims, including hospital utilization and the amount paid.

Section: 16C.6

Title: **STATEWIDE MISDEMEANANT CONFINEMENT FUND/MONTHLY AND ANNUAL REPORTS/OPERATING AND ADMINISTRATIVE EXPENSES**

Summary Makes various changes to the Misdemeanant Confinement Fund reports.

Subsection (a) requires the NC Sheriffs' Association to report quarterly to OSBM and the Fiscal Research Division on the Statewide Misdemeanant Confinement Program (SMCP), including the daily population, housing, transportation, personnel, medical, and administrative costs and the number of counties that volunteer to house inmates.

Subsection (b) requires an annual report by October 1 to the Chairs of the House and Senate Appropriations Committees on JPS and JLOCJPS.

Subsection (c) provides that 5% of the funds, not to exceed \$1 million, credited to the Statewide Misdemeanant Confinement Fund (SMCF) be transferred to the NC Sheriffs' Association to be used to support the program. In addition, 1% of the funds credited to the SMCF shall be transferred to the General Fund to be allocated to the Division of Adult Correction for administrative expenses for the Program.

Section: 16C.7

Title: **INMATE CONSTRUCTION PROGRAM**

Summary Allows the State Construction Office to use inmates in the Inmate Construction Program for repair and renovations projects at State-owned facilities with priority given to DPS projects.

Section: 16C.10

Title: **REPORT ON CONTRACTS FOR HOUSING STATE PRISONERS/REPEAL AUTHORIZATION FOR LEASE-PURCHASE OF PRISON FACILITIES FROM PRIVATE FIRMS**

Summary Makes various changes to the reporting requirements.

Subsection (a) changes the reporting requirements on contract housing of prisoners to an annual report due March 1 to JLOCJPS.

Subsection (b) repeals language related to construction of 1,000-bed prison facilities.

Section: 16C.11

Title: **ANNUAL REPORT ON SAFEKEEPERS**

Summary Codifies the annual report regarding county prisoners housed pursuant to safekeeping orders under G.S. 162-39(b). Requires DPS to report to the Chairs of the House and Senate Appropriations Committees on JPS and JLOCJPS by October 1 each year.

Section: 16C.12

Title: **COLLECTION OF DELINQUENT SAFEKEEPER REIMBURSEMENTS**

Summary Recoups safekeeper debt from counties delinquent 120 days or longer by redirecting SMCP reimbursements from delinquent counties to the State.

Section: 16C.13

Title: **PRISON BEHAVIORAL HEALTH POSITIONS**

Summary Allows the Department to post, advertise, accept applications, and interview for new positions prior to the effective date of the positions.

Section: 16C.13A

Title: **EVALUATION REQUIREMENT FOR ELECTRICAL DEVICES**

Summary Amends G.S.66-25 to exempt Correction Enterprises from Underwriters Laboratory inspection requirements for kitchen and manufacturing equipment.

Section: 16C.13B

Title: **INMATE GRIEVANCE RESOLUTION BOARD CHANGES**

Summary Changes the selection process for the Executive Director of the Inmate Grievance Resolution Board and directs the Board to offer 3 names to the Governor for selection. The provision also requires an annual report to the Chairs of the House and Senate Appropriations Committees on JPS and JLOCJPS summarizing the grievance process, including the number and type of grievances submitted to and resolved by the Board, and the number of orders filed by examiners.

Section: 16C.14

Title: **PAROLE ELIGIBILITY REPORT**

Summary Codifies the parole eligibility report and makes minor changes to the reporting requirements. Subsection (a) directs the Post-Release Supervision and Parole Commission, with DPS and the Sentencing and Policy Advisory Commission, to analyze and report on the amount of time parole-eligible inmates have served compared to the time served by comparable offenders under Structured Sentencing. The Post-Release Supervision and Parole Commission are further directed to report to the Chairs of JLOCJPS on the number of inmates considered for parole, the crimes for which they were originally sentenced, and how many parole-eligible inmates were paroled in the previous fiscal year. The report is due by April 1 each year.

Section: 16C.15

Title: **STUDY MANAGEMENT AND UTILIZATION OF PROBATION AND PAROLE VEHICLES**

Summary Directs JLOCJPS to study the ways in which probation and parole vehicles are managed.

Section: 16C.16

Title: **INTERSTATE COMPACT FEES TO SUPPORT TRAINING PROGRAMS AND EQUIPMENT PURCHASES**

Summary Allows fees collected for the Interstate Compact Fund during the 2015-17 fiscal biennium to be used by the Division of Adult Correction for training programs and equipment purchases to support Community Corrections functions. (H.B. 244)

Section: 16C.17

Title: **OUR CHILDREN'S PLACE FUNDS**

Summary Changes the allowable uses of funds appropriated to Our Children's Place in FY 2004-05 to include operating costs.

Section: 16D.1

Title: **LIMIT USE OF COMMUNITY PROGRAM FUNDS**

Summary Specifies and limits the uses of the community program funds allocated to the Division of Juvenile Justice. DPS is required to submit a report by October 1 of each year to the Chairs of the House and Senate Appropriations Committees on JPS and to the Fiscal Research Division on the contracts that have been awarded and the community program funds that have been disbursed.

Section: 16D.2

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

Summary Allows state funds to be used as matching funds for Juvenile Accountability Incentive Block Grants. The Governor's Crime Commission, OSBM, and DPS shall report to JLOCJPS prior to the allocation of federal funds.

2015 Session: HB 259

Department: Public Safety

Section: 6.2

Title: BUDGET CHANGE: STATE CAPITOL POLICE

Summary Clarifies the reorganization of the State Capitol Police (SCP) into the State Highway Patrol (SHP) by adding a new section 16A.11 to S.L. 2015-241, 2015 Appropriations Act, stating that the relocation of SCP within SHP does not affect the subject matter or territorial jurisdiction of SCP officers and does not entitle them to salary increases given to SHP troopers in G.S. 20-187.3 and Sec. 30.15 of S.L. 2015-241. (S.L. 2015-241, Sec. 16A.7; S.L. 2015-267, Sec. 3)

2015 Session: HB 735

Department: Public Safety

Section: 1(a)

Title: BUDGET CHANGE: SAFIS FUNDS

Summary Amends S.L. 2015-241, 2015 Appropriations Act, to eliminate a transfer from Budget Code 23002 to the State Bureau of Investigation (SBI) for the Statewide Automated Fingerprint Identification System (SAFIS). The Office of State Budget and Management reverted the funds prior to passage of the budget. This section also authorizes the use of up to \$3 million in overrealized receipts for SAFIS during the 2015-17 fiscal biennium.

Section: 1(b)

Title: BUDGET CHANGE: BACKGROUND CHECK FEES

Summary Amends G.S. 143B-930(a) to expand the allowable uses of fees paid to the SBI for background checks to include the storage and maintenance of records.

Section: 3

Title: BUDGET CHANGE: STATE CAPITOL POLICE

Summary Amends G.S. 143B-911(a) as amended by Sec. 16A.7(f) of S.L. 2015-241, 2015 Appropriations Act, to clarify that employees of the State Capitol Police are not considered members of the State Highway Patrol. (S.L. 2015-241, Sec. 16A.7; S.L. 2015-268, Sec. 6.2)

2015 Annotated Conference Committee Report

Justice

		GENERAL FUND	
		FY 15-16	FY 16-17
Recommended Base Budget		\$50,584,602	\$50,584,602
Legislative Changes			
A. Reserve for Salaries and Benefits			
33 Compensation Reserve			
Provides funds for a \$750 one-time bonus for State employees. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes. (S.L. 2015-241, Secs. 30.1, 30.9, 30.10, and 30.18A)		\$443,217 NR	
34 Forensic Scientist Market Adjustment			
Provides funds for a market-based salary adjustment for Forensic Scientists employed in the State Crime Laboratory. (S.B. 352)		\$1,023,635 R	\$1,023,635 R
35 State Retirement Contributions			
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund increased retiree medical premiums. Total General Fund appropriation across all sections in the committee report is \$11.0 million in FY 2015-16 and FY 2016-17. (S.L. 2015-241, Sec. 30.20)		\$37,128 R	\$37,128 R
36 State Health Plan			
Provides additional funding to continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium. (S.L. 2015-241, Sec. 30.20)		\$50,444 R	\$50,444 R
B. State Crime Laboratory			
37 Crime Lab Technicians			
Creates 6 new technician positions at the State Crime Lab to handle non-scientific duties. These positions will allow forensic scientists to concentrate on more complex tasks, increasing efficiency and turn-around time for lab analysis. (S.B. 352; S.L. 2015-241, Sec. 17.4)		\$251,117 R	\$330,504 R
		6.00	6.00
38 Outsourcing Funds for Forensic Analysis			
Provides funds in the first year to allow the State Crime Lab to outsource forensic analysis services, including toxicology and DNA. (S.B. 352)		\$750,000 NR	

2015 Annotated Conference Committee Report

FY 15-16

FY 16-17

39 DNA on Arrest for All Violent Felonies

\$173,880 R

\$373,150 R

Provides funds to expand DNA on Arrest to all violent felonies. The expansion is expected to generate an additional 4,308 DNA on Arrest samples. The following positions are created:

4.00

4.00

Title	FTE	Total Position Cost
Forensic Scientist I	1.00	\$ 80,020
Information Processing Tech.	3.00	\$152,340

An additional \$140,790 is provided for related supplies and equipment. Funding in the first year has been pro-rated to account for the December 1, 2015 effective date. (H.B. 225, S.B. 351; S.L. 2015-241, Secs. 17.3 and 17.4)

C. Training and Standards

40 Appropriate Use-of-Force Training

\$236,129 R

\$236,129 R

Provides funds to the NC Justice Academy to develop curricula and provide appropriate use-of-force training to local law enforcement agencies. Funding is provided to create new criminal justice training coordinator positions for community relations and use-of-force training, and to offer multiple train-the-trainer programs in Fair and Impartial Policing throughout the year. Nonrecurring funding is provided to purchase use-of-force training simulators for the Edneyville and Salemburg campuses. (S.L. 2015-241, Sec. 17.4)

\$219,312 NR
2.00

2.00

41 Sexual Assault Investigator Training

\$80,000 R

\$80,000 R

Provides funds for a criminal justice coordinator to conduct basic and advanced training for the identification and investigation of sexual assault and violence against women crimes. (S.L. 2015-241, Sec. 17.4)

1.00

1.00

Total Legislative Changes

\$1,852,333 R

\$2,130,990 R

\$1,412,529 NR

Total Position Changes

13.00

13.00

Revised Budget

\$53,849,464

\$52,715,592

Special Provisions

2015 Session: HB 97

Department: Justice

Section: 17.1

Title: NO HIRING OF SWORN STAFF POSITIONS FOR THE NORTH CAROLINA STATE CRIME LABORATORY

Summary Prohibits the hiring of sworn law enforcement personnel for the Crime Laboratory.

Section: 17.2

Title: AMEND DNA DATABASE REPORTING REQUIREMENTS

Summary Amends G.S. 15A-266.5(c) to make the annual DNA report a fiscal year report due on September 1 of each year and to remove the Joint Legislative Commission on Governmental Operations as a report recipient.

Section: 17.3

Title: COLLECT DNA/ALL VIOLENT FELONY ARRESTS

Summary Expands the list of crimes for which DNA is taken upon arrest to include all violent felonies and directs the Joint Legislative Oversight Committee on Justice and Public Safety to study expanding the collection of DNA to all felony arrests. (H.B. 225, S.B. 351)

Section: 17.4

Title: DEPARTMENT OF JUSTICE POSITIONS

Summary Allows the Department to post, advertise, accept applications, and interview for new positions prior to the effective date of the positions.

2015 Annotated Conference Committee Report

Judicial - Indigent Defense

GENERAL FUND

	FY 15-16		FY 16-17	
Recommended Base Budget	\$112,087,174		\$112,097,118	
Legislative Changes				
A. Reserve for Salaries and Benefits				
42 Compensation Reserve				
Provides funds for a \$750 one-time bonus for State employees. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes. (S.L. 2015-241, Secs. 30.3, 30.9, 30.10, and 30.18A)	\$430,421	NR		
43 State Retirement Contributions				
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund increased retiree medical premiums. Total General Fund appropriation across all sections in the committee report is \$11.0 million in FY 2015-16 and FY 2016-17. (S.L. 2015-241, Sec. 30.20)	\$36,314	R	\$36,314	R
44 State Health Plan				
Provides additional funding to continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium. (S.L. 2015-241, Sec. 30.20)	\$48,988	R	\$48,988	R
B. Private Appointed Counsel Funds				
45 Additional Private Appointed Counsel Funds				
Provides funding to pay private counsel assigned to represent indigent defendants, reducing a budget shortfall that has accumulated over several years. This budget shortfall creates a hardship for small business legal firms whose payments are delayed when State funding is exhausted before the end of the fiscal year. This is a funding increase of 5.5% in FY 2015-16 and 7.2% in FY 2016-17 over the current appropriation of \$61,579,725 .	\$3,400,000	R	\$4,447,544	R
Total Legislative Changes	\$3,485,302	R	\$4,532,846	R
	\$430,421	NR		
Total Position Changes				
Revised Budget	\$116,002,897		\$116,629,964	

Special Provisions

2015 Session: HB 97

Department: Judicial - Indigent Defense

Section: 18B.1

Title: **INDIGENT DEFENSE SERVICES ANNUAL REPORT DATE CHANGE**

Summary Amends G.S. 7A-498.9 to set the due date for the annual report by the Office of Indigent Defense Services (IDS) to March 15.

Section: 18B.2

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

Summary Permits IDS to use up to \$50,000 as the State match for grant funds.

Section: 18B.3

Title: **REPORTS ON CRIMINAL CASE INFORMATION SYSTEM**

Summary Extends the deadline for the joint project with the Administrative Office of the Courts (AOC) to create a Criminal Case Information System to July 1, 2016.

Section: 18B.4

Title: **STUDY EFFICIENCY OF ESTABLISHING A SYSTEM OF AUTOMATED KIOSKS IN LOCAL CONFINEMENT FACILITIES TO ALLOW ATTORNEYS REPRESENTING INDIGENT DEFENDANTS TO CONSULT WITH THEIR CLIENTS REMOTELY**

Summary Directs AOC, in conjunction with IDS and the NC Sheriffs' Association, to study the use of automated kiosks in local confinement facilities to allow attorneys representing indigent defendants to consult with their clients remotely. AOC shall report its findings and recommendations, including two potential pilot sites, to the House and Senate Appropriations Committees on Justice and Public Safety and the Joint Legislative Oversight Committee on Justice and Public Safety (JLOCJPS) by February 1, 2016.

Section: 18B.5

Title: **STUDY FEE SCHEDULES USED BY OFFICE OF INDIGENT DEFENSE SERVICES**

Summary Directs JLOCJPS to study the creation and implementation of fee schedules to be used by IDS to compensate private attorneys representing indigent defendants.

2015 Annotated Conference Committee Report

Judicial

GENERAL FUND				
	FY 15-16		FY 16-17	
Recommended Base Budget	\$467,897,397		\$467,898,110	
Legislative Changes				
A. Reserve for Salaries and Benefits				
46 Compensation Reserve				
Provides funds for a \$750 one-time bonus for State employees. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes. (S.L. 2015-241, Secs. 30.3, 30.9, 30.10, and 30.18A)	\$4,717,005	NR		
47 Assistant and Deputy Clerk Step Increase	\$1,885,984	R	\$3,771,968	R
Provides funds for an experience-based step increase for Assistant and Deputy Clerks pursuant to G.S. 7A-102. The FY 2015-16 step increase shall be effective January 1, 2016. (S.L. 2015-241, Sec. 30.8)				
48 Magistrate Step Increase	\$834,970	R	\$1,669,940	R
Provides funds for an experience-based step increase for Magistrates pursuant to G.S. 7A-171.1. The FY 2015-16 step increase shall be effective January 1, 2016. (S.L. 2015-241, Sec. 30.8)				
49 State Retirement Contributions	\$266,667	R	\$266,667	R
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund increased retiree medical premiums. Total General Fund appropriation across all sections in the committee report is \$11.0 million in FY 2015-16 and FY 2016-17. (S.L. 2015-241, Sec. 30.20)				
50 Consolidated Judicial Retirement Contributions	\$78,100	R	\$78,100	R
Increases the State's contribution for members of the Consolidated Judicial Retirement System to fund increased retiree medical premiums. (S.L. 2015-241, Sec. 30.20)				
51 State Health Plan	\$536,860	R	\$536,860	R
Provides additional funding to continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium. (S.L. 2015-241, Sec. 30.20)				
B. Administration and Services				
52 Court Information Technology	\$1,800,000	R	\$1,800,000	R
Provides funds for planning and initial implementation of the eCourts initiative at the Administrative Office of the Courts (AOC). (S.L. 2015-241, 18A.21)				

2015 Annotated Conference Committee Report

FY 15-16

FY 16-17

53 Electronic Compliance

Provides funding to AOC for an electronic compliance dismissal project. (H.B. 192; S.L. 2015-241, Sec. 18A.21)

\$567,236 NR

54 Funds for Interpreters, Expert Witnesses, and Juries

Increases the budget for interpreters, expert witnesses, and juries as necessary to operate the State court system. Funds for jury fees will increase by \$704,818 over the current budget of \$3,618,520. Funds for expert witnesses will increase by \$73,519 over the current budget of \$255,986. Funds for interpreters will increase by \$798,946 over the current budget of \$1,157,862. This represents a 31.3% increase over current funding levels.

\$1,577,283 R

\$1,577,283 R

55 Funds For Operating Budget

Increases the budget for constitutionally and legally mandated legal and contracting services, equipment, travel, supplies, and maintenance as necessary to operate the State court system. This is an increase of 11.4% over the current budget levels in FY 2015-16 and 20.1% over current budget levels in FY 2016-17.

\$3,309,203 R

\$5,855,590 R

56 JurisLink

Provides funds to establish a system of automated kiosks in local confinement facilities to allow attorneys representing indigent defendants to consult with their clients remotely. (H.B. 374/S.B. 685; S.L. 2015-241, Sec. 18B.4)

\$400,000 NR

C. Trial Court

57 Special Superior Court Judges

Eliminates 3 special superior court judgeships at the end of the terms of the judges currently serving in office. These terms will end on October 20, 2015 and January 26, 2016. (S.L. 2015-241, Sec. 18A.19)

(\$306,541) R

(\$613,083) R

-3.00

-3.00

58 Business Court Staff

Provides staff and facilities for special superior court judges who will be designated as Business Court judges in FY 2015-16. (S.L. 2015-241, Sec. 18A.19)

\$428,529 R

\$571,372 R

\$938,524 NR

6.00

6.00

59 Special Assistant United States Attorneys

Creates 6 Assistant District Attorney positions to act as Special Assistant United States Attorneys (SAUSAs) in offices covering all federal districts around the State. The Conference of District Attorneys will consult with all of the elected District Attorneys to determine the best home offices for these positions. The SAUSAs shall follow best practices as established by the Conference of District Attorneys. The costs assume that positions will be effective as of July 1, 2016.

\$713,514 R

6.00

Total Legislative Changes	\$10,411,055	R	\$16,228,211	R
	\$6,622,765	NR		
Total Position Changes	3.00		9.00	
Revised Budget	\$484,931,217		\$484,126,321	

Special Provisions

2015 Session: HB 97

Department: Judicial

Section: 18A.1

Title: **AOC ANNUAL REPORT**

Summary Amends G.S. 7A-343 to set the due date for the annual report of the Administrative Office of the Courts (AOC) to March 15.

Section: 18A.3

Title: **ANNUAL REPORT ON CRIMINAL COST WAIVERS**

Summary Codifies the annual report on criminal cost waivers and directs AOC to modify its information systems to comply with reporting requirements.

Section: 18A.4

Title: **GRANT FUNDS**

Summary Permits AOC to use up to \$1.5 million as the State match for grant funds.

Section: 18A.5

Title: **COLLECTION OF WORTHLESS CHECK FUNDS**

Summary Permits AOC to use any balance remaining in the Collection of Worthless Checks Fund for office or information technology equipment.

Section: 18A.7

Title: **CONFERENCE OF DISTRICT ATTORNEYS GRANT FUNDS/AUTHORIZE DISTRICT ATTORNEYS TO USE CERTAIN GRANT FUNDS TO OBTAIN TOXICOLOGY ANALYSIS FROM PROVIDERS OF TOXICOLOGY ANALYSES OTHER THAN HOSPITALS**

Summary Allows the Conference of District Attorneys to use other providers to contract for toxicology analysis and directs the Conference to report annually by October 1 to the Chairs of the Joint Legislative Oversight Committee on Justice and Public Safety (JLOCJPS) on the use of these funds until they have been expended.

Section: 18A.8

Title: **DISTRICT ATTORNEY LEGAL ASSISTANTS**

Summary Modifies the statutory name for legal assistants in district attorney offices to district attorney legal assistants.

Section: 18A.9

Title: **REPORT ON DISMISSALS DUE TO DELAY IN ANALYSIS OF EVIDENCE**

Summary Directs that a district attorney shall report to the Conference of District Attorneys when a case is dismissed due to a delay in the analysis of evidence by the State Crime Laboratory and that the Conference, in conjunction with the State Crime Laboratory, shall report on these dismissals to the Chairs of the House and Senate Appropriations Committees on Justice and Public Safety (JPS) and to the Chairs of JLOCJPS quarterly starting October 30, 2015.

Section: 18A.11

Title: **AMEND COURT COSTS**

Summary Amends G.S. 7A-304(a) to add the court costs previously being used for the Misdemeanant Confinement Fund to the General Court of Justice fee and directs that the improper equipment fee be sent to the State Treasurer for the support of the General Court of Justice.

Section: 18A.13

Title: **FAMILY COURT PROGRAMS**

Summary Directs AOC to oversee any Family Court programs in the State and to report on these programs annually by March 1 to the Chairs of the House and Senate Appropriations Committees on JPS and to the Chairs of JLOCJPS.

Section: 18A.16

Title: **INNOCENCE INQUIRY COMMISSION**

Summary Makes the North Carolina Innocence Inquiry Commission an independent commission under AOC and requires AOC to conduct an audit of the Commission annually.

Section: 18A.17

Title: **TRANSFER OFFICE OF INDIGENT DEFENSE SERVICES TO THE ADMINISTRATIVE OFFICE OF THE COURTS**

Summary Transfers the Office of Indigent Defense Services (IDS) under AOC.

Section: 18A.18

Title: **STUDY FUTURE OF INDIGENT DEFENSE SERVICES COMMISSION AND INNOCENCE INQUIRY COMMISSION**

Summary Directs JLOCJPS to study IDS and the North Carolina Innocence Inquiry Commission and to report its recommendations to the 2015 General Assembly when it reconvenes in 2016.

Section: 18A.19

Title: **ABOLISH THREE SPECIAL SUPERIOR COURT JUDGESHIPS**

Summary Abolishes three special superior court judgeships upon the end of the term of the current occupant of each office.

Section: 18A.20

Title: **COMPENSATION OF COURT REPORTERS**

Summary Limits the per-page compensation of court reporters for transcripts produced to 80 percent of the rate in the 2011-13 fiscal biennium.

Section: 18A.21

Title: **E-COURTS INFORMATION TECHNOLOGY INITIATIVE/STRATEGIC PLAN/ADVISORY COMMITTEE/PILOT PROGRAM FOR ONLINE COLLECTION OF COURT COSTS**

Summary Gives direction to AOC about the e-Court information technology project.

Subsection (a) directs AOC to produce a comprehensive strategic plan for its e-Courts information technology initiative by February 1, 2016.

Subsection (b) directs AOC to report on progress to JLOCJPS and the Joint Legislative Oversight Committee on Information Technology quarterly starting November 1, 2015.

Subsection (c) directs AOC to establish an advisory committee of stakeholders.

Subsection (d) directs AOC to issue a Request for Information for a contractor to provide the e-Courts system as outlined in the strategic plan and to evaluate the responses before issuing a Request for Proposals for the system.

Subsection (e) directs AOC to establish a pilot program in New Hanover County for the online collection and payment of court costs, fines, and related fees and to report on the pilot program and plans to expand the program statewide to the Chairs of the House and Senate Appropriations Committees on JPS and to the Chairs of JLOCJPS by March 1, 2016.

Section: 18A.23

Title: **USE OF COURT INFORMATION TECHNOLOGY FUND**

Summary Allows AOC to use funds collected in the Court Information Technology Fund for telecommunications and data connectivity.

Section: 18A.24

Title: **CLARIFY AUTHORIZATION TO CONTRACT FOR THE PROVISION OF REMOTE ACCESS TO COURT RECORDS**

Summary Clarifies that a clerk of superior court is the custodian of court records in that county, even when the records are electronic.

2015 Session: HB 259

Department: Judicial

Section: 6.3

Title: **TECHNICAL CHANGE: INDIGENT DEFENSE SERVICES TRANSFER**

Summary Corrects a statutory reference in Section 18A.17(c) of S.L. 2015-241, 2015 Appropriations Act.

Public Safety-Welfare

Budget Code: 24553

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$5,742,593	\$4,667,520
Recommended Budget		
Requirements	\$13,528,563	\$13,528,563
Receipts	\$13,128,490	\$13,128,490
Positions	31.00	31.00

Legislative Changes**Requirements:**

Managed Access for Cell Phones	\$0 R	\$0 R
Provides funding for the Department of Public Safety to spend up to \$675,000 in FY 2015-16 and up to \$2,750,000 in FY 2016-17 for a Managed Access System to provide enhanced security technology to deter illegal access of cell phones by inmates in the State's prison system.	\$675,000 NR	\$2,750,000 NR
	0.00	0.00
Subtotal Legislative Changes	\$0 R	\$0 R
	\$675,000 NR	\$2,750,000 NR
	0.00	0.00

Receipts:

Managed Access for Cell Phones	\$0 R	\$0 R
No budget action necessary.	\$0 NR	\$0 NR
Subtotal Legislative Changes	\$0 R	\$0 R
	\$0 NR	\$0 NR

2015 Annotated Conference Committee Report

	FY 2015-16	FY 2016-17
Revised Total Requirements	\$14,203,563	\$16,278,563
Revised Total Receipts	\$13,128,490	\$13,128,490
Change in Fund Balance	(\$1,075,073)	(\$3,150,073)
Total Positions	31.00	31.00
Unappropriated Balance Remaining	\$4,667,520	\$1,517,447

Public Safety Information Technology Fund

Budget Code: 24554

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$18,835,595	\$9,835,595
Recommended Budget		
Requirements	\$0	\$0
Receipts	\$0	\$0
Positions	0.00	0.00
Legislative Changes		
Requirements:		
SAFIS Replacement	\$0 R	\$0 R
Budgets funds transferred from Budget Code 23002 to the State Bureau of Investigation to update the Statewide Automated Fingerprint Information System (SAFIS).	\$0 NR 0.00	\$0 NR 0.00
(S.L. 2015-267, Sec. 1, DPS Changes, eliminates a transfer of \$333,557 since OSBM reverted the funds prior to the passage of the budget. The item has been zeroed out to reflect this change.)		
Enterprise Resource Planning	\$0 R	\$0 R
Transfers funds appropriated for Enterprise Resource Planning from Budget Code 24554 to the General Fund.	\$9,000,000 NR 0.00	\$0 NR 0.00
Subtotal Legislative Changes	\$0 R \$9,000,000 NR 0.00	\$0 R \$0 NR 0.00

Receipts:

SAFIS Replacement	\$0 R	\$0 R
Budgets funds transferred from Budget Code 23002 to the State Bureau of Investigation to update the Statewide Automated Fingerprint Information System (SAFIS).	\$0 NR	\$0 NR

(S.L. 2015-267, Sec. 1, DPS Changes, eliminates a

2015 Annotated Conference Committee Report

	FY 2015-16	FY 2016-17
transfer of \$333,557 since OSBM reverted the funds prior to the passage of the budget. The item has been zeroed out to reflect this change.)		
Enterprise Resource Planning	\$0 R	\$0 R
No budget action necessary.	\$0 NR	\$0 NR
Subtotal Legislative Changes	\$0 R	\$0 R
	\$0 NR	\$0 NR
<hr/>		
Revised Total Requirements	\$9,000,000	\$0
Revised Total Receipts	\$0	\$0
Change in Fund Balance	(\$9,000,000)	\$0
Total Positions	0.00	0.00
<hr/>		
Unappropriated Balance Remaining	\$9,835,595	\$9,835,595

Public Safety – Special – Interest Bearing

Budget Code: 24555

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$19,924,292	\$13,923,877
Recommended Budget		
Requirements	\$8,466,432	\$8,466,432
Receipts	\$2,666,017	\$2,666,017
Positions	5.00	5.00

Legislative Changes**Requirements:****Community Correction Funds**

Provides funds for the Community Corrections section of the Department of Public Safety to support training, purchase of safety equipment, and electronic monitoring (H.B. 244; S.L. 2015-41, Sec. 16C.16).

\$0	R	\$0	R
\$200,000	NR	\$200,000	NR
0.00		0.00	

Subtotal Legislative Changes

\$0	R	\$0	R
\$200,000	NR	\$200,000	NR
0.00		0.00	

Receipts:**Community Corrections Funds**

No budget action necessary (H.B. 244; S.L. 2015-41, Sec. 16C.16).

\$0	R	\$0	R
\$0	NR	\$0	NR

Subtotal Legislative Changes

\$0	R	\$0	R
\$0	NR	\$0	NR

2015 Annotated Conference Committee Report

	FY 2015-16	FY 2016-17
Revised Total Requirements	\$8,666,432	\$8,666,432
Revised Total Receipts	\$2,666,017	\$2,666,017
Change in Fund Balance	(\$6,000,415)	(\$6,000,415)
Total Positions	5.00	5.00
Unappropriated Balance Remaining	\$13,923,877	\$7,923,462

2015 Annotated Conference Committee Report

ABC Commission

Budget Code: 54551

	FY 2015-16		FY 2016-17
Beginning Unreserved Fund Balance	\$4,491,738		\$4,826,323
Recommended Budget			
Requirements	\$13,004,818		\$13,004,818
Receipts	\$13,339,403		\$13,339,403
Positions	44.00		44.00
Legislative Changes			
Requirements:			
Initiative to Reduce Underage Drinking	\$3,100,000	R	\$3,100,000 R
Provides funds for the Initiative to Reduce Underage Drinking to provide public relations assistance; strategic marketing and branding; multi-media planning, negotiation, and buying; and creative design and development for the NC ABC Commission's Talk It Out Campaign.	\$0	NR	\$0 NR
	0.00		0.00
Subtotal Legislative Changes	\$3,100,000	R	\$3,100,000 R
	\$0	NR	\$0 NR
	0.00		0.00

Receipts:

Bailment Surcharge Receipts	\$3,100,000	R	\$3,100,000 R
Increases the budgeted receipts from the bailment surcharge. The ABC Commission increased the bailment surcharge from \$0.80 per case to \$1.40 per case in FY 2014-15.	\$0	NR	\$0 NR
Subtotal Legislative Changes	\$3,100,000	R	\$3,100,000 R
	\$0	NR	\$0 NR

2015 Annotated Conference Committee Report

	FY 2015-16	FY 2016-17
Revised Total Requirements	\$16,104,818	\$16,104,818
Revised Total Receipts	\$16,439,403	\$16,439,403
Change in Fund Balance	\$334,585	\$334,585
Total Positions	44.00	44.00
Unappropriated Balance Remaining	\$4,826,323	\$5,160,908

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General Government

Section J

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2015 Annotated Conference Committee Report

(3.0) Department of Military and Veterans Affairs

GENERAL FUND

	FY 15-16		FY 16-17	
Recommended Base Budget	\$0		\$0	
Legislative Changes				
BRAC				
1 Base Realignment and Closure (BRAC)				
Provides funding for the Military Affairs Commission, strategic planning, economic modeling, and advocacy at the federal level for the purpose of increasing value at and around installations. The funds will be held in a special fund. (S.L. 2015-241, Sec. 24.3)	\$1,675,000	NR		
Cemetery Operations				
2 New Cemetery Operations				
Provides operating funds for the new cemetery in Goldsboro for FY 2015-16 and FY 2016-17 after which receipts will cover operational costs.	\$250,000	NR	\$250,000	NR
Grant-in-Aid				
3 Aid to County Veterans Service Offices	\$200,000	R	\$200,000	R
Creates a grant-in-aid program to county governments for the provision of veterans services. (S.L. 2015-241, Sec. 24.2)				
Position Transfers				
4 Position Transfers from the Office of the Governor	\$191,361	R	\$191,361	R
Creates 2 positions within the Department of Military and Veterans Affairs (DMVA) from the transfer of positions from the Governor's Office.	2.00		2.00	
The positions transferred are the following:				
60008513 Special Advisor for Military Affairs \$129,467 (including benefits)				
60037816 Administrative Assistant \$61,894 (including benefits)				
(S.L. 2015-241, Sec. 24.1)				
(This transfer also appears within the Office of the Governor of the General Government section of the Conference Committee Report. See page J-26, item 44.)				
5 Vacant Position Transfer	\$69,265	R	\$69,265	R
Establishes 1 position resulting from the transfer of 1 vacant position from the Office of State Human Resources to the DMVA.	1.00		1.00	
60013815 Human Resources Consultant \$69,265 (including benefits)				

2015 Annotated Conference Committee Report

FY 15-16

FY 16-17

(S.L. 2015-241, Sec. 24.1)

(This transfer also appears within the Office of State Human Resources of the General Government section of the Conference Committee Report. See page J-47, item 80.)

