Report on
EDUCATION LEGISLATION

2011 Session of the General Assembly

PUBLIC SCHOOLS OF NORTH CAROLINA
State Board of Education | Department of Public Instruction

Legislation enacted as of July 19, 2011

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About this Publication

Material included in the 2011 Report on Education Legislation was compiled by Ann McColl, Legislative Director. It was produced and printed by the Division of Communications and Information, Department of Public Instruction.

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ON THE
CONTINUATION, EXPANSION
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Committee Substitute

May 26th, 2011

General Fund Availability Statement

		FY 2011-12	FY 2012-13
1	Unappropriated Balance Remaining		72,311,073
2	Ending Unreserved Fund Balance for FY 2009-10	236,902,394	0
3	Anticipated Reversions for FY 2010-11 - Session Law 2011-15 (S.B. 109)	537,740,799	0
4	Anticipated Overcollections from FY 2010-11	180,800,000	0
5	Repayment of Medicaid Receipts in FY 2010-11	(125,000,000)	0
6	**Statutory Earmarks:**		
7	Savings Reserve Account	(202,994,340)	0
8	Repairs and Renovations Reserve Account	(202,994,339)	0
9	**Beginning Unreserved Fund Balance**	**424,454,514**	**72,311,073**
10	**Revenues Based on Existing Tax Structure**	**18,129,800,000**	**19,181,900,000**
11	**Non-tax Revenues**		
12	Investment Income	59,400,000	76,700,000
13	Judicial Fees	217,800,000	217,800,000
14	Disproportionate Share	100,000,000	100,000,000
15	Insurance	71,400,000	73,500,000
16	Other Non-Tax Revenues	182,500,000	182,500,000
17	Highway Trust Fund/Use Tax Reimbursement Transfer	41,500,000	27,600,000
18	Highway Fund Transfer	20,230,000	24,080,000
19	**Subtotal Non-tax Revenues**	**692,830,000**	**702,180,000**
20	**Total General Fund Availability**	**19,247,084,514**	**19,956,391,073**
21	**Adjustments to Availability: 2011 Session**		
22	Loss of Estate Tax	(57,100,000)	(72,200,000)
23	Jobs Package	(186,400,000)	(485,300,000)
24	Repeal Deduction for Sale of a Manufactured Home Community to		
25	Manufactured Homeowners	100,000	100,000
26	Repeal Deduction for Severance Wages	16,000,000	16,400,000
27	Repeal Credit for Recycling Oyster Shells	100,000	100,000
28	Repeal Energy Star Tax Holiday	1,900,000	2,000,000
29	Repeal Sales Tax Exemption for Nutritional Supplements Sold by		
30	Chiropractors	300,000	400,000
31	Repeal Wildlife Resources Commission Sales Tax Earmark	22,970,000	23,920,000
32	Suspend Corporate Income Tax Earmark (Public School Construction)	0	74,750,000
33	Increase in Judicial Fees	60,986,955	60,986,955
34	Increase Investment Company Notice Filing Fee	1,600,000	1,600,000
35	Increase Parking Fees for Visitors	550,000	550,000
36	Loss of Revenue from the Town of Butner	(1,213,235)	(1,213,235)
37	Transfer from E-Commerce Reserve Fund	4,483,526	0
38	Divert Funds from Parks & Recreation Trust Fund	4,217,500	0
39	Divert Funds from Recreational/ Natural Heritage Trust Fund	4,500,000	0
40	Transfer from Highway Fund for State Highway Patrol	193,585,434	189,859,507
41	Transfer from Highway Trust Fund for School Bus Replacement	35,223,642	0
42	Transfer from Mercury Prevention Pollution Fund	125,000	0
43	Transfer from Commerce - Enterprise Fund	250,000	
44	Divert Funds from Scrap Tire Disposal Account	1,134,495	0
45	Divert Funds from White Goods Management Account	1,131,342	0
46	Diversion of Golden LEAF Funds	67,563,760	67,563,760
47	Tobacco Trust Fund Master Settlement Agreement Funds	8,334,360	8,790,386
48	Health and Wellness Trust Fund Master Settlement Agreement Funds	16,334,360	16,790,386
49	Transfer Health and Wellness Trust Funds to Public Health	32,904,411	0
50	Department of Revenue - Accounts Receivable Program	15,000,000	15,000,000
51	Medicaid Disproportionate Share Receipts	15,000,000	15,000,000
52	Adjust Transfer from Insurance Regulatory Fund	(742,348)	(742,348)
53	Adjust Transfer from Treasurer's Office	(3,881,172)	(3,916,453)
54	**Subtotal Adjustments to Availability: 2011 Session**	**254,958,030**	**(69,561,042)**
55	**Revised General Fund Availability**	**19,502,042,544**	**19,886,830,031**
56	Less General Fund Appropriations	(19,429,731,471)	(19,886,830,031)
57	**Unappropriated Balance Remaining**	**72,311,073**	**0**

SUMMARY OF GENERAL FUND APPROPRIATIONS 2011 Legislative Session: Fiscal Year 2011-12						
		Legislative Adjustments				Revised
	Continuation Budget	Recurring Adjustments	Nonrecurring Adjustments	Net Changes	FTE Changes	Appropriation 2011-12
Education						
Community Colleges	1,102,475,214	(112,569,798)	(7,600,000)	(120,169,798)	(25.00)	982,305,416
Public Education	7,923,543,951	(618,571,148)	(78,216,861)	(696,788,009)	(139.75)	7,226,755,942
University System	2,887,492,464	(351,546,259)	(7,453,741)	(359,000,000)	309.80	2,528,492,464
Total Education	**11,913,511,629**	**(1,082,687,205)**	**(93,270,602)**	**(1,175,957,807)**	**145.05**	**10,737,553,822**
Health and Human Services						
Central Management and Support	70,229,335	(30,817,345)	5,599,390	(25,217,955)	(288.00)	45,011,380
Aging and Adult Services	37,419,667	(2,060,000)	0	(2,060,000)	0.00	35,359,667
Blind and Deaf / Hard of Hearing Services	8,389,110	(190,961)	(1,000,000)	(1,190,961)	0.00	7,198,149
Child Development	261,759,600	10,695,977	(6,352,644)	4,343,333	0.00	266,102,933
Health Service Regulation	17,925,590	0	(1,792,559)	(1,792,559)	0.00	16,133,031
Medical Assistance	3,314,539,538	(370,091,158)	(16,146,384)	(386,237,542)	(30.00)	2,928,301,996
Mental Health, Dev. Disabilities and Sub. Abuse	723,675,112	(50,196,885)	(25,000,000)	(75,196,885)	(7.00)	648,478,227
NC Health Choice	88,373,806	(8,921,489)	0	(8,921,489)	0.00	79,452,317
Public Health	161,930,589	(7,958,188)	32,904,411	24,946,223	(61.00)	186,876,812
Social Services	202,245,063	(17,958,411)	0	(17,958,411)	(2.00)	184,286,652
Vocational Rehabilitation	41,252,238	(2,058,522)	(2,067,928)	(4,126,450)	(5.00)	37,125,788
Total Health and Human Services	**4,927,739,648**	**(479,556,982)**	**(13,855,714)**	**(493,412,696)**	**(393.00)**	**4,434,326,952**
Justice and Public Safety						
Correction	1,421,644,768	(71,332,902)	(12,495,520)	(83,828,422)	(499.00)	1,337,816,346
Crime Control & Public Safety	34,175,427	213,752,200	0	213,752,200	3,037.00	247,927,627
Judicial Department	477,189,575	(42,131,186)	1,184,693	(40,946,493)	(399.50)	436,243,082
Judicial - Indigent Defense	122,770,246	(11,037,369)	0	(11,037,369)	(11.40)	111,732,877
Justice	89,670,944	(37,180,522)	(160,125)	(37,340,647)	(888.81)	52,330,297
Juvenile Justice & Delinquency Prevention	151,295,187	(19,563,395)	3,861,900	(15,701,495)	(278.60)	135,593,692
Total Justice and Public Safety	**2,296,746,147**	**32,506,826**	**(7,609,052)**	**24,897,774**	**959.69**	**2,321,643,921**

SUMMARY OF GENERAL FUND APPROPRIATIONS
2011 Legislative Session: Fiscal Year 2011-12

		Legislative Adjustments				Revised
	Continuation Budget	Recurring Adjustments	Nonrecurring Adjustments	Net Changes	FTE Changes	Appropriation 2011-12
Natural and Economic Resources						
Agriculture and Consumer Services	61,754,014	(2,366,555)	12,096,590	9,730,035	(15.00)	71,484,049
Commerce	38,907,381	(7,846,258)	17,365,599	9,519,341	(20.00)	48,426,722
Commerce - State Aid	31,169,289	(3,567,305)	500,000	(3,067,305)	0.00	28,101,984
Environment and Natural Resources	188,972,401	(23,065,166)	554,373	(22,510,793)	(152.01)	166,461,608
Clean Water Mgmt. Trust Fund	100,000,000	(87,500,000)	0	(87,500,000)	0.00	12,500,000
Labor	16,842,679	(1,005,792)	0	(1,005,792)	(9.00)	15,836,887
NC Biotechnology Center	19,501,900	(2,925,285)	0	(2,925,285)	0.00	16,576,615
Rural Economic Development Center	22,640,814	(2,994,370)	20,000,000	17,005,630	0.00	39,646,444
Wildlife Resources Commission	0	15,221,179	778,821	16,000,000	0.00	16,000,000
Total Natural & Economic Resources	**479,788,478**	**(116,049,552)**	**51,295,383**	**(64,754,169)**	**(196.01)**	**415,034,309**
General Government						
Administration	69,700,026	(7,467,209)	0	(7,467,209)	(94.52)	62,232,817
Auditor	13,063,656	(1,206,082)	0	(1,206,082)	(13.00)	11,857,574
Cultural Resources	72,664,633	(11,670,024)	0	(11,670,024)	(122.51)	60,994,609
Cultural Resources - Roanoke Island Comm.	2,406,982	(1,203,491)	0	(1,203,491)	0.00	1,203,491
General Assembly	54,593,047	(8,906,058)	7,572,506	(1,333,552)	(9.00)	53,259,495
Governor	6,189,478	(1,302,417)	0	(1,302,417)	(17.00)	4,887,061
Housing Finance Agency	13,877,996	(3,204,945)	0	(3,204,945)	0.00	10,673,051
Insurance	33,458,756	2,935,165	0	2,935,165	(3.00)	36,393,921
Insurance - Worker's Compensation Fund	4,500,000	(706,000)	(1,500,000)	(2,206,000)	0.00	2,294,000
Lieutenant Governor	954,868	(179,623)	0	(179,623)	1.00	775,245
Office of Administrative Hearings	4,328,822	655,049	0	655,049	8.68	4,983,871
Revenue	88,370,399	(10,170,861)	0	(10,170,861)	(106.00)	78,199,538
Secretary of State	11,076,972	(422,409)	0	(422,409)	(4.00)	10,654,563
State Board of Elections	6,189,011	(1,002,408)	0	(1,002,408)	(14.00)	5,186,603
State Budget and Management (OSBM)	6,963,796	(1,115,133)	0	(1,115,133)	(6.00)	5,848,663
OSBM - Special Appropriations	5,934,311	(5,493,699)	1,500,000	(3,993,699)	(13.00)	1,940,612
State Controller	32,517,077	(3,539,584)	(608,536)	(4,148,120)	(18.50)	28,368,957
Treasurer - Operations	10,538,203	(3,881,172)	0	(3,881,172)	(36.00)	6,657,031
Treasurer - Fire/Rescue Retirement	17,812,114	0	0	0	0.00	17,812,114
Total General Government	**455,140,147**	**(57,880,901)**	**6,963,970**	**(50,916,931)**	**(446.85)**	**404,223,216**

SUMMARY OF GENERAL FUND APPROPRIATIONS 2011 Legislative Session: Fiscal Year 2011-12						
		Legislative Adjustments				Revised
	Continuation Budget	Recurring Adjustments	Nonrecurring Adjustments	Net Changes	FTE Changes	Appropriation 2011-12
Debt Service and Statewide Reserves						
Debt Service						
Interest / Redemption	705,905,183	(16,947,995)	0	(16,947,995)	0.00	688,957,188
Federal Reimbursement	1,616,380	0	0	0	0.00	1,616,380
Subtotal Debt Service	**707,521,563**	**(16,947,995)**	**0**	**(16,947,995)**	**0.00**	**690,573,568**
Statewide Reserves						
Contingency and Emergency Fund	5,000,000	0	0	0		5,000,000
State Retirement System Contributions	0	297,400,000		297,400,000		297,400,000
Judicial Retirement System Contribution	0	7,900,000	0	7,900,000		7,900,000
Firemen & Rescue Squad Workers Pension Fund		5,800,000	0	5,800,000		5,800,000
National Guard Pension Fund		263,000	0	263,000		263,000
State Health Plan	0	7,119,541		7,119,541		7,119,541
Information Technology Fund	7,840,000	(1,537,574)	(1,844,284)	(3,381,858)	(3.00)	4,458,142
Job Development Investment Grants (JDIG)	27,400,000	0	(12,000,000)	(12,000,000)		15,400,000
Continuation Review Reserve						
Review of Compensation Plans			2,000,000	2,000,000		2,000,000
Automated Fraud Detection Development			1,000,000	1,000,000		1,000,000
Controller- Fraud Detection Development			500,000	500,000		500,000
Severance Expenditure Reserve			75,000,000	75,000,000		75,000,000
Subtotal Statewide Reserves	**40,240,000**	**316,944,967**	**64,655,716**	**381,600,683**	**(3.00)**	**421,840,683**
Total Reserves and Debt Service	**747,761,563**	**299,996,972**	**64,655,716**	**364,652,688**	**(3.00)**	**1,112,414,251**
Total General Fund for Operations	**20,820,687,612**	**(1,403,670,842)**	**8,179,701**	**(1,395,491,141)**	**65.88**	**19,425,196,471**
Capital Improvements						
Water Resources Development Projects	0	0	4,535,000	4,535,000	0.00	4,535,000
Total Capital Improvements	**0**	**0**	**4,535,000**	**4,535,000**	**0.00**	**4,535,000**
Total General Fund Budget	**20,820,687,612**	**(1,403,670,842)**	**12,714,701**	**(1,390,956,141)**	**65.88**	**19,429,731,471**

SUMMARY OF GENERAL FUND APPROPRIATIONS 2011 Legislative Session: Fiscal Year 2012-13						
		Legislative Adjustments				Revised
	Continuation Budget	Recurring Adjustments	Nonrecurring Adjustments	Net Changes	FTE Changes	Appropriation 2012-13
Education						
Community Colleges	1,102,475,214	(120,169,798)	0	(120,169,798)	(25.00)	982,305,416
Public Education	7,923,543,951	(677,139,628)	(54,872,023)	(732,011,651)	(139.75)	7,191,532,300
University System	2,886,730,386	(340,988,118)	(19,011,882)	(360,000,000)	205.80	2,526,730,386
Total Education	**11,912,749,551**	**(1,138,297,544)**	**(73,883,905)**	**(1,212,181,449)**	**41.05**	**10,700,568,102**
Health and Human Services						
Central Management and Support	70,229,335	(30,817,345)	0	(30,817,345)	(288.00)	39,411,990
Aging and Adult Services	37,419,667	(2,060,000)	0	(2,060,000)	0.00	35,359,667
Blind and Deaf / Hard of Hearing Services	8,372,886	(190,961)	(1,000,000)	(1,190,961)	0.00	7,181,925
Child Development	261,759,600	10,695,977	(6,352,644)	4,343,333	0.00	266,102,933
Health Service Regulation	17,925,590	0	(1,792,559)	(1,792,559)	0.00	16,133,031
Medical Assistance	3,314,539,538	(385,210,493)	(24,739,541)	(409,950,034)	(40.00)	2,904,589,504
Mental Health, Dev. Disabilities and Sub. Abuse	723,675,112	(50,196,885)	0	(50,196,885)	(7.00)	673,478,227
NC Health Choice	88,373,806	(4,655,941)	0	(4,655,941)	0.00	83,717,865
Public Health	161,930,589	(7,958,188)	0	(7,958,188)	(61.00)	153,972,401
Social Services	202,245,063	(17,958,411)	0	(17,958,411)	(2.00)	184,286,652
Vocational Rehabilitation	41,654,578	(2,058,522)	(2,067,928)	(4,126,450)	(5.00)	37,528,128
Total Health and Human Services	**4,928,125,764**	**(490,410,769)**	**(35,952,672)**	**(526,363,441)**	**(403.00)**	**4,401,762,323**
Justice and Public Safety						
Correction	1,418,867,332	(59,302,927)	(11,153,612)	(70,456,539)	(439.00)	1,348,410,793
Crime Control & Public Safety	34,175,427	236,029,495	0	236,029,495	3,037.00	270,204,922
Judicial Department	477,189,575	(43,044,434)	(1,681,000)	(44,725,434)	(488.50)	432,464,141
Judicial - Indigent Defense	122,770,246	(11,609,781)	0	(11,609,781)	(11.40)	111,160,465
Justice	89,670,944	(65,133,836)	0	(65,133,836)	(888.81)	24,537,108
Juvenile Justice & Delinquency Prevention	151,295,187	(20,154,622)	0	(20,154,622)	(278.60)	131,140,565
Total Justice and Public Safety	**2,293,968,711**	**36,783,895**	**(12,834,612)**	**23,949,283**	**930.69**	**2,317,917,994**

SUMMARY OF GENERAL FUND APPROPRIATIONS 2011 Legislative Session: Fiscal Year 2012-13						
		Legislative Adjustments				Revised
	Continuation Budget	Recurring Adjustments	Nonrecurring Adjustments	Net Changes	FTE Changes	Appropriation 2012-13
Natural and Economic Resources						
Agriculture and Consumer Services	61,754,014	(2,366,555)	8,790,386	6,423,831	(21.00)	68,177,845
Commerce	38,907,381	(7,674,952)	0	(7,674,952)	(23.00)	31,232,429
Commerce - State Aid	31,169,289	(3,227,894)	0	(3,227,894)	0.00	27,941,395
Environment and Natural Resources	188,972,401	(21,523,197)	(6,000,000)	(27,523,197)	(153.01)	161,449,204
Clean Water Mgmt. Trust Fund	100,000,000	(87,500,000)	0	(87,500,000)	0.00	12,500,000
Labor	16,842,679	(1,005,792)	0	(1,005,792)	(9.00)	15,836,887
NC Biotechnology Center	19,501,900	(2,925,285)	0	(2,925,285)	0.00	16,576,615
Rural Economic Development Center	22,640,814	(2,994,370)	20,000,000	17,005,630	0.00	39,646,444
Wildlife Resources Commission	0	15,221,179	0	15,221,179	0.00	15,221,179
Total Natural and Economic Resources	**479,788,478**	**(113,996,866)**	**22,790,386**	**(91,206,480)**	**(206.01)**	**388,581,998**
General Government						
Administration	69,700,026	(5,563,079)	0	(5,563,079)	(94.52)	64,136,947
Auditor	13,063,656	(2,387,621)	0	(2,387,621)	(26.00)	10,676,035
Cultural Resources	72,664,633	(14,407,792)	0	(14,407,792)	(165.62)	58,256,841
Cultural Resources - Roanoke Island Comm.	2,406,982	(2,406,982)	0	(2,406,982)	0.00	0
General Assembly	54,593,047	(7,488,839)	3,000,000	(4,488,839)	(47.75)	50,104,208
Governor	6,189,478	(1,302,417)	0	(1,302,417)	(17.00)	4,887,061
Housing Finance Agency	13,877,996	(3,204,945)	0	(3,204,945)	0.00	10,673,051
Insurance	33,458,756	2,935,165	0	2,935,165	(3.00)	36,393,921
Insurance - Worker's Compensation Fund	4,500,000	(1,876,346)	0	(1,876,346)	0.00	2,623,654
Lieutenant Governor	954,868	(179,623)	0	(179,623)	1.00	775,245
Office of Administrative Hearings	4,328,822	655,049	0	655,049	8.68	4,983,871
Revenue	88,370,399	(10,170,861)	0	(10,170,861)	(106.00)	78,199,538
Secretary of State	11,076,972	(422,409)	0	(422,409)	(4.00)	10,654,563
State Board of Elections	6,189,011	(1,062,408)	0	(1,062,408)	(14.00)	5,126,603
State Budget and Management (OSBM)	6,963,796	(1,115,133)	0	(1,115,133)	(6.00)	5,848,663
OSBM - Special Appropriations	5,934,311	(5,493,699)	0	(5,493,699)	(13.00)	440,612
State Controller	32,517,077	(3,539,584)	(608,536)	(4,148,120)	(18.50)	28,368,957
Treasurer - Operations	10,538,203	(3,916,453)	0	(3,916,453)	(36.00)	6,621,750
Treasurer - Fire/Rescue Retirement	17,812,114	0	0	0	0.00	17,812,114
Total General Government	**455,140,147**	**(60,947,977)**	**2,391,464**	**(58,556,513)**	**(541.71)**	**396,583,634**

SUMMARY OF GENERAL FUND APPROPRIATIONS 2011 Legislative Session: Fiscal Year 2012-13						
		Legislative Adjustments				Revised
	Continuation Budget	Recurring Adjustments	Nonrecurring Adjustments	Net Changes	FTE Changes	Appropriation 2012-13
Debt Service and Statewide Reserves						
Debt Service:						
Interest / Redemption	705,905,183	54,079,791	0	54,079,791		759,984,974
Federal Reimbursement	1,616,380	0	0	0		1,616,380
Subtotal Debt Service	**707,521,563**	**54,079,791**	**0**	**54,079,791**	**0.00**	**761,601,354**
Statewide Reserves:						
Contingency and Emergency Fund	5,000,000	0	0	0		5,000,000
State Retirement System Contributions	0	404,200,000	0	404,200,000		404,200,000
Judicial Retirement System Contribution	0	9,000,000	0	9,000,000		9,000,000
Firemen & Rescue Squad Workers Pension Fund		6,900,000	0	6,900,000		6,900,000
National Guard Pension Fund		523,000	0	523,000		523,000
State Health Plan	0	102,151,104	0	102,151,104		102,151,104
Information Technology Fund	7,840,000	162,426	(1,844,284)	(1,681,858)	(3.00)	6,158,142
Job Development Investment Grants (JDIG)	27,400,000	0	0	0		27,400,000
Continuation Review Reserve			22,982,380	22,982,380		22,982,380
Performance Pay Reserve	0	328,000,000		328,000,000		328,000,000
Automated Fraud Detection Development			7,000,000	7,000,000		7,000,000
Controller- Fraud Detection Development			500,000	500,000		500,000
Subtotal Statewide Reserves	**40,240,000**	**850,936,530**	**28,638,096**	**879,574,626**	**(3.00)**	**919,814,626**
Total Reserves and Debt Service	**747,761,563**	**905,016,321**	**28,638,096**	**933,654,417**	**(3.00)**	**1,681,415,980**
Total General Fund for Operations	**20,817,534,214**	**(861,852,940)**	**(68,851,243)**	**(930,704,183)**	**(181.98)**	**19,886,830,031**
Capital Improvements						
Water Resources Development Projects	0	0	0	0	0.00	0
Total Capital Improvements	**0**	**0**	**0**	**0**	**0.00**	**0**
Total General Fund Budget	**20,817,534,214**	**(861,852,940)**	**(68,851,243)**	**(930,704,183)**	**(178.98)**	**19,886,830,031**

EDUCATION
Section F

Public Education

	GENERAL FUND			
	FY 11-12		FY 12-13	
Recommended Continuation Budget	**$7,923,543,951**		**$7,923,543,951**	
Legislative Changes				
A. Technical Adjustments				
1 ADM Adjustment Fully funds both years of average daily membership (ADM) growth for public schools, providing $55.8 million in FY 2011-12 and $143.1 million in FY 2012-13. This adjustment, which accounts for changes in multiple allotments, has traditionally been included in the continuation budget.	$55,882,651	R	$143,087,414	R
2 Average Salary Adjustment Adjusts several budget lines to account for the decrease in average salaries between FY 2009-10 and FY 2010-11. This adjustment has traditionally been included in the continuation budget.	($21,838,817)	R	($22,040,287)	R
B. Other Public School Funding Adjustments				
3 LEA Adjustment Increases the LEA Adjustment reduction by $4.5 million in FY 2011-12 and by $59.8 million in FY 2012-13. The State Board of Education will distribute this reduction to all LEAs and charter schools on the basis of ADM. LEAs and charters will then be responsible for identifying budget reductions in order to meet their share of the LEA Adjustment. LEAs are expected to utilize federal EduJobs availability to minimize reducing position allotments.	($4,365,359)	R	($65,292,506)	R
4 Class Size Reduction in Grades 1-3 Adds funding for 1,124 additional teaching positions in FY 2011-12 and 1,144 additional teaching positions in FY 2012-13 to reduce the classroom teacher allotment ratios for grades 1-3 from 1 teacher per 18 students to 1 teacher per 17 students in both years of the biennium. A related provision, Section 7.1B, expresses the intent of the General Assembly to add additional teachers as funds become available with a goal of reducing the teacher allotment ratio in grades 1-3 to 1 teacher for every 15 students.	$61,697,942	R	$62,767,803	R

	FY 11-12		FY 12-13	
5 Teacher Assistants Funds teacher assistants on the basis of Kindergarten ADM only. Previously, teacher assistants were funded on the basis of ADM in grades K-3. LEAs will still have the discretion to place teacher assistants in classrooms serving grades K-3. $137.3 million will be available in FY 2011-12 and $148.5 million will be available in FY 2012-13 to fund teacher assistants.	($390,519,448)	R	($395,946,237)	R
6 Decouple Master's and NBPTS Salary Supplements Reduces the combined salary supplement for educational personnel qualifying for both a master's degree and National Board for Professional Teaching Standards (NBPTS) supplement from 23.2% to 22.0%. NBPTS salary supplements will be calculated as 12% of the base salary the individual receives on the "A" salary schedule as opposed to the current practice of calculating the NBPTS supplement from the "M" salary schedule.	($4,776,560)	R	($4,776,560)	R
7 Fund One LEA Per County Reduces funding to six base allotments received by multiple LEAs within the same county by 20% in FY 2011-12 and eliminates those amounts in FY 2012-13.	($2,214,251)	R	($11,071,255)	R
8 Education Reform Studies Provides nonrecurring funding for studies of third grade literacy programs and ways to reduce the need for remedial or developmental education in the State's higher education institutions. Funding will be available to hire an outside consultant to examine these topics.	$200,000	NR		
9 Testing Eliminates funding for four End of Course tests eliminated by S.L. 2011-8 and not required by federal law. Those tests are United States History, Civics and Economics, Algebra II, and Physical Science. The remaining testing funds are then reduced a further 10%, leaving $8.8 million available for testing in each year of the biennium.	($2,725,029)	R	($2,729,677)	R
10 Dropout Prevention Grants Eliminates funding for the Dropout Prevention Grant program.	($13,290,683)	R	($13,290,683)	R
11 Student Diagnostics Eliminates funding for the Student Diagnostics pilot program.	($10,000,000)	R	($10,000,000)	R
12 Learn & Earn Virtual Schools Eliminates funding provided to four schools to provide on-line access to Learn & Earn. Students in affected schools may access courses through the Career and College Promise program described in Section 7.1A.	($1,000,000)	R	($1,000,000)	R
13 Learn & Earn Online Eliminates funding for Learn & Earn Online courses provided through the UNC system.	($4,875,000)	R	($4,875,000)	R

	FY 11-12		FY 12-13	
14 Small County Supplemental Funding Restructures this allotment to restrict eligibility to only those counties with ADM of 3,200 or less and provides per-pupil funding on a sliding scale based on the size of the school district. LEAs made ineligible under this formula will have their allotment phased-out over a five-year period. A related provision, Section 7.12, provides additional details on this change. $38.9 million will remain in this allotment in FY 2011-12 and $35.3 million will remain in FY 2012-13.	($5,146,985)	R	($8,818,208)	R
15 Noninstructional Support Personnel Reduces this allotment, which supports clerical, janitorial, substitute teachers, and other personnel, by 15% in both years of the biennium. $337.1 million will remain in this allotment in FY 2011-12 and $340.3 million will remain in FY 2012-13.	($59,497,471)	R	($60,054,792)	R
16 Textbooks	($13,000,000)	R	($13,000,000)	R
Reduces funding for textbooks. $23.4 million will remain in this allotment in FY 2011-12 and $27.2 million will remain available in FY 2012-13.	($79,166,861)	NR	($76,500,000)	NR
17 Central Office Administration Reduces the allotment to LEAs for the salaries and benefits of central office staff by 16%. This staff includes, but is not limited to, superintendents, associate and assistant superintendents, finance officers, athletic trainers, and transportation directors. $90.4 million will remain to support these local staff in FY 2011-12 and $90.5 million will remain available in FY 2012-13.	($17,211,294)	R	($17,254,494)	R
18 School Building Administration Reduces the funding for assistant principal months of employment by approximately 21%. This reduction does not reduce any guaranteed principal positions. $302.0 million will remain in this allotment in FY 2011-12 and $304.0 million will remain available in FY 2012-13.	($24,612,054)	R	($25,023,016)	R
19 School Building Administration Position Conversion Reduces funding for this allotment based on a modification of the allowable conversion of assistant principal and principal months of employment. Currently, LEAs are allowed to "cash-out" their allotted SBA months of employment at the State-average salary and benefits, and then use the money for other purposes. This section would continue to allow conversions, but only at the equivalent amount for a beginning Principal III for converted principal positions, and the equivalent amount for a beginning assistant principal for cashed-out assistant principal positions.	($7,700,000)	R	($7,700,000)	R

	FY 11-12		FY 12-13	
20 Instructional Support Reduces this allotment, which supports guidance counselors, social workers, media specialists, and other miscellaneous personnel, by 5%. $435.8 million will remain in this allotment in FY 2011-12 and $439.9 million will remain available in FY 2012-13.	($22,934,278)	R	($23,149,479)	R
21 School Bus Replacement Provides funding in FY 2011-12 for the purchase of approximately 400 replacement school buses. These buses shall be purchased without the use of extended financing. Additionally, provides funding for the financing payments due for previously purchased buses. Beginning in FY 2012-13, permanently eliminates State support for replacement of school buses not purchased before the end of FY 2010-11 and requires school bus purchases to become a local responsibility. The $21.6 million in FY 2012-13 nonrecurring funding is sufficient to support all financing payments due for previously purchased buses.			($56,851,619) $21,627,977	R NR
22 Mentoring Eliminates funding for this allotment. School districts may use State and other funding sources to provide mentoring services for beginning teachers.	($9,214,190)	R	($9,214,190)	R
23 School Technology Fund Eliminates General Fund support for this purpose. An additional $18.0 million for the Fund will remain available from the proceeds of the Civil Penalty and Forfeiture Fund.	($10,000,000)	R	($10,000,000)	R
24 Staff Development Eliminates funding for this allotment. School districts may use State and other funding sources to support professional development.	($12,565,063)	R	($12,626,995)	R
25 Uniform Education Reporting System (UERS) Reduces funding for the Uniform Education Reporting System (UERS) and the related NC WISE system as it moves into an operations and maintenance phase. This adjustment will leave $10.3 million in annual appropriations available for UERS operations.	($2,101,213)	R	($2,101,213)	R
26 More at Four Funding Reduction Reduces More at Four General Fund support by $16 million, or approximately 20%.	($16,000,000)	R	($16,000,000)	R
27 More at Four Transfer Transfers the remaining $65 million in General Fund appropriations to the Department of Health and Human Service's Division of Child Development (DCD) to provide a dedicated high-quality pre-K program within its Child Care Subsidy program. In addition, Section 5.4 of the budget bill redirects $63 million in Lottery funding for the program to DCD. A related provision in Section 10.7 of the bill details the particulars of the transfer.	($65,011,651)	R	($65,011,651)	R

	FY 11-12		FY 12-13	
28 Geographically Isolated Schools Allotment Eliminates support for the additional 7.5 teaching positions provided to one school district with the characteristics required under Section 7.26 of S.L. 2009-451, as amended.	($411,503)	R	($411,503)	R
29 Liability Insurance for Public School Personnel Establishes a single State-funded liability insurance policy for all North Carolina public schools employees. The State Board of Education shall use funding provided to establish this policy with the North Carolina Department of Public Instruction serving as the master policy holder.	$3,700,000	R	$3,700,000	R
30 JOBS Commission Schools Eliminates planning funding for these two schools which will open in the 2011-12 school year.	($200,000)	R	($200,000)	R
31 Learn and Earn Early College High Schools Transfers planning funding for the two schools recommended by the JOBS Commission. These schools shall be eligible for Learn and Earn Early College allotment funding.	$200,000	R	$200,000	R
C. Pass-through Funds				
32 Teacher Cadet Eliminates State support for this program.	($340,000)	R	($340,000)	R
33 Science Olympiad Eliminates State support for this program.	($127,500)	R	($127,500)	R
34 Kids Voting Eliminates State support for this program.	($50,000)	R	($50,000)	R
35 NC Science, Math and Technical Education Center Eliminates State support for this program.	($100,000)	R	($100,000)	R
36 Tarheel ChalleNGe Academy Provides funds for the phase one construction of the National Guard Tarheel ChalleNGe Academy site in Badin, NC.	$250,000	NR		
37 Teaching Fellows Fund Reduces the General Fund appropriation for the Teaching Fellows Fund. This reduction reflects a decrease in funds available for administrative costs associated with the Teaching Fellows Program in FY 2011-12 and FY 2012-13. Additionally, funds are reduced in FY 2012-13 to phase out support for this program. It is the intent of the General Assembly to support its obligations to the 2011-12 class of Teaching Fellows and prior classes until the State's scholarship commitment is completed.	($210,000)	R	($3,475,000)	R

HEALTH
&
HUMAN SERVICES
Section G

Health and Human Services

	GENERAL FUND			
	FY 11-12		FY 12-13	
Recommended Budget	**$4,927,739,648**		**$4,928,125,764**	
Legislative Changes				
(1.0) Division of Child Development				
1 Pre-kindergarten Funds Transfer Transfers $65,011,651 from the Department of Public Instruction to Department of Health and Human Services to operate a pre-kindergarten program within the Division of Child Development. Additionally, lottery funds will be allocated in the amount of $63,135,709 for the continued payment of a high quality pre-kindergarten program. Sec. 10.7	$65,011,651	R	$65,011,651	R
7 More At Four Match Discontinues payment for the instructional day of More At Four students by child care subsidy funds. The combination of changing various policies (items 6-9) will result in a net reduction of $9.7M, leaving approximately $54M.	($1,305,008)	R	($1,305,008)	R

TRANSPORTATION
Section K

	FY 11-12		FY 12-13	
56 Driver Education Program - Reduce Appropriated Transfer Authorizes local education agencies (LEAs) to assess fees of up to seventy-five dollars ($75.00) to program participants. Highway Fund appropriations are reduced per projected revenues of $8,686,671 in FY 2011-12 and $8,775,989 in FY 2012-13. Estimates are based on projected ninth-grade average daily membership and reported enrollment from fiscal years 2007-08 through 2009-10. Highway Fund appropriations total $23,335,293 for FY 2011-12 and $23,245,975 for FY 2012-13.	($8,686,671)	R	($8,775,989)	R

RESERVES/ DEBT SERVICE/ ADJUSTMENTS Section L

Statewide Reserves

	GENERAL FUND	
	FY 11-12	FY 12-13
Recommended Continuation Budget	**$747,761,563**	**$747,761,563**

Legislative Changes

A. Employee Benefits

1 Severance Expenditure Reserve

Provides funding for severance salary continuation payments and health benefit coverage under the State Health Plan for employees reduced-in-force. $75,000,000 **NR**

Summary of Special Provisions

SUMMARY OF SPECIAL PROVISIONS AFFECTING PUBIC SCHOOLS
House Bill 200
SESSION LAW 2011-145

Appropriations Act of 2011

Please see reports by the Department of Public Instruction and the Division of Financial Business Services for review of all funding related requirements.

7.1 - Education Reform in North Carolina

- ***Amends:*** Does not affect General Statutes
- ***Application/Effective date:*** July 1, 2011
- ***LEA action required:*** none
- ***SBE/DPI action required: none*** specified, although may be asked to provide input
- **Summary:** The Joint Education Oversight Committee will study
  (1) implementation of a third-grade literacy policy, including a review of Florida's reading specialist program;
  (2) ways to hold high schools accountable for performance of students in higher education, including paying for developmental education; and
  (3) the most cost-effective way to provide remedial education in higher education, including redirecting university appropriations for such education to community colleges.

The budget provides $200,000 to hire an outside consultant for the study which much be reported by Ed Oversight to the 2012 General Assembly.

7.1A - Career and College Promise

- ***Amends:*** 115C-238.50, -238.50A, -238.51, -238.54 as well as changes to laws affecting community colleges in Chapter 115D.
- ***Application/Effective date:*** January 1, 2012, except Cooperative and Innovative High Schools approved prior to July 1, 2011, must meet new requirements by July 1, 2014; and community colleges shall generate budget FTE for instruction provided through Career and College Promise effective January 1, 2013, through June 30, 2015
- ***LEA action required:*** Modify any cooperative innovative high schools in the district as necessary to meet new requirements.
- ***SBE/DPI action required:*** Establish the Career and College Promise program in conjunction with the North Carolina Community College System (7.1A.(a)); adopt career and college ready standards (7.1A.(b), (c)); DPI and NC Community College shall jointly develop and implement accountability plan (7.1A.(d))
- ***Summary:*** The Career and College Promise, an initiative of Governor Perdue, consolidates and replaces existing high school transition programs to provide clear pathways for dual enrollment in high school and community college. Cooperative innovative high schools are redefined, including a new limit that it has no more than 100 students per grade level. Duties are specified for the higher education systems.

7.1B - Class Size Reduction for Grades 1-3

- **Amends:** 115C-
- ***Application/Effective date:*** *N/A*
- ***LEA action required: none***
- ***SBE/DPI action required: none***
- ***Summary:*** The special provisions of the budget bill include a statement of the intent of the General Assembly "to reduce class size in grades 1 through 3 to a class size allotment not exceeding 1:15 as funds become available."

7.9 - Tuition Charge for Governor's Schools

- ***Amends:*** 115C-115C-12(36)
- ***Application/Effective date:*** July 1, 2011
- ***LEA action required:*** none
- ***SBE/DPI action required:*** May implement tuition charge for students attending the Governor's School to cover the costs of the School.
- ***Summary:*** The budget eliminates all state funding for the Governor's Schools beginning in 2012. Tuition would need to increase substantially from $500 in order to make up for the loss of a minimum of $850,000 in state funding. About 600 students participate in the summer program. The State Board of Education is authorized to adopt tuition charges and will need to decide the future of the Governor's School.

7.13A - Renewal Credits for Licensure

- ***Amends:*** Does not affect General Statutes
- ***Application/Effective date:*** July 1, 2011
- ***LEA action required: none*** – may want to advise teachers
- ***SBE/DPI action required:*** Revise board policy TCP-A-005/16 N.C.A.C. 6C.307, Policies regarding renewal requirements.
- ***Summary:*** The budget bill cuts in half the number of renewal credits for a North Carolina Standard Professional 2 professional educator's license – from 15 to 7.5. Current board policy will need to be revised to reflect this change. The State Board also could adjust the amount of credit given for experience. Current policy provides that a unit of credit is equal to one-quarter hour or two-thirds of a semester hour of IHE credit, ten clock hours of professional development, or one school year of teaching experience.

7.13(aa), (bb), (cc)) - Elimination of Reporting Requirements – Technology Plan

- ***Repeals:*** 115C-102.6C, -102.6D(d); amends 115C-102.7
- ***Application/Effective date:*** July 1, 2011
- ***LEA action required:*** removes requirements
- ***SBE/DPI action required:*** Removes requirements; may need alternative means for monitoring compliance with technology funds.
- ***Summary:*** In order to reduce reporting requirements, the budget bill eliminates the local technology plan. School districts will still need plans for applying for e-rate and must be able to provide sufficient documentation of use of technology funds.

7.13(w), (x), (y), (z)) - Elimination of Reporting Requirements – Safe School Plan (Cross-referenced under Healthy and Responsible Students)

- ***Amends:*** 115C-47(32(a), -105.27(b)(2), 105.46; repeals 115C-105.47
- ***Application/Effective date:*** July 1, 2011
- ***LEA action required:*** removes requirements - LEAs may want to consider how to continue useful parts of the plan.
- ***SBE/DPI action required:*** removes requirements
- ***Summary:*** In order to reduce reporting requirements, the budget bill eliminates the school district safe school plan. The plan required school districts to identify procedures for identifying and

serving students who are at-risk, provide a plan for working with law enforcement, and identify professional development related to the goals of the safe school plan. Earlier version of the budget bill also called for eliminating the school improvement plan and the personal education plans. These were restored in the technical corrections to the budget bill.

7.14 - School Building Administration

- **Amends:** Does not affect General Statutes
- **Application/Effective date:** July 1, 2011
- **LEA action required:** compliance with funding requirements
- **SBE/DPI action required:** DPI will implement and monitor compliance.
- **Summary:** For schools created after July 1, 2011, a school with fewer than 100 students in final average daily membership is not entitled to 12 months of employment for a principal. In transferring funds out of school building administration, the salary transferred shall be based on the first step of the assistant principal salary schedule/first step of the principal III salary schedule.

7.17 - School Calendar Pilot Program

- **Amends:** Does not affect General Statutes (but see other calendar legislation, Section 7.29(a) amending 115C-84.2)
- **Application/Effective date:**
- ***LEA action required:*** *n*one
- ***SBE/DPI action required:*** Report to the Joint Legislative Education Oversight Committee by March 15, 2012, on the pilot program, including cost savings from consolidation of the school calendar and the impact on student achievement.
- ***Summary:*** This provision adds pilot programs for Stanly County Schools and Montgomery County Schools with the existing pilot for Wilkes County Schools for allowing a school calendar of 185 days or 1,025 hours of instruction. (See changes in calendar law applying to school districts requiring 185 days and 1,025 hours.) The State Board may approve a calendar waiver for up to five days or an equivalent number of instructional hours as teacher workdays.

7.22 - North Carolina Virtual Public Schools

Adds G.S. 66-58(c) Repeals 7.4 of SL 2010-31.

- ***Application/Effective date*:** Fiscal year 2011-12
- ***LEA action required***: None
- ***SBE/DPI action required:*** Implement allotment formula for NCVPS; establish a separate per student tuition for out-of-state students, home-schooled students, and private school students; direct NCVPS to develop and submit a plan to the Board by September 15, 2011, on generating revenue from the sale of courses to out-of-state educational entities.
  Summary: This special provision of the budget bill revises the payment structure for NCVPS courses. (More information is available from the Financial and Business Services Division of DPI.)

7.23 - Performance-Based Reductions in Force

- ***Amends:*** 115C-325(e)(2)
- ***Application/Effective date:*** July 1, 2011; board policy required by July 15, 2011
- ***LEA action required:*** a policy is required to be in place by July 15, 2011, that addresses criteria specified in law (see below).
- ***SBE/DPI action required: none***
- **Summary:** This provision does two things: (1) it eliminates the priority given to career teachers for re-employment who have been dismissed due to a reduction in force as previously provided in 115C-325(e)(2); and (2) requires a Reduction in Force policy by July 15, 2011, that addresses criteria set out in the budget bill. These provisions are not a part of the changes to 115C-325 so that it is necessary to review the budget bill for these requirements. They are as follows (verbatim other than the numbering):

"Structural considerations, such as identifying positions, departments, courses, programs, operations, and other areas where there are (i) less essential, duplicative, or excess personnel; (ii) job responsibility and/or position inefficiencies; (iii) opportunities for combined work functions; and/or (iv) decreased student or other demands for curriculum, programs, operations, or other services."

"Organizational considerations, such as anticipated organizational needs of the school system and program/school enrollment."

"In determining which employees in similar positions shall be subject to a reduction in force, a local school administrative unit shall consider work performance."

7.25 - Residential Schools

(See also section 44 of the Money Report)

- ***Amends:*** Does not affect General Statutes
- ***Application/Effective date:***
- ***LEA action required:*** none
- ***SBE/DPI action required:*** DPI shall report to Joint Legislative Education Oversight Committee by January 15, 2012, on its plan for closing one residential school and consolidating services at the remaining two residential schools; DPI must implement the closure and consolidation July 1, 2012.
- ***Summary:*** The Governor Morehead School for the Blind (in Raleigh) and the Eastern North Carolina School for the Deaf (in Wilson) and the North Carolina School for the Deaf (in Morganton) were transferred to the State Board on June 1, 2011, from the Department of Health and Human Services as a result of legislation passed last year. That legislation also eliminated the 15 positions in DHHS that supported the schools, along with all the principalships and over 60 other positions.

  This year's budget does not restore any of these positions, including the principalships at the schools. It instead takes the continuation budget that does not have these positions and then requires a 5% reduction. It further removes funding for the one central office position of superintendent and instead requires that these functions be performed by the director of one of the residential schools with a pay increase of $20,000. No positions are given to the Department of Public Instruction to continue the services that had been provided by DHHS.

  The Department of Public Instruction is directed to identify one of the three schools to close and to consolidate services at the remaining schools. Leaders in the General Assembly have indicated that they expect the Eastern School to be closed.

7.29 - Increase Number of Instructional Days

- ***Amends:*** 115C-84.2
- ***Application/Effective date:*** July 1, 2011
- ***LEA action required:*** amend school calendar
- ***SBE/DPI action required:*** waiver process
- ***Summary:*** The budget bill increases the instructional days in the school calendar from 180 to 185 and the instructional hours from 1000 to 1025. Except for year-round schools, these days must occur within the existing legal requirements of beginning no sooner than August 25 or closing no later than June 10. These additional days are created by removing five protected teacher workdays. No additional funds are provided in the budget for transportation or other expenses incurred in holding school on these days. The legislation does provide authority for the State Board to grant a waiver for up to five instructional days to be used as teacher workdays if the State Board finds that it will enhance student performance to do so. The State Board set policy on this issue on June 24 and will act on any individual waiver requests at the July and August Board meetings.

10.7 - Consolidate More at Four Program into Division of Child Development

- ***Amends:*** 143B-168.4
- ***Application/Effective date*:** July 1, 2011
- ***LEA action required*:** determine participation in program, meet new requirements
- ***SBE/DPI action required:*** transfer program
- ***Summary:*** The budget bill transfers the More at Four pre-kindergarten program to the Department of Health and Human Services. It also reduces funding by 20% and shifts the program from a free prekindergarten program for at-risk children to a child-care subsidy model in which no more than 20% of the children can be at-risk. The State Board opposed this move as it affects the ability of school districts and the department to effectively combine the program with federal funds and requirements, including Head Start, Title I, and Exceptional Children. Research has found the More at Four prekindergarten program to be highly effective given its alignment with K-3. Judge Manning heard evidence regarding the move on June 22 to consider whether it has an impact on an equal opportunity for a sound basic education.

28.37 - Driver Education Reform - As amended by SL 2011-334, SB 339

- ***Amends:*** 115C-215, -216
- ***Application/Effective date:*** July 1, 2011
- ***LEA action required:*** Must implement standardized curriculum provided by the Department of Public Instruction.
- ***SBE/DPI action required:*** The State Board shall (1) establish and implement strategic plan for the driver education program and approve criteria and standards for the program; (2) adopt the required curriculum; and (3) adopt the salary range for delivery of driver education courses based on instructor's qualifications and license for driver's education. The State Superintendent shall organize and administer the standardized driver education program.
- ***Summary:*** The driver education law, 115C-215, is rewritten to require a standardized curriculum that meets specific requirements in the law. Local boards are required to implement this program. These provisions originally were in SB 339 but were later incorporated into the budget bill. Senate Bill 339 was then stripped to address only a new issue of the payment of instructors. This requires that the "salary range shall be based on the driver education instructor's qualifications, certification, and licensure specific to driver education." The intent is to avoid paying teachers differently based upon their qualifications and experience in their primary role with the school district.

HB 22 ~ SESSION LAW 2011-391
Transfer of Federal Agricultural Education Funds

- ***Amends:*** Does not affect General Statutes
- ***Application/Effective date:*** July 1, 2011
- ***LEA action required: none***
- ***SBE/DPI action required:*** Transfer funds to the Department of Agricultural and Extension Education at NCSU.
- ***Summary:*** This special provision in the budget bill requires that the Department of Public Instruction transfer $90,500 to the Agricultural Education and FFA Program and NCSU to support the secondary Agricultural Education Program. In House Bill 200 (budget bill), it required a portion of federal grants to be shared with NCSU. As this would violate federal law, the language was changed to the specific amount in the technical corrections. However, issues remain with a transfer of funds.

HB 48 ~ SESSION LAW 2011-8
No Standardized Testing Unless Req'd by Feds

An Act to reduce spending by eliminating statewide standardized testing in the public schools, except as required by federal law or as a condition of a federal grant.

- ***Amends:*** 115C-174.11 (See also SB 479 (SL 2011-280) Testing in Public Schools
- and HB 588 (SL 2011-273) The Founding Principles Act)
- ***Application/Effective date:*** Applies beginning with the 2011-2012 school year.
- ***LEA action required:*** None – may want to consider any eliminated tests to continue at the local level.
- ***SBE/DPI action required:*** Elimination of tests; report of strategies to education committees.
- ***Summary:*** This bill passed early in the legislative session with bi-partisan support but was not signed by the Governor. It eliminates four of seven high school tests (United States History, Civics and Economics, Algebra II, and Physical Science). It further prohibits the State Board from requiring any other tests except those required by federal law or as a condition of a federal grant. The State Board opposed the bill as it eliminates the only remaining tests in history and that the four tests were an important part of the high school accountability model. The legislation required the Department of Public Instruction to consider alternative strategies and report to the education committees by June 1. The Department submitted draft legislation in response, proposing a system of alternative assessments that included diagnostics and nationally benchmarked tests. This was passed as SB 479.

HB 181 ~ SESSION LAW 2011-121
Add Supt. to NC Econ. Dev. Bd.

An Act to add the State Superintendent of Public Instruction to the Economic Development Board, as recommended by the Joint Legislative Joining Our Businesses and Schools (Jobs) Study Commission.

- ***Amends:*** 143B-434(b)
- ***Application/Effective date:*** When it becomes law (June 13, 2011)
- ***LEA action required: none***
- ***SBE/DPI action required:*** The State Superintendent will participate on the Economic Development Board.
- ***Summary:*** This legislation amends the current statute on the Economic Develop Board to add the Superintendent of Public Instruction, or designee, to the Board. As indicated in the long title, this addition is recommended by the Joint Legislative Joining our Businesses and Schools (JOBS) Study Commission.

HB 197 ~ SESSION LAW 2011-93
School Calendar Flexibility/Inclement Weather

An Act to give certain local boards of education additional flexibility with regard to instructional time lost due to inclement weather.

- ***Amends:*** 115C-84.2, -238.29F(d)(1) (Sections also amended by HB 200, Sec. 7.29)
- ***Application/Effective date:*** Applied to the 2010-2011 school year only
- ***LEA action required:*** optional
- ***SBE/DPI action required: none***
- ***Summary:*** This bill provided flexibility in instructional hours and days due to inclement weather and destruction due to storms and flooding. As it made its way through the committees, a number of legislators noted that it would make more sense to make permanent changes in the law rather than this process of annually identifying exemptions.

HB 342 ~ SESSION LAW 2011-306
High School Accreditation

An Act prohibiting any public institution of higher education from soliciting or using information regarding the accreditation of a secondary school attended by a student as a factor affecting admissions, loans, scholarships, or other educational activity at the public institution, unless the accreditation was conducted by a state agency; authorizing the State Board of Education to accredit schools in a local school administrative unit at the request of and at the expense of that unit; and modifying the budget of the Department of Public Instruction accordingly.

- ***Amends:*** 115C-12(38), 116-11, 115D-1.3 (See also SB 479, HB 338)
- ***Application/Effective date:*** Applies beginning with the 2011-2012 school year
- ***LEA action required:*** option for accreditation
- ***SBE/DPI action required:*** Use funds available within its budget to establish position to coordinate accreditation process; provide accreditation service upon request of local boards of education
- ***Summary:*** Representative Blackwell sponsored this legislation to address the issue of schools not receiving accreditation because of the conduct and processes of the local board of education. (Representative Blackwell also sponsored HB 338, S.L. 2011-157, providing a process for the recall of members of the Burke County Board of Education.) This legislation requires the State Board to provide accreditation services based on "rigorous academic standards." Those standards include the Common Core State Standards that the State Board has adopted. (See SB 479 that requires the State Board to continue this work.) The local board requesting the service must compensate the State Board for the actual costs. The legislation further provides that universities and community colleges in the state system may not use information regarding accreditation.

HB 344 ~ SESSION LAW 2011-395
Tax Credits for Children with Disabilities

An Act to allow an individual income tax credit for children with disabilities who require special education and to create a fund for special education and related services.

- ***Adds new section*:** 105-151.33, 115C-472.15 (also revises HB 200 by adding Section 7.31 on ADM adjustment)
- ***Application/Effective date:*** Applies to semesters for which credit is claimed beginning on or after July 1, 2011; specific other dates apply to other provisions
- ***LEA action required:*** conduct reevaluations for continued eligibility
- ***SBE/DPI action required:*** Manage "Fund for Special Education and Related Services".
- ***Summary:*** Representative Stam has introduced similar legislation in prior sessions and had a broader bill this session for tuition tax credits. This legislation provides a tax credit for up to $3000 per semester as reimbursement for actual expenses for a child with a disability whose individualized education program developed at a public school provides for special education or related services on a daily basis. For initial eligibility for the tax credit, the child must have attended at least the two preceding semesters in a public school. Beginning in 2016, this initial eligibility is reduced to one semester. The tax credit can be claimed for tuition at a private school or for special education and related service expenses for a child who is home-schooled; it is not a flat rate, but rather expenses

House Bill Summaries

HB 22 ~ SESSION LAW 2011-391
Transfer of Federal Agricultural Education Funds

- ***Amends:*** Does not affect General Statutes
- ***Application/Effective date:*** July 1, 2011
- ***LEA action required: none***
- ***SBE/DPI action required:*** Transfer funds to the Department of Agricultural and Extension Education at NCSU.
- ***Summary:*** This special provision in the budget bill requires that the Department of Public Instruction transfer $90,500 to the Agricultural Education and FFA Program and NCSU to support the secondary Agricultural Education Program. In House Bill 200 (budget bill), it required a portion of federal grants to be shared with NCSU. As this would violate federal law, the language was changed to the specific amount in the technical corrections. However, issues remain with a transfer of funds.

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- ***Summary:*** This bill passed early in the legislative session with bi-partisan support but was not signed by the Governor. It eliminates four of seven high school tests (United States History, Civics and Economics, Algebra II, and Physical Science). It further prohibits the State Board from requiring any other tests except those required by federal law or as a condition of a federal grant. The State Board opposed the bill as it eliminates the only remaining tests in history and that the four tests were an important part of the high school accountability model. The legislation required the Department of Public Instruction to consider alternative strategies and report to the education committees by June 1. The Department submitted draft legislation in response, proposing a system of alternative assessments that included diagnostics and nationally benchmarked tests. This was passed as SB 479.

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- ***LEA action required:*** conduct reevaluations for continued eligibility
- ***SBE/DPI action required:*** Manage "Fund for Special Education and Related Services".
- ***Summary:*** Representative Stam has introduced similar legislation in prior sessions and had a broader bill this session for tuition tax credits. This legislation provides a tax credit for up to $3000 per semester as reimbursement for actual expenses for a child with a disability whose individualized education program developed at a public school provides for special education or related services on a daily basis. For initial eligibility for the tax credit, the child must have attended at least the two preceding semesters in a public school. Beginning in 2016, this initial eligibility is reduced to one semester. The tax credit can be claimed for tuition at a private school or for special education and related service expenses for a child who is home-schooled; it is not a flat rate, but rather expenses

must be documented. The child also must be reevaluated by the local education agency every three years to verify that the child continues to have a disability as defined by law. The cost of the reevaluation is intended to be covered by the "Fund for Special Education and Related Services," a fund held by the State Board from a portion of the income tax collections.

HB 427 ~ SESSION LAW 2011-271
Run and You're Done

An Act to provide for the seizure, forfeiture, and sale of motor vehicles used by defendants in felony cases involving speeding to elude arrest.

- ***Amends:*** 20-141.5
- ***Application/Effective date:*** Applies to offenses committed on or after December 1, 2011.
- ***LEA action required: none***
- ***SBE/DPI action required: none***
- ***Summary:*** This legislation adds a new impoundment and sale of motor vehicles with the net proceeds going to the fines and forfeitures fund. "Run and you're done" applies to felony violations of speeding to elude arrest.

HB 588 ~ SESSION LAW 2011-273
The Founding Principles Act

An Act to enact the Founding Principles Act.

- ***Amends:*** 115C-81(g)
- ***Application/Effective date:*** Applies beginning with the 2014-2015 school year
- ***LEA action required: none*** until implementation in 2014-2015
- ***SBE/DPI action required:*** Meet curriculum requirements of the legislation and provide biennial report by October 15 of each odd-numbered year to the Joint Legislative Education Oversight Committee.
- ***Summary:*** The Founding Principles Act requires a semester course that includes specified founding principles and a review of contributions made by Americans of all races. A passing grade is required for graduation. It also requires that any high school level curriculum-based tests beginning with the 2014-2015 academic year include questions related to the philosophical foundations and principles of the U.S. Constitution and other documents. Other legislation passed this session (HB 48) removed history tests and prohibits the State Board from administering any new tests.

HB 595 ~ SESSION LAW 2011-291
Reorganization/Legislative Oversight Comns.

An Act changing the structure of certain legislative committees and commissions, transferring the duties of certain committees and commissions to other committees and commissions, changing the composition of various legislative committees and commissions, and making conforming changes.

- ***Amends:*** 120-31
- ***Application/Effective date:*** Effective when it becomes law (June 23, 2011)
- ***LEA action required: none***
- ***SBE/DPI action required:*** **none**
- ***Summary:*** This bill reorganizes and consolidates various legislative commissions and committees. The responsibilities of the Joint Legislative Education Oversight Committee is expanded by including the duties of the prior Legislative Study Commission on Children and Youth. Education Oversight continued to consist of 22 members – 11 from each chamber. The one change is on the Senate side, now 3 (instead of 2) shall be members of the minority party.

HB 720 ~ SESSION LAW 2011-379
School and Teacher Paperwork Reduction Act

An Act to enact the School and Teacher Paperwork Reduction Act.

- ***Amends:*** 115C-12, -47, -105.27, -302.1 (See also HB 200, Section 7.13)
- ***Application/Effective date:*** Applies beginning with the 2011-2012 school year

- ***LEA action required:*** Prior to the beginning of each school year, the local board make available software protocols that can minimize repetitious data entry by teachers.
- ***SBE/DPI action required:*** Adopt policies for consolidation of applications for State funding; report to Joint Legislative Education Oversight Committee by November 15 of each year on reports consolidated or eliminated for the upcoming school year.
- ***Summary:*** The legislation requires the State Board to (1) allow electronic submission of all reports; (2) to "consolidate all plans that affect the school community;" and (3) adopt policies for consolidation of applications for State funding. Further, if the school improvement plan adequately covers another required plan, the school administrative unit shall not be required to prepare an additional plan. New statutory local board duties (115C-47) requires local boards to identify and make available to teachers software protocols to minimize repetitious data entry and to monitor access to these protocols.

  In other legislation related to paperwork, the budget bill eliminates the local technology plan and the safe school plan. The school improvement plan, which was eliminated in the Senate version of HB 200, but was restored in the technical corrections bill, HB 22.

  This bill (HB 720) also eliminates pre-payment of teachers, beginning July 1, 2012. This does not prevent paying teachers for 10 months over 12 months. However, school districts will need to adjust accounting and payroll systems to comply with the prohibition against pre-payment.

HB 736 ~ SESSION LAW 2011-282
Amend Law Re: School Discipline

An Act to reorganize the general statutes relating to school discipline; prevent litigation by adding definitions to and clarifying ambiguities in the current law; codify existing case law; and increase local control and flexibility regarding discipline.
Repeals: 115C-390 and -391 and adds sections 115C-390.1-390.12 and conforming changes to 115C-391.1, -12(27), -45(c), -238.29B (b) (11), -238.29F (g) (7), -276(r), -299(e), -366, -402(b), -208.19(f), and 20-11(n1)d.2.
Application/Effective date: Applies beginning with the 2011-2012 school year
***LEA action required*:** Provide corporal punishment opt-out form; local board policies likely will have to be rewritten to reflect changes in the laws; report to State Board on use of corporal punishment.
SBE/DPI action required: Incorporate corporal punishment data in student discipline reports.
***Summary*:** This is an extensive revision of student discipline laws. It was drafted in advance of the session by groups representing the interests of parents/students, teachers, school administrators, and local boards of education. As a consensus bill, it gained bipartisan support and the conference report was adopted 47-0 in the Senate and 112-1 in the House. The following are some of the major changes:

- Parents may elect out of the use of corporal punishment by returning a form provided at the beginning of the school year or when the student first begins to attend that year (115C-390.4)
- Local boards must annually report to the State Board of Education on the use of corporal punishment (see details in 115C-290.4(c))
- Local board policy may not allow for suspension of student for more than two days solely for truancy or tardiness offenses (115C-390.2)
- Local board policies cannot be zero tolerance for long-term suspensions: they must allow the principal and superintendent to consider issues such as the student's intent and disciplinary and academic history (see 115C-390.2(g) for full list)
- Local board policies can only provide for long-term suspension or expulsion if the conduct meets the standard set in the law: threatens the safety of students, staff, or school visitors or threatens to substantially disrupt the educational environment (See 115C-390.2 for list of examples)
- Allows continuation of a long-term suspension through the first semester of the following school year for offenses that occurred in the last quarter of the year (115C-390.1(b)(6)
- Eliminates 365-days suspensions except as required by federal law for gun possession.
- Revises the process for requests for re-entry after expulsion and makes the same process available for 365-day suspensions.

HB 744 ~ SESSION LAW 2011-388
Safe Students Act

An Act to enact the Safe Students Act.

- ***Amends:*** 115C-364(c), 130A-109
- ***Application/Effective date:*** Applies beginning with the 2011-2012 school year
- ***LEA action required:*** Make sure admission process provides for requiring a birth certificate or other competent and verifiable evidence of age.
- ***SBE/DPI action required: none***
- ***Summary:*** This bill went through different versions, with earlier forms requiring the principal to seek information about citizenship status. This controversial provision was removed. In its final form, the bill changes current law, making it mandatory for the principal to require the parent to furnish a certified copy of the child's birth certificate. It does, however, permit when the certificate is not available for school authorities to accept "competent and verifiable evidence as secondary proof of age, specifically including but not limited to: (i) a certified copy of any medical record of the child's birth issued by the treating physician or the hospital in which the child was born, or (ii) a certified copy of a birth certificate issued by a church, mosque, temple, or other religious institution that maintain birth records of its members." The bill is silent on the time period for the parent to produce the birth certificate. (By contrast G.S. 130A-155 provides 30 days for immunization records).

HB 758 ~ SESSION LAW 2011-301
Establish Arts Education Commission

An Act to establish the Arts Education Commission.

- ***Amends:*** Does not affect General Statutes
- ***Application/Effective date:*** Act is effective when it becomes law (June 23, 2011)
- ***LEA action required: none***
- ***SBE/DPI action required:*** work with the Commission in creating arts education assessment models as part of report due by May 1, 2012.
- ***Summary:*** This session law establishes the Arts Education Commission with the emphasis on incorporating skills and creativity in public schools. The commission will address curriculum, accountability, and evaluation system for arts education teachers.

HB 765 ~ SESSION LAW 2011-257
Study Length of School Year

An Act to establish a blue ribbon commission to study the current length of the school year in North Carolina and to determine how long the school year should be.

- ***Amends:*** Does not affect General Statutes (See also HB 200 (SL 2011-145, sec. 7.29) Increase Number of Instructional Days, HB 200 (SL 2011-145, sec. 7.17(a)) School Calendar Pilot Program)
- ***Application/Effective date:*** July 1, 2011
- ***LEA action required:*** none
- ***SBE/DPI action required:*** Commission includes SBE Chair and State Superintendent.
- ***Summary:*** This legislation establishes a Blue Ribbon Commission to Study the Current Length of the School Year. It reaffirms the General Assembly's intent that every child in North Carolina deserves an opportunity to a sound basic education. It will study specified matters related to implementing a longer school year and will make an interim report to the 2012 session and final report to the 2013 General Assembly.

HB 769 ~ SESSION LAW 2011-91
High School Work Partnership

An Act directing local boards of education to adopt and implement policies that encourage high school to work partnerships.

- ***Amends by adding new subsection:*** 115C-47(34a)
- ***Application/Effective date:*** Applies beginning with the 2011-2012 school year

- ***LEA action required:*** adopt policy with provisions for students absent from school for job-shadowing activities.
- ***SBE/DPI action required:*** to conform with local flexibility in developing attendance policies, the State Board may want to review the requirements in TCS-L-001, Policy defining attendance (16 NCAC 6E.0101) and TCS-L-002, Policy defining excused absences (16 NCAC 6E.0102), and the School Attendance and Accounting Manual.
- ***Summary:*** Local boards shall encourage high school to work partnerships and shall encourage high schools to designate a contact for businesses. The required local board policy shall address provisions for students to make up school work who were absent for job-shadowing. Local boards may determine the maximum number of days for such activities.

HB 792 ~ SESSION LAW 2011-147
Gfeller-Waller Concussion Awareness Act

An Act to enact the Gfeller- Waller Concussion Awareness Act.

- ***Amends:*** 115C-12(23)
- ***Application/Effective date:*** Applies beginning with the 2011-2012 school year
- ***LEA action required*:** Each middle and high school must have a venue specific emergency action plan to address serious injuries and acute medical conditions; provide concussion and head injury information sheet to be signed by school employees, first responders, volunteers, and students/parents; and maintain records of compliance with requirements pertaining to head injuries.
- ***SBE action required*:** Shall adopt rules that address specific requirements in the statute for use of the concussion and head injury information sheet; the already adopted curriculum will be amended to add motorcycle safety and will be presented to the State Board for action.
- ***Summary:*** This legislation sets out specific requirements for safety related to concussions and other head injuries. The Matthew A. Gfeller Sport-Related Traumatic Brain Injury Research Center at UNC-Chapel Hill, in consultation with other organizations, including the Department of Public Instruction, shall develop an athletic concussion safety training program. See other requirements above under LEA and SBE action. The Research Center is working this month (July, 2011) to prepare sample information sheets and training. DPI will help in sharing information with schools.

HB 822 ~ SESSION LAW 2011-259
Dropout Recovery Pilot Program

An Act directing the State Board of Education to implement a Dropout Prevention Pilot Program.

- ***Amends:*** Does not affect General Statutes
- ***Application/Effective date:*** July 1, 2011
- ***LEA action required:*** option to participate; requirements in law for program
- ***SBE/DPI action required:*** Approves education partners for the pilot program; selects three local school administrative units. If a request for proposals is necessary, the process shall be completed within 60 days of the effective date of the legislation.
- The SBE shall authorize participating local school administrative units to implement flexible attendance requirements for students participating in the pilot program; the SBE can operate the program or it can be operated through the contracting school administrative unit.
- ***Summary:*** This legislation provides for New Hanover County Schools and three other school administrative units selected by the State Board to participate in a pilot program to bring back students who have dropped out of school. These students would go to an "education partner," which can be a nonprofit or for-profit entity, which would provide flexible scheduling and a blended learning environment. The student will be included in the ADM of the school district and 95% of funds transferred to the educational partner. The school administrative unit is also responsible for issuing the diploma. The law is silent on what rights the student has while participating in the program, such as in issues of student discipline or disability laws.

Senate Bill Summaries

SB 8 ~ SESSION LAW 2011-164
No Cap on the Number of Charter Schools

An Act to remove the cap on the number of charter schools.

- ***Amends:*** 115C-238.29D, 115C-105.37B
- ***Application/Effective date:*** July 1, 2011
- ***LEA action required: none***
- ***SBE action required:*** The State Board is required to report on its application process and results to the General Assembly by May 10, 2012, and June 11, 2012. While the law does not establish parameters for an advisory council, the State Board also is required to report on the composition and use of such a council. The State Board and DPI must address new standards in the law and create processes to address the lifting of the cap on the number of charter schools.
- ***Summary:*** Senate Bill 8 was one of the most controversial education bills of this session. Starting as a bill that simply lifted the cap, it quickly turned into a 22-page bill that fundamentally altered governance and funding of charter schools. These issues, along with concerns regarding virtual schools, quality standards, and equal access, led to House and Senate versions that while quite different from each other, did not satisfy the vast majority of Democrats and caused vehement opposition from education associations representing the interests of school districts. The State Board opposed changes in governance that could lead to a dual system of schools.
  After being parked in a conference committee for almost two months, the bill emerged on June 9 as a bill just a little over two pages in length. This version received unanimous support in the Senate, and passed 108 to 5 in the House. The Governor signed the bill June 17, recognizing the long road that led to a workable bill.
  This bill does the following:
  (1) completely lifts the cap (i.e. no prescribed limitations per year;
  (2) gives the State Board full authority in the approval of charter applicants, so long as they meet the
  statutory requirements;
  (3) enables charter schools to grow up to 20% more than what was provided in their charter application or above their previous year's enrollment without seeking a waiver (instead of 10% as previously provided by law);
  (4) sets minimum academic performance standards that must be met and gives authority to the State Board to revoke or not renew a charter that fails to meet these standards; and
  (5) requires the State Board to report back to the General Assembly on its processes and the results of the application process of 2012.
  The State Board will begin the process of addressing these issues at the July 7, 2011, Board meeting.

SB 49 ~ SESSION LAW 2011-64
Increase Fine for Speeding/School Zones

An act to increase the fine for speeding in a school zone.

- ***Amends:*** 20-141.1
- ***Application/Effective date:*** July 1, 2011
- ***LEA action required: none***
- ***SBE/DPI action required: none***
- ***Summary:*** This increases the minimum fine for speeding in a school zone or on school property from $25.00 to $250.00.

SB 125 ~ SESSION LAW 2011-241
Regional Schools

An Act to permit local boards of education to jointly establish regional schools.

- ***Adds:*** 115C-238.56A-N; rewrites 114-19.2, 115B-2, 115C-238.50A, 126-5(c1)
- ***Application/Effective date:*** Effective when it becomes law (June 23, 2011)
- ***LEA action required:*** No action required, but provides opportunity to create regional schools; the local school administrative unit identified as the finance agent shall have all duties specified in Article 31.
- ***SBE/DPI action required:*** The SBE shall approve the creation of a regional school upon receiving resolutions from all local boards identified in the resolution; shall allocate funds to the regional school based on funding requirements specified in the law.
- ***Summary:*** This bill was originally entitled, "NC School of Biotechnology and Agriscience," and was based on an extensive report, "Establishing a Regional School of Agriscience and Biotechnology: Solving Key Problems to Enable Success." The intent was to set up the structure for a partnership between school districts in the Northeast in partnership with North Carolina State University. With some uncertainty as to whether those districts would want to participate as the details of the legislation were considered, the bill was expanded to provide a model for any two or more school districts to develop regional schools. The purpose is to provide an opportunity to combine resources and collaborate with other partners in higher education or private businesses or organizations in order to expand opportunities for students.
  The regional school may set priorities for student attendance for first-generation students and must consider demonstrated academic achievement and student interest and parental support for attendance. The funding model is similar to charter schools, requiring the transfer of funding received on an ADM basis. It also adds the requirement to develop a plan for transportation and, to the extent practicable, to provide school food services. No employees of the regional school are eligible for career status with that school. The board of directors is a separate corporate entity apart from the local boards or other partners. This is a complex statute and any local board considering involvement will want to understand all implications of developing a regional school.

SB 243 ~ SESSION LAW 2011-285
Public-Private Partnerships for Schools

An act to extend the sunset on the law allowing capital lease financing for public schools

- ***Amends:*** S.L. 2006-232
- ***Application/Effective date:*** Effective when it becomes law (June 23, 2011)
- ***LEA action required:*** Continues previous options.
- ***SBE/DPI action required: none***
- ***Summary:*** This bill moves the sunset for the 2006 session law of the same title from July 1, 2001, to July 1, 2015. This law allows capital leases for new or existing buildings. While it extends the timeframe to utilize this method, the requirements create barriers for creating an affordable plan for obtaining facilities with through this law.

SB 339 ~ SESSION LAW 2011-334
Driver Education Reform

- ***Amends:*** 115C-215, -216
- ***Application/Effective date:*** July 1, 2011
- ***LEA action required:*** Must implement standardized curriculum provided by the Department of Public Instruction.
- ***SBE/DPI action required:*** The State Board shall (1) establish and implement strategic plan for the driver education program and approve criteria and standards for the program; (2) adopt the required curriculum; and (3) adopt the salary range for delivery of driver education courses based on instructor's qualifications and license for driver's education. The State Superintendent shall organize and administer the standardized driver education program.
- ***Summary:*** The driver education law, 115C-215, is rewritten to require a standardized curriculum that meets specific requirements in the law. Local boards are required to implement this program.

These provisions originally were in SB 339 but were later incorporated into the budget bill. Senate Bill 339 was then stripped to address only a new issue of the payment of instructors. This requires that the "salary range shall be based on the driver education instructor's qualifications, certification, and licensure specific to driver education." The intent is to avoid paying teachers differently based upon their qualifications and experience in their primary role with the school district.

SB 394 ~ SESSION LAW 2011-248
Clarify Process/Reportable Offenses in School

An Act to clarify the requirement that school principals report certain acts to law enforcement.

- ***Amends:*** 115C-288(g)
- ***Application/Effective date*:** Applies beginning with the 2011-2012 school year
- ***LEA action required*:** removes requirements
- ***SBE/DPI action required:*** State Board Policy HRS-A-000 must be modified not to require any additional reporting to law enforcement.
- ***Summary:*** This bill was sought by school administrators and others to address concerns regarding implementation of state law and State Board policy on reportable offenses. It limits the kinds of crimes that must be reported by principals to those listed in the statute, which are all serious crimes, such as rape or assault resulting in serious injury. The State Board's policy had required that any criminal offense be reported. This policy will be changed to conform to the new requirement. The law expands when the principal has sufficient information to believe a serious crime has been committed, adding to "personal knowledge" and "actual notice" a broader standard of "reasonable belief." This standard had previously been in the law but was removed at the same time that it was made a misdemeanor for failure to report. This legislation also removes this criminal penalty but provides that willful failure to make a report can be the basis for demotion or dismissal. While no longer required, LEAs may want to continue to pursue understandings with their law enforcement for reporting of crimes not covered by the statute.

SB 415 ~ SESSION LAW 2011-342
Eliminate Cost of Reduced Price School Meals

An Act to eliminate the cost of reduced price lunches for school children who qualify for reduced price meals.

- ***Amends:*** S.L. 1999-235, sec. 8.26
- *Application/Effective date:* July 1, 2011
- ***LEA action required:*** use funds appropriated for school breakfasts to provide breakfasts at no costs to the extent funds are available.
- ***SBE/DPI action required:*** Report by November 15, 2011, to Joint Legislative Education Oversight Committee and Joint Legislative Commission on overview of federally supported food service programs; participate in audit of the Division of School Support, Child Nutrition Services to determine if local school administrative units' participation effectively serves intent of General Assembly and complies with federal and State law and regulations.
- ***Summary:*** Different versions of this bill worked their way through the legislature. The final version requires that breakfast be provided at no cost to students of all grade levels qualifying for reduced-price meals. If funds are insufficient, local programs shall charge the allowable amount.

  These funds will be allotted to each eligible School Food Authority (SFAs) – including charter schools - based on the number of students eligible for reduced-price meals as of September 30, 2010. This allotment plan will ensure that all SFAs receive an equitable allocation of the available funds. For every breakfast meal served to an eligible child, the State allocation will pay $ .30 and the SFA will draw down an additional $1.46 in Federal funds in severe need schools and $1.18 in non-severe need schools. (Currently 80% of all schools are eligible for severe need rates.)

  The current allocation is adequate as long as reduced price breakfast meal participation remains at approximately 30% – 35%. If student meal participation increases, LEAs will have the option of using all or a portion of the current required State Revenue Match to continue the program for the

duration of the school year (as opposed to ending the program mid-year). The current State Revenue Match requirement is in the amount of $45,000 annually to be deposited from each LEA's Central Office Allotment into the non-profit Child Nutrition Account). In the event the LEA uses all $45,000 for this purpose, the district will draw down an additional $219,000 (severe need schools) or $177,000 (non-severe need schools) in Federal funds, thus quadrupling or tripling the district's initial investment.

In a committee meeting discussion, some legislators made clear their concern that there may be some families fraudulently obtaining eligibility. The audit required in Section 3 of the report appears to be targeted towards this concern.

SB 466 ~ SESSION LAW 2011-348
Modify Teacher Career Status Law

An Act to modify the law relating to career status for public school teachers.

- ***Amends:*** 115C-276, -288, -296, -325, -333, -333.1, -334, -335
- ***Application/Effective date:*** July 1, 2011
- ***LEA action required:*** May adopt policies for mandatory improvement plans; shall create list of qualified observers from recommendations submitted by school improvement teams; must follow the detailed provisions for dismissal of probationary and tenured teachers.
- ***SBE/DPI action required:*** Develop guidelines to assist local boards in evaluating teachers and developing effective mandatory improvement plans. Annually notify all local boards with the names of teachers dismissed for any reason other than a reduction in force. If a local board hires one of these teachers, the State Board shall review and provide recommendations to the superintendent on the mandatory improvement plan that the law requires the superintendent to develop. The State Board shall initiate license revocation in prescribed circumstances. More detailed requirements are provided for selection of hearing officers and enforcing statutory requirements for performance of hearing officers.
- ***Summary:*** This bill revises statutes related to the teacher dismissal process and evaluation. It was offered as consensus legislation by organizations representing school boards, school administrators, and teachers. It includes the following:
    1. For career teachers, inadequate performance is defined as the failure to meet a proficient level on any standard of the evaluation instrument unless the principal noted on the instrument that the teacher is making adequate progress toward proficiency given the circumstances. This might apply, for example, if new curriculums were implemented or the teacher was teaching a new subject or grade level.
    2. For probationary teachers, the superintendent or designee may deem whether failure to meet a proficient level on any standard of the evaluation instrument is "inadequate performance" or is "adequate at that stage of development."
    3. Evaluation requirements for teachers are made consistent with Race to the Top grant requirements by providing that the frequency of evaluation must be consistent with state or federal requirements.
    4. Detailed provisions are provided for implementing a "mandatory improvement plan" when a teacher's performance is not satisfactory. This includes the use of "qualified observers."
    5. School improvement teams shall identify teachers and administrators to be on the local board of education's list of qualified observers. These teachers and administrators shall have excellent reputations for competence and fairness.
    6. Any teacher – other than one assigned to a low-performing school - has a right to be observed by a qualified observer in the areas identified on the mandatory improvement plan.
    7. The hearing process is modified, providing for a hearing officer (instead of a case manager) and giving more stringent requirements for qualifications and for meeting deadlines.

SB 479 ~ SESSION LAW 2011-280
Testing in Public Schools

An Act to provide for the assessment of career and college readiness with nationally and internationally benchmarked tests; the continuation of North Carolina's participation in the development and

implementation of tests related to common core state standards adopted by a majority of states; a pilot study of a new assessment of U.S. History based on the revised curriculum and that assesses critical thinking and writing skills; and diagnostic tools to assist in teaching and student learning.

- ***Amends:*** 115C-174.11, -174.20, -174.25 (also repeals duplicative provision in HB 200, Section 7.30)
- ***Application/Effective date:*** July 1, 2011
- ***LEA action required:*** No immediate action.
- ***SBE/DPI action required:*** Continue to participate in the development of Common Core State Standards; implement other assessments as funds are available; could look for non-state funding for assessments.
- ***Summary:*** This legislation was introduced after House Bill 48 removed four end of course tests in high school. Receiving bi-partisan support, it passed the Senate 43-0 and House 103-1. It does not appropriate any funds: it provides that, as funds are available, the State Board shall plan for the administration of the ACT test in the 11th grade, diagnostics aligned with this test in the 8th and 10th grade, and WorkKeys for those in the vocational courses. These assessments are nationally and internationally benchmarked and relate to the Common Core State Standards adopted last year by the State Board of Education. They will provide for assessment in areas previously tested in the end of course high school tests, except in history. The General Assembly has prohibited testing of this subject at any grade level. (See also HB 588 The Founding Principles Act)

SB 498 ~ SESSION LAW 2011-270
Modify Law Re: Corporal Punishment

An act to require the involvement of a parent or guardian before school officials may administer corporal punishment on a student.

- ***Amends:*** 115C-391(a)(5) (Same provision is in comprehensive legislation, HB 736/SL 2011-282)
- ***Application/Effective date:*** Applies beginning with the 2011-2012 school year
- ***LEA action required*:** Provide form at the beginning of school year or when student first enters to allow parents to make the election not to allow corporal punishment.
- ***SBE/DPI action required: none*** (Requirements related to corporal punishment are included in HB 736)
- ***Summary:*** This legislation modifies the law regarding corporal punishment. This gives parents the option to opt out of allowing corporal punishment. The North Carolina School Boards Association opposes banning corporal punishment. This legislation provided a compromise in positions expressed by interest groups as well as legislators. School districts will need to develop a form that parents can sign to opt out of corporal punishment. The form must alert parents that for the same behavior, suspension could be required.

SB 726~ SESSION LAW 2011-354
Multiple Birth Sibling Classroom Placement

An Act to allow parents or guardians to make the decision regarding classroom placement for multiple birth siblings.

- ***Adds new section*:** 115C-366.3
- ***Application/Effective date:*** July 1, 2011
- ***LEA action required:*** Processes at the school level for addressing placement of multiple birth siblings.
- ***SBE/DPI action required: none***
- ***Summary:*** This legislation gives parents of multiple birth siblings the ability to specify whether these siblings are placed in the same or separate classrooms in their initial school placement. The principal must accept this request if made within the first 5 days before school begins or if made within 5 days if the students begin after the school year commences, with the only exception being if separate placement would require the school to create an additional class. After the first grading semester, the principal has authority to separate multiple birth siblings if they are causing a disruption. There is no authority for the principal to change placements based upon other factors, such as the educational appropriateness of the placement. Note that this law only addresses initial school placement so that decisions afterwards regarding placement should be under the principal's authority to grade and classify in G.S. 115C-288(a).

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2011 Budget Bill
Excerpts

Excerpts from the Budget Bill Affecting Public Schools

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

H

SESSION LAW 2011-145
HOUSE BILL 200

Short Title: Appropriations Act of 2011. (Public)

Sponsors:

Referred to:

March 2, 2011

A BILL TO BE ENTITLED

AN ACT TO SPUR THE CREATION OF PRIVATE SECTOR JOBS; REORGANIZE AND REFORM STATE GOVERNMENT; MAKE BASE BUDGET APPROPRIATIONS FOR CURRENT OPERATIONS OF STATE DEPARTMENTS AND INSTITUTIONS; AND TO ENACT BUDGET RELATED AMENDMENTS.

The General Assembly of North Carolina enacts:

PART II. CURRENT OPERATIONS AND EXPANSION GENERAL FUND

CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

SECTION 2.1. Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated, are made for the fiscal biennium ending June 30, 2013, according to the following schedule:

Current Operations – General Fund	**2011-2012**	**2012-2013**
EDUCATION		
Department of Public Instruction	7,226,755,942	7,191,532,300

GENERAL FUND AVAILABILITY STATEMENT

SECTION 2.2.(a) The General Fund availability used in developing the 2011-2013 biennial budget is shown below.

	FY 2011-2012	**FY 2012-2013**
Unappropriated Balance Remaining	$ 0	$ 72,311,073
Ending Unreserved Fund Balance for FY 2009-2010	236,902,394	0
Anticipated Reversions for FY 2010-2011 – S.L. 2011-15 (S.B. 109)	537,740,799	0

Anticipated Overcollections from FY 2010-2011	180,800,000	0
Repayment of Medicaid Receipts in FY 2010-2011	(125,000,000)	0
Statutory Earmarks:		
Savings Reserve Account	(202,994,340)	0
Repairs and Renovations Reserve Account	(202,994,339)	0
Beginning Unreserved Fund Balance	**$ 424,454,514**	**$ 72,311,073**
Revenues Based on Existing Tax Structure	**$ 18,129,800,000**	**$ 19,181,900,000**
Nontax Revenues		
Investment Income	$ 59,400,000	$ 76,700,000
Judicial Fees	217,800,000	217,800,000
Disproportionate Share	100,000,000	100,000,000
Insurance	71,400,000	73,500,000
Other Nontax Revenues	182,500,000	182,500,000
Highway Trust Fund/Use Tax Reimbursement Transfer	41,500,000	27,600,000
Highway Fund Transfer	20,230,000	24,080,000
Subtotal Nontax Revenues	**$ 692,830,000**	**$ 702,180,000**
Total General Fund Availability	**$ 19,247,084,514**	**$ 19,956,391,073**
Adjustments to Availability: 2011 Session		
Suspend Corporate Income Tax Earmark (Public School Construction)	0	74,750,000
Transfer from Highway Trust Fund for School Bus Replacement	35,223,642	0

OTHER RECEIPTS FROM PENDING GRANT AWARDS

SECTION 5.2.(a) Notwithstanding G.S. 143C-6-4, State agencies may, with approval of the Director of the Budget and after consultation with the Joint Legislative Commission on Governmental Operations, spend funds received from grants awarded subsequent to the enactment of this act.

SECTION 5.2.(b) The Office of State Budget and Management shall work with the recipient State agencies to budget grant awards according to the annual program needs and within the parameters of the respective granting entities. Depending on the nature of the award, additional State personnel may be employed on a time-limited basis. The Office of State Budget and Management shall consult with the Joint Legislative Commission on Governmental Operations prior to expending any funds received from grant awards. Funds received from such grants are hereby appropriated and shall be incorporated into the authorized budget of the recipient State agency.

SECTION 5.2.(c) Notwithstanding the provisions of this section, no State agency may accept a grant not anticipated in this act if acceptance of the grant would obligate the State to make future expenditures relating to the program receiving the grant or would otherwise result in a financial obligation as a consequence of accepting the grant funds.

SECTION 5.2.(d) Notwithstanding G.S. 143C-6-4, the Department of Public Instruction may spend funds received from the following grants for the 2011-2012 fiscal year awarded subsequent to the enactment of this act for up to the specified amounts:

(1) Child Nutrition Equipment Assistance $815,762

(2) Verizon Thinkfinity State Education Partnership $ 40,000
(3) State Abstinence Education Program $1,585,347.

Neither the approval of the Director of the Budget nor consultation with the Joint Legislative Commission on Governmental Operations is required prior to the expenditure of these funds. The provisions of subsection (b) of this section do not apply to these funds.

CIVIL FORFEITURE FUNDS

SECTION 5.3. Appropriations. – Appropriations are made from the Civil Penalty and Forfeiture Fund for the fiscal biennium ending June 30, 2013, as follows:

	FY 2011-2012	**FY 2012-2013**
School Technology Fund	$ 18,000,000	$ 18,000,000
State Public School Fund	120,362,790	120,362,790
Total Appropriation	$ 138,362,790	$ 138,362,790

EDUCATION LOTTERY

SECTION 5.4.(a) Notwithstanding G.S. 18C-164, the revenue used to support appropriations made in this act is transferred from the State Lottery Fund in the amount of four hundred twenty-four million nine hundred seventy-three thousand six hundred thirty dollars ($424,973,630) for the 2011-2012 fiscal year.

