

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

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SENATE BILL 3
Appropriations/Base Budget Committee Substitute Adopted 6/5/14
House Committee Substitute Favorable 6/25/14

Short Title: 2014 Budget Mods./Pay Raises/Other Changes.

(Public)

Sponsors:

Referred to:

January 31, 2013

1 A BILL TO BE ENTITLED
2 AN ACT TO AWARD COMPENSATION INCREASES TO TEACHERS, STATE
3 EMPLOYEES, AND RETIREES, TO MODIFY THE BASE BUDGET
4 APPROPRIATIONS FOR CURRENT OPERATIONS OF STATE DEPARTMENTS,
5 INSTITUTIONS, AND AGENCIES, AND FOR OTHER PURPOSES.

6 The General Assembly of North Carolina enacts:

7
8 **PART I. AVAILABILITY/GENERAL PROVISIONS/APPROPRIATIONS**

9 **SECTION 1.1.(a)** Section 2.2(a) of S.L. 2013-360 is repealed. The General Fund
10 availability used in adjusting the 2014-2015 budget is shown below:

	FY 2014-2015
11 Unappropriated Balance Remaining from Previous Year	323,693,704
12 Anticipated Undercollections from FY 2013-2014	(429,400,000)
13 Anticipated Reversions from FY 2013-2014	290,000,000
14	
15	
16 Less Earmarkings of Year End Fund Balance	
17 Savings Reserve	(8,255,496)
18 Repairs and Renovations	(8,255,496)
19 Beginning Unreserved Fund Balance	167,782,712
20	
21 Revenues Based on Existing Tax Structure	19,972,100,000
22	
23 Nontax Revenues	
24 Investment Income	11,300,000
25 Judicial Fees	244,500,000
26 Disproportionate Share	109,000,000
27 Master Settlement Agreement	137,500,000
28 Other Nontax Revenues	195,500,000
29 Insurance	77,000,000
30 Highway Fund Transfer	215,900,000
31 Subtotal Nontax Revenues	990,700,000
32	
33 Total General Fund Availability	21,130,582,712
34	
35 Adjustments to Availability: 2014 Session	



1	Transfer of Federal Insurance Contribution Act (FICA) Fund Cash Balance	5,255,000
2	Adjustment of Transfer from Insurance Regulatory Fund	(853,955)
3	Adjustment of Transfer from Treasurer's Office	(70,662)
4	Transfer from Lottery Fund to fund Public Schools	116,202,371
5		
6	Subtotal Adjustments to Availability: 2014 Session	120,532,754
7		
8	Revised General Fund Availability	21,251,115,466
9		
10	Less: General Fund Appropriations	21,251,115,466
11		
12	Unappropriated Balance Remaining	0
13		

14 **SECTION 1.1.(b)** Repairs and Renovations Reserve/Savings Reserve Account. –
 15 Effective June 30, 2014, Section 2.2 of S.L. 2013-360 reads as rewritten:

16 "..."

17 **"SECTION 2.2.(c)** Notwithstanding the provisions of G.S. 143C-4-3, the State Controller
 18 shall transfer a total of one hundred fifty million dollars (\$150,000,000) from the unreserved
 19 fund balance to the Repairs and Renovations Reserve on June 30, 2013, and a total of ~~twelve~~
 20 ~~million seven hundred fifty one thousand one hundred thirty seven dollars (\$12,751,137)~~ eight
 21 million two hundred fifty-five thousand four hundred ninety-six dollars (\$8,255,496) to the
 22 Repairs and Renovations Reserve on June 30, 2014. This subsection becomes effective June 30,
 23 2013. Funds transferred under this section to the Repairs and Renovations Reserve are
 24 appropriated for the 2013-2014 and 2014-2015 fiscal years and shall be used in accordance
 25 with G.S. 143C-4-3.

26 **"SECTION 2.2.(d)** Notwithstanding G.S. 143C-4-2, the State Controller shall transfer a
 27 total of two hundred thirty-two million five hundred thirty-seven thousand nine hundred
 28 forty-two dollars (\$232,537,942) from the unreserved fund balance to the Savings Reserve
 29 Account on June 30, 2013, and the sum of ~~thirty-seven million one hundred twenty-two~~
 30 ~~thousand three hundred forty six dollars (\$37,122,346)~~ eight million two hundred fifty-five
 31 thousand four hundred ninety-six dollars (\$8,255,496) from the unreserved fund balance to the
 32 Savings Reserve Account on June 30, 2014. Neither of these transfers is an "appropriation
 33 made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina
 34 Constitution. This subsection becomes effective June 30, 2013.

35 "...."

36 **SECTION 1.1.(c)** FICA Savings. – Notwithstanding any other provision of law to
 37 the contrary, the State Controller shall transfer five million two hundred fifty-five thousand
 38 dollars (\$5,255,000) from the NC Federal Insurance Contribution Act (FICA) Account to be
 39 deposited in the appropriate budget code as determined by the State Controller.

40 **SECTION 1.1.(d)** Lottery Funds. – Notwithstanding any other provision of law to
 41 the contrary, the North Carolina State Lottery Commission shall transfer the sum of one
 42 hundred sixteen million two hundred two thousand three hundred seventy-one dollars
 43 (\$116,202,371) to the Education Lottery Fund. The State Controller shall then transfer those
 44 funds from the Education Lottery Fund to be deposited in the appropriate budget code as
 45 determined by the State Controller. These funds shall be used to support public school teachers'
 46 compensation increases and implement the career pathways pilot program in Part II of this act.

47 **SECTION 1.1.(e)** Highway Fund Availability. – Notwithstanding Section 3.2 of
 48 S.L. 2013-360, the estimated revenue for the 2014-2015 fiscal year is one billion nine hundred
 49 seventy-three million seven hundred fifty thousand dollars (\$1,973,750,000), and total
 50 Highway Fund Availability is one billion nine hundred seventy-three million seven hundred
 51 fifty thousand dollars (\$1,973,750,000) for the 2014-2015 fiscal year.

1 **SECTION 1.1.(f)** Additional Highway Fund Appropriations. – In addition to the
2 appropriations set forth in Section 3.1 of S.L. 2013-360, there is appropriated from the State
3 Highway Fund the sum of fifty-two million two hundred eighty-four thousand eight hundred
4 eight dollars (\$52,284,808) to the General Maintenance Reserve – Fund Code 84210-0934, the
5 sum of eleven million five hundred thousand dollars (\$11,500,000) to Contract Resurfacing –
6 Fund Code 84210-7824, and pursuant to G.S. 136-41.1 there is appropriated from the State
7 Highway Fund the sum of nine million four hundred fifty-three thousand nine hundred ninety
8 dollars (\$9,453,990) to State Aid to Municipalities for the 2014-2015 fiscal year.

9 **SECTION 1.1.(g)** Highway Trust Fund Availability Statement. – Notwithstanding
10 Section 4.2 of S.L. 2013-360, the estimated revenue in the Highway Trust Fund for the
11 2014-2015 fiscal year is one billion one hundred sixty-two million three hundred seventy
12 thousand dollars (\$1,162,370,000), and total Highway Trust Fund Availability is one billion
13 one hundred sixty-two million three hundred seventy thousand dollars (\$1,162,370,000) for the
14 2014-2015 fiscal year.

15 **SECTION 1.1.(h)** Additional Highway Trust Fund Appropriations. – In addition to
16 the appropriations set forth in Section 4.1 of S.L. 2013-360, there is appropriated from the State
17 Highway Trust Fund the sum of sixty-seven million nine hundred seventy thousand dollars
18 (\$67,970,000) to Strategic Transportation Investments – Fund Code 84290-9075 for the
19 2014-2015 fiscal year.

20 **SECTION 1.2.** Limitations and Directions. – Except as otherwise provided by this
21 act, the limitations and directions set forth in G.S. 143C-6-5 shall not apply to the 2014-2015
22 fiscal year. A State agency shall consult with the Joint Legislative Commission on
23 Governmental Operations in accordance with G.S. 120-76.1(b) prior to taking action pursuant
24 to this section.

25 **SECTION 1.3.(a)** General Fund Budget Reductions. – The Director of the Budget
26 shall implement budget reductions in the amount of three hundred sixty-one million forty-one
27 thousand four hundred forty-three dollars (\$361,041,443) as set out in Senate Bill 744, 3rd
28 edition, and Senate Bill 744, 7th edition, that are not in controversy. The Director of the Budget
29 shall not implement any transfers set out in Senate Bill 744, 3rd edition, Senate Bill 744, 7th
30 edition, or both.

31 Vacant positions subject to proposed budget reductions in S.L. 2013-360, as
32 amended, or in Senate Bill 744, 3rd edition, or Senate Bill 744, 7th edition, shall not be filled
33 after June 30, 2014. State employees employed in positions subject to elimination in Senate Bill
34 744, 3rd edition, Senate Bill 744, 7th edition, or both, because of a reduction, in total or in part,
35 in the funds used to support the job or its responsibilities shall, as soon as practicable and in
36 accordance with applicable policies, be provided written notification of termination of
37 employment 30 days prior to the effective date of the termination.

38 Except as otherwise provided by this act, the limitations and directions for the
39 2014-2015 fiscal year in S.L. 2013-360, as amended, and in S.L. 2013-363, as amended, that
40 applied to appropriations to particular agencies or for particular purposes apply to the funds
41 appropriated and authorized for expenditure under this act. State agencies shall not make grant
42 awards with funds that are subject to proposed budget reductions in Senate Bill 744, 3rd
43 edition, Senate Bill 744, 7th edition, or both.

44 **SECTION 1.3.(b)** Highway Fund/Highway Trust Fund Budget Reductions. – The
45 Director of the Budget shall implement budget reductions in the Highway Fund in the amount
46 of thirty million five hundred fifty-six thousand two hundred thirty-eight dollars (\$30,556,238)
47 as set out in Senate Bill 744, 3rd edition, and Senate Bill 744, 7th edition, that are not in
48 controversy. The Director of the Budget shall not implement any transfers set out in Senate Bill
49 744, 3rd edition, Senate Bill 744, 7th edition, or both. The Director of the Budget shall
50 implement budget reductions in the Highway Trust Fund in the amount of eleven million
51 dollars (\$11,000,000) as set out in Senate Bill 744, 3rd edition, and Senate Bill 744, 7th edition,

1 that are not in controversy. The Director of the Budget shall not implement any transfers set out
2 in Senate Bill 744, 3rd edition, Senate Bill 744, 7th edition, or both.

3 Except as otherwise provided by this act, the limitations and directions for the
4 2014-2015 fiscal year in S.L. 2013-360, as amended, and in S.L. 2013-363, as amended, that
5 applied to appropriations to particular agencies or for particular purposes apply to the funds
6 appropriated and authorized for expenditure under this act. State agencies shall not make grant
7 awards with funds that are subject to proposed budget reductions in Senate Bill 744, 3rd
8 edition, Senate Bill 744, 7th edition, or both.

9 **SECTION 1.4.(a)** General Fund Salaries. – There is appropriated from the General
10 Fund to the Reserve for Compensation Increases the sum of three hundred eighty million eight
11 hundred fifty-nine thousand seven hundred eighty-four dollars (\$380,859,384) for the
12 2014-2015 fiscal year to implement the legislative increases authorized by this act.

13 **SECTION 1.4.(b)** General Fund COLA. – There is appropriated from the General
14 Fund to the Reserve for State Retirement System Contributions the sum of sixty million three
15 hundred thirty-five thousand one hundred dollars (\$60,335,100) for the 2014-2015 fiscal year
16 to fund the annual required contribution and implement the cost-of-living adjustment
17 authorized by this act.

18 **SECTION 1.5.(a)** Highway Fund Salaries. – There is appropriated from the
19 Highway Fund to the Reserve for Compensation Increases the sum of nine million two hundred
20 ninety-one thousand one hundred thirteen dollars (\$9,291,113) for the 2014-2015 fiscal year to
21 implement the legislative increases authorized by this act.

22 **SECTION 1.5.(b)** Highway Fund COLA. – There is appropriated from the
23 Highway Fund to the Reserve for State Retirement System Contributions the sum of two
24 million six thousand nine hundred dollars (\$2,006,900) for the 2014-2015 fiscal year to fund
25 the annual required contribution and implement the cost-of-living adjustment authorized by this
26 act.

27 **SECTION 1.6.** Coal Ash Funds. – If Senate Bill 729, or substantially similar
28 legislation, is not enacted into law during the 2014 Session of the 2013 General Assembly,
29 there is appropriated from the General Fund to the Department of Environment and Natural
30 Resources the sum of one million eight hundred thousand dollars (\$1,800,000) for the
31 2014-2015 fiscal year to establish 25 positions and associated operating costs to address the
32 long-term oversight requirements of permitting, enforcement, data collection, and analysis of
33 coal combustion residuals.

34 **SECTION 1.7.** Medicaid Risk Reserve. – There is appropriated from the General
35 Fund the sum of one hundred thirty-four million dollars (\$134,000,000) to the Medicaid Risk
36 Reserve (Reserve) for the 2014-2015 fiscal year. Funds in the Reserve shall be managed by the
37 Office of State Budget and Management and may only be used for purposes set forth in this
38 section. Funds in the Reserve shall not be transferred or expended until the Office of State
39 Budget and Management, in consultation with the Department of Health and Human Services
40 and the Office of State Controller, certifies that the funds are required to pay provider claims
41 arising during the 2014-2015 fiscal year. The Office of State Budget and Management shall
42 report on the transfer and expenditure of funds from the Reserve no later than 10 days after the
43 transfer or expenditure to the Joint Legislative Committee on Governmental Operations and the
44 Joint Legislative Oversight Committee on Health and Human Services. Notwithstanding any
45 law to the contrary, the funds in the Medicaid Risk Reserve shall revert on June 30, 2015.

46 **SECTION 1.8.** Opportunity Scholarships. – There is appropriated from the General
47 Fund to the Department of Public Instruction the sum of eleven million seven hundred
48 ninety-seven thousand nine hundred forty-one dollars (\$11,797,941) for the 2014-2015 fiscal
49 year to restore funding to average daily membership to reflect implementation of Opportunity
50 Scholarships established pursuant to S.L. 2013-360.

SECTION 1.9. Certain Education-Based Salary Supplements. – There is appropriated from the General Fund to the Department of Public Instruction the sum of eighteen million seven hundred thousand dollars (\$18,700,000) for the 2014-2015 fiscal year to provide funding for education-based salary supplements for master's, advanced, or doctoral degrees for certain personnel as provided by this act.

SECTION 1.10. Yellow Ribbon Reserve/UNC. – There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of four million eight hundred sixty-three thousand two hundred seventy-six dollars (\$4,863,276) to be allocated to the UNC Yellow Ribbon Reserve.

SECTION 1.11. Yellow Ribbon Reserve/Community Colleges. – There is appropriated from the General Fund to the State Board of Community Colleges the sum of one million dollars (\$1,000,000) to be allocated to the Community College Yellow Ribbon Reserve.

PART II. COMPENSATION OF PUBLIC SCHOOL EMPLOYEES

TEACHER SALARY SCHEDULE

SECTION 2.1.(a) The following monthly salary schedules shall apply for the 2014-2015 fiscal year to certified personnel of the public schools who are classified as teachers. The schedules contain 37 steps, with each step corresponding to one year of teaching experience.

2014-2015 Monthly Salary Schedule

"A" Teachers

Years of Experience	"A" Teachers	NBPTS Certification
0-2	3,300	-
3-5	3,300	3,696
6	3,318	3,716
7	3,383	3,789
8	3,490	3,909
9	3,601	4,033
10	3,708	4,153
11	3,812	4,269
12	3,899	4,367
13	3,949	4,423
14	4,000	4,480
15	4,052	4,538
16	4,104	4,596
17	4,156	4,655
18	4,211	4,716
19	4,266	4,778
20	4,322	4,841
21	4,380	4,906
22	4,438	4,971
23	4,500	5,040
24	4,561	5,108
25	4,622	5,177
26	4,686	5,248
27	4,750	5,320
28	4,819	5,397
29	4,886	5,472
30	4,962	5,557
31	5,041	5,646

1	32	5,087	5,697
2	33	5,135	5,751
3	34	5,183	5,805
4	35	5,249	5,879
5	36+	5,318	5,956

2014-2015 Monthly Salary Schedule

"M" Teachers

8	Years of Experience	"M" Teachers	NBPTS Certification
9	0-2	3,630	-
10	3-5	3,630	4,066
11	6	3,650	4,088
12	7	3,721	4,168
13	8	3,839	4,300
14	9	3,961	4,436
15	10	4,079	4,568
16	11	4,193	4,696
17	12	4,289	4,804
18	13	4,344	4,865
19	14	4,400	4,928
20	15	4,457	4,992
21	16	4,514	5,056
22	17	4,572	5,121
23	18	4,632	5,188
24	19	4,693	5,256
25	20	4,754	5,324
26	21	4,818	5,396
27	22	4,882	5,468
28	23	4,950	5,544
29	24	5,017	5,619
30	25	5,084	5,694
31	26	5,155	5,774
32	27	5,225	5,852
33	28	5,301	5,937
34	29	5,375	6,020
35	30	5,458	6,113
36	31	5,545	6,210
37	32	5,596	6,268
38	33	5,649	6,327
39	34	5,701	6,385
40	35	5,774	6,467
41	36+	5,850	6,552

42 **SECTION 2.1.(b)** Annual longevity payments for teachers shall be at the rate of
 43 one and one-half percent (1.5%) of base salary for 10 to 14 years of State service, two and
 44 twenty-five hundredths percent (2.25%) of base salary for 15 to 19 years of State service, three
 45 and twenty-five hundredths percent (3.25%) of base salary for 20 to 24 years of State service,
 46 and four and one-half percent (4.5%) of base salary for 25 or more years of State service. The
 47 longevity payment shall be paid in a lump sum once a year.