6 Position Transfer

\$76,107 **R** \$76,107 **R**

Creates a new position from the transfer of a vacant position from the Department of Revenue to the newly created DMVA.

1.00 1.00

60082541 Administrative Officer II \$76,107 (including benefits)

(S.L. 2015-241, Sec. 24.1)

(This transfer also appears within the Department of Revenue of the General Government section of the Conference Committee Report. See page J-56, item 92.)

7 Vacant Position Transfer

\$109,809 **R** \$109,809 **R**

Creates a new position resulting from the transfer of a vacant position from the Department of Administration to the DMVA.

\$55,741 **NR**
1.00 1.00

60013845 Chief Deputy III \$165,550 (including benefits)

(S.L. 2015-241, Sec. 24.1)

(This transfer also appears within the Department of Administration of the General Government section of the Conference Committee Report. See page J-46, item 73.)

8 Position Transfer

\$61,176 **R** \$61,176 **R**

Creates a position resulting from the transfer of a position from Department of Administration.

1.00 1.00

60014065 Administrative Officer II \$61,176 (including benefits)

(S.L. 2015-241, Sec. 24.1)

(This transfer also appears within the Department of Administration of the General Government section of the Conference Committee Report. See page J-46, item 71.)

(S.L. 2015-268, Sec. 7.2, General Government Technical Corrections, amends this item by replacing this position transferred with 60014506 - Program Assistant IV,)

9 Position Transfer

\$72,143 **R** \$72,143 **R**

Establishes 1 accounting position within DMVA resulting from the transfer of 1 filled position from Department of Administration.

1.00 1.00

60014117 Accountant \$72,143 (including benefits)

2015 Annotated Conference Committee Report

FY 15-16

FY 16-17

(S.L. 2015-241, Sec. 24.1)

(This transfer also appears within the Department of Administration of the General Government section of the Conference Committee Report. See page J-46, item 72.)

Program Transfers

10 Veterans Affairs Transfer

\$6,776,393 R \$6,776,393 R

Establishes the central administrative staff and field operations staff within DMVA transferred from the Department of Administration, effective July 1, 2015. In addition to appropriations there are additional receipts of \$6,784,740 for total requirements of \$13,561,133. (S.L. 2015-241, Sec. 24.1)

70.90

70.90

(This transfer also appears within the Department of Administration of the General Government section of the Conference Committee Report. See page J-46, item 74.)

11 State Veteran's Home Program

Establishes the Veteran's Home Program, including 8.80 FTEs, within DMVA transferred from the Department of Administration. The program is entirely receipt supported. The budget for FY 2015-16 is \$45,864,689. (S.L. 2015-241, Sec. 24.1)

Total Legislative Changes

\$7,556,254 R **\$7,556,254** R

\$1,980,741 NR **\$250,000** NR

Total Position Changes

77.90

77.90

Revised Budget

\$9,536,995

\$7,806,254

Special Provisions

2015 Session: HB 97

Department: (3.0) Department of Military and Veterans Affairs

Section: 24.1

Title: **CREATION OF DEPARTMENT**

Summary Amends Chapter G.S. 143B, adding Article 14 which creates the new Department of Military and Veterans Affairs (DMVA) and moves various budgets and programs under the purview of the new department from Department of Administration (DOA). Specifically, the Veterans Affairs and State Veterans Home programs are transferred from DOA in addition to management of other programs and efforts related to military and veterans' services.

(Sections 7.3 (a) and (b) of S.L. 2015-268 changes the effective date of the creation of the new department from January 2016 to July 2015.)

Section: 24.2

Title: **RESTORE STATE CONTRIBUTION TO COUNTY VETERANS SERVICES PROGRAMS**

Summary Creates G.S. 14B-1211 to direct the DMVA to administer a grant program for county veterans service programs. The funds will be made available to counties requesting assistance by December 31st of each year, and if requests exceed the amount available then programs will receive a pro-rata share of their requested amount.

Section: 24.3

Title: **BRAC SPECIAL FUND**

Summary Establishes the Military Presence Stabilization Fund (Fund) within DMVA in order to make the State less vulnerable to military base closures. The Fund may be used for grants to local communities, expenses associated with the Military Affairs Commission, federal advocacy, strategic planning and economic modelling initiatives, and other efforts to increase value at and around military installations.

2015 Session: HB 259

Department: (3.0) Department of Military and Veterans Affairs

Section: 7.2

Title: **BUDGET CHANGE: POSITION TRANSFER SUBSTITUTION**

Summary Amends S.L. 2015-241, 2015 Appropriations Act, by adding Section 24.4 which changes the position transferred from DOA to DMVA from position number 60014065 (Administrative Officer II) to position number 60014506 (Program Assistant IV).

Section: 7.3 (a) and (b)

Title: **TECHNICAL CHANGE: EFFECTIVE DATE CHANGE AND CLARIFICATION OF FUNDS
WITHIN THE VETERANS HOME TRUST FUND**

Summary Amends S.L. 2015-241, Sec. 24.1, 2015 Appropriations Act by changing the effective date from January 2016 to July 2015. This also clarifies that any funds received by DMVA for purposes of the Veterans Home Program shall be considered part of the North Carolina Veterans Home Trust Fund and used for the purpose of care and support for veterans admitted to the Veterans Home Program.

2015 Annotated Conference Committee Report

(4.0) Office of Administrative Hearings

GENERAL FUND				
	FY 15-16		FY 16-17	
Recommended Base Budget	\$4,992,437		\$4,992,437	
Legislative Changes				
Reserve for Salaries and Benefits				
12 Compensation Reserve				
Provides funds for a \$750 one-time bonus for State employees. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.	\$36,771	NR		
13 State Retirement Contributions	\$3,371	R	\$3,371	R
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund increased retiree medical premiums. Total General Fund appropriation across all sections in the committee report is \$11.0 million in FY 2015-16 and FY 2016-17.				
14 State Health Plan	\$4,185	R	\$4,185	R
Provides additional funding to continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium.				
15 Codifier of Rules Salary Adjustment	\$19,802	R	\$19,802	R
Provides funds to allow the Codifier of Rules salary to be set at 90% of the Chief Administrative Law Judge's (ALJ) salary. The Codifier of Rules will be appointed by the Chief ALJ pursuant to G.S. 7A-760(b). (H.B. 54, S.B. 92; S.L. 2015-241, Sec. 30.16)				
Administrative Law Judge				
16 Additional Administrative Law Judge	\$123,618	R	\$123,618	R
Provides funds for an additional administrative law judge in the Western part of the State. (S.L. 2015-241, Sec. 22.1)	1.00		1.00	
Total Legislative Changes	\$150,976	R	\$150,976	R
	\$36,771	NR		
Total Position Changes	1.00		1.00	
Revised Budget	\$5,180,184		\$5,143,413	

Special Provisions

2015 Session: HB 97

Department: (4.0) Office of Administrative Hearings

Section: 22.1

Title: **WAYNESVILLE ADMINISTRATIVE LAW JUDGE**

Summary Directs the Office of Administrative Hearings (OAH) to secure office space for the position of the new administrative law judge to be located in Waynesville. Additionally, OAH may provide administrative support as long as it does not result in additional financial burden to the State.

Section: 30.16

Title: **ESTABLISH CODIFIER OF RULES POSITION**

Summary Amends G.S. 150B-2(1c) by creating a Codifier of Rules position within OAH. The section also amends G.S. 7A-760 directing the Chief Administrative Law Judge to make the appointment to the new position pursuant to this section and sets the salary at 90% of the salary of the Chief Administrative Law Judge

2015 Annotated Conference Committee Report

(5.0) Treasurer

GENERAL FUND				
	FY 15-16		FY 16-17	
Recommended Base Budget	\$9,734,913		\$9,734,913	
Legislative Changes				
Reserve for Salaries and Benefits				
17 Compensation Reserve				
Provides funds for a \$750 one-time bonus for State employees. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.	\$38,527	NR		
18 State Retirement Contributions	\$3,937	R	\$3,937	R
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund increased retiree medical premiums. Total General Fund appropriation across all sections in the committee report is \$11.0 million in FY 2015-16 and FY 2016-17.				
19 State Health Plan	\$4,385	R	\$4,385	R
Provides additional funding to continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium.				
ABLE Act				
20 ABLE	\$215,000	R	\$540,000	R
Provides funding to implement the Achieving a Better Life Experience (ABLE) Act. The following positions are authorized to be created: Attorney II, Information and Communication Specialist II, Administrative Support Specialist, and Economic Development Manager. (H.B. 556, S.B. 367; S.L. 2015-203)	\$250,000	NR	\$55,000	NR
	4.00		4.00	
Financial Operations Divisions				
21 Operations Reduction	(\$188,715)	R	(\$188,715)	R
Reduces the budgets for the Investment Division and Banking Division by 2%. The total budget for these 2 divisions will be \$9,427,041 in FY 2015-16 and FY 2016-17.				

2015 Annotated Conference Committee Report

FY 15-16

FY 16-17

Local Government Commission

22 Intervention Task Force

Provides funding for 2 positions in the local government unit to assist local government entities that have been identified as being at risk of financial failure.

\$198,864 R
\$6,000 NR

\$198,864 R

(S.L. 2015-268, Sec. 7.6, General Government Technical Corrections, amends this item to require that these positions become receipt-supported.)

Total Legislative Changes

\$233,471 R
\$294,527 NR

\$558,471 R
\$55,000 NR

Total Position Changes

4.00

4.00

Revised Budget

\$10,262,911

\$10,348,384

2015 Annotated Conference Committee Report

Escheats

Budget Code: 63412

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$578,160,445	\$713,836,707
Recommended Budget		
Requirements	\$94,118,299	\$94,118,299
Receipts	\$202,107,116	\$202,107,116
Positions	0.00	0.00
Legislative Changes		
Requirements:		
Technical Correction: Children of War Veterans Scholarships	(\$3,041,243) R	(\$3,041,243) R
Corrects the base budget transfer amount to the Children of War Veterans Scholarship program. The corrected transfer from the Escheats Fund is \$6.5 million recurring.	\$0 NR 0.00	\$0 NR 0.00
Technical Correction: North Carolina Community College Financial Aid	\$2,353,798 R	\$2,353,798 R
Corrects the base budget transfer amount to the North Carolina Community Colleges Financial Aid program. The corrected transfer from the Escheats Fund is \$16.3 million recurring.	\$0 NR 0.00	\$0 NR 0.00
Technical Correction: University of North Carolina Need Based Aid	(\$27,000,000) R	(\$27,000,000) R
Corrects the base budget transfer amount to the University of North Carolina Need Based Aid program. The corrected transfer from the Escheats Fund is \$37.8 million recurring.	\$0 NR 0.00	\$0 NR 0.00
Subtotal Legislative Changes	(\$27,687,445) R \$0 NR 0.00	(\$27,687,445) R \$0 NR 0.00

Receipts:

2015 Annotated Conference Committee Report

	FY 2015-16	FY 2016-17
Technical Corrections	\$0 R	\$0 R
	\$0 NR	\$0 NR
Subtotal Legislative Changes	\$0 R	\$0 R
	\$0 NR	\$0 NR
<hr/>		
Revised Total Requirements	\$66,430,854	\$66,430,854
Revised Total Receipts	\$202,107,116	\$202,107,116
Change in Fund Balance	\$135,676,262	\$135,676,262
Total Positions	0.00	0.00
<hr/>		
Unappropriated Balance Remaining	\$713,836,707	\$849,512,969

Special Provisions

2015 Session: HB 97

Department: (5.0) Treasurer

Section: 21.1

Title: **UPDATE ORBIT RETIREMENT SYSTEM**

Summary Appropriates \$850,000 in receipts to the Department of State Treasurer for the purpose of upgrading the ORBIT system including the state employees' portal for accessing retirement data, beneficiaries, service time, etc.

2015 Session: HB 259

Department: (5.0) Treasurer

Section: 7.5

Title: **BUDGET CHANGE: REDEFINING INDIRECT HOLDINGS OF SECURITIES**

Summary Amends G.S. 147-86.42(8) to clarify the definition of "indirect holdings" regarding securities to include all of the various securities management arrangements in place. The rewritten definition conforms and corresponds with current business practice.

Section: 7.6

Title: **BUDGET CHANGE: DESIGNATING NEW POSITIONS AS RECEIPT-SUPPORTED INSTEAD OF GENERAL FUND POSITIONS**

Summary Amends S.L. 2015-241, 2015 Appropriations Act, by adding a new Section 21.4 to clarify the funding for two positions for the Local Government Commission of the Department of State Treasurer, shall be funded with receipts instead of funds from the General Fund.

2015 Annotated Conference Committee Report

(6.0) Fire Rescue Nat Guard Pensions & LDD Benefits

GENERAL FUND

	FY 15-16		FY 16-17	
Recommended Base Budget	\$20,664,274		\$20,664,274	
Legislative Changes				
Information Technology				
23 Data Audit				
Provides funds for the completion of the data audit to establish a lapse assumption for the valuation of the Fire and Rescue Squad Workers' Pension Fund.	\$350,000	NR		
National Guard				
24 General Fund Contribution	\$1,027,025	R	\$1,027,025	R
Increases the General Fund contribution to the National Guard Pension Fund to increase benefits by \$6 to \$12 per month.				
Total Legislative Changes	\$1,027,025	R	\$1,027,025	R
	\$350,000	NR		
Total Position Changes				
Revised Budget	\$22,041,299		\$21,691,299	

Special Provisions

2015 Session: HB 97

Department: (6.0) Fire Rescue Nat Guard Pensions & LDD Benefits

Section:

Title: **NO SPECIAL PROVISIONS**

Summary

2015 Annotated Conference Committee Report

(7.0) Insurance

GENERAL FUND				
	FY 15-16		FY 16-17	
Recommended Base Budget	\$38,296,364		\$38,296,364	
Legislative Changes				
Reserve for Salaries and Benefits				
25 Compensation Reserve				
Provides funds for a \$750 one-time bonus for State employees. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.	\$297,033	NR		
26 State Retirement Contributions	\$25,076	R	\$25,076	R
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund increased retiree medical premiums. Total General Fund appropriation across all sections in the committee report is \$11.0 million in FY 2015-16 and FY 2016-17.				
27 State Health Plan	\$33,806	R	\$33,806	R
Provides additional funding to continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium.				
Captives Insurance				
28 Actuary				
Allows the Department of Insurance to create an Actuary I position that will work in the area of captives insurance management. The funding for this position was made available in S.L. 2013-360, Appropriations Act of 2013.	1.00		1.00	
Office of State Fire Marshal				
29 State Fire Protection Program				
Eliminates the recurring transfer of funds from the Department of Transportation and provides nonrecurring funding for FY 2015-16 only. The State Fire Protection Fund reimburses local fire districts and political subdivisions of the State for providing local fire protection for State-owned buildings and its contents. This fund will go through a continuation review process and the decision to continue with funding or to discontinue funding will be made during the budget deliberations of 2016. The total funds for this program transferred from the Department of Transportation are \$158,000. (S.L. 2015-241, Sec. 6.20)				

Total Legislative Changes	\$58,882	R	\$58,882	R
	\$297,033	NR		
Total Position Changes	1.00		1.00	
Revised Budget	\$38,652,279		\$38,355,246	

2015 Annotated Conference Committee Report

Regulatory Fund

Budget Code: 23900

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$7,705,857	\$7,705,857
Recommended Budget		
Requirements	\$33,499,163	\$33,499,163
Receipts	\$33,499,163	\$33,499,163
Positions	0.00	0.00

Legislative Changes**Requirements:**

Fund 2123 - Rescue Squad Workers' Relief Fund	(\$1,456,931) R	(\$1,456,931) R
Eliminates the recurring transfer of funds from the Division of Motor Vehicles (DMV) to support the Rescue Squad Workers' Relief Fund. The program will receive nonrecurring funds for FY 2015-16 and will be placed on a Continuation Review that will help determine whether the transfer of funds will need to continue from DMV to support this program. (S.L. 2015-241, Sec. 6.20)	\$1,456,931 NR	\$0 NR
	0.00	0.00
Industrial Commission Transfer	\$2,400,000 R	\$2,400,000 R
Transfers funds to the Industrial Commission per S.L. 2014-100 to pay for the services that had previously been funded through fee collections. (S.L. 2014-100, Sec. 20.2)	\$0 NR	\$0 NR
	0.00	0.00
Subtotal Legislative Changes	\$943,069 R	\$943,069 R
	\$1,456,931 NR	\$0 NR
	0.00	0.00

Receipts:

Fund 2123 - Rescue Squad Workers' Relief Fund	(\$1,456,931) R	(\$1,456,931) R
Eliminates the recurring transfer of funds from the DMV to support the Rescue Squad Workers' Relief Fund operated within Department of Insurance. The receipts from DMV will be nonrecurring during FY 2015-16 and eliminated in FY 2016-17, pending the outcome of the Continuation Review.	\$1,456,931 NR	\$0 NR

2015 Annotated Conference Committee Report

	FY 2015-16		FY 2016-17	
Insurance Regulatory Charge	\$2,400,000	R	\$2,400,000	R
Budgets additional receipts from the increase in the rate of the Regulatory Charge to 6.5% per S.L. 2014-100.	\$0	NR	\$0	NR
Subtotal Legislative Changes	\$943,069	R	\$943,069	R
	\$1,456,931	NR	\$0	NR
<hr/>				
Revised Total Requirements	\$35,899,163		\$34,442,232	
Revised Total Receipts	\$35,899,163		\$34,442,232	
Change in Fund Balance	\$0		\$0	
Total Positions	0.00		0.00	
<hr/>				
Unappropriated Balance Remaining	\$7,705,857		\$7,705,857	

Volunteer Rescue/EMS Grant Program

Budget Code: 23901

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$910,473	\$910,473
Recommended Budget		
Requirements	\$1,303,585	\$1,303,585
Receipts	\$1,303,585	\$1,303,585
Positions	3.50	3.50
Legislative Changes		
Requirements:		
Fund 2122 - Volunteer Rescue/EMS Grant Program	(\$1,303,585) R	(\$1,303,585) R
Eliminates the recurring transfer of funds from the Division of Motor Vehicles (DMV) for the Volunteer Rescue/EMS Grant Program. The program will receive nonrecurring funds for FY 2015-16 and the fund is to be placed on a Continuation Review that will help to determine whether the transfer of funds from DMV should continue to support this program. (S.L. 2015-241, Sec. 6.20)	\$1,303,585 NR 0.00	\$0 NR -3.50
Subtotal Legislative Changes	(\$1,303,585) R \$1,303,585 NR 0.00	(\$1,303,585) R \$0 NR -3.50

Receipts:

Fund 2122 - Volunteer Rescue/EMS Grant Fund	\$0 R	\$0 R
Eliminates the transfer of recurring funds from the DMV to the Department of Insurance for the Volunteer Rescue/EMS Grant Program in FY 2015-16 and FY 2016-17 and provides nonrecurring funds for FY 2015-16.	\$0 NR	\$0 NR
Subtotal Legislative Changes	\$0 R \$0 NR	\$0 R \$0 NR

2015 Annotated Conference Committee Report

	FY 2015-16	FY 2016-17
Revised Total Requirements	\$1,303,585	\$0
Revised Total Receipts	\$1,303,585	\$1,303,585
Change in Fund Balance	\$0	\$1,303,585
Total Positions	3.50	0.00
Unappropriated Balance Remaining	\$910,473	\$2,214,058

Special Provisions

2015 Session: HB 97

Department: (7.0) Insurance

Section: 20.2

Title: **SYNCHRONIZATION OF PRESCRIPTION REFILLS**

Summary Creates new G.S. 58-3-181 to require health benefit plans that cover prescription drugs to provide a synchronization of prescription refills in order to make it easier for the patient to refill prescriptions at one time and to assist with adherence of medication and convenience.

(S.L. 2015-264, Sec. 90.2, Technical Corrections 2015, amended this section by changing the effective date from January 1, 2016 to August 1, 2016.)

Section: 20.1

Title: **INSURANCE REGULATORY CHARGE**

Summary Maintains the insurance regulatory charge at 6.5% for calendar year 2016.

2015 Session: HB 259

Department: (7.0) Insurance

Section: 7.1

Title: **TECHNICAL CHANGE: CONFORMING CHANGES TO INSURANCE CATEGORIES CORRESPONDING TO TAX LEVELS LEVIED ON THIS SERVICE**

Summary Amends G.S. 58-36-75(a) to increase the dollar thresholds for accident repair insurance classifications to correspond with the new taxes levied for vehicle repair services. The categories are increased from \$3,000 to \$3,085 for major accidents, from \$1,800 to \$1,850 for intermediate accidents, and minor accidents from \$1,800 to \$1,850 or less. This conforming change prevents repair costs plus taxes from inadvertently placing the accident into a higher insurance category than what would have been prior to the implementation of taxes applied to vehicle repairs. This law becomes effective March 1, 2016.

2015 Session: SB 119

Department: (7.0) Insurance

Section: 90.2

Title: **BUDGET CHANGE: EFFECTIVE DATE**

Summary Amends S.L. 2015-241, Sec. 20.2, 2015 Appropriations Act, by changing the effective date for requiring insurance companies to offer a synchronization of prescription drugs option from January 1, 2016 to August 1, 2016.

2015 Annotated Conference Committee Report

(9.0) State Board of Elections

GENERAL FUND				
		FY 15-16		FY 16-17
Recommended Base Budget		\$6,620,578		\$6,620,578
Legislative Changes				
Reserve for Salaries and Benefits				
30 Compensation Reserve				
Provides funds for a \$750 one-time bonus for State employees. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.		\$51,479	NR	
31 State Retirement Contributions				
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund increased retiree medical premiums. Total General Fund appropriation across all sections in the committee report is \$11.0 million in FY 2015-16 and FY 2016-17.		\$4,007	R	\$4,007 R
32 State Health Plan				
Provides additional funding to continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium.		\$5,859	R	\$5,859 R
Agency-Wide				
33 Operating Budget Reduction				
Reduces the operating budget by 2% in anticipation of savings achieved through greater use of technology.		(\$117,081)	R	(\$117,081) R
VIVA				
34 VIVA Implementation				
Provides additional funds for the implementation of the Voter Information Verification Act (VIVA).		\$200,000	NR	
Total Legislative Changes		(\$107,215)	R	(\$107,215) R
		\$251,479	NR	
Total Position Changes				
Revised Budget		\$6,764,842		\$6,513,363

Special Provisions

2015 Session: HB 97

Department: (9.0) State Board of Elections

Section:

Title: **NO SPECIAL PROVISIONS**

Summary

Special Provisions

2015 Session: HB 97

Department: (10.0) General Assembly

Section:

Title: **NO SPECIAL PROVISIONS**

Summary

2015 Annotated Conference Committee Report

(11.0) Governor

		GENERAL FUND	
		FY 15-16	FY 16-17
Recommended Base Budget		\$5,859,246	\$5,859,246
Legislative Changes			
Reserve for Salaries and Benefits			
40 Compensation Reserve			
Provides funds for a \$750 one-time bonus for State employees. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.		\$42,735	NR
41 State Retirement Contributions			
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund increased retiree medical premiums. Total General Fund appropriation across all sections in the committee report is \$11.0 million in FY 2015-16 and FY 2016-17.		\$3,683	R
			\$3,683 R
42 State Health Plan			
Provides additional funding to continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium.		\$4,845	R
			\$4,845 R
Dues Subscription			
43 Southern Legislative Conference Dues			
Provides funding for North Carolina's dues for the Southern Legislative Conference for FY 2015-16.		\$213,200	NR
Military Affairs Positions			
44 Position Transfers			
Transfers 2 positions and funding for salaries and benefits from the Office of the Governor to the Department of Military and Veterans Affairs.		(\$191,361)	R
			(\$191,361) R
		-2.00	-2.00
60008513 Special Advisor for Military Affairs \$129,467			
60037816 Administrative Assistant \$61,894			
(S.L. 2015-241, Sec. 24.1)			
(This transfer also appears within the Department of Military and Veterans Affairs of the General Government section of the Conference Committee Report. See page J-1, item 4.)			

2015 Annotated Conference Committee Report

FY 15-16

FY 16-17

Office-wide

45 Administrative Reduction

(\$110,239)

R

(\$110,239)

R

Reduces the overall budget of the Office of the Governor by 2%.

Total Legislative Changes

(\$293,072)

R

(\$293,072)

R

\$255,935

NR

Total Position Changes

-2.00

-2.00

Revised Budget

\$5,822,109

\$5,566,174

2015 Annotated Conference Committee Report

Special Revenue – General Fund

Budget Code: 23002

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$333,557	\$0
Recommended Budget		
Requirements	\$0	\$0
Receipts	\$0	\$0
Positions	0.00	0.00
Legislative Changes		
Requirements:		
Statewide Automated Fingerprint Identification System Replacement	\$0 R	\$0 R
Transfers the balance of this account to Budget Code 24554, Public Safety - Information Technology Fund, to be used by the State Bureau of Investigation to update the Statewide Automated Fingerprint Identification System.	\$333,557 NR	\$0 NR
	0.00	0.00
(S.L. 2015-267, Sec. 1, DPS Changes, eliminates this transfer as the funds reverted on June 30.)		
Subtotal Legislative Changes	\$0 R	\$0 R
	\$333,557 NR	\$0 NR
	0.00	0.00
Receipts:		
Governor's Office Special Revenue	\$0 R	\$0 R
	\$0 NR	\$0 NR
Subtotal Legislative Changes	\$0 R	\$0 R
	\$0 NR	\$0 NR

2015 Annotated Conference Committee Report

	FY 2015-16	FY 2016-17
Revised Total Requirements	\$333,557	\$0
Revised Total Receipts	\$0	\$0
Change in Fund Balance	(\$333,557)	\$0
Total Positions	0.00	0.00
Unappropriated Balance Remaining	\$0	\$0

Special Provisions

2015 Session: HB 97

Department: (11.0) Governor

Section:

Title: **NO SPECIAL PROVISIONS**

Summary

2015 Annotated Conference Committee Report

(12.0) Governor - Special Projects

GENERAL FUND		
	FY 15-16	FY 16-17
Recommended Base Budget	\$2,000,000	\$2,000,000
Legislative Changes		
46 No Change		
Total Legislative Changes		
Total Position Changes		
Revised Budget	\$2,000,000	\$2,000,000

Special Provisions

2015 Session: HB 97

Department: (12.0) Governor - Special Projects

Section:

Title: **NO SPECIAL PROVISIONS**

Summary

2015 Annotated Conference Committee Report

(13.0) State Budget & Management

GENERAL FUND

	FY 15-16	FY 16-17
Recommended Base Budget	\$7,586,922	\$7,586,922

Legislative Changes

47 Public School Capital Needs Study

Provides funds to contract with an outside entity to perform an independent assessment of school construction needs in low wealth local school administrative districts. The Office of State Budget and Management shall report the results of this study to the Joint Legislative Commission on Governmental Operations prior to May 1, 2016.

\$100,000 NR

Reserve for Salaries and Benefits

48 Compensation Reserve

Provides funds for a \$750 one-time bonus for State employees. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.

\$52,541 NR

49 State Retirement Contributions

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund increased retiree medical premiums. Total General Fund appropriation across all sections in the committee report is \$11.0 million in FY 2015-16 and FY 2016-17.

\$5,760 R \$5,760 R

50 State Health Plan

Provides additional funding to continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium.

\$5,999 R \$5,999 R

Information Technology Contracts

51 Maintenance Agreement and Software Licensure

Reduces the budget for IT maintenance agreements within the Office of State Budget and Management.

(\$149,632) R (\$149,632) R

Strategic Planning

52 Strategic Planning and Program Budgeting

Provides funds for 1 position for the purpose of working on a strategic planning effort to implement an evidence-based policymaking framework to provide program level accountability, assist departments, and implement effective grants management and oversight.

\$82,359 R \$82,359 R

1.00 1.00

Policy/Management Analyst \$82,359 (including benefits)

Total Legislative Changes	(\$55,514)	R	(\$55,514)	R
	\$152,541	NR		
Total Position Changes	1.00		1.00	
Revised Budget	\$7,683,949		\$7,531,408	

Special Provisions

2015 Session: HB 97

Department: (13.0) State Budget & Management

Section: 23.1

Title: **SYMPHONY CHALLENGE GRANT**

Summary Requires the North Carolina Symphony to raise \$9,000,000 in each year of the biennium in order to receive State appropriations of \$1.5 million recurring and \$500,000 nonrecurring.

Section: 23.2

Title: **HOSPITAL MEDICAL RESIDENCIES**

Summary Indicates that it is the intent of the General Assembly to support Cape Fear Valley Hospital financially in FY 2016-17 if the hospital is granted a rural classification necessary for additional residency slots.

Section: 23.3

Title: **STUDY TRANSITION TO RENT-BASED MODEL FOR STATE-OWNED FACILITIES**

Summary Directs the Office of State Budget and Management (OSBM) to study the feasibility of charging State agencies rent to cover the cost of facility management, maintenance, and related costs attributable to occupying agencies. OSBM shall report to the Joint Legislative Committee on General Government by March 1, 2016.

Section: 23.4

Title: **OSBM/PUBLIC SCHOOL CONSTRUCTION NEEDS STUDY**

Summary Directs OSBM to contract with a consultant to perform an assessment of the school construction needs in the 50 counties determined to be the lowest wealth of the low-wealth school funding formula. OSBM is required to submit the report to Joint Legislative Commission on Governmental Operations by May 1, 2016.

2015 Annotated Conference Committee Report

(14.0) State Budget and Management - Special

GENERAL FUND

	FY 15-16		FY 16-17	
Recommended Base Budget	\$0		\$0	
Legislative Changes				
Grants-in-Aid				
53 School Construction Funds				
Provides funds for Jones County for the construction of a collocated middle and high school.	\$10,957,288	NR		
54 Downtown Revitalization Grants				
Provides grant funding for downtown revitalization efforts. The following localities will receive an equal share of the funds appropriated for this purpose: City of Burlington, City of Dunn, City of Hendersonville, City of Kings Mountain, City of Lincolnton, City of Morganton, City of Reidsville, City of Rocky Mount, City of Shelby, City of Wilson, Town of Pembroke, Town of Rutherfordton, and Town of Smithfield.	\$1,249,400	NR		
55 Project Healing Waters Fly Fishing, Inc.				
Provides \$25,000 as a grant-in-aid to Project Healing Waters Fly Fishing, Inc. for the purpose of transporting veterans to recreational activities.	\$25,000	NR		
56 Museum of the Marine				
Provides funding for the Museum of the Marine.	\$500,000	NR		
57 Averagesboro Battlefield Commission Project				
Provides funding to the Averagesboro Battlefield Commission to assist with the purchase and relocation of the Shaw Halfway House.	\$50,000	NR		
Matching Grant				
58 Challenge Grant				
Provides funding to the NC Symphony in the form of a challenge grant. The NC Symphony must demonstrate to the Office of State Budget and Management that it raises \$9 million during FY 2015-16 and again in FY 2016-17 in order to receive these grant funds. (S.L. 2015-241, Sec. 23.1)	\$1,500,000	R	\$1,500,000	R
	\$500,000	NR	\$500,000	NR

2015 Annotated Conference Committee Report

FY 15-16

FY 16-17

Total Legislative Changes	\$1,500,000	R	\$1,500,000	R
	\$13,281,688	NR	\$500,000	NR
Total Position Changes				
Revised Budget	\$14,781,688		\$2,000,000	

2015 Annotated Conference Committee Report

(15.0) Auditor

GENERAL FUND				
	FY 15-16		FY 16-17	
Recommended Base Budget	\$11,733,689		\$11,733,689	
Legislative Changes				
Reserve for Salaries and Benefits				
59 Compensation Reserve				
Provides funds for a \$750 one-time bonus for State employees. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.	\$98,872	NR		
60 State Retirement Contributions	\$9,849	R	\$9,849	R
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund increased retiree medical premiums. Total General Fund appropriation across all sections in the committee report is \$11.0 million in FY 2015-16 and FY 2016-17.				
61 State Health Plan	\$11,253	R	\$11,253	R
Provides additional funding to continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium.				
Contracted Services				
62 Subject Matter Experts	\$250,000	R	\$250,000	R
Provides funding for the Auditor's Office to utilize subject matter experts during audits. (S.L. 2015-241, Sec. 25.2)				
Total Legislative Changes	\$271,102	R	\$271,102	R
	\$98,872	NR		
Total Position Changes				
Revised Budget	\$12,103,663		\$12,004,791	

Special Provisions

2015 Session: HB 97

Department: (15.0) Auditor

Section: 25.1

Title: **STOP FRAUD AND ABUSE OF TAXPAYER DOLLARS**

Summary Amends G.S. 143-746 and G.S. 147-64.6(c) to require the Office of the State Auditor (OSA) to report any instances of fraud to the State Purchasing Officer. OSA's report may also include a recommendation that a private person or entity charged with fraud be barred from any further business with the State.

Section: 25.2

Title: **SUBJECT MATTER EXPERTS FOR AUDITS**

Summary Directs OSA to utilize the \$250,000 appropriated in FY 2015-16 only for retaining or hiring subject matter experts for audits.

2015 Session: HB 259

Department: (15.0) Auditor

Section: 7.4

Title: **TECHNICAL CHANGE: AUDITOR FRAUD REPORTING**

Summary Amends G.S. 143-746 so that OSA may submit reports detailing fraud, misrepresentation, or other deceptive acts or practices found prior to the effective date of this section.

