Report on

EDUCATION LEGISLATION

2017 Session of the General Assembly

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

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SBE MISSION: The State Board of Education will use its constitutional authority to lead and uphold the system of public education in North Carolina.

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North Carolina General Assembly
2017 Long Session

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About this Publication

The 2017 Report on Education Legislation was compiled by Cecilia Holden (Director of Legislative Affairs and Special Initiatives), Robb Jansen (Policy Development Analyst), and Anne Murtha (Legislative Specialist). This report was reviewed by Joonu-Noel Coste and Ayeshinaye Smith, students at the Norman Adrian Wiggins School of Law at Campbell University, and produced by the Division of Communications and Information, Department of Public Instruction. Electronic copies are available at http://legislative.ncpublicschools.gov/resources-for-legislation/2017-long-session. For printed copies, please visit the NCDPI Publications and Sales website at http://www.ncpublicschools.org/publications/.

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2017 MONEY REPORT
SL 2017-57 (SB 257)
Conference Report on Base, Capital, and Expansion Budget
Items affecting public education only

SECTION F: **K-12 EDUCATION - PUBLIC SCHOOLS**	**FY 17-18**		**FY 18-19**	
Recommended Base Budget	**$8,739,220,986**		**$8,723,720,986**	
A. Reserve for Salaries & Benefits				
1. Compensation Increase Reserve - Teachers • Salary increases in accordance with the teacher salary schedule • Total revised net appropriations $12B in FY 17-18 and $12.2B in FY 18-19	**$101,732,591**	**R**	**$372,639,349**	**R**
2. Veteran Teacher Bonuses • $385 bonus for teachers with 25 or more years of experience in each year of the biennium • Revised net appropriation is $5M in each year of the biennium	**$5,000,000**	**NR**	**$5,000,000**	**NR**
3. Teacher Bonuses • Third Grade Read to Achieve • AP/IB Cambridge AICE • Career and Technical Education • Revised net appropriations $15.5M in FY 17-18 and $14.9M in FY 18-19			**$14,900,000**	**R**
4. Math and Reading Performance Bonus Program • Math teachers in grades 4 through 8 • Reading teachers in grades 4 and 5 • $2,150 bonuses to the top 25% of teachers Statewide and $2,150 bonuses to the top 25% of teachers within each (LEA) based on (EVAAS) scores • Revised net appropriations $25.3M in FY 17-18 ONLY	**$25,341,188**	**NR**		
5. Salary Supplements for Highly Qualified Teacher Graduates • Approved educator preparation program • Salary supplements based on the teacher "A" salary schedule • Graduates receive a salary supplement if teaching in a low performing school, are licensed in a special education or a STEM field, or are considered a highly qualified graduate • Revised net appropriations $700,000 each year of the biennium.	**$700,000**	**R**	**$700,000**	**R**
6. Compensation Increase Reserve – School Based Administrators • Salary increases to principals and assistant principals • Total revised net appropriations for State and local employee salaries $12B in FY 17-18 and $12.2B in FY 18-19	**$35,364,775**	**R**	**$40,587,664**	**R**
7. Compensation Increase Reserve – LEA Employees • Across-the-board salary increase of $1,000	**$61,537,448**	**R**	**$61,537,448**	**R**

SECTION F: K-12 EDUCATION - PUBLIC SCHOOLS	FY 17-18		FY 18-19	
• Total revised net appropriations for State and local employee salaries are $12B in FY 17-18 and $12.2B in FY 18-19				
8. Compensation Increase Reserve – DPI • Across-the-board salary increase of $1,000 • Total revised net appropriations for State and local employee salaries are $12B in FY 17-18 and $12.2B in FY 18-19	**$997,153**		**$997,153**	**NR**
9. Compensation Increase Reserve – State Agency Teachers/School Based Administrators • Salary increases to educators paid in accordance with the teacher salary schedule • Total revised net appropriations for State and local employee salaries are $12B in FY 17-18 and $12.2B in FY 18-19	**$274,197**	**R**	**$672,584**	**R**
10. State Retirement Contributions – School District Personnel • Increases the State's contribution for members of (TSERS) to fund increased retiree medical premiums • Provide a 1.0% COLA to retirees • Revised net General Fund appropriation for TSERS statewide is $1.7B in FY 17-18 and $1.9B in FY 18-19, increase of $81.3M for FY 17-18 and $214.3M for FY 18-19	**$47,790,93**	**R**	**$126,048,580**	**R**
11. State Retirement Contributions – DPI • Increases the State's contribution for members of (TSERS) to fund increased retiree medical premiums • Provide a 1.0% COLA to retirees • Revised net General Fund appropriation for TSERS statewide is $1.7B in FY 17-18 and $1.9B in FY 18-19, increase of $81.3M for FY 17-18 and $214.3M for FY 18-19	**$359,562**	**R**	**$948,345**	**R**
12. State Health Plan – School District Personnel • Continue health benefit coverage for enrolled active employees supported by the General Fund for 2017-19 fiscal biennium • Revised appropriation for enrolled active employees statewide is $1.5B in FY 17-18 and FY 18-19, an increase of $52.2M for FY 17-18 and $110.7M for FY 18-19	**$31,939,125**	**R**	**$67,680,526**	**R**
13. State Health Plan – DPI • Continue health benefit coverage for enrolled active employees supported by the General Fund for 2017-19 fiscal biennium • Revised appropriation for enrolled active employees statewide is $1.5B in FY 17-18 and FY 18-19, an increase of $52.2M for FY 17-18 and $110.7M for FY 18-19	**$168,764**	**R**	**$357,620**	**R**
B. Technical Adjustments				
14. Average Daily Membership (ADM) • Revises allotted FY 17-18 ADM to reflect 9,120 more students than are included in the FY 16-17 allotted ADM • Revision includes adjustments to multiple position, dollar, and categorical allotments • Funding associated with projected FY 18-19 ADM	**$31,897,244**	**R**	**$31,897,244**	**R**

SECTION F: K-12 EDUCATION - PUBLIC SCHOOLS	FY 17-18		FY 18-19	
growth is reserved in the "Reserves, Debt Service, and Adjustments" section of this report				
15. Average Certified Personnel Salaries • Revises funding for certified personnel salaries based on actual salary data from December 2016 • Adjustment does not increase any salary paid to certified personnel, nor does it increase the number of guaranteed State-funded teachers, administrators, or instructional support personnel	**$3,165,790**	**R**	**$3,258,025**	**R**
16. Children with Disabilities Headcount • Adjusts funding for Children with Disabilities preschool and school-age allotments to reflect actual student headcount • Adjustment revises budgeted funding for both preschool and school-age children with special needs to reflect the April 1, 2017 headcount and does not modify per-student funding	**($3,305,661)**	**R**	**($3,305,661)**	**NR**
17. Noninstructional Support • Budgets additional Lottery receipts for the noninstructional support personnel allotment • Total requirements for this allotment after ADM adjustment are $383,888,897 in FY 17-18 and $385,914,555 in FY 18-19 • Allotment will now be fully receipt supported • Revised net appropriation for noninstructional support personnel is $0	**($11,622,037)**	**R**	**($13,647,595)**	**R**
18. Transportation • Adjusts the budget to reflect additional Lottery receipts for the transportation allotment • Total requirements for this allotment remain the same at $459,268,071 in each year of the biennium • Revised net appropriation for the transportation allotment is $416M in FY 17-18 and $457.9M in FY 18-19	**($1,386,090)** **($41,891,102)**	**R** **NR**	**($1,386,090)**	**R**
C. State Public School Fund		**NR**		
19. Textbooks and Digital Materials • Additional $11,885,160 in nonrecurring funds for the textbooks and digital materials • Increased funding includes receipts from cash balances transferred from two special funds, the Literary Fund ($259,833) and the Education Fund ($340,327) • Funds from this allotment may be used to purchase digital content made available by DPI through its Home Base system • Revised net appropriation for textbooks and digital materials is $66.8M in FY 17-18 and $55.5M in FY 18-19.	$11,285,000	**NR**		**R**
20. Children with Disabilities (CWD) • Support increase in funding cap for CWD allotment from 12.5% to 12.75% • School district will receive funds for each child identified with disabilities, up to 12.75% of the school district's ADM • Revised net appropriation for school aged children with disabilities is $744M in FY 17-18 and $751M in FY 18-19.	$6,319,908	**R**	$6,319,908	**R**

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21. Digital Learning Plan (DLP) • Funds for DLP management, school and district leadership development, teacher professional development, and cybersecurity and risk management services • Revised net appropriation for DLP is $6.4M in each year of the biennium.	$2,420,000	**R**	$2,420,000	**R**
22. Geographically Isolated Schools • Increases funding to include schools that newly qualify for funding • Receives one additional classroom teacher position per grade in the isolated school • If consolidation is not feasible and is either located in a school district where ADM is less than 1.5 per square mile or is located in a school district in a county containing more than 150,000 acres of National Forest owned by the federal government and managed by the U.S. Forest Service • Revised net appropriation for geographically isolated schools is $829,209 in each year of the biennium.	$506,064	**R**	$506,064	**R**
23. Stabilization Funds for Wayne County Schools: Seymour Johnson Airforce Base • $2.0M in stabilization funds to support the operation of public schools in Wayne County, Seymour Johnson Air Force Base • Revised net appropriation for stabilization funds for Wayne County Public Schools is $2.0M in FY 17-18 only	**$2,000,000**	**NR**		
24. Transportation Grant Program • Establish a Charter School Transportation Grant Pilot Program for one year • This program is supported by a $2.5M transfer from NC DOT in FY 17-18 • Total requirements for the program are $2.5M in FY 17-18 only				
25. Eastern NC School for the Deaf • One-time major vehicle and equipment purchases, increase for maintenance and repairs including information technology updates • Upgrade to the maintenance shop including a mechanic pit • Revised net appropriation to the Eastern NC School for the Deaf is $8.9M in FY 17-18 and $7.9M in FY 18-19.	**$1,000,000**	**NR**		
26. Central Office Allotment • Reduces State funding for central office administration allotment by 7.4% in FY 17-18 and 11.6% in FY 18-19 • Revised net appropriation for central office administration allotment is $87.9M in FY 17-18 and $83.9M in FY 18-19	**($7,000,000)**	**R**	**(11,000,000)**	**R**
27. Analysis of Student Work • Eliminates funding associated with the Analysis of Student Work (ASW) process • Student growth measure for teachers of courses and subjects such as Arts Education, Healthful Living, World Languages, and International Baccalaureate and Advanced Placement courses	**($325,000)**	**R**	**($325,000)**	**R**

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• Revised net appropriation for testing, where funding for the ASW process is budgeted, is $8.8M in each year of the biennium				
28. Cooperative Innovative High Schools • Reduces funding for Cooperative Innovative High Schools (CIHS), including virtual CIHSs • Revised allocation methodology provides funds to all CIHSs approved for operation in FY 17-18 • Revised net appropriation for these schools is $27.5M in 2017-18 and $27.0M in 2018-19	**($2,246,612)** **$563,662**	**R** **NR**	**($2,246,612)**	**R**
29. State Public School Fund • Adjusts the budget to reflect additional receipts from the Civil Penalty and Forfeiture Fund to the State Public School Fund (SPSF) • Reduces the net General Fund appropriation by the same amount. Total requirements for SPSF are not affected by this shift • Revised net appropriation for SPSF is $6.8B in each year of the biennium	**($6,442,382)**	**NR**		**NR**
30. Low Wealth • Aligns budgeted funds to planned expenditures for the Low Wealth allotment on a one-time basis • School districts eligible for funding will continue to receive a dollar allotment determined by the Low Wealth funding formula • Revised net appropriation for this allotment is $220.4M in FY 17-18 and $222.4M in FY 18-19	**($2,000,000)**	**NR**		
31. Benefits Adjustment • Adjusts Social Security benefit line-item budgeted in the State Public School Fund to align budgeted funds to actual expenditures • Revised net appropriation for Social Security benefits is $312.1M in each year of the biennium	**($5,000,000)**	**R**	**($5,000,000)**	**R**
32. Small Specialty High Schools • Aligns budgeted funds to actual expenditures for small specialty high schools • Revised net appropriation for these schools is $1.8M in each year of the biennium and fully funds all participating high schools	**($2,199,336)**	**R**	**($2,199,336)**	**R**
33. Small County Supplemental Funding • Aligns budgeted funds to actual expenditures for the small county supplemental allotment • School districts eligible for funding will continue to receive a dollar allotment according to the schedule created in S.L. 2014-100 • Revised net appropriation for this allotment is $45.6M in FY 17-18 and $45.3M in FY 18-19 and fully funds all participating school districts	**($3,618,482)**	**R**	**($3,969,607)**	**R**
D. Department of Public Instruction				
34. Business System Modernization • S.L. 2016-94 directed SBE to develop a plan to modernize systems used by DPI • Plan includes Enterprise Resource Planning (ERP) system for integrated payroll and HR information, integrated State level licensure system, and reporting of	**$19,000,000**	**NR**	**$10,000,000**	**NR**

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financial information for increased transparency and analytics • Revised net appropriation for Business System Modernization is $19M in FY 17-18 and $10M in FY 18-19				
35. Education and Workforce Innovation Commission • Establish the budget for the transfer of the Education and Workforce Innovation Commission from the Office of Governor to DPI • Revised net appropriation for the Commission is $6.2M in FY 17-18 and $2.7M in FY 18-19	**$2,001,118**	**R**	**$2,001,118**	**R**
36. Sixth and Seventh Grade Career and Technical Education Grant Program • Administered by the Education and Workforce Innovation Commission. • Program awards competitive grants to school districts over a seven-year grant period to expand CTE programs to sixth and seventh grade students • Revised net appropriation for this program is $4.2M in FY 17-18 and $700,000 in FY 18-19	**$700,000** **$3,500,000**	**R** **NR**	**$700,000**	**R**
37. Early Childhood Education • Funds 2 positions to support the newly created B-3 Inter-Agency Council • Focus on the developmental and educational needs of children from birth to age 8 • Revised net appropriation for fund code 1400 is $7.5M in each year of the biennium	**$250,000**	**R**	**$250,000**	
38. North Carolina Center for the Advancement of Teaching (NCCAT) • Revised net appropriation for NCCAT is $3.7M in each year of the biennium	**$300,000**	**R**	**$300,000**	**R**
39. Future Ready Students • Funds 2 regional CTE positions to assist school districts in developing business advisory councils, work based learning opportunities, and career awareness programs • Revised net appropriation is $12.4M in FY 17-18 and $12.2M in FY 18-19	**$200,000**	**R**	**$200,000**	**R**
40. Reading Improvement Commission • Commission will make recommendations on best practices for public schools (grades 4-12) to ensure students complete high school with the literacy skills necessary for career and college readiness • Revised net appropriation for the Commission is $200,000 in FY 17-18	**$200,000**	**NR**		
41. Professional Educator Preparation • Funds 2 positions to support educator preparation approval and evaluation at DPI • Revised net appropriation for these positions is $200,000 in each year of the biennium	**$200,000**	**R**	**$200,000**	**R**
42. Licensure Fee Reimbursement for New Teachers • Reimburse the initial teacher licensure application fee for first time applicants • Applicant must be a graduate of an approved educator preparation program in NC and must have successfully earned an initial teaching license in NC • Revised net appropriation for this program is $245,000 in	**$245,000**	**R**	**$245,000**	**R**

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each year of the biennium				
43. Positions for State Superintendent • Funds for up to 10 exempt positions that report directly to the State Superintendent • Revised net appropriation for the Office of the State Superintendent is $1.8M in FY 17-18 and $1.8M in FY 18-19	**$700,000**	**R**	**$700,000**	**R**
44. Legal Fees • Funds to the Office of State Superintendent for legal fees for active lawsuits • Revised net appropriation for legal fees for this purpose is $300,000 in FY 2017-18 only	**$300,000**	**NR**		
45. Audit of the Department of Public Instruction • Contract with an objective third party organization to conduct a functional and business process audit of DPI • Reduces funding to DPI's operating budget beginning in FY 18-19 to reflect savings resulting from the audit recommendations	**$1,000,000**	**NR**	**($1,000,000)**	**R**
46. Management Flexibility Reduction • Reduces DPI operating funds by 6.2% in FY 17-18 and 13.9% in FY 18-19 • Revised net appropriation to DPI after this reduction is $49.4M in FY 17-18 and $45.4M in FY 18-19	**($3,239,205)**	**R**	**($7,297,771)**	**R**
47. Reserve Funds • Removes recurring funding from the base budget that was provided to implement SB 867, 2016 Session - Protect Students in Schools • SB 867 was not ratified by the General Assembly	**($140,000)**	**R**	**($140,000)**	**R**
48. State Board of Education • Reduces funding to SBE • Eliminates filled SBE position: 60009490 - Associate State School Superintendent • Revised net appropriation for SBE is $640,356 in each year of the biennium.	**($188,030)**	**R**	**($188,030)**	**R**
49. Position Eliminations • Eliminates vacant position in DPI: 60093688 - Chief Performance Officer • Eliminates filled DPI Research Associate receipt supported position (60009919) • Revised net appropriation for fund code 1000 is $4.6M in each year of the biennium.	**($177,081)**	**R**	**($177,081)**	**R**
50. Position Elimination • Eliminates part-time vacant position in DPI: 60094937 - Education Program Director • Revised net appropriation in fund code 1100 is $5.3M in each year of the biennium	**($59,988)**	**R**	**($59,988)**	**R**
51. Position Elimination • Eliminates vacant position in DPI: 60009676 - Education Consultant III • Revised net appropriation for fund code 1300 on a recurring basis is $2.8M in each year of the biennium.	**($111,042)**	**R**	**($111,042)**	**R**
52. Position Elimination • Eliminates vacant position in DPI: 60091186 - Accountant • Revised net appropriation for fund code 1330 is $4.3M in	**($66,121)**	**R**	**($66,121)**	**R**

SECTION F: K-12 EDUCATION - PUBLIC SCHOOLS	FY 17-18		FY 18-19	
each year of the biennium				
53. Position Eliminations • Eliminates 3 vacant positions in DPI: 60041714 - Education Diagnostician I 60039569 - Education/Development Aide II 60039526 - Education/Development Aide II • Revised net appropriation in fund code 1400 is $7.5M in each year of the biennium	**($130,254)**	**R**	**($130,254)**	**R**
54. Position Eliminations • Eliminates 2 filled position in DPI: 60094593 - Business Technology Analyst 65024592 - Digital Learning Plan Project Coordinator • Revised net appropriation for fund code 1600 is $12.4M in FY 17-18 and $12.2M in FY 18-19	**($145,206)**	**R**	**($145,206)**	**R**
55. Position Elimination • Eliminates filled position in DPI: 60039125 - Director of External Meetings & Special Projects • Revised net appropriation for fund code 1640 is $1.8M in each year of the biennium	**($108,796)**	**R**	**($108,796)**	**R**
56. Position Elimination • Eliminates vacant position in DPI: 60039518 - Education Consultant II • Revised net appropriation for fund code 1660 is $2.7M in each year of the biennium**.**	**($98,998)**	**R**	**($98,998)**	**R**
E. Reserves and Transfers				
57. Coding and Mobile Application Grant Program • Funding to DPI to establish a Coding and Mobile Application Grant Program • Award competitive grants each fiscal year for the purchase of equipment, digital materials, and related capacity building activities • Grant recipients shall use no more than 5% of the grant award each fiscal year for administrative costs • Revised net appropriation for this program is $400,000 in FY 17-18 and $800,000 in FY 18-19	**$400,000**	**R**	**$800,000**	**R**
58. Teacher Assistant Tuition Reimbursement Program • Expands teacher assistant tuition reimbursement pilot program to Alamance-Burlington, Beaufort, Bertie, Duplin, Edenton-Chowan, Edgecombe, Guilford, Halifax, Nash-Rocky Mount, Northampton, Randolph, Tyrrell, Vance, and Washington County Schools • Pilot program provides tuition reimbursement of up to $4,500 annually for 5 teacher assistants per school district to pursue a college degree that will result in teacher licensure • Revised net appropriation for this program is $427,500 in each year of the biennium,	**$315,000**	**R**	**$315,000**	**R**
59. Advanced Teaching Roles • Funding for a 3-year pilot program established in the FY 2016-17 budget • Pilot supports school district efforts to create the organizational structure and innovative compensation methods for classroom teachers to take on advanced teaching roles	**$7,180,000**	**NR**		

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• Revised net appropriation for advanced teaching roles pilot program is $8.2M in FY 17- 18 and $1.0M in FY 18-19				
60. Innovation Zone Model Grants • Award innovation zone model grants of up to $150,000 per year for 5 years to local boards of education authorized by SBE to create innovation zone pursuant to G.S. 115C-75.13. • Local boards of education shall provide a dollar-for-dollar match for the grant amount • Revised net appropriation for this program is $450,000 in FY 18-19 only			**$450,000**	**R**
61. NC Education Endowment Fund • Reduces funding for NC Education Endowment Fund by $4.55M one-time basis in FY 17-18 • Transfers $450,000 in remaining funds to the NC State Education Assistance Authority for start-up funds to reinstate the NC Teaching Fellows Program • Additional $1M in funding provided for Endowment Fund to support the Teaching Fellows program in FY 18-19 • Revised net appropriation to the Endowment Fund is $0 in FY 17-18 and $6.0M in FY 18-19	**($4,550,000)**	**NR**	**$1,000,000**	**R**
62. Cash Balance • Reduces net appropriation to DPI on a nonrecurring basis - one-time transfer of the cash balance in the NC Education Endowment Fund • Revised net appropriation to DPI's operating budget is reduced by $6.1M in FY 17-18 • Total funding available to DPI remains unchanged	**($6,145,461)**	**NR**		
F. Grants				
63. Eastern North Carolina STEM • Funds to SBE to contract with an independent entity to administer residential STEM enrichment program for underserved students • Participation limited to students enrolled in Northampton County Schools, Weldon City Schools, Roanoke Rapids City Schools and KIPP Pride High School in Gaston, NC • Revised net appropriation for Eastern NC STEM is $300,000 in FY 17-18 only	**$300,000**	**NR**		
64. Communities in Schools of Cape Fear (CISCF) • Support intervention programs and services for public school students at risk of grade level retention and dropout from school • Revised net appropriation for CISCF is $50,000 in FY 17-18 only	**$50,000**	**NR**		
65. Muddy Sneakers • Experiential learning programs to improve science aptitude of 5th graders • Revised net appropriation for Muddy Sneakers is $500,000 in FY 17-18 only	**$500,000**	**NR**		
66. Triangle Literacy Council • Support juvenile literacy centers that serve court-involved or otherwise at-risk youth • Revised net appropriation for the Triangle Literacy	**$740,000**	**NR**		

SECTION F: K-12 EDUCATION - PUBLIC SCHOOLS	FY 17-18		FY 18-19	
Council is $740,000 in FY 17-18 only.				
67. Hoke Reading Literacy Council, Inc. • Provide basic literacy instruction - ESL and introductory computer classes • Revised net appropriation for Hoke Reading Literacy Council, Inc. is $25,000 in FY 17-18 only	**$25,000**	**NR**		
68. Life Changing Experiences Pilot Program • Funding for DPI to contract with Children and Parent Resource Group, Inc. for Life Changing Experiences Program, three dimensional and interactive multimedia education program • Focuses on activities that negatively impact teenagers - alcohol and drugs, dangerous driving, violence, and bullying • Targets students in grades 6 - 11 - will be piloted in Mitchell, Pitt, Wayne, and Winston Salem/Forsyth County Schools • Revised net appropriation for this program is $360,000 in each year of the biennium	**$360,000**	**NR**	**$360,000**	**NR**
69. Haywood Community Learning Center • Funds Haywood County School District to support the Haywood Community Learning Center to provide enrichment opportunities to students in FY 17-18 only	**$250,000**	**NR**		
70. Harnett County Early College • Funds Harnett County School district for planning and development of the Harnett County Early College • Revised net appropriation for Harnett County Early College is $100,000 in FY 17-18 only	**100,000**	**NR**		
71. Richmond Senior High School • Support Richmond Senior High School in FY 17-18 only	**$200,000**	**NR**		
Total Legislative Changes	**$289,316,731**	**R**	**$686,028,440**	**R**
	$17,865,905	**NR**	**$15,360,000**	**NR**
Total Position Changes	-6.39		-6.39	
Revised Budget	**$9,046,403,622**		**$9,425,109,426**	

DPI – Trust Special	FY 17-18	FY 18-19
Beginning Unreserved Fund Balance	**$7,440,151**	**$694,530**
Recommended Budget		
Requirements	**$6,000,000**	**$6,000,000**
Receipts	**$5,000,000**	**$5,000,000**
Positions	**0.00**	**0.00**

Legislative Changes

Requirements:

SECTION F: K-12 EDUCATION - PUBLIC SCHOOLS	FY 17-18		FY 18-19	
North Carolina Education Endowment Fund • Increases the recurring transfer from DPI's General Fund budget to the Endowment Fund by $1M for the Teaching Fellows Program in FY 18-19 • Revised net appropriation for the Teaching Fellows Program in FY 18-19 is $6M	**$0** **$0** **0.00**	**R** **NR**	**$1,000,000** **$0** **0.00**	**R** **NR**
North Carolina Education Endowment Fund • Transfers the cash balance estimated to be $6,145,461 by the end of the fiscal year to DPI to offset DPI's operating budget in FY 17-18**.**	**$0** **$6,145,461** **0.00**	**R** **NR**	**$0** **$0** **0.00**	**R** **NR**
North Carolina Education Endowment Fund • Technical adjustment to remove the $1M reserve line-item on a recurring basis and decreases the $5M reserve line-item on a nonrecurring basis in FY 17-18 only	**($1,000,000)** **($5,000,000)** **0.00**	**R** **NR**	**($1,000,000)** **$0** **0.00**	**R** **NR**
State Literary Fund (6102) • Transfers the cash balance to the SPSF to offset the textbooks and digital materials allotment in FY 17-18	**$0** **$259,833** **0.00**	**R** **NR**	**$0** **$0** **0.00**	**R** **NR**
Education Fund (6116) • Transfers the cash balance to the SPSF to offset the textbooks and digital materials allotment in FY 17-18	**$0** **$340,327** **0.00**	**R** **NR**	**$0** **$0** **0.00**	**R** **NR**
Subtotal Legislative Changes	**($1,000,000)** **$1,745,621** **0.00**	**R** **NR**	**$0** **$0** **0.00**	**R** **NR**

Receipts:				
North Carolina Education Endowment Fund • Decreases the $5M transfer from DPI's General Fund budget to the Endowment Fund on a nonrecurring basis in FY 17-18 • Increases the transfer from DPI's General Fund budget to the Endowment Fund by $1 million for the Teaching Fellows Program on a recurring basis starting in FY 18-19. • Revised net appropriation for the Endowment Fund is $6 million in FY 18-19.	**$0** **($5,000,000)**	**R** **NR**	**$1,000,000** **$0**	**R** **NR**
State Literary Fund (6102) • No Change	**$0** **$0**	**R** **NR**	**$0** **$0**	**R** **NR**
Education Fund (6116) • No Change	**$0** **$0**	**R** **NR**	**$0** **$0**	**R** **NR**
Subtotal Legislative Changes	**$0** **($5,000,000)**	**R** **NR**	**$1,000,000** **$0**	**R** **NR**

Revised Total Requirements	**$6,745,621**	**$6,000,000**
Revised Total Receipts	**$0**	**$6,000,000**
Change in Fund Balance	**($6,745,621)**	**$0**
Total Positions	**0.00**	**0.00**
Unappropriated Balance Remaining	**$694,530**	**$694,530**

SECTION F: COMMUNITY COLLEGES	FY 17-18		FY 18-19	
83. Workforce Training Costs Study • Study to assess instructional and related costs for workforce training courses • Revised net appropriation for the Workforce Training Costs Study is $98,000 in FY 17-18 only	**$98,000**	**NR**		
84. NC Works Career Coaches • Places career coaches employed by local community colleges with partnering high schools • Revised net appropriation for NC Works Career Coaches is $2.1M in FY 17-18 and $2.8M in FY 18-19	**$1,100,000**	**R**	**$1,800,000**	**R**
87. Apprenticeship NC • Establishes the budget for the transfer of the Apprenticeship NC program from the Department of Commerce to the NC Community College System • Transfer includes $350,000 in federal Workforce Innovation and Opportunity Act receipts and $1.2M in additional nonrecurring federal grant receipts • Revised net appropriation for Apprenticeship NC is $850,315 in each year of the biennium.	**$850,315**	**R**	**$850,315**	**R**
SECTION F: UNC SYSTEM	**FY 17-18**		**FY 18-19**	
92. Adjustment to Recommended Base Budget for Opportunity Scholarships • Increases base budget figures for UNC System by $20.0M in FY 17-18 and $30.0M in FY 18-19 to account for statutory increases to the Opportunity Scholarship Grant Fund Reserve - G.S. 115C-562.8(b) • Reserve is used to fund scholarships for the subsequent fiscal year • Revised base budget amount for the Opportunity Scholarship Grant Fund Reserve is $44.8M in FY 17-18 and $54.8M in FY 18-19. • Revised base budget for the UNC System is $2.8B in FY 17-18 and $2.9B in FY 18-19				
100. UNC Teacher and Principal Preparation Program Lab Schools • Funds administrative and technical assistance related to the UNC Teacher and Principal Preparation Laboratory School Program • Start-up assistance and recurring administrative support • Revised net appropriation for UNC Laboratory Schools is $1.9M in FY 17-18 and $930,000 in FY 18-19	**$930,000 $1,000,000**	**R NR**	**$930,000**	**R**
101. New Teacher Support Program • Program to support new teachers across the State through training and one-on-one coaching • Revised net appropriation for this program is $2.2M in each year of the biennium	**$1,000,000**	**R**	**$1,000,000**	**R**
102. Future Teachers of North Carolina (FTNC) • Develop curricula and provide professional development for high school teachers who will teach courses to encourage high-achieving high school students to consider teaching as a profession • Revised net appropriation for FTNC program is $278,500 in each year of the biennium	**$278,500**	**R**	**$278,500**	**R**
106. Principal Preparation Grants Program	**$80,000**	**R**	**$80,000**	**R**

• Provides competitive grants for school leadership development • Revised net appropriation for this program is $4.5M in each year of the biennium				
120. Teaching Fellows • Establishes a competitive forgivable loan program for students interested in entering teaching STEM or special education licensure areas • Students may receive up to $8,250 per year for tuition, fees, and the cost of books • Loans may be forgiven upon completion of service at a NC elementary or high school • North Carolina State Educational Assistance Authority will administer the program • Supported by a transfer from the NC Education Endowment Fund of $450,000 in FY 17-18 and $6.0M in FY 18-19 • Total requirements for Teaching Fellows are $6.0M in FY 18-19				
122. Personal Education Savings Accounts • Creates scholarship grants for eligible CWD for qualifying educational expenses including nonpublic school tuition. First year funding of the biennium is to establish the program, second year funding will be used for awards, with up to $250,000 available for administration • Revised net appropriation for personal education savings accounts is $450,000 in FY 17-18 and $3.0M in FY 18-19	**$450,000**	**R**	**$450,000**	**R**
123. Tuition Grant for North Carolina School of Science and Math Students (NCSSM) • One-year tuition grant program for students graduating from (NCSSM) at the conclusion of the academic year 2017-18 • Students who enroll full-time in a UNC constituent institution in the fall of 2018 receive a full tuition grant for one year	**$1,500,000**	**NR**		
SECTION G: HEALTH AND HUMAN SERVICES	**FY 17-18**		**FY 18-19**	
42. NC Pre-K Waitlist Reduction • Reduces NC Pre-K waitlist providing a total of $9M in FY 17-18 and $18.3M in FY 18-19, with $6M in FY 17-18 and $12.2M in FY 18-19 from Temporary Assistance for Needy Families Block Grant (TANF) • Funding to serve an additional 1,725 children in FY 17-18 and 3,525 children in FY 18-19 • Total requirements for NC Pre-K are $154.5M in FY 17-18 and $163.8M in FY 18-19 • Revised net appropriation for NC Pre-K is $69.6M in FY 17-18 and $72.7M in FY 18-19	**$3,000,000**	**R**	**$6,100,000**	**R**
47. Smart Start Reading Initiative • Dolly Parton's Imagination Library, an early literacy program, mails age-appropriate books to registered children on a monthly basis • Access to the program will be statewide in FY 18-19 • Total Smart Start funding increased to $150.5M in FY 17-18 and $154M in FY 18-19 • Revised net appropriation is $3.5M in FY 17-18 and $7M	**$3,500,000**	**R**	**$7,000,000**	**R**

in FY 18-19				
48. Smart Start Partnership for Children • Funding for the Cabarrus Partnership for Children • Revised net appropriation is $18.6M in FY 17-18 and $18.4M in FY 18-19	**$125,000**	**NR**		
82. Children's Developmental Service Agencies (CDSAs) • Funds to address staffing deficiencies in New Bern and Blue Ridge CDSAs that are subject to federal corrective action plan • Revised net appropriation for Early Intervention is $22.4M in each year of the biennium	**$690,594**	**R**	**$690,594**	**R**
99. Maternal and Child Health (MCH) Block Grant • Reduces MCH block grant federal receipts in the amount of $522,330 in each year of the biennium • Revised MCH block grant federal receipts for the Division are $18.1M in each year of the biennium				
SECTION H: NATURAL AND CULTURAL RESOURCES	**FY 17-18**		**FY 18-19**	
116. NC Symphony Funding • $50,000 of the $350,000 shall be used to provide access to NC Symphony performances for public schools without transportation • Revised net appropriation is $2.4M in FY 17-18 and $2.1M in FY 18-19	**$350,000**	**NR**		
130. Statewide Children's Digital Library • Continues funding at the FY 2016-17 level on a nonrecurring basis • Revised net appropriation for the Digital Library is $200,000 in FY 17-18 only	**$200,000**	**NR**		
SECTION I: JUSTICE AND PUBLIC SAFETY				
29. School Panic Alarm Pilot Program • Statewide school panic alarm pilot program as defined by G.S. 115C-105.49A	**$250,000**	**NR**		
SECTION J: GOVERNOR – SPECIAL PROJECTS				
54. Education and Workforce Innovation Program • Transfers grant funds and part-time position from the Office of the Governor to DPI • Revised net appropriation for this fund is $0 in each year of the biennium	**($2,001,118)**	**R**	**($2,001,118)**	**R**
SECTION J: STATE BUDGET AND MANAGEMENT - SPECIAL				
62. Mitchell County • Grant-in-aid for improvements to Mitchell County High School • Revised net appropriation to Mitchell County for high school improvements is $250,000 in FY 17-18 only	**$250,000**	**NR**		
69. Richmond County • Grant-in-aid for an athletic field at Ellerbe Middle School • Revised net appropriation for this grant-in-aid is $100,000 for FY 17-18 only	**$100,000**	**NR**		
71. Town of Banner Elk • Grant-in-aid for elementary school improvements • Revised net appropriation for this grant-in-aid is $25,000 for FY 17-18 only	**$25,000**	**NR**		

SECTION K: HIGHWAY FUND	FY 17-18		FY 18-19	
49. Department of Public Instruction (DPI) • Administer a new charter school pilot grant program to reimburse a portion of eligible student transportation costs • Revised net appropriation for this transfer is $2.5M in FY 17-18 and $0 in FY 18-19	**$2,500,00**	**NR**		
SECTION L: RESERVES, DEBT SERVICE, AND OTHER ADJUSTMENTS				
11. Public Schools Average Daily Membership (ADM) • Funds for projected increases in allotted ADM in FY 18-19 - estimated 8,239 students in FY 18-19 vs. FY 17-18 • Total allotted ADM for FY 18-19 is 1,560,877. • Funding for increased ADM in FY 2017-18 is provided in DPI budget			**$48,410,289**	**R**

SESSION LAW 2017-57
Senate Bill 257
http://www.ncga.state.nc.us/Sessions/2017/Bills/Senate/PDF/S257v9.pdf

Appropriations Act of 2017
Effective July 1, 2017, except as otherwise provided in SL 2017-57

(Please see reports by the Department of Public Instruction (DPI) and its Financial & Business Services Division for funding-related requirements: http://www.ncpublicschools.org/fbs/budget. For complete language on each budget provision summarized below, please see the Session Law 2016-94 link in the title above or the tab in this Report entitled, "Budget Bill Excerpts." *Listings below only include excerpts involving K-12 public education.*)

PART V: OTHER APPROPRIATIONS

Section 5.3 Education Lottery Funds/Changes to Reserve Allocations/Needs-Based Public School Capital Fund

Appropriations made from the Education Lottery Fund for the 2017-19 fiscal biennium remained unchanged, aside from an increase in funds allotted to non-instructional support personnel. In FY 2016-17, these personnel received $372,266,860 of lottery funds; in 2017-18, however, that funding increases to $383,888,897. Another difference from the 2016-17 budget is the addition of the LEA Transportation line item. The table below shows how projected lottery funds are allocated:

	FY 2017-18	FY 2018-19
Noninstructional Support Personnel	$383,888,897	$385,914,455
Prekindergarten Program	$78,252,110	$78,252,110
Public School Building Capital Fund	$100,000,000	$100,000,000
Scholarships for Needy Students	$30,450,000	$30,450,000
UNC Needs-Based Financial Aid	$10,744,733	$10,744,733
LEA Transportation	$43,277,192	$1,386,090
Total	**$646,612,932**	**$606,747,388**

Any net revenues remaining in the Education Lottery Fund will be used to shore up the Education Lottery Reserve Fund, which must maintain a balance of at least twenty-five million dollars ($25,000,000) (that is, unless the funds must be used to fund the aforementioned priorities). Any net revenues remaining after that will be appropriated to the Needs-Based Public School Capital Fund.

Language is added in Section 5.3.(f) establishing that counties that have received grants from the Needs-Based Public School Capital Fund are ineligible to receive allocations from the Public School Building Capital Fund for five years from the date the grant funds were awarded.

Section 5.4.(d) Civil Penalty and Forfeiture Fund

This section revises the statute to provide that late fees on vehicle registrations will be used to create a "dedicated source of revenue" for the drivers education program administered by DPI.

Section 5.5 Indian Gaming Education Revenue Fund

The sum of six million dollars ($6,000,000) in each year of the 2017-2019 fiscal biennium is transferred from the Indian Gaming Education Revenue Fund to the Department of Public Instruction, Textbooks, and Digital Resources Allotment.

PART VI: GENERAL PROVISIONS

Section 6.6 Clarify Base Budget Definition

Subsection 6.6.(b) establishes a ten-year schedule of funding increases for the Opportunity Scholarship program. The schedule is as follows:

Fiscal Year	Appropriation
2017-18	$44,840,000
2018-19	$54,840,000
2019-20	$64,840,000
2020-21	$74,840,000
2021-22	$84,840,000
2022-23	$94,840,000
2023-24	$104,840,000
2024-25	$114,840,000
2025-26	$124,840,000
2026-27	$134,840,000

For fiscal years following 2026-27, $144,840,000 is allotted to the program.

Section 6.7.(a) Use of State Funds for Employment of Outside Counsel/General Assembly Right to Intervene

Establishes that state agencies may only employ private counsel when it has been approved by the Governor, and that the Governor may only grant approval when the Attorney General has advised that it is not feasible or appropriate for the Attorney General's office to render the legal services. This is a softening of the statute's previous language, which forbade the hiring of any counsel not approved by the Governor. However, additional language states that any litigation services provided by private counsel may not be paid using State funds unless funds are specifically appropriated for that purpose by the General Assembly.

PART VII: PUBLIC SCHOOLS

Section 7.1 Funds for Children with Disabilities

SBE is directed to allocate additional funding for children with disabilities at a rate of $4,125.27 per child in fiscal years 2017-18 and 2018-19. Each local school administrative unit shall receive funds for the lesser of (i) all children who are identified as children with disabilities or (ii)12.75% of its 2017-2018 allocated average daily membership in the local school administrative unit. Additionally, local boards of education are barred from transferring funds from the children with disabilities allotment category.

Section 7.2 Funds for Academically Gifted Children

SBE is directed to allocate additional funding for academically or intellectually gifted children at a rate of $1,314.56 per child in fiscal years 2017-18 and 2018-19. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its 2017-2018 allocated average daily membership, regardless of the number of children identified as academically or intellectually gifted in the unit. Additionally, new language is added prohibiting local boards of education from transferring funds out of the academically or intellectually gifted allotment category.

Section 7.3 Supplemental Funding in Low-Wealth Counties

There are no major changes in this section from how it appeared in Session Law 2015-241, the most recent past biennial state budget.

Section 7.4 Small County School System Supplemental Funding

Unless an LEA is found to have previously used this funding to supplant local current expense funds, each eligible county LEA shall receive a dollar allotment according to the following schedule (unchanged from the 2015 biennial budget):

Allotted ADM	Small County Allotment
0-600	$1,710,000
601-1,300	$1,820,000
1,301-1,700	$1,548,700
1,701-2,000	$1,600,000
2,001-2,300	$1,560,000
2,301-2,600	$1,470,000
2,601-2,800	$1,498,000
2,801-3,200	$1,548,000

Provisions related to Small County School System Supplemental Funding remain largely the same as in the 2015 biennial budget, but with additional language clarifying that LEAs will not be rendered ineligible for supplemental funding if either the highest of the first two months of total projected ADM for the current year or prior year would otherwise have made the LEA eligible for funds.

Section 7.5 Disadvantaged Student Supplemental Funding (DSSF)

Aside from a minor clarifying change, the language in this section remains identical to its 2015 iteration.

Section 7.6 Uniform Education Reporting System (UERS) Funds

Funds appropriated for UERS in the 2017-19 fiscal biennium will not revert at the end of each fiscal year, but shall remain available until expended.

Section 7.7 Budget Reductions/Department of Public Instruction

Establishes that DPI may, in consultation with the Office of State Budget and Management and Fiscal Research Division, reorganize the Department to implement budget reductions for the 2017-19 fiscal biennium. A list of programs that cannot be subject to Departmental budget reductions is included in this provision. Items that the Department may not reduce include: Communities in Schools NC, Teach for America, Beginnings for Parents of Children Who are Deaf or Hard of Hearing, Read to Achieve, the NC School Connectivity Program, the NC Center for the Advancement of Teaching, the NC Innovative School District, Eastern NC STEM, and positions appointed by and with a direct report to the State Superintendent of Public Instruction.

Section 7.8 DPI/Alignment of Federal Funds

The Department of Public Instruction, in consultation with the Office of State Budget and Management, shall align federal funds to accurately reflect the amount projected to be spent by the Department in each year of the 2017-2019 fiscal biennium in accordance with the State Budget Act.

Section 7.9 Administration of the Excellent Public Schools Act

DPI is directed to use funds for the administration of the Excellent Public Schools Act to fill 13 additional, time-limited positions supporting the kindergarten through third grade assessments administered under the Act. This section expires June 30, 2019.

Section 7.10 Superintendent of Public Instruction Support Staff

Allows the Superintendent of Public Instruction to utilize up to $700,000 of DPI's allotted funds to hire up to ten full-time policy-making employees for the Superintendent's Office without SBE approval.

Section 7.11 Carryforward of Certain DPI Funds

Subsection (a) allows for funds allotted to DPI for the 2016-17 fiscal year to evaluate the teacher compensation models and advanced teaching roles pilot programs to not revert but remain available until expended. Subsection (b) adds language stating that funds appropriated to the Department of Public Instruction for the 2016-2017 fiscal year to implement the LATP programs and for the evaluation of the LATP programs shall not revert at the end of the fiscal year but shall remain available until expended. Subsection (c) establishes that any funds appropriated for staff and operations of the Innovative School District (ISD) that are unexpended at the end of the 2016-17 fiscal year shall not revert but shall remain available for one-time, start-up expenses of the ISD until the end of the 2017-18 fiscal year. Furthermore, funds appropriated to DPI for the 2016-17 fiscal year for evaluation of the ISD do not revert.

Section 7.12 Prohibit Transfer of Limited English Proficiency Funds

Funds cannot be transferred out of the limited English proficiency allotment category.

Section 7.13 Prohibit Transfer of Textbooks and Digital Resources Funds

Funds in the textbooks and digital resources allotment category must be used for the purchase of textbooks and digital resources and cannot be transferred for any other reason.

Section 7.15 Class Size Flexibility for Current Pilot Programs and Dual Language Immersion Classes

LEAs approved by the State Board of Education to participate in the teacher compensation models and advanced teaching roles pilot program established under Section 8.7 of S.L. 2016-94 may allow a certain number of schools that were identified in their proposals to exceed individual class size requirements in kindergarten through third grade for the duration of the pilot program ending with the 2019-2020 school year as follows:

Chapel Hill-Carrboro City Schools	20 schools
Charlotte-Mecklenburg Schools	46 schools
Edgecombe County Schools	14 schools
Pitt County Schools	4 schools
Vance County Schools	3 schools
Washington County Schools	5 schools

Additionally, schools participating in the Project LIFT program in Charlotte-Mecklenburg Schools and the R3: Career Pathways Program in Pitt County Schools may exceed individual class size requirements in grades K-3 for the duration of their LEA's participation in the pilot program.

Subsection (d) provides that the class size requirements as established in Session Law 2017-9 do not apply to dual language immersion classes, which are defined as classes in which 1) at least one-third of the students' dominant language is English and 2) instruction involves English and a target foreign language with a minimum of 50% of core content taught in the target foreign language.