SECTION 5.4.(b) Notwithstanding G.S. 18C-164, the appropriations made from the Education Lottery Fund for the 2011-2012 fiscal year are as follows:

Teachers in Early Grades	$ 220,643,188
Prekindergarten Program	$ 63,135,709
Public School Building Capital Fund	$ 100,000,000
Scholarships for Needy Students	$ 30,450,000
UNC Need-Based Financial Aid	$ 10,744,733
Total Appropriation	$ 424,973,630

SECTION 5.4.(c) Notwithstanding G.S. 18C-164, the North Carolina State Lottery Commission shall not transfer funds to the Education Lottery Reserve Fund for the 2011-2012 fiscal year or the 2012-2013 fiscal year.

SECTION 5.4.(d) Notwithstanding G.S. 18C-164(c), G.S. 115C-546.2(d), or any other provision of law, funds appropriated in this section to the Public School Building Capital Fund for the 2011-2012 fiscal year shall be allocated to counties on the basis of average daily membership (ADM).

SECTION 5.4.(e) Notwithstanding G.S. 18C-164(c), Article 35A of Chapter 115C of the General Statutes, or any other provision of law, the funds appropriated in this section for UNC Need-Based Financial Aid shall be administered in accordance with the policy adopted by the Board of Governors of The University of North Carolina.

SECTION 5.4.(f) Notwithstanding G.S. 18C-164(f), if the actual net lottery revenues for the 2011-2012 fiscal year exceed the amounts appropriated in subsection (b) of this section, the excess net lottery revenues shall be allocated for school capital on the basis of average daily membership.

SECTION 5.4.(g) Funds appropriated in this section for scholarships for needy students shall be used only for students at the constituent institutions of The University of North Carolina and the constituent institutions of the Community College System.

PART VI. GENERAL PROVISIONS

UTILIZATION REVIEW/PUBLIC SCHOOL AND PUBLIC HEALTH NURSES

SECTION 6.9.(a) Beginning July 1, 2011, the Fiscal Research Division, in consultation with the Department of Public Instruction and the Department of Health and Human Services, shall

review all publicly (federal and State) funded public school nurse positions assigned within or connected to those respective organizations in order to determine the most effective and cost-efficient ways to provide needed nursing service to public school students. The review shall identify specific areas where overlaps of service provision may exist. The review shall focus on ways to maximize existing nursing resources and to change prospectively the manner in which local school nurses are allocated to better address the needs of students in the public schools at reasonable cost. Specifically, the review shall examine at least all of the following:

(1) Feasibility of having the money all flow to local public health departments for management and administration purposes to align health-related activities with the local entity best equipped to manage.

(2) Feasibility of using a mix of licensed nurses, both registered nurses (RN) and licensed practical nurses (LPN), to provide health care services in the public schools.

(3) Feasibility of allowing a school nurse to be licensed as an LPN as long as the nurse works under the direct supervision of an RN.

(4) Development of a new allocation formula that considers:

a. Average daily membership.

b. Local match requirement.

c. A base amount for each local school administrative unit.

SECTION 6.9.(b) By May 1, 2012, the Fiscal Research Division shall report to the House and Senate Appropriations Committees.

HEALTH AND WELLNESS TRUST FUND AND TOBACCO TRUST FUND/FUTURE MSA PAYMENTS

SECTION 6.11.(a) The Health and Wellness Trust Fund (HWTF) and Health and Wellness Trust Fund Commission are abolished, and Article 6C of Chapter 147 of the General Statutes is repealed.

SECTION 6.11.(b) Funds remaining in the Health and Wellness Trust Fund on June 30, 2011, shall be transferred to the Department of Health and Human Services and shall be carried forward to fiscal year 2011-2012 to be used by the Department for the following purposes:

(1) Up to the sum of twenty-two million dollars ($22,000,000) shall be used to administer grants associated with the following programs and initiatives:

a. Teen Tobacco Prevention.

b. ChecKmeds.

c. Medication Assistance Programs.

d. Obesity Prevention.

(2) The sum of ten million dollars ($10,000,000) shall be used to reduce the total savings required to be achieved for the Medicaid program by Community Care of North Carolina.

(3) The remainder shall be used to reduce the Medicaid Provider Rate cut.

SECTION 6.11.(c) G.S. 116-29.1(b)(1) reads as rewritten:

"(b) The General Assembly finds that it is imperative that the State provide a minimum of fifty million dollars ($50,000,000) each calendar year to the University Cancer Research Fund; therefore, effective July 1 of each calendar year:

(1) ~~Notwithstanding G.S. 143C-9-3, of~~Of the funds credited to ~~the Tobacco Trust Account,~~Budget Code 69430 in the Department of State Treasurer, the sum of eight million dollars ($8,000,000) is transferred from ~~the Tobacco Trust Account~~Budget Code 69430 to the University Cancer Research Fund and appropriated for this purpose.

...."

SECTION 6.11.(d) Section 6 of S.L. 1999-2 reads as rewritten:

"Section 6. It is the intent of the General Assembly that the funds under the Master Settlement Agreement, which is incorporated into the Consent Decree, be allocated as follows:

(1) Fifty percent (50%) to the nonprofit corporation as provided by the Consent Decree.

(2) ~~Twenty-five percent (25%) to a trust fund to be established by the General Assembly~~Fifty percent (50%) shall be allocated as follows:

a. Debt service as authorized by the State Capital Facilities Act of 2004, Part 1 of S.L. 2004-179 and S.L. 2004-124. As soon as practicable after the beginning of each fiscal year, the State Treasurer shall estimate and transfer to Budget Code 69430 the amount of debt service anticipated to be paid during the fiscal year for special indebtedness authorized by the State Capital Facilities Act of 2004.

b. The sum of eight million dollars ($8,000,000) is credited to Budget Code 69430 and shall be transferred to the University Cancer Research Fund in accordance with G.S. 116-29.1.

c. The balance remaining to be credited to the State General Fund to be used for the following purposes:

1. ~~for the~~The benefit of tobacco producers, tobacco allotment holders, and persons engaged in tobacco-related ~~businesses, with this trust fund to be governed by a board of trustees representing these interests.~~businesses. To carry out this purpose, ~~this trust fund~~funds may provide direct and indirect financial ~~assistance, in accordance with criteria established by the trustees of the trust fund and~~assistance, to the extent allowed by law, to (i) indemnify tobacco producers, allotment holders, and persons engaged in tobacco-related businesses from the adverse economic effects of the Master Settlement Agreement, (ii) compensate tobacco producers and allotment holders for the economic loss resulting from lost quota, and (iii) revitalize tobacco dependent communities.

2. The benefit of health to fund programs and initiatives that include research, education, prevention, and treatment of health problems in North Carolina and to increase the capacity of communities to respond to the public's health needs through programs such as Health Choice and the State's Medicaid program.

~~(3) Twenty-five percent (25%) to a trust fund to be established by the General Assembly for the benefit of health, with this trust fund to be governed by a board of trustees comprised of a broad representation of health interests.~~"

SECTION 6.11.(e) The funds allocated in subdivision (2)a. of Section 6 of S.L. 1999-2, as rewritten by subsection (d) of this section, are appropriated from the General Fund for fiscal years 2011-2012 and 2012-2013 and shall be expended in accordance with the provisions of subdivision (2)a. of Section 6 of S.L. 1999-2, as amended by subsection (d) of this section.

SECTION 6.11.(f) Notwithstanding the provisions of G.S. 143-717(i), the administrative costs of the Tobacco Trust Fund shall not exceed six hundred twenty-five thousand dollars ($625,000) for fiscal year 2011-2012 and fiscal year 2012-2013.

SECTION 6.11.(g) Subsection (a) of this section shall be effective 60 days after this act becomes law or on October 1, 2011, whichever occurs first. Subsection (b) of this section becomes effective on June 30, 2011.

TORNADO ASSISTANCE

SECTION 6.14. The General Assembly finds that on April 16, 2011, heavy thunderstorms and powerful tornadoes swept through this State, with 18 counties sustaining the most extensive damage. Those counties are Bertie, Bladen, Craven, Cumberland, Currituck, Greene, Halifax, Harnett, Hertford, Hoke, Johnston, Lee, Onslow, Pitt, Robeson, Sampson, Wake, and Wilson Counties. It is the intent of the General Assembly to provide State matching funds to help mitigate losses, rebuild infrastructure, and aid affected citizens and businesses.

PART VI-A. INFORMATION TECHNOLOGY

INFORMATION TECHNOLOGY FUND/AVAILABILITY

INFORMATION TECHNOLOGY OPERATIONS

SECTION 6A.2.(a) Information Technology Internal Service Fund Budget. – Notwithstanding G.S. 147-33.88, the Office of Information Technology Services shall develop an annual budget for review and approval by the Office of State Budget and Management in accordance with a schedule prescribed by the Director of the Office of State Budget and Management. The approved Information Technology Internal Service Fund budget shall be included in the Governor's budget recommendations to the General Assembly.

The Office of State Budget and Management shall ensure that State agencies have an opportunity to adjust their budgets based on any rate changes proposed by the Office of Information Technology Services and approved by the Office of State Budget and Management.

Any uses of the Internal Service Fund not specifically related to the operation of the Office of Information Technology Services shall immediately be reported to the Office of State Budget and Management and the Fiscal Research Division with an explanation as to why it was necessary to use the Fund.

SECTION 6A.2.(b) Enterprise Projects. – The State Chief Information Officer shall consult the respective State agency chief information officer and obtain approval from the Office of State Budget and Management prior to the initiation of any enterprise project or contract. State agency requirements shall be incorporated into any enterprise agreement signed by the State Chief Information Officer or his or her representative. Enterprise projects shall not exceed the participating State agencies' ability to financially support the contracts.

SECTION 6A.2.(c) The State Chief Information Officer shall not enter into any information technology contracts without obtaining written agreements from participating State agencies regarding the apportionment of the contract cost. State agencies agreeing to participate in a contract shall:

(1) Ensure that sufficient funds are budgeted to support their agreed shares of enterprise agreements throughout the life of the contract or project.

(2) Transfer the agreed-upon funds to the Information Technology Internal Service Fund in sufficient time for the Office of Information Technology Services to meet vendor contract requirements.

The State Chief Information Officer shall ensure that enterprise project and contract costs are allocated to participating agencies in an equitable manner.

SECTION 6A.2.(d) Agency Projects. – Prior to initiation, any information technology project, or any segment of a multipart project, costing more than two hundred fifty thousand dollars ($250,000) shall be included in the agency's most recent information technology plan and shall be approved by the General Assembly.

SECTION 6A.2.(e) Three-Year Contracts. – Notwithstanding the cash management provisions of G.S. 147-86.11, the Office of Information Technology Services may procure information

technology goods and services for periods of up to a total of three years where the terms of the procurement contract require payment of all, or a portion, of the contract price at the beginning of the contract agreement. All of the following conditions shall be met before payment for these agreements may be disbursed:

(1) Any advance payment can be accomplished within the Information Technology Internal Service Fund budget.

(2) The State Controller receives conclusive evidence that the proposed agreement would be more cost-effective than a multiyear agreement that complies with G.S. 147-86.11.

(3) The procurement complies in all other aspects with applicable statutes and rules.

(4) The proposed agreement contains contract terms that protect the financial interest of the State against contractor nonperformance or insolvency through the creation of escrow accounts for funds, source codes, or both, or by any other reasonable means that have legally binding effect.

The Office of State Budget and Management shall ensure the savings from any authorized agreement shall be included in the Information Technology Internal Service Fund rate calculations before the Office of State Budget and Management annually approves proposed rates. Any savings resulting from the agreements shall be returned to agencies included in the contract in the form of reduced rates. The Office of Information Technology Services shall submit a quarterly written report to the Office of State Budget and Management on any State agency budget impacts resulting from multiyear contracts. Under no circumstances shall multiyear contracts result in rate increases for participating agencies. The Office of Information Technology Services shall submit a quarterly written report of any authorizations granted under this section to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division of the North Carolina General Assembly.

SECTION 6A.2.(f) Information Technology Hosting. – State agencies developing and implementing information technology projects/applications shall use the State infrastructure to host their projects. An exception to this requirement may be granted only if approved by both the State Chief Information Officer on the basis of technology requirements and by the Office of State Budget and Management based on cost savings, subject to consultation with the Joint Legislative Commission on Governmental Operations and a report to the Joint Legislative Oversight Committee on Information Technology.

Projects/applications currently hosted outside the State infrastructure shall be returned to State infrastructure not later than the end of any current contract.

By October 1, 2011, the State Chief Information Officer shall report to the Joint Legislative Oversight Committee on Information Technology regarding projects currently hosted outside State infrastructure and a schedule to return those projects to State infrastructure.

SECTION 6A.2.(g) Service Level Agreements. – Service level agreements developed with supported State agencies shall include metrics for the Office of Information Technology Services as well as the supported agencies. When the Office of Information Technology Services or an agency fails to meet metrics established by the service level agreement, a report shall be provided to the Office of State Budget and Management and the Fiscal Research Division of the General Assembly within 10 days, detailing the shortfall and providing a corrective action plan with a time line.

SECTION 6A.2.(h) The Office of Information Technology Services shall assist State agencies in identifying the least expensive source and best value for the purchase of IT goods and services and shall ensure that agencies receive every available discount when purchasing IT goods and services. When the best value and the least expensive sources are different, the Office of Information Technology Services shall report to the Office of State Budget and Management and the Fiscal Research Division on why the least expensive vendor was not the best value.

SECTION 6A.2.(i) Agency Billing and Payments. – The State CIO shall ensure that bills from the Office of Information Technology Services are easily understood and fully transparent. If a

State agency fails to pay its IT Internal Service Fund bills within 30 days of receipt, the Office of State Budget and Management may transfer funds from the agency to cover the cost of the bill from that agency to the IT Internal Service Fund.

INFORMATION TECHNOLOGY PERSONAL SERVICES CONTRACT REQUIREMENTS

SECTION 6A.6.(a) Effective for the 2011-2013 fiscal biennium, and notwithstanding any provision of law to the contrary:

(1) No contract for information technology personal services, or providing personnel to perform information technology functions, may be established or renewed without the express written approval of the Statewide Information Technology Procurement Office.

(2) Before any State agency, department, or institution may renew a contract position for information technology personnel, the State agency must report to the Statewide Information Technology Procurement Office, the Office of State Budget and Management, the Office of State Personnel, the Office of Information Technology Services, and to the Fiscal Research Division. The report shall explain:

a. The proposed duration of the contract position. If the contract is for more than 12 months, why recruitment of a State employee is not feasible.

b. Whether the contract position requires unique skills for which the State has a short-term need.

c. Whether the position is required for a specific information technology project and if the position will be terminated upon completion of the project.

d. The specific work products and completion time lines for the contract position.

(3) All contract positions requiring information technology skills are subject to the provisions of this section. The Office of State Budget and Management may immediately terminate the funding for any information technology contractor position that is filled without following defined procedures.

(4) All information technology personnel contracts shall be competitive and shall be subject to competition each time they expire. Exceptions must be approved by the Office of Information Technology Services, the Office of State Personnel, and the Office of State Budget and Management. Approved exceptions must immediately be reported to the Fiscal Research.

(5) Agencies shall make every effort to convert SAP and Curam contractors supporting permanent requirements to State employees. Beginning October 1, 2011, agencies shall submit written quarterly reports to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division documenting their progress in converting these contractors to State employment.

Contract positions subject to this section shall be reviewed and approved by the Statewide Information Technology Procurement Office and shall be entered into the project portfolio management tool.

The Statewide Information Technology Procurement Office shall determine the market rate for the type of contract required, as well as to determine the comparable cost for a State employee. Agencies may not exceed the market rate determined by the Statewide Information Technology Procurement Office. After the Statewide Information Technology Procurement Office provides cost data, the Office of State Budget and Management must approve funding for the position.

SECTION 6A.6.(b) Whenever a State agency, department, or institution determines that only a contractor can fill a position and the position is required to perform an ongoing function within the agency, the head of the State agency must develop and implement a plan to hire or train a qualified State employee to fill the position within 12 months. Within 60 days of hiring the contractor, this plan

shall be forwarded to the Office of State Budget and Management, the Office of State Personnel, the Office of Information Technology Services, and the Fiscal Research Division.

SECTION 6A.6.(c) Beginning August 1, 2011, and monthly thereafter, each State agency, department, and institution employing information technology personal services contractors, or contract personnel performing information technology functions, shall provide a detailed report on those contracts to the Office of State Budget and Management, the Office of State Personnel, the Office of Information Technology Services, the Joint Legislative Oversight Committee on Information Technology, and the Fiscal Research Division of the General Assembly. Each State agency's report shall include at least the following:

(1) For each contracted information technology position:
   a. The title of the position, a brief synopsis of the essential functions of the position, and how long the position has existed.
   b. The name of the individual filling the position and the vendor company, if any, that regularly employs that individual.
   c. The type of contract, start date, and termination date.
   d. The length of time that the individual filling the contracted position has been employed by the State as a contractor in any position.
   e. The contracted position salary or hourly rate, the number of hours per year, and the total annualized cost of the contracted position.
   f. The salary and benefits cost for a State employee performing the same function.
   g. The purchase order number for the position.
   h. Whether the position can be converted to a State employee position. This determination will be certified by the State Information Technology Purchasing Office.
   i. When the agency anticipates converting the position to a State employee.

(2) The total annual cost for information technology contractors and the total annual salary and benefits cost for filling the contract positions with State employees.

(3) A determination of whether the information technology functions performed by the contractor can be performed by State employees.

(4) All information required by this subsection related to information technology contractors regardless of the contracting source.

SECTION 6A.6.(d) Each State agency shall provide a detailed explanation of any differences between the agency report required by subsection (b) of this section and the Information Technology Expenditures Report published annually by the Office of the State Controller. This report of differences shall be due 30 days after the publication of the Office of the State Controller's report and shall be submitted to the Office of State Budget and Management, the Fiscal Research Division, and the Joint Legislative Oversight Committee on Information Technology.

SECTION 6A.6.(e) This section does not apply to The University of North Carolina and its constituent institutions.

STATE INFORMATION TECHNOLOGY CONSOLIDATION

SECTION 6A.7.(a) By November 1, 2011, the State Chief Information Officer (State CIO), in conjunction with the Office of State Budget and Management (OSBM), shall develop a detailed plan for consolidating the information technology infrastructure and applications of all State agencies, departments, and institutions in the executive branch. Information technology infrastructure includes personal computers, hosting and network environments, the help desk, call centers, and information technology security. Applications include enterprise software, on-demand software, and customized software. At a minimum, the consolidation plan shall include the following:

(1) Defined targets and priorities with a detailed time line for the implementation of consolidation.
(2) The costs of consolidation by fiscal year and by agency.
(3) The anticipated savings to result from consolidation and a time line for actual achievement of those savings.
(4) Technical, policy, or other issues associated with achieving a timely and effective consolidation.
(5) A process to transfer all information technology hardware and software funding to the Office of the State CIO.
(6) Creation of a project management organization to manage all information technology projects.
(7) Review of agency, Office of Information Technology Services, and Office of the State CIO to identify redundant personnel positions.

When setting consolidation targets, the State CIO shall give high priority to infrastructure issues that pose significant risk to agency operations or data, that provide opportunities for immediate cost savings, and where a statewide approach would minimize disruption of services. In carrying out the consolidation, the Office of Information Technology Services shall utilize the authority set out in G.S. 147-33.83.

SECTION 6A.7.(b) Beginning July 1, 2011, the State CIO shall plan and implement an enterprise level grants management system. Similar systems currently under development may be suspended by the State CIO with funding reprogrammed to support development of the enterprise level grants management system.

In coordination with the State CIO, the Department of Health and Human Services shall develop a plan to implement a single case management system throughout that Department, beginning in the 2012-2013 fiscal year, and shall report to the Joint Legislative Oversight Committee on Information Technology by February 1, 2012, on its initiatives to implement the system. The report shall include a detailed time line for completion and an explanation of the costs associated with case management consolidation.

SECTION 6A.7.(c) Beginning September 1, 2011, and quarterly thereafter, the Office of State Budget and Management, in conjunction with the State CIO, shall provide written reports to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Oversight Committee on Information Technology, and the Fiscal Research Division relating to State information technology consolidation.

PART VII. PUBLIC SCHOOLS

EDUCATION REFORM IN NORTH CAROLINA

SECTION 7.1.(a) It is a priority of the General Assembly that high school graduates enter the workforce or higher education fully prepared. To implement this priority, the Joint Education Oversight Committee shall study (i) literacy and (ii) ways to reduce the need for remedial or developmental education in the State's higher education institutions so that students and the State do not pay repeatedly for the same education. The Committee shall report to the 2012 Regular Session of the 2011 General Assembly with a comprehensive plan, including implementation dates and schedules, that addresses the following items:

(1) Implementation of a third grade literacy policy, including the advisability of a program for third grade reading specialists modeled on Florida's reading specialist program.

(2) Ways to hold high schools accountable for the higher education performance of their students, including requiring funding for developmental education to come from high schools.

(3) The most cost-effective way to provide remedial education in higher education, including funding summer term developmental courses at community colleges based on successful course completions, focusing remediation at the community colleges, and redirecting university appropriations for remedial education to the community colleges.

SECTION 7.1.(b) In all cases, any program implemented needs to be structured so that ongoing, evaluable performance and outcome data is available.

SECTION 7.1.(c) Funds appropriated to implement this section may be used by the Committee to hire one or more external consultants to complete these studies.

CAREER AND COLLEGE PROMISE

SECTION 7.1A.(a) The State Board of Education and the North Carolina Community College System shall establish the Career and College Promise program. The purpose of Career and College Promise is to offer structured opportunities for qualified high school students to dually enroll in community college courses that provide pathways consistent with subsection (b) of this section that lead to a certificate, diploma, or degree as well as provide entry-level jobs skills. Academic credits earned through Career and College Promise shall enable students who continue into postsecondary education after graduating from high school to complete a postsecondary credential in less time than would normally be required. All existing high school transition programs, including Huskins, Concurrent Enrollment, Cooperative and Innovative High Schools, Learn and Earn, and Learn and Earn Online shall be consolidated and replaced by Career and College Promise.

SECTION 7.1A.(b) North Carolina community colleges, subject to approval by the State Board of Community Colleges, may offer the following Career and College pathways aligned with the K-12 curriculum and career and college ready standards adopted by the State Board of Education:

(1) A Career Technical Education Pathway, leading to a certificate or diploma aligned with one or more high school Tech Prep Career Clusters.

(2) A College Transfer Pathway, leading to a college transfer certificate requiring the successful completion of eight college transfer courses, including English and mathematics.

(3) A cooperative innovative high schools program approved under Part 9 of Article 16 of Chapter 115C of the General Statutes.

SECTION 7.1A.(c) Constituent institutions of The University of North Carolina System, subject to approval by the Board of Governors of The University of North Carolina, may offer as a Career and College pathway a cooperative innovative high schools program approved under Part 9 of Article 16 of Chapter 115C of the General Statutes. The pathway must align with the K-12 curriculum and career and college ready standards adopted by the State Board of Education.

SECTION 7.1A.(d) The North Carolina Community College System and the Department of Public Instruction shall jointly develop and implement a program accountability plan to evaluate short-term and long-term outcomes for Career and College Promise. Outcomes to be measured shall include the following items:

(1) The impact of dual enrollment on high school completion.

(2) The academic achievement and performance of dually enrolled high school students.

(3) The number of students who successfully complete college certificates while dually enrolled.

(4) The impact of dual enrollment and certificate completion on enrollment in college.

(5) The persistence and completion rates of students who continue into college programs after high school graduation.

(6) The academic achievement and performance of students who continue into colleges programs after high school graduation.

SECTION 7.1A.(e) Community colleges shall generate budget FTE for instruction provided through Career and College Promise. The Community Colleges System Office shall report to the Joint Education Oversight Committee or, if the General Assembly is in session, to the House and Senate Education Committees no later than February 1 regarding the number and cost of high school FTE served as a result of the Career and College Promise program created by this section.

SECTION 7.1A.(f) G.S. 115D-1.1 and G.S. 115D-1.2 are repealed.

SECTION 7.1A.(g) G.S. 115D-41 reads as rewritten:

"**§ 115D-41. Restrictions on contracts with local school administrative units; use of community college facilities by public school students pursuant to cooperative programs.**

(a) Community college contracts with local school administrative units shall not be used by these agencies to supplant funding for a public school high school teacher providing courses offered pursuant to G.S. 115D-20(4) who is already employed by the local school administrative unit. ~~However, if a community college contracts with a local school administrative unit for a public high school teacher to teach a college level course, the community college shall not generate budget FTE for that course. Its reimbursement in this case shall be limited to the direct instructional costs contained in the contract, plus fifteen percent (15%) for administrative costs.~~ In no event shall a community college contract with a local school administrative unit to provide high school level courses.

...."

SECTION 7.1A.(h) G.S. 115D-20 reads as rewritten:

"**§ 115D-20. Powers and duties of trustees.**

The trustees of each institution shall constitute the local administrative board of such institution, with such powers and duties as are provided in this Chapter and as are delegated to it by the State Board of Community Colleges. The powers and duties of trustees shall include the following:

...

(4) To apply the standards and requirements for admission and graduation of students and other standards established by the State Board of Community Colleges. ~~Provided, notwithstanding~~Notwithstanding any law or administrative rule to the contrary, ~~local administrative boards and local school boards may establish cooperative programs in the areas they serve to provide for college courses to be offered to qualified high school students with college credits to be awarded to those high school students upon the successful completion of the courses. Provided, further, that during~~local community colleges are permitted to offer the following programs:

a. Subject to the approval of the State Board of Community Colleges, local community colleges may collaborate with local school administrative units to offer courses through the following programs:

1. Cooperative innovative high school programs as provided by Part 9 of Article 16 of Chapter 115C of the General Statutes.
2. Academic transition pathways for qualified high school students that lead to a career technical education certificate or diploma.
3. College transfer certificates requiring the successful completion of eight college transfer courses, including English and mathematics.

b. During the summer quarter, persons less than 16 years old may be permitted to take noncredit courses on a self-supporting basis, subject to rules of the State Board of Community Colleges. ~~Provided, further, that high~~

c. High school students may be permitted to take noncredit courses in safe driving on a self-supporting basis during the academic year or the summer.

...."

SECTION 7.1A.(i) The North Carolina Community College System, University of North Carolina General Administration, and the North Carolina Independent Colleges and Universities shall develop a plan for articulation of a college transfer certificate to all UNC institutions and participating independent colleges and universities. North Carolina Independent Colleges and Universities, Inc., shall also be included in the development of the plan if it chooses to participate. College transfer certificates shall require the successful completion of eight college transfer courses, including English and mathematics, and will be available to high school students under this section, as well as community college students.

SECTION 7.1A.(j) Part 9 of Article 16 of Chapter 115C of the General Statutes reads as rewritten:

"Part 9. Cooperative Innovative High School Programs.

"§ 115C-238.50. Purpose.

(a) The purpose of this Part is to authorize local boards of education to jointly establish with one or more boards of trustees cooperative innovative programs in high schools and colleges or universities that will expand students' opportunities for educational success through high quality instructional programming. These cooperative innovative high school programs shall ~~target:~~target any of the following groups:

(1) High school students who are at risk of dropping out of school before attaining a high school ~~diploma; or~~diploma.

(2) High school students with parents who did not continue education beyond high school.

~~(2)~~(3) High school students who would benefit from accelerated academic instruction.

(b) All the cooperative innovative high school programs established under this Part shall:

(1) Enable students to concurrently obtain a high school diploma and begin or complete an associate degree program, master a certificate or vocational program, or earn up to two years of college credit within five years.

(1a) Prepare students adequately for future learning in the workforce or in an institution of higher education.

~~(2) Expand students' educational opportunities within the public school system.~~

~~(3) Be centered on the core academic standards represented by the college preparatory or tech prep program of study as defined by the State Board of Education.~~

(4) Encourage the cooperative or shared use of resources, personnel, and facilities between public schools and colleges or universities, or both.

~~(5) Integrate and emphasize both academic and technical skills necessary for students to be successful in a more demanding and changing workplace.~~

(6) Emphasize parental involvement and provide consistent counseling, advising, and parent conferencing so that parents and students can make responsible decisions regarding course taking and can track the students' academic progress and success.

~~(7) Be held accountable for meeting measurable student achievement results.~~

~~(8) Encourage the use of different and innovative teaching methods.~~

~~(9) Establish joint institutional responsibility and accountability for support of students and their success.~~

~~(10) Effectively utilize existing funding sources for high school, college, university, and vocational programs and actively pursue new funding from other sources.~~

(11) Develop methods for early identification of potential participating students in the middle grades and through high ~~school.~~school and provide outreach to those

students to promote academic preparation and awareness of the cooperative innovative high school programs.

~~(12) Reduce the percentage of students needing remedial courses upon their initial entry from high school into a college or university.~~

~~(c) Programs developed under this Part that target students who are at risk of dropping out of high school before attaining a high school diploma shall:~~

~~(1) Provide these students with the opportunity to graduate from high school possessing the core academic skills needed for postsecondary education and high-skilled employment.~~

~~(2) Enable students to complete a technical or academic program in a field that is in high demand and has high wages.~~

~~(3) Set and achieve goals that significantly reduce dropout rates and raise high school and college retention, certification, and degree completion rates.~~

~~(4) Enable students who complete these programs to pass employer exams, if applicable.~~

~~(d) Cooperative innovative high school programs that offer accelerated learning programs shall:~~

~~(1) Provide a flexible, customized program of instruction for students who would benefit from accelerated, higher level coursework or early graduation from high school.~~

~~(2) Enable students to obtain a high school diploma in less than four years, to begin or complete an associate degree program, to master a certificate or vocational program, or to earn up to two years of college credit.~~

~~(3) Offer a college preparatory academic core and in-depth studies in a career or technical field that will lead to advanced programs or employment opportunities in engineering, health sciences, or teaching.~~

~~(e) Cooperative innovative high school programs may include the creation of a school within a school, a technical high school, a high school or technical center located on the campus of a college or university, or a five-year career academy operating as part of an existing high school.~~

(f) Students are eligible to attend these programs as early as ninth grade.

"**§ 115C-238.50A. Definitions.**

The following definitions apply in this Part:

(1) Constituent institution. – A constituent institution as defined in G.S. 116-2(4).

(2) Education partner. – An education partner as provided in G.S. 115C-238.52.

(3) Governing board. – The State Board of Education, the State Board of Community Colleges, the Board of Governors of The University of North Carolina, or the Board of the North Carolina Independent Colleges and Universities.

(4) Local board of trustees. – The board of trustees of a community college, constituent institution of The University of North Carolina, or private college located in North Carolina.

(5) Cooperative innovative high school. – A high school that meets the following criteria:

a. It has no more than 100 students per grade level.

b. It partners with an institution of higher education to enable students to concurrently obtain a high school diploma and begin or complete an associate degree program, master a certificate or vocational program, or earn up to two years of college credit within five years.

c. It is located on the campus of the institution of higher education, unless the governing board specifically waives the requirement through adoption of a formal resolution.

"**§ 115C-238.51. Application process.**

(a) A local board of education and at least one local board of trustees shall jointly apply to establish a cooperative innovative high school program under this Part.

...

(e) No additional State funds shall be provided to approved programs unless appropriated by the General Assembly.

...

"**§ 115C-238.54. Funds for programs.**

(a) The Department of Public Instruction shall assign a school code for each program that is approved under this ~~Part, with the exception of a five-year career academy operating as part of an existing high school, which shall continue to use the existing school code. All positions and other State and federal allotments that are generated for this program shall be assigned to that school code.~~ Part. Notwithstanding G.S. 115C-105.25, once ~~funds are assigned to that school code,~~ the program has been assigned a school code, the local board of education may use these funds for the program and may transfer these funds between funding allotment categories.

~~(a1) A five-year career academy operating as part of an existing high school shall maintain records to identify and evaluate students enrolled in the five-year career academy program distinct from the general school population.~~

...."

SECTION 7.1A.(k) Cooperative innovative high schools approved by the State Board of Education prior to July 1, 2011, shall meet the requirements of G.S. 115C-238.50A(5) as enacted by subsection (j) of this section no later than July 1, 2014. Any cooperative innovative high school which fails to meet the requirements by that date shall no longer be authorized as a cooperative innovative high school.

SECTION 7.1A.(l) Subsection (e) of this section takes effect January 1, 2013, and is repealed effective June 30, 2015. The remainder of this section becomes effective January 1, 2012.

CLASS SIZE REDUCTION FOR GRADES 1-3

SECTION 7.1B. The General Assembly finds that educational research has shown that small classes of 15 or fewer students result in marked improvement in learning in grades 1-3, as measured by standardized tests in reading and mathematics, that the advantages gained from being in small classes have been shown to have a lasting benefit into the later years of students' lives, and that these studies have shown that small classes have a particularly beneficial effect on the academic achievement of children from disadvantaged backgrounds. The General Assembly further finds that larger class sizes allow less time to develop relationships with students, colleagues, and parents, and prevent the implementation of new and more dynamic and individualized teaching strategies and techniques. Therefore, it is the intent of the General Assembly to reduce class size in grades 1 through 3 to a class size allotment not exceeding 1:15 as funds become available.

FUNDS FOR CHILDREN WITH DISABILITIES

SECTION 7.2. The State Board of Education shall allocate additional funds for children with disabilities on the basis of three thousand five hundred eighty-five dollars and eighty-eight cents ($3,585.88) per child. Each local school administrative unit shall receive funds for the lesser of (i) all children who are identified as children with disabilities or (ii) twelve and five-tenths percent (12.5%) of its 2011-2012 allocated average daily membership in the local school administrative unit. The dollar amounts allocated under this section for children with disabilities shall also adjust in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve children with disabilities.

FUNDS FOR ACADEMICALLY GIFTED CHILDREN

SECTION 7.3. The State Board of Education shall allocate additional funds for academically or intellectually gifted children on the basis of one thousand one hundred ninety-two dollars and ninety cents ($1,192.90) per child for fiscal year 2011-2012 and one thousand one hundred ninety-two dollars and ninety cents ($1,192.90) per child for fiscal year 2012-2013. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its 2011-2012 allocated average daily membership, regardless of the number of children identified as academically or intellectually gifted in the unit. The dollar amounts allocated under this section for academically or intellectually gifted children shall also adjust in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve academically or intellectually gifted children.

USE OF SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES

SECTION 7.4.(a) Use of Funds for Supplemental Funding. – All funds received pursuant to this section shall be used only (i) to provide instructional positions, instructional support positions, teacher assistant positions, clerical positions, school computer technicians, instructional supplies and equipment, staff development, and textbooks and (ii) for salary supplements for instructional personnel and instructional support personnel. Local boards of education are encouraged to use at least twenty-five percent (25%) of the funds received pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades 3-8 and children who are performing at Level I or II in grades 4 and 7.

SECTION 7.4.(b) Definitions. – As used in this section, the following definitions apply:

(1) "Anticipated county property tax revenue availability" means the county-adjusted property tax base multiplied by the effective State average tax rate.

(2) "Anticipated total county revenue availability" means the sum of the following:
   a. Anticipated county property tax revenue availability.
   b. Local sales and use taxes received by the county that are levied under Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of Chapter 105 of the General Statutes.
   c. Sales tax hold harmless reimbursement received by the county under G.S. 105-521.
   d. Fines and forfeitures deposited in the county school fund for the most recent year for which data are available.

(3) "Anticipated total county revenue availability per student" means the anticipated total county revenue availability for the county divided by the average daily membership of the county.

(4) "Anticipated State average revenue availability per student" means the sum of all anticipated total county revenue availability divided by the average daily membership for the State.

(5) "Average daily membership" means average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual, adopted by the State Board of Education. If a county contains only part of a local school administrative unit, the average daily membership of that county includes all students who reside within the county and attend that local school administrative unit.

(6) "County-adjusted property tax base" shall be computed as follows:
   a. Subtract the present-use value of agricultural land, horticultural land, and forestland in the county, as defined in G.S. 105-277.2, from the total assessed real property valuation of the county.
   b. Adjust the resulting amount by multiplying by a weighted average of the three most recent annual sales assessment ratio studies.
   c. Add to the resulting amount the following:

1. Present-use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2.
2. Value of property of public service companies, determined in accordance with Article 23 of Chapter 105 of the General Statutes.
3. Personal property value for the county.

(7) "County-adjusted property tax base per square mile" means the county-adjusted property tax base divided by the number of square miles of land area in the county.

(8) "County wealth as a percentage of State average wealth" shall be computed as follows:

a. Compute the percentage that the county per capita income is of the State per capita income and weight the resulting percentage by a factor of five-tenths.
b. Compute the percentage that the anticipated total county revenue availability per student is of the anticipated State average revenue availability per student and weight the resulting percentage by a factor of four-tenths.
c. Compute the percentage that the county-adjusted property tax base per square mile is of the State-adjusted property tax base per square mile and weight the resulting percentage by a factor of one-tenth.
d. Add the three weighted percentages to derive the county wealth as a percentage of the State average wealth.

(9) "Effective county tax rate" means the actual county tax rate multiplied by a weighted average of the three most recent annual sales assessment ratio studies.

(10) "Effective State average tax rate" means the average of effective county tax rates for all counties.

(11) "Local current expense funds" means the most recent county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(12) "Per capita income" means the average for the most recent three years for which data are available of the per capita income according to the most recent report of the United States Department of Commerce, Bureau of Economic Analysis, including any reported modifications for prior years as outlined in the most recent report.

(13) "Sales assessment ratio studies" means sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).

(14) "State average current expense appropriations per student" means the most recent State total of county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(15) "State average adjusted property tax base per square mile" means the sum of the county-adjusted property tax bases for all counties divided by the number of square miles of land area in the State.

(16) "Supplant" means to decrease local per student current expense appropriations from one fiscal year to the next fiscal year.

(17) "Weighted average of the three most recent annual sales assessment ratio studies" means the weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

SECTION 7.4.(c) Eligibility for Funds. – Except as provided in subsection (g) of this section, the State Board of Education shall allocate these funds to local school administrative units located in whole or in part in counties in which the county wealth as a percentage of the State average wealth is less than one hundred percent (100%).

SECTION 7.4.(d) Allocation of Funds. – Except as provided in subsection (f) of this section, the amount received per average daily membership for a county shall be the difference between the State average current expense appropriations per student and the current expense appropriations per student that the county could provide given the county's wealth and an average effort to fund public schools. (To derive the current expense appropriations per student that the county could be able to provide given the county's wealth and an average effort to fund public schools, multiply the county's wealth as a percentage of State average wealth by the State average current expense appropriations per student.) The funds for the local school administrative units located in whole or in part in the county shall be allocated to each local school administrative unit located in whole or in part in the county based on the average daily membership of the county's students in the school units. If the funds appropriated for supplemental funding are not adequate to fund the formula fully, each local school administrative unit shall receive a pro rata share of the funds appropriated for supplemental funding.

SECTION 7.4.(e) Formula for Distribution of Supplemental Funding Pursuant to This Section Only. – The formula in this section is solely a basis for distribution of supplemental funding for low-wealth counties and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula is also not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for low-wealth counties.

SECTION 7.4.(f) Minimum Effort Required. – Counties that had effective tax rates in the 1996-1997 fiscal year that were above the State average effective tax rate but that had effective rates below the State average in the 1997-1998 fiscal year or thereafter shall receive reduced funding under this section. This reduction in funding shall be determined by subtracting the amount that the county would have received pursuant to Section 17.1(g) of Chapter 507 of the 1995 Session Laws from the amount that the county would have received if qualified for full funding and multiplying the difference by ten percent (10%). This method of calculating reduced funding shall apply one time only. This method of calculating reduced funding shall not apply in cases in which the effective tax rate fell below the statewide average effective tax rate as a result of a reduction in the actual property tax rate. In these cases, the minimum effort required shall be calculated in accordance with Section 17.1(g) of Chapter 507 of the 1995 Session Laws. If the county documents that it has increased the per student appropriation to the school current expense fund in the current fiscal year, the State Board of Education shall include this additional per pupil appropriation when calculating minimum effort pursuant to Section 17.1(g) of Chapter 507 of the 1995 Session Laws.

SECTION 7.4.(g) Nonsupplant Requirement. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2011-2013 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if the following apply:

(1) The current expense appropriation per student of the county for the current year is less than ninety-five percent (95%) of the average of the local current expense appropriations per student for the three prior fiscal years; and

(2) The county cannot show (i) that it has remedied the deficiency in funding or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section. The State Board of Education shall adopt rules to implement this section.

SECTION 7.4.(h) Reports. – The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to May 1, 2012, if it determines that counties have supplanted funds.

SECTION 7.4.(i) Department of Revenue Reports. – The Department of Revenue shall provide to the Department of Public Instruction a preliminary report for the current fiscal year of the assessed value of the property tax base for each county prior to March 1 of each year and a final report prior to May 1 of each year. The reports shall include for each county the annual sales assessment ratio and the taxable values of (i) total real property, (ii) the portion of total real property represented by the present-use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2, (iii) property of public service companies determined in accordance with Article 23 of Chapter 105 of the General Statutes, and (iv) personal property.

LITIGATION RESERVE FUNDS

SECTION 7.5. The State Board of Education may expend up to five hundred thousand dollars ($500,000) each year for the 2011-2012 and 2012-2013 fiscal years from unexpended funds for certified employees' salaries to pay expenses related to litigation.

UNIFORM EDUCATION REPORTING SYSTEM (UERS) FUNDS

SECTION 7.6.(a) Funds appropriated for the Uniform Education Reporting System shall not revert at the end of the 2010-2011 fiscal year.

SECTION 7.6.(b) This section becomes effective June 30, 2011.

FOCUSED EDUCATION REFORM PROGRAM FUNDS DO NOT REVERT

SECTION 7.7.(a) Funds appropriated for the Focused Education Reform Pilot Program that are unexpended and unencumbered at the end of the 2010-2011 fiscal year shall not revert but shall remain available for expenditure for that purpose through the 2011-2012 fiscal year.

SECTION 7.7.(b) This section becomes effective June 30, 2011.

DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING (DSSF)

SECTION 7.8.(a) Funds appropriated for disadvantaged student supplemental funding shall be used, consistent with the policies and procedures adopted by the State Board of Education, only to:

(1) Provide instructional positions or instructional support positions and/or professional development;
(2) Provide intensive in-school and/or after-school remediation;
(3) Purchase diagnostic software and progress-monitoring tools; and
(4) Provide funds for teacher bonuses and supplements. The State Board of Education shall set a maximum percentage of the funds that may be used for this purpose.

The State Board of Education may require districts receiving funding under the Disadvantaged Student Supplemental Fund to purchase the Education Value Added Assessment System in order to provide in-depth analysis of student performance and help identify strategies for improving student achievement. This data shall be used exclusively for instructional and curriculum decisions made in the best interest of children and for professional development for their teachers and administrators.

SECTION 7.8.(b) Funds appropriated to a local school administrative unit for disadvantaged student supplemental funding shall be allotted based on (i) the local school administrative unit's eligible DSSF population and (ii) the difference between a teacher-to-student ratio of 1:21 and the following teacher-to-student ratios:

(1) For counties with wealth greater than ninety percent (90%) of the statewide average, a ratio of 1:19.9.

(2) For counties with wealth not less than eighty percent (80%) and not greater than ninety percent (90%) of the statewide average, a ratio of 1:19.4.

(3) For counties with wealth less than eighty percent (80%) of the statewide average, a ratio of 1:19.1.

(4) For LEAs receiving DSSF funds in 2005-2006, a ratio of 1:16. These LEAs shall receive no less than the DSSF amount allotted in 2006-2007.

For the purpose of this subsection, wealth shall be calculated under the low-wealth supplemental formula.

SECTION 7.8.(c) If a local school administrative unit's wealth increases to a level that adversely affects the unit's DSSF allotment ratio, the DSSF allotment for that unit shall be maintained at the prior year level for one additional fiscal year.

TUITION CHARGE FOR GOVERNOR'S SCHOOL

SECTION 7.9. G.S. 115C-12(36) reads as rewritten:

"(36) Duty to Charge Tuition for the Governor's School of North Carolina. – The State Board of Education ~~shall~~ may implement a ~~five hundred dollar ($500.00)~~ tuition charge for students attending the Governor's School of North ~~Carolina.~~Carolina to cover the costs of the School."

SCHOOL CONNECTIVITY INITIATIVE FUNDS

SECTION 7.10.(a) Section 7.9(b) of S.L. 2010-31 reads as rewritten:

"**SECTION 7.9.(b)** Up to three hundred fifty thousand dollars ($350,000) of the funds for the School Connectivity Initiative may be used for ~~this and subsequent fiscal years~~ the 2010-2011 fiscal year by the Office of the Governor for education innovation and the education E-learning portal. These funds may be used to provide services to coordinate e-learning activities across all education agencies and to support the operating of the E-learning portal."

SECTION 7.10.(b) Section 7.6(a) of S.L. 2008-107, as rewritten by Section 7.12(b) of S.L. 2009-451, reads as rewritten:

"**SECTION 7.6.(a)** Up to three hundred thousand dollars ($300,000) may be transferred annually through June 30, ~~2013,~~ 2011, to the Friday Institute at North Carolina State University to evaluate the effectiveness of using technology and its impact on 21st Century Teaching and Learning outcomes approved by the State Board of Education. The Friday Institute shall report annually to the State Board of Education on the evaluation results."

SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING

SECTION 7.12.(a) Eligibility. – All county school administrative units with an average daily membership less than the maximum small school system average daily membership shall be eligible for small school system supplemental funding. For the 2011-2012 and 2012-2013 fiscal years, the maximum small school system average daily membership shall be 3,200 students.

SECTION 7.12.(b) Allotment. – Each eligible county school administrative unit shall receive a dollar allotment equal to the product of the following:

(1) A per student funding factor, equal to the product of the following:

a. One, minus the local school administrative unit's average daily membership divided by the maximum small school system average daily membership.

b. The maximum small school system dollars per student.

(2) The average daily membership of the eligible county school administrative unit.

For the 2011-2012 and 2012-2013 fiscal years, the maximum small school system dollars per student shall be two thousand dollars ($2,000).

SECTION 7.12.(c) Phase-Out Provisions. –

(1) If a local school administrative unit becomes ineligible for funding under this formula, funding for that unit shall be phased out over a five-year period. Funding for such local administrative units shall be reduced in equal increments in each of the five years after the local administrative unit becomes ineligible. Funding shall be eliminated in the fifth fiscal year after the local administrative unit becomes ineligible.

(2) Allotments for eligible local school administrative units shall not be reduced by more than twenty percent (20%) in any fiscal year.

ELIMINATION OF REPORTING REQUIREMENTS

SECTION 7.13.(a) G.S. 115C-12(25) reads as rewritten:

"**§ 115C-12. Powers and duties of the Board generally.**

The general supervision and administration of the free public school system shall be vested in the State Board of Education. The State Board of Education shall establish policy for the system of free public schools, subject to laws enacted by the General Assembly. The powers and duties of the State Board of Education are defined as follows:

...

(25) Duty to Report to Joint Legislative Education Oversight Committee. – Upon the request of the Joint Legislative Education Oversight Committee, the State Board shall examine and evaluate issues, programs, policies, and fiscal information, and shall make reports to that Committee. Furthermore, beginning October 15, 1997, and annually thereafter, the State Board shall submit reports to that Committee regarding the continued implementation of Chapter 716 of the 1995 Session Laws, 1996 Regular Session. Each report shall include information regarding the composition and activity of assistance teams, schools that received incentive awards, schools identified as low-performing, ~~school improvement plans found to significantly improve student performance,~~ personnel actions taken in low-performing schools, and recommendations for additional legislation to improve student performance and increase local flexibility."

SECTION 7.13.(b) G.S. 115C-47(38) is repealed.

SECTION 7.13.(c) G.S. 115C-84.2(a)(1) reads as rewritten:

"(1) **(See notes)** A minimum of 180 days and 1,000 hours of instruction covering at least nine calendar months. The local board shall designate when the 180 instructional days shall occur. The number of instructional hours in an instructional day may vary according to local board policy and does not have to be uniform among the schools in the administrative unit. ~~Local boards may approve school improvement plans that include days with varying amounts of instructional time.~~ If school is closed early due to inclement weather, the day and the scheduled amount of instructional hours may count towards the required minimum to the extent allowed by State Board policy. The school calendar shall include a plan for making up days and instructional hours missed when schools are not opened due to inclement weather."

SECTION 7.13.(d) G.S. 115C-84.2(a)(5) reads as rewritten:

"(5) The remaining days scheduled by the local board in consultation with each school's principal for use as teacher workdays, additional instructional days, or other lawful purposes. ~~Before consulting with the local board, each principal shall work with the school improvement team to determine the days to be scheduled and the purposes for which they should be scheduled.~~ Days may be scheduled and planned for different purposes for different personnel and there is no requirement to schedule the same dates for all personnel. In order to make up days for school closing because of inclement weather, the local board may designate any of the days in this

subdivision as additional make-up days to be scheduled after the last day of student attendance."

SECTION 7.13.(e) G.S. 115C-98(b2) reads as rewritten:

"(b2) Local boards of education ~~may:~~

~~(1)~~ ~~Select,~~ may select, procure, and use textbooks that have not been adopted by the State Board of Education for use throughout the local school administrative unit for selected grade levels and ~~courses; and~~courses.

~~(2)~~ ~~Approve school improvement plans developed under G.S. 115C-105.27 that include provisions for using textbooks that have not been adopted by the State Board of Education for selected grade levels and courses.~~

All textbook contracts made under this subsection shall include a clause granting to the local board of education the license to produce braille, large print, and audiocassette tape copies of the textbooks for use in the local school administrative unit."

SECTION 7.13.(f) G.S. 115C-105.20(b)(5) is repealed.

SECTION 7.13.(g) G.S. 115C-105.25 reads as rewritten:

"**§ 115C-105.25. Budget flexibility.**

...

(b) Subject to the following limitations, local boards of education may transfer and may approve transfers of funds between funding allotment categories:

(1) ~~In accordance with a school improvement plan accepted under G.S. 115C-105.27,~~ State funds allocated for teacher assistants may be transferred only for personnel (i) to serve students only in kindergarten through third grade, ~~or~~ (ii) to serve students primarily in kindergarten through third grade when the personnel are assigned to an elementary school to serve the whole school ~~school. Funds allocated for teacher assistants may be transferred to reduce class size~~ or (iii) to reduce the student-teacher ratio in kindergarten through third grade so long as the affected teacher assistant positions are not ~~filled when the plan is amended or approved by the building-level staff entitled to vote on the plan or the affected teacher assistant positions are not expected to be filled on the date the plan is to be implemented.~~ filled. Any State funds appropriated for teacher assistants that were converted to certificated teachers before July 1, 1995, in accordance with Section 1 of Chapter 986 of the 1991 Session Laws, as rewritten by Chapter 103 of the 1993 Session Laws, may continue to be used for certificated teachers.

(2) ~~In accordance with a school improvement plan accepted under G.S. 115C-105.27, (i)~~ State funds allocated for classroom materials/instructional supplies/equipment may be transferred only for the purchase of ~~textbooks; (ii)~~ textbooks. State funds allocated for textbooks may be transferred only for the purchase of instructional supplies, instructional equipment, or other classroom ~~materials; and (iii)~~materials. State funds allocated for noninstructional support personnel may be transferred only for teacher positions.

...

(8) Funds allocated for academically or intellectually gifted students may be used only (i) for academically or intellectually gifted students; (ii) to implement the plan developed under G.S. 115C-150.7; or (iii) in accordance with an accepted school improvement plan, for any purpose so long as that school demonstrates it is providing appropriate services to academically or intellectually gifted students assigned to that school in accordance with the local plan developed under G.S. 115C-150.7.

...."

SECTION 7.13.(h) G.S. 115C-105.26 reads as rewritten:

"**§ 115C-105.26. Waivers of State laws, rules, or policies.**

(a) ~~When included as part of a school improvement plan accepted under G.S. 115C-105.27, local~~ Local boards of education shall submit requests for waivers of State laws, rules, or policies to the State Board of Education. A request for a waiver shall (i) identify the school making the request, (ii) identify the State laws, rules, or policies that inhibit the school's ability to improve student performance, (iii) set out with specificity the circumstances under which the waiver may be used, and (iv) explain how the requested waiver will permit the school to improve student performance. Except as provided in subsection (c) of this section, the State Board shall grant waivers only for the specific schools for which they are requested and shall be used only under the specific circumstances for which they are requested.

(b) ~~When requested as part of a school improvement plan, the~~ The State Board of Education may grant waivers of:

(1) State laws pertaining to class size and teacher certification; and

(2) State rules and policies, except those pertaining to public school State salary schedules and employee benefits for school employees, the instructional program that must be offered under the Basic Education Program, the system of employment for public school teachers and administrators set out in G.S. 115C-287.1 and G.S. 115C-325, health and safety codes, compulsory attendance, the minimum lengths of the school day and year, and the Uniform Education Reporting System.

...."

SECTION 7.13.(i) G.S. 115C-105.27 is repealed.

SECTION 7.13.(j) G.S. 115C-105.30 is repealed.

SECTION 7.13.(k) G.S. 115C-105.31(b)(3) is repealed.

SECTION 7.13.(l) G.S. 115C-105.32 is repealed.

SECTION 7.13.(m) G.S. 115C-105.33 reads as rewritten:

"**§ 115C-105.33. Safe and orderly schools.**

A ~~school improvement team or a~~ parent organization at a school may ask the local board of education to provide assistance in promoting or restoring safety and an orderly learning environment at a school. The ~~school improvement team or~~ parent organization shall file a copy of this request with the State Board. If the local board fails to provide adequate assistance to the school, then the ~~school improvement team or~~ parent organization may ask the State Board to provide an assistance team to the school.

The State Board may provide an assistance team, established under G.S. 115C-105.38, to a school in order to promote or restore safety and an orderly learning environment at that school if one of the following applies:

(1) The local board of education or superintendent requests that the State Board provide an assistance team to a school and the State Board determines that the school needs assistance.

(2) The State Board determines within 10 days after its receipt of the request for assistance from a ~~school improvement team or~~ parent organization of a school that the school needs assistance and that the local board has failed to provide adequate assistance to that school.

If an assistance team is assigned to a school under this section, the team shall spend a sufficient amount of time at the school to assess the problems at the school, assist school personnel with resolving those problems, and work with school personnel and others to develop a long-term plan for restoring and maintaining safety and an orderly learning environment at the school. The assistance team also shall make recommendations to the local board of education and the superintendent on actions the board and the superintendent should consider taking to resolve problems at the school. These recommendations shall be in writing and are public records. If an assistance team is assigned to a school under this section, the powers given to the State Board and the assistance team under

G.S. 115C-105.38 and G.S. 115C-105.39 shall apply as if the school had been identified as low-performing under this Article."

SECTION 7.13.(n) G.S. 115C-105.37A(a) reads as rewritten:

"(a) Definition of Continually Low-Performing Schools. – A continually low-performing school is a school that has received State-mandated assistance and has been designated by the State Board as low performing for at least two of three consecutive years. ~~If the State Board identifies a school as continually low performing:~~

~~(1) The school improvement team at that school shall review its school improvement plan to ensure consistency with the plan adopted pursuant to G.S. 115C-105.38(b)(3), and~~

~~(2) The plan must be reviewed and approved by the State Board of Education.~~"

SECTION 7.13.(o) G.S. 115C-105.38(b)(6) reads as rewritten:

"(6) Report, as appropriate, to the local board of education, the community, and the State Board on the school's progress. ~~If an assistance team determines that an accepted school improvement plan developed under G.S. 115C-105.27 is impeding student performance at a school, the team may recommend to the local board that it vacate the relevant portions of that plan and direct the school to revise those portions.~~"

SECTION 7.13.(p) G.S. 115C-105.47(b)(13) is repealed.

SECTION 7.13.(q) G.S. 115C-174.12(a)(3) reads as rewritten:

"(3) No school shall participate in more than two field tests at any one grade level during a school year ~~unless that school volunteers, through a vote of its school improvement team, to participate in an expanded number of field tests.~~without the approval of the principal of the school."

SECTION 7.13.(r) G.S. 115C-238.31(a) reads as rewritten:

"(a) Local school administrative units are encouraged to implement extended services programs that will expand students' opportunities for educational success through high-quality, integrated access to instructional programming during nonschool hours. ~~Extended services programs may be incorporated into school improvement plans developed in accordance with G.S. 115C-105.27.~~ Calendar alternatives include, but are not limited to, after-school hours, before-school hours, evening school, Saturday school, summer school, and year-round school. Instructional programming may include, but is not limited to, tutoring, direct instruction, enrichment activities, study skills, and reinforcement projects."

SECTION 7.13.(s) G.S. 115C-288(h) reads as rewritten:

"(h) To Make Available School ~~Budgets and School Improvement Plans.~~ Budgets. – The principal shall maintain a copy of the school's current ~~budget and school improvement plan, including any amendments to the plan,~~ budget and shall allow parents of children in the school and other interested persons to review and obtain such documents in accordance with Chapter 132 of the General Statutes."

SECTION 7.13.(t) G.S. 115C-288(l) is repealed.

SECTION 7.13.(u) G.S. 143B-146.6(b)(6) reads as rewritten:

"(6) Report, as appropriate, to the Secretary, the State Board, and the parents on the school's progress. ~~If an assistance team determines that an accepted school improvement plan developed under G.S. 143B-146.12 is impeding student performance at a school, the team may recommend to the Secretary that he vacate the relevant portions of that plan and direct the school to revise those portions.~~"

SECTION 7.13.(v) G.S. 143B-146.12 is repealed.

SECTION 7.13.(w) G.S. 115C-47(32a) reads as rewritten:

"(32a) To Establish Alternative Learning Programs and Develop Policies and Guidelines. – Each local board of education shall establish at least one alternative learning program and shall adopt guidelines for assigning students to alternative learning

programs. These guidelines shall include (i) a description of the programs and services to be provided, (ii) a process for ensuring that an assignment is appropriate for the student and that the student's parents are involved in the decision, and (iii) strategies for providing alternative learning programs, when feasible and appropriate, for students who are subject to long term suspension or expulsion. In developing these guidelines, local boards shall consider the State Board's standards developed under G.S. 115C-12(24). ~~Upon adoption of policies and guidelines under this subdivision, local boards are encouraged to incorporate them in their safe school plans developed under G.S. 115C-105.47.~~

The General Assembly urges local boards to adopt policies that prohibit superintendents from assigning to any alternative learning program any professional public school employee who has received within the last three years a rating on a formal evaluation that is less than above standard.

Notwithstanding this subdivision, each local board shall adopt policies based on the State Board's standards developed under G.S. 115C-12(24). These policies shall apply to any new alternative learning program or alternative school that is implemented beginning with the 2006-2007 school year. Local boards of education are encouraged to apply these standards to alternative learning programs and alternative schools implemented before the 2006-2007 school year.

Local boards shall assess on a regular basis whether the unit's alternative schools and alternative learning programs comply with the State Board's standards developed under G.S. 115C-12(24) and whether they incorporate best practices for improving student academic performance and reducing disruptive behavior, are staffed with professional public school employees who are well trained and provided with appropriate staff development, are organized to provide coordinated services, and provide students with high quality and rigorous academic instruction."

SECTION 7.13.(x) G.S. 115C-105.27(b)(2) reads as rewritten:

"(2) Shall include a plan to address school safety and discipline ~~concerns in accordance with the safe school plan developed under Article 8C of this Chapter;~~concerns."

SECTION 7.13.(y) G.S. 115C-105.46 reads as rewritten:

"**§ 115C-105.46. State Board of Education responsibilities.**

In order to implement this Article, the State Board of Education:

~~(1) Shall adopt guidelines for developing local plans under G.S. 115C-105.47.~~

~~(2) Shall provide, in cooperation with the Board of Governors of The University of North Carolina, ongoing technical assistance to the local school administrative units in the development, implementation, and evaluation of their local plans under G.S. 115C-105.47.~~

~~(3) May require a local board of education to withhold the salary of any administrator or other employee of a local school administrative unit who delays or refuses to prepare and implement local safe school plans in accordance with G.S. 115C-105.47.~~

~~(4) May revoke the certificate of the superintendent, pursuant to G.S. 115C-274(c), for failure to fulfill the superintendent's duties under a local safe school plan.~~

(5) Shall adopt policies that define who is an at-risk student."

SECTION 7.13.(z) G.S. 115C-105.47 is repealed.

SECTION 7.13.(aa) G.S. 115C-102.6C is repealed.

SECTION 7.13.(bb) G.S. 115C-102.6D(d) is repealed.

SECTION 7.13.(cc) G.S. 115C-102.7 reads as rewritten:

"**§ 115C-102.7. Monitoring and evaluation of State and local school system technology plans; reports.**

(a) The Department of Public Instruction shall monitor and evaluate the development and implementation of the State ~~and local school system technology plans.~~ technology plan. The evaluation shall consider the effects of technology on student learning, the effects of technology on students' workforce readiness, the effects of technology on teacher productivity, and the cost-effectiveness of the technology.

(a1) Repealed by Session Laws 1997-18, s. 15(k).

(b) Repealed by Session Laws 2009-451, s. 7.31, effective July 1, 2009.

~~(c) The Department of Public Instruction shall randomly check local school system technology plans to ensure that local school administrative units are implementing their plans as approved. The Department shall report to the State Board of Education on which local school administrative units are not complying with their plans. The report shall include the reasons these local school administrative units are out of compliance and a recommended plan of action to support each of these local school administrative units in carrying out their plans.~~"

SECTION 7.13.(dd) Section 7.61(b) of S.L. 2005-276, as rewritten by Section 7.22(d) of S.L. 2010-31, is repealed.

SECTION 7.13.(ee) G.S. 115C-105.41 is repealed.

SECTION 7.13.(ff) The State Board of Education shall not require more than five semester hours or seven and one-half units of renewal credits in order to renew a North Carolina Standard Professional 2 professional educator's license.

SCHOOL BUILDING ADMINISTRATION

SECTION 7.14.(a) A school with less than 100 students in final average daily membership is not entitled to 12 months of employment for a principal.

SECTION 7.14.(b) Local school administrative units may transfer funds for school building administration for any purpose, not otherwise prohibited by the State Board of Education's ABC transfer policy, by submitting an ABC Transfer Form to the Department of Public Instruction. For funds related to principal positions, the salary transferred shall be based on the first step of the principal III salary schedule. For funds related to assistant principal months of employment, the salary transferred shall be based on the first step of the assistant principal salary schedule. No local school administrative unit shall convert certified position allotments to dollars in order to hire the same type of position.

SECTION 7.14.(c) Subsection (a) of this section applies only to schools created after July 1, 2011.

ELIMINATION OF TEACHERS FOR GEOGRAPHICALLY ISOLATED SCHOOLS

SECTION 7.16. Section 7.26 of S.L. 2009-451 is repealed.

SCHOOL CALENDAR PILOT PROGRAM

SECTION 7.17. The State Board of Education shall establish a school calendar pilot program in the Wilkes County Schools, the Montgomery County Schools, and the Stanly County Schools. The purpose of the pilot program is to determine whether and to what extent a local school administrative unit can save money during this extreme fiscal crisis by consolidating the school calendar.

Notwithstanding G.S. 115C-84.2(a)(1), the school calendar for the 2011-2012 calendar year for the pilot school systems shall include a minimum of 185 days or 1,025 hours of instruction covering at least nine calendar months. Notwithstanding G.S. 115C-84.2(d), the opening date for students in pilot school systems may be before August 25.

If the local board of education in a pilot school system adds instructional hours to previously scheduled days under this section, the local school administrative unit is deemed to have a minimum of 185 days of instruction, and teachers employed for a 10-month term are deemed to have

been employed for the days being made up and shall be compensated as if they had worked the days being made up.

The State Board of Education shall report to the Joint Legislative Education Oversight Committee by March 15, 2012, on the administration of the pilot program, cost savings realized by it, and its impact on student achievement.

BUDGET REDUCTIONS/DEPARTMENT OF PUBLIC INSTRUCTION

SECTION 7.19.(a) Notwithstanding G.S. 143C-6-4 or Section 7.14 of S.L. 2009-451, the Department of Public Instruction may, after consultation with the Office of State Budget and Management and the Fiscal Research Division, reorganize if necessary to implement the budget reductions set out in this act. This consultation shall occur prior to requesting budgetary and personnel changes through the budget revision process. The Department shall provide a current organization chart in the consultation process. The Department shall report to the Joint Legislative Commission on Governmental Operations on any reorganization.

SECTION 7.19.(b) The Department of Public Instruction shall not increase the number of State-funded positions in any Department of Public Instruction divisions identified for reductions in this act.

SECTION 7.19.(c) In implementing budget reductions under this act, the Department of Public Instruction shall make no reduction in funding or positions for the Positive Behavioral Support program.

LEA BUDGET ADJUSTMENT

SECTION 7.20.(a) Within 14 days of the date this act becomes law, the State Board of Education shall notify each local school administrative unit and charter school of the amount the unit or charter school must reduce from the State General Fund appropriations. The State Board shall determine the amount of the reduction for each unit and charter school on the basis of average daily membership.

SECTION 7.20.(b) Each unit or charter school shall report to the Department of Public Instruction on the flexibility budget reductions it has identified for the unit within 30 days of the date this act becomes law.

LEA BUDGETARY FLEXIBILITY

SECTION 7.21.(a) For fiscal years 2011-2012 and 2012-2013, the State Board of Education is authorized to extend its emergency rules, in accordance with G.S. 150B-21.1A, granting maximum flexibility to local school administrative units regarding the expenditure of State funds. These rules shall not be subject to the limitations on transfers of funds between funding allotment categories set out in G.S. 115C-105.25. These rules shall not permit the transfer of funds into central office administration.

SECTION 7.21.(b) For fiscal years 2011-2012 and 2012-2013, local school administrative units shall make every effort to reduce spending whenever and wherever such budget reductions are appropriate with the goal of protecting direct classroom services, such as classroom teachers. In making reductions, local school administrative units shall first consider reductions to central office administration and other administrative functions. Notwithstanding G.S. 115C-301 or any other law, local school administrative units shall have the maximum flexibility to use allotted teacher positions to maximize student achievement in grades 4-12. Class size requirements in grades K-3 shall remain unchanged.

NORTH CAROLINA VIRTUAL PUBLIC SCHOOLS

SECTION 7.22.(a) The North Carolina Virtual Public School (NCVPS) program shall report to the State Board of Education and shall maintain an administrative office at the Department of Public Instruction.

SECTION 7.22.(b) The Director of NCVPS shall ensure that students residing in rural and low-wealth county local school administrative units have access to e-learning course offerings in order to expand available instructional opportunities. E-learning instructional opportunities shall include courses required as part of the standard course of study for high school graduation and AP offerings not otherwise available.

SECTION 7.22.(c) Section 7.4 of S.L. 2010-31 is repealed.

SECTION 7.22.(d) The State Board of Education shall take the following steps to implement an allotment formula for NCVPS beginning with the 2011-2012 school year:

(1) Project NCVPS student enrollment by semester and year-long course types for each local school administrative unit and charter school.

(2) Establish a per course teacher payment structure for the instructional costs of NCVPS. In establishing this payment structure, the Board shall consider the following:

a. The payment structure is based on a total compensation analysis to ensure NCVPS teacher pay has parity with similar programs. The total compensation analysis shall take into account salaries, benefits, and work effort to ensure valid comparisons between occupations.

b. The effects any change in NCVPS teacher payments may have on the attraction and retention of NCVPS teachers.

(3) Develop a per student fee structure for in-State students that is based on the per course teacher pay structure. The fee structure for in-State students shall ensure that the projected cost for local school administrative units and charter schools equals the projected instructional cost for NCVPS courses.

(4) Multiply the per course fees for in-State students by the projected enrollment by course type to determine the total instructional cost for each local school administrative unit and charter school.

(5) Transfer a dollar amount equal to seventy-five percent (75%) of the local school administrative unit's or charter school's projected instructional cost from the classroom teacher allotment to NCVPS.

(6) No later than February 21 of each year, calculate the actual instructional cost for each local school administrative unit and charter school based upon actual NCVPS enrollment as of that date.

(7) Subtract the amount transferred pursuant to subdivision (5) of this subsection from the actual instructional cost for each unit or charter school and transfer the remaining dollar amount owed, up to a maximum of one hundred percent (100%) of the projected cost.

(8) Develop and implement a policy regarding returning funds to local school administrative units and charter schools in cases where the amount transferred pursuant to subdivision (5) of this subsection exceeds the actual instructional costs.

NCVPS shall use funds transferred to it to provide the NCVPS program at no cost to all students in North Carolina who are enrolled in North Carolina's public schools, Department of Defense schools, and schools operated by the Bureau of Indian Affairs.

SECTION 7.22.(e) In establishing the fee structure and payment structure for NCVPS, the State Board shall consider recommendations from the eLearning Commission and the NCVPS Advisory Board.

SECTION 7.22.(f) The State Board shall establish a separate per student tuition for out-of-state students, home-schooled students, and private school students, which shall be adjusted

upward from the in-State student fee structure by an amount determined appropriate by the State Board.

SECTION 7.22.(g) NCVPS shall develop a revenue-generating plan for the sale of courses to out-of-state educational entities. NCVPS shall submit its plan to the State Board by September 1, 2011.

SECTION 7.22.(h) Beginning in 2011, the Director of NCVPS shall submit an annual report on NCVPS to the State Board of Education no later than December 1 of each year. The report shall use data from the previous fiscal year and shall include statistics on actual versus projected costs to local school administrative units and charter schools, student enrollment, virtual teacher salaries, and measures of academic achievement.

The Director of NCVPS shall continue to ensure the following:

(1) Course quality standards are established and met.

(2) All e-learning opportunities other than virtual charter schools offered by State-funded entities to public school students are consolidated under the NCVPS program, eliminating course duplication.

(3) All courses offered through NCVPS are aligned to the North Carolina Standard Course of Study.

SECTION 7.22.(i) The State Board of Education shall reduce each local school administrative unit's or charter school's classroom teacher allotment, or other allotment, as determined by the State Board of Education, on the basis of ADM in grades 6-12 to provide the sum of two million eight hundred sixty-six thousand nine hundred twenty-three dollars ($2,866,923) for the State-level operations and administration of NCVPS for the 2011-2012 fiscal year. The allotment reduction for State-level operations and administration shall continue in future fiscal years and be adjusted annually based upon the percentage growth in NCVPS enrollment, ensuring the expansion of services due to increased virtual student enrollment.

SECTION 7.22.(j) For fiscal year 2011-2012, the State Board of Education shall reduce each local school administrative unit's or charter school's classroom teacher allotment, or other allotment, as determined by the State Board of Education, on the basis of ADM in grades 6-12 to provide the sum of two million dollars ($2,000,000) in order to create an NCVPS enrollment reserve. The NCVPS enrollment reserve shall be used to cover the NCVPS instructional costs of local school administrative units or charter schools with enrollments exceeding projected NCVPS enrollment.

Beginning in fiscal year 2012-2013, and annually thereafter, the State Board of Education shall reduce each local school administrative unit's or charter school's classroom teacher allotment, or other allotment, as determined by the State Board of Education, on the basis of ADM in grades 6-12 an amount that is the difference between two million dollars ($2,000,000) and the balance of the NCVPS enrollment reserve.

Amounts available in the NCVPS enrollment reserve shall not revert.

SECTION 7.22.(k) The State Board shall use only funds provided through the North Carolina Virtual Public Schools Allotment Formula and the NCVPS enrollment reserve as set forth in this section to fund instructional costs of NCVPS.

PERFORMANCE-BASED REDUCTIONS IN FORCE

SECTION 7.23.(a) Local school administrative units shall adopt a Reduction in Force policy that includes the following criteria:

(1) In determining which positions shall be subject to a reduction in force, a local school administrative unit shall consider the following:

a. Structural considerations, such as identifying positions, departments, courses, programs, operations, and other areas where there are (i) less essential, duplicative, or excess personnel; (ii) job responsibility and/or position inefficiencies; (iii) opportunities for combined work functions;

and/or (iv) decreased student or other demands for curriculum, programs, operations, or other services.

b. Organizational considerations, such as anticipated organizational needs of the school system and program/school enrollment.

(2) In determining which employees in similar positions shall be subject to a reduction in force, a local school administrative unit shall consider work performance.

Each local school administrative unit shall have this policy in place on or before July 15, 2011.

SECTION 7.23.(b) G.S. 115C-325(e)(2) reads as rewritten:

"(2) Reduction in Force. – Before recommending to a board the dismissal or demotion of the career employee pursuant to G.S. 115C-325(e)(1)l., the superintendent shall give written notice to the career employee by certified mail or personal delivery of his intention to make such recommendation and shall set forth as part of his recommendation the grounds upon which he believes such dismissal or demotion is justified. The notice shall include a statement to the effect that if the career employee within 15 days after receipt of the notice requests a review, he shall be entitled to have the proposed recommendations of the superintendent reviewed by the board. Within the 15-day period after receipt of the notice, the career employee may file with the superintendent a written request for a hearing before the board within 10 days. If the career employee requests a hearing before the board, the hearing procedures provided in G.S. 115C-325(j3) shall be followed. If no request is made within the 15-day period, the superintendent may file his recommendation with the board. If, after considering the recommendation of the superintendent and the evidence adduced at the hearing if there is one, the board concludes that the grounds for the recommendation are true and substantiated by a preponderance of the evidence, the board, if it sees fit, may by resolution order such dismissal. Provisions of this section which permit a hearing by a case manager shall not apply to a dismissal or demotion recommended pursuant to G.S. 115C-325(e)(1)l.

When a career employee is dismissed pursuant to G.S. 115C-325(e)(1)l. above, his name shall be placed on a list of available career employees to be maintained by the board. ~~Career employees whose names are placed on such a list shall have a priority on all positions in which they acquired career status and for which they are qualified which become available in that system for the three consecutive years succeeding their dismissal. However, if the local school administrative unit offers the dismissed career employee a position for which he is certified and he refuses it, his name shall be removed from the priority list.~~"

TEACHING FELLOWS ADMINISTRATIVE REDUCTION

SECTION 7.24. G.S. 115C-363.23A(f) reads as rewritten:

"**§ 115C-363.23A. Teaching Fellows Program established; administration.**

...

(f) All funds appropriated to or otherwise received by the Teaching Fellows Program for scholarships, all funds received as repayment of scholarship loans, and all interest earned on these funds, shall be placed in a revolving fund. This revolving fund shall be used for scholarship loans granted under the Teaching Fellows Program. With the prior approval of the General Assembly in the Current Operations Appropriations Act, the revolving fund may also be used for campus and summer program support, and costs related to disbursement of awards and collection of loan repayments.

The Public School Forum, as administrator for the Teaching Fellows Program, may use up to ~~eight hundred ten thousand dollars ($810,000)~~six hundred thousand dollars ($600,000) annually from the fund balance for costs associated with administration of the Teaching Fellows Program."

RESIDENTIAL SCHOOLS

SECTION 7.25.(a) The General Assembly finds that the operation of the Eastern North Carolina School for the Deaf, the Governor Morehead School for the Blind, and the North Carolina School for the Deaf (collectively, the "residential schools") no longer meets the needs of the populations they serve in an efficient and effective manner, and that current levels of utilization of the residential schools can be accommodated with two schools. No later than January 15, 2012, the Department shall report to the Joint Legislative Education Oversight Committee of the General Assembly the residential school it has decided to close and the Department's plan for consolidating the programs with those at the two remaining schools. The Department shall base its choice of the residential school to be closed on the following considerations:

(1) Minimization of impact on services to deaf and blind students currently served by the residential schools.

(2) Minimization of costs of modifications at the two remaining residential schools to accommodate students from the closed school.

(3) Maximization of funds generated or net savings to the State from costs avoided due to the closure of one residential school and the sale or transfer to other State agencies of the school campus and other physical assets.

Effective July 1, 2012, the Department of Public Instruction shall carry out the closure and consolidation described in its report.

SECTION 7.25.(b) The Department of Public Instruction shall ensure that the residential and instructional schedules for the residential schools that were in effect before February 8, 2010, shall remain in effect unless the General Assembly approves a material change to the instructional week. Residential students shall have the opportunity to arrive at their respective schools on the evening of the day before commencement of academic instruction for the week. The Department shall also maintain summer school programming at the residential schools in substantially the same manner as in prior years and shall make no material changes to summer school programming without the approval of the General Assembly.

SECTION 7.25.(c) The Department of Public Instruction may create a principal position at each residential school not currently assigned a principal position from funds appropriated in this act for the residential schools.

SECTION 7.25.(d) The position of superintendent for the residential schools within the Department of Public Instruction is eliminated. The Department shall designate one of the directors of the residential schools to serve as the superintendent for the residential schools. Of funds previously appropriated to the Department for the position of superintendent for the residential schools, the sum of twenty thousand dollars ($20,000) shall be used to supplement the salary of the director who also serves as superintendent of residential schools. The remaining funds shall be used to offset other reductions to the residential schools made in this act.

SECTION 7.25.(e) G.S. 115C-325(p) reads as rewritten:

"(p) Section Applicable to Certain Institutions. – Notwithstanding any law or regulation to the contrary, this section shall apply to all persons employed in teaching and related educational classes in the schools and institutions of the Departments of Health and Human Services, Public Instruction, Correction, or Juvenile Justice and Delinquency Prevention regardless of the age of the students."

DEPARTMENT OF PUBLIC INSTRUCTION RECEIPTS

SECTION 7.27. Notwithstanding G.S. 143C-6-4(b)(3), the Department of Public Instruction may realign receipts among the following General Fund purpose codes on a recurring basis through the budget certification process for the sole purpose of correctly aligning the certified budget with the appropriate purpose or programs as defined in G.S. 143C-1-1(d)(23): 1000, 1100, 1300, 1330, 1430, 1500, 1600, 1640, and 1660.

SCHOOL BUS PURCHASES

SECTION 7.28.(a) G.S. 115C-249 reads as rewritten:

"**§ 115C-249. Purchase and maintenance of school buses, materials and supplies.**

...

~~(c) Any funds appropriated from time to time by the General Assembly for the purchase of school buses or service vehicles shall be allocated by the State Board of Education to the respective local boards of education in accordance with the requirements of such boards as determined by the State Board of Education, and thereupon shall be paid over to the respective local boards of education in accordance with such allocation.~~

(d) The title to any ~~additional or replacement~~ school bus or service vehicle purchased pursuant to the provisions of this section, shall be taken in the name of the board of education of such local school administrative unit, and such bus shall in all respects be maintained and operated pursuant to the provisions of this ~~Article in the same manner as any other public school bus.~~Article.

(e) It shall be the duty of the county board of education to provide adequate buildings and equipment for the storage and maintenance of all school buses and service vehicles owned or operated by the board of education of any local school administrative unit in such county. It shall be the duty of the tax-levying authorities of such county to provide in its capital outlay budget for the construction or acquisition of such buildings and equipment as may be required for this purpose.

~~(f) In the event of the damage or destruction of any school bus or service vehicle by fire, collision, or otherwise, the board of education of the local school administrative unit which shall own or operate such bus or service vehicle may apply to the State Board of Education for funds with which to replace it. If the State Board of Education finds that such bus or service vehicle has been destroyed or damaged to the extent that it cannot be made suitable for further use, and if the State Board of Education finds that the replacement of such bus or service vehicle is necessary in order to enable such local school administrative unit to operate properly its school bus transportation system, the State Board of Education shall allot to the board of education of such local school administrative unit from the funds now held by the State Board of Education for the replacement of school buses or service vehicles, or from funds hereafter appropriated by the General Assembly for that purpose, a sum sufficient to purchase a new school bus or service vehicle to be used as a replacement for such damaged or destroyed bus or service vehicle and upon such allocation such sum shall be paid over to or for the account of the board of education of such local school administrative unit for such purpose.~~

(g) Repealed by Session Laws 2003-147, s. 3, effective for a local school administrative unit when the unit is certified as being E-Procurement compliant, or April 1, 2004, whichever occurs first.

~~(h) Appropriations by the General Assembly for the purchase of public school buses shall not revert to the General Fund. Any unexpended portion of those appropriations shall at the end of each fiscal year be transferred to a reserve account and be held, together with any other funds appropriated for the purpose, for the purchase of public school buses.~~"

SECTION 7.28.(b) G.S. 115C-426(f)(4) reads as rewritten:

"(f) The capital outlay fund shall include appropriations for:

...

(4) The acquisition of school ~~buses as additions to the fleet.~~buses.

...."

SECTION 7.28.(c) During the 2011-2012 fiscal year, local boards of education shall use allotments for replacement school buses only for purchases during that fiscal year or for 2011-2012 fiscal year payments for purchase financing contracts entered into during prior years, and shall not use the funds to enter into a purchase financing contract that will require State funding in future fiscal years.

SECTION 7.28.(d) Subsections (a) and (b) of this section take effect July 1, 2012.

INCREASE NUMBER OF INSTRUCTIONAL DAYS

SECTION 7.29. G.S. 115C-84.2 reads as rewritten:

"§ 115C-84.2. School calendar.

(a) School Calendar. – Each local board of education shall adopt a school calendar consisting of 215 days all of which shall fall within the fiscal year. A school calendar shall include the following:

(1) **(See notes)** A minimum of ~~180~~ 185 days and ~~1,000~~ 1,025 hours of instruction covering at least nine calendar months. The local board shall designate when the ~~180~~185 instructional days shall occur. The number of instructional hours in an instructional day may vary according to local board policy and does not have to be uniform among the schools in the administrative unit. Local boards may approve school improvement plans that include days with varying amounts of instructional time. If school is closed early due to inclement weather, the day and the scheduled amount of instructional hours may count towards the required minimum to the extent allowed by State Board policy. The school calendar shall include a plan for making up days and instructional hours missed when schools are not opened due to inclement weather.

(1a) Repealed by Session Laws 2004-180, s. 1, effective August 9, 2004.

(2) A minimum of 10 annual vacation leave days.

(3) The same or an equivalent number of legal holidays occurring within the school calendar as those designated by the State Personnel Commission for State employees.

~~(4) Five days, as designated by the local board, for use as teacher workdays. These days shall be protected to allow teachers to complete instructional and classroom administrative duties. The local school administrative unit shall not impose any additional tasks on these days. The local board shall schedule one of these days at the beginning of the school year and one at the end of each academic quarter.~~

(5) The remaining days scheduled by the local board in consultation with each school's principal for use as teacher workdays, additional instructional days, or other lawful purposes. Before consulting with the local board, each principal shall work with the school improvement team to determine the days to be scheduled and the purposes for which they should be scheduled. Days may be scheduled and planned for different purposes for different personnel and there is no requirement to schedule the same dates for all personnel. In order to make up days for school closing because of inclement weather, the local board may designate any of the days in this subdivision as additional make-up days to be scheduled after the last day of student attendance.

Local boards and individual schools are encouraged to use the calendar flexibility in order to meet the annual performance standards set by the State Board. Local boards of education shall consult with parents and the employed public school personnel in the development of the school calendar.

Local boards shall designate at least ~~seven~~ two days scheduled under ~~subdivisions (4) and~~ subdivision (5) of this subsection as days on which teachers may take accumulated vacation leave. Local boards may designate the remaining days scheduled in ~~subdivisions (4) and~~ subdivision (5) of this subsection as days on which teachers may take accumulated vacation leave, but local boards shall give teachers at least 14 calendar days' notice before requiring a teacher to work instead of taking vacation leave on any of these days. A teacher may elect to waive this notice requirement for one or more of these days.

(b) Limitations. – The following limitations apply when developing the school calendar:

(1) The total number of teacher workdays for teachers employed for a 10 month term shall not exceed 195 days.

(2) The calendar shall include at least 42 consecutive days when teacher attendance is not required unless: (i) the school is a year-round school; or (ii) the teacher is employed for a term in excess of 10 months. At the request of the local board of education or of the principal of a school, a teacher may elect to work on one of the 42 days when teacher attendance is not required in lieu of another scheduled workday.

(3) School shall not be held on Sundays.

(4) Veterans Day shall be a holiday for all public school personnel and for all students enrolled in the public schools.

(c) Emergency Conditions. – During any period of emergency in any section of the State where emergency conditions make it necessary, the State Board of Education may order general, and if necessary, extended recesses or adjournment of the public schools.

(d) Opening and Closing Dates. – Local boards of education shall determine the dates of opening and closing the public schools under subdivision (a)(1) of this section. Except for year-round schools, the opening date for students shall not be before August 25, and the closing date for students shall not be after June 10. On a showing of good cause, the State Board of Education may waive this requirement to the extent that school calendars are able to provide sufficient days to accommodate anticipated makeup days due to school closings. A local board may revise the scheduled closing date if necessary in order to comply with the minimum requirements for instructional days or instructional time. For purposes of this subsection, the term "good cause" means either that:

(1) schools in any local school administrative unit in a county have been closed eight days per year during any four of the last 10 years because of severe weather conditions, energy shortages, power failures, or other emergency situations; or

(2) schools in any local school administrative unit in a county have been closed for all or part of eight days per year during any four of the last 10 years because of severe weather conditions. For purposes of this subdivision, a school shall be deemed to be closed for part of a day if it is closed for two or more hours.

The State Board also may waive this requirement for an educational purpose. The term "educational purpose" means a local school administrative unit establishes a need to adopt a different calendar for (i) a specific school to accommodate a special program offered generally to the student body of that school, (ii) a school that primarily serves a special population of students, or (iii) a defined program within a school. The State Board may grant the waiver for an educational purpose for that specific school or defined program to the extent that the State Board finds that the educational purpose is reasonable, the accommodation is necessary to accomplish the educational purpose, and the request is not an attempt to circumvent the opening and closing dates set forth in this subsection. The waiver requests for educational purposes shall not be used to accommodate system-wide class scheduling preferences.

The required opening and closing dates under this subsection shall not apply to any school that a local board designated as having a modified calendar for the 2003-2004 school year or to any school that was part of a planned program in the 2003-2004 school year for a system of modified calendar schools, so long as the school operates under a modified calendar.

(e) Nothing in this section prohibits a local board of education from offering supplemental or additional educational programs or activities outside the calendar adopted under this section."

TESTING PROGRAM

SECTION 7.30.(a) G.S. 115C-174.11 reads as rewritten:

"§ 115C-174.11. Components of the testing program.

(a) Assessment Instruments for First and Second Grades. – The State Board of Education shall adopt and provide to the local school administrative units developmentally appropriate individualized assessment instruments consistent with the Basic Education Program for the first and second grades,

rather than standardized tests. Local school administrative units may use these assessment instruments provided to them by the State Board for first and second grade students, and shall not use standardized tests except as required as a condition of receiving federal grants.

(b) Repealed by Session Laws 2009-451, s. 7.20(c), effective July 1, 2009.

(c) Annual Testing Program.

(1) The State Board of Education shall adopt the tests for grades three through 12 that are required by federal law or as a condition of a federal grant. These tests shall be designed to measure progress toward reading, communication skills, and mathematics for grades three through eight, and toward competencies for grades nine through 12. Students who do not pass the tests adopted for eighth grade shall be provided remedial instruction in the ninth grade.

(2) If the State Board of Education finds that additional testing in grades three through 12 is desirable to allow comparisons with national indicators of student achievement, that testing shall be conducted with the smallest size sample of students necessary to assure valid comparisons with other states.