2015 Annotated Conference Committee Report

(16.0) Housing Finance Agency

GENERAL FUND				
	FY 15-16		FY 16-17	
Recommended Base Budget	\$9,118,739		\$9,118,739	
Legislative Changes				
63 HOME Match Program			\$1,541,261	R
Provides General Fund money to the Housing Finance Agency to fully match federal funds for the HOME Match program in FY 2016-17. Total State appropriations for the HOME Match program in FY 2016-17 are \$3,000,000.				
64 Workforce Housing Loan Program				
Provides funding for the Workforce Housing Loan Program (WHLP) to assist with the development of low-income housing units across the State. WHLP's total funding is \$12,500,000 in FY 2015-16 and \$15,000,000 in FY 2016-17.				
	\$12,500,000	NR	\$15,000,000	NR
Total Legislative Changes			\$1,541,261	R
	\$12,500,000	NR	\$15,000,000	NR
Total Position Changes				
Revised Budget	\$21,618,739		\$25,660,000	

Deferred State Aid

Budget Code: 63011

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$2,893,408	\$0
Recommended Budget		
Requirements	\$0	\$0
Receipts	\$0	\$0
Positions	0.00	0.00
Legislative Changes		
Requirements:		
Community Living Housing Fund	\$0 R	\$0 R
Authorizes the Housing Finance Agency to use funds transferred from the Department of Health and Human Services to the Community Living Housing Fund as prescribed in G.S. 122E-3.1. (S.L. 2015-241, Sec. 25A.1)	\$2,893,408 NR	\$0 NR
	0.00	0.00
Subtotal Legislative Changes	\$0 R	\$0 R
	\$2,893,408 NR	\$0 NR
	0.00	0.00
Receipts:		
Community Living Housing Fund	\$0 R	\$0 R
	\$0 NR	\$0 NR
Subtotal Legislative Changes	\$0 R	\$0 R
	\$0 NR	\$0 NR

2015 Annotated Conference Committee Report

	FY 2015-16	FY 2016-17
Revised Total Requirements	\$2,893,408	\$0
Revised Total Receipts	\$0	\$0
Change in Fund Balance	(\$2,893,408)	\$0
Total Positions	0.00	0.00
Unappropriated Balance Remaining	\$0	\$0

Special Provisions

2015 Session: HB 97

Department: (16.0) Housing Finance Agency

Section: 25A.1

Title: EXPAND COMMUNITY LIVING HOUSING FUND USES

Summary Amends G.S. 122E-3.1 to expand the permitted uses of the Community Living Housing Fund within the Housing Finance Agency. The Community Living Housing Fund money may now be used to recruit property owners willing to rent units to individuals with disabilities.

2015 Annotated Conference Committee Report

(17.0) Administration

GENERAL FUND				
	FY 15-16		FY 16-17	
Recommended Base Budget	\$67,409,693		\$65,932,950	
Legislative Changes				
Reserve for Salaries and Benefits				
65 Compensation Reserve				
Provides funds for a \$750 one-time bonus for State employees. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.	\$379,277	NR		
66 State Retirement Contributions	\$28,083	R	\$28,083	R
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund increased retiree medical premiums. Total General Fund appropriation across all sections in the committee report is \$11.0 million in FY 2015-16 and FY 2016-17.				
67 State Health Plan	\$43,167	R	\$43,167	R
Provides additional funding to continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium.				
Department-Wide				
68 Human Relations Commission Continuation Review	(\$545,407)	R	(\$545,407)	R
Places the General Fund support for the Human Relations Commission under Continuation Review. The recurring appropriation of \$545,407 is eliminated and a nonrecurring amount of \$545,407 is appropriated in FY 2015-16. (S.L. 2015-241, Sec. 6.20)	\$545,407	NR		
			-6.20	
69 Reduce Funding for Janitorial Supplies	(\$194,387)	R	(\$194,387)	R
Reduces the budget for janitorial supplies from \$544,387 to \$350,000 to more closely align with prior year actuals.				
70 Budget for Legal Services	\$100,000	R	\$100,000	R
Provides additional recurring funds for legal services to cover the current level of expenditures. Additionally, there is \$50,000 appropriated to cover pending litigation during FY 2015-16. (S.L. 2015-241, Sec. 27.9)	\$50,000	NR		

DMVA Transfers**71 Position Transfer to the DMVA**

(\$61,176)	R	(\$61,176)	R
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Transfers a position from the Department of Administration to the Department of Military and Veterans Affairs (DMVA).

-1.00	-1.00
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60014065 Administrative Officer II \$61,176 (including benefits)

(S.L. 2015-241, Sec. 24.1)

(S.L. 2015-268, Sec. 7.2, General Government Technical Corrections, amends this item by substituting a different position (60014506) with the same cost for the position listed above.)

(This transfer also appears within the Department of Military and Veterans Affairs of the General Government section of the Conference Committee Report. See page J-2, item 8.)

72 Position Transfer to the DMVA

(\$72,143)	R	(\$72,143)	R
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Transfers 1 filled accounting position from the Department of Administration to DMVA.

-1.00	-1.00
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60014117 Accountant \$72,143 (including benefits)

(S.L. 2015-241, Sec. 24.1)

(This transfer also appears within the Department of Military and Veterans Affairs of the General Government section of the Conference Committee Report. See page J-2, item 9.)

73 Chief Operating Officer Position Transfer

(\$165,550)	R	(\$165,550)	R
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Transfers the Chief Operating Officer position from the Department of Administration to the DMVA for the creation of a new position.

-1.00	-1.00
-------	-------

60013845 Chief Deputy III \$165,550 (including benefits)

(S.L. 2015-241, Sec. 24.1)

(This transfer also appears within the Department of Military and Veterans Affairs of the General Government section of the Conference Committee Report. See page J-2, item 7.)

74 Veterans Affairs Administration Transfer

(\$6,776,393)	R	(\$6,776,393)	R
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Transfers the administration, positions, and all funding for the Veterans Affairs Program from the Department of Administration to the DMVA. In addition to the transfer of General Fund appropriations, there are receipts of \$6,784,740 for a total budget of \$13,561,133. (S.L. 2015-241, Sec. 24.1)

-70.90	-70.90
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(This transfer also appears within the Department of Military and Veterans Affairs of the General Government section of the Conference Committee Report. See page J-3, item 10.)

2015 Annotated Conference Committee Report

FY 15-16

FY 16-17

Ethics Commission

75 Investigation Funding

Provides funding for an independent investigation during FY 2015-16 as authorized by the Ethics Commission. The amount of funding for purchased services in FY 2015-16 is \$145,461.

\$50,000 NR

Office of State Human Resources

76 Applicant Tracking System Replacement

Provides funds for the current applicant tracking system and additional funds for the start-up of the new system in FY 2015-16. Provides the recurring funds needed for the new applicant tracking system in FY 2016-17.

\$275,000 NR

\$100,000 R

77 Position Realignment

Realigns funding for 1 position to reflect partial receipt support.

(\$65,394) R

(\$65,394) R

-0.50

-0.50

60013740 Division Director

78 Personnel Compensation and Classification System

Funds the software licensing fees required to build a new compensation system. This system will allow for quicker changes to the salary structure, provide streamlined review of electronic position descriptions, and enhance meeting and document management. Total funding for the compensation system in FY 2015-16 is \$140,000.

\$140,000 R

\$140,000 R

79 Performance Management and Learning Management Systems

Provides funding to implement the Performance Management and Learning Management Systems, which track and report performance evaluations of state personnel. Funding for these programs in FY 2015-16 is \$936,465.

\$270,000 R

\$270,000 R

80 Vacant Position Transfer

Transfers 1 vacant position from the Office of State Human Resources to the Department of Military and Veterans Affairs.

(\$69,265) R

(\$69,265) R

-1.00

-1.00

60013815 Human Resources Consultant \$69,265 (including benefits)

(S.L. 2015-241, Sec. 24.1)

(This transfer also appears within the Department of Military and Veterans Affairs of the General Government section of the Conference Committee Report. See page J-1, item 5.)

2015 Annotated Conference Committee Report

FY 15-16

FY 16-17

Total Legislative Changes	(\$7,368,465)	R	(\$7,268,465)	R
	\$1,299,684	NR		
Total Position Changes	-75.40		-81.60	
Revised Budget	\$61,340,912		\$58,664,485	

Temporary Solutions

Budget Code: 74100-7511

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	(\$2,152,018)	\$1,602,642
Recommended Budget		
Requirements	\$44,507,525	\$44,507,525
Receipts	\$48,262,185	\$48,262,185
Positions	9.50	9.50

Legislative Changes**Requirements:**

Temporary Solutions Adjustment	\$21,250,000	R	\$21,250,000	R
Increases funding for Temporary Solutions from \$44,507,525 to \$65,757,525 to reflect actual agency usage of temporary employment services.	\$0	NR	\$0	NR
	0.00		0.00	
Subtotal Legislative Changes	\$21,250,000	R	\$21,250,000	R
	\$0	NR	\$0	NR
	0.00		0.00	

Receipts:

Temporary Solutions Adjustment	\$21,250,000	R	\$21,250,000	R
Increases receipts for Temporary Solutions from \$48,262,185 to \$69,512,185 to reflect actual agency usage of temporary employment services.	\$0	NR	\$0	NR
Subtotal Legislative Changes	\$21,250,000	R	\$21,250,000	R
	\$0	NR	\$0	NR

2015 Annotated Conference Committee Report

	FY 2015-16	FY 2016-17
Revised Total Requirements	\$65,757,525	\$65,757,525
Revised Total Receipts	\$69,512,185	\$69,512,185
Change in Fund Balance	\$3,754,660	\$3,754,660
Total Positions	9.50	9.50
Unappropriated Balance Remaining	\$1,602,642	\$5,357,302

Reserve for E-Commerce Initiative (2514)

Budget Code: 24100-2514

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$16,383,604	\$13,383,604
Recommended Budget		
Requirements	\$19,278,784	\$28,885,327
Receipts	\$19,278,784	\$19,278,784
Positions	2.90	2.90

Legislative Changes**Requirements:**

E-Commerce Fund Transfer	\$0 R	\$0 R
Transfers \$3,000,000 in FY 2015-16 from the E-Commerce Fund to support general availability.	\$3,000,000 NR	\$0 NR
	0.00	0.00
Subtotal Legislative Changes	\$0 R	\$0 R
	\$3,000,000 NR	\$0 NR
	0.00	0.00

Receipts:

E-Commerce Fund Transfer	\$0 R	\$0 R
	\$0 NR	\$0 NR
Subtotal Legislative Changes	\$0 R	\$0 R
	\$0 NR	\$0 NR

2015 Annotated Conference Committee Report

	FY 2015-16	FY 2016-17
Revised Total Requirements	\$22,278,784	\$28,885,327
Revised Total Receipts	\$19,278,784	\$19,278,784
Change in Fund Balance	(\$3,000,000)	(\$9,606,543)
Total Positions	2.90	2.90
Unappropriated Balance Remaining	\$13,383,604	\$3,777,061

Special Provisions

2015 Session: HB 97

Department: (17.0) Administration

Section: 26.2

Title: **PERSONAL SERVICES CONTRACTS/TEMPORARY SOLUTIONS**

Summary Creates G.S. 143-48.6 to require that all personal services contracts for executive branch agencies be subject to the same requirements as other services contracts.

Creates G.S. 143B-1334.1 to require State agencies to receive written approval for technology personal services contracts from the Department of Information Technology and the Office of State Budget and Management.

Creates G.S. 126-6.3 to require all State agencies to utilize the Temporary Solutions program within the Office of State Human Resources (OSHR) for all temporary staffing needs. Previously, only non-Council of State agencies were required to use Temporary Solutions. Exemptions to the Temporary Solutions requirement may be granted by the Director of OSHR. (S.B. 127)

Section: 27.1

Title: **DOA PROVIDE ADMINISTRATIVE SUPPORT TO SEC FREE OF CHARGE**

Summary Amends G.S. 138A-9 to direct the Department of Administration (DOA) to provide administrative support to the State Ethics Commission free of charge. Per G.S. 138A-9, the Ethics Commission is located within DOA for administrative purposes only, and exercises its powers independently of the Secretary of Administration.

Section: 27.3

Title: **STREAMLINE SEIZED VEHICLE DISPOSAL**

Summary Amends G.S. 20-28 to transfer oversight of the vehicle disposal program from the Department of Public Instruction to DOA. (H.B. 282)

Section: 27.4

Title: **DOROTHEA DIX MEMORIAL**

Summary Requires DOA, in consultation with the Department of Natural and Cultural Resources, to appoint a task force to acquire historical artifacts relating to Dorothea Dix and propose options for displaying the artifacts. The Department shall make a report to the Joint Legislative Oversight Committee on Health and Human Services by April 1, 2016.

Section: 27.6

Title: **VEHICLES ASSIGNED TO SECTION OF COMMUNITY CORRECTION/EXEMPT FROM MINIMUM MILEAGE REQUIREMENT**

Summary Exempts the Department of Public Safety (DPS) Community Correction section from the minimum mileage requirement to keep motor fleet vehicles. DOA shall report to the Joint Legislative Oversight Committees on General Government and Justice and Public Safety on the effects of the exemption by January 1, 2017. DOA shall report to the Joint Legislative Oversight Committees on General Government and Justice and Public Safety about the number of cars managed by DOA for the Department of Public Safety and their condition. DOA shall make this report by December 1, 2015 and quarterly thereafter.

Section: 27.8

Title: **LICENSE TO GIVE TRUST FUND/MATCHING GRANTS**

Summary Amends G.S. 20-7.4 to require all grantees of the License to Give Trust Fund to raise an amount equal to the grant in non-State funds.

(S.L. 2015-276, Highway Safety/Other Changes (HB 924), Sec. 6.5, repealed this section.)

Section: 27.9

Title: **LITIGATION FUNDING**

Summary Requires DOA to use up to \$50,000 to retain private counsel for litigation involving the State's claim to certain lands.

2015 Session: HB 259

Department: (17.0) Administration

Section: 7.7

Title: **BUDGET CHANGE: REPEAL PROVISION ON USE OF AUTOMATIC SCORING/SCREENING OF STATE GOVERNMENT EMPLOYMENT APPLICATIONS**

Summary Repeals S.L. 2014-100, Sec. 22A.1, Appropriations Act of 2014. This section required the Office of State Human Resources to discontinue the usage of its existing online tool for screening State government employment applications.

2015 Session: SB 119

Department: (17.0) Administration

Section: 38.3

Title: **BUDGET CHANGE: DOA SURPLUS PROPERTY**

Summary Amends G.S. 20-28.9(a) to remove the language stating that the subsection does not prohibit DOA from contracting the towing and storage for some counties and allowing the Division of Surplus Property to perform the towing and storage in other counties.

2015 Annotated Conference Committee Report

(18.0) Revenue

		GENERAL FUND	
		FY 15-16	FY 16-17
Recommended Base Budget		\$80,521,722	\$80,539,222
Legislative Changes			
81 Operating Budget Reduction	(\$400,000) R	(\$400,000) R	
Decreases funding for Property, Plant, and Equipment line items by 14%, leaving \$2,534,673 in the fund.			
82 Lease Increases	\$414,031 R	\$441,115 R	
Provides funds for increased lease payments for the field offices in Asheville, Durham, Elizabeth City, and Fayetteville.			
83 Excise Tax Auditor		\$104,698 R	
Provides 1 new Auditor position in FY 2016-17 to handle the increased workload from the new excise tax on vapor products.			
		1.00	
84 Reduce Funds for Postage, Freight, and Delivery	(\$500,000) R	(\$500,000) R	
Decreases the line item for postage, freight, and delivery by 13% from \$3,810,898 to \$3,310,898.			
Reserve for Salaries and Benefits			
85 Compensation Reserve	\$751,142 NR		
Provides funds for a \$750 one-time bonus for State employees. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.			
86 State Retirement Contributions	\$52,261 R	\$52,261 R	
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund increased retiree medical premiums. Total General Fund appropriation across all sections in the committee report is \$11.0 million in FY 2015-16 and FY 2016-17.			
87 State Health Plan	\$85,490 R	\$85,490 R	
Provides additional funding to continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium.			

Department-Wide**88 Information Technology Security Positions**

Funds 3 positions with receipts from the Information Technology Reserve Fund to help secure the data of the department. The receipts are \$406,374 recurring in FY 2015-16 and FY 2016-17 and \$18,600 nonrecurring in FY 2015-16.

89 MotoTax System Maintenance and Upgrades

Authorizes the Department of Revenue to use \$91,000 in receipts for FY 2015-16 and \$788,966 in receipts in FY 2016-17 for maintenance and system hardware upgrades to the Tag and Title Vehicle Registration System. The source of the receipts is a fee assessed on cities and counties.

90 Common Payment System

\$211,000	R	\$211,000	R
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Provides funds to change the online payment system from Common Payment to Paypoint.

91 Vacant Positions Elimination

Cuts 5 receipt supported vacant positions at the Rocky Mount Call Center. The eliminated positions are:

60082320 Processing Assistant V
 60081738 Processing Assistant V
 60081592 Administrative Assistant I
 60082371 Rev TPA Guilford Processing Assistant V
 60082370 Rev TPA Guilford Processing Assistant V

Veterans Transfer**92 Vacant Position Transfer**

(\$76,107)	R	(\$76,107)	R
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Transfers a vacant position from the Department of Revenue to the newly created Department of Military and Veterans Affairs (DMVA).

-1.00	-1.00
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60082541 Administrative Officer II

(S.L. 2015-241, Sec. 24.1)

(This transfer also appears within the Department of Military and Veterans Affairs section of the General Government section of the Conference Committee Report. See page J-2, item 6.)

Total Legislative Changes

(\$213,325)	R	(\$81,543)	R
\$751,142	NR		

Total Position Changes

-1.00	0.00
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Revised Budget

\$81,059,539	\$80,457,679
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Project Collect Tax

Budget Code: 24704-2474

	FY 2015-16		FY 2016-17
Beginning Unreserved Fund Balance	\$57,439,003		\$32,728,127
Recommended Budget			
Requirements	\$29,484,891		\$29,489,952
Receipts	\$22,757,963		\$22,763,024
Positions	0.00		0.00
Legislative Changes			
Requirements:			
Market Rate Pay for Auditors	\$5,884,865	R	\$5,884,865 R
Funds a salary increase for auditors in the Department of Revenue. (S.L. 2015-241, Sec. 28.2)	\$0	NR	\$0 NR
	0.00		0.00
Tax Fraud Analysis	\$0	R	\$0 R
Provides funds to the Department of Revenue to enter into a contract with a vendor to perform tax fraud analysis using the Government Data Analytics Center (GDAC).	\$2,000,000	NR	\$0 NR
	0.00		0.00
Lease Increases	\$0	R	\$107,722 R
Provides funds to pay for increased lease expenses for the field offices in Asheville, Durham, Elizabeth City, and Fayetteville.	\$99,083	NR	\$0 NR
	0.00		0.00
E-Services Capability	\$0	R	\$2,000,000 R
Transfers funds to budget code 24708-2478 for e-service upgrades. (S.L. 2015-241, Sec. 28.2)	\$10,000,000	NR	\$0 NR
	0.00		0.00
(This transfer also appears in the ITAS Replacement section of the General Government section of the Conference Committee Report. See page J-59.)			
Subtotal Legislative Changes	\$5,884,865	R	\$7,992,587 R
	\$12,099,083	NR	\$0 NR
	0.00		0.00

2015 Annotated Conference Committee Report

	FY 2015-16	FY 2016-17
Receipts:		
Lease Increases	\$0 R	\$0 R
	\$0 NR	\$0 NR
Subtotal Legislative Changes	\$0 R	\$0 R
	\$0 NR	\$0 NR
<hr/>		
Revised Total Requirements	\$47,468,839	\$37,482,539
Revised Total Receipts	\$22,757,963	\$22,763,024
Change in Fund Balance	(\$24,710,876)	(\$14,719,515)
Total Positions	0.00	0.00
<hr/>		
Unappropriated Balance Remaining	\$32,728,127	\$18,008,612

ITAS Replacement

Budget Code: 24708-2478

	FY 2015-16		FY 2016-17
Beginning Unreserved Fund Balance	\$31,801,939		\$20,986,999
Recommended Budget			
Requirements	\$51,024,601		\$51,024,601
Receipts	\$27,874,319		\$27,874,319
Positions	7.00		7.00
Legislative Changes			
Requirements:			
Tax Information Management System Funding	\$0 R		\$0 R
Authorizes the Department of Revenue to use funds from the Integrated Tax Administration System (ITAS) replacement fund to fund maintenance costs for the legacy ITAS and Tax Information Management System (TIMS).	\$6,752,618 NR		\$0 NR
	0.00		0.00
Corporate Electronic Filing	\$0 R		\$0 R
Provides funds for an existing contract for the development of a corporate electronic tax filing system.	\$4,062,322 NR		\$0 NR
	0.00		0.00
ITAS Replacement - Budget Adjustment	(\$51,024,601) R		(\$51,024,601) R
Revises the ITAS budget to reflect the changed authorization to the public private partnership found in S.L. 2014-100, Sec. 7.5.	\$0 NR		\$0 NR
	0.00		0.00
E-Services Capability	\$0 R		\$2,000,000 R
Authorizes the Department of Revenue to use receipts from the Collection Assistance Fee to upgrade the e-service capabilities of the TIMS.	\$10,000,000 NR		\$0 NR
	0.00		0.00
(This transfer also appears in the Project Collect Tax section of the General Government section of the Conference Committee Report. See page J-57.)			
Subtotal Legislative Changes	(\$51,024,601) R		(\$49,024,601) R
	\$20,814,940 NR		\$0 NR
	0.00		0.00

2015 Annotated Conference Committee Report

	FY 2015-16	FY 2016-17
Receipts:		
ITAS Replacement - Budget Adjustment	(\$27,874,319) R	(\$27,874,319) R
Revises the ITAS budget to reflect the changed authorization to the public private partnership found in S.L. 2014-100, Sec. 7.5.	\$0 NR	\$0 NR
E-Services Capability	\$0 R	\$2,000,000 R
	\$10,000,000 NR	\$0 NR
Subtotal Legislative Changes	(\$27,874,319) R	(\$25,874,319) R
	\$10,000,000 NR	\$0 NR
Revised Total Requirements	\$20,814,940	\$2,000,000
Revised Total Receipts	\$10,000,000	\$2,000,000
Change in Fund Balance	(\$10,814,940)	\$0
Total Positions	7.00	7.00
Unappropriated Balance Remaining	\$20,986,999	\$20,986,999

Special Provisions

2015 Session: HB 97

Department: (18.0) Revenue

Section: 28.2

Title: **MODIFY COLLECTION ASSISTANCE FEE RULES**

Summary Amends G.S. 105-243.1(e) to modify the allowable uses of the collection assistance fee to include pay for auditors and information technology upgrades to allow for electronic filing. This section also increases the allowable amount the department can spend on postage and shipping.

Section: 28.5

Title: **DEPARTMENT OF REVENUE E-SERVICES**

Summary Requires the State Chief Information Officer to ensure the E-services project undertaken by the Department of Revenue is complete by March 1, 2017.

2015 Annotated Conference Committee Report

(19.0) Secretary of State

GENERAL FUND				
	FY 15-16		FY 16-17	
Recommended Base Budget	\$11,676,506		\$11,676,506	
Legislative Changes				
Reserve for Salaries and Benefits				
93 Compensation Reserve				
Provides funds for a \$750 one-time bonus for State employees. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.	\$137,996	NR		
94 State Retirement Contributions	\$8,483	R	\$8,483	R
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund increased retiree medical premiums. Total General Fund appropriation across all sections in the committee report is \$11.0 million in FY 2015-16 and FY 2016-17.				
95 State Health Plan	\$15,706	R	\$15,706	R
Provides additional funding to continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium.				
Corporations				
96 Funding for Temporary Positions	\$50,000	R	\$50,000	R
Provides funds for the Corporations Division to increase administrative staffing in the call center during peak filing season.				
Total Legislative Changes	\$74,189	R	\$74,189	R
	\$137,996	NR		
Total Position Changes				
Revised Budget	\$11,888,691		\$11,750,695	

Special Provisions

2015 Session: HB 97

Department: (19.0) Secretary of State

Section:

Title: **NO SPECIAL PROVISIONS**

Summary

2015 Annotated Conference Committee Report

(20.0) Lieutenant Governor

		GENERAL FUND	
		FY 15-16	FY 16-17
Recommended Base Budget		\$676,874	\$676,874
Legislative Changes			
Reserve for Salaries and Benefits			
97 Compensation Reserve			
Provides funds for a \$750 one-time bonus for State employees. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.		\$4,903 NR	
98 State Retirement Contributions			
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund increased retiree medical premiums. Total General Fund appropriation across all sections in the committee report is \$11.0 million in FY 2015-16 and FY 2016-17.		\$540 R	\$540 R
99 State Health Plan			
Provides additional funding to continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium.		\$558 R	\$558 R
Total Legislative Changes		\$1,098 R	\$1,098 R
		\$4,903 NR	
Total Position Changes			
Revised Budget		\$682,875	\$677,972

Special Provisions

2015 Session: HB 97

Department: (20.0) Lieutenant Governor

Section:

Title: **NO SPECIAL PROVISIONS**

Summary

2015 Annotated Conference Committee Report

(21.0) State Controller

GENERAL FUND				
	FY 15-16		FY 16-17	
Recommended Base Budget	\$22,205,229		\$22,205,229	
Legislative Changes				
100 Continuation Review				
Places the transfer of funds from the Department of Transportation to the State Controller for BEACON positions under Continuation Review. The transfer is \$496,578 for FY 2015-16 nonrecurring and is eliminated for FY 2016-17 pending the results of the Continuation Review. (S.L. 2015-241, Sec. 6.20)				
Reserve for Salaries and Benefits				
101 Compensation Reserve				
Provides funds for a \$750 one-time bonus for State employees. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.	\$127,393	NR		
102 State Retirement Contributions				
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund increased retiree medical premiums. Total General Fund appropriation across all sections in the committee report is \$11.0 million in FY 2015-16 and FY 2016-17.	\$12,137	R	\$12,137	R
103 State Health Plan				
Provides additional funding to continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium.	\$14,499	R	\$14,499	R
BEACON Funds Adjustment				
104 Operating Budget Adjustment				
Provides General Fund money to replace the elimination of the transfer from special fund budget code 24160.	\$494,521	R	\$494,521	R
(This transfer also appears in the OSC Special Fund section of the General Government section of the Conference Committee Report. See page J-69.)				
Total Legislative Changes	\$521,157	R	\$521,157	R
	\$127,393	NR		
Total Position Changes				
Revised Budget	\$22,853,779		\$22,726,386	

Flexible Benefits Program

Budget Code: 24160-2000

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$15,585,152	\$13,271,089
Recommended Budget		
Requirements	\$5,317,261	\$5,317,261
Receipts	\$0	\$0
Positions	0.00	0.00
Legislative Changes		
Requirements:		
Federal Insurance Contribution Act (FICA)	\$0 R	\$0 R
Savings		
Transfers \$4,296,802 in FY 2015-16 and \$641,628 in FY 2016-17 to the General Fund.	\$4,296,802 NR	\$641,628 NR
	0.00	0.00
Subtotal Legislative Changes	\$0 R	\$0 R
	\$4,296,802 NR	\$641,628 NR
	0.00	0.00
Receipts:		
Federal Insurance Contribution Act (FICA)	\$0 R	\$0 R
Savings		
	\$7,300,000 NR	\$7,300,000 NR
Subtotal Legislative Changes	\$0 R	\$0 R
	\$7,300,000 NR	\$7,300,000 NR

2015 Annotated Conference Committee Report

	FY 2015-16	FY 2016-17
Revised Total Requirements	\$9,614,063	\$5,958,889
Revised Total Receipts	\$7,300,000	\$7,300,000
Change in Fund Balance	(\$2,314,063)	\$1,341,111
Total Positions	0.00	0.00
Unappropriated Balance Remaining	\$13,271,089	\$14,612,200

OSC Special

Budget Code: 24160

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$22,181,968	\$12,145,839
Recommended Budget		
Requirements	\$10,558,721	\$10,558,721
Receipts	\$28,071	\$28,071
Positions	1.00	1.00

Legislative Changes**Requirements:****Operating Budget Transfer**

(\$494,521) R

(\$494,521) R

Ends a transfer from the special fund to the operating budget.

\$0 NR

\$0 NR

0.00

0.00

(This transfer also appears in the Office of State Controller section of the General Government section of the Conference Committee Report. See page J-66, item 104.)

Subtotal Legislative Changes

(\$494,521) R

(\$494,521) R

\$0 NR

\$0 NR

0.00

0.00

Receipts:**Operating Budget Transfer**

\$0 R

\$0 R

\$0 NR

\$0 NR

Subtotal Legislative Changes

\$0 R

\$0 R

\$0 NR

\$0 NR

2015 Annotated Conference Committee Report

	FY 2015-16	FY 2016-17
Revised Total Requirements	\$10,064,200	\$10,064,200
Revised Total Receipts	\$28,071	\$28,071
Change in Fund Balance	(\$10,036,129)	(\$10,036,129)
Total Positions	1.00	1.00
Unappropriated Balance Remaining	\$12,145,839	\$2,109,710

Special Provisions

2015 Session: HB 97

Department: (21.0) State Controller

Section: 27A.1

Title: **OVERPAYMENTS AUDIT**

Summary Allows the Office of State Controller (OSC) to keep some of the revenue from an overpayments audit.

Subsection (a) requires OSC to deposit revenue generated by the overpayments audit into a special reserve account.

Subsection (b) allows OSC to use up to \$500,000 of the funds in the account for specific functions

Subsection (c) requires that the balance of the account revert to the General Fund at the end of the fiscal year.

Subsection (d) requires OSC to report quarterly to the Joint Legislative Commission on Governmental Operations on the disbursement of the revenue.

Transportation Section K

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2015 Annotated Conference Committee Report

Highway Fund

HIGHWAY FUND

	FY 15-16		FY 16-17	
Recommended Base Budget	\$1,918,676,424		\$1,912,223,925	
Legislative Changes				
Administration				
1 Board of Transportation Travel Expenditures	(\$5,000)	R	(\$5,000)	R
Reduces the Board of Transportation travel budget by 20% to \$20,000. (S.L. 2015-241, Sec. 29.5A)				
2 Modernization of Driver Services and Vehicle Services	\$2,500,000	R	\$4,076,000	R
Provides funding for the continued modernization of Division of Motor Vehicles information technology systems, including Phase III of the State Automated Driver License System (SADLS) replacement effort.				
	\$23,956,000	NR		
Aid to Municipalities				
3 State Aid to Municipalities	\$1,172,000	R	\$1,172,000	R
Increases funding for State Aid to Municipalities/Powell Bill to \$147.5 million in both FY 2015-16 and FY 2016-17 in accordance with the repeal of the statutory formula in G.S. 136-41.1(a), effective July 1, 2015. (S.L. 2015-241, Sec. 29.17D)				
Construction				
4 Planning Funds				
Provides planning funding for multistate highway projects that significantly enhance the region's economic development.				
	\$695,000	NR	\$695,000	NR
5 Small Urban Construction				
Provides funding for the Small Urban Construction Fund. (S.L. 2015-241, Sec. 29.2)				
	\$2,500,000	NR		
Division of Motor Vehicles				
6 Tag and Tax Together				
Continues funding for 44 time-limited positions to support the Tag and Tax Together program through June 30, 2016. Receipts totaling \$2,001,011 nonrecurring are budgeted from the administrative fee authorized in G.S. 105-330.5(b). (S.L. 2015-241, Sec. 29.37)				
7 Commission Contractor Compensation	\$181,803	R	\$181,803	R
Funds a 2.3% increase to statutory compensation rates for commission contractors and provides additional funding for performance incentives associated with revised standard operating procedures. (S.L. 2015-241, Sec. 29.32)				

2015 Annotated Conference Committee Report

FY 15-16

FY 16-17

8 Operating Efficiencies

(\$250,000) R

(\$250,000) R

Reduces operating funding division-wide by \$250,000 recurring.

9 Hearings Fees

Adjusts funding based on the delayed implementation of the Division of Motor Vehicles hearings fee schedule to July 1, 2017. Budgeted funds for the Division of Motor Vehicles total \$120,334,217 recurring. (S.L. 2015-241, Sec. 29.30A)

\$6,452,499 NR

Division of Technical Services

10 Product Evaluation Program

\$138,871 R

\$138,871 R

Provides funding for one Value Management Program Engineer position (salary: \$87,685) in the Value Management Office to accelerate the review of new technologies reviewed through the Product Evaluation Program. (S.L. 2015-241, Sec. 29.11)

1.00

1.00

Federal Aid

11 Adjustment for Federal Revenue

(\$4,055,402) R

(\$4,055,402) R

Adjusts budgeted receipts to match anticipated federal revenue for the upcoming fiscal biennium.

Intermodal

12 (Ferry Division) Hatteras Alternate Route and Spill Response Requirement

\$1,700,000 R

\$1,700,000 R

Provides funding for operating costs associated with the newly designated Hatteras Inlet route and training for new federal requirements concerning oil spill responses for vessels 400 gross tons and above. Budgeted funds for the Ferry Division total \$40,600,395 recurring.

13 (Public Transportation) Statewide and Rural Capital Grant Programs

\$3,000,000 R

\$3,000,000 R

Increases funding for the Statewide grant program by \$1 million and for the Rural Capital grant program by \$2 million. Budgeted funds for the Public Transportation Division total \$88,173,419 recurring.