48 **SECTION 2.1.(c)** Certified public schoolteachers with certification based on
 49 academic preparation at the six-year degree level shall receive a salary supplement of one
 50 hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided for
 51 certified personnel of the public schools who are classified as "M" teachers. Certified public

1 schoolteachers with certification based on academic preparation at the doctoral degree level
 2 shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in
 3 addition to the compensation provided for certified personnel of the public schools who are
 4 classified as "M" teachers.

5 **SECTION 2.1.(d)** The first step of the salary schedule for school psychologists
 6 shall be equivalent to Step 10, corresponding to 10 years of experience, on the salary schedule
 7 established in this section for certified personnel of the public schools who are classified as
 8 "M" teachers. Certified psychologists shall be placed on the salary schedule at an appropriate
 9 step based on their years of experience. Certified psychologists shall receive longevity
 10 payments based on years of State service in the same manner as teachers.

11 Certified psychologists with certification based on academic preparation at the
 12 six-year degree level shall receive a salary supplement of one hundred twenty-six dollars
 13 (\$126.00) per month in addition to the compensation provided for certified psychologists.
 14 Certified psychologists with certification based on academic preparation at the doctoral degree
 15 level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month
 16 in addition to the compensation provided for certified psychologists.

17 **SECTION 2.1.(e)** Speech pathologists who are certified as speech pathologists at
 18 the master's degree level and audiologists who are certified as audiologists at the master's
 19 degree level and who are employed in the public schools as speech and language specialists and
 20 audiologists shall be paid on the school psychologist salary schedule.

21 Speech pathologists and audiologists with certification based on academic
 22 preparation at the six-year degree level shall receive a salary supplement of one hundred
 23 twenty-six dollars (\$126.00) per month in addition to the compensation provided for speech
 24 pathologists and audiologists. Speech pathologists and audiologists with certification based on
 25 academic preparation at the doctoral degree level shall receive a salary supplement of two
 26 hundred fifty-three dollars (\$253.00) per month in addition to the compensation provided for
 27 speech pathologists and audiologists.

28 **SECTION 2.1.(f)** Certified school nurses who are employed in the public schools
 29 as nurses shall be paid on the "M" salary schedule.

30 **SECTION 2.1.(g)** As used in this section, the term "teacher" shall also include
 31 instructional support personnel.

32 **SECTION 2.1.(h)** Section 35.11 of S.L. 2013-360 is repealed.

33
 34 **SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE**

35 **SECTION 2.2.(a)** The following base salary schedule for school-based
 36 administrators shall apply only to principals and assistant principals. This base salary schedule
 37 shall apply for the 2014-2015 fiscal year commencing July 1, 2014.

38
 39 2014-2015 Principal and Assistant Principal Salary Schedules
 40 Classification

41 Years of	Assistant	Prin I	Prin II	Prin III	Prin IV
42 Experience	Principal	(0-10)	(11-21)	(22-32)	(33-43)
43 0-9	\$4,001	-	-	-	-
44 10	\$4,120	-	-	-	-
45 11	\$4,235	-	-	-	-
46 12	\$4,332	-	-	-	-
47 13	\$4,387	\$4,387	-	-	-
48 14	\$4,444	\$4,444	-	-	-
49 15	\$4,502	\$4,502	\$4,559	-	-
50 16	\$4,559	\$4,559	\$4,618	-	-
51 17	\$4,618	\$4,618	\$4,678	\$4,740	-

1	18	\$4,678	\$4,678	\$4,740	\$4,802	\$4,866
2	19	\$4,740	\$4,740	\$4,802	\$4,866	\$4,931
3	20	\$4,802	\$4,802	\$4,866	\$4,931	\$5,000
4	21	\$4,866	\$4,866	\$4,931	\$5,000	\$5,067
5	22	\$4,931	\$4,931	\$5,000	\$5,067	\$5,135
6	23	\$5,000	\$5,000	\$5,067	\$5,135	\$5,207
7	24	\$5,067	\$5,067	\$5,135	\$5,207	\$5,277
8	25	\$5,135	\$5,135	\$5,207	\$5,277	\$5,354
9	26	\$5,207	\$5,207	\$5,277	\$5,354	\$5,429
10	27	\$5,277	\$5,277	\$5,354	\$5,429	\$5,513
11	28	\$5,354	\$5,354	\$5,429	\$5,513	\$5,600
12	29	\$5,429	\$5,429	\$5,513	\$5,600	\$5,652
13	30	\$5,513	\$5,513	\$5,600	\$5,652	\$5,705
14	31	\$5,600	\$5,600	\$5,652	\$5,705	\$5,758
15	32	\$5,652	\$5,652	\$5,705	\$5,758	\$5,832
16	33	\$5,705	\$5,705	\$5,758	\$5,832	\$5,909
17	34	\$5,758	\$5,758	\$5,832	\$5,909	\$6,027
18	35	\$5,832	\$5,832	\$5,909	\$6,027	\$6,148
19	36	\$5,909	\$5,909	\$6,027	\$6,148	\$6,271
20	37	-	\$6,027	\$6,148	\$6,271	\$6,396
21	38	-	-	\$6,271	\$6,396	\$6,524
22	39	-	-	\$6,396	\$6,524	\$6,654
23	40	-	-	-	\$6,654	\$6,787
24	41	-	-	-	\$6,787	\$6,923
25	42	-	-	-	-	\$7,061

2014-2015 Principal and Assistant Principal Salary Schedules

Classification

Years of Experience	Prin V (44-54)	Prin VI (55-65)	Prin VII (66-100)	Prin VIII (101+)
0-19	\$5,000	-	-	-
20	\$5,067	-	-	-
21	\$5,135	\$5,207	-	-
22	\$5,207	\$5,277	\$5,429	-
23	\$5,277	\$5,354	\$5,513	\$5,600
24	\$5,354	\$5,429	\$5,600	\$5,652
25	\$5,429	\$5,513	\$5,652	\$5,705
26	\$5,513	\$5,600	\$5,705	\$5,758
27	\$5,600	\$5,652	\$5,758	\$5,832
28	\$5,652	\$5,705	\$5,832	\$5,909
29	\$5,705	\$5,758	\$5,909	\$6,027
30	\$5,758	\$5,832	\$6,027	\$6,148
31	\$5,832	\$5,909	\$6,148	\$6,271
32	\$5,909	\$6,027	\$6,271	\$6,396
33	\$6,027	\$6,148	\$6,396	\$6,524
34	\$6,148	\$6,271	\$6,524	\$6,654
35	\$6,271	\$6,396	\$6,654	\$6,787
36	\$6,396	\$6,524	\$6,787	\$6,923
37	\$6,524	\$6,654	\$6,923	\$7,061
38	\$6,654	\$6,787	\$7,061	\$7,202
39	\$6,787	\$6,923	\$7,202	\$7,346
40	\$6,923	\$7,061	\$7,346	\$7,493

1	41	\$7,061	\$7,202	\$7,493	\$7,643
2	42	\$7,202	\$7,346	\$7,643	\$7,796
3	43	\$7,346	\$7,493	\$7,796	\$7,952
4	44	-	\$7,643	\$7,952	\$8,111
5	45	-	\$7,796	\$8,111	\$8,273
6	46+	-	-	\$8,273	\$8,438

SECTION 2.2.(b) The appropriate classification for placement of principals and assistant principals on the salary schedule, except for principals in alternative schools and in cooperative innovative high schools, shall be determined in accordance with the following schedule:

Classification	Number of Teachers Supervised
Assistant Principal	
Principal I	Fewer than 11 Teachers
Principal II	11-21 Teachers
Principal III	22-32 Teachers
Principal IV	33-43 Teachers
Principal V	44-54 Teachers
Principal VI	55-65 Teachers
Principal VII	66-100 Teachers
Principal VIII	More than 100 Teachers

The number of teachers supervised includes teachers and assistant principals paid from State funds only; it does not include teachers or assistant principals paid from non-State funds or the principal or teacher assistants.

The beginning classification for principals in alternative schools and in cooperative innovative high school programs shall be the Principal III level. Principals in alternative schools who supervise 33 or more teachers shall be classified according to the number of teachers supervised.

SECTION 2.2.(c) A principal shall be placed on the step on the salary schedule that reflects total number of years of experience as a certified employee of the public schools and an additional step for every three years of experience serving as a principal on or before June 30, 2009. A principal or assistant principal shall also continue to receive any additional State-funded percentage increases earned for the 1997-1998, 1998-1999, and 1999-2000 school years for improvement in student performance or maintaining a safe and orderly school.

SECTION 2.2.(d) Principals and assistant principals with certification based on academic preparation at the six-year degree level shall be paid a salary supplement of one hundred twenty-six dollars (\$126.00) per month and at the doctoral degree level shall be paid a salary supplement of two hundred fifty-three dollars (\$253.00) per month.

SECTION 2.2.(e) Longevity pay for principals and assistant principals shall be as provided for State employees under the North Carolina Human Resources Act.

SECTION 2.2.(f) If a principal is reassigned to a higher job classification because the principal is transferred to a school within a local school administrative unit with a larger number of State-allotted teachers, the principal shall be placed on the salary schedule as if the principal had served the principal's entire career as a principal at the higher job classification.

If a principal is reassigned to a lower job classification because the principal is transferred to a school within a local school administrative unit with a smaller number of State-allotted teachers, the principal shall be placed on the salary schedule as if the principal had served the principal's entire career as a principal at the lower job classification.

This subsection applies to all transfers on or after the effective date of this section, except transfers in school systems that have been created, or will be created, by merging two or more school systems. Transfers in these merged systems are exempt from the provisions of this subsection for one calendar year following the date of the merger.

1 **SECTION 2.2.(g)** Participants in an approved full-time master's in-school
 2 administration program shall receive up to a 10-month stipend at the beginning salary of an
 3 assistant principal during the internship period of the master's program. The stipend shall not
 4 exceed the difference between the beginning salary of an assistant principal plus the cost of
 5 tuition, fees, and books and any fellowship funds received by the intern as a full-time student,
 6 including awards of the Principal Fellows Program. The Principal Fellows Program or the
 7 school of education where the intern participates in a full-time master's in-school administration
 8 program shall supply the Department of Public Instruction with certification of eligible
 9 full-time interns.

10 **SECTION 2.2.(h)** During the 2013-2015 fiscal biennium, the placement on the
 11 salary schedule of an administrator with a one-year provisional assistant principal's certificate
 12 shall be at the entry-level salary for an assistant principal or the appropriate step on the teacher
 13 salary schedule, whichever is higher.

14
 15 **CENTRAL OFFICE SALARIES**

16 **SECTION 2.3.** Section 35.13 of S.L. 2013-360 reads as rewritten:

17 **"SECTION 35.13.(a)** The monthly salary ranges that follow, which apply to assistant
 18 superintendents, associate superintendents, directors/coordinators, supervisors, and finance
 19 officers, shall ~~remain unchanged for the 2013-2015 fiscal biennium, beginning July 1, 2013.~~be
 20 increased by one thousand dollars (\$1,000) annually as follows:

21	School Administrator I	\$3,349 <u>\$3,432</u>	\$6,281 <u>\$6,364</u>
22	School Administrator II	\$3,550 <u>\$3,633</u>	\$6,662 <u>\$6,745</u>
23	School Administrator III	\$3,769 <u>\$3,852</u>	\$7,068 <u>\$7,151</u>
24	School Administrator IV	\$3,920 <u>\$4,003</u>	\$7,349 <u>\$7,432</u>
25	School Administrator V	\$4,078 <u>\$4,161</u>	\$7,647 <u>\$7,730</u>
26	School Administrator VI	\$4,326 <u>\$4,409</u>	\$8,109 <u>\$8,192</u>
27	School Administrator VII	\$4,500 <u>\$4,583</u>	\$8,436 <u>\$8,519</u>

28 The local board of education shall determine the appropriate category and placement for
 29 each assistant superintendent, associate superintendent, director/coordinator, supervisor, or
 30 finance officer within the salary ranges and within funds appropriated by the General Assembly
 31 for central office administrators and superintendents. The category in which an employee is
 32 placed shall be included in the contract of any employee.

33 **"SECTION 35.13.(b)** The monthly salary ranges that follow, which apply to public school
 34 superintendents, shall ~~remain unchanged for the 2013-2015 fiscal biennium, beginning July 1,~~
 35 ~~2013.~~be increased beginning July 1, 2014, as follows:

36	Superintendent I	\$4,777 <u>\$4,860</u>	\$8,949 <u>\$9,032</u>
37	Superintendent II	\$5,071 <u>\$5,154</u>	\$9,490 <u>\$9,573</u>
38	Superintendent III	\$5,380 <u>\$5,463</u>	\$10,067 <u>\$10,150</u>
39	Superintendent IV	\$5,710 <u>\$5,793</u>	\$10,679 <u>\$10,762</u>
40	Superintendent V	\$6,060 <u>\$6,143</u>	\$11,330 <u>\$11,413</u>

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

45 **"SECTION 35.13.(c)** Longevity pay for superintendents, assistant superintendents,
 46 associate superintendents, directors/coordinators, supervisors, and finance officers shall be as
 47 provided for State employees under the State Personnel Act.

48 **"SECTION 35.13.(d)** Superintendents, assistant superintendents, associate
 49 superintendents, directors/coordinators, supervisors, and finance officers with certification
 50 based on academic preparation at the six-year degree level shall receive a salary supplement of
 51 one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided

1 pursuant to this section. Superintendents, assistant superintendents, associate superintendents,
2 directors/coordinators, supervisors, and finance officers with certification based on academic
3 preparation at the doctoral degree level shall receive a salary supplement of two hundred
4 fifty-three dollars (\$253.00) per month in addition to the compensation provided for under this
5 section.

6 **"SECTION 35.13.(e)** The State Board of Education shall not permit local school
7 administrative units to transfer State funds from other funding categories for salaries for public
8 school central office administrators.

9 **"SECTION 35.13.(f)** The annual salaries of all permanent, full-time personnel paid from
10 the Central Office Allotment shall remain unchanged for the 2013-2015 fiscal biennium, be
11 increased by one thousand dollars (\$1,000)."

13 **NONCERTIFIED PERSONNEL SALARIES**

14 **SECTION 2.4.** Section 35.14 of S.L. 2013-360 reads as rewritten:

15 **"SECTION 35.14.** The annual salary for permanent, full-time ~~and part-time~~ noncertified
16 public school employees whose salaries are supported from the State's General Fund shall be
17 remain unchanged for the 2013-2015 fiscal biennium, increased by one thousand dollars
18 (\$1,000). Part-time, noncertified public school employees shall receive the increase authorized
19 by this section on a prorated and equitable basis."

21 **BONUS FOR CERTIFIED PERSONNEL AT THE TOP OF THEIR SALARY** 22 **SCHEDULES**

23 **SECTION 2.5.(a)** Effective July 1, 2014, any permanent personnel employed on
24 July 1, 2014, and paid at the top of the principal and assistant principal salary schedule
25 applicable to them for the 2013-2014 school year shall receive a one-time bonus, payable
26 monthly, equivalent to two percent (2%).

27 **SECTION 2.5.(b)** Effective July 1, 2014, any permanent certified personnel
28 employed on July 1, 2014, and paid at the top teacher salary schedule applicable to them for the
29 2013-2014 school year shall receive a one-time bonus, payable monthly, equivalent to two
30 percent (2%).