(3) The State Board of Education shall continue to participate in the development of the Common Core State Standards in conjunction with the consortium of other states, review all national assessments developed by both multistate consortia, and implement the assessments that the State Board deems most appropriate to assess student achievement on the Common Core State Standards.

(4) To the extent funds are made available, the State Board shall plan for and require the administration of the ACT test for all students in the eleventh grade unless the student has already taken a comparable test and scored at or above a level set by the State Board.

(d) Except as provided in ~~subdivision (2) of~~ subsection (c) of this section, the State Board of Education shall not require the public schools to administer any standardized tests except for those required by federal law or as a condition of a federal grant.

The State Board of Education shall adopt and provide to local school administrative units all tests required by federal law or as a condition of a federal grant."

SECTION 7.30.(b) Article 10A of Chapter 115C of the General Statutes is amended by adding two new Parts to read:

"Part 4. Student Diagnostic Tests.

"**§ 115C-174.20. Tools for student learning.**

To the extent funds are made available for this purpose, the State Board shall plan for and require the administration of diagnostic tests in the eighth and tenth grades that align to the ACT test in order to help diagnose student learning and provide for students an indication of whether they are on track to be remediation-free at a community college or university.

"Part 5. Career Readiness.

"**§ 115C-174.25. WorkKeys.**

To the extent funds are made available for this purpose, the State Board shall plan for and require local school administrative units to make available the appropriate WorkKeys tests for all students who complete the second level of vocational/career courses."

SECTION 7.30.(c) This section applies beginning with the 2011-2012 school year.

PART IX. UNIVERSITIES

NEED-BASED SCHOLARSHIPS FOR STUDENTS ATTENDING PRIVATE INSTITUTIONS OF HIGHER EDUCATION

SECTION 9.18.(a) Chapter 116 of the General Statutes is amended by adding a new Article to read:

"Article 34.

"Need-Based Scholarships for Students Attending Private Institutions of Higher Education.

"**§ 116-80. Definitions.**

The following definitions apply to this Article:

(1) Academic year. – A period of time in which a student is expected to complete the equivalent of at least two semesters' or three quarters' academic work.

(2) Authority. – The State Education Assistance Authority created by Article 23 of Chapter 116 of the General Statutes.

(3) Eligible private postsecondary institution. – A school that is any of the following:

a. A nonprofit postsecondary educational institution with a main permanent campus located in this State that is not owned or operated by the State of North Carolina or by an agency or political subdivision of the State or by any combination thereof that satisfies all of the following:

1. Is accredited by the Southern Association of Colleges and Schools under the standards of the College Delegate Assembly of the Association or by the New England Association of Schools and Colleges through its Commission on Institutions of Higher Education.

2. Awards a postsecondary degree as defined in G.S. 116-15.

b. A postsecondary institution owned or operated by a hospital authority as defined in G.S. 131E-16(14) or school of nursing affiliated with a nonprofit postsecondary educational institution as defined in sub-subdivision a. of this subsection.

(4) Main permanent campus. – A campus owned by the eligible private postsecondary institution that provides permanent on-premises housing, food services, and classrooms with full-time faculty members and administration that engages in postsecondary degree activity as defined in G.S. 116-15.

(5) Matriculated status. – Being recognized as a student in a defined program of study leading to a degree, diploma, or certificate at an eligible private postsecondary institution.

(6) Scholarship. – A scholarship for education awarded under this Article.

(7) Title IV. – Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. § 1070, et seq.

"**§ 116-81. Eligibility requirements for scholarships.**

In order to be eligible to receive a scholarship under this Article, a student seeking a degree, diploma, or certificate at an eligible private postsecondary institution must meet all of the following requirements:

(1) Only needy North Carolina students are eligible to receive scholarships. For purposes of this subsection, "needy North Carolina students" are those eligible students whose expected family contribution under the federal methodology does not exceed five thousand dollars ($5,000).

(2) The student must meet all other eligibility requirements for the federal Pell Grant, with the exception of the expected family contribution.

(3) The student must qualify as a legal resident of North Carolina and as a resident for tuition purposes in accordance with definitions of residency that may from time to time be adopted by the Board of Governors and published in the residency manual of the Board of Governors.

(4) The student must meet enrollment standards by being admitted, enrolled, and classified as an undergraduate student in a matriculated status at an eligible private postsecondary institution.

(5) In order to continue to be eligible for a scholarship for the student's second and subsequent academic years, the student must meet achievement standards by maintaining satisfactory academic progress in a course of study in accordance with the standards and practices used for federal Title IV programs by the eligible private postsecondary institution in which the student is enrolled.

(6) A student shall not receive a scholarship under this Article for more than four full academic years.

"**§ 116-82. Scholarship amounts; amounts dependent on availability of funds.**

(a) Subject to the sum appropriated by the General Assembly for an academic year to be awarded as scholarships under this Article, a scholarship awarded under this Article to a student at an eligible private postsecondary institution shall be based upon the enrollment status and expected family contribution of the student and shall not exceed four thousand dollars ($4,000) per academic year, including any federal Pell Grant, to be used for the costs of attendance as defined for federal Title IV programs.

(b) Subject to the maximum amounts provided in this section, the Authority shall have the power to determine the actual scholarship amounts disbursed to students in any given year based on the sum appropriated for purposes of this Article by the General Assembly for that academic year and any unexpended funds that may be available pursuant to G.S. 116-83. If the sum appropriated is not sufficient to fully fund the scholarships to the maximum amount, all scholarships shall be reduced equally, to the extent practicable, so that every eligible applicant shall receive a proportionate scholarship amount.

(c) The minimum award of a scholarship under this Article shall be one hundred dollars ($100.00).

"**§ 116-83. Administration; unexpended scholarship funds do not revert.**

(a) The scholarships provided for in this Article shall be administered by the Authority under rules adopted by the Authority in accordance with the provisions of this Article.

(b) The Authority may use up to one and one-half percent (1.5%) of the funds appropriated for scholarships under this Article for administrative purposes.

(c) Scholarship funds unexpended shall remain available for future scholarships to be awarded under this Article."

SECTION 9.18.(b) G.S. 115C-499.1(3) reads as rewritten:

"**§ 115C-499.1. Definitions.**

The following definitions apply to this Article:

...

(3) Eligible postsecondary institution. – A school that is:

a. A constituent institution of The University of North Carolina as defined in G.S. 116-2(4); or

b. A community college as defined in ~~G.S. 115D-2(2);~~G.S. 115D-2(2).

~~c. A nonprofit postsecondary institution as defined in G.S. 116-22(1) or G.S. 116-43.5(a)(1); or~~

~~d. A postsecondary institution owned or operated by a hospital authority as defined in G.S. 131E-16(14) or school of nursing affiliated with a nonprofit postsecondary institution as defined in G.S. 116-22(1).~~

…."

SECTION 9.18.(c) G.S. 116-19, 116-20, 116-21, 116-21.1, 116-21.2, 116-21.3, 116-21.4, 116-22, and 116-43.5 are repealed.

SECTION 9.18.(d) The State Education Assistance Authority shall report no later than June 1, 2013, to the Joint Legislative Education Oversight Committee regarding the implementation of this section. The report shall contain, for the 2012-2013 academic year, the amount of scholarship and grant money disbursed, the number of students eligible for the funds, the number of eligible students receiving the funds, and a breakdown of the eligible private postsecondary institutions that received the funds.

SECTION 9.18.(e) G.S. 90-332.1(a)(4a) reads as rewritten:

"(a) It is not the intent of this Article to regulate members of other regulated professions who do counseling in the normal course of the practice of their profession. Accordingly, this Article does not apply to:

…

(4a) Any person counseling within the scope of employment at: (i) a local community college as defined in G.S. 115D-2(2); (ii) a public higher education institution as defined in G.S. 116-2(4); or (iii) ~~a private higher education institution as defined in G.S. 116-22(1).~~ a nonprofit postsecondary educational institution as described in G.S. 116-80 that is not a seminary, Bible school, Bible college, or similar religious institution."

SECTION 9.18.(f) G.S. 105-278.4(a) reads as rewritten:

"(a) Buildings. – Buildings, the land they actually occupy, and additional land reasonably necessary for the convenient use of any such building shall be exempted from taxation if all of the following requirements are met:

(1) Owned by either of the following:

a. An educational institution; or

b. A nonprofit entity for the sole benefit of a constituent or affiliated institution of The University of North Carolina, ~~an institution as defined in G.S. 116-22,~~ a nonprofit postsecondary educational institution as described in G.S. 116-80 that is not a seminary, Bible school, Bible college, or similar religious institution, a North Carolina community college, or a combination of these;

…."

SECTION 9.18.(g) G.S. 116-11(10a) reads as rewritten:

"(10a) The Board of Governors, the State Board of Community Colleges, and the State Board of Education, in consultation with ~~private higher education institutions defined in G.S. 116-22(1),~~ nonprofit postsecondary educational institutions shall plan a system to provide an exchange of information among the public schools and institutions of higher education to be implemented no later than June 30, 1995. As used in this section, "institutions of higher education" shall ~~mean~~ mean (i) public higher education institutions defined in G.S. 116-143.1(a)(3), and ~~those private higher education institutions defined in G.S. 116-22(1)~~ (ii) those nonprofit postsecondary educational institutions as described in G.S. 116-80 that are not seminaries, Bible schools, Bible colleges, or similar religious institutions and that choose to participate in the information exchange. The information shall include:

a. The number of high school graduates who apply to, are admitted to, and enroll in institutions of higher education;

b. College performance of high school graduates for the year immediately following high school graduation including each student's: need for remedial coursework at the institution of higher education that the student attends;

performance in standard freshmen courses; and continued enrollment in a subsequent year in the same or another institution of higher education in the State;

c. The progress of students from one institution of higher education to another; and

d. Consistent and uniform public school course information including course code, name, and description.

The Department of Public Instruction shall generate and the local school administrative units shall use standardized transcripts in an automated format for applicants to higher education institutions. The standardized transcript shall include grade point average, class rank, end-of-course test scores, and uniform course information including course code, name, units earned toward graduation, and credits earned for admission from an institution of higher education. The grade point average and class rank shall be calculated by a standard method to be devised by the institutions of higher education.

The Board of Governors shall coordinate a joint progress report on the implementation of the system to provide an exchange of information among the public and independent colleges and universities, the community colleges, and the public schools. The report shall be made to the Joint Legislative Education Oversight Committee no later than February 15, 1993, and annually thereafter."

SECTION 9.18.(h) G.S. 143-49(6) reads as rewritten:

"(6) To make available to nonprofit corporations operating charitable hospitals, to local nonprofit community sheltered workshops or centers that meet standards established by the Division of Vocational Rehabilitation of the Department of Health and Human Services, to private nonprofit agencies licensed or approved by the Department of Health and Human Services as child placing agencies, residential child-care facilities, private nonprofit rural, community, and migrant health centers designated by the Office of Rural Health and Resource Development, to private higher education institutions that are ~~defined as "institutions" in G.S. 116-22(1),~~ described as nonprofit postsecondary educational institutions in G.S. 116-80 that are not seminaries, Bible schools, Bible colleges, or similar religious institutions and to counties, cities, towns, local school administrative units, governmental entities and other subdivisions of the State and public agencies thereof in the expenditure of public funds, the services of the Department of Administration in the purchase of materials, supplies and equipment under such rules, regulations and procedures as the Secretary of Administration may adopt. In adopting rules and regulations any or all provisions of this Article may be made applicable to such purchases and contracts made through the Department of Administration, and in addition the rules and regulations shall contain a requirement that payment for all such purchases be made in accordance with the terms of the contract."

SECTION 9.18.(i) Subsections (a), (d), and (i) of this section become effective July 1, 2011. Article 34 of Chapter 116 of the General Statutes, as enacted by subsection (a) of this section, applies to the 2012-2013 academic year and each subsequent academic year, except that the rule-making authority for the State Education Assistance Authority under G.S. 116-83(a) becomes effective immediately on July 1, 2011. Subsections (b), (c), (e), (f), (g), and (h) of this section become effective July 1, 2012.

PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES

CONSOLIDATE MORE AT FOUR PROGRAM INTO DIVISION OF CHILD DEVELOPMENT

SECTION 10.7.(a) The Department of Public Instruction, Office of Early Learning, and the Department of Health and Human Services are directed to consolidate the More At Four program into the Division of Child Development. The Division of Child Development is renamed the Division of Child Development and Early Education (DCDEE). The DCDEE is directed to maintain the More At Four program's high programmatic standards. The Department of Health and Human Services shall assume the functions of the regulation and monitoring system and payment and reimbursement system for the More At Four program.

All regulation and monitoring functions shall begin July 1, 2011. The More At Four program shall be designated as "prekindergarten" on the five-star rating scale. All references to "prekindergarten" in this section shall refer to the program previously titled the "More At Four" program. All references to "non-prekindergarten" shall refer to all four- and five-star rated facilities.

The Office of State Budget and Management shall transfer positions to the Department of Health and Human Services to assume the regulation, monitoring, and accounting functions within the Division of Child Development's Regulatory Services Section. This transfer shall have all the elements of a Type I transfer as defined in G.S. 143A-6. All funds transferred pursuant to this section shall be used for the funding of prekindergarten slots for four-year-olds and for the management of the program. The Department of Health and Human Services shall incorporate eight consultant positions into the regulation and accounting sections of DCDEE, eliminate the remaining positions, and use position elimination savings for the purpose of funding prekindergarten students. DCDEE may use funds from the transfer of the More At Four program for continuing the teacher mentoring program and contracting for the environmental rating scale assessments.

SECTION 10.7.(b) The Childcare Commission shall adopt rules for programmatic standards for regulation of prekindergarten classrooms. The Commission shall review and approve comprehensive, evidenced-based early childhood curricula with a reading component. These curricula shall be added to the currently approved "More At Four" curricula.

SECTION 10.7.(c) G.S. 143B-168.4(a) reads as rewritten:

"(a) The Child Care Commission of the Department of Health and Human Services shall consist of ~~15~~ 17 members. Seven of the members shall be appointed by the Governor and ~~eight~~ 10 by the General Assembly, ~~four~~ five upon the recommendation of the President Pro Tempore of the Senate, and ~~four~~ five upon the recommendation of the Speaker of the House of Representatives. Four of the members appointed by the Governor, two by the General Assembly on the recommendation of the President Pro Tempore of the Senate, and two by the General Assembly on the recommendation of the Speaker of the House of Representatives, shall be members of the public who are not employed in, or providing, child care and who have no financial interest in a child care facility. Two of the foregoing public members appointed by the Governor, one of the foregoing public members recommended by the President Pro Tempore of the Senate, and one of the foregoing public members recommended by the Speaker of the House of Representatives shall be parents of children receiving child care services. Of the remaining two public members appointed by the Governor, one shall be a pediatrician currently licensed to practice in North Carolina. Three of the members appointed by the Governor shall be child care providers, one of whom shall be affiliated with a for profit child care center, one of whom shall be affiliated with a for profit family child care home, and one of whom shall be affiliated with a nonprofit facility. Two of the members appointed by the General Assembly on the recommendation of the President Pro Tempore of the Senate, and two by the General Assembly on recommendation of the Speaker of the House of Representatives, shall be child care providers, one affiliated with a for profit child care facility, and one affiliated with a nonprofit child care facility. The General Assembly, upon the recommendation of the President Pro Tempore of the Senate, and the General Assembly, upon the

recommendation of the Speaker of the House of Representatives, shall appoint two early childhood education specialists. None may be employees of the State."

SECTION 10.7.(d) The additional curricula approved and taught in prekindergarten classrooms shall also be taught in four- and five-star rated facilities in the non-prekindergarten four-year-old classrooms. The Child Care Commission shall increase standards in the four- and five-star-rated facilities for the purpose of placing an emphasis on early reading. The Commission shall require the four- and five-star-rated facilities to teach from the Commission's approved curricula. The Division of Child Development may use funds from the Child Care Development Fund Block Grant to assist with the purchase of curricula or adjust rates of reimbursements to cover increased costs.

SECTION 10.7.(e) The Division of Child Development and Early Education shall adopt a policy to encourage all prekindergarten classrooms to blend private pay families with prekindergarten subsidized children in the same manner that regular subsidy children are blended with private pay children. The Division may implement a waiver or transition period for the public classrooms.

SECTION 10.7.(f) The prekindergarten program may continue to serve at-risk children identified through the existing "child find" methods in which at-risk children are currently served within the Division of Child Development. The Division of Child Development shall serve at-risk children regardless of income. However, the total number of at-risk children served shall constitute no more than twenty percent (20%) of the four-year-olds served within the prekindergarten program. Any age-eligible child who is a child of either of the following shall be eligible for the program: (i) an active duty member of the Armed Forces of the United States, including the North Carolina National Guard, State military forces, or a reserve component of the Armed Forces, who was ordered to active duty by the proper authority within the last 18 months or is expected to be ordered within the next 18 months or (ii) a member of the Armed Forces of the United States, including the North Carolina National Guard, State military forces, or a reserve component of the Armed Forces, who was injured or killed while serving on active duty. Eligibility determinations for prekindergarten participants may continue through local education agencies and local North Carolina Partnership for Children, Inc., partnerships.

SECTION 10.7.(g) The Division of Child Development and Early Education (DCDEE) shall adopt policies that improve the quality of childcare for subsidized children. The DCDEE shall phase in a new policy in which child care subsidies will be paid, to the extent possible, for child care in the higher quality centers and homes only. The DCDEE shall define higher quality, and subsidy funds shall not be paid for one- or two-star-rated facilities. For those counties with an inadequate number of three-, four-, and five-star-rated facilities, the DCDEE shall establish a transition period that allows the facilities to continue to receive subsidy funds while the facilities work on the increased star ratings. The DCDEE may allow exemptions in counties where there is an inadequate number of three-, four-, and five-star-rated facilities for nonstar-rated programs, such as religious programs.

SECTION 10.7.(h) The Division of Child Development and Early Education shall implement a parent co-payment requirement for prekindergarten classrooms the same as what is required of parents subject to regular child care subsidy payments. All at-risk children and age-eligible children of military personnel as described in subsection (g) of this section are exempt from the co-payment requirements of this subsection.

Fees for families who are required to share in the cost of care shall be established based on a percent of gross family income and adjusted for family size. Fees shall be determined as follows:

FAMILY SIZE	PERCENT OF GROSS FAMILY INCOME
1-3	10%
4-5	9%
6 or more	8%.

SECTION 10.7.(i) All prekindergarten classrooms regulated pursuant to this section shall be required to participate in the Subsidized Early Education for Kids (SEEK) accounting system to streamline the payment function for these classrooms with a goal of eliminating duplicative systems

and streamlining the accounting and payment processes among the subsidy reimbursement systems. Prekindergarten funds transferred may be used to add these programs to SEEK.

SECTION 10.7.(j) Based on market analysis and within funds available, the Division of Child Development and Early Education shall establish reimbursement rates based on newly increased requirements of four- and five-star-rated facilities and the higher teacher standards within the prekindergarten class rooms, specifically More At Four teacher standards, when establishing the rates of reimbursements. Additionally, the prekindergarten curriculum day shall cover six and one-half to 10 hours daily and no less than 10 months per year. The public classrooms will have a one-year transition period to become licensed through the Division of Child Development and may continue to operate prekindergarten, formerly "More At Four," classrooms during the 2011-2012 fiscal year.

COLLABORATION AMONG DEPARTMENTS OF ADMINISTRATION, HEALTH AND HUMAN SERVICES, JUVENILE JUSTICE AND DELINQUENCY PREVENTION, AND PUBLIC INSTRUCTION ON SCHOOL-BASED CHILD AND FAMILY TEAM INITIATIVE

SECTION 10.15.(a) School-Based Child and Family Team Initiative Established.

(1) Purpose and duties. – There is established the School-Based Child and Family Team Initiative. The purpose of the Initiative is to identify and coordinate appropriate community services and supports for children at risk of school failure or out-of-home placement in order to address the physical, social, legal, emotional, and developmental factors that affect academic performance. The Department of Health and Human Services, the Department of Public Instruction, the State Board of Education, the Department of Juvenile Justice and Delinquency Prevention, the Administrative Office of the Courts, and other State agencies that provide services for children shall share responsibility and accountability to improve outcomes for these children and their families. The Initiative shall be based on the following principles:

a. The development of a strong infrastructure of interagency collaboration.
b. One child, one team, one plan.
c. Individualized, strengths-based care.
d. Accountability.
e. Cultural competence.
f. Children at risk of school failure or out-of-home placement may enter the system through any participating agency.
g. Services shall be specified, delivered, and monitored through a unified Child and Family Plan that is outcome-oriented and evaluation-based.
h. Services shall be the most efficient in terms of cost and effectiveness and shall be delivered in the most natural settings possible.
i. Out-of-home placements for children shall be a last resort and shall include concrete plans to bring the children back to a stable permanent home, their schools, and their community.
j. Families and consumers shall be involved in decision making throughout service planning, delivery, and monitoring.

(2) Program goals and services. – In order to ensure that children receiving services are appropriately served, the affected State and local agencies shall do the following:

a. Increase capacity in the school setting to address the academic, health, mental health, social, and legal needs of children.

b. Ensure that children receiving services are screened initially to identify needs and assessed periodically to determine progress and sustained improvement in educational, health, safety, behavioral, and social outcomes.

c. Develop uniform screening mechanisms and a set of outcomes that are shared across affected agencies to measure children's progress in home, school, and community settings.

d. Promote practices that are known to be effective based upon research or national best practice standards.

e. Review services provided across affected State agencies to ensure that children's needs are met.

f. Eliminate cost-shifting and facilitate cost-sharing among governmental agencies with respect to service development, service delivery, and monitoring for participating children and their families.

g. Participate in a local memorandum of agreement signed annually by the participating superintendent of the local LEA, directors of the county departments of social services and health, director of the local management entity, the chief district court judge, and the chief district court counselor.

(3) Local level responsibilities. – In coordination with the North Carolina Child and Family Leadership Council (Council), established in subsection (b) of this section, the local board of education shall establish the School-Based Child and Family Team Initiative at designated schools and shall appoint the Child and Family Team Leaders, who shall be a school nurse and a school social worker. Each local management entity that has any selected schools in its catchment area shall appoint a Care Coordinator, and any department of social services that has a selected school in its catchment area shall appoint a Child and Family Teams Facilitator. The Care Coordinators and Child and Family Team Facilitators shall have as their sole responsibility working with the selected schools in their catchment areas and shall provide training to school-based personnel, as required. The Child and Family Team Leaders shall identify and screen children who are potentially at risk of academic failure or out-of-home placement due to physical, social, legal, emotional, or developmental factors. Based on the screening results, responsibility for developing, convening, and implementing the Child and Family Team Initiative is as follows:

a. School personnel shall take the lead role for those children and their families whose primary unmet needs are related to academic achievement.

b. The local management entity shall take the lead role for those children and their families whose primary unmet needs are related to mental health, substance abuse, or developmental disabilities and who meet the criteria for the target population established by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services.

c. The local department of public health shall take the lead role for those children and their families whose primary unmet needs are health-related.

d. Local departments of social services shall take the lead for those children and their families whose primary unmet needs are related to child welfare, abuse, or neglect.

e. The chief district court counselor shall take the lead for those children and their families whose primary unmet needs are related to juvenile justice issues. A representative from each named or otherwise identified publicly supported children's agency shall participate as a member of the Team as needed. Team members shall coordinate, monitor, and assure the successful implementation of a unified Child and Family Plan.

(4) Reporting requirements. – School-Based Child and Family Team Leaders shall provide data to the Council for inclusion in their report to the North Carolina General Assembly. The report shall include the following:

a. The number of and other demographic information on children screened and assigned to a team and a description of the services needed by and provided to these children.

b. The number of and information about children assigned to a team who are placed in programs or facilities outside the child's home or outside the child's county and the average length of stay in residential treatment.

c. The amount and source of funds expended to implement the Initiative.

d. Information on how families and consumers are involved in decision making throughout service planning, delivery, and monitoring.

e. Other information as required by the Council to evaluate success in local programs and ensure appropriate outcomes.

f. Recommendations on needed improvements.

(5) Local advisory committee. – In each county with a participating school, the superintendent of the local LEA shall either identify an existing cross-agency collaborative or council or shall form a new group to serve as a local advisory committee to work with the Initiative. Newly formed committees shall be chaired by the superintendent and one other member of the committee to be elected by the committee. The local advisory committee shall include the directors of the county departments of social services and health; the directors of the local management entity; the chief district court judge; the chief district court counselor; the director of a school-based or school-linked health center, if a center is located within the catchment area of the School-Based Child and Family Team Initiative; and representatives of other agencies providing services to children, as designated by the Committee. The members of the Committee shall meet as needed to monitor and support the successful implementation of the School-Based Child and Family Team Initiative. The Local Child and Family Team Advisory Committee may designate existing cross-agency collaboratives or councils as working groups or to provide assistance in accomplishing established goals.

SECTION 10.15.(b) North Carolina Child and Family Leadership Council. –

(1) Leadership Council established; location. – There is established the North Carolina Child and Family Leadership Council (Council). The Council shall be located within the Department of Administration for organizational and budgetary purposes.

(2) Purpose. – The purpose of the Council is to review and advise the Governor in the development of the School-Based Child and Family Team Initiative and to ensure the active participation and collaboration in the Initiative by all State agencies and their local counterparts providing services to children in participating counties in order to increase the academic success of and reduce out-of-home and out-of-county placements of children at risk of academic failure.

(3) Membership. – The Superintendent of Public Instruction and the Secretary of Health and Human Services shall serve as cochairs of the Council. Council membership shall include the Secretary of the Department of Juvenile Justice and Delinquency Prevention, the Chair of the State Board of Education, the Director of the Administrative Office of the Courts, and other members as appointed by the Governor.

(4) The Council shall do the following:

a. Sign an annual memorandum of agreement (MOA) among the named State agencies to define the purposes of the program and to ensure that program goals are accomplished.
b. Resolve State policy issues, as identified at the local level, which interfere with effective implementation of the School-Based Child and Family Team Initiative.
c. Direct the integration of resources, as needed, to meet goals and ensure that the Initiative promotes the most effective and efficient use of resources and eliminates duplication of effort.
d. Establish criteria for defining success in local programs and ensure appropriate outcomes.
e. Develop an evaluation process, based on expected outcomes, to ensure the goals and objectives of this Initiative are achieved.
f. Review progress made on integrating policies and resources across State agencies, reaching expected outcomes, and accomplishing other goals.
g. Report semiannually, on January 1 and July 1, on progress made and goals achieved to the Office of the Governor, the Joint Appropriations Committees and Subcommittees on Education, Justice and Public Safety, and Health and Human Services, and the Fiscal Research Division of the Legislative Services Office. The Council may designate existing cross-agency collaboratives or councils as working groups or to provide assistance in accomplishing established goals.

SECTION 10.15.(c) Department of Health and Human Services. – The Secretary of the Department of Health and Human Services shall ensure that all agencies within the Department collaborate in the development and implementation of the School-Based Child and Family Team Initiative and provide all required support to ensure that the Initiative is successful.

SECTION 10.15.(d) Department of Juvenile Justice and Delinquency Prevention. – The Secretary of the Department of Juvenile Justice and Delinquency Prevention shall ensure that all agencies within the Department collaborate in the development and implementation of the School-Based Child and Family Team Initiative and provide all required support to ensure that the Initiative is successful.

SECTION 10.15.(e) Administrative Office of the Courts. – The Director of the Administrative Office of the Courts shall ensure that the Office collaborates in the development and implementation of the School-Based Child and Family Team Initiative and shall provide all required support to ensure that the Initiative is successful.

SECTION 10.15.(f) Department of Public Instruction. – The Superintendent of Public Instruction shall ensure that the Department collaborates in the development and implementation of the School-Based Child and Family Team Initiative and shall provide all required support to ensure that the Initiative is successful.

FUNDS FOR SCHOOL NURSES

SECTION 10.22.(a) All funds appropriated in this act for the School Nurse Funding Initiative shall be used to supplement and not supplant other State, local, or federal funds appropriated or allocated for this purpose. Communities shall maintain their current level of effort and funding for school nurses. These funds shall not be used to fund nurses for State agencies. These funds shall be distributed to local health departments according to a formula that includes all of the following:

(1) School nurse-to-student ratio.
(2) Percentage of students eligible for free or reduced meals.
(3) Percentage of children in poverty.

(4) Per capita income.
(5) Eligibility as a low-wealth county.
(6) Mortality rates for children between 1 and 19 years of age.
(7) Percentage of students with chronic illnesses.
(8) Percentage of county population consisting of minority persons.

SECTION 10.22.(b) The Division of Public Health shall ensure that school nurses funded with State funds (i) do not assist in any instructional or administrative duties associated with a school's curriculum and (ii) perform all of the following with respect to school health programs:

(1) Serve as the coordinator of the health services program and provide nursing care.
(2) Provide health education to students, staff, and parents.
(3) Identify health and safety concerns in the school environment and promote a nurturing school environment.
(4) Support healthy food services programs.
(5) Promote healthy physical education, sports policies, and practices.
(6) Provide health counseling, assess mental health needs, provide interventions, and refer students to appropriate school staff or community agencies.
(7) Promote community involvement in assuring a healthy school and serve as school liaison to a health advisory committee.
(8) Provide health education and counseling and promote healthy activities and a healthy environment for school staff.
(9) Be available to assist the county health department during a public health emergency.

PART XI. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES TRANSFER FORESTRY DIVISION AND FORESTRY COUNCIL FROM DENR TO DACS

SECTION 13.25.(q) Article 72 of Chapter 106 of the General Statutes, as recodified under subsection (p) of this section, reads as rewritten:

"Article 72.

"Protection and Development of Forests; Fire Control.

"§ 106-872. Instructions on forest preservation and development.

(a) It shall be the duty of all district, county, township rangers, and all deputy rangers provided for in this Chapter to distribute in all of the public schools and high schools of the county in which they are serving as such fire rangers all such tracts, books, periodicals and other literature that may, from time to time, be sent out to such rangers by the State and federal forestry agencies touching or dealing with forest preservation, development, and forest management.

(b) It shall be the duty of the various rangers herein mentioned under the direction of the ~~Secretary,~~Commissioner, and the duty of the teachers of the various schools, both public and high schools, to keep posted at some conspicuous place in the various classrooms of the school buildings such appropriate bulletins and posters as may be sent out from the forestry agencies herein named for that purpose and keep the same constantly before their pupils; and said teachers and rangers shall prepare lectures or talks to be made to the pupils of the various schools on the subject of forest fires, their origin and their destructive effect on the plant life and tree life of the forests of the State, the development and scientific management of the forests of the State, and shall be prepared to give practical instruction to their pupils from time to time and as often as they shall find it possible so to do.

PART XVII. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION

FUNDING FOR JUVENILE JUSTICE AND DELINQUENCY PREVENTION EDUCATION PROGRAMMING

SECTION 17.5. The Department of Juvenile Justice and Delinquency Prevention shall work with the Department of Public Instruction to identify all education fund sources that can be used to cover education programming costs of the Department of Juvenile Justice and Delinquency Prevention.

The Department of Juvenile Justice and Delinquency Prevention shall report by March 1, 2012, to the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety and to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee regarding its findings and recommendations.

PART XXVIII. DEPARTMENT OF TRANSPORTATION

DRIVER EDUCATION REFORM

SECTION 28.37.(a) G.S. 115C-215 reads as rewritten:

"**§ 115C-215. ~~Instruction in driver training and safety education.~~Administration of driver education program by the Department of Public Instruction.**

~~There shall be organized and administered under the general supervision of the Superintendent of Public Instruction a program of driver training and safety education in the public schools of this State, said courses to be noncredit courses taught by instructors who meet the requirements established by the State Board of Education. Instructors shall not be required to hold teacher certificates.~~

(a) In accordance with criteria and standards approved by the State Board of Education, the State Superintendent of Public Instruction shall organize and administer a standardized program of driver education to be offered at the public high schools of this State for all physically and mentally qualified persons who (i) are older than 14 years and six months, (ii) are approved by the principal of the school, pursuant to rules adopted by the State Board of Education, (iii) are enrolled in a public or private high school within the State, and (iv) have not previously enrolled in the program. The State Board of Education shall use for this purpose all funds appropriated to it for this purpose and may use all other funds that become available for its use for this purpose.

(b) The driver education curriculum shall include the following:

(1) Instruction on the rights and privileges of the handicapped and the signs and symbols used to assist the handicapped relative to motor vehicles, including the "international symbol of accessibility" and other symbols and devices as provided in Article 2A of Chapter 20 of the General Statutes.

(2) At least six hours of instruction on the offense of driving while impaired and related subjects.

(3) At least six hours of actual driving experience. To the extent practicable, this experience may include at least one hour of instruction on the techniques of defensive driving.

(4) At least one hour of motorcycle safety awareness training.

(c) The State Board of Education shall establish and implement a strategic plan for the driver education program. At a minimum, the strategic plan shall consist of goals and performance indicators, including the number of program participants as compared to the number of persons projected to be eligible to participate in the program, the implementation of a standard curriculum for the program, expenditures for the program, and the success rate of program participants in receiving a drivers license as reported by the Division of Motor Vehicles. The strategic plan shall also outline specific

roles and duties of an advisory committee consisting of employees of the Division of Motor Vehicles and the Department of Public Instruction and other stakeholders in driver education. (d) The State Board of Education shall adopt a salary range for driver education instructors who are public school employees and who are not licensed teachers.

Driver education instructors who are public school employees and who are licensed teachers shall be paid on the teacher salary schedule. A day of employment for driver education instructors who hold teacher certificates shall be the same number of hours required of all regular classroom teachers as established by the local board of education.

(e) The State Board of Education shall adopt rules to permit local boards of education to enter contracts with public or private entities to provide a program of driver education at public high schools. All driver education instructors shall meet the requirements established by the State Board of Education; provided, however, driver education instructors shall not be required to hold teacher certificates."

SECTION 28.37.(b) G.S. 115C-216 reads as rewritten:

"§ 115C-216. Boards of education required to provide courses in operation of motor vehicles.

(a) Course of Training and Instruction Required in Public High Schools. – ~~The State Board of Education and local~~ Local boards of education ~~are required to provide as a part of the program of the public high schools in this State a course of training and instruction in the operation of motor vehicles, in accordance with G.S. 20-88.1.~~shall offer noncredit driver education courses in high schools using the standardized curriculum provided by the Department of Public Instruction.

(b) Inclusion of Expense in Budget. – The local boards of education ~~of every local school administrative unit are hereby authorized to~~shall include as an item of instructional service and as a part of the current expense fund of the budget of the ~~several~~ high schools under their supervision, the expense necessary ~~to install and maintain such a course of training and instructing eligible persons in such schools in the operation of motor vehicles.~~to offer the driver education course.

(c) to (f) Repealed by Session Laws 1991, c. 689, s. 32(c)."

SECTION 28.37.(c) G.S. 20-88.1 reads as rewritten:

"§ 20-88.1. Driver education.

~~(a) In accordance with criteria and standards approved by the State Board of Education, the State Superintendent of Public Instruction shall organize and administer a program of driver education to be offered at the public high schools of this State for all physically and mentally qualified persons who (i) are older than 14 years and six months, (ii) are approved by the principal of the school, pursuant to rules adopted by the State Board of Education, (iii) are enrolled in a public or private high school within the State, and (iv) have not previously enrolled in the program. The State Board of Education shall use for such purpose all funds appropriated to it for said purpose, and may use all other funds that become available for its use for said purpose.~~

~~The driver education program established pursuant to this section must include the following:~~

~~(1) Instruction on the rights and privileges of the handicapped and the signs and symbols used to assist the handicapped relative to motor vehicles, including the "international symbol of accessibility" and other symbols and devices as provided in Article 2A of this Chapter.~~

~~(2) At least six hours of instruction on the offense of driving while impaired and related subjects.~~

~~(3) At least six hours of actual driving experience. To the extent practicable, this experience may include at least one hour of instruction on the techniques of defensive driving.~~

~~(b) The State Board of Education shall adopt a salary range for driver education instructors who are public school employees and who do not hold teacher certificates.~~

~~Driver education instructors who are public school employees and who hold teacher certificates shall be paid on the teacher salary schedule. A day of employment for driver education instructors who~~

~~hold teacher certificates shall be the same number of hours required of all regular classroom teachers as established by the local board of education.~~

~~(b1) The State Board of Education shall adopt rules to permit local boards of education to enter contracts with public or private entities to provide a program of driver education at public high schools. All driver education instructors shall meet the requirements established by the State Board of Education; provided, however, driver education instructors shall not be required to hold teacher certificates.~~

(c) All expenses incurred by the State in carrying out the provisions of ~~this section~~the driver education program administered by the Department of Public Instruction in accordance with G.S. 115C-215 shall be paid out of the Highway Fund.

(d) The Division shall prepare a driver license handbook that explains the traffic laws of the State and shall periodically revise the handbook to reflect changes in these laws. At the request of the Department of ~~Education,~~ Public Instruction, the Division shall provide free copies of the handbook to that Department for use in the program of driver education offered at public high schools."

SECTION 28.37.(d) G.S. 20-11(b) reads as rewritten:

"(b) Level 1. – A person who is at least 15 years old but less than 18 years old may obtain a limited learner's permit if the person meets all of the following requirements:

(1) Passes a course of driver education prescribed in ~~G.S. 20-88.1~~ G.S. 115C-215 or a course of driver instruction at a licensed commercial driver training school.

(2) Passes a written test administered by the Division.

(3) Has a driving eligibility certificate or a high school diploma or its equivalent."

SECTION 28.37.(e) G.S. 20-322(b) reads as rewritten:

"(b) Regulations adopted by the Commissioner shall state the requirements for a school license, including requirements concerning location, equipment, courses of instruction, instructors, financial statements, schedule of fees and charges, character and reputation of the operators, insurance, bond or other security in such sum and with such provisions as the Commissioner deems necessary to protect adequately the interests of the public, and such other matters as the Commissioner may prescribe. A driver education course offered to prepare an individual for a limited learner's permit or another provisional license must meet the requirements set in ~~G.S. 20-88.1~~ G.S. 115C-215 for the program of driver education offered in the public schools."

SECTION 28.37.(f) The State Board of Education shall report to the Joint Legislative Program Evaluation Oversight Committee by July 15, 2011, on the status of the implementation of Section 7.12 of S.L. 2010-31, which mandates the creation of a standard curriculum to be used for the driver education program in the Department of Public Instruction.

SECTION 28.37.(g) For the 2011-2012 school year, no State funds shall be used for driver education programs that do not use the standard driver education curriculum created in accordance with Section 7.12 of S.L. 2010-31.

SECTION 28.37.(h) The State Board of Education shall establish a pilot program to deliver driver education by electronic means. At least five local school administrative units shall participate in the pilot program. Funds appropriated for driver education shall be used to implement the pilot program. The State Board shall report on the implementation of the pilot program to the Joint Legislative Education Oversight Committee and the Joint Legislative Program Evaluation Oversight Committee by June 15, 2012. The report shall include the cost per student of delivering the instruction and the success rate of program participants in receiving a drivers license.

SECTION 28.37.(i) The State Board of Education shall report to the Joint Legislative Education Oversight Committee and to the Joint Legislative Program Evaluation Oversight Committee by June 15, 2012, on the following:

(1) The most cost-effective method of delivering driver education in the short- and long-term. In making this determination, the State Board of Education shall consider the results of the pilot program implemented pursuant to Section 5 of this act.

(2) The strategic plan adopted by the State Board of Education in accordance with G.S. 115C-215.

PART XXIX. SALARIES AND BENEFITS

GOVERNOR AND COUNCIL OF STATE

SECTION 29.1.(a) Effective for the 2011-2013 fiscal biennium, the salary of the Governor set by G.S. 147-11(a) in the amount of one hundred thirty-nine thousand five hundred ninety dollars ($139,590) annually, payable monthly, shall remain unchanged.

SECTION 29.1.(b) Effective for the 2011-2013 fiscal biennium, the annual salaries for the members of the Council of State, payable monthly, for the 2011-2013 fiscal biennium shall remain unchanged as follows:

Council of State	Annual Salary
Lieutenant Governor	$123,198
Attorney General	123,198
Secretary of State	123,198
State Treasurer	123,198
State Auditor	123,198
Superintendent of Public Instruction	123,198
Agriculture Commissioner	123,198
Insurance Commissioner	123,198
Labor Commissioner	123,198

SALARY ADJUSTMENTS FOR SPECIAL CIRCUMSTANCES ONLY/NO AUTOMATIC INCREASES

SECTION 29.8.(a) The annual pay of all State employees for the 2011-2013 fiscal biennium shall remain unchanged from that authorized on June 30, 2011, or the last date in pay status during the 2010-2011 fiscal year, if earlier; except that an increase may be allowed under 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.

(2) For 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 faculty involved in cancer research supported by that fund and (ii) faculty, nonfaculty, and other employee adjustments funded from non-State funding sources.

The cumulative salary adjustment allowed under this subsection for the 2011-2012 fiscal year may exceed ten percent (10%) of annual salary only if the adjustment is approved in advance by the Office of State Budget and Management, The University of North Carolina Board of Governors, the Board of the North Carolina Community College System, the Legislative Services Commission, the local board of education, or other authorized body as appropriate.

SECTION 29.8.(b) The automatic salary step increases for assistant and deputy clerks of superior court and magistrates are suspended for the 2011-2013 fiscal biennium.

SECTION 29.8.(c) The salary increase provisions of G.S. 20-187.3 are suspended for the 2011-2013 fiscal biennium.

SECTION 29.8.(d) Notwithstanding G.S. 53-96.1, and except as provided by subdivision (1) of subsection (a) of this section, employees of the Office of the Commissioner of Banks shall not be awarded compensation increases or bonuses during the 2011-2013 fiscal biennium.

SECTION 29.8.(e) Employees of the Lottery Commission shall not receive compensation bonuses during the 2011-2013 fiscal biennium.

SECTION 29.8.(f) No employee of any other State agency or constituent institution of The University of North Carolina, excluding employees of the University of North Carolina Health Care System and employees participating in a constituent institution's medical faculty practice plan, shall receive compensation bonuses.

MOST STATE EMPLOYEES

SECTION 29.9.(a) Effective for the 2011-2013 fiscal biennium, the salaries in effect June 30, 2011, of all permanent, full-time State employees whose salaries are set in accordance with the State Personnel Act, shall remain unchanged.

SECTION 29.9.(b) Effective for the 2011-2013 fiscal biennium, the compensation of permanent, full-time State officials and persons in exempt positions shall remain unchanged.

SECTION 29.9.(c) Effective for the 2011-2013 fiscal biennium, the salaries of permanent, part-time State employees shall remain unchanged.

SECTION 29.9.(d) Effective for the 2011-2013 fiscal biennium, the compensation of temporary and permanent hourly State employees shall remain unchanged.

ALL STATE-SUPPORTED PERSONNEL/NO SALARY INCREASES

SECTION 29.10.(a) The salaries provided for in this act are to be effective July 1, 2011, do not apply to persons separated from State service due to resignation, dismissal, reduction in force, death, or retirement, or whose last workday is prior to July 1, 2011.

This subsection shall apply to all employees, subject to or exempt from the State Personnel Act, paid from State funds, including public schools, community colleges, and The University of North Carolina.

SECTION 29.10.(b) For the 2011-2013 fiscal biennium, the salaries of permanent, full-time employees who work a nine-, ten-, or eleven-month work year schedule shall remain unchanged.

STATE AGENCY TEACHERS' COMPENSATION

SECTION 29.11.(a) The salaries of employees of schools operated by the Department of Health and Human Services, the Department of Correction, or the Department of Juvenile Justice and Delinquency Prevention who are paid on the Teacher Salary Schedule or the School Based Administrator Salary Schedule shall remain unchanged for the 2011-2013 fiscal biennium.

SECTION 29.11.(b) Effective January 1, 2012, subsection (a) of this section reads as rewritten:

"**SECTION 29.11.** The salaries of employees of schools operated by the Department of Health and Human ~~Services, the Department of Correction, or the Department of Juvenile Justice and Delinquency Prevention,~~ Services or by the Department of Public Safety who are paid on the Teacher Salary Schedule or the School Based Administrator Salary Schedule shall remain unchanged for the 2011-2013 fiscal biennium."

TEACHER SALARY SCHEDULES

SECTION 29.12.(a) The following monthly salary schedules shall apply for the 2011-2012 fiscal year to certified personnel of the public schools who are classified as teachers. The

schedules contain 35 steps, with each step corresponding to one year of teaching experience. Public school employees paid according to this salary schedule and receiving NBPTS certification or obtaining a master's degree shall not be prohibited from receiving the appropriate increase in salary. Provided, however, teachers employed during the 2010-2011 school year who did not work the required number of months to acquire an additional year of experience shall not receive a decrease in salary as otherwise would be required by the salary schedule below.

2011-2012 Monthly Salary Schedule
"A" Teachers

Years of Experience	"A" Teachers	NBPTS Certification
0	$3,043	N/A
1	$3,043	N/A
2	$3,043	N/A
3	$3,043	$3,408
4	$3,085	$3,455
5	$3,129	$3,504
6	$3,264	$3,656
7	$3,404	$3,812
8	$3,538	$3,963
9	$3,667	$4,107
10	$3,771	$4,224
11	$3,819	$4,277
12	$3,868	$4,332
13	$3,918	$4,388
14	$3,967	$4,443
15	$4,018	$4,500
16	$4,069	$4,557
17	$4,122	$4,617
18	$4,176	$4,677
19	$4,231	$4,739
20	$4,286	$4,800
21	$4,345	$4,866
22	$4,403	$4,931
23	$4,461	$4,996
24	$4,523	$5,066
25	$4,584	$5,134
26	$4,650	$5,208
27	$4,714	$5,280
28	$4,779	$5,352
29	$4,845	$5,426
30	$4,913	$5,503
31	$4,984	$5,582
32	$5,055	$5,662
33	$5,153	$5,771
34+	$5,255	$5,886

2011-2012 Monthly Salary Schedule
"M" Teachers

Years of Experience	"M" Teachers	NBPTS Certification
0	$3,347	N/A

1	$3,347	N/A
2	$3,347	N/A
3	$3,347	$3,712
4	$3,394	$3,764
5	$3,442	$3,817
6	$3,590	$3,982
7	$3,744	$4,153
8	$3,892	$4,316
9	$4,034	$4,474
10	$4,148	$4,601
11	$4,201	$4,659
12	$4,255	$4,719
13	$4,310	$4,780
14	$4,364	$4,840
15	$4,420	$4,902
16	$4,476	$4,964
17	$4,534	$5,029
18	$4,594	$5,095
19	$4,654	$5,162
20	$4,715	$5,229
21	$4,780	$5,301
22	$4,843	$5,372
23	$4,907	$5,442
24	$4,975	$5,518
25	$5,042	$5,592
26	$5,115	$5,673
27	$5,185	$5,751
28	$5,257	$5,830
29	$5,330	$5,911
30	$5,404	$5,994
31	$5,482	$6,080
32	$5,561	$6,167
33	$5,668	$6,287
34+	$5,781	$6,411

SECTION 29.12.(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 29.12.(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 29.12.(d) The first step of the salary schedule for school psychologists shall be equivalent to Step 5, corresponding to five 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 29.12.(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 29.12.(f) Certified school nurses who are employed in the public schools as nurses shall be paid on the "M" salary schedule.

SECTION 29.12.(g) As used in this section, the term "teacher" shall also include instructional support personnel.

SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE

SECTION 29.13.(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 2011-2012 fiscal year, commencing July 1, 2011. Provided, however, school-based administrators (i) employed during the 2010-2011 school year who did not work the required number of months to acquire an additional year of experience and (ii) employed during the 2011-2012 school year in the same classification shall not receive a decrease in salary as otherwise would be required by the salary schedule below.

2011-2012 Principal and Assistant Principal Salary Schedules

		Classification			
Years of Exp	Assistant Principal	Prin I (0-10)	Prin II (11-21)	Prin III (22-32)	Prin IV (33-43)
0-7	$3,781	-	-	-	-
8	$3,931	-	-	-	-
9	$4,074	-	-	-	-
10	$4,189	-	-	-	-
11	$4,243	$4,243	-	-	-
12	$4,298	$4,298	-	-	-
13	$4,353	$4,353	$4,408	-	-
14	$4,408	$4,408	$4,464	-	-
15	$4,464	$4,464	$4,521	$4,579	-
16	$4,521	$4,521	$4,579	$4,640	$4,701
17	$4,579	$4,579	$4,640	$4,701	$4,762
18	$4,640	$4,640	$4,701	$4,762	$4,828
19	$4,701	$4,701	$4,762	$4,828	$4,891

20	$4,762	$4,762	$4,828	$4,891	$4,956
21	$4,828	$4,828	$4,891	$4,956	$5,025
22	$4,891	$4,891	$4,956	$5,025	$5,092
23	$4,956	$4,956	$5,025	$5,092	$5,166
24	$5,025	$5,025	$5,092	$5,166	$5,237
25	$5,092	$5,092	$5,166	$5,237	$5,310
26	$5,166	$5,166	$5,237	$5,310	$5,383
27	$5,237	$5,237	$5,310	$5,383	$5,458
28	$5,310	$5,310	$5,383	$5,458	$5,537
29	$5,383	$5,383	$5,458	$5,537	$5,617
30	$5,458	$5,458	$5,537	$5,617	$5,725
31	$5,537	$5,537	$5,617	$5,725	$5,839
32	$5,617	$5,617	$5,725	$5,839	$5,956
33	$5,725	$5,725	$5,839	$5,956	$6,075
34	$5,839	$5,839	$5,956	$6,075	$6,197
35	-	$5,956	$6,075	$6,197	$6,321
36	-	-	$6,197	$6,321	$6,447
37	-	-	$6,321	$6,447	$6,576
38	-	-	-	$6,576	$6,708
39	-	-	-	$6,708	$6,842
40	-	-	-	-	$6,979

2011-2012 Principal and Assistant Principal Salary Schedules

	Classification			
Years of Exp	Prin V (44-54)	Prin VI (55-65)	Prin VII (66-100)	Prin VIII (101+)
0-17	$4,828	-	-	-
18	$4,891	-	-	-
19	$4,956	$5,025	-	-
20	$5,025	$5,092	$5,237	-
21	$5,092	$5,166	$5,310	$5,383
22	$5,166	$5,237	$5,383	$5,458
23	$5,237	$5,310	$5,458	$5,537
24	$5,310	$5,383	$5,537	$5,617
25	$5,383	$5,458	$5,617	$5,725
26	$5,458	$5,537	$5,725	$5,839
27	$5,537	$5,617	$5,839	$5,956
28	$5,617	$5,725	$5,956	$6,075
29	$5,725	$5,839	$6,075	$6,197
30	$5,839	$5,956	$6,197	$6,321
31	$5,956	$6,075	$6,321	$6,447
32	$6,075	$6,197	$6,447	$6,576
33	$6,197	$6,321	$6,576	$6,708
34	$6,321	$6,447	$6,708	$6,842
35	$6,447	$6,576	$6,842	$6,979
36	$6,576	$6,708	$6,979	$7,119
37	$6,708	$6,842	$7,119	$7,261
38	$6,842	$6,979	$7,261	$7,406
39	$6,979	$7,119	$7,406	$7,554
40	$7,119	$7,261	$7,554	$7,705

41	$7,261	$7,406	$7,705	$7,859
42	-	$7,554	$7,859	$8,016
43	-	$7,705	$8,016	$8,176
44	-	-	$8,176	$8,340

SECTION 29.13.(b) The appropriate classification for placement of principals and assistant principals on the salary schedule, except for principals in alternative schools and in cooperative innovative high schools, shall be determined in accordance with the following schedule:

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

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

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

SECTION 29.13.(c) A principal shall be placed on the step on the salary schedule that reflects total number of years of experience as a certificated employee of the public schools and an additional step for every three years of experience as a principal. Provided, however, a principal who acquires an additional step for the 2011-2012 or 2012-2013 fiscal years shall not receive a corresponding increase in salary during the 2011-2013 fiscal biennium. 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 29.13.(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 29.13.(e) Longevity pay for principals and assistant principals shall be as provided for State employees under the State Personnel Act.

SECTION 29.13.(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 29.13.(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. For the 2006-2007 fiscal year and subsequent fiscal years, 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 29.13.(h) During the 2011-2012 fiscal year, 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 29.14.(a) The monthly salary ranges that follow apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers and shall remain unchanged for the 2011-2013 fiscal biennium, beginning July 1, 2011.

School Administrator I	$3,309	$6,207
School Administrator II	$3,508	$6,583
School Administrator III	$3,724	$6,984
School Administrator IV	$3,874	$7,262
School Administrator V	$4,030	$7,556
School Administrator VI	$4,275	$8,013
School Administrator VII	$4,447	$8,336

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 29.14.(b) The monthly salary ranges that follow apply to public school superintendents and shall remain unchanged for the 2011-2013 fiscal biennium, beginning July 1, 2011.

Superintendent I	$4,720	$8,843
Superintendent II	$5,011	$9,377
Superintendent III	$5,316	$9,948
Superintendent IV	$5,642	$10,552
Superintendent V	$5,988	$11,196

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 29.14.(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 29.14.(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 29.14.(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 29.14.(f) The salaries of all permanent full-time personnel paid from the Central Office Allotment shall remain unchanged for the 2011-2013 fiscal biennium.

NONCERTIFIED PERSONNEL SALARIES

SECTION 29.15. 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 2011-2013 fiscal biennium.

ALL FURLOUGHS PROHIBITED EXCEPT AS ORDERED TO BALANCE THE BUDGET/BENEFITS PROTECTION FOR FURLOUGHED PERSONNEL

SECTION 29.18.(a) The following definitions apply in this section:

(1) Furlough. – A temporary, involuntary period of leave from employment without pay but shall not include any period of involuntary leave resulting from disciplinary action.

(2) Public agency. – A State agency, department, or institution in the executive branch of State government; The University of North Carolina; the North Carolina Community College System; and a local school administrative unit.

(3) Public employee. – An employee employed by the legislative or judicial branches or by a public agency.

SECTION 29.18.(b) Any furlough of a public employee paid with State funds is prohibited unless the furlough is ordered by the Governor while acting to balance the budget pursuant to Section 5 of Article III of the North Carolina Constitution or by the Chief Justice or the Legislative Services Officer, respectively, to balance the judicial branch or legislative branch budget.

SECTION 29.18.(c) Whenever the Governor, the Chief Justice, or the Legislative Services Officer orders a furlough of public employees, the employing public agency, the judicial branch, or the legislative branch, respectively, shall report to the State Treasurer, the Director of the Retirement Systems Division, and the Executive Administrator of the State Health Plan the following:

(1) The specifics of the authorized furlough.

(2) The positions affected, including all full-time, part-time, temporary, and contractual positions, all nonessential personnel, and all nonteaching positions.

(3) The individual employees affected, including the applicable reduction in salary and whether the employee is subject to or exempt from the Fair Labor Standards Act.

SECTION 29.18.(d) If, in accordance with subsection (b) of this section, necessary economies in public agency expenditures must be effected by a furlough of public employees, then a public employee on a furlough who is:

(1) A member of any of the State-supported retirement plans administered by the Retirement Systems Division of the Department of State Treasurer or of an Optional Retirement Program (ORP) administered under G.S. 135-5.1 or G.S. 135-5.4 shall be considered in active service during any period of furlough and shall be entitled to

all of the same benefits to which the employee was entitled on the workday immediately preceding the furlough. The member shall suffer no diminution of retirement average final compensation based on being on furlough, and the retirement average final compensation shall be calculated based on the undiminished compensation. During a furlough period, the employer shall pay both employee and employer contributions to the Retirement Systems Division or ORP on behalf of the furloughed employee as though the employee were in active service.

(2) A member of the State Health Plan for Teachers and State Employees shall be considered eligible for coverage under the Plan on the same basis as on the workday immediately preceding the furlough. The public employer shall pay contributions on behalf of the furloughed public employee as though the employee were in active service.

SECTION 29.18.(e) The benefits protections provided by this section shall also apply to public employees in the judicial and legislative branches.

MONITOR COMPLIANCE WITH FREEZE ON MOST SALARY INCREASES

SECTION 29.19.(a) The Office of State Budget and Management and the Office of State Personnel shall monitor jointly the compliance of the following units of government with the provisions of Section 29.8 of this act and shall submit quarterly reports of their monitoring activities to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Fiscal Research Division: (i) State agencies, departments, and institutions, including authorities, boards, and commissions; (ii) the judicial branch; and (iii) The University of North Carolina and its constituent institutions.

The quarterly reports required by this section shall include the following information:

(1) For agencies reporting through the BEACON HR/Payroll system, (i) a breakdown by action type (including promotion, reallocation, career progression, salary adjustment, and any similar actions increasing employee pay) of the number and annual amount of those increases and (ii) a breakdown by action reason (including in-range higher level, acting pay, trainee adjustment, and other similar action reasons) of the number and annual amount of those action types coded as salary adjustment.

(2) For The University of North Carolina and its constituent institutions, a breakdown of the number and annual amount of those increases categorized by the University as promotions, changes in job duties or responsibilities, Distinguished Professorships, retention pay, career progression, and any similar actions increasing employee pay.

(3) A summary of actions taken by the Office of State Budget and Management and the Office of State Personnel with respect to unauthorized salary increases.

SECTION 29.19.(b) The Legislative Services Officer shall report quarterly to the President Pro Tempore of the Senate and the Speaker of the House of Representatives on compliance with this act.

COMPREHENSIVE REVIEW AND REFORM OF PUBLIC EMPLOYEE COMPENSATION PLANS

SECTION 29.20.(a) It is the intent of the General Assembly to create and implement a modernized, fair, and fully functional, performance-based compensation system for employees of State agencies, departments, institutions, The University of North Carolina System, the North Carolina Community College System, and local education agencies. To that end, the Legislative Services Commission, jointly through the Fiscal Research and Program Evaluation Divisions, is directed to

commission a review and study of the current compensation plans of State agencies, departments, institutions, The University of North Carolina System, the North Carolina Community College System, and local education agencies (government sectors). The Legislative Services Commission may use a Request for Information process or a Request for Proposals process to contract with a qualified consulting firm to perform this review and study. The study, at minimum, shall include all of the following:

(1) A labor market analysis of pay, fringe benefits, classification, and banding plans of government sector employees to determine whether current employees are compensated appropriately relative to market rates for similar positions as compared to (i) other North Carolina public employees, (ii) similar positions and employees in other states, and (iii) where applicable, employees in private industry.

(2) An analysis of current performance-based compensation plans in use by the North Carolina Banking Commission, the University of North Carolina Health Care System, and the performance-based compensation system proposed by Charlotte/Mecklenburg County Schools. This analysis should include an assessment of the effectiveness of these performance-based plans and should include identification of best practices.

(3) An evaluation of current longevity pay as applicable to most government sector employees and recommendations as to whether longevity pay should be continued for new hires.

(4) An evaluation of current laws and policies related to "career status" for employees subject to the State Personnel Act and tenure for public school teachers and university professors. For public school teachers, the evaluation of tenure shall include its relationship with student performance, if any. This evaluation should also include recommendations as to whether these laws and policies should be continued or modified based upon human resource best practices.

(5) An evaluation of salary supplements for public school employees paid on account of master's degrees, attainment of other advanced degrees, and national board certification, including the relationship to student performance, if any. This evaluation should also include recommendations as to whether these salary supplements should be continued or modified based upon the effect on student performance, if any, and human resource best practices.

(6) An evaluation of the State Personnel Act including recommendations as to whether these laws and policies should be continued or modified based upon human resource best practices.

(7) An analysis of the effect of in-State regional variables on employee compensation and recommendations as to how those variables should be addressed in the future.

(8) Recommendations of how to evaluate and compare the value of employee fringe benefits.

(9) Recommendations, timetable, and design of a comprehensive performance-based compensation plan across all government sectors for implementation by the General Assembly. Recommendations must include the design of an effective employee performance evaluation system, including the identification of effective employee performance measures and information systems (including estimated costs) to track and monitor employee performance.

(10) Training recommendations for supervisors and managers regarding employee productivity and performance evaluation.

(11) Recommendations to assure equity of compensation among public employees across government sectors.

(12) Feasibility of a consensus forecasting group to make annual recommendations for compensation policy across all government sectors. These recommendations should include how to establish and maintain priorities for General Fund appropriations necessary to fund the performance-based compensation system while remaining affordable for the State and its taxpayers.

SECTION 29.20.(b) By May 1, 2012, the Fiscal Research and Program Evaluation Divisions, or at their direction by the consultant hired to perform the review and study, shall report all findings and any other final results of the study, including recommendations and legislative proposals, to the 2012 Regular Session of the 2011 General Assembly.

SECTION 29.20.(c) All State agencies, departments, institutions, The University of North Carolina System, the North Carolina Community College System, and local education agencies shall provide any information, data, or documents within their possession, ascertainable from their records, or otherwise available to them to the Fiscal Research and Program Evaluation Divisions and/or the consultant necessary to complete this review and study.

SECTION 29.20.(d) The State Personnel Director, the State Budget Director, the State Controller, and the State Treasurer shall dedicate and identify staff for technical assistance, as needed, to aid in the reviews required by this section.

ESTABLISH SALARY ADJUSTMENT AND PERFORMANCE PAY RESERVE

SECTION 29.20A.(a) General Fund and Highway Fund reserve budget codes are established in the Office of State Budget and Management for the purpose of correcting labor market and other salary inequities and to provide funding for a performance-based compensation plan to effectuate recommendations made in connection with the comprehensive review and reform of public employee compensation plans under Section 29.20 of this act.

SECTION 29.20A.(b) The Director of the Budget shall allocate funds appropriated to the Salary Adjustment and Performance Pay Reserve in Sections 2.1 and 3.1 of this act, as directed by the General Assembly, to public agencies to fund labor market and equity salary increases and to provide funding for performance-based pay plans upon review of the Comprehensive Review and Reform of Public Employee Compensation Plans report.

Funds appropriated to the Salary Adjustment and Performance Pay Reserve may be allocated to public agencies for positions that are funded by the General Fund or Highway Fund. Positions that are funded partially from the General Fund or Highway Fund and partially from sources other than the General Fund or Highway Fund may be increased with funding from the Salary Adjustment and Performance Pay Reserve only to the extent of the proportionate part of the salaries paid from the General Fund or Highway Fund.

For the purposes of this subsection, the term "public employee" means an employee of a State agency, department, or institution; The University of North Carolina; the North Carolina Community College System; or a local school administrative unit.

ESTABLISH SEVERANCE EXPENDITURE RESERVE

SECTION 29.21.(a) There are established in the Office of State Budget and Management General Fund and Highway Fund reserve budget codes for the purpose of funding severance-related obligations to State employees subject to the State Personnel Act, and employees exempt from the State Personnel Act, who are separated from service due to a reduction-in-force action. Severance-related expenditures from these reserves shall include obligations to fund:

(1) A State employee's severance salary continuation with an age adjustment factor as authorized by G.S. 126-8.5, including employer-related contributions for social security, and

(2) Noncontributory health premiums for up to 12 months as authorized by G.S. 135-45.2(a)(8) for employees of employing units as defined by G.S. 135-45.1(12).

SECTION 29.21.(b) The Director of the Budget shall allocate funds appropriated in Sections 2.1 and 3.1 of this act to the Severance Expenditure Reserve to public agencies to fund severance-related obligations incurred by the agencies as a result of reduction-in-force actions that cause State-supported public employees to be terminated from public employment. Funds appropriated to the Severance Expenditure Reserve shall be expended in their entirety before funds appropriated to a public agency for State-supported personal services expenditures may be used to fund any severance-related obligations.

Funds appropriated to the Severance Expenditure Reserve may be allocated to public agencies for positions that are funded by the General Fund or Highway Fund. Funds appropriated to the Severance Expenditure Reserve may also be allocated to public agencies for positions that are funded partially from the General Fund or Highway Fund and partially from sources other than the General Fund or Highway Fund but only to the extent of the proportionate part of the salaries paid from the General Fund or Highway Fund.

For the purposes of this subsection, the term "public employee" means an employee of a State agency, department, or institution; The University of North Carolina; the North Carolina Community College System; or a local school administrative unit.

REPEAL REDUCTION-IN-FORCE PRIORITY CONSIDERATION UNDER THE STATE PERSONNEL ACT

SECTION 29.21A.(a) G.S. 126-7.1 reads as rewritten:

"**§ 126-7.1. Posting requirement; ~~State employees receive priority consideration; reduction-in-force rights;~~ reduction in force; Work First hiring.**

(a) All vacancies for which any State agency, department, or institution openly recruit shall be posted in a place readily accessible to employees that is located within at least the following:

(1) The personnel office of the agency, department, or institution having the vacancy; and

(2) The particular work unit of the agency, department, or institution having the ~~vacancy~~vacancy. ~~in a location readily accessible to employees.~~ If the decision is made, initially or at any time while the vacancy remains open, to receive applicants from outside the recruiting agency, department, or institution, the vacancy shall be listed with the Office of State Personnel for the purpose of informing current State employees of such vacancy. The State agency, department, or institution may not receive approval from the Office of State Personnel to fill a job vacancy if the agency, department, or institution cannot prove to the satisfaction of the Office of State Personnel that it complied with these posting requirements. The agency, department, or institution which hires any person in violation of these posting requirements shall pay such person when employment is discontinued as a result of such violation for the work performed during the period of time between his initial employment and separation.

(a1) State employees to be affected by a reduction in force shall be notified of the reduction in force as soon as practicable, and in any event, no less than 30 days prior to the effective date of the reduction in force.

~~(a2) The State Personnel Commission shall adopt rules to provide that priority consideration for State employees separated from State employment as the result of reductions in force is to enable a State employee's return to career service at a salary grade and salary rate equal to that held in the most recent position. The State Personnel Commission shall provide that a State employee who:~~

~~(1) Accepts a position at the same salary grade shall be paid at the same salary rate as the employee's previous position.~~

~~(2) Accepts a position at a lower salary grade than the employee's previous position shall be paid at the same rate as the previous position unless the salary rate exceeds the maximum of the new salary grade. When the salary rate exceeds the maximum of the salary grade, the employee's new salary rate shall be reduced to the maximum of the new salary grade.~~

(b) Subsection (a) of this section does not apply to vacancies which must be filled immediately to prevent work stoppage or the protection of the public health, safety, or security.

(c) If a State employee subject to this section:

(1) Applies for another position of State employment that would constitute a promotion and;

(2) Has substantially equal qualifications as an applicant who is not a State employee then the State employee shall receive priority consideration over the applicant who is not a State employee. This priority consideration shall not apply when the only applicants considered for the vacancy are current State employees.

~~(c1) If a State employee who has been separated due to reduction in force or who has been given notice of imminent separation due to reduction in force:~~

~~(1) Applies for another position of State employment equal to or lower in salary grade than the position held by the employee at the time of notification or separation; and~~

~~(2) Is determined qualified for that position~~

~~then within all State agencies, the State employee shall receive priority consideration over all other applicants but shall receive equal consideration with other applicants who are current State employees not affected by the reduction in force. This priority shall remain in effect for a period of 12 months from the date the employee receives notification of separation by reduction in force. State employees separated due to reduction in force shall receive higher priority than other applicants with employment or reemployment priorities, except that the reemployment priority created by G.S. 126-5(e)(1) shall be considered as equal. The reduction-in-force priority created by this subsection shall be administered in accordance with rules promulgated by the State Personnel Commission.~~

~~(c2) If the applicants for reemployment for a position include current State employees, a State employee with more than 10 years of service shall receive priority consideration over a State employee having less than 10 years of service in the same or related position classification. This reemployment priority shall be given by all State departments, agencies, and institutions with regard to positions subject to this Chapter.~~

~~(d) "Qualifications" within the meaning of subsection (c) of this section shall consist of:~~

~~(1) Training or education;~~

~~(2) Years of experience; and~~

~~(3) Other skills, knowledge, and abilities that bear a reasonable functional relationship to the abilities and skills required in the job vacancy applied for.~~

(e) Each State agency, department, and institution is encouraged to hire into State government employment qualified applicants who are current or former Work First Program participants.

(f) Each State agency, department, institution, university, community college, and local education agency shall verify, in accordance with the Basic Pilot Program administered by the United States Department of Homeland Security pursuant to 8 U.S.C. § 1101, et seq, each individual's legal status or authorization to work in the United States after hiring the individual as an employee to work in the United States."

SECTION 29.21A.(b) Nothing in this section affects the extended period of priority reconsideration afforded to State employees by Section 26.14D of S.L. 2009-451, as amended by Section 9.3 of S.L. 2009-575.

SECTION 29.21A.(c) This section applies to employees subject to reductions in force on or after July 1, 2011.

JUDICIAL DEPARTMENT EXPENSE AMENDMENTS

SECTION 29.21B.(a) G.S. 7A-300.1 is repealed.

SECTION 29.21B.(b) G.S. 135-1(7a)b.10a. is repealed.

SECTION 29.21B.(c) G.S. 7A-300(a) reads as rewritten:

"(a) The operating expenses of the Judicial Department shall be paid from State funds, out of appropriations for this purpose made by the General Assembly, or from funds provided by local governments pursuant to ~~G.S. 7A-300.1, 153A-212.1,~~ G.S. 153A-212.1 or 160A-289.1. The Administrative Office of the Courts shall prepare budget estimates to cover these expenses, including therein the following items and such other items as are deemed necessary for the proper functioning of the Judicial Department:

(1) Salaries, departmental expense, printing and other costs of the appellate ~~division;~~division.

(2) Salaries and expenses of superior court judges, district attorneys, assistant district attorneys, public defenders, and assistant public defenders, and fees and expenses of counsel assigned to represent indigents under the provisions of Subchapter IX of this ~~Chapter;~~Chapter.

(3) Salaries, travel expenses, departmental expense, printing and other costs of the Administrative Office of the ~~Courts;~~Courts.

(4) Salaries and travel expenses of district judges, magistrates, and family court ~~counselors;~~counselors.

(5) Salaries and travel expenses of clerks of superior court, their assistants, deputies, and other employees, and the expenses of their offices, including supplies and materials, postage, telephone and telegraph, bonds and insurance, equipment, and other necessary ~~items;~~items.

(6) Fees and travel expenses of jurors, and of witnesses required to be paid by the ~~State;~~State.

(7) Compensation and allowances of court ~~reporters;~~reporters.

(8) Briefs for counsel and transcripts and other records for adequate appellate review when an appeal is taken by an indigent ~~person;~~person.

(9) Transcripts of preliminary hearings in indigency cases and, in cases in which the defendant pays for a transcript of the preliminary hearing, a copy for the district ~~attorney;~~attorney.

(10) Transcript of the evidence and trial court charge furnished the district attorney when a criminal action is appealed to the appellate ~~division;~~division.

(11) All other expenses arising out of the operations of the Judicial Department which by law are made the responsibility of the ~~State; and~~State.

(12) Operating expenses of the Judicial Council and the Judicial Standards Commission."

SECTION 29.21B.(d) G.S. 135-53(5) reads as rewritten:

"(5) 'Compensation' shall mean all salaries and wages derived from public funds which are earned by a member of the Retirement System for ~~his~~ the member's service as a justice or judge, or district attorney, or clerk of superior court, or public defender, or the Director of Indigent Defense Services. Effective July 1, 2009, 'compensation' also means payment of military differential wages. ~~'Compensation' shall not include local supplementation as authorized under G.S. 7A-300.1 for Judicial Department employees.~~"

STATE PERSONNEL INFORMATION AMENDMENT

SECTION 29.21C. G.S. 120-32.01(b) reads as rewritten:

"(b) Notwithstanding subsection (a) of this section, access to the ~~State Personnel Management Information System~~ BEACON/HR payroll system by the ~~Research, Bill Drafting, and Program Evaluation~~ Research and Bill Drafting Divisions shall only be through the Fiscal Research Division."

SALARY-RELATED CONTRIBUTIONS

SECTION 29.22.(a) Effective for the 2011-2013 fiscal biennium, required employer salary-related contributions for employees whose salaries are paid from department, office, institution, or agency receipts shall be paid from the same source as the source of the employees' salary. If an employee's salary is paid in part from the General Fund or Highway Fund and in part from department, office, institution, or agency receipts, required employer salary-related contributions may be paid from the General Fund or Highway Fund only to the extent of the proportionate part paid from the General Fund or Highway Fund in support of the salary of the employee, and the remainder of the employer's requirements shall be paid from the source that supplies the remainder of the employee's salary. The requirements of this section as to source of payment are also applicable to payments on behalf of the employee for hospital-medical benefits, longevity pay, unemployment compensation, accumulated leave, workers' compensation, severance pay, separation allowances, and applicable disability income benefits.

Notwithstanding any other provision of law, an employing unit, as defined in G.S. 135-45.1 or in G.S. 135-48.1 as enacted by this act, that hires or has hired as an employee a retiree that is in receipt of monthly retirement benefits from any retirement system supported in whole or in part by contributions of the State shall enroll the retiree in the active group and pay the cost for the hospital-medical benefits if that retiree is employed in a position that would require the employer to pay hospital-medical benefits if the individual had not been retired.

SECTION 29.22.(b) Effective July 1, 2011, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2011-2012 fiscal year are: (i) thirteen and sixty-two hundredths percent (13.62%) – Teachers and State Employees; (ii) eighteen and sixty-two hundredths percent (18.62%) – State Law Enforcement Officers; (iii) twelve and thirty-six hundredths percent (12.36%) – University Employees' Optional Retirement System; (iv) twelve and thirty-six hundredths percent (12.36%) – Community College Optional Retirement Program; (v) thirty-one and fifty-four hundredths percent (31.54%) – Consolidated Judicial Retirement System; and (vi) five and zero hundredths percent (5.00%) – Legislative Retirement System. Each of the foregoing contribution rates includes five and zero hundredths percent (5.00%) for hospital and medical benefits. The rate for Teachers and State Employees, State Law Enforcement Officers, Community College Optional Retirement Program, and for the University Employees' Optional Retirement Program includes fifty-two hundredths percent (0.52%) 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.

SECTION 29.22.(c) Effective July 1, 2012, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2012-2013 fiscal year are: (i) fifteen percent (15%) – Teachers and State Employees; (ii) twenty percent (20%) – State Law Enforcement Officers; (iii) twelve and sixty-six hundredths percent (12.66%) – University Employees' Optional Retirement System; (iv) twelve and sixty-six hundredths percent (12.66%) – Community College Optional Retirement Program; (v) thirty-three and fifty-one hundredths percent (33.51%) – Consolidated Judicial Retirement System; and (vi) five and thirty hundredths percent (5.30%) – Legislative Retirement System. Each of the foregoing contribution rates includes five and thirty hundredths percent (5.30%) for hospital and medical benefits. The rate for Teachers and State Employees, State Law Enforcement Officers, Community College Optional Retirement Program, and for the University Employees' Optional Retirement Program includes fifty-two hundredths percent

(0.52%) 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.

SECTION 29.22.(d) Effective July 1, 2011, the maximum annual employer contributions, payable monthly, by the State for each covered employee or retiree for the 2011-2012 fiscal year to the State Health Plan for Teachers and State Employees are: (i) Medicare-eligible employees and retirees – three thousand eight hundred thirty-two dollars ($3,832) and (ii) non-Medicare-eligible employees and retirees – four thousand nine hundred thirty-one dollars ($4,931).

SECTION 29.22.(e) Effective July 1, 2012, the maximum annual employer contributions, payable monthly, by the State for each covered employee or retiree for the 2012-2013 fiscal year to the State Health Plan for Teachers and State Employees are: (i) Medicare-eligible employees and retirees – four thousand thirty-five dollars ($4,035) and (ii) non-Medicare-eligible employees and retirees – five thousand one hundred ninety-two dollars ($5,192).

REDUCE THE REQUIRED BREAK IN SERVICE FOR RETIREES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM TO RETURN TO WORK WITHOUT LOSING RETIREMENT BENEFITS

SECTION 29.25.(a) G.S. 135-1 is amended by adding a new subdivision to read:

"(18a) "Qualifying period" means three months as to members who retire with their last 12 months of service as employees of The University of North Carolina or any of its constituent institutions and return to service as employees of The University of North Carolina or any of its constituent institutions, and means six months as to any other member."

SECTION 29.25.(b) G.S. 135-1(20) reads as rewritten:

"(20) "Retirement" means the termination of employment and the complete separation from active service with no intent or agreement, express or implied, to return to service. A retirement allowance under the provisions of this Chapter may only be granted upon retirement of a member. In order for a member's retirement to become effective in any month, the member must render no service, including part-time, temporary, substitute, or contractor service, at any time during the ~~six months~~ qualifying period immediately following the effective date of retirement. For purposes of his subdivision, service as a member of a school board or as an unpaid bona fide volunteer in a local school administrative unit shall not be considered service."

SECTION 29.25.(c) G.S. 135-3(8)c. reads as rewritten:

"c. Should a beneficiary who retired on an early or service retirement allowance under this Chapter be reemployed by, or otherwise engaged to perform services for, an employer participating in the Retirement System on a part time, temporary, interim, or on a fee for service basis, whether contractual or otherwise, and if such beneficiary earns an amount during the 12 month period immediately following the effective date of retirement or in any calendar year which exceeds fifty percent (50%) of the reported compensation, excluding terminal payments, during the 12 months of service preceding the effective date of retirement, or twenty thousand dollars ($20,000), whichever is greater, as hereinafter indexed, then the retirement allowance shall be suspended as of the first day of the month following the month in which the reemployment earnings exceed the amount above, for the balance of the calendar year, except when the reemployment earnings exceed the amount above in the month of December, in which case the

retirement allowance shall not be suspended. The retirement allowance of the beneficiary shall be reinstated as of January 1 of each year following suspension. The amount that may be earned before suspension shall be increased on January 1 of each year by the ratio of the Consumer Price Index to the Index one year earlier, calculated to the nearest tenth of a percent (1/10 of 1%).

The computation of postretirement earnings of a beneficiary under this sub-subdivision who retired on or before June 1, 2009, regardless of age or years of creditable service, or who retires on or after July 1, 2009, after attaining (i) the age of at least 65 with five years of creditable service; or (ii) the age of at least 60 with 25 years of creditable service; or (iii) 30 years of service; and who has been retired ~~at least six months~~ for at least as long as the qualifying period as defined by G.S. 135-1(18a) and has not been employed in any capacity with a State-supported community college or a State-supported university ~~for at least six months~~ during the qualifying period as defined by G.S. 135-1(18a) immediately preceding the effective date of reemployment, shall not include earnings while the beneficiary is employed to teach in a permanent full-time or part-time capacity that exceeds fifty percent (50%) of the applicable workweek as a nursing instructor in a certified nursing program for a maximum period of three years.

In order for a retired nursing instructor to be rehired, the community college or university must certify to the Teachers' and State Employees' Retirement System that it has a shortage of qualified nursing instructors, and must:

1. Make a good faith effort to fill positions with qualified nursing instructors who are not retirees;
2. Post the vacancy or vacancies for at least two months;
3. Solicit applications through local newspapers, other media, and nursing education programs; and
4. Determine that there is an insufficient number of eligible applicants for the advertised position or positions.

The North Carolina Community College System and The University of North Carolina shall certify to the Retirement System that a beneficiary is employed to teach as a nursing instructor with a State-supported community college or a State-supported university under the provisions of this sub-subdivision."

SEVERABILITY CLAUSE

SECTION 32.5. If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part so declared to be unconstitutional or invalid.

EFFECTIVE DATE

SECTION 32.6. Except as otherwise provided, this act becomes effective July 1, 2011.

In the General Assembly read three times and ratified this the 4th day of June, 2011.

s/ Richard Y. Stevens
Presiding Officer of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

VETO Beverly E. Perdue
Governor

Became law notwithstanding the objections of the Governor, 2:48 p.m. this 15th day of June, 2011.

s/ Sarah Clapp
Senate Principal Clerk

House Bills

SESSION LAW 2011-391
HOUSE BILL 22

AN ACT TO MAKE TECHNICAL, CLARIFYING, AND OTHER MODIFICATIONS TO THE CURRENT OPERATIONS AND CAPITAL IMPROVEMENTS APPROPRIATIONS ACT.

The General Assembly of North Carolina enacts:

AVAILABILITY/APPROPRIATIONS

SECTION 1. Section 2.1 of Session Law 2011-145 reads as rewritten:

"**SECTION 2.1.** Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated, are made for the fiscal biennium ending June 30, 2013, according to the following schedule:

Current Operations – General Fund	**2011-2012**	**2012-2013**
EDUCATION		
Community Colleges System Office	$ 985,000,000	$ 985,000,000
Department of Public Instruction	7,464,492,057	7,450,000,000
University of North Carolina – Board of Governors		
Appalachian State University	145,563,319	145,680,676
East Carolina University		
Academic Affairs	247,397,807	247,397,807
Health Affairs	65,196,439	65,196,439
Elizabeth City State University	38,226,042	38,398,361
Fayetteville State University	56,925,951	56,925,951
NC A&T State University	105,355,805	105,794,754
NC Central University	94,342,683	94,342,683
NC State University		
Academic Affairs	434,563,241	434,677,423
Agricultural Research	59,239,461	59,239,461
Agricultural Extension	43,539,609	43,539,609
UNC-Asheville	42,004,444	42,004,444
UNC-Chapel Hill		
Academic Affairs	309,481,584	312,843,120
Health Affairs	219,507,009	222,570,732
AHEC	49,747,851	49,747,851
UNC-Charlotte	216,455,073	217,471,216
UNC-Greensboro	173,180,926	173,180,926
UNC-Pembroke	61,534,005	62,277,254
UNC-School of the Arts	27,796,473	27,796,473
UNC-Wilmington	105,943,181	107,138,757
Western Carolina University	90,591,556	91,070,460
Winston-Salem State University	76,496,951	76,496,950
General Administration	38,186,863	27,628,722
University Institution Programs	(375,153,400)	(383,808,914)

Related Educational Programs	85,679,060	115,272,420
UNC Financial Aid Private Colleges	91,635,664	~~86,534,065~~ 81,851,588
NC School of Science & Math	18,937,535	18,937,535
UNC Hospitals	18,000,000	18,000,000
Total University of North Carolina – Board of Governors	$ 2,540,375,132	$ 2,551,672,698

HEALTH AND HUMAN SERVICES

Department of Health and Human Services		
Division of Central Management and Support	$ 50,177,377	$ 44,577,987
Division of Aging and Adult Services	37,019,667	37,019,667
Division of Services for Blind/Deaf/Hard of Hearing	8,389,110	8,372,886
Division of Child Development	266,102,933	266,102,933
Division of Health Service Regulation	16,133,031	16,133,031
Division of Medical Assistance	2,958,388,184	2,907,276,302
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	665,712,232	710,712,232
NC Health Choice	79,452,317	83,717,865
Division of Public Health	190,443,245	157,538,834
Division of Social Services	186,183,068	186,183,068
Division of Vocational Rehabilitation	37,125,788	37,528,128
Total Health and Human Services	$ 4,495,126,952	$ 4,455,162,933

NATURAL AND ECONOMIC RESOURCES

Department of Agriculture and Consumer Services	$ 65,460,864	$ 62,198,634
Department of Commerce		
Commerce	50,852,340	33,250,463
Commerce State-Aid	32,851,025	30,151,984
NC Biotechnology Center	17,551,710	17,551,710
Rural Economic Development Center	25,376,729	25,376,729
Department of Environment and Natural Resources	165,784,887	148,148,105
DENR Clean Water Management Trust Fund	11,250,000	11,250,000
Department of Labor	15,836,887	15,836,887
Wildlife Resources Commission	18,000,000	17,221,179

JUSTICE AND PUBLIC SAFETY

Department of Correction	$ 1,337,816,346	$ 1,348,410,793
Department of Crime Control and Public Safety	225,258,795	215,164,518
Judicial Department	438,920,048	435,141,107
Judicial Department – Indigent Defense	110,091,526	112,748,733
Department of Justice	80,704,013	80,864,138
Department of Juvenile Justice and Delinquency Prevention	135,593,692	131,140,565

GENERAL GOVERNMENT

Department of Administration	$ ~~63,607,330~~64,448,943	$ ~~65,511,460~~66,353,073

Department of State Auditor	11,857,574	10,676,035
Office of State Controller	28,368,957	28,368,957
Department of Cultural Resources		
Cultural Resources	~~63,524,857~~64,024,857	61,697,001
Roanoke Island Commission	1,805,236	1,203,491
State Board of Elections	5,186,603	5,126,603
General Assembly	~~53,259,495~~53,172,176	50,104,208
Office of the Governor		
Office of the Governor	4,741,157	4,741,157
Office of State Budget and Management	5,848,663	5,848,663
OSBM – Reserve for Special Appropriations	1,940,612	440,612
Housing Finance Agency	9,673,051	9,673,051
Department of Insurance		
Insurance	36,393,921	36,393,921
Insurance – Volunteer Safety Workers' Compensation	2,294,000	2,623,654
Office of Lieutenant Governor	~~695,324~~782,643	695,324
Office of Administrative Hearings	~~4,983,871~~4,142,258	~~4,983,871~~4,142,258
Department of Revenue	78,199,538	78,199,538
Department of Secretary of State	10,654,563	10,654,563
Department of State Treasurer		
State Treasurer	6,657,031	6,621,750
State Treasurer – Retirement for Fire and Rescue Squad Workers	17,812,114	17,812,114
RESERVES, ADJUSTMENTS, AND DEBT SERVICE		
Contingency and Emergency Fund	$ 5,000,000	$ 5,000,000
State Retirement System Contribution	248,100,000	336,000,000
Judicial Retirement System Contribution	6,800,000	7,800,000
Firemen's & Rescue Squad Workers' Pension Fund	4,318,042	5,366,928
State Health Plan	7,119,541	102,151,104
Information Technology Fund	4,458,142	6,158,142
Reserve for Job Development Investment Grants (JDIG)	15,400,000	27,400,000
Continuation Review Reserve	0	35,576,758
Comprehensive Review of Compensation Plans	2,000,000	0
Compensation Adjustment and Performance Pay Reserve	0	121,105,840
Severance Expenditure Reserve	69,000,000	0

Automated Fraud Detection Development	1,000,000	7,000,000
Controller – Fraud Detection Development	500,000	500,000
Debt Service		
General Debt Service	688,957,188	759,984,974
Federal Reimbursement	1,616,380	1,616,380
TOTAL CURRENT OPERATIONS – GENERAL FUND	**$ ~~19,678,116,193~~19,678,616,193**	**$ 19,943,327,275"**

SECTION 2.(a) Section 2.2(a) of Session Law 2011-145 reads as rewritten:

"**GENERAL FUND AVAILABILITY STATEMENT**

"**SECTION 2.2.(a)** The General Fund availability used in developing the 2011-2013 biennial budget is shown below.