14 (Aviation) State Aid to Airports

\$11,500,000 R

\$12,500,000 R

Increases funding for grants-in-aid for public airport development and unmanned aircraft system (UAS) programs. Budgeted funds for the Division of Aviation total \$38,260,952 in FY 2015-16 and \$33,760,952 in FY 2016-17. (S.L. 2015-241, Sec. 29.27)

\$5,500,000 NR

Maintenance

15 Reserve for General Maintenance

Reduces funding to the Reserve for General Maintenance. Budgeted funds total \$0 in FY 2015-16 and \$45,560,850 in FY 2016-17.

(\$45,560,850) NR

Highway Fund

2015 Annotated Conference Committee Report

	FY 15-16		FY 16-17	
16 (Bridge Program) Statutory Adjustment	(\$488,674)	R	(\$488,674)	R
Adjusts funding for the Bridge Program based on the revised revenue forecast. The program receives the balance of funds generated from the Gasoline Inspection Fee after deducting expenses for the Department of Revenue for collecting the tax and expenses for the Department of Agriculture and Consumer Services for fuel inspection.				
17 Bridge Program	\$57,607,835	R	\$89,152,560	R
Increases recurring funding to the Bridge Program. Budgeted funds total \$210,529,719 in FY 2015-16 and \$242,074,444 in FY 2016-17. (S.L. 2015-241, Sec. 29.6)				
18 Contract Resurfacing	\$57,607,834	R	\$89,152,561	R
Increases funding to the Contract Resurfacing Program. Budgeted funds total \$466,401,768 in FY 2015-16 and \$497,946,495 in FY 2016-17. (S.L. 2015-241, Sec. 29.16 and 29.17)				
19 Pavement Preservation	\$20,000,000	R	\$20,000,000	R
Increases funding to the Pavement Preservation Program. Budgeted funds total \$100,000,000 in FY 2015-16 and \$85,045,024 in FY 2016-17.	\$14,954,976	NR		
20 Secondary Road Maintenance and Improvement Fund	\$18,178,036	R	\$18,178,036	R
Increases funding to the Secondary Road Maintenance and Improvement Program. Budgeted funds total \$305,984,586 in FY 2015-16 and \$285,289,910 in FY 2016-17.	\$20,694,676	NR		
Reserves				
21 Reserve for Administrative Reduction - Position Reductions	(\$90,305)	R	(\$154,808)	R
Eliminates funding for 1 filled administrative position and 49 filled receipt-supported positions to consolidate department functions and outsource functions. The administrative position totals \$154,808 and the receipt-supported positions total \$3,856,594, including salary and benefits. (S.L. 2015-241, Sec. 29.14A)	-1.00		-1.00	
22 Capital, Repairs and Renovations				
Funds repair and renovation projects included in the Department of Transportation's 2015-21 Capital Improvements Plan. (S.L. 2015-241, Sec. 29.2A)	\$5,019,700	NR	\$6,965,700	NR
23 Workers' Compensation Adjustment Reserve	\$6,830,000	R	\$6,830,000	R
Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net Highway Fund appropriations. The Department is directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all sources. (S.L. 2015-241, Sec. 30.18)				

24 Compensation Reserve

Provides funds for a \$750 one-time bonus for State employees. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes. (S.L. 2015-241, Sec. 30.18A)

\$5,694,136 NR

25 State Retirement Contribution

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund increased retiree medical premiums. (S.L. 2015-241, Sec. 30.20)

\$346,500 R \$346,500 R

26 State Health Plan

Provides additional funding to continue health benefit coverage for enrolled active employees supported by the Highway Fund for the 2015-17 fiscal biennium. (S.L. 2015-241, Sec. 30.20)

\$648,071 R \$648,071 R

27 Reserve for Future Benefit Needs

Establishes a reserve for future benefit needs. (S.L. 2015-241, Sec. 30.26)

\$2,000,000 R

Revenue Availability**28 Motor Fuel Excise Tax Distribution**

Adjusts the distribution of motor fuel tax proceeds to the Highway Fund from 75% to 71%, reducing funding in FY 2015-16 by \$76.3 million and in FY 2016-17 by \$73.8 million. (S.L. 2015-241, Sec. 29.27B)

29 Division of Motor Vehicles (DMV) Fees

Increases forecasted revenue by \$75.1 million for FY 2015-16 and \$151.6 million for FY 2016-17 based on across-the-board adjustments to fees collected by the Division of Motor Vehicles. (S.L. 2015-241, Sec. 29.30)

30 Temporary Plate Fee

Budgets estimated revenue from a \$5 increase to the fee for a 10-day temporary tag and the elimination of the 10-day trip permit. Projected revenue is \$396,355 for FY 2015-16 and \$804,740 for FY 2016-17.

31 License Restoration Fee

Increases Highway Fund revenue by \$431,250 in FY 2015-16 and \$575,000 in FY 2016-17 based on the elimination of the license restoration fee transfer to the General Fund. (S.L. 2015-241, Sec. 29.30)

32 Special Registration Plate Account

Transfers \$1.1 million of special registration plate proceeds from the Special Registration Plate Account to the Roadside Vegetation Management Program within the Highway Fund in FY 2015-16 based on the elimination of formulaic transfers to the Department of Commerce and Department of Health and Human Services, effective October 1, 2015. Annualized Special Registration Plate Account receipts budgeted for the Roadside Vegetation Management Program total \$1.5 million. (S.L. 2015-241, Sec. 29.30B)

33 Wildlife Resources

Reduces transfers to the Wildlife Resources Fund by \$120,524 in FY 2015-16 and \$116,409 in FY 2016-17 based on motor fuel tax distributional changes between the Highway Fund and Highway Trust Fund.

34 Shallow Draft Navigation Channel & Lake Dredging Fund

Increases the distribution of motor fuel tax revenue to the Shallow Draft Navigation Channel and Lake Dredging Fund to 1.0%. Net adjustments total \$11.0 million in FY 2015-16 and \$10.4 million in FY 2016-17. (S.L. 2015-241, Sec. 14.6)

35 Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund

Eliminates the transfer of motor fuel tax revenue to the Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund, effective July 1, 2016, and increases budgeted Highway Fund revenue by \$1.8 million in FY 2016-17. (S.L. 2015-241, Sec. 14.16A and 29.27B)

Transfers**36 North Carolina State Ports Authority**

\$35,000,000	R	\$35,000,000	R
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Provides \$35 million recurring for modernization initiatives.

37 General Fund

(\$215,871,719)	R	(\$215,871,719)	R
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Eliminates the Highway Fund transfer for General Fund, nontax revenue. (S.L. 2015-241, Sec. 2.2)

2015 Annotated Conference Committee Report

FY 15-16

FY 16-17

38 Base Budget Adjustments to Other State Agencies

\$8,217 R

\$13,226 R

Adjusts the following transfers to other State agencies:

- Increases recurring funding for the Department of Revenue by \$1,313 in FY 2015-16 and \$6,322 in FY 2016-17 for collection of the Gasoline Inspection Fee;
- Increases recurring funding for the Department of Agriculture and Consumer Services by \$5,283 in FY 2015-16 for the administration of fuel inspections;
- Reduces recurring funding for the Division of Public Health by \$21,451 in FY 2015-16 to match the base budget for the Alcohol Forensic Test Program; and
- Increases recurring funding for the Motor Carrier Safety Assistance Program (MCSAP) administered by the State Highway Patrol by \$23,072 in FY 2015-16.

This item reduces budgeted receipts for the Department of Revenue, Fuel Tax Compliance by \$30,032 due to a reduction in rent expenses.

39 Continuation Reviews (Appropriated Transfers)

(\$9,694,578) R

(\$9,694,578) R

Converts FY 2015-16 funding to nonrecurring and eliminates the following transfers from the Highway Fund to other State agencies in FY 2016-17, pending the results of Continuation Reviews:

Department of Public Safety (litter removal): \$9,040,000

Office of State Controller: \$496,578

Department of Insurance: \$158,000

(S.L. 2015-241, Sec. 6.20)

\$9,694,578 NR

40 Continuation Review Reserve (Appropriated Transfers)

\$9,694,578 R

Establishes a reserve for programs funded via Highway Fund transfers which are subject to Continuation Review. (S.L. 2015-241, Sec. 6.20)

41 Continuation Review Reserve (Revenues)

Establishes a \$29.4 million (M) reserve for potential revenue in FY 2016-17 to reflect the elimination of the following revenue diversions to other State agencies, pending the results of Continuation Reviews:

DENR - Commercial Leaking Underground Storage Tank Cleanup Fund (\$12.7M)

DENR - Water and Air Quality Account (\$7.3M)

DENR - Division of Air Quality, Inspection and Maintenance Fees (\$3.6M)

DENR - Mercury Pollution Prevention Account (\$0.7M)

DOI - Rescue Squad Workers Relief Fund (\$1.5M)

DOI - Volunteer Rescue/EMS Fund (\$1.3M)

Wildlife Resources Commission (\$2.3M)

(S.L. 2015-241, Sec. 6.20)

Total Legislative Changes	(\$14,036,511)	R	\$63,264,025	R
	\$43,148,216	NR	\$14,113,199	NR
Total Position Changes	0.00		0.00	
Revised Budget	\$1,947,788,129		\$1,989,601,149	

2015 Annotated Conference Committee Report

Highway Trust Fund

HIGHWAY TRUST FUND

	FY 15-16		FY 16-17	
Recommended Base Budget	\$1,162,046,663		\$1,162,046,663	
Legislative Changes				
Construction				
42 Strategic Transportation Investments	\$161,488,453	R	\$175,790,925	R
Modifies funding to Strategic Transportation Investments to \$1,179,455,486 in FY 2015-16 and \$1,193,757,958 in FY 2016-17.				
Debt				
43 Adjustment for Debt Service Obligation	(\$10,995,116)	R	\$1,397,412	R
Adjusts the amount budgeted for debt service payments to accurately reflect the principal and interest due based on the current repayment schedule.				
Revenue Availability				
44 Motor Fuel Excise Tax Distribution				
Adjusts the distribution of motor fuel tax proceeds to the Highway Trust Fund from 25% to 29%, increasing funding in FY 2015-16 by \$76.3 million and in FY 2016-17 by \$73.8 million. (S.L. 2015-241, Sec. 29.27B)				
45 Division of Motor Vehicles (DMV) Fees				
Increases forecasted revenue by \$16.2 million for FY 2015-16 and \$33.5 million for FY 2016-17 based on across-the-board adjustments to fees collected by the Division of Motor Vehicles. (S.L. 2015-241, Sec. 29.30)				
46 Highway Use Tax Caps				
Increases forecasted revenue by \$4.2 million in FY 2015-16 and \$10 million in FY 2016-17 based on the following adjustments to maximum highway use tax assessments:				
- Commercial vehicles (\$1,000 to \$2,000);				
- Recreational vehicles (\$1,500 to \$2,000); and				
- Out-of-state vehicles (\$150 to \$250).				
(S.L. 2015-241, Sec. 29.34A)				

**47 Noncommercial Leaking Petroleum Underground Storage
Tank Cleanup Fund**

Eliminates the transfer of motor fuel tax revenue to the Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund, effective July 1, 2016, and increases budgeted Highway Trust Fund revenue by \$0.7 million in FY 2016-17. (S.L. 2015-241, Sec. 14.16A and 29.27B)

Total Legislative Changes	\$150,493,337	R	\$177,188,337	R
Total Position Changes				
Revised Budget	\$1,312,540,000		\$1,339,235,000	

2015 Annotated Conference Committee Report

Turnpike Authority

Budget Code: 64208

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$0	\$0
Recommended Budget		
Requirements	\$86,299,540	\$86,299,540
Receipts	\$86,299,540	\$86,299,540
Positions	13.00	13.00
Legislative Changes		
Requirements:		
Adjustment to Debt Service	\$18,046,000 R	\$21,435,000 R
Adjusts the amount budgeted for debt service payments to accurately reflect the principal and interest due based on the current repayment schedule, as recommended by the Governor's Recommended Budget for FY 2015-17.	\$0 NR	\$0 NR
	0.00	0.00
Subtotal Legislative Changes	\$18,046,000 R	\$21,435,000 R
	\$0 NR	\$0 NR
	0.00	0.00

Receipts:

Adjustment for Debt Service	\$18,046,000 R	\$21,435,000 R
Adjusts the amount budgeted for debt service payments to accurately reflect the principal and interest due based on the current repayment schedule, as recommended by the Governor's Recommended Budget for FY 2015-17.	\$0 NR	\$0 NR
Subtotal Legislative Changes	\$18,046,000 R	\$21,435,000 R
	\$0 NR	\$0 NR

2015 Annotated Conference Committee Report

	FY 2015-16	FY 2016-17
Revised Total Requirements	\$104,345,540	\$107,734,540
Revised Total Receipts	\$104,345,540	\$107,734,540
Change in Fund Balance	\$0	\$0
Total Positions	13.00	13.00
Unappropriated Balance Remaining	\$0	\$0

Special Provisions

2015 Session: HB 97

Department: Transportation

Section: 29.1

Title: CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS

Summary Sets forth the amount of estimated available cash for the next four fiscal years beginning in FY 2017-18 to allow the Department of Transportation (DOT) to contract for payments beyond the fiscal biennium. DOT, in collaboration with the Office of State Budget and Management, is directed to develop a four-year revenue forecast beginning in FY 2021-22.

(S.L. 2015-268, Sec. 8.1, General Government Technical Corrections, makes a technical change to this item by changing the word "strategic" to "State".)

Section: 29.2

Title: SMALL CONSTRUCTION, CONTINGENCY, AND ECONOMIC DEVELOPMENT FUNDS

Summary Appropriates \$2.5 million non-recurring in FY 2015-16 to Small Urban Construction, \$12 million to the Contingency Fund, and \$4 million to the Economic Development Fund. The Department reports quarterly to the Fiscal Research Division and to the Joint Legislative Transportation Oversight Committee on approved projects.

Section: 29.3

Title: REPAIRS AND RENOVATIONS

Summary Provides \$5.0 million in FY 2015-16 and \$7.0 million in FY 2016-17 for seven repair and renovation projects.

Section: 29.4

Title: INCREASE AMOUNT OF MOTOR FUEL TAX RATE DIVERSION TO SHALLOW DRAFT FUND

Summary Amends G.S. 105-449.126(b) to increase the earmark of motor fuel tax revenues used for dredging from 1/6th of 1% to 1% percent.

Section: 29.5

Title: REQUIRE COUNTY OR MUNICIPALITY TO PAY COSTS ASSOCIATED WITH REQUESTED PROJECT IMPROVEMENTS

Summary Amends G.S. 136-66.3(e) to require local governments to pay for all improvements to transportation projects requested by a locality. Requests for safety or efforts to facilitate the flow of traffic that are required by law are exempt from this requirement.

Section: 29.5A

Title: BOARD OF TRANSPORTATION/OUT OF STATE TRAVEL

Summary Caps the Board of Transportation's travel budget at its reduced budget amount of \$20,000.

Section: 29.6

Title: **EXPAND USES OF BRIDGE PROGRAM FUNDS**

Summary Amends Sec. 34.18(a) of S.L. 2014-100 to allow culverts that are 54 inches or greater in size and in poor condition to be funded out of the Bridge Program. No more than 10% of funds may be used for culverts.

Section: 29.7

Title: **DEPARTMENT OF TRANSPORTATION OUT-OF-STATE TRAVEL**

Summary Amends Sec. 34.5 of S.L. 2014-100 to exclude federal projects from limitation on the amount of funds that can be expended on out-of-state travel.

Section: 29.8

Title: **DOT/OUTSIDE COUNSEL**

Summary Provides staffing flexibility and removes specific targets, but maintains performance standards for the outsourcing of legal counsel.

Section: 29.9

Title: **RIGHT-OF-WAY ACQUISITIONS/REDUCE REMNANT PROPERTY**

Summary Requires the Department of Administration (DOA), in coordination with the DOT, to develop a plan to reduce the amount of remnant property. The plan shall identify how DOT will reduce funds expended on rights-of-way by 3%. The departments will jointly report to the Joint Legislative Transportation Oversight Committee by February 1, 2016. DOA shall implement the plan by July 1, 2016.

Section: 29.9A

Title: **ROADSIDE ENVIRONMENTAL UNIT/LITTER PROGRAM**

Summary Consolidates roadside vegetation management and litter operations under one unit within the Division of Highways and reclassifies two vacant positions to manage the litter program.

Section: 29.10

Title: **DOT/REPORT ON CAPITAL IMPROVEMENT NEEDS ESTIMATE**

Summary Requires DOT to study the development of its Capital Improvement Plan and report to the Joint Legislative Transportation Oversight Committee by December 1, 2015.

Section: 29.11

Title: **PRODUCT EVALUATION PROGRAM/INCREASE INNOVATION**

Summary Directs DOT to publicize its Product Evaluation Program and to complete product and/or technological evaluations within one year of submission.

Subsection (a) requires the Board of Transportation to develop a plan to bring greater visibility and public awareness to the evaluation of new technologies. The Board shall highlight new technologies at its monthly board meeting.

Subsection (b) requires the Board of Transportation to report its plan to the chairs of the Joint Legislative Transportation Oversight Committee by December 1, 2015 and implement the plan by February 15, 2016.

Subsection (c) establishes a Product Evaluation Program under G.S. 136-18.04 to review and approve of new technologies within one year from the date that the new technology or product was submitted for evaluation.

Section: 29.12

Title: **VARIOUS REPORTING CHANGES**

Summary Amends various reporting requirements:

Subsection (a) modifies G.S. 136-89.183(a)(5) to require the Turnpike Authority report toll rate changes 30 days prior to each rate change.

Subsection (b) clarifies that the reporting requirement in G.S. 143B-350(f)(4) shall be published in a format that is easily reproducible for distribution.

Subsections (c) and (d) combine the secondary road construction reporting requirements in G.S. 136-44.8(a1) and G.S. 136-44.9, and repeals the latter report.

Subsections (e) and (f) change reporting schedules in G.S. 136-28.6(h), concerning agreements entered into between a private developer and DOT, and G.S. 136-66.3(f), concerning local government agreements with the Department of Transportation. Both reports are changed from quarterly to annually; it changes the receiving body from the Joint Legislative Commission on Government Operations to the Joint Legislative Transportation Oversight Committee; and it requires information to be reported by Highway Division.

Subsection (g) changes the reporting schedule in G.S. 136-28.10(c) concerning small project biddings from quarterly to annually and requires information to be reported by the Highway Divisions.

Subsection (h) amends G.S. 143B-350 by allowing reports from the Board of Transportation be due by the 15th day of the month that the report is due.

Section: 29.13

Title: **OUTSOURCING OF PRECONSTRUCTION ACTIVITY**

Summary Amends Sec. 34.13(a) of S.L. 2014-100 to extend the time DOT has to meet Preconstruction and Technical Services outsourcing requirements by one year and requires DOT to report to the Fiscal Research Division and to the Joint Legislative Transportation Oversight Committee by October 1, 2015 and quarterly thereafter on its ability to meet the legislative requirements.

Section: 29.14

Title: **ESTABLISHMENT OF DOT REPORT PROGRAM**

Summary Amends Article 2 of Chapter 136 to create the DOT Report Program and establishes new efficiency, transparency, and organizational objectives.

Subsection (a) directs DOT to establish portals for citizen reporting of structural problems and road hazards, including a toll-free number and web application. DOT is required to repair potholes within two business days, repair safety related repairs within 10 business days, repair non-safety related repairs within 15 business days, and submit complaints concerning non-State maintained roads to the proper municipality within two business days. Additionally, DOT is required to conduct an annual citizen survey on highway condition and annual employee survey to evaluate progress in meeting legislative directives. Survey results must be reported to the Joint Legislative Transportation Oversight Committee and to the Fiscal Research Division within 30 days of compiling the survey results.

Subsection (b) establishes unit pricing to drive cost savings and implement mechanisms to streamline and advance project delivery. DOT is directed to establish baselines by December 1, 2015. Beginning January 1, 2016, no Highway Division shall exceed 10% variance over the baseline, based on quarterly tracking data. DOT shall report to the Joint Legislative Transportation Oversight Committee and to the Fiscal Research Division by December 1, 2015 on the baseline data. If a Highway Division exceeds the 10% variance, DOT is required to report to the Joint Legislative Transportation Oversight Committee and to the Fiscal Research Division no later than 15 days after the quarterly tracking to explain why the variance occurred and discuss steps taken to conform to the legislative directive.

Subsection (c) converts all receipt-supported positions to appropriation support.

Subsection (d) requires that DOT study the organization, staffing, operations, and effectiveness of the Highway Division and report its results to the Joint Legislative Transportation Oversight Committee by May 1, 2016.

Subsection (e) specifies various transparency directives to provide more information to the public regarding the status of highway projects. DOT is required to make significant website enhancements to increase tracking of project schedules, budgets, and road closures and update project status reports monthly. (H.B. 927)

Section: 29.14A

Title: **DOT/STREAMLINING AND REORGANIZATION**

Summary Eliminates 50 filled administrative and managerial positions in central or regional offices, of which 29 positions are identified by position number and directs the Department to eliminate vacant positions in units where all filled positions are being eliminated. The Department is required to report to the Joint Legislative Transportation Oversight Committee by December 1, 2015 concerning the positions eliminated and to indicate if the occupying personnel are moved to other positions within the Department.

Section: 29.15

Title: **STUDY TURNPIKE AUTHORITY PROCESSING FEE**

Summary Requires the Department to study costs incurred to collect unpaid tolls and to report to the Joint Legislative Transportation Oversight Committee by March 1, 2016 if the fee has been overcollected or undercollected since the toll on the Triangle Expressway went into effect.

Section: 29.15A

Title: **ADJUST CAP ON TURNPIKE PROJECTS**

Summary Amends G.S. 136-89.183(a)(2) to expand from nine to eleven the number of turnpike projects that can be designed, established, purchased, constructed, operated, or maintained. This section removes the cap on the number of turnpike projects the Department is authorized to study, plan, develop, and preliminarily design. The Triangle Expressway, which was previously counted as three projects, is now treated as one project. These changes enable the Department to construct eight Turnpike projects in addition to the Triangle Expressway, the Monroe Connector/Bypass and the I-77 Express Lanes project. (S.B. 188)

Section: 29.16

Title: **ALLOCATION OF ADDITIONAL CONTRACT RESURFACING FUNDS**

Summary Allocates \$57.6 million in FY 2015-16 and \$89.1 million in FY 2016-17 to be divided equally among counties for resurfacing. (HB 927)

Section: 29.17

Title: **USE OF FUNDS FOR PAVEMENT PRESERVATION PROGRAM**

Summary Amends G.S. 136-44.17 to include crack sealing as an eligible pavement preservation treatment. This section requires all contract resurfacing funds to be encumbered by the end of the fiscal year and repeals Sec. 34.11(k) of S.L. 2014-100, which required the Department to use a preservation application on a minimum of 4,700 lane miles each fiscal year. It also modifies Sec. 34.11(l)(3) in S.L. 2014-100 to report when unit cost variances of 10% or more occurs by division.

Section: 29.17C

Title: **FUNDS FOR CONTRACT RESURFACING**

Summary Repeals the requirement in S.L. 2014-100, Sec. 34.11(e) that the Department encumber 40% of resurfacing funds during FY 2014-15 by September 1, 2014 and 60% of funds by November 1, 2014. It amends G.S. 136-44.3A by eliminating the requirement that 70% of contract resurfacing funds be encumbered by September 1 of each fiscal year and adds a requirement restricting the Department from using resurfacing funds for any other purpose.

Section: 29.17D

Title: **STABILIZATION OF FUNDING FOR STATE AID TO MUNICIPALITIES**

Summary Repeals the statutory formula in G.S. 136-41.1(a) used to determine the amount of funding to the Aid to Municipalities program and changes the funding to a direct appropriation determined by the General Assembly. G.S.143-41.3 is modified to direct municipalities to primarily use Aid to Municipalities funding for resurfacing projects. The Department is required to report to the Chairs of the Joint Legislative Transportation Oversight Committee on November 1, 2015 and on October 1, 2016 and annually thereafter on how municipalities are expending these funds.

Section: 29.17E

Title: **STUDY/IMPROVING SAFETY ON SECONDARY ROADS**

Summary Requires DOT to study the causes of fatalities on secondary roads and report to the Joint Legislative Transportation Oversight Committee by February 1, 2016 on how to improve safety and reduce the number of fatalities.

(S.L. 2015-264, Sec. 90.5, GSC Technical Corrections 2015, amends this section to include a survey of unpaved privately-owned roads. The Department will report the results of the survey to the Joint Legislative Transportation Oversight Committee by June 30, 2016. It allocates \$1.0 million in FY 2015-16 from funds available for unpaved State-maintained roads to pave unpaved privately-owned roads. The Department will report the results of the pilot program to the Joint Legislative Transportation Oversight Committee by December 1, 2016.)

Section: 29.17F

Title: **RELOCATION COSTS/SALE OF VISITOR CENTER IN BOONE, NC**

Summary Provides \$50,000 from the fund balance of the Special Registration Plate Account to renovate and upfit a new visitor center to replace the visitor center located in Boone, NC, contingent upon its sale or disposal during the 2015-2017 fiscal biennium.

Section: 29.18

Title: **REPORT/USE OF COAL COMBUSTION RESIDUALS**

Summary Requires the Utilities Commission to report to the Joint Legislative Transportation Oversight Committee, the Environmental Review Commission, and the Joint Legislative Commission on Government Operations by January 15, 2016 on the incremental cost incentives related to coal combustion residuals surface impoundments.

Section: 29.20

Title: **UTILITY RELOCATION**

Summary Amends G.S. 136-27.1 to expand the number of municipalities that do not pay for the cost to relocate water and sewer lines from municipalities with populations of 5,000 to municipalities with populations of 10,000. The statute is also amended to allow municipalities with populations from 5,000 to 50,000 to pay a proportion of the cost to relocate water and sewer lines. (H.B. 771)

Section: 29.21

Title: **RAIL DIVISION/STUDY ESTABLISHING COMMERCIAL FREIGHT RAIL SERVICE IN JACKSONVILLE**

Summary Directs the Rail Division to study the initiation of freight service along the Camp Lejeune rail line in Onslow County, in partnership with the railway operator and local stakeholders.

Section: 29.22

Title: **PASSENGER RAIL RECEIPT-GENERATING ACTIVITIES**

Summary Amends G.S. 136-18 to authorize the Rail Division to generate additional receipts through concessions and sponsorships on its passenger rail trains and facilities. (H.B. 268)

Section: 29.23

Title: **FREIGHT RAIL & RAIL CROSSING SAFETY IMPROVEMENT FUND USES**

Summary Amends G.S. 124-5.1 to add corridor protection and reactivation for freight service as an eligible project type for funding through the Freight Rail and Rail Crossing Safety Improvement Fund.

Section: 29.23A

Title: **USE OF PROCEEDS GENERATED FROM SHIPYARD**

Summary Amends G.S. 136-82 to authorize proceeds generated by the North Carolina State Shipyard to be reinvested in Shipyard equipment and associated infrastructure. (S.B. 113)

Section: 29.27

Title: **USE OF FUNDS APPROPRIATED TO DIVISION OF AVIATION**

Summary Allocates \$5.5M for projects at Cape Fear Regional Jetport and Albert J. Ellis airport and \$2.5M recurring for unmanned aircraft system programs.

Section: 29.27A

Title: **ADJUST MUNICIPAL VEHICLE TAX**

Summary Amends G.S. 20-97 to establish a municipal vehicle tax that incorporates two existing taxes: a general purpose tax and a public transportation tax, both capped at \$5; and clarifies that the remainder of the maximum tax of \$30 shall only be used on public streets. Municipal rates enacted on or before July 1, 2016 are not affected.

Section: 29.27B

Title: **ADJUST DISTRIBUTION OF REVENUE FROM MOTOR FUEL EXCISE TAX RATE**

Summary Amends G.S. 105-449.125 to change the distributional split of motor fuel revenues between the Highway Fund and Highway Trust Fund from a 75%/25% split to a 71%/29% split effective July 1, 2015.

Subsection (b) amends G.S. 105-449.125 to eliminate the remittance of motor fuel tax revenues to the Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund effective June 30, 2016.

Section: 29.30

Title: **INCREASE AND ADJUST DMV FEES**

Summary Amends Chapter 20 of the General Statutes to increase certain DMV fees by an average of 30%, authorize adjustments based on inflation every four years, and establish a new late penalty for overdue vehicle registrations. (H.B. 927)

(S.L. 2015-268, Sec. 8.2, General Government Technical Corrections, amends this section to clarify that the existing 15-day grace period does not apply for calculation of the new registration late penalty and that the Division of Motor Vehicles is not required to assess a penalty for registration plates surrendered prior to the expiration date.)

Section: 29.30A

Title: **DMV HEARING FEE SCHEDULE IMPLEMENTATION DATE**

Summary Amends S.L. 2014-100, Sec. 34.9 to delay implementation of a hearings fee schedule until July 1, 2017 to accommodate ongoing information technology projects.

Section: 29.30B

Title: **DISTRIBUTION OF FUNDS IN SPECIAL REGISTRATION PLATE ACCOUNT**

Summary Amends G.S. 20-79.7(c)(3) to eliminate formulaic allocations of Special Registration Plate Account proceeds to the Department of Commerce and Department of Health and Human Services. Special Registration Plate Account proceeds are authorized to be used for visitor center operations, program cost recovery, highway beautification, and roadside vegetation management.

Section: 29.31

Title: **ENFORCING PENALTIES FOR LAPSE IN FINANCIAL RESPONSIBILITY**

Summary Amends G.S. 20-311 to clarify that penalties for liability insurance lapses also apply for knowingly allowing a vehicle to be operated without financial responsibility.

Section: 29.32

Title: **LPA CONTRACT STANDARDS**

Summary Amends G.S. 20-63 to increase license plate agent compensation rates across-the-board, establish a performance incentive, and require the Division of Motor Vehicles to transition LPA contracts to a new standard, performance-based format over three years.

Section: 29.33

Title: **DMV/UMSTEAD ACT CLARIFICATION**

Summary Amends G.S. 66-58(c) to exempt digital advertising and ATM operation from Umstead Act restrictions for the purposes of profit sharing.

Section: 29.34

Title: **HIGHWAY USE TAX CLARIFICATION**

Summary Amends G.S. 105-187.6(c) to clarify that the maximum Highway Use Tax payment for titling an out-of-state vehicle applies if the application is made by the same vehicle owner designated on the title record in another state.

Section: 29.34A

Title: **ADJUST MAXIMUM HIGHWAY USE TAX IMPOSED FOR CERTAIN MOTOR VEHICLES**

Summary Amends G.S. 105-187.3(a1) to increase the Highway Use Tax cap on commercial vehicles from \$1,000 to \$2,000 and to increase the cap on recreational vehicles from \$1,500 to \$2,000, effective January 1, 2016.

G.S. 105-187.6(c) is amended to increase the Highway Use Tax cap on out-of-state vehicles from \$150 to \$200, effective January 1, 2016.

(S.L. 2015-268, Sec. 10.1(d), General Government Technical Corrections, amends this section to clarify the effective date applies to leases or rental agreements entered into on or after that date.)

Section: 29.35

Title: **ELIMINATE 10-DAY TRIP PERMIT & INCREASE TEMPORARY TAG FEE**

Summary Amends G.S. 20-183.4C to consolidate temporary registrations by eliminating the trip permit. This section also increases the 10-day temporary tag fee by \$5, from \$5 to \$10.

Section: 29.36

Title: **TECHNICAL CORRECTION/REMOTE RENEWAL OF DRIVERS LICENSE**

Summary Amends G.S. 20-7(f)(6) to make technical changes to the remote renewal authorization.

Section: 29.36A

Title: **VISITOR CENTER FUNDING TECHNICAL CORRECTION**

Summary Amends G.S. 20-79.7(c)(2) to make a conforming change should the visitor center in Boone be sold or otherwise disposed.

Section: 29.36B

Title: **STOP LAMPS ON MOTOR VEHICLE/CLARIFICATION**

Summary Amends G.S. 20-129(g), as amended by S.L. 2015-31, Sec. 1, Required Number of Operating Brake Lights, to make a technical change requiring the operation of a stop lamp on a vintage vehicle. (S.L. 2015-31)

Section: 29.37

Title: **POSITIONS IN SUPPORT OF THE COMBINED MOTOR VEHICLE REGISTRATION AND PROPERTY TAX COLLECTION SYSTEM**

Summary Amends S.L. 2012-142, Sec. 24.10(a) to extend time-limited call center positions through June 30, 2016.

Section: 29.38

Title: **DMV/TITLE AND LICENSE PERSONAL WATERCRAFT**

Summary Amends G.S. 20-39(e) to authorize license plate agents and Division of Motor Vehicles registration offices to title and license personal watercraft.

Section: 29.40

Title: **SPECIAL REGISTRATION PLATES**

Summary Amends multiple sections of Chapter 20, Article 3 of the General Statutes to authorize new special registration plates, exempt certain plates from application minimums, and extend permanent plate eligibility for nonprofit charter schools. (H.B. 5, H.B. 501, H.B. 588, H.B. 770, S.B. 313, S.B. 449, S.B. 453, S.B. 659)

(S.L. 2015-264, Sec. 40.6, GSC Technical Corrections 2015, amends G.S. 20-63(b1), as amended by this section, to authorize production of the Kappa Alpha Psi special registration plate on a full-color background, waive application minimums, and restrict applicants to members of the Kappa Alpha Psi Fraternity.)