32 **CLARIFYING CHANGES FOR TEACHER CONTRACTS**

33 **SECTION 2.6.(a)** A teacher who entered into a four-year contract no later than
34 June 30, 2014, pursuant to Section 9.6(g) of S.L. 2013-360, may elect to retain that contract
35 under its terms or to waive that contract.

36 If the teacher was a career teacher as of the date the contract was accepted and
37 waives the contract under this subsection, the teacher shall be employed pursuant to
38 G.S. 115C-325 and shall not receive a pay raise as provided for in Section 9.6(h) of
39 S.L. 2013-360.

40 Teachers who elect to retain the four-year contract shall (i) voluntarily relinquish
41 career status and any claim to career status, (ii) be employed in accordance with
42 G.S. 115C-325.1 through G.S. 115C-325.13, and (iii) receive a pay raise of five hundred
43 dollars (\$500.00) for the first year, one thousand dollars (\$1,000) for the second year, one
44 thousand five hundred dollars (\$1,500) for the third year, and two thousand dollars (\$2,000) for
45 the fourth year of the four-year contract. These pay raises shall be a part of the employee's base
46 salary.

47 **SECTION 2.6.(b)** The Department of Public Instruction shall use any funds
48 available to it for the 2014-2015 fiscal year, and in subsequent fiscal years, to provide pay
49 raises for any teachers who elect to retain their four-year contracts in accordance with
50 subsection (a) of this section.

CAREER PATHWAYS PILOT PROGRAM

SECTION 2.7.(a) Pilot. – The State Board of Education shall establish a three-year career pathways program pilot, as provided in this section, for selected local school administrative units to develop a career pathways program to provide for, in addition to base salary and other applicable local supplements, differentiated pay for classroom teachers based on a teacher's demonstrated effectiveness and additional responsibilities in advanced roles. For the purposes of this section, a classroom teacher is a teacher who works in the classroom providing instruction and who is not instructional support personnel.

SECTION 2.7.(b) Request for Proposal Requirements. – No later than September 15, 2014, the State Board shall develop a Request for Proposal (RFP) for local boards of education to participate in the pilot. As part of the RFP, the State Board of Education shall establish the duties that are associated with advanced roles for classroom teachers. Local boards of education shall submit RFPs for consideration no later than January 1, 2015. The RFP shall require local boards of education to include in their proposals a career pathway plan that meets, at a minimum, the following criteria:

(1) Career pathway teacher eligibility and duties. –

- a. Enable eligible classroom teachers to progress within their careers and become career pathway teachers by doing any of the following:
 1. Assuming advanced roles that include accountability for student growth across a team of teachers.
 2. Becoming leaders of teams of two or more highly effective teachers and teachers of record for all students served by a teaching team.
- b. Provide information in a form readily accessible to both teachers and the public on the criteria and procedures for selection as a career pathway teacher.
- c. Require a classroom teacher to be rated as highly effective on the North Carolina Teacher Evaluation instrument to be eligible to be a career pathway teacher. A highly effective classroom teacher is a teacher who receives, on the North Carolina Teacher Evaluation instrument, a rating of at least accomplished on each of the teacher evaluation standards and who exceeds expected student growth based on three years of teacher evaluation data as calculated by the State Board of Education.
- d. Increase the amount of time during the school day for a career pathway teacher to plan, collaborate, and participate in on-the-job development or leadership of others.
- e. Establish equally stringent eligibility requirements for a career pathway teacher to remain in an advanced role as those required to initially attain that role.
- f. Establish a procedure for determining whether a career pathway teacher is successfully performing the additional duties associated with the career pathway.
- g. Ensure that career pathway teachers may opt out of the career pathways plan by voluntarily relinquishing additional duties associated with the career pathway. Voluntary relinquishment of duties associated with the career pathway shall not be considered a demotion under Part 3 or Part 3A of Article 22 of Chapter 115C of the General Statutes.

(2) Career pathway salary bonuses. –

- 1 a. Pay career pathway salary supplements of at least ten percent (10%)
2 of the State teacher salary schedule to career pathway teachers who
3 assume advanced roles.
- 4 b. Pay career pathway salary supplements of at least twenty-five
5 percent (25%) of the State teacher salary schedule to career pathway
6 teachers who lead teams of two or more other teachers and are the
7 teachers of record for all students served by the teaching team.
- 8 c. Require that career pathway salary supplements be paid as a bonus or
9 supplement to the teacher's regular salary and not be included in the
10 average salary calculation used for budgeting State allotments.
- 11 d. Require that a career pathway teacher who (i) fails to maintain a
12 rating of highly effective or (ii) is not successfully performing the
13 additional duties associated with the career pathway shall be paid
14 only the salary applicable to him or her on the State salary schedule
15 and any other local supplements that would otherwise apply to the
16 teacher's compensation.
- 17 e. Require that a teacher who opts out of the career pathways plan shall
18 be paid only the salary applicable to him or her on the State salary
19 schedule and any other local supplements that would otherwise apply
20 to the teacher's compensation.
- 21 (3) Career pathways plan funding. – Achieves financial sustainability for career
22 pathways salary supplements, as provided in subdivision (2) of this
23 subsection, by reallocating other funds, including local, private, State, or
24 federal funds.
- 25 (4) System goals. –
- 26 a. Develop measures for determining how the career pathways plan
27 shall do at least the following:
- 28 1. Improve the quality of classroom instruction.
29 2. Increase the attractiveness of teaching.
30 3. Encourage the recognition, impact, and retention of
31 high-quality teachers.
- 32 b. Increase the percentage of students in the local school administrative
33 unit with a highly effective teacher as their teacher of record in at
34 least English Language Arts, math, social studies, and science to a
35 minimum of seventy-five percent (75%) of students in that subject by
36 the third year of implementation through the career pathways
37 program.

38 **SECTION 2.7.(c)** Selection of Pilot Units. – By March 15, 2015, the State Board
39 of Education shall review the RFPs submitted by local boards of education in accordance with
40 subsection (b) of this section and shall select for the first cohort of the pilot program eight local
41 school administrative units that meet the following criteria:

- 42 (1) Two school districts with an average daily membership (ADM) equal to or
43 less than 4,000.
44 (2) Two school districts with an ADM of 4,001 to 10,000.
45 (3) Two school districts with an ADM of 10,001 to 30,000.
46 (4) Two school districts with an ADM of 30,001 or more.

47 **SECTION 2.7.(d)** Pilot Implementation. – The local school administrative units
48 selected for the pilot shall implement their approved career pathways plans beginning with the
49 2015-2016 school year and ending with the 2017-2018 school year. The local boards of
50 education for each approved pilot local school administrative unit shall report annually no later

1 than August 15 following each school year of the pilot to the State Board of Education on the
2 following:

- 3 (1) The methodology for measurement and outcomes determined by the board
4 for how the career pathways plan has accomplished the following:
 - 5 a. Improved the quality of classroom instruction.
 - 6 b. Increased the attractiveness of teaching.
 - 7 c. Encouraged the recognition, impact, and retention of high-quality
8 teachers.
- 9 (2) The percentage of students with a highly effective teacher as their teacher of
10 record for English Language Arts, math, social studies, and science.

11 **SECTION 2.7.(e)** Second Cohort of Pilot. – It is the intent of the General
12 Assembly, subject to the availability of funds, that the State Board of Education shall select a
13 second cohort of eight local school administrative units using the process and requirements set
14 forth in this section to begin a career pathways pilot program in the 2016-2017 school year.

15 **SECTION 2.7.(f)** Pilot Evaluation. – The State Board of Education shall report
16 annually beginning October 15, 2015, until the conclusion of all the pilots, including a second
17 cohort as described in subsection (e) of this section, on all aspects of the implementation and
18 evaluation of the pilot career pathways plans to the offices of the President Pro Tempore of the
19 Senate and the Speaker of the House of Representatives, the Senate Appropriations/Base
20 Budget Committee, the House Committee on Appropriations, the Senate Appropriations
21 Committee on Education/Higher Education, the House Appropriations Subcommittee on
22 Education, the Fiscal Research Division, and the Joint Legislative Education Oversight
23 Committee.

24 **SECTION 2.7.(g)** Career Pathways Plan Statewide Recommendation. – The State
25 Board of Education shall evaluate implementation and success of the pilot plans and identify
26 successful, reliable elements to develop recommendations to the General Assembly for a career
27 pathways plan that could be implemented by a local board of education in its local school
28 administrative unit. The career pathways plan may contain multiple career pathway options, as
29 well as a default career pathway program, and shall be designed to improve the quality of
30 classroom instruction, increase the attractiveness of teaching, and encourage the recognition,
31 impact, and retention of high-quality teachers. The State Board of Education shall report no
32 later than October 15, 2018, on the statewide career pathways plan to the offices of the
33 President Pro Tempore of the Senate and the Speaker of the House of Representatives, the
34 Senate Appropriations/Base Budget Committee, the House Committee on Appropriations, the
35 Senate Appropriations Committee on Education/Higher Education, the House Appropriations
36 Subcommittee on Education, the Fiscal Research Division, and the Joint Legislative Education
37 Oversight Committee.

38 **SECTION 2.7.(h)** Career Pathways Plan Rules. – The State Board of Education
39 shall adopt rules necessary to carry out the provisions of this section. Notwithstanding Article
40 2A of Chapter 150B of the General Statutes, the State Board of Education shall be exempt from
41 rule making in establishing rules to carry out the career pathways pilot program set forth in this
42 section.

43 **SECTION 2.7.(i)** Career Pathways Plan Administration. – The State Board of
44 Education, in consultation with the Office of the Governor, shall be responsible for
45 administration of the career pathways plan pilot program and shall dedicate up to three
46 full-time staff positions. One position shall be assigned as the primary administrator of the
47 program. The primary administrator shall (i) lead oversight of pilot local school administrative
48 unit selection and career pathway development and piloting, (ii) lead assessments of pilots for
49 career pathways plan recommendations, and (iii) provide information about progress toward
50 goals of this section and activities undertaken to implement this section to the Governor, State

1 Board of Education, and State Superintendent of Public Instruction. Two additional positions
2 shall be assigned to assist the primary administrator.

3 **SECTION 2.7.(j)** Matching Funds for Career Pathways Plan. – The career
4 pathways pilot program shall provide one hundred dollars (\$100.00) per ADM for teacher
5 salary supplements for up to twenty-five percent (25%) of ADM in each pilot local school
6 administrative unit. State funding allocated to local school administrative units for the career
7 pathways program pilot shall be matched by the unit at a minimum of one dollar (\$1.00) of
8 matching funds for every one dollar (\$1.00) of State funds to pay supplements to teachers in the
9 career pathways program. Matching funds may include the reallocation of other funds,
10 including local, private, State, or federal funds.

11 **SECTION 2.7.(k)** Flexible Funding for Career Pathways Plan Pilot Local School
12 Administrative Units. – Notwithstanding G.S. 115C-105.25(5b), beginning with the 2015-2016
13 fiscal year, the State Board of Education shall increase flexibility in the use of State funds for
14 pilot local school administrative units by allowing positions allocated for classroom teachers
15 and instructional support personnel to be converted to dollar equivalents for the purpose of
16 transferring funds into the career pathways program for those local school administrative units
17 participating in the program. These positions shall be converted at the first step of the "A"
18 Teacher Salary Schedule effective for that fiscal year.

19 **SECTION 2.7.(l)** G.S. 150B-1(d) reads as rewritten:

20 "(d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the
21 following:

22 ...

23 (26) The State Board of Education with respect to the career pathways pilot
24 program established by the 2013 General Assembly. The program authorizes
25 local school administrative units to develop a program for differentiated pay
26 for classroom teachers based on a teacher's demonstrated effectiveness and
27 assumption of advanced roles."

29 **PART III. COMPENSATION OF STATE EMPLOYEES/BENEFITS**

30
31 **GOVERNOR AND COUNCIL OF STATE**

32 **SECTION 3.1.(a)** G.S. 147-11(a) reads as rewritten:

33 "(a) The salary of the Governor shall be ~~one hundred forty one thousand two hundred~~
34 ~~sixty-five dollars (\$141,265)~~ one hundred forty-two thousand two hundred sixty-five dollars
35 (\$142,265) annually, payable monthly."

36 **SECTION 3.1.(b)** Section 35.1(b) of S.L. 2013-360 reads as rewritten:

37 "**SECTION 35.1.(b)** ~~Effective for the 2013-2015 fiscal biennium, the~~ The annual salaries
38 for members of the Council of State, payable monthly, shall remain unchanged ~~be increased by~~
39 one thousand dollars (\$1,000) as follows:

<u>Council of State</u>	<u>Annual Salary</u>
Lieutenant Governor	\$124,676 <u>\$125,676</u>
Attorney General	124,676 <u>125,676</u>
Secretary of State	124,676 <u>125,676</u>
State Treasurer	124,676 <u>125,676</u>
State Auditor	124,676 <u>125,676</u>
Superintendent of Public Instruction	124,676 <u>125,676</u>
Agriculture Commissioner	124,676 <u>125,676</u>
Insurance Commissioner	124,676 <u>125,676</u>
Labor Commissioner	124,676 <u>125,676</u> "

50 **SECTION 3.1.(c)** Section 35.1(a) of S.L. 2013-360 is repealed.

CERTAIN EXECUTIVE BRANCH OFFICIALS

SECTION 3.2. Section 35.2 of S.L. 2013-360 reads as rewritten:

~~"SECTION 35.2. Effective for the 2013-2015 fiscal biennium, the~~ The annual salaries, payable monthly, for the following executive branch officials shall ~~remain unchanged~~ be increased by one thousand dollars (\$1,000) as follows:

<u>Executive Branch Officials</u>	<u>Annual Salary</u>
Chairman, Alcoholic Beverage Control Commission	\$110,868 <u>\$111,868</u>
State Controller	155,159 <u>156,159</u>
Commissioner of Banks	124,676 <u>125,676</u>
Chair, Board of Review, Division of Employment Security	122,255 <u>123,255</u>
Members, Board of Review, Division of Employment Security	120,737 <u>121,737</u>
Chairman, Parole Commission	101,235 <u>102,235</u>
Members of the Parole Commission	93,464 <u>94,464</u>
Chairman, Utilities Commission	138,849 <u>139,849</u>
Members of the Utilities Commission	124,676 <u>125,676</u>
Executive Director, North Carolina Agricultural Finance Authority	107,915 <u>108,915</u> "

JUDICIAL BRANCH

SECTION 3.3.(a) Section 35.3 of S.L. 2013-360 reads as rewritten:

~~"SECTION 35.3.(a) Effective for the 2013-2015 fiscal biennium, the~~ The annual salaries, payable monthly, for specified judicial branch officials shall ~~remain unchanged~~ be increased by one thousand dollars (\$1,000) as follows:

<u>Judicial Branch Officials</u>	<u>Annual Salary</u>
Chief Justice, Supreme Court	\$142,623 <u>\$143,623</u>
Associate Justice, Supreme Court	138,896 <u>139,896</u>
Chief Judge, Court of Appeals	136,682 <u>137,682</u>
Judge, Court of Appeals	133,109 <u>134,109</u>
Judge, Senior Regular Resident Superior Court	129,492 <u>130,492</u>
Judge, Superior Court	125,875 <u>126,875</u>
Chief Judge, District Court	114,301 <u>115,301</u>
Judge, District Court	110,684 <u>111,684</u>
District Attorney	120,737 <u>121,737</u>
Administrative Officer of the Courts	128,259 <u>129,259</u>
Assistant Administrative Officer of the Courts	117,152 <u>118,152</u>
Public Defender	120,737 <u>121,737</u>
Director of Indigent Defense Services	124,498 <u>125,498</u>

~~"SECTION 35.3.(b) Effective for the 2013-2015 fiscal biennium, the annual salaries of employees of the Judicial Department shall remain unchanged as follows:~~

- ~~(1) The annual salaries of permanent full time and part time employees of the Judicial Department whose salaries are not itemized in this act shall remain unchanged.~~
- ~~(2) Notwithstanding anything to the contrary, the annual salaries of clerks of superior court under G.S. 7A-101(a) shall not change when a county changes from one population group to another.~~
- ~~(3) The annual salaries of assistant and deputy clerks of court set under G.S. 7A-102(c1) shall remain unchanged.~~
- ~~(4) The annual salaries of magistrates set under G.S. 7A-171.1(a) or G.S. 7A-171.1(a1)(1) shall remain unchanged."~~

SECTION 3.3.(b) The annual salaries of permanent full-time employees of the Judicial Department whose salaries are not itemized in this act shall be increased by one

1 thousand dollars (\$1,000), effective July 1, 2014, except for employees eligible to receive step
 2 increases under G.S. 7A-102(c1) at any time during the 2014-2015 fiscal year.