	FY 2011-2012	**FY 2012-2013**
Unappropriated Balance Remaining	$ 0	$ 13,980,015
Ending Unreserved Fund Balance for FY 2009-2010	236,902,394	0
Anticipated Reversions for FY 2010-2011	537,740,799	0
Anticipated Over-collections from FY 2010-2011	180,800,000	0
Repayment of Medicaid Receipts in FY 2010-2011	(125,000,000)	0
Statutory Earmarks:		
Savings Reserve Account	(185,000,000)	0
Repairs and Renovations Reserve Account	~~(125,000,000)~~ (124,500,000)	0
Beginning Unreserved Fund Balance	**~~$ 520,443,193~~ $ 520,943,193**	**$ 13,980,015**
Revenues Based on Existing Tax Structure	**$ 18,129,800,000**	**$ 19,181,900,000**
Nontax Revenues		
Investment Income	$ 59,400,000	$ 76,700,000
Judicial Fees	217,800,000	217,800,000
Disproportionate Share	100,000,000	100,000,000
Insurance	71,400,000	73,500,000
Other Nontax Revenues	182,500,000	182,500,000
Highway Trust Fund/Use Tax Reimbursement Transfer	41,500,000	27,600,000
Highway Fund Transfer	20,230,000	24,080,000
Subtotal Nontax Revenues	**$ 692,830,000**	**$ 702,180,000**
Total General Fund Availability	**~~$ 19,343,073,193~~ $ 19,343,573,193**	**$ 19,898,060,015**
Adjustments to Availability: 2011 Session		
Loss of Estate Tax	$ (57,100,000)	$ (72,200,000)
Small Business Tax Relief Package	(131,600,000)	(335,600,000)
Repeal Wildlife Resources Commission Sales Tax Earmark	22,970,000	23,920,000
Suspend Corporate Income Tax Earmark (Public School Construction)	72,110,000	74,750,000
Increase in Judicial Fees	61,765,715	61,765,715
Increase Investment Company Notice Filing Fee	1,600,000	1,600,000
Increase Parking Fees for Visitors	550,000	550,000
Loss of Revenue from the Town of Butner	(1,213,235)	(1,213,235)
Transfer from E-Commerce Reserve Fund	4,483,526	0
Divert Funds from Parks & Recreation Trust Fund	8,435,000	0

Divert Funds from Recreational/Natural Heritage Trust Fund	8,000,000	0
Transfer from Highway Fund for State Highway Patrol	196,849,542	188,209,049
Transfer Additional Funds from Highway Trust Fund	35,223,642	0
Transfer from Mercury Prevention Pollution Fund	250,000	0
Transfer from Commerce – Enterprise Fund	500,000	0
Divert Funds from Scrap Tire Disposal Account	2,268,989	0
Divert Funds from White Goods Management Account	1,951,465	0
Diversion of Golden LEAF Funds	17,563,760	17,563,760
Master Settlement Agreement Funds	24,668,720	25,580,772
Transfer Health and Wellness Trust Funds to Public Health	32,904,411	0
Department of Revenue – Accounts Receivable Program	25,000,000	25,000,000
Medicaid Disproportionate Share Receipts	15,000,000	15,000,000
Adjust Transfer from Insurance Regulatory Fund	(742,348)	(742,348)
Adjust Transfer from Treasurer's Office	(3,881,172)	(3,916,453)
Transfer from NC Flex FICA Funds	1,000,000	0
Proceeds from the Sale of State Assets	15,000,000	25,000,000
Subtotal Adjustments to Availability: 2011 Session	**$ 353,558,015**	**$ 45,267,260**
Revised General Fund Availability	**~~$ 19,696,631,208~~ $ 19,697,131,208**	**$ 19,943,327,275**
Less General Fund Appropriations	**~~$ (19,682,651,193)~~ $ (19,683,151,193)**	**$ (19,943,327,275)**
Unappropriated Balance Remaining	**$ 13,980,015**	**$ 0"**

SECTION 2.(b) Section 2.2(k) of Session Law 2011-145 reads as rewritten:

"**SECTION 2.2.(k)** Notwithstanding the provisions of G.S. 143C-4-3, the State Controller shall transfer only ~~one hundred twenty-five million dollars ($125,000,000)~~one hundred twenty-four million five hundred thousand dollars (124,500,000) from the unreserved fund balance to the Repairs and Renovations Reserve Account on June 30, 2011. This subsection becomes effective June 30, 2011."

SECTION 3. Section 3.1 of Session Law 2011-145 reads as rewritten:

"**SECTION 3.1.** Appropriations from the State Highway Fund for the maintenance and operation of the Department of Transportation and for other purposes as enumerated are made for the fiscal biennium ending June 30, 2013, according to the following schedule:

Current Operations – Highway Fund	**2011-2012**	**2012-2013**
Department of Transportation		
Administration	$ 85,412,594	$ 85,412,594
Division of Highways		
Administration	34,836,793	34,836,793
Construction	87,232,806	86,339,067
Maintenance	1,185,080,215	~~1,244,588,354~~ 1,249,514,751
Planning and Research	4,055,402	4,055,402
OSHA Program	372,792	372,792
Ferry Operations	34,189,589	43,538,132
State Aid		
Municipalities	89,373,921	90,187,224
Public Transportation	90,551,575	90,551,575
Airports	18,401,413	22,311,031
Railroads	21,701,153	21,701,153

Governor's Highway Safety	273,093	273,093
Division of Motor Vehicles	90,142,238	43,004,042
Other State Agencies, Reserves, Transfers	292,326,416	~~351,988,748~~ 347,062,351
Capital Improvements	15,250,000	15,000,000
Total	**$ 2,049,200,000**	**$ 2,134,160,000"**

SECTION 4. Section 5.4 of Session Law 2011-145 is amended by adding a new subsection to read:

"**SECTION 5.4.(h)** G.S. 115C-546.2(d)(4) reads as rewritten:

"(4) A county may use monies in this Fund to pay for school construction projects in local school administrative units and to retire indebtedness incurred for school construction ~~projects incurred on or after January 1, 2003.~~projects."

GENERAL PROVISIONS

SECTION 5. Section 6.1(b) of Session Law 2011-145 reads as rewritten:

"**SECTION 6.1.(b)** For the 2011-2013 fiscal biennium, and notwithstanding the provisions of Chapter 143C of the General Statutes or any other provision of law, the certified budget for each State agency shall reflect only the total of all appropriations enacted for each State agency by the General Assembly in this act as modified by this act; therefore, the Director of the Budget shall modify the certified budget only to reflect the following actions and only to the extent that they are authorized by this act:

(1) The allocation of funds set out in reserves.

(2) Government reorganizations.

(3) Funds authorized by G.S. 116-30.3A and G.S. 116-40.22(c).

The Director of the Budget shall set out all other budget modifications in the authorized budget."

SECTION 6. Section 6.2 of Session Law 2011-145 reads as rewritten:

"**SECTION 6.2.** For the 2011-2013 fiscal biennium, and notwithstanding the provisions of G.S. 143C-4-4(b), funds appropriated to the Contingency and Emergency Fund may be used only for expenditures required (i) by a court or Industrial Commission ~~order or~~ order, (ii) to respond to events as authorized under G.S. 166A-5(1)a.9. of the North Carolina Emergency Management Act of ~~1977.~~1977, (iii) by the State Treasurer to pay death benefits for law enforcement officers killed in line of duty, (iv) by the Office of the Governor for crime rewards in accordance with G.S. 15-53 and G.S. 15-53.1, (v) by the Industrial Commission for supplemental awards of compensation, or (vi) by the Department of Justice for legal fees. These funds shall not be used for other statutorily authorized purposes or for any other contingencies and emergencies."

SECTION 7.(a) Section 6.11(b) of Session Law 2011-145 reads as rewritten:

"**SECTION 6.11.(b)** Funds remaining in the Health and Wellness Trust Fund on June 30, 2011, shall be transferred to the State Controller to be deposited in Nontax Budget code 19878 (Intrastate Transfers) for fiscal year 2011-2012 to be used by the Department of Health and Human Services for the following purposes:

(1) Up to the sum of twenty-two million dollars ($22,000,000) shall be used to administer grants associated with the following programs and initiatives:
   a. Teen Tobacco Prevention.
   b. ChecKmeds.
   c. Medication Assistance Programs.
   d. Obesity Prevention.
   e. Roanoke Chowan CHC Telehealth Network.

(2) The sum of ten million dollars ($10,000,000) shall be used to reduce the total savings required to be achieved for the Medicaid program by Community Care of North Carolina.

(3) The remainder shall be used to reduce the Medicaid Provider Rate cut."

SECTION 7.(b) Section 6 of S.L. 1999-2, as amended by Section 6.11(d) of Session Law 2011-145, reads as rewritten:

"**SECTION 6.(a)** Except as provided in subsection (b) of this section, it is the intent of the General Assembly that the funds under the Master Settlement Agreement, which is incorporated into the Consent Decree, be allocated as follows:

(1) Fifty percent (50%) to the nonprofit corporation as provided by the Consent Decree.

(2) Fifty percent (50%) shall be allocated as follows:

a. Debt service as authorized by the State Capital Facilities Act of 2004, Part 1 of S.L. 2004-179 and S.L. 2004-124. As soon as practicable after the beginning of each fiscal year, the State Treasurer shall estimate and transfer to Budget Code 69430 the amount of debt service anticipated to be paid during the fiscal year for special indebtedness authorized by the State Capital Facilities Act of 2004.

b. The sum of eight million dollars ($8,000,000) is credited to Budget Code 69430 and shall be transferred to the University Cancer Research Fund in accordance with G.S. 116-29.1.

c. The balance remaining to be credited to the State General Fund to be used for the following purposes:

1. The benefit of tobacco producers, tobacco allotment holders, and persons engaged in tobacco-related businesses. To carry out this purpose, funds may provide direct and indirect financial assistance, to the extent allowed by law, to (i) indemnify tobacco producers, allotment holders, and persons engaged in tobacco-related businesses from the adverse economic effects of the Master Settlement Agreement, (ii) compensate tobacco producers and allotment holders for the economic loss resulting from lost quota, and (iii) revitalize tobacco dependent communities.

2. The benefit of health to fund programs and initiatives that include research, education, prevention, and treatment of health problems in North Carolina and to increase the capacity of communities to respond to the public's health needs through programs such as Health Choice and the State's Medicaid program.

(b) Any monies paid into the North Carolina State Specific Account from the Disputed Payments Account on account of the Non-Participating Manufacturers that would have been transferred to The Golden L.E.A.F. (Long-Term Economic Advancement Foundation), Inc., or to the trust funds established in accordance with subdivision (a)(2) of this section shall be deposited in the ~~General Fund Account of the Settlement Reserve Fund.~~Settlement Reserve Fund and transferred to nontax Budget Code 19878."

SECTION 7.(c) Subsections (e) and (g) of Section 6.11 of Session Law 2011-145 are repealed.

SECTION 8. Session Law 2011-145 is amended by adding the following new section to read:

"**MASTER SETTLEMENT FUNDS-HEALTH TRUST ACCOUNT**

"**SECTION 6.11A.** Notwithstanding any other provision of this act, funds shall not be transferred from the Master Settlement Account (MSA) to the Health and Wellness Trust Fund. The June 30, 2011, cash balance from MSA payments in the amount of thirty-two million nine hundred four thousand four hundred eleven dollars ($32,904,411) shall be deposited into the State's General Fund to support health-related activities pursuant to Section 6.11 of this act."

SECTION 9. Section 6.14 of Session Law 2011-145 reads as rewritten:

"**SECTION 6.14.** The General Assembly finds that on April 16, 2011, heavy thunderstorms and powerful tornadoes swept through this State, with ~~18~~19 counties sustaining the most extensive damage. Those counties are Bertie, Bladen, Craven, Cumberland, Currituck, Greene, Halifax, Harnett, Hertford, Hoke, Johnston, Lee, Onslow, Pitt, Robeson, Sampson, Tyrrell, Wake, and Wilson Counties. It is the intent of the General Assembly to provide State matching funds to help mitigate losses, rebuild infrastructure, and aid affected citizens and businesses."

SECTION 10. Session Law 2011-145 is amended by adding the following new section to read:

"**LOTTERY COMMISSIONERS**

"**SECTION 6.18.** G.S. 18C-112 is amended by adding a new subsection to read:

'(e) If any member takes any of the following actions, the member vacates office as a member of the Commission and the vacancy shall be filled as provided by G.S. 18C-111(c):

(1) Files a notice of candidacy under G.S. 163-106 or G.S. 163-323 or a petition under G.S. 163-107.1 or G.S. 163-325.

(2) Is nominated to fill a vacancy among party nominees under G.S. 163-114 or G.S. 163-115.

(3) Files a petition as an unaffiliated candidate under G.S. 163-122.

(4) Files a declaration of intent as a write-in candidate under G.S. 163-123.

(5) Is nominated by party convention under G.S. 163-98.'"

INFORMATION TECHNOLOGY

SECTION 11.(a) Section 6A.1(d) of Session Law 2011-145 reads as rewritten:

"**SECTION 6A.1.(d)** The Office of the State Controller shall coordinate with the Office of the State Chief Information Officer to identify up to four positions in the Office of the State Chief Information Officer that shall be used, effective August 1, 2011, to support planning and implementation of an automated fraud detection capability and an e-forms/digital signature project."

SECTION 11.(b) Section 6A.2(d) of Session Law 2011-145 reads as rewritten:

"**SECTION 6A.2.(d)** Agency Projects. – Prior to initiation, any information technology project, or any segment of a multipart project, costing more than two hundred fifty thousand dollars ($250,000) shall be included in the agency's most recent information technology plan and funding shall be ~~approved~~ appropriated by the General Assembly."

SECTION 11.(c) Section 6A.2(f) of Session Law 2011-145 reads as rewritten:

"**SECTION 6A.2.(f)** Information Technology Hosting. – State agencies developing and implementing information technology projects/applications shall use the State infrastructure to host their projects. An exception to this requirement may be granted only if approved by ~~both~~either the State Chief Information Officer on the basis of technology requirements ~~and~~or by the Office of State Budget and Management based on cost savings, subject to consultation with the Joint Legislative Commission on Governmental Operations and a report to the Joint Legislative Oversight Committee on Information Technology.

Projects/applications currently hosted outside the State infrastructure shall be returned to State infrastructure not later than the end of any current contract.

By October 1, 2011, the State Chief Information Officer shall report to the Joint Legislative Oversight Committee on Information Technology regarding projects currently hosted outside State infrastructure and a schedule to return those projects to State infrastructure."

SECTION 11.(d) Section 6A.7(a) of Session Law 2011-145 reads as rewritten:

"**SECTION 6A.7.(a)** By ~~November 1, 2011,~~February 1, 2012, the State Chief Information Officer (State CIO), in conjunction with the Office of State Budget and Management (OSBM), shall develop a detailed plan for consolidating the information technology infrastructure and applications of all State agencies, departments, and institutions in the executive branch. Information technology infrastructure includes personal computers, hosting and network environments, the help desk, call centers, and information technology security. Applications include enterprise software, on-demand software, and customized software. At a minimum, the consolidation plan shall include the following:

(1) Defined targets and priorities with a detailed time line for the implementation of consolidation.

(2) The costs of consolidation by fiscal year and by agency.

(3) The anticipated savings to result from consolidation and a time line for actual achievement of those savings.

(4) Technical, policy, or other issues associated with achieving a timely and effective consolidation.

(5) A process to transfer all information technology hardware and software funding to the Office of the State CIO.

(6) Creation of a project management organization to manage all information technology projects.

(7) Review of agency, Office of Information Technology Services, and Office of the State CIO to identify redundant personnel positions.

When setting consolidation targets, the State CIO shall give high priority to infrastructure issues that pose significant risk to agency operations or data, that provide opportunities for immediate cost savings, and where a statewide approach would minimize disruption of services. In carrying out the consolidation, the Office of Information Technology Services shall utilize the authority set out in G.S. 147-33.83."

SECTION 11.(e) Section 6A.8(b) of Session Law 2011-145 reads as rewritten:

"**SECTION 6A.8.(b)** ~~Rates~~ Beginning with State fiscal year 2012-2013, rates shall be set to support a specific service for which an agency is being charged. Overhead charges to agencies must be consistently applied and must not exceed industry standards. Rate increases shall require approval of the OSBM. Rate reductions shall be immediately implemented following notification of the OSBM."

SECTION 11.(f) Section 6A.14(a) of Session Law 2011-145 reads as rewritten:

"**SECTION 6A.14.(a)** Every executive branch agency within State government shall develop a policy to limit the issuance and use of mobile electronic devices to the minimum required to carry out the agency's mission. As used herein, mobile communication device includes goods provided by commercial mobile radio service providers and services for mobile telecommunications governed by Title 47 of the Code of Federal Regulations. By September 1, 2011, each agency shall provide a copy of its policy to the Chairs of the Appropriations Committee and the Appropriations Subcommittee on General Government of the House of Representatives, the Chairs of the Appropriations/Base Budget Committee and the Appropriations Committee on General Government and Information Technology of the Senate, the Chairs of the Joint Legislative Oversight Committee on Information Technology, the Fiscal Research Division, and the Office of State Budget and Management.

State-issued mobile electronic devices shall be used only for State business. Agencies shall limit the issuance of cell phones, smart phones, and any other mobile electronic devices to employees for whom access to a mobile electronic device is a critical requirement for job performance. The device issued and the plan selected shall be the minimum required to support the employees' work requirements. This shall include considering the use of pagers in lieu of a more sophisticated device. The requirement for each mobile electronic device issued shall be documented in a written justification that shall be maintained by the agency and reviewed annually. All State agency heads, in consultation with the Office of Information Technology Services and the Office of State Budget and Management, shall document and review all authorized cell phone, smart phone, and other mobile electronic communications device procurement, and related phone, data, Internet, and other usage plans for and by their employees. Agencies shall conduct periodic audits of mobile device usage to ensure that State employees and contractors are complying with agency policies and State requirements for their use.

Beginning October 1, 2011, each agency shall report quarterly to the Chairs of the House of Representatives Committee on Appropriations and the House of Representatives Subcommittee on General Government, the Chairs of the Senate Committee on Appropriations and the Senate Appropriations Committee on General Government and Information Technology, the Joint Legislative Oversight Committee on Information Technology, the Fiscal Research Division, and the Office of State Budget and Management on the following:

(1) Any changes to agency policies on the use of mobile devices.

(2) The number and types of new devices issued since the last report.

(3) The total number of mobile devices issued by the agency.

(4) The total cost of mobile devices issued by the agency.

(5) The number of each type of mobile device issued, with the total cost for each type."

SECTION 12.(a) Section 6A.4(e) of Session Law 2011-145 reads as rewritten:

"**SECTION 6A.4.(e)** Agencies shall use existing resources and shall not charge the Office of the State Controller to provide required support for CJLEADS."

SECTION 12.(b) Section 6A.10(b) of Session Law 2011-145 reads as rewritten:

"**SECTION 6A.10.(b)** Prior to any development or implementation of a State portal, the Department of Administration shall provide all of the following to the General Assembly:

(1) A detailed plan for development and implementation of the portal, to include a list of applications being considered for implementation during the 2011-2013 and 2013-2015 biennia, including:
   a. A description of how the portal is to be implemented, to include the use of outside vendors, with detailed information on their participation and the potential cost to the State, businesses, and anyone doing business with the State.
   b. A list of potential services and a time line for implementing each service.
   c. Detailed information on the anticipated cost of ownership of the portal and any services proposed for implementation during the period, to include the amount of any payments received by vendors supporting the project.
(2) A funding model for the implementation that does not increase the cost of services for anyone doing business with the State or reduce the receipts or other funding currently available to State agencies or included in appropriations for the 2011-2013 biennium.
(3) If the portal is outsourced, a detailed, fully executable plan to return portal operations to the State, with associated costs.
(4) Identification of internal resources that could potentially be used to develop and implement a State portal.

By May 1, 2012, the Department of Administration shall provide both plans, the funding model, and a detailed list of State internal resources that could be used for the development and implementation of a State portal to the Joint Legislative Committee on Information Technology."

SECTION 12.(c) Section 6A.20(c) of Session Law 2011-145 reads as rewritten:

"**SECTION 6A.20.(c)** As part of the State's continuing effort to develop a comprehensive enterprise-level data integration capability, the Office of the State Controller shall develop an enterprise process to detect fraud, waste, and improper payments across State agencies. State agencies shall fully support and participate in OSC's efforts to develop an automated fraud detection ~~system.~~ system and shall upon request provide in a timely and responsive manner accurate, complete, and timely data, business rules and policies, and support for project requirements. The agency head shall verify, in writing, the accuracy, completeness, and timeliness of the data. If any support or data is not provided as needed for the automated fraud detection effort, the OSC shall report that failure to the General Assembly for further review and action.

In support of the automated fraud detection effort, the OSC shall:
(1) Develop a detailed long-range plan to implement an automated fraud detection system within State agencies.
(2) Determine costs, to include vendor costs, for the effort for five years, beginning July 1, 2011.
(3) Coordinate with State agencies to determine interest in participating in the project and to identify potential applications that can be included in an initial request for proposal.
(4) Establish priorities for developing and implementing potential applications.
(5) Evaluate savings resulting from each effort.
(6) Coordinate efforts with the State's data integration vendor to begin the implementation process.
(7) Establish a pilot to begin the implementation process and to identify and resolve issues associated with expansion of the initiative.
(8) Coordinate with participating agencies to ensure that each has the resources and processes necessary to follow up on incidents of fraud identified by the vendor.
(9) Provide recommendations to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Oversight Committee on Information Technology, and the Fiscal Research Division of the General Assembly on potential future initiatives and the cost and savings associated with each."

SECTION 13.(a) Section 7.1A of Session Law 2011-145 is amended by adding a new subsection to read:

"**SECTION 7.1A.(d1)** Community colleges shall generate budget FTE for instruction provided through Career and College Promise."

SECTION 13.(b) Subsection (e) of Section 7.1A of Session Law 2011-145 reads as rewritten:

"**SECTION 7.1A.(e)** ~~Community colleges shall generate budget FTE for instruction provided through Career and College Promise.~~ The Community Colleges System Office shall report to the Joint Education Oversight Committee or, if the General Assembly is in session, to the House and Senate Education Committees no later than February 1 regarding the number and cost of high school FTE served as a result of the Career and College Promise program created by this section."

SECTION 13.(c) G.S. 115D-20(4), as amended by Section 7.1A(h) of Session Law 2011-145, reads as rewritten:

"**§ 115D-20. Powers and duties of trustees.**

The trustees of each institution shall constitute the local administrative board of such institution, with such powers and duties as are provided in this Chapter and as are delegated to it by the State Board of Community Colleges. The powers and duties of trustees shall include the following:

...

(4) To apply the standards and requirements for admission and graduation of students and other standards established by the State Board of Community Colleges. Notwithstanding any law or administrative rule to the contrary, local community colleges are permitted to offer the following programs:

a. Subject to the approval of the State Board of Community Colleges, local community colleges may collaborate with local school administrative units to offer courses through the following programs:

1. Cooperative innovative high school programs as provided by Part 9 of Article 16 of Chapter 115C of the General Statutes.
2. Academic transition pathways for qualified junior and senior high school students that lead to a career technical education certificate or diploma.
3. College transfer certificates requiring the successful completion of thirty semester credit hours <u>of</u> transfer courses, including English and mathematics, for <u>qualified</u> junior and senior high school students.

b. During the summer quarter, persons less than 16 years old may be permitted to take noncredit courses on a self-supporting basis, subject to rules of the State Board of Community Colleges.

c. High school students may be permitted to take noncredit courses in safe driving on a self-supporting basis during the academic year or the summer.

...."

SECTION 14.(a) Subsection (ee) of Section 7.13 of Session Law 2011-145 is repealed.

SECTION 14.(b) Subsections (a) through (u) of Section 7.13 of Session Law 2011-145 are repealed.

SECTION 15. Section 7.15 of Session Law 2011-145 is rewritten to read:

"**TRANSFER OF FEDERAL AGRICULTURAL EDUCATION FUNDS**

"**SECTION 7.15.** Of the funds provided to the Department of Public Instruction, the sum of ninety thousand five hundred dollars ($90,500) shall be transferred to the Agricultural Education and FFA Program housed in the Department of Agricultural and Extension Education at North Carolina State University. These funds shall be used to support the secondary Agricultural Education Program State-level administration, leadership, curriculum and professional development, operations, innovations and expansions, and the FFA and the Supervised Agricultural Education learning program."

SECTION 16. Section 7.23(a) of Session Law 2011-145 reads as rewritten:

"**SECTION 7.23.(a)** Local school administrative units shall adopt a Reduction in Force policy for certified school employees that includes the following criteria:

(1) In determining which positions shall be subject to a reduction in force, a local school administrative unit shall consider the following:

a. Structural considerations, such as identifying positions, departments, courses, programs, operations, and other areas where there are (i) less essential, duplicative, or excess personnel; (ii) job responsibility and/or position inefficiencies; (iii) opportunities for combined work functions; and/or (iv) decreased student or other demands for curriculum, programs, operations, or other services.

b. Organizational considerations, such as anticipated organizational needs of the school system and program/school enrollment.

(2) In determining which employees in similar positions shall be subject to a reduction in force, a local school administrative unit shall consider work performance.

Each local school administrative unit shall have this policy in place on or before July 15, 2011."

SECTION 17. Session Law 2011-145 is amended by adding the following new sections to read:

"**TEACHER ACADEMY STATUTES REPEALED**

"**SECTION 7.31.(a)** G.S. 115C-296.4 is repealed.

"**SECTION 7.31.(b)** G.S. 120-123(63) is repealed.

"**SECTION 7.31.(c)** G.S. 126-5(c1)(26) is repealed.

"**PROFESSIONAL TEACHING STANDARDS COMMISSION STATUTES REPEALED**

"**SECTION 7.32.** G.S. 115C-295.1 and G.S. 115C-295.2 are repealed."

COMMUNITY COLLEGES

SECTION 18.(a) G.S. 115D-5(b)(2)e., as amended by Section 8.12(a) of Session Law 2011-145, reads as rewritten:

"e. Radio Emergency Associated ~~Citizens~~ Communications Teams (REACT) under contract to a county as an emergency response agency."

SECTION 18.(b) G.S. 115D-5(b)(12), as rewritten by Section 8.12(a) of Session Law 2011-145, reads as rewritten:

"(12) All curriculum courses taken by high school students at community colleges, ~~including students in early college and middle college high school programs,~~ in accordance with G.S. 115D-20(4) and this section."

SECTION 19. Section 8.18(c) of Session Law 2011-145 reads as rewritten:

"**SECTION 8.18.(c)** This ~~act~~ section is effective when it becomes law."

SECTION 20. If any legislation allowing the board of trustees of any community college to adopt a resolution declining to participate in the William D. Ford Federal Direct Loan Program becomes law, then Part VIII of Session Law 2011-145 is amended by adding a new section to read:

"**COMMUNITY COLLEGE BUDGET FLEXIBILITY**

"**SECTION 8.21.** Notwithstanding G.S. 115D-31(b1), a college whose board of trustees adopts a resolution declining to participate in the William D. Ford Federal Direct Loan Program, as provided in G.S. 115D-40.1(d), shall not transfer from faculty salaries an amount that exceeds two percent (2%) of the State funds allocated to it for faculty salaries to support other instructional costs or other purposes."

UNIVERSITIES

SECTION 21. Section 9.6(c) of Session Law 2011-145 reads as rewritten:

"**SECTION 9.6.(c)** In allocating the management flexibility reduction, no reduction in State funds shall be allocated in either fiscal year of the 2011-2013 biennium to any of the following:

(1) Hickory Metro Higher Education Center.

(2) Joint Graduate School of Nanoscience and Nanoengineering at North Carolina Agricultural and Technical State University and the University of North Carolina at Greensboro.
(3) The North Carolina Research Campus.
(4) Center for Turfgrass Environmental Research and Education at North Carolina State University.
(5) Need-Based Financial Aid.
(6) Aid to Private Colleges.
~~(7) Any special responsibility constituent institution which has been granted a basic type designation of "Special Focus Institution" under the Carnegie Classification of Institutions of Higher Education.~~
~~(8) Any special responsibility constituent institution which has been granted a basic type designation of "Baccalaureate Colleges Arts & Sciences" under the Carnegie Classification of Institutions of Higher Education.~~
(9) The Coastal Wave Energy Research Project led by the UNC Coastal Studies Institute."

DEPARTMENT OF HEALTH AND HUMAN SERVICES

SECTION 21A. Section 10.5 of S.L. 2011-145 reads as rewritten:

"**SECTION 10.5.(a)** The North Carolina Partnership for Children, Inc. shall not reduce the allocation for counties with less than 35,000 in population by more than twenty percent (20%) of their current allocation/State funding level.

"**SECTION ~~10.5.(a)~~10.5.(a1)** Administrative costs shall be equivalent to, on an average statewide basis for all local partnerships, not more than eight percent (8%) of the total statewide allocation to all local partnerships. For purposes of this subsection, administrative costs shall include costs associated with partnership oversight, business and financial management, general accounting, human resources, budgeting, purchasing, contracting, and information systems management. The North Carolina Partnership for Children, Inc., shall develop a single statewide contract management system that incorporates features of the required standard fiscal accountability plan described in G.S. 143B-168.12(a)(4). All local partnerships shall be required to participate in the contract management system and shall be directed by the North Carolina Partnership for Children, Inc., to collaborate, to the fullest extent possible, with other local partnerships to increase efficiency and effectiveness.

...

"**SECTION 10.5.(e)** The North Carolina Partnership for Children, Inc., and all local partnerships shall, in the aggregate, be required to match one hundred percent (100%) of the total amount budgeted for the program in each fiscal year of the biennium. Of the funds the North Carolina Partnership for Children, Inc., and the local partnerships are required to match, contributions of cash shall equal to at least ~~ten~~ seven percent ~~(10%)~~(7%) and in-kind donated resources equal to no more than three percent (3%) for a total match requirement of ~~thirteen~~ ten percent ~~(13%)~~(10%) for each fiscal year. The North Carolina Partnership for Children, Inc., may carry forward any amount in excess of the required match for a fiscal year in order to meet the match requirement of the succeeding fiscal year. Only in-kind contributions that are quantifiable shall be applied to the in-kind match requirement. Volunteer services may be treated as an in-kind contribution for the purpose of the match requirement of this subsection. Volunteer services that qualify as professional services shall be valued at the fair market value of those services. All other volunteer service hours shall be valued at the statewide average wage rate as calculated from data compiled by the Employment Security Commission in the Employment and Wages in North Carolina Annual Report for the most recent period for which data are available. Expenses, including both those paid by cash and in-kind contributions, incurred by other participating non-State entities contracting with the North Carolina Partnership for Children, Inc., or the local partnerships, also may be considered resources available to meet the required private match. In order to qualify to meet the required private match, the expenses shall:
(1) Be verifiable from the contractor's records.
(2) If in-kind, other than volunteer services, be quantifiable in accordance with generally accepted accounting principles for nonprofit organizations.
(3) Not include expenses funded by State funds.

(4) Be supplemental to and not supplant preexisting resources for related program activities.
(5) Be incurred as a direct result of the Early Childhood Initiatives Program and be necessary and reasonable for the proper and efficient accomplishment of the Program's objectives.
(6) Be otherwise allowable under federal or State law.
(7) Be required and described in the contractual agreements approved by the North Carolina Partnership for Children, Inc., or the local partnership.
(8) Be reported to the North Carolina Partnership for Children, Inc., or the local partnership by the contractor in the same manner as reimbursable expenses.

Failure to obtain a ~~thirteen~~ ten percent ~~(13%)~~(10%) match by June 30 of each fiscal year shall result in a dollar-for-dollar reduction in the appropriation for the Program for a subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall be responsible for compiling information on the private cash and in-kind contributions into a report that is submitted to the Joint Legislative Commission on Governmental Operations in a format that allows verification by the Department of Revenue. The same match requirements shall apply to any expansion funds appropriated by the General Assembly.

...."

SECTION 22. Section 10.7(a) of Session Law 2011-145 reads as rewritten:

"**SECTION 10.7.(a)** The Department of Public Instruction, Office of Early Learning, and the Department of Health and Human Services are directed to consolidate the More At Four program into the Division of Child Development. The Division of Child Development is renamed the Division of Child Development and Early Education (DCDEE). The DCDEE is directed to maintain the More At Four program's high programmatic ~~standards.~~standards and ensure services are provided statewide. The Department of Health and Human Services shall assume the functions of the regulation and monitoring system and payment and reimbursement system for the More At Four program.

All regulation and monitoring functions shall begin July 1, 2011. The More At Four program shall be designated as "prekindergarten" on the five-star rating scale. All references to "prekindergarten" in this section shall refer to the program previously titled the "More At Four" program. All references to "non-prekindergarten" shall refer to all four- and five-star rated facilities.

The Office of State Budget and Management shall transfer positions to the Department of Health and Human Services to assume the regulation, monitoring, and accounting functions within the Division of Child Development's Regulatory Services Section. This transfer shall have all the elements of a Type I transfer as defined in G.S. 143A-6. All funds transferred pursuant to this section shall be used for the funding of prekindergarten slots for four-year-olds and for the management of the program. The DCDEE shall use a portion of the funds to provide necessary services for recruitment, eligibility determination, and child placement within local communities. These services shall be conducted by local partnerships that choose to offer the services. The Department of Health and Human Services shall incorporate eight consultant positions into the regulation and accounting sections of DCDEE, eliminate the remaining positions, and use position elimination savings for the purpose of funding prekindergarten students. DCDEE may use funds from the transfer of the More At Four program for continuing the teacher mentoring program and contracting for the environmental rating scale assessments."

SECTION 23. Section 10.14 of Session Law 2011-145 is repealed.

SECTION 24. Section 10.31A of Session Law 2011-145 reads as rewritten:

"**SECTION 10.31A.** The Secretary of Health and Human Services may implement a Medicaid assessment program for any willing provider category allowed under federal ~~regulations, except for hospital providers subject to the assessments authorized in Session Law 2011-11,~~ regulations up to the maximum percentage allowed by federal regulation. The Department may retain up to sixty-five percent (65%) of the amount from an assessment program implemented after December 31, 2010, except for the hospital assessment program authorized in S.L. 2011-11, that can be used by the Department to support Medicaid expenditures. Any assessment funds not retained by the Department shall be used to draw federal Medicaid matching funds for implementing increased rates or new reimbursement plans for each provider category being assessed.

Receipts from the assessment program are hereby appropriated for the 2011-2012 fiscal year and the 2012-2013 fiscal year for the purposes set out in this section."

SECTION 24A. Section 10.35(b) of Session Law 2011-145 reads as rewritten:

"**SECTION 10.35.(b)** For the 2011-2012 fiscal year, the Department of Health and Human Services shall deposit from its revenues one hundred fifteen million dollars ($115,000,000) with the Department of State Treasurer to be accounted for as nontax revenue. For the 2012-2013 fiscal year, the Department of Health and Human Services shall deposit from its revenues one hundred fifteen million dollars ($115,000,000) with the Department of State Treasurer to be accounted for as nontax revenue. These deposits shall represent the return of General Fund appropriations, nonfederal revenue, fund balances or other resources from State ~~owned and operated~~ hospitals which are used to provide indigent and non-indigent care services. The return from State ~~owned and operated~~ hospitals to DHHS will be made from nonfederal resources in an amount equal to the amount of the payments from the Division of Medical Assistance for uncompensated ~~care.~~care or based on an interagency agreement in effect at the date of the return. The treatment of any revenue derived from federal programs shall be in accordance with the requirements specified in the Code of Federal Regulations, Title 2, Part 225."

SECTION 25. Section 10.37(a) of Session Law 2011-145 reads as rewritten:

"**SECTION 10.37.(a)** The Department of Health and Human Services, Division of Medical Assistance, may take the following actions, notwithstanding any other provision of this act or other State law or rule to the contrary:

(1) In-Home Care provision. – In order to enhance in-home aide services to Medicaid recipients, the Department of Health and Human Services, Division of Medical Assistance, shall:

a. No longer provide services under PCS and PCS-Plus ~~the later of January 1, 2012, or~~ whenever CMS approves the elimination of the PCS and PCS-Plus programs and the implementation of the following two new services:

...

(11) Medicaid service modifications and eliminations. – Subject to the prior approval of the Centers for Medicare and Medicaid Services where required, the Division of Medical Assistance shall make the following eliminations of or modifications to Medicaid services:

a. Optical. –

1. Eliminate adult routine eye exams. Eye exams shall be restricted to cases in which a specific optical problem exists.
2. Eliminate optical services and supplies.

b. Durable medical equipment. – The Department may adjust the rate paid for incontinence supplies or reduce cost through a negotiated single source contract with a manufacturer for incontinence supply procurement, notwithstanding any other provision of law. The contract shall provide that suppliers may use the contract but are also free to take advantage of better prices available elsewhere. The Department may effectuate any combination of these options in order to achieve the lowest available cost for incontinence supply procurement.

c. Specialized therapies. – For evaluations and reevaluations, as well as physical, occupational, speech, respiratory, and audiological services, reduce the maximum number of allowable services by one per year.

d. Home health. – Restrict usage of the miscellaneous T199 code. All billing must be for a specific service.

e. ~~Pregnancy Home Model Initiative.~~Implement a collaborative effort between Community Care of North Carolina Networks and Local Health Departments to improve perinatal care and ensure care management of high risk pregnancies.

...."

SECTION 26. Section 10.40 of S.L. 2011-145 reads as rewritten:

"**TRANSFER TO OFFICE OF ADMINISTRATIVE HEARINGS**

"**SECTION 10.40.** From funds available to the Department of Health and Human Services (Department) for the 2011-2012 fiscal year, the sum of ~~one million dollars ($1,000,000),~~one million dollars ($1,000,000) in General Fund appropriations, and for the 2012-2013 fiscal year the sum of ~~one million dollars ($1,000,000),~~one million dollars ($1,000,000) in General Fund appropriations, shall be transferred by the Department of Health and Human Services to the Office of Administrative Hearings (OAH). These funds shall be allocated by the OAH for mediation services provided for Medicaid applicant and recipient appeals and to contract for other services necessary to conduct the appeals process. OAH shall continue the Memorandum of Agreement (MOA) with the Department for mediation services provided for Medicaid recipient appeals and contracted services necessary to conduct the appeals process. The MOA will facilitate the Department's ability to draw down federal Medicaid funds to support this administrative function. Upon receipt of invoices from OAH for covered services rendered in accordance with the MOA, the Department shall transfer the federal share of Medicaid funds drawn down for this purpose."

SECTION 26A. Section 10.49A of S.L. 2011-145 reads as rewritten:

"**HOME CARE AGENCY LICENSURE MORATORIUM IN-HOME AIDE SERVICES**

"**SECTION 10.49A.** Beginning July 1, 2011, and for a period of three years thereafter, the Department of Health and Human Services shall not issue any licenses for home care agencies as defined in G.S. 131E-136(2) that intend to offer in-home aide services. The prohibition shall not restrict the Department from issuing licenses to certified home health agencies as defined in G.S. 131E-176(12) that intend to offer in-home aide services or to agencies that need a new license for an existing home care agency being acquired. The Secretary may at any time license a new home care agency in any area of the State if access to care becomes an issue during the time frame set forth above. Companion and Sitter services are exempt from this restriction. All completed applications that include the applicable fee received in the Division of Health Service Regulation prior to July 1, 2011, may be processed for licensure."

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

SECTION 27.(a) Section 13.3(e) of Session Law 2011-145 reads as rewritten:

"**SECTION 13.3.(e)** All functions, powers, duties, and obligations previously vested in the Radiation Protection Section within the Division of Environmental Health of the Department of Environment and Natural Resources are transferred to and vested in the Division of Health ~~Safety~~ Service Regulation of the Department of Health and Human Services by a Type I transfer, as defined in G.S. 143A-6."

SECTION 27.(b) G.S. 143-300.8, as amended by Section 13.3(k) of Session Law 2011-145, reads as rewritten:

"**§ 143-300.8. Defense of local sanitarians.**

Any local health department sanitarian enforcing rules of the Commission for Public Health under the supervision of the Department of Health and Human Services pursuant to G.S. 130A-4 shall be defended by the Attorney General, subject to the provisions of G.S. 143-300.4, and shall be protected from liability in accordance with the provisions of this Article in any civil or criminal action or proceeding brought against the sanitarian in his official or individual capacity, or both, on account of an act done or omission made in the scope and course of enforcing the rules of the Commission for Public Health. The Department of ~~Environment and Natural Resources~~Health and Human Services shall pay any judgment against the sanitarian, or any settlement made on his behalf, subject to the provisions of G.S. 143-300.6."

SECTION 27.(c) G.S. 104E-8(c), as amended by Section 13.3(ddd) of Session Law 2011-145, reads as rewritten:

"(c) The 10 ex officio members shall be appointed by the Governor, shall be members or employees of the following State agencies or their successors, and shall serve at the Governor's pleasure:

...

(6) The Division of Health ~~Safety~~ Service Regulation of the Department.

...."

SECTION 27.(d) G.S. 104E-9(b), as amended by Section 13.3(eee) of Session Law 2011-145, reads as rewritten:

"(b) The Division of Health ~~Safety~~ Service Regulation of the Department shall develop a training program for tanning equipment operators that meets the training rules adopted by the Commission. If the training program is provided by the Department, the Department may charge each person trained a reasonable fee to recover the actual cost of the training program."

SECTION 27.(e) G.S. 120-70.33(3), as amended by Section 13.3(fff) of Session Law 2011-145, reads as rewritten:

"**§ 120-70.33. Powers and duties.**

The Joint Select Committee shall have the following powers and duties:

...

(3) To evaluate actions of the Radiation Protection Commission, the radiation protection programs administered by the Division of Health ~~Safety~~ Service Regulation of the Department of Health and Human Services, and of any other board, commission, department, or agency of the State or local government as such actions relate to low-level radioactive waste management;

...."

SECTION 28. If Senate Bill 781, 2011 Regular Session, becomes law, then Section 13.11B of Session Law 2011-145 is repealed.

SECTION 29. Section 13.21 of Session Law 2011-145 is rewritten to read:

"**SECTION 13.21.**Section 15.4(a) of S.L. 1997-443, as amended by Section 3.1 of S.L. 1999-329, Section 5 of S.L. 2001-254, Section 1.1 of S.L. 2002-176, Section 6.1 of S.L. 2003-340, Section 12.7(a) of S.L. 2005-276, Section 2 of S.L. 2007-536, and Section 1 of S.L. 2009-84, reads as rewritten:

'(a) The Department of Environment and Natural Resources shall develop and implement a pilot program to begin no later than 1 November 1997, and to terminate ~~1 September 2011~~,June 30, 2013, regarding the annual inspections of animal operations that are subject to a permit under Article 21 of Chapter 143 of the General Statutes. The Department shall select two counties located in a part of the State that has a high concentration of swine farms to participate in this pilot program. In addition, Brunswick County and Pender County shall be added to the program. Notwithstanding G.S. 143-215.10F, the Division of Soil and Water Conservation of the Department of Environment and Natural Resources shall conduct inspections of all animal operations that are subject to a permit under Article 21 of Chapter 143 of the General Statutes in these four counties at least once a year to determine whether any animal waste management system is causing a violation of water quality standards and whether the system is in compliance with its animal waste management plan or any other condition of the permit. The personnel of the Division of Soil and Water Conservation who are to conduct these inspections in each of these four counties shall be located in an office in the county in which that person will be conducting inspections. As part of this pilot program, the Department of Environment and Natural Resources shall establish procedures whereby resources within the local Soil and Water Conservation Districts serving the four counties are used for the quick response to complaints and reported problems previously referred only to the Division of Water Quality of the Department of Environment and Natural Resources.'"

SECTION 30. Section 13.22(b) of Session Law 2011-145 reads as rewritten:

"**SECTION 13.22.(b)** G.S. 143-215.10D(b), as amended by Section 13.22(r) of this act, reads as rewritten:

'(b) ~~As part of its animal waste management plan, each animal operation shall have an operations review at least once a year.~~An animal operation may request an operations review. The operations review shall be conducted by a technical specialist employed by the Division of Soil and Water Conservation of the Department of Agriculture and Consumer Services, a local Soil and Water Conservation District, or the federal Natural Resources Conservation Services working under the direction of the Division of Soil and Water Conservation.'"

SECTION 31. Section 13.23(h) of Session Law 2011-145 reads as rewritten:

"**SECTION 13.23.(h)** Of the funds available to the Department of Environment and Natural Resources for Water Resource Projects, the sum of one million dollars ($1,000,000) shall be transferred to the Department of ~~Environment and Natural Resources,~~Agriculture and Consumer Services, Division of Soil and Water Conservation, for the 2011-2012 fiscal year to implement the Agricultural Water Resources Assistance Program established in Article 5 of Chapter 139 of the General Statutes, as enacted by subsection (a) of this section. The Soil and Water Conservation Commission may use up to fifteen percent (15%) of these funds for the

costs of the Division of Soil and Water Conservation and the costs of the Soil and Water Conservation Districts to provide engineering assistance, to provide technical assistance, and to administer the Agricultural Water Resources Assistance Program. Any of these funds that are not expended or encumbered as of June 30, 2012, shall not revert and shall remain available for purposes set forth in this subsection until expended."

SECTION 32. Session Law 2011-145 is amended by adding a new section to read:

"**REQUIREMENTS TO RECEIVE NC AGRICULTURE COST SHARE PROGRAM FUNDS OR AGRICULTURE WATER RESOURCES ASSISTANCE PROGRAM FUNDS**

"**SECTION 13.23A.(a)** G.S. 106-850(b), as recodified by Section 13.22A(t) of this act, is amended by adding a new subdivision to read:

'(10) To be eligible for cost share funds under this program, each applicant must establish that he or she is engaged in farming by providing to the Soil and Water Conservation Commission with his or her application a copy of the applicant's federal tax Schedule F (Form 1040) for the most recent tax year showing the applicant's profit or loss from farming.'

"**SECTION 13.23A.(b)** G.S. 139-60, as enacted by Section 13.23 of this act, is amended by adding a subsection to read:

'(c1) To be eligible for assistance under this program, each applicant must establish that he or she is engaged in farming by providing to the Soil and Water Conservation Commission with his or her application a copy of the applicant's federal tax Schedule F (Form 1040) for the most recent tax year showing the applicant's profit or loss from farming.'"

SECTION 33.(a) Section 13.25(i) of Session Law 2011-145 is repealed.

SECTION 33.(b) G.S. 106-848(c) and (d), as enacted by Section 13.25(o) of Session Law 2011-145, reads as rewritten:

"**§ 106-848. Applications of proceeds from sale of products.**

...

(c) Forest Seedling Nursery Program Fund. – The Forest Seedling Nursery Program Fund is created within the Department of ~~Environment and Natural Resources,~~Agriculture and Consumer Services, Division of Forest Resources, as a special revenue fund. Except as provided in subsection (b) of this section, this Fund shall consist of receipts from the sale of seed and seedlings as authorized in G.S. 106-847 and any gifts, bequests, or grants for the benefit of this Fund. No General Fund appropriations shall be credited to this Fund. Any balance remaining in this Fund at the end of any fiscal year shall not revert. The Department may use this Fund only to develop, improve, repair, maintain, operate, or otherwise invest in the Forest Seedling Nursery Program.

(d) Bladen Lakes State Forest Fund. – The Bladen Lakes State Forest Fund is created within the Department of ~~Environment and Natural Resources,~~Agriculture and Consumer Services, Division of Forest Resources, as a special revenue fund. This Fund shall consist of receipts from the sale of forest products from Bladen Lakes State Forest as authorized in G.S. 106-847 and any gifts, bequests, or grants for the benefit of this Fund. No General Fund appropriations shall be credited to this Fund. Any balance remaining in this Fund at the end of any fiscal year shall not revert. The Department may use this Fund only to develop, improve, repair, maintain, operate, or otherwise invest in the Bladen Lakes State Forest."

SECTION 34. Section 13.26(c) of Session Law 2011-145 reads as rewritten:

"**SECTION 13.26.(c)** The funds appropriated in this act to the Clean Water Management Trust Fund shall be allocated as follows:

(1) Notwithstanding the provisions of G.S. 113A-253(d), the sum of three million dollars ($3,000,000) shall be used for the 2011-2012 fiscal year and for the 2012-2013 fiscal year for the costs of administering the Clean Water Management Trust Fund, including costs to support the Board of Trustees of the Clean Water Management Trust Fund and its staff, the operating costs of the Board of Trustees of the Clean Water Management Trust Fund and its staff, and the costs of making debt payments to retire debt as provided under G.S. 113A-253(c);

(2) Notwithstanding the provisions of G.S. 113A-253(c) and G.S. 113A-254, the sum of one million five hundred thousand dollars ($1,500,000) shall be used for the 2011-2012 fiscal year and for the 2012-2013 fiscal year for State matching funds for the Readiness and Environmental Protection Initiative

and any other United States Department of Defense program that provides for military buffers and protects the overall military training mission; and

(3) The sum of ~~six million two hundred thousand dollars ($6,250,000)~~six million seven hundred fifty thousand dollars ($6,750,000) shall be used for the 2011-2012 fiscal year and for the 2012-2013 fiscal year for the costs for wastewater projects, water quality restoration projects, minigrants, conservation easements, and stormwater projects consistent with the provisions of Article 18 of Chapter 113A of the General Statutes. As used in this subdivision, 'minigrant' means grant funds to provide the transaction costs to facilitate the donation of conservation easements."

DEPARTMENT OF COMMERCE

SECTION 35. Section 14.3A(a) of Session Law 2011-145 reads as rewritten:

"**SECTION 14.3A.(a)** There is established an operating committee for the Vinifera Group and an operating committee for the Muscadines Group. The purpose of the operating committees is to promote North Carolina wineries and tourism related to the wineries. Each operating committee shall consist of five members, who shall be appointed by the ~~Commissioner of Agriculture~~ Secretary of Commerce to serve two-year terms, which shall be staggered. The members appointed shall be chosen from among individuals who have education or experience in the wine industry or in the field of tourism. No member of an operating committee may serve for more than two consecutive terms. Initial terms shall commence September 1, 2011."

SECTION 36. Section 14.5B of Session Law 2011-145 is repealed.

SECTION 37. Section 14.13 of Session Law 2011-145 reads as rewritten:

"**REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS ALLOCATIONS**

...

"**SECTION 14.13.(c)** No more than ~~one hundred thousand dollars ($100,000)~~one hundred twenty thousand dollars ($120,000) in State funds shall be used for the annual salary of any one employee of a regional economic development commission.

...."

SECTION 38. Section 14.20(e) of Session Law 2011-145 reads as rewritten:

"**SECTION 14.20.(e)** Criteria for Grants. – All requests for Rural Jobs Infrastructure Grants shall do all of the following:

(1) Document the infrastructure needs that the project will address.
(2) Specify the number of jobs that will be created as a result of the infrastructure improvements proposed for funding assistance.
(3) Document the availability of all matching funds.
(4) Identify the private enterprises that will be creating the jobs and provide documentation that the enterprises will agree to contract to produce the number of jobs promised.
(5) Provide any additional documentation requested by the Rural Center to complete its review.

~~As part of its review of grant applications, the Rural Center shall determine that the private sector jobs to be created through the investment of the Rural Jobs Infrastructure Grant Fund will not compete unfairly with existing businesses.~~ In awarding grants under this section, the Rural Center shall give preference to a resident company. For purposes of this section, the term "resident company" means a company that has paid unemployment taxes or income taxes in this State and whose principal place of business is located in this State. An application for a project that serves an economically distressed area shall have priority over a project that does not. A Rural Jobs Infrastructure Grant to assist with water infrastructure needs is not subject to the provisions of G.S. 143-355.4. The Board of Directors of the Rural Center may establish additional criteria to effectively allocate the funds appropriated in this section."

SECTION 38.1.(a) Section 14.3A of S.L. 2011-145 is repealed.

SECTION 38.1.(b) Part 2J of Article 10 of Chapter 143B of the General Statutes, as repealed by Section 14.3B of S.L. 2011-145, is re-enacted.

SECTION 38.1.(c) G.S. 143B-437.91, as re-enacted by subsection (b) of this section, reads as rewritten:

"**§143B-437.91. North Carolina Wine and Grape Growers Council – Composition; terms; reimbursement.**

(a) The North Carolina Wine and Grape Growers Council shall consist of ~~11~~ 10 members who shall be appointed by the Secretary of ~~Commerce in the following manner: seven commercial grape growers; three winery operators; and one retailer of North Carolina grape products. For purposes of this Article, a commercial grape grower is one who has at least three acres of grapes or sells ten thousand dollars ($10,000) worth of grapes annually. The Secretary shall appoint members for staggered four-year terms. Members shall serve until their successors are appointed and qualified. Any member of the Council may be reappointed for additional terms. Any appointment to fill a vacancy on the Council shall be for the balance of the unexpired term. Any member of the Council may be removed by the Secretary for misfeasance, malfeasance, or nonfeasance.~~

~~(b) Members of the Council shall receive per diem and necessary travel and subsistence expenses in accordance with G.S. 138-5 from funds appropriated for the operation of the Council.~~

~~(c) All clerical and other services required by the Council may be provided by the Department of Commerce.~~

~~(d) The Secretary of Commerce shall appoint a chair who shall serve at the pleasure of the Secretary.~~

~~(e) The Council may select a secretary who need not be a member of the Council.~~

~~(f) The Council shall meet when necessary as determined by the chair or upon written request of a majority of the members.~~

~~(g) A majority of the Council shall constitute a quorum for the transaction of business.~~ Commerce as provided in this section. The members of the Council shall be divided into an advisory committee for the Vinifera Group and an advisory committee for the Muscadines Group for the purpose of performing the powers and duties prescribed in G.S. 143B-437.90 and for the purpose of promoting North Carolina wineries and tourism related to the wineries.

(b) Each advisory committee shall consist of five members, who shall be appointed by the Secretary of Commerce to serve two-year terms, which shall be staggered. The members appointed shall be chosen from among individuals who have education or experience in the wine industry or in the field of tourism. No member of an advisory committee may serve for more than two consecutive terms. Initial terms shall commence September 1, 2011.

(c) Each advisory committee shall meet at least twice each calendar year during which time each committee shall discuss issues related to the Council's powers and duties, including ways in which to promote and advertise North Carolina wineries and ways in which to improve, use, and distribute State maps showing winery locations. The Vinifera Group shall meet at the NC Shelton Badgett Viticulture Center at Surry Community College, and the Muscadines Group shall meet at Duplin Community College. After each meeting, each advisory committee shall report to the Secretary of Commerce with its recommendations. Notwithstanding any other provision of law, committee members shall receive no salary, per diem, subsistence, travel reimbursement, or other stipend or reimbursement as a result of serving on their respective committees.

(d) Each advisory committee shall elect from the membership of each committee a chair and vice-chair. Vacancies resulting from the resignation of a member or otherwise shall be filled in the same manner in which the original appointment was made, and the term shall be for the balance of the unexpired term. A majority of the members of each committee shall constitute a quorum for the transaction of business. The affirmative vote of a majority of the members present at meetings of each committee shall be necessary for action to be taken by the committee."

SECTION 38.1.(d) The terms of the current members of the North Carolina Wine and Grape Growers Council shall expire on June 30, 2011.

SECTION 38.1.(e) Notwithstanding any provision of S.L. 2011-145 to the contrary:

(1) Position # 60080945 shall not be eliminated, but that position, including salary and benefits, shall be paid for with funds appropriated in this act for NC Wineries & Tourism.

(2) The sum of five hundred thousand dollars ($500,000) in non-recurring funds for the 2011-2012 fiscal year that is appropriated in S.L. 2011-145 for NC

Wineries & Tourism shall be used to promote the Vinifera and Muscadine wineries rather than being allocated to the Vinifera and Muscadine Groups.

SECTION 38.2. Notwithstanding any provision of S.L. 2011-145 to the contrary, the sum of one hundred thousand dollars ($100,000) in recurring funds for the 2011-2012 fiscal year is appropriated to the Department of Commerce to allocate to the Appalachian Energy Center at Appalachian State University.

JUDICIAL DEPARTMENT

SECTION 39. Section 15.16(c) of Session Law 2011-145 reads as rewritten:

"**SECTION 15.16.(c)** The Office of Indigent Defense Services shall issue a request for proposals from private law firms or not-for-profit legal representation organizations for the provision of all legal services for indigent clients in all judicial districts. The Office of Indigent Defense Services shall report on the issuance of this request for proposals to the Joint Legislative Commission on Governmental Operations by October 1, 2011. In cases where the proposed contract can provide representation services more efficiently than current ~~costs,~~ costs and ensure that the quality of representation is sufficient to meet applicable constitutional and statutory standards, the Office of Indigent Defense Services shall use private assigned counsel funds to enter into contracts for this purpose. In selecting contracts, the Office of Indigent Defense Services shall consider both the cost-effectiveness of the proposed contract and the ability of the potential contractor to provide effective representation for the clients served by the contract."

SECTION 40. Session Law 2011-145 is amended by adding a new section to read:

"**INDIGENT DEFENSE SERVICES/STATE MATCH FOR GRANTS**

"**SECTION 15.22.** The Office of Indigent Defense Services may use up to the sum of fifty thousand dollars ($50,000) from funds available for the 2011-2012 fiscal year to provide the State matching funds needed to receive grant funds. Prior to using funds for this purpose, the Office shall report to the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety and the Joint Legislative Commission on Governmental Operations on the grants to be matched using these funds."

SECTION 40.1. S.L. 2011-145 is amended by adding a new section to read:

"**PROSECUTORIAL OFFICE STAFF**

"**SECTION 15.23.** Notwithstanding any other provision of this act, the Administrative Office of the Courts shall reduce support staff in prosecutorial offices using a blended ratio/workload model developed by their Office of Research and Planning. There is no limit on the percentage reduction that any one prosecutorial office may take."

DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION

SECTION 41. Section 17.3 of Session Law 2011-145 is rewritten to read:

"**SECTION 17.3.(a)** Funds appropriated in this act to the Department of Juvenile Justice and Delinquency Prevention for the 2011-2013 fiscal biennium for wilderness camp contracts that are not required for or used for wilderness camp contracts shall only be used for the following:

(1) Other statewide residential programs that provide Level 2 intermediate dispositional alternatives for juveniles.

(2) Statewide community programs that provide Level 2 intermediate dispositional alternatives for juveniles.

(3) Regional programs that are collaboratives of two or more Juvenile Crime Prevention Councils which provide Level 2 intermediate dispositional alternatives for juveniles.

(4) The Juvenile Crime Prevention Council grants fund to be used for the Level 2 intermediate dispositional alternatives for juveniles listed in G.S. 7B-2506(13) through (23).

"**SECTION 17.3(b)** Under no circumstances shall funds appropriated by this act to the Department of Juvenile Justice and Delinquency Prevention for the 2011-2013 fiscal biennium for wilderness camps be used for staffing, operations, maintenance, or any other expenses of youth development centers.

"**SECTION 17.3.(c)** The Department of Juvenile Justice and Delinquency Prevention shall submit an electronic report by October 1, 2011, on all expenditures made from the miscellaneous contract line in Fund Code 1310 to the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety and the Fiscal Research Division of the General Assembly. The report shall include all of the following: an itemized list of the contracts that have been executed, the amount of each contract, the date the contract was executed, the purpose of the contract, the number of juveniles that will be served and the manner in which they will be served, the amount of money transferred to the Juvenile Crime Prevention Council fund, and an itemized list of grants allocated from the funds transferred to the Juvenile Crime Prevention Council fund."

DEPARTMENT OF CORRECTION

SECTION 42. Session Law 2011-145 is amended by adding a new section to read:
"**PROHIBIT CLOSURE OF BLADEN CORRECTIONAL CENTER**
"**SECTION 18.17.** The Department of Correction shall not close the Bladen Correctional Center during the 2011-2013 biennium."

SECTION 42.1. Section 18.10.(c) of S.L. 2011-145 is repealed.

DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY

SECTION 43.(a) G.S. 143B-259(a), as enacted by Section 19.1(b) of Session Law 2011-145, reads as rewritten:
"**§ 143B-259. Organization.**
(a) There is established the Department of Public Safety. The head of the Department of Public Safety is the Secretary of Public Safety, who shall be known as the Secretary. The Department shall consist of ~~seven~~ six divisions and an Office of External Affairs as follows:

...

(3) The Division of Law Enforcement, which shall consist of the following former divisions of the Department of Crime Control and Public ~~Safety and the Department of Justice:~~ Safety: the State Highway Patrol, the Alcohol Law Enforcement Division, the Butner Public Safety Division, and the State Capitol Police Division. The head of the Division of Law Enforcement shall be a chief deputy secretary.

(4) The Division of Emergency Management, which shall consist of the former Division of Emergency Management of the Department of Crime Control and Public Safety and the Civil Air Patrol.

...."

SECTION 43.(b) G.S. 143B-259.1, as enacted by Section 19.1(b) of Session Law 2011-145, reads as rewritten:
"**§ 143B-259.1. Powers and duties of the Department of Public Safety.**
It shall be the duty of the Department of Public Safety to do all of the following:

...

(3) To prepare ~~annually~~ annually, in consultation with the Judicial Department and the Department of Justice, a State plan for the State's criminal justice system.

...."

SECTION 43.(c) Section 19.1(g) of Session Law 2011-145 is amended by deleting "164-37,".

SECTION 43.(d) Section 19.1(i) of Session Law 2011-145 is amended by deleting "164-37,".

SECTION 43.(e) G.S. 164-37, as amended by Section 19.1(l) of Session Law 2011-145, reads as rewritten:
"**§ 164-37. Membership; chairman; meetings; quorum.**
The Commission shall consist of ~~30~~ 28 members as follows:

...

(3) The Secretary of ~~Correction~~ Public Safety or his designee;

~~(4) The Secretary of Crime Control and Public Safety or his designee;~~

...

~~(26) A representative of the Division of Juvenile Justice of the Department of Public Safety.~~

The Commission shall have its initial meeting no later than September 1, 1990, at the call of the Chairman. The Commission shall meet a minimum of four regular meetings each year. The Commission may also hold special meetings at the call of the Chairman, or by any four members of the Commission, upon such notice and in such manner as may be fixed by the rules of the Commission. A majority of the members of the Commission shall constitute a quorum."

SECTION 43.(f) Section 19.1(h) of Session Law 2011-145 is amended by deleting "164-40" and "164-42".

SECTION 43.(g) Section 19.1(q1) of Session Law 2011-145 is amended by deleting that subsection.

SECTION 43.(h) Section 19.1(bb) of Session Law 2011-145 is amended by deleting that subsection, and Section 19.1(u) of Session Law 2011-145 reads as rewritten:

"**SECTION 19.1.(u)** Division of Law Enforcement. – Parts 1 and 7 of Article 11 of Chapter 143B of the General Statutes are ~~repealed.~~ repealed, and the Law Enforcement Support Services Division of the Department of Crime Control and Public Safety is abolished. Part 9 of Article 11 of Chapter 143B of the General Statutes is recodified as Subpart A of Part 4 of Article 5A of Chapter 143B of the General Statutes, G.S. 143B-272.45."

SECTION 43.(i) Section 19.1(x1) of Session Law 2011-145 reads as rewritten:

"**SECTION 19.1.(x1)** Office of External Affairs. – Part 3A of Article 11 of Chapter 143B of the General Statutes is recodified as Subpart A of Part 7 of Article 5A of Chapter 143B of the General Statutes, "Victims' Services Section", G.S. 143B-272.103 through G.S. 143B-272.104."

SECTION 43.(j) G.S. 18B-500, as rewritten by Section 19.1(z) of Session Law 2011-145, reads as rewritten:

"**§ 18B-500. Alcohol law-enforcement agents.**

(a) Appointment. – The Secretary of ~~the Department of~~ Public Safety shall appoint alcohol law-enforcement agents and other enforcement personnel. The Secretary of ~~the Department of~~ Public Safety may also appoint regular employees of the Commission as alcohol law-enforcement agents. Alcohol law-enforcement agents shall be designated as "alcohol law-enforcement agents". Persons serving as reserve alcohol law-enforcement agents are considered employees of the Alcohol Law Enforcement Section for workers' compensation purposes while performing duties assigned or approved by the Director of Alcohol Law Enforcement Section or the Director's designee.

(b) Subject Matter Jurisdiction. – After taking the oath prescribed for a peace officer, an alcohol law-enforcement agent shall have authority to arrest and take other investigatory and enforcement actions for any criminal offense. The primary responsibility of an agent shall be enforcement of the ABC laws, lottery laws, and Article 5 of Chapter 90 (The Controlled Substances Act); however, an agent may perform any law-enforcement duty assigned by the Secretary of ~~the Department of~~ Public Safety or the Governor.

...."

SECTION 43.(k) Section 19.1(bb1) of Session Law 2011-145 is deleted, and the introductory language to Section 19.1(bb2) and the catch line to G.S. 143B-490, as rewritten by that act, read as rewritten:

"**SECTION 19.1.(bb2)** G.S. 143B-490, as rewritten by subsection (g) of this section and recodified by subsection (w) of this section, reads as rewritten:

"**§ 143B-272.73A. Civil Air Patrol ~~Division~~ Section – powers and duties.**"

SECTION 43.(l) Section 19.1(dd1) of Session Law 2011-145 is deleted.

SECTION 43.(m) Section 19.1(jj) of Session Law 2011-145 reads as rewritten:

"**SECTION 19.1.(jj)** G.S. 122C-408, as rewritten by subsection (g) of this section and Section 19.3(b), reads as rewritten:

"**§ 122C-408. Butner Public Safety ~~Division~~ Section of the Department of Public Safety; jurisdiction; fire and police district.**

(a) The Secretary of Public Safety may employ special police officers for the territory of the Butner Reservation. The Secretary of Public Safety shall contract with the Town of Butner to provide fire and police protection to those areas within the incorporated limits of the Town of Butner. The territorial jurisdiction of these officers shall consist of the property shown on a map produced May 20, 2003, by the Information Systems Division of the North Carolina General Assembly and kept on file in the office of the Butner Town Manager and in the office

of Director of the Butner Public Safety ~~Division~~ Section of the Department of Public Safety and such additional areas which are within the incorporated limits of the Town of Butner as shown on a map to be kept in the office of the Butner Town Manager and in the office of Director of the Butner Public Safety ~~Division~~ Section of the Department of Public Safety. The Secretary of Public Safety may organize these special police officers into a public safety department for that territory and may establish it as a division within that principal department as permitted by Chapter 143B of the General Statutes.

(b) After taking the oath of office required for law-enforcement officers, the special police officers authorized by this section shall have the authority of deputy sheriffs of Durham and Granville Counties in those counties respectively. Within the territorial jurisdiction stated in subsection (a) of this section, the special police officers have the primary responsibility to enforce the laws of North Carolina, the ordinances of the Town of Butner, and any rule applicable to the Butner Reservation adopted under authority of this Part or under G.S. 143-116.6 or G.S. 143-116.7 or under the authority granted any other agency of the State and also have the powers set forth for firemen in Articles 80, 82 and 83 of Chapter 58 of the General Statutes. Any civil or criminal process to be served on any individual confined at any State facility within the territorial jurisdiction described in subsection (a) of this section shall be forwarded by the sheriff of the county in which the process originated to the Director of the Butner Public Safety ~~Division.~~Section. Special police officers authorized by this section shall be assigned to transport any individual transferred to or from any State facility within the territorial jurisdiction described in subsection (a) of this section to or from the psychiatric service of the University of North Carolina Hospitals at Chapel Hill.

(c) The contract between the Town of Butner and the Department of Public Safety shall provide for each of the following:

(1) The Butner Public Safety ~~Division~~ Section of the Department of Public Safety shall provide the same level of service to the incorporated area known as the Town of Butner as provided to those areas of the Town of Butner served by Butner Public Safety on January 1, 2007.

...."

SECTION 44. Session Law 2011-145 is amended by adding a new section to read:

"**AVOIDANCE OF UNNECESSARY EXPENSES ASSOCIATED WITH REDESIGNATION OF SUBUNITS OF STATE AGENCIES**

"**SECTION 19.1.(hhh3)** Notwithstanding any other provision of law, in order to avoid the expense of issuing new identification badges and other materials, the Alcohol Law Enforcement Division may continue to be recognized by that name for all legal purposes, though functioning as a section of the Law Enforcement Division of the Department of Public Safety. All former departments which become divisions under the provisions of this act and all former divisions which become sections under this act shall, to the extent feasible, continue using stationery and other items containing the former name of the division or section in order to avoid unnecessary expense."

DEPARTMENT OF ADMINISTRATION

SECTION 45.(a) Section 20.1A of Session Law 2011-145 is repealed.

SECTION 45.(b) Section 20.2(b) of Session Law 2011-145 reads as rewritten:

"**SECTION 20.2.(b)** The Legislative Research Commission may make an interim report ~~to the 2011 General Assembly when it reconvenes in 2012 and shall make its final report to the 2013 General Assembly.~~by May 1, 2012, to the Chairs of the House Appropriations Subcommittee on General Government and the Chairs of the Senate Appropriations Committee on General Government and Information Technology."

DEPARTMENT OF CULTURAL RESOURCES

SECTION 46. Section 21.2(a) of Session Law 2011-145 reads as rewritten:

"**SECTION 21.2.(a)** ~~The Roanoke Island Commission shall receive State funds through the 2011-2012 fiscal year. Beginning with the 2012-2013 fiscal year, the Roanoke Island Commission shall be self-supporting.~~ Beginning with the 2015-2016 fiscal year, the Roanoke Island Commission shall be self-supporting. The Roanoke Island Commission shall receive an appropriation of State funds for the 2011-2012 fiscal year and for the 2012-2013 fiscal year that

are incrementally reduced each of those fiscal years pursuant to this act. It is the intent of the General Assembly that State funds continue to be appropriated to the Roanoke Island Commission for the 2013-2014 fiscal year and for the 2014-2015 fiscal year but in amounts that continue the incremental reduction in those appropriations for each of those fiscal years."

SECTION 47. Section 21.3 of Session Law 2011-145 is repealed.

RESTORE POSITION AT FORT DOBBS

SECTION 21.5. Notwithstanding any other provision of S.L. 2011-145 or this act, the Department of Cultural Resources shall use the funds appropriated to it to fully restore Historic Sites Specialist II at Fort Dobbs, Position # 60083465.

GENERAL ASSEMBLY

SECTION 48. The introductory language of Section 22.3 of Session Law 2011-145 reads as rewritten:

"**SECTION 22.3.** ~~**G.S.** 120-30.9B(b)~~ G.S. 120-30.9B reads as rewritten:".

DEPARTMENT OF INSURANCE

SECTION 49. Session Law 2011-145 is amended by adding the following new section to read:

"**DEPARTMENT OF INSURANCE AND AFFORDABLE CARE ACT**

"**SECTION 23.3.** It is the intent of the General Assembly to establish and operate a State-based health benefits Exchange that meets the requirements of the federal Patient Protection and Affordable Care Act, Public Law 111-148, as amended by the federal Health Care and Education Reconciliation Act of 2010, Public Law 111-152, collectively referred to as the Affordable Care Act (ACA). The Department of Insurance (DOI) and the Department of Health and Human Services (DHHS) may collaborate and plan in furtherance of the requirements of the ACA. DOI may contract with experts, using available funds or grants, necessary to facilitate preparation for an Information Technology system capable of performing requirements of the ACA.

The Commissioner of Insurance may also study the insurance-related provisions of the ACA and any other matters it deems necessary to successful compliance with the provisions of the ACA and related regulations. If the Commissioner of Insurance conducts such a study, the Commissioner shall submit a report to the 2012 Regular Session of the 2011 General Assembly containing recommendations resulting from the study."

STATE CONTROLLER

SECTION 50. Section 26A.1 of Session Law 2011-145 reads as rewritten:

"**SECTION 26A.1.(a)** During the 2011-2013 fiscal biennium, receipts generated by the collection of inadvertent overpayments by State agencies to vendors as a result of pricing errors, neglected rebates and discounts, miscalculated freight charges, unclaimed refunds, erroneously paid excise taxes, and related errors as required by G.S. 147-86.22(c) are to be deposited in Special Reserve Account 24172.

"**SECTION 26A.1.(b)** For each year of the 2011-2013 fiscal biennium, five hundred thousand dollars ($500,000) of the funds transferred from Special Reserve Account 24172 shall be used by the Office of the State Controller for data processing, debt collection, or e-commerce costs.

"**SECTION 26A.1.(c)** All funds available in Special Reserve Account 24172 on July 1 of each year of the 2011-2013 fiscal biennium are transferred to the General Fund on that date.

...."

DEPARTMENT OF TRANSPORTATION

SECTION 51. Section 28.10(c) of S.L. 2011-145 reads as rewritten:

"**SECTION 28.10.(c)** ~~Unexpended and unencumbered funds previously allocated to municipalities~~ Municipalities made ineligible to receive funds by subsection (b) of this section

shall have until June 30, 2012, to spend previously allocated funds, at which point the funds shall be reallocated to eligible municipalities in accordance with G.S. 136-41.1."

SECTION 52. Section 28.12A of Session Law 2011-145 reads as rewritten:

"**SECTION 28.12A.** The Program Evaluation Division of the General Assembly shall conduct a comprehensive evaluation of the North Carolina Railroad Company, a North Carolina corporation of which the State is the sole shareholder and which is a discretely reported component unit of the State as defined by the Governmental Accounting Standards Board. The evaluation shall address, at a minimum, the following issues:

(1) Whether the corporation is adhering to its stated corporate mission of maximizing the value of the corporation for the people of the State.
(2) What economic development benefits have been provided by the corporation and for what costs.
(3) An evaluation of the use of available cash by the corporation, including the purchase of real property used for investment purposes rather than paying dividends to the State.
(4) The approximate value of the corporation's assets, based on a market valuation rather than historic or book value of assets.
(5) The approximate value of the entire corporation as a going concern.
(6) The effectiveness of the provisions of Chapter 124 of the General Statutes to allow the State to exercise its shareholder rights and to provide effective shareholder oversight of the corporation.
(7) Whether the ownership of the corporation provides the State a reasonable return on its investment, attempting to consider both the tangible and intangible value provided by the corporation.
(8) Whether the corporation should be sold, transferred under the jurisdiction of the Department of Transportation or another State agency, or maintain its corporate structure.
(9) Whether the General Assembly should consider the possibility of repealing the corporate charter of the corporation by a special act, as allowed under Section 1 of Article VIII of the North Carolina Constitution.

For the purposes of this evaluation, the terms "State agency" or "agency" as used under Article 7C of Chapter 120 of the General Statutes shall include the North Carolina Railroad Company.

For the purposes of this evaluation, the Program Evaluation Division is hereby granted authority to exercise the State's shareholder right to inspect the corporate books and records of the North Carolina Railroad Company on behalf of the State.

~~The~~ From funds available to the Joint Legislative Transportation Oversight Committee, the Program Evaluation Division may hire consultants to aid it in its evaluation, including experts in appraisal and valuation.

The Program Evaluation Division shall report the results of its study to the Joint Legislative Program Evaluation Oversight Committee and the Joint Legislative Transportation Oversight Committee no later than ~~May 1, 2012.~~November 1, 2012."

SECTION 53.(a) Section 28.28 of Session Law 2011-145 act reads as rewritten:

"**STATE HIGHWAY PATROL ~~POSITIONS AND~~ MANAGEMENT FLEXIBILITY**

~~"SECTION 28.28.(a) The Administrative Services Section of the State Highway Patrol is hereby eliminated. The Secretary of the Department of Crime Control and Public Safety shall consolidate remaining Administrative Services Section positions and organizational units with other functions of the Department.~~

"**SECTION 28.28.(b)** The following State Highway Patrol positions are hereby ~~eliminated:~~eliminated on August 1, 2011 to achieve savings as required by subsection (c) of this section:

Position ID	**Position Title**
~~60084611~~	~~Program Assistant V~~
~~60084615~~	~~Attorney~~
~~60085385~~	~~Sergeant~~
~~60084952~~	~~First Sergeant~~
~~60085315~~	~~W/A First Sergeant~~
~~60084628~~	~~Assessment Analyst~~
~~60084772~~	~~Office Assistant~~

~~60084779~~	~~Budget Analyst~~
~~60085953~~	~~Major~~
~~60084998~~	~~First Sergeant~~
~~60084947~~	~~Captain~~
~~60085945~~	~~W/A Captain~~
~~60085302~~	~~Lieutenant~~
~~60084755~~	~~Office Assistant~~
~~60084858~~	~~Office Assistant~~
~~60084686~~	~~Deputy Secretary~~
60085953	Major
60084947	Captain
60084951	Captain
60084772	Office Assistant IV
60084755	Office Assistant IV
60084607	Personnel Tech I
60084628	Mgt. Engineer II
60084780	Executive Asst. I
60081210	Administrative Asst.
60084689	Cook
60084632	Office Assistant IV
60086343	Networking Analyst
60086928	Ops. & Systems Analyst
60086753	Photographer II
60086352	Auto Parts Supervisor
60084629	Processing Assistant III
60086313	Tech. Support Analyst
60084603	Office Assistant IV
60086448	Auto Body Mechanic

"**SECTION 28.28.(c)** ~~In addition to the other budgetary reductions required by this act, the~~ Notwithstanding Section 67(a) of this act, Items 57, 58, and 59 on page K-8 of the Senate Appropriations Committee Report on the Continuation, Expansion, and Capital Budgets dated June 16, 2011, shall not indicate action by the General Assembly on S.L. 2011-145 and this act and shall not be used to construe such acts. Notwithstanding any other provision of law, the Department of Crime Control and Public Safety, State Highway Patrol, shall have management flexibility to achieve savings in the Patrol's operation of ~~two million three hundred twenty-five thousand four hundred eighty-four dollars ($2,325,484),~~ four million five hundred sixty-three thousand two hundred twenty-seven dollars ($4,563,227), recurring, in fiscal year 2011-2012 and ~~ten million three hundred seventy-three thousand three hundred fifty dollars ($10,373,350),~~ thirteen million two hundred three thousand seven hundred twenty dollars ($13,203,720), recurring, in fiscal year 2012-2013. The Department of Crime Control and Public Safety, State Highway Patrol, is authorized to freeze Trooper positions or eliminate other sworn or civilian positions to achieve this budgetary reduction but is encouraged to find efficiencies and savings elsewhere in the Patrol's administrative structure. Additionally, the Department of Crime Control and Public Safety, State Highway Patrol, may eliminate filled positions but shall not eliminate sworn law enforcement officer positions assigned to districts for the purposes of traffic and commercial motor vehicle enforcement, unless the State Highway Patrol has first achieved twenty-five percent (25%) of the requisite savings elsewhere in the operation of the Patrol, including through staffing reductions in its administrative structure and areas other than district-level enforcement operations. If the State Highway Patrol must eliminate district-level enforcement positions to meet the savings required by this section, then the Patrol shall maintain balanced law enforcement coverage among the troops and is authorized to move trooper positions from one troop to another to maintain balanced coverage.

"**SECTION 28.28.(d)** The Commander of the State Highway Patrol shall report on the number of positions eliminated for fiscal year 2011-2012. The report shall identify the position number and type; assignment area or organizational unit; whether the position was filled or vacant; personnel savings achieved; and any severance paid. The report shall also include alternatives considered to the implemented reductions in force. The Commander shall submit the report to the House of Representatives Appropriations Subcommittee on Justice and Public

Safety, the Senate Appropriations Committee on Justice and Public Safety, and the Joint Legislative Crime Control and Public Safety Oversight Committee no later than March 1, 2012.

SECTION 53.(b) Section 28.28 of Session Law 2011-145 is amended by adding a new subsection to read:

"**SECTION 28.28.(e)** Notwithstanding G.S. 20-192, to achieve the savings required by this section, the Commander of the State Highway Patrol may reassign personnel from the Patrol ~~headquarters, except for those positions listed in subsection (b) of this section,~~headquarters to Troop Headquarters or district offices throughout the State."

SECTION 54. G.S. 20-85(a1)(2), as amended by Section 28.30(a) of Session Law 2011-145, reads as rewritten:

"(2) Any additional funds collected shall be credited to the Highway Trust Fund and, notwithstanding G.S. 136-176(b), shall be allocated and used for urban loop projects."

SECTION 55. The introductory language of Section 28.32(c) of Session Law 2011-145 reads as rewritten:

"**SECTION 28.32.(c)** Effective for the 2011-2012 fiscal year only, G.S. 136-176(b2), as amended by Section 28.7(g) of S.L. 2010-31, reads as rewritten:".

SECTION 56. The introductory language of Section 28.32(e) of Session Law 2011-145 reads as rewritten:

"**SECTION 28.32.(e)** ~~G.S. 136-189.183(a)(2)~~ G.S. 136-89.183(a)(2) reads as rewritten:".

SECTION 57. Section 28.33(d) of Session Law 2011-145 is repealed.

SECTION 58. G.S. 136-180, as amended by Section 28.34(a) of Session Law 2011-145, reads as rewritten:

"**§ 136-180. Urban loops.**

Funds allocated from the Trust Fund for urban loops may be used only for urban loops as designated and prioritized by the Department of ~~Transportation.~~Transportation based on the U.S. Census Bureau's defined urbanized areas."

SECTION 58.1. S.L. 2011-145 is amended by adding a new section to read:

"**DMV/DRIVER LICENSE SERVICES**

"**SECTION 28.23F.** Of funds appropriated to the Division of Motor Vehicles by this act, the Division shall restore one day per week licensing services at a fixed office location in the Town of Walnut Cove, Stokes County. The Division may utilize facilities or office space donated to the Division for this purpose."

SALARIES AND BENEFITS

SECTION 59.(a) Section 29.21A of Session Law 2011-145 is repealed.

SECTION 59.(b) G.S. 126-7.1 is rewritten to read:

"**§ 126-7.1. Posting requirement; State employees receive priority consideration; reduction-in-force; Work First hiring.**

(a) All vacancies for which any State agency, department, or institution openly recruit shall be posted in a place readily accessible to employees within at least the following:

(1) The personnel office of the agency, department, or institution having the vacancy; and

(2) The particular work unit of the agency, department, or institution having the vacancy.

If the decision is made, initially or at any time while the vacancy remains open, to receive applicants from outside the recruiting agency, department, or institution, the vacancy shall also be listed on a website maintained by the Office of State Personnel for the purpose of informing current State employees and the public of such vacancy. The State agency, department, or institution may not receive approval from the Office of State Personnel to fill a job vacancy if the agency, department, or institution cannot prove to the satisfaction of the Office of State Personnel that it complied with these posting requirements. The agency, department, or institution which hires any person in violation of these posting requirements shall pay such person when employment is discontinued as a result of such violation for the work performed during the period of time between his initial employment and separation.

(a1) State employees to be affected by a reduction in force shall be notified of the reduction in force as soon as practicable, and in any event, no less than 30 days prior to the effective date of the reduction in force.

(a2) The State Personnel Commission shall adopt rules to provide that State employees separated from State employment as the result of reductions in force who accept a position in State government shall be paid a salary no higher than the maximum of the salary grade of the position accepted.

(b) Subsection (a) of this section does not apply to vacancies which must be filled immediately to prevent work stoppage or the protection of the public health, safety, or security.

(c) If a State employee subject to this section:

(1) Applies for another position of State employment that would constitute a promotion and;

(2) Has substantially equal qualifications as an applicant who is not a State employee

then the State employee shall receive priority consideration over the applicant who is not a State employee. This priority consideration shall not apply when the only applicants considered for the vacancy are current State employees.

(c1) If a State employee who has been separated due to reduction in force or who has been given notice of imminent separation due to reduction in force:

(1) Applies for another position of State employment equal to or lower in salary grade than the position held by the employee at the time of notification or separation; and

(2) Has substantially equal qualifications as any other applicant.

then within all State agencies, the State employee who has been notified of or separated due to a reduction in force shall receive priority consideration over all other applicants. This priority shall remain in effect for a period of 12 months from the date the employee receives notification of separation by reduction in force. State employees separated due to reduction in force shall receive higher priority than other applicants with employment or reemployment priorities, except that the reemployment priority created by G.S. 126-5(e)(1) shall be considered as equal.

(d) "Qualifications" within the meaning of subsection (c) of this section shall consist of:

(1) Training or education;

(2) Years of experience; and

(3) Other skills, knowledge, and abilities that bear a reasonable functional relationship to the abilities and skills required in the job vacancy applied for.

(e) Each State agency, department, and institution is encouraged to hire into State government employment qualified applicants who are current or former Work First Program participants.

(f) Each State agency, department, institution, university, community college, and local education agency shall verify, in accordance with the Basic Pilot Program administered by the United States Department of Homeland Security pursuant to 8 U.S.C. § 1101, et seq, each individual's legal status or authorization to work in the United States after hiring the individual as an employee to work in the United States."

SECTION 59.(b) Nothing in this section affects the extended period of priority reconsideration afforded to State employees by Section 26.14D of S.L. 2009-451, as amended by Section 9.3 of S.L. 2009-575.

SECTION 59.(c) This section is effective when this act becomes law.

SECTION 59A. Section 29.8(a) of S.L. 2011-145 reads as rewritten:

"**SECTION 29.8.(a)** The annual pay of all State employees for the 2011-2013 fiscal biennium shall remain unchanged from that authorized on June 30, 2011, or the last date in pay status during the 2010-2011 fiscal year, if earlier, except that an increase may be allowed under 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 funded from local funding sources.

(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 faculty involved in cancer research supported by that fund and (ii) faculty, nonfaculty, and other employee adjustments, including retention adjustments, funded from non-State funding sources.

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

The cumulative salary adjustment allowed under this subsection for the 2011-2012 fiscal year may exceed ten percent (10%) of annual salary only if the adjustment is approved in advance by the Office of State Budget and Management, The University of North Carolina Board of Governors, the Board of the North Carolina Community College System, the Legislative Services Commission, the local board of education, or other authorized body as appropriate."

SECTION 60. Section 30.5 of Session Law 2011-145 reads as rewritten:

"**REPAIRS AND RENOVATIONS RESERVE ALLOCATION**

"**SECTION 30.5.(a)** Of the funds in the Reserve for Repairs and Renovations for the 2011-2012 fiscal year, fifty percent (50%) shall be allocated to the Board of Governors of The University of North Carolina for repairs and renovations pursuant to ~~G.S. 143C-4-3, in accordance with guidelines developed in The University of North Carolina Funding Allocation Model for Reserve for Repairs and Renovations, as approved by the Board of Governors of The University of North Carolina,~~G.S. 143C-4-3, and fifty percent (50%) shall be allocated to the Office of State Budget and Management for repairs and renovations pursuant to G.S. 143C-4-3.

~~Notwithstanding G.S. 143C-4-3, the Board of Governors may allocate funds for the repair and renovation of facilities not supported from the General Fund if the Board determines that sufficient funds are not available from other sources and that conditions warrant General Fund assistance. Any such finding shall be included in the Board's submission to the Joint Legislative Commission on Governmental Operations on the proposed allocation of funds.~~

The ~~Board of Governors and the~~ Office of State Budget and Management shall consult with the Joint Legislative Commission on Governmental Operations prior to the allocation or reallocation of these funds. The Board of Governors shall report to the Joint Legislative Commission on Governmental Operations in accordance with G.S. 143C-4-3(d).

"**SECTION 30.5.(b)** ~~Of~~ Notwithstanding G.S. 143C-4-3(d), the funds allocated to the Board of Governors of The University of North Carolina in subsection (a) of this section, a portion shall be used by the Board of Governors for the installation of fire sprinklers in university residence halls. This portion shall be in addition to funds otherwise appropriated in this act for the same purpose. Such funds shall be allocated among The University of North Carolina's constituent institutions by the President of The University of North Carolina, who shall consider the following factors when allocating those funds:

(1) The safety and well-being of the residents of campus housing programs.

(2) The current level of housing rents charged to students and how that compares to an institution's public peers and other UNC institutions.

(3) The level of previous authorizations to constituent institutions for the construction or renovation of residence halls funded from the General Fund, or from bonds or certificates of participation supported by the General Fund, since 1996.