Section: 29.41

Title: **MAXIMUM FUNDING EXPENDED FOR LIGHT RAIL TRANSIT SYSTEM PROJECTS**

Summary Amends G.S. 136-189.11 to cap Highway Trust Fund expenditures at \$500,000 per light rail project.

Special Provisions

2015 Session: HB 259

Department:

Section: 8.1

Title: **CORRECTED REFERENCE TO STATE TRANSPORTATION IMPROVEMENT PROGRAM**

Summary Amends S.L. 2015-241, Sec. 29.1, to make a technical change, substituting "State" for "strategic" in reference to the State Transportation Improvement Program.

Section: 8.2

Title: **CLARIFICATION OF REGISTRATION LATE PENALTY ASSESSMENT**

Summary Amends G.S. 20-88.03, as enacted by S.L. 2015-241, Sec. 29.30, to clarify that the existing 15-day grace period does not apply for calculation of the new registration late penalty and that the Division of Motor Vehicles is not required to assess a penalty for registration plates surrendered prior to the expiration date.

Section: 10.1

Title: **CLARIFICATION OF HIGHWAY USE TAX MAXIMUM PAYMENTS**

Summary Amends S.L. 2015-241, Sec. 29.34A to clarify that the January 1, 2016 effective date applies to leases or rental agreements executed on or after that date.

Special Provisions

2015 Session: SB 119

Department:

Section: 40.6

Title: **KAPPA ALPHA PSI FRATERNITY SPECIAL PLATE**

Summary Amends G.S. 20-63(b1), as amended by S.L. 2015-241, Sec. 29.40 to authorize production of the Kappa Alpha Psi special registration plate on a full-color background, waive application minimums, and restrict applicants to members of the Kappa Alpha Psi Fraternity.

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**Reserves,
Debt Service,
and
Adjustments
Section L**

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Statewide Reserves

		GENERAL FUND	
		FY 15-16	FY 16-17
Recommended Base Budget		\$854,639,271	\$854,639,271
Legislative Changes			
A. Base Budget Adjustments			
1 Salary Adjustment Fund	(\$7,500,000) R	(\$7,500,000) R	
Adjusts the base budget to eliminate the Salary Adjustment Fund reserve. The funds within the reserve were distributed to adjust employee salaries and have been incorporated into the operating budgets of the affected agencies.			
2 Voter Information Verification Act	(\$1,000,000) R	(\$1,000,000) R	
Adjusts the base budget to eliminate the Voter Information Verification Act reserve. The funds within this reserve were incorporated into the Board of Elections' FY 2015-17 base budget.			
3 Pending Legislation	(\$4,500,000) R	(\$4,500,000) R	
Adjusts the base budget to eliminate recurring funding for the Pending Legislation reserve.			
B. Employee Salaries and Benefits			
4 Salary Adjustment Fund	\$12,500,000 R	\$25,000,000 R	
Provides funds to the Salary Adjustment Fund to be used to adjust salaries for job classifications in response to changes in the labor market as documented through data collection and analysis in accordance with accepted human resources practices and standards. (S.L. 2015-241, Sec. 30.12A)			
5 OSHR Minimum of Market Adjustment		\$12,000,000 R	
Provides funds to implement a new market-aligned salary structure for State agencies to adjust salaries in State job classifications where employee pay is below market value. These salary adjustments are to be made based on Office of State Human Resources analysis of the difference in current salary grades and new salary grades implemented during the compensation system update.			
6 Workers' Compensation Reserve	\$21,500,543 R \$2,000,000 NR	\$21,500,543 R	
Provides funds for workers' compensation. The Office of State Budget and Management is to transfer \$2 million to the Office of State Human Resources to close existing workers' compensation claims. The recurring funds are to be distributed to agency workers' compensation line items to budget these expenses on a recurring basis. The allocation is to be based on average workers' compensation expenditures since FY 2012-13. (S.L. 2015-241, Sec. 30.18)			

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FY 15-16

FY 16-17

7 Reserve for Future Benefit Needs

\$71,000,000 R

Creates a General Fund reserve for increased contributions to existing employee benefits programs. (S.L. 2015-241, Sec. 30.26)

C. Other Reserves

8 University of North Carolina System Enrollment Growth Reserve

\$31,000,000 R

Proves funds for projected enrollment growth at the University of North Carolina System. Enrollment is expected to increase by 3,017 FTE students (1.5%) in FY 2016-17.

9 Public Schools Average Daily Membership (ADM)

\$107,000,000 R

Provides additional funds for projected increases in allotted ADM and an additional 17,701 students in FY 2016-17 as compared to FY 2015-16. These funds are intended to cover projected multiple position, dollar, and categorical allotments.

Total allotted ADM for FY 2016-17 is 1,555,344.

10 Film and Entertainment Grant Fund

Provides funds to the Film and Entertainment Grant Fund established in G.S. 143B-437.02A to encourage the production of motion pictures, television shows, and commercials and to develop the filmmaking industry within the State. (H.B. 171/S.B. 193; S.L. 2015-241, Sec. 15.25)

\$30,000,000 NR \$30,000,000 NR

11 Information Technology Reserve

\$2,834,527 R \$3,114,053 R
(\$1,079,447) NR (\$1,358,973) NR

Adjusts funding to properly align recurring spending with available funds and to provide additional nonrecurring funds to upgrade security, to acquire a new Department of Administration maintenance management system, and to improve law enforcement access to information. Total IT Reserve funding is \$20,558,728 in each year of the biennium.

(S.L. 2015-268, Sec. 2.1, General Government Technical Corrections, transfers \$762,115 to the Information Technology Fund in each year of the biennium for the Electronic Forms and Digital Signatures project.)

12 Information Technology Fund

(\$1,755,080) R (\$1,755,080) R
\$73,337 NR

Reduces the budget for miscellaneous operating items. The budget provides funding of \$22,443,969 in each year of the biennium to support the operation of the Department of Information Technology and to manage statewide information technology projects, as well as \$73,337 nonrecurring in the first year of the biennium for a \$750 one-time bonus for employees paid from the IT Fund.

(S.L. 2015-268, Sec. 2.1, General Government Technical Corrections, transfers in \$762,115 from the Information Technology Reserve in each year of the biennium for the Electronic Forms and Digital Signatures project.)

Statewide Reserves

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FY 15-16

FY 16-17

13 Budget Transparency Initiative

Provides \$814,000 NR to the Office of State Budget and Management (OSBM) (13085) to be used for the development and implementation of a State budget transparency website. This website will include budget and expenditure data for State agencies, counties, cities, and local education agencies.

\$814,000 NR

14 Job Development Investment Grants (JDIG)

Adjusts funding to reflect realignment of projected spending needs. Funding for JDIG is \$57,816,215 and \$71,728,126 respectively for the 2015-17 fiscal biennium. (H.B. 117 - became S.L. 2015-259)

(\$5,229,142) NR

\$8,682,769 R

15 One North Carolina Fund

Reduces the budget to align funding to reflect projected spending needs for FY 2015-16. The recurring budget for the Fund remains \$9 million for FY 2016-17.

(\$2,004,024) NR

D. Debt Service

16 Debt Service

Increases funding to reflect the potential issuance of General Obligation Bonds proposed in House Bill 943. (H.B.943 was enacted and is now S.L. 2015-280.)

\$25,000,000 R

17 Debt Service Adjustment

Adjusts debt service appropriations based on updated cash flow requirements.

(\$6,815,194) R (\$43,125,622) R

Total Legislative Changes

\$15,264,796 R \$246,416,663 R

\$24,574,724 NR \$28,641,027 NR

Total Position Changes

Revised Budget

\$894,478,791 \$1,129,696,961

Special Provisions

2015 Session: HB 97

Department: Availability and Appropriations

Section: 1.1

Title: **TITLE OF ACT**

Summary Sets the title of this Act as the "Current Operations and Capital Improvements Appropriations Act of 2015."

Section: 1.2

Title: **INTRODUCTION**

Summary Specifies that the amounts appropriated in the budget are maximum and that savings shall revert to the appropriate fund at the end of the fiscal year.

Section: 2.1

Title: **CURRENT OPERATIONS AND EXPANSION/GENERAL FUND**

Summary Sets forth the net General Fund appropriations for State departments and statewide reserves for the FY 2015-17 biennium.

Section: 2.2

Title: **GENERAL FUND AVAILABILITY STATEMENT**

Summary Sets forth the General Fund availability for the FY 2015-17 biennium.

Subsection (a) sets forth the amounts of general purpose revenue and other funds available to support appropriations made in Section 2.1.

Subsection (b) repeals the Highway Fund reimbursement to the General Fund for sales tax exemption for purchases made by the Department of Transportation.

Subsections (c), (d), and (e) direct the State Controller to transfer specified amounts from the unreserved fund balance to the Repairs and Renovations Reserve and the Savings Reserve Account. The amount to be transferred to each reserve was contingent on the passage of H.B. 943. Subsequent to the enactment of the budget, the General Assembly ratified H.B. 943, thereby directing the State Controller to transfer \$450 million to the Savings Reserve Account.

Subsection (f) directs the transfer of funds in the FY 2015-17 biennium as follows:

- E-Commerce Fund - \$3,000,000 in FY 2015-16
- NC FICA Account - \$4,296,802 in FY 2015-16 and \$641,628 in FY 2016-17
- Department of Public Safety- Enterprise Resource Planning System IT Fund - \$9,000,000 in FY 2015-16

(S.L. 2015-268, Sec. 1.1, General Government Technical Corrections, amends the effective date for this section from June 30, 2015 to July 1, 2015.)

Subsection (g) transfers the net proceeds of the Dorothea Dix Hospital property sale (\$49,899,456) to the Dorothea Dix Hospital Property Fund.

Subsection (h) directs the State Controller to reserve \$75 million in FY 2015-16 and \$150 million in FY 2016-17 from General Fund availability, then transfer and deposit these funds in the

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Medicaid Transformation Fund established in this act.

Subsection (i) clarifies that the funds in the Medicaid Contingency Reserve, established in 2014, do not constitute an appropriation as defined by the North Carolina Constitution.

Section: 3.1

Title: **CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND**

Summary Sets forth net appropriations of the Highway Fund budget for the FY 2015-17 biennium.

Section: 3.2

Title: **HIGHWAY FUND/AVAILABILITY STATEMENT**

Summary Sets forth the sources in the Highway Fund used in developing the Department of Transportation FY 2015-17 biennial budget.

Section: 4.1

Title: **HIGHWAY TRUST FUND APPROPRIATIONS**

Summary Sets forth net appropriations for the Highway Trust Fund budget for the FY 2015-17 biennium.

Section: 4.2

Title: **HIGHWAY TRUST FUND AVAILABILITY STATEMENT**

Summary Sets forth the availability for appropriations from the Highway Trust Fund to support the Department of Transportation in the FY 2015-17 biennium.

Section: 5.1

Title: **CASH BALANCES AND OTHER APPROPRIATIONS**

Summary Sets forth the conditions and appropriation of agency receipts and other funds as required by the North Carolina Constitution:

Subsection (a) appropriates cash balances and receipts up to the amount specified for FY 2015-16 and FY 2016-17. Funds may be expended only for programs, purposes, objects, and line items as specified in Subsection (a) or as otherwise authorized by the General Assembly.

Subsection (b) requires receipts collected in a fiscal year in excess of the amounts authorized by this section to remain unexpended and unencumbered until appropriated by the General Assembly in a subsequent fiscal year, unless the State Budget Act authorizes the expenditure of overrealized receipts in a fiscal year in which the receipts were collected.

Subsection (c) appropriates funds from the Reserve for Reimbursements to Local Governments and Shared Tax Revenues as required by State law.

Section: 5.1A

Title: **OTHER RECEIPTS FROM PENDING GRANT AWARDS**

Summary Sets the following requirements for agency grant funds received during the fiscal biennium but not included in the budget:

Subsection (a) authorizes State agencies, with approval of the Director of the Budget, to spend funds awarded that are less than \$2.5 million, are not matched by State funds, and are not for capital projects. State agencies must report to the Joint Legislative Commission on Governmental Operations (Gov Ops) within 30 days of receipt of these funds. For all other grant awards, State

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agencies must consult with Gov Ops before expending the funds.

Subsection (b) appropriates grants funds authorized in Subsection (a) and directs the Office of Budget and Management to work with State agencies to incorporate the grant funds into the authorized budget.

Subsection (c) prohibits any State agency from accepting a grant not anticipated in this Act if accepting the grant would obligate the State to make future expenditures.

Section: 5.2

Title: **EDUCATION LOTTERY FUNDS/EXPENSES OF THE LOTTERY/LIMIT ON REGIONAL OFFICES**

Summary Appropriates State Lottery funds and sets other conditions for use of lottery funds as follows:

Subsection (a) transfers \$529.9 million in FY 2015-16 and \$534.4 million in FY 2016-17 from the State Lottery Fund to the General Fund to support the following programs:

- Noninstructional Support Personnel
- Prekindergarten Program
- Public School Building Capital Fund
- Scholarships for Needy Students
- UNC Need-Based Financial Aid

Subsection (b) notwithstanding the requirement to transfer funds to the Education Lottery Reserve Fund for the FY 2015-17 biennium.

Subsection (c) amends G.S. 18C-163 to increase the transfer to the Department of Public Safety for gambling enforcement activities from \$1.1 million to \$2.1 million.

Subsection (d) amends Article 8 of the State Lottery Act to prohibit the Lottery Commission from maintaining more than 7 offices and accepting any form of public assistance funds for the purchase of lottery tickets.

Section: 5.3

Title: **CIVIL PENALTY AND FORFEITURE FUND**

Summary Appropriates funds from the Civil Penalty and Forfeiture Fund as follows:

Subsection (a) appropriates \$132.3 million in FY 2015-16 and \$128.3 million in FY 2016-17 to the State Public School Fund; \$18 million each fiscal year of the FY 2015-17 biennium to the School Technology Fund; and \$27.4 million to the Department of Public Instruction for the driver education program in FY 2016-17.

Subsection (b) directs over-realized receipts in the Civil Penalty and Forfeiture Fund in each year of the FY 2015-17 biennium to the State Public School Fund.

Subsection (c) directs that the proceeds of a new motor vehicle registration late fee established in G.S. 20-88.03 be used to finance the driver education program administered by the Department of Public Instruction.

Section: 5.4

Title: **INDIAN GAMING EDUCATION REVENUE FUND**

Summary Directs that the \$6 million from the Indian Gaming Education Revenue Fund transferred to the Department of Public Instruction be used for textbooks and digital resources for each year of the

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FY 2015-17 biennium.

Section: 5.5

Title: **MODIFY ELEMENTS OF CASH MANAGEMENT PLAN**

Summary Expands the agencies exempted from the Statewide Cash Management Plan requirement to turn over unpaid bills to the Attorney General to include the Department of Transportation, unless the Department of Transportation chooses otherwise.

2015 Session: HB 259

Department: Availability and Appropriations

Section: 1.1

Title: **TECHNICAL CHANGE: GENERAL FUND AVAILABILITY STATEMENT**

Summary Amends S.L. 2015-241, Sec. 2.2, 2015 Appropriations Act, to amend the effective date from June 30, 2015 to July 1, 2015.

Special Provisions

2015 Session: HB 97

Department: General Provisions

Section: 6.1

Title: **CONTINGENCY AND EMERGENCY FUND LIMITATION**

Summary Sets forth the allowable uses of the Contingency and Emergency Fund to include funds required: (1) by a court or Industrial Commission order, (2) for events authorized under the North Carolina Emergency Management Act, (3) by the State Treasurer to pay death benefits authorized by Article 12A of G.S.143, (4) by the Governor to pay crime rewards, (5) by the Industrial Commission to make supplemental awards of compensation, or (6) by the Department of Justice to pay legal fees.

Section: 6.2

Title: **ESTABLISHING OR INCREASING FEES**

Summary Notwithstands current law for establishing or increasing State agency fees as follows:

Subsection (a) provides that an agency is not required to consult with the Joint Legislative Commission on Governmental Operations prior to establishing or increasing a fee if the fee is authorized or anticipated in this Act.

Subsection (b) permits a State agency to adopt emergency rules to establish or increase fees authorized by this Act.

Section: 6.3

Title: **VENTURE CAPITAL MULTIPLIER FUND**

Summary Amends G.S. 147-69.2 to expand investments of the Escheat Fund.

Subsection (a) directs the State Treasurer to (1) engage a consultant to conduct a valuation and projection of the financial status of the Escheat Fund; (2) reduce the amount of Escheat Fund assets that can be invested in Global Equity, Real Estate, and Private Equity asset classes from 20% to 10%; and (3) invest 10% of the Escheat Fund net assets in a new Venture Capital Multiplier Fund.

Subsection (b) creates G.S. 147-692A setting forth the selection of a third-party investment firm and the administration of the fund directed in Subsection (a).

Section: 6.4

Title: **STATE AGENCIES/REPORTS ON LEGISLATIVE LIAISONS AND SALARY INFORMATION**

Summary Requires the Office of State Budget and Management to report to the House and Senate Appropriations Committees and the Fiscal Research Division the following information on State agency legislative liaisons and public information officers:

- Number of positions designated by a State agency including position number and position title, salary, duties and responsibilities, and a description of why the position is needed
- Amount of time spent lobbying (legislative liaisons only).

The report must also include the amount of salary reserve and lapsed salary generated by State

agencies in FY 2013-14 and FY 2014-15 and agency policies on salary reserve and lapsed salary.

Section: 6.13

Title: **EUGENICS COMPENSATION PAYMENTS**

Summary Amends G.S. 143B-426.51 to require compensation paid from the Eugenics Sterilization Compensation Fund to include a second payment of \$15,000 by November 1, 2015 and to add a third payment to distribute any remaining funds after all appeals are exhausted.

Section: 6.17

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: 6.18

Title: **CLARIFY THE CONSULTATION REQUIREMENT BEFORE THE JOINT LEGISLATIVE COMMISSION ON GOVERNMENTAL OPERATIONS WHEN A STATE AGENCY ESTABLISHES OR INCREASES A FEE OR CHARGE**

Summary Amends G.S. 12-3.1 to clarify that a State agency does not have to consult with the Joint Legislative Commission on Governmental Operations on fee increases that are subject to a rule providing periodic automatic fee adjustments.

Section: 6.19

Title: **EMERGENCY AND DISASTER RESPONSE FUNDING CHANGES**

Summary Amends Part 6 of Chapter 166A, the Emergency Management Act, to make the following changes: (1) rename the State Emergency Response Account to the State Emergency Response and Disaster Relief Fund, and (2) allow the Governor to reallocate funds from agency budgets if a state of emergency has been declared, the State Emergency Response and Disaster Relief Fund and Contingency and Emergency Fund are insufficient, and the severity or magnitude of the disaster warrants it.

Section: 6.20

Title: **CONTINUATION REVIEW OF CERTAIN FUNDS/PROGRAMS/DIVISIONS**

Summary Requires each of the following programs to conduct a continuation review to assist the General Assembly in determining future funding:

- Commercial Leaking Petroleum Underground Storage Tank Cleanup Fund (DENR),
- Division of Air Quality Inspection and Maintenance Fees (DENR),
- Division of Air Quality Water and Air Quality Account (DENR),
- Mercury Pollution Prevention Account (DENR),
- Rescue Squad Workers' Relief Fund (Insurance),
- Volunteer Rescue/EMS Grant Program (Insurance),
- State Fire Protection (Insurance),
- Inmate Road Squads and Litter Crews (DPS),
- Funding transferred for BEACON support (Office of the State Controller),
- Boating Account (Wildlife Resources Commission),
- North Carolina Human Relations Commission,
- Office of Minority Health (HHS), and
- Maternal and Child Health Programs (HHS).

Agency reports are due to the Fiscal Research Division by December 1, 2015 (preliminary) and April 1, 2016 (final).

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(S.L. 2015-268, Sec. 1.3, General Government Technical Corrections, deletes Shallow Draft Navigation Channel Dredging and Lake Maintenance Fund from the list of Continuation Reviews.)

Section: 6.21

Title: **LRC STUDY ON METHODS FOR INCREASING TRANSFERS TO THE SAVINGS RESERVE ACCOUNT**

Summary Requires the Legislative Research Commission (LRC) to study methods for increasing the amount of funds transferred to the Savings Reserve Account. The LRC report of its findings and recommendations is due by the opening day of the 2016 Regular Session.

Section: 6.23

Title: **REQUIRE TRANSFER OF SAVINGS FROM THE REFINANCING OF CERTAIN STATE DEBT TO BE TRANSFERRED TO THE SAVINGS RESERVE**

Summary Requires the transfer of savings from the refinancing of debt, either general obligation or special indebtedness, into the Savings Reserve Account beginning July 1, 2017.

Section: 6.24

Title: **MSA CHANGES**

Summary Makes the following changes to the receipt and allocation of funds from the Master Settlement Agreement (MSA):
(1) Moves the Settlement Reserve Fund, which receives proceeds from tobacco litigation, from the General Fund to a special fund;
(2) Appropriates \$10 million annually from the Settlement Reserve Fund to The Golden L.E.A.F. (Long Term Economic Advancement Foundation), Inc.

MSA funds remaining in the Settlement Reserve Fund following the appropriation to the Golden L.E.A.F. are transferred to the General Fund.

Also makes a number of statutory changes increasing the State's ability to enforce the MSA:

- Clarifies that the State may not levy an excise tax on cigarettes sold at federal installations or North American tribe reservations;
- Holds importers of cigarettes manufactured by a company not operating under the terms of the MSA (Non-Participating Manufacturer (NPM)) liable for the NPMs escrow deposits;
- Requires any new NPMs that choose to sell cigarettes in the State and any NPM that poses an elevated risk for noncompliance to post a bond;
- Allows the State to share NPM tax information, previously only shared with a data clearinghouse, directly with cigarette manufacturers operating under the MSA; and
- Reduces the period of time during which a cigarette distributor may sell cigarettes manufactured by a noncompliant NPM from 60 days to 30 days.

(S.L. 2015-268, Sec. 1.2, General Government Technical Corrections, removes the Office of State Budget and Management as the manager of the Settlement Reserve Fund.)

Section: 6.25

Title: **ALIGN AGENCY BUDGETS TO ACTUAL EXPENDITURES**

Summary Requires State agencies, in conjunction with the Office of State Budget and Management, to:
(1) Abolish all positions vacant more than 12 months as of April 17, 2015 (except for those vacancies in the Department of Transportation and those vacant positions reassigned to the Office of State Human Resources to staff the Office's Workers' Compensation program) ,
(2) Fund objects/line items in the certified budget for recurring obligations that have been funded

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from nonrecurring sources in two or more of the previous three fiscal years,
(3) Give priority to objects/line items that fund legal obligations or operational requirements directly related to the health, safety, or well being of individuals in the care or custody of the State that have been funded with lapsed salaries in prior years, and
(4) Adjust the appropriate objects/line items in the next recommended base budget.

The Office of State Budget and Management is required to report to the Fiscal Research Division by December 1, 2015 on the implementation of this section.

Section: 6.26

Title: **CAP STATE FUNDED PORTION OF NONPROFIT SALARIES**

Summary Sets \$120,000 as the maximum amount of State funds that may be used for the annual salary of an employee of a nonprofit organization receiving State funds.

Section: 33.1

Title: **STATE BUDGET ACT APPLIES**

Summary Reenacts and incorporates by reference Chapter 143C, State Budget Act into S.L. 2015-241, 2015 Appropriations Act.

Section: 33.2

Title: **COMMITTEE REPORT**

Summary Provides the following guidance on the Committee Report for H.B. 97:

Subsection (a) sets forth how the Committee Report is to be used in conjunction with the 2015 Appropriations Act (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: 33.3

Title: **REPORT BY FISCAL RESEARCH DIVISION**

Summary Directs the Fiscal Research Division (FRD) to issue a revised H. B. 97 Committee Report to include all modifications to the FY 2015-17 biennial budget made prior to sine die adjournment of the 2015 Regular Session. Also directs FRD to send the report to the Director of the Budget and to publish the document on the General Assembly's website.

Section: 33.3A

Title: **ADJUSTMENT OF ALLOCATIONS TO GIVE EFFECT TO THIS ACT FROM JULY 1, 2015**

Summary Repeals the budget authority of the continuing budget resolutions with the passage of the 2015 Appropriations Act.

Section: 33.4

Title: **MOST TEXT APPLIES TO THE 2015-2017 FISCAL BIENNIUM**

Summary Provides that provisions of this Act apply to the FY 2015-17 biennium only, unless the law stipulates otherwise.

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Section: 33.5

Title: **EFFECT OF HEADINGS**

Summary Provides that the purpose of headings throughout this Act are for reference and convenience purposes only.

Section: 33.6

Title: **SEVERABILITY**

Summary Provides that a judicial ruling declaring a section or provision of this Act unconstitutional or invalid does not render the whole or any other part of this Act invalid.

Section: 33.7

Title: **EFFECTIVE DATE**

Summary Sets July 1, 2015 as the effective date of the Act except as otherwise stipulated in the Act.

2015 Session: HB 259

Department: General Provisions

Section: 1.2

Title: **TECHNICAL CHANGE: MSA CHANGES**

Summary Amends S.L. 2015-241, Sec. 6.24, 2015 Appropriations Act, to remove the Office of State Budget and Management as the manager of the Settlement Reserve Fund.

Section: 1.3

Title: **TECHNICAL CHANGE: CONTINUATION REVIEW OF CERTAIN FUNDS/PROGRAMS/DIVISIONS**

Summary Amends S.L. 2015-241, Sec. 6.20, 2015 Appropriations Act, to delete Shallow Draft Navigation Channel Dredging and Lake Maintenance Fund from the list of Continuation Reviews.

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Capital Section M

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Capital

GENERAL FUND

FY 15-16

FY 16-17

Legislative Changes

A. Department of Agriculture and Consumer Services

1 Dorton Arena Roof Replacement

Funds the replacement of the Dorton Arena Roof at the State Fairgrounds in Raleigh. (S.L. 2015-241, Sec. 31.2)

\$2,305,000 NR

B. Department of Cultural Resources

2 USS North Carolina Hull Repair and Cofferdam

Provides additional funds to repair the USS North Carolina's hull and build a cofferdam. In FY 2014-15, \$3 million in General Funds were appropriated for this purpose. The funds will match donations raised by the Department. (S.L. 2015-241, Sec. 31.2, 31.19)

\$3,500,000 NR

C. Department of Environment and Natural Resources

3 Water Resources Development

Provides funds for the State's share of Water Resource Development Projects. State funds will match \$44.4 million in federal funds and \$5.8 million in local funds. (S.L. 2015-241, Sec. 31.2, 31.3)

\$5,083,000 NR

D. Department of Public Safety

4 Armory Facility and Development Projects

Provides State funds over the fiscal biennium to expand and renovate National Guard Armories and Facilities located throughout the State. These funds will match \$6.7 million in federal funds. Of these funds \$250,000 are to be held in reserve for a National Guard project described in a provision. (H.B. 907; S.L. 2015-241, Sec. 31.2, 31.8)

\$868,000 NR \$5,087,500 NR

E. North Carolina State University

5 Engineering Building Advance Planning

Provides funds for advance planning for an Engineering Building at North Carolina State University (NCSU). The building will complete the Engineering Oval Complex at NCSU and will house the Departments of Industrial and Systems Engineering and Civil, Construction, and Environmental Engineering. The College of Engineering Administration will also occupy the building. The total estimated cost of this project will be \$154 million, of which \$77 million will be matched with NCSU funds. (S.L. 2015-241, Sec. 31.2)

\$1,000,000 NR \$1,000,000 NR

F. School of Science and Mathematics**6 Technology Upgrades and Building Repair**

Provides funds for connectivity improvements, upgrades for up to 5 distance education centers, and repairs and renovations for the School of Science and Mathematics in Durham. (S.L. 2015-241, Sec. 31.2)

\$4,000,000 NR

Total Appropriation to Capital

\$16,756,000 NR \$6,087,500 NR

Special Provisions

2015 Session: HB 97

Department: Capital

Section: 31.1

Title: **GENERAL FUND CAPITAL APPROPRIATIONS/INTRODUCTION**

Summary Sets forth the provisions for the appropriation of capital funds by the 2015 General Assembly.

Section: 31.2

Title: **CAPITAL APPROPRIATIONS/GENERAL FUND**

Summary Appropriates funds to specific projects.

(Note: detailed project-by-project information for each State agency/department may be found on pages M1 and M2 of the Conference Committee Report).

Section: 31.3

Title: **WATER RESOURCES DEVELOPMENT PROJECTS**

Summary Identifies the projects, guidelines, and reporting requirements for Water Resources Development Projects appropriated in Sec. 31.2.

Subsection (a) lists the 21 individual Water Resources Development Projects to be funded from funds carried forward by, and additional funds appropriated to, the Department of Environmental Quality (DEQ).

Subsection (b) appropriates the \$2.82 million in funds carried forward by DEQ to eight projects listed in subsection (a).

Subsection (c) allows DEQ the flexibility to allocate money among projects to manage costs. If the listed projects are delayed, DEQ is allowed to spend funds on US Army Corp of Engineers project feasibility studies and projects that have advanced schedules and require a State match. DEQ may also use funding for State and local water resources development projects.

Subsection (d) requires DEQ to make semiannual reports to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division (FRD), and the Office of State Budget and Management (OSBM).

Subsection (e) restricts DEQ funding to a maximum of 50% of the nonfederal portion of a project's cost.

Section: 31.4

Title: **NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS**

Summary Authorizes \$33,840,200 in FY 2015-16 and \$5,440,000 in FY 2016-17 for projects across State agencies that are to be funded entirely with non-General Fund dollars. Also, transfers \$75,000 to the Department of Agriculture and Consumer Services (DACS) for the Plant Conservation Program.

(S.L. 2015-268, Sec. 9.1, General Government Technical Corrections, amends this section to correct a name for a project at Fort Fisher.)

Section: 31.5

Title: **REPAIRS AND RENOVATIONS RESERVE ALLOCATION**

Summary Allocates funding from the Repairs and Renovations Reserve.

Subsection (a) allocates funding from the Repairs and Renovations Reserve. OSBM will receive two-thirds of the funds to be allocated amongst the State agencies supported by the General Fund. The University of North Carolina (UNC) will receive one-third of the funds to be allocated across the campuses. OSBM and the UNC Board of Governors are required to report or consult with the Joint Legislative Commission on Governmental Operations regarding allocations.

Subsection (b) notwithstanding G.S. 143C-4-3(d) to require the President of UNC to install fire sprinklers in residence halls at the constituent institutions, if the institution lacks the financial means to do so. The UNC Board of Governors is required to report semi-annually on the status of residence hall sprinkling beginning January 1, 2016.

Subsection (c) notwithstanding G.S. 143C-4-3(d) to require the UNC Board of Governors to use a portions of funds allocated under subsection (a) for campus safety improvements.

Subsection (d) requires UNC to negatively weight each campuses' availability of non-State resources and carryforward funds when making campus allocations. The UNC Board of Governors is required to report to the Joint Legislative Commission on Governmental Operations regarding this process.

Subsection (e) requires OSBM to allocate \$9.5 million of the funds allocated to the State agencies for the Legislative Building Roof Replacement and Asbestos Abatement.

Section: 31.6

Title: **PROCEDURES FOR DISBURSEMENT OF CAPITAL FUNDS**

Summary Establishes procedures for the disbursement of capital funds authorized by the 2015 General Assembly.

Section: 31.7

Title: **REPORTING ON CAPITAL PROJECTS**

Summary Specifies the new requirements for reports on capital projects.

Subsection (a) provides definitions for capital projects and construction phases.

Subsection (b) requires semiannual reports to the Joint Legislative Commission on Governmental Operations and quarterly reports to FRD and OSBM beginning October 1, 2015.

Subsection (c) specifies the information required in the reports in Subsection (b).

Subsection (d) requires semiannual reports from the Office of State of Construction to report to the Joint Legislative Commission on Governmental Operations on the status of the Facilities Condition and Assessment Program beginning October 1, 2015.

Subsection (e) requires quarterly reports from the Office of State Construction to the Joint Legislative Oversight Committee on Capital Improvements on the status of plan review, permitting, and the workload of the Office beginning October 1, 2015.

Section: 31.8

Title: **NATIONAL GUARD PROJECTS**

Summary Specifies the projects of the North Carolina National Guard.

Subsection (a) requires the Adjutant General of the North Carolina National Guard to allocate funds appropriated in Sec. 31.2 to projects included in the Armory and Facilities Development Plan to match federal funds.

Subsection (b) requires the National Guard to report biannually to the Joint Legislative Commission on Governmental Operations, FRD, and OSBM on the use of funds, beginning June 1, 2017.

Subsection (c) requires the North Carolina National Guard to allocate and hold \$250,000 for a project that will match federal funds within 420 miles of a certain latitude and longitude, which corresponds to land within DuPont State Recreational Forest. Funds under this subsection do not revert until June 30, 2020. (H.B. 907)

(S.L. 2015-268, Sec. 9.2, General Government Technical Corrections, amends subsection(c) to remove the requirement of a federal match for the \$250,000 portion of funds and amends the latitude and longitude requirements to within 10 miles of the specified 420 acres.)

Section: 31.9

Title: **REQUIRE NON-GENERAL FUND RESOURCES TO BE USED FOR ADVANCED PLANNING OF UNIVERSITY CAPITAL PROJECTS**

Summary Amends G.S. 143C-3-3 to require UNC to use non-General Funds to advance plan a capital project prior to requesting General Fund support for construction.