Section 7.16 Improve Education Financial and Information Transparency

Directs DPI to implement the School Business System Modernization Plan, as proposed by SBE. The language further states that it is the intent of the General Assembly to fund a multiphase, multiyear project to (1) modernize State and local education

financial, human capital, and school information systems, (2) provide for a common reporting system and analytics system, (3) integrate financial, payroll, human resources, and related human capital systems through the use of new software, make enhancements to existing local systems, or both, and (4) link the State licensure system with the upgraded local systems. The State Superintendent shall review and improve business processes in DPI, as appropriate, and modernize State systems at the Department.

Subsection (b) directs the State Superintendent to work in collaboration with the Friday Institute at NC State University, the Government Data Analytics Center (GDAC), local superintendents, charter school leadership, LEA personnel administrators and finance officers to establish common data reporting requirements. All LEAs and charter schools are required to comply with these requirements.

Subsection (b1) establishes that the State Superintendent will work in collaboration with the Friday Institute at NC State University, GDAC, and other State agencies to improve communication between computer systems, particularly to ensure that DPI's modernized computer system is able to share data with computer systems at other State agencies, community colleges, and constituent institutions of the University of North Carolina.

Subsection (c) authorizes DPI to spend $1,430,000 in FY 2017-18 and $1,420,000 in FY 2018-19 of funds appropriated for the school business system modernization plan to establish positions, contract for services, or both for business-specific project management. The State Superintendent may use one of the positions allotted to him under Section 7.10 of this Act for this purpose.

Subsection (d) directs DPI to transfer up to $3,250,000 for FY 2017-18 and $250,000 for FY 2018-19 of funds allocated for the school business system modernization plan to GDAC for the development and deployment of a data integration service.

Subsection (f) outlines reporting requirements and subsection (g) establishes that funds appropriated to the Department of Public Instruction for the 2017-2019 fiscal biennium to implement the school business modernization system shall not revert at the end of the fiscal year but shall remain available until expended.

Section 7.17 Office of Charter Schools/Web-Based Record and Data Management

Directs DPI to use up to $200,000 in fiscal years 2017-18 and 2018-19 to support the purchase of a Web-based electronic records and data reporting management system to automate and streamline reporting and accountability requirements to assist the Office of Charter Schools in complying with annual reporting obligations. Funds used by DPI for this purpose must come from those appropriated for the Uniform Education Reporting System. Subsection (b) outlines criteria that must be met by the purchased system.

Section 7.18 State Board of Education/Use of Funds

Prohibits SBE from hiring private legal counsel to provide litigation services, including any legal work that "in anticipation of or in preparation for any suit or action." Subsection (b) lays out positions that may be appointed by SBE "to support the meetings and direct operations of the office of the State Board of Education."

Section 7.19 Teachers/Isolated K-12 Schools

Directs SBE to allot additional classroom teachers to schools containing grades K-12 when consolidation is not feasible due to the geographic isolation of the school and the school meets at least one of the following criteria for geographic isolation:

- The school is located in a local school administrative unit (LEA) in which the average daily membership is less than 1.5 per square mile.
- The school is located in an LEA for a county containing more than 150,000 acres of national forest owned by the federal government and managed by the United States Forest Service.

The SBE must allot teachers to the geographically isolated schools on the basis of one classroom teacher per grade level and must allot teachers to the remainder of the LEA in accordance with the formulas for the regular classroom teacher allotment.

Section 7.20 Turning TAs into Teachers Pilot Expansion/Student Teacher Employment

Expands the number of LEAs participating in the Turning TAs into Teachers pilot program in the 2017-18 fiscal year compared to the 2016-17 fiscal year. Fourteen LEAs are added for the 2017-18 fiscal year, bringing the total number of

participating LEAs to nineteen. This section also clarifies that a teacher assistant who is also a student teacher in the same LEA will continue to receive their salary and benefits as a teacher assistant while student teaching.

Section 7.22 Cooperative Innovative High School Funding Changes

Directs DPI to allocate $275,000 in recurring funds each fiscal year from the cooperative innovative high school supplemental allotment to a Tier I LEA with an SBE-approved cooperative innovative high school, except for LEAs with virtual cooperative innovative high schools, which will receive $200,000 rather than $275,000, and $310,000 shall be allocated to the Northeast Regional School of Biotechnology and Agriscience.

For cooperative innovative high schools in Tier II LEAs, $200,000 in recurring funds shall be allocated from the cooperative innovative high school supplemental allotment. For such schools in Tier III LEAs, $180,000 in recurring funds shall be allotted with $20,000 in nonrecurring funds in the 2017-18 fiscal year. In the 2018-19 fiscal year, such LEAs will be allotted $180,000 in recurring funds from the cooperative innovative high school supplemental allotment.

These disbursements are conditional based on criteria found in Subsection (f). Qualifying LEAs shall include a cooperative innovative high school approved by the State Board of Education pursuant to G.S. 115C-238.51A(c) since July 1, 2015, that is operated by a local school administrative unit but that has not received the cooperative innovative high school allotment in a prior fiscal year. Funds shall not be allocated to local school administrative units for cooperative innovative high schools approved by the State Board pursuant to G.S. 115C-238.51A(b).

Subsection (g) requires the State Board of Community Colleges to collaborate with SBE and the UNC Board of Governors to evaluate the success of students participating in the Career and College Promise Program. Success shall be measured by high school retention rates, high school completion rates, high school dropout rates, certification and associate degree completion, admission to four-year institutions, post-graduation employment in career or study-related fields, and employer satisfaction with employees who participated in the programs. The Boards shall jointly report by January 15 of each year to the Joint Legislative Education Oversight Committee.

Section 7.23 Preparing Future Workforce in Coding and Mobile App Development Grant Program

Sec. 7.23 directs DPI to establish the Coding and Mobile Application Grant Program (Program) to develop industry partnerships with local school administrative units (LEAs) and charter schools to design and implement computer science, coding, and mobile application development curricular programs for middle school and high school students. Funds for the Program are to be used to award competitive grants of up to $400,000 each fiscal year. These grants can be used for the purchase of equipment, digital materials, and related activities such as teacher professional development.

The Superintendent of Public Instruction (Superintendent) must establish the criteria and guidelines for the applications and Program requirements by August 15, 2017. The applications for the Program are due by October 15, 2017 for the first year of the Program. In subsequent years if funds are available for new applicants, the deadline must be by May 15 of that year. Applications must include the following information:

- A description of how the proposed partnership initiative will provide increased career opportunities for students to engage in high-wage, high-skill, and high-demand occupations.

- Demonstrated evidence of employer demand for the partnership initiative and related career and technical education (CTE) training, including documentation of industry involvement in the partnership initiative.

- A proposed budget for the partnership initiative, including demonstrated commitment of local or regional partners to sustain the programs beyond the initial grant funding.

- A description of how the proposed initiative aligns with other programs, including CTE, Career and College Pathways, and postsecondary programs and, if appropriate, how equipment necessary for the initiative will be utilized by partners.

- A description of how the project will create innovative, nontraditional, and immediate career pathways for students to enter high demand jobs in the development of mobile software applications.

In selecting the recipients, the Superintendent must consider diversity among the applicants, including geographic location, positive impact on the community of industry partnerships, and the size of the student population. Initial grant recipients must be selected by November 15, 2017 and implementation of the Program must begin in the spring semester of the 2017-2018 school year. In subsequent years, if funds are available for new applicants, recipients must be selected by July 15 of that year.

By August 1 of each year of the Program, grant recipients must submit a report to DPI for the preceding year in which grant funds were expended that provides the following information:

- The use of grant funds.

- The number of students by grade level participating in the partnership initiative.

- The number of students who subsequently participated in work-based opportunities, internships, or apprenticeship programs and a description of the types of opportunities for those students.

- Student outcome data regarding job attainment and postsecondary opportunities as a result of the partnership initiative.

- Any other information the Superintendent of Public Instruction deems necessary.

By September 15 of each year of the Program, DPI must report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division, beginning with an initial report by September 15, 2018, on grant recipients and implementation of the Program, including the information required to be reported to DPI by the grant recipients and any legislative recommendations for modifications or expansion of the Program.

Section 7.23A Expand School Connectivity Initiative/Cybersecurity and Risk Management

Directs DPI to use up to $200,000 in each fiscal year of the 2017-19 fiscal biennium of funds allocated to the Digital Learning Plan to develop and implement the new cybersecurity and risk management services to support public school cybersecurity and risk management service operations. These services will be developed by SBE and DPI in collaboration with the Friday Institute at NC State University to expand the School Connectivity Initiative client network engineering to include cybersecurity and risk management services supporting LEAs and charter schools.

Section 7.23B Report on Cursive Writing and Multiplication Tables

The State Board of Education and the Department of Public Instruction shall report to the Joint Legislative Education Oversight Committee by March 30, 2018, regarding the measures taken by each local school administrative unit to implement the requirements regarding cursive writing and memorization of the multiplication tables pursuant to G.S. 115C-81(k) and (l) and to ensure that those requirements are met.

Section 7.23D Joint Legislative Task Force on Education Finance Reform

Sec. 7.23D creates the Joint Legislative Task Force on Education Finance Reform (Task Force) which consists of nine members of the Senate appointed by the President Pro Tempore of the Senate and nine members of the House of Representatives appointed by the Speaker of the House of Representatives. The President Pro Tempore of the Senate and the Speaker of the House of Representatives must each appoint a cochair of the Task Force from among its membership with appointments being made no later than September 1, 2017. At least one member of the House of Representatives and at least one member of the Senate must be from the minority party of their respective chambers.

In consultation with SBE and DPI, the Task Force must study various weighted student formula funding models and develop a new funding model for the elementary and secondary public schools of North Carolina based on a weighted student formula. The Task Force must do all of the following:

- Review the State's current public school allotment system and undertake an in-depth study of various types of weighted student formula funding models.

- Determine the base amount of funds that must be distributed on a per student basis to cover the cost of educating a student in the State.

- Identify the student characteristics eligible for weighted funding and the associated weights for each of these characteristics.

- Resolve the extent to which the base amount of funds to be distributed would be adjusted based on the characteristics of each local school administrative unit.

- Decide which funding elements, if any, would remain outside the base of funds to be distributed under a weighted student formula.

- Study other funding models for elementary and secondary public schools, including public charter schools, in addition to the weighted student funding formula.

- Study funding models to provide children with disabilities with a free appropriate public education. This must include a consideration of economies of scale, the advisability and practicality of capping additional funding for children with disabilities, and additional costs associated with services required for particular disabilities.

- Study any other issue the Task Force considers relevant.

Meetings of the Task Force must begin no later than October 1, 2017 and a final report on the results of the study, including proposed legislation, must be submitted to the Joint Legislative Education Oversight Committee on or before October 1, 2018, by filing a copy of the report with the Office of the President Pro Tempore of the Senate, the Office of the Speaker of the House of Representatives, the Joint Legislative Education Oversight Committee, and the Legislative Library. The Task Force terminates on October 1, 2018, or upon the filing of its final report, whichever comes first.

Section 7.23E Eliminate Analysis of Student Work Process for Teacher Evaluations

This provision states that the State Board of Education shall eliminate the use of the analysis of student work process and shall prohibit use of an analysis of student work process to assess teacher performance and professional growth as part of the North Carolina Teacher Evaluation System. Subsection (c) strikes language requiring that a mentor teacher evaluated as "accomplished" must have reached student growth expectations to qualify as a mentor teacher. The requirement for a mentor teacher to be rated as "accomplished" remains.

Section 7.23F Sixth and Seventh Grade CTE Program Expansion Grant Program

Directs the NC Education and Workforce Innovation Commission to develop and administer, in coordination with the State Board of Education and the Superintendent of Public Instruction, the Career and Technical Education Grade Expansion Program, and shall make awards of grants under the Program. It further adds the Career and Technical Education Grade Expansion Program to the Commission's annual report on the Education and Workforce Innovation Program to the Joint Legislative Education Oversight Committee, SBE, the State Board of Community Colleges, and the UNC Board of Governors.

Subsection (b) formally establishes the Career and Technical Education Grade Expansion Program to "expand career and technical education (CTE) programs by prioritizing the inclusion of students in sixth and seventh grade through grant awards provided to selected local school administrative units for up to seven years." Funds appropriated for the Program shall be allocated to selected LEAs as competitive grants of (i) up to seven hundred thousand dollars ($700,000) for the 2017-2018 fiscal year and (ii) to the extent funds are available, up to one million dollars ($1,000,000) for the 2018-2019 fiscal year and subsequent fiscal years.

The language stipulates that grant funds shall be used only for employing additional licensed personnel in career and technical education areas, career development coordination areas, and support service areas necessary for expanding the CTE program to sixth and seventh grade students. The funds may be used for CTE programs at one or more schools in the local school administrative unit. Grant funds allocated to the LEA each fiscal year under the Program shall not revert but shall be available for the purpose of the grant program until expended.

Section 7.23G Transfer Education and Workforce Innovation to the Department of Public Instruction

Sec. 7.23G of S.L. 2017-57 transfers the North Carolina Education and Workforce Innovation Commission (Commission) to the Department of Public Instruction (DPI) from the Office of the Governor. It will be administratively located in DPI but will exercise all of its prescribed powers independently of DPI. Of the funds appropriated for the Education and Workforce Innovation Program, up to 10% of those funds can be used by DPI to provide technical and administrative assistance for the Commission for the Education and Workforce Innovation Program and the Career and Technical Education Grade Expansion Program.

Section 7.23H Future Ready Students

Amends statute to require local boards of education to offer, as part of CTE instruction, at least 2 work-based learning opportunities consisting of on-the-job training through an internship, cooperative education, or an apprenticeship program. It also encourages local boards of education to implement career awareness programs for 5th grade students on available CTE education programs. A local board of education that adopts a 5th grade career awareness program must report on activities and student outcomes to SBE annually by October 1. SBE must submit a consolidated report on program outcomes and legislative recommendations to the Joint Legislative Education Oversight Committee (JLEOC) by November 15 annually. Additionally, local boards of education are required to be assisted by business advisory councils (councils) in providing CTE instruction.

- Purpose - Councils would identify economic and workforce development trends related to training and education needs of the local community and advocate for strong local CTE programs.

- Service Area. – Councils may serve more than one local board upon the agreement of the council and all the local boards to be served by the council.

- Membership. – Councils must have at least 9 members that reflect the education, business, and community makeup of the local school administrative unit (LEA)served as follows:

- Ex officio education representatives:

    - Superintendent of the LEA, or designee.
    - CTE program director of the LEA (nonvoting member).
    - President of the community college that serves the LEA, or designee.
    - A principal of a school located in the LEA, as assigned by the superintendent.

- Business, industry, workforce and economic development stakeholders, and community representatives (must make up the majority of the council):

    - Local business and industry owners.
    - Representatives from local manufacturing centers and factories.
    - Human resource directors employed at businesses and industries in the community.
    - Representatives from community based organizations.
    - Representatives from economic and workforce development organizations.
    - Parents of students enrolled in career and technical education courses.
    - Representative or manager of the local apprenticeship coalition.

This legislation further requires local boards of education to provide CTE agricultural teachers with adequate resources to provide a CTE agricultural education program for 12 calendar months, which includes work-based learning services and instructional and leadership development. Beginning in the 2018-19 school year, such teachers serving grades 9-12 will be employed on a 12-month basis. Local boards may fund these positions "using any combination of State funds, local funds, or any other funds available to the local board." However, LEAs are allowed to apply to DPI and NC State University for a waiver of the 12-month requirement on an annual basis.

Subsection (j) authorizes the creation of 2 full-time positions in the Division of Career and Technical Education at DPI dedicated to assisting LEAs in developing business advisory councils, local career pathways, work-based learning opportunities, and elementary school career awareness curriculum.

Section 7.23I Establish B-3 Interagency Council

Establishes the B-3 (Birth to Third Grade) Interagency Council, a joint council between the NC DPI and the NC Department of Health and Human Services (DHHS). The Council, comprised of 12 voting members and 4 advisory members, including: the Superintendent of Public Instruction (or his designee), DPI's Associate Superintendent of Early Education, the Secretary of Health and Human Services (or her designee), DHHS' Deputy Secretary of Human Services, four public members appointed by the Speaker of the House (including one representative from Smart Start), four public members appointed by the President Pro Tempore of the Senate (including one representative from the NC Partnership for Children), two members of the House of Representatives, appointed by the Speaker to serve as nonvoting members, and two members of the Senate, appointed by the President Pro Tempore to serve as nonvoting members. The Deputy Secretary of Human Services and the Associate Superintendent of Early Education shall serve as cochairs.

The Council shall have as its charge establishing a vision and accountability for a birth through grade three system of early education that addresses all of the following:

(1) Standards and assessment.
(2) Data-driven improvement and outcomes, including shared accountability measures such as the NC Pathways to Grade-Level Reading.
(3) Teacher and administrator preparation and effectiveness.
(4) Instruction and environment.
(5) Transitions and continuity.
(6) Family engagement.
(7) Governance and funding.

The B-3 Interagency Council will facilitate the development and implementation of an interagency plan for a coordinated system of early care, education, and child development services with a focus on program outcomes in satisfying the developmental and educational needs of all children from birth to eight years of age. The Council will also be authorized to implement a statewide longitudinal evaluation of the educational progress of children from Pre-K to grade 12, and to collaborate with DPI, DHHS, the NC Partnership for Children, the NC Early Childhood Advisory Council, and other stakeholders to achieve the goal of a coordinated system of early care, education, and child development services for children from birth to eight years of age.
The statute goes on to establish the position of Associate Superintendent of Early Education at DPI, and establishes reporting requirements for the Council, as follows:

> "By April 15, 2018, the B-3 Interagency Council shall submit a report to the Joint Legislative Education Oversight Committee, the Joint Legislative Oversight Committee on Health and Human Services, and the Joint Legislative Commission on Governmental Operations on the initial results of the review and study required under subsection (c) of this section. By February 15, 2019, the B-3 Interagency Council shall submit a report to the Joint Legislative Education Oversight Committee, the Joint Legislative Oversight Committee on Health and Human Services, and the Joint Legislative Commission on Governmental Operations on (i) the final results of the review and study, including its recommendations and any proposed legislation, and (ii) progress on the development and implementation of a plan for a coordinated system of early care, education, and child development services and any other activities prescribed under G.S. 115C-64.26, as enacted by this section."

The B-3 Interagency Council shall submit its initial quarterly report to the Superintendent of Public Instruction and the Secretary of the Department of Health and Human Services by May 15, 2018.

Section 7.23J Allotment Transfer Report

Directs LEAs to provide more information about fund allotment transfers that increased or decreased the initial allotment amount by more than 5% by including the following:

- The amount of the transfer.
- The allotment category into which the funds were transferred.
- The purpose code for the funds following the transfer.
- A description of any teacher positions fully or partially funded as a result of the transfer, including all subject areas taught by the teacher in the position.

This information for the prior fiscal year must be published on the LEA's website by October 15 of each year and must be maintained for at least three years. DPI must collect this information reported by the LEAs and report the aggregated information, including available data from the two previous fiscal years, to the Joint Legislative Education Oversight Committee and the Fiscal Research Division by December 1 of each year. The report required by December 1, 2017 must include information on uses of funds for the 2014-2015, 2015-2016, and 2016-2017 fiscal years.

Section 7.23K Digital Learning Plan/Programs/Funds

As part of the continuing implementation of the Digital Learning Plan, SBE, DPI, the Friday Institute at NC State University, and UNC educator preparation programs shall collaborate to develop and implement a comprehensive professional development strategy and solution for teachers and for students in UNC educator preparation programs for the use of technology and digital resources as teaching tools for K-12 students. The professional development strategy and solution shall include the following:

(1) Competency-based measurement of the technological and pedagogical skills of each teacher or teacher candidate that identifies strengths and gaps according to the NC Digital Learning Competencies for Educators and informs the use of a personalized professional development plan.

(2) Delivery of professional development that is flexible to ensure the greatest possible coverage and convenience for teachers and teacher candidates.

Additionally, the aforementioned stakeholders, along with boards of LEAs in counties determined to be the most economically distressed by the Department of Commerce, shall collaborate to assess current efforts to provide student digital literacy instruction in kindergarten through eighth grade in those local school administrative units and to develop a plan to strengthen such efforts. The assessment and plan shall address at least the following:

1) Provide opportunity for students to learn essential digital literacy skills, including computer fundamentals, computational thinking, keyboarding, digital citizenship and online safety, Web browsing, e-mail and online communication, visual mapping, word processing, spreadsheets, databases, and presentations.
2) Provide teachers with the ability to assess student digital literacy growth.
3) Facilitate Project-Based Learning (PBL) and other research-based instructional frameworks to enable educators to integrate instruction on digital literacy into core and supplemental subjects, such as mathematics, English language arts, science, social studies, music, and art.
4) Resources that provide teachers with instructional support and supplemental and extension options to address all students, including students with special needs and students who are English language learners.
5) Accommodate English language learners with Spanish language instruction.

Of the $6,420,000 in recurring funds appropriated to DPI to accelerate implementation of the State's Digital Learning Plan, beginning with the 2017-2018 fiscal year, the Department shall use up to $1,800,000 to implement the requirements of this section.

Section 7.23L Audit of the Department of Public Instruction

The Superintendent of Public Instruction shall select an independent research organization that is a public or private entity or university for the 2017-2018 fiscal year to conduct an organizational, functional, and business-process audit of DPI. The selected organization shall have experience and special expertise in performing the type of audit described above. No later than May 1, 2018, the Department shall submit a report to the General Assembly, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division with the results of the audit.

Section 7.24 Extended Learning and Integrated Student Supports Competitive Grant Program

This section directs DPI to use up to six million dollars ($6,000,000) for the 2017-18 fiscal year and up to six million dollars ($6,000,000) for the 2018-19 fiscal year from the At-Risk Student Services Alternative School Allotment for the Extended Learning and Integrated Student Supports Competitive Grant Program (Program). The Program is to fund high-quality, independently validated extended learning and integrated student support service programs for at-risk students that raise standards for student academic outcomes by focusing on the following:

- Use of an evidence-based model with a proven track record of success.
- Inclusion of rigorous, quantitative performance measures to confirm effectiveness of the program.
- Deployment of multiple tiered supports in schools to address student barriers to achievement, such as strategies to improve chronic absenteeism, anti-social behaviors, academic growth, and enhancement of parent and family engagement.
- Alignment with State performance measures, student academic goals, and the North Carolina Standard Course of Study.
- Prioritization in programs to integrate clear academic content, in particular, STEM learning opportunities or reading development and proficiency instruction.
- Minimization of student class size when providing instruction or instructional supports and interventions.
- Expansion of student access to high quality learning activities and academic support that strengthen student engagement and leverage community-based resources, which may include organizations that provide mentoring services and private sector employer involvement.
- Utilization of digital content to expand learning time, when appropriate.

Grants must be used for new or existing eligible programs for at-risk students operated by (i) nonprofit corporations and (ii) nonprofit corporations working in collaboration with local school administrative units (LEA). Grant recipients are eligible to receive grants for up to two years in an amount of up to five hundred thousand dollars each year. Programs should focus on

serving (i) at- risk students not performing at grade level as demonstrated by statewide assessments, (ii) students at- risk of dropout, and (iii) students at-risk of school displacement due to suspension or expulsion as a result of anti-social behaviors. Priority consideration must be given to applications demonstrating models that focus services and programs in low-performing schools.

A grant participant must certify to DPI that the grant funds received under the Program will be matched on the basis of three dollars ($3.00) in grant funds for every one dollar ($1.00) in non-grant funds. DPI must also give priority consideration to an applicant that is a nonprofit corporation working in partnership with an LEA resulting in a match utilizing federal funds or local funds. Matching funds may include in-kind contributions for up to 50% of the required match.

Grant recipients must report to DPI for the year in which grant funds were expended on the progress of the program, including alignment with State academic standards, data collection for reporting student progress, the source and amount of matching funds, and other measures, before receiving funding for the next fiscal year. Grant recipients must also submit a final report on key performance data, including statewide test results, attendance rates, graduation rates, and promotion rates, and financial sustainability of the program.

DPI must provide an interim report on the Program to the Joint Legislative Education Oversight Committee by September 15, 2018, with a final report on the Program by September 15, 2019. The final report must include the final results of the Program and recommendations regarding effective program models, standards, and performance measures based on student performance, leveraging of community-based resources to expand student access to learning activities, academic and behavioral support services, and potential opportunities for the State to invest in proven models for future grants programs.

Section 7.25 Life Changing Experiences School Pilot Program

Directs DPI to use $360,000 in each year of the 2017-19 fiscal biennium to contract with the Children and Parent Resource Group, Inc., to design, implement, and evaluate a two-year Life Changing Experiences School Pilot Program (Project), beginning with the 2017-2018 school year and ending with the 2018-2019 school year. Students in grades 6-11 in Mitchell County Schools, Pitt County Schools, Wayne County Schools, and Winston-Salem/Forsyth County Schools will be able to participate in the Project.

The Project includes theme-specific programs screened as school assemblies and additional follow-up applications that address dangerous life and community threatening activities that negatively impact teenagers, including alcohol and other drugs, dangerous driving, violence, and bullying. The goal of these programs is to increase positive intentions and behavioral outcomes by teaching students the techniques and skills that empower them to reach meaningful life goals, employ positive behaviors, and start businesses and social enterprises.

The Children and Parent Resource Group, Inc., in consultation with DPI, shall submit an initial report on the Project by March 1, 2018, and a final report by March 1, 2019, to the Joint Legislative Education Oversight Committee and the Fiscal Research Division. The report shall include an accounting of expenditures and student outcome data related to the operation of the Project.

7.26 School Performance Grades/ESSA Compliance

This section makes multiple changes to the way school performance grades are calculated and to comply with the federal Every Student Succeeds Act (ESSA). While several bills were filed this session addressing school performance grades, what eventually passed as part of the budget is different from prior proposals.

First, progress made by students in achieving English language proficiency is added to the list of factors to be included in a school's performance score. Additionally, separate performance scores will be issued by SBE for school performance of certain student subgroups and reading and mathematics performance in schools serving any range of grades K-8.

The way points are to be awarded by SBE for school performance grades is revamped in this section. Criteria is divided up between those that apply to K-8 schools (that is, schools serving students in any of those grades), and those that apply to 9-12 schools. The criteria for K-8 schools specify that one point is awarded for each percent of students in grades 3-8 who achieve a proficient score or higher as measured by the course's end-of-course test, and adds that a point is awarded for each percent of students in grades 3-8 who progress in achieving English language proficiency, as measured by annual assessments in grades 3-8. Changes to high school criteria allow students who completed Algebra I or Integrated Math I in before ninth grade to complete the end-of-course test for another mathematics course to be factored into the school performance score of their school. Additionally, a point is now awarded to 9-12 schools for each percent of students who progress in English language proficiency.

Language is added to this statute that identifies subgroups of students so that, if a school has enough students in a particular subgroup so that their data can be disaggregated and avoid violating federal privacy laws, SBE shall use EVAAS to calculate school performance scores and shall determine a corresponding school performance grade for each subgroup. School performance scores for subgroups of students shall not be included in the calculation of the overall school performance scores and grades. Based on subgroup performance data, SBE will determine and identify schools that are closing achievement gaps, experiencing a widening of gaps, or seeing no significant gap changes. The subgroups are as follows: economically disadvantaged students, students from major racial or ethnic groups, children with disabilities, and English learners.

Subsection (g) provides that, beginning with data collected in the 2017-18 school year, SBE will provide annual report card information on DPI's website. The annual report cards will be designed to display vital information about LEAs' and individual schools' performance scores and growth data.

This legislation also updates language regarding school performance grades, including definitions of key terms, in order to comply with the federal Every Student Succeeds Act (ESSA). Language stating that a school was "awarded" or "received" a certain school performance score or grade is changed to "earned" and the word "overall" is inserted when referring to overall school performance scores and grades (as opposed to performance grades given for student subgroups).

Section 7.26A Clarify Student Consent to Receive College, University, and Scholarship Information

Clarifies that operators of Internet websites, online services, online applications, or mobile applications may use a student's information to identify information on nonprofit institutions of higher education or scholarship providers to the student if the provider secures the express written consent from the parent or a student who is at least 13.

Section 7.26B Career and College Ready Literacy Skills/Reading Improvement Commission

Specifies that a student's reading achievement will be included as part of what diploma endorsements are to reflect, along with courses completed, overall GPA, and other criteria as established by SBE. A student shall only receive a diploma endorsement if that student receives a qualifying score on a nationally norm-referenced college admissions test for reading. A qualifying score is one that the testing organization has determined indicates that student has a 50% chance of attaining a B or a 75% of attaining a C in corresponding first-year college courses.

SBE will report annually to the Joint Legislative Education Oversight Committee on (i) the impact of these endorsements on high school graduation rates, college acceptance and remediation rates, and post-high school employment rates, and (ii) the number of students who had to retake the college admissions test in order to reach the reading achievement benchmark, and (iii) the number of students who did not qualify for an endorsement solely because they failed to reach the benchmark.

Lastly, this section directs the Superintendent of Public Instruction to establish the NC Reading Improvement Commission within DPI to "study and make recommendations on best practices for public schools in the State to improve reading comprehension, understanding, and application for students in grades four through 12 to ensure that students complete high school with literacy skills necessary for career and college readiness." The Superintendent of Public Instruction is authorized to use up to $200,000 in nonrecurring funds for the 2017-18 fiscal year for the work of the Commission.

The Superintendent of Public Instruction shall report to the Joint Legislative Education Oversight Committee, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the State Board of Education on the study, including any findings and recommendations, no later than January 15, 2019. The State Board of Education may use the findings and recommendations to inform the State Board's policies and may submit additional comments on the report to the Joint Legislative Education Oversight Committee, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives no later than February 15, 2019.

Section 7.26C Nationally Norm-Referenced College Admissions Test

Directs SBE to use a competitive bid process "to adopt one nationally norm-referenced college admissions test to make available to local school administrative units, regional schools, and charter schools to administer to all students in the eleventh grade unless the student has already taken a comparable test and scored at or above a level set by SBE."

Language in this section that references the ACT or related tests is struck and replaced with "nationally norm-referenced college admissions test."

Section 7.26E North Carolina Innovative School District

Renames the Achievement School District to the North Carolina Innovative School District (ISD) and makes conforming changes through the statutes. It clarifies that the ISD is a local school administrative unit for the purposes of federal law and for the administration of State law and moves up the timelines by one month for the selection of the schools to be included in the ISD. The section delays the timeline by one year for the implementation of the ISD and the evaluations of the ISD, including all reporting requirements.

The section further allows a local board of education that transferred a school into the ISD to ask SBE to create an innovation zone for all of the low-performing schools in its LEA if 35% or more of the schools are low-performing. This innovation zone authorizes the local board of education to operate schools within the innovation zone with the same exemptions from statutes and rules as charter schools. A low-performing school in an innovation zone becomes a school in the ISD if the low-performing school does not exceed expected growth in the last two years of five consecutive years in an innovation zone.

Section 7.27 Read to Achieve Diagnostic Changes

Requires K-3 reading assessments to yield data that can be used with EVAAS to analyze student data to identify root causes for difficulty with reading development and to determine actions to address them. It further clarifies that formative and diagnostic assessments addressing oral language, phonological and phonemic awareness, phonics, vocabulary, fluency, and comprehension may be administered by computer or other electronic device.

Section 7.28 Reimburse Initial Teacher Licensure Fee for Certain NC Teaching Graduates

SBE shall reimburse licensure fees for first-time teacher license applicants if they are graduates of an approved educator preparation program in North Carolina and have successfully obtained a North Carolina initial teaching license. Reimbursements must be issued within 30 days of the applicant successfully obtaining an initial license.

Section 7.28A Testing Transparency

This section directs the Superintendent of Public Instruction to study and make recommendations about the extent to which the SAT and ACT align with the English language arts and mathematics sections of the North Carolina Standard Course of Study. Findings and recommendations must be made by February 1, 2018 to the Governor, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Joint Legislative Education Oversight Committee.

The section further directs local boards of education to notify the State Board of Education (SBE) by October 1 of each year on any local standardized testing that is required by the local board of education and the following additional information must be included:

- The time allotted to administer each test.
- Whether the test is a computer-based test or a paper-based test.
- The grade level or subject area associated with the test.
- The date the test results are expected to be available to teachers and parents.
- The type of test, the purpose of the test, and the use of the test results.
- Estimates of average time for administering tests required by the local board of education by grade level.

By September 1 of each year, the Superintendent of Public Instruction must publish on DPI's website a uniform calendar that includes schedules for State required testing and reporting results of tests for at least the next two school years, including estimates of the average time for administering State required standardized tests. The uniform calendar shall be provided to local boards of education in an electronic format that allows each local board of education to populate the calendar with, at a minimum, the information on local testing required above. The uniform calendar maintained on DPI's website must be searchable by LEAs and denote whether a test on the calendar is required by the State or required by a local board of education.

Local boards of education must provide a student's results on standardized tests required by the local board to the following persons and according to the following time lines:

- To the student's teachers no later than one week after the standardized test is administered.
- To the student's parents no later than 30 days after the standardized test is administered.

If the superintendent of the LEA determines in writing that extenuating circumstances exist and reports those circumstances to the local board of education, the local board has discretion to extend the time lines.

The section directs DPI to make available to local boards of education a student's results on all statewide standardized tests in a timely manner and in an easy to read and understandable format a minimum of two weeks prior to the first day of attendance of the next school year. Local boards of education must make those results available to both the student's teacher of record and parent or guardian prior to the first day of student attendance of the school year. These reports must include all of the following information:

- A clear explanation of the student's performance on the applicable statewide standardized tests.
- Information identifying the student's areas of strength and areas in need of improvement.
- Intervention strategies and appropriate resources based on the student's areas of strength and areas in need of improvement, when available.
- Longitudinal information on the student's progress in each subject area based on previous statewide, standardized test data, when available.
- Information showing the student's score compared to other students in the LEA, in the State, or, if available, in other states.
- Predictive information showing the linkage between the scores attained by the student on the statewide standardized tests and the scores he or she may potentially attain on nationally recognized college entrance examinations, if available. This information must be provided in a timely manner as it becomes available to DPI but may be provided later than the beginning of the school year.

Finally, this section provides that the Basic Education Program must provide standards for early promotion based on the mastery of competencies that apply when early grade or course promotion based on the mastery of competencies is permitted in a school. The standards must include the requirements for early promotion for English language arts for grades three through 12 and mathematics for grades three through 12.

Section 7.28D Waive Fee for Cambridge AICE Program Course

Exempts students from paying fees associated with taking Cambridge AICE (Advanced International Certificate of Education) courses and exams. This exemption had previously only been available to students taking Advanced Placement and International Baccalaureate courses.

Includes Cambridge AICE Program courses in the definition of “advanced courses” starting with the 2017-18 school year.

Section 7.32 Financial Literacy Elective Course Pilot Program

Directs the State Superintendent to establish a 3-year Financial Literacy Elective Course Pilot Program. The Superintendent will select LEAs representing the state’s geographic, economic, and social diversity to participate in the program, and each selected LEA will participate in the program for three years beginning with the 2017-18 school year.

The program will assist LEAs in the implementation of a high school elective course on personal financial literacy. The components of the elective course shall include, at a minimum, detailed information on personal banking, credit card finance, student loan financing, mortgages, credit scoring and credit reports, borrowing money for an automobile or other large purchase, and best practices in personal finance. SBE will develop the course in consultation with the Superintendent.

Section 7.35 Charter School Transportation Grant Pilot Program

Directs DPI to establish the Charter School Transportation Grant Pilot Program (Program). The purpose of the Program is to award grant funds to a charter school that meets the requirements of the Program for the reimbursement of up to 65% of the eligible student transportation costs incurred by the charter school. "Eligible student transportation costs" means costs incurred by the charter school for (i) transportation fuel, (ii) vehicle maintenance, and (iii) contracted transportation services. To be eligible for the Program and receive grant funds, a charter school must have at least 50% of its students residing in households with an income level not in excess of the amount required for a student to qualify for the federal free or reduced price lunch program in a semester of the school year.

By August 1, 2017, DPI must establish the criteria and guidelines for the grant application process for the Program for the upcoming school year, including any documentation required to be submitted with the application. DPI must accept applications until December 31, 2017, for eligible student transportation costs incurred during the fall semester of the school year and until May 30, 2018, for eligible student transportation costs incurred during the spring semester of the school year. From funds made available for the Program, DPI must award grant funds under the Program to the selected charter schools by January 15, 2018, for eligible student transportation costs incurred during the fall semester of the school year and by June 15,

2018, for eligible student transportation costs incurred during the spring semester of the prior school year. The total amount of each grant awarded under the Program must not exceed $100,000.

DPI must report by March 15, 2018, to the Fiscal Research Division, the Joint Legislative Transportation Oversight Committee, and the Joint Legislative Education Oversight Committee on the administration of the Program, including (i) the number of charter schools that received grant funds, (ii) the amount of grant funds awarded to those charter schools, (iii) whether implementing the Program has led to an increase in charter schools offering lunch, (iv) whether implementing the Program has led to an increase in student lunch participation at charter schools offering lunch, (v) whether implementing the Program has increased or expanded the offering of student transportation by charter schools, and (vi) the modes of student transportation offered by charter schools that received grant funds.

PART VIII COMPENSATION OF PUBLIC SCHOOL EMPLOYEES

Section 8.1 Teacher Salary Schedule

Years	2016-17 Current "A" Salary Schedule	Increase to Salary Schedule	2017-18 Salary Schedule	Increase with Step	% increase with Step
0	$35,000	$0	$35,000		
1	$35,750	$250	$36,000	$1,000	2.9%
2	$36,000	$300	$36,300	$550	1.5%
3	$36,250	$1,050	$37,300	$1,300	3.6%
4	$36,750	$550	$37,300	$1,050	2.9%
5	$37,250	$1,050	$38,300	$1,550	4.2%
6	$38,000	$300	$38,300	$1,050	2.8%
7	$38,500	$800	$39,300	$1,300	3.4%
8	$39,000	$300	$39,300	$800	2.1%
9	$39,500	$1,050	$40,550	$1,550	4.0%
10	$40,250	$300	$40,550	$1,050	2.7%
11	$41,000	$1,050	$42,050	$1,800	4.5%
12	$41,750	$300	$42,050	$1,050	2.6%
13	$42,500	$1,050	$43,550	$1,800	4.3%
14	$43,250	$300	$43,550	$1,050	2.5%
15	$45,250	$300	$45,550	$2,300	5.3%
16	$45,250	$1,050	$46,300	$1,050	2.3%
17	$45,250	$2,050	$47,300	$2,050	4.5%
18	$45,250	$2,050	$47,300	$2,050	4.5%
19	$45,250	$3,050	$48,300	$3,050	6.7%
20	$48,000	$300	$48,300	$3,050	6.7%
21	$48,000	$1,300	$49,300	$1,300	2.7%

22	$48,000	$1,300	$49,300	$1,300	2.7%
23	$48,000	$2,000	$50,000	$2,000	4.2%
24	$48,000	$2,000	$50,000	$2,000	4.2%
25	$51,000	$300	$51,300	$3,300	6.9%
26	$51,000	$300	$51,300	$300	0.6%
27	$51,000	$300	$51,300	$300	0.6%
28	$51,000	$300	$51,300	$300	0.6%
29	$51,000	$300	$51,300	$300	0.6%
30	$51,000	$300	$51,300	$300	0.6%
31	$51,000	$300	$51,300	$300	0.6%
32	$51,000	$300	$51,300	$300	0.6%
33	$51,000	$300	$51,300	$300	0.6%
34	$51,000	$300	$51,300	$300	0.6%
35	$51,000	$300	$51,300	$300	0.6%
36	$51,000	$300	$51,300	$300	0.6%
37	$51,000	$300	$51,300	$300	0.6%

Salary Supplements for teachers paid on this salary schedule:

- Licensed teachers with NBPTS certification shall receive a twelve percent (12%) monthly salary supplement on the "A" schedule.
- Licensed teachers who are classified as "M" teachers shall receive a ten percent (10%) monthly salary supplement on the "A" schedule.
- Licensed teachers with licensure based on academic preparation at the six-year degree level shall receive a monthly salary supplement of one hundred twenty-six dollars ($126) in addition to the supplement provided to them as "M" teachers.
- Licensed teachers with licensure based on academic preparation at the doctoral level shall receive a monthly salary supplement of two hundred fifty-three dollars ($253) in addition to the supplement provided to them as "M" teachers.
- Certified school nurses shall receive a monthly salary supplement of ten percent (10%) of their monthly salary on the "A" schedule.

School psychologists, school speech pathologists (who are licensed at the master's degree level or higher), and school audiologists at the first step of the salary schedule shall be equivalent to the sixth step of the "A" salary schedule. These employees shall receive a monthly salary supplement of 10% of their monthly salary and are eligible to receive salary supplements equivalent to those of teachers for academic preparation at the six-year degree or doctoral degree level.

The 26th step of the salary schedule for school psychologists, school speech pathologists licensed at the six-year degree or doctoral level, and school audiologists licensed at the six-year degree or doctoral level, shall be 7.5% higher than the salary received by these same employees on the 25th step of the salary schedule.
As in previous years (since 2014), the amounts of annual longevity payments are rolled into the monthly amounts under the teacher salary schedule.

The legislation includes a "hold harmless" provision which is intended to ensure that no teacher makes less in 2016-17 than in 2014-15, provided they have no break in service, as follows:

A teacher compensated in accordance with this salary schedule shall receive an amount equal to the

greater of:

1. The applicable amount on the salary schedule for the applicable school year

OR

2. If the teacher was eligible for longevity in 2013-14, the sum of
    a. The teacher's salary per the salary schedule in effect for 2013-14, plus
    b. The annual longevity payment the teacher would have received in 2013-14, based on current years of service, plus
    c. The annual bonus provided in 2014-100

OR

3. If the teacher was not eligible for longevity in 2013-14
    a. The sum of the teacher's salary in effect for 2014-15, plus
    b. The annual bonus provided in 2014-15.

The section also repeals the 2016 teacher salary schedule and related provisions (Section 9.1, SL 2016-94), given the newly enacted salary schedule and provisions in the present 2016-17 Budget. Expresses the General Assembly's intent to enact further teacher salary increases in 2018-19.

Section 8.2 Support Highly Qualified NC Teaching Graduates

This section provides that highly qualified graduates are to be paid at higher experience levels on the teacher salary schedule when meeting certain qualifications. A "highly qualified graduate" is defined as an individual entering the teaching profession who meets the following qualifications:

- Graduated from an approved educator preparation program in North Carolina.
- Had a grade point average of 3.75 or higher on a 4.0 scale, or its equivalent.
- Scored a 48 on the edTPA assessment or an equivalent score on a nationally normed and valid pedagogy assessment used to determine clinical practice.

Highly qualified graduates will be paid on the highest of the following experience levels of the monthly salary schedule upon meeting the following criteria:

Paid For 3 Years of Experience – A highly qualified graduate employed in a low-performing school would be paid at this experience level for the first three years of employment.

Paid for 2 Years of Experience – A highly qualified graduate employed to teach special education, science, technology, engineering, or mathematics would be paid at this experience level for the first two years of employment.

Paid for 1 Year of Experience - A highly qualified graduate would be paid at this experience level for the first year of employment.

This section applies to teachers entering the profession in the 2017-2018 fiscal year.

Section 8.3 Principal Salary Schedule

ADM Range	Schedule/ Pay Level	Base Annual Salary	Schedule/ Pay Level	Growth Met Annual Salary	Schedule/ Pay Level	Growth Exceeded Annual Salary
up to 400	B1	$61,751	G1	$67,926	E1	$74,101
401 to 700	B2	$64,839	G2	$71,322	E2	$77,806
701 to 1,000	B3	$67,926	G3	$74,719	E3	$81,511
1,001 to 1,300	B4	$71,014	G4	$78,115	E4	$85,216
over 1,300	B5	$74,101	G5	$81,511	E5	$88,921

The above principal pay schedule applies beginning July 1, 2017. Principal salaries will be determined by ADM and growth.

Beginning with the 2017-18 fiscal year, the amounts of annual longevity payments are rolled into the annual amounts under the principal salary schedule.

A principal compensated according to this section in the 2017-18 school year shall receive an amount equal to the greater of the following:

1) The applicable amount determined by the above pay schedule.
2) For principals who were eligible for longevity in the 2016-2017 fiscal year, the sum of the following:
    - The salary the principal received in the 2016-2017 fiscal year .
    - The longevity that the principal would have received as provided for State employees under the North Carolina Human Resources Act for the 2016-2017 fiscal year based on the principal's current years of service.
3) For principals who were not eligible for longevity in the 2016-2017 school year, the salary the principal received in the 2016-2017 fiscal year pursuant to Section 9.2 of S.L. 2016-94.

Section 8.4 Principal Bonuses

DPI shall administer a bonus in the 2017-2018 fiscal year to any principal who supervised a school as a principal for a majority of the previous school year if that school was in the top fifty percent (50%) of school growth in the State during the previous school year, calculated by the State Board, as follows:

2017-2018 Principal Bonus Schedule

Statewide Growth Percentage	Bonus
Top 5%	$5,000
Top 10%	$4,000
Top 15%	$3,000
Top 20%	$2,000
Top 50%	$1,000.