(4) The financial status of each constituent institution's housing system, including debt capacity, debt coverage ratios, credit rankings, required reserves, the planned use of cash balances for other housing system improvements, and the constituent institution's ability to pay for the installation of fire sprinklers in all residence halls.

(5) The total cost of each proposed project, including the cost of installing fire sprinklers and the cost of other construction, such as asbestos removal and additional water supply needs.

The Board of Governors shall submit progress reports to the Joint Legislative Commission on Governmental Operations. Reports shall include the status of completed, current, and planned projects. Reports also shall include information on the financial status of each

constituent institution's housing system, the constituent institution's ability to pay for fire protection in residence halls, and the timing of installation of fire sprinklers. Reports shall be submitted on January 1 and July 1 until all residence halls have fire sprinklers.

"**SECTION 30.5.(c)** ~~Of~~ Notwithstanding G.S. 143C-4-3(d), of the funds allocated to the Board of Governors of The University of North Carolina in subsection (a) of this section, a portion shall be used by the Board of Governors for campus public safety improvements allowable under G.S. 143C-4-3(b)."

SECTION 61. Section 30.6 of Session Law 2011-145 reads as rewritten:

"**PROCEDURES FOR DISBURSEMENT OF CAPITAL FUNDS**

"**SECTION 30.6.** The appropriations made by the 2011 General Assembly for capital improvements shall be disbursed for the purposes provided by this act. Expenditure of funds shall not be made by any State department, institution, or agency until an allotment has been approved by the Governor as Director of the Budget. The allotment shall be approved only after full compliance with the State Budget Act, Chapter 143C of the General Statutes. Prior to the award of construction contracts for projects to be financed in whole or in part with self-liquidating appropriations, the Director of the Budget shall approve the elements of the method of financing of those projects, including the source of funds, interest rate, and liquidation period. Provided, however, that if the Director of the Budget approves the method of financing a project, the Director shall report that action to the Joint Legislative Commission on Governmental Operations at its next meeting. Provided further that this requirement shall not apply to projects of The University of North Carolina financed with funds available to the institutions from gifts, grants, receipts, self-liquidating indebtedness, Medicare reimbursements for education costs, hospital receipts from patient care, or other funds, or any combination of these funds, but not including funds received for tuition or appropriated from the General Fund of the State.

Where direct capital improvement appropriations include the purpose of furnishing fixed and movable equipment for any project, those funds for equipment shall not be subject to transfer into construction accounts except as authorized by the Director of the Budget. The expenditure of funds for fixed and movable equipment and furnishings shall be reviewed and approved by the Director of the Budget prior to commitment of funds.

Capital improvement projects authorized by the 2011 General Assembly shall be completed, including fixed and movable equipment and furnishings, within the limits of the amounts of the direct or self-liquidating appropriations provided, except as otherwise provided in this act. Capital improvement projects authorized by the 2011 General Assembly for the design phase only shall be designed within the scope of the project as defined by the approved cost estimate filed with the Director of the Budget, including costs associated with site preparation, demolition, and movable and fixed equipment."

FEE PROVISIONS

SECTION 61A. Section 31.11A of Session Law 2011-145 is rewritten to read:

"**SECTION 31.11A.(a)** G.S. 130A-248(d) reads as rewritten:

'(d) The Department shall charge each establishment subject to this section, except nutrition programs for the elderly administered by the Division of Aging and Adult Services of the Department of Health and Human Services, establishments that prepare and sell meat food products or poultry products, and public school cafeterias, a fee of seventy-five dollars ($75.00) for each permit issued. This fee shall be reassessed annually for permits that do not expire. The Commission shall adopt rules to implement this subsection. Fees collected under this subsection shall be used for State and local food, lodging, and institution sanitation programs and activities. No more than ~~thirty-three and one-third percent (33 1/3%)~~ten percent (10%) of the fees collected under this subsection may be used to support State health programs and activities.'

"**SECTION 31.11A.(b)** Notwithstanding any other provision of law, the four hundred thousand dollars ($400,000) that is appropriated under this act for aid to counties for local food and lodging programs shall continue to be used for aid to counties for the 2011-2012 fiscal year and shall be retained by the State beginning with the 2012-2013 fiscal year to pay for the costs to operate the State elements of the food and lodging program, which was transferred to the Department of Health and Human Services under this act.

"**SECTION 31.11A.(c)** Subsection (a) of this section becomes effective July 1, 2012."

SECTION 62. G.S. 7A-307(a)(4), as amended by Section 31.23(d) of Session Law 2011-145, reads as rewritten:

"**SECTION 31.23.(d)** G.S. 7A-307(a) reads as rewritten:

'(a) In the administration of the estates of decedents, minors, incompetents, of missing persons, and of trusts under wills and under powers of attorney, in trust proceedings under G.S. 36C-2-203, and in collections of personal property by affidavit, the following costs shall be assessed:

...

(4) For the support of the General Court of Justice, the sum of twenty dollars ($20.00) shall accompany any filing requiring a notice of hearing and containing one or more motions not listed in G.S. 7A-308 that is filed with the clerk. No costs shall be assessed to a motion containing as a sole claim for relief the taxing of costs, including attorneys' fees.'"

SECTION 63.(a) If House Bill 642, 2011 Regular Session, becomes law, then Section 7(o) of that act is repealed.

SECTION 63.(b) Session Law 2011-145 is amended by adding a new section to read:

"**CODIFY APPLICATION OF CHANGES TO COURT COSTS**

"**SECTION 31.23B.** G.S. 7A-304 is amended by adding a new subsection to read:

'(g) Changes to the costs or fees in this section apply to costs or fees assessed or collected on or after the effective date of the change. However, in misdemeanor or infraction cases disposed of on or after the effective date by written appearance, waiver of trial or hearing, or plea of guilt or admission of responsibility pursuant to G.S. 7A-180(4) or G.S. 7A-273(2), and within the time limit imposed by G.S. 7A-304(a)(6), in which the citation or other criminal process was issued before the effective date, the costs or fees shall be the lesser of those specified in this section as amended, or those specified in the notice portion of the defendant's or respondent's copy of the citation or other criminal process, if any costs or fees are specified in that notice.'"

SECTION 64. Session Law 2011-145 is amended by adding a new section to read:

"**WITNESS FEE AMENDMENT**

"**SECTION 31.23C.(a)** G.S. 7A-314 reads as rewritten:

'**§ 7A-314. Uniform fees for witnesses; experts; limit on number.**

(a) A witness under subpoena, bound over, or recognized, other than a salaried State, county, or municipal law-enforcement officer, or an out-of-state witness in a criminal case, whether to testify before the court, Judicial Standards Commission, jury of view, magistrate, clerk, referee, commissioner, appraiser, or arbitrator shall be entitled to receive five dollars ($5.00) per day, or fraction thereof, during his attendance, which, except as to witnesses before the Judicial Standards Commission, must be certified to the clerk of superior court. Compensation of witnesses acting on behalf of the court or prosecutorial offices shall be paid in accordance with the rules established by the Administrative Office of the Courts. Compensation of witnesses provided under G.S. 7A-454 shall be in accordance with rules established by the Office of Indigent Defense Services.

(b) A witness entitled to the fee set forth in subsection (a) of this section, and a law-enforcement officer who qualifies as a witness, shall be entitled to receive reimbursement for travel expenses as follows:

(1) A witness whose residence is outside the county of appearance but within 75 miles of the place of appearance shall be entitled to receive mileage reimbursement at the rate currently authorized for State employees, for each mile necessarily traveled from his place of resident to the place of appearance and return, each day. Reimbursements to witnesses acting on behalf of the court or prosecutorial offices shall be paid in accordance with the rules established by the Administrative Office of the Courts. Reimbursements to witnesses provided under G.S. 7A-454 shall be in accordance with rules established by the Office of Indigent Defense Services.

(2) A witness whose residence is outside the county of appearance and more than 75 miles from the place of appearance shall be entitled to receive mileage reimbursement at the rate currently authorized State employees for one round-trip from his place of residence to the place of appearance. A

witness required to appear more than one day shall be entitled to receive reimbursement for actual expenses incurred for lodging and meals not to exceed the maximum currently authorized for State employees, in lieu of daily mileage. Reimbursements to witnesses acting on behalf of the court or prosecutorial offices shall be paid in accordance with the rules established by the Administrative Office of the Courts. Reimbursements to witnesses provided under G.S. 7A-454 shall be in accordance with rules established by the Office of Indigent Defense Services.

(c) A witness who resides in a state other than North Carolina and who appears for the purpose of testifying in a criminal action and proves his attendance may be compensated at the rate allowed to State officers and employees by subdivisions (1) and (2) of G.S. 138-6(a) for one round-trip from his place of residence to the place of appearance, and five dollars ($5.00) for each day that he is required to travel and attend as a witness, upon order of the court based upon a finding that the person was a necessary witness. If such a witness is required to appear more than one day, he is also entitled to reimbursement for actual expenses incurred for lodging and meals, not to exceed the maximum currently authorized for State employees. Reimbursements to witnesses acting on behalf of the court or prosecutorial offices shall be paid in accordance with the rules established by the Administrative Office of the Courts. Reimbursements to witnesses provided under G.S. 7A-454 shall be in accordance with rules established by the Office of Indigent Defense Services.

(d) An expert witness, other than a salaried State, county, or municipal law-enforcement officer, shall receive such compensation and allowances as the court, or the Judicial Standards Commission, in its discretion, may authorize. A law-enforcement officer who appears as an expert witness shall receive reimbursement for travel expenses only, as provided in subsection (b) of this section. Compensation of experts acting on behalf of the court or prosecutorial offices shall be paid in accordance with the rules established by the Administrative Office of the Courts. Compensation of experts provided under G.S. 7A-454 shall be in accordance with rules established by the Office of Indigent Defense Services.

....'

"**SECTION 31.23C.(b)** G.S. 7A-454 reads as rewritten:

'**§ 7A-454. Supporting services.**

Fees for the services of an expert witness or other witnesses, paid in accordance with G.S. 7A-314, including travel expenses, lodging, and other appearance expenses, for an indigent person and other necessary expenses of counsel shall be paid by the State in accordance with rules adopted by the Office of Indigent Defense Services.'"

SECTION 65. The title of Section 31.25 of Session Law 2011-145 reads as rewritten:

"~~**JPS/AOC/INCREASE**~~**JPS/DOC/INCREASE INTERSTATE COMPACT FEE.**"

SECTION 66. Section 31.26A of Session Law 2011-145 is repealed.

SECTION 66.1. Section 31.23 of S.L. 2011-145 is amended by adding a new subsection to read:

"**SECTION 31.23.(g)** Notwithstanding any other provision of law, G.S. 7A-305(f) and G.S. 7A-308(a)(21), as enacted by this section, shall not apply to actions commenced or prosecuted pursuant to Article 9 of Chapter 110 of the General Statutes."

MISCELLANEOUS PROVISIONS

COMMITTEE REPORT

SECTION 67.(a) The Senate Appropriations Committee Report on the Continuation, Expansion, and Capital Budgets dated June 16, 2011, which was distributed in the Senate and the House of Representatives and used to explain this act, shall indicate action by the General Assembly on S.L. 2011-145 and this act, and shall therefore be used to construe such acts, as provided in the State Budget Act, Chapter 143C of the General Statutes, and for these purposes shall be considered a part of such acts and as such shall be printed as a part of the Session Laws.

SECTION 67.(b) The budget enacted by the General Assembly is for the maintenance of the various departments, institutions, and other spending agencies of the State for the 2011-2013 biennial budget as provided in G.S. 143C-3-5. This budget includes the appropriations of State funds as defined in G.S. 143C-1-1(d)(25).

The Director of the Budget submitted a recommended continuation budget to the General Assembly on February 15, 2011, in the document "The State of North Carolina Governor's Recommended Budget, 2011-2013" and in the Budget Support Document for the various departments, institutions, and other spending agencies of the State. The adjustments to these documents made by the General Assembly in S.L. 2011-145 and this act are set out in the Committee Report.

SECTION 67.(c) The budget enacted by the General Assembly shall also be interpreted in accordance with G.S. 143C-5-5, the special provisions in this act and other appropriate legislation.

In the event that there is a conflict between the line-item budget certified by the Director of the Budget and the budget enacted by the General Assembly, the budget enacted by the General Assembly shall prevail.

EFFECTIVE DATE

SECTION 68. Unless otherwise provided, this act becomes effective July 1, 2011.

In the General Assembly read three times and ratified this the 18th day of June, 2011.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Beverly E. Perdue
Governor

Approved 4:18 p.m. this 30th day of June, 2011

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

SESSION LAW 2011-8
HOUSE BILL 48

AN ACT TO REDUCE SPENDING BY ELIMINATING STATEWIDE STANDARDIZED TESTING IN THE PUBLIC SCHOOLS, EXCEPT AS REQUIRED BY FEDERAL LAW OR AS A CONDITION OF A FEDERAL GRANT.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-174.11 reads as rewritten:

"**§ 115C-174.11. Components of the testing program.**

(a) Assessment Instruments for First and Second Grades. – The State Board of Education shall adopt and provide to the local school administrative units developmentally appropriate individualized assessment instruments consistent with the Basic Education Program for the first and second grades, rather than standardized tests. Local school administrative units may use these assessment instruments provided to them by the State Board for first and second grade students, and shall not use standardized tests except as required as a condition of receiving federal grants.

(b) Repealed by Session Laws 2009-451, s. 7.20(c), effective July 1, 2009.

(c) Annual Testing Program.

(1) The State Board of Education shall adopt ~~a system of annual testing~~the tests for grades three through ~~12.~~12 that are required by federal law or as a condition of a federal grant. These tests shall be designed to measure progress toward reading, communication skills, and mathematics for grades three through eight, and toward competencies ~~designated by the State Board~~ for grades nine through 12. ~~The State Board may develop and implement a plan for high school end-of-course tests that must be aligned with the content standards developed under G.S. 115C-12(9c).~~ Students who do not pass the tests adopted for eighth grade shall be provided remedial instruction in the ninth grade.

(2) If the State Board of Education finds that additional testing in grades three through 12 is desirable to allow comparisons with national indicators of student achievement, that testing shall be conducted with the smallest size sample of students necessary to assure valid comparisons with other states.

(d) Except as provided in subdivision (2) of subsection (c) of this section, the State Board of Education shall not require the public schools to administer any standardized tests except for those required by federal law or as a condition of a federal grant.

The State Board of Education shall adopt and provide to local school administrative units all tests required by federal law or as a condition of a federal grant."

SECTION 2. The following end-of-course tests are hereby eliminated:

(1) United States History.
(2) Civics and Economics.
(3) Algebra II.
(4) Physical Science.

SECTION 3. The State Board of Education in conjunction with the Department of Public Instruction shall consider alternative assessment strategies for measuring the academic performance of students and for evaluating teachers. The Department shall report its proposals on any such strategies to Education Committee of the House of Representatives and the Education/Higher Education Committee of the Senate by June 1, 2011.

SECTION 4. This act becomes effective July 1, 2011 and applies beginning with the 2011-2012 school year.

In the General Assembly read three times and ratified this the 7th day of March, 2011.

s/ Walter H. Dalton
President of the Senate

s/ Dale R. Folwell
Speaker Pro Tempore of the House of Representatives

This bill having been presented to the Governor for signature on the 8th day of March, 2011 and the Governor having failed to approve it within the time prescribed by law, the same is hereby declared to have become a law. This 19th day of March, 2011.

s/ Karen Jenkins
Enrolling Clerk

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

SESSION LAW 2011-121
HOUSE BILL 181

AN ACT TO ADD THE STATE SUPERINTENDENT OF PUBLIC INSTRUCTION TO THE ECONOMIC DEVELOPMENT BOARD, AS RECOMMENDED BY THE JOINT LEGISLATIVE JOINING OUR BUSINESSES AND SCHOOLS (JOBS) STUDY COMMISSION.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 143B-434(b) reads as rewritten:

"(b) Membership. – The Economic Development Board shall consist of ~~38~~39 members. The Secretary of Commerce shall serve ex officio as a member and as the secretary of the Economic Development Board. The Secretary of Revenue shall serve as an ex officio, nonvoting member. The Secretary of the Department of Cultural Resources shall serve as an ex officio, nonvoting member. Four members of the House of Representatives appointed by the Speaker of the House of Representatives, four members of the Senate appointed by the President Pro Tempore of the Senate, the Superintendent of Public Instruction, or designee, the President of The University of North Carolina, or designee, the President of the North Carolina Community College System, or designee, the Secretary of State, and the President of the Senate (or the designee of the President of the Senate), shall serve as members of the Board. The Governor shall appoint the remaining 23 members of the Board. Effective with the terms beginning July 1, 1997, one of the Governor's appointees shall be a representative of a nonprofit organization involved in economic development and two of the Governor's appointees shall be county economic development representatives. The Governor shall designate a chair and a vice chair from among the members of the Board. Appointments to the Board made by the Governor for terms beginning July 1, 1997, and appointments to the Board made by the Speaker of the House of Representatives and the President Pro Tempore of the Senate for terms beginning July 9, 1993, should reflect the ethnic and gender diversity of the State as nearly as practical.

The initial appointments to the Board shall be for terms beginning on July 9, 1993. Of the initial appointments made by the Governor, the terms shall expire July 1, 1997. Of the initial appointments made by the Speaker of the House of Representatives and by the President Pro Tempore of the Senate two appointments of each shall be designated to expire on July 1, 1995; the remaining terms shall expire July 1, 1997. Thereafter, all appointments shall be for a term of four years.

The appointing officer shall make a replacement appointment to serve for the unexpired term in the case of a vacancy.

The members of the Economic Development Board shall receive per diem and necessary travel and subsistence expenses payable to members of State Boards and agencies generally pursuant to G.S. 138-5 and G.S. 138-6, as the case may be. The members of the Economic Development Board who are members of the General Assembly shall not receive per diem but shall receive necessary travel and subsistence expenses at rates prescribed by G.S. 120-3.1."

SECTION 2. This act is effective when it becomes law.
In the General Assembly read three times and ratified this the 8th day of June, 2011.

s/ Walter H. Dalton
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Beverly E. Perdue
Governor

Approved 9:20 a.m. this 13th day of June, 2011

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

SESSION LAW 2011-93
HOUSE BILL 197

AN ACT TO GIVE CERTAIN LOCAL BOARDS OF EDUCATION ADDITIONAL FLEXIBILITY WITH REGARD TO INSTRUCTIONAL TIME LOST DUE TO INCLEMENT WEATHER OR OTHER EMERGENCY SITUATIONS.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 115C-84.2(a)(1) reads as rewritten:

"(a) School Calendar. – Each local board of education shall adopt a school calendar consisting of 215 days all of which shall fall within the fiscal year. A school calendar shall include the following:

(1) A minimum of either 180 days ~~and~~ or 1,000 hours of instruction covering at least nine calendar months. The local board shall designate when the 180 instructional days or 1,000 hours shall occur. The number of instructional hours in an instructional day may vary according to local board policy and does not have to be uniform among the schools in the administrative unit. Local boards may approve school improvement plans that include days with varying amounts of instructional time. If school is closed early due to inclement weather, the day and the scheduled amount of instructional hours may count towards the required minimum to the extent allowed by State Board policy. The school calendar shall include a plan for making up days and instructional hours missed when schools are not opened due to inclement weather.

If, due to inclement weather, a local board of education complies with this subdivision by scheduling 1,000 hours of instruction on less than 180 days, the local school administrative unit is deemed to have a minimum of 180 days of instruction, teachers employed for a 10-month term are deemed to have been employed for 180 instructional days, and all other employees shall be compensated as if they had worked their regularly scheduled hours for 180 instructional days."

SECTION 1.(b) This section applies only to the following:

(1) Local school administrative units that missed more than 20 instructional days during the 2010-2011 school year due to inclement weather, provided that instruction is provided at least through June 10.

(2) Local school administrative units that missed instructional days at one or more schools during the 2010-2011 school year due to the partial or complete destruction of a school building and that are located within a county with a population of less than 25,000 which has been declared by the President of the United States to be a disaster area due to severe storms, tornadoes, and flooding occurring on April 16, 2011.

(3) Public schools that missed instructional days during the 2010-2011 school year due to the partial or complete destruction of the school and that are located in local school administrative units in counties declared by the President of the United States to be a disaster area due to severe storms, tornadoes, and flooding occurring on April 16, 2011.

(4) Public schools that missed instructional days during the 2010-2011 school year due to a state of emergency and that are located in local school administrative units in a coastal county with a population of more than 175,000 where a state of emergency was declared by the county commissioners in March 2011.

SECTION 2.(a) G.S. 115C-238.29F(d)(1) reads as rewritten:

"(1) The school shall provide instruction each year for ~~at least 180 days.~~a minimum of either 180 days or 1,000 hours of instruction covering at least nine calendar months."

SECTION 2.(b) This section applies only to charter schools that missed more than 20 instructional days during the 2010-2011 school year due to inclement weather.

SECTION 3. This act is effective when it becomes law and applies only to the 2010-2011 school year.

In the General Assembly read three times and ratified this the 17th day of May, 2011.

s/ Walter H. Dalton
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Beverly E. Perdue
Governor

Approved 10:52 a.m. this 26th day of May, 2011

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

SESSION LAW 2011-306
HOUSE BILL 342

AN ACT PROHIBITING ANY PUBLIC INSTITUTION OF HIGHER EDUCATION FROM SOLICITING OR USING INFORMATION REGARDING THE ACCREDITATION OF A SECONDARY SCHOOL LOCATED IN NORTH CAROLINA THAT IS ATTENDED BY A STUDENT AS A FACTOR AFFECTING ADMISSIONS, LOANS, SCHOLARSHIPS, OR OTHER EDUCATIONAL ACTIVITY AT THE PUBLIC INSTITUTION, UNLESS THE ACCREDITATION WAS CONDUCTED BY A STATE AGENCY; AUTHORIZING THE STATE BOARD OF EDUCATION TO ACCREDIT SCHOOLS IN A LOCAL SCHOOL ADMINISTRATIVE UNIT AT THE REQUEST OF AND AT THE EXPENSE OF THAT UNIT; AND MODIFYING THE BUDGET OF THE DEPARTMENT OF PUBLIC INSTRUCTION ACCORDINGLY.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 116-11 is amended by adding a new subdivision to read:

"**§ 116-11. Powers and duties generally.**

The powers and duties of the Board of Governors shall include the following:

...

(8b) The Board of Governors shall adopt a policy that prohibits any constituent institution from soliciting or using information regarding the accreditation of a secondary school located in North Carolina that a person attended as a factor affecting admissions, loans, scholarships, or other educational activity at the constituent institution, unless the accreditation was conducted by a State agency. For purposes of this subdivision, the term 'accreditation' shall include certification or any other similar approval process."

SECTION 2. Article 1 of Chapter 115D of the General Statutes is amended by adding a new section to read:

"**§ 115D-1.3. Accreditation of secondary school located in North Carolina shall not be a factor in admissions, loans, scholarships, or other educational policies.**

(a) For purposes of this section, the term 'accreditation' shall include certification or any other similar approval process.

(b) The State Board of Community Colleges shall adopt a policy that prohibits any community college from soliciting or using information regarding the accreditation of a secondary school located in North Carolina that a person attended as a factor affecting admissions, loans, scholarships, or other educational activity at the community college, unless the accreditation was conducted by a State agency."

SECTION 3. G.S. 115C-12 is amended by adding a new subdivision to read:

"**§ 115C-12. Powers and duties of the Board generally.**

The general supervision and administration of the free public school system shall be vested in the State Board of Education. The State Board of Education shall establish policy for the system of free public schools, subject to laws enacted by the General Assembly. The powers and duties of the State Board of Education are defined as follows:

...

(38) Power to accredit schools. – Upon the request of a local board of education, the State Board of Education shall evaluate schools in local school administrative units to determine whether the education provided by those schools meets acceptable levels of quality. The State Board shall adopt rigorous academic standards for accreditation after consideration of (i) the standards of regional and national accrediting agencies, (ii) the Common Core Standards adopted by the National Governors Association Center for

Best Practices and the Council of Chief State School Officers, and (iii) other information it deems appropriate.

The local school administrative unit shall compensate the State Board for the actual costs of the accreditation process."

SECTION 4. The receipts collected by the State Board of Education pursuant to G.S. 115C-12(38), as enacted by Section 3 of this act, are hereby appropriated to the Department of Public Instruction for the 2011-2012 fiscal year and the 2012-2013 fiscal year. These funds are in addition to other funds appropriated to the Department for the biennium.

The Department of Public Instruction shall use funds available within its budget to establish a position to coordinate the accreditation process provided for in Section 3 of this act.

SECTION 5. This act is effective when it becomes law. Sections 1 and 2 of this act apply to academic semesters beginning on or after July 1, 2011.

In the General Assembly read three times and ratified this the 15th day of June, 2011.

s/ Walter H. Dalton
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

This bill having been presented to the Governor for signature on the 16th day of June, 2011 and the Governor having failed to approve it within the time prescribed by law, the same is hereby declared to have become a law. This 27th day of June, 2011.

s/ Karen Jenkins
Enrolling Clerk

SESSION LAW 2011-395
HOUSE BILL 344

AN ACT TO ALLOW AN INDIVIDUAL INCOME TAX CREDIT FOR CHILDREN WITH DISABILITIES WHO REQUIRE SPECIAL EDUCATION AND TO CREATE A FUND FOR SPECIAL EDUCATION AND RELATED SERVICES.

The General Assembly of North Carolina enacts:

SECTION 1. Part 2 of Article 4 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"**§ 105-151.33. Education expenses credit.**

(a) Credit. – A taxpayer is allowed a credit against the tax imposed by this Part for each of the taxpayer's eligible dependent children who is a resident of this State and who for one or two semesters during the taxable year is enrolled in grades kindergarten through 12 in a nonpublic school or in a public school at which tuition is charged in accordance with G.S. 115C-366.1. As used in this section, the term 'eligible dependent child' means a child who meets all of the following criteria:

(1) Is a child with a disability as defined by G.S. 115C-106.3(1).
(2) Was determined to require an individualized education program as defined by G.S. 115C-106.3(8).
(3) Receives special education or related services on a daily basis.
(4) Is a child for whom the taxpayer is entitled to deduct a personal exemption under section 151(c) of the Code for the taxable year.

For the initial eligibility for the tax credit, for at least the preceding two semesters, the eligible dependent child shall have been either (i) enrolled in a public school or (ii) receiving special education or related services through the public schools as a preschool child with a disability as defined by G.S. 115C-106.3(17). An eligible dependent child shall be reevaluated every three years by the local educational agency in order to verify that the child continues to be a child with a disability as defined by G.S. 115C-106.3(1).

(b) Amount. – The credit is equal to the amount the taxpayer paid for tuition and special education and related services expenses, not to exceed three thousand dollars ($3,000) per semester. For home schools, as defined in G.S. 115C-563(a), the credit is equal to the amount the taxpayer paid for special education and related services expenses, not to exceed three thousand dollars ($3,000) per semester.

(c) Semesters. – For the purposes of this section, there are two semesters during each taxable year. The spring semester is the first six months of the taxable year, and the fall semester is the second six months of the taxable year. An eligible dependent child is enrolled in a school for a semester if the eligible dependent child is enrolled in that school for more than 70 days during that semester.

(d) Disqualification. – A taxpayer may not qualify for a credit for any semester during which the taxpayer's eligible dependent child for whom the credit would otherwise be claimed met any of the following conditions:

(1) Was placed in a nonpublic school or facility by a public agency at public expense.
(2) Spent any time enrolled as a full-time student taking at least 12 hours of academic credit in a postsecondary educational institution.
(3) Was 22 years or older during the entire semester.
(4) Graduated from high school prior to the end of the semester.

(e) Reduction of Credit. – The amount of the credit is reduced for any semester in which the eligible dependent child spent any time enrolled in a public school. The amount of

the reduction is a percentage equal to the percentage of the semester that the eligible dependent child spent enrolled in a public school.

(f) Information. – In order to claim the credit allowed by this section, the taxpayer shall provide, when requested, the following to the Secretary:

(1) The name, address, and social security number of each eligible dependent child for whom the credit is claimed and the name and address of the school or schools in which the eligible dependent child was enrolled for more than 70 days each semester.

(2) The taxpayer's certification that the eligible dependent child did not meet any of the disqualifying conditions set out in this section.

(3) The name of the local school administrative unit in which the eligible dependent child resides.

(4) The amount of tuition paid to a public school at which tuition is charged in accordance with G.S. 115C-366.1 for each semester the eligible dependent child for whom the credit is claimed was enrolled in the school.

(5) The eligibility determination that the eligible dependent child is a child with a disability who requires special education and related services.

(6) A listing of the tuition and special education and related services expenses on which the amount of the credit is based.

(7) For home schools as defined in G.S. 115C-563(a), a listing of the special education and related services expenses on which the amount of the credit is based.

(g) Carryforward. – The credit allowed under this section may not exceed the amount of tax imposed by this Part reduced by the sum of all credits allowed against the tax, except payments of tax made by or on behalf of the taxpayer. Any unused portion of the credit may be carried forward for the succeeding three years.

(h) Transfer. – At the end of each fiscal year, the Secretary shall transfer to the Fund for Special Education and Related Services established under G.S. 115C-472.15 from the net individual income tax collections under G.S. 105-134.2 an amount equal to two thousand dollars ($2,000) multiplied by the number of credits taken under this section during the fiscal year.

(i) Definitions. – The following definitions apply in this section:

(1) "Special education" means specially designed instruction to meet the unique needs of a child with a disability. The term includes instruction in physical education and instruction conducted in a classroom, the home, a hospital, or institution, and other settings.

(2) "Related services" is as defined in The Individuals with Disabilities Education Improvement Act, 20 U.S.C. § 1400, et seq., (2004), as amended, and federal regulations adopted under this act."

SECTION 2. G.S. 105-151.33(a), as enacted by Section 1 of this act, reads as rewritten:

"(a) Credit. – A taxpayer is allowed a credit against the tax imposed by this Part for each of the taxpayer's eligible dependent children who is a resident of this State and who for one or two semesters during the taxable year, is enrolled in grades kindergarten through 12 in a nonpublic school or in a public school at which tuition is charged in accordance with G.S. 115C-366.1. As used in this section, the term 'eligible dependent child' means a child who meets all of the following criteria:

(1) Is a child with a disability as defined by G.S. 115C-106.3(1).

(2) Was determined to require an individualized education program as defined by G.S. 115C-106.3(8).

(3) Receives special education or related services on a daily basis.

(4) Is a child for whom the taxpayer is entitled to deduct a personal exemption under section 151(c) of the Code for the taxable year.

For the initial eligibility for the tax credit, for at least the preceding ~~two semesters,~~ semester, the eligible dependent child shall have been either: (i) enrolled in a public school, or (ii) receiving special education or related services through the public schools as a preschool child with a disability as defined by G.S. 115C-106.3(17). An eligible dependent child shall be reevaluated every three years by the local educational agency in order to verify that the child continues to be a child with a disability as defined by G.S. 115C-106.3(1)."

SECTION 3. Chapter 115C of the General Statutes is amended by adding a new Article to read:

"Article 32D.

"Fund for Special Education and Related Services.

"**§ 115C-472.15. Fund for Special Education and Related Services.**

(a) The Fund for Special Education and Related Services is established as a special revenue fund under the control and direction of the State Board of Education. Interest and other investment income earned by the Fund accrue to it, and revenue in the Fund does not revert. The Fund consists of money credited to it under G.S. 105-151.33.

(b) The State Board of Education shall use the revenue in the Fund only for special educational and related services for children with disabilities. In addition, the State Board of Education shall use revenues in the Fund to reimburse local educational agencies for conducting reevaluations for continued eligibility and developing revised individualized education programs pursuant to G.S. 105-151.33(a)(1)."

SECTION 4. The Department of Revenue shall report to the Revenue Laws Study Committee and the Joint Legislative Education Oversight Committee on the administration of G.S. 105-151.33, as enacted by Section 1 of this act. The report is due by October 1, 2013, and shall include the following:

(1) The number and amount of credits taken under G.S. 105-151.33.

(2) Any concerns relating to the administration of G.S. 105-151.33 or taxpayer compliance with the requirements of that section.

(3) Any other matter with respect to G.S. 105-151.33 the Department wishes to address.

SECTION 4A. If House Bill 200, 2011 Regular Session, becomes law, then Section 2.1 of that act reads as rewritten:

"**SECTION 2.1.** Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated, are made for the fiscal biennium ending June 30, 2013, according to the following schedule:

Current Operations – General Fund	**2011-2012**	**2012-2013**
EDUCATION		
Community Colleges System Office	$ 985,000,000	$ 985,000,000
Department of Public Instruction	7,464,492,057	~~7,450,000,000~~ 7,444,122,100
University of North Carolina – Board of Governors		
Appalachian State University	145,563,319	145,680,676
East Carolina University		
Academic Affairs	247,397,807	247,397,807
Health Affairs	65,196,439	65,196,439
Elizabeth City State University	38,226,042	38,398,361
Fayetteville State University	56,925,951	56,925,951
NC A&T State University	105,355,805	105,794,754
NC Central University	94,342,683	94,342,683
NC State University		
Academic Affairs	434,563,241	434,677,423
Agricultural Research	59,239,461	59,239,461
Agricultural Extension	43,539,609	43,539,609
UNC-Asheville	42,004,444	42,004,444
UNC-Chapel Hill		
Academic Affairs	309,481,584	312,843,120
Health Affairs	219,507,009	222,570,732
AHEC	49,747,851	49,747,851
UNC-Charlotte	216,455,073	217,471,216
UNC-Greensboro	173,180,926	173,180,926
UNC-Pembroke	61,534,005	62,277,254

UNC-School of the Arts	27,796,473	27,796,473
UNC-Wilmington	105,943,181	107,138,757
Western Carolina University	90,591,556	91,070,460
Winston-Salem State University	76,496,951	76,496,950
General Administration	38,186,863	27,628,722
University Institution Programs	(375,153,400)	(383,808,914)
Related Educational Programs	85,679,060	115,272,420
UNC Financial Aid Private Colleges	91,635,664	86,534,065
NC School of Science & Math	18,937,535	18,937,535
UNC Hospitals	18,000,000	18,000,000
Total University of North Carolina – Board of Governors	$ 2,540,375,132	$ 2,551,672,698

HEALTH AND HUMAN SERVICES

Department of Health and Human Services		
Division of Central Management and Support	$ 50,177,377	$ 44,577,987
Division of Aging and Adult Services	37,019,667	37,019,667
Division of Services for Blind/Deaf/Hard of Hearing	8,389,110	8,372,886
Division of Child Development	266,102,933	266,102,933
Division of Health Service Regulation	16,133,031	16,133,031
Division of Medical Assistance	2,958,388,184	2,907,276,302
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	665,712,232	710,712,232
NC Health Choice	79,452,317	83,717,865
Division of Public Health	190,443,245	157,538,834
Division of Social Services	186,183,068	186,183,068
Division of Vocational Rehabilitation	37,125,788	37,528,128
Total Health and Human Services	$ 4,495,126,952	$ 4,455,162,933

NATURAL AND ECONOMIC RESOURCES

Department of Agriculture and Consumer Services	$ 65,460,864	$ 62,198,634
Department of Commerce		
Commerce	50,852,340	33,250,463
Commerce State-Aid	32,851,025	30,151,984
NC Biotechnology Center	17,551,710	17,551,710
Rural Economic Development Center	25,376,729	25,376,729
Department of Environment and Natural Resources	165,784,887	148,148,105
DENR Clean Water Management Trust Fund	11,250,000	11,250,000
Department of Labor	15,836,887	15,836,887
Wildlife Resources Commission	18,000,000	17,221,179

JUSTICE AND PUBLIC SAFETY

Department of Correction	$ 1,337,816,346	$ 1,348,410,793
Department of Crime Control and Public Safety	225,258,795	215,164,518
Judicial Department	438,920,048	435,141,107
Judicial Department – Indigent Defense	110,091,526	112,748,733
Department of Justice	80,704,013	80,864,138

Department of Juvenile Justice and Delinquency Prevention	135,593,692	131,140,565
GENERAL GOVERNMENT		
Department of Administration	$ 63,607,330	$ 65,511,460
Department of State Auditor	11,857,574	10,676,035
Office of State Controller	28,368,957	28,368,957
Department of Cultural Resources		
Cultural Resources	63,524,857	61,697,001
Roanoke Island Commission	1,805,236	1,203,491
State Board of Elections	5,186,603	5,126,603
General Assembly	53,259,495	50,104,208
Office of the Governor		
Office of the Governor	4,741,157	4,741,157
Office of State Budget and Management	5,848,663	5,848,663
OSBM – Reserve for Special Appropriations	1,940,612	440,612
Housing Finance Agency	9,673,051	9,673,051
Department of Insurance		
Insurance	36,393,921	36,393,921
Insurance – Volunteer Safety Workers' Compensation	2,294,000	2,623,654
Office of Lieutenant Governor	695,324	695,324
Office of Administrative Hearings	4,983,871	4,983,871
Department of Revenue	78,199,538	78,199,538
Department of Secretary of State	10,654,563	10,654,563
Department of State Treasurer		
State Treasurer	6,657,031	6,621,750
State Treasurer – Retirement for Fire and Rescue Squad Workers	17,812,114	17,812,114
RESERVES, ADJUSTMENTS, AND DEBT SERVICE		
Contingency and Emergency Fund	$ 5,000,000	$ 5,000,000
State Retirement System Contribution	248,100,000	336,000,000
Judicial Retirement System Contribution	6,800,000	7,800,000
Firemen's & Rescue Squad Workers' Pension Fund	4,318,042	5,366,928
State Health Plan	7,119,541	102,151,104
Information Technology Fund	4,458,142	6,158,142
Reserve for Job Development Investment Grants (JDIG)	15,400,000	27,400,000
Continuation Review Reserve	0	35,576,758

Comprehensive Review of Compensation Plans	2,000,000	0
Compensation Adjustment and Performance Pay Reserve	0	121,105,840
Severance Expenditure Reserve	69,000,000	0
Automated Fraud Detection Development	1,000,000	7,000,000
Controller – Fraud Detection Development	500,000	500,000
Debt Service		
General Debt Service	688,957,188	759,984,974
Federal Reimbursement	1,616,380	1,616,380
TOTAL CURRENT OPERATIONS – GENERAL FUND	**$ 19,678,116,193**	~~**$ 19,943,327,275**~~ **$ 19,937,449,375**"

SECTION 5.(a) If House Bill 200, 2011 Regular Session, becomes law, then Section 2.2(a) of that act reads as rewritten:

"**SECTION 2.2(a)** The General Fund availability used in developing the 2011-2013 biennial budget is shown below.

	FY 2011-2012	**FY 2012-2013**
Unappropriated Balance Remaining	$ 0	$ 13,980,015
Ending Unreserved Fund Balance for FY 2009-2010	236,902,394	0
Anticipated Reversions for FY 2010-2011	537,740,799	0
Anticipated Over-collections from FY 2010-2011	180,800,000	0
Repayment of Medicaid Receipts in FY 2010-2011	(125,000,000)	0
Statutory Earmarks:		
Savings Reserve Account	~~(185,000,000)~~(183,650,000)	0
Repairs and Renovations Reserve Account	(125,000,000)	0
Beginning Unreserved Fund Balance	**$** ~~**520,443,193**~~**521,793,193**	**$ 13,980,015**
Revenues Based on Existing Tax Structure	**$ 18,129,800,000**	**$ 19,181,900,000**
Nontax Revenues		
Investment Income	$ 59,400,000	$ 76,700,000
Judicial Fees	217,800,000	217,800,000
Disproportionate Share	100,000,000	100,000,000
Insurance	71,400,000	73,500,000
Other Nontax Revenues	182,500,000	182,500,000
Highway Trust Fund/Use Tax Reimbursement Transfer	41,500,000	27,600,000
Highway Fund Transfer	20,230,000	24,080,000
Subtotal Nontax Revenues	**$ 692,830,000**	**$ 702,180,000**
Total General Fund Availability	~~**$ 19,343,073,193**~~ **$ 19,344,423,193**	**$ 19,898,060,015**
Adjustments to Availability: 2011 Session		
Loss of Estate Tax	$ (57,100,000)	$ (72,200,000)
Small Business Tax Relief Package	(131,600,000)	(335,600,000)
Repeal Wildlife Resources Commission Sales Tax Earmark	22,970,000	23,920,000
Suspend Corporate Income Tax Earmark (Public School Construction)	72,110,000	74,750,000
Increase in Judicial Fees	61,765,715	61,765,715

Increase Investment Company Notice Filing Fee	1,600,000	1,600,000
Increase Parking Fees for Visitors	550,000	550,000
Loss of Revenue from the Town of Butner	(1,213,235)	(1,213,235)
Transfer from E-Commerce Reserve Fund	4,483,526	0
Divert Funds from Parks & Recreation Trust Fund	8,435,000	0
Divert Funds from Recreational/Natural Heritage Trust Fund	8,000,000	0
Transfer from Highway Fund for State Highway Patrol	196,849,542	188,209,049
Transfer Additional Funds from Highway Trust Fund	35,223,642	0
Transfer from Mercury Prevention Pollution Fund	250,000	0
Transfer from Commerce – Enterprise Fund	500,000	0
Divert Funds from Scrap Tire Disposal Account	2,268,989	0
Divert Funds from White Goods Management Account	1,951,465	0
Diversion of Golden LEAF Funds	17,563,760	17,563,760
Master Settlement Agreement Funds	24,668,720	25,580,772
Transfer Health and Wellness Trust Funds to Public Health	32,904,411	0
Department of Revenue – Accounts Receivable Program	25,000,000	25,000,000
Medicaid Disproportionate Share Receipts	15,000,000	15,000,000
Adjust Transfer from Insurance Regulatory Fund	(742,348)	(742,348)
Adjust Transfer from Treasurer's Office	(3,881,172)	(3,916,453)
Transfer from NC Flex FICA Funds	1,000,000	0
Proceeds from the Sale of State Assets	15,000,000	25,000,000
Children with Disabilities Tax Credit	(1,350,000)	(5,877,900)
Subtotal Adjustments to Availability:		
2011 Session	**$ ~~353,558,015~~352,208,015**	**~~$45,267,260~~ 39,389,360**
Revised General Fund Availability	**$ 19,696,631,208**	**~~$ 19,943,327,275~~ $ 19,937,449,375**
Less General Fund Appropriations	**$ (19,682,651,193)**	**~~$ (19,943,327,275)~~ $ (19,937,449,375)**
Unappropriated Balance Remaining	**$ 13,980,015**	**$ 0"**

SECTION 5.(b) If House Bill 200, 2011 Regular Session, becomes law, then Section 2.2(m) of that act reads as rewritten:

"**SECTION 2.2.(m)** Notwithstanding G.S. 143C-4-2, the State Controller shall transfer only one hundred ~~eighty-five million dollars ($185,000,000)~~ eighty-three million six hundred fifty thousand dollars ($183,650,000) from the unreserved fund balance to the Savings Reserve Account on June 30, 2011. This is not an 'appropriation made by law,' as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution. This subsection becomes effective June 30, 2011."

SECTION 5A. If House Bill 200, 2011 Regular Session, becomes law, then that act is amended by adding the following new section to read:

"**ADM ADJUSTMENT**

"**SECTION 7.31.** Notwithstanding any other provision of this act, the funds appropriated for the average daily membership (ADM) adjustment for public schools shall be adjusted to provide fifty-five million eight hundred eighty-two thousand six hundred fifty-one dollars ($55,882,651) in the 2011-2012 fiscal year and one hundred thirty-seven million two hundred nine thousand five hundred fourteen dollars ($137,209,514) in the 2012-2013 fiscal year. The funds appropriated for the ADM adjustment shall be distributed to modify allotments to charter schools and local school administrative units, reflecting changes in ADM due to population growth and other changes in State law."

SECTION 6. Sections 1, 3, 4, and 4A of this act are effective for taxable years beginning on or after January 1, 2011, and apply to semesters for which the credit is claimed beginning on or after July 1, 2011, except that transfers under G.S. 105-151.33(h) shall not be made before the 2012-2013 fiscal year. Section 2 of this act is effective for taxable years

beginning on or after January 1, 2016, and applies to semesters for which the credit is claimed beginning on or after July 1, 2016. The remainder of this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 17th day of June, 2011.

s/ Walter H. Dalton
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

This bill having been presented to the Governor for signature on the 20th day of June, 2011 and the Governor having failed to approve it within the time prescribed by law, the same is hereby declared to have become a law. This 1st day of July, 2011.

s/ Karen Jenkins
Enrolling Clerk

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

SESSION LAW 2011-271
HOUSE BILL 427

AN ACT TO PROVIDE FOR THE SEIZURE, FORFEITURE, AND SALE OF MOTOR VEHICLES USED BY DEFENDANTS IN FELONY CASES INVOLVING SPEEDING TO ELUDE ARREST.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 20-141.5 reads as rewritten:
"**§ 20-141.5. Speeding to elude arrest.**

...

(f) Each law enforcement agency shall adopt a policy applicable to the pursuit of fleeing or eluding motorists. Each policy adopted pursuant to this subsection shall specifically include factors to be considered by an officer in determining when ~~it is advisable to break off a chase to stop and apprehend a suspect.~~ to initiate or terminate a pursuit. The Attorney General shall develop a model policy or policies to be considered for use by law enforcement agencies.

(g) If a person is arrested for a felony violation under this section, then the law enforcement agency shall seize the motor vehicle and deliver the same to the sheriff of the county in which such offense is committed, or the same shall be placed under said sheriff's constructive possession if delivery of actual possession is impractical, and the vehicle shall be held by the sheriff pending the trial of the person or persons operating such motor vehicle and charged with a felony offense under this section.

(1) The sheriff shall restore the seized motor vehicle to the owner upon execution by the owner of a good and valid bond, with sufficient sureties, in an amount double the value of the property, which bond shall be approved by said sheriff and shall be conditioned on the return of the motor vehicle to the custody of the sheriff on the day of trial of the person or persons accused. Upon an acquittal or dismissal of any felony charge under this section, the sheriff shall return the motor vehicle to the owner thereof.

(2) Notwithstanding the provisions for sale set out in subsection (h) of this section, on petition by a lienholder, the court, in its discretion and upon such terms and conditions as it may prescribe, may allow reclamation of the vehicle by the lienholder. The lienholder shall file with the court an accounting of the proceeds of any subsequent sale of the vehicle and pay into the court any proceeds received in excess of the amount of the lien.

(h) Upon conviction of the operator of said motor vehicle of a felony offense under this section, the court shall order a sale at public auction of said motor vehicle.

(1) The officer making the sale shall make the following deductions from the sale proceeds:

a. The expenses of keeping the motor vehicle.
b. The fee for the seizure.
c. The costs of the sale.

The officer shall then pay, from the net proceeds, all liens, according to their priorities, which are established by intervention or otherwise at the hearing or in other proceeding brought for said purpose as being bona fide. The officer shall pay the balance of the proceeds to the proper officer of the county who receives fines and forfeitures to be used for the school fund of the county.

(2) All liens against a motor vehicle sold under the provisions of this section shall be transferred from the motor vehicle to the proceeds of its sale.

(3) If, at the time of hearing, or other proceeding in which the matter is considered, the owner of the vehicle can establish to the satisfaction of the court that the provisions of sub-subdivisions a. through c. of this subdivision apply, then the court shall not order a sale of the vehicle but shall restore it to the owner. The owner shall be entitled to a trial by jury upon the issues in this subdivision.

a. The defendant was an immediate member of the owner's family at the time of the offense.

b. The defendant had no previous felony or misdemeanor convictions at the time of the offense and had no previous or pending violations of any provision in Chapter 20 of the General Statutes for the three years previous to the time of the offense.

c. The defendant was under the age of 19 at the time of the offense.

(4) A nondefendant motor vehicle owner may file a petition with the clerk of court seeking a pretrial determination that the petitioner is an innocent owner. The clerk shall consider the petition and make a determination as soon as may be feasible. At any proceeding conducted pursuant to this subdivision, the clerk is not required to determine the issue of forfeiture, only the issue of whether the petitioner is an innocent owner. If the clerk determines that the petitioner is an innocent owner, the clerk shall release the motor vehicle to the petitioner. The clerk shall send a copy of the order authorizing or denying release of the vehicle to the district attorney and the sheriff. An order issued under this subdivision finding that the petitioner failed to establish that the petitioner is an innocent owner may be reconsidered by the court as part of the forfeiture hearing under this section.

(i) If the owner of a motor vehicle seized pursuant to this section cannot be found, the taking of the same, with a description thereof, shall be advertised in some newspaper published in the city or county where taken, or, if there be no newspaper published in such city or county, in a newspaper having circulation in the county, once a week for two weeks and by handbills posted in three public places near the place of seizure, and if said owner shall not appear within 10 days after the last publication of the advertisement, the property shall be sold, or otherwise disposed of in the manner set forth in this section.

(j) When any vehicle confiscated under the provisions of this section is found to be specially equipped or modified from its original manufactured condition so as to increase its speed, the court shall, prior to sale, order that the special equipment or modification be removed and destroyed and the vehicle restored to its original manufactured condition. However, if the court should find that such equipment and modifications are so extensive that it would be impractical to restore said vehicle to its original manufactured condition, then the court may order that the vehicle be turned over to such governmental agency or public official within the territorial jurisdiction of the court as the court shall see fit, to be used in the performance of official duties only, and not for resale, transfer, or disposition other than as junk: Provided, that nothing herein contained shall affect the rights of lienholders and other claimants to said vehicles as set out in this section."

SECTION 2. This act becomes effective December 1, 2011, and applies to offenses committed on or after that date.

In the General Assembly read three times and ratified this the 17th day of June, 2011.

s/ Walter H. Dalton
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Beverly E. Perdue
Governor

Approved 5:06 p.m. this 23rd day of June, 2011

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

SESSION LAW 2011-273
HOUSE BILL 588

AN ACT TO ENACT THE FOUNDING PRINCIPLES ACT.

Whereas, the survival of the republic requires that our nation's children, the future guardians of its heritage and participants in its governance, have a clear understanding of the Founding Philosophy and the Founding Principles of government for a free people, which are found in the Declaration of Independence, the United States Constitution, the Federalist Papers, and the writings of the Founders, and an understanding of their preservation; Now, therefore,

The General Assembly of North Carolina enacts:

SECTION 1. This act shall be known as "The Founding Principles Act."
SECTION 2. G.S. 115C-81(g) reads as rewritten:

"(g) Civic Literacy. –

(1) Local boards of education shall require during the high school years the teaching of ~~the nation's founding and related documents, which shall include at least the major principles in the Declaration of Independence, the United States Constitution and its amendments, and the most important of the Federalist Papers.~~ a semester course "American History I – The Founding Principles," to include at least the following:

a. The Creator-endowed inalienable rights of the people.
b. Structure of government, separation of powers with checks and balances.
c. Frequent and free elections in a representative government.
d. Rule of law.
e. Equal justice under the law.
f. Private property rights.
g. Federalism.
h. Due process.
i. Individual rights as set forth in the Bill of Rights.
j. Individual responsibility.

A passing grade in the course shall be required for graduation from high school.

~~(2) Local boards of education shall require that high school students demonstrate knowledge and understanding of the nation's founding and related documents in order to receive a certificate or diploma of graduation from high school.~~

~~(3) Local boards of education shall include among the requirements for graduation from high school a passing grade in all courses that include primary instruction in the Declaration of Independence, the United States Constitution and its amendments, and the most important of the Federalist Papers.~~

(3a) Local boards of education shall allow and may encourage any public school teacher or administrator to read or post in a public school building, classroom, or event, excerpts or portions of writings, documents, and records that reflect the history of the United States, including, but not limited to, (i) the preamble to the North Carolina Constitution, (ii) the Declaration of Independence, (iii) the United States Constitution, (iv) the Mayflower Compact, (v) the national motto, (vi) the National Anthem, (vii) the Pledge of Allegiance, (viii) the writings, speeches, documents, and proclamations of

the founding fathers and Presidents of the United States, (ix) decisions of the Supreme Court of the United States, and (x) acts of the Congress of the United States, including the published text of the Congressional Record. Local boards, superintendents, principals, and supervisors shall not allow content-based censorship of American history in the public schools of this State, including religious references in these writings, documents, and records. Local boards and professional school personnel may develop curricula and use materials that are limited to specified topics provided the curricula and materials are aligned with the standard course of study or are grade level appropriate.

(3b) A local school administrative unit may display on real property controlled by that local school administrative unit documents and objects of historical significance that have formed and influenced the United States legal or governmental system and that exemplify the development of the rule of law, such as the Magna Carta, the Mecklenburg Declaration, the Ten Commandments, the Justinian Code, and documents set out in subdivision (3a) of this subsection. This display may include, but shall not be limited to, documents that contain words associated with a religion; provided however, no display shall seek to establish or promote religion or to persuade any person to embrace a particular religion, denomination of a religion, or other philosophy. The display of a document containing words associated with a religion shall be in the same manner and appearance generally as other documents and objects displayed and shall not be presented or displayed in any fashion that results in calling attention to it apart from the other displayed documents and objects. The display also shall be accompanied by a prominent sign quoting the First Amendment of the United States Constitution as follows: "Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the government for a redress of grievances."

(4) The State Board of Education shall require that any high school level curriculum-based tests developed and administered statewide beginning with the 2014-2015 academic year ~~1990-91~~ include questions related to the philosophical foundations of our form of government and the principles underlying the Declaration of Independence, the United States Constitution and its amendments, and the most important of the Federalist Papers.

(5) The ~~State~~ Department of Public Instruction and the local boards of education, as appropriate, shall ~~establish~~ provide or cause to be provided curriculum content for the semester course required in subdivision (1) of this subsection and ~~provide for~~ teacher training to ensure that the intent and provisions of this subsection are carried out. The curriculum content established shall include a review of the contributions made by Americans of all races.

(6) The Department of Public Instruction shall submit a biennial report by October 15 of each odd-numbered year to the Joint Legislative Education Oversight Committee covering the implementation of this subsection."

SECTION 3. This act is effective when it becomes law and applies beginning with the 2014-2015 school year.

In the General Assembly read three times and ratified this the 18th day of June, 2011.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Beverly E. Perdue
Governor

Approved 5:10 p.m. this 23rd day of June, 2011

SESSION LAW 2011-291
HOUSE BILL 595

AN ACT CHANGING THE STRUCTURE OF CERTAIN LEGISLATIVE COMMITTEES AND COMMISSIONS, TRANSFERRING THE DUTIES OF CERTAIN COMMITTEES AND COMMISSIONS TO OTHER COMMITTEES AND COMMISSIONS, CHANGING THE COMPOSITION OF VARIOUS LEGISLATIVE COMMITTEES AND COMMISSIONS, AND MAKING CONFORMING CHANGES.

The General Assembly of North Carolina enacts:

PART I. REORGANIZATION AND CONSOLIDATION OF LEGISLATIVE OVERSIGHT COMMITTEES

LEGISLATIVE SERVICES COMMISSION

SECTION 1.1.(a) G.S. 120-31 reads as rewritten:

"**§ 120-31. Legislative Services Commission organization.**

(a) The Legislative Services Commission shall consist of the President pro tempore of the ~~Senate,~~Senate or a Senator designated by the President Pro Tempore, ~~seven~~ four Senators appointed by the President pro tempore of the Senate, the Speaker of the House of ~~Representatives,~~Representatives or a member of the House of Representatives designated by the Speaker, and ~~seven~~ four Representatives appointed by the Speaker of the House of Representatives. The President pro tempore of the Senate, and the Speaker of the House shall serve until the selection and qualification of their respective successors as officers of the General Assembly. The initial appointive members shall be appointed after the date of ratification of this Article and each shall serve for the remainder of his elective term of office and until his successor is appointed or until he ceases to be a member of the General Assembly, whichever occurs first. A vacancy in one of the appointive positions shall be filled in the same manner that the vacated position was originally filled, and the person so appointed shall serve for the remainder of the unexpired term of the person whom he succeeds. In the event the office of Speaker becomes vacated, the ~~seven~~ four Representatives shall elect one of themselves to perform the duties of the Speaker as required by this Article. In the event the office of President pro tempore becomes vacated, the ~~seven~~ four Senators shall elect one of themselves to perform the duties of President pro tempore as required by this Article. Members so elevated shall perform the duties required by this Article until a Speaker or a President pro tempore is duly elected by the appropriate house.

(b) The President pro tempore of the Senate or his designee from the Commission membership shall be the chairman of the Commission in odd-numbered years and the Speaker of the House of Representatives or his designee from the Commission membership shall be chairman of the Commission in even-numbered years.

(c) The Commission may elect from its membership such other officers as it deems appropriate, and may appoint other members of the General Assembly to serve on any committee of the Commission.

(d) The Commission may adopt rules governing its own organization and proceedings.

(e) Members of the Commission, when the General Assembly is not in session, shall be reimbursed for subsistence and travel allowance as provided for members of the General Assembly when in session for such days as they are engaged in the performance of their duties.

(f) In any case where any provision of law or any rule of the Legislative Services Commission required approval of any action by the Legislative Services Commission, approval of that action by the President Pro Tempore of the Senate and by the Speaker of the House of Representatives constitutes approval of the Commission."

SECTION 1.1.(b) The terms of the current appointed members of the Legislative Services Commission terminate when this act becomes law.

JOINT LEGISLATIVE COMMISSION ON GOVERNMENTAL OPERATIONS

SECTION 1.2.(a) The duties of the following committees and commissions are transferred to the Joint Legislative Commission on Governmental Operations:

(1) Joint Legislative Oversight Committee on Capital Improvements.
(2) Joint Legislative Commission on Future Strategies for North Carolina.
(3) Joint Select Committee on Low-Level Radioactive Waste.
(4) Legislative Committee on New Licensing Boards.
(5) Joint Legislative Commission on Seafood and Aquaculture.
(6) Joint Legislative Utility Review Commission.

SECTION 1.2.(b) The following portions of Chapter 120 of the General Statutes are repealed:

(1) G.S. 120-70.1 through G.S. 120-70.6, (Article 12A, pertaining to the Joint Legislative Utility Review Commission).
(2) G.S. 120-70.31 through G.S. 120-70.37, (Article 12C, pertaining to the Joint Select Committee on Low-Level Radioactive Waste).
(3) G.S. 120-70.60 through G.S. 120-70.66, (Article 12F, pertaining to the Joint Legislative Commission on Seafood and Aquaculture).
(4) G.S. 120-84.6 through G.S. 120-84.12, (Article 13B, pertaining to the Joint Legislative Commission on Future Strategies for North Carolina).
(5) G.S. 120-149.1 through G.S. 120-149.6, (Article 18A, pertaining to the Legislative Committee on New Licensing Boards).
(6) G.S. 120-258 through G.S. 120-260, (Article 29, pertaining to the Joint Legislative Oversight Committee on Capital Improvements).

SECTION 1.2.(c) G.S. 120-74 reads as rewritten:

"**§ 120-74. Appointment of members; terms of office.**

The Commission shall consist of ~~38~~ 42 members. The President pro tempore of the Senate, the Speaker pro tempore of the House, the Deputy President pro tempore of the Senate, the Majority Leader of the House of Representatives, and the Majority Leader of the Senate and the Speaker of the House shall serve as ex officio members of the Commission. The Speaker of the House of Representatives shall appoint ~~16~~ 21 members from the ~~House.~~House, at least five of whom are members of the minority party. The President pro tempore of the Senate shall appoint ~~16~~ 21 members from the ~~Senate.~~Senate, at least five of whom are members of the minority party. Vacancies created by resignation or otherwise shall be filled by the original appointing authority. Members shall serve two-year terms beginning and ending on January 15 of the odd-numbered years. Members shall not be disqualified from completing a term of service on the Commission because they fail to run or are defeated for reelection. Resignation or removal from the General Assembly shall constitute resignation or removal from membership on the Commission."

SECTION 1.2.(d) G.S. 120-76 reads as rewritten:

"**§ 120-76. Powers and duties of the Commission.**

The Commission shall have the following powers:

(1) To conduct program evaluation studies of the various components of State agency activity as they relate to:
    a. Service benefits of each program relative to expenditures;
    b. Achievement of program goals;
    c. Use of indicators by which the success or failure of a program may be gauged; and
    d. Conformity with legislative intent.
(2) To study legislation which would result in new programs with statewide implications for feasibility and need. These studies may be jointly conducted with the Fiscal Research Division of the Legislative Services Commission.
(3) To study on a continuing basis the implementation of State government reorganization with respect to:
    a. Improvements in administrative structure, practices and procedures;
    b. The relative effectiveness of centralization and decentralization of management decisions for agency operation;

c. Opportunities for effective citizen participation; and
d. Broadening of career opportunities for professional staff.

(4) To make such studies and reports of the operations and functions of State government as it deems appropriate or upon petition by resolution of either the Senate or the House of Representatives.

(5) To produce routine written reports of findings for general legislative and public distribution. Special attention shall be given to the presentation of findings to the appropriate committees of the Senate and the House of Representatives. If findings arrived at during a study have a potential impact on either the finance or appropriations deliberations, such findings shall immediately be presented to the committees. Such reports shall contain recommendations for appropriate executive action and when legislation is considered necessary to effect change, draft legislation for that purpose may be included. Such reports as are submitted shall include but not be limited to the following matters:
a. Ways in which the agencies may operate more economically and efficiently;
b. Ways in which agencies can provide better services to the State and to the people; and
c. Areas in which functions of State agencies are duplicative, overlapping, or failing to accomplish legislative objectives, or for any other reason should be redefined or redistributed.

(6) To devise a system, in cooperation with the Fiscal Research Division of the Legislative Services Commission, whereby all new programs authorized by the General Assembly incorporate an evaluation component. The results of such evaluations may be made to the Appropriations Committees at the beginning of each regular session.

(7) To evaluate and approve or deny requests from the Department of Transportation regarding the funding of federally eligible construction projects as provided in the fourth paragraph of G.S. 136-44.2.

(8) The Joint Legislative Commission on Governmental Operations shall be consulted by the Governor before the Governor does any of the following:
a. Repealed by Session Laws 2007-117, s. 2, effective July 1, 2007.
b. Authorizes expenditures in excess of the total requirements of a purpose or program as enacted by the General Assembly and as provided by G.S. 143C-6-4.
c. Proceeds to reduce programs subsequent to a reduction of ten percent (10%) or more in the federal fund level certified to a department and any subsequent changes in distribution formulas.
d. Takes extraordinary measures under Article III, Section 5(3) of the Constitution to effect necessary economies in State expenditures required for balancing the budget due to a revenue shortfall, including, but not limited to, the following: loans among funds, personnel freezes or layoffs, capital project reversions, program eliminations, and use of reserves. However, if the Committee fails to meet within 10 calendar days of a request by the Governor for its consultation, the Governor may proceed to take the actions he feels are appropriate and necessary and shall then report those actions at the next meeting of the Commission.
e. Approves a new capital improvement project funded from gifts, grants, receipts, special funds, self-liquidating indebtedness, and other funds or any combination of funds for the project not specifically authorized by the General Assembly. The budget for each capital project must include projected revenues in an amount not less than projected expenditures.

(9) To examine, on a continuing basis, capital improvements approved and undertaken for State facilities and institutions and to have oversight over implementation of the six-year capital improvements plan developed pursuant to G.S. 143C-8-5.

(10) To establish a subcommittee to evaluate the need for any new licensing board by establishing criteria and procedures for reviewing proposed licensing boards. To assure that no new licensing board shall be established unless the following criteria are met:
   a. The unregulated practice of the profession or occupation can substantially harm or endanger the public health, safety, or welfare, and the potential for such harm is recognizable and not remote or dependent upon tenuous argument.
   b. The profession or occupation possesses qualities that distinguish it from ordinary labor.
   c. Practice of the profession or occupation requires specialized skill or training.
   d. A substantial majority of the public does not have the knowledge or experience to evaluate whether the practitioner is competent.
   e. The public is not effectively protected by other means.
   f. Licensure will not have a substantial adverse economic impact upon consumers of the practitioner's goods or services.

(11) To evaluate the North Carolina Utilities Commission, by doing the following:
   a. Reviewing the actions of the North Carolina Utilities Commission, including the review of its interim and final orders, to the end that the members of the General Assembly may better judge whether these actions serve the best interest of the citizens of North Carolina, individual and corporate.
   b. Inquiring into the role of the North Carolina Utilities Commission, the Public Staff, and the several utility companies in the development of alternate sources of energy.
   c. Submitting evaluations to the General Assembly, from time to time, of the performance of the North Carolina Utilities Commission, the Public Staff, and the various utilities operating in the State. A proposed draft of such evaluations shall be submitted to the North Carolina Utilities Commission, the Public Staff, and the affected public utilities prior to submission to the General Assembly, and the affected entity shall be given an opportunity to be heard before the Commission prior to the completion of the evaluation and its submission to the General Assembly.

(12) To make reports and recommendations to the General Assembly, from time to time, on matters relating to the powers and duties set out in this section.

(13) To review and evaluate changes in federal law and regulations, relevant court decisions, and changes in technology affecting any of the duties of the Commission.

(14) To review and evaluate changes in federal law and regulation, or changes brought about by court actions, as well as changes in technology affecting any of the duties of the Commission, to determine whether the State's laws require modification as a result of those changes.

(15) With regard to seafood and aquaculture:
   a. To monitor and study the seafood industry in North Carolina, including studies of the feasibility of increasing the State's production, processing, and marketing of seafood.
   b. To study the potential for increasing the role of aquaculture in all regions of the State.
   c. To evaluate the feasibility of creating a central permitting office for fishing and aquaculture matters.
   d. To evaluate actions of the Division of Marine Fisheries of the Department of Environment and Natural Resources, the Wildlife Resources Commission of the Department of Environment and Natural Resources and of any other State or local government agency as such actions relate to the seafood and aquaculture industries.

e. To make recommendations regarding regulatory matters relating to the seafood and aquaculture industries including, but not limited to evaluating the necessity to substantially increase penalties for trespass and theft of shellfish and other aquaculture products.

f. To review and evaluate changes in federal law and regulations, relevant court decisions, and changes in technology affecting the seafood and aquaculture industries.

g. To review existing and proposed State law and rules affecting the seafood and aquaculture industries and to determine whether any modification of law or rules is in the public interest."

SECTION 1.2.(e) G.S. 120-76.1 reads as rewritten:

"**§ 120-76.1. Prior consultation with the ~~Commission.~~Commission; reporting requirements.**

(a) Consultation by Governor. – Notwithstanding the provisions of G.S. 120-76(8) or any other provision of law requiring prior consultation by the Governor with the Commission, whenever an expenditure is required because of an emergency that poses an imminent threat to public health or public safety, and is either the result of a natural event, such as a hurricane or a flood, or an accident, such as an explosion or a wreck, the Governor may take action without consulting the Commission if the action is determined by the Governor to be related to the emergency. The Governor shall report to the Commission on any expenditures made under this subsection no later than 30 days after making the expenditure and shall identify in the report the emergency, the type of action taken, and how it was related to the emergency.

(b) Consultation by Agencies, Boards, and Commission. – Any agency, board, commission, or other entity required under G.S. 120-76(8) or any other provision of law to consult with the Commission prior to taking an action shall submit a detailed report of the action under consideration to the Chairs of the Commission, the Commission Assistant, and the Fiscal Research Division of the General Assembly. If the Commission does not hold a meeting to hear the consultation within 90 days of receiving the submission of the detailed report, the consultation requirement is satisfied. With regard to capital improvement projects of The University of North Carolina, if the Commission does not hold a meeting to hear the consultation within 30 days of receiving the submission of the detailed report, the consultation requirement of G.S. 120-76(8)e. is satisfied.

(c) Exemptions. – Consultations regarding the establishment of new fees and charges and the increase of existing fees and charges are governed by G.S. 12-3.1, and this section does not apply to those consultations."

JOINT REGULATORY REFORM COMMITTEE

SECTION 1.3.(a) The duties of the Joint Legislative Administrative Procedures Oversight Committee are transferred to the Joint Regulatory Reform Committee.

SECTION 1.3.(b) Article 12K of Chapter 120 of the General Statutes, G.S. 120-70.100 through G.S. 120-70.102, is repealed.

SECTION 1.3.(c) Section 3 of Resolution 2011-2 reads as rewritten:

"**SECTION 3.** Powers. – The Joint Regulatory Reform Committee has the following powers and duties:

(1) Hold meetings and receive input from the public, regulated community, and agencies regarding outdated, unnecessary, unduly burdensome, or vague rules and rule-making procedures that are an impediment to private sector job creation.

(2) Evaluate the reform suggestions presented during the public comment process and determine which warrant introduction and consideration during the 2011 Session of the General Assembly in 2011 or 2012.

(3) Review the rule-making process to determine if the procedures for adopting rules give adequate consideration to the potential impact on job creation.

(3a) Review rules to which the Rules Review Commission has objected to determine if statutory changes are needed to enable the agency to fulfill the intent of the General Assembly.

(3b) Receive reports prepared by the Rules Review Commission containing the text and a summary of each rule approved by the Commission.

(3c) Review the activities of State occupational licensing boards to determine if the boards are operating in accordance with statutory requirements and if the boards are still necessary to achieve the purposes for which they were created. This review shall not include decisions concerning board personnel matters or determinations on individual licensing applications or individual disciplinary actions.

(3d) Review State regulatory programs to determine if the programs overlap, have conflicting goals, or could be simplified and still achieve the purpose of the regulation.

(4) Report to the General Assembly concerning any recommendations for statutory changes."

JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON JUSTICE AND PUBLIC SAFETY

SECTION 1.4.(a) The duties of the Joint Legislative Committee on Domestic Violence are transferred to the Joint Legislative Oversight Committee on Justice and Public Safety.

SECTION 1.4.(b) Article 30 of Chapter 120 of the General Statutes, G.S. 120-265 through G.S. 120-267, is repealed.

SECTION 1.4.(c) Article 12J of Chapter 120 of the General Statutes reads as rewritten:

"Article 12J.

"Joint Legislative ~~Corrections, Crime Control, and Juvenile Justice Oversight Committee.~~Oversight Committee on Justice and Public Safety.

"§ 120-70.93. Creation and membership of Joint Legislative ~~Corrections, Crime Control, and Juvenile Justice Oversight Committee.~~Oversight Committee on Justice and Public Safety.

The Joint Legislative ~~Corrections, Crime Control, and Juvenile Justice~~ Oversight Committee on Justice and Public Safety is established. The Committee consists of ~~16~~ 22 members as follows:

(1) ~~Eight~~ Eleven members of the Senate appointed by the President Pro Tempore of the Senate, at least ~~two~~ three of whom are members of the minority party; and

(2) ~~Eight~~ Eleven members of the House of Representatives appointed by the Speaker of the House of Representatives, at least three of whom are members of the minority party.

Terms on the Committee are for two years and begin on the convening of the General Assembly in each odd-numbered year, except the terms of the initial members, which begin on appointment and end on the day of the convening of the 1995 General Assembly. Members may complete a term of service on the Committee even if they do not seek reelection or are not reelected to the General Assembly, but resignation or removal from service in the General Assembly constitutes resignation or removal from service on the Committee.

A member continues to serve until his successor is appointed. A vacancy shall be filled within30 days by the officer who made the original appointment.

"§ 120-70.94. Purpose and powers of Committee.

(a) The Joint Legislative ~~Corrections, Crime Control, and Juvenile Justice~~ Oversight Committee on Justice and Public Safety shall examine, on a continuing basis, the correctional, law enforcement, and juvenile justice systems in North Carolina, in order to make ongoing recommendations to the General Assembly on ways to improve those systems and to assist those systems in realizing their objectives of protecting the public and of punishing and rehabilitating offenders. In this examination, the Committee shall:

(1) Study the budget, programs, and policies of the Departments of Correction, Crime Control and Public Safety, and Juvenile Justice and Delinquency Prevention to determine ways in which the General Assembly may improve the effectiveness of those ~~Departments;~~Departments.

(2) Examine the effectiveness of the Department of Correction in implementing the public policy stated in G.S. 148-26 of providing work assignments and employment for inmates as a means of reducing the cost of maintaining the

inmate population while enabling inmates to acquire or retain skills and work habits needed to secure honest employment after their ~~release;~~release.

(2a) Examine the effectiveness of the Department of Crime Control and Public Safety in implementing the duties and responsibilities charged to the Department in G.S. 143B-474 and the overall effectiveness and efficiency of law enforcement in the ~~State;~~State.

(2b) Examine the effectiveness of the Department of Juvenile Justice and Delinquency Prevention in implementing the duties and responsibilities charged to the Department in Article 12 of Chapter 143B of the General Statutes and the overall effectiveness and efficiency of the juvenile justice system in the ~~State; and~~State.

~~(3) Study any other matters that the Committee considers necessary.~~

(3a) Study and evaluate the funding sources and needs of domestic violence programs providing services to domestic violence victims and programs providing treatment to domestic violence abusers.

(4) Study legal services funding for domestic violence victims and explore additional sources of funding.

(5) Explore sources of additional funding for all domestic violence programs, including visitation centers.

(6) Examine current programs and explore new programs to provide effective services to domestic violence victims and treatment to domestic violence abusers.

(7) Examine law enforcement and judicial responses to domestic violence.

(8) Review data collected on domestic violence cases pursuant to G.S. 15A-1382.1.

(9) Study the effectiveness of the Crime Victims Rights Act as it relates to domestic violence.

(10) Study the needs of juveniles. This study may include, but is not limited to:

a. Determining the adequacy and appropriateness of services:

1. To children and youth receiving child welfare services;
2. To children and youth in the juvenile court system;
3. Provided by the Division of Social Services and the Department of Juvenile Justice and Delinquency Prevention;
4. To children and youth served by the Mental Health, Developmental Disabilities, and Substance Abuse Services system.

b. Developing methods for identifying and providing services to children and youth not receiving but in need of child welfare services, children and youth at risk of entering the juvenile court system, and children and youth exposed to domestic violence situations.

c. Identifying obstacles to ensuring that children who are in secure or nonsecure custody are placed in safe and permanent homes within a reasonable period of time and recommending strategies for overcoming those obstacles. The Commission shall consider what, if anything, can be done to expedite the adjudication and appeal of abuse and neglect charges against parents so that decisions may be made about the safe and permanent placement of their children as quickly as possible.

(11) Evaluate problems associated with juveniles who are beyond the disciplinary control of their parents, including juveniles who are runaways, and develop solutions for addressing the problems of those juveniles.

(12) Identify strategies for the development and funding of a comprehensive statewide database relating to children and youth to facilitate State agency planning for delivery of services to children and youth.

(13) Study any other matter that the Committee considers necessary.

(b) The Committee may make interim reports to the General Assembly on matters for which it may report to a regular session of the General Assembly. A report to the General

Assembly may contain any legislation needed to implement a recommendation of the Committee.

"**§ 120-70.95. Organization of Committee.**

(a) The President Pro Tempore of the Senate and the Speaker of the House of Representatives shall each designate a cochair of the Joint Legislative ~~Corrections, Crime Control, and Juvenile Justice Oversight Committee.~~Oversight Committee on Justice and Public Safety. The Committee shall meet at least once a quarter and may meet at other times upon the joint call of the cochairs.

(b) A quorum of the Committee is nine members. No action may be taken except by a majority vote at a meeting at which a quorum is present. While in the discharge of its official duties, the Committee has the powers of a joint committee under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4.

(c) Members of the Committee receive subsistence and travel expenses as provided in G.S. 120-3.1. The Committee may contract for consultants or hire employees in accordance with G.S. 120-32.02. The Legislative Services Commission, through the Legislative Services Officer, shall assign professional staff to assist the Committee in its work. Upon the direction of the Legislative Services Commission, the Supervisors of Clerks of the Senate and of the House of Representatives shall assign clerical staff to the Committee. The expenses for clerical employees shall be borne by the Committee."

JOINT LEGISLATIVE EDUCATION OVERSIGHT COMMITTEE

SECTION 1.5.(a) The duties of the Legislative Study Commission on Children and Youth are transferred to the Joint Legislative Education Oversight Committee.

SECTION 1.5.(b) Article 24 of Chapter 120 of the General Statutes, G.S. 120-215 through G.S. 120-221, is repealed.

SECTION 1.5.(c) G.S. 120-70.80 reads as rewritten:

"**§ 120-70.80. Creation and membership of Joint Legislative Education Oversight Committee.**

The Joint Legislative Education Oversight Committee is established. The Committee consists of 22 members as follows:

(1) Eleven members of the Senate appointed by the President Pro Tempore of the Senate, at least ~~two~~ three of whom are members of the minority party; and

(2) Eleven members of the House of Representatives appointed by the Speaker of the House of Representatives, at least three of whom are members of the minority party.

Terms on the Committee are for two years and begin on the convening of the General Assembly in each odd-numbered year. Members may complete a term of service on the Committee even if they do not seek reelection or are not reelected to the General Assembly, but resignation or removal from service in the General Assembly constitutes resignation or removal from service on the Committee.

A member continues to serve until his successor is appointed. A vacancy shall be filled within 30 days by the officer who made the original appointment."

SECTION 1.5.(d) G.S. 120-70.81 reads as rewritten:

"**§ 120-70.81. Purpose and powers of Committee.**

(a) The Joint Legislative Education Oversight Committee shall examine, on a continuing basis, the several educational institutions in North Carolina, in order to make ongoing recommendations to the General Assembly on ways to improve public education from kindergarten through higher education. In this examination, the Committee ~~shall:~~may:

(1) Study the budgets, programs, and policies of the Department of Public Instruction, the State Board of Education, the Community Colleges System Office, the Board of Governors of The University of North Carolina, and the constituent institutions of The University of North Carolina to determine ways in which the General Assembly may encourage the improvement of all education provided to North Carolinians and may aid in the development of more integrated methods of institutional accountability;

(2) Examine, in particular, the Basic Education Plan and the School Improvement and Accountability Act of 1989, to determine whether changes need to be built into the plans, whether implementation schedules need to be

restructured, and how to manage the ongoing development of the policies underlying these legislative plans, including a determination of whether there is a need for the legislature to develop ongoing funding patterns for these plans;

(3) Study other states' educational initiatives in public schools, community colleges, and public universities, in order to provide an ongoing commentary to the General Assembly on these initiatives and to make recommendations for implementing similar initiatives in North Carolina; and

(4) Study any other educational matters that the Committee considers necessary to fulfill its mandate.

(5) Study the needs of children and youth. This study may include, but is not limited to:

a. Developing strategies for addressing the issues of school dropout, teen suicide, and adolescent pregnancy.

b. Identifying and evaluating the impact on children and youth of other economic and environmental issues.

(b) The Committee may make interim reports to the General Assembly on matters for which it may report to a regular session of the General Assembly. A report to the General Assembly may contain any legislation needed to implement a recommendation of the Committee."

JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON HEALTH AND HUMAN SERVICES

SECTION 1.6.(a) The duties of the following commissions and committees are transferred to the Joint Legislative Oversight Committee on Health and Human Services, established by subsection (c) of this section:

(1) North Carolina Study Commission on Aging.

(2) Joint Legislative Health Care Oversight Committee.

(3) Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services.

(4) Public Health Study Commission.

SECTION 1.6.(b) The following portions of Chapter 120 of the General Statutes are repealed:

(1) G.S. 120-70.110 through G.S. 120-70.112 (Article 12M, pertaining to the Joint Legislative Health Care Oversight Committee).

(2) G.S. 120-180 through G.S. 120-188 (Article 21, pertaining to the North Carolina Study Commission on Aging).

(3) G.S. 120-195 through G.S. 120-203 (Article 22, pertaining to the Public Health Study Commission).

(4) G.S. 120-240 through G.S. 120-244 (Article 27, pertaining to the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services).

SECTION 1.6.(c) Chapter 120 of the General Statutes is amended by adding a new Article to read:

"Article 23A.

"Joint Legislative Oversight Committee on Health and Human Services.

"**§ 120-208. Creation and membership of Joint Legislative Oversight Committee on Health and Human Services.**

(a) The Joint Legislative Oversight Committee on Health and Human Services is established. The Committee consists of 22 members as follows:

(1) Eleven members of the Senate appointed by the President Pro Tempore of the Senate, at least three of whom are members of the minority party; and

(2) Eleven members of the House of Representatives appointed by the Speaker of the House of Representatives, at least three of whom are members of the minority party.

(b) Terms on the Committee are for two years and begin on the convening of the General Assembly in each odd-numbered year. Members may complete a term of service on the Committee even if they do not seek reelection or are not reelected to the General Assembly,

but resignation or removal from service in the General Assembly constitutes resignation or removal from service on the Committee.

(c) A member continues to serve until a successor is appointed. A vacancy shall be filled within 30 days by the officer who made the original appointment.

"**§ 120-208.1. Purpose and powers of Committee.**

(a) The Joint Legislative Oversight Committee on Health and Human Services shall examine, on a continuing basis, the systemwide issues affecting the development, budgeting, financing, administration, and delivery of health and human services, including issues relating to the governance, accountability, and quality of health and human services delivered to individuals and families in this State. The Committee shall make ongoing recommendations to the General Assembly on ways to improve the quality and delivery of services and to maintain a high level of effectiveness and efficiency in system administration at the State and local levels. In conducting its examination, the Committee shall do all of the following:

(1) Study the budgets, programs, and policies of each Division within the Department of Health and Human Services, to determine ways in which the General Assembly may encourage improvement in the budgeting and delivery of health and human services provided to North Carolinians.

(2) Examine, in particular, issues relating to services provided by the following Divisions within the Department of Health and Human Services:

a. Aging and Adult Services.

b. Medical Assistance.

c. Mental Health, Developmental Disabilities, and Substance Abuse Services.

d. Public Health.

e. Social Services.

(3) Study other states' health and human services initiatives, in order to provide an ongoing commentary to the General Assembly on these initiatives and to make recommendations for implementing similar initiatives in North Carolina; and

(4) Study any other health and human services matters that the Committee considers necessary to fulfill its mandate.

(b) The Committee may make interim reports to the General Assembly on matters for which it may report to a regular session of the General Assembly. A report to the General Assembly may contain any legislation needed to implement a recommendation of the Committee.

"**§ 120-208.2. Organization of Committee.**

(a) The President Pro Tempore of the Senate and the Speaker of the House of Representatives shall each designate a cochair of the Joint Legislative Oversight Committee on Health and Human Services. The Committee shall meet at least once per quarter, except while the General Assembly is in regular session, and may meet at other times upon the joint call of the cochairs.

(b) A quorum of the Committee is 10 members. No action may be taken except by a majority vote at a meeting at which a quorum is present. While in the discharge of its official duties, the Committee has the powers of a joint committee under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4.

(c) Members of the Committee receive subsistence and travel expenses as provided in G.S. 120-3.1. The Committee may contract for consultants or hire employees in accordance with G.S. 120-32.02. The Legislative Services Commission, through the Legislative Services Officer, shall assign professional staff to assist the Committee in its work. Upon the direction of the Legislative Services Commission, the Supervisors of Clerks of the Senate and of the House of Representatives shall assign clerical staff to the Committee. The expenses for clerical employees shall be borne by the Committee.

(d) The Committee cochairs may establish subcommittees for the purpose of examining issues relating to services provided by particular Divisions within the Department of Health and Human Services.

"**§ 120-208.3. Additional powers.**

The Joint Legislative Oversight Committee on Health and Human Services, while in discharge of official duties, shall have access to any paper or document, and may compel the attendance of any State official or employee before the Committee or secure any evidence

under G.S. 120-19. In addition, G.S. 120-19.1 through G.S. 120-19.4 shall apply to the proceedings of the Committee as if it were a joint committee of the General Assembly.

"**§ 120-208.4. Reports to Committee.**

Whenever a Division within the Department of Health and Human Services is required by law to report to the General Assembly or to any of its permanent, study, or oversight committees or subcommittees on matters affecting that Division, the Department shall transmit a copy of the report to the cochairs of the Joint Legislative Oversight Committee on Health and Human Services."

JOINT LEGISLATIVE TRANSPORTATION OVERSIGHT COMMITTEE

SECTION 1.7.(a) The duties of the Future of the North Carolina Railroad Study Commission are assigned to the Joint Legislative Transportation Oversight Committee.

SECTION 1.7.(b) Article 28 of Chapter 120 of the General Statutes, G.S. 120-245 through G.S. 120-255, is repealed.

SECTION 1.7.(c) G.S. 120-70.50 reads as rewritten:

"**§ 120-70.50. Creation and membership of Joint Legislative Transportation Oversight Committee.**

The Joint Legislative Transportation Oversight Committee is established. The Committee consists of ~~18~~ 22 members as follows:

(1) ~~Nine~~ Eleven members of the Senate appointed by the President Pro Tempore of the Senate, at least ~~two~~ three of whom are members of the minority party; and

(2) ~~Nine~~ Eleven members of the House of Representatives appointed by the Speaker of the House of Representatives, at least three of whom are members of the minority party.

Terms on the Committee are for two years and begin on January 15 of each odd-numbered year, except the terms of the initial members, which begin on appointment. Members may complete a term of service on the Committee even if they do not seek reelection or are not reelected to the General Assembly, but resignation or removal from service in the General Assembly constitutes resignation or removal from service on the Committee.

A member continues to serve until his successor is appointed. A vacancy shall be filled within 30 days by the officer who made the original appointment."

SECTION 1.7.(d) G.S. 120-70.51(a) reads as rewritten:

"(a) The Joint Legislative Transportation Oversight Committee may:

(1) Review reports prepared by the Department of Transportation or any other agency of State government related, in any manner, to transportation, when those reports are required by any law.

(2) Monitor the funds deposited in and expenditures from the North Carolina Highway Trust Fund, the Highway Fund, the General Fund, or any other fund when those expenditures are related, in any manner, to transportation.

(3) Determine whether funds related, in any manner, to transportation are being spent in accordance with law.

(4) Determine whether any revisions are needed in the funding for a program for which funds in the Trust Fund, the Highway Fund, the General Fund, or any other fund when those expenditures are related, in any manner, to transportation may be used, including revisions needed to meet any statutory timetable or program.

(4a) Examine the importance of railroads and railroad infrastructure improvements to economic development in North Carolina, including improvements to short-line railroads.

(4b) Study issues important to the future of passenger and freight rail service in North Carolina.

(4c) Determine methods to expedite property disputes between railroads and private landowners.

(4d) Study all aspects of the operation, structure, management, and long-range plans of the North Carolina Railroad.

(5) Report to the General Assembly at the beginning of each regular session concerning its determinations of needed changes in the funding or operation of programs related, in any manner, to transportation."

JOINT LEGISLATIVE COMMITTEE ON LOCAL GOVERNMENT

SECTION 1.8.(a) Part 1 of Article 20 of Chapter 120 of the General Statutes reads as rewritten:

"Article 20.

"Joint Legislative ~~Commission~~ Committee on ~~Municipal Incorporations.~~ Local Government.

"Part 1. Organization.

"**§ 120-157.1. Committee established.**

(a) The Joint Legislative Committee on Local Government is established. The Committee shall consist of 14 members, appointed as follows:

(1) Seven members of the Senate appointed by the President Pro Tempore of the Senate, at least two of whom shall be members of the minority party. At least one member shall be a former city or county commissioner, city or county manager, or other city or county elected official.

(2) Seven members of the House of Representatives appointed by the Speaker of the House of Representatives, at least two of whom shall be members of the minority party. At least one member shall be a former city or county commissioner, city or county manager, or other city or county elected official.

(b) Terms on the Committee are for two years and begin on the convening of the General Assembly in each odd-numbered year. Members may complete a term of service on the Committee even if they do not seek reelection or are not reelected to the General Assembly, but resignation or removal from service in the General Assembly constitutes resignation or removal from service on the Committee.