(S.L. 2015-268, Sec. 9.3, General Government Technical Corrections, amends this section to allow General Funds carried forward from one fiscal year to the next to be considered non-General Funds for this purpose.)

Section: 31.10

Title: **PLAN FOR REALLOCATING ALL DHHS OFFICES TO ONE LOCATION**

Summary Requires the Department of Health and Human Services (DHHS) to prepare a plan for relocating all administrative personnel in the Greater Triangle area into one location by October 1, 2016. The plan must be submitted to the Joint Legislative Oversight Committee on Health and Human Services and FRD. DHHS is prohibited from entering into a new lease to house administrative functions in the Greater Triangle area until authorized by the General Assembly to do so.

Section: 31.11

Title: **MODIFY SPECIAL INDEBTEDNESS PROVISIONS**

Summary Amends G.S. 143-128.1C to define private financing for public private partnerships. Private financing does not include securitized State or local lease payments made to a third party. A State supported financing arrangement is further defined to include multi-year agreements to obtain ownership and beneficial use of a capital asset. A clarification is also made within Department of Transportation projects to remove transportation infrastructure projects from the approval process within this statute.

Section: 31.13

Title: **DEBT AFFORDABILITY STUDY FOR THE UNIVERSITY OF NORTH CAROLINA**

Summary Amends G.S. 116D to add a new Article 5 which requires the UNC Board of Governors and each constituent institution to prepare a debt affordability study regarding various debts held by the campuses and submit the study to OSBM, State Treasurer, UNC General Administration, and Joint Legislative Commission on Governmental Operations annually beginning on February 1, 2016.

Section: 31.14

Title: **AUTHORIZE STATE AGENCIES TO UNDERTAKE SMALL REPAIRS AND RENOVATIONS PROJECTS WITH FUNDS AVAILABLE**

Summary Allows State Agencies to use available resources for repair and renovations projects under \$300,000. State Agencies are required to report on a quarterly basis to the Fiscal Research Division on projects funded under this section

Section: 31.16

Title: **CREATE JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON CAPITAL IMPROVEMENTS**

Summary Amends Article 29 of G.S. 120 to create the Joint Legislative Oversight Committee on Capital Improvements to oversee capital improvements and related items. The Committee consists of 8 members of the House of Representatives and 8 members of the Senate.

Section: 31.17

Title: **UNC CARRYFORWARD/TEMPORARY INCREASE ENDING JULY 1, 2017/MUST BE USED FOR REPAIRS AND RENOVATIONS**

Summary Increases the amount of General Funds that UNC can carryforward from one fiscal year to the next by 2.5% to 5%. The increase in funds carried forward must be used for repairs and renovations of General Fund supported buildings or advance planning of future capital projects. The UNC Board of Governors must report by October 1, 2017 on repairs and renovations funded by the increase in carryforward funds to the Joint Legislative Commission on Governmental Operations and to FRD. The Board of Governors must also report to the Joint Legislative Commission on Governmental Operations and FRD within 30 days of expending funds for advance planning.

Section: 31.18

Title: **MCGOUGH ARENA REPAIR PROJECT CHANGES**

Summary Amends Sec. 36.12(f)(5) of S.L. 2014-100, Appropriations Act of 2014, to authorize DACS to use debt proceeds previously authorized for the McGough Arena Roof to also be used for repair and renovations of other facilities at the Western North Carolina Agricultural Center.

Section: 31.19

Title: **TECHNICAL CORRECTION RELATING TO USS NORTH CAROLINA BATTLESHIP REPAIRS**

Summary Amends Sec. 36.10 of S.L. 2014-100, Appropriations Act of 2014, to authorize the Department of Cultural and Natural Resources to expand the use of debt proceeds to include cofferdam construction for the USS North Carolina.

Section: 31.21

Title: **SBI/SHF PERIMETER FENCE**

Summary Authorizes the Department of Public Safety (DPS) to use funds available to complete a perimeter fence around the State Bureau of Investigation and State Highway Patrol Training Academy.

Section: 31.22

Title: **PALLIATIVE CARE UNIT AT CENTRAL PRISON**

Summary Authorizes DPS to use various previously authorized debt proceeds and other available funds to renovate existing space at Central Prison for a palliative care unit.

2015 Session: HB 259

Department: Capital

Section: 9.1

Title: **TECHNICAL CHANGE: NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS**

Summary Amends S.L. 2015-241, Sec. 31.4, 2015 Appropriations Act, to correct a name for a project at Fort Fisher.

Section: 9.2

Title: **BUDGET CHANGE: NATIONAL GUARD PROJECTS**

Summary Amends S.L. 2015-241, Sec. 31.8(c), 2015 Appropriations Act, to remove the requirement of a federal match for the \$250,000 portion of funds specified in the subsection and amends the latitude and longitude requirements to within 10 miles of the specified 420 acres.

Section: 9.3

Title: **TECHNICAL CHANGE: REQUIRE NON-GENERAL FUND RESOURCES TO BE USED FOR ADVANCED PLANNING OF UNIVERSITY PROJECTS**

Summary Amends S.L. 2015-241, Sec. 31.9, 2015 Appropriations Act, to allow General Funds carried forward from one fiscal year to the next to be considered non-General Funds for advanced planning purposes.

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**Information
Technology Services
Section N**

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Information Technology Fund

Budget Code: 24667

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$11,154,563	\$11,154,563
Recommended Budget		
Requirements	\$24,199,049	\$24,199,049
Receipts	\$24,199,049	\$24,199,049
Positions	95.75	95.75

Legislative Changes**Requirements:****Criminal Justice Information Network (CJIN)
(2705)**

\$0 R

\$0 R

Maintains funding for the Criminal Justice Information Network (CJIN) at \$193,085 for each fiscal year. The CJIN is a statewide criminal justice infrastructure that allows State and local criminal justice agencies to share information.

\$0 NR
0.00

\$0 NR
0.00

**Center for Geographic Information and Analysis
(CGIA) (2715)**

\$0 R

\$0 R

Provides \$503,810 for the CGIA in each fiscal year. This includes \$67,858 to address a shortfall in funding for enterprise licensing for Environmental Services Research Institute software. CGIA is the lead agency for geographic information systems (GIS) services and coordination for North Carolina (NC), and provides GIS services to State and local governments.

\$0 NR
0.00

\$0 NR
0.00

**Enterprise Security and Risk Management Office
(2720)**

\$0 R

\$0 R

Maintains funding for the Enterprise Security and Risk Management Office at \$871,497 for both years of the biennium. The Enterprise Security and Risk Management Office 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

\$0 NR
0.00

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FY 2015-16

FY 2016-17

Staffing and Strategic Projects (2725)

Funds Staffing and Strategic Projects at \$7,873,903 in each year of the biennium, including an additional \$300,000 to provide operating funding for the Department of Information Technology's Plan and Build functions.

\$0 R

\$0 R

\$0 NR

\$0 NR

0.00

0.00

FirstNet (2735)

Provides \$140,000 in each fiscal year to provide a match for federal funding to support FirstNet development. FirstNet is a federal effort to build, operate and maintain the first high-speed, nationwide wireless broadband network dedicated to public safety. FirstNet will provide a single interoperable platform for emergency and daily public safety communications.

\$0 R

\$0 R

\$0 NR

\$0 NR

0.00

0.00

Enterprise Project Management Office (EPMO) (2740)

Maintains funding for the EPMO at \$1,501,234 in each fiscal year. EPMO was established to improve the management of IT projects in State government.

\$0 R

\$0 R

\$0 NR

\$0 NR

0.00

0.00

IT Strategy and Standards (2750)

Maintains funding of \$865,326 in each fiscal year 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 R

\$0 R

\$0 NR

\$0 NR

0.00

0.00

State Portal (2760)

Maintains funding for the State portal at \$233,510 in each fiscal year to support the current State web site and Digital Commons efforts within the Department of Information Technology.

\$0 R

\$0 R

\$0 NR

\$0 NR

0.00

0.00

Process Management (2775)

Maintains funding of \$398,234 in each fiscal year to support the standardization of information technology processes and services.

\$0 R

\$0 R

\$0 NR

\$0 NR

0.00

0.00

(S.L. 2015-268, Sec. 2.6, General Government Technical Corrections, moves Process Management from the IT Reserve to the IT Fund.)

Enterprise Licensing (2780)

Eliminates \$33,000 for enterprise license agreements in each fiscal year. Funding for enterprise licensing agreements is maintained in the IT Internal Service Fund.

\$0 R

\$0 R

\$0 NR

\$0 NR

0.00

0.00

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	FY 2015-16		FY 2016-17	
IT Consolidation (2790)	\$0	R	\$0	R
Eliminates funding for IT Consolidation. Funding for consolidation is provided in the IT Reserve Fund, with the transition to the Department of Information Technology.	\$0	NR	\$0	NR
	0.00		0.00	
Government Data Analytics Center (GDAC) (2795)	\$0	R	\$0	R
Maintains funding for the GDAC at \$9,101,255 in each fiscal year. The GDAC is an enterprise program to promote the use of NC's data as an asset to support business decisions. The GDAC fosters interagency collaboration among and between the branches of governments and their sub-units to establish statewide business intelligence (BI) standards; to improve data sharing, quality, and consistency; and to facilitate the identification, development and support of BI solutions for the State.	\$0	NR	\$0	NR
	0.00		0.00	
Adjustment to IT Fund	(\$2,517,195)	R	(\$2,517,195)	R
Adjusts the IT Fund to reflect a transfer to the IT Reserve in each year of the biennium.	\$0	NR	\$0	NR
	0.00		0.00	
Compensation Reserve	\$0	R	\$0	R
Provides funds for a \$750 one-time bonus for State employees. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.	\$73,337	NR	\$0	NR
	0.00		0.00	
Electronic Forms and Digital Signatures	\$762,115	R	\$762,115	R
Provides funding in each fiscal year for Electronic Forms and Digital Signature projects. (S.L. 2015-241, Sec. 7.13)	\$0	NR	\$0	NR
	0.00		0.00	
(S.L. 2015-268, Sec. 2.5, General Government Technical Corrections, transfers funding from the IT Reserve to the IT Fund.)				
Subtotal Legislative Changes	(\$1,755,080)	R	(\$1,755,080)	R
	\$73,337	NR	\$0	NR
	0.00		0.00	

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	FY 2015-16		FY 2016-17	
Receipts:				
Adjustment to IT Fund	(\$2,517,195)	R	(\$2,517,195)	R
Transfers \$2,517,195 from the IT Fund to the IT Reserve in each year of the biennium.	\$0	NR	\$0	NR
Compensation Reserve	\$0	R	\$0	R
Provides funds for a \$750 one-time bonus for State employees. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.	\$73,337	NR	\$0	NR
Transfer for Electronic Forms and Digital Signatures	\$762,115	R	\$762,115	R
Transfers funding from the IT Reserve to the IT Fund for the Electronic Forms and Digital Signatures project.	\$0	NR	\$0	NR
(S.L. 2015-268, Sec. 2.18, General Government Technical Corrections, requires the transfer.)				
Subtotal Legislative Changes	(\$1,755,080)	R	(\$1,755,080)	R
	\$73,337	NR	\$0	NR
Revised Total Requirements	\$22,517,306		\$22,443,969	
Revised Total Receipts	\$22,517,306		\$22,443,969	
Change in Fund Balance	\$0		\$0	
Total Positions	95.75		95.75	
Ending Unreserved Fund Balance	\$11,154,563		\$11,154,563	

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Information Technology Reserve Fund

Budget Code: 00000

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$0	\$0
Recommended Budget		
Requirements	\$18,803,648	\$18,803,648
Receipts	\$18,803,648	\$18,803,648
Positions	0.00	0.00

Legislative Changes

Requirements:

IT Modernization

\$0 R

\$0 R

Provides \$4,734,391 recurring in FY 2015-16 and \$5,061,592 recurring in FY 2016-17, as well as \$3,393,600 nonrecurring in FY 2015-16 and \$3,000,000 nonrecurring in FY 2016-17 to support the State's IT modernization efforts. This will enable the State CIO to improve secure sign-on and mobile web capabilities, and includes \$406,374 recurring in each fiscal year, plus \$18,600 nonrecurring in FY 2015-16, for 3 security positions in the Department of Revenue. These positions include a Security Design Engineer, a Security Impact Specialist, and a Security Specialist. Funding is provided for 6 new positions, including 4 Business Technology Analysts and 2 Business System Analysts. Funding will also support the transfer of Office of the State CIO positions from the IT Internal Service Fund to the IT Fund. Positions will be transferred as follows:

\$0 NR

\$0 NR

17.00

18.00

FY 2015-16

60087223 State Chief Information Officer
 60087293 Executive Assistant
 60087581 Legislative Affairs/Program Coordinator
 60093454 Director of Public Affairs
 60087551 Information & Communications Specialist II
 60087645 Agency General Counsel II
 60087635 Chief Information Risk Officer
 65020068 Information and Communications Specialist

FY 2016-17

60087248 Director of Digital Infrastructure

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FY 2015-16

FY 2016-17

(S.L. 2015-268, Sec. 2.4, General Government Technical Corrections, substitutes positions 60093450, Communications Director, and 60087267, Information and Communications Specialist II, for positions 60087635 and 65020068.)

NC Connect/Digital Infrastructure

Provides \$593,899 for 3.63 positions in FY 2015-16, an IT Manager, an IT Project Manager, a Business and Technology Specialist, and partial funding for a Network Specialist. Funding is increased in FY 2016-17 to \$788,503 to add 1.37 additional positions, to include full funding for a Network Specialist and a Project Manager.

\$0 R

\$0 R

\$0 NR

\$0 NR

3.63

5.00

IT Restructuring

Provides IT Restructuring funding of \$3,537,299 in FY 2015-16 and \$3,740,927 in FY 2016-17. This funding supports the planning and implementation for the Department of Information Technology. (S.L. 2015-241, Sec. 7A.1, 7A.2, 7A.3, 7A.4, 7A.5, and 7A.6, S.B. 268/H.B. 208)

(\$762,115) R

(\$762,115) R

\$0 NR

\$0 NR

0.00

0.00

(S.L. 2015-268, Sec. 2.1, General Government Technical Corrections, reduces IT Restructuring to \$2,775,184 in FY 2015-16 and \$2,978,812 in FY 2016-17 to provide \$762,115 for Electronic Forms and Digital Signatures in each year of the biennium.

S.L. 2015-268, Sec. 2.18, General Government Technical Corrections, requires existing position 65000718 to be funded from the appropriation for IT Restructuring.)

Maintenance Management System Replacement

Transfers \$173,180 nonrecurring in FY 2015-16 and \$129,901 recurring in FY 2016-17 to the Department of Administration to support the acquisition and operation of a cloud-based maintenance management system that will provide maintenance, inventory, and utility management functions. Provides funding to support the acquisition and operation of 3 modules for a cloud-based maintenance management system. These modules include system failure alerts, utility bill automation, and mobile maintenance management applications. (S.L. 2015-241, Sec. 7.3).

\$0 R

\$0 R

\$0 NR

\$0 NR

0.00

0.00

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	FY 2015-16		FY 2016-17	
Law Enforcement Information Exchange	\$0	R	\$0	R
Provides \$288,474 nonrecurring in FY 2015-16 to fund the mapping of law enforcement agency records management systems to facilitate the exchange of data with the Law Enforcement Information Exchange. (S.L. 2015-241, Sec. 7.21)	\$0	NR	\$0	NR
	0.00		0.00	
Economic Modeling Initiative	\$0	R	\$0	R
Provides funding of \$500,000 nonrecurring in each year of the biennium to support the development of a State economic development modeling capability at the University of North Carolina Charlotte. This initiative will support State agencies involved in economic development and growth efforts. (S.L. 2015-241, Sec. 7.14)	\$0	NR	\$0	NR
	0.00		0.00	
Government Data Analytics Center (GDAC)	\$0	R	\$0	R
Provides \$8.1 million recurring to support the operation of GDAC.	\$0	NR	\$0	NR
	0.00		0.00	
Adjustment to IT Reserve	\$2,517,195	R	\$2,517,195	R
Adjusts the IT Reserve to reflect a transfer from the IT Fund in each year of the biennium.	\$0	NR	\$0	NR
	0.00		0.00	
Subtotal Legislative Changes	\$1,755,080	R	\$1,755,080	R
	\$0	NR	\$0	NR
	20.63		23.00	

Receipts:

Adjustment to IT Reserve Fund	\$2,517,195	R	\$2,517,195	R
Adjusts the IT Reserve Fund to reflect a transfer from the IT Fund in each year of the biennium.	\$0	NR	\$0	NR

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	FY 2015-16		FY 2016-17	
Transfer for Electronic Forms and Digital Signatures	(\$762,115)	R	(\$762,115)	R
Transfers funding from the IT Reserve to the IT Fund for the Electronic Forms and Digital Signatures project.	\$0	NR	\$0	NR
(S.L. 2015-268, Sec. 2.18, General Government Technical Corrections, requires the transfer.)				
Subtotal Legislative Changes	\$1,755,080	R	\$1,755,080	R
	\$0	NR	\$0	NR
<hr/>				
Revised Total Requirements	\$20,558,728		\$20,558,728	
Revised Total Receipts	\$20,558,728		\$20,558,728	
Change in Fund Balance	\$0		\$0	
Total Positions	20.63		23.00	
<hr/>				
Ending Unreserved Fund Balance	\$0		\$0	

Information Technology Internal Service Fund

Budget Code: 74660

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$24,517,058	\$24,517,058
Recommended Budget		
Requirements	\$186,223,437	\$189,000,000
Receipts	\$186,223,437	\$189,000,000
Positions	500.00	499.50

Legislative Changes**Requirements:**

FirstNet	\$0 R	\$0 R
Adjusts the IT Internal Service Fund requirements to reflect federal grant funding for the biennium for FirstNet.	\$1,086,094 NR	\$0 NR
	0.00	0.00
Adjustment for Position Transfers	\$0 R	\$0 R
Adjusts the IT Internal Service Fund to reflect the transfer of State Chief Information Officer positions from the IT Internal Service Fund to the IT Fund.	\$0 NR	\$0 NR
	-8.00	-9.00
Subtotal Legislative Changes	\$0 R	\$0 R
	\$1,086,094 NR	\$0 NR
	-8.00	-9.00

Receipts:

FirstNet	\$0 R	\$0 R
Adjusts receipts to the IT Internal Service fund to reflect federal grant funding for FirstNet.	\$1,086,094 NR	\$0 NR
Subtotal Legislative Changes	\$0 R	\$0 R
	\$1,086,094 NR	\$0 NR

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	FY 2015-16	FY 2016-17
Revised Total Requirements	\$187,309,531	\$189,000,000
Revised Total Receipts	\$187,309,531	\$189,000,000
Change in Fund Balance	\$0	\$0
Total Positions	492.00	490.50
Ending Unreserved Fund Balance	\$24,517,058	\$24,517,058

Special Provisions

2015 Session: HB 97

Department: Information Technology

Section 7.1

Title: INFORMATION TECHNOLOGY FUND

Summary Provides \$22 million in each year of the biennium to fund staff operations for the Department of Information Technology (DIT).

(S.L. 2015-268, Sec. 2.1, General Government Technical Corrections, adds \$762,115 in each fiscal year to fund Electronic Forms and Digital Signatures.

S.L. 2015-268, Sec. 2.6, General Government Technical Corrections, moves Process Management from the IT Reserve to the IT Fund in Section N of the Joint Conference Committee report on the Base, Expansion, and Capital Budgets.)

Section 7.2

Title: INFORMATION TECHNOLOGY INTERNAL SERVICE FUND

Summary Limits IT Internal Service Fund receipts to \$188 million in FY 2015-16 and \$189 million in FY 2016-17. Also, the Office of State Budget and Management (OSBM) is required to establish an information technology equipment and fixtures account to ensure that equipment is replaced on an established schedule. DIT is required to develop service rates based on actual service costs. In FY 2015-16, excess receipts may be used to offset agency and DIT budget shortfalls.

Section 7.3

Title: INFORMATION TECHNOLOGY RESERVE

Summary Provides \$21 million in each year of the biennium to fund additional IT requirements, to include fully funding the Government Data Analytics Center (GDAC), continuing IT modernization, initiating economic modeling, purchasing a new maintenance management system, expanding broadband capabilities, and increasing use of the Law Enforcement Information Exchange. A separate fund code is to be established for IT Reserve appropriations.

Section 7.4

Title: INFORMATION TECHNOLOGY ENTERPRISE ARCHITECTURE

Summary Requires DIT to develop an enterprise information technology architecture and to provide the architecture to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division (FRD) by April 15, 2016. The architecture is to be incorporated into the biennial State IT Plan.

Section 7.9

Title: **DATA CENTERS/CONSOLIDATION**

Summary Requires the State Chief Information Officer (CIO) to develop an inventory of data center operations and a plan for data center consolidation. A report on this inventory is to be provided to the Joint Legislative Oversight Committee on Information Technology and FRD by December 1, 2015. By May 1, 2016, the State CIO is to report to the Joint Legislative Oversight Committee on Information Technology and FRD on the number of physical servers eliminated as a result of data center consolidation, as well as the savings associated with the elimination.

(S.L. 2015-268, Sec. 2.9, General Government Technical Corrections, requires DIT to assist State agencies with the development of their IT plans.)

Section 7.11

Title: **INFORMATION TECHNOLOGY PERFORMANCE MEASURES**

Summary Requires the State CIO to establish specific, quantifiable performance measures by January 1, 2016, and to post the performance measures on the DIT website. Also, DIT is required to ensure that requests for proposal maximize vendor participation.

Section 7.13

Title: **ELECTRONIC FORMS AND DIGITAL SIGNATURES**

Summary Requires the State CIO to implement a digital forms program for State agencies and to report to the Joint Legislative Oversight Committee on Information Technology and FRD on the program by January 1, 2016.

(S.L. 2015-268, Sec. 2.1, General Government Technical Corrections, appropriates \$762,115 each fiscal year to fund Electronic Forms and Digital Signatures.)

Section 7.14

Title: **ECONOMIC MODELING INITIATIVE**

Summary Provides \$500,000 in each year of the biennium to the University of North Carolina at Charlotte (UNCC) to provide economic modeling for the State. UNCC is to report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on the initiative's status by January 15, 2016.

Section 7.16

Title: **STATE INFORMATION TECHNOLOGY BUDGETING**

Summary Requires DIT to work with the Office of State Budget and Management (OSBM), the Office of the State Controller (OSC), and participating agencies to institute a process to oversee and manage State agency information technology funding. By January 1, 2016, OSBM and DIT must report to the Joint Legislative Oversight Committee on Information Technology and FRD on the development process and cost savings during the current and next biennium.

Section 7.17

Title: **GOVERNMENTAL BUDGET TRANSPARENCY/EXPENDITURES ONLINE**

Summary Requires the State CIO to work with OSBM and OSC to establish a State website that will provide information on budget expenditures for State agencies and local government entities. Funding of \$814,000 is provided to support the effort.

Section 7.19

Title: **INFORMATION TECHNOLOGY SECURITY/TWO-FACTOR AUTHENTICATION**

Summary Requires the State CIO to work with the Criminal Justice Information Network (CJIN) Board of Directors to develop and implement a plan to provide a standardized, statewide two-factor authentication system. By January 15, 2016, the State CIO is to provide the completed plan to the Joint Legislative Oversight Committee on Information Technology and FRD.

Section 7.20

Title: **DATA SECURITY STUDY**

Summary Requires the Joint Legislative Oversight Committee on Information Technology to study liability issues associated with public and private sector data security.

Section 7.21

Title: **LAW ENFORCEMENT INFORMATION EXCHANGE AND CJLEADS**

Summary Requires funding appropriated for the Law Enforcement Information Exchange to be used by the CJIN Board of Directors to map the records of law enforcement agencies to allow the agencies to interface with the Law Enforcement Information Exchange. The Board must also explore the feasibility of sharing data between the Law Enforcement Information Exchange and the Criminal Justice Law Enforcement Automated Data System (CJLEADS). CJLEADS remains in GDAC, and the Department of Public Safety and the State CIO must ensure that CJLEADS obtains access to federal criminal information.

Section 7.22

Title: **ENTERPRISE RESOURCE PLANNING**

Summary Requires DIT to coordinate with OSC and OSBM to establish a program to plan, develop, and implement an Enterprise Resource Planning (ERP) system for the State. DIT is to issue a request for information and coordinate demonstrations during FY 2015-16, and subject to the availability of funding, to issue requests for proposal in 2016-17. Beginning January 1, 2016, DIT, OSC, and OSBM are to report quarterly to the Joint Legislative Oversight Committee on Information Technology and FRD on the status of the effort.

Section 7.23

Title: **STATE BROADBAND PLAN**

Summary Requires the State CIO to develop a statewide broadband plan and to submit an annual report on its implementation beginning December 1, 2015. (S.B. 615, H.B. 349)

Section 7.24

Title: **STATE PORTAL/ECONOMIC DEVELOPMENT/BUSINESS WEB SITE PLAN**

Summary Requires the State CIO to develop and implement a plan to establish a website for businesses operating, or considering operating, within North Carolina. The completed plan is to be provided to the Joint Legislative Oversight Committee on Information Technology and FRD by March 1, 2016, and the State CIO is to subsequently provide semiannual progress reports on the status of the website.

Section 7.25

Title: **AGENCY USE OF ENTERPRISE ACTIVE DIRECTORY**

Summary Requires State agencies identified as principal departments under G.S. 143B-6, unless exempted by the Governor, to use enterprise active directory by July 1, 2016. Active Directory (AD) is a Windows operating system (OS) directory service that allows interconnected, complex and different network resources to work together.

Section 7.26

Title: **STUDY STATE AGENCY USE OF UTILITY-BASED COMPUTING**

Summary Requires DIT to study the use of, and costs savings associated with, the adoption of utility-based cloud computing and to its study results to the Joint Legislative Oversight Committee on Information Technology by April 1, 2016. (S.B. 698, Edition 1)

Section 7.27

Title: **STATE FUNDED IT CONTRACTS**

Summary Requires State agencies and vendors to provide copies of contract documents, for all information technology contracts that receive State funding, to the Joint Legislative Oversight Committee on Information Technology and FRD.

Section 7A.1

Title: **ESTABLISH DEPARTMENT OF INFORMATION TECHNOLOGY**

Summary Establishes the Department of Information Technology (DIT) as a cabinet-level department that consolidates IT functions, powers, duties, obligations, and services existing within specified principal departments. The head of the Department is the State Chief Information Officer. (S.B. 268/H.B. 208)

Section 7A.2

Title: **STATUTORY CHANGES CREATING THE DEPARTMENT OF INFORMATION TECHNOLOGY**

Summary Specifies that the responsibilities of DIT include overall IT management, planning, standards, security, funding, procurement, project management, human resources, and data management (through the GDAC). Funding for the Department will be through appropriations (IT Fund and IT Reserve), rates (IT Internal Service Fund), and subscriptions (IT Internal Service Fund). Two types of agency relationships are defined: Separate agencies maintain responsibility for their IT requirements, with support from DIT; participating agencies will transfer IT assets to the Department. Participating agencies include:

Department of Administration
Department of Commerce
Department of Cultural and Natural Resources
Department of Environmental Quality
Department of Health and Human Services
Department of Revenue
Department of Transportation
Office of the Governor
Office of State Budget and Management
Office of the State Controller

The North Carolina General Assembly, the Administrative Office of the Courts, and the University of North Carolina remain exempt. (S.B. 268/H.B. 208; S.B. 560/H.B. 767)

(S.L. 2015-268, Sec. 2.2, General Government Technical Corrections, specifies that employees of DIT are subject to applicable provisions of the State Government Ethics Act under Chapter 138A of the General Statutes.

S.L. 2015-268, Sec. 2.8, General Government Technical Corrections, adds the Department of Military and Veterans Affairs as a participating agency for DIT.

S.L. 2015-268, Sec. 2.11, General Government Technical Corrections, requires DIT to provide required support to agencies during the development of their biennial IT plans.

S.L. 2015-268, Sec. 2.12, General Government Technical Corrections, requires DIT to move participating agency IT personnel to DIT following timelines established in agency transition plans.

S.L. 2015-268, Sec. 2.13, General Government Technical Corrections, specifies that personnel transferred from other State agencies to DIT are not exempt from the State Human Resources Act solely by virtue of the transfer.

S.L. 2015-268, Sec. 2.14, General Government Technical Corrections, requires State agencies to provide IT budget and expenditure information to the State CIO.

S.L. 2015-268, Sec. 2.16, General Government Technical Corrections, limits the State CIO's website approval authority to funding and contracts.

S.L. 2015-268, Sec. 2.20, General Government Technical Corrections, requires IT contractors and subcontractors to comply with E-Verify.)

Section 7A.3

Title: **INSTRUCTIONS TO THE REVISOR OF STATUTES**

Summary Provides instructions to the Revisor of Statutes regarding statutory changes required due to DIT's creation. (S.B. 268/H.B. 208)

Section 7A.4

Title: **CONFORMING AND TECHNICAL CHANGES RELATING TO DEPARTMENT OF INFORMATION TECHNOLOGY**

Summary Lists technical and conforming statutory changes by the establishment of the DIT. (S.B. 268/H.B. 208)

Section 7A.5

Title: **ADMINISTRATIVE MATTERS/DIT**

Summary Transfers pending actions and business matters from the Office of the State Chief Information Officer and the Office of Information Technology Services to DIT. (S.B. 268/H.B. 208)

Section 7A.6

Title: **DIT EFFECTIVE DATE**

Summary Establishes DIT effective on the date that HB 97 becomes law (September 17, 2015). (S.B. 268/H.B. 208)

2015 Session: HB 259

Department: Information Technology

Section 2.1

Title: **TECHNICAL CHANGE: INFORMATION TECHNOLOGY FUND**

Summary Amends S.L. 2015-241, Sec. 7.1, to provide funding of \$762,115 for Electronic Forms and Digital Signatures in each year of the biennium. To offset the requirement, the budget for IT Restructuring is reduced to \$2,775,184 in FY 2015-16 and \$2,978,812 in FY 2016-17.

Section 2.2

Title: **TECHNICAL CHANGE: DIT EMPLOYEES SUBJECT TO THE STATE GOVERNMENT ETHICS ACT**

Summary Amends S.L. 2015-241 to specify that employees of DIT are to be subject to applicable provisions of the State Government Ethics Act under Chapter 138A of the General Statutes.

Section 2.4

Title: **TECHNICAL CHANGE: INFORMATION TECHNOLOGY RESERVE POSITION CHANGES**

Summary Amends S.L. 2015-241, Joint Conference Committee Report on the Base, Expansion, and Capital Budgets, Section N, page N-5, IT Modernization to substitute positions 60093450 and 60087267 for positions 60087635 and 65020068. The designated positions are to be transferred from the IT Internal Service Fund to the IT Reserve.

Section 2.5

Title: **TECHNICAL CHANGE: ELECTRONIC FORMS AND DIGITAL SIGNATURES**

Summary Amends S.L. 2015-241 to specify that \$762,115 will be appropriated in each year of the biennium for Electronic Forms and Digital Signatures.

Section 2.6

Title: **TECHNICAL CHANGE: PROCESS MANAGEMENT**

Summary Amends S.L. 2015-241, Joint Conference Committee Report on the Base, Expansion, and Capital Budgets, Section N, to move Process Management, the standardization function within DIT, from the IT Reserve to the IT Fund.

Section 2.8

Title: **TECHNICAL CHANGE: DEPARTMENT OF MILITARY AND VETERANS AFFAIRS DIT PARTICIPATING AGENCY**

Summary Amends S.L. 2015-241, Sec. 7A.2, to add the Department of Military and Veterans Affairs as a participating agency for DIT.

Section 2.9

Title: **TECHNICAL CHANGE: DATA CENTERS/CONSOLIDATION**

Summary Amends S.L. 2015-241, Sec. 7.9(d), to reflect General Statute changes resulting from DIT's creation.

Section 2.11

Title: **TECHNICAL CHANGE: DIT SUPPORT TO AGENCY IT PLANS**

Summary Amends S.L. 2015-241, Sec. 7A.2, to require the Department of Information Technology to provide required support to agencies during the development of their biennial information technology plans.

Section 2.12

Title: **TECHNICAL CHANGE: TRANSFER OF PARTICIPATING AGENCY IT PERSONNEL TO DIT**

Summary Amends S.L. 2015-241, Sec. 7A.2, to require the Department of Information Technology to move participating agency information technology personnel from other State agencies into the newly created DIT, following timelines established in agency transition plans.

Section 2.13

Title: **TECHNICAL CHANGE: IT PERSONNEL EXEMPTIONS FROM STATE HUMAN RESOURCES ACT**

Summary Amends S.L. 2015-241, Sec. 7A.2, to specify that personnel transferred from other State agencies to the Department of Information Technology are not exempt from the State Human Resources Act solely by virtue of the transfer.

Section 2.14

Title: **TECHNICAL CHANGE: PROVISION OF IT BUDGET AND EXPENDITURE INFORMATION TO STATE CIO**

Summary Amends S.L. 2015-241, Sec. 7A.2, to require State agencies to provide the State CIO IT budget and expenditure information.

Section 2.16

Title: **TECHNICAL CHANGE: STATE CIO WEBSITE APPROVAL AUTHORITY**

Summary Amends S.L. 2015-241, Sec. 7A.2, to limit the State CIO's agency website approval authority to funding and contracts.