A principal shall receive no more than one bonus pursuant to this subsection. The bonus shall be paid at the highest amount for which the principal qualifies.

Additional bonuses will be awarded to any principal who supervised the same school as principal for a majority of the 2015-16 and 2016-17 school years if the school was designated by SBE as having met or not met expected growth in the 2015-16 school year and was designated by SBE as having exceeded expected growth in the 2016-17 school year. The bonus will be the greater of:

1) $5,000
2) $10,000 for any principal who supervised a school during the 2015-16 school year with a school performance grade of D or F.

No principal shall receive more than 2 bonuses in accordance with this section. These bonuses are not considered compensation under the Teachers' and State Employees' Retirement System.

Section 8.5 Assistant Principal Salaries

For the 2017-2018 fiscal year, commencing July 1, 2017, assistant principals shall receive a monthly salary based on the salary schedule for teachers who are classified as "A" teachers plus seventeen percent (17%). Years of experience for an assistant principal on the salary schedule shall be measured by the total number of years the assistant principal has spent as a teacher, an assistant principal, or both.

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.

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.

Starting in 2017-18, amounts for longevity pay for assistant principals are included in the monthly amounts provided to assistant principals as laid out in this section.

Assistant principals will receive the greater of:

- The applicable amount according to this section.

OR

- For assistant principals who were eligible for longevity in the 2016-17 fiscal year, the sum of the following:
  - The assistant principal's 2016-17 salary

  AND
  - The longevity the assistant principal would have received for the 2016-17 fiscal year based on their years of service.

OR

- For assistant principals who were not eligible for longevity in the 2016-17 fiscal year, the salary the assistant principal received in the 2016-17 fiscal year.

It is the intent of the General Assembly to compensate assistant principals in the 2018-2019 fiscal year based on the salary schedule for teachers who are classified as "A" teachers, plus nineteen percent (19%).

Section 8.6 Central Office Salaries

The monthly salary ranges that follow apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2017-2018 fiscal year, beginning July 1, 2017:

2017-18 Fiscal Year

Position	Minimum		Maximum
School Administrator I	$3,525	to	$6,501
School Administrator II	$3,729	to	$6,888
School Administrator III	$3,951	to	$7,300
School Administrator IV	$4,104	to	$7,585
School Administrator V	$4,265	to	$7,887
School Administrator VI	$4,517	to	$8,356
School Administrator VII	$4,693	to	$8,688

The monthly salary ranges that follow apply to public school superintendents for the 2017-2018 fiscal year, beginning July 1, 2017:

2017-18 Fiscal Year

Position	Minimum		Maximum
Superintendent I	$4,974	to	$9,201
Superintendent II	$5,273	to	$9,758
Superintendent III	$5,586	to	$10,344
Superintendent IV	$5,921	to	$10,965
Superintendent V	$6,277	to	$11,626

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.

SBE is not to permit LEAs from transferring funds from other funding categories for salaries for public school central office administrators.

Section 8.7 Noncertified Personnel Salaries

Permanent, full-time noncertified personnel on 12-month contracts will receive a salary increase of $1,000. For noncertified personnel on contracts shorter than 12 months, or who are a) permanent part-time or b) temporary or permanent hourly, salaries shall be increased by "a prorated and equitable amount" based on the $1,000 increase granted to full-time, permanent noncertified personnel.

In lieu of the increases described in this section, $16,855,081 shall be allocated to LEAs to increase the average rates of pay for all school bus drivers in the LEA on an equitable basis.

Section 8.8 School Boards Create Minimum Salary Schedule for Occupational Therapists and Physical Therapists

Every local board of education shall adopt a minimum salary schedule for occupational therapists and physical therapists employed in full-time, permanent positions. The minimum salary schedule shall apply to positions paid from State, local, or federal funds. In accordance with the noncertified salary grades and ranges adopted by SBE, the minimum salary schedule shall differentiate salaries based on years of experience, but experience-based intervals shall be no greater than five years. Local boards of education may compensate occupational therapists and physical therapists above the minimum salary schedule provided all State-funded salaries are within the noncertified salary grades and ranges adopted by SBE.

Section 8.8A Veteran Teacher Bonuses

By October 31 of each year of the 2017-2019 fiscal biennium, DPI shall administer a one-time, lump sum bonus in the amount of $385.00 to any teacher with at least 25 years of teaching experience. The bonuses awarded pursuant to this section shall be in addition to any regular wage or other bonus the teacher receives or is scheduled to receive and will not be considered compensation under the Teachers' and State Employees' Retirement System.

Section 8.8B Revise Teacher Bonus Programs

Sec. 8.8B, as amended by S.L. 2017-197, Sec. 2.10, modifies the Advanced Placement (AP)/International Baccalaureate (IB), Industry Certifications and Credentials, and Third Grade Read to Achieve Teacher Bonus Programs. The expiration date is eliminated for the three programs and they are no longer considered "pilot" programs. For the AP/IB bonus program, bonuses will also be awarded for certain scores of students on Cambridge Advanced International Certificate of Education (AICE) examinations. Additionally, the cap on the bonus is raised from $2,000 to $3,500.

The Industry Certifications and Credentials bonus program is modified to clarify that it includes charter schools. Additionally, the cap on the bonus is raised from $2,000 to $3,500.

The Third Grade Read to Achieve bonus program is modified to remove the restriction on individuals who are no longer teaching third grade. Instead, teachers who are still teaching in the same local school administrative unit as the year the bonus was earned will receive the bonus, regardless of their current teaching assignment. Further, this section clarifies that the bonus is awarded in addition to any regular wage or other bonus the teacher may receive.

This section became effective July 1, 2017 and applies to the AP/IB/Cambridge AICE bonus program and the Industry Certifications and Credentials bonus program for bonuses awarded in January 2018, 2019, and 2020. It applies to Third Grade Read to Achieve bonuses awarded in January 2018 only.

Section 8.8C Third Grade Read to Achieve Teacher Bonus Program for 2018-2019

Section 8.8C of S.L. 2017-57, as amended by Section 2.10 of S.L. 2017-197, directs DPI to administer the Third Grade Read to Achieve Teacher Bonus Program (Program) to qualifying teachers who have an Education Value-Added Assessment System (EVAAS) student index score for third grade reading from the previous school year.

An eligible teacher is one who meets one or both of the following criteria:

- Is in the top 25% of teachers in the State according to the EVAAS student growth index score for third grade reading from the previous school year.

- Is in the top 25% of teachers in the teacher's respective local school administrative unit (LEA) according to the EVAAS student growth index score for third grade reading from the previous school year.

A qualifying teacher is an eligible teacher who remains teaching in the same LEA at least from the school year the data for the EVAAS student growth index score for third grade reading is collected until the school year a bonus provided under this Program is paid.

Of the funds appropriated for the Program, $5,000,000 must be allocated for bonuses to eligible teachers who are in the top 25% of teachers in the State according to the EVAAS student growth index score for third grade reading from the previous school year. These funds must be distributed equally among the qualifying teachers.

Of the funds appropriated for the Program, $5,000,000 must be allocated for bonuses to eligible teachers who are in the top 25% of teachers in the teacher's respective LEA according to the EVAAS student growth index score for third grade reading from the previous school year. These funds must be divided proportionally based on average daily membership in third grade for each LEA and then distributed equally among qualifying teachers in each LEA subject to the following conditions:

- Teachers employed in charter schools, regional schools, and University of North Carolina laboratory schools are not eligible to receive a bonus under this Program.

- Any qualifying teacher who taught in an LEA that employed in the previous school year three or fewer total third grade teachers must receive a bonus under this Program if that teacher has an EVAAS student growth index score for third grade reading from the previous school year of exceeded expected growth.

A qualifying teacher may receive a bonus for being in the top 25% of the teachers in the State and being in the top 25% of teachers in the teacher's LEA, however neither bonus can exceed $3,500 in any given school year and no teacher can receive more than $7,000 in total bonus compensation for any given school year. The bonus or bonuses awarded to a qualifying teacher is in addition to any regular wage or other bonus the teacher receives or is scheduled to receive.

Finally, SBE must study the effect of the bonuses awarded under this section and the bonuses awarded in the Third Grade Reading Teacher Performance Pilot Program in the 2016 Appropriations Act on teacher performance and retention. The results of the findings of the study, the distribution of statewide bonuses as among LEAs, and the distribution of bonuses within LEAs as among individual schools must be reported to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division by March 15 of each year.

This section became effective July 1, 2017 and applies to bonuses awarded in January 2019 and January 2020 based on data from the 2017-2018 and 2018-2019 school years, respectively.

Section 8.8D Fourth and Fifth Grade Reading Teacher Bonus Program for 2017-2018

DPI shall administer the Fourth and Fifth Grade Reading Teacher Bonus Program for the 2017-18 fiscal year to qualifying teachers who have an EVAAS score for fourth or fifth grade reading from the previous school year, as follows:

Eligible teachers are:

A. In the top 25% of teachers in the State according to EVAAS student growth index score in fourth or fifth grade reading from the previous school year.

AND/OR

B. In the top twenty-five percent (25%) of teachers in the teacher's respective LEA according to the EVAAS student growth index score for fourth or fifth grade reading from the previous school year.

Qualifying teachers are eligible teachers who remain teaching in the same local school administrative unit at least from the school year the data for the EVAAS student growth index score is collected until the school year a bonus provided under this subsection is paid.

A bonus of $2,150 shall be awarded to qualifying teachers who are eligible based on being in the top 25% in their LEA or statewide, or both. However, teachers in charter schools, regional schools, and UNC lab schools are not eligible for these bonuses. Furthermore, the following condition applies: "Any qualifying teacher who taught in a local school administrative unit that employed in the previous school year three or fewer total teachers in the qualifying teacher's grade level shall receive a bonus under this subdivision if that teacher has an EVAAS student growth index score for fourth or fifth grade reading from the previous school year of exceeded expected growth." These bonuses are not considered compensation under the Teachers' and State Employees' Retirement System.
SBE shall study the effect of the bonuses awarded pursuant to this section on teacher performance and retention, and shall report the results of its findings, the distribution of statewide bonuses as among LEAs, and the distribution of bonuses within LEAs as among individual schools to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division by March 15, 2018.

Section 8.8E Fourth to Eighth Grade Math Teacher Bonus Program for 2017-2018

Section 8.8E creates a bonus program for fourth through eighth grade math teachers in which there are two ways teachers can earn bonuses. In order for teachers to be qualified and eligible for the first bonus ($2,150), the teacher must (i) be in the top 25% of fourth through eighth grade math teachers in the State according to the Educator Value-Added Assessment System (EVAAS) student growth data for the previous year; and (ii) remain teaching in the same LEA up until the time the bonus is awarded.

Additionally, teachers who are in the top 25% of teachers in the LEA according to EVAAS earn an additional $2,150 bonus if the teacher remains in the LEA. Teachers in charter schools, regional schools, or laboratory schools are not eligible for this second bonus. Teachers in LEAs that employ three or fewer teachers in the relevant grade do not need to be in the top 25%, but rather receive the bonus if they exceeded expected growth.

Teachers may receive both bonuses, but may not receive more than two bonuses pursuant to this section. These bonuses are not compensation under the Teachers' and State Employees' Retirement System. The State Board of Education must study the effect of the bonuses on teacher performance and retention, and present its findings to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division by March 15, 2018.

This section became effective July 1, 2017.

Section 8.10 School Bus Driver Compensation and Employment Study

Section 8.10 directs the DPI to study the compensation of school bus drivers and the challenges of recruiting and retaining them. DPI must submit a report by April 1, 2018 to the Joint Legislative Education Oversight Committee and the Fiscal Research Division that contains the following information:

A detailed explanation of how school bus drivers are compensated and employed in the public schools, including:

- Average driving experience of school bus drivers.
    - Rates of retention of school bus drivers in local school administrative units (LEAs).
    - Average term of service for school bus drivers.
    - Average hours worked by school bus drivers, per week.
    - Career paths for school bus drivers within an LEA.
    - Percentage of school bus drivers who work in the LEA in another capacity.
- The challenges of recruiting and retaining school bus drivers faced by LEAs.
- Recommendations, including input from local school administrators, on improving the process of recruiting and retaining school bus drivers.

This section became effective July 1, 2017.

PART IX. COMMUNITY COLLEGES

Section 9.8 Clarify Youth Apprenticeship Program

Section 9.8 clarifies that community college tuition and fees may be waived for students participating in pre-apprenticeship programs, if the program is recognized and approved by the State agency administering the statewide apprenticeship program. Additionally, it clarifies that participants must be North Carolina high school students.

This section became effective July 1, 2017 and applies retroactively beginning with the 2016 fall academic term.

PART X. UNIVERSITIES

SUBPART X-A. UNIVERSITY/STATE EDUCATION ASSISTANCE AUTHORITY

Section 10A.2 Eliminate School Site Scholarship Endorsement Requirement

This section eliminates the requirement that parents endorse the Opportunity Scholarship funds in person at the school.

This section became effective July 1, 2017 and applies to scholarship funds awarded beginning with the 2017-2018 school year.

Section 10A.3 North Carolina Teaching Fellows

Section 10A.3 re-establishes the North Carolina Teaching Fellows Program and the North Carolina Teaching Fellows Commission. The purpose of the Program is to recruit, prepare, and support students residing in or attending institutions of higher education located in the State to be STEM or special education teachers in the State's public schools. The Commission will determine the forgivable loan recipient selection criteria, selection procedures, and recipients for the forgivable loans granted under the Program. The Program will be administered by The University of North Carolina General Administration in conjunction with the State Education Assistance Authority (SEAA) and the Commission.

The Program's recruitment activities must include (i) targeting regions of the State with the highest teacher attrition rates and teacher recruitment challenges; (ii) actively engaging with educators, business leaders, experts in human resources, elected officials, and other community leaders throughout the State; and (iii) attracting candidates in STEM and special education teacher licensure areas.

The Commission must adopt stringent standards for awarding the forgivable loans to include grade point averages; performance on relevant career and college readiness assessments; qualities positively correlating with highly effective teachers including excellent verbal and communication skills; and demonstrated commitment to service in a STEM or special education licensure area.

The Program must provide forgivable loans to selected students to be used at the five selected institutions of higher education for completion of a program that leads to teacher licensure and can be used for tuition, fees, and the costs of books. The forgivable loan awards would be as follows:

- North Carolina high school seniors – $8,250 per year for up to four years.
- Students applying for transfer to an educator preparation program at a selected institution of higher education – $8,250 per year for up to three years.
- Individuals currently holding a bachelor's degree seeking preparation for teacher licensure – $8,250 per year for up to two years.
- Students matriculating at institutions of higher education who are changing to enrollment in a selected educator preparation program – $8,250 per year for up to two years.

The forgivable loans must be evidenced by notes made payable to the SEAA. The SEAA must forgive the loan and any interest accrued on the loan if, within 10 years after graduation from a program that lead to licensure, exclusive of any authorized deferment for extenuating circumstances, the recipient serves as a teacher in a STEM or special education licensure area for every year the teacher was awarded the forgivable loan, in any combination of the following:

- One year at a North Carolina public school identified as low-performing at the time the teacher accepts employment at the school or if the teacher changes employment during this period, at another school identified as low-performing.

- Two years at a North Carolina public school that is not identified as low-performing.

The SEAA must also forgive the loan if it is found that it is impossible for the recipient to work for up to eight years within 10 years after completion of the program leading to teacher licensure because of death or permanent disability.

If the recipient repays by cash payments, all indebtedness must be repaid within 10 years of the completion of the program that led to teacher licensure supported by the forgivable loan, unless there are extenuating circumstances where the SEAA may extend the cash repayment period to 12 years.

Section 10A.5 Amend Transforming Principal Preparation

Section 10A.5 amends the Transforming Principal Preparation grant program in multiple ways. Entities that apply for these grants must now do the following:

- Pay school leader candidates for their full-time clinical practice experiences and ensure that the experiences include at least 750 hours.
- Provide the opportunity for all school leader candidates to earn a master's degree, if they do not already have one, and subsequent principal licensure.
- Develop and enforce requirements for program graduates to serve a minimum of four years as school-based administrators in North Carolina.
- Comply with reporting and evaluation requests made by the administering nonprofit.

Additionally, the nonprofit corporation that administers the grant in conjunction with the State Education Assistance Authority (SEAA) must give priority consideration to entities that have a record of preparing principals in a service area that is underserved by existing principal preparation programs or demonstrates unmet need despite current available programs. Further, it must develop a process for early retrieval of grant funds if grant recipients do not comply with grant terms. The State Board of Education's licensure policy for individuals who complete a principal preparation program through this grant program must require candidates to hold a master's degree.

Section 10A.6 Study of Opportunity Scholarship Student Evaluations

This section directs the State Education Assistance Authority (SEAA), in collaboration with the Department of Administration, Division of Nonpublic Education, and DPI, to establish a task force to study the evaluation of students receiving scholarship grants through the Opportunity Scholarship Grant Program. The task force must have representatives from various stakeholders that include: (i) nonpublic schools accepting students who receive scholarship grants; (ii) organizations or associations representing parental school choice; (iii) organizations or associations representing nonpublic schools, including independent, religious, nonreligious, parochial, and non-parochial schools; (iv) independent research organizations specializing in K-12 academic evaluations, including a college or university; and (v) public school leaders, including local superintendents and principals.

The task force must study the most effective, valid, and reliable method of evaluating learning gains or losses of students receiving scholarship grants and comparing the learning gains or losses of those students to public school students with similar socioeconomic backgrounds, including the potential for adoption of a nationally normed common test for students participating in the evaluation. The task force must also consider the most reliable manner of establishing causal relationships to student performance outcomes while achieving minimal interference with the operation of the participating nonpublic and public schools, including limited sampling and other suitable research design methods.

By March 1, 2018, the SEAA must report to the Joint Legislative Education Oversight Committee on the results of the study, including any legislative recommendations from the task force on the evaluation of students receiving scholarship grants through the Opportunity Scholarship Grant Program.

This section became effective July 1, 2017.

PART XI. DEPARTMENT OF HEALTH AND HUMAN SERVICES (DHHS)

SUBPART XI-B. DIVISION OF CHILD DEVELOPMENT AND EARLY EDUCATION

Section 11B.2 State Agency Controlled Collaboration on Early Childhood Education/Transition from Preschool to Kindergarten

Section 11B.2 requires the Department of Health and Human Services (DHHS), in consultation with DPI, and others, to continue to collaborate on an ongoing basis in the development and implementation of a statewide vision and a comprehensive approach to early childhood education, birth through third grade, creating cross agency accountability with a comprehensive set of data indicators, including consideration of the NC Pathways to Grade-Level Reading. DHHS and DPI must submit a follow

up report on the statewide vision to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Education Oversight Committee on or before January 1, 2018, and make subsequent annual reports as needed.

DHHS and DPI must also continue developing a standardized program to transition children from preschool to kindergarten and identify specified minimum methods and recommendations. DHHS must report on the development of the transition program by January 1, 2018 to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Education Oversight Committee.

This section became effective July 1, 2017.

SUBPART XI-H. DIVISION OF MEDICAL ASSISTANCE (MEDICAID)

Section 11H.17 Medicaid Transformation Technical and Clarifying Changes

Sec. 11H.17 clarifies language in the 2015 Medicaid transformation legislation that exempts certain services provided or billed by Local Education Agencies and Child Developmental Services Agencies from being reimbursed through the capitated contracts with Prepaid Health Plans that are required as part of Medicaid transformation. Instead of being covered by Prepaid Health Plans, these exempted services will continue to be reimbursed as they are under the current system. This section became effective July 1, 2017.

SUBPART XI-L. DHHS BLOCK GRANTS

Section 11L.1.(aa) Maternal and Child Health Block Grant

If federal funds are received under the federal Maternal and Child Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42 U.S.C. § 710), for the 2017-2018 fiscal year or the 2018-2019 fiscal year, then those funds shall be transferred to SBE to be administered by the Department of Public Instruction. DPI shall use the funds to establish an abstinence until marriage education program and shall delegate to one or more persons the responsibility of implementing the program and G.S. 115C-81(e1)(4) and (4a). DPI shall carefully and strictly follow federal guidelines in implementing and administering the abstinence education grant funds.

PART XX. OFFICE OF ADMINISTRATIVE HEARINGS

Section 20.1 OAH/Lawsuit Funds

DPI shall transfer the sum of fifty thousand dollars ($50,000) to the Office of Administrative Hearings to be allocated to the Rules Review Commission to pay for any litigation costs incurred in the defense of *North Carolina State Board of Education v. The State of North Carolina and The Rules Review Commission*. These funds shall not revert at the end of the 2017-2018 fiscal year but shall remain available during the 2018-2019 fiscal year for expenditure in accordance with the provisions of this section.

PART XXXIV. DEPARTMENT OF TRANSPORTATION

Section 34.6A Road Improvements Adjacent to Schools

- Amends the Department of Transportation's (DOT) power to oversee improvements to public roads adjacent to any K-12 school, to provide that: DOT can only require highway improvements that are required for safe ingress and egress to the State highway system and that are physically connected to a driveway on the school site; the total cost of any improvements to the State highway system provided by a school must be reimbursed by DOT; DOT has the power to grant final approval of the project design; schools may engage their own independent traffic engineers for design; and the term "schools" includes public charter schools.
- Amends the power of cities to require road improvements related to K-12 schools to provide that: a city may only require street improvements that are required for safe ingress and egress to the municipal street system, and that are physically connected to a driveway on the school site; the cost of any improvements to the municipal street system shall be reimbursed by the city; any agreement between a school and a city to make improvements to the municipal street system shall not include a requirement for acquisition of right-of-way by the school, unless the school is owned by an entity that has eminent domain power; any right-of-way costs incurred by a school for a required improvement pursuant to this section shall be reimbursed by the city; and the term "school" means K-12 schools, including public charter schools.

- Requires DOT, in collaboration with the DPI, to develop a report on road improvements required for K-12 schools in specified past and future years. DOT must submit the report to the Joint Legislative Transportation Oversight Committee and the Joint Legislative Education Oversight Committee by February 1, 2018.
- Authorizes DOT to adopt temporary rules to implement the provisions of this section.

The provisions of this section applicable to DOT and city-required road improvements become effective October 1, 2017. The remainder of this section became effective July 1, 2017.

PART XXXV. SALARIES AND BENEFITS

Section 35.10 State Agency Teachers

Provides that employees of schools operated by the Department of Health and Human Services, the Department of Public Safety, the State Board of Education, and employees of the School of Science and Mathematics of the University of North Carolina who are paid on the Teacher Salary Schedule shall be paid as authorized by teacher salary schedule found in Section 8.1 of this act.

Section 35.19A Provide Cost-of-Living Adjustment for Retirees of the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, and the Legislative Retirement System

Provides a 1% recurring cost-of-living allowance for state retirees through a $44 million recurring appropriation.

Section 35.21 Study State Employee Total Compensation/Reduce Long-Term Unfunded Health Care Liabilities

Establishes the State Employee Total Compensation Committee to study the total compensation of State employees. Total compensation includes cash compensation and the value of heath care, retirement, leave, and other flexible benefits. The Committee must submit a report to the General Assembly by February 1, 2019, containing any findings and recommendations, including any suggested legislation. This section also contains a provision that eliminates state retiree medical benefits for new hires after January 2021 to reduce long-term unfunded health care liabilities.

PART XXXVII. DEPARTMENT OF INFORMATION TECHNOLOGY

Section 37.4 Department of Information Technology Transfers/Completion by July 1, 2018

Directs DPI to work alongside the Community College System and the State Board of Elections with the State Chief Information Officer (CIO) to plan the transition of their information technology functions to the Department of Information Technology (DIT).

By October 1, 2018, these agencies, in conjunction with the State CIO, shall report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on their respective transition plans.

2017 Report on Education Legislation – Excerpts from the Budget Bill

Excerpts from the Budget Bill Affecting Public Schools*

SESSION LAW 2017-57
SENATE BILL 257
http://www.ncga.state.nc.us/Sessions/2017/Bills/Senate/PDF/S257v9.pdf

Appropriations Act of 2017
Effective July 1, 2017, except as otherwise provided in SL 2017-57

(Please see reports by the Department of Public Instruction (DPI) and its Financial & Business Services Division for funding-related requirements: http://www.ncpublicschools.org/fbs/budget/. For complete language on each budget provision summarized below, please see the Session Law 2017-57 link in the title above or the tab in the Report entitled, "Budget Bill Excerpts." Listings below only include excerpts involving K-12 public education.)

AN ACT TO MAKE BASE BUDGET APPROPRIATIONS FOR CURRENT OPERATIONS OF STATE DEPARTMENTS, INSTITUTIONS, AND AGENCIES, AND FOR OTHER PURPOSES.

The General Assembly of North Carolina enacts:

PART I. TITLE OF ACT AND INTRODUCTION

TITLE OF ACT

SECTION 1.1. This act shall be known as the "Current Operations Appropriations Act of 2017."

INTRODUCTION

SECTION 1.2. The appropriations made in this act are for maximum amounts necessary to provide the services and accomplish the purposes described in the budget in accordance with the State Budget Act. Savings shall be effected where the total amounts appropriated are not required to perform these services and accomplish these purposes, and the savings shall revert to the appropriate fund at the end of each fiscal year, except as otherwise provided by law.

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, 2019, according to the following schedule:

Current Operations – General Fund	**FY 2017-2018**	**FY 2018-2019**
EDUCATION		
Community Colleges System Office	$ 1,121,815,001	$ 1,141,757,845
Department of Public Instruction	9,046,403,622	9,425,109,426
Appalachian State University	134,672,993	134,672,993
East Carolina University		
Academic Affairs	214,598,809	214,598,809
Health Affairs	74,373,798	75,014,745
Elizabeth City State University	31,964,712	31,154,712
Fayetteville State University	52,116,162	52,116,162
NC A&T State University	92,703,482	92,703,482
NC Central University	83,243,559	83,243,559
NC State University		
Academic Affairs	410,148,050	407,648,050
Agricultural Extension	39,095,231	39,195,231
Agricultural Research	52,636,905	52,636,905
UNC-Asheville	38,750,625	38,750,625

Current Operations – General Fund	FY 2017-2018	FY 2018-2019
UNC-Chapel Hill		
Academic Affairs	252,574,119	251,809,119
Health Affairs	195,665,032	195,305,973
AHEC	48,783,693	48,783,693
UNC-Charlotte	226,376,692	226,376,692
UNC-Greensboro	150,156,774	150,156,774
UNC-Pembroke	53,711,549	53,715,428
UNC-School of the Arts	30,424,499	30,424,499
UNC-Wilmington	120,327,946	120,327,946
Western Carolina University	89,729,461	89,730,641
Winston-Salem State University	64,717,512	64,717,512
General Administration	42,172,369	42,172,369
University Institutional Programs	108,655,110	173,791,646
Related Educational Programs	109,968,501	109,968,501
NC School of Science & Math	20,958,012	20,959,212
Aid to Private Institutions	155,249,754	167,799,754
Total University of North Carolina – Board of Governors	2,893,775,349	2,967,775,032
HEALTH AND HUMAN SERVICES		
Department of Health and Human Services		
Central Management and Support	117,155,209	122,769,405
Division of Aging & Adult Services	46,076,033	45,149,105
Division of Blind Services/Deaf/HH	8,446,767	8,507,081
Division of Child Development & Early Education	268,428,501	278,332,315
Division of Health Service Regulation	18,773,807	19,396,718
Division of Medical Assistance	3,690,755,171	3,801,681,212
Division of Mental Health, Developmental Disabilities, & Substance Abuse Services	696,268,319	705,030,589
NC Health Choice	459,248	396,409
Division of Health Benefits	9,735,051	9,779,090
Division of Public Health	157,394,523	154,985,218
Division of Social Services	200,973,125	205,204,844
Division of Vocational Rehabilitation	38,833,788	39,055,491
Total Health and Human Services	5,253,299,542	5,390,287,477
NATURAL AND ECONOMIC RESOURCES		
Department of Agriculture and Consumer Services	133,669,904	122,853,685
Department of Commerce		
Commerce	140,649,732	130,158,878
Commerce State-Aid	20,100,810	16,155,810
Wildlife Resources Commission	11,178,987	10,843,541
Department of Environmental Quality	78,170,327	77,012,714
Department of Labor	17,614,979	17,819,951
Department of Natural and Cultural Resources	185,613,349	174,477,424
Department of Natural and Cultural Resources – Roanoke Island	555,571	555,571
JUSTICE AND PUBLIC SAFETY		
Department of Public Safety	2,002,700,046	2,020,592,037

Current Operations – General Fund	FY 2017-2018	FY 2018-2019
Judicial Department	530,239,572	539,023,422
Judicial Department – Indigent Defense	121,304,090	122,280,359
Department of Justice	47,711,294	46,511,531
GENERAL GOVERNMENT		
Department of Administration	63,691,021	63,396,752
Office of Administrative Hearings	5,962,480	6,010,687
Office of State Auditor	13,828,208	13,780,531
Office of State Controller	20,873,868	23,243,476
State Board of Elections	6,624,283	6,686,614
General Assembly	65,975,613	65,973,007
Office of the Governor	5,374,977	4,976,409
Office of the Governor – Special Projects	0	0
Office of State Budget and Management		
Office of State Budget and Management	8,180,546	8,255,244
OSBM – Reserve for Special Appropriations	8,740,000	2,000,000
Housing Finance Agency	14,609,159	30,660,000
Department of Insurance	48,838,212	48,314,700
Office of Lieutenant Governor	793,708	771,497
Department of Military and Veterans Affairs	11,457,358	8,960,743
Department of Revenue	84,645,611	85,483,970
Department of Secretary of State	13,104,311	13,314,943
Department of State Treasurer		
State Treasurer	4,813,596	4,832,053
State Treasurer – Retirement for Fire and Rescue Squad Workers	27,861,861	28,211,861
DEPARTMENT OF INFORMATION TECHNOLOGY	**51,500,581**	**51,646,845**
RESERVES, ADJUSTMENTS, AND DEBT SERVICE		
Contingency & Emergency Fund	0	0
Classification and Compensation System	3,900,000	7,800,000
Workers' Compensation Settlement Reserve	2,000,000	0
Salary Adjustment Fund	5,000,000	5,000,000
Pay Plan Reserve	9,688,494	0
University System Enrollment Reserve	46,571,112	94,734,518
Public Schools Average Daily Membership Reserve	0	48,410,289
NC Promise Tuition Plan	0	11,000,000
Film and Entertainment Grant Fund	15,000,000	31,000,000
Pending Legislation (Supplemental Disaster Recovery Funds and House Bill 589, Competitive Energy Solutions for N.C.)	100,150,000	500,000

Current Operations – General Fund	FY 2017-2018	FY 2018-2019
Enterprise Resource Planning	3,000,000	10,000,000
Debt Service		
General Debt Service	727,166,339	770,458,736
Federal Reimbursement	1,616,380	1,616,380
TOTAL CURRENT OPERATIONS – GENERAL FUND	**$ 22,975,769,893**	**$ 23,650,253,958**

GENERAL FUND AVAILABILITY STATEMENT

SECTION 2.2.(a) The General Fund availability used in developing the 2017-2019 fiscal biennial budget is shown below:

	FY 2017-2018	FY 2018-2019
Unappropriated Balance	$ 208,607,416	$ 499,303,328
Disaster Recovery Appropriations (S.L. 2016-124)	(200,928,370)	0
Transfer From Savings Reserve	100,928,370	0
Revised Unappropriated Balance	**108,607,416**	**499,303,328**
Over Collections FY 2016-17	580,600,000	0
Reversions FY 2016-17	271,000,000	0
Replenish Savings Reserve (S.L. 2016-124)	(100,928,370)	0
Earmarkings of Year End Fund Balance:		
Savings Reserve	(263,000,000)	0
Repairs and Renovations	(125,000,000)	
Beginning Unreserved Fund Balance	**471,279,046**	**499,303,328**
Revenues Based on Existing Tax Structure	**22,303,700,000**	**23,299,200,000**
Non-tax Revenues		
Investment Income	60,100,000	60,600,000
Judicial Fees	240,900,000	240,500,000
Disproportionate Share	164,700,000	149,600,000
Insurance	75,500,000	75,500,000
Master Settlement Agreement (MSA)	127,200,000	127,200,000
Other Non-Tax Revenues	180,600,000	182,900,000
Subtotal Non-tax Revenues	**849,000,000**	**836,300,000**
Total General Fund Availability	**23,623,979,046**	**24,634,803,328**
Adjustments to Availability: 2017 Session		
Tax Law Changes	(6,900,000)	(521,800,000)
Transfer of Taxes From Short-Term Lease or Rental of Motor Vehicles to Highway Fund	(10,000,000)	(10,000,000)
Transfer to Savings Reserve (S.L. 2017-5)	0	(72,090,000)
Transfer Additional MSA funds to Golden L.E.A.F.	(7,500,000)	(7,500,000)
Transfer to Medicaid Transformation Fund	(75,000,000)	0
Transfer from Contingency and Emergency Fund	7,000,000	0
Transfer from Department of Insurance	3,655,405	4,026,728
Transfer from the Department of the State Treasurer	(5,453,230)	(5,434,773)
Subtotal Adjustments to Availability: 2017 Session	**(94,197,825)**	**(612,798,045)**
Revised General Fund Availability	**$ 23,529,781,221**	**$ 24,022,005,283**
Less General Fund Net Appropriations	(23,030,477,893)	(23,652,171,951)
Unappropriated Balance Remaining	**$ 499,303,328**	**$ 369,833,332**

SECTION 2.2.(b) Notwithstanding the provisions of G.S. 143C-4-3(a), the State Controller shall transfer a total of one hundred twenty-five million dollars ($125,000,000) from the unreserved fund balance to the Repairs and Renovations

Reserve on June 30, 2017. This subsection becomes effective June 30, 2017. Funds transferred under this section to the Repairs and Renovations Reserve are appropriated for the 2017-2018 fiscal year and shall be used in accordance with Section 36.5 of this act.

SECTION 2.2.(c) Notwithstanding G.S. 143C-4-2, the State Controller shall transfer a total of three hundred sixty-three million nine hundred twenty-eight thousand three hundred seventy dollars ($363,928,370) from the unreserved fund balance to the Savings Reserve Account on June 30, 2017. This transfer 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, 2017.

SECTION 2.2.(d) The State Controller shall reserve from funds available in the General Fund the sum of seventy-five million dollars ($75,000,000) in nonrecurring funds for the 2017-2018 fiscal year. The funds reserved in this subsection shall be transferred and deposited in the Medicaid Transformation Fund established in Section 12H.29 of S.L. 2015-241. Funds deposited in the Medicaid Transformation Fund do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

SECTION 2.2.(e) Funds reserved in the Medicaid Contingency Reserve established in Section 12H.38 of S.L. 2014-100 do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

SECTION 2.2.(f) G.S. 105-187.9(a) reads as rewritten:

"(a) Distribution. – ~~Taxes~~ Of the taxes collected under this Article at the rate of eight percent ~~(8%)~~ (8%), the sum of ten million dollars ($10,000,000) shall be credited annually to the Highway Fund, and the remainder shall be credited to the General Fund. Taxes collected under this Article at the rate of three percent (3%) shall be credited to the North Carolina Highway Trust Fund."

SECTION 2.2.(g) Subsection (f) of this section is effective when this act becomes law and applies to taxes collected on or after that date.

PART III. CURRENT OPERATIONS/HIGHWAY FUND

CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

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, 2019, according to the following schedule:

Current Operations – Highway Fund	**FY 2017-2018**	**FY 2018-2019**
Department of Transportation		
Administration	$ 96,416,366	$ 94,370,410
Division of Highways		
Administration	34,782,224	34,782,224
Construction	89,600,000	88,250,000
Maintenance	1,353,550,193	1,393,296,676
Planning and Research	0	0
OSHA Program	358,030	358,030
State Aid to Municipalities	147,500,000	147,500,000
Intermodal Divisions		
Ferry	47,983,375	44,983,375
Public Transportation	93,777,592	94,277,592
Aviation	100,495,773	129,012,773
Rail	43,659,362	43,850,362
Bicycle and Pedestrian	724,032	724,032
Governor's Highway Safety	255,367	255,367
Division of Motor Vehicles	130,482,054	127,946,774
Other State Agencies, Reserves, Transfers	39,762,702	41,673,366
Capital Improvements	11,616,700	10,216,707
Total Highway Fund Appropriations	**$ 2,190,963,770**	**$ 2,251,497,688**

HIGHWAY FUND AVAILABILITY STATEMENT

SECTION 3.2. The Highway Fund availability used in developing the 2017-2019 fiscal biennial budget is shown below:

Highway Fund Availability Statement	**FY 2017-2018**	**FY 2018-2019**
Unreserved Fund Balance	$ 0	$ 0
Estimated Revenue	2,179,096,441	2,237,763,031
Adjustment to Revenue Availability:		
Division of Motor Vehicles Hearing Fees	1,867,329	3,734,657
Highway Use Tax Lease Proceeds	10,000,000	10,000,000
Total Highway Fund Availability	**$ 2,190,963,770**	**$ 2,251,497,688**
Unappropriated Balance	$ 0	$ 0

PART IV. HIGHWAY TRUST FUND APPROPRIATIONS

HIGHWAY TRUST FUND APPROPRIATIONS

SECTION 4.1. Appropriations from the State Highway Trust 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, 2019, according to the following schedule:

Current Operations – Highway Trust Fund	**FY 2017-2018**	**FY 2018-2019**
Program Administration	$ 35,156,560	$ 35,156,560
Debt Service	52,160,868	50,036,452
Turnpike Authority	49,000,000	49,000,000
State Ports Authority	45,000,000	45,000,000
Transfer to Highway Fund	400,000	400,000
FHWA State Match	4,640,000	4,640,000
Strategic Prioritization Funding Plan for Transportation Investments	1,360,770,863	1,401,591,150
Total Highway Trust Fund Appropriations	**$ 1,547,128,291**	**$ 1,585,824,162**

HIGHWAY TRUST FUND AVAILABILITY STATEMENT

SECTION 4.2. The Highway Trust Fund availability used in developing the 2017-2019 fiscal biennial budget is shown below:

Highway Trust Fund Availability	**FY 2017-2018**	**FY 2018-2019**
Unreserved Fund Balance	$ 0	$ 0
Estimated Revenue	1,547,614,829	1,586,320,316
Adjustment to Revenue Availability:		
Title Fees (Mercury Switch Removal)	(486,538)	(496,154)
Total Highway Trust Fund Availability	**$ 1,547,128,291**	**$ 1,585,824,162**
Unappropriated Balance	$ 0	$ 0

PART V. OTHER APPROPRIATIONS

CASH BALANCES AND OTHER APPROPRIATIONS

SECTION 5.1.(a) Cash balances, federal funds, departmental receipts, grants, and gifts from the General Fund, revenue funds, enterprise funds, and internal service funds are appropriated for the 2017-2019 fiscal biennium as follows:

(1) For all budget codes listed in the Governor's Recommended Budget for the 2017-2019 fiscal biennium, dated March 2017, and in the Budget Support Document, fund balances and receipts are appropriated up to the amounts specified, as adjusted by the General Assembly, for the 2017-2018 fiscal year and the 2018-2019 fiscal year. Funds may be expended only for the programs, purposes, objects, and line items or as otherwise authorized by the General Assembly. Expansion budget funds listed in those documents are appropriated only as otherwise provided in this act.

(2) Notwithstanding the provisions of subdivision (1) of this subsection:

a. Any receipts that are required to be used to pay debt service requirements for various outstanding bond issues and certificates of participation are appropriated up to the actual amounts received for the 2017-2018 fiscal year and the 2018-2019 fiscal year and shall be used only to pay debt service requirements.

b. Other funds, cash balances, and receipts of funds that meet the definition issued by the Governmental Accounting Standards Board of a trust or agency fund are appropriated for and in the amounts required to meet the legal requirements of the trust agreement for the 2017-2018 fiscal year and the 2018-2019 fiscal year.

SECTION 5.1.(b) Receipts collected in a fiscal year in excess of the amounts appropriated by this section shall remain unexpended and unencumbered until appropriated by the General Assembly, unless the expenditure of overrealized receipts in the fiscal year in which the receipts were collected is authorized by the State Budget Act. Overrealized receipts are appropriated in the amounts necessary to implement this subsection.

SECTION 5.1.(c) Notwithstanding subsections (a) and (b) of this section, there is appropriated from the Reserve for Reimbursements to Local Governments and Shared Tax Revenues for each fiscal year an amount equal to the amount of the distributions required by law to be made from that reserve for that fiscal year.

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, spend funds received from grants awarded subsequent to the enactment of this act for grant awards that are for less than two million five hundred thousand dollars ($2,500,000), do not require State matching funds, and will not be used for a capital project. State agencies shall report to the Joint Legislative Commission on Governmental Operations within 30 days of receipt of such funds.

State agencies may spend all other funds from grants awarded after the enactment of this act only with approval of the Director of the Budget and after consultation with the Joint Legislative Commission on Governmental Operations.

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. 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.

EDUCATION LOTTERY FUNDS/CHANGES TO REVENUE ALLOCATIONS/NEEDS-BASED PUBLIC SCHOOL CAPITAL FUND

SECTION 5.3.(a) The appropriations made from the Education Lottery Fund for the 2017-2019 fiscal biennium are as follows:

	FY 2017-2018	**FY 2018-2019**
Noninstructional Support Personnel	$383,888,897	$385,914,455
Prekindergarten Program	78,252,110	78,252,110
Public School Building Capital Fund	100,000,000	100,000,000
Needs-Based Public School Capital Fund	30,000,000	75,000,000
Scholarships for Needy Students	30,450,000	30,450,000
UNC Need-Based Financial Aid	10,744,733	10,744,733
LEA Transportation	43,277,192	1,386,090
TOTAL APPROPRIATION	**$676,612,932**	**$681,747,388**

SECTION 5.3.(b) G.S. 18C-163(b) reads as rewritten:

"(b) Expenses of the lottery shall also include ~~a~~ all of the following:

(1) A transfer of two million one hundred thousand dollars ($2,100,000) annually to the Department of Public Safety, Alcohol Law Enforcement Branch, for gambling enforcement activities.

(2) Advertising costs."

SECTION 5.3.(c) G.S. 18C-164 reads as rewritten:

"**§ 18C-164. Transfer of net revenues.**

…

~~(b) From the Education Lottery Fund, the Office of State Budget and Management shall transfer a sum equal to five percent (5%) of the net revenue of the prior year to the Education Lottery Reserve Fund. A special revenue fund for this purpose shall be established in the State treasury to be known as the Education Lottery Reserve Fund, and that fund shall be~~

~~capped at fifty million dollars ($50,000,000). Monies in the Education Lottery Reserve Fund may be appropriated only as provided in subsection (e) of this section.~~

(b1) Net revenues credited to the Education Lottery Fund shall be appropriated in an amount equal to the amount appropriated from the Education Lottery Fund in the Current Operations and Capital Improvements Appropriations Act of 2017.

(b2) The Office of State Budget and Management shall transfer any net revenues remaining in the Education Lottery Fund after the appropriations made pursuant to subsection (b1) of this section to the Education Lottery Reserve Fund, a special revenue fund, necessary to maintain a minimum balance of twenty-five million dollars ($25,000,000).

(b3) Any net revenues remaining after appropriation pursuant to subsection (b1) of this section and transfer pursuant to subsection (b2) of this section are hereby appropriated to the Needs-Based Public School Capital Fund.

(b4) Notwithstanding subsection (b2) of this section, the minimum balance of the Education Lottery Reserve Fund may be less than twenty-five million dollars ($25,000,000) if funds are necessary to meet the amount of net revenues appropriated pursuant to subsection (b1) of this section.

…

(e) If the actual net revenues are less than the appropriation provided in subsection (b1) of this section for that given year, then the Governor may transfer from the Education Lottery Reserve Fund an amount sufficient to equal the appropriation ~~by the General Assembly.~~provided by subsection (b1) of this section.

~~(f) Actual net revenues in excess of the amounts appropriated in a fiscal year shall remain in the Education Lottery Fund.~~"

SECTION 5.3.(d) It is the intent of the General Assembly to increase the amount of North Carolina Education Lottery net lottery revenue collected that is dedicated to assist local governments in meeting local school capital needs from sixteen and nine-tenths percent (16.9%) of net lottery revenue collected in the 2016-2017 fiscal year to forty percent (40%) of net lottery revenue collected no later than the 2028-2029 fiscal year. To that end, there is created the Needs-Based Public School Capital Fund to be administered by the Superintendent of Public Instruction. The Needs-Based Public School Capital Fund shall be used to award grants to counties designated as a development tier one area or a development tier two area, as defined by G.S. 143B-437.08, to assist with their critical public school building capital needs. The Superintendent of Public Instruction shall award grants to counties in accordance with the following priorities:

(1) Counties designated as development tier one areas.
(2) Counties with greater need and less ability to generate sales tax and property tax revenue.
(3) Counties with a high debt-to-tax revenue ratio.
(4) The extent to which a project will address critical deficiencies in adequately serving the current and future student population.