3 **SECTION 3.3.(c)** The district attorney or public defender of a judicial district, with
 4 the approval of the Administrative Officer of the Courts or the Commission on Indigent
 5 Defense Services, respectively, shall set the salaries of assistant district attorneys or assistant
 6 public defenders, respectively, in that district such that the average salaries of assistant district
 7 attorneys or assistant public defenders in that district do not exceed seventy-two thousand
 8 seven hundred ninety-seven dollars (\$72,797) and the minimum salary of any assistant district
 9 attorney or assistant public defender is at least thirty-eight thousand six hundred twenty-eight
 10 dollars (\$38,628), effective July 1, 2014.

11 **SECTION 3.3.(d)** G.S. 7A-101(a) reads as rewritten:

12 "(a) The clerk of superior court is a full-time employee of the State and shall receive an
 13 annual salary, payable in equal monthly installments, based on the population of the county as
 14 determined in subsection (a1) of this section, according to the following schedule:

Population	Annual Salary
Less than 100,000	\$ 83,390 <u>\$84,390</u>
100,000 to 149,999	93,578 <u>94,578</u>
150,000 to 249,999	103,766 <u>104,766</u>
250,000 and above	113,958 <u>114,958</u>

20 When a county changes from one population group to another, the salary of the clerk shall
 21 be changed, on July 1 of the fiscal year for which the change is reported, to the salary
 22 appropriate for the new population group, except that the salary of an incumbent clerk shall not
 23 be decreased by any change in population group during his continuance in office."

24 **SECTION 3.3.(e)** G.S. 7A-102(c1) reads as rewritten:

25 "(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy
 26 clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the
 27 following minimum and maximum rates:

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	\$32,609
Maximum	55,424 <u>56,424</u>
Deputy Clerks	Annual Salary
Minimum	\$28,223
Maximum	43,107 <u>44,107</u> ."

34 **SECTION 3.3.(f)** G.S. 7A-171.1(a)(1) reads as rewritten:

35 "(a) The Administrative Officer of the Courts, after consultation with the chief district
 36 judge and pursuant to the following provisions, shall set an annual salary for each magistrate.

37 (1) A full-time magistrate shall be paid the annual salary indicated in the table
 38 set out in this subdivision. A full-time magistrate is a magistrate who is
 39 assigned to work an average of not less than 40 hours a week during the term
 40 of office. The Administrative Officer of the Courts shall designate whether a
 41 magistrate is full-time. Initial appointment shall be at the entry rate. A
 42 magistrate's salary shall increase to the next step every two years on the
 43 anniversary of the date the magistrate was originally appointed for increases
 44 to Steps 1 through 3, and every four years on the anniversary of the date the
 45 magistrate was originally appointed for increases to Steps 4 through 6.

46 Table of Salaries of Full-Time Magistrates

Step Level	Annual Salary
Entry Rate	\$33,025 <u>\$35,275</u>
Step 1	35,954 <u>37,950</u>
Step 2	39,135 <u>40,835</u>
Step 3	42,640 <u>43,890</u>

1	Step 4	46,551	47,550
2	Step 5	50,959	51,960
3	Step 6	55,901	56,900."

SECTION 3.3.(g) G.S. 7A-171.1(a1)(1) reads as rewritten:

"(a1) Notwithstanding subsection (a) of this section, the following salary provisions apply to individuals who were serving as magistrates on June 30, 1994:

- (1) The minimum and maximum salaries of magistrates who on June 30, 1994, were paid at a salary level of less than five years of service under the table in effect that date shall be as follows:

	<u>Minimum</u>	<u>Maximum</u>
Less than 1 year of service	\$26,846	\$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

Upon completion of five years of service, those magistrates shall receive the salary set as the Entry Rate in the table in subsection (a)."

SECTION 3.3.(h) Salary reserves generated by the clerk of superior court offices during the 2014-2015 fiscal year shall be used exclusively by the clerks of superior court. The clerks of superior court may use these funds to award salary increases in addition to those specifically provided for deputy and assistant clerks under the respective salary plans. Any additional increases may be awarded at the discretion of each elected clerk of superior court. The Administrative Office of the Courts shall (i) allocate funds for additional discretionary salary adjustments on a per capita basis and (ii) adopt a plan for distribution of the funds in consultation with the Conference of Clerks of Superior Court.

LEGISLATIVE BRANCH

SECTION 3.4.(a) Section 35.4 of S.L. 2013-360 reads as rewritten:

"SECTION 35.4. For the 2013-2015 fiscal biennium, the salaries of members and officers of the General Assembly shall remain unchanged at the amounts set under G.S. 120-3, as provided in 1994 by the 1993 General Assembly. ~~Effective for the 2013-2015 fiscal biennium, salaries in the legislative branch shall remain unchanged, as follows:~~

- ~~(1) The annual salaries set by G.S. 120-37(c) for the principal clerks in each house shall remain unchanged.~~
- ~~(2) The annual salaries set by G.S. 120-37(b) of the sergeant at arms and the reading clerk in each house shall remain unchanged.~~
- ~~(3) The annual salaries of the Legislative Services Officer and of nonelected employees of the General Assembly set under G.S. 120-32 shall remain unchanged."~~

SECTION 3.4.(b) G.S. 120-37(b) reads as rewritten:

"(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary of ~~three hundred eighty five dollars (\$385.00)~~ four hundred four dollars (\$404.00) per week plus subsistence at the same daily rate provided for members of the General Assembly, plus mileage at the rate provided for members of the General Assembly for one round trip only from their homes to Raleigh and return. The sergeants-at-arms shall serve during sessions of the General Assembly and at such time prior to the convening of, and subsequent to adjournment or recess of, sessions as may be authorized by the Legislative Services Commission. The reading clerks shall serve during sessions only."

SECTION 3.4.(c) G.S. 120-37(c) reads as rewritten:

"(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled to other benefits available to permanent legislative employees and shall be paid an annual salary of ~~one hundred five thousand three hundred thirty three dollars (\$105,333)~~, one hundred six thousand three hundred thirty-three dollars (\$106,333), payable monthly. Each principal

1 clerk shall also receive such additional compensation as approved by the Speaker of the House
 2 of Representatives or the President Pro Tempore of the Senate, respectively, for additional
 3 employment duties beyond those provided by the rules of their House. The Legislative Services
 4 Commission shall review the salary of the principal clerks prior to submission of the proposed
 5 operating budget of the General Assembly to the Governor and shall make appropriate
 6 recommendations for changes in those salaries. Any changes enacted by the General Assembly
 7 shall be by amendment to this paragraph."

8 **SECTION 3.4.(d)** The annual salaries of the Legislative Services Officer and of
 9 nonelected employees of the General Assembly in effect on June 30, 2014, shall be increased
 10 by one thousand dollars (\$1,000).

11
 12 **COMMUNITY COLLEGES PERSONNEL**

13 **SECTION 3.5.** Section 35.5 of S.L. 2013-360 reads as rewritten:

14 "**SECTION 35.5.(a)** The annual salaries of all full-time community college nonfaculty and
 15 professional staff whose salaries are supported from the State's General Fund shall ~~remain~~
 16 ~~unchanged for the 2013-2015 fiscal biennium.~~ be increased by one thousand dollars (\$1,000).

17 "**SECTION 35.5.(b)** ~~For the 2013-2015 fiscal biennium, the~~ Effective July 1, 2014, the
 18 annual salaries of all full-time community college faculty whose salaries are supported from the
 19 State's General Fund shall remain unchanged. The ~~be increased by one thousand dollars~~
 20 ~~(\$1,000). The minimum salaries for nine-month, full-time curriculum community college~~
 21 faculty shall also remain unchanged ~~be increased~~ as follows:

<u>Education Level</u>	<u>Minimum Salary</u>
Vocational Diploma/Certificate or Less	\$34,314 <u>\$35,314</u>
Associate Degree or Equivalent	34,819 <u>35,819</u>
Bachelor's Degree	37,009 <u>38,009</u>
Masters Degree or Education Specialist	38,952 <u>39,952</u>
Doctoral Degree	41,753 <u>42,753</u>

28 No full-time faculty member shall earn less than the minimum salary for his or her education
 29 level.

30 The pro rata hourly rate of the minimum salary for each education level shall be used to
 31 determine the minimum salary for part-time faculty members."
 32

33 **UNIVERSITY OF NORTH CAROLINA SYSTEM**

34 **SECTION 3.6.(a)** Section 35.6 of S.L. 2013-360 reads as rewritten:

35 "**SECTION 35.6.(a)** The annual compensation of all full-time University of North
 36 Carolina ~~EPA-EHRA~~ faculty, ~~EPA-EHRA~~ nonfaculty, ~~SPA-SHRA~~ employees, and teachers
 37 employed by the North Carolina School of Science and Mathematics shall remain unchanged
 38 for the ~~2013-2015 fiscal biennium.~~ 2013-2014 fiscal year. Effective for the 2014-2015 fiscal
 39 year:

- 40 (1) The annual compensation of all full-time University of North Carolina
 41 SHRA employees shall be increased by one thousand dollars (\$1,000).
- 42 (2) The funds appropriated in this act to The University of North Carolina for
 43 EHRA faculty and EHRA nonfaculty compensation increases, except for
 44 teachers at the North Carolina School of Science and Mathematics, may be
 45 used to award compensation increases to EHRA employees, pursuant to
 46 policies adopted by the Board of Governors, including, but not limited to,
 47 any one or more of the following: (i) merit pay increases, (ii)
 48 across-the-board increases, (iii) recruitment bonuses, and (iv) retention
 49 increases.

1 "SECTION 35.6.(b) The annual compensation of all full-time employees of the University
2 of North Carolina Health Care System and the Medical Faculty Practice Plan at East Carolina
3 University shall remain unchanged for the ~~2013-2015 fiscal biennium~~ 2013-2014 fiscal year."

4 **SECTION 3.6.(b)** For the 2014-2015 fiscal year, the Board of Trustees of the
5 North Carolina School of Science and Mathematics shall award the step increases authorized
6 by the Teacher Salary Schedule under Section 2.1 of this act.
7

8 **STATE AGENCY TEACHERS**

9 **SECTION 3.6A.** Employees of schools operated by the Department of Health and
10 Human Services, the Department of Public Safety, and the State Board of Education who are
11 paid on the Teacher Salary Schedule shall receive the experience step increases authorized in
12 Section 2.1 of this act.
13

14 **STATE HIGHWAY PATROL STEP INCREASES**

15 **SECTION 3.6B.** Notwithstanding G.S. 20-187.3 for the 2014-2015 fiscal year, the
16 annual salary of a member of the State Highway Patrol whose salary does not exceed the
17 maximum of the applicable salary range shall be increased on a percentage basis according to
18 the date the member received sworn law enforcement officer status with the Patrol, as follows,
19 in the amount of:

- 20 (1) Six percent (6%) for a member sworn between 2012 and June 30, 2014.
- 21 (2) Five and five-tenths percent (5.5%) for a member sworn between 2008 and
22 2011.
- 23 (3) Five percent (5%) for a member sworn between 2005 and 2007.
24

25 **SALARY ADJUSTMENT REQUIREMENTS**

26 **SECTION 3.7.** Section 35.8 of S.L. 2013-360 reads as rewritten:

27 "**SECTION 35.8.(a)** The annual compensation of all employees subject to or exempt from
28 the ~~State Personnel Act, North Carolina Human Resources Act,~~ including employees of local
29 boards of education, community colleges, and The University of North Carolina, for the
30 ~~2013-2015 fiscal biennium~~ 2013-2014 fiscal year shall remain unchanged from that authorized
31 on June 30, 2013, or the last date in pay status during the 2011-2013 fiscal biennium, if earlier,
32 unless an increase is authorized by this section or under the Salary Adjustment Fund
33 established by this act.

34 "**SECTION 35.8.(b)** Salary increases may be awarded during the ~~2013-2015 fiscal~~
35 ~~biennium~~ 2013-2014 fiscal year under this ~~section~~ subsection only for the following special
36 circumstances:

- 37 (1) For all State employees regardless of funding source, and for employees of
38 the North Carolina Community College System and local school boards who
39 are paid from State funds, salaries may be increased for reallocations or
40 promotions, in-range adjustments for job change, career progression
41 adjustments for demonstrated competencies, or any other adjustment related
42 to an increase in job duties or responsibilities, none of which are subject to
43 the salary freeze otherwise provided by this Part. All other salary increases
44 are prohibited.
- 45 (1a) For employees of the North Carolina Community College System,
46 notwithstanding subdivision (1) of this subsection, salaries may be increased
47 if the increase is (i) funded from local funding sources or (ii) for the
48 purposes of retention or equity.
- 49 (2) For The University of North Carolina, (i) faculty using funds from the
50 Faculty Recruiting and Retention Fund, the Distinguished Professors
51 Endowment Fund, or the University Cancer Research Fund in the case of

1 faculty involved in cancer research supported by that fund; (ii) faculty,
2 nonfaculty, and other employee adjustments, including retention
3 adjustments, funded from non-State funding sources; (iii) faculty,
4 nonfaculty, and other employees for the purposes of retention or equity.

- 5 (3) For employees of the judicial branch, for local supplementation as
6 authorized by G.S. 7A-300.1.

7 The cumulative salary adjustment allowed under this subsection ~~for each fiscal year during~~
8 ~~the 2013-2015 fiscal biennium~~ 2013-2014 fiscal year may exceed ten percent (10%) of annual
9 salary only if the adjustment is approved in advance by the Office of State Budget and
10 Management, The University of North Carolina Board of Governors, the Board of the North
11 Carolina Community College System, the Legislative Services Commission, the local board of
12 education, or other authorized body as appropriate.

13 "**SECTION 35.8.(c)** The automatic salary step increases for assistant and deputy clerks of
14 superior court and magistrates are suspended for the ~~2013-2015 fiscal biennium~~ 2013-2014
15 fiscal year.

16 "**SECTION 35.8.(d)** The salary increase provisions of G.S. 20-187.3 are suspended for the
17 ~~2013-2015 fiscal biennium~~ 2013-2014 fiscal year.

18 "**SECTION 35.8.(e)** ~~During the 2013-2015 fiscal biennium,~~ For the 2013-2014 fiscal year,
19 notwithstanding G.S. 53C-2-3(c), employees of the Office of the Commissioner of Banks shall
20 not be awarded (i) compensation increases unless allowed under subdivision (1) of subsection
21 (b) of this section or (ii) compensation bonuses.

22 "**SECTION 35.8.(f)** Employees of the Lottery Commission shall not receive compensation
23 bonuses during the ~~2013-2015 fiscal biennium~~ 2013-2014 fiscal year."

24 25 **ALL STATE-SUPPORTED PERSONNEL/SALARY INCREASES**

26 **SECTION 3.8.(a)** Salaries and related benefits for positions that are funded
27 partially from the General Fund or Highway Fund and partially from sources other than the
28 General Fund or Highway Fund shall be increased from the General Fund or Highway Fund
29 appropriation only to the extent of the proportionate part of the salaries paid from the General
30 Fund or Highway Fund.

31 **SECTION 3.8.(b)** The salary increases provided in this act become effective July
32 1, 2014, and do not apply to persons separated from State service due to resignation, dismissal,
33 reduction in force, death, or retirement, or whose last workday is prior to July 1, 2014.

34 **SECTION 3.8.(c)** Payroll checks issued to employees after July 1, 2014, which
35 represent payment of services provided prior to July 1, 2014, shall not be eligible for salary
36 increases provided for in this act. This subsection applies to all employees paid from State
37 funds, whether or not subject to or exempt from the North Carolina Human Resources Act,
38 including employees of public schools, community colleges, and The University of North
39 Carolina.

40 **SECTION 3.8.(d)** Nothing in this act authorizes the transfer of funds between the
41 General Fund and the Highway Fund for salary increases.

42 **SECTION 3.8.(e)** Unless otherwise provided by this act, for the 2014-2015 fiscal
43 year, permanent, full-time State agency employees and State-funded public school employees
44 who work a nine-, 10-, or 11-month work year schedule shall receive the one thousand dollar
45 (\$1,000) annual increase provided by this act.