(c) A member continues to serve until a successor is appointed. A vacancy shall be filled within 30 days by the officer who made the original appointment.

"**§ 120-157.2. Purpose and powers of Committee.**

(a) The Joint Legislative Committee on Local Government shall review and monitor local government capital projects that are required to go before the Local Government Commission and require debt to be issued over one million dollars ($1,000,000), with the exception of schools, jails, courthouses, and administrative buildings. Any project that fits these criteria must be reported to the Committee Chairs, Committee Assistant, and the Fiscal Research Division at least 45 days prior to presentation before the Local Government Commission.

(b) The Committee may make interim reports to the General Assembly on matters for which it may report to a regular session of the General Assembly. A report to the General Assembly shall include the purpose, scope, debt requirements, financing methods, and repayment plans of any local governmental capital project reviewed pursuant to subsection (a) of this section and may contain any legislation needed to implement a recommendation of the Committee.

"**§ 120-157.3. Organization of Committee.**

(a) The President Pro Tempore of the Senate and the Speaker of the House of Representatives shall each designate a cochair of the Joint Legislative Committee on Local Government. The Committee may meet on days when the members of the General Assembly are entitled to subsistence pursuant to G.S. 120-3.1 and may meet at other times upon the joint call of the cochairs.

(b) A quorum of the Committee is eight members. No action may be taken except by a majority vote at a meeting at which a quorum is present. While in the discharge of its official duties, the Committee has the power of a joint committee under G.S. 120-19 and G.S. 120-19.1 thorough G.S. 120-19.4.

(c) Members of the Committee may receive subsistence and travel expenses as provided in G.S. 120-3.1. The Committee may contract for consultants or hire employees in accordance with G.S. 120-32.02. The Legislative Services Commission, through the Legislative Services Officer, shall assign professional staff to assist the Committee in its work. Upon the direction of the Legislative Services Commission, the Supervisors of Clerks of the Senate and of the House of Representatives shall assign clerical staff to the Committee. The expenses for clerical employees shall be borne by the Committee.

"**§ 120-157.4. Additional powers.**

The Joint Legislative Committee on Local Government, while in discharge of official duties, shall have access to any paper or document, and may compel the attendance of any State official or employee before the Committee or secure any evidence under G.S. 120-19. In addition, G.S. 120-19.1 through G.S. 120-19.4 shall apply to the proceedings of the Committee as if it were a joint committee of the General Assembly.

"**§ 120-158. Creation of ~~Commission.~~Municipal Incorporations Subcommittee.**

(a) There is created the ~~Joint Legislative Commission on~~ Municipal ~~Incorporations, referred to in this Article as "Commission".~~Incorporations Subcommittee of the Joint Legislative Committee on Local Government.

(b) The ~~Commission~~ Subcommittee shall consist of six members, appointed as follows:

(1) ~~Two~~ Three Senators appointed by the President Pro Tempore of the ~~Senate;~~Senate, at least one of whom shall be a former city or county commissioner, city or county manager, or other local elected official.

(2) ~~Two~~ Three House members appointed by the ~~Speaker;~~Speaker of the House of Representatives, at least one of whom shall be a former city or county commissioner, city or county manager, or other local elected official.

~~(3) One city manager or elected city official, appointed by the President Pro Tempore of the Senate from a list of three eligible persons nominated by the North Carolina League of Municipalities; and~~

~~(4) One county commissioner or county manager, appointed by the Speaker from a list of three eligible persons nominated by the North Carolina Association of County Commissioners.~~

"**§ 120-159. ~~Terms.~~Terms; meetings.**

(a) Members shall be appointed for terms ending June 30, 1987, and subsequently for two-year terms beginning July 1, 1987, and biennially thereafter. A member eligible when appointed may continue for the remainder of the term regardless of the member's continued eligibility for the category. The ~~Commission~~ Municipal Incorporations Subcommittee shall elect a ~~chairman~~ chair from its membership for a one-year term.

(b) The Subcommittee may meet on days when the members of the General Assembly are entitled to subsistence pursuant to G.S. 120-3.1 and may meet at other times upon the joint call of the cochairs.

~~"§ 120-160. Compensation.~~

~~Members of the Commission who are members of the General Assembly shall receive subsistence and travel allowances as provided by G.S. 120-3.1. Members who are State officers or employees shall receive subsistence and travel allowances as provided by G.S. 138-6. All other members shall receive per diem, subsistence, and travel allowances as provided by G.S. 138-5.~~

~~"§ 120-161. Facilities and staff.~~

~~The Commission may meet in the Legislative Building or the Legislative Office Building. Staff for the Commission shall be provided by the Legislative Services Commission. The Commission may contract with the School of Government at the University of North Carolina at Chapel Hill, the Local Government Commission, the Department of Environment and Natural Resources, or other agencies as may be necessary in completing any required studies, within the funds appropriated to the Commission.~~"

JOINT LEGISLATIVE ECONOMIC DEVELOPMENT OVERSIGHT COMMITTEE

SECTION 1.10.(a) G.S. 120-70.130 reads as rewritten:

"**§ 120-70.130. Creation and membership of Joint Legislative Economic Development Oversight Committee.**

The Joint Legislative Economic Development Oversight Committee is established. The Committee consists of ~~12~~ 22 members as follows:

(1) ~~Six~~ Eleven members of the Senate appointed by the President Pro Tempore of the ~~Senate;~~Senate, at least three of whom are members of the minority party; and

(2) ~~Six~~ Eleven members of the House of Representatives appointed by the Speaker of the House of ~~Representatives.~~Representatives, at least three of whom are members of the minority party.

Terms on the Committee are for two years and begin on the convening of the General Assembly in each odd-numbered year, except the terms of the initial members, which begin on

appointment and end on the day of the convening of the 2007 General Assembly. Members may complete a term of service on the Committee even if they do not seek reelection or are not reelected to the General Assembly, but resignation or removal from service in the General Assembly constitutes resignation or removal from service on the Committee.

A member continues to serve until a successor is appointed. A vacancy shall be filled by the officer who made the original appointment."

SECTION 1.10.(b) G.S. 120-70.131 reads as rewritten:

"**§ 120-70.131. Purpose and powers of Committee.**

(a) The Joint Legislative Economic Development Oversight Committee shall examine, on a continuing basis, economic growth and development issues and strategies in North Carolina in order to make ongoing recommendations to the General Assembly on ways to promote cost-effective economic development initiatives. In this examination, the Committee may:

(1) Study the budgets, programs, and policies of the Department of Commerce, the North Carolina Partnership for Economic Development, and other State, regional, and local entities involved in economic development.

(2) Analyze legislation from other states regarding economic development.

(3) Analyze proposals produced by the Economic Development Board.

(3a) Request the Department of Commerce to provide an annual report by January 15 of each year on the effectiveness of the following economic development programs:

a. Job Development Investment Grant Program (JDIG).

b. One North Carolina.

c. Article 3J Credits.

d. Job Maintenance and Capital Development Fund (JMAC).

(4) Study any other matters that the Committee considers necessary to fulfill its mandate.

(b) The Committee may make interim reports to the General Assembly on matters for which it may report to a regular session of the General Assembly. A report to the General Assembly may contain any legislation needed to implement a recommendation of the Committee."

ENVIRONMENTAL REVIEW COMMISSION

SECTION 1.13. G.S. 120-70.42 reads as rewritten:

"**§ 120-70.42. Membership; cochairs; vacancies; quorum.**

(a) The Environmental Review Commission shall consist of six Senators appointed by the President Pro Tempore of the Senate, six Representatives appointed by the Speaker of the House of Representatives, who shall serve at the pleasure of their appointing officer, the Chair or a Cochair of the Senate Committee on Agriculture, Environment, and Natural Resources or the equivalent committee, the Chair or a Cochair of the House of Representatives Committee on Environment and Natural Resources or the equivalent committee, the Chair or a Cochair of the Senate Committee on Appropriations – Natural and Economic Resources or the equivalent committee, and the Chair or a Cochair of the House of Representatives Committee on Appropriations – Natural and Economic Resources or the equivalent committee.

(b) The President Pro Tempore of the Senate shall designate one or more Senators and the Speaker of the House of Representatives shall designate one or more Representatives to serve as cochairs.

(c) Except as otherwise provided in this subsection, a member of the Commission shall continue to serve for so long as the member remains a member of the General Assembly and no successor has been appointed. A member of the Commission who does not seek reelection or is not reelected to the General Assembly may complete a term of service on the Commission until the day on which a new General Assembly convenes. A member of the Commission who resigns or is removed from service in the General Assembly shall be deemed to have resigned or been removed from service on the Commission. Any vacancy that occurs on the Environmental Review Commission shall be filled in the same manner as the original appointment.

(d) A quorum of the Environmental Review Commission shall consist of ~~nine~~ seven members."

PART II. CONFORMING CHANGES

SECTION 2.1. G.S. 7A-346.3 reads as rewritten:

"**§ 7A-346.3. Impaired driving integrated data system report.**

The information compiled by G.S. 7A-109.2 shall be maintained in an Administrative Office of the Courts database. By March 1, the Administrative Office of the Courts shall provide an annual report of the previous calendar year to the Joint Legislative Commission on Governmental Operations and the Joint Legislative ~~Corrections, Crime Control, and Juvenile Justice Oversight Committee.~~Oversight Committee on Justice and Public Safety. The annual report shall show the types of dispositions for the entire State by county, by judge, by prosecutor, and by defense attorney. This report shall also include the amount of fines, costs, and fees ordered at the disposition of the charge, the amount of any subsequent reduction, amount collected, and the amount still owed, and compliance with sanctions of community service, jail, substance abuse assessment, treatment, and education. The Administrative Office of the Courts shall facilitate public access to the information collected under this section by posting this information on the court's Internet page in a manner accessible to the public and shall make reports of any information collected under this section available to the public upon request and without charge."

SECTION 2.2. G.S. 7A-409.1(g) reads as rewritten:

"(g) The State Judicial Council shall report to the General Assembly and the Chief Justice no later than December 31, 2009, and no later than December 31 of every third year, regarding the implementation of S.L. 2006-184 and shall include in its report the statistics regarding inquiries and any recommendations for changes. The House of Representatives and the Senate shall refer the report of the State Judicial Council to the Joint Legislative ~~Corrections, Crime Control, and Juvenile Justice~~ Oversight Committee on Justice and Public Safety and such other committees as the Speaker of the House of Representatives or the President Pro Tempore of the Senate shall deem appropriate, for their review."

SECTION 2.3. G.S. 15A-266.5 reads as rewritten:

"**§ 15A-266.5. Tests to be performed on DNA sample.**

(a) The tests to be performed on each DNA sample are:

(1) To analyze and type only the genetic markers that are used for identification purposes contained in or derived from the DNA.

(2) For law enforcement identification purposes.

(3) For research and administrative purposes, including:

a. Development of a population database when personal identifying information is removed.

b. To support identification research and protocol development of forensic DNA analysis methods.

c. For quality control purposes.

d. To assist in the recovery or identification of human remains from mass disasters or for other humanitarian purposes, including identification of missing persons.

(b) The DNA record of identification characteristics resulting from the DNA testing shall be stored and maintained by the SBI in the State DNA Database. The DNA sample itself will be stored and maintained by the SBI in the State DNA Databank.

(c) The SBI shall report annually to the Joint Legislative Commission on Governmental Operations and to the Joint Legislative ~~Corrections, Crime Control and Juvenile Justice Oversight Committee,~~Oversight Committee on Justice and Public Safety, on or before February 1, with information for the previous calendar year, which shall include: a summary of the operations and expenditures relating to the DNA Database and DNA Databank; the number of DNA records from arrestees entered; the number of DNA records from arrestees that have been expunged; and the number of DNA arrestee matches or hits that occurred with an unknown sample, and how many of those have led to an arrest and conviction; and how many letters notifying defendants that a record and sample have been expunged, along with the number of days it took to complete the expunction and notification process, from the date of the receipt of the verification form from the State.

(d) The Department of Justice, in consultation with the Administrative Office of the Courts and the Conference of District Attorneys, shall study, develop, and recommend an automated procedure to facilitate the process of expunging DNA samples and records taken pursuant to G.S. 15A-266.3A, and shall report to the Joint Legislative Commission on

Governmental Operations, the Joint Legislative ~~Corrections, Crime Control and Juvenile Justice Oversight Committee,~~ Oversight Committee on Justice and Public Safety, and the Courts Commission, on or before February 1, 2011."

SECTION 2.4. G.S. 15A-1475 reads as rewritten:

"**§ 15A-1475. Reports.**

Beginning January 1, 2008, and annually thereafter, the North Carolina Innocence Inquiry Commission shall report on its activities to the Joint Legislative ~~Corrections, Crime Control, and Juvenile Justice~~ Oversight Committee on Justice and Public Safety and the State Judicial Council. The report may contain recommendations of any needed legislative changes related to the activities of the Commission. The report shall recommend the funding needed by the Commission, the district attorneys, and the State Bureau of Investigation in order to meet their responsibilities under S.L. 2006-184. Recommendations concerning the district attorneys or the State Bureau of Investigation shall only be made after consultations with the North Carolina Conference of District Attorneys and the Attorney General."

SECTION 2.5. G.S. 58-42-45 reads as rewritten:

"**§ 58-42-45. Article subject to Administrative Procedure Act; legislative oversight of plans.**

(a) The provisions of Chapter 150B of the General Statutes shall apply to this Article.

(b) At the same time the Commissioner issues a notice of hearing under G.S. 150B-38, the Commissioner shall provide copies of the notice to the Joint ~~Legislative Administrative Procedure Oversight~~Regulatory Reform Committee and to the Joint Legislative Commission on Governmental Operations. The Commissioner shall provide the Committee and Commission with copies of any plan promulgated by or approved by the Commissioner under G.S. 58-42-1(1) or (2)."

SECTION 2.6. G.S. 58-50-95 reads as rewritten:

"**§ 58-50-95. Report by Commissioner.**

The Commissioner shall report annually to the Joint Legislative ~~Health Care~~ Oversight Committee on Health and Human Services regarding the nature and appropriateness of reviews conducted under this Part. The report, which shall be provided to the public upon request, should include the number of reviews, underlying issues in dispute, character of the reviews, dollar amounts in question, whether the review was decided in favor of the covered person or the health benefit plan, the cost of review, and any other information relevant to the evaluation of the effectiveness of this Part."

SECTION 2.7. G.S. 58-50-180(g) reads as rewritten:

"(g) The Executive Director shall make an annual report to the Speaker of the House of Representatives, the President Pro Tempore of the Senate, the Commissioner, the Joint Legislative ~~Health Care~~ Oversight ~~Committee,~~Committee on Health and Human Services, and the Committee on Employee Hospital and Medical Benefits. The report shall summarize the activities of the Pool in the preceding calendar year, including the net written and earned premiums, benefit plan enrollment, the expense of administration, and the paid and incurred losses."

SECTION 2.8. G.S. 62-15(a) reads as rewritten:

"(a) There is established in the Commission the office of executive director, whose salary and longevity pay shall be the same as that fixed for members of the Commission. "Service" for purposes of longevity pay means service as executive director of the public staff. The executive director shall be appointed by the Governor subject to confirmation by the General Assembly by joint resolution. The name of the executive director appointed by the Governor shall be submitted to the General Assembly on or before May 1 of the year in which the term of his office begins. The term of office for the executive director shall be six years, and the initial term shall begin July 1, 1977. The executive director may be removed from office by the Governor in the event of his incapacity to serve; and the executive director shall be removed from office by the Governor upon the affirmative recommendation of a majority of the Commission, after consultation with the Joint Legislative ~~Utility Review Committee~~Commission on Governmental Operations of the General Assembly. In case of a vacancy in the office of executive director for any reason prior to the expiration of his term of office, the name of his successor shall be submitted by the Governor to the General Assembly, not later than four weeks after the vacancy arises. If a vacancy arises in the office when the General Assembly is not in session, the executive director shall be appointed by the Governor to serve on an interim basis pending confirmation by the General Assembly."

SECTION 2.9. G.S. 62-15(h) reads as rewritten:

"(h) The executive director is authorized to employ, subject to approval by the State Budget Officer, expert witnesses and such other professional expertise as the executive director may deem necessary from time to time to assist the public staff in its participation in Commission proceedings, and the compensation and expenses therefor shall be paid by the utility or utilities participating in said proceedings. Such compensation and expenses shall be treated by the Commission, for rate-making purposes, in a manner generally consistent with its treatment of similar expenditures incurred by utilities in the presentation of their cases before the Commission. An accounting of such compensation and expenses shall be reported annually to the Joint Legislative ~~Utility Review Committee~~Commission on Governmental Operations and to the Speaker of the House of Representatives and the President Pro Tempore of the Senate."

SECTION 2.10. G.S. 62-36A(c) reads as rewritten:

"(c) Within 180 days after all local distribution companies have filed their initial or biennial update reports, the Commission and the Public Staff shall independently provide analyses and summaries of those reports, together with status reports of natural gas service in the State, to the Joint Legislative ~~Utility Review Committee.~~Commission on Governmental Operations."

SECTION 2.11. G.S. 62-133.2(g) reads as rewritten:

"(g) On July 1 of every odd-numbered year, the Utilities Commission shall provide a report to the Joint Legislative ~~Utility Review Committee~~Commission on Governmental Operations summarizing the proceedings conducted pursuant to this section during the preceding two years."

SECTION 2.12. G.S. 62-133.5(k) reads as rewritten:

"(k) To evaluate the affordability and quality of local exchange service provided to consumers in this State, a local exchange company or competing local provider offering basic local residential exchange service that elects to have its rates, terms, and conditions for its services determined pursuant to the plan described in subsection (h) of this section shall make an annual report to the General Assembly on the state of its company's operations. The report shall be due 30 days after the close of each calendar year and shall cover the period from January 1 through December 31 of the preceding year. The Joint Legislative ~~Utility Review Committee~~Commission on Governmental Operations must review the annual reports and decide whether to recommend that the General Assembly take corrective action in response to those reports. The report shall include the following:

(1) An analysis of telecommunications competition by the local exchange company or competing local provider, including access line gain or loss and the impact on consumer choices from enactment of the Consumer Choice and Investment Act of 2009.

(2) An analysis of service quality based on customer satisfaction studies from enactment of the Consumer Choice and Investment Act of 2009.

(3) An analysis of the level of local exchange rates from enactment of the Consumer Choice and Investment Act of 2009."

SECTION 2.13. G.S. 62-133.8(j) reads as rewritten:

"(j) Report. – No later than October 1 of each year, the Commission shall submit a report on the activities taken by the Commission to implement, and by electric power suppliers to comply with, the requirements of this section to the Governor, the Environmental Review Commission, and the Joint Legislative ~~Utility Review Committee.~~Commission on Governmental Operations. The report shall include any public comments received regarding direct, secondary, and cumulative environmental impacts of the implementation of the requirements of this section. In developing the report, the Commission shall consult with the Department of Environment and Natural Resources."

SECTION 2.14. G.S. 62-133.9(i) reads as rewritten:

"(i) The Commission shall submit to the Governor and to the Joint Legislative ~~Utility Review Committee~~ Commission on Governmental Operations a summary of the proceedings conducted pursuant to this section during the preceding two fiscal years on or before September 1 of odd-numbered years."

SECTION 2.15. G.S. 62-158(d) reads as rewritten:

"(d) The Commission, after hearing, may adopt rules to implement this section, including rules for the establishment of expansion funds, for the use of such funds, for the

remittance to the expansion fund or to customers of supplier and transporter refunds and expansion surcharges or other funds that were sources of the expansion fund, and for appropriate accounting, reporting and ratemaking treatment. The Commission and Public Staff shall report to the Joint Legislative ~~Utility Review Committee~~Commission on Governmental Operations on the operation of any expansion funds in conjunction with the reports required under G.S. 62-36A."

SECTION 2.16. G.S. 62-159(d) reads as rewritten:

"(d) The Commission, after hearing, shall adopt rules to implement this section as soon as practicable. The Commission and Public Staff shall report to the Joint Legislative ~~Utility Review Committee~~Commission on Governmental Operations on the use of funding provided under this section in conjunction with the reports required under G.S. 62-36A."

SECTION 2.17. G.S. 62A-44(c) reads as rewritten:

"(c) Report. – In February of each odd-numbered year, the 911 Board must report to the Joint Legislative Commission on Governmental ~~Operations,~~Operations and the Revenue Laws Study ~~Committee, and the Joint Legislative Utility Review~~ Committee. The report must contain complete information regarding receipts and expenditures of all funds received by the 911 Board during the period covered by the report, the status of the 911 system in North Carolina at the time of the report, and the results of any investigations by the Board of PSAPs that have been completed during the period covered by the report."

SECTION 2.18. G.S. 62A-46(a)(2) reads as rewritten:

"(2) Reports. – The Board must report to the Joint Legislative Commission on Governmental ~~Operations,~~Operations and the Revenue Laws Study ~~Committee, and the Joint Legislative Utility Review~~ Committee within 45 days of a change in the funding formula. The report must contain a description of the differences in the old and new formulas and the projected distributions to each PSAP from the new formula."

SECTION 2.19. G.S. 93B-2(a) reads as rewritten:

"(a) No later than October 31 of each year, each occupational licensing board shall file with the Secretary of State, the Attorney General, and the Joint ~~Legislative Administrative Procedure Oversight~~ Regulatory Reform Committee an annual report containing all of the following information:

(1) The address of the board, and the names of its members and officers.
(2) The number of persons who applied to the board for examination.
(3) The number who were refused examination.
(4) The number who took the examination.
(5) The number to whom initial licenses were issued.
(6) The number who applied for license by reciprocity or comity.
(7) The number who were granted licenses by reciprocity or comity.
(7a) The number of official complaints received involving licensed and unlicensed activities.
(7b) The number of disciplinary actions taken against licensees, or other actions taken against nonlicensees, including injunctive relief.
(8) The number of licenses suspended or revoked.
(9) The number of licenses terminated for any reason other than failure to pay the required renewal fee.
(10) The substance of any anticipated request by the occupational licensing board to the General Assembly to amend statutes related to the occupational licensing board.
(11) The substance of any anticipated change in rules adopted by the occupational licensing board or the substance of any anticipated adoption of new rules by the occupational licensing board."

SECTION 2.20. G.S. 93B-2(b) reads as rewritten:

"(b) No later than October 31 of each year, each occupational licensing board shall file with the Secretary of State, the Attorney General, the Office of State Budget and Management, and the Joint ~~Legislative Administrative Procedure Oversight~~Regulatory Reform Committee a financial report that includes the source and amount of all funds credited to the occupational licensing board and the purpose and amount of all funds disbursed by the occupational licensing board during the previous fiscal year."

SECTION 2.21. G.S. 95-25.23C(c) reads as rewritten:

"(c) Report. – No later than February 1 of each year, the Commissioner shall submit a written report to the General Assembly, the ~~Legislative Study Commission on Children and Youth,~~Joint Legislative Education Oversight Committee, and the Fiscal Research Division of the General Assembly on the Department of Labor's investigative, inspection, and enforcement activities under the Wage and Hour Act pertaining to youth employment. Each report submitted pursuant to this subsection shall contain data and information about the calendar year preceding the date on which the last written report was submitted. The report shall include at least all of the following:

(1) All activities the Department of Labor has sponsored or participated in for the purpose of educating employers about their responsibilities under the Wage and Hour Act.

(2) The total number of complaints received by the Department of Labor alleging youth employment violations under the Wage and Hour Act, or any regulations issued under the Wage and Hour Act, or both.

(3) The specific types of youth employment violations alleged and the ages of the youths referenced in the complaints received by the Department of Labor.

(4) The total number of investigations conducted by the Department of Labor concerning alleged youth employment violations, the length of the investigations, and the number of investigators assigned to conduct the investigations. For purposes of this subdivision, the Commissioner shall provide a separate analysis of (i) investigations initiated by the Department in response to a complaint, (ii) investigations initiated by the Department in the absence of a complaint, and (iii) alleged record-keeping violations pertaining to youth employment.

(5) The total number of administrative proceedings involving youth employment violations.

(6) The total number and identity of employers cited for youth employment violations and the industries or occupations that received the greatest and the least number of complaints alleging youth employment violations.

(7) The total number and dollar amount of civil penalties assessed pursuant to G.S. 95-25.23 and the total number and dollar amount of civil penalties actually collected pursuant to that section. For purposes of this subdivision, the Commissioner shall provide a detailed, itemized list of each civil penalty represented in the total number and dollar amounts reported pursuant to this subdivision and indicate whether each civil penalty is the result of a complaint.

(8) The total number and dollar amount of civil penalties assessed pursuant to G.S. 95-25.23A and the total number and dollar amount of civil penalties actually collected pursuant to that section. For purposes of this subdivision, the Commissioner shall provide a detailed, itemized list of each civil penalty represented in the total number and dollar amounts reported pursuant to this subdivision and indicate whether each civil penalty is the result of a complaint.

(9) An explanation of any obstacles that prevented the Department of Labor from enforcing any provision of the Wage and Hour Act as it pertains to youth employment, any recommended changes to the Wage and Hour Act to strengthen the Department of Labor's oversight and enforcement of youth employment laws and regulations in this State, and any other information related to the Department of Labor's enhanced enforcement of the State's youth employment laws and regulations.

(10) Recommendations about the funding needed by the Department to (i) eliminate any identified obstacles to enforcement of youth employment laws and regulations and (ii) effectively implement any recommended changes."

SECTION 2.22. G.S. 108A-55(c) reads as rewritten:

"(c) The Department shall reimburse providers of services, equipment, or supplies under the Medical Assistance Program in the following amounts:

(1) The amount approved by the Health Care Financing Administration of the United States Department of Health and Human Services, if that Administration approves an exact reimbursement amount;

(2) The amount determined by application of a method approved by the Health Care Financing Administration of the United States Department of Health and Human Services, if that Administration approves the method by which a reimbursement amount is determined, and not the exact amount.

The Department shall establish the methods by which reimbursement amounts are determined in accordance with Chapter 150B of the General Statutes. A change in a reimbursement amount becomes effective as of the date for which the change is approved by the Health Care Financing Administration of the United States Department of Health and Human Services. The Department shall report to the Fiscal Research Division of the Legislative Services Office and to the Senate Appropriations Committee on Human Resources and the House of Representatives Appropriations Subcommittee on Human Resources or the Joint Legislative ~~Commission on Health Care~~ Oversight Committee on Health and Human Services on any change in a reimbursement amount at the same time as it sends out public notice of this change prior to presentation to the Health Care Financing Administration."

SECTION 2.23. G.S. 108A-70.25 reads as rewritten:

"**§ 108A-70.25. State Plan for Health Insurance Program for Children.**

The Department shall develop and submit a State Plan to implement "The Health Insurance Program for Children" authorized under this Part to the federal government as application for federal funds under Title XXI. The State Plan submitted under this Part shall be developed by the Department only as authorized by and in accordance with this Part. No provision in the State Plan submitted under this Part may expand or otherwise alter the scope or purpose of the Program from that authorized under this Part. The Department shall include in the State Plan submitted only those items required by this Part and required by the federal government to qualify for federal funds under Title XXI and necessary to secure the State's federal fund allotment for the applicable fiscal period. Except as otherwise provided in this section, the Department shall not amend the State Plan nor submit any amendments thereto to the federal government for review or approval without the specific approval of the General Assembly. In the event federal law requires that an amendment be made to the State Plan and further requires that the amendment be submitted or implemented within a time period when the General Assembly is not and will not be in session to approve the amendment, then the Department may submit the amendment to the federal government for review and approval without the approval of the General Assembly. Prior to submitting an amendment to the federal government without General Assembly approval as authorized in this section, the Department shall report the proposed amendment to the Joint Legislative ~~Health Care~~ Oversight Committee on Health and Human Services and to members of the Joint Appropriations Subcommittee on Health and Human Services. The report shall include an explanation of the amendment, the necessity therefor, and the federal time limits required for implementation of the amendment."

SECTION 2.24. G.S. 108A-70.27(b) reads as rewritten:

"(b) The Department shall report annually to the Joint Legislative ~~Health Care~~ Oversight Committee on Health and Human Services and shall provide a copy of the report to the Joint Appropriations Subcommittees on Health and Human Services. The report shall include:

(1) Data collected as required under subsection (a) of this section and an analysis thereof giving trends and projections for continued Program funding;

(2) Program areas working most effectively and least effectively;

(3) Performance measures used to ensure Program quality, fiscal integrity, ease of access, and appropriate utilization of preventive and medical care;

(4) Effectiveness of system linkages in addressing access, quality of care, and Program efficiency;

(5) Recommended changes in the Program necessary to improve Program efficiency and effectiveness;

(6) Any other information requested by the Committee pertinent to the provision of health insurance for children and the implementation of the Program."

SECTION 2.25. G.S. 108A-70.27(c) reads as rewritten:

"(c) The Executive Administrator and Board of Trustees of the North Carolina Teachers' and State Employees' Major Medical Plan ("Plan") shall provide to the Department data

required under this section that are collected by the Plan. Data shall be reported by the Plan in sufficient detail to meet federal reporting requirements under Title XXI. The Plan shall report periodically to the Joint Legislative ~~Health Care~~ Oversight Committee on Health and Human Services claims processing data for the Program and any other information the Plan or the Committee deems appropriate and relevant to assist the Committee in its review of the Program."

SECTION 2.26. G.S. 113-175.6 reads as rewritten:

"**§ 113-175.6. Report.**

The Chair of the Marine Fisheries Commission and the Chair of the Wildlife Resources Commission shall jointly submit to the Joint Legislative Commission on ~~Seafood and Aquaculture~~Governmental Operations by October 1 of each year a report on the Marine Resources Fund and the Endowment Fund that shall include the source and amounts of all moneys credited to each fund and the purpose and amount of all disbursements from each fund during the prior fiscal year."

SECTION 2.27. G.S. 113-182.1(c1) reads as rewritten:

"(c1) The Department shall consult with the regional advisory committees established pursuant to G.S. 143B-289.57(e) regarding the preparation of each Fishery Management Plan. Before submission of a plan for review by the Joint Legislative Commission on ~~Seafood and Aquaculture,~~Governmental Operations, the Department shall review any comment or recommendation regarding the plan that a regional advisory committee submits to the Department within the time limits established in the Schedule for the development and adoption of Fishery Management Plans established by G.S. 143B-289.52. Before the Commission adopts a management measure to implement a plan, the Commission shall review any comment or recommendation regarding the management measure that a regional advisory committee submits to the Commission."

SECTION 2.28. G.S. 113-182.1(e) reads as rewritten:

"(e) The Secretary of Environment and Natural Resources shall monitor progress in the development and adoption of Fishery Management Plans in relation to the Schedule for development and adoption of the plans established by the Marine Fisheries Commission. The Secretary of Environment and Natural Resources shall report to the Joint Legislative Commission on ~~Seafood and Aquaculture~~Governmental Operations on progress in developing and implementing the Fishery Management Plans on or before 1 September of each year. The Secretary of Environment and Natural Resources shall report to the Joint Legislative Commission on Seafood and Aquaculture within 30 days of the completion or substantial revision of each proposed Fishery Management Plan. The Joint Legislative Commission on ~~Seafood and Aquaculture~~Governmental Operations shall review each proposed Fishery Management Plan within 30 days of the date the proposed Plan is submitted by the Secretary. The Joint Legislative Commission on ~~Seafood and Aquaculture~~Governmental Operations may submit comments and recommendations on the proposed Plan to the Secretary within 30 days of the date the proposed Plan is submitted by the Secretary."

SECTION 2.29. G.S. 113-200(i) reads as rewritten:

"(i) Report on Grant Program. – The Sea Grant College Program shall report on the Fishery Resource Grant Program to the Marine Fisheries Commission and the Joint Legislative Commission on ~~Seafood and Aquaculture~~Governmental Operations no later than January 1 of each year."

SECTION 2.30. G.S. 120-70.33(8) reads as rewritten:

"(8) To undertake such additional studies as it deems appropriate or as may from time to time be requested by the President Pro Tempore of the Senate, the Speaker of the House of Representatives, either house of the General Assembly, the Legislative Research Commission, the Joint Legislative Commission on Governmental Operations, or the Environmental Review Commission, ~~or the Joint Legislative Utility Review Committee,~~ and to make such reports and recommendations to the General Assembly regarding such studies as it deems appropriate."

SECTION 2.31. G.S. 120-70.43(a)(7) reads as rewritten:

"(7) To undertake such additional studies as it deems appropriate or as may from time to time be requested by the President Pro Tempore of the Senate, the Speaker of the House of Representatives, either house of the General Assembly, the Legislative Research Commission, or the Joint Legislative

Commission on Governmental ~~Operations, the Joint Legislative Utility Review Committee, or the Joint Select Committee on Low-Level Radioactive Waste~~Operations and to make such reports and recommendations to the General Assembly regarding such studies as it deems appropriate; provided that the Environmental Review Commission shall not undertake any study which the General Assembly has assigned to another legislative commission or committee."

SECTION 2.32. G.S. 120-163 reads as rewritten:

"**§ 120-163. Petition.**

(a) The process of seeking the recommendation of the ~~Commission~~ Municipal Incorporations Subcommittee is commenced by filing with the ~~Commission~~ Municipal Incorporations Subcommittee a petition signed by fifteen percent (15%) of the registered voters of the area proposed to be incorporated, but by not less than 25 registered voters of that area, asking for incorporation. The voter shall sign the petition and also clearly print that voter's name adjacent to the signature. The petition must also contain the voter's residence address and date of birth.

...

(d) The petitioners must present to the ~~Commission~~ Municipal Incorporations Subcommittee the verified petition from the county board of elections.

(e) A petition must be submitted to the ~~Commission~~ Municipal Incorporations Subcommittee at least 60 days prior to convening of the next regular session of the General Assembly in order for the ~~Commission~~ Municipal Incorporations Subcommittee to make a recommendation to that session."

SECTION 2.33. G.S. 120-164 reads as rewritten:

"**§ 120-164. Notification.**

(a) Not later than five days before submitting the petition to the ~~Commission,~~Municipal Incorporations Subcommittee, the petitioners shall notify:

(1) The board or boards of county commissioners of the county or counties where the proposed municipality is located;

(2) All cities within that county or counties; and

(3) All cities in any other county that are within five miles of the proposed municipality of the intent to present the petition to the ~~Commission.~~Municipal Incorporations Subcommittee.

(b) The petitioners shall also publish, one per week for two consecutive weeks, with the second publication no later than seven days before submitting the petition to the ~~Commission,~~ Municipal Incorporations Subcommittee notice in a newspaper of general circulation in the area proposed to be incorporated of the intent to present the petition to the ~~Commission.~~Municipal Incorporations Subcommittee."

SECTION 2.34. G.S. 120-165 reads as rewritten:

"**§ 120-165. Initial inquiry.**

(a) The ~~Commission~~ Municipal Incorporations Subcommittee shall, upon receipt of the petition, determine if the requirements of G.S. 120-163 and G.S. 120-164 have been met. If it determines that those requirements have not been met, it shall return the petition to the petitioners. The ~~Commission~~ Municipal Incorporations Subcommittee shall also publish in the North Carolina Register notice that it has received the petition.

(b) If it determines that those requirements have been met, it shall conduct further inquiry as provided by this Part."

SECTION 2.35. G.S. 120-166 reads as rewritten:

"**§ 120-166. Additional criteria; nearness to another municipality.**

(a) The ~~Commission~~ Municipal Incorporations Subcommittee may not make a positive recommendation if the proposed municipality is located within one mile of a municipality of 5,000 to 9,999, within three miles of a municipality of 10,000 to 24,999, within four miles of a municipality of 25,000 to 49,999, or within five miles of a municipality of 50,000 or over, according to the most recent decennial federal census, or according to the most recent annual estimate of the Office of State Budget and Management if the municipality was incorporated since the return of that census. For purposes of this section, "municipality" means a city as defined by G.S. 160A-1(2) or a county that has exercised its authority under Article 24 of Chapter 153A of the General Statutes.

(b) Subsection (a) of this section does not apply in the case of proximity to a specific municipality if:

(1) The proposed municipality is entirely on an island that the nearby city is not on;

(2) The proposed municipality is separated by a major river or other natural barrier from the nearby city, such that provision of municipal services by the nearby city to the proposed municipality is infeasible or the cost is prohibitive, and the ~~Commission~~ Municipal Incorporations Subcommittee shall adopt policies to implement this subdivision;

(3) The municipalities within the distances described in subsection (a) of this section by resolution express their approval of the incorporation; or

(4) An area of at least fifty percent (50%) of the proposed municipality has petitioned for annexation to the nearby city under G.S. 160A-31 within the previous 12 months before the incorporation petition is submitted to the ~~Commission~~ Municipal Incorporations Subcommittee but the annexation petition was not approved."

SECTION 2.36. G.S. 120-168 reads as rewritten:

"**§ 120-168. Additional criteria; development.**

The ~~Commission~~ Municipal Incorporations Subcommittee may not make a positive recommendation unless forty percent (40%) of the area is developed for residential, commercial, industrial, institutional, or governmental uses, or is dedicated as open space under the provisions of a zoning ordinance, subdivision ordinance, conditional or special use permit, or recorded restrictive covenants."

SECTION 2.37. G.S. 120-169 reads as rewritten:

"**§ 120-169. Additional criteria; area unincorporated.**

The ~~Commission~~ Municipal Incorporations Subcommittee may not make a positive recommendation if any of the proposed municipality is included within the boundary of another incorporated municipality, as defined by G.S. 153A-1(1), or if any of the proposed municipality is included within the boundary of a county that has exercised its authority under Article 24 of Chapter 153A of the General Statutes."

SECTION 2.38. G.S. 120-169.1 reads as rewritten:

"**§ 120-169.1. Additional criteria; level of development, services; financial impact on other local governments.**

(a) Repealed by Session Laws 1999-458, s. 4.

(b) Services. – The ~~Commission~~ Municipal Incorporations Subcommittee may not make a positive recommendation unless the area to be incorporated submits a plan for providing a reasonable level of municipal services. This plan shall be based on the proposed services stated in the petition under G.S. 120-163(c).

(c) The ~~Commission~~ Municipal Incorporations Subcommittee in its report shall indicate the impact on other municipalities and counties of diversion of already levied local taxes or State-shared revenues from existing local governments to support services in the proposed municipality."

SECTION 2.39. G.S. 120-221(c) reads as rewritten:

"(c) The Task Force shall report at least annually to the Commission or more frequently at the request of the cochairs of the Commission, and shall also report on April 1 of each year to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, the Joint Legislative Oversight Committee on ~~Mental Health, Developmental Disabilities, and Substance Abuse~~Health and Human Services, and the Fiscal Research Division."

SECTION 2.40. G.S. 122C-5 reads as rewritten:

"**§ 122C-5. Report on restraint and seclusion.**

The Secretary shall report annually on October 1 to the Joint Legislative Oversight Committee on ~~Mental Health, Developmental Disabilities, and Substance Abuse~~Health and Human Services on the following for the immediately preceding fiscal year:

(1) The level of compliance of each facility with applicable State and federal laws, rules, and regulations governing the use of restraints and seclusion.

The information shall indicate areas of highest and lowest levels of compliance.

(2) The total number of facilities that reported deaths under G.S. 122C-31, the number of deaths reported by each facility, the number of deaths investigated pursuant to G.S. 122C-31, and the number found by the investigation to be related to the use of restraint or seclusion."

SECTION 2.41. G.S. 122C-13(11) reads as rewritten:

"(11) Submit a report annually to the Secretary, the Joint Legislative Oversight Committee on ~~Mental Health, Developmental Disabilities, and Substance Abuse~~ Health and Human Services, and the Joint Legislative Health Care Oversight Committee containing data and findings regarding the types of problems experienced and complaints reported by or on behalf of providers, consumers, and employees of providers, as well as recommendations to resolve identified issues and to improve the administration of MH/DD/SA facilities and the delivery of MH/DD/SA services throughout the State."

SECTION 2.42. G.S. 122C-102(c) reads as rewritten:

"(c) State Performance Measures. – The State Plan shall also include a mechanism for measuring the State's progress towards increased performance on the following matters: access to services, consumer-focused outcomes, individualized planning and supports, promotion of best practices, quality management systems, system efficiency and effectiveness, and prevention and early intervention. Beginning October 1, 2006, and every six months thereafter, the Secretary shall report to the General Assembly and the Joint Legislative Oversight Committee on ~~Mental Health, Developmental Disabilities, and Substance Abuse~~Health and Human Services, on the State's progress in these performance areas."

SECTION 2.43. G.S. 122C-112.1(a)(30) reads as rewritten:

"(30) Prior to requesting approval to close a State facility under G.S. 122C-181(b):

a. Notify the Joint Legislative Commission on Governmental Operations, the Joint Legislative Oversight Committee on ~~Mental Health, Developmental Disabilities, and Substance Abuse~~ Health and Human Services, and members of the General Assembly who represent catchment areas affected by the closure; and

b. Present a plan for the closure to the members of the Joint Legislative Oversight Committee on ~~Mental Health, Developmental Disabilities, and Substance Abuse~~Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Senate Appropriations Committee on Health and Human Services for their review, advice, and recommendations. The plan shall address specifically how patients will be cared for after closure, how support services to community-based agencies and outreach services will be continued, and the impact on remaining State facilities. In implementing the plan, the Secretary shall take into consideration the comments and recommendations of the committees to which the plan is presented under this subdivision."

SECTION 2.44. G.S. 122C-112.1(a)(35) reads as rewritten:

"(35) Develop and adopt rules governing a statewide data system containing waiting list information obtained annually from each LME as required under G.S. 122C-115.4(b)(8). The rules adopted shall establish standardized criteria to be used by LMEs to ensure that the waiting list data are consistent across LMEs. The Department shall use data collected from LMEs under G.S. 122C-115.4(b)(8) for statewide planning and needs projections. The creation of the statewide waiting list data system does not create an entitlement to services for individuals on the waiting list. The Department shall report annually to the Joint Legislative Oversight Committee on ~~Mental Health, Developmental Disabilities, and Substance Abuse~~ Health and Human Services its recommendations based on data obtained annually from each LME. The report shall indicate the services that are most needed throughout the State, plans to address unmet needs, and any cost projections for providing needed services."

SECTION 2.45. G.S. 122C-115.4(e) reads as rewritten:

"(e) Notwithstanding subsection (d) of this section, in the case of serious financial mismanagement or serious regulatory noncompliance, the Secretary may temporarily remove

an LME function after consultation with the Joint Legislative Oversight Committee on ~~Mental Health, Developmental Disabilities, and Substance Abuse~~Health and Human Services."

SECTION 2.46. G.S. 130A-40.1(b) reads as rewritten:

"(b) The Secretary of Health and Human Services may approve only one request under subsection (a) of this section, this section being designed as a pilot program concerning alternative qualifications for a local health director. The Secretary of Health and Human Services shall report any approval under this section to the ~~Public Health Study Commission.~~Joint Legislative Oversight Committee on Health and Human Services."

SECTION 2.47. G.S. 131D-2.13(e) reads as rewritten:

"(e) Report on Use of Restraint. – The Department shall report annually on October 1 to the Joint Legislative Oversight Committee on ~~Mental Health, Developmental Disabilities, and Substance Abuse~~Health and Human Services the following for the immediately preceding fiscal year:

(1) The level of compliance of each adult care home with applicable State law and rules governing the use of physical restraint and physical hold of residents. The information shall indicate areas of highest and lowest levels of compliance.

(2) The total number of adult care homes that reported deaths under G.S. 131D-34.1, the number of deaths reported by each facility, the number of deaths investigated pursuant to G.S. 131D-34.1, and the number found by the investigation to be related to the adult care home's use of physical restraint or physical hold."

SECTION 2.48. G.S. 131D-10.6(10) reads as rewritten:

"(10) Report annually on October 1 to the Joint Legislative Oversight Committee on ~~Mental Health, Developmental Disabilities, and Substance Abuse~~Health and Human Services the level of facility compliance with applicable State law governing the use of restraint and time-out in residential child-care facilities. The report shall also include the total number of facilities that reported deaths under this section, the number of deaths reported by each facility, the number of deaths investigated pursuant to this section, and the number found by the investigation to be related to the use of physical restraint or time-out."

SECTION 2.49. G.S. 131E-314 reads as rewritten:

"**§ 131E-314. Division Reporting.**

The Division of Medical Assistance of the Department of Health and Human Services shall report quarterly to the Joint Legislative ~~Health Care~~ Oversight Committee on Health and Human Services on its regulatory activities in the enforcement of this ~~act~~Article and shall provide the Committee with a summary of nonconfidential information on the financial plans and operations of PSOs. The report to the Committee shall include a description and explanation of any regulations or regulatory interpretations that differ from Department of Insurance regulations applicable to HMOs. The report shall also include PSO efforts to improve community health status. The Division shall develop processes or methods to measure improvements in health outcomes for Medicare beneficiaries served by managed care organizations and shall report quarterly to the Joint Legislative ~~Health Care~~ Oversight Committee on Health and Human Services on the development of these standards."

SECTION 2.50. G.S. 143-318.14A(a) reads as rewritten:

"(a) Except as provided in subsection (e) below, all official meetings of commissions, committees, and standing subcommittees of the General Assembly (including, without limitation, joint committees and study committees), shall be held in open session. For the purpose of this section, the following also shall be considered to be "commissions, committees, and standing subcommittees of the General Assembly:

(1) The Legislative Research Commission;

(2) The Legislative Services Commission;

(3) Repealed by Session Laws 2006-203, s. 93, effective July 1, 2007, and applicable to the budget for the 2007-2009 biennium and each subsequent biennium thereafter;

~~(4) The Joint Legislative Utility Review Committee;~~

(5) The Joint Legislative Commission on Governmental Operations;

(6) The Joint Legislative Commission on ~~Municipal Incorporations;~~Local Government;

(7) Repealed by Session Laws 1997, c. 443, s. 12.30, effective August 28, 1997.

~~(8) The Joint Select Committee on Low-Level Radioactive Waste;~~
(9) The Environmental Review Commission;
(10) The Joint Legislative Transportation Oversight Committee;
(11) The Joint Legislative Education Oversight Committee;
~~(12) The Joint Legislative Commission on Future Strategies for North Carolina;~~
(13) The Commission on Children with Special Needs;
~~(14) The Legislative Committee on New Licensing Boards;~~
(15) The Agriculture and Forestry Awareness Study Commission; and
~~(16) The North Carolina Study Commission on Aging; and~~
(17) The standing Committees on Pensions and Retirement."

SECTION 2.51. G.S. 143B-273.8(b) reads as rewritten:

"(b) The Department of Correction shall report by February 1 of each year to the Chairs of the Senate and House Appropriations Committees, the Senate and House Appropriations Subcommittees on Justice and Public Safety, and the Joint Legislative ~~Corrections, Crime Control, and Juvenile Justice~~ Oversight Committee on Justice and Public Safety on the status of the Criminal Justice Partnership Program. The report shall include the following information:".

SECTION 2.52. G.S. 143B-279.8(e) reads as rewritten:

"(e) The Coastal Resources Commission, the Environmental Management Commission, and the Marine Fisheries Commission shall report to the Joint Legislative Commission on ~~Seafood and Aquaculture~~Governmental Operations and the Environmental Review Commission on progress in developing and implementing the Coastal Habitat Protection Plans, including the extent to which the actions of the three commissions are consistent with the Plans, on or before 1 September of each year."

SECTION 2.53. G.S. 143B-279.8(f) reads as rewritten:

"(f) The Secretary of Environment and Natural Resources shall report to the Environmental Review Commission and the Joint Legislative Commission on Seafood and Aquaculture within 30 days of the completion or substantial revision of each draft Coastal Habitat Protection Plan. The Environmental Review Commission and the Joint Legislative Commission on ~~Seafood and Aquaculture~~Governmental Operations shall concurrently review each draft Coastal Habitat Protection Plan within 30 days of the date the draft Plan is submitted by the Secretary. The Environmental Review Commission and the Joint Legislative Commission on ~~Seafood and Aquaculture~~Governmental Operations may submit comments and recommendations on the draft Plan to the Secretary within 30 days of the date the draft Plan is submitted by the Secretary."

SECTION 2.54. G.S. 147-16(b) reads as rewritten:

"(b) The Governor shall, unless otherwise requested by any person listed in subdivisions (1) through (4) of this subsection, provide notice of the commutation of any sentence within 20 days after the commutation by first-class mail to the following at the last known address:

(1) The victim or victims of the crime for which the sentence was imposed;
(2) The victims' spouse, children, and parents;
(3) Any other members of the victims' family who request in writing to be notified; and
(4) The Chairs of the Joint Legislative ~~Corrections, Crime Control, and Juvenile Justice Oversight Committee.~~Oversight Committee on Justice and Public Safety."

SECTION 2.55. G.S. 147-86.35(a) reads as rewritten:

"(a) The chair of the Commission shall report each year by November 1 to the Joint Legislative Commission on Governmental Operations and to the chairs of the Joint Legislative ~~Health Care~~ Oversight Committee on Health and Human Services regarding implementation of this Article, including a report on funds disbursed during the fiscal year by amount, purpose, and category of recipient, and other information as requested by the Joint Legislative Commission on Governmental Operations. The annual report shall also include a summary of each recipient's annual report submitted to the Health and Wellness Trust Fund Commission pursuant to G.S. 147-86.31(b) and an analysis of progress toward the goals and objectives of any comprehensive, community-based plan established pursuant to G.S. 147-86.30(e)(3). A written copy of the annual report shall also be sent to the Legislative Library by November 1 each year. Written reports shall also be sent on a quarterly basis to the Joint Legislative Commission on Governmental Operations."

SECTION 2.56. G.S. 148-37(c) reads as rewritten:

"(c) In addition to the authority contained in subsections (a) and (b) of this section, and in addition to the contracts ratified by subsection (f) of this section, the Secretary of Correction may enter into contracts with any public entity or any private nonprofit or for-profit firms for the confinement and care of State prisoners in any out-of-state correctional facility when to do so would most economically and effectively promote the purposes served by the Department of Correction. Contracts entered into under the authority of this subsection shall be for a period not to exceed two years and shall be renewable from time to time for a period not to exceed two years. Prisoners may be sent to out-of-state correctional facilities only when there are no available facilities in this State within the State prison system to appropriately house those prisoners. Any contract made under the authority of this subsection shall be approved by the Department of Administration before the contract is executed. Before expending more than the amount specifically appropriated by the General Assembly for the out-of-state housing of inmates, the Department shall obtain the approval of the Joint Legislative Commission on Governmental Operations and shall report such expenditures to the Chairs of the Senate and House Appropriations Committees, the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety, and the Chairs of the Joint Legislative ~~Corrections, Crime Control, and Juvenile Justice Oversight Committee.~~Oversight Committee on Justice and Public Safety."

SECTION 2.57. G.S. 148-37(g) reads as rewritten:

"(g) The Secretary of Correction may contract with private for-profit or nonprofit firms for the provision and operation of four or more confinement facilities totaling up to 2,000 beds in the State to house State prisoners when to do so would most economically and effectively promote the purposes served by the Department of Correction. This 2,000-bed limitation shall not apply to the 500 beds in private substance abuse treatment centers authorized by the General Assembly prior to July 1, 1995. Whenever the Department of Correction determines that new prison facilities are required in addition to existing and planned facilities, the Department may contract for any remaining beds authorized by this section before constructing State-operated facilities.

Contracts entered under the authority of this subsection shall be for a period not to exceed 10 years, shall be renewable from time to time for a period not to exceed 10 years. The Secretary of Correction shall enter contracts under this subsection only if funds are appropriated for this purpose by the General Assembly. Contracts entered under the authority of this subsection may be subject to any requirements for the location of the confinement facilities set forth by the General Assembly in appropriating those funds.

Once the Department has made a determination to contract for additional private prison beds, it shall issue a request for proposals within 30 days of the decision. The request for proposals shall require bids to be submitted within two months, and the Department shall award contracts at the earliest practicable date after the submission of bids. The Secretary of Correction, in consultation with the Chairs of the Joint Legislative ~~Corrections, Crime Control, and Juvenile Justice~~ Oversight Committee on Justice and Public Safety and the Chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety, shall make recommendations to the State Purchasing Officer on the final award decision. The State Purchasing Officer shall make the final award decision, and the contract shall then be subject to the approval of the Council of State after consultation with the Joint Legislative Commission on Governmental Operations.

Contracts made under the authority of this subsection may provide the State with an option to purchase the confinement facility or may provide for the purchase of the confinement facility by the State. Contracts made under the authority of this subsection shall state that plans and specifications for private confinement facilities shall be furnished to and reviewed by the Office of State Construction. The Office of State Construction shall inspect and review each project during construction to ensure that the project is suitable for habitation and to determine whether the project would be suitable for future acquisition by the State. All contracts for the housing of State prisoners in private confinement facilities shall require a minimum of ten million dollars ($10,000,000) of occurrence-based liability insurance and shall hold the State harmless and provide reimbursement for all liability arising out of actions caused by operations and employees of the private confinement facility.

Prisoners housed in private confinement facilities pursuant to this subsection shall remain subject to the rules adopted for the conduct of persons committed to the State prison system. The Secretary of Correction may review and approve the design and construction of private

confinement facilities before housing State prisoners in these facilities. The rules regarding good time, gain time, and earned credits, discipline, classification, extension of the limits of confinement, transfers, housing arrangements, and eligibility for parole shall apply to inmates housed in private confinement facilities pursuant to this subsection. The operators of private confinement facilities may adopt any other rules as may be necessary for the operation of those facilities with the written approval of the Secretary of Correction. Custodial officials employed by a private confinement facility are agents of the Secretary of Correction and may use those procedures for use of force authorized by the Secretary of Correction to defend themselves, to enforce the observance of discipline in compliance with confinement facility rules, to secure the person of a prisoner, and to prevent escape. Private firms under this subsection shall employ inmate disciplinary and grievance policies of the North Carolina Department of Correction."

SECTION 2.58. G.S. 148-37(i) reads as rewritten:

"(i) The Department of Correction shall make a written report no later than March 1 of every odd-numbered year, beginning in 1997, on the substance of all outstanding contracts for the housing of State prisoners entered into under the authority of this section. The report shall be submitted to the Council of State, the Department of Administration, the Joint Legislative Commission on Governmental Operations, and the Joint Legislative ~~Corrections, Crime Control, and Juvenile Justice Oversight Committee.~~Oversight Committee on Justice and Public Safety. In addition to the report, the Department of Correction shall provide information on contracts for the housing of State prisoners as requested by these groups."

SECTION 2.59. G.S. 150B-21.11 reads as rewritten:

"§ 150B-21.11. Procedure when Commission approves permanent rule.

When the Commission approves a permanent rule, it must notify the agency that adopted the rule of the Commission's approval, deliver the approved rule to the Codifier of Rules, and include the text of the approved rule and a summary of the rule in its next report to the Joint ~~Legislative Administrative Procedure Oversight~~Regulatory Reform Committee.

If the approved rule will increase or decrease expenditures or revenues of a unit of local government, the Commission must also notify the Governor of the Commission's approval of the rule and deliver a copy of the approved rule to the Governor by the end of the month in which the Commission approved the rule."

SECTION 2.60. G.S. 150B-21.12(d) reads as rewritten:

"(d) Return of Rule. – A rule to which the Commission has objected remains under review by the Commission until the agency that adopted the rule decides not to satisfy the Commission's objection and makes a written request to the Commission to return the rule to the agency. When the Commission returns a rule to which it has objected, it must notify the Codifier of Rules of its action and must send a copy of the record of the Commission's review of the rule to the Joint ~~Legislative Administrative Procedure Oversight~~Regulatory Reform Committee in its next report to that Committee. If the rule that is returned would have increased or decreased expenditures or revenues of a unit of local government, the Commission must also notify the Governor of its action and must send a copy of the record of the Commission's review of the rule to the Governor. The record of review consists of the rule, the Commission's letter of objection to the rule, the agency's written response to the Commission's letter, and any other relevant documents before the Commission when it decided to object to the rule."

SECTION 2.61. G.S. 150B-21.16 reads as rewritten:

"§ 150B-21.16. Report to Joint ~~Legislative Administrative Procedure Oversight Committee.~~Regulatory Reform Committee.

The Commission must make monthly reports to the Joint ~~Legislative Administrative Procedure Oversight~~ Regulatory Reform Committee. The reports are due by the last day of the month. A report must include the rules approved by the Commission at its meeting held in the month in which the report is due and the rules the Commission returned to agencies during that month after the Commission objected to the rule. A report must include any other information requested by the Joint Legislative Administrative Procedure Oversight Committee. When the Commission sends a report to the Joint ~~Legislative Administrative Procedure Oversight~~Regulatory Reform Committee, the Commission must send a copy of the report to the Codifier of Rules."

SECTION 2.62. G.S. 159B-30.1 reads as rewritten:

"§ 159B-30.1. Additional reports.

Beginning March 1, 1996, and annually thereafter, each joint agency operating under the authority of Chapter 159B of the General Statutes shall file a report with the Joint Legislative

~~Utility Review Committee~~Commission on Governmental Operations describing the activities of the joint agency carried out pursuant to the authority granted by G.S. 159B-2, 159B-11(19b), 159B-12 and 159B-17(c). The report shall cover the preceding calendar year. Each joint agency shall file such additional reports as the Joint Legislative ~~Utility Review Committee~~Commission on Governmental Operations shall request."

PART III. EFFECTIVE DATE

SECTION 3. Unless otherwise provided, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 15th day of June, 2011.

s/ Walter H. Dalton
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Beverly E. Perdue
Governor

Approved 4:38 p.m. this 24th day of June, 2011

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

SESSION LAW 2011-379
HOUSE BILL 720

AN ACT TO ENACT THE SCHOOL AND TEACHER PAPERWORK REDUCTION ACT.

The General Assembly of North Carolina enacts:

SECTION 1. This act shall be known as the "School and Teacher Paperwork Reduction Act."

SECTION 2.(a) G.S. 115C-12(19) reads as rewritten:

"(19) Duty to Identify Required Reports and to Eliminate Unnecessary Reports and Paperwork. – Prior to the beginning of each school year, the State Board of Education shall identify all reports that are required at the State level for the school year.

The State Board of Education shall adopt policies to ensure that local school administrative units are not required by the State Board of Education, the State Superintendent, or the Department of Public Instruction staff to (i) provide information that is already available on the student information management system or housed within the Department of Public Instruction; (ii) provide the same written information more than once during a school year unless the information has changed during the ensuing period; or (iii) complete forms, for children with disabilities, that are not necessary to ensure compliance with the federal Individuals with Disabilities Education Act (IDEA). Notwithstanding the foregoing, the State Board may require information available on its student information management system or require the same information twice if the State Board can demonstrate a compelling need and can demonstrate there is not a more expeditious manner of getting the information.

The State Board shall permit schools and local school administrative units to submit all reports to the Department of Public Instruction electronically.

The State Board of Education, in collaboration with the education roundtables within the Department of Public Instruction, shall consolidate all plans that affect the school community. The consolidated plan shall be posted on each school's Web site for easy access by the public and by school personnel.

The State Board shall report to the Joint Legislative Education Oversight Committee by November 15 of each year on the reports it has consolidated or eliminated for the upcoming school year."

SECTION 2.(b) G.S. 115C-12 is amended by adding a new subdivision to read:

"(19a) Duty to Consolidate Applications for State Funding. – The State Board of Education shall adopt policies to streamline the process for local school administrative units applying for State funding. The policies shall provide for a consolidation of all such applications."

SECTION 3. G.S. 115C-47(18) reads as rewritten:

"(18) To Make Rules Concerning the Conduct and Duties of Personnel. – Local boards of education, upon the recommendation of the superintendent, shall have full power to make all just and needful rules and regulations governing the conduct of teachers, principals, and supervisors, the kind of reports they shall make, and their duties in the care of school property.

Prior to the beginning of each school year, each local board of education shall identify all reports, including local school required reports, that are

required at the local level for the school year and shall, to the maximum extent possible, eliminate any duplicate or obsolete reporting ~~requirements.~~requirements and consolidate remaining reporting requirements. No additional reports shall be required at the local level after the beginning of the school year without the prior approval of the local board of education.

Prior to the beginning of each school year, each local board of education shall also identify software protocols such as NC Wise that could be used to minimize repetitious data entry by teachers and shall make them available to teachers.

Each local board of education shall appoint a person or establish a local paperwork control committee to monitor all reports and other paperwork required of teachers by the central ~~office.~~office and to monitor teachers' access to software protocols that minimize repetitious data entry."

SECTION 4. The Department of Health and Human Services, in consultation with the More at Four Program and the Smart Start Program, shall review all reporting requirements imposed on the public schools relating to the operations of the programs and child care regulation requirements. The Department of Health and Human Services shall reduce the frequency of reporting as appropriate, based upon the review and recommendation of the parties involved.

The Department of Health and Human Services shall report to the General Assembly on its implementation of this section by October 1, 2011.

SECTION 5. G.S. 115C-302.1(b) reads as rewritten:

"(b) Salary Payments. – State-allotted teachers shall be paid for a term of 10 months. State-allotted months of employment for vocational education to local boards shall be used for the employment of teachers of vocational and technical education for a term of employment to be determined by the local boards of education. However, local boards shall not reduce the term of employment for any vocational agriculture teacher personnel position that was 12 calendar months for the 1982-83 school year for any school year thereafter. In addition, local boards shall not reduce the term of employment for any vocational agriculture teacher personnel position that was 12 calendar months for the 2003-2004 school year for any school year thereafter.

Each local board of education shall establish a set date on which monthly salary payments to State-allotted teachers shall be made. This set pay date may differ from the end of the month of service. The daily rate of pay for teachers shall equal midway between one twenty-first and one twenty-second of the monthly rate of pay. Except for teachers employed in a year-round school or paid in accordance with a year-round calendar, or both, the initial pay date for teachers shall be no later than August 31 and shall include a full monthly payment. Subsequent pay dates shall be spaced no more than one month apart and shall include a full monthly payment.

~~Teachers may be prepaid on the monthly pay date for days not yet worked. A teacher who fails to attend scheduled workdays or who has not worked the number of days for which the teacher has been paid and who resigns, is dismissed, or whose contract is not renewed shall repay to the local board any salary payments received for days not yet worked. A teacher who has been prepaid and continues to be employed by a local board but fails to attend scheduled workdays may be subject to dismissal under G.S. 115C-325 or other appropriate discipline.~~Teachers shall be paid only for the days employed as of the set pay date. Payment for a full month when days employed are less than a full month is prohibited, as this constitutes prepayment.

Any individual teacher who is not employed in a year-round school may be paid in 12 monthly installments if the teacher so requests on or before the first day of the school year. The request shall be filed in the local school administrative unit which employs the teacher. The payment of the annual salary in 12 installments instead of 10 shall not increase or decrease the teacher's annual salary nor in any other way alter the contract made between the teacher and the local school administrative unit. Teachers employed for a period of less than 10 months shall not receive their salaries in 12 installments.

Notwithstanding this subsection, the term "daily rate of pay" for the purpose of G.S. 115C-12(8) or for any other law or policy governing pay or benefits based on the teacher salary schedule shall not exceed one twenty-second of a teacher's monthly rate of pay."

SECTION 6.(a) If House Bill 22, 2011 Regular Session, becomes law, then G.S. 115C-12(19), as amended by this act, reads as rewritten:

"(19) Duty to Identify Required Reports and to Eliminate Unnecessary Reports and Paperwork. – Prior to the beginning of each school year, the State Board of Education shall identify all reports that are required at the State level for the school year.

The State Board of Education shall adopt policies to ensure that local school administrative units are not required by the State Board of Education, the State Superintendent, or the Department of Public Instruction staff to (i) provide information that is already available on the student information management system or housed within the Department of Public Instruction; (ii) provide the same written information more than once during a school year unless the information has changed during the ensuing period; or (iii) complete forms, for children with disabilities, that are not necessary to ensure compliance with the federal Individuals with Disabilities Education Act (IDEA). Notwithstanding the foregoing, the State Board may require information available on its student information management system or require the same information twice if the State Board can demonstrate a compelling need and can demonstrate there is not a more expeditious manner of getting the information.

The State Board shall permit schools and local school administrative units to submit all reports to the Department of Public Instruction electronically.

The State Board of Education, in collaboration with the education roundtables within the Department of Public Instruction, shall consolidate all plans that affect the school ~~community.~~community, including school improvement plans. The consolidated plan shall be posted on each school's Web site for easy access by the public and by school personnel.

The State Board shall report to the Joint Legislative Education Oversight Committee by November 15 of each year on the reports it has consolidated or eliminated for the upcoming school year."

SECTION 6.(b) If House Bill 22, 2011 Regular Session, becomes law, then G.S. 115C-105.27 is amended by adding a new subsection to read:

"(f) If a local board of education finds that a school improvement plan adequately covers another plan that the local school administrative unit is otherwise required to prepare, the local school administrative unit shall not be required to prepare an additional plan on the matter."

SECTION 7. Section 5 of this act becomes effective July 1, 2012. The remainder of this act is effective when it becomes law and applies beginning with the 2011-2012 school year.

In the General Assembly read three times and ratified this the 18th day of June, 2011.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Beverly E. Perdue
Governor

Approved 1:10 p.m. this 27th day of June, 2011

SESSION LAW 2011-282
HOUSE BILL 736

AN ACT TO REORGANIZE THE GENERAL STATUTES RELATING TO SCHOOL DISCIPLINE; PREVENT LITIGATION BY ADDING DEFINITIONS TO, AND CLARIFYING AMBIGUITIES IN, THE CURRENT LAW; CODIFY EXISTING CASE LAW; AND INCREASE LOCAL CONTROL AND FLEXIBILITY REGARDING DISCIPLINE.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-390 and G.S. 115C-391 are repealed.

SECTION 2. Article 27 of chapter 115C of the General Statutes is amended by adding the following new sections:

"**§ 115C-390.1. State policy and definitions.**

(a) In order to create and maintain a safe and orderly school environment conducive to learning, school officials and teachers need adequate tools to maintain good discipline in schools. However, the General Assembly also recognizes that removal of students from school, while sometimes necessary, can exacerbate behavioral problems, diminish academic achievement, and hasten school dropout. School discipline must balance these interests to provide a safe and productive learning environment, to continually teach students to respect themselves, others, and property, and to conduct themselves in a manner that fosters their own learning and the learning of those around them.

(b) The following definitions apply in this Article:

(1) Alternative education services. – Part or full-time programs, wherever situated, providing direct or computer-based instruction that allow a student to progress in one or more core academic courses. Alternative education services include programs established by the local board of education in conformity with G.S. 115C-105.47A and local board of education policies.

(2) Corporal punishment. – The intentional infliction of physical pain upon the body of a student as a disciplinary measure.

(3) Educational property. – Any school building or bus, school campus, grounds, recreational area, athletic field, or other property under the control of any local board of education or charter school.

(4) Expulsion. – The indefinite exclusion of a student from school enrollment for disciplinary purposes.

(5) Firearm. – Any of the following:

a. A weapon, including a starter gun, which will or is designed to or may readily be converted to expel a projectile by the action of an explosive.

b. The frame or receiver of any such weapon.

c. Any firearm muffler or firearm silencer.

The term shall not include an inoperable antique firearm, a BB gun, stun gun, air rifle, or air pistol.

(6) Long-term suspension. – The exclusion for more than 10 school days of a student from school attendance for disciplinary purposes from the school to which the student was assigned at the time of the disciplinary action. If the offense leading to the long-term suspension occurs before the final quarter of the school year, the exclusion shall be no longer than the remainder of the school year in which the offense was committed. If the offense leading to the long-term suspension occurs during the final quarter of the school year, the exclusion may include a period up to the remainder of the school year in

which the offense was committed and the first semester of the following school year.

(7) Parent. – Includes a parent, legal guardian, legal custodian, or other caregiver adult who is acting in the place of a parent and is entitled to enroll the student in school under Article 25 of this Chapter.

(8) Destructive device. – An explosive, incendiary, or poison gas:

a. Bomb.

b. Grenade.

c. Rocket having a propellant charge of more than four ounces.

d. Missile having an explosive or incendiary charge of more than one-quarter ounce.

e. Mine.

f. Device similar to any of the devices listed in this subdivision.

(9) Principal. – Includes the principal and the principal's designee.

(10) School official. – A superintendent or any other central office administrator to whom the superintendent has delegated duties under this Article and any principal or assistant principal.

(11) School personnel. – Any of the following:

a. An employee of a local board of education.

b. Any person working on school grounds or at a school function under a contract or written agreement with the public school system to provide educational or related services to students.

c. Any person working on school grounds or at a school function for another agency providing educational or related services to students."

(12) Short-term suspension. – The exclusion of a student from school attendance for disciplinary purposes for up to 10 school days from the school to which the student was assigned at the time of the disciplinary action.

(13) Substantial evidence. – Such relevant evidence as a reasonable person might accept as adequate to support a conclusion; it is more than a scintilla or permissible inference.

(14) Superintendent. – Includes the superintendent and the superintendent's designee.

(c) Notwithstanding the provisions of this Article, the policies and procedures for the discipline of students shall be consistent with the requirements of the Gun Free Schools Act, 20 U.S.C. § 7151, the Individuals with Disabilities Education Act (IDEA), 29 U.S.C. § 1400, et seq., section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 701, et seq., and with other federal laws and regulations.

"**§ 115C-390.2. Discipline policies.**

(a) Local boards of education shall adopt policies to govern the conduct of students and establish procedures to be followed by school officials in disciplining students. These policies must be consistent with the provisions of this Article and the constitutions, statutes, and regulations of the United States and the State of North Carolina.

(b) Board policies shall include or provide for the development of a Code of Student Conduct that notifies students of the standards of behavior expected of them, conduct that may subject them to discipline, and the range of disciplinary measures that may be used by school officials.

(c) Board policies may authorize suspension for conduct not occurring on educational property, but only if the student's conduct otherwise violates the Code of Student Conduct and the conduct has or is reasonably expected to have a direct and immediate impact on the orderly and efficient operation of the schools or the safety of individuals in the school environment.

(d) Board policies shall not allow students to be long-term suspended or expelled from school solely for truancy or tardiness offenses and shall not allow short-term suspension of more than two days for such offenses.

(e) Board policies shall not impose mandatory long-term suspensions or expulsions for specific violations unless otherwise provided in State or federal law.

(f) Board policies shall minimize the use of long-term suspension and expulsion by restricting the availability of long-term suspension or expulsion to those violations deemed to be serious violations of the board's Code of Student Conduct that either threaten the safety of students, staff, or school visitors or threaten to substantially disrupt the educational

environment. Examples of conduct that would not be deemed to be a serious violation include the use of inappropriate or disrespectful language, noncompliance with a staff directive, dress code violations, and minor physical altercations that do not involve weapons or injury. The principal may, however, in his or her discretion, determine that aggravating circumstances justify treating a minor violation as a serious violation.

(g) Board policies shall not prohibit the superintendent and principals from considering the student's intent, disciplinary and academic history, the potential benefits to the student of alternatives to suspension, and other mitigating or aggravating factors when deciding whether to recommend or impose long-term suspension.

(h) Board policies shall include the procedures to be followed by school officials in suspending, expelling, or administering corporal punishment to any student, which shall be consistent with this Article.

(i) Each local board shall publish all policies, administrative procedures, or school rules mandated by this section and make them available to each student and his or her parent at the beginning of each school year and upon request.

(j) Local boards of education are encouraged to include in their safe schools plans, adopted pursuant to G.S. 115C-105.47, research-based behavior management programs that take positive approaches to improving student behaviors.

(k) School officials are encouraged to use a full range of responses to violations of disciplinary rules, such as conferences, counseling, peer mediation, behavior contracts, instruction in conflict resolution and anger management, detention, academic interventions, community service, and other similar tools that do not remove a student from the classroom or school building.

"**§ 115C-390.3. Reasonable force.**

(a) School personnel may use physical restraint only in accordance with G.S. 115C-391.1.

(b) School personnel may use reasonable force to control behavior or to remove a person from the scene in those situations when necessary for any of the following reasons:

(1) To correct students.
(2) To quell a disturbance threatening injury to others.
(3) To obtain possession of weapons or other dangerous objects on the person, or within the control, of a student.
(4) For self-defense.
(5) For the protection of persons or property.
(6) To maintain order on educational property, in the classroom, or at a school-related activity on or off educational property.

(c) Notwithstanding any other law, no officer or employee of the State Board of Education or of a local board of education shall be civilly liable for using reasonable force in conformity with State law, State or local rules, or State or local policies regarding the control, discipline, suspension, and expulsion of students. Furthermore, the burden of proof is on the claimant to show that the amount of force used was not reasonable.

"**§ 115C-390.4. Corporal punishment.**

(a) Each local board of education shall determine whether corporal punishment will be permitted in its school administrative unit. Notwithstanding a local board of education's prohibition on the use of corporal punishment, school personnel may use physical restraint in accordance with federal law and G.S. 115C-391.1 and reasonable force pursuant to G.S. 115C-390.3.

(b) To the extent that corporal punishment is permitted, the policies adopted for the administration of corporal punishment shall include at a minimum the following:

(1) Corporal punishment shall not be administered in a classroom with other students present.
(2) Only a teacher, principal, or assistant principal may administer corporal punishment and may do so only in the presence of a principal, assistant principal, or teacher who shall be informed beforehand and in the student's presence of the reason for the punishment.
(3) A school person shall provide the student's parent with notification that corporal punishment has been administered, and the person who administered the corporal punishment shall provide the student's parent a

written explanation of the reasons and the name of the second person who was present.

(4) The school shall maintain records of each administration of corporal punishment and the reasons for its administration.

(5) In no event shall excessive force be used in the administration of corporal punishment. Excessive force includes force that results in injury to the child that requires medical attention beyond simple first aid.

(6) Corporal punishment shall not be administered on a student whose parent or guardian has stated in writing that corporal punishment shall not be administered to that student. Parents and guardians shall be given a form to make such an election at the beginning of the school year or when the student first enters the school during the year. The form shall advise the parent or guardian that the student may be subject to suspension, among other possible punishments, for offenses that would otherwise not require suspension if corporal punishment were available. If the parent or guardian does not return the form, corporal punishment may be administered on the student.

(c) Each local board of education shall report annually to the State Board of Education, in a manner prescribed by the State Board of Education, on the number of times that corporal punishment was administered. The report shall be in compliance with the federal Family Educational Rights and Privacy Act, 20 U.S.C. § 1232g, and shall include the following:

(1) The number of students who received corporal punishment.

(2) The number of students who received corporal punishment who were also students with disabilities and were eligible to receive special education and related services under the federal Individuals with Disabilities Education Act, 20 U.S.C. § 1400, et seq.

(3) The grade level of the students who received corporal punishment.

(4) The race, gender, and ethnicity of the students who received corporal punishment.

(5) The reason for the administration of the corporal punishment for each student who received corporal punishment.

"**§ 115C-390.5. Short-term suspension.**

(a) The principal shall have authority to impose short-term suspension on a student who willfully engages in conduct that violates a provision of the Code of Student Conduct authorizing short-term suspension.

(b) If a student's short-term suspensions accumulate to more than 10 days in a semester, to the extent the principal has not already done so, he or she shall invoke the mechanisms provided for in the applicable safe schools plan adopted pursuant to G.S. 115C-105.47(b)(5) and (b)(6).

(c) A student subject to short-term suspension shall be provided the following:

(1) The opportunity to take textbooks home for the duration of the suspension.

(2) Upon request, the right to receive all missed assignments and, to the extent practicable, the materials distributed to students in connection with the assignment.

(3) The opportunity to take any quarterly, semester, or grading period examinations missed during the suspension period.

"**§ 115C-390.6. Short-term suspension procedures.**

(a) Except as authorized in this section, no short-term suspension shall be imposed upon a student without first providing the student an opportunity for an informal hearing with the principal. The notice to the student of the charges may be oral or written, and the hearing may be held immediately after the notice is given. The student has the right to be present, to be informed of the charges and the basis for the accusations, and to make statements in defense or mitigation of the charges.

(b) The principal may impose a short-term suspension without providing the student an opportunity for a hearing if the presence of the student creates a direct and immediate threat to the safety of other students or staff, or substantially disrupts or interferes with the education of other students or the maintenance of discipline at the school. In such cases, the notice of the charges and informal hearing described in subsection (a) of this section shall occur as soon as practicable.

(c) The principal shall provide notice to the student's parent of any short-term suspension, including the reason for the suspension and a description of the alleged student conduct upon which the suspension is based. The notice shall be given by the end of the workday during which the suspension is imposed when reasonably possible, but in no event more than two days after the suspension is imposed. The notice shall be given by certified mail, telephone, facsimile, e-mail, or any other method reasonably designed to achieve actual notice.

(d) If English is the second language of the parent, the notice shall be provided in the parent's primary language, when the appropriate foreign language resources are readily available, and in English, and both versions shall be in plain language and shall be easily understandable.

(e) A student is not entitled to appeal the principal's decision to impose a short-term suspension to the superintendent or local board of education. Further, such a decision is not subject to judicial review. Notwithstanding this subsection, the local board of education, in its discretion, may provide students an opportunity for a review or appeal of a short-term suspension to the superintendent or local board of education.

"**§ 115C-390.7. Long-term suspension.**

(a) A principal may recommend to the superintendent the long-term suspension of any student who willfully engages in conduct that violates a provision of the Code of Student Conduct that authorizes long-term suspension. Only the superintendent has the authority to long-term suspend a student.

(b) Before the superintendent's imposition of a long-term suspension, the student must be provided an opportunity for a hearing consistent with G.S. 115C-390.8.

(c) If the student recommended for long-term suspension declines the opportunity for a hearing, the superintendent shall review the circumstances of the recommended long-term suspension. Following such review, the superintendent (i) may impose the suspension if is it consistent with board policies and appropriate under the circumstances, (ii) may impose another appropriate penalty authorized by board policy, or (iii) may decline to impose any penalty.

(d) If a teacher is assaulted or injured by a student and as a result the student is long-term suspended or reassigned to alternative education services, the student shall not be returned to that teacher's classroom unless the teacher consents.

(e) Disciplinary reassignment of a student to a full-time educational program that meets the academic requirements of the standard course of study established by the State Board of Education as provided in G.S. 115C-12 and provides the student with the opportunity to make timely progress towards graduation and grade promotion is not a long-term suspension requiring the due process procedures described in G.S. 115C-390.8.

"**§ 115C-390.8. Long-term suspension procedures.**

(a) When a student is recommended by the principal for long-term suspension, the principal shall give written notice to the student's parent. The notice shall be provided to the student's parent by the end of the workday during which the suspension was recommended when reasonably possible or as soon thereafter as practicable. The written notice shall provide at least the following information:

(1) A description of the incident and the student's conduct that led to the long-term suspension recommendation.

(2) A reference to the provisions of the Code of Student Conduct that the student is alleged to have violated.

(3) The specific process by which the parent may request a hearing to contest the decision, including the number of days within which the hearing must be requested.

(4) The process by which a hearing will be held, including, at a minimum, the procedures described in subsection (e) of this section.

(5) Notice that the parent is permitted to retain an attorney to represent the student in the hearing process.

(6) The extent to which the local board policy permits the parent to have an advocate, instead of an attorney, accompany the student to assist in the presentation of his or her appeal.

(7) Notice that the parent has the right to review and obtain copies of the student's educational records before the hearing.

(8) A reference to the local board policy on the expungement of discipline records as required by G.S. 115C-402.

(b) Written notice may be provided by certified mail, fax, e-mail, or any other written method reasonably designed to achieve actual notice of the recommendation for long-term suspension. When school personnel are aware that English is not the primary language of the parent or guardian, the notice shall be written in both English and in the primary language of the parent or guardian when the appropriate foreign language resources are readily available. All notices described in this section shall be written in plain English, and shall include the following information translated into the dominant non-English language used by residents within the local school administrative unit:

(1) The nature of the document, i.e., that it is a long-term suspension notice.

(2) The process by which the parent may request a hearing to contest the long-term suspension.

(3) The identity and phone number of a school employee that the parent may call to obtain assistance in understanding the English language information included in the document.

(c) No long-term suspension shall be imposed on a student until an opportunity for a formal hearing is provided to the student. If a hearing is timely requested, it shall be held and a decision issued before a long-term suspension is imposed, except as otherwise provided in this subsection. The student and parent shall be given reasonable notice of the time and place of the hearing.

(1) If no hearing is timely requested, the superintendent shall follow the procedures described in G.S. 115C-390.7(c).

(2) If the student or parent requests a postponement of the hearing, or if the hearing is requested beyond the time set for such request, the hearing shall be scheduled, but the student shall not have the right to return to school pending the hearing.

(3) If neither the student nor parent appears for the scheduled hearing, after having been given reasonable notice of the time and place of the hearing, the parent and student are deemed to have waived the right to a hearing and the superintendent shall conduct the review required by G.S. 115C-390.7(c).

(d) The formal hearing may be conducted by the local board of education, by the superintendent, or by a person or group of persons appointed by the local board or superintendent to serve as a hearing officer or hearing panel. Neither the board nor the superintendent shall appoint any individual to serve as a hearing officer or on a hearing panel who is under the direct supervision of the principal recommending suspension. If the hearing is conducted by an appointed hearing officer or hearing panel, such officer or panel shall determine the relevant facts and credibility of witnesses based on the evidence presented at the hearing. Following the hearing, the superintendent or local board shall make a final decision regarding the suspension. The superintendent or board shall adopt the hearing officer's or panel's factual determinations unless they are not supported by substantial evidence in the record.

(e) Long-term suspension hearings shall be conducted in accordance with policies adopted by the board of education. Such policies shall offer the student procedural due process including, but not limited to, the following:

(1) The right to be represented at the hearing by counsel or, in the discretion of the local board, a non-attorney advocate.

(2) The right to be present at the hearing, accompanied by his or her parents.

(3) The right of the student, parent, and the student's representative to review before the hearing any audio or video recordings of the incident and, consistent with federal and State student records laws and regulations, the information supporting the suspension that may be presented as evidence at the hearing, including statements made by witnesses related to the charges consistent with subsection (h) of this section.

(4) The right of the student, parent, or the student's representative to question witnesses appearing at the hearing.

(5) The right to present evidence on his or her own behalf, which may include written statements or oral testimony, relating to the incident leading to the suspension, as well as any of the factors listed in G.S. 115C-390.2(g).

(6) The right to have a record made of the hearing.
(7) The right to make his or her own audio recording of the hearing.
(8) The right to a written decision, based on substantial evidence presented at the hearing, either upholding, modifying, or rejecting the principal's recommendation of suspension and containing at least the following information:
a. The basis for the decision, including a reference to any policy or rule that the student is determined to have violated.
b. Notice of what information will be included in the student's official record pursuant to G.S. 115C-402.
c. The student's right to appeal the decision and notice of the procedures for such appeal.

(f) Following the issuance of the decision, the superintendent shall implement the decision by authorizing the student's return to school or by imposing the suspension reflected in the decision.

(g) Unless the decision was made by the local board, the student may appeal the decision to the local board in accordance with G.S. 115C-45(c) and policies adopted by the board. Notwithstanding the provisions of G.S. 115C-45(c), a student's appeal to the board of a decision upholding a long-term suspension shall be heard and a final written decision issued in not more than 30 calendar days following the request for such appeal.

(h) Nothing in this section shall compel school officials to release names or other information that could allow the student or his or her representative to identify witnesses when such identification could create a safety risk for the witness.

(i) A decision of the local board to uphold the long-term suspension of a student is subject to judicial review in accordance with Article 4 of Chapter 150B of the General Statutes. The action must be brought within 30 days of the local board's decision. A person seeking judicial review shall file a petition in the superior court of the county where the local board made its decision. Local rules notwithstanding, petitions for judicial review of a long-term suspension shall be set for hearing in the first succeeding term of superior court in the county following the filing of the certified copy of the official record.

"**§ 115C-390.9. Alternative education services.**

(a) Students who are long-term suspended shall be offered alternative education services unless the superintendent provides a significant or important reason for declining to offer such services. The following may be significant or important reasons, depending on the circumstances and the nature and setting of the alternative education services:
(1) The student exhibits violent behavior.
(2) The student poses a threat to staff or other students.
(3) The student substantially disrupts the learning process.
(4) The student otherwise engaged in serious misconduct that makes the provision of alternative educational services not feasible.
(5) Educationally appropriate alternative education services are not available in the local school administrative unit due to limited resources.
(6) The student failed to comply with reasonable conditions for admittance into an alternative education program.

(b) If the superintendent declines to provide alternative education services to the suspended student, the student may seek review of such decision by the local board of education as permitted by G.S. 115C-45(c)(2). If the student seeks such review, the superintendent shall provide to the student and the local board, in advance of the board's review, a written explanation for the denial of services together with any documents or other information supporting the decision.

"**§ 115C-390.10. 365-day suspension for gun possession.**

(a) All local boards of education shall develop and implement written policies and procedures, as required by the federal Gun Free Schools Act, 20 U.SC. § 7151, requiring suspension for 365 calendar days of any student who is determined to have brought or been in possession of a firearm or destructive device on educational property, or to a school-sponsored event off of educational property. A principal shall recommend to the superintendent the 365-day suspension of any student believed to have violated board policies regarding weapons. The superintendent has the authority to suspend for 365 days a student who has been recommended for such suspension by the principal when such recommendation is consistent

with board policies. Notwithstanding the foregoing, the superintendent may modify, in writing, the required 365-day suspension for an individual student on a case-by-case basis. The superintendent shall not impose a 365-day suspension if the superintendent determines that the student took or received the firearm or destructive device from another person at school or found the firearm or destructive device at school, provided that the student delivered or reported the firearm or destructive device as soon as practicable to a law enforcement officer or a school employee and had no intent to use such firearm or destructive device in a harmful or threatening way.

(b) The principal must report all incidents of firearms or destructive devices on educational property or at a school-sponsored event as required by G.S. 115C-288(g) and State Board of Education policy.

(c) Nothing in this provision shall apply to a firearm that was brought onto educational property for activities approved and authorized by the local board of education, provided that the local board of education has adopted appropriate safeguards to protect student safety.

(d) At the time the student and parent receive notice that the student is suspended for 365 days under this section, the superintendent shall provide notice to the student and the student's parent of the right to petition the local board of education for readmission pursuant to G.S. 115C-390.12.

(e) The procedures described in G.S. 115C-390.8 apply to students facing a 365-day suspension pursuant to this section.

(f) Students who are suspended for 365 days pursuant to this section shall be considered for alternative educational services consistent with the provisions of G.S. 115C-390.9.

"**§ 115C-390.11. Expulsion.**

(a) Upon recommendation of the superintendent, a local board of education may expel any student 14 years of age or older whose continued presence in school constitutes a clear threat to the safety of other students or school staff. Prior to the expulsion of any student, the local board shall conduct a hearing to determine whether the student's continued presence in school constitutes a clear threat to the safety of other students or school staff. The student shall be given reasonable notice of the recommendation in accordance with G.S. 115C-390.8(a) and (b), as well as reasonable notice of the time and place of the scheduled hearing.

(1) The procedures described in G.S. 115C-390.8(e)(1)-(8) apply to students facing expulsion pursuant to this section, except that the decision to expel a student by the local board of education shall be based on clear and convincing evidence that the student's continued presence in school constitutes a clear threat to the safety of other students and school staff.

(2) A local board of education may expel any student subject to G.S. 14-208.18 in accordance with the procedures of this section. Prior to ordering the expulsion of a student, the local board of education shall consider whether there are alternative education services that may be offered to the student. As provided by G.S. 14-208.18(f), if the local board of education determines that the student shall be provided educational services on school property, the student shall be under the supervision of school personnel at all times.