SECTION 5.3.(e) Grant funds awarded under this section shall be subject to a matching requirement from the recipient county as follows:

(1) For a county designated as a development tier one area, the grant shall not exceed three dollars ($3.00) in grant funds for every one dollar ($1.00) provided by the county. Grant funds awarded to a tier one county shall not exceed fifteen million dollars ($15,000,000).
(2) For a county designated as a development tier two area, the grant shall not exceed one dollar ($1.00) for every one dollar ($1.00) in grant funds provided by the county. Grant funds awarded to a tier two county shall not exceed ten million dollars ($10,000,000).

Grant funds shall be used for new capital projects only. Grant funds shall not be used for real property acquisition or for operational lease agreements. Notwithstanding subdivision (2) of this subsection, grant funds shall only be awarded to development tier one counties until the 2020-2021 fiscal year. Grant funds shall not be awarded to any county that has received over eight million seven hundred fifty thousand dollars ($8,750,000) in funds from the Public School Building Capital Fund from the 2012-2013 fiscal year to the 2016-2017 fiscal year.

SECTION 5.3.(f) G.S. 115C-546.2 is amended by adding a new subsection to read:

"(f) If a county has received a grant fund award from the Needs-Based Public School Capital Fund, that county shall be ineligible to receive allocations from the Public School Building Capital Fund for a period of five years from the date the grant funds were awarded."

SECTION 5.3.(g) On or before April 1 of each year, a grant recipient shall submit to the Superintendent of Public Instruction an annual report for the preceding year that describes the progress of the project for which the grant was received. The grant recipient shall submit a final report to the State Superintendent of Public Instruction within three months of the completion of the project.

SECTION 5.3.(h) On or before May 1 of each year, the Superintendent of Public Instruction shall submit a report to the chairs of the Senate Appropriations Committee on Education/Higher Education, the chairs of the House Appropriations Committee on Education, and the Fiscal Research Division. The report shall contain at least all of the following information for the fiscal year:

(1) Number and description of projects awarded.
(2) Total cost of each project and amount supported by the Needs-Based Public School Capital Fund.

(3) Projections for local school administrative unit capital needs for the next 30 years, based upon present conditions and estimated demographic changes.

(4) Any legislative recommendations for improving the Needs-Based Public School Capital Fund program.

CIVIL PENALTY AND FORFEITURE FUND

SECTION 5.4.(a) Appropriations are made from the Civil Penalty and Forfeiture Fund for the fiscal biennium ending June 30, 2019, as follows:

	FY 2017-2018	**FY 2018-2019**
School Technology Fund	$18,000,000	$18,000,000
Drivers Education	27,393,768	27,393,768
State Public School Fund	134,784,022	128,341,640
TOTAL APPROPRIATION	**$180,177,790**	**$173,735,408**

SECTION 5.4.(b) Excess receipts realized in the Civil Penalty and Forfeiture Fund in each year of the 2017-2019 fiscal biennium shall remain unspent until appropriated by a further act of the General Assembly.

SECTION 5.4.(c) Notwithstanding Section 5.3(b) of S.L. 2015-241, the sum of six million four hundred forty-two thousand three hundred eighty-two dollars ($6,442,382) of excess receipts realized in the Civil Penalty and Forfeiture Fund for the 2016-2017 fiscal year shall be allocated to the State Public School Fund for the 2017-2018 fiscal year.

SECTION 5.4.(d) G.S. 20-88.03(b) reads as rewritten:

"(b) Proceeds. – The clear proceeds of any late fee charged under this section shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2. The clear proceeds of the late fee charged under this section shall be used to provide a dedicated source of revenue for the drivers education program administered by the Department of Public Instruction in accordance with G.S. 115C-215."

INDIAN GAMING EDUCATION REVENUE FUND

SECTION 5.5. Notwithstanding G.S. 143C-9-7, the sum of six million dollars ($6,000,000) in each year of the 2017-2019 fiscal biennium is transferred from the Indian Gaming Education Revenue Fund to the Department of Public Instruction, Textbooks, and Digital Resources Allotment.

PART VI. GENERAL PROVISIONS

CONTINGENCY AND EMERGENCY FUND LIMITATION AND TRANSFER

SECTION 6.1.(a) Limitation. – For the 2017-2019 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, (ii) to respond to events as authorized under G.S. 166A-19.40(a) of the North Carolina Emergency Management Act, (iii) by the State Treasurer to pay death benefits as authorized under Article 12A of Chapter 143 of the General Statutes, (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 6.1.(b) Transfer. – Notwithstanding any provision of law to the contrary, seven million dollars ($7,000,000) from the Contingency and Emergency Fund reserve shall be transferred to the State Controller to be deposited as a nontax revenue in the General Fund. Any funds remaining in the Contingency and Emergency Fund reserve may be used in accordance with the provisions of subsection (a) of this section and G.S. 143C-4-4(c).

ESTABLISHING OR INCREASING FEES

SECTION 6.2.(a) Notwithstanding G.S. 12-3.1, an agency is not required to consult with the Joint Legislative Commission on Governmental Operations prior to establishing or increasing a fee to the level authorized or anticipated in this act.

SECTION 6.2.(b) Notwithstanding G.S. 150B-21.1A(a), an agency may adopt an emergency rule in accordance with G.S. 150B-21.1A to establish or increase a fee as authorized by this act if the adoption of a rule would otherwise be required under Article 2A of Chapter 150B of the General Statutes.

EXPENDITURES OF FUNDS IN RESERVES LIMITED

SECTION 6.3. Article 4 of Chapter 143C of the General Statutes is amended by adding a new section to read:

"**§ 143C-4-8. Use of funds appropriated to a reserve.**

All funds appropriated into a reserve by a Current Operations Appropriations Act or other act of the General Assembly may be expended only for the purpose or purposes for which the reserve was established."

CAP STATE-FUNDED PORTION OF NONPROFIT SALARIES

SECTION 6.4. No more than one hundred twenty thousand dollars ($120,000) in State funds, including any interest earnings accruing from those funds, may be used for the annual salary of any individual employee of a nonprofit organization.

MSA FUND/INCREASE APPROPRIATION TO GOLDEN L.E.A.F.

SECTION 6.5. G.S. 143C-9-3(a1) reads as rewritten:

"(a1) Each year, the sum of ~~ten~~seventeen million five hundred thousand dollars ~~($10,000,000)~~($17,500,000) from the Settlement Reserve Fund is appropriated to The Golden L.E.A.F. (Long-Term Economic Advancement Foundation), Inc., a nonprofit corporation, and these funds shall not be subject to G.S. 143C-6-23. The remainder of the funds credited to the Settlement Reserve Fund each fiscal year shall be transferred to the General Fund and included in General Fund availability as nontax revenue."

CLARIFY BASE BUDGET DEFINITION

SECTION 6.6.(a) G.S. 143C-1-1(d) reads as rewritten:

"(d) Definitions. – The following definitions apply in this Chapter:

(1) Appropriation. – An enactment by the General Assembly authorizing the withdrawal of money from the State treasury. An enactment by the General Assembly that authorizes, specifies, or otherwise provides that funds may be used for a particular purpose is not an appropriation.

…

(1c) Base Budget. – That part of the recommended State budget that provides the baseline for the next biennium. The base budget for each State agency shall be the authorized budget for that agency with adjustments only for the following:

a. Annualization of programs and positions.
b. Reductions to adjust for items funded with nonrecurring funds during the prior fiscal biennium.
c. Increases to adjust for nonrecurring reductions during the prior fiscal biennium.
d. Adjustments for federal payroll tax changes.
e. Rate increases in accordance with the terms of existing leases of real property.
f. Adjustments to receipt projections, made in accordance with G.S. 143C-3-5(b)(2)c.
g. Reconciliation of intragovernmental and intergovermental transfers.
h. Adjustments for statutory appropriations and other adjustments as directed by the General Assembly.

…

~~(6) Capital Improvements Appropriations Act. – An act of the General Assembly containing appropriations for one or more capital improvement projects.~~

…

(9) Current Operations Appropriations Act. – An act of the General Assembly estimating revenue availability for and appropriating money for the current operations and capital improvement needs of State government during one or more budget years.

…

(28) Statutory appropriation. – An appropriation enacted by the General Assembly in the General Statutes that authorizes the current and future withdrawal of funds from the State treasury during ~~fiscal years extending beyond the current fiscal biennium,~~ current and future fiscal years, without further act of the General Assembly.

…."

SECTION 6.6.(b) G.S. 115C-562.8(b) reads as rewritten:

"(b) The General Assembly finds that, due to the critical need in this State to provide opportunity for school choice for North Carolina students, it is imperative that the State provide an increase of funds of at least ten million dollars ($10,000,000) each fiscal year for 10 years to the Opportunity Scholarship Grant Fund Reserve. Therefore, there is appropriated from the General Fund to the Reserve the following amounts for each fiscal year to be used for the purposes set forth in this section:

Fiscal Year	**Appropriation**
2017-2018	$44,840,000
2018-2019	$54,840,000
2019-2020	$64,840,000
2020-2021	$74,840,000
2021-2022	$84,840,000
2022-2023	$94,840,000
2023-2024	$104,840,000
2024-2025	$114,840,000

2025-2026	$124,840,000
2026-2027	$134,840,000

For the 2027-2028 fiscal year and each fiscal year thereafter, there is appropriated from the General Fund to the Reserve the sum of one hundred forty-four million eight hundred forty thousand dollars ($144,840,000) to be used for the purposes set forth in this section. When developing the base budget, as defined by G.S. 143C-1-1, for each fiscal year specified in this subsection, the Director of the Budget shall include the appropriated amount specified in this subsection for that fiscal year."

SECTION 6.6.(c) G.S. 143C-3-5 reads as rewritten:

"**§ 143C-3-5. Budget recommendations and budget message.**

…

(b) Odd-Numbered Years. – In odd-numbered years the budget recommendations shall include the following components:

…

(3) A Current Operations Appropriations Act that makes appropriations for each fiscal year of the upcoming biennium for the operating and capital expenses of all State agencies as contained in the Recommended State ~~Budget, together with a Capital Improvements Appropriations Act that authorizes any capital improvements projects.~~Budget.

…

(c) Even-Numbered Years. – In even-numbered years, the Governor may recommend changes in the enacted budget for the second year of the biennium. These recommendations shall be presented as amendments to the enacted budget and shall be incorporated in a recommended Current Operations ~~Appropriation Act and a recommended Capital Improvements Appropriations Act as necessary.~~ Appropriations Act. Any recommended changes shall clearly distinguish program reductions, program eliminations, program expansions, and new programs, and shall explain all proposed capital improvements in the context of the Six-Year Capital Improvements Plan and as required by G.S. 143C-8-6. The Governor shall provide sufficient supporting documentation and accounting detail, consistent with that required by G.S. 143C-3-5(b), corresponding to the recommended amendments to the enacted budget.

…."

SECTION 6.6.(d) G.S. 143C-5-1 reads as rewritten:

"**§ 143C-5-1. Rules for the introduction of the Governor's appropriations bills.**

The Current Operations Appropriations Act recommended by the Governor ~~and the Capital Improvements Appropriations Act recommended by the Governor~~ shall be introduced by the chairs of the committee on appropriations in each house of the General Assembly. This section shall be considered and treated as a rule of procedure in the Senate and House of Representatives unless provided otherwise by a rule of either branch of the General Assembly."

SECTION 6.6.(e) G.S. 143C-5-5 reads as rewritten:

"**§ 143C-5-5. Committee report used to construe intent of budget acts.**

A committee report incorporated by reference in the Current Operations Appropriations Act ~~or the Capital Improvements Appropriations Act~~ and distributed on the floor of the House of Representatives and of the Senate as part of the explanation of the act is to be construed with the appropriate act in interpreting its intent. If a report conflicts with the act, the act prevails. The Director of the Fiscal Research Division of the Legislative Services Commission shall send a copy of the reports to the Director."

SECTION 6.6.(f) G.S. 143C-6-1 reads as rewritten:

"**§ 143C-6-1. Budget enacted by the General Assembly; certified budgets of State agencies.**

(a) Governor to Administer the Budget as Enacted by the General Assembly. – In accordance with Section 5(3) of Article III of the North Carolina Constitution, the Governor shall administer the budget as enacted by the General Assembly. All appropriations of State funds now or hereafter made to the State agencies and non-State entities authorize expenditures only for the (i) purposes or programs and (ii) objects or line items enumerated in the Recommended State Budget and the Budget Support Document recommended to the General Assembly by the Governor, as amended and enacted by the General Assembly in the Current Operations Appropriations ~~Act, the Capital Improvements Appropriations Act,~~ Act or any other act affecting the State budget. The Governor shall ensure that appropriations are expended in strict accordance with the budget enacted by the General Assembly.

(b) Departmental Receipts. – Departmental receipts collected to support a program or purpose shall be credited to the fund from which appropriations have been made to support that program or purpose. A State agency shall expend departmental receipts first, including receipts in excess of the amount of receipts budgeted in the certified budget for the program or purpose, and shall expend other funds appropriated for the purpose or program only to the extent that receipts are insufficient to meet the costs anticipated in the certified budget.

Except as authorized in G.S. 143C-6-4, excess departmental receipts shall not be used to increase expenditures for a purpose or program.

(c) Certification of the Budget. – The Director of the Budget shall certify to each State agency the amount appropriated to it for each program and each object from all funds included in the budget as defined in G.S. 143C-3-5(d). The

certified budget for each State agency shall reflect the total of all appropriations enacted for each State agency by the General Assembly in the Current Operations Appropriations ~~Act, the Capital Improvements Appropriations Act,~~ Act and any other act affecting the State budget. The certified budget for each State agency shall follow the format of the Budget Support Document as modified to reflect changes enacted by the General Assembly."

SECTION 6.6.(g) Section 11A.3(i) of S.L. 2016-94 reads as rewritten:

"**SECTION 11A.3.(i)** Subsections (a) and (b) of this section apply beginning with the 2016-2017 school year. ~~Subsections (g) and~~Subsection (h) of this section ~~become~~becomes effective July 1, 2017."

SECTION 6.6.(h) Subsection (a) of this section becomes effective July 1, 2017, and applies beginning with the base budget developed for the 2018-2019 fiscal year. The remainder of this section is effective when it becomes law.

USE OF STATE FUNDS FOR EMPLOYMENT OF OUTSIDE COUNSEL/GENERAL ASSEMBLY RIGHT TO INTERVENE

SECTION 6.7.(a) G.S. 147-17 reads as rewritten:

"**§ 147-17. May employ counsel in cases wherein State is interested.**

(a) No department, officer, agency, institution, commission, bureau or other organized activity of the State which receives support in whole or in part from the State shall employ ~~any~~ private counsel, except with the approval of the Governor. The Governor shall give his approval only if the Attorney General has advised him, as provided in subsection (b) of this section, that it is impracticable for the Attorney General to render the legal services. In any case or proceeding, civil or criminal, in or before any court or agency of this State or any other state or the United States, or in any other matter in which the State of North Carolina is interested, the Governor may employ ~~such special~~ private counsel as he may deem proper or necessary to represent the interest of the State, and may fix the compensation for their ~~services.~~services, subject to the provisions of subsection (c1) of this section.

(b) The Attorney General shall be counsel for all departments, officers, agencies, institutions, commissions, bureaus or other organized activities of the State which receive support in whole or in part from the State. Whenever the Attorney General shall advise the Governor that it is impracticable for him to render legal services to any State agency, officer, institution, commission, bureau or other organized activity, or to defend a State employee or former employee as authorized by Article 31A of Chapter 143 of the General Statutes, the Governor may authorize the employment of ~~such~~ private counsel, as in his judgment, should be employed to render such services, and may fix the compensation for their services.

(c) ~~The~~ Subject to the provisions of subsection (c1) of this section, the Governor may direct that the compensation fixed under this section for ~~special~~ private counsel shall be paid out of appropriations or other funds credited to the appropriate department, agency, institution, commission, bureau, or other organized activity of the State or out of the Contingency and Emergency Fund.

(c1) Notwithstanding subsection (c) of this section and G.S. 143C-4-4(b), no State funds shall be withdrawn from the State treasury to pay for litigation services provided by private counsel except as expressly authorized by an appropriation of the General Assembly. As used in this subsection, litigation services include legal work conducted in anticipation of, or in preparation for, any suit or action. As used in this section, private counsel includes any licensed attorney retained by, engaged by, or otherwise representing a department, officer, agency, institution, commission, bureau, or other organized activity of the State but does not include a licensed attorney who holds a permanent budgeted position in either the Department of Justice or the applicable department, officer, agency, institution, commission, bureau, or other organized activity of the State.

(d) In those instances when a department, officer, agency, institution, commission, bureau, or other organized activity of the State which receives support in whole or in part from the State shall employ private counsel other than the Attorney General as permitted by law, such employed counsel shall allocate authority between counsel and the State client in conformance with Rule 1.2 of the North Carolina Rules of Professional Conduct. In those instances where more than one counsel is providing legal representation, counsel, or service on a legal matter on behalf of a State client, the client shall designate in writing which of its legal counsel possesses final decision-making authority on behalf of the State client, and other co-counsel shall, consistent with the Rules of Professional Conduct, cooperate with such designated lead counsel."

SECTION 6.7.(b) G.S. 114-2.3 reads as rewritten:

"**§ 114-2.3. Use of private counsel limited.**

(a) Every agency, institution, department, bureau, board, or commission of the State, authorized by law to retain private counsel, shall obtain written permission from the Attorney General prior to employing private counsel. This section does not apply to counties, cities, towns, other municipal corporations or political subdivisions of the State, or any agencies of these municipal corporations or political subdivisions, or to county or city boards of education.

(b) Article 2A of this Chapter applies to any contract to retain private counsel authorized by the Attorney General under this section.

(c) Except as provided in G.S. 147-17, the Attorney General shall represent the State in any action requiring the State to be a party under G.S. 1-72.3.

(d) No State funds shall be withdrawn from the State treasury to pay for litigation services provided by private counsel except as expressly authorized by an appropriation of the General Assembly. As used in this subsection, litigation services include legal work conducted in anticipation of, or in preparation for, any suit or action. As used in this section, private counsel includes any licensed attorney retained by, engaged by, or otherwise representing a department, officer, agency, institution,

commission, bureau, or other organized activity of the State but does not include a licensed attorney who holds a permanent budgeted position in either the Department of Justice or the applicable department, officer, agency, institution, commission, bureau, or other organized activity of the State."

****

SECTION 6.7.(f) G.S. 143C-6-9 reads as rewritten:

"**§ 143C-6-9. Use of lapsed salary savings.**

(a) Lapsed salary savings may be expended only for nonrecurring purposes or line items.

(b) Lapsed salary savings shall not be used to pay for litigation services provided by private counsel. As used in this subsection, litigation services and private counsel are as defined in G.S. 147-17(c1) and G.S. 114-2.3(d)."

SECTION 6.7.(g) G.S. 120-32.6(a) reads as rewritten:

"(a) Use of Private Counsel. – ~~G.S. 114-2.3 and G.S. 147-17~~ G.S. 114-2.3, 143C-6-9(b), and 147-17 (a) through ~~(c)~~(c1) shall not apply to the General Assembly."

SECTION 6.7.(h) 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:

…

(13b) Subject to the approval required in G.S. 114-2.3(a) and G.S. 147-17(a), the Board may authorize the expenditure of funds to hire private counsel to represent the Board, The University of North Carolina, and any constituent institution. G.S. 114-2.3(d), 143C-6-9(b), and 147-17(c1) shall not apply to these expenditures.

…."

SECTION 6.7.(i) G.S. 1-72.2 reads as rewritten:

"**§ 1-72.2. Standing of legislative officers.**

(a) It is the public policy of the State of North Carolina that in any action in any North Carolina State court in which the validity or constitutionality of an act of the General Assembly or a provision of the North Carolina Constitution is challenged, the General Assembly, jointly through the Speaker of the House of Representatives and the President Pro Tempore of the Senate, constitutes the legislative branch of the State of North Carolina and the Governor constitutes the executive branch of the State of North Carolina, and when the State of North Carolina is named as a defendant in such cases, both the General Assembly and the Governor constitute the State of North Carolina. It is the public policy of the State of North Carolina that in any action in any federal court in which the validity or constitutionality of an act of the General Assembly or a provision of the North Carolina Constitution is challenged, the General Assembly, jointly through the Speaker of the House of Representatives and the President Pro Tempore of the Senate, constitutes the legislative branch of the State of North Carolina; the Governor constitutes the executive branch of the State of North Carolina; that, when the State of North Carolina is named as a defendant in such cases, both the General Assembly and the Governor constitute the State of North Carolina; and that a federal court presiding over any such action where the State of North Carolina is a named party is requested to allow both the legislative branch and the executive branch of the State of North Carolina to participate in any such action as a party.

(b) The Speaker of the House of Representatives and the President Pro Tempore of the Senate, as agents of the State, by and through counsel of their choice, including private counsel, shall jointly have standing to intervene on behalf of the General Assembly as a party in any judicial proceeding challenging a North Carolina statute or provision of the North Carolina Constitution. ~~The procedure for interventions at the trial level in State court shall be that set forth in Rule 24 of the Rules of Civil Procedure. The procedure for interventions at the appellate level in State court shall be by motion in the appropriate appellate court or by any other relevant procedure set forth in the Rules of Appellate Procedure.~~Intervention pursuant to this section shall be effected upon the filing of a notice of intervention of right in the trial or appellate court in which the matter is pending regardless of the stage of the proceeding. Notwithstanding any other provision of law to the contrary, the participation of the Speaker of the House of Representatives and the President Pro Tempore of the Senate in any action, State or federal, as a party or otherwise, shall not constitute a waiver of legislative immunity or legislative privilege of any individual legislator or legislative officer or staff of the General Assembly."

SECTION 6.7.(j) G.S. 1A-1, Rule 19, is amended by adding a new subsection to read:

"(d) Necessary Joinder of House of Representatives and Senate. – The Speaker of the House of Representatives and the President Pro Tempore of the Senate, as agents of the State through the General Assembly, must be joined as defendants in any civil action challenging the validity of a North Carolina statute or provision of the North Carolina Constitution under State or federal law."

SECTION 6.7.(k) G.S. 1A-1, Rule 24(c), reads as rewritten:

"(c) Procedure. – A person desiring to intervene shall serve a motion to intervene upon all parties affected thereby. The motion shall state the grounds therefor and shall be accompanied by a pleading setting forth the claim or defense for which intervention is sought. The same procedure shall be followed when a statute gives a right to intervene, except when the statute prescribes a different procedure. Intervention as of right by both the Speaker of the House of Representatives and the President

Pro Tempore of the Senate pursuant to G.S. 1-72.2 shall be effected upon the filing of a notice of intervention of right in the trial or appellate court in which the matter is pending regardless of the stage of the proceeding."

SECTION 6.7.(*l*) G.S. 120-32.6, as amended by subsection (g) of this section, reads as rewritten:

"**§ 120-32.6. Certain employment authority.**

(a) Use of Private Counsel. – G.S. 114-2.3, 143C-6-9(b), and 147-17(a) through (c1) shall not apply to the General Assembly.

(b) General Assembly ~~as Client of Attorney General by Operation of Law.~~ Acting on Behalf of the State of North Carolina in Certain Actions. – Whenever the validity or constitutionality of an act of the General Assembly or a provision of the Constitution of North Carolina is the subject of an action in any State or federal court, ~~if the General Assembly hires outside counsel to represent the General Assembly in connection with that action, the General Assembly shall also be~~ the Speaker of the House of Representatives and the President Pro Tempore of the Senate, as agents of the State through the General Assembly, shall be necessary parties and shall be deemed to be a client of the Attorney General for purposes of that action as a matter of ~~law. Nothing herein shall (i) impair or interfere with the rights of other named parties to appear in and to be represented by the Attorney General or outside counsel as authorized by law or (ii) impair the right of the Governor to employ counsel on behalf of the State pursuant to G.S. 147-17.~~ law and pursuant to Section 7(2) of Article III of the North Carolina Constitution. In such cases, the General Assembly shall be deemed to be the State of North Carolina to the extent provided in G.S. 1-72.2(a) unless waived pursuant to this subsection. Additionally, in such cases, the General Assembly through the Speaker of the House of Representatives and President Pro Tempore of the Senate jointly shall possess final decision-making authority with respect to the defense of the challenged act of the General Assembly or provision of the North Carolina Constitution. In any such action, the General Assembly, through the Speaker of the House of Representatives and the President Pro Tempore of the Senate, may waive such representation and decline to participate in the action by written notice to the Attorney General.

(c) General Assembly Counsel Shall Be Lead Counsel. – In those instances when the General Assembly employs counsel in addition to or other than the Attorney General, the Speaker of the House of Representatives and the President Pro Tempore of the Senate may jointly designate the counsel employed by the General Assembly as lead counsel ~~for the General Assembly.~~ in the defense of the challenged act of the General Assembly or provision of the North Carolina Constitution. The lead counsel so designated shall possess final decision-making authority with respect to the representation, counsel, or service for the General Assembly. Other counsel for the General Assembly shall, consistent with the Rules of Professional Conduct, cooperate with such designated lead counsel.

(d) The rights provided by this section shall be supplemental to those provided by any other provision of law.

(e) Notwithstanding any other provision of law, the participation of the Speaker of the House of Representatives and the President Pro Tempore of the Senate in any action challenging the validity of a North Carolina statute or provision of the North Carolina Constitution under State or federal law, as a party or otherwise, shall not constitute a waiver of legislative immunity or legislative privilege of any individual legislator or legislative officer or staff of the General Assembly."

SECTION 6.7.(m) G.S. 114-2 reads as rewritten:

"**§ 114-2. Duties.**

~~It~~ Pursuant to Section 7(2) of Article III of the North Carolina Constitution, it shall be the duty of the Attorney General:

…

(9) To notify the Speaker of the House of Representatives and the President Pro Tempore of the Senate whenever an action is filed in State or federal court that challenges the validity of a North Carolina statute or provision of the North Carolina Constitution under State or federal law.

(10) Pursuant to G.S. 120-32.6, to represent upon request and otherwise abide by and defer to the final decision-making authority exercised by the Speaker of the House of Representatives and the President Pro Tempore of the Senate, as agents of the State through the General Assembly, in defending any State or federal action challenging the validity or constitutionality of an act of the General Assembly or a provision of the North Carolina Constitution. If for any reason the Attorney General cannot perform the duty specified herein, the Attorney General may recuse personally from such defense but shall appoint another attorney employed by the Department of Justice to act at the direction of the Speaker of the House of Representatives and the President Pro Tempore of the Senate."

SECTION 6.7.(n) The President Pro Tempore of the Senate and the Speaker of the House of Representative continue to have the authority to represent and articulate the institutional position of the General Assembly in the action known as *Berger v. Price*, 5:17-cv-00025-FL (E.D.N.C.).

SECTION 6.7.(o) Subsections (i) through (n) of this section are effective when this act becomes law and apply to pending and future actions.

PENDING LITIGATION

SECTION 6.8. Any reference to either the State Board of Elections or the State Ethics Commission in either this act or the Committee Report described in Section 39.2 of this act does not constitute a waiver by the General Assembly regarding the validity and constitutionality of S.L. 2017-6.

REPORT ON USE OF LAPSED SALARY FUNDS

SECTION 6.12.(a) The Office of State Budget and Management (OSBM) in conjunction with State agencies, as defined in G.S. 143C-1-1(d)(24), shall report on the use of lapsed salary funds for fiscal year 2016-2017 and fiscal year 2017-2018. State agencies shall report to the OSBM on the use of lapsed salary, including all of the following:

(1) The total amount of accrued lapsed salary funds by funding source.
(2) The total number of full-time equivalent positions comprising the lapsed salary funds.
(3) The total expenditure of lapsed salaries by purpose.
(4) The legal authorization to expend lapsed salary funds.

S**ECTION 6.12.(b)** The OSBM shall report to the Joint Legislative Oversight Committees on Health and Human Services; Education; Justice and Public Safety; Transportation; Information Technology; General Government; and Agriculture and Natural and Economic Resources and the Fiscal Research Division on the use of lapsed salary funds as prescribed in subsection (a) of this section as follows:

(1) By making a final report on fiscal year 2016-2017, no later than October 1, 2017.
(2) By submitting preliminary reports on fiscal year 2017-2018 data, no later than January 31, 2018, and May 1, 2018, and making a final report on fiscal year 2017-2018 data, no later than September 1, 2018.

NON-STATE ENTITIES/REPORT AND REVERSION REQUIREMENTS

SECTION 6.13.(a) Definition. – For purposes of this section, the term "non-State entity" is as defined in G.S. 143C-1-1.

SECTION 6.13.(b) Reporting Requirement. – Unless required to report on the use of funds under another provision of law, and by no later than June 30, 2018, each non-State entity receiving expansion funds appropriated in this act for the 2017-2018 fiscal year shall submit a report to the Office of State Budget and Management that provides all of the following information:

(1) A description of how the funds are used or are to be used, including outcomes and specific deliverables achieved.
(2) The amount of State funds received and expended during the 2017-2018 fiscal year.
(3) The amount of State funds expended for administrative purposes during the 2017-2018 fiscal year, including the amount of State funds expended for salaries and benefits.
(4) For each employee, the amount of State funds used for the employee's annual salary.

SECTION 6.13.(c) Funds Shall Not Revert. – Notwithstanding the date set forth in G.S. 143C-6-23(f1)(1), expansion funds from the net General Fund appropriations or allocations in this act to a non-State entity shall not be subject to the return requirement set forth in G.S. 143C-6-23(f1)(1) until June 30, 2019.

PART VII. PUBLIC SCHOOLS

FUNDS FOR CHILDREN WITH DISABILITIES

SECTION 7.1.(a) The State Board of Education shall allocate additional funds for children with disabilities on the basis of four thousand one hundred twenty-five dollars and twenty-seven cents ($4,125.27) per child for fiscal years 2017-2018 and 2018-2019. 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 seventy-five hundredths percent (12.75%) of its 2017-2018 allocated average daily membership in the local school administrative unit. The dollar amounts allocated under this section for children with disabilities shall also be adjusted in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve children with disabilities.

SECTION 7.1.(b) G.S. 115C-105.25(b) reads as rewritten:

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

(1) Repealed by Session Laws 2013-360, s. 8.14, effective July 1, 2013.
(1a) Funds for ~~children with disabilities, career~~career and technical ~~education,~~education and other purposes may be transferred only as permitted by federal law and the conditions of federal grants or as provided through any rules that the State Board of Education adopts to ensure compliance with federal regulations.
(1b) No funds shall be transferred out of the children with disabilities allotment category.

…."

FUNDS FOR ACADEMICALLY GIFTED CHILDREN

SECTION 7.2.(a) The State Board of Education shall allocate additional funds for academically or intellectually gifted children on the basis of one thousand three hundred fourteen dollars and fifty-six cents ($1,314.56) per child for fiscal years 2017-2018 and 2018-2019. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its 2017-2018 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 be adjusted in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve academically or intellectually gifted children.

SECTION 7.2.(b) G.S. 115C-105.25(b) is amended by adding a new subdivision to read:

"(3b) No funds shall be transferred out of the academically or intellectually gifted children allotment category."

SECTION 7.2.(c) Subsection (b) of this section becomes effective July 1, 2018.

SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES

SECTION 7.3.(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 digital resources 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 three through eight.

SECTION 7.3.(b) Definitions. – As used in this section, the following definitions apply:

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

(2) Anticipated total county revenue availability. – 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. 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. – 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. – The sum of all anticipated total county revenue availability divided by the average daily membership for the State.

(5) Average daily membership. – 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. – 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. – 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. – 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. – 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. – The average of effective county tax rates for all counties.

(11) Local current expense funds. – 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. – 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. – Sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).

(14) State average adjusted property tax base per square mile. – 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.

(15) State average current expense appropriations per student. – 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.

(16) Supplant. – 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. – 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 7.3.(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 7.3.(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 7.3.(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 7.3.(f) Minimum Effort Required. – A county shall receive full funding under this section if the county (i) maintains an effective county tax rate that is at least one hundred percent (100%) of the effective State average tax rate in the most recent year for which data are available or (ii) maintains a county appropriation per student to the school local current expense fund of at least one hundred percent (100%) of the current expense appropriations per student to the school local current expense fund that the county could provide given the county's wealth and an average effort to fund public schools. A county that maintains a county appropriation per student to the school local current expense fund of less than one hundred percent (100%) of the current expense appropriations per student to the school local current expense fund that the county could provide given the county's wealth and an average effort to fund public schools shall receive funding under this section at the same percentage that the county's appropriation per student to the school local current expense fund is of the current expense appropriations per student to the school local current expense fund that the county could provide given the county's wealth and an average effort to fund public schools.

SECTION 7.3.(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 2017-2019 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 all of the following criteria apply:

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

(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 the requirements of this subsection.

SECTION 7.3.(h) Counties Containing a Base of the Armed Forces. – Notwithstanding any other provision of this section, for the 2017-2019 fiscal biennium, counties containing a base of the Armed Forces of the United States that have an average daily membership of more than 23,000 students shall receive the same amount of supplemental funding for low-wealth counties as received in the 2012-2013 fiscal year.

SECTION 7.3.(i) Funds for EVAAS Data. – Notwithstanding the requirements of subsection (a) of this section, local school administrative units may utilize funds allocated under this section to purchase services that allow for extraction of data from the Education Value-Added Assessment System (EVAAS).

SECTION 7.3.(j) Reports. – For the 2017-2019 fiscal biennium, the State Board of Education shall report to the Fiscal Research Division prior to May 15 of each year if it determines that counties have supplanted funds.

SECTION 7.3.(k) 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.

SMALL COUNTY SCHOOL SYSTEM SUPPLEMENTAL FUNDING

SECTION 7.4.(a) Allotment Schedule for the 2017-2019 Fiscal Biennium. – Except as otherwise provided in subsection (d) of this section, each eligible county school administrative unit shall receive a dollar allotment according to the following schedule:

Allotted ADM	Small County Allotment
0-600	$1,710,000
601-1,300	$1,820,000
1,301-1,700	$1,548,700
1,701-2,000	$1,600,000
2,001-2,300	$1,560,000
2,301-2,600	$1,470,000
2,601-2,800	$1,498,000
2,801-3,200	$1,548,000

SECTION 7.4.(b) Phase-Out Provision for the 2017-2018 Fiscal Year. – If a local school administrative unit becomes ineligible for funding under the schedule in subsection (a) of this section in the 2017-2018 fiscal year, funding for that unit shall be phased out over a five-year period. Funding for such local school administrative units shall be reduced in equal increments in each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth fiscal year after the local school administrative unit becomes ineligible.

Allotments for eligible local school administrative units under this subsection shall not be reduced by more than twenty percent (20%) of the amount received in fiscal year 2016-2017 in any fiscal year. A local school administrative unit shall not become ineligible for funding if either the highest of the first two months total projected average daily membership for the current year or the higher of the first two months total prior year average daily membership would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this section.

SECTION 7.4.(c) Phase-Out Provision for the 2018-2019 Fiscal Year. – If a local school administrative unit becomes ineligible for funding under the schedule in subsection (a) of this section in the 2018-2019 fiscal year, funding for that unit shall be phased out over a five-year period. Funding for such local school administrative units shall be reduced in equal increments in each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth fiscal year after the local administrative unit becomes ineligible.

Allotments for eligible local school administrative units under this subsection shall not be reduced by more than twenty percent (20%) of the amount received in fiscal year 2017-2018 in any fiscal year. A local school administrative unit shall not become ineligible for funding if either the highest of the first two months total projected average daily membership for the current year or the higher of the first two months total prior year average daily membership would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this section.

SECTION 7.4.(d) Nonsupplant Requirement for the 2017-2019 Fiscal Biennium. – 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 2017-2019 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 all of the following criteria 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 local current expense appropriation per student for the three prior fiscal years.

(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 the requirements of this subsection.

SECTION 7.4.(e) Reports. – For the 2017-2019 fiscal biennium, the State Board of Education shall report to the Fiscal Research Division prior to May 15 of each fiscal year if it determines that counties have supplanted funds.

SECTION 7.4.(f) Use of Funds. – Local boards of education are encouraged to use at least twenty percent (20%) of the funds they receive 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 three through eight.

Local school administrative units may also utilize funds allocated under this section to purchase services that allow for extraction of data from the Education Value-Added Assessment System (EVAAS).

DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING (DSSF)

SECTION 7.5.(a) Funds appropriated in this act for disadvantaged student supplemental funding shall be used, consistent with the policies and procedures adopted by the State Board of Education, only to do the following:

(1) Provide instructional positions or instructional support positions.

(2) Provide professional development.

(3) Provide intensive in-school or after-school remediation, or both.

(4) Purchase diagnostic software and progress-monitoring tools.

(5) 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 local school administrative units receiving funding under the Disadvantaged Student Supplemental Fund to purchase the Education Value-Added Assessment System (EVAAS) 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 7.5.(b) Disadvantaged student supplemental funding (DSSF) shall be allotted to a local school administrative unit based on (i) the 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 local school administrative units receiving DSSF funds in fiscal year 2005-2006, a ratio of 1:16. These local school administrative units shall receive no less than the DSSF amount allotted in fiscal year 2006-2007.

For the purpose of this subsection, wealth shall be calculated under the low-wealth supplemental formula as provided for in this act.

SECTION 7.5.(c) If a local school administrative unit's wealth increases to a level that adversely affects the unit's disadvantaged student supplemental funding (DSSF) allotment ratio, the DSSF allotment for that unit shall be maintained at the prior year level for one additional fiscal year.

UNIFORM EDUCATION REPORTING SYSTEM (UERS) FUNDS

SECTION 7.6. Funds appropriated in this act for the Uniform Education Reporting System (UERS) for the 2017-2019 fiscal biennium shall not revert at the end of each fiscal year but shall remain available until expended.

BUDGET REDUCTIONS/DEPARTMENT OF PUBLIC INSTRUCTION

SECTION 7.7.(a) Notwithstanding G.S. 143C-6-4, the Department of Public Instruction may, after consultation with the Office of State Budget and Management and the Fiscal Research Division, reorganize the Department, if necessary, to implement the budget reductions for the 2017-2019 fiscal biennium. Consultation shall occur prior to requesting budgetary and personnel changes through the budget revision process. The Department of Public Instruction shall provide a current organization chart and the proposed organization chart clearly identifying the changes for the Department in the consultation process and shall report to the Joint Legislative Commission on Governmental Operations on any reorganization, including any movement of positions and funds between fund codes on a recurring basis.

SECTION 7.7.(b) In implementing budget reductions for the 2017-2019 fiscal biennium, the Department of Public Instruction shall make no reduction to funding (i) for the State Public School Fund, including for the following residential schools: Eastern North Carolina School for the Deaf, the North Carolina School for the Deaf, and the Governor Morehead School, and (ii) for any budget expansion item funded by an appropriation to the Department of Public Instruction by this act for the 2017-2019 fiscal biennium. The Department shall also make no transfers from or reduction to funding or positions for any of the following:

(1) Communities in Schools of North Carolina, Inc.
(2) Teach For America, Inc.
(3) Beginnings for Parents of Children Who are Deaf or Hard of Hearing, Inc.
(4) The Excellent Public Schools Act, Read to Achieve Program, initially established under Section 7A.1 of S.L. 2012-142.
(5) The North Carolina School Connectivity Program.
(6) The North Carolina Center for the Advancement of Teaching.
(7) The North Carolina Innovative School District.
(8) Eastern North Carolina STEM.
(9) Positions appointed by and with a direct report to the State Superintendent of Public Instruction, including those positions described in Section 7.10 of this act.

DPI/ALIGNMENT OF FEDERAL FUNDS

SECTION 7.8. The Department of Public Instruction, in consultation with the Office of State Budget and Management, shall align federal funds to accurately reflect the amount projected to be spent by the Department in each year of the 2017-2019 fiscal biennium in accordance with the State Budget Act, Chapter 143C of the General Statutes, as part of the certification of the budget for the 2017-2019 fiscal biennium.

ADMINISTRATION OF THE EXCELLENT PUBLIC SCHOOLS ACT

SECTION 7.9.(a) From the funds appropriated to implement Section 7A.1 of S.L. 2012-142, as amended, for the 2017-2019 fiscal biennium only, the Department of Public Instruction shall use those funds for the following 13 time-limited positions that support the kindergarten through third grade assessments pursuant to G.S. 115C-174.11:

Position	Title
65017164	Project Administrator
65017165	Project Lead
65017166	Project Lead
65017167	Program Assistant V
65017169	Northeast Consultant
65017170	Southeast Consultant
65017171	North Central Consultant
65017172	Sandhills Consultant
65017173	Piedmont Triad Consultant
65017174	Southwest Consultant
65017250	Northwest Consultant
65017251	Western Consultant
65021990	Project Coordinator

SECTION 7.9.(b) The positions listed in subsection (a) of this section shall be in addition to the 11 permanent, full-time positions authorized by Section 7A.12 of S.L. 2012-142.

SECTION 7.9.(c) This section expires June 30, 2019.

SUPERINTENDENT OF PUBLIC INSTRUCTION SUPPORT STAFF

SECTION 7.10. Of the funds appropriated by this act to the Department of Public Instruction for the 2017-2019 fiscal biennium, the Superintendent of Public Instruction may use up to seven hundred thousand dollars ($700,000) to appoint, in addition to any other personnel appointed by the Superintendent, up to 10 full-time equivalent exempt policy-making positions, as defined in G.S. 126-5(b)(3), to staff the office of the Superintendent and assist in the administration of the Superintendent's duties under Article III and Section 4(2) of Article IX of the North Carolina Constitution as an elected officer and member of the Council of State and as secretary and chief administrative officer of the State Board of Education. Personnel appointed to these positions shall be exempt from the North Carolina Human Resources Act and shall report solely to the Superintendent of Public Instruction. The Superintendent of Public Instruction shall fix the salaries of the personnel for the office of the Superintendent within the funds available as provided by this section. The personnel for the office of the Superintendent of Public Instruction within the Department of Public Instruction shall be in addition to any staff appointed to the Department in accordance with G.S. 115C-21(a)(1). The appointments shall not be subject to approval or disapproval by the State Board of Education.

CARRYFORWARD OF CERTAIN DPI FUNDS

SECTION 7.11.(a) Section 8.7(g) of S.L. 2016-94 reads as rewritten:

"**SECTION 8.7.(g)** Of the funds appropriated to the Department of Public Instruction by this act for the 2016-2017 fiscal year to support teacher compensation models and advanced teaching roles, the Department may use up to two hundred thousand dollars ($200,000) for the State Board of Education to contract with an independent research organization for the pilot evaluations. Any remaining funds may be used to award funds to selected local school administrative units for the implementation of the pilots in accordance with this section. Funds appropriated to the Department of Public Instruction for the 2016-2017 fiscal year for the pilot and for the evaluation of the pilot shall not revert at the end of the fiscal year but shall remain available until expended."

SECTION 7.11.(b) Section 8.27(i) of S.L. 2016-94 reads as rewritten:

"**SECTION 8.27.(i)** Use of Funds. – Of the funds appropriated to the Department of Public Instruction for the 2016-2017 fiscal year to implement the LATP programs, the Department may use up to two hundred thousand dollars ($200,000) in nonrecurring funds for the State Board of Education to contract with the independent research organization as required by this section. Any remaining funds shall be used to award one-year grants to each LATP program selected under subsection (c) of this section for the purposes of implementing the program. Each selected LATP program shall be awarded a proportional amount of the funds available. Funds appropriated to the Department of Public Instruction for the 2016-2017 fiscal year to implement the LATP programs and for the evaluation of the LATP programs shall not revert at the end of the fiscal year but shall remain available until expended."

SECTION 7.11.(c) Section 5 of S.L. 2016-110 reads as rewritten:

"**SECTION 5.** There is appropriated from the General Fund to the Department of Public Instruction four hundred thousand dollars ($400,000) in recurring funds for the 2016-2017 fiscal year for salary and benefits for the ~~ASD~~ISD Superintendent, staff, and other expenses associated with the ~~ASD.~~ISD. Any funds appropriated for this purpose that are unexpended at the end of the 2016-2017 fiscal year shall not revert but shall remain available for one-time, start-up expenses of the ISD until the end of the 2017-2018 fiscal year. There is appropriated from the General Fund to the Department of Public Instruction five hundred thousand dollars ($500,000) for the 2016-2017 fiscal year to contract with an independent research organization to conduct the evaluation required in Section 4 of this act. Funds appropriated to the Department of Public Instruction for the 2016-2017 fiscal year for the evaluation shall not revert at the end of the fiscal year but shall remain available until expended."

SECTION 7.11.(d) Funds appropriated to the Department of Public Instruction for the 2016-2017 fiscal year by S.L. 2016-94 and funds appropriated to the Department by this act for the 2017-2019 fiscal biennium for allocation to local school administrative units and charter schools to bring high-quality, reliable internet connectivity to the classroom level shall not revert at the end of each fiscal year but shall remain available until the end of the 2018-2019 fiscal year.

SECTION 7.11.(e) This section becomes effective June 30, 2017.

PROHIBIT TRANSFER OF LIMITED ENGLISH PROFICIENCY FUNDS

SECTION 7.12. G.S. 115C-105.25(b) is amended by adding a new subdivision to read:

"(10a) No funds shall be transferred out of the limited English proficiency allotment category."

