

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2013**

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**SENATE BILL 3  
Appropriations/Base Budget Committee Substitute Adopted 6/5/14  
PROPOSED HOUSE COMMITTEE SUBSTITUTE S3-PCS15458-LR-45**

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

(Public)

Sponsors:

Referred to:

January 31, 2013

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

The General Assembly of North Carolina enacts:

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

**SECTION 1.1.(a)** Section 2.2(a) of S.L. 2013-360 is repealed.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

|                                                     | <b>FY 2014-2015</b>   |
|-----------------------------------------------------|-----------------------|
| Unappropriated Balance Remaining from Previous Year | 323,693,704           |
| Anticipated Undercollections from FY 2013-2014      | (429,400,000)         |
| Anticipated Reversions from FY 2013-2014            | 290,000,000           |
| <b>Less Earmarkings of Year End Fund Balance</b>    |                       |
| Savings Reserve                                     | (8,255,496)           |
| Repairs and Renovations                             | (8,255,496)           |
| <b>Beginning Unreserved Fund Balance</b>            | <b>167,782,712</b>    |
| <b>Revenues Based on Existing Tax Structure</b>     | <b>19,972,100,000</b> |
| <b>Nontax Revenues</b>                              |                       |
| Investment Income                                   | 11,300,000            |
| Judicial Fees                                       | 244,500,000           |
| Disproportionate Share                              | 109,000,000           |
| Master Settlement Agreement                         | 137,500,000           |
| Other Nontax Revenues                               | 195,500,000           |
| Insurance                                           | 77,000,000            |
| Highway Fund Transfer                               | 215,900,000           |
| <b>Subtotal Nontax Revenues</b>                     | <b>990,700,000</b>    |
| <b>Total General Fund Availability</b>              | <b>21,251,115,466</b> |
| <b>Adjustments to Availability: 2014 Session</b>    |                       |



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|   |                                                                         |             |
|---|-------------------------------------------------------------------------|-------------|
| 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE**

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

2014-2015 Principal and Assistant Principal Salary Schedules  
Classification

| Years of Experience | Assistant Principal | Prin I (0-10) | Prin II (11-21) | Prin III (22-32) | Prin IV (33-43) |
|---------------------|---------------------|---------------|-----------------|------------------|-----------------|
| 0-9                 | \$4,001             | -             | -               | -                | -               |
| 10                  | \$4,120             | -             | -               | -                | -               |
| 11                  | \$4,235             | -             | -               | -                | -               |
| 12                  | \$4,332             | -             | -               | -                | -               |
| 13                  | \$4,387             | \$4,387       | -               | -                | -               |
| 14                  | \$4,444             | \$4,444       | -               | -                | -               |
| 15                  | \$4,502             | \$4,502       | \$4,559         | -                | -               |
| 16                  | \$4,559             | \$4,559       | \$4,618         | -                | -               |
| 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<br>Experience | Prin V<br>(44-54) | Prin VI<br>(55-65) | Prin VII<br>(66-100) | Prin VIII<br>(101+) |
|----|------------------------|-------------------|--------------------|----------------------|---------------------|
| 28 | 0-19                   | \$5,000           | -                  | -                    | -                   |
| 29 | 20                     | \$5,067           | -                  | -                    | -                   |
| 30 | 21                     | \$5,135           | \$5,207            | -                    | -                   |
| 31 | 22                     | \$5,207           | \$5,277            | \$5,429              | -                   |
| 32 | 23                     | \$5,277           | \$5,354            | \$5,513              | \$5,600             |
| 33 | 24                     | \$5,354           | \$5,429            | \$5,600              | \$5,652             |
| 34 | 25                     | \$5,429           | \$5,513            | \$5,652              | \$5,705             |
| 35 | 26                     | \$5,513           | \$5,600            | \$5,705              | \$5,758             |
| 36 | 27                     | \$5,600           | \$5,652            | \$5,758              | \$5,832             |
| 37 | 28                     | \$5,652           | \$5,705            | \$5,832              | \$5,909             |
| 38 | 29                     | \$5,705           | \$5,758            | \$5,909              | \$6,027             |
| 39 | 30                     | \$5,758           | \$5,832            | \$6,027              | \$6,148             |
| 40 | 31                     | \$5,832           | \$5,909            | \$6,148              | \$6,271             |
| 41 | 32                     | \$5,909           | \$6,027            | \$6,271              | \$6,396             |
| 42 | 33                     | \$6,027           | \$6,148            | \$6,396              | \$6,524             |
| 43 | 34                     | \$6,148           | \$6,271            | \$6,524              | \$6,654             |
| 44 | 35                     | \$6,271           | \$6,396            | \$6,654              | \$6,787             |
| 45 | 36                     | \$6,396           | \$6,524            | \$6,787              | \$6,923             |
| 46 | 37                     | \$6,524           | \$6,654            | \$6,923              | \$7,061             |
| 47 | 38                     | \$6,654           | \$6,787            | \$7,061              | \$7,202             |
| 48 | 39                     | \$6,787           | \$6,923            | \$7,202              | \$7,346             |
| 49 | 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:

| <b>Classification</b> | <b>Number of Teachers Supervised</b> |
|-----------------------|--------------------------------------|
| 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.