(3) At the time a student is expelled under this section, the student shall be provided notice of the right to petition for readmission pursuant to G.S. 115C-390.12.

(b) During the expulsion, the student is not entitled to be present on any property of the local school administrative unit and is not considered a student of the local board of education. Nothing in this section shall prevent a local board of education from offering access to some type of alternative educational services that can be provided to the student in a manner that does not create safety risks to other students and school staff.

"**§ 115C-390.12. Request for readmission.**

(a) All students suspended for 365 days or expelled may, after 180 calendar days from the date of the beginning of the student's suspension or expulsion, request in writing readmission to the local school administrative unit. The local board of education shall develop and publish written policies and procedures for the readmission of all students who have been expelled or suspended for 365 days, which shall provide, at a minimum, the following process:

(1) The process for 365-day suspended students.

a. At the local board's discretion, either the superintendent or the local board itself shall consider and decide on petitions for readmission. If the decision maker is the superintendent, the superintendent shall offer the student an opportunity for an in-person meeting. If the decision maker is the local board of education, the board may offer the student an in-person meeting or may make a determination based on the records submitted by the student and the superintendent.

b. The student shall be readmitted if the student demonstrates to the satisfaction of the board or superintendent that the student's presence in school no longer constitutes a threat to the safety of other students or staff.

c. A superintendent's decision not to readmit the student may be appealed to the local board of education pursuant to G.S. 115C-45(c). The superintendent shall notify the parents of the right to appeal.

d. There is no right to judicial review of the board's decision not to readmit a 365-day suspended student.

e. A decision on readmission under this subsection shall be issued within 30 days of the petition.

(2) The process for expelled students.

a. The board of education shall consider all petitions for readmission of expelled students, together with the recommendation of the superintendent on the matter, and shall rule on the request for readmission. The board shall consider the petition based on the records submitted by the student and the response by the administration and shall allow the parties to be heard in the same manner as provided by G.S. 115C-45(c).

b. The student shall be readmitted if the student demonstrates to the satisfaction of the board or superintendent that his or her presence in a school no longer constitutes a clear threat to the safety of other students or staff.

c. A decision by a board of education to deny readmission of an expelled student is not subject to judicial review.

d. An expelled student may subsequently request readmission not more often than every six months. The local board of education is not required to consider subsequent readmission petitions filed sooner than six months after the previous petition was filed.

e. A decision on readmission under this section shall be issued within 30 days of the petition.

(b) If a student is readmitted under this section, the board and the superintendent have the right to assign the student to any program within the school system and to place reasonable conditions on the readmission.

(c) If a teacher was assaulted or injured by a student, and as a result the student was expelled, the student shall not be returned to that teacher's classroom following readmission unless the teacher consents."

SECTION 3. G.S. 115C-391.1(i) reads as rewritten:

"(i) Nothing in this section modifies the rights of school personnel to use reasonable force as permitted under ~~G.S. 115C-390~~ G.S. 115C-390.3 or modifies the rules and procedures governing discipline under ~~G.S. 115C-391(a).~~G.S. 115C-390.1 through G.S. 115C-390.12."

SECTION 4. G.S. 115C-12(27) reads as rewritten:

"(27) Reporting Dropout Rates, Corporal Punishment, Suspensions, Expulsions, and Alternative Placements. – The State Board shall report by March 15 of each year to the Joint Legislative Education Oversight Committee on the numbers of students who have dropped out of school, been subjected to corporal punishment, been suspended, been expelled, been reassigned for disciplinary purposes, or been ~~placed in an~~provided alternative ~~program.~~education services. The data shall be reported in a disaggregated manner ~~and~~, reflecting the local school administrative unit, race, gender, grade level, ethnicity, and disability status of each affected student. Such data shall be readily available to the public. The State Board shall not

include students that have been expelled from school when calculating the dropout rate. The Board shall maintain a separate record of the number of students who are expelled from school and the reasons for the expulsion."

SECTION 5. G.S. 115C-45(c)(1) reads as rewritten:

"(1) The discipline of a student under ~~G.S. 115C-391(c), (d), (d1), (d2), (d3), or (d4);~~ G.S. 115C-390.7, 115C-390.10, or 115C-390.11;".

SECTION 8. G.S. 115C-238.29B(b)(11) reads as rewritten:

"(11) The procedures by which students can be excluded from the charter school and returned to a public school. Notwithstanding any law to the contrary, any local board may refuse to admit any student who is suspended or expelled from a charter school due to actions that would lead to suspension or expulsion from a public school under ~~G.S. 115C-391~~ G.S. 115C-390.5 through G.S. 115C-390.11 until the period of suspension or expulsion has expired."

SECTION 9. G.S. 115C-238.29F(g)(7) reads as rewritten:

"(7) Notwithstanding any law to the contrary, a charter school may refuse admission to any student who has been expelled or suspended from a public school under ~~G.S. 115C-391~~ G.S. 115C-390.5 through G.S. 115C-390.11 until the period of suspension or expulsion has expired."

SECTION 10. G.S. 115C-276(r) reads as rewritten:

"(r) To Maintain Student Discipline. – The superintendent shall maintain student discipline in accordance with Article 27 of this Chapter and shall keep data on each student to whom corporal punishment was administered, who was suspended for more than 10 ~~days~~days, who was reassigned for disciplinary reasons, or who was expelled. This data shall include the race, gender, age, grade level, ethnicity, and ~~age~~disability status of each student, the duration of suspension for each student, whether ~~an~~ alternative education ~~was considered or~~services were provided for each student, and whether a student had multiple ~~suspensions.~~suspensions in that academic year."

SECTION 11. G.S. 115C-288(e) reads as rewritten:

"(e) To Discipline Students and to Assign Duties to Teachers with Regard to the Discipline, General Well-being, and Medical Care of Students. – The principal shall have authority to exercise discipline over the pupils of the school under policies adopted by the local board of education ~~as prescribed by G.S. 115C-391(a).~~ in accordance with G.S. 115C-390.1 through G.S. 115C-390.12. The principal ~~shall~~ may use reasonable force ~~to discipline students under G.S. 115C-390~~ pursuant to G.S. 115C-390.3 and may suspend ~~or dismiss pupils under~~students ~~G.S. 115C-391.~~ pursuant to G.S. 115C-390.5. The principal shall assign duties to teachers with regard to the general well-being and the medical care of students under G.S. 115C-307 and Article 26A of this Chapter."

SECTION 12. G.S. 115C-366 reads as rewritten:

"**§ 115C-366. Assignment of student to a particular school.**

...

(a5) Notwithstanding any other law, a local board may deny admission to or place reasonable conditions on the admission of a student who has been suspended from a school under G.S. ~~115C-391~~ 115C-390.5 through G.S. 115C-390.10 or who has been suspended from a school for conduct that could have led to a suspension from a school within the local school administrative unit where the student is seeking admission until the period of suspension has expired. Also, a local board may deny admission to or place reasonable conditions on the admission of a student who has been expelled from a school under G.S. ~~115C-391~~ 115C-390.11 or who has been expelled from a school for behavior that indicated the student's continued presence in school constituted a clear threat to the safety of other students or ~~employees~~ staff as found by clear and convincing evidence, or who has been convicted of a felony in this or any other state. If the local board denies admission to a student who has been expelled or convicted of a felony, the student may request the local board to reconsider that decision in accordance with G.S. ~~115C-391(d).~~ 115C-390.12. When a student who has been identified as eligible to receive special education and related services under the Individuals with Disabilities Education ~~Improvement~~ Act, 20 U.S.C. § 1400, et seq., is denied admission under this subsection, the local board shall provide educational services to the student to the same extent it would if the student were enrolled in the local school administrative unit at the time of the suspension or expulsion, as required by G.S. 115C-107.1(a)(3).

...

(h) The following definitions apply in this section:

...

(3) Educational decisions. – Decisions or actions recommended or required by the school concerning the student's academic course of study, extracurricular activities, and conduct. These decisions or actions include enrolling the student, receiving and responding to notices of discipline under G.S. ~~115C-391,~~ 115C-390.5 through G.S. 115C-390.12, attending conferences with school personnel, granting permission for school-related activities, granting permission for emergency medical care, receiving and taking appropriate action in connection with student records, and any other decisions or actions recommended or required by the school in connection to that student.

...."

SECTION 13. G.S. 115C-402(b) reads as rewritten:

"(b) The official record shall contain, as a minimum, adequate identification data including date of birth, attendance data, grading and promotion data, and such other factual information as may be deemed appropriate by the local board of education having jurisdiction over the school wherein the record is maintained. Each student's official record also shall include notice of any long-term suspension ~~for a period of more than 10 days~~ or ~~of any~~ expulsion ~~under~~ imposed pursuant to G.S. ~~115C-391~~ 115C-390.7 through G.S. 115C-390.11 and the conduct for which the student was suspended or expelled. The superintendent or the superintendent's designee shall expunge from the record the notice of suspension or expulsion if the following criteria are met:

(1) One of the following persons makes a request for expungement:
   a. The student's parent, legal guardian, or custodian.
   b. The student, if the student is at least 16 years old or is emancipated.

(2) The student either graduates from high school or is not expelled or suspended again during the two-year period commencing on the date of the student's return to school after the expulsion or suspension.

(3) The superintendent or the superintendent's designee determines that the maintenance of the record is no longer needed to maintain safe and orderly schools.

(4) The superintendent or the superintendent's designee determines that the maintenance of the record is no longer needed to adequately serve the child."

SECTION 14. G.S. 14-208.18(f) reads as rewritten:

"(f) A person subject to subsection (a) of this section who is eligible under G.S. 115C-378 to attend public school may be present on school property if permitted by the local board of education pursuant to G.S. ~~115C-391(d)(2).~~ 115C-390.11(a)(2)."

SECTION 15. G.S. 20-11(n1)d.2. reads as rewritten:

"2. The bringing, possession, or use on school property of a weapon or firearm that resulted in disciplinary action under G.S. ~~115C-391(d1)~~ 115C-390.10 or that could have resulted in that disciplinary action if the conduct had occurred in a public school."

SECTION 16. If Senate Bill 498, 2011 Regular Session, becomes law, then that act is repealed.

SECTION 17. This act is effective when it becomes law and applies beginning with the 2011-2012 school year.

In the General Assembly read three times and ratified this the 18th day of June, 2011.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Beverly E. Perdue
Governor

Approved 5:28 p.m. this 23rd day of June, 2011

SESSION LAW 2011-388
HOUSE BILL 744

AN ACT TO ENACT THE SAFE STUDENTS ACT.

The General Assembly of North Carolina enacts:

SECTION 1. This act may be cited as the "Safe Students Act."

SECTION 2. G.S. 115C-364(c) reads as rewritten:

"(c) The initial point of entry into the public school system shall be at the kindergarten level. If the principal of a school finds as fact subsequent to initial entry that a child, by reason of maturity can be more appropriately served in the first grade rather than in kindergarten, the principal may act under G.S. 115C-288 to implement this educational decision without regard to chronological age. The principal of any public school ~~may~~ shall require the parent or guardian of any child presented for admission for the first time to that school to furnish (i) a certified copy of the child's birth certificate, which shall be furnished by the register of deeds of the county having on file the record of the birth of the child, or other satisfactory evidence of date of ~~birth~~birth, as provided in Article 4 of Chapter 130A of the General Statutes and (ii) a certificate of immunization as required by G.S. 130A-155."

SECTION 3. G.S. 130A-109 reads as rewritten:

"**§ 130A-109. Birth certificate as evidence.**

Certified copies of birth certificates shall be accepted by public school authorities in this State as prima facie evidence of the age of children registering for school attendance, and no other proof shall be required. In addition, certified copies of birth certificates shall be required by all factory inspectors and employers of youthful labor, as prima facie proof of age, and no other proof shall be required. However, when it is not possible to secure a certified copy of a birth certificate, ~~school authorities,~~ factory inspectors and employers may accept as secondary proof of age any competent evidence by which the age of persons is usually ~~established.~~established. School authorities may accept only competent and verifiable evidence as secondary proof of age, specifically including but not limited to: (i) a certified copy of any medical record of the child's birth issued by the treating physician or the hospital in which the child was born, or (ii) a certified copy of a birth certificate issued by a church, mosque, temple, or other religious institution that maintains birth records of its members."

SECTION 4. This act is effective when it becomes law and applies beginning with the 2011-2012 school year.

In the General Assembly read three times and ratified this the 16th day of June, 2011.

s/ Walter H. Dalton
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

This bill having been presented to the Governor for signature on the 17th day of June, 2011 and the Governor having failed to approve it within the time prescribed by law, the same is hereby declared to have become a law. This 28th day of June, 2011.

s/ Karen Jenkins
Enrolling Clerk

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

SESSION LAW 2011-301
HOUSE BILL 758

AN ACT TO ESTABLISH THE ARTS EDUCATION COMMISSION.

Whereas, arts education teaches 21st Century skills necessary for a prepared and competitive workforce; and

Whereas, the General Assembly has established the Joint Select Study Commission on Arts Education for Grades K-12 in the Public Schools of North Carolina, which recommended legislation for a high school graduation requirement in the arts; and

Whereas, the General Assembly passed Senate Bill 66, "An Act to Create a Comprehensive Arts Education Plan"; and

Whereas, the Comprehensive Arts Education Task Force recommendations include a high school graduation requirement in the arts, implementation of the arts components of the Basic Education Plan, and expansion of the A+ Schools program in North Carolina; and

Whereas, these previous committee reports submitted over time increasingly indicate a developing consensus as to the need for statewide policies in arts education; and

Whereas, despite the developing consensus reflected in the previous committees, no change to the State's education policies related to arts education has yet occurred; Now, therefore,

The General Assembly of North Carolina enacts:

SECTION 1. Establishment. – The Arts Education Commission is established in the General Assembly.

SECTION 2. Membership. – The Commission shall be composed of nine members, as follows:

(1) Three members appointed by the Governor.
(2) Three members appointed by the Speaker of the House of Representatives to include one Representative and two citizens at large.
(3) Three members appointed by the President Pro Tempore of the Senate to include one Senator and two citizens at large.

The Commission shall have two cochairs, one designated by the President Pro Tempore of the Senate and one designated by the Speaker of the House of Representatives from among their appointees. The Commission shall meet upon the call of the cochairs. Vacancies shall be filled by the appointing authority. Public members shall be residents of the State. A quorum of the Commission shall be a majority of the nine members.

SECTION 3. Duties. – The Commission shall do the following:

(1) Review, prioritize, and recommend implementation strategies for the recommendations of the Comprehensive Arts Education Plan for K-12.
(2) Recommend the content and process to establish an arts education "report card" which shall be presented yearly by the Department of Public Instruction to the Joint Legislative Education Oversight Committee.
(3) Recommend ways to assess and promote opportunities for students to learn the skills of creativity and innovation in public schools.
(4) Work with the Department of Public Instruction in the creation of arts education assessment models based on the existing NAEP Arts Assessments and Field Tests that are complete in both music and visual art and currently under development in theatre arts and dance to measure student achievement in arts education. With the approval of the State Board of Education, this analysis and assessment of student performance will be included in the North Carolina Educator Evaluation System for Arts Education Teachers, as

well as serve as a model for evaluating the effective practice of arts integration by classroom teachers in other content areas.

(5) Recommend the establishment of arts education accountability incentives for schools under the accountability component of the Accountability and Curriculum Reform Effort (ACRE) for the following:
   a. Providing arts education taught by certified arts educators and implementing arts integration strategies taught by classroom teachers from other content areas.
   b. Completing concentrations, with appropriate scope and sequence of curriculum, in an arts education discipline.

(6) Study and recommend a permanent financing strategy to provide for comprehensive arts education in grades K-12.

SECTION 4. Compensation; Administration. – Members of the Commission shall receive subsistence and travel allowances at the rates set forth in G.S. 120-3.1, 138-5, or 138-6, as appropriate. With the prior approval of the Legislative Services Commission, the Legislative Services Officer shall assign professional and clerical staff to assist in the work of the Commission. With the prior approval of the Legislative Services Commission, the Commission may hold its meetings in the State Legislative Building or the Legislative Office Building. The Commission may also meet at various locations around the State in order to promote greater public participation in its deliberations. The Commission, while in the discharge of its official duties, may exercise all the powers provided under the provisions of G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4, including the power to request that all officers, agents, agencies, and departments of the State provide any information, data, or documents within their possession, ascertainable from their records, or otherwise available to them. The Commission may meet during a regular or extra session of the General Assembly.

SECTION 5. Report. – The Commission shall report its findings and recommendations to the 2012 Regular Session of the 2011 General Assembly no later than May 1, 2012. The Commission shall terminate upon the filing of its final report.

SECTION 6. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 16th day of June, 2011.

s/ Walter H. Dalton
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Beverly E. Perdue
Governor

Approved 4:58 p.m. this 24th day of June, 2011

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

SESSION LAW 2011-257
HOUSE BILL 765

AN ACT TO ESTABLISH A BLUE RIBBON COMMISSION TO STUDY THE CURRENT LENGTH OF THE SCHOOL YEAR IN NORTH CAROLINA AND TO DETERMINE HOW LONG THE SCHOOL YEAR SHOULD BE.

Whereas, the Constitution of North Carolina reads as follows: "The people have a right to the privilege of education, and it is the duty of the State to guard and maintain that right"; and

Whereas, the length of the school year in North Carolina, like many other states in the United States, is currently a minimum of 180 teaching days, and 1,000 hours, and funds for public education in the State are based on the length of the school term; and

Whereas, North Carolina law does not prohibit school districts from providing more than 180 days of instruction time; and

Whereas, the seminal education report "A Nation at Risk" noted in 1984 that the 180-day school calendar had become outdated and could not sufficiently supply the kind of instructional time that American students needed in a world of increasing complexity; and

Whereas, 180 instructional days consistently puts the United States at or near the bottom of other industrialized nations, according to rankings of instructional time done by the Organization for Economic Cooperation and Development (OECD); and

Whereas, Trends in International Mathematics and Science Study (TIMSS) studies show that the average time spent in the classroom by students in participating nations is 193, translating into a 156-day instructional day gap for American students over a 12-year academic career, or nearly one full school year.

Whereas, North Carolina's graduation rate continues to need to improve; and

Whereas, some experts contend that the current length of the school year does not afford ample time to equip young North Carolinians with the knowledge and skills necessary to compete in an increasingly competitive and global workplace; and

Whereas, studies document that approximately two-thirds of the grade 9 achievement gap between lower and higher income youth can be explained by unequal access to summer learning opportunities during the elementary school years; and

Whereas, studies have documented that most students lose about two months of grade level equivalency in mathematical computation skills over the summer break; and

Whereas, low-income students also lose more than two months in reading achievement, despite the fact that their middle-class peers make slight gains; and

Whereas, children lose more than academic knowledge over the summer. Most children, particularly children at high risk of obesity, gain weight more rapidly when they are out of school during summer break; and

Whereas, students typically score lower on standardized tests at the end of summer vacation than they do on the same tests at the beginning of the summer; and

Whereas, North Carolina continues to spend precious resources on the remediation of its students; and

Whereas, the State of North Carolina should explore the feasibility of extending its school year and potentially being a model for the nation; Now, therefore,

The General Assembly of North Carolina enacts:

SECTION 1. The General Assembly reaffirms its intent that every child in North Carolina deserves an opportunity to a sound basic education.

SECTION 2. There is established a Blue Ribbon Commission to Study the Current Length of the School Year (Commission).

SECTION 3. The Commission shall be composed of 19 members as follows:

(1) Five members of the House of Representatives appointed by the Speaker of the House of Representatives.
(2) Five members of the Senate appointed by the President Pro Tempore of the Senate.
(3) The chair of the North Carolina State Board of Education.
(4) The executive director of the North Carolina School Boards Association.
(5) The Superintendent of Public Instruction.
(6) The president of North Carolina Association of Educators, Inc.
(7) The executive director of the North Carolina Association of School Administrators.
(8) The executive director of the Public School Forum of North Carolina.
(9) The executive director of the Professional Educators of North Carolina, Inc.
(10) The executive director of the N.C. Principals/Assistant Principals Association, Inc.
(11) The executive director of the North Carolina Congress of Parents and Teachers, Incorporated.

SECTION 4. The Commission shall study the following matters related to North Carolina's educational needs:

(1) Strategies for making North Carolina's children ready to compete in the 21st century.
(2) The cost of implementing a longer school year.
(3) A plan for implementing a longer school year.
(4) The impact of summer learning loss.
(5) The cost of remediation in the public schools, the community colleges, and the constituent institutions of The University of North Carolina.
(6) The impact of the current calendar on low-income and at-risk students.
(7) The impact of the current calendar on math and science scores.
(8) The achievement gap.

SECTION 5. The Speaker of the House of Representatives shall designate one Representative as Cochair, and the President Pro Tempore of the Senate shall designate one Senator as Cochair. The Commission shall meet upon the call of the chairs. A quorum of the Commission shall be 10 members. Any vacancy on the Commission shall be filled by the appointing authority.

SECTION 6. Members of the Commission shall receive per diem, subsistence, and travel allowances in accordance with G.S. 120-3.1, 138-5, or 138-6, as appropriate. The Commission, while in the discharge of its official duties, may exercise all powers provided for under G.S. 120-19 and G.S. 120-19.4. The Commission may meet upon the call of the Cochairs. The Commission may meet in the Legislative Building or the Legislative Office Building. With approval of the Legislative Services Commission, the Legislative Services Officer shall assign professional staff to assist the Commission in its work. The House of Representatives' and the Senate's Directors of Legislative Assistants shall assign clerical staff to the Commission, and the expenses relating to the clerical employees shall be borne by the Commission. The Commission may contract for professional, clerical, or consultant services as provided by G.S. 120-32.02. If the Commission hires a consultant, the consultant shall not be a State employee or a person currently under contract with the State to provide services.

All State departments and agencies and local governments and their subdivisions shall furnish the Commission with any information in their possession or available to them.

The Commission may apply for, receive, and accept grants of non-State funds or other contribution as appropriate to assist in the performance of its duties.

SECTION 7. The Commission may make an interim report of its findings and recommendations to the 2012 Regular Session of the 2011 General Assembly and shall make a final report of its findings and recommendations to the 2013 General Assembly. The Commission shall terminate on December 31, 2012, or the filing of its final report, whichever occurs first.

SECTION 8. This act becomes effective July 1, 2011.

In the General Assembly read three times and ratified this the 16th day of June, 2011.

s/ Walter H. Dalton
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Beverly E. Perdue
Governor

Approved 1:50 p.m. this 23rd day of June, 2011

SESSION LAW 2011-91
HOUSE BILL 769

AN ACT DIRECTING LOCAL BOARDS OF EDUCATION TO ADOPT AND IMPLEMENT POLICIES THAT ENCOURAGE HIGH SCHOOL TO WORK PARTNERSHIPS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-47 is amended by adding a new subdivision to read:

"**§ 115C-47. Powers and duties generally.**

In addition to the powers and duties designated in G.S. 115C-36, local boards of education shall have the power or duty:

...

(34a) To Encourage High School to Work Partnerships. – Each local board of education shall encourage high schools and local businesses to partner, specifically target students who may not seek higher education, and facilitate high school to work partnerships. Local businesses shall be encouraged to work with local high schools to create opportunities for students to complete a job shadow, internship, or apprenticeship. Students may also be encouraged to tour the local business or clinic, meet with employees, and participate in career and technical student organizations. Waiver forms may be developed in collaboration with participating businesses for the protection of both the students and the businesses.

Each local board of education shall encourage high schools to designate the Career Development Coordinator or other designee of the local Career and Technical Education administrator to be the point person for local businesses to contact. If the person selected is a teacher, the teacher shall work with the principal and the local Career and Technical Education administrator to find time in the school day to contact businesses and develop opportunities for students. The high school shall include a variety of trades and skilled labor positions for students to interact with and shadow and shall encourage students who may be interested in a job-shadowing opportunity to pursue and set up the job shadow.

Each local board of education shall develop a policy with provisions for students who are absent from school while doing a job shadow to make up the work. Students shall not be counted as absent when participating in these work-based learning opportunities or in Career and Technical Education student organization activities. Local boards may determine maximum numbers of days to be used for job-shadowing activities."

SECTION 2. This act is effective when it becomes law and applies beginning with the 2011-2012 school year.

In the General Assembly read three times and ratified this the 16th day of May, 2011.

s/ Walter H. Dalton
President of the Senate

s/ Dale R. Folwell
Speaker Pro Tempore of the House of Representatives

s/ Beverly E. Perdue
Governor

Approved 10:47 a.m. this 26th day of May, 2011

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

SESSION LAW 2011-147
HOUSE BILL 792

AN ACT TO ENACT THE GFELLER-WALLER CONCUSSION AWARENESS ACT.

The General Assembly of North Carolina enacts:

TITLE OF ACT

SECTION 1. This act may be known and cited as the Gfeller-Waller Concussion Awareness Act.

DEVELOPMENT OF AN ATHLETIC CONCUSSION SAFETY TRAINING PROGRAM

SECTION 2.(a) The Matthew A. Gfeller Sport-Related Traumatic Brain Injury Research Center at UNC-Chapel Hill in consultation with the North Carolina Medical Society, the North Carolina Athletic Trainers Association, the Brain Injury Association of North Carolina, the North Carolina Neuropsychological Society, the North Carolina High School Athletic Association, Inc., and the Department of Public Instruction shall develop an athletic concussion safety training program. The program shall be developed for the use of coaches, school nurses, school athletic directors, volunteers, students who participate in interscholastic athletic activities in the public schools, and the parents of these students.

SECTION 2.(b) The program shall include, but not be limited to, the following:

(1) Written information detailing the recognition of the signs and symptoms of concussions and other head injuries.

(2) A description of the physiology and the potential short-term and long-term effects of concussions and other head injuries.

(3) The medical return-to-play protocol for postconcussion participation in interscholastic athletic activities.

CONCUSSION SAFETY REQUIREMENTS FOR INTERSCHOLASTIC ATHLETIC COMPETITION

SECTION 3. G.S. 115C-12(23) reads as rewritten:

"(23) Power to Adopt Eligibility Rules for Interscholastic Athletic Competition. – The State Board of Education ~~may~~ shall adopt rules governing interscholastic athletic activities conducted by local boards of education, including eligibility for student participation. With regard to middle schools and high schools, the rules shall provide for the following:

a. All coaches, school nurses, athletic directors, first responders, volunteers, students who participate in interscholastic athletic activities, and the parents of those students shall receive, on an annual basis, a concussion and head injury information sheet. School employees, first responders, volunteers, and students must sign the sheet and return it to the coach before they can participate in interscholastic athletic activities, including tryouts, practices, or competition. Parents must sign the sheet and return it to the coach before their children can participate in any such interscholastic athletic activities. The signed sheets shall be maintained in accordance with sub-subdivision d. of this subdivision.

For the purpose of this subdivision, a concussion is a traumatic brain injury caused by a direct or indirect impact to the head that

results in disruption of normal brain function, which may or may not result in loss of consciousness.

b. If a student participating in an interscholastic athletic activity exhibits signs or symptoms consistent with concussion, the student shall be removed from the activity at that time and shall not be allowed to return to play or practice that day. The student shall not return to play or practice on a subsequent day until the student is evaluated by and receives written clearance for such participation from (i) a physician licensed under Article 1 of Chapter 90 of the General Statutes with training in concussion management, (ii) a neuropsychologist licensed under Article 18A of Chapter 90 of the General Statutes with training in concussion management and working in consultation with a physician licensed under Article 1 of Chapter 90 of the General Statutes, (iii) an athletic trainer licensed under Article 34 of Chapter 90 of the General Statutes, (iv) a physician assistant, consistent with the limitations of G.S. 90-18.1, or (v) a nurse practitioner, consistent with the limitations of G.S. 90-18.2.

c. Each school shall develop a venue specific emergency action plan to deal with serious injuries and acute medical conditions in which the condition of the patient may deteriorate rapidly. The plan shall include a delineation of roles, methods of communication, available emergency equipment, and access to and plan for emergency transport. This plan must be (i) in writing, (ii) reviewed by an athletic trainer licensed in North Carolina, (iii) approved by the principal of the school, (iv) distributed to all appropriate personnel, (v) posted conspicuously at all venues, and (vi) reviewed and rehearsed annually by all licensed athletic trainers, first responders, coaches, school nurses, athletic directors, and volunteers for interscholastic athletic activities.

d. Each school shall maintain complete and accurate records of its compliance with the requirements of this subdivision pertaining to head injuries.

The State Board of Education may authorize a designated organization to apply and enforce the Board's rules governing participation in interscholastic athletic activities at the high school level."

EFFECTIVE DATE

SECTION 4. This act is effective when it becomes law and applies beginning with the 2011-2012 school year.

In the General Assembly read three times and ratified this the 13th day of June, 2011.

s/ Walter H. Dalton
President of the Senate

s/ Dale R. Folwell
Speaker Pro Tempore of the House of Representatives

s/ Beverly E. Perdue
Governor

Approved 11:55 a.m. this 16th day of June, 2011

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

SESSION LAW 2011-259
HOUSE BILL 822

AN ACT DIRECTING THE STATE BOARD OF EDUCATION TO IMPLEMENT A DROPOUT RECOVERY PILOT PROGRAM.

Whereas, dropout rates continue to plague North Carolina, limiting career opportunities for dropouts and costing the State billions of dollars in lost wages; and

Whereas, high school dropouts are more likely to be incarcerated and more likely to need social welfare assistance; and

Whereas, the traditional path to a complete high school education is not for everyone; and

Whereas, many students perform best in nontraditional settings, and many students have family and employment obligations that hinder them from following the traditional route to a diploma; and

Whereas, these students require flexibility in terms of scheduling and content delivery; and

Whereas, there is also a need to close the gap in the graduation rates between minority students and white students; and

Whereas, it would be more efficient for North Carolina to reengage students across the State by implementing a statewide pilot program with an initial focus on the districts of highest need to allow the program to be effectively monitored prior to a statewide implementation; and

Whereas, North Carolina can implement such a program without additional taxes or appropriations; Now, therefore,

The General Assembly of North Carolina enacts:

SECTION 1. The State Board of Education shall implement a three-year Dropout Recovery Pilot Program in New Hanover County Schools and three other local school administrative units selected by the State Board of Education. The purpose of the pilot program is to reengage students and increase the graduation rates in North Carolina through an educational program that provides flexible scheduling and a blended learning environment with individualized and self-paced learning options.

SECTION 2. Under the pilot program, the educational services and programming shall be provided by an education partner that is a nonprofit or for-profit entity approved by the State Board of Education. The local school administrative unit shall be responsible for reporting enrollment to the Department of Public Instruction, working with the education partner to align graduation requirements, and issuing diplomas to those students in the program who complete the necessary graduation requirements.

SECTION 3. The pilot program shall provide the following:

(1) Facilities that are easily accessible to the students being served.
(2) Flexible scheduling, including at least two different program schedules.
(3) Differentiated instruction that shall include individualized, group, and online instructional components.
(4) The capacity for assessing, recording, and responding to the students' academic progress on a daily basis using assessments that are aligned with State and local standards and requirements.

SECTION 4. Before the State Board of Education approves an applicant as an education partner, the applicant must demonstrate the following:

(1) A history providing dropout recovery services to high school students in charter or noncharter public schools.

(2) At least two years of relevant experience operating and providing services to brick-and-mortar public schools.
(3) At least two years of relevant experience providing comprehensive online learning programs.
(4) Relevant experience serving diverse student populations, including socioeconomically disadvantaged students.
(5) An explanation of the steps taken by the applicant to ensure that its proposed instructional content is aligned with State standards.
(6) A plan for the recruitment and hiring of State-certified teachers, including hiring criteria.
(7) A plan for the recruitment and hiring of qualified administrators, including hiring criteria.
(8) A detailed description of the applicant's plan to work with the participating local school administrative units and the State Board of Education to identify students who need to be served, to reengage those students, and to provide alternative education options for students at risk of dropping out. Students at risk of dropping out from their current schools may be transferred into the pilot program.
(9) An operational plan that includes the following:
    a. The number and physical location of proposed sites and a list of the equipment required.
    b. A proposed program calendar and daily schedule and an explanation of how the calendar and schedule meet the needs of prospective students. The schedule must include at least four hours per school day of on-site learning at a physical location.
    c. The student-to-teacher ratio.
    d. A description of each of the instructional methods to be used and number of hours per day for each method.
    e. A plan for differentiated instruction that must include individualized, group, and online instructional components.
    f. Capacity for assessing, recording, and responding to students' academic progress on a daily basis using standards-aligned assessments.
    g. A detailed one-year budget.
    h. A system of competency-based credit.
    i. A plan for aggregation and reporting of student performance data and reporting of financial activity.

SECTION 5. Data and student performance results shall be collected and compiled from the pilot program and the participating local school administrative units. By implementing a uniform statewide pilot program, the success of the pilot program as a whole can be measured by the State Board of Education. In an effort to provide services to students for the 2011-2012 school year, if a request for proposals is necessary, the process shall be completed within 60 days of the effective date of the legislation.

SECTION 6. A student attending the pilot program shall be enrolled as a student of the resident local school administrative unit. The student shall be included in the ADM of that unit. The resident local school administrative unit shall retain five percent (5%) of the total per pupil funding for the student to cover administrative costs and shall remit payment to the education partner of the remaining ninety-five percent (95%) within 15 days of receiving payment from the Department of Public Instruction.

SECTION 7. Notwithstanding any other provision of law, the State Board of Education shall authorize participating local school administrative units to implement flexible attendance requirements for students participating in the pilot program due to the flexible scheduling and online portions of the pilot program.

SECTION 8. The pilot program shall be operated through the State Board of Education or as a program of the contracting school administrative unit. The pilot program may be an alternative school.

SECTION 9. This act becomes effective July 1, 2011.

In the General Assembly read three times and ratified this the 16th day of June, 2011.

s/ Walter H. Dalton
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Beverly E. Perdue
Governor

Approved 1:54 p.m. this 23rd day of June, 2011

Senate Bills

SESSION LAW 2011-164
SENATE BILL 8

AN ACT TO REMOVE THE CAP ON CHARTER SCHOOLS; TO ALLOW STATE BOARD OF EDUCATION DISCRETION IN GRANTING FINAL APPROVAL OF CHARTER SCHOOL APPLICATIONS; TO RAISE THE ENROLLMENT GROWTH CAP TO TWENTY PERCENT; TO PERMIT CHARTER SCHOOLS TO CHARGE FEES CHARGED BY THE LOCAL SCHOOL ADMINISTRATIVE UNIT; TO STRENGTHEN THE STANDARDS FOR RETAINING A CHARTER FOR A CHARTER SCHOOL; AND TO REQUIRE THE STATE BOARD OF EDUCATION TO REPORT TO THE GENERAL ASSEMBLY ON CHARTER SCHOOLS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-238.29D(a) reads as rewritten:

"(a) The State Board ~~shall~~ may grant final approval of an application if it finds that the application meets the requirements set out in this Part or adopted by the State Board of Education and that granting the application would achieve one or more of the purposes set out in G.S. 115C-238.29A. The State Board shall act by March 15 of a calendar year on all applications and appeals it receives prior to February 15 of that calendar year."

SECTION 2.(a) G.S. 115C-238.29D(b) is repealed.

SECTION 2.(b) G.S. 115C-105.37B(a)(2) reads as rewritten:

"(a) Notwithstanding any other provision of this Article, the State Board of Education is authorized to approve a local board of education's request to reform any school in its administrative unit which the State Board of Education has identified as one of the continually low-performing schools in North Carolina.

If the State Board of Education approves a local board of education's request to reform a school, the State Board of Education may authorize the local board of education to adopt one of the following models in accordance with State Board of Education requirements:

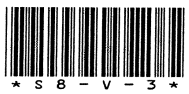
...

(2) Restart model, in which the State Board of Education would authorize the local board of education to operate the school with the same exemptions from statutes and rules as a charter school authorized under Part 6A of Article 16 of this Chapter, or under the management of an educational management organization that has been selected through a rigorous review process. A school operated under this subdivision remains under the control of the local board of education, and employees assigned to the school are employees of the local school administrative unit with the protections provided by G.S. 115C-325. ~~This subdivision shall not be interpreted to increase the maximum number of charter schools provided in G.S. 115C-238.29D(b). No school authorized under this subsection shall count against the limit provided for charter schools in G.S. 115C-238.29D(b).~~"

SECTION 3. G.S. 115C-238.29D(d) reads as rewritten:

"(d) The State Board of Education may grant the initial charter for a period not to exceed 10 years and may renew the charter upon the request of the chartering entity for subsequent periods not to exceed 10 years each. The State Board of Education shall review the operations of each charter school at least once every five years to ensure that the school is meeting the expected academic, financial, and governance standards.

A material revision of the provisions of a charter application shall be made only upon the approval of the State Board of Education.



It shall not be considered a material revision of a charter application and shall not require the prior approval of the State Board for a charter school to increase its enrollment during the charter school's second year of operation and annually thereafter (i) by up to ~~ten~~twenty percent ~~(10%)~~ (20%) of the school's previous year's enrollment or (ii) in accordance with planned growth as authorized in the charter. Other enrollment growth shall be considered a material revision of the charter application, and the State Board may approve such additional enrollment growth of greater than ~~ten~~ twenty percent ~~(10%)~~ (20%) only if the State Board finds that:

(1) The actual enrollment of the charter school is within ten percent (10%) of its maximum authorized enrollment;

(2) The charter school has commitments for ninety percent (90%) of the requested maximum growth;

(3) The board of education of the local school administrative unit in which the charter school is located has had an opportunity to be heard by the State Board of Education on any adverse impact the proposed growth would have on the unit's ability to provide a sound basic education to its students;

(4) The charter school is not currently identified as low-performing;

(5) The charter school meets generally accepted standards of fiscal management; and

(6) It is otherwise appropriate to approve the enrollment growth."

SECTION 4. G.S. 115C-238.29F(b) reads as rewritten:

"(b) School Nonsectarian. – A charter school shall be nonsectarian in its programs, admission policies, employment practices, and all other operations and shall not charge tuition or ~~fees.~~ fees, except that a charter school may charge any fees that are charged by the local school administrative unit in which the charter school is located. A charter school shall not be affiliated with a nonpublic sectarian school or a religious institution."

SECTION 5. G.S. 115C-238.29G is amended by adding a new subsection to read:

"(a1) The State Board shall adopt criteria for adequate performance by a charter school and shall identify charter schools with inadequate performance. The criteria shall include a requirement that a charter school which demonstrates no growth in student performance and has annual performance composites below sixty percent (60%) in any two years in a three-year period is inadequate.

(1) If a charter school is inadequate in the first five years of the charter, the charter school shall develop a strategic plan to meet specific goals for student performance that are consistent with State Board criteria and the mission approved in the charter school. The strategic plan shall be reviewed and approved by the State Board. The State Board is authorized to terminate or not renew a charter for failure to demonstrate improvement under the strategic plan.

(2) If a charter school is inadequate and has had a charter for more than five years, the State Board is authorized to terminate or not renew the charter."

SECTION 6. The State Board of Education shall submit a preliminary report and a final report to the General Assembly on the implementation of this act, including (i) the creation, composition, and function of an advisory committee; (ii) the charter school application process; (iii) a profile of applicants and the basis for acceptance or rejection; and (iv) resources required at the State level for implementation of the charter school laws in Part 6A of Article 16 of Chapter 115C of the North Carolina General Statutes. The preliminary report shall be submitted by May 10, 2012, and the final report shall be submitted by June 11, 2012.

SECTION 7. This act becomes effective July 1, 2011.

In the General Assembly read three times and ratified this the 13th day of June, 2011.

s/ Walter H. Dalton
President of the Senate

s/ Dale R. Folwell
Speaker Pro Tempore of the House of Representatives

s/ Beverly E. Perdue
Governor

Approved 5:09 p.m. this 17th day of June, 2011

SESSION LAW 2011-64
SENATE BILL 49

AN ACT TO INCREASE THE FINE FOR SPEEDING IN A SCHOOL ZONE.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 20-141.1 reads as rewritten:

"**§ 20-141.1. Speed limits in school zones.**

The Board of Transportation or local authorities within their respective jurisdictions may, by ordinance, set speed limits lower than those designated in G.S. 20-141 for areas adjacent to or near a public, private or parochial school. Limits set pursuant to this section shall become effective when signs are erected giving notice of the school zone, the authorized speed limit, and the days and hours when the lower limit is effective, or by erecting signs giving notice of the school zone, the authorized speed limit and which indicate the days and hours the lower limit is effective by an electronic flasher operated with a time clock. Limits set pursuant to this section may be enforced only on days when school is in session, and no speed limit below 20 miles per hour may be set under the authority of this section. A person who drives a motor vehicle in a school zone at a speed greater than the speed limit set and posted under this section is responsible for an infraction and is required to pay a penalty of ~~not less than twenty-five dollars ($25.00).~~ two hundred fifty dollars ($250.00)."

SECTION 2. G.S. 20-141(e1) reads as rewritten:

"(e1) Local authorities within their respective jurisdictions may authorize, by ordinance, lower speed limits than those set in subsection (b) of this section on school property. If the lower speed limit is being set on the grounds of a public school, the local school administrative unit must request or consent to the lower speed limit. If the lower speed limit is being set on the grounds of a private school, the governing body of the school must request or consent to the lower speed limit. Speed limits established pursuant to this subsection shall become effective when appropriate signs giving notice of the speed limit are erected upon affected property. A person who drives a motor vehicle on school property at a speed greater than the speed limit set and posted under this subsection is responsible for an infraction and is required to pay a penalty of ~~not less than twenty-five dollars ($25.00).~~two hundred fifty dollars ($250.00)."

SECTION 3. This act becomes effective August 25, 2011, and applies to offenses committed on or after that date.

In the General Assembly read three times and ratified this the 2nd day of May, 2011.

s/ Walter H. Dalton
President of the Senate

s/ Dale R. Folwell
Speaker Pro Tempore of the House of Representatives

s/ Beverly E. Perdue
Governor

Approved 5:31 p.m. this 3rd day of May, 2011

SESSION LAW 2011-241
SENATE BILL 125

AN ACT TO PERMIT LOCAL BOARDS OF EDUCATION TO JOINTLY ESTABLISH REGIONAL SCHOOLS.

The General Assembly of North Carolina enacts:

SECTION 1. Article 16 of Chapter 115C of the General Statutes is amended by adding a new Part to read:

"Part 10. Regional Schools.

"**§ 115C-238.56A. Purpose.**

(a) The purpose of this Part is to authorize local boards of education to jointly establish a regional school to serve enrolled students in two or more local school administrative units that will expand student opportunities for educational success through high quality instructional programming. Regional schools may include partnerships with other education partners, including institutions of higher education and private businesses or organizations, and shall foster, encourage, and promote the development of knowledge and skills in career clusters of critical importance to the region.

(b) Except as otherwise provided in this Part, a regional school is exempt from statutes and rules applicable to a local board of education or local school administrative unit.

"**§ 115C-238.56B. Definitions.**

The following definitions apply in this Part:

(1) First generation student. – A student who has no parent who has completed a two- or four-year degree.

(2) Participating units. – A local school administrative unit whose local board of education has adopted a resolution to create a regional school that has been approved by the State Board of Education.

(3) Principal. – The principal of a regional school.

(4) Regional school. – A school created pursuant to G.S. 115C-238.56C which includes all of grades nine through twelve and may include grades seven and eight.

(5) Regional school board of directors or board of directors. – The governing board of a regional school appointed pursuant to G.S. 115C-238.56D.

"**§ 115C-238.56C. Creation of regional school.**

(a) Resolution to Create a Regional School. – Any two or more local boards of education may create a regional school as provided in this Part. In order to create a regional school, each local board of education shall adopt a resolution stating its intent to create the regional school, which shall include the following:

(1) Name of the regional school.

(2) Names of all other local boards of education known to that local board of education adopting resolutions to create the regional school.

(3) Identification of one of the named local school administrative units to serve as the finance agent for the regional school.

(4) Identification of one of the named local school administrative units to provide, to the extent practicable, school food services to the regional school, if needed.

The local board of education shall develop a plan to provide transportation to the students domiciled in the district.

(b) Recognition of Regional School. – Each local board of education that adopts a resolution as provided in this section shall file a copy of the resolution with the State Board of Education. Upon receipt of resolutions from all local boards of education identified in each

resolution for a named regional school, the State Board of Education shall approve the creation of the regional school.

(c) Expansion of Regional School. – A local board of education may adopt a resolution stating its intent to join an existing regional school, which shall include the name of the regional school and the names of all other local boards of education which have previously adopted resolutions to create the regional school. The local board of education shall file a copy of the resolution with the State Board of Education. Following receipt of the petition and after receiving comment from the regional school board of directors, the State Board of Education may approve the expansion of the regional school.

"**§ 115C-238.56D. Regional school boards of directors; appointment; terms of office.**

(a) Appointment. – A board of directors for a regional school shall consist of the following members. Appointed members of the board of directors shall be selected for their interest in and commitment to the importance of public education to regional economic development and to the purposes of the regional school.

(1) Local boards of education. – Each participating unit shall appoint one member to the board of directors from among the membership of the local board of education. Members appointed by local boards of education shall serve terms of four years.

(2) Local superintendents. – The local superintendent of the local school administrative unit identified as the finance agent for the regional school shall serve as an ex officio member of the board of directors. One additional superintendent shall be selected from among the superintendents of the participating units by those superintendents. The additional superintendent shall serve an initial term of two years. Subsequent appointees shall serve a term of four years.

(3) Economic development region. – The Economic Development Regional Partnership for the economic development region in which the regional school is located shall appoint three members as representatives of the business community. At least one of the appointees shall be a resident of the county in which the regional school is located. The appointees shall serve an initial term of two years. Subsequent appointees shall serve a term of four years.

(4) Parent Advisory Council. – The Parent Advisory Council established by G.S. 115C-238.56J shall appoint a member to the board of directors from among the Council membership. The member appointed by the Council shall serve a term of four years or until the child of the parent no longer attends the regional school.

(5) Higher education partners. – Any institution of higher education partner may appoint a representative of the institution of higher education to serve as an ex officio member of the board of directors.

(b) Vacancies. – Whenever an appointed member of the board of directors shall fail for any reason other than ill health or service in the interest of the State or nation to be present at three successive regular meetings of the board of directors, his or her place as a member of the board of directors shall be deemed vacant. Any member of the board of directors may be removed from office by the appointing authority for misfeasance, malfeasance, or nonfeasance in office. All vacancies shall be filled by the appointing authority for the remainder of the term of office.

"**§ 115C-238.56E. Board of directors; meetings; rules of procedure; officers.**

(a) The board of directors shall meet at least four times a year and may hold special meetings at any time at the call of the chair or upon petition addressed to the chair by a majority of the members of the board of directors. All meetings of the board of directors shall be subject to the requirements of Article 33C of Chapter 143 of the General Statutes.

(b) The board of directors shall elect a chair and a vice-chair from among its members, who shall serve a two-year term.

(c) All members of the board of directors shall be voting members except for the chair, who may vote only on matters to break a tie.

(d) The board of directors shall determine its own rules of procedure and may delegate to such committees as it may create such of its powers as it deems appropriate.

(e) Members of the board of directors shall receive such per diem compensation and necessary travel and subsistence expenses while engaged in the discharge of their official duties as is provided by law for members of State boards and commissions.

"**§ 115C-238.56F. Board of directors; corporate powers.**

(a) The board of directors of the regional school shall be known and distinguished by the name of 'The _____ Regional School Board of Directors' and shall continue as a body politic and corporate and by that name shall have perpetual succession and a common seal. It shall be able and capable in law to take, demand, receive, and possess all moneys, goods, and chattels that shall be given for the use of the regional school, and to apply to same according to the will of the donors; and by gift, purchase, or devise to receive, possess, enjoy, and retain forever any and all real and personal estate and funds, of whatsoever kind, nature, or quality the same may be, in special trust and confidence that the same, or the profits thereof, shall be applied to and for the use and purpose of establishing and endowing the regional school, and shall have power to receive donations from any source whatsoever, to be devoted exclusively to the purposes of the maintenance of the regional school, or according to the terms of the donation.

(b) The board of directors shall be able and capable in law to bargain, sell, grant, alien, or dispose of and convey and assure to the purchasers any and all such real and personal estate and funds as it may lawfully acquire when the condition of the grant to it or the will of the devisor does not forbid it; and shall be able and capable in law to sue and be sued in all courts whatsoever; and shall have power to open and receive subscriptions; and in general may do all such things as are usually done by bodies corporate and politic, or such as may be necessary for the promotion of learning and virtue.

"**§ 115C-238.56G. Board of directors; powers and duties.**

The board of directors shall have the following powers and duties:

(1) Academic program. –

a. The board of directors shall establish the standard course of study for the regional school. This course of study shall set forth the subjects to be taught in each grade and the texts and other educational materials on each subject to be used in each grade. The board of directors shall design its programs to meet at least the student performance standards adopted by the State Board of Education and the student performance standards contained in this Chapter.

b. The board of directors shall conduct student assessments required by the State Board of Education.

c. The board of directors shall provide the opportunity to earn or obtain credit toward degrees from a community college subject to Chapter 115D of the General Statutes or a constituent institution of The University of North Carolina.

d. The board of directors shall adopt a school calendar consisting of a minimum of 180 days of instruction covering at least nine calendar months.

(2) Standards of performance and conduct. – The board of directors shall establish policies and standards for academic performance, attendance, and conduct for students of the regional school. The policies of the board of directors shall comply with Article 27 of this Chapter.

(3) School attendance. – Every parent, guardian, or other person in this State having charge or control of a child who is enrolled in the regional school and who is less than 16 years of age shall cause such child to attend school continuously for a period equal to the time that the regional school shall be in session. No person shall encourage, entice, or counsel any child to be unlawfully absent from the regional school. Any person who aids or abets a student's unlawful absence from the regional school shall, upon conviction, be guilty of a Class 1 misdemeanor. The principal shall be responsible for implementing such additional policies concerning compulsory attendance as shall be adopted by the board of directors, including regulations concerning lawful and unlawful absences, permissible excuses for temporary absences, maintenance of attendance records, and attendance counseling.

(4) Reporting. – The board of directors shall comply with the reporting requirements established by the State Board of Education in the Uniform Education Reporting System.

(5) Assessment results. – The board of directors shall provide data to the participating unit in which a student is domiciled on the performance of that student on any testing required by the State Board of Education.

(6) Education of children with disabilities. – The board of directors shall require compliance with laws and policies relating to the education of children with disabilities.

(7) Health and safety. – The board of directors shall require that the regional school meet the same health and safety standards required of a local school administrative unit.

(8) Driving eligibility certificates. – The board of directors shall apply the rules and policies established by the State Board of Education for issuance of driving eligibility certificates.

(9) Purchasing and contracts. – The board of directors shall comply with the purchasing and contract statutes and regulations applicable to local school administrative units.

(10) Exemption from the Administrative Procedures Act. – The board of directors shall be exempt from Chapter 150B of the General Statutes, except final decisions of the board of directors in a contested case shall be subject to judicial review in accordance with Article 4 of Chapter 150B of the General Statutes.

"**§ 115C-238.56H. Student admissions and assignment.**

(a) Residency Requirement. – A student shall be domiciled in a participating unit to be eligible to attend the regional school. A student's eligibility to remain enrolled in the regional school shall terminate at the end of any school year during which a student ceases to satisfy the residency requirements.

(b) Participating Unit Allotments. – The number of student seats in the freshman class of the regional school shall be assigned proportionate to the total student population of the participating units, as determined by the participating unit's final average daily membership in the preceding school year. If fewer students residing in a participating unit elect to attend the regional school than available allotted seats, the remaining seats shall be divided proportionally among the other participating units.

(c) Admissions Criteria. – The board of directors shall establish criteria, standards, and procedures for admission of students. The admission criteria may give priority to first generation students and shall include the following:

(1) Demonstrated academic achievement.

(2) Demonstrated student interest in attendance.

(3) Documented parental support for student attendance.

(d) Lottery. – If the number of eligible students meeting the board of directors' admission criteria exceeds the seats available through the participating unit allotment, students shall be accepted by lot.

"**§ 115C-238.56I. Employees.**

The board of directors shall appoint all certified and noncertified staff.

(1) Principal. – The board of directors shall employ and contract with a principal for a term not to exceed three years. The principal shall meet the requirements for certification set out in G.S. 115C-284, unless waived by the State Board of Education upon submission of a request by the board of directors. The principal shall be responsible for school operations and shall exercise those duties and powers delegated by the board of directors.

(2) Teachers. – The board of directors shall employ and contract with necessary teachers to perform the particular service for which they are employed in the school. At least fifty percent (50%) of teachers employed by the board of directors shall hold teacher certificates, unless waived by the State Board of Education upon submission of a request by the board of directors.

(3) Career status. – Employees of the board of directors shall not be eligible for career status. If a teacher employed by a local school administrative unit makes a written request for a leave of absence to teach at the regional

school, the local school administrative unit shall grant the leave for one year. For the initial year of the regional school's operation, the local school administrative unit may require that the request for a leave of absence be made up to 45 days before the teacher would otherwise have to report for duty. After the initial year of the regional school's operation, the local school administrative unit may require that the request for a leave of absence be made up to 90 days before the teacher would otherwise have to report for duty. A local board of education is not required to grant a request for a leave of absence or a request to extend or renew a leave of absence for a teacher who previously has received a leave of absence from that school board under this subdivision. A teacher who has career status under G.S. 115C-325 prior to receiving a leave of absence to teach at the regional school may return to a public school in the local school administrative unit with career status at the end of the leave of absence or upon the end of employment at the regional school if an appropriate position is available. If an appropriate position is unavailable, the teacher's name shall be placed on a list of available teachers, and that teacher shall have priority on all positions for which that teacher is qualified in accordance with G.S. 115C-325(e)(2).

(4) Noncertified staff. – The board of directors also may employ necessary employees who are not required to hold teacher certificates to perform duties other than teaching and may contract for other services.

(5) Employment dismissal. – An employee of the board of directors is not an employee of the local school administrative unit in which the regional school is located. The board of directors may discharge certified and noncertified employees according to the terms of the employment contract.

(6) Employee benefits. – Employees of the board of directors shall participate in the Teachers' and State Employees' Retirement System and the State Health Plan on the same terms as employees employed by local boards of education.

(7) Exemptions. – Employees of the board of directors shall be exempt from Chapter 126 of the General Statutes, except Articles 6 and 7.

"**§ 115C-238.56J. Parent Advisory Council; purpose; appointments.**

(a) Purpose. – There shall be a Parent Advisory Council to serve as a resource and provide input to the board of directors as to the operation of a regional school. The board of directors shall consult the Parent Advisory Council when considering changes to the regional school's operations that may significantly impact students attending the regional school.

(b) Appointment. – Each local board of education of the participating units shall appoint two members to the Parent Advisory Council for a term of four years or until the member's child no longer attends the regional school. Appointees shall be parents or guardians of students attending the regional school and shall, to the extent possible, reflect the demographic composition of the participating units.

"**§ 115C-238.56K. State and local funds.**

(a) The State Board of Education shall allocate to a regional school:

(1) An amount equal to the average per pupil allocation for average daily membership from the participating unit allotments for each child attending the regional school, except for the allocation for children with disabilities and for the allocation for children with limited English proficiency.

(2) An additional amount for each child attending the regional school who is a child with disabilities. In the event a child with disabilities leaves the regional school and enrolls in a public school during the first 60 school days in the school year, the regional school shall return a pro rata amount of funds allocated for that child to the State Board, and the State Board shall reallocate those funds to the local school administrative unit in which the public school is located. In the event a child with disabilities enrolls in the regional school during the first 60 school days in the school year, the State Board shall allocate to the regional school the pro rata amount of additional funds for children with disabilities.

(3) An additional amount for children with limited English proficiency attending the regional school, based on a formula adopted by the State Board.

(b) The State Board shall allow for annual adjustments to the amount allocated to the regional school based on its enrollment growth in school years subsequent to the initial year of operation.

(c) For each child who enrolls in the regional school, the participating unit in which the child resides shall transfer to the regional school an amount equal to the per pupil amount of all money appropriated to the local current expense fund for the participating unit for the fiscal year. The amount transferred under this subsection that consists of revenue derived from supplemental taxes shall be transferred only if the child enrolled in the regional school resides in that tax district.

"**§ 115C-238.56L. Finance and budget.**

(a) The local school administrative unit identified as the finance agent by resolution pursuant to G.S. 115C-238.56C shall be the finance agent for the Board and shall have all the rights, duties, and obligations for receipt, accounting, and dispersing funds for the board of directors, including all the rights, duties, and obligations specified in Article 31 of this Chapter, which powers shall be exercised by the identified local school administrative unit for and on behalf of the board of directors. The board of directors shall provide reasonable compensation to the local school administrative unit for this service.

(b) No later than 10 days after the money is appropriated to the local current expense fund, each local board of education of a participating unit shall transfer to the board of directors the amount required under G.S. 115C-238.56K(c) for each child enrolled in the school who resides in that participating unit. Once it has received funds from the local board of education, the board of directors shall be under no obligation to return the funds.

"**§ 115C-238.56M. Participating units.**

(a) Transportation. – Participating units shall develop a plan to provide transportation to the students domiciled in the district.

(b) Food Service. – The local school administrative unit identified by resolution shall provide, to the extent practicable, school food services to the regional school. For purposes of federal funding through the National School Lunch Program or other federally supported food service programs, the local school administrative unit identified by resolution shall be permitted to include eligible students enrolled in the regional school. Other participating units shall not include students enrolled in the regional school for purposes of federally supported food service programs.

"**§ 115C-238.56N. Criminal history record checks.**

(a) As used in this section:

(1) 'Criminal history' means a county, state, or federal criminal history of conviction of a crime, whether a misdemeanor or a felony, that indicates an individual (i) poses a threat to the physical safety of students or personnel or (ii) has demonstrated that he or she does not have the integrity or honesty to fulfill his or her duties as school personnel. These crimes include the following North Carolina crimes contained in any of the following Articles of Chapter 14 of the General Statutes: Article 5A, Endangering Executive and Legislative, and Court Officers; Article 6, Homicide; Article 7A, Rape and Other Sex Offenses; Article 8, Assaults; Article 10, Kidnapping and Abduction; Article 13, Malicious Injury or Damage by Use of Explosive or Incendiary Device or Material; Article 14, Burglary and Other Housebreakings; Article 15, Arson and Other Burnings; Article 16, Larceny; Article 17, Robbery; Article 18, Embezzlement; Article 19, False Pretense and Cheats; Article 19A, Obtaining Property or Services by False or Fraudulent Use of Credit Device or Other Means; Article 20, Frauds; Article 21, Forgery; Article 26, Offenses Against Public Morality and Decency; Article 26A, Adult Establishments; Article 27, Prostitution; Article 28, Perjury; Article 29, Bribery; Article 31, Misconduct in Public Office; Article 35, Offenses Against the Public Peace; Article 36A, Riots and Civil Disorders; Article 39, Protection of Minors; and Article 60, Computer-Related Crime. These crimes also include possession or sale of drugs in violation of the North Carolina Controlled Substances Act, Article 5 of Chapter 90 of the General Statutes, and alcohol-related offenses such as sale to underage persons in violation of G.S. 18B-302 or driving while impaired in violation of G.S. 20-138.1 through G.S. 20-138.5. In addition to

the North Carolina crimes listed in this subdivision, such crimes also include similar crimes under federal law or under the laws of other states.

(2) 'School personnel' means any of the following:

a. Member of the board of directors.

b. Employee of the regional school.

c. Independent contractor or employee of an independent contractor of the regional school if the independent contractor carries out duties customarily performed by school personnel, whether paid with federal, State, local, or other funds, who has significant access to students or who has responsibility for the fiscal management of the regional school.

(b) The board of directors shall adopt a policy on whether and under what circumstances school personnel shall be required to be checked for a criminal history. The board of directors shall apply its policy uniformly in requiring school personnel to be checked for a criminal history. The board of directors may grant conditional approval of an application while the board of directors is checking a person's criminal history and making a decision based on the results of the check.

The board of directors shall not require school personnel to pay for the criminal history record check authorized under this section.

(c) The board of directors shall require the person to be checked by the Department of Justice (i) to be fingerprinted and to provide any additional information required by the Department of Justice to a person designated by the board of directors or to the local sheriff or the municipal police, whichever is more convenient for the person, and (ii) to sign a form consenting to the check of the criminal record and to the use of fingerprints and other identifying information required by the repositories. The board of directors shall consider refusal to consent when making employment decisions and decisions with regard to independent contractors. The fingerprints of the individual shall be forwarded to the State Bureau of Investigation for a search of the State criminal history record file, and the State Bureau of Investigation shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Department of Justice shall provide to the board of directors the criminal history from the State and National Repositories of Criminal Histories of any school personnel for which the board of directors requires a criminal history record check.

The board of directors shall not require school personnel to pay for the fingerprints authorized under this section.

(d) The board of directors shall review the criminal history it receives on an individual. The board of directors shall determine whether the results of the review indicate that the individual (i) poses a threat to the physical safety of students or personnel or (ii) has demonstrated that he or she does not have the integrity or honesty to fulfill his or her duties as school personnel and shall use the information when making employment decisions and decisions with regard to independent contractors. The board of directors shall make written findings with regard to how it used the information when making employment decisions and decisions with regard to independent contractors. The board of directors may delegate any of the duties in this subsection to the principal.

(e) The board of directors, or the principal if designated by the board of directors, shall provide to the State Board of Education the criminal history it receives on a person who is certificated, certified, or licensed by the State Board of Education. The State Board of Education shall review the criminal history and determine whether the person's certificate or license should be revoked in accordance with State laws and rules regarding revocation.

(f) All the information received by the board of directors through the checking of the criminal history or by the State Board of Education in accordance with this section is privileged information and is not a public record but is for the exclusive use of the board of directors or the State Board of Education. The board of directors or the State Board of Education may destroy the information after it is used for the purposes authorized by this section after one calendar year.

(g) There shall be no liability for negligence on the part of the board of directors, or its employees, or the State Board of Education, or its employees, arising from any act taken or omission by any of them in carrying out the provisions of this section. The immunity established by this subsection shall not extend to gross negligence, wanton conduct, or

intentional wrongdoing that would otherwise be actionable. The immunity established by this subsection shall be deemed to have been waived to the extent of indemnification by insurance, indemnification under Articles 31A and 31B of Chapter 143 of the General Statutes, and to the extent sovereign immunity is waived under the Tort Claims Act, as set forth in Article 31 of Chapter 143 of the General Statutes.

(h) Any applicant for employment who willfully furnishes, supplies, or otherwise gives false information on an employment application that is the basis for a criminal history record check under this section shall be guilty of a Class A1 misdemeanor."

SECTION 2. G.S. 114-19.2 reads as rewritten:

"**§ 114-19.2. Criminal record checks of school personnel.**

(a) The Department of Justice may provide a criminal record check to the local board of education of a person who is employed in a public school in that local school district or of a person who has applied for employment in a public school in that local school district, if the employee or applicant consents to the record check. The Department may also provide a criminal record check of school personnel as defined in G.S. 115C-332 by fingerprint card to the local board of education from National Repositories of Criminal Histories, in accordance with G.S. 115C-332. The information shall be kept confidential by the local board of education as provided in Article 21A of Chapter 115C of the General Statutes.

(a1) The Department of Justice may provide a criminal history record check to the board of directors of a regional school of a person who is employed at a regional school or of a person who has applied for employment at a regional school if the employee or applicant consents to the record check. The Department may also provide a criminal history record check of school personnel as defined in G.S. 115C-238.56N by fingerprint card to the board of directors of the regional school from the National Repositories of Criminal Histories, in accordance with G.S. 115C-238.56N. The information shall be kept confidential by the board of directors of the regional school as provided in G.S. 115C-238.56N.

(b) The Department of Justice may provide a criminal record check to the employer of a person who is employed in a nonpublic school or of a person who has applied for employment in a nonpublic school, if the employee or applicant consents to the record check. For purposes of this subsection, the term nonpublic school is one that is subject to the provisions of Article 39 of Chapter 115C of the General Statutes, but does not include a home school as defined in that Article.

(c) The Department of Justice shall charge a reasonable fee for conducting a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

(c1) The Department of Justice may provide a criminal record check to the schools within the Department of Health and Human Services of a person who is employed, applies for employment, or applies to be selected as a volunteer, if the employee or applicant consents to the record check. The Department of Health and Human Services shall keep all information pursuant to this subsection confidential, as provided in Article 7 of Chapter 126 of the General Statutes.

(d) The Department of Justice shall adopt rules to implement this section."

SECTION 3. G.S. 115B-2(a) reads as rewritten:

"**§ 115B-2. Tuition waiver authorized.**

(a) The constituent institutions of The University of North Carolina and the community colleges as defined in G.S. 115D-2(2) shall permit the following persons to attend classes for credit or noncredit purposes without the required payment of tuition:

(1) Repealed by Session Laws 2009-451, s. 8.11(a), effective July 1, 2009.

(2) Any person who is the survivor of a law enforcement officer, firefighter, volunteer firefighter, or rescue squad worker killed as a direct result of a traumatic injury sustained in the line of duty.

(3) The spouse of a law enforcement officer, firefighter, volunteer firefighter, or rescue squad worker who is permanently and totally disabled as a direct result of a traumatic injury sustained in the line of duty.

(4) Any child, if the child is at least 17 years old but not yet 24 years old, whose parent is a law enforcement officer, firefighter, volunteer firefighter, or rescue squad worker who is permanently and totally disabled as a direct result of a traumatic injury sustained in the line of duty. However, a child's eligibility for a waiver of tuition under this Chapter shall not exceed: (i) 54

months, if the child is seeking a baccalaureate degree, or (ii) if the child is not seeking a baccalaureate degree, the number of months required to complete the educational program to which the child is applying.

(5) Any child, if the child (i) is at least 17 years old but not yet 24 years old, (ii) is a ward of North Carolina or was a ward of the State at the time the child reached the age of 18, (iii) is a resident of the State; and (iv) is eligible for services under the Chaffee Education and Training Vouchers Program; but the waiver shall only be to the extent that there is any tuition still payable after receipt of other financial aid received by the student.

(6) Any child enrolled in a regional school established pursuant to Part 10 of Article 16 of Chapter 115C of the General Statutes who enrolls in classes at a constituent institution or community college which has a written agreement with the regional school."

SECTION 4. G.S. 115C-238.50A reads as rewritten:

"**§ 115C-238.50A. Definitions.**

The following definitions apply in this Part:

(1) Constituent institution. – A constituent institution as defined in G.S. 116-2(4).

(2) Education partner. – An education partner as provided in G.S. 115C-238.52.

(3) Governing board. – The State Board of Education, the State Board of Community Colleges, the Board of Governors of The University of North Carolina, or the Board of the North Carolina Independent Colleges and Universities.

(3a) Local board of education. – A local board as defined in G.S. 115C-5(5) or a regional school board of directors as defined in G.S. 115C-238.56B(5).

(4) Local board of trustees. – The board of trustees of a community college, constituent institution of The University of North Carolina, or private college located in North Carolina."

SECTION 5. G.S. 126-5(c1) reads as rewritten:

"(c1) Except as to the provisions of Articles 6 and 7 of this Chapter, the provisions of this Chapter shall not apply to:

(1) Constitutional officers of the State.

(2) Officers and employees of the Judicial Department.

(3) Officers and employees of the General Assembly.

(4) Members of boards, committees, commissions, councils, and advisory councils compensated on a per diem basis.

(5) Officials or employees whose salaries are fixed by the General Assembly, or by the Governor, or by the Governor and Council of State, or by the Governor subject to the approval of the Council of State.

(6) Employees of the Office of the Governor that the Governor, at any time, in the Governor's discretion, exempts from the application of the provisions of this Chapter by means of a letter to the State Personnel Director designating these employees.

(7) Employees of the Office of the Lieutenant Governor, that the Lieutenant Governor, at any time, in the Lieutenant Governor's discretion, exempts from the application of the provisions of this Chapter by means of a letter to the State Personnel Director designating these employees.

(8) Instructional and research staff, physicians, and dentists of The University of North Carolina, including the faculty of the North Carolina School of Science and Mathematics.

(8a) Employees of a regional school established pursuant to Part 10 of Article 16 of Chapter 115C of the General Statutes.

(9) Employees whose salaries are fixed under the authority vested in the Board of Governors of The University of North Carolina by the provisions of G.S. 116-11(4), 116-11(5), and 116-14.

(9a) Employees of the North Carolina Cooperative Extension Service of North Carolina State University who are employed in county operations and who are not exempt pursuant to subdivision (8) or (9) of this subsection.

(10) Repealed by Session Laws 1991, c. 84, s. 1.

(11) Repealed by Session Laws 2006-66, s. 9.11(z), effective July 1, 2007.
(12), (13) Repealed by Session Laws 2001-474, s. 15, effective November 29, 2001.
(14) Employees of the North Carolina State Ports Authority.
(15) Employees of the North Carolina Global TransPark Authority.
(16) The executive director and one associate director of the North Carolina Center for Nursing established under Article 9F of Chapter 90 of the General Statutes.
(17) Repealed by Session Laws 2004-129, s. 37, effective July 1, 2004.
(18) Employees of the Tobacco Trust Fund Commission established in Article 75 of Chapter 143 of the General Statutes.
(19) Employees of the Health and Wellness Trust Fund Commission established in Article 21 of Chapter 130A of the General Statutes.
(20) Repealed by Session Laws 2008-134, s. 73(d), effective July 28, 2008.
(21) Employees of the Clean Water Management Trust Fund.
(22) Employees of the North Carolina Turnpike Authority.
(23) The Executive Administrator and the Deputy Executive Administrator of the State Health Plan for Teachers and State Employees.
(24) Employees of the State Health Plan for Teachers and State Employees as designated by law or by the Executive Administrator of the Plan.
(25) The North Carolina State Lottery Director and employees of the North Carolina State Lottery.
(26) The Executive Director, associate and assistant directors, and instructional staff of the North Carolina Teacher Academy.
(27) The Chief Administrative Law Judge of the Office of Administrative Hearings.
(28) The Executive Director and the Assistant Director of the U.S.S. North Carolina Battleship Commission.
(29) The Executive Director, Deputy Director, all other directors, assistant and associate directors, and center fellows of the North Carolina Center for the Advancement of Teaching."

SECTION 6.(a) If House Bill 200, 2011 Regular Session, becomes law, G.S. 115C-238.56G(1)d., as enacted by this act, reads as rewritten:

"d. The board of directors shall adopt a school calendar consisting of a minimum of ~~180~~ 185 days of instruction covering at least nine calendar months."

SECTION 6.(b) If House Bill 200, 2011 Regular Session, becomes law, G.S. 115C-238.56I(3), as enacted by this act, reads as rewritten:

"(3) Career status. – Employees of the board of directors shall not be eligible for career status. If a teacher employed by a local school administrative unit makes a written request for a leave of absence to teach at the regional school, the local school administrative unit shall grant the leave for one year. For the initial year of the regional school's operation, the local school administrative unit may require that the request for a leave of absence be made up to 45 days before the teacher would otherwise have to report for duty. After the initial year of the regional school's operation, the local school administrative unit may require that the request for a leave of absence be made up to 90 days before the teacher would otherwise have to report for duty. A local board of education is not required to grant a request for a leave of absence or a request to extend or renew a leave of absence for a teacher who previously has received a leave of absence from that school board under this subdivision. A teacher who has career status under G.S. 115C-325 prior to receiving a leave of absence to teach at the regional school may return to a public school in the local school administrative unit with career status at the end of the leave of absence or upon the end of employment at the regional school if an appropriate position is available. If an appropriate position is unavailable, the teacher's name shall be placed on a list of available ~~teachers, and that teacher shall have priority on all positions for which that teacher is qualified~~teachers in accordance with G.S. 115C-325(e)(2)."

SECTION 7. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 16th day of June, 2011.

s/ Walter H. Dalton
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Beverly E. Perdue
Governor

Approved 1:04 p.m. this 23rd day of June, 2011

SESSION LAW 2011-234
SENATE BILL 243

AN ACT TO EXTEND THE SUNSET ON THE LAW ALLOWING CAPITAL LEASE FINANCING FOR PUBLIC SCHOOLS.

The General Assembly of North Carolina enacts:

SECTION 1. Section 3 of S.L. 2006-232 reads as rewritten:

"**SECTION 3.** This act is effective when it becomes law and is repealed effective ~~July 1, 2011.~~July 1, 2015."

SECTION 2. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 15th day of June, 2011.

s/ Walter H. Dalton
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Beverly E. Perdue
Governor

Approved 12:50 p.m. this 23rd day of June, 2011

SESSION LAW 2011-334
SENATE BILL 339

AN ACT TO REQUIRE THE STATE BOARD OF EDUCATION TO ADOPT A SALARY RANGE FOR THE DELIVERY OF DRIVER EDUCATION COURSES BY PUBLIC SCHOOL EMPLOYEES.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-215(d), as enacted by Section 28.37(a) of House Bill 200, Appropriations Act of 2011, reads as rewritten:

"(d) The State Board of Education shall adopt a salary range for the delivery of driver education courses by driver education instructors who are public school ~~employees and who do not hold teacher certificates.~~employees. The salary range shall be based on the driver education instructor's qualifications, certification, and licensure specific to driver education.

~~Driver education instructors who are public school employees and who hold teacher certificates shall be paid on the teacher salary schedule. A day of employment for driver education instructors who hold teacher certificates shall be the same number of hours required of all regular classroom teachers as established by the local board of education.~~"

SECTION 2. This act becomes effective July 1, 2011.

In the General Assembly read three times and ratified this the 17th day of June, 2011.

s/ Walter H. Dalton
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Beverly E. Perdue
Governor

Approved 11:35 a.m. this 27th day of June, 2011

SESSION LAW 2011-248
SENATE BILL 394

AN ACT TO CLARIFY THE REQUIREMENT THAT SCHOOL PRINCIPALS REPORT CERTAIN ACTS TO LAW ENFORCEMENT.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-288(g) reads as rewritten:

"(g) To Report Certain Acts to Law Enforcement and the Superintendent. – When the principal has personal ~~knowledge~~ knowledge, a reasonable belief, or actual notice from school personnel that an act has occurred on school property involving assault resulting in serious personal injury, sexual assault, sexual offense, rape, kidnapping, indecent liberties with a minor, assault involving the use of a weapon, possession of a firearm in violation of the law, possession of a weapon in violation of the law, or possession of a controlled substance in violation of the law, the principal shall immediately report the act to the appropriate local law enforcement agency. ~~Failure to report to law enforcement under this subsection is a Class 3 misdemeanor.~~

A principal who willfully fails to make a report to law enforcement required by this subsection may be subject to demotion or dismissal pursuant to G.S. 115C-325.

Notwithstanding any other provision of law, the State Board of Education shall not require the principal to report to law enforcement acts in addition to those required to be reported by this subsection.

For purposes of this subsection, "school property" shall include any public school building, bus, public school campus, grounds, recreational area, or athletic field, in the charge of the principal.

The principal or the principal's designee shall notify the superintendent or the superintendent's designee in writing or by electronic mail regarding any report made to law enforcement under this subsection. This notification shall occur by the end of the workday in which the incident occurred when reasonably possible but not later than the end of the following workday. The superintendent shall provide the information to the local board of education.

Nothing in this subsection shall be interpreted to interfere with the due process rights of school employees or the privacy rights of students."

SECTION 2. This act is effective when it becomes law and applies beginning with the 2011-2012 school year.

In the General Assembly read three times and ratified this the 16th day of June, 2011.

s/ Walter H. Dalton
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Beverly E. Perdue
Governor

Approved 1:18 p.m. this 23rd day of June, 2011

SESSION LAW 2011-342
SENATE BILL 415

AN ACT TO PROVIDE SCHOOL BREAKFASTS AT NO COST FOR SCHOOL CHILDREN WHO QUALIFY FOR REDUCED-PRICE MEALS AT SCHOOLS PARTICIPATING IN THE NATIONAL SCHOOL BREAKFAST PROGRAM; AND TO REQUIRE THE STATE BOARD OF EDUCATION TO REPORT ON THE PUBLIC SCHOOL NUTRITION PROGRAMS OPERATED BY THE LOCAL SCHOOL ADMINISTRATIVE UNITS UNDER THE JURISDICTION OF CHILD NUTRITION SERVICES OF THE DEPARTMENT OF PUBLIC INSTRUCTION; AND TO DIRECT THE STATE AUDITOR TO AUDIT CHILD NUTRITION SERVICES OF THE DEPARTMENT OF PUBLIC INSTRUCTION.

The General Assembly of North Carolina enacts:

SECTION 1. Notwithstanding Section 8.26 of S.L. 1999-237, funds appropriated for the school breakfast program shall be used to provide school breakfasts at no cost to students of all grade levels qualifying for reduced-price meals in all schools participating in the National School Breakfast Program. If appropriated funds are insufficient to provide school breakfasts at no cost to students qualifying for reduced-price meals, local child nutrition programs shall charge the students qualifying for reduced-price meals the allowable amount for a reduced-price breakfast under the guidelines of the National School Breakfast Program.

SECTION 2. The State Board of Education shall report by November 15, 2011, to the Joint Legislative Education Oversight Committee and the Joint Legislative Commission on Governmental Operations on an overview of the federally supported food service programs. The report shall include the procedure for participation in the programs, including the numbers of students who apply, are accepted, and are rejected for free and reduced-price meals as a part of the programs or automatically qualify for the programs as required by the United States Department of Agriculture.

SECTION 3. The State Auditor shall audit the Division of School Support, Child Nutrition Services of the Department of Public Instruction by December 15, 2011, and report to the Joint Legislative Education Oversight Committee and the Joint Legislative Commission on Governmental Operations. In its report, the State Auditor shall determine whether the local school administrative units' participation in the federally supported food service programs effectively serve the intent of the General Assembly and comply with federal and State law and regulations.

SECTION 4. This act becomes effective July 1, 2011.

In the General Assembly read three times and ratified this the 18th day of June, 2011.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Beverly E. Perdue
Governor

Approved 11:51 a.m. this 27th day of June, 2011

SESSION LAW 2011-348
SENATE BILL 466

AN ACT TO MODIFY THE LAW RELATING TO CAREER STATUS FOR PUBLIC SCHOOL TEACHERS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-325 reads as rewritten:

"**§ 115C-325. System of employment for public school teachers.**

(a) Definition of Terms. – As used in this section unless the context requires otherwise:

...

~~(1d) "Case manager" means a person selected under G.S. 115C-325(h)(7).~~

...

(4c) "Hearing officer" means a person selected under G.S. 115C-325(h)(7).

...

(5) "Probationary teacher" means a ~~certificated~~ licensed person, other than a superintendent, associate superintendent, or assistant superintendent, who has not obtained career-teacher status and whose major responsibility is to teach or to supervise teaching.

...

(6) "Teacher" means a person who holds at least a current, not provisional or expired, Class A ~~certificate~~ license or a regular, not provisional or expired, vocational ~~certificate~~ license issued by the ~~Department of Public Instruction;~~ State Board of Education; whose major responsibility is to teach or directly supervises teaching or who is classified by the State Board of Education or is paid either as a classroom teacher or instructional support personnel; and who is employed to fill a full-time, permanent position.

...

(e) Grounds for Dismissal or Demotion of a Career Employee.

(1) Grounds. – No career employee shall be dismissed or demoted or employed on a part-time basis except for one or more of the following:

...

k. Any cause which constitutes grounds for the revocation of the career teacher's teaching ~~certificate~~ license or the career school administrator's administrator ~~certificate.~~license.

...

m. Failure to maintain ~~his certificate~~ his or her license in a current status.

...

(3) Inadequate Performance. – In determining whether the professional performance of a career employee is adequate, consideration shall be given to regular and special evaluation reports prepared in accordance with the published policy of the employing local school administrative unit and to any published standards of performance which shall have been adopted by the board. Failure to notify a career employee of an inadequacy or deficiency in ~~his~~ performance shall be conclusive evidence of satisfactory performance. Inadequate performance for a teacher shall mean (i) the failure to perform at a proficient level on any standard of the evaluation instrument or (ii) otherwise performing in a manner that is below standard. However, for a probationary teacher, a performance rating below proficient may or may not be deemed adequate at that stage of development by a superintendent or

designee. For a career teacher, a performance rating below proficient shall constitute inadequate performance unless the principal noted on the instrument that the teacher is making adequate progress toward proficiency given the circumstances.

...

(f) (1) Suspension without Pay. – If a superintendent believes that cause exists for dismissing a career employee for any reason specified in G.S. 115C-325(e)(1) and that immediate suspension of the career employee is necessary, the superintendent may suspend the career employee without pay. Before suspending a career employee without pay, the superintendent shall meet with the career employee and give him written notice of the charges against him, an explanation of the bases for the charges, and an opportunity to respond. Within five days after a suspension under this paragraph, the superintendent shall initiate a dismissal, demotion, or disciplinary suspension without pay as provided in this section. If it is finally determined that no grounds for dismissal, demotion, or disciplinary suspension without pay exist, the career employee shall be reinstated immediately, shall be paid for the period of suspension, and all records of the suspension shall be removed from the career employee's personnel file.

(2) Disciplinary Suspension Without Pay. – A career employee recommended for suspension without pay pursuant to G.S. 115C-325(a)(4a) may request a hearing before the board. If no request is made within 15 days, the superintendent may file his recommendation with the board. If, after considering the recommendation of the superintendent and the evidence adduced at the hearing if one is held, the board concludes that the grounds for the recommendation are true and substantiated by a preponderance of the evidence, the board, if it sees fit, may by resolution order such suspension.

a. Board hearing for disciplinary suspensions for more than 10 days or for certain types of intentional misconduct. – The procedures for a board hearing under G.S. 115C-325(j3) shall apply if any of the following circumstances exist:

1. The recommended disciplinary suspension without pay is for more than 10 days; or
2. The disciplinary suspension is for intentional misconduct, such as inappropriate sexual or physical conduct, immorality, insubordination, habitual or excessive alcohol or nonmedical use of a controlled substance as defined in Article 5 of Chapter 90 of the General Statutes, any cause that constitutes grounds for the revocation of the teacher's or school administrator's ~~certificate,~~ license, or providing false information.

b. Board hearing for disciplinary suspensions of no more that [than] 10 days. – The procedures for a board hearing under G.S. 115C-325(j2) shall apply to all disciplinary suspensions of no more than 10 days that are not for intentional misconduct as specified in G.S. 115C-325(f)(2)a.2.

...

(h) Procedure for Dismissal or Demotion of Career Employee.

(1) a. A career employee may not be dismissed, demoted, or reduced to part-time employment except upon the superintendent's recommendation.

b. G.S. 115C-325(f2) shall apply to the demotion of a career school administrator.

(2) Before recommending to a board the dismissal or demotion of the career employee, the superintendent shall give written notice to the career employee by certified mail or personal delivery of his or her intention to make such recommendation and shall set forth as part of his or her recommendation the grounds upon which he or she believes such dismissal or demotion is justified. The superintendent also shall meet with the career

employee and ~~give him~~ provide written notice of the charges against ~~him,~~the career employee, an explanation of the basis for the charges, and an opportunity to respond if the career employee has not done so under G.S. 115C-325(f)(1). The notice shall include a statement to the effect that if the career employee within 14 days after the date of receipt of the notice requests a review, he or she ~~shall be entitled~~ may request to have the grounds for the proposed recommendations of the superintendent reviewed by ~~a case manager.~~ an impartial hearing officer appointed by the Superintendent of Public Instruction as provided for in G.S. 115C-325(h)(7). A copy of G.S. 115C-325 ~~and a current list of case managers~~ shall also be sent to the career employee. If the career employee does not request a hearing ~~with a case manager~~ before a hearing officer within the 14 days provided, the superintendent may submit his or her recommendation to the board.

(3) Within the 14-day period after receipt of the notice, the career employee may file with the superintendent a written request for either (i) a hearing on the grounds for the superintendent's proposed recommendation by a ~~case manager~~ hearing officer or (ii) a hearing within 10 days before the board on the superintendent's recommendation. If the career employee requests an immediate hearing before the board, he or she forfeits his or her right to a hearing by a ~~case manager.~~hearing officer. If no request is made within that period, the superintendent may file his or her recommendation with the board. The board, if it sees fit, may by resolution (i) reject the superintendent's recommendation or (ii) accept or modify the superintendent's recommendation and dismiss, demote, reinstate, or suspend the employee without pay. If a request for review is made, the superintendent shall not file ~~his~~ the recommendation for dismissal with the board until a report of the ~~case manager~~ hearing officer is filed with the superintendent. Failure of the hearing officer to submit the report as required by G.S. 115C-325(i1)(1) shall entitle the career employee to a hearing before the board under the same procedures as provided in G.S.115C-325(j).

(4) Repealed by Session Laws 1997, c. 221, s. 13(a).

~~(5) If the career employee elects to request a hearing by a case manager, the career employee and superintendent shall each have the right to eliminate up to one-third of the names on the approved list of case managers. The career employee shall specify those case managers who are not acceptable in the career employee's request for a review of the superintendent's proposed recommendation under G.S. 115C-325(h)(3). The superintendent and career employee may jointly select a person to serve as case manager. The person need not be on the master list of case managers maintained by the Superintendent of Public Instruction.~~

(6) If a career employee requests a review by a ~~case manager,~~ hearing officer, the superintendent shall notify the Superintendent of Public Instruction within ~~two days'~~ five days of his or her receipt of the request. ~~The notice shall contain a list of the case managers the career employee and the superintendent have eliminated from the master list or the name of a person, if any, jointly selected. Failure to exercise the right to eliminate names from the master list shall constitute a waiver of that right.~~

(7) ~~The~~ Within five days of being notified of the request for a hearing before a hearing officer, the Superintendent of Public Instruction shall ~~select~~submit to both parties a list of hearing officers trained and approved by the State Board of Education.~~case manager within three days of receiving notice from the superintendent.~~ Within five days of receiving the list, the parties may jointly select a hearing officer from that list, or, if the parties cannot agree to a hearing officer, each party may strike up to one-third of the names on the list and submit its strikeout list to the Superintendent of Public Instruction. The Superintendent of Public Instruction shall then appoint a hearing officer from those individuals remaining on the list. ~~designate the person jointly selected by the parties to serve as case manager provided the person agrees to serve as case manager and can meet the requirements for time frames for~~

~~the hearing and report as provided in G.S. 115C-325(i1)(1). If a case manager was not jointly selected or if the case manager is not available, the Superintendent of Public Instruction shall select a case manager from the master list.~~ Further, the parties may jointly agree on another hearing officer not on the State Board of Eduation's list, provided that individual is available to proceed in a timely manner and is willing to accept the terms of appointment required by the State Board of Education. No person eliminated by the career employee or superintendent shall be designated ~~case manager,~~as the hearing officer for that case.

(8) The superintendent and career employee shall ~~provide each other~~ serve a copy to the other party of all documents ~~with copies of all documents~~ submitted to the Superintendent of Public Instruction and~~or~~ to the designated ~~case manager.~~hearing officer and include a signed certificate of service similar to that required in court pleadings.

(h1) ~~Case Managers;~~Hearing Officers; Qualifications; Training; Compensation.