PROHIBIT TRANSFER OF TEXTBOOKS AND DIGITAL RESOURCES FUNDS

SECTION 7.13.(a) G.S. 115C-105.25(b) is amended by adding a new subdivision to read:

"(12) Funds allotted for textbooks and digital resources may only be used for the purchase of textbooks and digital resources. These funds shall not be transferred out of the allotment for any other purpose."

SECTION 7.13.(b) G.S. 115C-105.25(c)(4) is repealed.

SECTION 7.13.(c) This section becomes effective July 1, 2018.

CLASS SIZE FLEXIBILITY FOR CURRENT PILOT PROGRAMS AND DUAL LANGUAGE IMMERSION CLASSES

SECTION 7.15.(a) Section 8.7(i) of S.L. 2016-94 is repealed.

SECTION 7.15.(b) Notwithstanding G.S. 115C-301 or Section 1(b) of S.L. 2017-9, local school administrative units approved by the State Board of Education to participate in the teacher compensation models and advanced teaching roles pilot program established under Section 8.7 of S.L. 2016-94 may allow a certain number of schools that were identified in their proposals to exceed individual class size requirements in kindergarten through third grade for the duration of the pilot program ending with the 2019-2020 school year as follows:

(1) Chapel-Hill Carrboro City Schools: 20 schools.
(2) Charlotte-Mecklenburg Schools: 46 schools.
(3) Edgecombe County Schools: 14 schools.
(4) Pitt County Schools: four schools.
(5) Vance County Schools: three schools.
(6) Washington County Schools: five schools.

SECTION 7.15.(c) In addition to the schools listed in subsection (b) of this section, schools participating in the following programs may exceed individual class size requirements in kindergarten through third grade for the duration of the programs:

(1) The existing Project LIFT, Inc., program in Charlotte-Mecklenburg Schools (CMS). The schools participating in the Project LIFT, Inc., program are those schools within the feeder area for West Charlotte High School governed by the collaborative agreement between the CMS Board of Education and Project Leadership and Investment for Transformation.

(2) The R3: Career Pathways Program in Pitt County Schools. The schools participating in the R3: Career Pathways Program are funded in part by a multiyear federal Teacher Incentive Fund (TIF) grant.

SECTION 7.15.(d) G.S. 115C-301, as amended by Section 2 of S.L. 2017-9, is amended by adding a new subsection to read:

"(c1) Class size requirements for kindergarten through third grade provided in subsection (c) of this section shall not apply to dual language immersion classes. For the purposes of this subsection, dual language immersion classes are classes in which (i) at least one-third of the students' dominant language is English and (ii) instruction involves both English and a target foreign language with a minimum of fifty percent (50%) of core content taught in the target foreign language in order to promote dual language proficiency for all students."

SECTION 7.15.(e) Subsection (b) of this section expires June 30, 2020. Subsection (d) of this section applies beginning with the 2017-2018 school year.

IMPROVE EDUCATION FINANCIAL AND INFORMATION TRANSPARENCY

SECTION 7.16.(a) The Department of Public Instruction shall implement the School Business System Modernization Plan, as proposed by the State Board of Education in the report required by Section 8.15(b) of S.L. 2016-94, using the funds appropriated by this act for that purpose. It is the intent of the General Assembly to fund a multiphase, multiyear project to (i) modernize State and local education financial, human capital, and school information systems, (ii) provide for a common reporting system and analytics system, (iii) integrate financial, payroll, human resources, and related human capital systems through the use of a new software as a service enterprise resource planning (ERP) solution, make enhancements to existing local systems, or both, and (iv) link the State licensure system with the upgraded local systems. The State Superintendent of Public Instruction (State Superintendent) shall review and improve business processes in the Department of Public Instruction, as appropriate, and modernize State systems at the Department.

SECTION 7.16.(b) The State Superintendent shall work with the Friday Institute for Educational Innovation at North Carolina State University, the Government Data Analytics Center (GDAC), local superintendents, charter school leadership, and local school administrative unit personnel administrators and finance officers to establish common data reporting requirements consistent with the Uniform Education Reporting System established by the State Board of Education. All local school administrative units and charter schools shall comply with the reporting requirements.

SECTION 7.16.(b1) The State Superintendent shall work with the Friday Institute for Educational Innovation at North Carolina State University, GDAC, and other State agencies to improve communication between computer systems. The State Superintendent shall ensure, to the extent practicable, that its modernized computer systems are able to share data with computer systems at other State agencies, community colleges, and constituent institutions of The University of North Carolina.

SECTION 7.16.(c) Of the funds appropriated to the Department of Public Instruction by this act for the school business system modernization plan for the 2017-2019 fiscal biennium, the Department may use the sum of up to one million four hundred thirty thousand dollars ($1,430,000) in the 2017-2018 fiscal year and one million four hundred twenty thousand dollars ($1,420,000) in the 2018-2019 fiscal year to establish positions, to contract for services, or both for business-specific project management. The State Superintendent shall be responsible for the implementation of the activities specified under this subsection and may appoint one of the positions established pursuant to Section 7.10 of this act to oversee the business-specific project management required to implement the school business system modernization plan and other operating costs as necessary.

SECTION 7.16.(d) Of the funds appropriated to the Department of Public Instruction by this act for the school business system modernization plan for the 2017-2019 fiscal biennium, the Department shall transfer up to three million two hundred fifty thousand dollars ($3,250,000) for the 2017-2018 fiscal year and up to two hundred fifty thousand dollars ($250,000) for the 2018-2019 fiscal year to GDAC to leverage existing public-private partnerships for the development and deployment of a data integration service that consolidates data from financial, human resources, licensure, student information, and related systems. Implementation shall also include development and deployment of a modern analytical platform and reporting environment. By December 1, 2017, GDAC shall execute any contractual agreements and interagency data sharing agreements necessary to develop the reporting system established by this section.

SECTION 7.16.(e) As required by Section 8.15(c) of S.L. 2016-94, the State Superintendent shall issue a Request for Proposal for an ERP software as a service solution by October 1, 2017. The State Superintendent may issue additional requests for proposals as needed to complete the requirements of subsection (a) of this section. The State Superintendent shall select the vendors for the development and implementation of the ERP and other enhancement solutions.

SECTION 7.16.(f) Prior to executing any contractual agreements and interagency data sharing agreements necessary to develop the financial reporting system as provided for in this section, the State Superintendent shall submit to the Joint Legislative Education Oversight Committee (Committee) and the Fiscal Research Division an initial report by September 15, 2017, on the progress of GDAC's development and deployment of a data integration service that consolidates data from financial, human resources, licensure, student information, and related systems. The State Superintendent shall also submit an interim report to the Committee and the Fiscal Research Division by January 30, 2018, on the selection of a vendor for an ERP software as a service solution. Thereafter, the State Superintendent shall submit annual reports to the Committee and the Fiscal Research Division by March 15 of each year on the expenditure of funds for the project and progress of implementation until the completion of the project.

SECTION 7.16.(g) Funds appropriated to the Department of Public Instruction for the 2017-2019 fiscal biennium to implement the school business modernization system shall not revert at the end of the fiscal year but shall remain available until expended.

OFFICE OF CHARTER SCHOOLS/WEB-BASED RECORD AND DATA MANAGEMENT

SECTION 7.17.(a) The Department of Public Instruction shall use up to two hundred thousand dollars ($200,000) each fiscal year of the 2017-2019 fiscal biennium to support the purchase of a Web-based electronic records and data reporting management system to automate and streamline reporting and accountability requirements to assist the Office of Charter Schools (OCS) in complying with the annual reporting obligations of charter schools from the following available funds:

(1) For the 2017-2018 fiscal year, the Department shall use funds appropriated to the Department for the Uniform Education Reporting System (UERS) by S.L. 2015-241 for the 2016-2017 fiscal year that were unexpended and did not revert at the end of the 2016-2017 fiscal year in accordance with Section 8.7 of that act.

(2) For the 2018-2019 fiscal year, the Department shall use funds appropriated to the Department for UERS by this act for the 2017-2018 fiscal year that are unexpended and do not revert at the end of the 2017-2018 fiscal year in accordance with Section 7.6 of this act.

SECTION 7.17.(b) The Department shall purchase a system pursuant to subsection (a) of this section that meets all of the following requirements:

(1) Allows OCS to develop and assign submission types to manage compliance with applicable law, control document transparency reporting, and create and manage users and roles throughout the system.

(2) Controls collections of documents to assist in core authorizing functions, including the charter school application and charter school renewal processes.

(3) Provides for the visualization of academic, financial, and demographic information for either an individual school or a portfolio of charter schools.

(4) Provides for the safe and secure electronic storage of documents in a Tier 3 datacenter that meets the following standards:

a. Sarbanes-Oxley Act (SOX) compliant, including Statement on Auditing Standards (SAS) No. 70, Statement on Standards for Attestation Engagements (SSAE) No. 16, Service Organization Control (SOC) No. 1, and SOC No. 2.

b. Health Insurance Portability and Accountability Act (HIPAA) compliant, including the Office for Civil Rights (OCR) HIPAA Audit Protocol.

c. Payment Card Industry (PCI) Data Security Standard (DSS) compliant.

d. Safe Harbor certification program compliant.

STATE BOARD OF EDUCATION/USE OF STATE FUNDS

SECTION 7.18.(a) Article 2 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-13.5. Prohibition on use of State funds to employ private counsel in litigation.**

As provided in G.S. 114-2.3(d) and G.S. 147-17(c1), the State Board of Education shall not use any State funds to employ private counsel to provide litigation services to the State Board of Education. As used in this section, litigation services include legal work conducted in anticipation of or in preparation for any suit or action. As used in this section, private counsel includes any licensed attorney retained, engaged, or otherwise representing the State Board of Education but does not include a licensed attorney who holds a permanent budgeted position in either the Department of Justice or the State Board of Education."

SECTION 7.18.(b) The State Board of Education may only appoint the following personnel positions to support the meetings and direct operations of the office of the State Board of Education:

	Position number	Title
(1)	65023576	Attorney I.
(2)	60009384	Attorney II.
(3)	65003194	Paralegal II.
(4)	60095070	Administrative Assistant I.

(5) 60009395 Legislative Specialist.
(6) 60009391 Director of State Board Operations.
(7) 65023814 Planning and Development Consultant.
(8) 60009394 Legislative and Community Affairs Director.

The State Board of Education may utilize other staff employed through the Department of Public Instruction to provide administrative and technical assistance to the State Board and to carry out the directives of the State Board.

SECTION 7.18.(c) Subsection (a) of this section shall not apply to State funds that are encumbered for the 2016-2017 fiscal year for the purposes of employing private counsel to represent the State Board of Education.

TEACHERS/ISOLATED K-12 SCHOOLS

SECTION 7.19. G.S. 115C-301, as amended by S.L. 2017-9, is amended by adding a new subsection to read:

"(g1) Notwithstanding any other provision of this section, the State Board of Education shall allot additional classroom teachers to schools containing grades kindergarten through 12 when consolidation is not feasible due to the geographic isolation of the school and the school meets at least one of the following criteria for geographic isolation:

(1) The school is located in a local school administrative unit in which the average daily membership is less than 1.5 per square mile.
(2) The school is located in a local school administrative unit for a county containing more than 150,000 acres of national forest owned by the federal government and managed by the United States Forest Service pursuant to G.S. 104-5.

The State Board shall allot teachers to geographically isolated schools pursuant to this subsection on the basis of one classroom teacher per grade level and shall allot teachers to the remainder of the local school administrative unit in accordance with the formulas for the regular classroom teacher allotment."

TURNING TAS INTO TEACHERS PILOT EXPANSION/STUDENT TEACHER EMPLOYMENT

SECTION 7.20.(a) Section 8.29 of S.L. 2016-94 reads as rewritten:

"**TEACHER ASSISTANT TUITION REIMBURSEMENT PILOT PROGRAM**

"**SECTION 8.29.(a)** Purpose. – The purpose of this section is to establish a pilot program ~~for~~ for, beginning with the 2016-2017 fiscal year, the local boards of education of the Anson County, Franklin County, Moore County, Richmond County, and Scotland County school administrative units and, beginning with the 2017-2018 fiscal year, the local boards of education of the Alamance-Burlington Schools, Beaufort County Schools, Bertie County Schools, Duplin County Schools, Edenton-Chowan Schools, Edgecombe County Schools, Guilford County Schools, Halifax County Schools, Nash-Rocky Mount Schools, Northampton County Schools, Randolph County Schools, Tyrrell County Schools, Vance County Schools, and Washington County Schools to provide tuition assistance awards to part-time or full-time teacher assistants working in those local school administrative units to pursue a college degree that will result in teacher licensure. Tuition assistance awards under the program may be provided for part-time or full-time coursework. A local board of education may grant a teacher assistant academic leave to pursue coursework that may only be taken during working hours. A teacher assistant receiving an award under the program shall fulfill the student teaching requirements of an educator preparation program by working in the teacher assistant's employing local school administrative unit. A teacher assistant shall continue to receive salary and benefits while student teaching in the local school administrative unit in accordance with G.S. 115C-310(b).

…

"**SECTION 8.29.(d)** The local boards of education participating in the pilot program for the 2016-2017 fiscal year shall jointly report to the Joint Legislative Education Oversight Committee by September 1, ~~2017,~~ 2017. All of the local boards of education participating in the pilot program shall jointly report to the Joint Legislative Education Oversight Committee by September 1, 2018, and by September 1 of each year thereafter on the results of the pilot program, including at least the following information:

(1) The number and amount of funds in tuition assistance awards provided to teacher assistants.
(2) The number of teacher assistant recipients who achieved teacher licensure, including the period of time from the issue of an initial tuition assistance award to the time of achieving licensure.
(3) The number of recipients who remained employed in the local school administrative unit after achieving teacher licensure."

SECTION 7.20.(b) G.S. 115C-310 reads as rewritten:

"**§ 115C-310. Teacher assistants engaged in student teaching.**

(a) The State Board of Education shall adopt a program to facilitate the process by which teacher assistants may become teachers.

Teacher assistants who participate in this ~~program:~~program shall meet the following requirements:

(1) ~~Shall be~~Be enrolled in an approved teacher education program in a North Carolina institution of higher ~~education; and~~education.
(2) ~~Shall be~~Be employed in a North Carolina public school.

Local school administrative units are encouraged to assign teacher assistants to a different classroom during student teaching than the classroom they are assigned to as a teacher assistant. To the extent possible, they may be assigned to another school within the same local school administrative unit.

(b) ~~At the discretion of the local school administrative unit, teacher assistants may~~Teacher assistants shall continue to receive their salary and benefits while student teaching in the same local school administrative unit where they are employed as a teacher assistant.

(c) The State Board of Education shall consult with the Board of Governors of The University of North Carolina and the North Carolina Independent Colleges and Universities in the development of the program. Each approved teacher education program and each local school administrative unit shall administer this program beginning with the 2005-2006 academic year."

SECTION 7.20.(c) Subsection (b) of this section applies beginning with the 2017-2018 school year.

COOPERATIVE INNOVATIVE HIGH SCHOOL FUNDING CHANGES

SECTION 7.22.(a) Legislative Findings. – The General Assembly finds the following in regard to the State's long-term, ongoing investment in providing high school students with opportunities to obtain postsecondary credit and career credentials at no cost to the student in order to maximize cost savings to students in obtaining a postsecondary education:

(1) Dual enrollment opportunities for high school students have been available in the State for many years but began to significantly grow in the early- to mid-2000s as a result of the General Assembly's enactment of the Innovative Education Initiatives Act and the establishment of the cooperative innovative high school program pursuant to Part 9 of Article 16 of Chapter 115C of the General Statutes. This act demonstrated the State's commitment in prioritizing cooperative efforts between secondary schools and institutions of higher education so as to reduce the high school dropout rate, increase high school and college graduation rates, decrease the need for remediation in institutions of higher education, and raise certificate, associate, and bachelor degree completion rates.

(2) To ensure continued efficiency in the investment of State funds to provide postsecondary dual enrollment programs for high school students, the General Assembly directed the State Board of Education and the State Board of Community Colleges to jointly establish the Career and College Promise Program pursuant to Section 7.1A of S.L. 2011-145, effective January 1, 2012, to consolidate existing cooperative efforts between secondary schools and institutions of higher education by providing (i) for specific pathways for obtaining college credit that is transferable to community colleges and institutions of higher education, (ii) for college credit leading to a subject-area certificate, diploma, or degree, and (iii) through enrollment at a cooperative innovative high school, enabling students to concurrently obtain a high school diploma and to 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.

(3) The recent growth in the establishment of cooperative innovative high school programs has resulted in a steady increase in full-time equivalent (FTE) student enrollment at community colleges due to the maturation of those programs, including an increase of one hundred forty percent (140%) in FTE enrollment for these students between 2008-2009 and 2013-2014.

(4) The implementation of other Career and College Promise pathways enabling certain traditional high school students to concurrently enroll in postsecondary courses leading to a defined academic goal has also resulted in a recent rise in student enrollment at community colleges with a thirty percent (30%) increase in the College Transfer pathway and a twenty-one percent (21%) increase in the Career and Technical Education pathway between 2012-2013 and 2013-2014.

(5) For the 2013-2014 academic year, the General Assembly appropriated fifty-seven million dollars ($57,000,000) in State funds to cover community college FTE for 11,389 students during the first year of full implementation of the Career and College Promise Program.

(6) For the 2015-2016 fiscal year, the General Assembly appropriated the following amounts to cover the cost of cooperative innovative high schools and other Career and College Promise programs:

a. For the cooperative innovative high school allotment, the sum of twenty-five million four hundred eighty-eight thousand seven hundred twenty-five dollars ($25,488,725).

b. For community college FTE for the following:

1. For students enrolled in cooperative innovative high schools, the sum of forty-two million two hundred ninety-one thousand three hundred eighty-six dollars ($42,291,386).

2. For students enrolled in courses that count toward the College Transfer pathway, the sum of twenty-one million three hundred forty-three thousand five hundred seven dollars ($21,343,507).

3. For students enrolled in courses that count toward the Career and Technical Education pathway, the sum of twenty-one million seven hundred eight thousand nine hundred thirty-two dollars ($21,708,932).

c. For the reimbursement of tuition for constituent institutions of The University of North Carolina as a partner institution of higher education to a cooperative innovative high school, the sum of one million nine hundred forty-five thousand two hundred one dollars ($1,945,201).

d. For the reimbursement of tuition for private colleges located in North Carolina that are a partner institution of higher education to a cooperative innovative high school, the sum of four hundred fifty-seven thousand six hundred thirty-nine dollars ($457,639).

(7) Since considerable State funds have been appropriated on an ongoing basis to cover the cost of high school student enrollment at community colleges, constituent institutions, and approved private colleges pursuant to G.S. 115C-238.54 and G.S. 115D-5(b)(12) as part of the Career and College Promise programs, it is necessary to examine the total cost of these programs and prioritize the appropriation of State funds to achieve the General Assembly's goal of maximizing cost savings to students in obtaining a postsecondary education. This shall include modifying the amount of funds allocated to local school administrative units for the cooperative innovative high school allotment.

SECTION 7.22.(b) Study. – In accordance with the legislative finding set forth in subdivision (7) of subsection (a) of this section, by February 15, 2018, the State Board of Community Colleges, the Board of Governors of The University of North Carolina, and the State Board of Education shall study and report to the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, the Fiscal Research Division, and the Joint Legislative Education Oversight Committee on the costs associated with the Career and College Promise Program, including operation of cooperative innovative high schools and the cost of concurrent enrollment in the high school and the institution of higher education, student outcomes related to the Program, and any legislative recommendations on modifications to the administration and funding for the Program. Legislative recommendations shall also specifically address the use of the funds for the cooperative innovative high school allotment, whether the allotment is necessary for the operation of the schools, and how modification or discontinuation of the allotment would impact the programs.

SECTION 7.22.(c) Cooperative Innovative High Schools Located in Tier I Areas. – Of the funds appropriated to the Department of Public Instruction by this act for the 2017-2019 fiscal biennium, the Department shall allocate the sum of two hundred seventy-five thousand dollars ($275,000) in recurring funds for each fiscal year from the cooperative innovative high school supplemental allotment to a local school administrative unit located, as of July 1, 2017, in a development tier one area as defined in G.S. 143B-437.08, with a cooperative innovative high school that was approved by the State Board of Education under G.S. 115C-238.51A(c), except as follows:

(1) For a virtual cooperative innovative high school, the Department shall allocate the sum of two hundred thousand dollars ($200,000) in recurring funds from the cooperative innovative high school supplemental allotment to the local school administrative unit for each fiscal year.

(2) For the Northeast Regional School of Biotechnology and Agriscience, the Department shall allocate the sum of three hundred ten thousand dollars ($310,000) in recurring funds from the regional school supplemental allotment for the school for each fiscal year.

SECTION 7.22.(d) Cooperative Innovative High Schools Located in Tier II Areas. – Of the funds appropriated to the Department of Public Instruction by this act for the 2017-2019 fiscal biennium, the Department shall allocate the sum of two hundred thousand dollars ($200,000) in recurring funds for each fiscal year from the cooperative innovative high school supplemental allotment to a local school administrative unit located, as of July 1, 2017, in a development tier two area as defined in G.S. 143B-437.08, with a cooperative innovative high school that was approved by the State Board of Education pursuant to G.S. 115C-238.51A(c), including a virtual cooperative innovative high school.

SECTION 7.22.(e) Cooperative Innovative High Schools Located in Tier III Areas. – Of the funds appropriated to the Department of Public Instruction by this act for the 2017-2019 fiscal biennium, the Department shall allocate the following amounts from the cooperative innovative high school supplemental allotment to a local school administrative unit located, as of July 1, 2017, in a development tier three area as defined in G.S. 143B-437.08, with a cooperative innovative high school that was approved by the State Board of Education pursuant to G.S. 115C-238.51A(c):

(1) For the 2017-2018 fiscal year, the Department shall allocate the sum of one hundred eighty thousand dollars ($180,000) in recurring funds and twenty thousand dollars ($20,000) in nonrecurring funds from the cooperative innovative high school supplemental allotment.

(2) For the 2018-2019 fiscal year, the Department shall allocate the sum of one hundred eighty thousand dollars ($180,000) in recurring funds from the cooperative innovative high school supplemental allotment.

SECTION 7.22.(f) Applicability of Funds Allocated Pursuant to This Section. – The allotment of funds to local school administrative units pursuant to the provisions of subsections (c), (d), and (e) of this section shall include a cooperative innovative high school approved by the State Board of Education pursuant to G.S. 115C-238.51A(c) since July 1, 2015, that is operated by a local school administrative unit but that has not received the cooperative innovative high school allotment in a prior fiscal year. Funds shall not be allocated to local school administrative units for cooperative innovative high schools approved by the State Board pursuant to G.S. 115C-238.51A(b).

SECTION 7.22.(g) Reporting Requirement on the Career and College Promise Programs. – G.S. 115D-5 is amended by adding a new subsection to read:

"(x) In addition to the evaluation of cooperative innovative high schools by the State Board of Education pursuant to G.S. 115C-238.55, the State Board of Community Colleges, in conjunction with the State Board of Education and the Board of Governors of The University of North Carolina, shall evaluate the success of students participating in the Career and College Promise Program, including the College Transfer pathway and the Career and Technical Education pathway. Success shall be measured by high school retention rates, high school completion rates, high school dropout rates, certification and associate degree completion, admission to four-year institutions, postgraduation employment in career or study-related fields, and employer satisfaction of employees who participated in the programs. The Boards shall jointly report by January 15 of each year to the Joint Legislative Education Oversight Committee."

PREPARING FUTURE WORKFORCE IN CODING AND MOBILE APP DEVELOPMENT GRANT PROGRAM

SECTION 7.23.(a) Program Purpose. – The Department of Public Instruction shall establish the Coding and Mobile Application Grant Program (Program) to develop industry partnerships with local school administrative units and charter schools to design and implement computer science, coding, and mobile application development curricular programs for middle school and high school students. Funds appropriated for the Program shall be used to award competitive grants of up to four hundred thousand dollars ($400,000) each fiscal year to grant recipients. Grant funds shall be used for the purchase of equipment, digital materials, and related capacity building activities, which may include teacher professional development for coding, computer science, and mobile application development initiatives. Grant recipients shall use no more than five percent (5%) of the grant award each fiscal year for administrative costs.

SECTION 7.23.(b) Program Criteria and Guidelines; Applications. – By August 15, 2017, the Superintendent of Public Instruction shall establish criteria and guidelines for grant applications and Program requirements for local school administrative units and charter schools, including sufficient curricular rigor for courses offered to students. The Department of Public Instruction shall accept applications for the first year of the Program until October 15, 2017. For subsequent fiscal years in which funds are available for new applications to the Program, the Department shall accept applications until May 15 of that year. Grant applicants shall submit at least the following information in their applications:

(1) A description of how the proposed partnership initiative will provide increased career opportunities for students to engage in high-wage, high-skill, and high-demand occupations.
(2) Demonstrated evidence of employer demand for the partnership initiative and related career and technical education (CTE) training, including documentation of industry involvement in the partnership initiative.
(3) A proposed budget for the partnership initiative, including demonstrated commitment of local or regional partners to sustain the programs beyond the initial grant funding.
(4) A description of how the proposed initiative aligns with other programs, including CTE, Career and College Pathways, and postsecondary programs and, if appropriate, how equipment necessary for the initiative will be utilized by partners.
(5) A description of how the project will create innovative, nontraditional, and immediate career pathways for students to enter high demand jobs in the development of mobile software applications.

SECTION 7.23.(c) Selection of Recipients. – In selecting recipients for the Program, the Superintendent of Public Instruction shall consider diversity among the pool of applicants, including geographic location, the positive impact on the community of industry partnerships, and the size of the student population served by the recipient, in order to award funds to the extent possible to grant recipients that represent different characteristics of the State. The Superintendent of Public Instruction shall select initial grant recipients by November 15, 2017, to begin implementation of the partnership initiatives under the Program as early as the spring semester of the 2017-2018 school year. For subsequent fiscal years in which funds are available for new applications to the Program, the Superintendent shall select grant recipients by July 15 of that year.

SECTION 7.23.(d) Reporting Requirements. – By August 1 of each year of the Program, grant recipients shall submit a report to the Department of Public Instruction, beginning with an initial report by August 1, 2018, for the preceding year in which grant funds were expended that provides at least the following information on the partnership initiative:

(1) The use of grant funds.
(2) The number of students by grade level participating in the partnership initiative.
(3) The number of students who subsequently participated in work-based opportunities, internships, or apprenticeship programs and a description of the types of opportunities for those students.
(4) Student outcome data regarding job attainment and postsecondary opportunities as a result of the partnership initiative.
(5) Any other information the Superintendent of Public Instruction deems necessary.

By September 15 of each year of the Program, the Department shall report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division, beginning with an initial report by September 15, 2018, on grant recipients and implementation of the program, including the information required to be reported to the Department pursuant to this subsection and any legislative recommendations for modifications or expansion of the Program.

EXPAND SCHOOL CONNECTIVITY INITIATIVE/CYBERSECURITY AND RISK MANAGEMENT

SECTION 7.23A.(a) The State Board of Education and the Department of Public Instruction, in collaboration with the Friday Institute at North Carolina State University, shall expand the School Connectivity Initiative client network

engineering to include cybersecurity and risk management services supporting local school administrative units and charter schools. The expansion shall include the following:

(1) Continuous monitoring and risk assessment. – Cloud-based solutions to discover assets, assess their security posture, and recommend corrective actions based on real-world risk reduction.

(2) Security advisory and consulting services. – Five regional security consultants working with schools to assess security posture and develop and implement improvement plans. The plans shall include security policy, building security programs, implementing effective security controls, and ongoing support for operating security governance.

(3) Security training and education services. – Security training and education for teachers, staff, and administrators.

SECTION 7.23A.(b) Of the funds appropriated by this act to the Department of Public Instruction for the Digital Learning Plan for the 2017-2019 fiscal biennium, the Department shall use up to two hundred thousand dollars ($200,000) for each fiscal year of the 2017-2019 fiscal biennium to develop and implement the new cybersecurity and risk management services to support public school cybersecurity and risk management service operations.

REPORT ON CURSIVE WRITING AND MULTIPLICATION TABLES

SECTION 7.23B. The State Board of Education and the Department of Public Instruction shall report to the Joint Legislative Education Oversight Committee by March 30, 2018, regarding the measures taken by each local school administrative unit to implement the requirements regarding cursive writing and memorization of the multiplication tables pursuant to G.S. 115C-81(k) and (*l*) and to ensure that those requirements are met.

JOINT LEGISLATIVE TASK FORCE ON EDUCATION FINANCE REFORM

SECTION 7.23D.(a) There is created the Joint Legislative Task Force on Education Finance Reform (Task Force).

SECTION 7.23D.(b) The Task Force shall consist of nine members of the Senate appointed by the President Pro Tempore of the Senate and nine members of the House of Representatives appointed by the Speaker of the House of Representatives. The President Pro Tempore of the Senate and the Speaker of the House of Representatives shall each appoint a cochair of the Task Force from among its membership. These appointments shall be made no later than September 1, 2017.

It is expected that the makeup of the Task Force reflect geographic and urban/rural diversity. At least one member of the House of Representatives and at least one member of the Senate shall be from the minority party of their respective chambers.

SECTION 7.23D.(c) In consultation with the State Board of Education and the Department of Public Instruction, the Task Force shall study various weighted student formula funding models and develop a new funding model for the elementary and secondary public schools of North Carolina based on a weighted student formula. As a part of this process, the Task Force shall do all of the following:

(1) Review the State's current public school allotment system and undertake an in-depth study of various types of weighted student formula funding models. In its study, the Task Force is encouraged to consider models used by other states.

(2) Determine the base amount of funds that must be distributed on a per student basis to cover the cost of educating a student in the State.

(3) Identify the student characteristics eligible for weighted funding and the associated weights for each of these characteristics.

(4) Resolve the extent to which the base amount of funds to be distributed would be adjusted based on the characteristics of each local school administrative unit.

(5) Decide which funding elements, if any, would remain outside the base of funds to be distributed under a weighted student formula.

(6) Study other funding models for elementary and secondary public schools, including public charter schools, in addition to the weighted student funding formula.

(7) Study funding models to provide children with disabilities with a free appropriate public education. This shall include a consideration of economies of scale, the advisability and practicality of capping additional funding for children with disabilities, and additional costs associated with services required for particular disabilities.

(8) Study any other issue the Task Force considers relevant.

SECTION 7.23D.(d) The Task Force shall meet upon the call of its cochairs. A quorum of the Task Force is a majority of its members. No action may be taken except by a majority vote at a meeting at which a quorum is present. The Task Force, while in the discharge of its official duties, may exercise all powers provided for under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4. The Task Force may contract for professional, clerical, or consultant services, as provided by G.S. 120-32.02. If the Task Force hires a consultant, the consultant shall not be a State employee or a person currently under contract with the State to provide services. Members of the Task Force shall receive per diem, subsistence, and

travel allowance as provided in G.S. 120-3.1. The expenses of the Task Force shall be considered expenses incurred for the joint operation of the General Assembly.

SECTION 7.23D.(e) The Legislative Services Officer shall assign professional and clerical staff to assist the Task Force in its work. The Director of Legislative Assistants of the House of Representatives and the Director of Legislative Assistants of the Senate shall assign clerical support to the Task Force.

SECTION 7.23D.(f) Meetings of the Task Force shall begin no later than October 1, 2017. The Task Force shall submit a final report on the results of its study and development, including proposed legislation, to the Joint Legislative Education Oversight Committee on or before October 1, 2018, by filing a copy of the report with the Office of the President Pro Tempore of the Senate, the Office of the Speaker of the House of Representatives, the Joint Legislative Education Oversight Committee, and the Legislative Library. The Task Force shall terminate on October 1, 2018, or upon the filing of its final report, whichever comes first.

ELIMINATE ANALYSIS OF STUDENT WORK PROCESS FOR TEACHER EVALUATIONS

SECTION 7.23E.(a) The State Board of Education shall eliminate the use of the analysis of student work process and shall prohibit use of an analysis of student work process to assess teacher performance and professional growth as part of the North Carolina Teacher Evaluation System.

SECTION 7.23E.(b) The consolidated State plan to be submitted by the State Board of Education and the Department of Public Instruction to the U.S. Department of Education as required by the Elementary and Secondary Education Act of 1965, 20 U.S.C. § 6301, et seq., as amended by the Every Student Succeeds Act, P.L. 114-95, shall reflect the requirements of subsection (a) of this section.

SECTION 7.23E.(c) G.S. 115C-296(e) reads as rewritten:

"(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 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, including requiring that mentor teachers have been rated, through formal evaluations, at least at the "accomplished" level as part of the North Carolina Teacher Evaluation ~~System and have met expectations for student growth.~~System."

SECTION 7.23E.(d) G.S. 115C-296.11(b)(3) reads as rewritten:

"(3) Educator preparation programs shall ensure clinical educators who supervise students in residencies or internships meet the following requirements:

a. Be professionally licensed in the field of licensure sought by the student.

b. Have a minimum of three years of experience in a teaching role.

c. Have been rated, through formal evaluations, at least at the "accomplished" level as part of the North Carolina Teacher Evaluation ~~System and have met expectations as part of student growth~~ System in the field of licensure sought by the student."

SECTION 7.23E.(e) This section applies beginning with the 2017-2018 school year.

SIXTH AND SEVENTH GRADE CTE PROGRAM EXPANSION GRANT PROGRAM

SECTION 7.23F.(a) G.S. 115C-64.15 reads as rewritten:

"**§ 115C-64.15. North Carolina Education and Workforce Innovation Commission.**

…

(d) The Commission shall develop and administer the Education and Workforce Innovation Program, as established under G.S. 115C-64.16, and make awards of grants under the Program. ~~The Commission shall work closely with the North Carolina New Schools in administering the program.~~

(d1) The Commission shall develop and administer, in coordination with the State Board of Education and the Superintendent of Public Instruction, the Career and Technical Education Grade Expansion Program, as established under G.S. 115C-64.17, and shall make awards of grants under the Program.

(e) The Commission shall publish a report on the Education and Workforce Innovation Program and the Career and Technical Education Grade Expansion Program on or before April 30 of each year. The report shall be submitted to the Joint Legislative Education Oversight Committee, the State Board of Education, the State Board of Community Colleges, and the Board of Governors of The University of North Carolina. The report shall include at least all of the following information:

(1) An accounting of how funds and personnel resources were utilized for each program and their impact on student achievement, retention, and employability.

(2) Recommended statutory and policy changes.

(3) Recommendations for improvement of ~~the~~ each program.

(4) For the Career and Technical Education Grade Expansion Program, recommendations on increasing availability of grants after the first two years of the program to include additional local school administrative units or providing additional grants to prior recipients."

SECTION 7.23F.(b) Article 6C of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-64.17. The Career and Technical Education Grade Expansion Program.**

(a) Program Establishment. – There is established the Career and Technical Education Grade Expansion Program (Program) to expand career and technical education (CTE) programs by prioritizing the inclusion of students in sixth and seventh grade through grant awards provided to selected local school administrative units for up to seven years. Funds appropriated for the Program shall be allocated to selected local school administrative units as competitive grants of (i) up to seven hundred thousand dollars ($700,000) for the 2017-2018 fiscal year and (ii) to the extent funds are available, up to one million dollars ($1,000,000) for the 2018-2019 fiscal year and subsequent fiscal years. Grant funds shall be used only for employing additional licensed personnel in career and technical education areas, career development coordination areas, and support service areas necessary for expanding the CTE program to sixth and seventh grade students. The funds may be used for CTE programs at one or more schools in the local school administrative unit. Grant funds allocated to the local school administrative unit each fiscal year under the Program shall not revert but shall be available for the purpose of the grant program until expended.

(b) Consideration of Factors in Awarding of Grants. – Local school administrative units applying for the Program shall submit an application that includes at least the following information:

(1) A plan for expansion of the CTE program to sixth and seventh grade students, including the specific programs that will be expanded, the significance of CTE in the local school administrative unit, and how a grade expansion would enhance the education program and the community.

(2) A request for the amount of funds, a description of how the funds will be used, and any other sources of funds available to accomplish the purposes of this program.

(3) A proposed budget for seven years that provides detail on the use of the amount of funds to add personnel, increase career development efforts, and provide support services.

(4) A strategy to achieve meaningful analysis of program outcomes due to the receipt of grant funds under this section.

(c) Selection of Recipients. – For the 2017-2018 fiscal year, the Commission shall accept applications for a grant until November 1, 2017. For subsequent fiscal years that funds are made available for the Program, the Commission shall accept applications for a grant until August 1 of each year. The Commission shall select recipients in a manner that considers diversity among the pool of applicants, including geographic location, location of industries in the area in which a local school administrative unit is located, and the size of the student population served by the unit, in order to award funds to the extent possible to grant recipients that represent different regions and characteristics of the State. The Commission shall recommend recipients of the grants to the State Board of Education. The State Board, upon consultation with the Superintendent of Public Instruction, shall approve the recipients of grant awards.

(d) Allocation of Funds. – Of the funds available for the Program in each fiscal year, the Commission shall first allocate funds to applicants who received grant funds for the prior fiscal year for up to seven years. After funds are allocated to prior fiscal year grant recipients, any remaining funds may be used by the Commission to select new grant recipients. The Commission, in consultation with the Superintendent of Public Instruction, shall establish rules regarding any requirements for grant recipients to continue eligibility to receive funds each fiscal year, including timely and accurate reporting as required under subsection (e) of this section.

(e) Reporting Requirements. – No later than August 1 of each year, for up to seven years after the initial grant award, a grant recipient shall submit to the Department of Public Instruction, Local Planning Systems Regional Services staff within the Division of Career and Technical Education, an annual report for the preceding year in which grant funds were expended that provides at least the following information on the program for sixth and seventh grade students:

(1) The use of grant funds, including the CTE programs and courses that have been expanded in the local school administrative unit to include sixth and seventh grade students.

(2) The number of students enrolled in CTE courses as part of the expansion.

(3) The number of students who subsequently enrolled in CTE courses in high school.

(4) The number of students who subsequently participated in internships, cooperative education, or apprenticeship programs.

(5) The number of students who subsequently earned (i) college credit and (ii) approved industry certification and credentials.

(6) Any other information the Division of Career and Technical Education deems necessary.

The Superintendent of Public Instruction shall provide a report to the Commission by October 15 of each year based on the information reported to the Local Planning Systems Regional Services staff under this subsection, including how the grant recipients compare to CTE programs statewide and whether the programs are aligned with the Master Plan for Career and Technical Education adopted by the State Board."

SECTION 7.23F.(c) For the 2017-2019 fiscal biennium, the following funds shall be allocated to the North Carolina Education and Workforce Innovation Commission (Commission) established in G.S. 115C-64.15, as amended by Section 7.23G of this act, for the award of grants to grant recipients for the Career and Technical Education Grade Expansion Program in accordance with G.S. 115C-64.17, as enacted by this section:

(1) Of the funds appropriated by this act to the Department of Public Instruction for the 2017-2019 fiscal biennium, the Department shall allocate the sum of seven hundred thousand dollars ($700,000) each fiscal year to the Commission.

(2) Of the funds appropriated by this act to the Department of Public Instruction for the 2017-2018 fiscal year, the Department of Public Instruction shall allocate the sum of three million five hundred thousand dollars ($3,500,000) for the 2017-2018 fiscal year to the Commission.

SECTION 7.23F.(d) The funds allocated to the Commission under subsection (c) of this section shall not revert at the end of each fiscal year but shall remain available until expended.

TRANSFER EDUCATION AND WORKFORCE INNOVATION COMMISSION TO DPI

SECTION 7.23G.(a) The North Carolina Education and Workforce Innovation Commission (Commission) is hereby transferred to the Department of Public Instruction. This transfer shall have all of the elements of a Type II transfer, as described in G.S. 143A-6, except that the management functions of the Commission, except for the provision of technical assistance and administrative assistance, including staff, shall not be performed under the direction and supervision of the Department of Public Instruction.

SECTION 7.23G.(b) G.S. 115C-64.15(a) reads as rewritten:

"(a) There is created the North Carolina Education and Workforce Innovation Commission (Commission). The Commission shall be located administratively in the ~~Office of the Governor~~Department of Public Instruction but shall exercise all its prescribed powers independently of the ~~Office of the Governor.~~Department of Public Instruction. Of the funds appropriated for the Education and Workforce Innovation Program established under G.S. 115C-64.16, up to ~~two hundred thousand dollars ($200,000)~~ten percent (10%) of those funds each fiscal year may be used by the ~~Office of the Governor~~Department of Public Instruction to provide technical assistance and administrative assistance, including staff, to the Commission and for reimbursements and expenses for the ~~Commission.~~Commission for the Education and Workforce Innovation Program and the Career and Technical Education Grade Expansion Program."

SECTION 7.23G.(c) Section 23.1(a) of S.L. 2014-100 is repealed.

FUTURE READY STUDENTS

SECTION 7.23H.(a) G.S. 115C-47 reads as rewritten:

"**§ 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:

…

(30) To Appoint Advisory Councils. – Local boards of education are authorized to appoint advisory councils as provided in ~~G.S. 115C-55.~~G.S. 115C-55 and Article 10 of this Chapter.

…

(34a) To Establish Work-Based Opportunities and Encourage High School to Work Partnerships. – Each local board of education shall offer at least two work-based learning opportunities that are related to career and technical education instruction in the local school administrative unit as required by G.S. 115C-157. Local boards of education shall also encourage high schools and local businesses to partner, specifically to 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~~ shall 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 7.23H.(b) G.S. 115C-55 reads as rewritten:

"**§ 115C-55. Advisory councils.**

A board of education may appoint an advisory council for any school or schools within the local school administrative unit. The purpose and function of an advisory council shall be to serve in an advisory capacity to the board on matters affecting the school or schools for which it is appointed. ~~The~~ Except as otherwise provided under Part 4 of Article 10 of this Chapter for business advisory councils, the organization, terms, composition and regulations for the operation of such advisory council shall be determined by the board."

SECTION 7.23H.(c) G.S. 115C-81(a1) reads as rewritten:

"(a1) The Basic Education Program shall describe the education program to be offered to every child in the public schools. It shall provide every student in the State equal access to a Basic Education Program. Instruction shall be offered in the areas of arts, communication skills, physical education and personal health and safety, mathematics, media and computer skills, science, second languages, social studies, and ~~vocational~~ career and technical education.

Instruction in ~~vocational~~ career and technical education under the Basic Education Program shall be based on factors including:

(1) The integration of academic and ~~vocational~~ career and technical ~~education;~~education.

(2) A sequential course of study leading to both academic and occupational ~~competencies;~~competencies.

(3) Increased student work skill attainment and job ~~placement;~~placement.

(4) Increased linkages, where geographically feasible, between public schools and community colleges, so the public schools can emphasize academic preparation and the community colleges can emphasize specific job ~~training; and~~training.

(5) Instruction and experience, to the extent practicable, in all aspects of the industry the students are prepared to enter."

SECTION 7.23H.(d) G.S. 115C-81.1 reads as rewritten:

"**§ 115C-81.1. Basic Education Program Funds not to supplant Local funds for schools.**

It is the intent of the General Assembly that budget funds appropriated by the General Assembly for ~~vocational~~ career and technical education programs and clerical personnel to implement the Basic Education Program be used to supplement and not supplant existing State and local funding for the public schools. Therefore, to the extent that local school administrative units receive additional State funds for ~~vocational~~ career and technical education programs and clerical personnel positions that were previously funded in whole or in part with nonstate funds, the local governments shall continue to spend for public school operating or capital purposes in the local school administrative units the amount of money they would have spent to provide the ~~vocational~~ career and technical education programs and the school clerical personnel previously funded with nonstate funds.

Priority shall be given to funding capital needs, particularly those resulting from implementation of the Basic Education Program."

SECTION 7.23H.(e) Article 10 of Chapter 115C of the General Statutes reads as rewritten:

"Article 10.

"~~Vocational~~ Career and Technical Education.

"Part 1. ~~Vocational~~ Career and Technical Education Programs.

"**§ 115C-151. Statement of purpose.**

It is the intent of the General Assembly that ~~vocational~~ career and technical education be an integral part of the educational process. The State Board of Education shall administer through local boards of education a comprehensive program of ~~vocational~~ career and technical education that shall be available to all students, with priority given to students in grades eight through 12, who desire it in the public secondary schools and middle schools of this State. The purposes of ~~vocational~~ career and technical education in North Carolina public secondary schools shall ~~be:~~be as follows:

(1) Occupational Skill Development. – To prepare individuals for paid or unpaid employment in recognized occupations, new occupations, and emerging occupations.

(2) Preparation for Advanced Education. – To prepare individuals for participation in advanced or highly skilled ~~vocational~~ career and technical education.

(3) Career Development; Introductory. – To assist individuals in the making of informed and meaningful occupational choices.

It is also legislative intent to authorize the State Board of Education to support appropriate ~~vocational~~ career and technical education instruction and related services for individuals who have special ~~vocational~~ career and technical education needs which can be fulfilled through a comprehensive ~~vocational~~ career and technical education program as designated by State Board of Education policy or federal ~~vocational~~ career and technical education legislation.