46 47 **MOST STATE EMPLOYEES**

48 **SECTION 3.9.(a)** Section 35.7 of S.L. 2013-360 reads as rewritten:

49 "**SECTION 35.7.** ~~For the 2013-2015 fiscal biennium, the salaries in effect June 30, 2013,~~
50 ~~for the following employees shall remain unchanged, effective July 1, 2013:~~ Except as

1 otherwise specifically set forth in this act, the salaries in effect for the following employees on
2 June 30, 2014, shall be increased by one thousand dollars (\$1,000):

- 3 (1) Permanent full-time State officials and persons whose salaries are set in
4 accordance with the ~~State Personnel Act.~~North Carolina Human Resources
5 Act.
6 (2) Permanent full-time State officials and persons in positions exempt from the
7 ~~State Personnel Act.~~North Carolina Human Resources Act.
8 (3) Permanent part-time State ~~employees.~~employees and temporary and
9 permanent hourly State employees, on a prorated and equitable basis subject
10 to the availability of funds in the employing State agency, department, or
11 institution and within regular State Budget Act procedures.
12 (4) ~~Temporary and permanent hourly State employees."~~

13 **SECTION 3.9.(b)** Except as otherwise specifically provided, any employee who is
14 paid on a step schedule who:

- 15 (1) Does not receive a step increase, shall receive the one thousand dollar
16 (\$1,000) salary increase authorized by this act.
17 (2) Does receive a step increase, shall not receive the one thousand dollar
18 (\$1,000) salary increase authorized by this act. Further, such employees are
19 not eligible to move more than one step on the applicable salary schedule.
20

21 SPECIAL ANNUAL LEAVE BONUS

22 **SECTION 3.10.** Any person (i) who was on July 1, 2014, a full-time permanent
23 employee of the State, a community college institution, or a local board of education or was
24 under contract on July 1, 2014, to be employed for the 2014-2015 school year in such a
25 position and (ii) who is eligible to earn annual leave shall have a one-time additional five days
26 of annual leave credited on July 1, 2014. The additional leave shall be accounted for separately
27 from the annual leave bonus provided by Section 28.3A of S.L. 2002-126, by Section
28 30.12B(a) of S.L. 2003-284, by Section 29.14A of S.L. 2005-276, and by Section 35.10C of
29 S.L. 2013-360, and must be used by June 30, 2015. Annual leave bonus not used during fiscal
30 year 2014-2015 shall expire on June 30, 2015, and shall not be paid in a lump sum upon
31 termination of employment unless the person effects a retirement from a State-supported
32 retirement system immediately upon termination of employment. Part-time permanent
33 employees shall receive a pro rata amount of the five days.
34

35 STATE EMPLOYEES REASSIGNMENT/NO THIRTY-FIVE-MILE RADIUS 36 REQUIREMENT

37 **SECTION 3.11.(a)** G.S. 126-5(e)(2) reads as rewritten:

38 "(e) An exempt employee may be transferred, demoted, or separated from his or her
39 position by the department head authorized to designate the exempt position except:

- 40 ...
41 (2) When an employee who has 10 years or more cumulative service, including
42 the immediately preceding 12 months, in subject positions prior to
43 placement in an exempt position is removed from an exempt position, for
44 reasons other than just cause, the employee shall be reassigned to a subject
45 position within the same department or agency, or if necessary within
46 another agency, ~~and within a 35-mile radius of the exempt position,~~ at the
47 same grade and salary, including all across-the-board increases since
48 placement in the position designated as exempt, as ~~his~~the employee's most
49 recent subject position."

50 **SECTION 3.11.(b)** This section is effective when it becomes law and applies to
51 State employees hired before June 30, 2013.

LOTTERY COMMISSION/LIMITS ON CERTAIN SALARY INCREASES

SECTION 3.12. For the 2014-2015 fiscal year, notwithstanding the provisions of G.S. 18C-114(a)(11) and G.S. 18C-120(b)(3), the Lottery Commission shall not expend funds for merit-based or performance-based increases.

SALARY-RELATED CONTRIBUTIONS

SECTION 3.13.(a) Section 35.15(b) of S.L. 2013-360 reads as rewritten:

"SECTION 35.15.(b) Effective July 1, 2013, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the ~~2013-2015 fiscal biennium~~ 2013-2014 fiscal year are (i) fourteen and sixty-nine hundredths percent (14.69%) – Teachers and State Employees; (ii) nineteen and sixty-nine hundredths percent (19.69%) – State Law Enforcement Officers; (iii) twelve and sixty-eight hundredths percent (12.68%) – University Employees' Optional Retirement Program; (iv) twelve and sixty-eight hundredths percent (12.68%) – Community College Optional Retirement Program; (v) thirty-three and forty-one hundredths percent (33.41%) – Consolidated Judicial Retirement System; and (vi) five and forty hundredths percent (5.40%) – Legislative Retirement System. Each of the foregoing contribution rates includes five and forty hundredths percent (5.40%) for hospital and medical benefits. The rate for the Teachers and State Employees, State Law Enforcement Officers, University Employees' Optional Retirement Program, and the Community College Optional Retirement Program includes forty-four hundredths percent (0.44%) for the Disability Income Plan. The rates for Teachers and State Employees and State Law Enforcement Officers include sixteen hundredths percent (0.16%) for the Death Benefits Plan. The rate for State Law Enforcement Officers includes five percent (5%) for Supplemental Retirement Income. The rate for Teachers and State Employees and State Law Enforcement Officers includes one hundredths percent (0.01%) for the Qualified Excess Benefit Arrangement."

SECTION 3.13.(b) Effective July 1, 2014, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2014-2015 fiscal year are (i) fifteen and thirty-six hundredths percent (15.36%) – Teachers and State Employees; (ii) twenty and thirty-six hundredths percent (20.36%) – State Law Enforcement Officers; (iii) twelve and seventy-four hundredths percent (12.74%) – University Employees' Optional Retirement Program; (iv) twelve and seventy-four hundredths percent (12.74%) – Community College Optional Retirement Program; (v) thirty-two and eighty-nine hundredths percent (32.89%) – Consolidated Judicial Retirement System; and (vi) five and forty-nine hundredths percent (5.49%) – Legislative Retirement System. Each of the foregoing contribution rates includes five and forty-nine hundredths percent (5.49%) for hospital and medical benefits. The rate for the Teachers and State Employees, State Law Enforcement Officers, University Employees' Optional Retirement Program, and the Community College Optional Retirement Program includes forty-one hundredths percent (0.41%) for the Disability Income Plan. The rates for Teachers and State Employees and State Law Enforcement Officers include sixteen hundredths percent (0.16%) for the Death Benefits Plan. The rate for State Law Enforcement Officers includes five percent (5%) for Supplemental Retirement Income. The rate for Teachers and State Employees and State Law Enforcement Officers includes one hundredths percent (0.01%) for the Qualified Excess Benefit Arrangement.

SECTION 3.13.(c) Section 35.15(d) of S.L. 2013-360 reads as rewritten:

"SECTION 35.15.(d) Effective July 1, 2014, the maximum annual employer contributions, payable monthly, by the State for each covered employee or retiree for the 2014-2015 fiscal year to the State Health Plan for Teachers and State Employees are (i) Medicare eligible employees and retirees – ~~four thousand two hundred twenty four dollars (\$4,224)~~ four thousand one hundred seventy-nine dollars (\$4,179) and (ii) non-Medicare

1 eligible employees and retirees – ~~five thousand four hundred thirty five dollars (\$5,435).five~~
2 ~~thousand three hundred seventy-eight dollars (\$5,378).~~"

3
4 **PROVIDE COST-OF-LIVING INCREASES FOR RETIREES OF THE TEACHERS'**
5 **AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE JUDICIAL**
6 **RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM**

7 **SECTION 3.14.(a)** G.S. 135-5 is amended by adding a new subsection to read:

8 "(ttt) From and after July 1, 2014, the retirement allowance to or on account of
9 beneficiaries whose retirement commenced on or before July 1, 2013, shall be increased by one
10 and forty-four hundredths percent (1.44%) of the allowance payable on June 1, 2014, in
11 accordance with G.S. 135-5(o). Furthermore, from and after July 1, 2014, the retirement
12 allowance to or on account of beneficiaries whose retirement commenced after July 1, 2013,
13 but before June 30, 2014, shall be increased by a prorated amount of one and forty-four
14 hundredths percent (1.44%) of the allowance payable as determined by the Board of Trustees
15 based upon the number of months that a retirement allowance was paid between July 1, 2013,
16 and June 30, 2014."

17 **SECTION 3.14.(b)** G.S. 135-65 is amended by adding a new subsection to read:

18 "(ee) From and after July 1, 2014, the retirement allowance to or on account of
19 beneficiaries whose retirement commenced on or before July 1, 2013, shall be increased by one
20 and forty-four hundredths percent (1.44%) of the allowance payable on June 1, 2014.
21 Furthermore, from and after July 1, 2014, the retirement allowance to or on account of
22 beneficiaries whose retirement commenced after July 1, 2013, but before June 30, 2014, shall
23 be increased by a prorated amount of one and forty-four hundredths percent (1.44%) of the
24 allowance payable as determined by the Board of Trustees based upon the number of months
25 that a retirement allowance was paid between July 1, 2013, and June 30, 2014."

26 **SECTION 3.14.(c)** G.S. 120-4.22A is amended by adding a new subsection to
27 read:

28 "(y) In accordance with subsection (a) of this section, from and after July 1, 2014, the
29 retirement allowance to or on account of beneficiaries whose retirement commenced on or
30 before January 1, 2014, shall be increased by one and forty-four hundredths percent (1.44%) of
31 the allowance payable on June 1, 2014. Furthermore, from and after July 1, 2014, the
32 retirement allowance to or on account of beneficiaries whose retirement commenced after
33 January 1, 2014, but before June 30, 2014, shall be increased by a prorated amount of one and
34 forty-four hundredths percent (1.44%) of the allowance payable as determined by the Board of
35 Trustees based upon the number of months that a retirement allowance was paid between
36 January 1, 2014, and June 30, 2014."

37
38 **FUNDING FOR NORTH CAROLINA PUBLIC SCHOOL TEACHERS' AND**
39 **PROFESSIONAL EDUCATORS' INVESTMENT PLAN**

40 **SECTION 3.15.** Notwithstanding the provisions of G.S. 135-151(e), the assets of
41 the Qualified Excess Benefit Arrangement (QEBA) established under Article 7 of Chapter 135
42 of the General Statutes may be used to loan the sum of one hundred fifty thousand dollars
43 (\$150,000) to the administrative account of the North Carolina Public School Teachers' and
44 Professional Educators' Investment Plan established under G.S. 115C-341.2. The Plan shall
45 repay the QEBA when the balance in its administrative account exceeds the sum of two
46 hundred fifty thousand dollars (\$250,000). The repayment shall be made with interest at a rate
47 set by the Board of Trustees established under G.S. 135-6.

48
49 **ENHANCE BENEFITS PAYABLE THROUGH THE NATIONAL GUARD PENSION**
50 **FUND**

51 **SECTION 3.16.** G.S. 127A-40(a) reads as rewritten:

1 "(a) Every member and former member of the North Carolina National Guard who
2 meets the requirements of this section shall receive, commencing at age 60, a pension of
3 ~~ninety five dollars (\$95.00)~~ one hundred dollars (\$100.00) per month for 20 years' creditable
4 military service with an additional ~~nine dollars fifty cents (\$9.50)~~ ten dollars (\$10.00) per
5 month for each additional year of such service; provided, however, that the total pension shall
6 not exceed ~~one hundred ninety dollars (\$190.00)~~ two hundred dollars (\$200.00) per month. The
7 requirements for a pension are that each member shall:

- 8 (1) Have served and qualified for at least 20 years' creditable military service,
9 including National Guard, reserve and active duty, under the same
10 requirement specified for entitlement to retired pay for nonregular service
11 under Chapter 67, Title 10, United States Code.
- 12 (2) Have at least 15 years of the aforementioned service as a member of the
13 North Carolina National Guard.
- 14 (3) Have received an honorable discharge from the North Carolina National
15 Guard."

17 **ALTERNATIVE HEALTH BENEFIT COVERAGE FOR NONPERMANENT** 18 **FULL-TIME STATE EMPLOYEES**

19 **SECTION 3.17.(a)** Section 1 of S.L. 2013-324 is repealed. The amendment to
20 G.S. 135-48.43(a)(2) made in Section 4 of S.L. 2013-324 is repealed.

21 **SECTION 3.17.(b)** G.S. 135-48.22 reads as rewritten:

22 **"§ 135-48.22. Board powers and duties.**

23 The Board of Trustees shall have the following powers and duties:

- 24 (1) Approve benefit programs, as provided in G.S. 135-48.30(a)(2).
- 25 (2) Approve premium rates, co-pays, deductibles, and coinsurance percentages
26 and maximums for the Plan, as provided in G.S. 135-48.30(a)(2).
- 27 (2a) Approve the benefit program, premium rates, co-pays, deductibles, and
28 coinsurance percentages and maximums for the coverage offered under
29 G.S. 135-48.40(e).
- 30 (3) Oversee administrative reviews and appeals, as provided in G.S. 135-48.24.
- 31 (4) Approve large contracts, as provided in G.S. 135-48.33(a).
- 32 (5) Consult with and advise the State Treasurer as required by this Article and as
33 requested by the State Treasurer.
- 34 (6) Develop and maintain a strategic plan for the Plan."

35 **SECTION 3.17.(c)** G.S. 135-48.40 is amended by adding a new subsection to read:

36 "(e) Other Contributory Coverage. – Any employee of an employing unit is eligible for
37 coverage under this section on a contributory basis, subject to the provisions of G.S. 135-48.43
38 and of this section, if (i) the employee's employing unit determines that the employee is a
39 full-time employee and (ii) the employee does not qualify for coverage under subdivision (1),
40 (5), (6), (7), (8), (9), or (10) of G.S. 135-48.40(b). For the purposes of this subsection, the
41 full-time status of an employee shall be determined by the employing unit, in its sole discretion,
42 in accordance with section 4980H of the Internal Revenue Code and the applicable regulations,
43 as amended. The coverage offered and the contribution required for coverage under this section
44 shall be determined by the Treasurer and approved by the Board of Trustees. Such coverage
45 shall do all of the following:

- 46 (1) Be designed to meet the requirements of minimum essential coverage under
47 the Patient Protection and Affordable Care Act, P.L. 111-148, and the
48 applicable regulations, as amended (Affordable Care Act).
- 49 (2) Provide no greater coverage than a bronze-level plan, as defined under the
50 Affordable Care Act.

1 (3) Minimize the required employer contribution in an administratively feasible
2 manner."

3 **SECTION 3.17.(d)** G.S. 135-48.43(a)(2) reads as rewritten:

4 "(2) New employees may apply for coverage to be effective on the first day of
5 the month following employment, or on a like date the following month if
6 the employee has ~~enrolled~~-enrolled, except that the effective date of
7 coverage for employees who become eligible in accordance with
8 G.S. 135-48.40(e) will be determined by the employing unit in a manner that
9 is consistent with section 4980H of the Internal Revenue Code and the
10 applicable regulations, as amended."

11 **SECTION 3.17(e)** Subsection (a) of this section is effective when this act becomes
12 law. Subsections (b) through (d) of this section become effective January 1, 2015, and apply to
13 plan years beginning on or after that date.

14
15 **CLARIFY THAT RE-HIRED STATE RETIREES SHALL BE OFFERED COVERAGE**
16 **IN STATE HEALTH PLAN AS ACTIVE EMPLOYEES RATHER THAN AS**
17 **RETIREES**

18 **SECTION 3.18.(a)** G.S. 135-48.41 is amended by adding the following new
19 subsection:

20 "**§ 135-48.41. Additional eligibility provisions.**

21 ...

22 (j) If a retiree has been hired by an employing unit and is eligible for coverage under
23 subdivision (1), (5), (6), (7), (8), (9), or (10) of G.S. 135-48.40(b) or under G.S. 135-48.40(e),
24 then the hired retiree shall not, during the time of employment, be eligible for retiree coverage
25 under G.S. 135-48.40(a)(1), 135-48.40(b)(3), 135-48.40(c)(2), or 135-48.40(d)(11)."

26 **SECTION 3.18.(b)** The second paragraph of Section 35.15(a) of S.L. 2013-360 is
27 repealed.

28
29 **SEPARATE INSURANCE BENEFITS PLAN FOR LAW ENFORCEMENT**

30 **SECTION 3.19.** Section 35.17(c) of S.L. 2013-360 reads as rewritten:

31 "**SECTION 35.17.(c)** For each fiscal year of the 2013-2015 fiscal biennium, the
32 Department of State Treasurer shall calculate the total compensation for which the Department
33 of Public Safety and Department of Justice have paid retirement contributions on behalf of
34 sworn law enforcement officers. The Department of State Treasurer shall multiply this total
35 compensation by five and forty hundredths percent (5.40%) for months during the 2013-2014
36 fiscal year and by ~~five and fifty-five hundredths percent (5.55%)~~-five and forty-nine hundredths
37 percent (5.49%) for months during the 2014-2015 fiscal year and shall ensure that the General
38 Fund is fully reimbursed for these costs by executing periodic transfers of the resulting amounts
39 from the Separate Insurance Benefits Plan established under G.S. 143-166.60 to the General
40 Fund."