(1) ~~Each year the~~ The State Board of Education shall select and maintain a master list of no more than ~~42~~ 15 qualified ~~case managers.~~hearing officers. The State Board shall, except for good cause shown, remove a hearing officer from the list who has failed to conduct a hearing or prepare a report within the time specified in G.S. 115C-325(i1) or who has failed to submit a supplemental report in accordance with G.S. 115C-325(i1)(4) or (j1)(2). A hearing officer shall, except for good cause shown, also be removed from the list for failure to meet the terms and conditions of engagement established by the State Board. Additionally, if a hearing officer is not appointed to a case within a two-year period due to repeated strikes from the list by either party as provided in G.S. 115C-325(h)(7), the State Board may remove the hearing officer from the master list.

(2) Persons selected by the State Board as ~~case managers~~hearing officers shall be ~~be: (i) certified as a North Carolina Superior Court mediator; (ii) a member of the American Arbitration Association's roster of arbitrators and mediators; or (iii) have comparable certification in alternative dispute resolution. Case managers~~ members in good standing of the North Carolina State Bar who have demonstrated experience and expertise in the areas of education law, due process, administrative law, or employment law within the last five years. The State Board shall give special consideration in its selection to persons jointly endorsed by the largest by membership of each statewide organization representing teachers, school administrators, and local boards of education. Following State Board selection, hearing officers must complete a special training course approved by the State Board of ~~Education.~~Education that includes training on the teacher evaluation instrument and performance standards before they are qualified to hear teacher dismissal or demotion cases.

(3) The State Board of Education shall determine the compensation for a ~~case manager.~~hearing officer. The State Board shall pay the hearing officer's ~~case manager's~~ compensation and ~~reimbursement for~~authorized expenses.

(i) Repealed by Session Laws 1997, c. 221, s. 13(a).

(i1) Report of ~~Case Manager;~~Hearing Officer; Superintendent's Recommendation.

(1) The ~~case manager~~ hearing officer shall complete the hearing held in accordance with G.S. 115C-325(j) and prepare the report within ~~10~~ 90 days from the time of the designation. This time period may be extended only for extraordinary cause and upon written agreement by both parties. ~~The case manager may extend the period of time by up to five additional days if the case manager informs the superintendent and the career employee that justice requires that a greater time be spent in connection with the investigation and the preparation of the report. Furthermore, the superintendent and the career employee may agree to an extension of more than five days.~~The State Board of Education shall determine an appropriate reduction in compensation to the hearing officer for failure to submit a timely report to the superintendent within the maximum 90-day period set

forth in this subdivision, except upon a showing of good cause by the hearing officer.

(2) The ~~case manager~~ hearing officer shall make all necessary findings of fact, based upon the preponderance of the evidence, on all issues related to each and every ground for dismissal and on all relevant matters related to the question of whether the superintendent's recommendation is justified. The hearing officer shall not make a recommendation as to conclusions of law or the disposition of the case. ~~The case manager also shall make a recommendation as to whether the findings of fact substantiate the superintendent's grounds for dismissal.~~ The ~~case manager~~hearing officer shall deliver copies of the report to the superintendent and the career employee.

(3) Within ~~two~~ five days after receiving the ~~case manager's~~ hearing officer's report, the superintendent shall decide whether to submit a written recommendation to the local board for dismissal, demotion, or disciplinary suspension without pay to the board or to drop the charges against the career employee. The superintendent shall notify the career employee, in writing, of the decision.

(4) If the superintendent contends that the ~~case manager's~~ hearing officer's report fails to address a critical factual issue, the superintendent shall within ~~three days~~ five days' receipt of the ~~case manager's~~ hearing officer's report, request in writing with a copy to the career employee that the ~~case manager~~ hearing officer prepare a supplement to the report. The superintendent shall specify what critical factual issue the superintendent contends the ~~case manager~~ hearing officer failed to address. If the ~~case manager~~ hearing officer determines that the report failed to address a critical factual issue, the ~~case manager may~~ hearing officer shall prepare a supplement to the report to address the issue and deliver the supplement to both parties before the board hearing. In no event shall the hearing officer take more than 30 days to provide a supplemental report. If the hearing officer fails to submit a timely supplemental report, the superintendent shall report the hearing officer to the State Board. The State Board shall determine an appropriate reduction in compensation to the hearing officer for failure to submit a timely supplemental report to both parties, except upon a showing of good cause by the hearing officer. The failure of the ~~case manager~~ hearing officer to prepare a supplemental report or to address a critical factual issue shall not constitute a basis for appeal.

(j) Hearing by a ~~Case Manager.~~Hearing Officer. – The following provisions shall apply to a hearing conducted by the ~~case manager.~~hearing officer.

(1) The hearing shall be private.

(2) The hearing shall be conducted in accordance with reasonable rules and regulations adopted by the State Board of Education to govern such ~~case manager~~ hearings.

(3) At the hearing the career employee and the superintendent or the superintendent's designee shall have the right to be present and to be heard, to be represented by counsel and to present through witnesses any competent testimony relevant to the issue of whether grounds for dismissal or demotion exist or whether the procedures set forth in G.S. 115C-325 have been followed.

(4) Rules of evidence shall not apply to a hearing conducted by a ~~case manager and the case manager~~ hearing officer. The hearing officer may give probative effect to evidence that is of a kind commonly relied on by reasonably prudent persons in the conduct of serious affairs.

(5) At least five days before the hearing, the superintendent shall provide to the career employee a list of witnesses the superintendent intends to present, a brief statement of the nature of the testimony of each witness and a copy of any documentary evidence the superintendent intends to present. At least three days before the hearing, the career employee shall provide to the superintendent a list of witnesses the career employee intends to present, a

brief statement of the nature of the testimony of each witness and a copy of any documentary evidence the career employee intends to present. Additional witnesses or documentary evidence may not be presented except upon a finding by the ~~case manager~~ hearing officer that the new evidence is critical to the matter at issue and the party making the request could not, with reasonable diligence, have discovered and produced the evidence according to the schedule provided in this subdivision.

(5a) The hearing shall be completed within three days after commencement, unless extended by the hearing officer on a showing of extraordinary cause. Neither party shall have more than eight hours to present its case in chief, which does not include cross-examination of witnesses, rebuttal evidence, or arguments of counsel.

(6) The ~~case manager~~ hearing officer may ~~subpoena~~ issue subpoenas, at his or her discretion or upon written application by either party, and swear witnesses and may require them to give testimony and to produce records and documents relevant to the grounds for dismissal.

(7) The ~~case manager~~ hearing officer shall decide all procedural issues, including limiting cumulative evidence, necessary for a fair and efficient hearing.

(8) The superintendent shall provide for making a transcript of the hearing. If the career employee contemplates a hearing before the board or to appeal the board's decision to a court of law, the career employee may request and shall receive at no charge a transcript of the proceedings before the ~~case manager.~~ hearing officer.

(j1) Board Determination.

(1) Within ~~two~~ five days after receiving the superintendent's notice of intent to recommend the career employee's dismissal to the board, the career employee shall decide whether to request a hearing before the board and shall notify the superintendent, in writing, of the decision. If the career employee can show that the request for a hearing was postmarked within the time provided, the career employee shall not forfeit the right to a board hearing. Within ~~two~~ five days after receiving the career employee's request for a board hearing, the superintendent shall request that a transcript of the ~~case manager~~ hearing be made. Within ~~two~~ five days of receiving a copy of the transcript, the superintendent shall submit to the board the written recommendation and shall provide a copy of the recommendation to the career employee. The superintendent's recommendation shall state the grounds for the recommendation and shall be accompanied by a copy of the ~~case manager's~~ hearing officer's report and a copy of the transcript of the ~~case manager~~ hearing.

(2) If the career employee contends that the ~~case manager's~~ hearing officer's report fails to address a critical factual issue the career employee shall, at the same time he or she notifies the superintendent of a request for a board hearing pursuant to G.S. 115C-325(j1)(1), request in writing with a copy to the superintendent that the ~~case manager~~ hearing officer prepare a supplement to the ~~case manager's~~ hearing officer's report. The career employee shall specify the critical factual issue he or she contends the ~~case manager~~ hearing officer failed to address. If the ~~case manager~~ hearing officer determines that the report failed to address a critical factual issue, the ~~case manager may~~ hearing officer shall prepare a supplement to the report to address the issue and shall deliver the supplement to both parties before the board hearing. In no event shall the hearing officer take more than 30 days to provide a supplemental report. If the hearing officer fails to submit a timely supplemental report, the superintendent shall report the hearing officer to the State Board. The State Board shall determine an appropriate reduction in compensation to the hearing officer for failure to submit a timely supplemental report to both parties, except upon a showing of good cause by the hearing officer. The failure of the ~~case manager~~ hearing officer to

prepare a supplemental report or to address a critical factual issue shall not constitute a basis for appeal.

(3) Within ~~two~~ five days after receiving the superintendent's recommendation and before taking any formal action, the board shall set a time and place for the hearing and shall notify the career employee by certified mail or personal delivery of the date, time, and place of the hearing. The time specified shall not be less than ~~seven~~ 10 ~~nor~~ nor more than 30 ~~10~~ days after the board has notified the career employee, unless both parties agree to an extension. If the career employee did not request a hearing, the board may, by resolution, reject the superintendent's decision, or accept or modify the decision and dismiss, demote, reinstate, or suspend the career employee without pay.

(4) If the career employee requests a board hearing, it shall be conducted in accordance with G.S. 115C-325(j2).

(5) The board shall make a determination and may (i) reject the superintendent's recommendation or (ii) accept or modify the recommendation and dismiss, demote, reinstate, or suspend the employee without pay.

(6) Within two days following the hearing, the board shall send a written copy of its findings and determination to the career employee and the superintendent.

(j2) Board Hearing. – The following procedures shall apply to a hearing conducted by the board:

...

(2) If the career employee requested a hearing by a ~~case manager,~~hearing officer, the board shall receive the following:

a. The whole record from the hearing held by the ~~case manager,~~hearing officer, including a transcript of the hearing, as well as any other records, exhibits, and documentary evidence submitted to the case manager at the hearing.

b. The ~~case manager's~~hearing officer's findings of fact, including any supplemental findings prepared by the ~~case manager~~ hearing officer under G.S. 115C-325 (i1)(4) or G.S. 115C-325(j1)(2).

~~c. The case manager's recommendation as to whether the grounds in G.S. 115C-325(e) submitted by the superintendent are substantiated.~~

d. The superintendent's recommendation and the grounds for the recommendation.

(3) If the career employee did not request a hearing by a ~~case manager,~~hearing officer, the board shall receive the following:

a. Any documentary evidence the superintendent intends to use to support the recommendation. The superintendent shall provide the documentary evidence to the career employee seven days before the hearing.

b. Any documentary evidence the career employee intends to use to rebut the superintendent's recommendation. The career employee shall provide the superintendent with the documentary evidence three days before the hearing.

c. The superintendent's recommendation and the grounds for the recommendation.

...

(6) No new evidence may be presented at the hearing except upon a finding by the board that the new evidence is critical to the matter at issue and the party making the request could not, with reasonable diligence, have discovered and produced the evidence at the hearing before the ~~case manager.~~hearing officer.

(7) The board shall accept the ~~case manager's~~ hearing officer's findings of fact unless a majority of the board determines that the findings of fact are not supported by substantial evidence when reviewing the record as a whole. In such an event, the board shall make alternative findings of fact. If a majority of the board determines that the ~~case manager~~ hearing officer did not address a critical factual issue, the board may remand the findings of fact to the ~~case~~

~~manager~~ hearing officer to complete the report to the board. If the ~~case manager~~ hearing officer does not submit the report within seven days receipt of the board's request, the board may determine its own findings of fact regarding the critical factual issues not addressed by the ~~case manager.~~ hearing officer. The board's determination shall be based upon a preponderance of the evidence.

...

(o) Resignation. –

(1) If a career employee has been recommended for dismissal under G.S. 115C-325(e)(1) and the employee chooses to resign without the written agreement of the superintendent, then:

a. The superintendent shall report the matter to the State Board of Education.

b. The employee shall be deemed to have consented to (i) the placement in the employee's personnel file of the written notice of the superintendent's intention to recommend dismissal and (ii) the release of the fact that the superintendent has reported this employee to the State Board of Education to prospective employers, upon request. The provisions of G.S. 115C-321 shall not apply to the release of this particular information.

c. The employee shall be deemed to have voluntarily surrendered his or her ~~certificate~~ license pending an investigation by the State Board of Education in a determination whether or not to seek action against the employee's ~~certificate.~~license. This ~~certificate~~ license surrender shall not exceed 45 days from the date of resignation. Provided further that the cessation of the ~~certificate~~ license surrender shall not prevent the State Board of Education from taking any further action it deems appropriate. The State Board of Education shall initiate investigation within five working days of the written notice from the superintendent and shall make a final decision as to whether to revoke or suspend the employee's ~~certificate~~ license within 45 days from the date of resignation.

(2) A teacher, career or probationary, who is not recommended for dismissal should not resign without the consent of the superintendent unless he or she has given at least 30 days' notice. If a teacher who is not recommended for dismissal does resign without giving at least 30 days' notice, the board may request that the State Board of Education revoke the teacher's ~~certificate~~ license for the remainder of that school year. A copy of the request shall be placed in the teacher's personnel file.

...

(p1) Procedure for Dismissal of School Administrators and Teachers Employed in Low-Performing Residential Schools. –

(1) Notwithstanding any other provision of this section or any other law, this subdivision shall govern the dismissal by the Secretary of Health and Human Services of teachers, principals, assistant principals, directors, supervisors, and other ~~certificated~~ licensed personnel assigned to a residential school that the State Board has identified as low-performing and to which the State Board has assigned an assistance team under Part 3A of Article 3 of Chapter 143B of the General Statutes. The Secretary shall dismiss a teacher, principal, assistant principal, director, supervisor, or other ~~certificated~~licensed personnel when the Secretary receives two consecutive evaluations that include written findings and recommendations regarding that person's inadequate performance from the assistance team. These findings and recommendations shall be substantial evidence of the inadequate performance of the teacher or school administrator.

The Secretary may dismiss a teacher, principal, assistant principal, director, supervisor, or other ~~certificated~~ licensed personnel when:

a. The Secretary determines that the school has failed to make satisfactory improvement after the State Board assigned an assistance

team to that school under Part 3A of Article 3 of Chapter 143B of the General Statutes; and

b. That assistance team makes the recommendation to dismiss the teacher, principal, assistant principal, director, supervisor, or other ~~certificated~~ licensed personnel for one or more grounds established in G.S. 115C-325(e)(1) for dismissal or demotion of a career employee.

Within 30 days of any dismissal under this subdivision, a teacher, principal, assistant principal, director, supervisor, or other ~~certificated~~ licensed personnel may request a hearing before a panel of three members designated by the Secretary. The Secretary shall adopt procedures to ensure that due process rights are afforded to persons recommended for dismissal under this subdivision. Decisions of the panel may be appealed on the record to the Secretary, with further right of judicial review under Chapter 150B of the General Statutes.

(2) Notwithstanding any other provision of this section or any other law, this subdivision shall govern the dismissal by the Secretary of Health and Human Services of ~~certificated~~ licensed staff members who have engaged in a remediation plan under G.S. 115C-105.38A(c) but who, after one retest, fail to meet the general knowledge standard set by the State Board. The failure to meet the general knowledge standard after one retest shall be substantial evidence of the inadequate performance of the ~~certified~~ licensed staff member.

Within 30 days of any dismissal under this subdivision, a ~~certificated~~licensed staff member may request a hearing before a panel of three members designated by the Secretary of Health and Human Services. The Secretary shall adopt procedures to ensure that due process rights are afforded to ~~certificated~~ licensed staff members recommended for dismissal under this subdivision. Decisions of the panel may be appealed on the record to the Secretary, with further right of judicial review under Chapter 150B of the General Statutes.

...

(q) Procedure for Dismissal of School Administrators and Teachers Employed in Low-Performing Schools.

...

(2a) Notwithstanding any other provision of this section or any other law, this subdivision shall govern the State Board's dismissal of ~~certified~~ licensed staff members who have engaged in a remediation plan under G.S. 115C-105.38A(a) but who, after one retest, fail to meet the general knowledge standard set by the State Board. The failure to meet the general knowledge standard after one retest shall be substantial evidence of the inadequate performance of the ~~certified~~ licensed staff member.

A ~~certified~~ licensed staff member may request a hearing before a panel of three members of the State Board within 30 days of any dismissal under this subdivision. The State Board shall adopt procedures to ensure that due process rights are afforded to ~~certified~~ licensed staff members recommended for dismissal under this subdivision. Decisions of the panel may be appealed on the record to the State Board, with further right of judicial review under Chapter 150B of the General Statutes.

...."

SECTION 2. G.S. 115C-333 reads as rewritten:

"**§ 115C-333. Evaluation of ~~certified~~ licensed employees including certain superintendents; ~~action~~ mandatory improvement plans; State board notification upon dismissal of employees.**

(a) Annual Evaluations; Low-Performing Schools. – Local school administrative units shall evaluate at least once each year all ~~certified~~ licensed employees assigned to a school that has been identified as~~low-performing, but has not received an assistance team.~~ low-performing. The evaluation shall occur early enough during the school year to provide adequate time for the development and implementation of ~~an action~~ a mandatory improvement plan if one is recommended under subsection (b) of this section. If the employee is a teacher as defined under

G.S. 115C-325(a)(6), either the principal, the assistant principal who supervises the teacher, or an ~~assessment~~ assistance team assigned under ~~G.S. 115C-334~~ G.S. 115C-105.38 shall conduct the evaluation. If the employee is a school administrator as defined under G.S. 115C-287.1(a)(3), either the superintendent or the superintendent's designee shall conduct the evaluation.

~~Notwithstanding this subsection or any other law, all~~ All teachers in low-performing schools who have not attained career status shall be observed at least three times annually by the principal or the principal's designee and at least once annually by a teacher and shall be evaluated at least once annually by a principal. ~~All other employees defined as teachers under G.S. 115C-325(a)(6) who are assigned to schools that are not designated as low-performing shall be evaluated annually unless a local board adopts rules that allow specified categories of teachers with career status to be evaluated more or less frequently. Local boards also may adopt rules requiring the annual evaluation of noncertified employees.~~ This section shall not be construed to limit the duties and authority of an assistance team assigned to a low-performing school under G.S. 115C-105.38.

A local board shall use the performance standards and criteria adopted by the State Board ~~unless the board develops an alternative evaluation that is properly validated and that includes standards and criteria similar to those adopted by the State Board.~~ and may adopt additional evaluation criteria and standards. All other provisions of this section shall apply if a local board uses an evaluation other than one adopted by the State Board.

(b) Mandatory Improvement ~~Action~~ Plans. –

~~(1) If a certified employee in a low-performing school receives an unsatisfactory or below standard rating on any function of the evaluation that is related to the employee's instructional duties, the individual or team that conducted the evaluation shall recommend to the superintendent that: (i) the employee receive an action plan designed to improve the employee's performance; or (ii) the superintendent recommend to the local board that the employee be dismissed or demoted. The superintendent shall determine whether to develop an action plan or to recommend a dismissal proceeding. Action plans shall be developed by the person who evaluated the employee or the employee's supervisor unless the evaluation was conducted by an assistance team or an assessment team. If the evaluation was conducted by an assistance team or an assessment team, that team shall develop the action plan in collaboration with the employee's supervisor. Action plans shall be designed to be completed within 90 instructional days or before the beginning of the next school year. The State Board shall develop guidelines that include strategies to assist local boards in evaluating certified employees and developing effective action plans within the time allotted under this section. Local boards may adopt policies for the development and implementation of action plans or professional development plans for employees who do not require action plans under this section.~~

(1a) A mandatory improvement plan is an instrument designed to improve a teacher's performance or the performance of any licensed employee in a low-performing school by providing the individual with notice of specific performance areas that have substantial deficiencies and a set of strategies, including the specific support to be provided to the individual, so that the individual, within a reasonable period of time, should satisfactorily resolve such deficiencies.

~~(2) Local boards shall adopt policies to require action plans for all certified employees who receive a below standard or unsatisfactory rating on an evaluation in the event the superintendent does not recommend dismissal, demotion, or nonrenewal.~~

(2a) If a licensed employee in a low-performing school receives a rating on any standard on an evaluation that is below proficient or otherwise represents unsatisfactory or below standard performance in an area that the licensed employee was expected to demonstrate, the individual or team that conducted the evaluation shall recommend to the superintendent that (i) the employee receive a mandatory improvement plan designed to improve the employee's performance or (ii) the superintendent recommend to the local

board that the employee be dismissed or demoted. If the individual or team that conducted the evaluation elects not to make either of the above recommendations, the said individual or team shall notify the superintendent of this decision. The superintendent shall determine whether to develop a mandatory improvement plan or to recommend a dismissal proceeding.

(3) If at any time a licensed employee engages in inappropriate conduct or performs inadequately to such a degree that such conduct or performance causes substantial harm to the educational environment, and immediate dismissal or demotion is not appropriate, then the principal may immediately institute a mandatory improvement plan regardless of any ratings on previous evaluations. The principal shall document the exigent reason for immediately instituting such a plan.

(4) Mandatory improvement plans shall be developed by the person who evaluated the licensed employee or the employee's supervisor unless the evaluation was conducted by an assistance team. If the evaluation was conducted by an assistance team, that team shall develop the mandatory improvement plan in collaboration with the employee's supervisor. Mandatory improvement plans shall be designed to be completed within 90 instructional days or before the beginning of the next school year. The State Board shall develop guidelines that include strategies to assist local boards in evaluating licensed employees and developing effective mandatory improvement plans within the time allotted under this section. Local boards may adopt policies for the development and implementation of mandatory improvement plans and policies for the implementation of monitored and directed growth plans.

(c) ~~Reevaluation.~~ Reassessment of Employee in a Low-Performing School. – After the expiration of the time period for the mandatory improvement plan~~Upon completion of an action plan~~ under subdivision ~~(1) of subsection (b)~~(2a) of subsection (b) of this section, the superintendent, the superintendent's designee, or the ~~assessment~~ assistance team shall ~~evaluate~~ assess the performance of the employee of the low-performing school a second time. If the superintendent, superintendent's designee, or assistance team determines that the employee has failed to become proficient in any of the performance standards articulated in the mandatory improvement plan or demonstrate sufficient improvement toward such standards, ~~If on the second evaluation the employee receives one unsatisfactory or more than one below standard rating on any function that is related to the employee's instructional duties,~~ the superintendent shall recommend that the employee be dismissed or demoted under G.S. 115C-325. The results of the second ~~evaluation~~ assessment shall constitute substantial evidence of the employee's inadequate performance.

(d) State Board Notification. – If a local board dismisses an employee of a low-performing school for any reason except a reduction in force under ~~G.S. 115C-325(e)(1)l.~~ G.S. 115C-325(e)(1)l., it shall notify the State Board of the action, and the State Board annually shall provide to all local boards the names of those individuals. If a local board hires one of these individuals, within 60 days the superintendent or the superintendent's designee shall observe the employee, develop ~~an action~~ a mandatory improvement plan to assist the employee, and submit the plan to the State Board. The State Board shall review the ~~action~~ mandatory improvement plan and may provide comments and suggestions to the superintendent. If on the next evaluation the employee receives a rating on any standard that was identified as an area of concern on the mandatory improvement plan that is again below proficient or otherwise represents unsatisfactory or below standard performance,~~an unsatisfactory or below standard rating on any function that is related to the employee's instructional duties,~~ the local board shall notify the State Board and the State Board shall initiate a proceeding to revoke the employee's ~~certificate~~ license under G.S. 115C-296(d). If on ~~the~~ this next evaluation the employee receives at least a ~~satisfactory~~ proficient rating on all of the performance standards ~~functions~~ that were identified as areas of concern on the mandatory improvement plan, ~~related to the employee's instructional duties,~~ the local board shall notify the State Board that the employee is in good standing and the State Board shall not continue to provide the individual's name to local boards under this subsection unless the employee is subsequently dismissed under G.S. 115C-325 except for a reduction in force.

...."

SECTION 3. Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-333.1. Evaluation of teachers in schools not identified as low-performing; mandatory improvement plans; State Board notification upon dismissal of teachers.**

(a) Annual Evaluations. – All teachers who are assigned to schools that are not designated as low-performing and who have not attained career status shall be observed at least three times annually by the principal or the principal's designee and at least once annually by a teacher and shall be evaluated at least once annually by a principal. All teachers with career status who are assigned to schools that are not designated as low-performing shall be evaluated annually unless a local board adopts rules that allow teachers with career status to be evaluated more or less frequently, provided that such rules are not inconsistent with State or federal requirements. Local boards also may adopt rules requiring the annual evaluation of nonlicensed employees. A local board shall use the performance standards and criteria adopted by the State Board and may adopt additional evaluation criteria and standards. All other provisions of this section shall apply if a local board uses an evaluation other than one adopted by the State Board.

(b) Mandatory Improvement Plans for Teachers. – If, in an observation report or year-end evaluation, a teacher receives a rating that is below proficient or otherwise represents unsatisfactory or below standard performance on any standard that the teacher was expected to demonstrate, the principal may place the teacher on a mandatory improvement plan as defined in G.S. 115C-333(b)(1a). The mandatory improvement plan shall be utilized only if the superintendent or superintendent's designee determines that an individual, monitored, or directed growth plan will not satisfactorily address the deficiencies.

If at any time a teacher engages in inappropriate conduct or performs inadequately to such a degree that such conduct or performance causes substantial harm to the educational environment, and immediate dismissal or demotion is not appropriate, then the principal may immediately institute a mandatory improvement plan regardless of any ratings on previous evaluations. The principal shall document the exigent reason for immediately instituting such a plan. The mandatory improvement plan shall be developed by the principal in consultation with the teacher. The teacher shall have five instructional days from receipt of the proposed mandatory improvement plan to request a modification of such plan before it is implemented, and the principal shall consider such suggested modifications before finalizing the plan. The teacher shall have at least 60 instructional days to complete the mandatory improvement plan. The State Board shall develop guidelines that include strategies to assist local boards in evaluating teachers and developing effective mandatory improvement plans. Local boards may adopt policies for the implementation of mandatory improvement plans under this section.

(c) Observation by a Qualified Observer. –

(1) The term "qualified observer" as used in this section is any administrator or teacher who is licensed by the State Board of Education and working in North Carolina; any employee of the North Carolina Department of Public Instruction who is trained in evaluating licensed employees; or any instructor or professor who teaches in an accredited North Carolina school of education and holds an educator's license.

(2) The local board of education shall create a list of qualified observers who are employed by that board and available to do observations of employees on mandatory improvement plans. This list shall be limited to names of administrators and teachers selected by the school improvement teams in the school system. The school improvement teams shall strive to select administrators and teachers with excellent reputations for competence and fairness.

(3) Any teacher, other than a teacher assigned to a school designated as low-performing, who has been placed on a mandatory improvement plan shall have a right to be observed by a qualified observer in the area or areas of concern identified in the mandatory improvement plan. The affected teacher and the principal shall jointly choose the qualified observer within 20 instructional days after the commencement of the mandatory improvement plan. If the teacher and the principal cannot agree on a qualified observer within this time period, they each shall designate a person

from the list of qualified observers created pursuant to subdivision (2) of this subsection, and these two designated persons shall choose a qualified observer within five instructional days of their designation. The qualified observer shall draft a written report assessing the teacher in the areas of concern identified in the mandatory improvement plan. The report shall be submitted to the principal before the end of the mandatory improvement plan period. If a teacher or administrator from the same local school administrative unit is selected to serve as the qualified observer, the administration of the local school administrative unit shall provide such qualified observer with the time necessary to conduct the observation and prepare a report. If someone who is not employed by the same local school administrative unit is selected to serve as the qualified observer, the teacher who is the subject of the mandatory improvement plan will be responsible for any expenses related to the observations and reports prepared by the qualified observer. The qualified observer shall not unduly disrupt the classroom when conducting an observation.

(4) No local board of education or employee of a local board of education shall discharge, threaten, or otherwise retaliate against another employee of the board regarding that employee's compensation, terms, conditions, location, or privileges of employment because of the employee's service or completion of a report as an objective observer pursuant to this subsection, unless the employee's report contained material information that the employee knew was false.

(d) Reassessment of the Teacher. – Upon completion of a mandatory improvement plan under subsection (b) of this section, the principal shall assess the performance of the teacher a second time. The principal shall also review and consider any report provided by the qualified observer under subsection (c) of this section if one has been submitted before the end of the mandatory improvement plan period. If, after the second assessment of the teacher and consideration of any report from the qualified observer, the superintendent or superintendent's designee determines that the teacher has failed to become proficient in any of the performance standards identified as deficient in the mandatory improvement plan or demonstrate sufficient improvement toward such standards, the superintendent may recommend that the teacher be dismissed or demoted under G.S. 115C-325. The results of the second assessment produced pursuant to the terms of this subsection shall constitute substantial evidence of the teacher's inadequate performance.

(e) Dismissal Proceedings Without a Mandatory Improvement Plan. – The absence of a mandatory improvement plan as described in this section shall not prohibit a superintendent from initiating a dismissal proceeding against a teacher under the provisions of G.S. 115C-325. However, the superintendent shall not be entitled to the substantial evidence provision in subsection (d) of this section if such mandatory improvement plan is not utilized.

(f) State Board Notification. – If a local board dismisses a teacher for any reason except a reduction in force under G.S. 115C-325(e)(1)l., it shall notify the State Board of the action, and the State Board annually shall provide to all local boards the names of those teachers. If a local board hires one of these teachers, within 60 days the superintendent or the superintendent's designee shall observe the teacher, develop a mandatory improvement plan to assist the teacher, and submit the plan to the State Board. The State Board shall review the mandatory improvement plan and may provide comments and suggestions to the superintendent. If on the next evaluation the teacher receives a rating on any standard that was an area of concern on the mandatory improvement plan that is again below proficient or a rating that otherwise represents unsatisfactory or below standard performance, the local board shall notify the State Board, and the State Board shall initiate a proceeding to revoke the teacher's license under G.S. 115C-296(d). If on the next evaluation the teacher receives at least a proficient rating on all of the overall performance standards that were areas of concern on the mandatory improvement plan, the local board shall notify the State Board that the teacher is in good standing, and the State Board shall not continue to provide the teacher's name to local boards under this subsection unless the teacher is subsequently dismissed under G.S. 115C-325 except for a reduction in force. If, however, on this next evaluation the teacher receives a developing rating on any standards that were areas of concern on the mandatory improvement plan, the teacher shall have one more year to bring the rating to proficient. If, by the end of this

second year, the teacher is not proficient in all standards that were areas of concern on the mandatory improvement plan, the local board shall notify the State Board, and the State Board shall initiate a proceeding to revoke the teacher's license under G.S. 115C-296(d).

(g) Civil Immunity. – There shall be no liability for negligence on the part of the State Board of Education or a local board of education, or their employees, arising from any action taken or omission by any of them in carrying out the provisions of this section. The immunity established by this subsection shall not extend to gross negligence, wanton conduct, or intentional wrongdoing that would otherwise be actionable. The immunity established by this subsection shall be deemed to have been waived to the extent of indemnification by insurance, indemnification under Articles 31A and 31B of Chapter 143 of the General Statutes, and to the extent sovereign immunity is waived under the Tort Claims Act, as set forth in Article 31 of Chapter 143 of the General Statutes."

SECTION 4. G.S. 115C-276(s) reads as rewritten:

"(s) To Provide for Annual Evaluations and ~~Action~~ Mandatory Improvement Plans. – The superintendent shall provide for the annual evaluation of all ~~certified~~ licensed employees assigned to low-performing schools that did not receive an assistance team. The superintendent shall determine whether all principals and assistant principals who evaluate ~~certified~~ licensed employees are trained in the proper administration of the employee evaluations and the development of appropriate ~~action~~ mandatory improvement plans. The superintendent also shall arrange for principals and assistant principals who evaluate ~~certified~~ licensed employees to receive the appropriate training."

SECTION 5. G.S. 115C-288 reads as rewritten:

"**§ 115C-288. Powers and duties of principal.**

...

(i) To Evaluate ~~Certified~~ Licensed Employees and Develop ~~Action~~ Mandatory Improvement Plans. – Each school year, the principal assigned to a low-performing school that has not received an assistance team shall provide for the evaluation of all ~~certified~~ licensed employees assigned to the school. The principal also shall develop ~~action~~ mandatory improvement plans as provided under G.S. 115C-333(b) and G.S. 115C-333.1(b) and shall monitor an employee's progress under ~~an action~~ a mandatory improvement plan.

...."

SECTION 6. G.S. 115C-296 reads as rewritten:

"**§ 115C-296. Board sets ~~certification~~ licensure requirements; reports; lateral entry and mentor programs.**

(a) The State Board of Education shall have entire control of ~~certifying~~ licensing all applicants for teaching positions in all public elementary and high schools of North Carolina; and it shall prescribe the rules and regulations for the renewal and extension of all ~~certificates~~licenses and shall determine and fix the salary for each grade and type of ~~certificate~~license which it authorizes.

The State Board of Education may require an applicant for an initial bachelors degree certificate or graduate degree certificate to demonstrate the applicant's academic and professional preparation by achieving a prescribed minimum score on a standard examination appropriate and adequate for that purpose. The State Board of Education shall permit an applicant to fulfill any such testing requirement before or during the applicant's second year of teaching provided the applicant took the examination at least once during the first year of teaching. The State Board of Education shall make any required standard initial ~~certification~~licensure exam sufficiently rigorous and raise the prescribed minimum score as necessary to ensure that each applicant has adequate academic and professional preparation to teach.

...

(a2) The State Board of Education shall impose the following schedule of fees for teacher ~~certification~~ licensure and administrative changes:

(1) Application for demographic or administrative changes to a ~~certificate,~~license, $30.00.

(2) Application for a duplicate ~~certificate~~ license or for copies of documents in the ~~certification~~ licensure files, $30.00.

(3) Application for a renewal, extension, addition, upgrade, and variation to a ~~certificate,~~license, $55.00.

(4) Initial application for New, In-State Approved Program Graduate, $55.00.

(5) Initial application for Out-of-State ~~certificate,~~license, $85.00.
(6) All other applications, $85.00.

The applicant must pay the fee at the time the application is submitted.

(b) It is the policy of the State of North Carolina to maintain the highest quality teacher education programs and school administrator programs in order to enhance the competence of professional personnel ~~certified~~ licensed in North Carolina. To the end that teacher preparation programs are upgraded to reflect a more rigorous course of study, the State Board of Education, as lead agency in coordination and cooperation with the University Board of Governors, the Board of Community Colleges and such other public and private agencies as are necessary, shall continue to refine the several ~~certification~~ licensure requirements, standards for approval of institutions of teacher education, standards for institution-based innovative and experimental programs, standards for implementing consortium-based teacher education, and standards for improved efficiencies in the administration of the approved programs. The ~~certification~~licensure program shall provide for initial ~~certification~~ licensure after completion of preservice training, continuing ~~certification~~ licensure after three years of teaching experience, and ~~certificate~~ license renewal every five years thereafter, until the retirement of the teacher. The last ~~certificate~~ license renewal received prior to retirement shall remain in effect for five years after retirement. The ~~certification~~ licensure program shall also provide for lifetime ~~certification~~ licensure after 50 years of teaching.

The State Board of Education, as lead agency in coordination with the Board of Governors of The University of North Carolina and any other public and private agencies as necessary, shall continue to raise standards for entry into teacher education programs.

The State Board of Education, in consultation with local boards of education and the Board of Governors of The University of North Carolina, shall evaluate and modify, as necessary, the academic requirements for students preparing to teach science in middle and high schools to ensure that there is adequate preparation in issues related to science laboratory safety.

The State Board of Education, in consultation with the Board of Governors of The University of North Carolina, shall evaluate and develop enhanced requirements for continuing ~~certification.~~licensure. The new requirements shall reflect more rigorous standards for continuing ~~certification~~ licensure and to the extent possible shall be aligned with quality professional development programs that reflect State priorities for improving student achievement.

The State Board of Education, in consultation with local boards of education and the Board of Governors of The University of North Carolina, shall reevaluate and enhance the requirements for renewal of teacher ~~certificates.~~licenses. The State Board shall consider modifications in the ~~certificate~~ license renewal achievement and to make it a mechanism for teachers to renew continually their knowledge and professional skills. The State Board shall adopt new standards for the renewal of teacher ~~certificates~~ licenses by May 15, 1998.

The standards for approval of institutions of teacher education shall require that teacher education programs for all students include demonstrated competencies in (i) the identification and education of children with disabilities and (ii) positive management of student behavior and effective communication techniques for defusing and deescalating disruptive or dangerous behavior. The State Board of Education shall incorporate the criteria developed in accordance with G.S. 116-74.21 for assessing proposals under the School Administrator Training Program into its school administrator program approval standards.

All North Carolina institutions of higher education that offer teacher education programs, masters degree programs in education, or masters degree programs in school administration shall provide performance reports to the State Board of Education. The performance reports shall follow a common format, shall be submitted according to a plan developed by the State Board, and shall include the information required under the plan developed by the State Board.

(b1) The State Board of Education shall develop a plan to provide a focused review of teacher education programs and the current process of accrediting these programs in order to ensure that the programs produce graduates that are well prepared to teach. The plan shall include the development and implementation of a school of education performance report for each teacher education program in North Carolina. The performance report shall include at least the following elements: (i) quality of students entering the schools of education, including the average grade point average and average score on preprofessional skills tests that assess reading, writing, math and other competencies; (ii) graduation rates; (iii) time-to-graduation rates; (iv) average scores of graduates on professional and content area examination for the

purpose of ~~certification;~~licensure; (v) percentage of graduates receiving initial ~~certification;~~licenses; (vi) percentage of graduates hired as teachers; (vii) percentage of graduates remaining in teaching for four years; (viii) graduate satisfaction based on a common survey; and (ix) employer satisfaction based on a common survey. The performance reports shall follow a common format. The performance reports shall be submitted annually. The State Board of Education shall develop a plan to be implemented beginning in the 1998-99 school year to reward and sanction approved teacher education programs and masters of education programs and to revoke approval of those programs based on the performance reports and other criteria established by the State Board of Education.

The State Board also shall develop and implement a plan for annual performance reports for all masters degree programs in education and school administration in North Carolina. To the extent it is appropriated, the performance report shall include similar indicators to those developed for the performance report for teacher education programs. The performance reports shall follow a common format.

Both plans for performance reports also shall include a method to provide the annual performance reports to the Board of Governors of The University of North Carolina, the State Board of Education, and the boards of trustees of the independent colleges. The State Board of Education shall review the schools of education performance reports and the performance reports for masters degree programs in education and school administration each year the performance reports are submitted. The State Board shall submit the performance report for the 1999-2000 school year to the Joint Legislative Education Oversight Committee by December 15, 2000. Subsequent performance reports shall be submitted to the Joint Legislative Education Oversight Committee on an annual basis by October 1.

...

(c) It is the policy of the State of North Carolina to encourage lateral entry into the profession of teaching by skilled individuals from the private sector. To this end, before the 1985-86 school year begins, the State Board of Education shall develop criteria and procedures to accomplish the employment of such individuals as classroom teachers. Beginning with the 2006-2007 school year, the criteria and procedures shall include preservice training in (i) the identification and education of children with disabilities and (ii) positive management of student behavior, effective communication for defusing and deescalating disruptive or dangerous behavior, and safe and appropriate use of seclusion and restraint. Skilled individuals who choose to enter the profession of teaching laterally may be granted a provisional teaching ~~certificate~~ license for no more than three years and shall be required to obtain ~~certification~~licensure before contracting for a fourth year of service with any local administrative unit in this State.

(c1) The State Board of Community Colleges may provide a program of study for lateral entry teachers to complete the coursework necessary to earn a teaching ~~certificate.~~license. To this end, the State Board of Education, in consultation with the State Board of Community Colleges, shall establish a competency-based program of study for lateral entry teachers to be implemented within the Community College System no later than May 1, 2006. This program must meet standards set by the State Board of Education.

The State Board of Community Colleges and the State Board of Education shall jointly identify the community college courses and the teacher education program courses that are necessary and appropriate for inclusion in the community college program of study for lateral entry teachers. To the extent possible, any courses that must be completed through an approved teacher education program shall be taught on a community college campus or shall be available through distance learning.

In order to participate in the community college program of study for lateral entry teachers, an individual must hold at least a bachelors degree from a regionally accredited institution of higher education.

An individual who successfully completes this program of study and meets all other requirements of ~~certification~~ licensure set by the State Board of Education shall be recommended for a North Carolina teaching ~~certificate.~~license.

...

(d) The State Board shall adopt rules to establish the reasons and procedures for the suspension and revocation of ~~certificates.~~licenses. The State Board shall revoke the ~~certificate~~license of a teacher or school administrator if the State Board receives notification from a local board or the Secretary of Health and Human Services that a teacher or school

administrator has received ~~an unsatisfactory or below standard rating~~ a rating on any standard that was identified as an area of concern on the mandatory improvement plan that was below proficient or otherwise represented unsatisfactory or below standard performance under G.S. ~~115C-333(d).~~115C-333(d) and G.S. 115C-333.1(f). In addition, the State Board may revoke or refuse to renew a teacher's ~~certificate~~license when:

(1) The Board identifies the school in which the teacher is employed as low-performing under G.S. 115C-105.37 or G.S. 143B-146.5; and

(2) The State Board shall automatically revoke the ~~certificate~~ license of a teacher or school administrator without the right to a hearing upon receiving verification of the identity of the teacher or school administrator together with a certified copy of a criminal record showing that the teacher or school administrator has entered a plea of guilty or nolo contendere to or has been finally convicted of any of the following crimes: Murder in the first or second degree, G.S. 14-17; Conspiracy or solicitation to commit murder, G.S. 14-18.1; Rape or sexual offense as defined in Article 7A of Chapter 14 of the General Statutes. Felonious assault with deadly weapon with intent to kill or inflicting serious injury, G.S. 14-32; Kidnapping, G.S. 14-39; Abduction of children, G.S. 14-41; Crime against nature, G.S. 14-177; Incest, G.S. 14-178 or G.S. 14-179; Employing or permitting minor to assist in offense against public morality and decency, G.S. 14-190.6; Dissemination to minors under the age of 16 years, G.S. 14-190.7; Dissemination to minors under the age of 13 years, G.S. 14-190.8; Displaying material harmful to minors, G.S. 14-190.14; Disseminating harmful material to minors, G.S. 14-190.15; First degree sexual exploitation of a minor, G.S. 14-190.16; Second degree sexual exploitation of a minor, G.S. 14-190.17; Third degree sexual exploitation of a minor, G.S. 14-190.17A; Promoting prostitution of a minor, G.S. 14-190.18; Participating in prostitution of a minor, G.S. 14-190.19; Taking indecent liberties with children, G.S. 14-202.1; Solicitation of child by computer to commit an unlawful sex act, G.S. 14-202.3; Taking indecent liberties with a student, G.S. 14-202.4; Prostitution, G.S. 14-204; and child abuse under G.S. 14-318.4. The Board shall mail notice of its intent to act pursuant to this subdivision by certified mail, return receipt requested, directed to the teacher or school administrator at their last known address. The notice shall inform the teacher or school administrator that it will revoke the person's ~~certificate~~license unless the teacher or school administrator notifies the Board in writing within 10 days after receipt of the notice that the defendant identified in the criminal record is not the same person as the teacher or school administrator. If the teacher or school administrator provides this written notice to the Board, the Board shall not revoke the ~~certificate~~ license unless it can establish as a fact that the defendant and the teacher or school administrator are the same person.

(3) In addition, the State Board may revoke or refuse to renew a teacher's ~~certificate~~ license when:

a. The Board identifies the school in which the teacher is employed as low-performing under G.S. 115C-105.37 or G.S. 143B-146.5; and

b. The assistance team assigned to that school makes the recommendation to revoke or refuse to renew the teacher's ~~certificate~~license for one or more reasons established by the State Board in its rules for ~~certificate~~ license suspension or revocation.

The State Board may issue subpoenas for the purpose of obtaining documents or the testimony of witnesses in connection with proceedings to suspend or revoke ~~certificates.~~licenses. In addition, the Board shall have the authority to contract with individuals who are qualified to conduct investigations in order to obtain all information needed to assist the Board in the proper disposition of allegations of misconduct by ~~certificated~~ licensed persons.

(e) The State Board of Education shall develop a mentor program to provide ongoing support for teachers entering the profession. In developing the mentor program, the State Board shall conduct a comprehensive study of the needs of new teachers and how those needs can be

met through an orientation and mentor support program. For the purpose of helping local boards to support new teachers, the State Board shall develop and distribute guidelines which address optimum teaching load, extracurricular duties, student assignment, and other working condition considerations. These guidelines shall provide that initially ~~certified~~ licensed teachers not be assigned extracurricular activities unless they request the assignments in writing and that other noninstructional duties of these teachers be minimized. The State Board shall develop and coordinate a mentor teacher training program. The State Board shall develop criteria for selecting excellent, experienced, and qualified teachers to be participants in the mentor teacher training program.

...

(f) The State Board of Education, after consultation with the Board of Governors of The University of North Carolina, shall develop a new category of teacher ~~certificate~~ licensure known as the "Masters/Advanced Competencies" ~~certificate.~~license. To receive this ~~certificate,~~license, an applicant shall successfully complete a masters degree program that includes rigorous academic preparation in the subject area which the applicant will teach and in the skills and knowledge expected of a master teacher or the applicant shall demonstrate to the satisfaction of the State Board that the candidate has acquired the skills and knowledge expected of a master teacher.

Persons who qualify for a "G" certificate prior to September 1, 2000, shall be awarded a "Masters/Advanced Competencies" certificate without meeting additional requirements. On and after September 1, 2000, no additional "G" certificates shall be awarded."

SECTION 7. G.S. 115C-334 reads as rewritten:

"**§ 115C-334. Assessment teams.**

The State Board shall develop guidelines for local boards to use to create assessment teams. A local board shall assign an assessment team to every low-performing school in the local school administrative unit that has not received an assistance team. Local boards shall ensure that assessment team members are trained in the proper administration of the employee evaluation used by the local school administrative unit. If service on an assessment team is an additional duty for an employee of a local board, the board may pay the employee for that additional work.

Assessment teams shall have the following duties:

(1) Conduct evaluations of ~~certified~~ licensed employees in low-performing schools;

(2) Provide technical assistance and training to principals, assistant principals, superintendents, and superintendents' designees who conduct evaluations of ~~certified~~ licensed employees;

(3) Develop ~~action~~ mandatory improvement plans for ~~certified~~ licensed employees; and

(4) Assist principals, assistant principals, superintendents, and superintendents' designees in the development and implementation of ~~action~~ mandatory improvement plans."

SECTION 8. G.S. 115C-335 reads as rewritten:

"**§ 115C-335. Development of performance standards and criteria for ~~certified~~licensed employees; training and remediation programs.**

...

(b) Training. – The State Board, in collaboration with the Board of Governors of The University of North Carolina, shall develop programs designed to train principals and superintendents in the proper administration of the employee evaluations developed by the State Board. The Board of Governors shall use the professional development programs for public school employees that are under its authority to make this training available to all principals and superintendents at locations that are geographically convenient to local school administrative units. The programs shall include methods to determine whether an employee's performance has improved student learning, the development and implementation of appropriate ~~action~~ professional growth and mandatory improvement plans, the process for contract nonrenewal, and the dismissal process under G.S. 115C-325. The Board of Governors shall ensure that the subject matter of the training programs is incorporated into the masters in school administration programs offered by the constituent institutions. The State Board, in collaboration with the Board of Governors, also shall develop in-service programs for ~~certified~~ licensed public school employees that may be included in ~~an action~~ a mandatory improvement

plan created under ~~G.S. 115C-333(b).~~G.S. 115C-333(b) or G.S. 115C-333.1(b). The Board of Governors shall use the professional development programs for public school employees that are under its authority to make this training available at locations that are geographically convenient to local school administrative units."

SECTION 8.5.(a) If House Bill 200, 2011 Regular Session, becomes law, then G.S. 115C-325(e)(2), as amended by Section 7.23(b) of that act, reads as rewritten:

"(2) Reduction in Force. – Before recommending to a board the dismissal or demotion of the career employee pursuant to G.S. 115C-325(e)(1)*l.*, the superintendent shall give written notice to the career employee by certified mail or personal delivery of his intention to make such recommendation and shall set forth as part of his or her recommendation the grounds upon which he or she believes such dismissal or demotion is justified. The notice shall include a statement to the effect that if the career employee within 15 days after receipt of the notice requests a review, he or she shall be entitled to have the proposed recommendations of the superintendent reviewed by the board. Within the 15-day period after receipt of the notice, the career employee may file with the superintendent a written request for a hearing before the board within 10 days. If the career employee requests a hearing before the board, the hearing procedures provided in G.S. 115C-325(j3) shall be followed. If no request is made within the 15-day period, the superintendent may file his or her recommendation with the board. If, after considering the recommendation of the superintendent and the evidence adduced at the hearing if there is one, the board concludes that the grounds for the recommendation are true and substantiated by a preponderance of the evidence, the board, if it sees fit, may by resolution order such dismissal. Provisions of this section which permit a hearing by a ~~case manager~~ hearing officer shall not apply to a dismissal or demotion recommended pursuant to G.S. 115C-325(e)(1)l.

When a career employee is dismissed pursuant to G.S. 115C-325(e)(1)l. above, his or her name shall be placed on a list of available career employees to be maintained by the board."

SECTION 8.5.(b) If House Bill 200, 2011 Regular Session, does not become law, then G.S. 115C-325(e)(2) reads as rewritten:

"(2) Reduction in Force. – Before recommending to a board the dismissal or demotion of the career employee pursuant to G.S. 115C-325(e)(1)*l.*, the superintendent shall give written notice to the career employee by certified mail or personal delivery of his intention to make such recommendation and shall set forth as part of his or her recommendation the grounds upon which he or she believes such dismissal or demotion is justified. The notice shall include a statement to the effect that if the career employee within 15 days after receipt of the notice requests a review, he or she shall be entitled to have the proposed recommendations of the superintendent reviewed by the board. Within the 15-day period after receipt of the notice, the career employee may file with the superintendent a written request for a hearing before the board within 10 days. If the career employee requests a hearing before the board, the hearing procedures provided in G.S. 115C-325(j3) shall be followed. If no request is made within the 15-day period, the superintendent may file his or her recommendation with the board. If, after considering the recommendation of the superintendent and the evidence adduced at the hearing if there is one, the board concludes that the grounds for the recommendation are true and substantiated by a preponderance of the evidence, the board, if it sees fit, may by resolution order such dismissal. Provisions of this section which permit a hearing by a ~~case manager~~ hearing officer shall not apply to a dismissal or demotion recommended pursuant to G.S. 115C-325(e)(1)l.

When a career employee is dismissed pursuant to G.S. 115C-325(e)(1)l. above, his or her name shall be placed on a list of available career employees to be maintained by the board. Career employees whose names are placed on such a list shall have a priority on all positions in which they acquired career

status and for which they are qualified which become available in that system for the three consecutive years succeeding their dismissal. However, if the local school administrative unit offers the dismissed career employee a position for which he or she is ~~certified~~ licensed and he or she refuses it, his or her name shall be removed from the priority list."

SECTION 8.6. If House Bill 200, 2011 Regular Session, becomes law, then G.S. 115C-333.1(c)(2), as enacted in Section 3 of this act, reads as rewritten:

"(2) The local board of education shall create a list of qualified observers who are employed by that board and available to do observations of employees on mandatory improvement plans. This list shall be limited to names of administrators and teachers selected by the ~~school improvement teams in the school system. The school improvement teams~~ local board of education. The local board of education shall strive to select administrators and teachers with excellent reputations for competence and fairness."

SECTION 9. This act becomes effective July 1, 2011, and applies to persons recommended for dismissal or demotion on or after that date.

In the General Assembly read three times and ratified this the 17th day of June, 2011.

s/ Walter H. Dalton
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Beverly E. Perdue
Governor

Approved 12:03 p.m. this 27th day of June, 2011

SESSION LAW 2011-280
SENATE BILL 479

AN ACT TO PROVIDE FOR THE ASSESSMENT OF CAREER AND COLLEGE READINESS WITH NATIONALLY AND INTERNATIONALLY BENCHMARKED TESTS; THE CONTINUATION OF NORTH CAROLINA'S PARTICIPATION IN THE DEVELOPMENT AND IMPLEMENTATION OF TESTS RELATED TO COMMON CORE STATE STANDARDS ADOPTED BY A MAJORITY OF STATES; AND DIAGNOSTIC TOOLS TO ASSIST IN TEACHING AND STUDENT LEARNING.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-174.11 reads as rewritten:

"**§ 115C-174.11. Components of the testing program.**

(a) Assessment Instruments for First and Second Grades. – The State Board of Education shall adopt and provide to the local school administrative units developmentally appropriate individualized assessment instruments consistent with the Basic Education Program for the first and second grades, rather than standardized tests. Local school administrative units may use these assessment instruments provided to them by the State Board for first and second grade students, and shall not use standardized tests except as required as a condition of receiving federal grants.

(b) Repealed by Session Laws 2009-451, s. 7.20(c), effective July 1, 2009.

(c) Annual Testing Program.

(1) The State Board of Education shall adopt the tests for grades three through 12 that are required by federal law or as a condition of a federal grant. These tests shall be designed to measure progress toward reading, communication skills, and mathematics for grades three through eight, and toward competencies for grades nine through 12. Students who do not pass the tests adopted for eighth grade shall be provided remedial instruction in the ninth grade.

(2) If the State Board of Education finds that additional testing in grades three through 12 is desirable to allow comparisons with national indicators of student achievement, that testing shall be conducted with the smallest size sample of students necessary to assure valid comparisons with other states.

(3) The State Board of Education shall continue to participate in the development of the Common Core State Standards in conjunction with the consortium of other states, review all national assessments developed by both multistate consortia, and implement the assessments that the State Board deems most appropriate to assess student achievement on the Common Core State Standards.

(4) To the extent funds are made available, the State Board shall plan for and require the administration of the ACT test for all students in the eleventh grade unless the student has already taken a comparable test and scored at or above a level set by the State Board.

(d) Except as provided in ~~subdivision (2) of~~ subsection (c) of this section, the State Board of Education shall not require the public schools to administer any standardized tests except for those required by federal law or as a condition of a federal grant.

The State Board of Education shall adopt and provide to local school administrative units all tests required by federal law or as a condition of a federal grant."

SECTION 2. Article 10A of Chapter 115C of the General Statutes is amended by adding two new Parts to read:

"Part 4. Student Diagnostic Tests.

"**§ 115C-174.20. Tools for student learning.**

To the extent funds are made available for this purpose, the State Board shall plan for and require the administration of diagnostic tests in the eighth and tenth grades that align to the ACT test in order to help diagnose student learning and provide for students an indication of whether they are on track to be remediation-free at a community college or university.

"Part 5. Career Readiness.

"**§ 115C-174.25. WorkKeys.**

To the extent funds are made available for this purpose, the State Board shall plan for and require local school administrative units to make available the appropriate WorkKeys tests for all students who complete the second level of vocational/career courses."

SECTION 2.1. If House Bill 200, 2011 Regular Session, becomes law, then Section 7.30 of that act is repealed.

SECTION 3. This act becomes effective July 1, 2011, and applies beginning with the 2011-2012 school year.

In the General Assembly read three times and ratified this the 18th day of June, 2011.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Beverly E. Perdue
Governor

Approved 5:24 p.m. this 23rd day of June, 2011

SESSION LAW 2011-270
SENATE BILL 498

AN ACT TO REQUIRE THE INVOLVEMENT OF A PARENT OR GUARDIAN BEFORE SCHOOL OFFICIALS MAY ADMINISTER CORPORAL PUNISHMENT ON A STUDENT.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-391(a)(5) reads as rewritten:

"(5) ~~Corporal punishment shall not be administered on a student who is a child with a disability as defined in G.S. 115C-106.3(1) or on a student with a disability who is covered under section 504 of the federal Rehabilitation Act of 1973, as amended, 29 U.S.C. § 794, whose parent or guardian has stated in writing that corporal punishment shall not be administered on that student. Parents and guardians shall be given a form to make such an election at the beginning of the school year or when the student first enters the school during the year. If a parent or guardian has not submitted in writing that corporal punishment shall not be used on the student, then the form shall be presented to the parent or guardian at the first individualized education program or section 504 plan meeting held during the school year.~~ Corporal punishment shall not be administered on a student whose parent or guardian has stated in writing that corporal punishment shall not be administered to that student. Parents and guardians shall be given a form to make such an election at the beginning of the school year or when the student first enters the school during the year. The form shall advise the parent or guardian that the student may be subject to suspension, among other possible punishments, for offenses that would otherwise not require suspension if corporal punishment were available. If the parent or guardian does not return the form, corporal punishment may be administered on the student."

SECTION 2. This act is effective when it becomes law and applies beginning with the 2011-2012 school year.

In the General Assembly read three times and ratified this the 17th day of June, 2011.

s/ Walter H. Dalton
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Beverly E. Perdue
Governor

Approved 5:04 p.m. this 23rd day of June, 2011

SESSION LAW 2011-354
SENATE BILL 726

AN ACT TO ALLOW PARENTS OR GUARDIANS TO MAKE THE DECISION REGARDING CLASSROOM PLACEMENT FOR MULTIPLE BIRTH SIBLINGS.

The General Assembly of North Carolina enacts:

SECTION 1. Article 25 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-366.3. Classroom placement of multiple birth siblings.**

(a) As used in this section, the term "multiple birth siblings" means twins, triplets, quadruplets, or other siblings resulting from a multiple birth.

(b) The parent of multiple birth siblings who are assigned to the same grade level and school may request a consultative meeting with the school principal to consider that the initial school placement of the siblings be in the same classroom or in separate classrooms. The request must be made no later than five days before the first day of each school year or five days after the first day of attendance of students during the school year if the students are enrolled in the school after the school year commences. The school may recommend to the parent the appropriate classroom placement for multiple birth siblings and may provide professional educational advice to assist the parent with the decision regarding appropriate classroom placement.

(c) Except as provided in subsection (d), (e), or (f) of this section, a school shall provide the multiple birth siblings with the classroom placement requested by the parent.

(d) A school is not required to place multiple birth siblings in separate classrooms if the request would require the school district to add an additional class to the grade level of the multiple birth siblings.

(e) At the end of the first grading period following the multiple birth siblings' enrollment in the school, if the principal of the school, in consultation with the teacher of each classroom in which the multiple birth siblings are placed, determines that the requested classroom placement is disruptive to the school, the principal may determine the appropriate classroom placement for the siblings.

(f) This section does not affect the right of a school administrative unit, principal, or teacher to remove a student from a classroom pursuant to the student discipline policies of that school administrative unit."

SECTION 2. This act becomes effective beginning with the 2011-2012 school year.

In the General Assembly read three times and ratified this the 17th day of June, 2011.

s/ Walter H. Dalton
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Beverly E. Perdue
Governor

Approved 12:15 p.m. this 27th day of June, 2011

Local Bills

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

SESSION LAW 2011-49
HOUSE BILL 17

AN ACT TO ALLOW THE WAYNE COUNTY BOARD OF EDUCATION TO FILL ITS OWN VACANCIES.

The General Assembly of North Carolina enacts:

SECTION 1. Section 5 of A PLAN TO PROVIDE FOR THE MERGER AND CONSOLIDATION OF THE GOLDSBORO CITY BOARD OF EDUCATION AND THE WAYNE COUNTY BOARD OF EDUCATION AND TO ESTABLISH ONE ADMINISTRATIVE BOARD OF EDUCATION FOR ALL THE PUBLIC SCHOOLS OF WAYNE COUNTY, approved by the Board of Commissioners of Wayne County on September 17, 1991, under G.S. 115C-68.1 and as ratified by Chapter 767 of the 1991 Session Laws, reads as rewritten:

"SECTION V

~~Vacancies occurring on the interim Wayne County Board of Education, for any reason, shall be filled by the Wayne County Board of Commissioners.~~ Vacancies occurring on the ~~permanent~~ board of education shall be filled by the Wayne County Board of ~~Commissioners~~ Education. In the event that a seat becomes vacant that is filled by an individual who was elected from a district, the Wayne County ~~Commissioners~~ Board of Education shall fill that vacancy with an individual who resides in the district. Prior to filling any vacancy under this section, the Board of Education may seek recommendations from the Board of Commissioners. If so requested, the Board of Commissioners shall make recommendations within 30 days. The person appointed to fill a vacancy on the permanent board shall serve until the next general election at which the individual could file for the primary. If the vacancy is filled after the filing period for the next general election has passed, the member shall serve until a person can be elected at the next following general election. The person so elected in either case shall take office on the first Monday in December after the general election in which he was elected. If the filing period or the next general election has passed, the member shall serve until the second following general election when the vacancy shall be filled by election if applicable."

SECTION 2. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 21st day of April, 2011.

s/ Walter H. Dalton
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

SESSION LAW 2011-157
HOUSE BILL 338

AN ACT TO ALLOW RECALL OF MEMBERS OF THE BURKE COUNTY BOARD OF EDUCATION.

The General Assembly of North Carolina enacts:

SECTION 1. Any member of the Burke County Board of Education may be removed from office in the manner provided for in this act.

SECTION 2.(a) Any registered voter of the Burke County School Administrative Unit may make and file with the Board of Elections of Burke County an affidavit containing the name of the official whose removal is sought and a general statement of the grounds alleged for removal. The supervisor of elections shall thereupon deliver to the registered voter making such affidavit copies of petitions for demanding such a removal, printed forms of which the supervisor of elections shall keep on hand. Such blank forms shall be issued by the supervisor of elections with his or her signature thereto attached and shall be dated and addressed to the Board of Elections of Burke County, indicate the person to whom issued, state the name of the official whose removal is sought, and shall contain the general statement of the grounds on which the removal is sought as alleged in the affidavit.

SECTION 2.(b) A copy of the petition shall be promptly delivered to the Superintendent of the Burke County School Administrative Unit, who shall enter the copy of the petition in a record book kept for that purpose in the office of the superintendent. A recall petition to be effective must be returned within 30 days after the filing of the affidavit and, to be sufficient, must bear the signatures of registered voters of the school administrative unit equal in number to at least fifteen percent (15%) of the registered voters of the school administrative unit as shown by the registration records of the last preceding general school administrative unit election.

SECTION 2.(c) The signatures to the petition need not all be appended to one paper, but each signer shall add the signer's place of residence, giving the residence address, including town. One of the signers of each such paper shall take an oath before an officer competent to administer oaths that each signature to the paper appended is the genuine signature of the person whose name it purports to be.

SECTION 2.(d) The Board of Elections of Burke County shall investigate the sufficiency of any such petition and certify the results of such investigation to the Board of Education. The Board of Elections may employ such persons as it deems necessary to undertake such investigations, and the reasonable cost of such investigation shall be reimbursed to the Board of Elections by the school administrative unit. The Board of Elections may adopt such rules and regulations as it deems necessary or advisable concerning the validation of signatures appearing on the recall petition.

SECTION 2.(e) The Board of Elections shall complete its investigation and issue its certification of the results of such investigation within 15 days after the filing of any such petition. If, by the Board of Elections' certification, the petition is shown to be insufficient, it may be amended within 10 days from the date of said certificate. The Board shall, within 10 days after such amendment, make like examination of the amended petition, and if its certificate shall show the same to be insufficient, it shall be returned to the person filing the same, without prejudice, however, to the filing of a new petition to the same effect.

SECTION 2.(f) Upon a determination that a sufficient recall petition has been submitted, the Board of Elections shall order and fix a date for holding a recall election. Subject to the remaining provisions of this subsection, any such election shall be held not less than 60 or more than 90 days after the petition has been certified as being sufficient. If any other primary, general, or special election is scheduled within such period, the Board of Elections

shall schedule the special election at the same time. If the provisions of general law prohibit the holding of special elections during the time aforesaid, and no general or special election is otherwise scheduled during said period of time, then the Board of Elections shall schedule the special recall election for some date within 10 days after the last day of the period of time during which special elections are prohibited by general law.

SECTION 2.(g) The Burke County Board of Elections shall cause legal notice of the election to be published, the notice to include the general statement of the grounds on which the recall is sought as alleged in the affidavit, and shall make all arrangements for holding such election in accordance with general law, and the same shall be conducted, returned, and the results thereof declared in all respects as other school administrative unit elections in the Burke County School Administrative Unit. The reasonable costs of such election shall be reimbursed to the Board of Elections by the school administrative unit.

SECTION 2.(h) The question of recalling any number of officials may be submitted at the same election, but, as to each such official, a separate petition shall be filed, and there shall be an entirely separate ballot.

SECTION 2.(i) The ballots used in a recall election shall submit the following proposition:

"[ ] FOR [ ] AGAINST
Recall of (name and title of official)."

SECTION 2.(j) If less than a majority of the votes cast on the question of recalling an official be for recall, the official shall continue in office for the remainder of the unexpired term, but, except as provided by Section 3(a) of this act, subject to the recall as before. If a majority of such votes be for the recall of the official designated on the ballot, the official shall, regardless of any defects in the recall petition, be deemed removed from office.

SECTION 2.(k) If an official is removed from office as a result of a recall election, the vacancy so caused shall be filled in the manner provided by law for filling vacancies in such office. An official removed from office by the voters as a result of a recall election shall not be appointed to fill the vacancy caused by that official's own removal or resignation.

SECTION 3.(a) No recall petition shall be filed during that term of office against an officer who has been subjected to a recall election and not removed thereby.

SECTION 3.(b) No recall petition shall be filed against an officer during either the first or last six months of the term of that office. If a person is serving only until an election shall be held to fill the office for the remainder of a term, no recall petition shall be filed against that officer during the six-month period before that election.

SECTION 4. This act becomes effective January 1, 2012.

In the General Assembly read three times and ratified this the 16th day of June, 2011.

s/ Walter H. Dalton
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

SESSION LAW 2011-138
HOUSE BILL 498

AN ACT TO ALLOW THE PRESIDING OFFICER OF THE WAKE COUNTY BOARD OF EDUCATION TO VOTE IN ALL CASES.

The General Assembly of North Carolina enacts:

SECTION 1. Section 9 of Chapter 717 of the 1975 Session Laws reads as rewritten:

"**Sec. 9.** The Wake County Board of Education, acting jointly and by a majority vote of all members present, shall elect a ~~chairman~~ chair to preside at meetings and a ~~vice-chairman~~ vice-chair to preside at meetings in the absence of the ~~chairman; and the chairman and vice-chairman~~ chair; and the chair and vice-chair shall have a vote on all matters considered by the Wake County Board of ~~Education, but the presiding officer shall have no authority to vote except to break a tie.~~ Education. All vacancies occurring in the membership of the Wake County Board of Education by reason of death, resignation, removal of residence from the district from which elected, or for any cause whatsoever, shall be filled by the remaining members of said board by appointing a member from the voting district creating the vacancy for the unexpired term. The Wake County Board of Education shall have all power and authority as a Board of Education as herein conferred and as are conferred by the General Statutes of North Carolina on boards of education in general."

SECTION 2. This act becomes effective December 1, 2011.

In the General Assembly read three times and ratified this the 15th day of June, 2011.

s/ Walter H. Dalton
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

SESSION LAW 2011-141
HOUSE BILL 523

AN ACT TO CHANGE THE ELECTION YEAR FOR THE CITY OF WINSTON-SALEM AND THE ELECTION METHOD FOR THE WINSTON-SALEM/FORSYTH COUNTY BOARD OF EDUCATION.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 163-279(b), which is applicable only to the City of Winston-Salem, is repealed.

SECTION 1.(b) Paragraphs 1 and 2 of Section 12A of Chapter 232 of the Private Laws of 1927, as amended by Chapter 53, Session Laws of 1965, as amended by the Ordinance of January 6, 2003 adopted under Part 4 of Article 5 of Chapter 160A of the General Statutes, reads as rewritten:

"1. Election of Mayor. ~~On the same day that the regular biennial general election for county officials is held in 1966, and quadrennially thereafter, there shall be elected a mayor, who shall be a resident of the City of Winston-Salem.~~ The time for election of Mayor shall be as provided in Section 12J of this Charter. The mayor shall be a resident of the City of Winston-Salem. ~~All persons voting for mayor shall cast their ballot in the respective wards in which said voters reside, and the person receiving the highest number of the aggregate of the votes of all the wards for the office of mayor shall be declared elected.~~ The Mayor shall be elected by all the qualified voters of the City. ~~It is the intent and purpose of this Section that the mayor elected in 1965 shall serve for a term expiring on the first Monday in December, 1966, and that the mayors elected in 1966, and quadrennially thereafter,~~ Except as provided in Section 12J of this Charter, the Mayor shall serve for ~~terms~~ a term of four years commencing ~~on the first Monday in December~~ as provided by G.S. 160A-68 at the organizational meeting of the city council following the election.

2. Election of City Council. ~~On the same day that the regular biennial general election for county officials is held in 1966, and quadrennially thereafter,~~ The time for election of city council members shall be as provided in Section 12J of this Charter. ~~there~~ There shall be elected eight ~~alderman~~ council members for the City of Winston-Salem, who shall hold their office until their successors are qualified, of whom one shall be elected from North Ward, one from Northeast Ward, one from East Ward, One from Southeast Ward, one from South Ward, one from Southeast Ward, one from West Ward, and one from Northwest Ward. Each ~~alderman~~ council member shall be a resident of the ward in which ~~he is~~ elected, and ~~he~~ shall be elected by the qualified voters of ~~his~~ the council member's ward only. ~~It is the intent and purpose of this Section that the alderman elected in 1965 shall serve for terms expiring on the first Monday in December, 1966, and that the alderman elected in 1966, and quadrennially thereafter,~~Except as provided in Section 12J of this Charter, city council members shall serve for terms of four years commencing ~~on the first Monday on December~~ as provided by G.S. 160A-68 at the organizational meeting of the city council following the election."

SECTION 1.(c) Section 12B of Chapter 232 of the Private Laws of 1927, as amended by Chapter 13, Session Laws of 1965, as amended by the Ordinance of January 6, 2003 adopted under Part 4 of Article 5 of Chapter 160A of the General Statutes, reads as rewritten:

"Sec. 12B. Primary elections.

1. Generally. Primary elections to nominate candidates of each qualified political party for mayor and for members of the city council shall be held as needed and shall be conducted in the same manner and pursuant to the same statutes, rules, and regulations as other primary elections for local offices conducted under the provisions of Article ~~XIX~~ 23 of Chapter 163 of the General Statutes of North Carolina, except that to the extent such statutes, rules, and

regulations differ from or conflict with the provisions of the Charter of the City of Winston-Salem, the latter shall control. ~~A "qualified political party" shall be one which was qualified as a political party at the preceding gubernatorial election as defined by General Statute 163-144. The persons receiving the highest number of votes of their respective parties shall be deemed to be the nominees of their said respective parties and for said offices; provided, that no one shall participate in such election except duly qualified voters who affiliate with the political party in whose primary seeks to vote.~~ In the event of a tie vote between two or more candidates, all of whom received the same highest vote for party nomination, the city executive committee or other duly constituted administrative body of the political party of said candidates shall determine which shall be the nominee.

2. Time of holding. ~~The primary in 1965 shall be held at a date to be fixed by the board of elections, which date shall be not later than the second Tuesday before the general municipal election in 1965, and in 1966 and biennially thereafter the primary shall be held on the same day as the regular biennial primary election for county officials.~~ The time for holding primaries shall be as provided in Section 12J of this Charter.

~~3. Notice of candidacy to be filed; pledge. Every candidate for selection as the nominee of any political party for the office of mayor or member of the board of alderman shall file with the secretary of the board of elections by twelve o'clock Noon on the third Friday before such primary election is to be held in 1965, and by twelve o'clock Noon on or before the Friday preceding the sixth Saturday before such primary election is to be held in 1966 and thereafter, a notice of his candidacy and pledge in the following form, the blanks being properly filled in and the same signed by the candidate:~~

~~"'I hereby file my notice as a candidate for the nomination as ..... In the primary election to be held on the ..... day of ....., ... I affiliate with the ..... party, and I hereby pledge myself to abide by the results of said primary, and to support in the next general municipal election all candidates nominated by the .....party.'"~~

SECTION 1.(d) The Charter of the City of Winston-Salem, being Chapter 232 of the Private Laws of 1927, is amended by adding a new section to read:

"Sec. 12J. Time of Election; Terms.

(a) In 2013, the primary and election for mayor and council members shall be held on the dates provided in G.S. 163-279(a)(2).

(b) The terms of the mayor and council members of the City of Winston-Salem elected in 2013 expire at the organizational meeting after the 2016 regular municipal election.

(c) Notwithstanding G.S. 163-279, in 2016 and quadrennially thereafter, primaries and elections for mayor and city council shall be held at the same time as for county officers as provided in G.S. 163-1."

SECTION 2.(a) Section 2(a)(5)(iii) of Chapter 112, Session Laws of 1961, as amended by Chapter 466, Session Laws of 1985, by Section 2 of Chapter 696 of the 1991 Session Laws, and by S.L. 2009-72, reads as rewritten:

"(iii) Notwithstanding the provisions of G.S. 115C-37, the Winston-Salem/Forsyth County Board of Education shall be elected on a ~~nonpartisan~~ partisan basis at the time of the general election in each even-numbered year as terms expire. ~~The names of the candidates shall be printed on the ballot without reference to any party affiliations. The nonpartisan primary and election method shall be used with the results determined as provided in G.S. 163-294, and the primary shall be held on the date provided by G.S. 163-1 for county partisan primaries.~~ Except as provided by this act, the election shall be conducted in accordance with the applicable provisions of Chapters 115C and 163 of the General Statutes. ~~Candidates shall file their notice of candidacy with the county board of elections under the same schedule provided by G.S. 163-106(c).~~ Candidates for election to the Winston-Salem/Forsyth County Board of Education shall be nominated at the same time and in the same manner as other county officers. Each candidate for the Winston-Salem/Forsyth County Board of Education shall, at the time of filing notice of candidacy, certify in writing the exact location of that candidate's residence and that the candidate is a bona fide resident thereof."

SECTION 2.(b) Section 2(a)(5)(ii) of Chapter 112, Session Laws of 1961, as rewritten by Chapter 466, Session Laws of 1985 and Chapter 696 of the 1991 Session Laws, and by S.L. 2009-72, reads as rewritten:

"(ii) Effective on the first Monday in December 1986, the Winston-Salem/Forsyth County Board of Education shall be composed of nine members. In the 2010 election, nine

persons shall be elected to the Winston-Salem/Forsyth County Board of Education for four-year terms. The terms of those elected in 2010 for two-year terms shall instead expire on the first Monday in December of 2014. In ~~2010:~~2014:

(1) Two persons shall be elected from District 1. ~~The person receiving the highest number of votes is elected to a four-year term, and the person receiving the next highest number of votes is elected to a two-year term.~~

(2) Four persons shall be elected from District 2. ~~The two persons receiving the two highest numbers of votes are elected to a four-year term, and the two persons receiving the two next highest numbers of votes are elected to two-year terms.~~

(3) Three members shall be elected at large from all of Forsyth County. ~~The person receiving the highest number of votes is elected to a four-year term, and the two persons receiving the two next highest numbers of votes are elected to two-year terms.~~

Successors to those elected in ~~2010~~ 2014 shall serve four-year terms.

For an at-large seat, any qualified voter of Forsyth County is eligible to vote. For the district seats, only residents of the district shall be eligible to be candidates and only qualified voters of the district shall be eligible to vote.

The districts as established for the purpose of this subparagraph are for the 2010 election those established under G.S. 115C-37(i), which are subject to change for the election in ~~2012.~~2014 after the return of the 2010 census."

SECTION 3. This act becomes effective July 1, 2011.

In the General Assembly read three times and ratified this the 15th day of June, 2011.

s/ Walter H. Dalton
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

SESSION LAW 2011-181
HOUSE BILL 536

AN ACT REQUIRING THE LINCOLN COUNTY BOARD OF EDUCATION TO REVISE ITS RESIDENCY DISTRICTS AFTER EACH DECENNIAL CENSUS AS IF THEY WERE ELECTORAL DISTRICTS AND REQUIRING THE CHATHAM COUNTY BOARD OF EDUCATION TO REVISE ITS ELECTION DISTRICTS AFTER EACH DECENNIAL CENSUS.

The General Assembly of North Carolina enacts:

SECTION 1.(a) Section 3 of Chapter 876 of the 1973 Session Laws, as rewritten by S.L. 2002-22, reads as rewritten:

"Sec. 3. (a)The newly constituted and established Lincoln County Board of Education shall consist of seven ~~members,~~ members. ~~and each of said~~ Five members shall be residents and qualified voters of the districts according to the membership allocations ~~hereinafter~~ made ~~as follows:~~

~~(1) North Brook Township,~~
~~(2) The area of Howard's Creek Township outside the city limits of Lincolnton,~~
~~(3) The area of Lincolnton Township outside the city limits of Lincolnton,~~
~~(4) The area inside the city limits of Lincolnton,~~
~~(5) The area of Ironton Township outside the city limits of Lincolnton, and~~
~~(6) Catawba Springs Township.~~by the Lincoln County Board of Education with the population of each district being within five percent (5%) of the ideal population, which is one-fifth of the total population of the county.

Each district shall each be entitled to one member on the Lincoln County Board of Education. ~~For the purpose of this section, the city limits of the City of Lincolnton are as of the opening of candidate filing.~~

~~One member~~Two members shall be elected from the county at large, without regard to ~~township.~~district residency.

(b) The Lincoln County Board of Education shall revise the district boundaries set out by the Board of Education under subsection (a) of this section after each federal census as provided by this subsection so as to correct population imbalances among the districts. After revising district boundaries under this subsection, the board of education shall not revise them again until a new federal census of population is taken. The population of each district shall be within five percent (5%) of the ideal population, being one-fifth of the total population of the county."

SECTION 1.(b) The Lincoln County Board of Education shall draw residency districts as required by this section for use in the 2012 elections using population data from the 2010 federal decennial census.

SECTION 2. Section 3(f) of Chapter 80 of the 1995 Session Laws reads as rewritten:

"(f) The provisions of G.S. 115C-37, except for subsection (i), shall be applicable to the members of the Chatham County Board of Education. Using population data from the 2010 federal decennial census, the Chatham County Board of Education shall, before the filing period for the 2012 Board elections, to revise the district boundaries set out in subsection (b), above, equalize the population in each district and divide District Number Four into two resident districts to be denominated District Number Four and District Number Five. The Board shall adopt the revisions as a resolution and notify the county board of elections. Board members elected from Districts Number Four and Five shall serve the same terms as the two members previously elected from District Number Four. After each subsequent federal decennial census, the Board of Education shall revise the Board's resident district boundaries if

appropriate to equalize the population among districts. The Board shall complete its revision of resident district boundaries in time for the first Board election following the decennial census year. In revising resident district boundaries under this subsection, the Board shall make the districts as close to equal in population as practicable while maintaining compactness and avoiding the division of towns and other communities of interest. After revising district boundaries under this subsection, the Board of Education shall not revise them again until the next federal decennial census of population is returned. Before adopting a resolution to revise district boundaries pursuant to this subsection, the Board shall conduct a public hearing on the resolution. No change in the boundaries of a residency district may affect the unexpired term of office of a member of the Board of Education."

SECTION 3. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 18th day of June, 2011.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

SESSION LAW 2011-310
HOUSE BILL 730

AN ACT TO AUTHORIZE THE DEPARTMENT OF STATE TREASURER TO CREATE A CENTRALIZED 403(B) RETIREMENT ANNUITY PLAN AS AN OPTION FOR EMPLOYEES OF LOCAL BOARDS OF EDUCATION.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-341 reads as rewritten:

"**§ 115C-341. Annuity ~~contracts.~~ contracts from local boards of education.**

Notwithstanding the provisions of this Chapter for the adoption of State and local salary schedules for the pay of teachers, principals, superintendents, and other school employees, local boards of education may enter into annual contracts with any employee of such board which provide for a reduction in salary below the total established compensation or salary schedule for a term of one year. The local board of education shall use the funds derived from the reduction in the salary of the employee to purchase a nonforfeitable annuity contract for the benefit of said employee. An employee who has agreed to a salary reduction for this purpose shall not have the right to receive the amount of the salary reduction in cash or in any other way except the annuity contract. Funds used by the local boards of education for the purchase of an annuity contract shall not be in lieu of any amount earned by the employee before his election for a salary reduction has become effective.

The agreement for salary reductions referred to herein shall be effected under any necessary regulations and procedures adopted by the State Board of Education and on forms prepared by the State Board of Education.

Notwithstanding any other provisions of this section, the amount by which the salary of any employee is reduced pursuant to this section shall be included in computing and making payroll deductions for social security and retirement system purposes, and in computing and providing matching funds for retirement system purposes.

In lieu of the annuity contracts provided for under this section, interests in custodial accounts pursuant to Section 401(f), Section 403(b)(7), and related sections of the Internal Revenue Code of 1986 as amended may be purchased by local boards of education for the benefit of qualified employees under this section with the funds derived from the reduction in the salaries of such employees."

SECTION 2. Article 23 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-341.2. Department of State Treasurer sponsored 403(b) option.**

(a) In addition to the opportunities for local boards of education to offer section 403(b) of the Internal Revenue Code of 1986 retirement annuities and/or mutual funds to their employees under G.S. 115C-341, the Department of State Treasurer may establish an approved third-party vendor of retirement offerings as described in section 403(b) of the Internal Revenue Code of 1986, as now and hereafter amended, pursuant to which employees of local school boards may enter into nonforfeitable 403(b) plan options by way of salary reduction through the auspices of the Department of State Treasurer. This statewide plan shall be known as the "North Carolina Public School Teachers' and Professional Educators' Investment Plan." The vendor authorized under this section shall be selected by use of State procurement procedures, with the goal of attaining lower administrative fees and enhanced services for participants and employer compliance with applicable law and regulations. Eligible employees of local school boards shall all be allowed to use this vendor for the tax-deferred 403(b) option of their choice.

(b) The criteria in this subsection apply to the Department of State Treasurer's 403(b) offerings to employees of local school boards under this section.

(1) Annuity contracts, trust accounts, and/or custodial accounts shall be administered by a qualified third-party administrator that shall, under written agreement with the Department of State Treasurer, provide custodial, record-keeping, and administrative services. The third-party administrator may also be the selected vendor for the North Carolina Public School Teachers' and Professional Educators' Investment Plan.

For employers choosing to participate in the North Carolina Public School Teachers' and Professional Educators' Investment Plan, the third-party administrator shall, at a minimum, provide the following:

a. Maintain a written plan document.
b. Review hardship withdrawal requests, loan requests, and other disbursements permitted under section 403(b) of the Internal Revenue Code of 1986.
c. Maintain specimen salary reduction agreements for the employer and employees of that employer to initiate payroll deferrals.
d. Monitor maximum contributions.
e. Coordinate responses to the Internal Revenue Service in any case of an IRS audit.
f. Generate educational communication materials to employees concerning the enrollment process, program eligibility, and investment options.
g. Maintain internal reports to ensure compliance with Section 403(b) of the Internal Revenue Code and Title 26 of the Code of Federal Regulations.
h. Provide compliance monitoring/oversight for all 403(b) plans established under G.S. 115C-341 within each participating local board of education plan by creating and establishing the necessary connections and processes with existing and future vendors.
i. Keep an updated schedule of vendor fees and commissions as to the Department's statewide plan.

(2) Governance and oversight of the North Carolina Public School Teachers' and Professional Educators' Investment Plan will be performed by the Department of State Treasurer and the Board of Trustees for the North Carolina Supplemental Retirement Plans established pursuant to G.S. 135-96. Because of the administrative and record-keeping duties enumerated in subdivision (1) of this subsection, any existing vendor of a 403(b) with a participating employer must either agree to share data with the State's 403(b) vendor under this provision (so as to permit oversight over contribution limits, loans, and hardship withdrawals) or be directed by the participating employer to cease accepting new contributions, loans, and hardship withdrawals.

(3) Investment options shall be solely determined by the Department of State Treasurer and Board of Trustees for the North Carolina Supplemental Retirement Plans consistent with section 403(b) of the Internal Revenue Code of 1986, as amended.

(4) Investment staff of the Department of State Treasurer may make recommendations to the State Treasurer and Board of Trustees for the North Carolina Supplemental Retirement Plans as to appropriate investment options. The State Treasurer and Board of Trustees shall have sole responsibility for the selection of the service provider for the North Carolina Public School Teachers' and Professional Educators' Investment Plan.

(5) All contributions made in accordance with the provisions of section 403(b) of the Internal Revenue Code of 1986, as amended, and this section shall be remitted directly to the administrator and held by the administrator in a custodial account on behalf of each participating employee. Any investment gains or losses shall be credited to those accounts. The forms of payment and disbursement procedures shall be consistent with those generally offered by similar annuity contracts, trust accounts, and custodial accounts and applicable federal and State statutes governing those contracts and accounts.

(6) Any local board of education may elect to make contributions to the employee's account on behalf of the employee. The employer shall take whatever action is necessary to implement this section.

(7) The design and administration of annuity contracts, trust accounts, and custodial accounts under this provision shall comply with all applicable provisions of the Internal Revenue Code of 1986, as amended."

SECTION 3. This act becomes effective July 1, 2011.

In the General Assembly read three times and ratified this the 16th day of June, 2011.

s/ Walter H. Dalton
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Beverly E. Perdue
Governor

Approved 10:47 a.m. this 27th day of June, 2011

SESSION LAW 2011-53
SENATE BILL 83

AN ACT TO CHANGE THE DATE THAT MEMBERS OF THE WILSON COUNTY BOARD OF EDUCATION TAKE OFFICE.

The General Assembly of North Carolina enacts:

SECTION 1. Subsection (f) of Section 4 of Chapter 921, Session Laws of 1973, as rewritten by Section 1 of Chapter 236 of the 1987 Session Laws, is rewritten to read:

"(f) Terms of office of the Wilson County Board of Education begin on the second Monday in ~~January~~ December following their election."

SECTION 2. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 26th day of April, 2011.

s/ Walter H. Dalton
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

SESSION LAW 2011-174
SENATE BILL 260

AN ACT TO REDUCE THE SIZE OF THE PITT COUNTY BOARD OF EDUCATION FROM TWELVE MEMBERS TO SEVEN, TO PROVIDE FOR FOUR-YEAR TERMS RATHER THAN SIX-YEAR TERMS, AND TO ADD AN AT-LARGE MEMBER.

The General Assembly of North Carolina enacts:

SECTION 1. Section 1 of Chapter 193 of the 1987 Session Laws reads as rewritten:

"**Section 1.** Beginning ~~December 7, 1987,~~ December 1, 2014, the Pitt County Board of Education shall consist of ~~12 members, with two~~ seven members, one of whom is elected at large and one each elected from six districts in nonpartisan plurality elections. Only voters residing in a district may vote for the members from that district."

SECTION 2. Section 4 of Chapter 193 of the 1987 Session Laws reads as rewritten:

"**Sec. 4.** ~~After the initial election, elections~~ Other than for the at-large member elected in 2014, elections shall be held in ~~1990 and subsequent even-numbered years~~ 2016 and quadrennially thereafter as terms expire, at the time set by general State law for the election of county boards of education. Members elected in ~~1990~~ 2016 and subsequent years shall take office at the time set by general State law and shall serve for terms of ~~six~~ four years."

SECTION 3. In the 2014 election, one member shall be elected at large for a two-year term. No election shall be held for full terms of district members of the Pitt County Board of Education in 2014 so as to reduce the total number of members from 12 to seven. This act does not affect the terms of office of members elected for six-year terms in 2008.

SECTION 4. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 18th day of June, 2011.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Thom Tillis
Speaker of the House of Representatives