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

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

### CENTRAL OFFICE SALARIES

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

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

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

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

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

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

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

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

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

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

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

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

### **NONCERTIFIED PERSONNEL SALARIES**

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

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

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

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

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

### **CLARIFYING CHANGES FOR TEACHER CONTRACTS**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

...

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

### PART III. COMPENSATION OF STATE EMPLOYEES/BENEFITS

#### GOVERNOR AND COUNCIL OF STATE

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

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

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

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

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

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

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

~~"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

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

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

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

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

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

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

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

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

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

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

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

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

| Table of Salaries of Full-Time Magistrates |                                     |
|--------------------------------------------|-------------------------------------|
| Step Level                                 | Annual Salary                       |
| Entry Rate                                 | <del>\$33,025</del> <u>\$35,275</u> |
| Step 1                                     | <del>35,951</del> <u>37,950</u>     |
| Step 2                                     | <del>39,135</del> <u>40,835</u>     |
| Step 3                                     | <del>42,640</del> <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." |

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

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

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

|                                               | <u>Minimum</u> | <u>Maximum</u> |
|-----------------------------------------------|----------------|----------------|
| 10 Less than 1 year of service                | \$26,846       | \$27,846       |
| 11 1 or more but less than 3 years of service | 28,027         | <u>29,027</u>  |
| 12 3 or more but less than 5 years of service | 30,405         | <u>31,405</u>  |

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

15 **SECTION 3.3.(h)** Salary reserves generated by the clerk of superior court offices  
16 during the 2014-2015 fiscal year shall be used exclusively by the clerks of superior court. The  
17 clerks of superior court may use these funds to award salary increases in addition to those  
18 specifically provided for deputy and assistant clerks under the respective salary plans. Any  
19 additional increases may be awarded at the discretion of each elected clerk of superior court.  
20 The Administrative Office of the Courts shall (i) allocate funds for additional discretionary  
21 salary adjustments on a per capita basis and (ii) adopt a plan for distribution of the funds in  
22 consultation with the Conference of Clerks of Superior Court.  
23  
24

25 **LEGISLATIVE BRANCH**

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

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

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

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

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

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

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

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

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

## COMMUNITY COLLEGES PERSONNEL

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

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

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

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

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

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

## UNIVERSITY OF NORTH CAROLINA SYSTEM

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

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

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

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

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

#### STATE AGENCY TEACHERS

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

#### STATE HIGHWAY PATROL STEP INCREASES

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

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

#### SALARY ADJUSTMENT REQUIREMENTS

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

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

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

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

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

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

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

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

## **SPECIAL ANNUAL LEAVE BONUS**

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

## **STATE EMPLOYEES REASSIGNMENT/NO THIRTY-FIVE-MILE RADIUS REQUIREMENT**

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

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

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

**SECTION 3.11.(b)** This section is effective when it becomes law and applies to 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

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

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

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

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

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

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

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

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

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

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

**ENHANCE BENEFITS PAYABLE THROUGH THE NATIONAL GUARD PENSION FUND**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"§ 135-48.41. Additional eligibility provisions.

...

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

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

#### **SEPARATE INSURANCE BENEFITS PLAN FOR LAW ENFORCEMENT**

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

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

#### **PART IV. OTHER LAW CHANGES**

#### **TAX INFORMATION MANAGEMENT SYSTEM CHANGES**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

~~...."~~

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

~~"...~~

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

~~The members of the Committee shall include the following:~~

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

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

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

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

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

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

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

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

**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

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

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

...."

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

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

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

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

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

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

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

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

...

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

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

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

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

...."

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

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

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

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

## **SCHOOL PERFORMANCE SCORES AND GRADES**

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

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

- (1) A school performance score of at least ~~90–85~~ is equivalent to an overall school performance grade of A.
- (2) A school performance score of at least ~~80–70~~ is equivalent to an overall school performance grade of B.
- (3) A school performance score of at least ~~70–55~~ is equivalent to an overall school performance grade of C.
- (4) A school performance score of at least ~~60–40~~ is equivalent to an overall school performance grade of D.
- (5) A school performance score of less than ~~60–40~~ points is equivalent to an overall school performance grade of F."

## **CLOSING THE SKILLS GAP**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) The number and identity of constituent institutions or community colleges 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</u><br><u>Size</u> | <u>Income</u><br><u>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~~

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

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

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

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

## ALL MISDEMEANANTS TO SERVE SENTENCES IN LOCAL CONFINEMENT FACILITIES

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

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

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

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

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

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

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

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

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

- ~~(1) To the custody of the Division of Adult Correction of the Department of Public Safety if the person was fined for conviction of a felony;~~
- ~~(2) To the custody of the Division of Adult Correction of the Department of Public Safety or to a local confinement facility if the person was fined for conviction of a misdemeanor, provided that (i) if the sentence imposed is for a period of 90 days or less, the commitment shall be to a facility other than one maintained by the Division of Adult Correction of the Department of Public Safety, except as provided in G.S. 148-32.1(b) and (ii) if the sentence or sentences imposed require confinement for more than 180 days, the commitment must be to the custody of the Division of Adult Correction of the Department of Public Safety.~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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