41
42 **PART IV. OTHER LAW CHANGES**

43
44 **TAX INFORMATION MANAGEMENT SYSTEM CHANGES**

45 **SECTION 4.1.(a)** For the 2014-2015 fiscal year, the Department of Revenue may
46 use available funds to support remediation of the backlog and ongoing support and
47 maintenance of Release 3 of the Tax Information Management System (TIMS).

48 **SECTION 4.1.(b)** The public-private partnerships previously initiated to develop
49 and implement TIMS are no longer authorized. Effective July 1, 2014, all funding for the TIMS
50 project must be appropriated by the General Assembly to the Department of Revenue for each
51 initiative comprising the project, including all funding generated by the benefits stream.

1 **SECTION 4.1.(c)** Section 7.17 of S.L. 2013-360, as amended by Section 2.1 of
2 S.L. 2013-363, reads as rewritten:

3 "**SECTION 7.17.(a)** Additional Public-Private Partnership. – The Secretary of Revenue
4 may enter into an additional public-private arrangement in order to expand the implementation
5 of the Tax Information Management System (TIMS). All such arrangements will terminate
6 ~~June 30, 2018. The public private arrangement may include terms necessary to implement~~
7 ~~additional revenue increasing or cost savings components if all of the following conditions are~~
8 ~~met: January 31, 2014.~~

9 (1) ~~The funding of the project under the arrangement comes from revenue~~
10 ~~generated by or cost savings resulting from the project.~~

11 (2) ~~The funding of the project is dependent on increased revenue or cost savings~~
12 ~~streams that are different from the existing benefits stream for the~~
13 ~~implementation of TIMS.~~

14 (3) ~~The project involves additional identified initiatives that will be integrated~~
15 ~~into the TIMS solution.~~

16 "~~**SECTION 7.17.(b)** Contracts.—Work under an additional public private arrangement that~~
17 ~~is authorized by this section may be contracted by requests for proposals, modifications to the~~
18 ~~existing contracts, purchases using existing contracts, or other related contract vehicles.~~

19 "**SECTION 7.17.(c)** Management/Performance Measurement. – The Secretary of Revenue
20 shall follow ~~the existing model for public private arrangement oversight and shall establish a~~
21 measurement process to determine the increased revenue or cost-savings attributed to ~~the~~
22 ~~additional public private arrangement contracts~~ authorized by this section. To accomplish this,
23 the Secretary shall consult subject matter experts in the Department of Revenue, in other
24 governmental units, and in the private sector, as necessary. At a minimum, the measurement
25 process shall include all of the following:

26 (1) Calculation of a revenue baseline against which the increased revenue
27 attributable to the project is measured and a cost-basis baseline against
28 which the cost-savings resulting from the project are measured.

29 (2) Periodic evaluation to determine whether the baselines need to be modified
30 based on significant measurable changes in the economic environment.

31 (3) Monthly calculation of increased revenue and cost-savings attributable to
32 contracts executed under this section.

33 "~~**SECTION 7.17.(d)** Funding.—Of funds generated from increased revenues or~~
34 ~~cost savings, as compared to the baselines established by subdivision (1) of subsection (c) of~~
35 ~~this section, in the General Fund, the Highway Fund, and that State portion of the Unauthorized~~
36 ~~Substance Tax collections of the Special Revenue Fund, the sum of up to a total of sixteen~~
37 ~~million dollars (\$16,000,000) may be authorized by the Office of State Budget and~~
38 ~~Management to make purchases related to the implementation of the additional public private~~
39 ~~arrangement authorized by this section, including payments for services from non-State~~
40 ~~entities.~~

41 "~~**SECTION 7.17.(e)** Internal Costs.—For the 2013 2015 fiscal biennium the Department~~
42 ~~of Revenue may retain an additional sum of eight million eight hundred seventy four thousand~~
43 ~~three hundred nineteen dollars (\$8,874,319) from benefits generated for the General Fund since~~
44 ~~the beginning of the public private partnership described under Section 6A.5(a) of S.L.~~
45 ~~2011 145. The Department may use up to eleven million eight hundred seventy four thousand~~
46 ~~three hundred nineteen dollars (\$11,874,319) as payment of internal costs for the fiscal~~
47 ~~biennium, and such funds are hereby appropriated for this purpose.~~

48 "**SECTION 7.17.(f)** Expert Counsel Required. – Notwithstanding G.S. 114-2.3, the
49 Department of Revenue shall engage the services of private counsel with the pertinent
50 information technology and computer law expertise to negotiate and review contracts

1 associated with an additional public-private arrangement authorized entered into under this
2 section.

3 ~~"SECTION 7.17.(g) Oversight Committee.— The Oversight Committee established under~~
4 ~~Section 6A.5(c) of S.L. 2011-145 shall have the same responsibilities and duties with respect to~~
5 ~~an additional public-private arrangement authorized by this section as it does with respect to~~
6 ~~public-private arrangements to implement TIMS and the additional Planning and Design~~
7 ~~Project (PDP) components.~~

8 ~~"SECTION 7.17.(h) Reporting.— Beginning August 1, 2013, and quarterly thereafter, the~~
9 ~~Department of Revenue shall submit detailed written reports to the Chairs of the House of~~
10 ~~Representatives Appropriations Committee, to the Chairs of the Senate Committee on~~
11 ~~Appropriations/Base Budget, to the Joint Legislative Oversight Committee on Information~~
12 ~~Technology, and to the Fiscal Research Division of the General Assembly. The report shall~~
13 ~~include an explanation of all of the following:~~

- 14 (1) ~~Details of each public-private contract.~~
- 15 (2) ~~The benefits from each contract.~~
- 16 (3) ~~A comprehensive forecast of the benefits of using public-private agreements~~
17 ~~to implement TIMS, the additional PDP components, and additional~~
18 ~~components authorized by this section, including cost savings and the~~
19 ~~acceleration of the project time line.~~
- 20 (4) ~~Any issues associated with the operation of the public-private partnership.~~

21 ~~"SECTION 7.17.(i) Information Technology Project Oversight. — In addition to the~~
22 ~~oversight provided by the Oversight Committee established in Section 6A.5(c) of S.L.~~
23 ~~2011-145, the additional public-private arrangement Contracts pertaining to TIMS as~~
24 ~~authorized by this section shall be subject to existing State information technology project~~
25 ~~oversight laws and statutes, and the project management shall comply with all statutory~~
26 ~~requirements and other criteria established by the State Chief Information Officer and the~~
27 ~~Office of State Budget and Management for information technology projects. The State Chief~~
28 ~~Information Officer and the Office of State Budget and Management shall immediately report~~
29 ~~any failure to do so to the Joint Legislative Oversight Committee on Information Technology,~~
30 ~~the Chairs of the House of Representatives and Senate Committees on Appropriations, and the~~
31 ~~Fiscal Research Division.~~

32 ~~...."~~

33 **SECTION 4.1.(d)** Section 6A.5 of S.L. 2011-145, as amended by Section 6A.3(j)
34 of S.L. 2012-142 and Section 7.17(j) of S.L. 2013-360, reads as rewritten:

35 ~~"...~~

36 **"SECTION 6A.5.(c)** There is established within the Department of Revenue the Oversight
37 Committee for reviewing and approving the benefits measurement methodology and
38 calculation process. The Oversight Committee shall review and approve in writing all contracts,
39 including change orders, amendments to contracts, and addendums to contracts, before they are
40 executed under this section. This shall include (i) details of each public-private contract, (ii) the
41 benefits from each contract, and (iii) a comprehensive forecast of the benefits of using
42 public-private agreements to implement TIMS and the additional PDP components, including
43 the measurement process established for the Secretary of Revenue. The Oversight Committee
44 shall approve all of the fund transfers for this project. Within five days of entering into a
45 contract, the Department shall provide copies of each contract and all associated information to
46 the Joint Legislative Oversight Committee on Information Technology, the Chairs of the House
47 of Representatives and Senate Committees on Appropriations, and the Fiscal Research
48 Division.

49 The members of the Committee shall include the following:

- 50 (1) The Director of the Office of State Budget and Management;
- 51 (2) The Secretary of the Department of Revenue;

- 1 (3) The State Chief Information Officer;
- 2 (4) Two persons appointed by the Governor;
- 3 (5) One member of the general public having expertise in information
- 4 technology appointed by the General Assembly upon the recommendation of
- 5 the Speaker of the House of Representatives; and
- 6 (6) One member of the general public having expertise in economic and revenue
- 7 forecasting appointed by the General Assembly upon recommendation of the
- 8 President Pro Tempore of the Senate.

9 The State Budget Director shall serve as chair of the Committee. The Committee shall set
10 its meeting schedule and adopt its rules of operation by majority vote. A majority of the
11 members constitutes a quorum. Vacancies shall be filled by the appointing authority.
12 Administrative support staff shall be provided by the Department of Revenue. Members of the
13 Committee shall receive reimbursements for subsistence and travel expenses as provided by
14 Chapter 138 of the General Statutes. The Committee shall terminate on June 30, 2018.

15 The Department shall provide copies of the minutes of each meeting and all associated
16 information to the Joint Legislative Oversight Committee on Information Technology, the
17 Chairs of the House of Representatives Appropriations Committee, the Chairs of the Senate
18 Committee on Appropriations/Base Budget, and the Fiscal Research Division.

19 **"SECTION 6A.5.(c1)** The TIMS Oversight Committee created by Section 6A.5(c) of this
20 act shall do all of the following:

- 21 (1) Approve and monitor management performance measures.
- 22 (2) Approve project initiatives.
- 23 (3) Approve project changes.
- 24 (4) Provide project oversight.
- 25 (5) Review funding requirements and project expenditures.
- 26 (6) Provide TIMS project recommendations to the Department of Revenue and
27 the General Assembly.
- 28 (7) Ensure Department of Revenue compliance with all applicable laws.

29 **"SECTION 6A.5.(c2)** Beginning August 1, 2014, and quarterly thereafter, the Department
30 of Revenue shall submit detailed quarterly reports to the Joint Legislative Oversight Committee
31 on Information Technology, the Chairs of the Senate Appropriations Committee on General
32 Government and Information Technology, the Chairs of the House Appropriations
33 Subcommittee on General Government, the Chair of the House Appropriations Subcommittee
34 on Information Technology, and the Fiscal Research Division. At a minimum, the reports shall
35 include all of the following:

- 36 (1) Project status, to include any issues identified by the Enterprise Project
37 Management Office.
 - 38 (2) Comparison of project status to the time line, with an explanation of any
39 differences.
 - 40 (3) Any changes in project cost.
 - 41 (4) Actual expenditures to date.
 - 42 (5) Any variances from projected expenditures and the reasons for the variance.
 - 43 (6) Any potential funding shortfalls and their impact.
 - 44 (7) Any issues identified by the Department of Revenue, with a corrective action
45 plan and a time line for resolving the issues.
 - 46 (8) Impact of any issues identified on the project schedule.
 - 47 (9) Impact of any issues identified on project cost.
 - 48 (10) Any changes to the project scope.
 - 49 (11) Any change requests submitted to project vendors and the cost of the
50 changes."
- 51

CERTAIN EDUCATION-BASED SALARY SUPPLEMENTS

SECTION 4.1A. Section 8.22 of S.L. 2013-360 reads as rewritten:

~~"SECTION 8.22. SECTION 8.22.(a)~~ Notwithstanding Section 35.11 of this act, ~~no only~~ the following teachers ~~or and~~ instructional support personnel, ~~except for certified school nurses and instructional support personnel in positions for which a master's degree is required for licensure,~~ personnel shall be paid on the "M" salary schedule or receive a salary supplement for academic preparation at the six-year degree level or at the doctoral degree level for the 2014-2015 school year, unless they were paid on that salary schedule or received that salary supplement prior to the 2014-2015 school year and subsequent school years:

- (1) Certified school nurses and instructional support personnel in positions for which a master's degree is required for licensure.
- (2) Teachers and instructional support personnel who were paid on that salary schedule or received that salary supplement prior to the 2014-2015 school year.
- (3) Teachers and instructional support personnel who (i) complete a degree at the master's, six-year, or doctoral degree level for which they completed at least one course prior to July 1, 2013, and (ii) would have qualified for the salary supplement pursuant to State Board of Education policy, TCP-A-006, as it was in effect on June 30, 2013.
- (4) Teachers and instructional support personnel who do not qualify under subdivisions (1), (2), and (3) of this subsection but who spend at least seventy percent (70%) of their work time in either of the following:
 - a. Classroom instruction related to their graduate academic preparation in their field or subject area within their area of licensure. Most of the teachers' remaining time shall be spent in one or more of the following:
 1. Mentoring teachers.
 2. Performing demonstration lessons for teachers.
 3. Writing curricula.
 4. Developing and leading staff development programs for teachers.
 - b. Work within the employee's area of graduate academic preparation.

"SECTION 8.22.(b) Beginning with the 2014-2015 fiscal year and subsequent fiscal years thereafter, for teachers who are paid on the "M" salary schedule under subdivision (4) of subsection (a) of this section, determination of whether teachers and instructional support personnel shall be paid on the "M" salary schedule or receive a salary supplement for academic preparation shall take place on an annual basis. Teachers and instructional support personnel may be moved off of the "M" salary schedule or discontinue receiving salary supplements if they are not meeting the requirements of subdivision (4) of subsection (a) of this section in that year.

"SECTION 8.22.(c) Unless an individual otherwise qualifies under subdivision (2) or (3) of subsection (a) of this section, teachers and instructional support personnel who earn an advanced degree in school administration shall not be paid on the "M" salary schedule or receive a salary supplement for academic preparation unless they serve as an assistant principal or principal."

OPPORTUNITY SCHOLARSHIP GRANT CLARIFICATIONS

SECTION 4.1B.(a) G.S. 115C-562.2(a) reads as rewritten:

"(a) The Authority shall make available no later than February 1 annually applications to eligible students for the award of scholarship grants to attend any nonpublic school. Information about scholarship grants and the application process shall be made available on the

1 Authority's Web site. Beginning ~~March 1,~~March 15, the Authority shall begin awarding
2 scholarship grants according to the following criteria:

- 3 (1) First priority shall be given to eligible students who received a scholarship
4 grant during the previous school year if those students have applied by
5 March 1.

6"

7 **SECTION 4.1B.(b)** G.S. 115C-562.2 is amended by adding a new subsection to
8 read:

9 "(e) Scholarship applications and personally identifiable information related to eligible
10 students receiving scholarship grants shall not be a public record under Chapter 132 of the
11 General Statutes. For the purposes of this section, personally identifiable information means
12 any information directly related to a student or members of a student's household, including the
13 name, birthdate, address, Social Security number, telephone number, e-mail address, financial
14 information, or any other information or identification number that would provide information
15 about a specific student or members of a specific student's household."

16 **SECTION 4.1B.(c)** G.S. 115C-562.3(a) reads as rewritten:

17 "(a) The Authority may seek verification of information on any application for
18 scholarship grants from eligible students. The Authority shall select and verify a ~~random~~
19 ~~sample of no less than~~ six percent (6%) of applications ~~annually~~annually, including those with
20 apparent errors on the face of the application. The Authority shall establish rules for the
21 verification process and may use the federal verification requirements process for free and
22 reduced-price lunch applications as guidance for those rules. If a household fails to cooperate
23 with verification efforts, the Authority shall revoke the award of the scholarship grant to the
24 eligible student."

25 **SECTION 4.1B.(d)** G.S. 115C-562.5 is amended by adding a new subsection to
26 read:

27 "(c1) A nonpublic school shall not discriminate with respect to the categories listed in 42
28 U.S.C. § 2000d, as that statute read on January 1, 2014."

29 **SECTION 4.1B.(d1)** G.S. 115C-562.5(a)(2) reads as rewritten:

30 "(a) A nonpublic school that accepts eligible students receiving scholarship grants shall
31 comply with the following:

32 ...

- 33 (2) ~~Conduct~~Provide to the Authority a criminal background check conducted
34 for the staff member with the highest decision-making authority, as defined by
35 the bylaws, articles of incorporation, or other governing document, to ensure
36 that person has not been convicted of any crime listed in G.S. 115C-332."

37 **SECTION 4.1B.(e)** G.S. 115C-562.7(a) is repealed.