Section 2.18

Title: **TECHNICAL CHANGE: ADJUST IT RESERVE BUDGET**

Summary Amends S.L. 2015-241, Joint Conference Committee Report on the Base, Expansion, and Capital Budgets, Section N, to require that position 65000718 be funded from the appropriation for IT Restructuring.

Section 2.20

Title: **TECHNICAL CHANGE: E-VERIFY REQUIREMENTS**

Summary Amends S.L. 2015-241, Section 7A.2, to require IT contractors and subcontractors to comply with E-Verify.

Salaries and Benefits

Section O

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Statewide Reserves: Salaries

State Funded Compensation and Salary Increases

The State funds 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 \$10.9 billion for FY 2015-16. Total payroll is expected to exceed \$16.0 billion, including receipts from State agencies, universities, local public schools, and community colleges.

Significant Legislative Budget Actions

The General Assembly appropriated the following to provide salary increases and compensation bonuses for employees paid from State funds:

	FY 2015-16	
	Recurring	Nonrecurring
General Fund	\$110,967,769	\$202,283,405
Highway Fund	\$0	\$5,694,136
Total	\$110,967,769	\$207,977,541

These appropriations provide:

1. A \$750 compensation bonus for all permanent, full-time employees employed on November 1, 2016. The bonus is pro-rated for permanent, part-time employees.
2. A step increase for educators, school-based administrators, the State Highway Patrol, Assistant and Deputy Clerks of Superior Court, and Magistrates.
3. Differential pay for correctional officers based on the custody level of the facility.
4. An increase in starting pay from \$3,300 per month to \$3,500 per month for educators.
5. Salary increases for employees of local community colleges; each local board will have the flexibility to administer their portion of the \$10 million appropriated in FY 2015-16.
6. Market adjustments for the State Highway Patrol and Forensic Scientists at the State Crime Lab.
7. Funds for market-based adjustments through the Salary Adjustment Fund and the Office of State Human Resources (OSHR) compensation structure changes.

Historical Compensation Information

Three tables at the end of this 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 2015-241, House Bill 97

State Agency, University, and Community College Personnel

Section: 30.1

Title: **GOVERNOR AND COUNCIL OF STATE**

Summary Maintains the Governor and Council of State annual salaries at the same rates as FY 2014-15.

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Subsections (a) and (b) delineate the Governor's salary (\$142,265) and the salaries of the Council of State (\$125,676).

Subsections (c) and (d) require OSHR to study the compensation of the Council of State and report the findings of the study to the Senate and House Appropriations Committees by May 1, 2016.

Section: 30.2

Title: **CERTAIN EXECUTIVE BRANCH OFFICIALS**

Summary Continues the salaries of certain executive officials at the rates established for FY 2014-15.

Executive Officials	FY 2015-16
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: 30.3

Title: **JUDICIAL BRANCH**

Summary Maintains the annual salaries of permanent, full-time judicial branch employees at the rates effective July 1, 2015.

Subsection (a) lays out the annual salary of Judges, Clerks of Superior Court, certain administrative officers, district attorneys, and public defenders as shown below.

Judicial Personnel	FY 2015-16
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 (b) states that salaries of permanent full-time employees of the judicial branch shall not be legislatively increased but may be increased as otherwise allowed by law.

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

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exceed \$72,797 or the minimum salary fall below \$38,628, reflecting no change in salary relative to FY 2014-15.

Subsection (d) 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.

Subsections (e), (f), and (g) make changes related to the Director of the Administrative Office of the Courts (AOC). Subsection (e) adds time served as the Director of AOC to the service that counts towards judicial longevity. Subsection (f) sets the salary, longevity, and retirement of the Director of AOC to that of the Chief Judge of the Court of Appeals; the Director's salary increases from \$129,259 to \$137,682; there is no change in longevity. Subsection (g) amends G.S. 135-58(a6) to reflect this change in retirement eligibility for the Director, increasing the multiplier from 3.52% to 4.02%.

The salaries of certain judicial branch officials are typically set in this section each year. Since most State employee salaries were unchanged in FY 2015-16, the salaries of Clerks of Superior Court, Assistant Clerks and Head Bookkeepers, Deputy Clerks, Magistrates did not appear in S.L. 2015-241, Section 30.3.

For convenience, these salaries have been provided below:

Clerks of Superior Court	FY 2015-16
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

Assistant Clerks and Head Bookkeeper	FY 2015-16
minimum	\$32,609
maximum	56,424

Deputy Clerks	
minimum	\$28,223
maximum	44,107

Magistrates	FY 2015-16
Entry Rate	\$35,275
Step 1	37,950
Step 2	40,835
Step 3	43,890
Step 4	47,550
Step 5	51,960
Step 6	56,900

Magistrates serving on June 30, 1994	Minimum	Maximum
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

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Section: 30.4

Title: **LEGISLATIVE BRANCH**

Summary Continues the salary set in FY 2014-15 for legislative branch employees. Subsection (a) does 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.

Subsection (b) ensures that the salaries of non-elected employees of the General Assembly are not legislatively increased but may be increased as otherwise allowed by law. Subsection (c) ensures that all legislative employees receive the \$750 compensation bonus.

The salaries of certain legislative branch officials are typically set in this section each year. Since most State employee salaries were unchanged in FY 2015-16, the salaries of the Principal Clerks, Sergeants-at-Arms, and Reading Clerks did not appear in S.L. 2015-241, Section 30.4.

For convenience, these salaries have been provided below:

	FY 2015-16
Principal Clerks in the House of Representatives and Senate	\$106,333
Sergeants-at-Arms, Reading Clerks in the House of Representatives and Senate	\$404/ week

Section: 30.5

Title: **COMMUNITY COLLEGES PERSONNEL**

Summary Maintains the minimum salary of community college faculty at the rates authorized in FY 2014-15. Subsection (b) authorizes the local community college boards to provide salary increases for merit pay, across-the-board increases, recruitment bonuses, retention increases, and pursuant to policies adopted by the State Board of Community Colleges. The State Board of Community Colleges must report to the General Assembly on the use of the \$10 million appropriated in FY 2015-16 for salary increases no later than March 1, 2016.

Section: 30.6

Title: **UNIVERSITY OF NORTH CAROLINA SYSTEM**

Summary Maintains the annual salaries of permanent, full-time University of North Carolina employees at FY 2014-15 levels but allows those salaries to be increased as otherwise allowed by law.

Section: 30.7

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. 2015-241, Section 9.1.

Section: 30.8

Title: **ALL STATE-SUPPORTED PERSONNEL**

Summary Provides administrative details on salary increases for State-supported personnel.

Subsection (a) states that unless otherwise provided in S.L. 2015-241, no salaries shall be legislatively increased but may be increased as otherwise allowed by law, and that all eligible State-supported personnel shall receive the \$750 compensation bonus.

Subsection (b) requires that any increases or bonuses shall be funded from and in the same proportion as the source of funds currently funding the position.

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Subsection (c) prohibits employees whose last day of service was prior to July 1, 2015 from receiving any increases.

Subsection (d) addresses positions on statutory pay plans and makes the FY 2015-16 step increases for assistant and deputy clerks of Superior Court, magistrates, and State Highway Patrol troopers effective January 1, 2016.

Subsections (e) and (f) address administrative details of authorized salary increases, stating that payment after July 1, 2015 for services provided prior to July 1, 2015 are not eligible for salary increases and that no funds shall be transferred between the General Fund and Highway Fund for salary increases.

Section: 30.9

Title: **MOST STATE EMPLOYEES**

Summary States that, except as otherwise provided in Part 30 of S.L. 2015-241, the annual salaries in effect on June 30, 2015 for (1) permanent full-time State officials and persons in positions subject to and exempt from the State Human Resources Act, (2) permanent part-time State employees, and (3) temporary and permanent hourly State employees shall not be legislatively increased. Salaries may be increased as otherwise allowed by law.

Section: 30.10

Title: **USE OF FUNDS APPROPRIATED FOR LEGISLATIVELY MANDATED SALARY INCREASES, COMPENSATION BONUSES, AND EMPLOYEE BENEFITS AND CLOSURE OF WORKERS' COMPENSATION CLAIMS**

Summary Requires OSBM to ensure that funds appropriated for legislatively mandated salary increases, the compensation bonus, and employee benefits are used only for the intended purposes.

Subsection (a) states the intended uses of the funds and that any funds remaining in these reserves be split equally between the reserve for the closure of workers' compensation claims and the Parks and Recreation Trust Fund.

Subsection (b) allows the Director of the Budget to reallocate funds between departments as needed to meet required salary increases, bonus obligations, and benefit increases.

In Subsection (c), OSBM is required to report to the Joint Legislative Commission on Governmental Operations by March 1, 2016 on the use and reallocation of these funds and the amount of funds expected to be distributed to the Reserve for Workers' Compensation and the Parks and Recreation Trust Fund.

Section: 30.11

Title: **MONITOR SALARY INCREASES**

Summary Directs OSBM and OSHR to report to the Joint Legislative Commission on Governmental Operations semiannually on nonlegislative salary increases in State agencies, departments and institutions, the judicial branch, and the University of North Carolina system.

Subsection (b) requires the Legislative Services Officer to report semiannually to the Speaker of the House of Representatives and the President Pro Tempore of the Senate on nonlegislative salary increases.

Section: 30.12A

Title: **SALARY ADJUSTMENT FUND**

Summary Provides funding to support agency and university requests for salary range revisions, special minimum rates, geographic site differentials, and grade to band transfers in order to provide

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competitive salary rates. Requests must be documented through data collection and analysis in accordance with accepted human resources practices.

Subsection (b) requires that the Salary Adjustment Fund (SAF) be used to increase the salaries of two positions: the new Secretary of Military and Veterans Affairs and the Transportation Museum Director.

Section (d) authorizes the Director of the Budget to transfer SAF funds to agency budget codes as required to support approved adjustments.

Subsections (e), (f), and (g) address eligibility for SAF monies. The judicial branch is eligible for funds while the UNC System, local community colleges, and local education agencies are ineligible for funds. In addition, any position that receives a legislative increase through the appropriations act is ineligible for SAF funding.

Section: 30.13

Title: **EXTENDED REORGANIZATION THROUGH REDUCTION AUTHORIZATION**

Summary Continues the Reorganization through Reduction program through June 30, 2017 and requires OSHR and OSBM to report to the Joint Legislative Commission on Governmental Operations on the program annually. Payments made pursuant to this program shall be made from funds available within the reorganizing agency.

Section: 30.14

Title: **SALARY DETERMINATIONS FOR CERTAIN LICENSED HEALTH PROFESSIONALS**

Summary Grants all State agencies, departments, and institutions salary administration flexibility for licensed physicians, dentists, nurses, physicians assistants, pharmacists, and other allied health professionals. The flexibility must be exercised within existing resources and may not exceed OSHR-established salary range maximums. OSHR shall report salary actions taken under this section to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division by September 1 annually.

Section: 30.15

Title: **STATE HIGHWAY PATROL SALARIES**

Summary Provides a 3% market adjustment to all sworn members of the State Highway Patrol and requires an increase in starting trooper pay from \$35,000 per year to \$36,050 per year. This increase is in addition to the step increase authorized for certain eligible troopers and the compensation bonus.

Section: 30.16

Title: **ESTABLISH CODIFIER OF RULES POSITION**

Summary Establishes a codifier of rules position within the Office of Administrative Hearings.

Subsection (a) defines the codifier of rules as the person appointed by the chief administrative law judge (ALJ) pursuant to G.S. 7A-760(b).

Subsection (b) rewrites G.S. 7A-760 to direct the chief ALJ to appoint a codifier of rules and sets the salary of the codifier of rules to 90% of the salary of the chief ALJ and grants this position longevity pay on the same basis as is provided to State employees subject to the State Human Resources Act.

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Section: 30.17

Title: **STUDY COMPENSATION OF EMERGENCY MANAGEMENT PERSONNEL**

Summary Directs OSHR to study the compensation of State emergency management personnel within the Department of Public Safety (DPS) and to report the findings to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division by February 1, 2016.

Subsection (b) authorizes salary increases for emergency management personnel using funds remaining in the compensation reserves appropriated in this act if OSHR finds that market-based salary increases for these personnel are warranted.

Section: 30.18

Title: **STATE WORKERS' COMPENSATION REFORM**

Summary Reorganizes and appropriates funds for the State's workers' compensation program.

Subsection (a) creates a reserve of over \$23 million in OSBM. In addition, 50% of funds remaining in the compensation and benefit reserves will be used for the closure of existing workers' compensation claims. Of the \$23 million directly appropriated to the reserve, \$2 million is to be used to close existing workers' compensation claims. The remaining \$21 million is to be distributed to State agencies to fund workers' compensation line items. The distribution should be based on historical workers' compensation expenditures

Subsection (b) rewrites Article 63 of Chapter 143 of the General Statutes to consolidate the State's workers' compensation program into OSHR, transitioning the State Employees Workplace Requirements Program for Safety and Health into the State Employees Workplace Requirements Program for Safety, Health, and Workers' Compensation.

Subsection (c) rewrites G.S. 143-166.14 to clarify (1) when an employee is eligible for salary continuation, (2) the term salary as it is used in the salary continuation program, and (3) the relationship between workers' compensation and salary continuation, making it is clear that time spent on salary continuation is part of an employee's total workers' compensation eligibility (i.e. the time periods for these two benefit run concurrently not subsequently).

Subsection (d) directs OSHR to report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the implementation of these changes by February 1, 2016.

Subsection (e) requires the Department of Administration to reclassify three vacant positions to OSHR for the workers' compensation program.

Section: 30.18A

Title: **COMPENSATION BONUS AWARDED FOR FISCAL YEAR 2015-2016**

Summary Provides a \$750 one-time lump-sum compensation bonus to any employee whose salary is set in Part 9 or Part 30 of S.L. 2015-241 and who is employed in a State-funded position on November 1, 2015. The bonus is to be paid in December 2015.

Subsection (b) notwithstanding G.S. 135-1(7a) to state that this one-time bonus is not considered compensation for retirement purposes (Article 1 of Chapter 135).

Subsection (c) states that the bonus is not part of annual salary and shall be paid out separately to eligible permanent employees without regard to the employee's placement within the salary range, including employees at the top of the salary range. This bonus is to be pro-rated for permanent part-time employees.

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Public School Employees

This section summarizes salary increases for public school employees. A summary of each section is also available in the Education portion of the Annotated Conference Committee Report.

Section: 9.1

Title: **TEACHER SALARY SCHEDULE**

Summary Sets the monthly salary schedule for the 2015-16 school year for certified personnel of North Carolina public schools.

Subsection (a) sets the monthly salary schedule for the 2015-16 school year for licensed public school personnel who are classified as teachers and hold a bachelor's degree. A salary schedule showing the Bachelor's, NBPTS, Master's, and NBPTS & Master's schedules is provided at the end of this summary.

Subsection (b) lists the salary supplements for licensed teachers who have additional education or certification, including holding a National Board of Professional Teaching Standards (NBPTS) certification, a master's degree (and are classified as "M" teachers), a license based on academic preparation at the six-year degree level, or a license based on academic preparation at the doctoral degree level. Certified school nurses receive a 10% salary supplement.

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

Subsection (d) sets the 26th step of the salary schedule for school psychologists, speech pathologists, and school audiologists to be 7.5% higher than the salary on the 25th step.

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

Subsection (f) holds harmless teachers who did not receive a salary increase on the new salary schedule to the amount received in FY 2014-15, including any State-provided bonuses and longevity increases, if applicable.

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

Monthly Teacher Salary Schedule¹

2015-16 School Year

NBPTS Bonus = 12% greater than the "A" Schedule
Master's Bonus = 10% greater than the "A" Schedule

Years of Experience	"A" Teachers	NBPTS "A" Certification	"M" Teachers²	NBPTS "M" Certification
0 - 4	\$3,500	3,920	3,850	4,270
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+ ³	5,000	5,600	5,500	6,100

¹ 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.

² Section 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.

³ See Section 9.1(f), which ensures that no educator is paid less in FY 2015-16 than in FY 2013-14.

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Section: 9.2

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

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

Subsection (a) sets the salary schedule for the 2015-16 school year for principals and assistant principals, known collectively as SBAs.

Subsections (b) and (c) define the classification and experience-based step placement on the salary schedule for SBAs, 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 are set at 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.

Subsections (d) and (e) maintain the monthly salary supplements and longevity payments for SBAs. SBAs with a six-year degree receive a supplement of \$126 monthly and those with a doctoral degree receive \$253 monthly. Longevity continues at the rates provided to State employees under the North Carolina Human Resources Act.

Subsection (f) mandates 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 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 degree program in school administration receive up to a 10-month stipend 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 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 principals or assistant principals not receiving a salary increase under the new salary schedule.

The following table provides the FY 2015-16 monthly salary schedules for principals and assistant principals.

Monthly Principal and Assistant Principal Base Salary Schedule

2015-16 School Year

Yrs of Exp	Assistant ²	Principal ¹							
		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	\$3,909								
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

¹ Principal classification, i.e. Principal I, II, III, etc., is based upon the number of State-paid teachers and assistant principals supervised.

² 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: 9.3

Title: **CENTRAL OFFICE SALARIES**

Summary Sets 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 for the 2015-17 biennium. Salary ranges are unchanged from FY 2014-15.

The following monthly salary ranges apply to public school assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2015-16 fiscal year, beginning July 1, 2015:

	2015-16	
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 2015-16 fiscal year, beginning July 1, 2015:

	2015-16	
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: 9.4

Title: **NONCERTIFIED PERSONNEL SALARIES**

Summary States that salaries of noncertified public school employees shall be unchanged for the 2015-17 biennium.

(S.L. 2015-268, Sec. 3.2, General Government Technical Corrections, amends this section to clarify that salaries may be increased as otherwise provided by law, consistent with other State employees.)

Section: 9.5

Title: **NO PAY LOSS FOR TEACHERS WHO BECOME ADMINISTRATORS OR ASSISTANT PRINCIPALS WHO BECOME PRINCIPALS**

Summary Amends current law to ensure no loss of pay for teachers who become administrators or for assistant principals who become principals.

Subsection (a) modifies Section 7.22.(b) of S.L. 2009-451 to make a conforming change.

Subsection (b) modifies G.S. 115C-285(a) to require that an assistant principal who becomes a principal without a break in service be paid, on a monthly basis, at least as much as he or she would earn as an assistant principal.

(S.L. 2015-268, Section 3.3, General Government Technical Corrections, adds subsection (c) to clarify that salary increases due to this section do not apply to work performed prior to July 1, 2015.)

Across-the-Board Salary Cost for Each 1% Increase
 (\$ Millions)

Year	General Fund	Highway Fund
2000-01	\$ 86.45	\$ 4.33
2001-02	89.73	4.32
2002-03 ^b	91.05	4.19
2003-04 ^c	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 ^d	130.65	5.54
2010-11 ^d	129.73	5.40
2011-12 ^d	131.29	5.32
2012-13	133.32	3.89
2013-14 ^d	135.72	3.80
2014-15 ^e	131.43	4.03
2015-16 ^f	134.43	3.87

- 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.
- f No across-the-board percentage-based salary increases were funded by the General Assembly for employees or teachers in FY 2015-16; the General Assembly provided a flat \$750 bonus for permanent State employees and State-funded local employees. Step increases and certain other salary increases were given 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 ^a	-0-	-0-
1983-84 ^a	5%	5%
1984-85 ^a	10%	10% + 4.8% salary classification adjustment
1985-86 ^b	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 ^c	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% (2.9% average)
2002-03	-0-	0% - 5.85% (1.8% average)
2003-04	-0-	1.42% - 5.86% (1.8% 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% (2.2% average)
2006-07	5.5% across-the-board increase	6.45% - 14.05% (8.2% 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 ^d	1.2% across-the-board increase	1.2% across-the-board increase
2013-14	-0-	-0-
2014-15 ^e	\$1,000 for State employees \$500 for central office and noncertified public school employees	0.5% - 18.5% (7% average)
2015-16 ^f	-0- + \$750 compensation bonus	0 - 9.6% (3.8% 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.

f Starting pay for educators was increased from \$3,300 per month to \$3,500 per month, a 6.1% raise for educators on steps 0-4. The step increase for educators changing tiers of the schedule provides an increase ranging from 6.5% to 9.6%.

Average Salary of Employee Subject to the Human Resources Act

Year	Average Salary ^{a, 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
2014-15	43,785

a Prior to 1972, computations were made every two years.

b The average salary is determined using permanent employees subject to the State Human Resources Act 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

State Retirement Systems

The State 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, 2014, the most recent valuation date, TSERS had approximately 307,000 contributing members and paid retirement benefits of \$4.1 billion annually to 195,000 beneficiaries. As of December 31, 2014, the market value of assets totaled \$64.6 billion while the actuarially-recognized assets totaled approximately \$64.7 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. TSERS was considered 96% funded (i.e., 0.96 in assets for each 1.00 of liabilities) based upon the recognized assets as of December 31, 2014.

The following table reflects the employer contribution rates to TSERS since FY 2002-03.

Fiscal Year	Employer Rate
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%
2015-2016	9.15%

For FY 2015-16, the legislature 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. The amounts labeled "State Retirement Contributions" combine any additional contributions to TSERS, the Disability Income Plan (DIP), the Death Benefit, and the Retiree Health Benefit Fund because agency budget and accounting staff commonly view the total as the retirement contribution. Section 30.10 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 2015, the General Assembly enacted the following recurring changes in General Fund appropriations to the various retirement systems or pension funds:

Changes in State Appropriations

General Fund for Legislative Retirement System
General Fund for National Guard Pension Fund
TOTAL

FY 2015-16

\$65,160

1,027,025

\$1,092,185

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Significant Special Provisions

Session Law 2015-241, House Bill 97

Section: 30.20

Title: **SALARY-RELATED CONTRIBUTIONS**

Summary: Sets the contribution rates for the retirement systems for the 2015-17 biennium. The contribution rate to TSERS is 15.32% 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 (DIP), 0.16% of payroll for the Death Benefit, and 5.60% of payroll for retiree health benefits.

Section: 30.24

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 \$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. The new benefit is \$105 per month with 20 years of service, plus \$10.50 for each additional year of service, up to a maximum of \$210 per month with 30 years of service.

Section: 30.30

Title: **CLARIFY AND AMEND THE LAW PROVIDING FOR PURCHASE OF SERVICE BY MEMBERS OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM FOR EDUCATIONAL LEAVE**

Summary: Limits the situations in which service credit can be purchased in TSERS for educational leave. Previously, some TSERS members were able to purchase service for periods in which they were working full-time at non-governmental entities. Under this section, service can only be purchased for service at a charter school or if the member is enrolled in a full-time degree program, is not paid for the relevant activity, and does not perform services for certain nonprofit organizations named in statute.

Section: 30.30A

Title: **QUALIFIED EXCESS BENEFIT ARRANGEMENT**

Summary: Extends the sunset for participation in the Qualified Excess Benefit Arrangements (QEBAs) related to both TSERS and LGERS from January 1, 2015 to August 1, 2016. The QEBAs pay benefits under the TSERS and LGERS formula that are in excess of limits in Section 415 of the federal Internal Revenue Code. Those who retire prior to August 1, 2016 will be eligible for the excess benefits.

Additional Legislation

S. L. 2015-67 (H.B. 274)

Title: **RETIREMENT TECHNICAL CORRECTIONS ACT OF 2015 - AB**

Summary: Amends several different statutes governing the TSERS, Local Governmental Employees' Retirement System (LGERS), and DIP as follows:

Section 1: Clarifies the definition of membership in TSERS with regard to hours worked. These revisions observe the opinion of the NC Supreme Court from 1997 in Wiebenson v. Bd. of Trustees.

Section 2: Conforms one reference to the effective date of the offset for Social Security Disability benefits to other references to the offset within the DIP statutes.

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Section 3: Changes the asset transfer period for the QEBA in TSERS and LGERS from a fiscal year to a calendar year, to align with how the benefits are paid.

Section 4: Repeals superceded LGERS investment statutes.

Section 5: Clarifies a recently amended law pertaining to the rules surrounding funds recovered from legal settlements to correct a conflict with the Federal Exclusive Benefits rule.

Section 6: Conforms TSERS statutes granting credit for military service to current practice and federal law.

S. L. 2015-88 (S.B. 99)

Title: **FIRE, RESCUE, & SAFETY WORKER SYSTEM CHANGES**

Summary Amends statutes governing the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF), LGERS, and line-of-duty death benefits under Article 12A of Chapter 143, of the General Statutes as follows. Also amends statutes governing fire and rescue relief and assistance funds, which are not covered in this summary.

Section 2: Amends G.S. 58-86-10 to allow the Board of Trustees overseeing the FRSWPF to correct any benefit payment being received by a member or beneficiary that was being incorrectly paid due to the submission of fraudulent or incorrect information.

Sections 3 and 4: Require each eligible fire department and rescue or emergency medical services squad to annually report a certified roster of all members meeting the eligibility qualifications of the FRSWPF, and specify that such submission constitutes a certification of its accuracy under applicable accounting standards.

Section 8: Applies new definitions of the terms "firefighter" or "fireman" as they apply to the line-of-duty death benefits.

Section 9: Provides that the line-of-duty death benefit will be paid in a \$50,000 lump sum in all circumstances. Currently, the benefit is paid \$20,000 in the first year, and \$10,000 in each of the next three years to surviving spouses and dependents.

Section 10: Requires certain nonprofit fire departments participating in LGERS to include a provision in their charter allowing the local government with which they have the largest contract to remove a majority of the members of the Board of Trustees or Directors of the fire department.

S.L. 2015-168 (H.B. 276)

Title: **AGENCY PARTICIPATION PROCEDURES ACT OF 2015**

Summary Amends several different statutes governing the participation of charter schools in TSERS and local governments in LGERS, as follows:

Section 1: Creates a new procedure for charter schools to participate in the Retirement System by removing the 30-day time limit for charter schools to elect to participate and authorizing the Board of Trustees to approve applications from charter schools. During the first year of operation, charter schools may participate on a provisional basis. After the first year, participation by all charter schools must be approved by the Board of Trustees based on the results of an actuarial and a financial review.

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Section 2: Requires the Fiscal Research Division of the General Assembly to obtain an estimate of the withdrawal liability for any bill that would allow a unit to cease participation in TSERS or LGERS.

Section 3: Establishes procedures for an employing unit to withdraw from TSERS or LGERS. Imposes a lump sum withdrawal liability equal to the actuarial present value of the additional liabilities imposed upon the System by the withdrawal of the unit, as determined by the System's consulting actuary.

Section 4: Amends the governing dissolution of a charter school to provide that in the event of a voluntary or involuntary dissolution of a charter school, the funds reserved for closure proceedings shall be applied to pay wages to employees, to funds owed to the Retirement System, and to funds owed to the State Health Plan, in that order.

Sections 5 and 6: Disallows "prior service" in LGERS for local governments joining in the future. Prior service is service rendered to an employer prior to the time the employer began participation in LGERS.

Section 7: Amends the laws governing the contribution based benefit cap purchase provision (the anti-pension spiking provision) in TSERS and LGERS. The change would authorize the Retirement System to allow employers to pay the lump sum amount necessary to restore an affected member's retirement allowance to the pre-cap amount in an installment payment plan.

S.L. 2015-164 (H.B. 277)

Title: **RETIREMENT ADMIN. CHANGES ACT OF 2015-AB**

Summary Amends several different statutes governing TSERS, LGERS, Consolidated Judicial Retirement System (CJRS), Legislative Retirement System (LRS), and the Supplemental Retirement Plans (NC 401(k), NC 457, and NC 403(b)) as follows:

Section 1: Changes the length of terms for members of the Supplemental Retirement Board of Trustees from two years to three years. This section also sets a limit of two consecutive terms and staggers the expiration of the terms.

Section 2: Authorizes the Department of State Treasurer to contract with vendors for food services for employees. The net proceeds from such contracts will be transferred to the Division of Services for the Blind.

Section 3: Amends the types of investment entity structures that are authorized for the State's externally managed fixed income investments. This section also increases the limit on exemptions for daily deposit requirements for public agencies.

Section 4: Clarifies the volunteer service provision in the definition of retirement under TSERS to allow retirees to work as volunteers in bona fide unpaid volunteer positions during the six months following their effective date of retirement.

Section 5: Requires participating employers to attest to the accuracy of their monthly data submissions as part of ongoing annual audit procedures for compliance with the latest standards from the Governmental Accounting Standards Board.

Section 6: Allows the Office of State Budget and Management (OSBM) to redirect a portion of State-appropriated funds equivalent to the amount of monthly contributions due to the Retirement Systems if an employer fails to submit payment within 90 days.

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Section 7: Grants the Boards of Trustees the flexibility to prevent the expiration of administrative rules that protect inchoate rights of members of the Retirement System, so as not to take away any existing benefits that are specified in the expiring rules.

Section 8: Clarifies the application of the "1,000-Hour Rule" in LGERS and revises the definition of "regularly employed" to exclude temporary employees and statutorily defined interim city and county managers, allowing such employees to work in retirement.

Section 9: Provides an exemption from the State Human Resources Act for staff of the Supplemental Retirement Plans.

Section 10: Clarifies the procedures for paying a member's Required Minimum Distributions at age 70-1/2.

Section 11: Changes the enforcement policy for situations in which a retiree performs a small amount of work during the six months following retirement in TSERS or the one month following retirement in LGERS. Under current law, a member who performs any work at all during this period is deemed to have never retired and must repay all benefits received. Under this section, the repayment would be limited to three times the amount earned for work performed during the period.

Statewide Reserves: State Health Plan

State Health Plan for Teachers and State Employees

The State Health Plan for Teachers and State Employees (SHP) 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 SHP. Eligible dependents of active and retired employees are authorized to participate in the SHP provided they meet certain requirements.

Employees and retired employees of selected local governments may also participate in the SHP under certain conditions. Members of fire departments, rescue squads, and the National Guard may obtain coverage under the SHP provided they meet certain eligibility criteria.

The State finances the SHP 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 May 2015, the SHP had 685,243 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 SHP were projected to be \$3.0 billion for FY 2015-16.

Significant Legislative Budget Actions

In 2015, the General Assembly enacted the following recurring changes in General Fund and Highway Fund appropriations to the SHP:

Changes in State Appropriations

General Fund
Highway Fund
TOTAL

FY 2015-16

\$35,195,436
994,571

\$36,190,007

The additional appropriations for the SHP were distributed throughout the Committee Report, instead of being consolidated in the Reserves section, based on the estimated position count and payroll for each subset of the employee population. The additional appropriations for active employee premiums are shown under the label "State Health Plan" and contributions made to the Retiree Health Benefit Fund for retiree coverage are incorporated into the amount for "State Retirement Contributions" to align with typical budgeting and accounting procedures at the agency level.

Significant Special Provisions

Session Law 2015-241, House Bill 97

Section: 30.20

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 1.7% relative to FY 2014-15. The Board of Trustees typically increases employer contributions in January, to coincide with the plan year, so the monthly contribution can increase by as much as 3.4% at that time.

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Section: 30.25

Title: **ALLOW RETIREES WHO RETURN TO WORK FOR THE STATE IN NONPERMANENT POSITIONS TO RETAIN THEIR COVERAGE OPTIONS UNDER THE STATE HEALTH PLAN FOR TEACHERS AND STATE EMPLOYEES RATHER THAN LIMITING SUCH RETIREES' COVERAGE OPTIONS TO THE "BRONZE LEVEL" HIGH-DEDUCTIBLE HEALTH PLAN NECESSITATED BY THE AFFORDABLE CARE ACT**

Summary: Allows State retirees who are working for State agencies, universities, local public schools, and local community colleges on a full-time basis (as defined in the federal Affordable Care Act) to have the same State Health Plan coverage as permanent full-time employees. Section 35.16A of SL 2014-100 required these rehired retirees to be covered under an alternative plan that met only the minimum standards of the Affordable Care Act. Since the alternative plan was significantly less attractive than the coverage these individuals had available as retirees in the State Health Plan, many of them chose to quit working or reduce their hours to an average of less than 30 hours per week to avoid the alternative plan. This created difficulty for State employers in finding non-permanent employees such as substitute teachers, interim principals, interim division directors, and adjunct faculty. This section is effective January 1, 2016 and only applies to those employers that elect to be covered by the provision. For the 2015 calendar year and for any employer that elects not to be covered by the provision, the alternative plan will continue to be offered to full-time rehired retirees. This section does not modify any of the long-standing restrictions on earnings and nature of employment for rehired retirees which are contained in the retirement statutes.

Section: 30.26

Title: **RESERVE FOR FUTURE BENEFITS NEEDS/STATE HEALTH PLAN CASH RESERVE**

Summary: Encourages the State Treasurer and Board of Trustees to take action to reduce expected employer contribution increases in the 2017-19 biennium. Current projections show employer contributions increasing 16.12% in January 2018 and an additional 16.12% in January 2019.

Subsection (a) states the General Assembly's intent to make the \$71 million appropriated to the Reserve for Future Benefits Needs for FY 2016-17 available to the Plan if the Treasurer and Board adopt what the General Assembly deems to be sufficient measures to reduce employer contribution increases.

Subsection (b) requires the Plan to maintain a cash reserve of 20% of annual expenses during the 2015-17 biennium, which current projections show can only be maintained if expenses are reduced or revenue is increased. The Treasurer and Board have broad authority under Article 3B of Chapter 135 of the General Statutes to modify benefits, payments to providers, and/or member contributions to achieve these objectives.

Additional Legislation

S.L. 2015-100 (H.B. 190)

Title: **STATE HEALTH PLAN MODIFICATIONS - AB**

Summary Amends statutes governing the SHP as follows:

Section 1: Amends G.S. 135-48.42(e) to allow retirees and dependents to dis-enroll themselves or their dependents during a plan year without the occurrence of a qualifying event.