"**§ 115C-152. Definitions.**

The State Board of Education shall provide appropriate definitions to ~~vocational~~ career and technical education programs, services, and activities in grades ~~6-12~~ five through 12 not otherwise included in this Part. As used in this Part, the following definitions apply, unless the context requires otherwise:

(1) "Career development; ~~introductory"~~ introductory; or career awareness program" means an instructional program, service, or activity designed to familiarize individuals with the broad range of occupations for

which special skills are required and the requisites for careers in such occupations. A career awareness program offered to elementary school students shall encourage students to explore career pathways and prepare students for the transition to middle school career planning.

(2) "Comprehensive ~~vocational~~ career and technical education" means instructional programs, services, or activities directly related to preparation for and placement in employment, for advanced technical preparation, or for the making of informed and meaningful educational and occupational choices.

(3) "Occupational skill development" means a program, service, or activity designed to prepare individuals for paid or unpaid employment as semiskilled or skilled workers, technicians, or professional-support personnel in recognized occupations and in new and emerging occupations including occupations or a trade, technical, business, health, office, homemaking, homemaking-related, agricultural, marketing, and other nature. Instruction is designed to fit individuals for initial employment in a specific occupation or a cluster of closely related occupations in an occupational field. This instruction includes education in technology, manipulative skills, theory, auxiliary information, application of academic skills, and other associated ~~knowledges.~~abilities.

(4) "Preparation for advanced education" means a program, service, or activity designed to prepare individuals for participation in advanced or highly skilled post-secondary and technical education programs leading to employment in specific occupations or a cluster of closely related occupations and for participation in ~~vocational~~ career and technical education teacher education programs.

"**§ 115C-153. Administration of ~~vocational~~ career and technical education.**

The State Board of Education shall be the sole State agency for the State administration of ~~vocational~~ career and technical education at all levels, shall be designated as the State Board of ~~Vocational~~ Career and Technical Education, and shall have all necessary authority to cooperate with any and all federal agencies in the administration of national acts assisting ~~vocational~~ career and technical education, to administer any legislation pursuant thereto enacted by the General Assembly of North Carolina, and to cooperate with local boards of education in providing ~~vocational~~ career and technical education programs, services, and activities for youth and adults residing in the areas under their jurisdiction.

"**§ 115C-154. Duties of the State Board of Education.**

In carrying out its duties, the State Board of Education shall develop and implement any policies, rules, regulations, and procedures as necessary to ensure ~~vocational~~ career and technical education programs of high quality. The State Board of Education shall prepare a Master Plan for ~~Vocational~~ Career and Technical Education. The plan, to be updated periodically, shall ensure ~~minimally that:~~that, at a minimum, the following activities are accomplished:

(1) Articulation shall occur with institutions, agencies, councils, and other organizations having responsibilities for work force preparedness.

(2) Business, industrial, agricultural, and lay ~~representatives, including parents of students enrolled in Vocational and Technical Education courses,~~ representatives organized as business advisory ~~committees~~ councils under Part 4 of this Article have been utilized in the development of decisions affecting ~~vocational~~ career and technical education programs and services.

(3) Public hearings are conducted annually to afford the public an opportunity to express their views concerning the State Board's plan and to suggest changes in the plan.

(4) The plan describes the State's policy for ~~vocational~~ career and technical education and the system utilized for the delivery of ~~vocational~~ career and technical education programs, services, and activities. The policy shall include priorities of curriculum, integration of ~~vocational~~ career and academic education, technical preparation, and youth apprenticeships.

(5) A professionally and occupationally qualified staff is employed and organized in a manner to assure efficient and effective State leadership for ~~vocational~~ career and technical education. Provisions shall be made for such functions as: planning, administration, supervision, personnel development, curriculum development, ~~vocational~~ career and technical education student organization and coordination research and evaluation, and such others as the State Board may direct.

(6) An appropriate supply of qualified personnel is trained for program expansion and replacements through cooperative arrangements with institutions of higher education and other institutions or agencies, including where necessary financial support of programs and curriculums designed for the preparation of ~~vocational~~ career and technical education administrators, supervisors, coordinators, instructors, and support personnel.

(7) Minimum standards shall be prescribed for personnel employed at the State and local levels.

(8) Local boards of education submit to the State Board of Education a local plan for ~~vocational~~ career and technical education that has been prepared in accordance with the procedures set forth in the Master Plan for ~~Vocational~~ Career and Technical Education.

(9) Appropriate minimum standards for ~~vocational~~ career and technical education programs, services, and activities shall be established, promulgated, supervised, monitored, and maintained. These standards shall specify characteristics such as program objectives, competencies, course sequence, program duration, class size, supervised on-the-job experiences, ~~vocational~~ career and technical education student

organization, school-to-work transition programs, qualifications of instructors, and all other standards necessary to ensure that all programs conducted by local school administrative units shall be of high quality, relevant to student needs, and coordinated with employment opportunities.

(10) A system of continuing qualitative and quantitative evaluation of all ~~vocational~~ career and technical education programs, services, and activities supported under the provisions of this Part shall be established, maintained, and utilized periodically. One component of the system shall be follow-up studies of employees and former students of ~~vocational~~ career and technical education programs who have been out of school for one year, and for five years to ascertain the effectiveness of instruction, services, and activities.

"**§ 115C-154.1. Approval of local ~~vocational~~ career and technical education plans or applications.**

The State Board of Education shall not approve any local ~~vocational~~ board of education career and technical education plans or applications ~~unless:~~unless the plan or application meets all of the following conditions:

(1) The programs are in accordance with the purposes of ~~G.S. 115C-151;~~G.S. 115C-151.

(2) The ~~vocational~~ career and technical education programs and courses are not duplicated within a local school administrative unit, unless the unit has data to justify the duplication or the unit has a plan to redirect the duplicative programs within three ~~years;~~years.

(3) For all current job skill programs, there is a documented need, based on labor market data or follow-up data, or there is a plan to redirect the program within two ~~years;~~years.

(4) New ~~vocational~~ career and technical education programs show documented need based on student demand, or for new job skill programs, based on student and labor market ~~demand; and~~demand.

(5) All programs are responsive to technological advances, changing characteristics of the work force, and the academic, technical, and attitudinal development of students.

(6) The local board of education establishes a business advisory council in accordance with Part 4 of this Article. The local board of education shall submit information regarding ongoing consultation with the advisory council as part of the career and technical education local planning system maintained by the State Board of Education and the Department of Public Instruction.

Local programs using the cooperative ~~vocational~~ career and technical education method shall be approved subject to students enrolled being placed in employment commensurate with the respective program criteria.

"**§ 115C-154.2. ~~Vocational~~ Career and technical education equipment standards.**

The State Board of Education shall develop equipment standards for each ~~vocational~~ career and technical education program level and shall assist local school administrative units in determining the adequacy of equipment for each ~~vocational~~ career and technical education program available in each local school administrative unit.

The State Board shall also develop a plan to assure that minimum equipment standards for each program are met to the extent that State, local, and federal funds are available for that purpose. The State Board shall consider all reasonable and prudent means to meet these minimum equipment standards and to ensure a balanced ~~vocational~~ career and technical education program for students in the public schools.

"**§ 115C-155. Acceptance of benefits of federal ~~vocational~~ career and technical education acts.**

The State of North Carolina, through the State Board of Education, may accept all the provisions and benefits of acts passed by the Congress of the United States providing federal funds for ~~vocational~~ career and technical education programs: Provided, however, that the State Board of Education shall not accept those funds upon any condition that the public schools of this State shall be operated contrary to any provision of the Constitution or statutes of this State.

"**§ 115C-156. State funds for ~~vocational~~ career and technical education.**

It is the intent of the General Assembly of North Carolina to appropriate funds for each fiscal year to support the purposes of ~~vocational~~ career and technical education as set forth in G.S. 115C-151. From funds appropriated, the State Board of Education shall establish a sum of money for State administration of ~~vocational~~ career and technical education and shall allocate the remaining sum on an equitable basis to local school administrative units, except that a contingency fund is established to correct excess deviations that may occur during the regular school year. In the administration of State funds, the State Board of Education shall adopt such policies and procedures as necessary to ensure that the funds appropriated are used for the purpose stated in this Part and consistent with the policy set forth in the Master Plan for ~~Vocational~~ Career and Technical Education.

…

"**§ 115C-156.2. Industry certifications and credentials program.**

(a) It is the intent of the State to encourage students to enroll in and successfully complete rigorous coursework and credentialing processes in career and technical education to enable success in the workplace. To attain this goal, to the extent funds are made available for this purpose, students shall be supported to earn State Board of Education approved industry certifications and ~~credentials:~~credentials as follows:

(1) Students enrolled in public schools and in career and technical education courses shall be exempt from paying any fees for one administration of examinations leading to industry certifications and credentials pursuant to rules adopted by the State Board of Education.

(2) Each school year, at such time as agreed to by the Department of Commerce and the State Board of Education, the Department of Commerce shall provide the State Board of Education with a list of those occupations in high need of additional skilled employees. If the occupations identified in such list are not substantially the same as those occupations identified in the list from the prior year, reasonable notice of such changes shall be provided to local school administrative units.

(3) Local school administrative units shall consult with their local industries, employers, business advisory councils, and workforce development boards to identify industry certification and credentials that the local school administrative unit may offer to best meet State and local workforce needs.

(b) Beginning in ~~2014,~~2017, the State Board of Education shall report to the Joint Legislative Education Oversight Committee by ~~September~~ November 15 of each year on the number of students in career and technical education courses who earned (i) community college credit and (ii) related industry certifications and credentials.

"**§ 115C-157. Responsibility of local boards of education.**

(a) Each local school administrative unit, shall provide free appropriate ~~vocational~~ career and technical education instruction, activities, and services in accordance with the provisions of this Part for all youth, with priority given to youth in grades eight through 12, who elect the instruction and shall have responsibility for administering the instruction, activities, and services in accordance with federal and State law and State Board of Education policies.

(b) Each local school administrative unit shall offer as part of its career and technical education program at least two work-based learning opportunities that are related to career and technical education instruction. A work-based learning opportunity shall consist of on-the-job training through an internship, cooperative education, or an apprenticeship program meeting the requirements of Chapter 115D of the General Statutes.

(c) Each local board of education is encouraged to implement a career awareness program for students in grade five to educate students on the career and technical education programs offered in the local school administrative unit. A local board of education that adopts a career awareness program for fifth grade students shall report on program activities and student outcomes from the prior school year to the State Board of Education by October 1 of each year. By November 15 of each year, the State Board shall submit a consolidated report to the Joint Legislative Education Oversight Committee on program outcomes and any legislative recommendations based on local board of education reports.

"**§ 115C-157.5. Extended year agriculture education program; evaluation of career and technical education agriculture teacher personnel.**

Except as otherwise provided in G.S. 115C-302.1(b2), local boards of education shall provide career and technical education agriculture teacher personnel with adequate resources to provide a career and technical education agriculture education program for 12 calendar months, which includes work-based learning services and instructional and leadership development. A local board of education shall require that career and technical education agriculture teacher personnel who are employed for 12 calendar months, pursuant to G.S. 115C-302.1, are evaluated in the same manner as teachers evaluated in accordance with G.S. 115C-333 or G.S. 115C-333.1, as applicable.

"**§ 115C-158. Federal funds division.**

The division between secondary and post-secondary educational systems and institutions of federal funds for which the State Board of ~~Vocational~~ Career and Technical Education has responsibility shall, within discretionary limits established by law, require the concurrence of the State Board of Education and the State Board of Community Colleges on and after January 1, 1981. The portion of the approved State Plan for post-secondary ~~vocational~~ career and technical education required by G.S. 115C-154 shall be as approved by the State Board of Community Colleges.

"Part 2. ~~Vocational~~ Career and Technical Education Production Work Activities.

"**§ 115C-159. Statement of purpose.**

It is the intent of the General Assembly that practical work experiences within the school and outside the school, which are valuable to students and which are under the supervision of a teacher, should be encouraged as a part of ~~vocational~~ career and technical education instruction in the public secondary schools and middle schools when those experiences are organized and maintained to the best advantage of the ~~vocational~~ career and technical education programs. Those activities are a part of the instructional activities in the ~~vocational~~ career and technical education programs and are not to be construed as engaging in business. Those services, products, and properties generated through these instructional activities are exempt from the requirements of ~~G.S. 115C-518; the local board~~ G.S. 115C-518. Local boards of education shall adopt rules for the disposition of these services, products, and properties. Local boards of education may use available financial resources to support that instruction.

"**§ 115C-160. Definitions.**

The State Board of Education shall provide appropriate definitions necessary to this part of ~~vocational~~ career and technical education instruction not otherwise included in this Part. As used in this Part, the following definitions apply, unless the context requires otherwise:

(1) The term "building trades training" means the development of ~~vocational~~ career skills through the construction of dwellings or other buildings and related activities by students in ~~vocational~~ career and technical education programs.

(2) The term "production work" means production activities and services performed by ~~vocational~~ students in career and technical education classes under contract with a second party for remuneration.

"**§ 115C-161. Duties of the State Board of Education.**

The State Board of Education is authorized and directed to establish, maintain, and implement such policies, rules, regulations, and procedures not in conflict with State law or other State Board policies as necessary to assist local boards of education in the conduct of production work experiences performed in connection with approved State Board of Education ~~vocational~~ career and technical education programs.

"**§ 115C-162. Use of proceeds derived from production work.**

Unless elsewhere authorized in these statutes, local boards of education shall deposit to the appropriate school account, no later than the end of the next business day after receipt of funds, all proceeds derived from the sale of products or services from production work experiences. These proceeds shall be established as a revolving fund to be used solely in operating and improving ~~vocational~~ career and technical education programs.

"**§ 115C-163. Acquisition of land for agricultural education instructional programs.**

Local boards of education may acquire by gift, purchase, or lease for not less than the useful life of any project to be conducted upon the premises, a parcel of land suitable for a land laboratory to provide students with practical instruction in soil science, plant science, horticulture, forestry, animal husbandry, and other subjects related to the agriculture curriculum.

Each deed, lease, or other agreement for land shall be made to the respective local board of education in which the school offering instruction in agriculture is located; and title to such land shall be examined and approved by the ~~school~~ local board of education's attorney.

Any land laboratory thus acquired shall be assigned to the agricultural education program of the school, to be managed with the advice of an agricultural education advisory ~~committee.~~committee or a specialized subcommittee of a business advisory council as provided under Part 4 of this Article.

The products of the land laboratory not needed for public school purposes may be sold to the public: Provided, however, that all proceeds from the sale of products shall be deposited in the appropriate school account no later than the end of the next business day after receipt of funds. The proceeds shall be established as a revolving fund to be used solely in operating and improving ~~vocational~~career and technical education programs.

"**§ 115C-164. Building trades training.**

In the establishment and implementation of production work experience policies, the State Board of Education shall be guided as follows:

(1) Local boards of education may use supplementary tax funds or other local funds available for the support of ~~vocational~~ career and technical education to purchase and develop suitable building sites on which dwellings or other buildings are to be constructed by ~~vocational~~ career and technical education trade classes of each public school operated by local boards of education. Local boards of education may use these funds for each school to pay the fees necessary in securing and recording deeds to these properties for each public school operated by local boards of education and to purchase all materials needed to complete the construction of buildings by ~~vocational~~ career and technical education trade classes and for development of site and property by other ~~vocational~~ career and technical education classes. Local boards of education may use these funds to acquire skilled services, including electrical, plumbing, heating, sewer, water, transportation, grading, and landscaping needed in the construction and completion of buildings, that cannot be supplied by the students in ~~vocational~~ career and technical education trade classes.

(2) Local boards of education may, in conjunction with or in lieu of subdivision (1) of this section, contract with recognized building trades educational foundations or associations in the purchase of land for the construction and development of buildings: Provided however, that all contracts shall be in accordance with the requirements set forth by the State Board of Education.

"**§ 115C-165. Advisory committee on production work activities.**

The local board of education of each local school administrative unit in which the proposed production work activities are to be undertaken shall appoint appropriate workforce production advisory committees of no less than three persons residing within that administrative unit for each program (or in the case of Trade and Industrial Education, for each specialty) for the purpose of reviewing and making recommendations on such production work activities. Workforce production advisory committees, including agricultural education advisory committees under G.S. 115C-163, may be established as specialized subcommittees of the business advisory councils as provided under Part 4 of this Article. Respective advisory committee members shall be lay persons who are actively involved in the appropriate business or trade. No production work activity shall be undertaken without the involvement of the appropriate advisory committee.

"Part 3. Eye Safety Devices Required.

"**§ 115C-166. Eye protection devices required in certain courses.**

The governing board or authority of any public or private school or educational institution within the State, wherein shops or laboratories are conducted providing instructional or experimental ~~programs involving:~~programs, shall provide for and require that every student and teacher wear industrial-quality eye protective devices at all times while participating in a program that involves any of the following:

(1) Hot solids, liquids or molten ~~metals;~~metals.

(2) Milling, sawing, turning, shaping, cutting, or stamping of any solid ~~materials;~~materials.

(3) Heat treatment, tempering, or kiln firing of any metal or other ~~materials;~~materials.

(4) Gas or electric arc ~~welding;~~welding.

(5) Repair or servicing of any ~~vehicle; or~~vehicle.

(6) Caustic or explosive chemicals or ~~materials,~~materials.

~~shall provide for and require that every student and teacher wear industrial-quality eye protective devices at all times while participating in any such program.~~ These industrial-quality eye protective devices shall be furnished free of charge to the student and teacher.

"**§ 115C-167. Visitors to wear eye safety devices.**

Visitors to ~~such~~ shops and laboratories subject to the requirements of G.S. 115C-166 shall be furnished with and required to wear ~~such~~ industrial-quality eye ~~safety~~ protective devices while ~~such~~ instructional or experimental programs are in progress.

…

"Part 4. Business Advisory Councils.

"**§ 115C-170. Business advisory councils established; members; selection; duties.**

(a) Purpose. – Each local board of education shall be assisted by a business advisory council in the performance of its duties to provide career and technical education instruction, activities, and services in accordance with this Article. The business advisory council shall serve local boards of education by identifying economic and workforce development trends related to the training and educational needs of the local community and advocating for strong, local career and technical education programs, including career pathway development that provides work-based learning opportunities for students and prepares students for post-secondary educational certifications and credentialing for high-demand careers. A business advisory council established under this Part may serve more than one local board of education in a region of the State upon the agreement of the members of the council and all of the local boards of education to be served by that council.

(b) Workforce Production Subcommittees. – A business advisory council may form a subcommittee of the council for the purposes of advising a local board of education on workforce production activities under Part 2 of this Article.

(c) Membership. – Each business advisory council shall have at least nine members. The council shall be composed of members who reasonably reflect the education, business, and community makeup of the local school administrative unit that it serves. A majority of the membership of the council shall be composed of business, industry, and community members appointed in accordance with subdivision (2) of this subsection, and the remaining members shall consist of education representatives as follows:

(1) Education representatives. – The following members shall serve ex officio on the council to represent each local school administrative unit that the council serves:

a. The superintendent of the local school administrative unit or his or her designee.

b. The career and technical education program director of the local school administrative unit as a nonvoting member.

c. The president of the community college that serves the area in which the local school administrative unit is located, in whole or in part, or his or her designee.

d. A principal of a school located within the local school administrative unit, as assigned by the superintendent.

(2) Business, industry, and community representatives. – At least five other members shall serve on the council to represent business and industry located within each local school administrative unit that the council serves and the community. Members shall be business, industry, and workforce and economic development stakeholders in the community, and community members, including any of the following:

a. Local business and industry owners.

b. Representatives from local manufacturing centers and factories.

c. Human resource directors employed at businesses and industries in the community.

d. Representatives from community-based organizations.

e. Representatives from economic and workforce development organizations.

f. Parents of students enrolled in career and technical education courses.

g. Representative or manager of the local apprenticeship coalition.

(d) Initial Terms and Appointments. – Each local board of education shall make the initial appointment of members of the business advisory council under subdivision (2) of subsection (c) of this section for terms beginning January 1, 2018. The local board of education shall divide the initial appointments into three groups if there are only three appointments, and into four groups as equal in size as practicable if there are more than three appointments, and shall designate appointments in group one to serve four-year terms, in group two to serve three-year terms, in group three to serve two-year terms, and in group four to serve one-year terms.

(e) Subsequent Terms and Appointments. – As terms expire for members appointed as provided in subsection (d) of this section, the business advisory council shall appoint subsequent members of the business advisory council under subdivision (2) of subsection (c) of this section for four-year terms. The local board of education shall establish a policy on the appointment of subsequent members to the council, including procedures for increasing the number of members serving on the council. Any vacancies in seats appointed to the council shall be filled by the remaining members of the council.

(f) Council Secretary. – The career and technical education program director shall serve as secretary to the council. If the council serves more than one local board of education, the program director of each local school administrative unit shall serve as secretary for a period of time as determined by the members of the council.

(g) Bylaws. – Each business advisory council shall adopt bylaws establishing procedures for conducting the business of the council, which shall include at least the following:

(1) A chair of the business advisory council shall be elected annually by the members of the council from among the business and industry representative members of the council.

(2) A majority of the members shall constitute a quorum.

(3) The business advisory council shall meet at least biannually.

(4) The chair or three of the members may call a special meeting of the council.

(5) Procedures for appointing members to the council that are consistent with the policy adopted by the local board of education under subsection (e) of this section.

(h) Public Records. – A business advisory council is subject to the Public Records Act, Chapter 132 of the General Statutes, and the Open Meetings Law, Article 33C of Chapter 143 of the General Statutes.

(i) Expenses. – The local board of education shall provide for meeting space and assignment of necessary administrative staff to the business advisory council."

SECTION 7.23H.(f) G.S. 115C-174.25 reads as rewritten:

"**§ 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~~ a concentration in career and technical education courses."

SECTION 7.23H.(g) G.S. 115C-302.1 reads as rewritten:

"**§ 115C-302.1. Salary.**

…

(b) Salary Payments. – State-allotted teachers shall be paid for a term of 10 months. Except for career and technical education agriculture teacher personnel positions as provided for in this subsection, State-allotted months of employment for ~~vocational~~career and technical education to local boards shall be used for the employment of teachers of ~~vocational~~career 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.~~Beginning with the 2018-2019 school year, career and technical education agriculture teacher personnel positions serving students in grades nine through 12 shall be for a term of employment for 12 calendar months. A local board of education may fund these positions using any combination of State funds, local funds, or any other funds available to the local board.

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.

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.

…

(b2) Waiver of 12 Months of Employment for Career and Technical Education Agriculture Teacher Personnel. – Notwithstanding subsection (b) of this section, a local board of education may apply on an annual basis to the Department of Public Instruction and the North Carolina State University, Agricultural and Extension Education, for a waiver of the months of employment requirement for any upcoming school year when it is impracticable for the local board to provide adequate funds to support 12 months of employment for career and technical agriculture teachers.

(c) Vacation. – Included within the 10-month term shall be annual vacation leave at the same rate provided for State employees, computed at one-twelfth of the annual rate for State employees for each month of employment. Local boards shall provide at least 10 days of annual vacation leave at a time when students are not scheduled to be in regular attendance. However, instructional personnel who do not require a substitute may use annual vacation leave on days that students are in attendance. ~~Vocational~~ Career and technical education teachers who are employed for 11 or 12 months may, with prior approval of the principal, work on annual vacation leave days designated in the school calendar and may use those annual vacation leave days during the eleventh or twelfth month of employment. Local boards of education may adopt policies permitting instructional personnel employed for 11 or 12 months in year-round schools to, with the approval of the principal, take vacation leave at a time when students are in attendance; local funds shall be used to cover the cost of substitute teachers.

On a day that pupils are not required to attend school due to inclement weather, but employees are required to report for a workday, a teacher may elect not to report due to hazardous travel conditions and to take an annual vacation day or to make up the day at a time agreed upon by the teacher and the teacher's immediate supervisor or principal. On a day that school is closed to employees and pupils due to inclement weather, a teacher shall work on the scheduled makeup day.

All vacation leave taken by the teacher will be upon the authorization of the teacher's immediate supervisor and under policies established by the local board of education. Annual vacation leave shall not be used to extend the term of employment.

Notwithstanding any provisions of this subsection to the contrary, no person shall be entitled to pay for any vacation day not earned by that person.

…."

SECTION 7.23H.(h) G.S. 115C-426(f)(2) reads as rewritten:

"(2) The acquisition, construction, reconstruction, enlargement, renovation, or replacement of buildings and other structures, including but not limited to buildings for classrooms and laboratories, physical and ~~vocational~~ career and technical educational purposes, libraries, auditoriums, gymnasiums, administrative offices, storage, and vehicle maintenance."

SECTION 7.23H.(i) Local school administrative units are encouraged to complete the application process for the NCWorks Work Ready Certified Communities initiative in cooperation with local workforce development boards, local economic development boards, chambers of commerce, business and industry employers, and local community college leaders. The NCWorks Certified Work Ready Communities initiative encourages local participation to assist with the following:

(1) Informing business and industry employers on the foundational skills necessary for a productive workforce and providing a method for employers to communicate their needs.

(2) Providing individuals with an understanding on the skills required by employers and how to prepare for success.

(3) Providing reliable data for the evaluation of the skills gap in a timely manner at the national, State, and local levels.

(4) Informing educators on how to close the skills gap using tools integrated into career pathways with stackable industry-recognized credentials.

(5) Providing economic developers an on-demand reporting tool to market the quality of their workforce.

SECTION 7.23H.(j) Of the funds appropriated by this act to the Department of Public Instruction for the 2017-2019 fiscal biennium, the Department shall establish two new full-time equivalent positions within the Division of Career and Technical Education dedicated to assisting local school administrative units in developing business advisory councils in accordance with Part 4 of Article 10 of Chapter 115C of the General Statutes, as enacted by subsection (e) of this section, local career pathways, work-based learning opportunities, and elementary school career awareness curriculum.

SECTION 7.23H.(k) Subsections (a) through (h) of this section apply beginning with the 2017-2018 school year.

ESTABLISH B-3 INTERAGENCY COUNCIL

SECTION 7.23I.(a) Chapter 115C of the General Statutes is amended by adding a new Article to read:

"Article 6D.

"B-3 Interagency Council.

"**§ 115C-64.25. Establishment and membership of B-3 Interagency Council.**

(a) There is established the B-3 Interagency Council. The Council is a joint council between the Department of Health and Human Services and the Department of Public Instruction and shall consist of 12 voting members and four nonvoting advisory members as follows:

(1) The Superintendent of Public Instruction or the Superintendent's designee shall serve ex officio, with the same rights and privileges, including voting rights, as other members.

(2) The Associate Superintendent of Early Education at the Department of Public Instruction shall serve ex officio, with the same rights and privileges, including voting rights, as other members.

(3) The Secretary of Health and Human Services or the Secretary's designee shall serve ex officio, with the same rights and privileges, including voting rights, as other members.

(4) The Deputy Secretary of Human Services at the Department of Health and Human Services shall serve ex officio, with the same rights and privileges, including voting rights, as other members.

(5) Four public members appointed by the Speaker of House of Representatives who represent organizations that focus on early childhood education and development, one of whom shall be a representative of Smart Start.

(6) Four public members appointed by the President Pro Tempore of the Senate who represent organizations that focus on early childhood education and development, one of whom shall be a representative of the North Carolina Partnership for Children.

(7) Two members of the House of Representatives appointed by the Speaker of the House of Representatives to serve as nonvoting advisory members.

(8) Two members of the Senate appointed by the President Pro Tempore of the Senate to serve as nonvoting advisory members.

The Deputy Secretary of Human Services and the Associate Superintendent of Early Education shall serve as cochairs of the Council. Members of the Council shall receive per diem, subsistence, and travel allowance, as provided in G.S. 120-3.1, 138-5, or 138-6, as appropriate.

(b) Terms for all public members and advisory members except for the initial appointments shall be for four years. Two of the public members appointed by the Speaker of the House of Representatives pursuant to subdivision (5) of subsection (a) of this section and one of the advisory members appointed by the Speaker of the House of Representatives pursuant to subdivision (7) of subsection (a) of this section shall be appointed for an initial term of two years. Two of the public members appointed by the President Pro Tempore of the Senate pursuant to subdivision (6) of subsection (a) of this section and one of the advisory members appointed by the President Pro Tempore of the Senate pursuant to subdivision (8) of subsection (a) of this section shall be appointed for an initial term of two years. Terms for members shall begin on November 1. Members shall serve until their successors are appointed. Any vacancy in the membership of the Council shall be filled in the same manner as the original appointment.

(c) The Council shall have as its charge establishing a vision and accountability for a birth through grade three system of early education that addresses all of the following:

(1) Standards and assessment.

(2) Data-driven improvement and outcomes, including shared accountability measures such as the NC Pathways to Grade-Level Reading.

(3) Teacher and administrator preparation and effectiveness.

(4) Instruction and environment.

(5) Transitions and continuity.

(6) Family engagement.

(7) Governance and funding.

"**§ 115C-64.26. Powers and duties of B-3 Interagency Council.**

The B-3 Interagency Council shall have the following powers and duties:

(1) Facilitating the development and implementation of an interagency plan for a coordinated system of early care, education, and child development services with a focus on program outcomes in satisfying the developmental and educational needs of all children from birth to eight years of age that includes at least the following:

a. Any recommendations to the Secretary of Health and Human Services and the Superintendent of Public Instruction on necessary organizational changes needed within the Departments of Health and Human Services and Public Instruction to be more responsive to and supportive of the birth to grade three continuum of early learning and development in an effort to optimize learning gains realized in the prekindergarten years.

b. An early childhood information system that facilitates and encourages the sharing of data between and among early childhood service providers and State agencies.

c. An early childhood accountability plan that includes identification of appropriate population indicators and program and system performance measures of early success of children such as the NC Pathways to Grade-Level Reading.

(2) Implementing a statewide longitudinal evaluation of the educational progress of children from prekindergarten programs through grade 12.

(3) Collaborating with the Department of Public Instruction, the Department of Health and Human Services, the North Carolina Partnership for Children, and other relevant early childhood stakeholders, including members of the North Carolina Early Childhood Advisory Council, to achieve the goal of a coordinated system of early care, education, and child development services for children from birth to eight years of age.

"**§ 115C-64.27. Reporting requirement.**

The Deputy Secretary of Human Services and the Associate Superintendent of Early Education shall report on a quarterly basis to the Secretary of Health and Human Services and the Superintendent of Public Instruction on the progress and implementation of any of the duties and responsibilities of the Council as set forth in this Article.

"**§ 115C-64.28. Establish position of Associate Superintendent of Early Education to serve as chief academic officer of early education.**

(a) There is established within the Department of Public Instruction the position of Associate Superintendent of Early Education who shall serve as the chief academic officer of early education. The Associate Superintendent shall have professional, administrative, technical, and clerical personnel as may be necessary to assist in carrying out his or her duties. The Associate Superintendent shall co-lead the work of the B-3 Interagency Council and oversee the Department of Public Instruction's prekindergarten through third grade initiatives.

(b) The Associate Superintendent shall be appointed by the Superintendent of Public Instruction at a salary established by the Superintendent of Public Instruction within the funds appropriated for that purpose. The Associate Superintendent may be removed from the position by the Superintendent of Public Instruction in the event of the Associate Superintendent's incapacity to serve. The Associate Superintendent shall be exempt from the provisions of Chapter 126 of the General Statutes, except for Articles 6 and 7 of Chapter 126 of the General Statutes.

All other staff shall be appointed, supervised, and directed by the Associate Superintendent and shall be subject to the provisions of Chapter 126 of the General Statutes. Except for the Associate Superintendent, salaries and compensation of all staff personnel shall be fixed in the manner provided by law for fixing and regulating salaries and compensation by other State agencies."

SECTION 7.23I.(b) G.S. 126-5(c1) is amended by adding a new subdivision to read:

"(35) The Associate Superintendent of Early Education who serves as chief academic officer of early education."

SECTION 7.23I.(c) The B-3 Interagency Council, established under G.S. 115C-64.25, as enacted by this section, shall undertake a rigorous review of the recommendations developed by the Departments of Health and Human Services and Public Instruction, pursuant to Section 12B.5 of S.L. 2016-94, on (i) the development and implementation of a statewide vision for early childhood education and (ii) the development and implementation of a program for transitioning children from preschool to kindergarten. In its review, the B-3 Interagency Council shall report to the General Assembly and the Governor suggested modifications, if any, to those recommendations. The B-3 Interagency Council shall also, if deemed necessary, make suggestions on alternative organizational structures to achieve greater efficiency and effective delivery of early childhood services, including a consolidation and restructuring of State agency divisions and offices located within the Department of Public Instruction and the Department of Health and Human Services into a centralized agency or office. The Council shall consider at least the following in conducting the review and study:

(1) The delivery of educational services to young children and their families to ensure optimal learning for each young child.

(2) The collaboration and sharing of data elements necessary to perform quality assessments and longitudinal analysis across early childhood education and development services.

(3) The coordination of a comprehensive statewide system of professional development for providers and staff of early care and education and child development programs and services.

(4) Areas of duplication in regulating and monitoring of early care and education and child development programs and services.

(5) The coordination and support of public and private partnerships to aid early childhood initiatives.

SECTION 7.23I.(d) By April 15, 2018, the B-3 Interagency Council shall submit a report to the Joint Legislative Education Oversight Committee, the Joint Legislative Oversight Committee on Health and Human Services, and the Joint Legislative Commission on Governmental Operations on the initial results of the review and study required under subsection (c) of this section. By February 15, 2019, the B-3 Interagency Council shall submit a report to the Joint Legislative Education Oversight Committee, the Joint Legislative Oversight Committee on Health and Human Services, and the Joint Legislative Commission on Governmental Operations on (i) the final results of the review and study, including its recommendations and any proposed legislation, and (ii) progress on the development and implementation of a plan for a coordinated system of early care, education, and child development services and any other activities prescribed under G.S. 115C-64.26, as enacted by this section.

SECTION 7.23I.(e) Notwithstanding G.S. 115C-64.28, as enacted by this section, the Superintendent of Public Instruction shall appoint an Associate Superintendent of Early Education within 60 days of the date this section becomes law.

SECTION 7.23I.(f) Notwithstanding G.S. 115C-64.27, as enacted by this section, the B-3 Interagency Council shall submit its initial quarterly report to the Superintendent of Public Instruction and the Secretary of the Department of Health and Human Services by May 15, 2018.

ALLOTMENT TRANSFER REPORT

SECTION 7.23J.(a) G.S. 115C-105.25 reads as rewritten:

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

(a) Consistent with improving student performance, a local board shall provide maximum flexibility to schools in the use of funds to enable the schools to accomplish their goals.

…

(c) To ensure that parents, educators, and the general public are informed on how State funds have been used to address local educational priorities, each local school administrative unit shall publish ~~the following~~ information from the prior fiscal year on its Web site by October 15 of each ~~year:~~year, as follows:

(1) A description of each program report code, written in plain English, and a summary of the prior fiscal year's expenditure of State funds within each program report code.

(2) A description of each object code within a program report code, written in plain English, and a summary of the prior fiscal year's expenditure of State funds for each object code.

(3) A description of each allotment transfer that increased or decreased the initial allotment amount by more than five percent ~~(5%) and the~~ (5%), including all of the following information:

a. The amount of the transfer.

b. The allotment category into which the funds were transferred.

c. The purpose code for the funds following the transfer.

d. A description of any teacher positions fully or partially funded as a result of the transfer, including all subject areas taught by the teacher in the position.

e. The educational priorities that necessitated the transfer.

…

(5) A chart that clearly reflects how the local school administrative unit spent State funds.

(c1) The local school administrative unit shall maintain information published pursuant to subsection (c) of this section on its Web site for at least three years after it is published.

(d) No later than December 1 of each year, the Department of Public Instruction shall collect the information reported by local school administrative units pursuant to subsection (c) of this section and report the aggregated information, including available data from the two previous fiscal years, to the Joint Legislative Education Oversight Committee and the Fiscal Research Division."

SECTION 7.23J.(b) This section applies beginning with the use of funds during the 2014-2015 fiscal year.

DIGITAL LEARNING PLAN/PROGRAMS/FUNDS

SECTION 7.23K.(a) As part of continuing the implementation of the Digital Learning Plan in North Carolina in accordance with Section 8.23 of S.L. 2016-94, the State Board of Education, the Department of Public Instruction, the Friday Institute for Educational Innovation at North Carolina State University (Friday Institute), and The University of North Carolina educator preparation programs shall collaborate to develop and implement a comprehensive professional development strategy and solution for teachers and for students in UNC educator preparation programs for the use of technology and digital resources as teaching tools for K-12 students. Specifications for any products and services that are required to implement the professional development strategy and solution, including selection of a professional development provider, if necessary, shall be procured through a competitive process. The professional development strategy and solution shall include the following:

(1) Competency-based measurement of the technological and pedagogical skills of each teacher or teacher candidate that identifies strengths and gaps according to the NC Digital Learning Competencies for Educators and informs the use of a personalized professional development plan.

(2) Delivery of professional development that is flexible to ensure the greatest possible coverage and convenience for teachers and teacher candidates.

SECTION 7.23K.(b) The State Board of Education, the Department of Public Instruction, the Friday Institute, UNC educator preparation programs, and local boards of education of local school administrative units located within counties determined to be the most economically distressed by the Department of Commerce shall collaborate to assess current efforts to provide student digital literacy instruction in kindergarten through eighth grade in those local school administrative units and to develop a plan to strengthen such efforts. Specifications for any products and services that are required to implement digital literacy instruction, including selection of a digital literacy curriculum provider, if necessary, shall be procured through a competitive process. The assessment and plan shall address at least the following:

(1) Provide opportunity for students to learn essential digital literacy skills, including computer fundamentals, computational thinking, keyboarding, digital citizenship and online safety, Web browsing, e-mail and online communication, visual mapping, word processing, spreadsheets, databases, and presentations.

(2) Provide teachers with the ability to assess student digital literacy growth.

(3) Facilitate Project-Based Learning (PBL) and other research-based instructional frameworks to enable educators to integrate instruction on digital literacy into core and supplemental subjects, such as mathematics, English language arts, science, social studies, music, and art.

(4) Resources that provide teachers with instructional support and supplemental and extension options to address all students, including students with special needs and students who are English language learners.

(5) Accommodate English language learners with Spanish language instruction.

SECTION 7.23K.(c) Of the six million four hundred twenty thousand dollars ($6,420,000) in recurring funds appropriated to the Department of Public Instruction to accelerate implementation of the State's Digital Learning Plan, as set

out in S.L. 2016-94, beginning with the 2017-2018 fiscal year, the Department shall use up to one million eight hundred thousand dollars ($1,800,000) to implement the requirements of this section.

AUDIT OF THE DEPARTMENT OF PUBLIC INSTRUCTION

SECTION 7.23L. The Superintendent of Public Instruction shall select an independent research organization that is a public or private entity or university for the 2017-2018 fiscal year to conduct an organizational, functional, and business-process audit of the Department of Public Instruction. The selected organization shall have experience and special expertise in performing the type of audit described above. No later than May 1, 2018, the Department shall submit a report to the General Assembly, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division with the results of the audit including, at a minimum, all of the following information:

(1) Identification of cost saving measures that could be implemented within the Department.
(2) A statement regarding the minimum funding necessary to ensure that federal grant funds do not constitute more than fifty percent (50%) of the budget of the Department.
(3) All maintenance of effort requirements related to federal grants administered by the Department and the financial impact of failing to meet those requirements.
(4) Any activities for which the Department uses State funds that are not related to federal or State law or policy.
(5) Identification of programs, services, or divisions within the Department that could be consolidated or reorganized.
(6) Any positions within the Department that are unnecessary, duplicative, or unrelated to the implementation of federal or State law or policy.
(7) Any programs that are ineffective, cumbersome, or no longer functioning as intended by federal or State law or policy.
(8) Any recommendations for legislative action.

EXTENDED LEARNING AND INTEGRATED STUDENT SUPPORTS COMPETITIVE GRANT PROGRAM

SECTION 7.24.(a) Of the funds appropriated by this act for the At-Risk Student Services Alternative School Allotment for the 2017-2019 fiscal biennium, the Department of Public Instruction shall use up to six million dollars ($6,000,000) for the 2017-2018 fiscal year and up to six million dollars ($6,000,000) for the 2018-2019 fiscal year for the Extended Learning and Integrated Student Supports Competitive Grant Program (Program). Of these funds, the Department of Public Instruction may use up to two hundred thousand dollars ($200,000) for each fiscal year to administer the Program.

SECTION 7.24.(b) The purpose of the Program is to fund high-quality, independently validated extended learning and integrated student support service programs for at-risk students that raise standards for student academic outcomes by focusing on the following:

(1) Use of an evidence-based model with a proven track record of success.
(2) Inclusion of rigorous, quantitative performance measures to confirm effectiveness of the program.
(3) Deployment of multiple tiered supports in schools to address student barriers to achievement, such as strategies to improve chronic absenteeism, anti-social behaviors, academic growth, and enhancement of parent and family engagement.
(4) Alignment with State performance measures, student academic goals, and the North Carolina Standard Course of Study.
(5) Prioritization in programs to integrate clear academic content, in particular, science, technology, engineering, and mathematics (STEM) learning opportunities or reading development and proficiency instruction.
(6) Minimization of student class size when providing instruction or instructional supports and interventions.
(7) Expansion of student access to high-quality learning activities and academic support that strengthen student engagement and leverage community-based resources, which may include organizations that provide mentoring services and private-sector employer involvement.
(8) Utilization of digital content to expand learning time, when appropriate.

SECTION 7.24.(c) Grants shall be used to award funds for new or existing eligible programs for at-risk students operated by (i) nonprofit corporations and (ii) nonprofit corporations working in collaboration with local school administrative units. Grant participants are eligible to receive grants for up to two years in an amount of up to five hundred thousand dollars ($500,000) each year. Programs should focus on serving (i) at-risk students not performing at grade level as demonstrated by statewide assessments, (ii) students at-risk of dropout, and (iii) students at-risk of school displacement due to suspension or expulsion as a result of anti-social behaviors. Priority consideration shall be given to applications demonstrating models that focus services and programs in schools that are identified as low-performing pursuant to G.S. 115C-105.37.

A grant participant shall provide certification to the Department of Public Instruction that the grants received under the program shall be matched on the basis of three dollars ($3.00) in grant funds for every one dollar ($1.00) in nongrant funds. Matching funds shall not include other State funds. The Department shall also give priority consideration to an applicant that is a nonprofit corporation working in partnership with a local school administrative unit resulting in a match utilizing

federal funds under Part A of Title I of the Elementary and Secondary Education Act of 1965, as amended, or Title IV of the Higher Education Act of 1965, as amended, and other federal or local funds. Matching funds may include in-kind contributions for up to fifty percent (50%) of the required match.

SECTION 7.24.(d) A nonprofit corporation may act as its own fiscal agent for the purposes of this Program. Grant recipients shall report to the Department of Public Instruction for the year in which grant funds were expended on the progress of the program, including alignment with State academic standards, data collection for reporting student progress, the source and amount of matching funds, and other measures, before receiving funding for the next fiscal year. Grant recipients shall also submit a final report on key performance data, including statewide test results, attendance rates, graduation rates, and promotion rates, and financial sustainability of the program.

SECTION 7.24.(e) The Department of Public Instruction shall provide an interim report on the Program to the Joint Legislative Education Oversight Committee by September 15, 2018, with a final report on the Program by September 15, 2019. The final report shall include the final results of the Program and recommendations regarding effective program models, standards, and performance measures based on student performance, leveraging of community-based resources to expand student access to learning activities, academic and behavioral support services, and potential opportunities for the State to invest in proven models for future grants programs.

LIFE CHANGING EXPERIENCES SCHOOL PILOT PROGRAM

SECTION 7.25.(a) Of the funds appropriated to the Department of Public Instruction by this act for the Life Changing Experiences School Pilot Program for the 2017-2019 fiscal biennium, the Department shall use up to three hundred sixty thousand dollars ($360,000) for each year of the 2017-2019 fiscal biennium to contract with the Children and Parent Resource Group, Inc., to design, implement, and evaluate a two-year Life Changing Experiences School Pilot Program (Project), beginning with the 2017-2018 school year and ending with the 2018-2019 school year. The Project shall be operated and administered for students in grades six through 11 in the following local school administrative units: Mitchell County Schools, Pitt County Schools, Wayne County Schools, and Winston-Salem/Forsyth County Schools. These contract funds shall not be used for any purpose other than to implement the Project in the local school administrative units, which consists of traveling three-dimensional, interactive, holistic, and evidence-based multimedia education in-school programs. The Project includes theme-specific programs screened as school assemblies and additional follow-up applications that address dangerous life and community threatening activities that negatively impact teenagers, including alcohol and other drugs, dangerous driving, violence, and bullying. The goal of these programs is to increase positive intentions and behavioral outcomes by teaching students the techniques and skills that empower them to reach meaningful life goals, employ positive behaviors, and start businesses and social enterprises.

SECTION 7.25.(b) The Children and Parent Resource Group, Inc., in consultation with the Department of Public Instruction, shall submit an initial report on the Project authorized by subsection (a) of this section by March 1, 2018, and a final report by March 1, 2019, to the Joint Legislative Education Oversight Committee and the Fiscal Research Division. The report shall include an accounting of expenditures and student outcome data related to the operation of the Project.