38 **SECTION 4.1B.(f)** G.S. 115C-562.7(b) reads as rewritten:

39 "(b) The Authority shall report annually, no later than ~~March~~April 1, to the Joint
40 Legislative Education Oversight Committee on the following:

41"

42 **SECTION 4.1B.(g)** Notwithstanding the requirements of G.S. 115C-562.2, as
43 amended by this section, no applications for the 2014-2015 school year shall be accepted by the
44 State Education Assistance Authority after February 25, 2014. To the extent the total
45 appropriation for scholarship grants is not awarded prior to the fall semester of the 2014-2015
46 school year, the State Education Assistance Authority may reopen applications for award of
47 scholarship grants for the spring semester of the 2014-2015 school year.

48 **SECTION 4.1B.(h)** Notwithstanding the requirements of G.S. 115C-562.3, as
49 amended by this section, for applications received for the 2014-2015 school year, the State
50 Education Assistance Authority shall select and verify no less than three percent (3%) of
51 applications, including those with apparent errors on the face of the application.

1 **SECTION 4.1B.(i)** Of the funds appropriated to the Board of Governors of The
2 University of North Carolina for the 2014-2015 fiscal year to award scholarship grants to
3 eligible students in accordance with Section 8.29 of S.L. 2013-360 and the provisions of this
4 section, any unspent funds in the 2014-2015 fiscal year for this purpose shall revert to the
5 General Fund on June 30, 2015.

6 **SECTION 4.1B.(j)** Subsection (b) of this section becomes effective July 1, 2013.
7 The remainder of this section is effective when it becomes law.

8 9 **SCHOOL PERFORMANCE SCORES AND GRADES**

10 **SECTION 4.1C.** G.S. 115C-83.15(d), as amended by Section 14 of S.L. 2014-5,
11 reads as rewritten:

12 "(d) Calculation of the School Performance Scores and Grades. – The State Board of
13 Education shall use EVAAS to calculate the school performance score by adding the school
14 achievement score, as provided in subsection (b) of this section, and the school growth score, as
15 provided in subsection (c) of this section, earned by a school. The school achievement score
16 shall account for ~~eighty percent (80%)~~, ~~twenty percent (20%)~~, and the school growth score shall
17 account for ~~twenty percent (20%)~~ eighty percent (80%) of the total sum. If a school has met
18 expected growth and inclusion of the school's growth score reduces the school's performance
19 score and grade, a school may choose to use the school achievement score solely to calculate
20 the performance score and grade. For all schools, the total school performance score shall be
21 converted to a 100-point scale and used to determine a school performance grade based on the
22 following scale:

- 23 (1) A school performance score of at least ~~90-85~~ is equivalent to an overall
24 school performance grade of A.
25 (2) A school performance score of at least ~~80-70~~ is equivalent to an overall
26 school performance grade of B.
27 (3) A school performance score of at least ~~70-55~~ is equivalent to an overall
28 school performance grade of C.
29 (4) A school performance score of at least ~~60-40~~ is equivalent to an overall
30 school performance grade of D.
31 (5) A school performance score of less than ~~60-40~~ points is equivalent to an
32 overall school performance grade of F."
33

34 **CLOSING THE SKILLS GAP**

35 **SECTION 4.1D.** From funds available, the Community College System Office
36 shall use up to fifteen million three hundred sixty-six thousand five hundred eighty-eight
37 dollars (\$15,366,588) to create a fourth tier in enrollment funding formula. In establishing the
38 fourth tier, the System Office shall fund the fourth tier at a higher rate than the current highest
39 tier and shall include healthcare and technical educational programs that train North
40 Carolinians for jobs that have documented skills gaps and that pay higher wages.

41 42 **TUITION ASSISTANCE TO VETERANS WHO PARTICIPATE IN THE YELLOW** 43 **RIBBON PROGRAM AND THEIR SPOUSES AND DEPENDENT RELATIVES**

44 **SECTION 4.1E.(a)** Article 14 of Chapter 116 of the General Statutes is amended
45 by adding a new section to read:

46 **"§ 116-143.8. Tuition assistance for certain veterans and their dependents.**

47 (a) The following definitions apply in this section:

- 48 (1) Institution of higher education. – Has the same meaning as in
49 G.S. 116-143.1(a)(1).
50 (2) Yellow Ribbon Program. – Yellow Ribbon G.I. Education Enhancement
51 Program, 38 U.S.C. § 3317.

1 (b) Either the Board of Governors of The University of North Carolina or one or more
2 constituent institutions shall annually enter into an agreement with the United States Secretary
3 of Veterans Affairs to participate in the Yellow Ribbon Program. The State Board of
4 Community Colleges or one or more community colleges shall annually enter into an
5 agreement with the United States Secretary of Veterans Affairs to participate in the Yellow
6 Ribbon Program. The agreements shall include all of the following terms:

7 (1) A grant of ninety percent (90%) of the cost of tuition and mandatory fees not
8 otherwise covered shall be provided for every eligible veteran or eligible
9 spouse or dependent relative of a veteran who is enrolled or will be enrolled
10 as an undergraduate student at a constituent institution or as a student at a
11 community college.

12 (2) To be eligible for grants under the Yellow Ribbon Program, a student must
13 meet all program requirements established by the federal government. In
14 addition, to be eligible for a Yellow Ribbon grant in which the school share
15 of the grant is paid with State appropriation, a student must be enrolled as an
16 undergraduate student at a constituent institution or as a student at a North
17 Carolina community college.

18 (c) This section is not intended to prohibit constituent institutions from using private
19 funds to provide Yellow Ribbon grants for students enrolled in master's or doctoral level
20 programs.

21 (d) The General Assembly encourages private institutions of higher education in North
22 Carolina to participate in the Yellow Ribbon Program."

23 **SECTION 4.1E.(b)** It is the intent of the General Assembly to establish two
24 reserve funds for the purpose of forward funding tuition assistance to students who participate
25 in the Yellow Ribbon Program. Therefore, the General Assembly establishes the two following
26 reserve funds:

27 (1) There is established the UNC Yellow Ribbon Reserve to be managed by the
28 Board of Governors of The University of North Carolina. Of the funds
29 appropriated by this act to the Board of Governors, the sum of four million
30 eight hundred sixty-three thousand two hundred seventy-six dollars
31 (\$4,863,276) shall be allocated to the UNC Yellow Ribbon Reserve and
32 shall be held in reserve for the 2014-2015 fiscal year. Beginning with the
33 2015-2016 fiscal year, the funds in the UNC Yellow Ribbon Reserve shall
34 be used to fund undergraduate tuition assistance to participants in the Yellow
35 Ribbon Program for the 2015-2016 academic year and each subsequent
36 academic year.

37 (2) There is established the Community College Yellow Ribbon Reserve to be
38 managed by the State Board of Community Colleges. Of the funds
39 appropriated by this act to the Community Colleges System Office, the sum
40 of one million dollars (\$1,000,000) shall be allocated to the Community
41 College Yellow Ribbon Reserve and shall be held in reserve for the
42 2014-2015 fiscal year. Beginning with the 2015-2016 fiscal year, the funds
43 in the Community College Yellow Ribbon Reserve shall be used to fund
44 tuition assistance to participants in the Yellow Ribbon Program for the
45 2015-2016 academic year and each subsequent academic year.

46 **SECTION 4.1E.(c)** The Board of Governors and the State Board of Community
47 Colleges shall each report to the Joint Legislative Education Oversight Committee by January
48 1, 2015, regarding their planned participation in the Yellow Ribbon Program for the 2015-2016
49 academic year. Each report shall include the following information:

50 (1) The number and identity of constituent institutions or community colleges
51 that will participate in the Yellow Ribbon Program.

- (2) The methodology used by each governing board to select the institutions of higher education that will participate in the Yellow Ribbon Program.
- (3) For each institution that will participate, the maximum number of students and the maximum award amount per student.
- (4) A list of the institutions of higher education that will not participate in the Yellow Ribbon Program and the reason each institution is not participating.

SECTION 4.1E.(d) Subsection (a) of this section applies to the 2015-2016 academic year and each subsequent academic year.

REPEAL SHARED SAVINGS PROGRAM; MAINTAIN CERTAIN RATE REDUCTIONS

SECTION 4.2.(a) All subsections of Section 12H.18 of S.L. 2013-360, except for subsection (b), are repealed.

SECTION 4.2.(b) Section 12H.18(b) of S.L. 2013-360 reads as rewritten:

"SECTION 12H.18.(b) During the 2013-2015 fiscal biennium, the Department of Health and Human Services shall ~~withhold~~ reduce by three percent (3%) of the payments for the following services rendered to Medicaid and NC Health Choice recipients on or after January 1, 2014:

...

~~Funds from payments withheld under this section that are budgeted to be shared with providers shall not revert to the General Fund."~~

SECTION 4.2.(c) Effective January 1, 2015, Section 12H.18(b) of S.L. 2013-360, as amended by subsection (b) of this section, reads as rewritten:

"SECTION 12H.18.(b) During the 2013-2015 fiscal biennium, the Department of Health and Human Services shall reduce by three percent (3%) the payments for the following services rendered to Medicaid and NC Health Choice recipients on or after January 1, 2014:

- (1) Inpatient hospital.
- (2) Physician, excluding primary care until January 1, 2015.
- (3) Dental.
- (4) Optical services and supplies.
- (5) Podiatry.
- (6) Chiropractors.
- (7) Hearing aids.
- (8) Personal care services.
- ~~(9) Nursing homes.~~
- (10) Adult care homes.
- (11) Dispensing drugs."

CLARIFY WORK FIRST FAMILY ASSISTANCE INCOME LEVELS

SECTION 4.3. G.S. 108A-27.01 reads as rewritten:

"§ 108A-27.01. Income eligibility and payment level for Work First Family Assistance.

The maximum net family annual income eligibility standards for Work First Family Assistance are ~~the same standards of need for eligibility for the categorically needy under the Medicaid Program as provided in the table below.~~ The payment level for Work First Family Assistance shall be fifty percent (50%) of the standard of need.

<u>Family Size</u>	<u>Income Level</u>
<u>1</u>	<u>\$ 4,344</u>
<u>2</u>	<u>5,664</u>
<u>3</u>	<u>6,528</u>
<u>4</u>	<u>7,128</u>

1	<u>5</u>	<u>7,776</u>
2	<u>6</u>	<u>8,376</u>
3	<u>7</u>	<u>8,952</u>
4	<u>8</u>	<u>9,256"</u>

EMPLOYMENT SECURITY RESERVE FUND

SECTION 4.4. Section 15.4(a) of S.L. 2013-360 reads as rewritten:

"**SECTION 15.4.(a)** There is appropriated from the Employment Security Reserve Fund to the Department of Commerce, Division of Employment Security, the amount needed for the ~~2013-2014~~2014-2015 fiscal year to fund the interest payment due to the federal government for the debt owed to the U.S. Treasury for unemployment benefits."

VETERANS TRUST FUND

SECTION 4.5. For the 2014-2015 fiscal year, funds from the Veterans Trust Fund in the sum of eighteen million two hundred sixty-eight thousand five hundred eighty-eight dollars (\$18,268,588) is appropriated to operate two recently opened Veterans' Homes in Black Mountain and Kinston.

REDIRECT NONADMINISTRATIVE INSPECTION TAX PROCEEDS TO THE LEAKING UNDERGROUND STORAGE TANK FUND

SECTION 4.6.(a) For the 2014-2015 fiscal year, revenue from G.S. 105-449.125 (Gasoline Inspection Tax) in the amount of three million four hundred fifty-eight thousand nine hundred twenty-seven dollars (\$3,458,927) is appropriated and redirected to the Department of Environment and Natural Resources for noncommercial underground storage tank cleanup.

SECTION 4.6.(b) G.S. 119-18(b) reads as rewritten:

"(b) Proceeds. – The proceeds of the inspection tax levied by this section shall be applied first to the costs of administering this Article and Subchapter V of Chapter 105 of the General Statutes. The remainder of the proceeds shall be credited on a monthly basis to the ~~Highway Fund to be used for system preservation under the Department of Transportation in the highway maintenance program.~~ Commercial Leaking Petroleum Underground Storage Tank Cleanup Fund and the Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund as set forth in this subsection. If the amount of revenue in the Noncommercial Fund at the end of a month is at least five million dollars (\$5,000,000), one-half of the remainder of the proceeds shall be credited to the Noncommercial Fund, and one-half of the remainder of the proceeds shall be credited to the Commercial Fund. If the amount of revenue in the Noncommercial Fund at the end of a month is less than this threshold amount, all of the remainder of the proceeds shall be credited to the Noncommercial Fund."

HIGHWAY USE TAX CHANGE

SECTION 4.7. Section 34.29 of S.L. 2013-360, as amended by Section 8.1 of S.L. 2013-363, is repealed.

CLARIFY "NET GENERAL FUND TAX COLLECTED" FOR PURPOSES OF THE CORPORATE INCOME TAX RATE REDUCTION TRIGGER

SECTION 4.8.(a) G.S. 105-130.3C reads as rewritten:

"**§ 105-130.3C. Rate reduction trigger.**

(a) Trigger. – If the amount of net General Fund tax collected in fiscal year 2014-2015 or fiscal year 2015-2016 exceeds the ~~anticipated General Fund tax collections targeted amount~~ for that fiscal year, the rate of tax set in G.S. 105-130.3 may be decreased in accordance with this section effective for the taxable year that begins on the following January 1. ~~The amount of net General Fund tax collected for a fiscal year is the amount reported by the State Controller in~~

1 the State's Comprehensive Annual Financial Report, required to be prepared under
2 G.S. 143B-426.39. The Secretary must monitor the net General Fund tax collections and notify
3 taxpayers if the rate decreases under this section. The rate is decreased by one percent (1%) if
4 net General Fund tax collections for fiscal year 2014-2015 exceed the targeted amount of
5 twenty billion two hundred million dollars (\$20,200,000,000). The rate is decreased by one
6 percent (1%) if net General Fund tax collections for fiscal year 2015-2016 exceed the targeted
7 amount of twenty billion nine hundred seventy-five million dollars (\$20,975,000,000).
8 Effective for taxable years beginning on or after January 1, 2017, the rate of tax set in
9 G.S. 105-130.3 is the rate determined in accordance with this section.

10 (b) Tax Collections. – For purposes of this section, the amount of net General Fund tax
11 collected for a fiscal year is the amount of net revenue as reported by the Department of
12 Revenue's June Statement of Collection as "Total General Fund Revenue" for the 12-month
13 period that ended the previous June 30, modified as follows:

- 14 (1) Less any large, one-time, nonrecurring revenue as reported to the Fiscal
15 Research Division of the General Assembly by the Department and verified
16 by the Fiscal Research Division of the General Assembly.
- 17 (2) Adjusted by any changes in net collections resulting from the suspension or
18 termination of transfers out of General Fund tax collections."

19 **SECTION 4.8.(b)** This section is effective when it becomes law.
20

21 ALL MISDEMEANANTS TO SERVE SENTENCES IN LOCAL CONFINEMENT 22 FACILITIES

23 **SECTION 4.9.(a)** G.S. 15A-1351(a) reads as rewritten:

24 "(a) The judge may sentence to special probation a defendant convicted of a criminal
25 offense other than impaired driving under G.S. 20-138.1, if based on the defendant's prior
26 record or conviction level as found pursuant to Article 81B of this Chapter, an intermediate
27 punishment is authorized for the class of offense of which the defendant has been convicted. A
28 defendant convicted of impaired driving under G.S. 20-138.1 may also be sentenced to special
29 probation. Under a sentence of special probation, the court may suspend the term of
30 imprisonment and place the defendant on probation as provided in Article 82, Probation, and in
31 addition require that the defendant submit to a period or periods of imprisonment in the custody
32 of the Division of Adult Correction of the Department of Public Safety or a designated local
33 confinement or treatment facility at whatever time or intervals within the period of probation,
34 consecutive or nonconsecutive, the court ~~determines~~determines, as provided in this subsection.
35 For probationary sentences for misdemeanors, including impaired driving under G.S. 20-138.1,
36 all imprisonment under this subsection shall be in a designated local confinement or treatment
37 facility. In addition to any other conditions of probation which the court may impose, the court
38 shall impose, when imposing a period or periods of imprisonment as a condition of special
39 probation, the condition that the defendant obey the Rules and Regulations of the Division of
40 Adult Correction of the Department of Public Safety governing conduct of inmates, and this
41 condition shall apply to the defendant whether or not the court imposes it as a part of the
42 written order. ~~If~~Except for probationary sentences for misdemeanors, including impaired
43 driving under G.S. 20-138.1, if imprisonment is for continuous periods, the confinement may
44 be in the custody of either the Division of Adult Correction of the Department of Public Safety
45 or a local confinement facility. Noncontinuous periods of imprisonment under special probation
46 may only be served in a designated local confinement or treatment facility. Except for
47 probationary sentences of impaired driving under G.S. 20-138.1, the total of all periods of
48 confinement imposed as an incident of special probation, but not including an activated
49 suspended sentence, may not exceed one-fourth the maximum sentence of imprisonment
50 imposed for the offense, and no confinement other than an activated suspended sentence may
51 be required beyond two years of conviction. For probationary sentences for impaired driving

1 under G.S. 20-138.1, the total of all periods of confinement imposed as an incident of special
2 probation, but not including an activated suspended sentence, shall not exceed one-fourth the
3 maximum penalty allowed by law. In imposing a sentence of special probation, the judge may
4 credit any time spent committed or confined, as a result of the charge, to either the suspended
5 sentence or to the imprisonment required for special probation. The original period of
6 probation, including the period of imprisonment required for special probation, shall be as
7 specified in G.S. 15A-1343.2(d), but may not exceed a maximum of five years, except as
8 provided by G.S. 15A-1342(a). The court may revoke, modify, or terminate special probation
9 as otherwise provided for probationary sentences."