Section 2: Amends G.S. 135-48.44(a)(4) to align with G.S. 135-48.42(e), which requires a qualifying event in order for active employees to dis-enroll during a plan year.

Section 3: Amends G.S. 135-48.40(b) to clarify that reduction-in-force coverage is available to retirees who are not eligible for non-contributory coverage during retirement.

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Section 4: Amends G.S. 135-48.41(g) to clarify that surviving spouses of Disability Income Plan recipients are eligible for fully contributory coverage, the same as surviving spouses of active employees and retirees.

Section 5: Amends G.S. 135-48.42(a) to clarify that the 30 day window to enroll after hire applies to all types of contributory status.

S.L. 2015-112 (H.B. 154)

Title: **LOCAL GOVERNMENTS IN STATE HEALTH PLAN**

Summary Sections 1-3: Add local governments to the list of employers eligible to participate in the SHP under the following conditions:

- Local government must meet certain administrative and legal requirements.
- Local government shall determine which employees and dependents are eligible and what portion of the premium they will pay. Retirees are not eligible to participate.
- Total premiums paid to the SHP will be the same as the fully contributory premiums for State employees and cannot vary by claims experience.
- SHP may charge 1.5% interest per month for late payment of premiums.

The SHP is required to admit any local government meeting those requirements, regardless of claims experience. Participation is optional for the local government.

Once the number of employees and dependents of employees of local governments enrolled in the SHP reaches 10,000, no additional local governments will be allowed to join.

The law only allows local governments with less than 1,000 employees and dependents to participate. 18 local governments already participate in the SHP, covering 2,118 employees, 980 dependents and roughly 500 retirees.

Section 4: Permits the Board of Directors of Pioneer Springs Community School, a public charter school, to become a participating employer under the SHP.

Other Changes Affecting the SHP

Article 3B of Chapter 135 of the General Statutes gives broad authority to the State Treasurer and the Board to set premiums and benefit provisions. For 2016, the State Treasurer and Board have increased employee premiums by 2.8%, increased premium credits for wellness activities, increased some out-of-pocket amounts, and introduced a new health engagement program in the Consumer Directed Health Plan.

The following page shows the 2016 employee/retiree premium rate structure.

**State Health Plan
Calendar Year 2016 Employee/Retiree Monthly Premium Structure**

Active Employees and Non-Medicare Retirees

Wellness Plans

	Employer Share	Employee/Retiree Share	
		Complete All Wellness Activities *	Complete No Wellness Activities
Enhanced 80/20 Plan	\$463.68	14.20	104.20
Consumer-Directed Health Plan	463.68	0.00	80.00

Alternate Plan

	Employer Share	Employee/Retiree Share
Traditional 70/30 Plan	\$463.68	0.00

* Members receive credits for each activity. All or none are shown for simplicity.

Medicare Retirees

Medicare Advantage Plans

	Employer Share	Employee/Retiree Share
MA-PDP Base Plan	\$360.24	0.00
MA-PDP Enhanced Plan	360.24	66.00

Alternate Plan

	Employer Share	Employee/Retiree Share
Traditional 70/30 Plan	\$360.24	0.00

Dependents

	All Dependents are Non-Medicare			One or More Medicare Dependents		
	Enhanced 80/20	CDHP	Traditional 70/30	MA-PDP Base	MA-PDP Enhanced	Traditional 70/30
Employee/Retiree + Children	280.52	189.82	210.92	132.00	198.00	150.06
Employee/Retiree + Spouse	646.32	489.14	543.46	132.00	198.00	394.56
Employee/Retiree + Family	685.22	520.96	578.86	264.00	396.00	429.92

State Health Plan - Special

Budget Code: 23450

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$258	\$258
Recommended Budget		
Requirements	\$225,311,373	\$225,311,373
Receipts	\$225,311,373	\$225,311,373
Positions	46.00	46.00

Legislative Changes**Requirements:**

Agency Administration (2A10)	(\$7,757,973) R	(\$18,294,363) R
Adjusts the budgeted amounts for the Plan's other administrative costs to reflect a decline in fees required by the federal Affordable Care Act, new data and analytics positions, and adjustments due to new contracts, inflation, and membership changes.	\$0 NR 6.00	\$0 NR 6.00
Population Health Management (2A15)	(\$669,000) R	\$2,026,000 R
Adjusts the budgeted amount for Population Health Management Services contracts based on anticipated contractual costs, changes in membership, and new services.	\$0 NR 0.00	\$0 NR 0.00
Wellness Initiatives (2A20)	\$2,458,000 R	\$3,659,000 R
Adjusts the budgeted amount for Wellness Initiatives contracts based on on-going contracts, new programs, and growth in enrollment.	\$0 NR 0.00	\$0 NR 0.00
Medical Benefits Administration Contracts (2A25)	\$25,064,831 R	\$32,671,503 R
Adjusts the budgeted amounts for Third Party Administrative Services contracts based on newly effective contracts, changes in membership, and new programs.	\$0 NR 0.00	\$0 NR 0.00
Pharmacy Benefits Management Contract (2A30)	\$1,453,875 R	\$2,068,575 R
Adjusts the budgeted amount for the Pharmacy Benefits Management contract based on anticipated contractual costs and changes in membership.	\$0 NR 0.00	\$0 NR 0.00

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	FY 2015-16		FY 2016-17	
Subtotal Legislative Changes	\$20,549,733	R	\$22,130,715	R
	\$0	NR	\$0	NR
	6.00		6.00	
<hr/>				
Receipts:				
Adjusts Transfers from Trust Funds	\$20,549,733	R	\$22,130,715	R
Adjusts the amount of transfer from the Plan's health benefit trust fund budget codes to support administrative costs authorized for the 2015-17 fiscal biennium.	\$0	NR	\$0	NR
Subtotal Legislative Changes	\$20,549,733	R	\$22,130,715	R
	\$0	NR	\$0	NR
<hr/>				
Revised Total Requirements	\$245,861,106		\$247,442,088	
Revised Total Receipts	\$245,861,106		\$247,442,088	
Change in Fund Balance	\$0		\$0	
Total Positions	52.00		52.00	
<hr/>				
Unappropriated Balance Remaining	\$258		\$258	

Finance

Section P

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Special Provisions

2015 Session: HB 97

Section: 32. 3

Title: **HISTORIC PRESERVATION TAX CREDIT**

Summary Establishes a modified Historic Rehabilitation Tax Credit effective January 1, 2016, as G.S. 105-129. Compared to the previous Historic Rehabilitation Tax Credit, the modified credit has lower rates of credit, requires minimum investment amounts, and limits the amount of credit that can be claimed. The tax credit is effective in 2016 and sunsets in 2020.

(S.L. 2015-264, Sec. 54.5(a), GSC Technical Corrections 2015, amends this section by allowing expenses incurred in 2014 and 2015 to be eligible for the Historic Preservation Tax Credit if certain conditions are met.)

Section: 32.13

Title: **CORPORATE INCOME TAX RATE REDUCTION AND TAX BASE EXPANSION**

Summary Repeals the sunset on the tax rate reduction trigger in G.S. 105-130.3C. Prior to the change, the statute authorized the rate to drop to 3% in 2017 if net General Fund tax revenue reached \$20.975 billion in FY 2015-16. Under the revised statute, the tax rate will drop from 4% to 3% after any fiscal year in which the net collections exceed \$20.975 billion.

Section: 32.14

Title: **PHASE-IN SINGLE SALES FACTOR APPORTIONMENT AND STUDY MARKET-BASED SOURCING**

Summary Phases in single sales factor apportionment over 3 years beginning in 2016. Apportionment is the process of allocating a multi-state company's income and franchise tax base among the states where it is taxable. Single sales factor apportionment means the apportionment percentage is calculated based on the share of the multistate company's receipts attributed to North Carolina.

Directs the Revenue Laws Study Committee to study market-based sourcing. Market-based sourcing is a method of calculating the sales factor for revenue derived from services, generally based on where the benefit of the service is received rather than of where the performance of the service occurs. As part of the study, corporations with more than \$10 million in income before apportionment are required to file an informational report by April 15, 2016. The report will provide information used to estimate the fiscal impact of market-based sourcing.

Section: 32.15

Title: **FRANCHISE TAX BASE CHANGES**

Summary Increases the annual minimum franchise tax from \$35 per corporation to \$200 per corporation and simplifies how the tax is calculated.

Section: 32.16

Title: **INDIVIDUAL INCOME TAX REDUCTIONS**

Summary Makes the following personal income tax changes:

- Reduces the personal income tax rate from 5.75% to 5.499% in 2017;
- Raises the standard deduction from \$15,000 to \$15,500 (married filing jointly) starting in 2016; and
- Allows medical deductions as permitted under federal law starting in 2015.

Section: 32.18

Title: **EXPAND SALES TAX BASE**

Summary Expands the sales tax base by applying sales tax to the installation, repair, and maintenance of tangible personal property whose purchase is currently subject to the sales tax.

Section: 32.19

Title: **ADDITIONAL LOCAL SALES TAX REVENUE FOR ECONOMIC DEVELOPMENT, PUBLIC EDUCATION, AND COMMUNITY COLLEGES**

Summary Alters the distribution of local option sales tax revenue levied under Articles 39, 40, and 42 of G.S. 105 in several ways. The Department of Revenue is required to redirect \$17.6 million of State sales tax revenue annually from the State to local governments, by adding this amount to the local option sales tax revenue that the Department distributes to local governments. Also, the Department is directed to allocate a portion of local option sales tax revenue (\$84.8 million in FY 2016-17, the first year of implementation) to the State's 100 counties based on allocation percentages specified in the section.

(S.L. 2015-268, Sec. 10.1, General Government Technical Corrections, amends this section clarifying that the additional sales tax revenue for economic development, public education and community colleges is distributed according to Chapter 1097 of the 1967 Session Laws, in addition to Articles 39, 40, and 42.)

Special Provisions

2015 Session: HB 259

Section: 10.1(a), 10.1(b) and 10.1(g)

Title: **TECHNICAL CHANGE: GRAMMATICAL CORRECTIONS**

Summary Amends G.S. 105-122(b)(1), G.S. 105-129.103(h), and G.S. 105-164.3(38b), as amended by S.L. 2015-241, Sections 32.3(a), 32.15(d), and 32.18(a), 2015 Appropriations Act, by making grammatical changes.

Section: 10.1(c)

Title: **TECHNICAL CHANGE: EXCLUDED CORPORATION**

Summary Amends S.L. 2015-241, Sec. 32.14(d), 2015 Appropriations Act, by correcting a statutory reference deleting the definition of “excluded corporation.”

Section: 10.1(d)

Title: **TECHNICAL CHANGE: EFFECTIVE DATE CLARIFICATION FOR HIGHWAY USE TAX CHANGE**

Summary Amends S.L. 2015-241, Sec. 29.34A(c), 2015 Appropriations Act, by clarifying that the effective date for the increased maximum highway use tax also applies to lease or rental agreements entered into on or after January 1, 2016.

Section: 10.1(e)

Title: **BUDGET CHANGE: STATUTORY REFERENCE CORRECTION FOR LOCAL SALES TAX DISTRIBUTION**

Summary Amends G.S. 105-524, as enacted by S.L. 2015-241, Sec. 32.19(b), 2015 Appropriations Act, and G.S. 405-469(a), G.S. 105-522(a)(2), and G.S. 105-523(b)(3), by clarifying that the additional sales tax revenue for economic development, public education, and community colleges is distributed according to Chapter 1097 of the 1967 Session Laws, in addition to Articles 39, 40, and 42. The first 1 cent of the local sales tax distribution is authorized under Article 39 for all counties except Mecklenburg, which authorized the tax under the 1967 Session Law. This section also provides that any residual revenues remaining after the distribution of the additional local sales tax will be distributed proportionally to eliminate the excess.

Section: 10.1(f)

Title: **TECHNICAL CHANGE: CORPORATE INCOME TAX RATE TRIGGER**

Summary Amends G.S. 105-130.3C(a) as rewritten by S.L. 2015-241, Sec. 32.13(b), 2015 Appropriations Act by correcting the amount (from millions to billions) of General Fund tax collections required to trigger a corporate income tax rate reduction.

Section: 10.1(h)

Title: **TECHNICAL CHANGE: BANK PRIVILEGE TAX REPEAL EFFECTIVE DATE CORRECTION**

Summary Amends S.L. 2015-241, Sec. 32.13(h), 2015 Appropriations Act, by changing the effective date of the repeal of the bank privilege tax from July 1, 2016 to June 30, 2016.

Section: 10.1(i)

Title: **TECHNICAL CHANGE: EFFECTIVE DATES FOR FINANCE TECHNICAL CHANGES**

Summary Sets effective dates for Sections 10.1(a) through 10.1(h).

Section: 10.2

Title: **TECHNICAL CHANGE: MARKET-BASED SOURCING STUDY**

Summary Amends S.L. 2015-241, Sec. 32.14A, 2015 Appropriations Act, to make grammatical and stylistic changes.

Special Provisions

2015 Session: SB 119

Section: 54.5

Title: **BUDGET CHANGE: EXTENSION OF HISTORIC PRESERVATION TAX CREDIT FOR CERTAIN PROJECTS**

Summary Amends G.S. 105-129.100, as enacted by S.L. 2015-241, Sec. 32.3(a), 2015 Appropriations Act, by allowing expenses incurred in 2014 and 2015 to be eligible for the Historic Preservation Tax Credit if certain conditions are met.

Other Finance Legislation

2015 Session: HB 117

Section: PART III

Title: **DATACENTER INFRASTRUCTURE ACT**

Summary Creates a sales tax exemption on the purchases of datacenter equipment and electricity located and used at datacenters, effective January 1, 2016. Eligibility for the exemption is limited to datacenters that invest at least \$75 million within a five-year period.

Section: PART IV

Title: **SALES TAX RELATIVE TO AVIATION**

Summary Exempts from sales tax any fuel sold to an interstate air business for use in a commercial aircraft; taxes all other sales of aviation fuel at 7%; earmarks the revenue from the tax for the Division of Aviation, Department of Transportation; and exempts from sales tax any service contracts on repairs, maintenance, and installation services on qualified aircraft and qualified jet engines. The tax changes related to aviation fuel are effective January 1, 2016; the exemption for service contracts is effective October 1, 2015.

Section: PART V

Title: **EXEMPT MOTOR VEHICLE SERVICE CONTRACTS FROM SALES TAX**

Summary Exempts service contracts on motor vehicles from sales tax, effective March 1, 2016.

Section: PART VI

Title: **EXTEND SALES TAX PREFERENCES FOR MOTORSPORTS PARTS AND FUEL**

Summary Extends the current sales tax preferences for motorsports from January 1, 2016, to January 1, 2020.

Section: PART VII

Title: **TAX COMPLIANCE AND TAX FRAUD PREVENTION**

Summary Adds informational reporting requirements to help the Department of Revenue reduce the occurrence of stolen identify and tax refund fraud. The reporting requirements apply to various entities including the Lottery Commission, licensing boards, and pension payers. Reports include information regarding taxpayer identification numbers, addresses, and the amount of taxes withheld on payments. The reporting requirements are effective for the 2015 tax year.

Other Finance Legislation

2015 Session: HB 168

Section:

Title: **EXEMPT BUILDERS' INVENTORY**

Summary Amends Article 12 of Chapter 105 by adding a new subdivision to exempt from property tax the increase in value of certain improvements to real property held for sale by a builder. The new subdivision, G.S. 105-277.02, excludes improvements to residential real property for 3 years. The value of improvements may be due to: (i) subdivision, (ii) infrastructure improvements, (iii) newly-constructed single-family residences, or (iv) newly-constructed duplexes. For commercial property, a builder may exclude for 5 years the increase in value due to subdivision and improvements, excluding buildings.

Other Finance Legislation

2015 Session: **SB 20**

Section:

Title: **IRC UPDATE/MOTOR FUEL TAX CHANGES**

Summary Updates a General Statute reference to the federal Internal Revenue Code from December 31, 2013 to January 1, 2015. The law decouples from the extensions listed below under the federal Tax Increase Prevention Act of 2014, but it conforms to the \$250 teacher expense deduction.

- Enhanced Section 179 expensing
- Exclusion from income for forgiveness of debt on principal residence
- Deduction for mortgage insurance premiums
- Deduction for higher education tuition expenses
- Tax-free distribution from IRAs to public charities

Other Finance Legislation

2015 Session: **SB 372**

Section:

Title: **RENEWABLE ENERGY SAFE HARBOR**

Summary Extends the sunset of the Renewable Energy Tax Credit from January 1, 2016 to January 1, 2017 for projects that meet certain requirements. For projects with less than 65 megawatts of capacity, the law requires that taxpayers must have incurred at least 80% of the costs and constructed at least 80% of the project in order to be eligible for the sunset extension. For projects with more than 65 megawatts of capacity, taxpayers must have incurred 50% of the costs and constructed at least 50% of the project to qualify for the sunset extension.

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Appendices

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State of North Carolina
Full-time Equivalent Position Counts by GAAP Fund Type
(December 2014)

	General Fund (1)		Highway Fund		Enterprise	Institutional	Internal	Special	Trust	Total by
	Appropriated	Receipt	Appropriated	Receipt (2)	Fund	Fund	Service	Fund (5)	Fund	Sector
Government Sector										
State Government										
UNC System ⁽³⁾	33,304.54	1,935.23	-	-	-	18,787.31	-	-	8,124.53	62,151.61
Justice and Public Safety	31,047.52	798.75	-	-	71.00	-	391.00	458.90	-	32,767.17
Health & Human Services	6,390.88	10,213.49	-	9.67	-	-	2.00	975.24	28.00	17,619.28
General Government	3,583.55	1,012.39	-	79.61	60.20	-	676.75	387.18	4.87	5,804.55
Natural & Economic Resources	3,461.11	2,025.10	-	74.00	641.00	-	-	2,425.49	208.45	8,835.15
Education (State Administration)	995.60	480.23	-	-	-	-	-	-	10.05	1,485.88
Transportation	-	-	6,968.50	5,789.50	-	-	-	-	-	12,758.00
Sub-total	78,783.21	16,465.19	6,968.50	5,952.78	772.20	18,787.31	1,069.75	4,246.81	8,375.90	141,421.65
Local Education										
Public Schools ⁽³⁾⁽⁴⁾	151,871.40	-	-	-	-	-	-	-	-	151,871.40
Community Colleges ⁽³⁾	18,278.49	-	-	-	-	-	-	-	-	18,278.49
Sub-total	170,149.89	-	-	-	-	-	-	-	-	170,149.89
Total by GAAP Fund Type	248,933.10	16,465.19	6,968.50	5,952.78	772.20	18,787.31	1,069.75	4,246.81	8,375.90	311,571.53

Notes:

- 1) Salary Base includes 17.38 positions and \$835,957 in salaries budgeted in Reserve budget codes.
- 2) Includes 837 receipt-supported positions and 5,116 work order positions funded out of construction and maintenance line-items in the Highway Fund Budget.
- 3) Includes FTE growth due to projected enrollment growth for the 2015-16 fiscal year.
- 4) The total number contains some non-FTE counts that may slightly overstate the overall total position count.

Source: Survey of State Agencies and Other State-funded Institutions, Fiscal Research Division, NC General Assembly, Office of State Budget and Management, February 2015

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					
Year	Authorizations ¹	Year	Appropriations	Fund Balance	Appropriations	Other	Adjustments	Current	vs. Prior	Year
								Operations		
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 A		1.28%
1992-93	8,209,537,916	4.90%	95,205,570	0	0	0	95,205,570	8,114,332,346 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 C	6.21%	157,267,000	0 D	0	47,100,000 E	204,367,000	10,450,411,229		6.71%
1997-98	11,635,189,516 F	9.20%	152,991,120	174,260,955	0	49,354,893 G	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 H	784,597,319	12,327,025,974		9.49%
1999-2000	14,237,669,453	8.59%	77,059,168	90,000,000 I	0	629,000,000 J	796,059,168	13,441,610,285		9.04%
2000-01	14,383,516,932	1.02%	114,974,172 K	0	120,000,000	270,000,000 L	504,974,172	13,878,542,760 M		3.25%
2001-02	14,863,745,843	3.34%	157,936,000	0	0	0 N	157,936,000	14,705,809,843 M		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 O	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 P	126,489,361	15,897,680,933		6.90%
2005-06	17,341,821,310 Q	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 R	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 S,T	-11.19%	4,875,000	0	0	0	4,875,000	19,034,299,596		-10.38%
2010-11	18,985,738,843 U	-0.28%	11,173,440	0	0	0	11,173,440	18,974,565,403		-0.31%
2011-12	19,849,782,946 V	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 W	3.44%	6,373,330	23,170,924	0	0	29,544,254	20,503,427,507		3.97%
2013-14	20,789,767,065 X	1.25%	27,939,000	150,000,000	0	0	177,939,000	20,611,828,065		0.53%
2014-15	21,082,110,145 Y	1.41%	13,560,000	0	0	0	13,560,000	21,068,550,145		2.22%
2015-16	21,884,714,405	3.81%	16,756,000	150,000,000	0	0	166,756,000	21,717,958,405		3.08%

¹Includes 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.
- 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.

Total General Fund Authorizations as Adjusted to Determine Total Current Operations

- 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. 2013-56.
- 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 Pursuant to G.S. 105-521, authorization for Local Government Hold Harmless payments expired September, 2013.

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						
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	1.3%	0.1%		1.3%		1.0%			2.6%		2.8%		
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	1.2%	0.6%		0.9%		0.1%			2.4%		2.0%		
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	1.1%	0.8%		1.3%		0.2%			0.8%		2.3%		
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	4.1%	2.1%		3.0%		1.9%			2.3%		12.4%		
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	4.6%	1.8%		7.1%		8.6%			3.8%		8.7%		
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	3.5%	1.0%		7.1%		4.7%			6.8%		2.7%		
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%		1.8%		1.5%			1.4%		2.1%		
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%		0.4%		0.3%			0.7%		1.8%		
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%		0.3%		0.3%			0.8%		3.4%		
2006-07	Authorization	18,659,616,984	7,403,293,531	39.7%	935,718,292	5.0%	2,444,487,725	13.1%	57.8%	4,282,975,588	23.0%	3,593,141,848	19.3%	
	Expenditure	18,455,735,426	7,377,354,362	40.0%	931,214,004	5.0%	2,435,690,255	13.2%	58.2%	4,233,479,600	22.9%	3,477,997,205	18.8%	
	Reversion	203,881,558	25,939,169	12.7%	4,504,288	2.2%	8,797,470	4.3%	19.2%	49,495,988	24.3%	115,144,643	56.5%	
	% Unexpended	1.1%	0.4%		0.5%		0.4%			1.2%		3.2%		
2007-08	Authorization	20,428,846,612	8,055,773,246	39.4%	990,523,754	4.8%	2,752,879,241	13.5%	57.8%	4,656,473,863	22.8%	3,973,196,508	19.4%	
	Expenditure	20,145,647,198	7,977,135,139	39.6%	980,870,382	4.9%	2,713,732,194	13.5%	57.9%	4,616,398,055	22.9%	3,857,511,428	19.1%	
	Reversion	283,199,414	78,638,107	27.8%	9,653,372	3.4%	39,147,047	13.8%	45.0%	40,075,808	14.2%	115,685,080	40.8%	
	% Unexpended	1.4%	1.0%		1.0%		1.4%			0.9%		2.9%		

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	as Percent of		as Percent of	
	Amount	Percent	Amount	Percent	Amount	Percent	Total	Amount	Total	Amount	Total		
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%	3,992,449,168	18.8%
	Expenditure	19,629,407,644	8,141,898,009	41.5%	924,402,451	4.7%	2,576,878,422	13.1%	59.3%	4,298,803,147	21.9%	3,687,425,615	18.8%
	Reversion	1,597,477,728 J	223,964,885	14.0%	92,256,109	5.8%	318,449,201	19.9%	39.7%	657,783,980	41.2%	305,023,553	19.1%
	% Unexpended	7.5%	2.7%		9.1%		11.0%			13.3%		7.6%	
2009-10	Authorization	19,010,057,199	7,544,465,541	39.7%	1,011,884,279	5.3%	2,738,558,775	14.4%	59.4%	3,912,766,229	20.6%	3,802,382,375	20.0%
	Expenditure	18,507,766,990	7,486,556,464	40.5%	945,298,841	5.1%	2,600,397,012	14.1%	59.6%	3,888,458,569	21.0%	3,587,056,104	19.4%
	Reversion	502,290,209 K	57,909,077	11.5%	66,585,438	13.3%	138,161,763	27.5%	52.3%	24,307,660	4.8%	215,326,271	42.9%
	% Unexpended	2.6%	0.8%		6.6%		5.0%			0.6%		5.7%	
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%	3,876,474,647	20.5%
	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%	3,582,325,008	19.4%
	Reversion	456,074,140 L	21,347,912	4.7%	37,136,073	8.1%	91,498,833	20.1%	32.9%	11,941,684	2.6%	294,149,639	64.5%
	% Unexpended	2.4%	0.3%		3.5%		3.4%			0.3%		7.6%	
2011-12	Authorization	19,698,616,193 M	7,617,376,287	38.7%	1,006,454,200	5.1%	2,556,910,757	13.0%	56.8%	4,575,882,407	23.2%	3,941,992,542	20.0%
	Expenditure	19,571,795,418	7,579,687,341	38.7%	1,002,081,608	5.1%	2,550,935,536	13.0%	56.9%	4,575,821,800	23.4%	3,863,269,133	19.7%
	Reversion	126,820,775	37,688,946	29.7%	4,372,592	3.4%	5,975,221	4.7%	37.9%	60,607	0.0%	78,723,409	62.1%
	% Unexpended	0.6%	0.5%		0.4%		0.2%			0.0%		2.0%	
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%	3,928,350,418	19.2%
	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%	3,761,369,984	18.6%
	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%	166,980,434	57.4%
	% Unexpended	1.4%	1.3%		0.4%		0.4%			0.1%		4.3%	
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%	4,051,857,833	19.7%
	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%	3,956,192,210	19.6%
	Reversion	396,591,702 O	152,458,342	38.4%	13,000,001	3.3%	31,456,423	7.9%	49.7%	104,011,313	26.2%	95,665,623	24.1%
	% Unexpended	1.9%	1.9%		1.3%		1.2%			2.1%		2.4%	
2014-15	Authorization	21,068,550,145	8,171,076,809	38.8%	1,050,054,665	4.98%	2,649,078,486	12.57%	56.34%	5,153,880,706	24.46%	4,044,459,479	19.20%
	Expenditure	20,652,893,007	8,047,204,932	39.0%	1,042,254,665	5.05%	2,617,666,491	12.67%	56.69%	5,010,775,878	24.26%	3,934,991,041	19.05%
	Reversion	415,657,138	123,871,877	29.8%	7,800,000	1.88%	31,411,995	7.56%	39.24%	143,104,828	34.43%	109,468,438	26.34%
	% Unexpended	2.0%	1.5%		0.7%		1.2%			2.8%		2.7%	

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 A	146,305,569 B	0	28,100,000 C	0	0	387,411,138	292,611,137
1995-96	726,581,754	77,342,026	130,000,000	47,100,000 D	26,200,000 E	0	39,803,567 F	320,445,593	406,136,161
1996-97	759,306,050	0	174,260,955	49,354,893	156,000,000 G	61,000,000 H	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 I	55,027,680 J	668,994,402	115,230,488
1998-99	514,756,178	0	150,000,000	31,054,152	0	0	37,000,000 K	218,054,152	296,702,026
1999-00	3,869,243	967,311	2,901,932	0 L	0	0	0	3,869,243	0
2000-01	6,350,587	0	0	0 L	0	6,350,587 M	0	6,350,587	0
2001-02	3,785,997 N	0	0	0	0	0	0	0	25,000,000 N
2002-03	415,543,840 O	150,000,000	15,000,000	0	0	0	0	165,000,000	250,543,840 O
2003-04	482,842,037 P	116,666,064	76,797,361	0	0	0	0	193,463,425	289,378,612 P
2004-05	802,633,946 Q	199,125,000	125,000,000	0	0	0	0	324,125,000	478,508,946 Q
2005-06	1,287,766,872 R	316,151,631 S	222,229,189	0	0	0	0	538,380,820	749,386,052 R
2006-07	1,541,181,489 T	175,000,000 U	145,000,000	0	0	0	0	320,000,000	1,221,181,489 T
2007-08	668,876,937 V	0 W	69,839,238	0	0	0	0	69,839,238	599,037,699 V
2008-09	92,237,091 X	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 Y
2010-11	1,015,599,914 Z	183,650,000	124,500,000	0	0	125,000,000 AA	0	433,150,000	582,449,914
2011-12	694,038,532	123,170,924	23,170,924	0	0	154,000,000 BB	0	300,341,848	393,696,684
2012-13	1,041,616,538	232,537,942	150,000,000	0	0	308,100,000 CC	0	690,637,942	350,978,596 DD
2013-14	269,402,957	0	0	0	0	0	0	0	269,402,957 EE
2014-15	864,511,091	200,000,000 FF	400,000,000 FF					600,000,000	264,511,091

* 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)).
- FF S.L. 2015-241, Sec. 2.2(d) directed the transfer of an additional \$250 million to the Savings Reserve Account from funds originally earmarked for the Repairs and Renovations Reserve contingent upon ratification of H.B. 943, Connect NC Bond Act of 2015 (the bill was ratified on September 30, 2015).

Savings Reserve at Fiscal Year Ending June 30th

Fiscal Year	Prior Fiscal Year Current Operations Appropriation*	Statutory Goal:	Unreserved Fund Balance at Fiscal Year End June 30th	Current Year Earmarking / Appropriation to Savings Reserve	Withdrawals and Adjustments	Savings Reserve Account Balance
		8% of Prior Fiscal Year Operations Appropriation**				
1990-91				141,000,000 A	0	0
1991-92	7,726,343,007	386,317,150	164,773,001	41,593,253	0	41,593,253
1992-93	7,825,507,308	391,275,365	537,330,259	134,332,565	0	175,925,818
1993-94	8,114,332,336	405,716,617	622,712,983	155,678,246	(121,000,000) B	210,604,064
1994-95	9,125,084,906	456,254,245	586,422,276 B	213,005,569		423,609,633
1995-96	10,019,033,177 C	500,951,659	726,581,754	77,342,029	0	500,951,662
1996-97	9,793,062,378	489,653,119	759,306,050	0	0	500,951,662
1997-98	10,450,411,229 D	522,520,561	784,224,890	21,568,899	0	522,520,561
1998-99	11,258,582,548 E	562,929,127	515,077,350	0 F	(200,000,000) G	322,520,561
1999-2000	12,327,025,974 H	616,351,299	3,869,243	967,311	(285,965,824) I	37,522,048
2000-01	13,441,610,285	672,080,514	6,350,587	120,000,000 J	0	157,522,048
2001-02	13,878,542,760	693,927,138	3,785,997 M, N	90,000,000 K	(247,522,048) L	0
2002-03	14,705,809,843	735,290,492	415,543,840 O	150,000,000	0	150,000,000
2003-04	14,320,664,876	716,033,244	482,842,037 P	116,666,064	391,343 Q	267,057,407
2004-05	14,871,621,783	743,581,089	802,633,946 R	199,125,000	(153,541,447) S	312,640,960
2005-06	15,897,680,933	794,884,047	1,287,766,872 T	316,151,631 T	0	628,792,591
2006-07	17,161,861,310	858,093,066	1,541,181,489 U	175,000,000	(17,142,913) V	786,649,678
2007-08	18,673,708,783	933,685,439	668,876,937	0	0	786,649,678
2008-09	20,441,301,149	1,635,304,092	92,237,091	0	(636,649,678) W	150,000,000
2009-10	21,239,049,461	1,699,123,957	236,902,394	0	0	150,000,000
2010-11	19,034,299,596	1,522,743,968	890,599,914	183,650,000	(38,008,589) X	295,641,411
2011-12	18,974,565,403	1,517,965,232	540,038,532	123,170,924	0	418,812,335
2012-13	19,720,747,946	1,577,659,836	733,516,538	232,537,942	0	651,350,277
2013-14	20,503,427,507	1,640,274,201	269,402,957	0	245,194 Y	651,595,471
2014-15	20,611,495,065 Z	1,648,919,605	864,511,091	450,000,000 AA	0	1,101,595,471

* Includes Local Government Shared Revenues/Reimbursements

Savings Reserve at Fiscal Year Ending June 30th

** 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.

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 payday.
- 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 of \$4.7 million made to the Dept. of Community Colleges for 1996-97 by the 1997 Session (S.L. 1997-38).
- E Adjusted to reflect emergency appropriation for Year 2000 Conversion for 1997-98 (\$20,506,367) as approved by the 1998 Session (S.L. 1998-9).
- 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.

Savings Reserve at Fiscal Year Ending June 30th

- 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.
- Y Section 5(2)b, S.L. 2013-186 directed the deposit of \$245,194 in receipts collected from the sale of the NC Indian Cultural Center be deposited into the Savings Reserve Account.
- Z Pursuant to G.S. 105-521, authorization for Local Government Hold Harmless payments expired September 2013.
- AA After the close of FY 2014-15, Section 2.2(d), S.L. 2015-241, 2015 Appropriations Act, directed the transfer of an additional \$250 million (originally earmarked for the Repairs and Renovations Reserve) into the Savings Reserve Account.

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