SCHOOL PERFORMANCE GRADES/ESSA COMPLIANCE

SECTION 7.26.(a) G.S. 115C-12(9)c1. reads as rewritten:

"c1. To issue an annual "report card" for the State and for each local school administrative unit, assessing each unit's efforts to improve student performance based on the growth in performance of the students in each school and taking into account progress over the previous years' level of performance and the State's performance in comparison with other states. This assessment shall take into account factors that have been shown to affect student performance and that the State Board considers relevant to assess the State's efforts to improve student performance. ~~As a part of the~~The annual "report card" for each local school administrative ~~unit,~~unit shall include the following:

1. ~~the~~The State Board shall award, in accordance with G.S. 115C-83.15, an overall numerical school achievement, growth, and performance score on a scale of zero to 100 and a corresponding performance letter grade of A, B, C, D, or F earned by each school within the local school administrative unit. The school performance score and grade shall reflect student performance on annual subject-specific assessments, college and workplace readiness measures, ~~and~~ graduation ~~rates.~~rates, and student progress in achieving English language proficiency. In addition, the State Board shall award separate performance scores and grades for the following:

   I. School performance of certain subgroups of students as provided in G.S. 115C-83.15.

   II. For schools serving students in any grade from kindergarten to eighth grade, ~~separate performance scores and grades shall also be awarded based on the~~school performance in reading and mathematics respectively.

2. ~~The annual "report card" for~~For schools serving students in third ~~grade also shall include~~grade, the number and percentage of third grade students who (i) take and pass the alternative assessment of reading comprehension; (ii) were retained in third grade for not demonstrating reading proficiency as indicated in G.S. 115C-83.7(a); and (iii) were exempt from mandatory third grade retention by category of exemption as listed in G.S. 115C-83.7(b).

3. ~~The annual "report card" for~~For high ~~schools shall also include~~schools, measures of Advanced Placement course participation and International Baccalaureate Diploma Programme participation and Advanced Placement and International Baccalaureate examination participation and performance."

SECTION 7.26.(b) G.S. 115C-47(58) reads as rewritten:

"(58) To Inform the Public About the North Carolina School Report Cards Issued by the State Board of Education. – Each local board of education shall ensure that the report card issued for it by the State Board of Education receives wide distribution to the local press or is otherwise provided to the public. Each local board of education shall ensure that the overall school performance score and grade earned by each school in the local school administrative unit for the current and previous four school years is prominently displayed on the Web site of the local school administrative unit. If any school in the local school administrative unit ~~is awarded a~~ earned an overall school performance grade of D or F, the local board of education shall provide notice of the grade in writing to the parent or guardian of all students enrolled in that school."

SECTION 7.26.(c) G.S. 115C-83.15 reads as rewritten:

"**§ 115C-83.15. School achievement, growth, performance scores, and grades.**

(a) School Scores and Grades. – The State Board of Education shall award school achievement, growth, and performance scores and an associated performance grade as required by G.S. 115C-12(9)c1., and calculated as provided in this section. The State Board of Education shall enter all necessary data into the Education Value-Added Assessment System (EVAAS) in order to calculate school performance scores and grades.

(b) Calculation of the School Achievement Score. – In calculating the overall school achievement score earned by schools, the State Board of Education shall total the sum of points earned by a school as follows:

(1) For schools serving any students in kindergarten through eighth grade, the State Board shall assign points on ~~all of~~ the following ~~indicators that are measured~~measures available for that school:

~~(1)~~a. One point for each percent of students who score at or above proficient on annual assessments for mathematics in grades three through eight. For the purposes of this Part, an annual assessment for mathematics shall include any mathematics course with an end-of-course test.

~~(2)~~b. One point for each percent of students who score at or above proficient on annual assessments for reading in grades three through eight.

~~(3)~~c. One point for each percent of students who score at or above proficient on annual assessments for science in grades five and eight.

d. One point for each percent of students who progress in achieving English language proficiency on annual assessments in grades three through eight.

(2) For schools serving any students in ninth through twelfth grade, the State Board shall assign points on the following measures available for that school:

~~(4)~~a. One point for each percent of students who score at or above proficient on either the Algebra I or Integrated Math I end-of-course ~~test.~~test or, for students who completed Algebra I or Integrated Math I before ninth grade, another mathematics course with an end-of-course test.

~~(5)~~b. One point for each percent of students who score at or above proficient on the English II end-of-course test.

~~(6)~~c. One point for each percent of students who score at or above proficient on the Biology end-of-course test.

~~(7)~~d. One point for each percent of students who complete Algebra II or Integrated Math III with a passing grade.

~~(8)~~e. One point for each percent of students who achieve the minimum score required for admission into a constituent institution of The University of North Carolina on a nationally normed test of college readiness.

~~(9)~~f. One point for each percent of students enrolled in Career and Technical Education courses who meet the standard when scoring at Silver, Gold, or Platinum levels on a nationally normed test of workplace readiness.

~~(10)~~g. One point for each percent of students who graduate within four years of entering high school.

h. One point for each percent of students who progress in achieving English language proficiency.

In calculating the overall school achievement score earned by schools, the State Board of Education shall (i) use a composite approach to weigh the achievement elements based on the number of students measured by any given achievement

element and (ii) proportionally adjust the scale to account for the absence of a school achievement element for award of scores to a school that does not have a measure of one of the school achievement elements annually assessed for the grades taught at that school. The overall school achievement score shall be translated to a 100-point scale and used for school reporting purposes as provided in G.S. 115C-12(9)c1., 115C-218.65, 115C-238.66, and 116-239.8.

(c) Calculation of the School Growth ~~Score.~~Score as a Measure of School Quality and Student Success. – Using EVAAS, the State Board shall calculate the overall growth score earned by ~~schools.~~schools as a measure of school quality and student success. In calculating the total growth score earned by schools, the State Board of Education shall weight student growth on the achievement indicators as provided in subsection (b) of this section that have available growth values. The numerical values used to determine whether a school has met, exceeded, or has not met expected growth shall be translated to a 100-point scale and used for school reporting purposes as provided in G.S. 115C-12(9)c1., 115C-218.65, 115C-238.66, and 116-239.8.

(d) Calculation of the Overall School Performance Scores and Grades. – The State Board of Education shall use EVAAS to calculate the overall school performance score by adding the school achievement score, as provided in subsection (b) of this section, and the school growth score, as provided in subsection (c) of this section, earned by a school. The school achievement score shall account for eighty percent (80%), and the school growth score shall account for twenty percent (20%) of the total sum. ~~If a school has met expected growth and inclusion of the school's growth score reduces the school's performance score and grade, a school may choose to use the school achievement score solely to calculate the performance score and grade.~~ For all schools, the total school performance score shall be converted to a 100-point scale and used to determine ~~a~~ an overall school performance ~~grade~~grade. The overall school performance grade shall be based on the following ~~scale:~~scale and shall not be modified to add any other designation related to other performance measures, such as a "plus" or "minus":

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

(d1) Establishment of Subgroups of Students. – The State Board shall establish the minimum number of students in a subgroup served by a school that is necessary to disaggregate information on student performance and to determine a subgroup performance score and grade for the following subgroups of students:

(1) Economically disadvantaged students.
(2) Students from major racial and ethnic groups.
(3) Children with disabilities.
(4) English learners.

(d2) Calculation of the School Performance Scores and Grades for Certain Subgroups of Students Served by a School. – In addition to the overall school performance scores and grades awarded under this section, for each school that serves a minimum number of students in a subgroup of students listed in subsection (d1) of this section, the State Board of Education shall use EVAAS to calculate school performance scores and shall determine a corresponding school performance grade for each subgroup using the same method as set forth in subsection (d) of this section. School performance scores for subgroups of students shall not be included in the calculation of the overall school performance scores and grades under subsection (d) of this section.

(d3) Report of Subgroup Performance Scores and Grades. – The subgroup performance scores and grades shall be reported separately on the annual school report card provided under G.S. 115C-12(9)c1., 115C-218.65, 115C-238.66, and 116-239.8 in a way that provides the following information:

(1) For the current year and the previous two years, the achievement score for each subgroup of students defined in subsection (d1) of this section for the school.
(2) The statewide average achievement score for each subgroup defined in subsection (d1) of this section.
(3) The difference between the achievement score for all students in the school and the achievement score for each subgroup that meets the minimum number of students defined in subsection (d1) of this section.
(4) Based on the information reported in subdivision (3) of this subsection, the State Board shall determine and identify schools that are closing achievement gaps, experiencing a widening of gaps, or seeing no significant gap changes.

(e) Elementary and Middle School Reading and Math Achievement Scores. – For schools serving students in kindergarten through eighth grade, the school achievement scores in reading and mathematics, respectively, shall be reported separately on the annual school report card provided under G.S. 115C-12(9)c1., 115C-218.65, 115C-238.66, and 116-239.8.

(f) Indication of Growth. – In addition to awarding the overall school scores for achievement, growth, and performance and the performance grade, using EVAAS, the State Board shall designate that a school has met, exceeded, or has not met expected growth. The designation of student growth shall be clearly displayed in the annual school report card provided under G.S. 115C-12(9)c1., 115C-218.65, 115C-238.66, and 116-239.8.

(g) Access to Annual Report Card Information on the Department's Web Site. – Beginning with data collected in the 2017-2018 school year, the State Board of Education shall provide user-friendly access to the public on the annual report cards issued for local school administrative units and individual schools provided under G.S. 115C-12(9)c1., 115C-218.65, 115C-238.66, and 116-239.8 through the Department of Public Instruction's Web site. The annual report card shall be designed and organized to display the following information more prominently than any other information:

(1) A summary for each local school administrative unit and for each individual school of the school performance grades, whether the school has met, exceeded, or has not met expected growth, and any other information required to be provided as part of the annual report card.

(2) The percentage of schools receiving an overall school performance letter grade of A, B, C, D, or F earned by each school located within a local school administrative unit and statewide.

(3) The number of schools that have met, exceeded, or have not met expected growth by each school located within a local school administrative unit and statewide.

(4) A Web page for each individual school that prominently displays the school's performance grades, whether the school has met, exceeded, or has not met expected growth, and the school's performance and growth scores in a way that is easy for the user to read.

(5) The ability to easily compare annual report card information, including school performance grades and whether schools have met, exceeded, or have not met expected growth, for local school administrative units and for individual schools for a time span of at least three years."

SECTION 7.26.(d) Part 1B of Article 8 of Chapter 115C of the General Statutes is amended by adding new sections to read:

"**§ 115C-83.16. School performance indicators for the purpose of compliance with federal law.**

The State Board of Education shall use the school performance scores and grades as calculated under G.S. 115C-83.15 to satisfy the federal requirement under the Elementary and Secondary Education Act of 1965, as amended by the Every Student Succeeds Act (ESSA), P.L. 114-95, to meaningfully differentiate the performance of schools on an annual basis. The State Board shall weigh the measures in accordance with the requirements of G.S. 115C-83.15. For the purpose of compliance with federal law, the indicators shall be defined as follows:

(1) For schools serving any students in kindergarten through eighth grade, the State Board shall define the indicators as follows:

a. Academic indicators. –

1. The academic achievement indicator shall include the following measures:

I. Proficiency on annual assessments for mathematics in grades three through eight.

II. Proficiency on annual assessments for reading in grades three through eight.

2. The other academic indicator shall include the following measures:

I. Proficiency on annual assessments for science in grade five.

II. Proficiency on annual assessments for science in grade eight.

3. The English language proficiency indicator shall be the percentage of students who progress in achieving English language proficiency on annual assessments in grades three through eight.

b. School quality and student success indicator. – The measure of school quality and student success shall be the growth score earned by schools.

(2) For schools serving any students in ninth through twelfth grade, the State Board shall define the indicators as follows:

a. Academic indicators. –

1. The academic achievement indicator shall include the following measures:

I. Proficiency on either the Algebra I or Integrated Math I end-of-course test or, for students who completed Algebra I or Integrated Math I before ninth grade, another mathematics course with an end-of-course test.

II. Proficiency on the English II end-of-course test.

2. The other academic indicator shall include the following measures:

I. Proficiency on the Biology end-of-course test.

II. The percentage of students who complete Algebra II or Integrated Math III with a passing grade.

III. The percentage of students who achieve the minimum score required for admission into a constituent institution of The University of North Carolina on a nationally normed test of college readiness.

IV. The percentage of students enrolled in Career and Technical Education courses who meet the standard when scoring at Silver, Gold, or Platinum levels on a nationally normed test of workplace readiness.

3. The graduation rate indicator shall be the percentage of students who graduate within four years of entering high school.

4. The English language proficiency indicator shall be the percentage of students who progress in achieving English language proficiency.

b. School quality and student success indicator. – The measure of school quality and student success shall be the growth score earned by schools.

"**§ 115C-83.17. Definitions.**

The following definitions apply in this Part:

(1) Achievement score. – A numerical score on a scale of zero to 100 that is based on the sum of points earned by a school or by a subgroup of students pursuant to G.S. 115C-83.15.

(2) Growth score. – A numerical score measuring student growth calculated for a school or for a subgroup of students pursuant to G.S. 115C-83.15.

(3) Overall school performance grade. – The letter grade earned by a school for all students served by a school pursuant to G.S. 115C-83.15(d).

(4) Overall school performance score. – The numerical score earned by a school that is calculated by adding the school achievement score and the school growth score earned by a school pursuant to G.S. 115C-83.15(d).

(5) Subgroup performance grade. – The letter grade earned by a school for a subgroup of students served by the school pursuant to G.S. 115C-83.15(d2).

(6) Subgroup performance score. – The numerical score earned by a school that is calculated by adding the subgroup achievement score and the subgroup growth score earned by a school pursuant to G.S. 115C-83.15(d2)."

SECTION 7.26.(e) G.S. 115C-75.5(5) reads as rewritten:

"(5) Qualifying school. – A low-performing school, as defined in G.S. 115C-105.37, that meets one of the following criteria:

a. The school ~~received a~~earned an overall school performance score in the lowest five percent (5%) of all schools in the prior school year that meet all of the following requirements:

1. The school includes all or part of grades kindergarten through fifth.

2. The school did not exceed growth in at least one of the prior three school years and did not meet growth in at least one of the prior three school years.

3. One of the models established in G.S. 115C-105.37B for continually low-performing schools had not been adopted for that school for the immediately prior school year.

…."

SECTION 7.26.(f) G.S. 115C-105.37 reads as rewritten:

"**§ 115C-105.37. Identification of low-performing schools.**

(a) Identification of Low-Performing Schools. – The State Board of Education shall identify low-performing schools on an annual basis. Low-performing schools are those that ~~receive a~~earn an overall school performance grade of D or F and a school growth score of "met expected growth" or "not met expected growth" as defined by G.S. 115C-83.15.

…

(b) Parental Notice of Low-Performing School Status. – Each school that the State Board identifies as low-performing shall provide written notification to the parents and guardians of students attending that school within 30 days of the identification that includes the following information:

(1) A statement that the State Board of Education has found that the school has ~~"received" a~~earned an overall school performance grade of D or F and a school growth score of "met expected growth" or "not met expected growth" and has been identified as a low-performing school as defined by G.S. 115C-105.37." The statement shall include an explanation of the school performance grades and growth scores.

(2) The school performance grade and growth score ~~received.~~earned.

(3) Information about the preliminary plan developed under subsection (a1) of this section and the availability of the final plan on the local school administrative unit's Web site.

(4) The meeting date for when the preliminary plan will be considered by the local board of education.

(5) A description of any additional steps the school is taking to improve student performance."

SECTION 7.26.(g) G.S. 115C-105.39A reads as rewritten:

"**§ 115C-105.39A. Identification of low-performing local school administrative units.**

(a) Identification of Low-Performing Local School Administrative Units. – The State Board of Education shall identify low-performing local school administrative units on an annual basis. A low-performing local school administrative unit is a unit in which the majority of the schools in that unit that ~~received a~~earned an overall school performance grade and school growth score as provided in G.S. 115C-83.15 have been identified as low-performing schools, as provided in G.S. 115C-105.37.

…

(c) Parental Notice of Low-Performing Local School Administrative Unit Status. – Each local school administrative unit that the State Board identifies as low-performing shall provide written notification to the parents and guardians of all students attending any school in the local school administrative unit within 30 days of the identification that includes the following information:

(1) A statement that the State Board of Education has found that a majority of the schools in the local school administrative unit have ~~"received" a~~earned an overall school performance grade of D or F and a school growth score of "met expected growth" or "not met expected growth" and have been identified as low-performing schools as defined by G.S. 115C-105.37." The statement shall also include an explanation of the school performance grades and school growth scores.

(2) The percentage of schools identified as low-performing.

(3) Information about the preliminary plan developed under subsection (b) of this section and the availability of the final plan on the local school administrative unit's Web site.

(4) The meeting date for when the preliminary plan will be considered by the local board of education.

(5) A description of any additional steps the local school administrative unit and schools are taking to improve student performance.

(6) For notifications sent to parents and guardians of students attending a school that is identified as low-performing under G.S. 115C-105.37, a statement that the State Board of Education has found that the school has ~~"received a~~earned an overall school performance grade of D or F and a school growth score of "met expected growth" or "not met expected growth" and has been identified as a low-performing school as defined by G.S. 115C-105.37." This notification also shall include the overall school performance grade and school growth score the school ~~received~~earned and an explanation of the school performance grades and school growth scores."

SECTION 7.26.(h) G.S. 115C-218.65 reads as rewritten:

"**§ 115C-218.65. North Carolina School Report Cards.**

A charter school shall ensure that the report card issued for it by the State Board of Education receives wide distribution to the local press or is otherwise provided to the public. A charter school shall ensure that the overall school performance score and grade earned by the charter school for the current and previous four school years is prominently displayed on the school Web site. If a charter school ~~is awarded a~~earned an overall school performance grade of D or F, the charter school shall provide notice of the grade in writing to the parent or guardian of all students enrolled in that school."

SECTION 7.26.(i) G.S. 115C-218.94(a) reads as rewritten:

"(a) Identification of Low-Performing Charter Schools. – The State Board of Education shall identify low-performing charter schools on an annual basis. Low-performing charter schools are those that ~~receive a~~earn an overall school performance grade of D or F and a school growth score of "met expected growth" or "not met expected growth" as defined by G.S. 115C-83.15."

SECTION 7.26.(j) G.S. 115C-238.66(11) reads as rewritten:

"(11) North Carolina School Report Cards. – A regional school shall ensure that the report card issued for it by the State Board of Education receives wide distribution to the local press or is otherwise provided to the public. A regional school shall ensure that the overall school performance score and grade earned by the regional school for the current and previous four school years is prominently displayed on the school Web site. If a regional school ~~is awarded a~~earned an overall school performance grade of D or F, the regional school shall provide notice of the grade in writing to the parent or guardian of all students enrolled in that school."

SECTION 7.26.(k) G.S. 116-239.8(14) reads as rewritten:

"(14) North Carolina school report cards. – A lab school shall ensure that the report card issued for it by the State Board of Education receives wide distribution to the local press or is otherwise provided to the public. A lab school shall ensure that the overall school performance score and grade earned by the lab school for the current and previous four school years is prominently displayed on the school Web site. If a lab school ~~is awarded a~~earned an overall school performance grade of D or F, the lab school shall provide notice of the grade in writing to the parent or guardian of all students enrolled in that school."

SECTION 7.26.(*l*) This section applies beginning with the 2017-2018 school year.

CLARIFY STUDENT CONSENT TO RECEIVE COLLEGE, UNIVERSITY, AND SCHOLARSHIP INFORMATION

SECTION 7.26A. G.S. 115C-401.2(e) reads as rewritten:

"(e) Permissible Operator Actions. – This section does not prohibit an operator from doing any of the following:

…

(6) Using a student's information, including covered information, solely to identify or display information on nonprofit institutions of higher education or scholarship providers to the student if the provider secures the express written consent of the parent or student who is at least 13 years of age given in response to clear and conspicuous notice."

CAREER AND COLLEGE READY LITERACY SKILLS/READING IMPROVEMENT COMMISSION

SECTION 7.26B.(a) High School Diploma Endorsements. – G.S. 115C-12(40) reads as rewritten:

"(40) To Establish High School Diploma Endorsements. – The State Board of Education shall establish, implement, and determine the impact of adding (i) college, (ii) career, and (iii) college and career endorsements to high school diplomas to encourage students to obtain requisite job skills necessary for students to be successful in a wide range of high-quality careers and to reduce the need for remedial education in institutions of higher education. These endorsements shall reflect courses completed, overall grade point average, reading achievement, and other criteria as developed by the State Board of Education. A student shall only receive a high school diploma endorsement if that student receives on a nationally norm-referenced college admissions test for reading, either administered under G.S. 115C-174.11(c)(4) or as an alternative nationally norm-referenced college admissions test approved by the State Board, at least the benchmark score established by the testing organization that represents the level of achievement required for students to have approximately a fifty percent (50%) chance of obtaining a grade B or higher or a seventy-five percent (75%) chance of obtaining a grade C or higher in a corresponding credit-bearing, first-year college course. A student may retake a nationally norm-referenced test as many times as necessary to achieve the required benchmark score for reading in order to receive a high school diploma endorsement prior to the student's graduation. The State Board of Education shall report annually to the Joint Legislative Education Oversight Committee on (i) the impact of awarding these endorsements on high school graduation, college acceptance and remediation, and post-high school employment ~~rates.~~rates; (ii) the number of students who had to retake a nationally norm-referenced college admissions test to meet the reading benchmark score required by this subdivision to receive a high school diploma endorsement; and (iii) the number of students who were not awarded a high school diploma endorsement solely because of the inability to meet the benchmark score for reading as required by this subdivision."

SECTION 7.26B.(b) Reading Improvement Commission. – The Superintendent of Public Instruction shall establish a Reading Improvement Commission (Commission) within the Department of Public Instruction to study and make recommendations on best practices for public schools in the State to improve reading comprehension, understanding, and application for students in grades four through 12 to ensure that students complete high school with literacy skills necessary for career and college readiness. The Commission shall develop recommendations on appropriate methods to monitor student progress and provide appropriate and timely remediation to students to ensure success on nationally norm-referenced college admissions tests. The Superintendent of Public Instruction may appoint superintendents, principals, reading instructors, representatives from research institutions, and other individuals as determined by the Superintendent to the Commission. Of the funds appropriated to the Department of Public Instruction for the 2017-2018 fiscal year, the Superintendent of Public Instruction may use up to two hundred thousand dollars ($200,000) in nonrecurring funds for the 2017-2018 fiscal year for the work of the Reading Improvement Commission. The Superintendent may also use these funds to contract with an independent research organization to assist in the study. The Superintendent of Public Instruction shall report to the Joint Legislative Education Oversight Committee, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the State Board of Education on the study, including any findings and recommendations, no later than January 15, 2019. The State Board of Education may use the findings and recommendations to inform the State Board's policies and may submit additional comments on the report to the Joint Legislative Education Oversight Committee, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives no later than February 15, 2019.

SECTION 7.26B.(c) Subsection (a) of this section applies beginning with high school diploma endorsements awarded in the 2019-2020 school year.

NATIONALLY NORM-REFERENCED COLLEGE ADMISSIONS TEST

SECTION 7.26C.(a) G.S. 115C-174.11(c)(4) reads as rewritten:

"(4) To the extent funds are made available, the State Board of Education shall ~~plan for and require the administration of the ACT test for~~ use a competitive bid process to adopt one nationally norm-referenced college admissions test to make available to local school administrative units, regional schools, and charter schools to administer to 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. The State Board of Education shall require the administration of an alternate to the ~~ACT~~ nationally norm-referenced college admissions test or an alternate ~~to the PLAN~~ precursor test ~~to the ACT~~to the nationally norm-referenced college admissions test to a student who (i) exhibits severe and pervasive delays in all areas of conceptual, linguistic, and academic development and in adaptive behaviors, including communication, daily living skills, and self-care, (ii) is following the extended content standards of the Standard Course of Study as provided in G.S. 115C-81, or is following a course of study that, upon completing high school, may not lead to admission into a college-level course of study resulting in a college degree, and (iii) has a written parental request for an alternate assessment.

The State Board of Education shall ensure that parents of students enrolled in all public schools, including charter and regional schools, have the necessary information to make informed decisions regarding participation in the ~~ACT and the PLAN precursor test to the ACT.~~nationally norm-referenced college admissions test and precursor test.

Alternate assessment and ~~ACT~~nationally norm-referenced college admissions test assessment results of students with disabilities shall be included in school accountability reports, including charter and regional schools, provided by the State Board of Education."

SECTION 7.26C.(b) G.S. 115C-174.22 reads as rewritten:

"**§ 115C-174.22. Tools for student learning.**

To the extent funds are made available for this purpose, and except as otherwise provided in G.S. 115C-174.11(c)(4), 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~~ nationally norm-referenced college admissions test adopted by the State Board through the competitive bid process pursuant to G.S. 115C-174.11(c)(4). The results of the tests shall be used 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."

SECTION 7.26C.(c) The State Board of Education shall solicit bids through a competitive bid process to adopt one nationally norm-referenced college admissions test as required by G.S. 115C-174.11(c)(4), as amended by subsection (a) of this section, to be administered beginning with the 2019-2020 school year. The State Board of Education shall report on the results of the competitive bid process to the Joint Legislative Education Oversight Committee and the Fiscal Research Division no later than May 15, 2019.

SECTION 7.26C.(d) Subsections (a) and (b) of this section apply beginning with the 2019-2020 school year.

NORTH CAROLINA INNOVATIVE SCHOOL DISTRICT

SECTION 7.26E.(a) Article 7A of Chapter 115C of the General Statutes reads as rewritten:

"Article 7A.

"~~Achievement~~ North Carolina Innovative School District and Innovation Zones.

"**§ 115C-75.5. Definitions.**

The following definitions apply in this Article:

(1) ~~Achievement~~ Innovative school. – A qualifying school selected by the State Board of Education under the supervision of the ~~Achievement~~ North Carolina Innovative School District.

(2) ~~Achievement~~ North Carolina Innovative School District or ~~ASD.~~ISD. – The statewide school unit established pursuant to this Article.

(3) ~~Achievement~~ Innovative school operator or ~~AS~~ IS operator. – An entity selected by the State Board of Education upon the recommendation of the ~~ASD~~ ISD Superintendent to operate an ~~achievement~~ innovative school. The Department of Public Instruction may not be selected as an ~~AS~~ IS operator.

(4) ~~ASD~~ISD Superintendent. – The superintendent of the ~~ASD~~ISD appointed by the Superintendent of Public Instruction in accordance with ~~G.S. 115C-75.6(b).~~G.S. 115C-75.6.

(5) Qualifying school. – A low-performing school, as defined in G.S. 115C-105.37, that meets one of the following criteria:

…

b. The school received a school performance score in the lowest ten percent (10%) of all schools that include all or part of grades kindergarten through fifth in the prior school year and has been designated by the local board of education for consideration by the State Board of Education as an ~~achievement~~innovative school.

"**§ 115C-75.6. ~~Achievement~~North Carolina Innovative School District.**

(a) There is established the ~~Achievement~~North Carolina Innovative School District ~~(ASD)~~(ISD) under the administration of the State Board of Education and the Superintendent of Public Instruction. The ~~ASD~~ISD shall assume the supervision, management, and operation of elementary and secondary schools ~~that have been selected~~ as ~~achievement~~innovative schools ~~pursuant to~~as provided in this Article. For the purposes of federal law and administration of State law, the ISD shall be considered a local school administrative unit.

(b) Repealed by Session Laws 2016-126, s. 15.

(c) The Superintendent of Public Instruction shall appoint a superintendent to serve as the executive officer of the ~~ASD.~~ISD. The ~~ASD~~ISD Superintendent shall serve at the pleasure of the Superintendent of Public Instruction at a salary established by the Superintendent of Public Instruction within the funds appropriated for this purpose. The ~~ASD~~ISD Superintendent shall have qualifications consistent with G.S. 115C-271(a) and report directly to the Superintendent of Public Instruction.

(d) By January 15 annually, the State Board of Education, Superintendent of Public Instruction, and the ~~ASD~~ISD Superintendent shall report to the Joint Legislative Education Oversight Committee on all aspects of operation of ~~ASD,~~the ISD, including the selection of ~~achievement~~innovative schools and their progress.

"**§ 115C-75.7. Selection of ~~achievement~~ innovative schools.**

(a) State Board Selection. – The State Board of Education is authorized to select, upon the recommendation of the ~~ASD~~ ISD Superintendent, no more than five qualifying elementary schools to transfer to the ~~ASD~~ ISD as ~~achievement~~ innovative schools. The five qualifying schools selected for inclusion in the ~~ASD~~ ISD should represent geographic diversity, including urban and rural schools. The State Board of Education shall select no more than one qualifying school per local school administrative unit, unless the local board of education consents.

(b) Selection Process. – The selection of qualifying schools shall be based on an analysis of performance over the most recent three-year period. Prior to recommendation of selection of a qualifying school, the ~~ASD~~ ISD Superintendent shall conduct an evaluation of the school to determine the factors contributing to the school's performance and shall confer with the school principal, local board of education members, the local school superintendent, and the local board of county commissioners to share the findings of the evaluation. The school selection process shall also include a public hearing to allow for parent and community input. The ~~ASD~~ ISD Superintendent shall evaluate and identify the qualifying schools to recommend for selection as prospective ~~achievement~~ innovative schools no later than ~~November~~October 15 prior to the initial school year in which the school may operate as an ~~achievement~~ innovative school and shall notify the local boards of education where prospective ~~achievement~~ innovative schools are located by that date. The State Board of Education shall select the prospective ~~achievement~~ innovative schools no later than ~~January~~December 15.

(c) Local Board Response. – Upon notification by the ~~ASD~~ ISD Superintendent of selection by the State Board of Education of the qualifying school as a prospective ~~achievement~~ innovative school, the local board of education shall determine whether to (i) close the selected qualifying school or (ii) transfer the school into the ~~ASD.~~ ISD. The local board shall not be required to undertake the study required by G.S. 115C-72 before closing the school. Before the adoption of a resolution, the local board of education shall provide for a public hearing in regard to the proposed transfer or closure, at which hearing the public shall be afforded an opportunity to express their views. No later than ~~March~~February 1, the local board of education shall adopt a resolution either (i) consenting to transfer of the selected qualifying school to the ~~ASD~~ ISD as an ~~achievement~~ innovative school or (ii) closing that school at the conclusion of that school year. The State Board of Education may delay the transfer of a selected school to the ~~ASD~~ ISD for one year only upon the recommendation of the ~~ASD~~ ISD Superintendent.

(d) Public Notification. – The list of qualifying schools and selected ~~achievement~~ innovative schools shall be made publically available on a Web site maintained by the ~~ASD.~~ISD.

(e) Waivers for ~~Achievement~~ Innovative Schools. – The ~~ASD~~ ISD Superintendent may ~~waive~~request a waiver from the State Board of Education of State Board of Education rules, regulations, policies, and procedures, or the provisions of this Chapter for ~~achievement~~ innovative schools; however, ~~achievement~~ innovative schools shall be required to comply with, at a minimum, the statutory requirements for charter schools as provided in Article 14A of this Chapter. The goal for each waiver shall be improvement of student performance. All ~~achievement~~innovative schools shall comply with all applicable constitutional and statutory nondiscrimination requirements. Notwithstanding G.S. 115C-105.26, the State Board of Education may grant a requested waiver of State laws or rules for an innovative school pursuant to this subsection, except for a waiver of State laws or rules applicable to children with disabilities and any of the other requirements set forth in this subsection.

"**§ 115C-75.8. Selection of ~~AS~~ IS operators.**

(a) The State Board of Education may select an ~~AS~~ IS operator for a prospective ~~achievement~~ innovative school by January 15 and shall select an ~~AS~~ IS operator for a prospective school no later than February 15.

(b) Upon the recommendation of the ~~ASD~~ ISD Superintendent, the State Board of Education shall only select an entity to contract as an ~~AS~~ IS operator if that entity demonstrates one of the following:

(1) The entity has a record of results in improving performance of persistently low-performing schools or improving performance of a substantial number of persistently low-performing students within a school or schools operated by the entity in this State or other states.

(2) The entity has a credible and specific plan for dramatically improving student achievement in a low-performing school and provides evidence that the entity, or a contractual affiliate of such an entity, is either currently operating a school or schools in this State that provide students a sound, basic education or demonstrating consistent and substantial growth toward providing students a sound, basic education in the prior three school years.

(c) The selected ~~AS~~ IS operator is encouraged to hold public informational sessions and other outreach to the community, prospective ~~achievement~~ innovative school, and local board of education of a prospective ~~achievement~~ innovative school prior to a local board's adoption of the resolution required by G.S. 115C-75.7(c).

(d) The contract between the State Board of Education and ~~AS~~ IS operator shall require, as a minimum, that the ~~AS~~ IS operator meet the same requirements as established for charter schools in the following statutes:

(1) G.S. 115C-218.20 (Civil liability and insurance requirements).
(2) G.S. 115C-218.25 (Open meetings and public records).
(3) G.S. 115C-218.30 (Accountability; reporting requirements to State Board of Education).
(4) G.S. 115C-218.50 (Charter school nonsectarian).
(5) G.S. 115C-218.55 (Nondiscrimination in charter schools).
(6) G.S. 115C-218.60 (Student discipline).
(7) G.S. 115C-218.65 (North Carolina School Report Cards).
(8) G.S. 115C-218.75 (General operating requirements).

(9) G.S. 115C-218.85 (Course of study requirements).

"**§ 115C-75.9. Management of ~~achievement~~ innovative schools.**

(a) Direct Management by ~~AS~~ IS Operator. – An ~~achievement~~ innovative school shall be subject to direct management by an ~~AS~~ IS operator selected by the State Board of Education, upon the recommendation of the ~~ASD~~ ISD Superintendent, for a five-year contract.

(b) Role of ~~AS~~ IS Operator. – The ~~AS~~ IS operator shall be authorized to have a direct role in making decisions about school finance, human capital, and curriculum and instruction for the ~~achievement~~ innovative school while developing the leadership capacity in such schools.

(c) Assignment to ~~Achievement~~ Innovative Schools. – All ~~achievement~~ innovative schools shall remain open to enrollment in the same manner with the same attendance zone as prior to becoming an ~~achievement~~ innovative school. If a local board of education's reassignment of students within the local school administrative unit due to student population changes or openings or closures of other schools impacts the ~~achievement~~ innovative school, the ~~AS~~ IS operator may appeal to the ~~ASD~~ ISD Superintendent and request a hearing before the State Board of Education regarding the reassignment. Notwithstanding G.S. 115C-366, the State Board of Education shall, after hearing from both the local board of education and ~~AS~~ IS operator, determine whether the reassignment of students impacting the ~~achievement~~ innovative school may proceed.

(d) Facility and Capital Expenditures. – Facility and capital expenditures shall be provided as follows:

(1) In addition to the transfer of funds as provided in G.S. 115C-75.10, the local board of education shall be responsible for facility and capital expenditures at the qualifying school.

(2) All ~~AS~~ IS operators and local boards of education shall enter into an occupancy agreement establishing the terms of occupancy for the ~~AS~~ IS operator not otherwise addressed in statute. If the parties are unable to reach agreement, either party may petition the State Board of Education to resolve any issues in dispute.

(3) The ~~AS~~ IS operator shall have first priority in use of the facility for any purpose related to the operation of the ~~achievement~~ innovative school. The local board of education may allow use of the facility by governmental, charitable, civic, or other organizations for activities within the community and may retain any funds received for such use for any time the ~~AS~~ IS operator has not provided written notice to the local board of its use of the facility during that time for a purpose related to the operation of the ~~achievement~~ innovative school.

For the purposes of this subsection, facility and capital expenditures include routine maintenance and repair, and capital expenditures include building repair and maintenance, furniture, furnishings, and equipment.

(e) Transportation. – The local board of education shall provide transportation of all students assigned to the ~~achievement~~ innovative school in the same manner as provided for other schools in the local school administrative unit in that school year.

(f) Memorandums of Understanding for Alternate Arrangements. – Notwithstanding this section, the ~~AS~~ IS operator, in consultation with the ~~ASD~~ ISD Superintendent, may elect to enter into a memorandum of understanding for alternate arrangements with the local board of education to address any of the following:

(1) Facility and capital expenditures.

(2) Transportation services.

(3) Services for Children with Disabilities.

If the ~~AS~~ IS operator elects to use a memorandum of understanding for alternate arrangements, the ~~AS~~ IS operator and local board of education shall finalize the memorandum of understanding within 30 days of the initial request by the ~~AS~~ IS operator. If the parties have not completed the memorandum of understanding within 30 days, the State Board of Education shall resolve any issues in dispute.

(g) Student Records. – The local board of education shall make available in a timely fashion all student records to the ~~achievement~~ innovative school at no cost for all students of that school.

(h) ~~Achievement~~ Innovative School Employees. – The ~~AS~~ IS operator shall select and hire the school principal for an ~~achievement~~ innovative school. Within the limits of the school budget, the ~~AS~~IS operator or its designee shall select staff members in accordance with guidance from the ~~ASD~~ISD Superintendent. Before finalizing staffing recommendations, the ~~AS~~IS operator and the ~~ASD~~ISD Superintendent or the Superintendent's designee shall interview all existing staff members at the qualifying school and review student growth and performance data for those staff members for whom it is available. Notwithstanding Article 21A of this Chapter, the ~~AS~~IS operator and the ~~ASD~~ISD Superintendent shall be permitted to examine personnel files of existing staff members for the qualifying school. The ~~AS~~IS operator shall have the authority to decide whether any administrator, teacher, or staff member previously assigned to a qualifying school selected to become an ~~achievement~~innovative school shall continue as an employee of the ~~achievement~~innovative school. Any such employees retained shall become employees of the ~~ASD.~~ISD. An employee hired to work in an ~~achievement~~innovative school shall be an employee of the ~~ASD,~~ISD, and the employees shall be under the exclusive control of the ~~ASD.~~ISD. All employees of the ~~ASD~~ISD shall be eligible for enrollment in the Teachers' and State Employees' Retirement System of North Carolina, the State Health Plan, and other benefits available to State employees. The ~~AS~~IS operator shall provide funds to the ~~ASD~~ISD in an amount sufficient to provide salary and benefits for employees of the ~~ASD~~ISD working in the ~~achievement~~innovative school based on the terms of employment established by the ~~AS~~IS operator.

(i) Criminal History Checks. – The State Board of Education shall require applicants for employment with the ~~ASD~~ ISD to be checked for criminal histories using the process provided in G.S. 115C-297.1. The State Board of Education shall provide the criminal history it receives to the ~~ASD~~ ISD Superintendent and ~~AS~~ IS operator.

(j) Employees of Local Board of Education. – The transfer of a qualifying school shall be deemed a reorganization of the local school administration unit resulting in a reduction in force. If an employee is not given the option to continue as an employee for the ~~achievement~~ innovative school, the local board of education may, in its discretion, do any of the following:

(1) Continue the employee's employment with the local board of education.

(2) Dismiss the employee due to a reduction in force as provided in Article 22 of this Chapter.

(3) Dismiss the employee as otherwise provided in Article 22 of this Chapter.

(k) Liability Insurance. – The ~~AS~~ IS operator shall maintain reasonable amounts and types of liability insurance as established by the State Board of Education. No civil liability shall attach to the State Board of Education, the Department of Public Instruction, the ISD Superintendent, or a local board of education or to any of ~~its~~their members or employees, individually or collectively, for any acts or omissions of the ~~AS~~ IS operator.

(l) School Nutrition Program. – The ~~achievement~~ innovative school shall participate in the National School Lunch Program, as provided in G.S. 115C-264.

(m) Cooperation with ~~ASD~~ ISD Superintendent. – The local board of education shall cooperate with the ~~ASD~~ ISD Superintendent in carrying out his or her powers and duties as necessary in accordance with this Chapter.

"**§ 115C-75.10. ~~Achievement~~ Innovative schools funds.**

(a) Funding Allocation Selection. – State and local funding for an ~~achievement~~ innovative school shall be allocated as provided in subsection (b) or subsection (c) of this section. The ~~AS~~ IS operator shall select one of the allocation methods as the method to be used for the ~~achievement~~ innovative school.

(b) Designated Funding. – Funding shall be allocated to the ~~ASD~~ ISD for the ~~achievement~~ innovative school by the State Board of Education and local board of education as follows:

(1) The State Board of Education shall allocate the following to the ~~ASD~~ ISD for each ~~achievement~~ innovative school:

a. An amount equal to the average per pupil allocation for average daily membership from the local school administrative unit allotments in which the ~~achievement~~ innovative school was located for each child attending the ~~achievement~~ innovative school except for the allocations for (i) children with disabilities, (ii) children with limited English proficiency, and (iii) transportation. The State Board of Education shall provide the allocation for transportation to the local school administrative unit in which the ~~achievement~~ innovative school is located.

b. An additional amount for each child attending the ~~achievement~~ innovative school who is a child with disabilities.

c. An additional amount for children with limited English proficiency attending the ~~achievement~~ innovative school, based on a formula adopted by the State Board of Education.

(2) The local school administrative unit in which the ~~achievement~~ innovative school is located shall transfer to the ~~ASD~~ ISD for the ~~achievement~~ innovative school an amount equal to the per pupil share of the local current expense fund of the local school administrative unit for the fiscal year. The per pupil share of the local current expense fund shall be transferred to the ~~ASD~~ ISD for the ~~achievement~~ innovative school within 30 days of the receipt of monies into the local current expense fund. The local school administrative unit and ~~ASD~~ ISD may use the process for mediation of differences between the State Board of Education and a charter school provided in G.S. 115C-218.95(d) to resolve differences on calculation and transference of the per pupil share of the local current expense fund. The amount transferred under this subsection that consists of revenue derived from supplemental taxes shall be transferred only to an ~~achievement~~ innovative school located in the tax district for which these taxes are levied and in which the student resides. The local school administrative unit shall also provide the ~~ASD~~ ISD with all of the following information within the 30-day time period provided in this subsection:

a. The total amount of monies the local school administrative unit has in each of the funds listed in G.S. 115C-426(c).

b. The student membership numbers used to calculate the per pupil share of the local current expense fund.

c. How the per pupil share of the local current expense fund was calculated.

d. Any additional records requested by the ~~ASD~~ ISD from the local school administrative unit in order for the ~~ASD~~ ISD to audit and verify the calculation and transfer of the per pupil share of the local current expense fund.

(c) Funding Memorandum of Understanding. – The ~~AS~~ IS operator, in consultation with the ~~ASD~~ ISD Superintendent, may enter into a funding memorandum of understanding with the local board of education of the local school administrative unit where the ~~achievement~~ innovative school is located for all student support and operational services and instructional services to be provided by the local board of education in the same manner and degree as in the prior school year or funding in an amount equivalent to the amount the local board of education would have expended on those services if provided. For the

purposes of this subsection, student support and operational services include cafeteria services, custodial services, broadband and utilities, and student information services, and instructional services include alternative education, special education services, test administration services, textbooks, technology, media resources, instructional equipment, and other resources. The ~~AS~~ IS operator and local board of education shall finalize the funding memorandum of understanding within 30 days of the initial request for the memorandum by the ~~AS~~ IS operator. If the parties have not completed the funding memorandum of understanding within 30 days, the State Board of Education shall resolve any issues in dispute.

(d) The ~~ASD~~ ISD may seek, manage, and expend federal money and grants, State funding, and other funding with the same authority as a local school administrative unit, including decisions related to allocation of State funds among ~~achievement schools.~~innovative schools, and shall be considered a local school administrative unit for all federal funding purposes.

"§ 115C-75.11. Accountability and governance for ~~achievement~~ innovative schools.

(a) The ~~AS~~ IS operator shall set clear goals related to higher academic outcomes for students, safe and positive learning environments for children, parent and community engagement, and the efficient and effective use of taxpayer dollars, empower and equip teachers and school leaders to meet the goals, and hold such teachers and school leaders accountable to meet the goals. The ~~AS~~ IS operator shall apply to the ~~ASD~~ ISD Superintendent for appropriate waivers for the ~~achievement~~ innovative school pursuant to G.S. 115C-75.7(e).

(b) The ~~AS~~ IS operator shall select, approve, or remove the school principal of an ~~achievement~~ innovative school that it is managing in accordance with this Article.

(c) The ~~AS~~ IS operator shall enter into an agreement with the school principal regarding specific goals for the ~~achievement~~ innovative school related to higher academic outcomes for students, safe and positive learning environments for children, parent and community engagement, and the efficient and effective use of taxpayer dollars. The agreement shall be made publicly available on the ~~ASD~~ ISD Web site.

(d) An ~~achievement~~ innovative school shall not be included in any State evaluation or performance models used for the local school administrative unit in which the school is located but shall be considered a part of the ~~ASD~~ ISD for all evaluation purposes.

"§ 115C-75.12. Term of supervision for an ~~achievement~~ innovative school.

(a) An ~~achievement~~ innovative school shall remain under the supervision of the ~~ASD~~ ISD for a minimum of five consecutive years through a contract with an ~~AS~~ IS operator. The following shall apply to the term of a contract with an ~~AS~~ IS operator of an ~~achievement~~ innovative school:

(1) Early termination of contract based on performance. – If, during the five-year contract, the ~~achievement~~ innovative school's annual percentage growth does not exceed the average annual percentage growth of other qualifying schools for three consecutive years, the State Board of Education, upon the recommendation of the ~~ASD~~ ISD Superintendent, may terminate the contract at the conclusion of the academic year and select another ~~AS~~ IS operator in accordance with G.S. 115C-75.8 to assume the remainder of the five-year contract and any occupancy agreements or memorandums of understanding with the local board of education at the beginning of the next academic year.