10 **SECTION 4.9.(b)** G.S. 15A-1352 reads as rewritten:

11 "**§ 15A-1352. Commitment to Division of Adult Correction of the Department of Public**
12 **Safety or local confinement facility.**

13 (a) ~~A~~Except as provided in subsection (f) of this section, a person sentenced to
14 imprisonment for a misdemeanor under this Article or for nonpayment of a fine for conviction
15 of a misdemeanor under Article 84 of this Chapter shall be committed for the term designated
16 by the court to the custody of the Division of Adult Correction of the Department of Public
17 Safety or to a local confinement facility. If the sentence imposed for a misdemeanor is for a
18 period of 90 days or less, the commitment must be to a facility other than one maintained by
19 the Division of Adult Correction of the Department of Public Safety, except as provided in
20 G.S. 148-32.1(b). If the sentence or sentences imposed require confinement for more than 180
21 days, the commitment must be to the custody of the Division of Adult Correction of the
22 Department of Public Safety.Statewide Misdemeanant Confinement Program as provided in
23 G.S. 148-32.1 or, if the period is for 90 days or less, to a local confinement facility, except as
24 provided for in G.S. 148-32.1(b).

25 If a person is sentenced to imprisonment for a misdemeanor under this Article or for
26 nonpayment of a fine under Article 84 of this Chapter, the sentencing judge ~~shall~~may make a
27 finding of fact as to whether the person would be suitable for placement in a county satellite
28 jail/work release unit operated pursuant to G.S. 153A-230.3. If the sentencing judge makes a
29 finding of fact that the person would be suitable for placement in a county satellite jail/work
30 release unit and the person meets the requirements listed in G.S. 153A-230.3(a)(1), then the
31 custodian of the local confinement facility may transfer the misdemeanant to a county satellite
32 jail/work release unit.

33 (b) A person sentenced to imprisonment for a felony under this Article or for
34 nonpayment of a fine for conviction of a felony under Article 84 of this Chapter shall be
35 committed for the term designated by the court to the custody of the Division of Adult
36 Correction of the Department of Public Safety.

37 (c) ~~A person sentenced to imprisonment for nonpayment of a fine under Article 84,~~
38 ~~Fines, shall be committed for the term designated by the court:~~

39 (1) ~~To the custody of the Division of Adult Correction of the Department of~~
40 ~~Public Safety if the person was fined for conviction of a felony;~~

41 (2) ~~To the custody of the Division of Adult Correction of the Department of~~
42 ~~Public Safety or to a local confinement facility if the person was fined for~~
43 ~~conviction of a misdemeanor, provided that (i) if the sentence imposed is for~~
44 ~~a period of 90 days or less, the commitment shall be to a facility other than~~
45 ~~one maintained by the Division of Adult Correction of the Department of~~
46 ~~Public Safety, except as provided in G.S. 148-32.1(b) and (ii) if the sentence~~
47 ~~or sentences imposed require confinement for more than 180 days, the~~
48 ~~commitment must be to the custody of the Division of Adult Correction of~~
49 ~~the Department of Public Safety.~~

50 (d) Notwithstanding any other provision of law, when the sentencing court, with the
51 consent of the person sentenced, orders that a person convicted of a misdemeanor be granted

1 work release, the court may commit the person to a specific prison facility or local confinement
2 facility or satellite jail/work release unit within the county of the sentencing court in order to
3 facilitate the work release arrangement. When appropriate to facilitate the work release
4 arrangement, the sentencing court may, with the consent of the sheriff or board of
5 commissioners, commit the person to a specific local confinement facility or satellite jail/work
6 release unit in another county, ~~or, with the consent of the Division of Adult Correction of the~~
7 ~~Department of Public Safety, commit the person to a specific prison facility in another county.~~
8 ~~The Division of Adult Correction of the Department of Public Safety may transfer a prisoner~~
9 ~~committed to a specific prison facility to a different facility when necessary to alleviate~~
10 ~~overcrowding or for other administrative purposes.~~county.

11 (e) ~~A person sentenced for a misdemeanor who has a sentence imposed that requires~~
12 ~~confinement for a period of more than 90 days and up to 180 days, except for those serving~~
13 ~~sentences for an impaired driving offense under G.S. 20-138.1 under this Article or for~~
14 ~~nonpayment of a fine under Article 84 of this Chapter, shall be committed for the term~~
15 ~~designated by the court to confinement pursuant to the Statewide Misdemeanant Confinement~~
16 ~~Program established by G.S. 148-32.1.~~

17 (f) A person sentenced to imprisonment of any duration for impaired driving under
18 G.S. 20-138.1, other than imprisonment required as a condition of special probation under
19 G.S. 15A-1351(a) or G.S. 15A-1344(e), shall be committed to the Statewide Misdemeanant
20 Confinement Program established under G.S. 148-32.1."

21 **SECTION 4.9.(c)** G.S. 20-176(c1) is repealed.

22 **SECTION 4.9.(d)** G.S. 20-179(f3) reads as rewritten:

23 "(f3) Aggravated Level One Punishment. – A defendant subject to Aggravated Level One
24 punishment may be fined up to ten thousand dollars (\$10,000) and shall be sentenced to a term
25 of imprisonment that includes a minimum term of not less than 12 months and a maximum
26 term of not more than 36 months. Notwithstanding G.S. 15A-1371, a defendant sentenced to a
27 term of imprisonment pursuant to this subsection shall not be eligible for parole. However, the
28 defendant shall be released from the ~~Division of Adult Correction of the Department of Public~~
29 ~~Safety~~Statewide Misdemeanant Confinement Program on the date equivalent to the defendant's
30 maximum imposed term of imprisonment less four months and shall be supervised by the
31 Section of ~~Prisons~~Community Supervision of the Division of Adult Correction under and
32 subject to the provisions of Article 84A of Chapter 15A of the General Statutes and shall also
33 be required to abstain from alcohol consumption for the four-month period of supervision as
34 verified by a continuous alcohol monitoring system. For purposes of revocation, violation of
35 the requirement to abstain from alcohol or comply with the use of a continuous alcohol
36 monitoring system shall be deemed a controlling condition under G.S. 15A-1368.4.

37 The term of imprisonment may be suspended only if a condition of special probation is
38 imposed to require the defendant to serve a term of imprisonment of at least 120 days. If the
39 defendant is placed on probation, the judge shall impose as requirements that the defendant (i)
40 abstain from alcohol consumption for a minimum of 120 days to a maximum of the term of
41 probation, as verified by a continuous alcohol monitoring system pursuant to subsections (h1)
42 and (h3) of this section, and (ii) obtain a substance abuse assessment and the education or
43 treatment required by G.S. 20-17.6 for the restoration of a drivers license and as a condition of
44 probation. The judge may impose any other lawful condition of probation."

45 **SECTION 4.9.(e)** G.S. 148-13 reads as rewritten:

46 "**§ 148-13. Regulations as to custody grades, privileges, gain time credit, etc.**

47 (a) The Secretary of Public Safety may issue regulations regarding the grades of
48 custody in which State prisoners are kept, the privileges and restrictions applicable to each
49 custody grade, and the amount of cash, clothing, etc., to be awarded to State prisoners after
50 their discharge or parole. The amount of cash awarded to a prisoner upon discharge or parole
51 after being incarcerated for two years or longer shall be at least forty-five dollars (\$45.00).

1 (a1) The Secretary of Public Safety shall adopt rules to specify the rates at, and
2 circumstances under, which earned time authorized by G.S. 15A-1340.13(d) and
3 G.S. 15A-1340.20(d) may be earned or forfeited by persons serving activated sentences of
4 imprisonment for felony or misdemeanor convictions.

5 (b) With respect to prisoners who are serving ~~prison or jail terms~~sentences for impaired
6 driving offenses under G.S. 20-138.1, the Secretary of Public Safety may, in his discretion,
7 issue regulations regarding deductions of time from the terms of such prisoners for good
8 behavior, meritorious conduct, work or study, participation in rehabilitation programs, and the
9 like.

10 (c), (d) Repealed by Session Laws 1993, c. 538, s. 32, effective January 1, 1995.

11 (e) The Secretary's regulations concerning earned time and good time credits authorized
12 by this section shall be distributed to and followed by local jail administrators with regard to
13 sentenced jail prisoners.

14 (f) The provisions of this section do not apply to persons sentenced to a term of special
15 probation under G.S. 15A-1344(e) or G.S. 15A-1351(a)."

16 **SECTION 4.9.(f)** G.S. 148-32.1 reads as rewritten:

17 **"§ 148-32.1. Local confinement, costs, alternate facilities, parole, work release.**

18 (a) Repealed by Session Laws 2009-451, s. 19.22A, effective July 1, 2009.

19 (b) In the event that the custodian of the local confinement facility certifies in writing to
20 the clerk of the superior court in the county in which the local confinement facility is located
21 that the local confinement facility is filled to capacity, or that the facility cannot reasonably
22 accommodate any more prisoners due to segregation requirements for particular prisoners, or
23 that the custodian anticipates, in light of local experiences, an influx of temporary prisoners at
24 that time, or if the local confinement facility does not meet the minimum standards published
25 pursuant to G.S. 153A-221, any judge of the district court in the district court district as defined
26 in G.S. 7A-133 where the facility is located, or any superior court judge who has jurisdiction
27 pursuant to G.S. 7A-47.1 or G.S. 7A-48 in a district or set of districts as defined in
28 G.S. 7A-41.1 where the facility is located may order that a prisoner not housed pursuant to the
29 Statewide Misdemeanant Confinement Program established in subsection (b2) of this section
30 be transferred to any other qualified local confinement facility within that district or within
31 another such district where space is available, including a satellite jail unit operated pursuant to
32 G.S. 153A-230.3 if the prisoner is a non-violent misdemeanor, which local facility shall accept
33 the transferred prisoner.

34 If no other local confinement facility is available and the reason for the requested transfer is
35 that the local confinement facility that would be required to house the prisoner cannot
36 reasonably accommodate any more prisoners due to segregation requirements for particular
37 prisoners or the local facility does not meet the minimum standards published pursuant to
38 G.S. 153A-221, then the judge may order that a prisoner not housed pursuant to the Statewide
39 Misdemeanant Confinement Program established in subsection (b2) of this section be
40 transferred to a facility operated by the Division of Adult Correction of the Department of
41 Public Safety as designated by the Division of Adult Correction. In no event, however, shall a
42 prisoner whose term of imprisonment is less than 30 days be assigned or ordered transferred to
43 a facility operated by the Division of Adult Correction.

44 (b1) It is the intent of the General Assembly to authorize the Division of Adult
45 Correction to enter into voluntary agreements with counties to provide housing for
46 misdemeanants serving periods of confinement of more than 90 days ~~and up to 180 days,~~
47 ~~except for those serving a sentence for an impaired driving offense and for all sentences~~
48 imposed for impaired driving under G.S. 20-138.1, regardless of length. It is further the intent
49 of the General Assembly that the Division of Adult Correction, in conjunction with the North
50 Carolina Sheriffs' Association, Inc., establish a program for housing misdemeanants serving
51 periods of confinement of more than 90 days ~~and up to 180 days, except for those serving~~

1 ~~sentences for an impaired driving offense~~ and for all sentences imposed for impaired driving
2 under G.S. 20-138.1, regardless of length. It is also the intent of the General Assembly that the
3 Division of Adult Correction contract with the North Carolina Sheriffs' Association, Inc., to
4 provide a service that identifies space in local confinement facilities that is available for
5 housing these misdemeanants.

6 The General Assembly intends that the cost of housing and caring for these misdemeanants,
7 including, but not limited to, care, supervision, transportation, medical, and any other related
8 costs, be covered by State funds and not be imposed as a local cost. Therefore, the General
9 Assembly intends that the funds in the Statewide Misdemeanant Confinement Fund established
10 in G.S. 148-10.4 be used to provide funding to cover the costs of managing a system for
11 providing that housing of misdemeanants in local confinement facilities as well as reimbursing
12 the counties for housing and related expenses for those misdemeanants.

13 (b2) The Statewide Misdemeanant Confinement Program is established. The Program
14 shall provide for the housing of misdemeanants from all counties serving sentences imposed for
15 a period of more than 90 days ~~and up to 180 days, except for those serving sentences for an~~
16 ~~impaired driving offense under G.S. 20-138.1~~ and for all sentences imposed for impaired
17 driving under G.S. 20-138.1, regardless of length. Those misdemeanants shall be confined in
18 local confinement facilities except as provided in subsections (b3) and (b4) of this section. The
19 Program shall address methods for the placement and transportation of inmates and
20 reimbursement to counties for the housing of those inmates. Any county that voluntarily agrees
21 to house misdemeanants from that county or from other counties pursuant to the Program may
22 enter into a written agreement with the Division of Adult Correction to do so.

23 This Program shall only operate as long as sufficient State funds are available through the
24 Statewide Misdemeanant Confinement Fund established in G.S. 148-10.4(c).

25"

26 **SECTION 4.9.(g)** This section becomes effective October 1, 2014, and applies to
27 (i) persons placed on probation or sentenced to imprisonment for impaired driving under
28 G.S. 20-138.1 on or after January 1, 2015, and (ii) persons placed on probation or sentenced to
29 imprisonment for all other misdemeanors other than impaired driving under G.S. 20-138.1 on
30 or after October 1, 2014.

31 **SECTION 4.9.(h)** The Department of Public Safety is authorized to establish from
32 funds available two facilities dedicated to housing offenders who have violated the terms of
33 their probation and are subject to a mandatory 90-day sentence as directed by the Justice
34 Reinvestment Act.

35 36 **JUVENILE FACILITIES PROJECTS**

37 **SECTION 4.10.(a)** Of the funds allocated to the Department of Public Safety from
38 the Reserve for Repairs and Renovations for the 2013-2014 fiscal year, the sum of one million
39 seven hundred seventy-four thousand dollars (\$1,774,000) for Dobbs Youth Development
40 Center Kitchen Renovations may be used by the Department to support construction,
41 expansions, renovations, and repairs necessary to implement the Department's 2014 Juvenile
42 Justice Facilities Strategic Plan. Notwithstanding G.S. 143C-4-3, no report to the Joint
43 Legislative Commission on Governmental Operations on this allocation shall be required.

44 **SECTION 4.10.(b)** Section 16D.9 of S.L. 2013-360 is repealed.

45 46 **REPORT BY FISCAL RESEARCH DIVISION ON CHANGES TO 2014-2015** 47 **BUDGET/PUBLICATION**

48 **SECTION 4.11.(a)** The Fiscal Research Division of the Legislative Services
49 Commission shall issue a report on budget actions taken by the 2013 Regular Session of the
50 General Assembly in 2014. The report shall be in the form of a revision of the Committee
51 Report adopted for Senate Bill 744 pursuant to G.S. 143C-5-5 and shall include all

1 modifications made to the 2014-2015 budget prior to sine die adjournment of the 2013 Regular
2 Session.

3 **SECTION 4.11.(b)** The Director of the Fiscal Research Division of the Legislative
4 Services Commission shall send a copy of the report issued pursuant to this section to the
5 Director of the Budget. This report shall be used for the certification of the budget as required
6 in G.S. 143C-6-1(c). The report shall be published on the General Assembly's Internet Web site
7 for public access.

8

9 **PART V. EFFECTIVE DATES**

10 **SECTION 5.1.** This section is effective when it becomes law. Except as otherwise
11 provided, this act becomes effective July 1, 2014.