(2) Nonrenewal of contract based on performance. – If, by the end of the five-year contract, the ~~achievement~~ innovative school's average annual percentage growth during the term of the contract does not exceed the average annual percentage growth of other qualifying schools during the same term, the State Board of Education shall not renew the contract of the ~~AS~~ IS operator and develop a transition plan to return the school to the local school administrative unit.

(3) State Board of Education optional extension of contract for three years. – If, by the end of the five-year contract, the ~~achievement~~ innovative school remains a qualifying school but has exceeded the average annual percentage growth of other qualifying schools and has shown growth over the term of the contract, the State Board of Education, upon the recommendation of the ~~ASD~~ ISD Superintendent in his or her discretion, may continue the contract with the ~~AS~~ IS operator for an additional three-year term. The ~~ASD~~ ISD Superintendent and ~~AS~~ IS operator shall engage the school, the school community, and the school's local board of education in developing a transition plan for the school to leave the supervision of the ~~ASD~~ ISD at the conclusion of the three-year extension of the contract. If the State Board of Education does not elect to continue the contract, the State Board of Education may do any of the following:

a. Select another ~~AS~~ IS operator for a three-year contract.

b. Close the school as provided in subdivision (2) of this subsection.

c. Develop a transition plan to return the school to the local school administrative unit for the next school year.

(4) ~~AS~~ IS operator option to extend contract for three years. – If, by the end of the five-year contract, the ~~achievement~~ innovative school receives a grade of C or higher under G.S. 115C-12(9)c1., the ~~AS~~ IS operator shall have the option to extend the contract for another three-year term. The ~~ASD~~ ISD Superintendent and ~~AS~~ IS operator shall engage the school, the school community, and the school's local board of education in developing a transition plan for the school to leave the supervision of the ~~ASD~~ ISD

at the conclusion of the three-year extension of the contract. Options at the conclusion of the contract shall include the following:

a. Conversion to charter. – If, in the development of the transition plan, a local board of education indicates by resolution to the State Board of Education that the local board of education elects to not receive the transfer of the ~~achievement~~ innovative school back to the local school administrative unit, the ~~AS~~ IS operator may apply to convert the school to a charter school under Article 14A of this Chapter. If a charter is awarded, the charter board of directors may request to use the facility as provided in G.S. 115C-218.35. If the ~~AS~~ IS operator does not seek conversion to a charter school or fails to receive a charter, the State Board of Education may close the school as provided in subdivision (2) of this subsection.

b. Alternate as operator or return to local school administrative unit. – If the ~~AS~~ IS operator does not elect to continue the contract, the State Board of Education may select another ~~AS~~ IS operator for a three-year contract or may develop a transition plan to return the school to the local school administrative unit for the next school year.

(5) Termination of contract on other grounds. – The State Board of Education, upon the recommendation of the ~~ASD~~ ISD Superintendent, may terminate a contract with an ~~AS~~ IS operator at any time during the contract for financial mismanagement, noncompliance with federal or State laws, failure to comply with the terms of the contract, or evidence of criminal activity. The State Board of Education shall develop a transition plan to return the school to the local school administrative unit.

(b) An ~~achievement~~ innovative school shall remain under the supervision of the ~~ASD~~ ISD for no more than eight years.

(c) The State Board of Education shall make all decisions related to contracts for ~~AS~~ IS operators no later than May 1, except as provided in subdivision (5) of subsection (a) of this section.

"**§ 115C-75.13. Innovation zones.**

(a) If a local board of education transfers a qualifying school to the ~~ASD,~~ISD, the local board of education may ask the State Board of Education to be allowed to create an innovation zone (i) for up to three continually low-performing schools within its local school administrative ~~unit.~~or (ii) if the local school administrative unit has more than thirty-five percent (35%) of the schools identified in the unit as low-performing, for all of the low-performing schools located in the unit.

The State Board of Education shall ~~grant~~grant, upon recommendation of the ISD Superintendent, such requests for the creation of an innovation zone. The State Board of Education shall also authorize the local board of education the flexibility to operate the schools within the innovation zone with the same exemptions from statutes and rules as a charter school authorized under Article 14A of this Chapter and with exemptions from local board of education policies as needed to ensure autonomy under the guidance of the innovation zone office for financial, programmatic, staffing, and time allocation decisions.

(b) The innovation zone created by a local board of education must include all of the following:

(1) Development of a clear and specific plan for improving schools within the innovation zone.

(2) Establishment of an innovation zone office with a leader recommended by the ISD Superintendent to be appointed by the local board of education and approved by the State Board of Education to govern and lead the schools in the innovation zone.

(3) Attraction of high-quality staff at schools in the innovation zone through the use of incentives, favorable working conditions, and development of partnerships to develop human capital.

(4) Accountability for those schools based on established benchmarks and goals for student achievement and for support services provided by the local school administrative unit based on metrics established by the innovation zone office for effective and efficient delivery.

(5) Support for those schools by the innovation zone office to ensure priority in services from the local school administrative unit, pursuit of outside funding, and technical support, including support from external partners.

(c) A local board of education may maintain an innovation zone created as provided in subsection (a) for up to five consecutive years. The State Board of Education may terminate the innovation zone as follows:

(1) Early termination of innovation zone based on performance. – If, during the five-year period, the average of the annual percentage growth of the schools within the innovation zone does not exceed the average annual percentage growth of other continually low-performing schools for three consecutive years, the State Board of Education, upon the recommendation of the ~~ASD~~ ISD Superintendent, may terminate the innovation zone at the conclusion of the academic year.

(2) Nonrenewal of innovation zone based on performance. – If, by the end of the five-year period, the average annual percentage growth of the schools within the innovation zone over the five-year period does not exceed the average annual percentage growth of other continually low-performing schools during the same term, the State Board of Education shall not permit the local board of education to continue the innovation zone.

(3) State Board of Education optional extension of innovation zone for three years. – If, by the end of the five-year period, the schools within the innovation zone remain continually low-performing schools but

have exceeded the average annual percentage growth of other continually low-performing schools, the State Board of Education, upon the recommendation of the ~~ASD~~ ISD Superintendent in his or her discretion, may allow continuation of the innovation zone for an additional three years.

(4) Local board of education option to extend innovation zone for three years. – If, by the end of the five-year period, the schools within the innovation zone receive a grade of C or higher under G.S. 115C-12(9)c1., the local board of education shall have the option to extend the innovation zone for another three years.

(d) A low-performing school in an innovation zone, created as provided in clause (ii) of subsection (a) of this section, shall become an innovative school if that low-performing school does not exceed expected growth in the last two years of the five consecutive years in the innovation zone."

SECTION 7.26E.(b) G.S. 115C-105.37A(d) reads as rewritten:

"(d) The State Board of Education shall report annually to the Superintendent of the ~~Achievement~~ North Carolina Innovative School District on any schools identified under this section as qualifying schools as defined in G.S. 115C-75.5 for consideration to be selected as ~~achievement~~ innovative schools in accordance with Article 7A of this Chapter."

SECTION 7.26E.(c) G.S. 115C-321(a)(5) reads as rewritten:

"(5) An ~~achievement~~ innovative school operator and the Superintendent of the ~~Achievement~~ North Carolina Innovative School District if the school where the individual is employed has been selected as an ~~achievement~~ innovative school as provided in Article 7A of this Chapter."

SECTION 7.26E.(d) Section 4 of S.L. 2016-110 reads as rewritten:

"**SECTION 4.** Evaluation of the ~~Achievement~~ Innovative School District and Other Innovation Models. – The State Board of Education shall contract during the ~~2016-2017~~2017-2018 school year with an independent research organization to evaluate the implementation and effectiveness of the following:

(1) The ~~Achievement~~ Innovative School District in turning around low-performing schools beginning with the ~~2017-2018~~2018-2019 school year through the ~~2021-2022~~2022-2023 school year, including the innovation zone established in Section 4.5 of this act. The State Board of Education shall require ~~AS~~ IS operators to provide the independent research organization with requested data to conduct the evaluation. The independent research organization shall include an analysis on the impact of public versus private funding in the effectiveness of the ~~Achievement~~ Innovative School District.

(2) Innovation zones in turning around low-performing schools beginning with the ~~2016-2017~~2017-2018 school year through the ~~2021-2022~~2022-2023 school year. The State Board of Education shall require local boards of education granted innovation zones to provide the independent research organization with requested data to conduct the evaluation.

The independent research organization shall report its interim findings to the State Board of Education annually no later than February 15, beginning in ~~2017,~~2018, and shall submit a final report no later than February 15, ~~2023.~~2024. The State Board of Education shall provide the report of the independent research commission, along with any recommended legislative changes, to the Joint Legislative Education Oversight Committee annually no later than March 1, beginning in ~~2017~~2018 until submission of the final report in ~~2023.~~2024."

SECTION 7.26E.(e) Section 6 of S.L. 2016-110 reads as rewritten:

"**SECTION 6.** It is the intent of the General Assembly to appropriate to the Department of Public Instruction four hundred fifty thousand dollars ($450,000) for the 2017-2018 fiscal year and annually thereafter for innovation zone model grants. Upon appropriation of funds, the State Board of Education ~~shall~~shall, upon recommendation of the ISD Superintendent, award innovation zone model grants of up to one hundred fifty thousand dollars ($150,000) per fiscal year for five years to local boards of education who (i) have been authorized to adopt the innovation zone model by the State Board of Education for up to three schools or for a local school administrative unit with more than thirty-five percent (35%) of schools within the unit identified as low-performing and (ii) provide a dollar-for-dollar match with non-State funding for the requested grant amount. Innovation zone model grants shall be directed by local boards of educations to the innovation zone office to address specific issues in innovation zone schools."

SECTION 7.26E.(f) Section 8 of S.L. 2016-110 reads as rewritten:

"**SECTION 8.** This act is effective when it becomes law and supervision of ~~achievement~~ innovative schools by the ~~Achievement~~ Innovative School District shall begin with the ~~2017-2018~~2018-2019 school year. In the discretion of the State Board of Education (i) the ~~ASD~~ ISD Superintendent may not be required during the ~~2016-2017~~2017-2018 school year to recommend qualifying schools for inclusion in the ~~ASD~~ ISD for the ~~2017-2018~~2018-2019 school year and (ii) the time line for selection of ~~achievement~~ innovative schools for the ~~2017-2018~~2018-2019 school year provided in G.S. 115C-75.7 may be varied, but in no event may the local board of education's decision occur later than April 1, ~~2017.~~2018. The State Board of Education may select up to five qualifying schools to transfer to the ~~ASD~~ ISD beginning with the ~~2017-2018~~2018-2019 school year but shall select at least two qualifying schools to transfer to the ~~ASD~~ ISD no later than the ~~2018-2019~~2019-2020 school year and shall have selected five qualifying schools for transfer to the ~~ASD~~ ISD no later than the ~~2019-2020~~2020-2021 school year."

READ TO ACHIEVE DIAGNOSTIC CHANGES

SECTION 7.27.(a) G.S. 115C-83.6 reads as rewritten:

"**§ 115C-83.6. Facilitating early grade reading proficiency.**

(a) Kindergarten, first, second, and third grade students shall be assessed with valid, reliable, formative, and diagnostic reading assessments made available to local school administrative units by the State Board of Education pursuant to G.S. 115C-174.11(a). Difficulty with reading development identified through administration of formative and diagnostic assessments shall be addressed with instructional supports and services. Parents or guardians of first and second grade students demonstrating reading comprehension below grade level as identified through assessments administered pursuant to this subsection shall be encouraged to enroll their student in a reading camp provided by the local school administrative unit. Parents or guardians of a student identified as demonstrating reading comprehension below grade level shall make the final decision regarding a student's reading camp attendance.

(a1) ~~To the greatest extent possible, kindergarten~~ Kindergarten through third grade reading assessments shall yield data that can be used with the Education Value-Added Assessment System ~~(EVAAS), or a compatible and comparable system approved by the State Board of Education,~~ (EVAAS) to analyze student data to identify root causes for difficulty with reading development and to determine actions to address them.

(b) Formative and diagnostic assessments and resultant instructional supports and services shall address oral language, phonological and phonemic awareness, phonics, vocabulary, fluency, and comprehension using developmentally appropriate practices. These assessments may be administered by computer or other electronic device.

(c) Local school administrative units are encouraged to partner with community organizations, businesses, and other groups to provide volunteers, mentors, or tutors to assist with the provision of instructional supports and services that enhance reading development and proficiency."

SECTION 7.27.(b) By October 1, 2017, the State Superintendent shall issue a Request for Proposals (RFP) to vendors of diagnostic reading assessment instruments to provide one or more valid, reliable, formative, and diagnostic reading assessment instrument or instruments for use pursuant to G.S. 115C-174.11. At a minimum, the diagnostic reading assessment instrument or instruments provided by the selected vendor shall meet all of the following criteria:

(1) Yield data that can be used with the Education Value-Added Assessment System (EVAAS).

(2) Demonstrate close alignment with student performance on State assessments, including all assessments required in kindergarten through third grade by Part 2 of Article 10A of Chapter 115C of the General Statutes.

(3) Demonstrate high rates of predictability as to student performance on State assessments, including all assessments required in kindergarten through third grade by Part 2 of Article 10A of Chapter 115C of the General Statutes.

SECTION 7.27.(c) The State Superintendent shall form and supervise an Evaluation Panel to review the proposals received pursuant to the RFP issued in accordance with subsection (b) of this section. The Evaluation Panel shall be composed of persons employed within the Department of Public Instruction. By March 1, 2018, the Evaluation Panel, with the approval of the State Superintendent, shall select one vendor to provide the assessment instrument or instruments for the 2018-2019 school year. In determining which vendor to select, the Evaluation Panel shall consider, at a minimum, all of the following factors:

(1) The time required to conduct formative and diagnostic assessments with the intention of minimizing the impact on instructional time.

(2) The level of integration of assessment results with instructional support for teachers and students.

(3) The timeliness in reporting assessment results to teachers and administrators.

(4) The ability to provide timely assessment results to parents and guardians.

SECTION 7.27.(d) Subsection (a) of this section applies beginning with the 2018-2019 school year.

REIMBURSE INITIAL TEACHER LICENSURE FEE FOR CERTAIN NC TEACHING GRADUATES

SECTION 7.28.(a) G.S. 115C-296 is amended by adding a new subsection to read:

"(a4) Notwithstanding subsection (a2) of this section, the State Board of Education shall reimburse the initial teacher licensure application fee for the first time an applicant submits an application for teacher licensure, if the applicant meets all of the following requirements:

(1) The applicant is a graduate of an approved educator preparation program located in North Carolina.

(2) The applicant has successfully earned an initial teaching license in North Carolina.

The State Board shall issue reimbursement to the applicant within 30 days of the date the applicant successfully earns an initial teaching license in North Carolina."

SECTION 7.28.(b) This section applies to applications for licensure received on or after July 1, 2017.

TESTING TRANSPARENCY

SECTION 7.28A.(a) The State Superintendent of Public Instruction shall study and make recommendations regarding the extent to which the SAT and ACT tests align with the English language arts and mathematics portions of the Standard Course of Study. By February 1, 2018, the Superintendent shall report findings and recommendations to the Governor, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Joint Legislative Education Oversight Committee.

SECTION 7.28A.(b) G.S. 115C-174.12 reads as rewritten:

"**§ 115C-174.12. Responsibilities of agencies.**

…

(d) By ~~September 1~~October 1 of each year, each local board of education shall notify the State Board of Education of any local standardized testing to be administered to students by the local school administrative unit at the direction of the local board of education in its schools and the calendar for administering those tests. The local board of education shall include ~~information on the~~ the following information:

(1) The source of funds supporting the local testing program.

(2) The time allotted to administer each test.

(3) Whether the test is a computer-based test or a paper-based test.

(4) The grade level or subject area associated with the test.

(5) The date the test results are expected to be available to teachers and parents.

(6) The type of test, the purpose of the test, and the use of the test results.

(7) Estimates of average time for administering tests required by the local board of education by grade level.

The local board of education shall meet the requirements of this subsection by inputting the information into the uniform calendar published by the Department of Public Instruction pursuant to subsection (e1) of this section.

(e) By ~~October 15~~November 1 of each year, the State Board of Education shall submit a report to the Joint Legislative Education Oversight Committee containing information regarding the statewide administration of the testing program, including the number and type of tests and the testing schedule, and a summary of any local testing programs reported by local boards of education to the State Board of Education in accordance with subsection (d) of this section.

(e1) By September 1 of each year, the Superintendent of Public Instruction shall publish on the Web site of the Department of Public Instruction a uniform calendar that includes schedules for State-required testing and reporting results of tests for at least the next two school years, including estimates of the average time for administering State-required standardized tests. The uniform calendar shall be provided to local boards of education in an electronic format that allows each local board of education to populate the calendar with, at a minimum, the information required by subsection (d) of this section. The uniform calendar shall be searchable by local school administrative unit and denote whether a test on the calendar is required by the State or required by a local board of education."

SECTION 7.28A.(c) Part 2 of Article 10A of Chapter 115C of the General Statutes is amended by adding two new sections to read:

"**§ 115C-174.15. Report student performance on local standardized tests.**

(a) A local board of education shall provide a student's results on standardized tests required by the local board, as reported pursuant to G.S. 115C-174.12(d), to the following persons and according to the following time lines:

(1) To the student's teachers no later than one week after the standardized test is administered.

(2) To the student's parents no later than 30 days after the standardized test is administered.

(b) If the superintendent of the local school administrative unit determines in writing that extenuating circumstances exist and reports those circumstances to the local board of education, the local board may extend the above time lines in the discretion of the local board of education.

"**§ 115C-174.16. Report student performance on statewide, standardized tests.**

The Department of Public Instruction shall make available to local boards of education a student's results on all statewide, standardized tests in a timely manner and in an easy-to-read and understandable format a minimum of two weeks prior to the first day of attendance of the next school year. Local boards of education shall make those results available to both the student's teacher of record and parent or guardian prior to the first day of student attendance of the school year. These reports shall include all of the following information:

(1) A clear explanation of the student's performance on the applicable statewide, standardized tests.

(2) Information identifying the student's areas of strength and areas in need of improvement.

(3) Intervention strategies and appropriate resources based on the student's areas of strength and areas in need of improvement, when available.

(4) Longitudinal information on the student's progress in each subject area based on previous statewide, standardized test data, when available.

(5) Information showing the student's score compared to other students in the local school administrative unit, in the State, or, if available, in other states.

(6) Predictive information showing the linkage between the scores attained by the student on the statewide, standardized tests and the scores he or she may potentially attain on nationally recognized college entrance examinations, if available. This information shall be provided in a timely manner as it becomes available to the Department of Public Instruction but may be provided later than the beginning of the school year."

SECTION 7.28A.(d) G.S. 115C-81(b) reads as rewritten:

"(b) The Basic Education Program shall include course requirements and descriptions similar in format to materials previously contained in the standard course of ~~study~~ study, and it shall ~~provide:~~provide all of the following:

(1) A core curriculum for all students that takes into account the special needs of ~~children;~~children.

(2) A set of competencies, by grade level, for each curriculum ~~area;~~area.

(3) A list of textbooks for use in providing the ~~curriculum;~~curriculum.

(4) Standards for student performance and promotion based on the mastery of competencies, including standards for graduation, that take into account children with disabilities and, in particular, include appropriate ~~modifications;~~modifications.

(4a) Standards for early promotion based on the mastery of competencies. These standards shall apply when early grade or course promotion based on the mastery of competencies is permitted in a school and shall include requirements for early promotion based on mastery of competencies, at a minimum, in the following subject areas and grade levels:

a. For English language arts, at least grades three through 12.

b. For mathematics, at least grades three through 12.

(5) A program of remedial ~~education;~~education.

(6) Required support ~~programs;~~programs.

(7) A definition of the instructional ~~day;~~day.

(8) Class size recommendations and ~~requirements;~~requirements.

(9) Prescribed staffing allotment ~~ratios;~~ratios.

(10) Material and equipment allotment ~~ratios;~~ratios.

(11) Facilities guidelines that reflect educational program appropriateness, long-term cost efficiency, and safety ~~considerations; and~~considerations.

(12) Any other information the Board considers appropriate and necessary.

The State Board shall not adopt or enforce any rule that requires Algebra I as a graduation standard or as a requirement for a high school diploma for any student whose individualized education program (i) identifies the student as learning disabled in the area of mathematics and (ii) states that this learning disability will prevent the student from mastering Algebra I.

The State Board shall not require any student to prepare a high school graduation project as a condition of graduation from high school; local boards of education may, however, require their students to complete a high school graduation project."

SECTION 7.28A.(e) This section applies beginning with the 2018-2019 school year.

WAIVE FEE FOR CAMBRIDGE AICE PROGRAM COURSE

SECTION 7.28D.(a) G.S. 115C-174.26(a) reads as rewritten:

"(a) It is the intent of the State to enhance accessibility and encourage students to enroll in and successfully complete more rigorous advanced courses to enable success in postsecondary education for all students. For the purposes of this section, an advanced course is an Advanced Placement ~~or~~ course, an International Baccalaureate Diploma Programme ~~course.~~course, or a Cambridge Advanced International Certificate of Education (AICE) course, including an AS-Level or A-Level course. To attain this goal, to the extent funds are made available for this purpose, students enrolled in public schools shall be exempt from paying any fees for administration of examinations for advanced courses and registration fees for advanced courses in which the student is enrolled regardless of the score the student achieves on an examination."

SECTION 7.28D.(b) Section 8.27(d) of S.L. 2013-360, as amended by Section 8.17 of S.L. 2014-100, reads as rewritten:

"**SECTION 8.27.(d)** Of the funds appropriated to the Department of Public Instruction to implement the requirements of this section, ten million eight hundred thirty-one thousand one hundred eighty-four dollars ($10,831,184) for the 2014-2015 fiscal year shall be used to fund fees for testing in advanced courses and one million five hundred thousand dollars ($1,500,000) for each fiscal year shall be used by the North Carolina Advanced Placement Partnership to carry out its responsibilities as set forth in this section. Funding appropriated for professional development may be used by the State Board of Education to contract with an independent evaluator to assess the implementation and impact of advanced course programs in North Carolina. For the purposes of this section, until June 30, 2017, the term "advanced courses" means an Advanced Placement or International Baccalaureate Diploma Programme course. Beginning with the 2017-2018 fiscal year, the term "advanced courses" means an Advanced Placement course, an International Baccalaureate Diploma Programme course, or a Cambridge Advanced International Certificate of Education (AICE) course, including an AS-Level or A-Level course.

If the funds appropriated for the 2014-2015 fiscal year and subsequent fiscal years are insufficient, the Department of Public Instruction may use other funds within the State Public School Fund for these purposes."

FINANCIAL LITERACY ELECTIVE COURSE PILOT PROGRAM

SECTION 7.32.(a) Purpose. – The Superintendent of Public Instruction (Superintendent) shall establish a three-year Financial Literacy Elective Course Pilot Program (Program). The purpose of the Program is to determine the value of an in-depth high school elective course on personal financial literacy and the extent to which the course can provide high school students with the detailed knowledge and skills needed to become self-supporting and to make critical decisions regarding their personal finances.

SECTION 7.32.(b) Participation. – The Superintendent shall select local school administrative units to participate in the Program. The selected local school administrative units collectively shall represent the geographic, economic,

and social diversity of the State. Each selected local school administrative unit shall participate in the Program for three school years, beginning in the 2017-2018 school year.

SECTION 7.32.(c) Implementation. – The Program shall authorize and assist the selected local school administrative units in the implementation of a high school elective course on personal financial literacy. This course shall serve as an in-depth supplement to the instruction in personal financial literacy required pursuant to G.S. 115C-81(i). The components of the elective course shall include, at a minimum, detailed information on personal banking, credit card finance, student loan financing, mortgages, credit scoring and credit reports, borrowing money for an automobile or other large purchase, and best practices in personal finance.

Prior to selecting the pilot units, the State Board of Education, in consultation with the Superintendent, shall develop a curriculum, materials, qualifications for teaching the course, and guidelines for local boards of education to use in implementing the course.

SECTION 7.32.(d) Reporting Requirement. – By November 15 of each year following the operation of the Program, the Department of Public Instruction shall report to the Joint Legislative Education Oversight Committee on the implementation and administration of the Program in the pilot units and any recommendations on the modification, continuation, and potential expansion of the Program statewide.

CHARTER SCHOOL TRANSPORTATION GRANT PILOT PROGRAM

SECTION 7.35.(a) Purpose; Definition. – The Department of Public Instruction (Department) shall establish the Charter School Transportation Grant Pilot Program (Program). The purpose of the Program shall be to award grant funds to a charter school meeting the requirements of subsection (b) of this section for the reimbursement of up to sixty-five percent (65%) of the eligible student transportation costs incurred by the school in accordance with the provisions of this section. For purposes of this section, the term "eligible student transportation costs" means costs incurred by the charter school for (i) transportation fuel, (ii) vehicle maintenance, and (iii) contracted transportation services.

SECTION 7.35.(b) Program Eligibility. – If a charter school has a student enrollment of at least fifty percent (50%) of its students residing in households with an income level not in excess of the amount required for a student to qualify for the federal free or reduced price lunch program in a semester of the school year, the charter school may apply to the Department for grant funds under the Program for reimbursement of up to sixty-five percent (65%) of the eligible student transportation costs incurred by the school for that semester.

SECTION 7.35.(c) Applications. – By August 1, 2017, the Department shall establish the criteria and guidelines for the grant application process for the upcoming school year, including any documentation required to be submitted with the application. The Department shall accept applications until December 31, 2017, for eligible student transportation costs incurred during the fall semester of the school year and until May 30, 2018, for eligible student transportation costs incurred during the spring semester of the school year.

SECTION 7.35.(d) Award of Funds. – From funds made available for the Program, the Department shall award grant funds under the Program to the selected charter schools by January 15, 2018, for eligible student transportation costs incurred during the fall semester of the school year and by June 15, 2018, for eligible student transportation costs incurred during the spring semester of the prior school year. The total amount of each grant awarded under the Program shall not exceed one hundred thousand dollars ($100,000).

SECTION 7.35.(e) Reporting. – The Department shall provide a report by March 15, 2018, to the Fiscal Research Division, the Joint Legislative Transportation Oversight Committee, and the Joint Legislative Education Oversight Committee on the administration of the Program, including (i) the number of charter schools that received grant funds, (ii) the amount of grant funds awarded to those charter schools, (iii) whether implementing the Program has led to an increase in charter schools offering lunch, (iv) whether implementing the Program has led to an increase in student lunch participation at charter schools offering lunch, (v) whether implementing the Program has increased or expanded the offering of student transportation by charter schools, and (vi) the modes of student transportation offered by charter schools that received grant funds.

PART VIII. COMPENSATION OF PUBLIC SCHOOL EMPLOYEES

TEACHER SALARY SCHEDULE

SECTION 8.1.(a) The following monthly teacher salary schedule shall apply for the 2017-2018 fiscal year to licensed personnel of the public schools who are classified as teachers. The salary schedule is based on years of teaching experience.

2017-2018 Teacher Monthly Salary Schedule

Years of Experience	"A" Teachers
0	$3,500
1	$3,600
2	$3,630
3	$3,730
4	$3,730

5	$3,830
6	$3,830
7	$3,930
8	$3,930
9	$4,055
10	$4,055
11	$4,205
12	$4,205
13	$4,355
14	$4,355
15	$4,555
16	$4,630
17	$4,730
18	$4,730
19	$4,830
20	$4,830
21	$4,930
22	$4,930
23	$5,000
24	$5,000
25+	$5,130

SECTION 8.1.(b) Salary Supplements for Teachers Paid on This Salary Schedule. –

(1) Licensed teachers who have NBPTS certification shall receive a salary supplement each month of twelve percent (12%) of their monthly salary on the "A" salary schedule.

(2) Licensed teachers who are classified as "M" teachers shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.

(3) Licensed teachers with licensure 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 supplement provided to them as "M" teachers.

(4) Licensed teachers with licensure 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 supplement provided to them as "M" teachers.

(5) Certified school nurses shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.

SECTION 8.1.(c) The first step of the salary schedule for (i) school psychologists, (ii) school speech pathologists who are licensed as speech pathologists at the master's degree level or higher, and (iii) school audiologists who are licensed as audiologists at the master's degree level or higher shall be equivalent to the sixth step of the "A" salary schedule. These employees shall receive a salary supplement each month of ten percent (10%) of their monthly salary and are eligible to receive salary supplements equivalent to those of teachers for academic preparation at the six-year degree level or the doctoral degree level.

SECTION 8.1.(d) The twenty-sixth step of the salary schedule for (i) school psychologists, (ii) school speech pathologists who are licensed as speech pathologists at the master's degree level or higher, and (iii) school audiologists who are licensed as audiologists at the master's degree level or higher shall be seven and one-half percent (7.5%) higher than the salary received by these same employees on the twenty-fifth step of the salary schedule.

SECTION 8.1.(e) Beginning with the 2014-2015 fiscal year, in lieu of providing annual longevity payments to teachers paid on the teacher salary schedule, the amounts of those longevity payments are included in the monthly amounts under the teacher salary schedule.

SECTION 8.1.(f) A teacher compensated in accordance with this salary schedule for the 2017-2018 school year shall receive an amount equal to the greater of the following:

(1) The applicable amount on the salary schedule for the applicable school year.

(2) For teachers who were eligible for longevity for the 2013-2014 school year, the sum of the following:

a. The salary the teacher received in the 2013-2014 school year pursuant to Section 35.11 of S.L. 2013-360.

b. The longevity that the teacher would have received under the longevity system in effect for the 2013-2014 school year provided in Section 35.11 of S.L. 2013-360 based on the teacher's current years of service.

c. The annual bonus provided in Section 9.1(e) of S.L. 2014-100.

(3) For teachers who were not eligible for longevity for the 2013-2014 school year, the sum of the salary and annual bonus the teacher received in the 2014-2015 school year pursuant to Section 9.1 of S.L. 2014-100.

SECTION 8.1.(g) As used in this section, the term "teacher" shall also include instructional support personnel.

SECTION 8.1.(h) Section 9.1(i) of S.L. 2016-94 is repealed.

SECTION 8.1.(i) It is the intent of the General Assembly to implement the following base monthly teacher salary schedule for the 2018-2019 fiscal year to licensed personnel of the public schools who are classified as teachers. The salary schedule would be based on years of teaching experience.

2018-2019 Teacher Monthly Salary Schedule

Years of Experience	"A" Teachers
0	$3,500
1	$3,600
2	$3,700
3	$3,800
4	$3,900
5	$4,000
6	$4,100
7	$4,200
8	$4,300
9	$4,400
10	$4,500
11	$4,600
12	$4,700
13	$4,800
14	$4,900
15-24	$5,000
25+	$5,130.

SUPPORT HIGHLY QUALIFIED NC TEACHING GRADUATES

SECTION 8.2.(a) For purposes of this section, a "highly qualified graduate" or "graduate" is an individual entering the teaching profession who has graduated from an approved educator preparation program located in North Carolina (i) with a grade point average of 3.75 or higher on a 4.0 scale, or its equivalent, and (ii) with a score of 48 or higher on the edTPA assessment or an equivalent score on the nationally normed and valid pedagogy assessment used to determine clinical practice performance. Notwithstanding Section 8.1(a) of this act, a highly qualified graduate who is employed by a local board of education shall receive a salary supplement each month at the highest level for which the graduate qualifies, as follows:

(1) A graduate accepts initial employment at a school identified as low-performing by the State Board of Education pursuant to G.S. 115C-105.37 shall receive a salary supplement during the graduate's first three years of employment as a teacher, without a break in service, equivalent to the difference between the State-funded salary of the graduate and the State-funded salary of a similarly situated teacher with three years of experience on the "A" Teachers salary schedule, as long as the graduate (i) remains teaching at the same school or (ii) accepts subsequent employment at another low-performing school or local school administrative unit identified as low-performing.

(2) A graduate licensed and employed to teach in the areas of special education, science, technology, engineering, or mathematics shall receive a salary supplement during the graduate's first two years of employment as a teacher, without a break in service, equivalent to the difference between the State-funded salary of the graduate and the State-funded salary of a similarly situated teacher with two years of experience on the "A" Teachers salary schedule, as long as the graduate continues teaching in one of those areas.

(3) All other graduates shall receive a salary supplement during the graduate's first year of employment as a teacher, without a break in service, equivalent to the difference between the State-funded salary of the graduate and the State-funded salary of a similarly situated teacher with one year of experience on the "A" Teachers salary schedule.

SECTION 8.2.(b) This section applies to teachers entering the profession in the 2017-2018 fiscal year.

PRINCIPAL SALARY SCHEDULE

SECTION 8.3.(a) The following annual salary schedule for principals shall apply for the 2017-2018 fiscal year, beginning July 1, 2017.

2017-2018 Principal Annual Salary Schedule

Avg. Daily Membership	Base	Met Growth	Exceeded Growth
0-400	$61,751	$67,926	$74,101
401-700	$64,839	$71,322	$77,806
701-1,000	$67,926	$74,719	$81,511
1,001-1,300	$71,014	$78,115	$85,216
1,301+	$74,101	$81,511	$88,921.

A principal's placement on the salary schedule shall be determined according to the average daily membership of the school supervised by the principal in the current school year and the school growth scores, calculated pursuant to G.S. 115C-83.15(c), for each school the principal supervised in at least two of the prior three school years, regardless of a break in service, and provided the principal supervised each school as a principal for at least a majority of the school year, as follows:

(1) A principal shall be paid according to the Exceeded Growth column of the schedule if the school growth scores show the school or schools exceeded expected growth in at least two of the prior three school years.

(2) A principal shall be paid according to the Met Growth column of the schedule if any of the following apply:

a. The school growth scores show the school or schools met expected growth in at least two of the prior three school years.

b. The school growth scores show the school or schools met expected growth in at least one of the prior three school years and exceeded expected growth in one of the prior three school years.

c. The principal supervised a school in at least two of the prior three school years that was not eligible to receive a school growth score.

(3) A principal shall be paid according to the Base column if either of the following apply:

a. The school growth scores show the school or schools did not meet expected growth in at least two of the prior three years.

b. The principal has not supervised any school as a principal for a majority of the school year in at least two of the prior three school years.

SECTION 8.3.(b) Beginning with the 2017-2018 fiscal year, in lieu of providing annual longevity payments to principals paid on the principal salary schedule, the amounts of those longevity payments are included in the annual amounts under the principal salary schedule.

SECTION 8.3.(c) A principal compensated in accordance with this section for the 2017-2018 fiscal year shall receive an amount equal to the greater of the following:

(1) The applicable amount determined pursuant to subsection (a) of this section.

(2) For principals who were eligible for longevity in the 2016-2017 fiscal year, the sum of the following:

a. The salary the principal received in the 2016-2017 fiscal year pursuant to Section 9.2 of S.L. 2016-94.

b. The longevity that the principal would have received as provided for State employees under the North Carolina Human Resources Act for the 2016-2017 fiscal year based on the principal's current years of service.

(3) For principals who were not eligible for longevity in the 2016-2017 school year, the salary the principal received in the 2016-2017 fiscal year pursuant to Section 9.2 of S.L. 2016-94.

SECTION 8.3.(c1) Subsection (c) of this section applies to the 2017-2018 fiscal year only and shall not apply to subsequent fiscal years.

SECTION 8.3.(d) G.S. 115C-105.25(b)(5c) reads as rewritten:

"(5c) Funds allocated for school building administration may be converted for any purpose authorized by the policies of the State Board of Education. For funds related to principal positions, the salary transferred shall be based on the first step of ~~the Principal III Salary Schedule.~~the Base column of the Principal 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.~~"A" Teachers Salary Schedule at the salary level for assistant principals. Certified position allotments shall not be transferred to dollars to hire the same type of position."

PRINCIPAL BONUSES

SECTION 8.4.(a) The Department of Public Instruction shall administer a bonus in the 2017-2018 fiscal year to any principal who supervised a school as a principal for a majority of the previous school year if that school was in the top fifty percent (50%) of school growth in the State during the previous school year, calculated by the State Board pursuant to G.S. 115C-83.15(c), as follows:

2017-2018 Principal Bonus Schedule

Statewide Growth Percentage	Bonus
Top 5%	$5,000
Top 10%	$4,000
Top 15%	$3,000
Top 20%	$2,000
Top 50%	$1,000.

A principal shall receive no more than one bonus pursuant to this subsection. The bonus shall be paid at the highest amount for which the principal qualifies.

SECTION 8.4.(b) In addition to the bonuses provided pursuant to subsection (a) of this section, the Department shall administer a bonus in the 2017-2018 fiscal year to any principal who supervised the same school as a principal for a majority of the 2015-2016 school year and the 2016-2017 school year if the school was designated by the State Board of Education pursuant to G.S. 115C-83.15(f) as having met expected growth or as having not met expected growth in the 2015-2016 school year and was designated by the State Board as having exceeded expected growth in the 2016-2017 school year. The bonus shall be the greater of the following:

(1) Five thousand dollars ($5,000).

(2) Ten thousand dollars ($10,000) for any principal who supervised a school during the 2015-2016 school year with a school performance grade of D or F, as calculated by the State Board pursuant to G.S. 115C-83.15(d).

SECTION 8.4.(c) No principal shall receive more than two bonuses pursuant to this section. The bonus or bonuses awarded to a principal pursuant to this section shall be in addition to any regular wage or other bonus the principal receives or is scheduled to receive.

SECTION 8.4.(d) Notwithstanding G.S. 135-1(7a), the bonuses awarded in accordance with this section are not compensation under Article 1 of Chapter 135 of the General Statutes, the Teachers' and State Employees' Retirement System.

SECTION 8.4.(e) The bonuses awarded in accordance with this section do not apply to principals no longer employed as a principal due to resignation, dismissal, reduction in force, death, or retirement or whose last workday is prior to July 1, 2017.

SECTION 8.4.(f) It is the intent of the General Assembly that funds provided to local school administrative units pursuant to this section will supplement principal compensation and not supplant local funds.

SECTION 8.4.(g) The bonuses related to these funds shall be paid no later than October 31, 2017.

ASSISTANT PRINCIPAL SALARIES

SECTION 8.5.(a) For the 2017-2018 fiscal year, commencing July 1, 2017, assistant principals shall receive a monthly salary based on the salary schedule for teachers who are classified as "A" teachers plus seventeen percent (17%). Years of experience for an assistant principal on the salary schedule shall be measured by the total number of years the assistant principal has spent as a teacher, an assistant principal, or both. For purposes of this section, an administrator with a one-year provisional assistant principal's certificate shall be considered equivalent to an assistant principal.

SECTION 8.5.(b) 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 8.5.(c) Participants in an approved full-time master's in-school administration program shall receive up to a 10-month stipend at the beginning salary of an assistant principal during the internship period of the master's program. The stipend shall not exceed the difference between the beginning salary of an assistant principal plus the cost of tuition, fees, and books and any fellowship funds received by the intern as a full-time student, including awards of the Principal Fellows Program. The Principal Fellows Program or the school of education where the intern participates in a full-time master's in-school administration program shall supply the Department of Public Instruction with certification of eligible full-time interns.

SECTION 8.5.(d) Beginning with the 2017-2018 fiscal year, in lieu of providing annual longevity payments to assistant principals on the assistant principal salary schedule, the amounts of those longevity payments are included in the monthly amounts provided to assistant principals pursuant subsection (a) of this section.

SECTION 8.5.(e) An assistant principal compensated in accordance with this section for the 2017-2018 fiscal year shall receive an amount equal to the greater of the following:

(1) The applicable amount determined pursuant to subsections (a) through (c) of this section.

(2) For assistant principals who were eligible for longevity in the 2016-2017 fiscal year, the sum of the following:

a. The salary the assistant principal received in the 2016-2017 fiscal year pursuant to Section 9.2 of S.L. 2016-94.

b. The longevity that the assistant principal would have received as provided for State employees under the North Carolina Human Resources Act for the 2016-2017 fiscal year based on the assistant principal's current years of service.

(3) For assistant principals who were not eligible for longevity in the 2016-2017 fiscal year, the salary the assistant principal received in the 2016-2017 fiscal year pursuant to Section 9.2 of S.L. 2016-94.

SECTION 8.5.(f) It is the intent of the General Assembly to compensate assistant principals in the 2018-2019 fiscal year based on the salary schedule for teachers who are classified as "A" teachers, plus nineteen percent (19%).

CENTRAL OFFICE SALARIES

SECTION 8.6.(a) The monthly salary ranges that follow apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2017-2018 fiscal year, beginning July 1, 2017:

	2017-2018 Fiscal Year		
	Minimum		Maximum
School Administrator I	$3,525	to	$6,501
School Administrator II	$3,729	to	$6,888
School Administrator III	$3,951	to	$7,300
School Administrator IV	$4,104	to	$7,585
School Administrator V	$4,265	to	$7,887
School Administrator VI	$4,517	to	$8,356
School Administrator VII	$4,693		$8,688

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 8.6.(b) The monthly salary ranges that follow apply to public school superintendents for the 2017-2018 fiscal year, beginning July 1, 2017:

	2017-2018 Fiscal Year		
	Minimum		Maximum
Superintendent I	$4,974	to	$9,209
Superintendent II	$5,273	to	$9,758
Superintendent III	$5,586	to	$10,344
Superintendent IV	$5,921	to	$10,965
Superintendent V	$6,277	to	$11,626.

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 8.6.(c) Longevity pay for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers shall be as provided for State employees under the North Carolina Human Resources Act.

SECTION 8.6.(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 8.6.(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.

NONCERTIFIED PERSONNEL SALARIES

SECTION 8.7.(a) For the 2017-2018 fiscal year, the annual salary for noncertified public school employees whose salaries are supported from State funds shall be increased as follows:

(1) For permanent, full-time employees on a 12-month contract, by one thousand dollars ($1,000).

(2) For the following employees, by a prorated and equitable amount based on the amount specified in subdivision (1) of this subsection:

a. Permanent, full-time employees on a contract for fewer than 12 months.

b. Permanent, part-time employees.

c. Temporary and permanent hourly employees.

SECTION 8.7.(b) Of the funds appropriated in this act for salary increases for noncertified personnel in the 2017-2018 fiscal year, in lieu of the salary increases provided in subsection (a) of this section, the sum of sixteen million eight hundred fifty-five thousand eighty-one dollars ($16,855,081) shall be allocated to local boards of education to increase the average rates of pay for all school bus drivers in the local school administrative unit on an equitable basis.

SCHOOL BOARDS CREATE MINIMUM SALARY SCHEDULE FOR OCCUPATIONAL THERAPISTS AND PHYSICAL THERAPISTS

SECTION 8.8. G.S. 115C-316 is amended by adding a new subsection to read:

"(b1) Every local board of education shall adopt a minimum salary schedule for occupational therapists and physical therapists employed in full-time, permanent positions. The minimum salary schedule shall apply to positions paid from State, local, or federal funds. In accordance with the noncertified salary grades and ranges adopted by the State Board of Education, the minimum salary schedule shall differentiate salaries based on years of experience, but experience-based intervals shall be no greater than five years. Local boards of education may compensate occupational therapists and physical therapists above the minimum salary schedule provided all State-funded salaries are within the noncertified salary grades and ranges adopted by the State Board of Education."

VETERAN TEACHER BONUSES

SECTION 8.8A.(a) By October 31 of each year of the 2017-2019 fiscal biennium, the Department of Public Instruction shall administer a one-time, lump sum bonus in the amount of three hundred eighty-five dollars ($385.00) to any teacher with at least 25 years of teaching experience.

SECTION 8.8A.(b) The bonuses awarded pursuant to this section shall be in addition to any regular wage or other bonus the teacher receives or is scheduled to receive.

SECTION 8.8A.(c) Notwithstanding G.S. 135-1(7a), the bonuses awarded pursuant to this section are not compensation under Article 1 of Chapter 135 of the General Statutes, the Teachers' and State Employees' Retirement System.

REVISE TEACHER BONUS PROGRAMS

SECTION 8.8B.(a) Section 8.8 of S.L. 2016-94 reads as rewritten:

"**ADVANCED PLACEMENT/INTERNATIONAL ~~BACCALAUREATE~~ BACCALAUREATE/CAMBRIDGE AICE TEACHER BONUS ~~PILOT~~ PROGRAM**

"**SECTION 8.8.(a)** The State Board of Education shall establish the Advanced Placement/International ~~Baccalaureate Pilot~~ Baccalaureate/Cambridge AICE Program ~~(pilot program)~~ (program) to reward advanced course teacher performance and to encourage student learning and improvement. To attain this goal, the Department of Public Instruction shall administer bonus pay ~~for two school years~~ to ~~licensed~~ teachers of advanced ~~courses,~~ courses in public schools, including charter schools, beginning with data from the 2015-2016 school year, in accordance with the following:

(1) A bonus in the amount of fifty dollars ($50.00) for each student taught by an advanced course teacher in each advanced course who receives the following score:

a. For Advanced Placement courses, a score of three or higher on the College Board Advanced Placement Examination.

b. For International Baccalaureate Diploma Programme courses, a score of four or higher on the International Baccalaureate course examination.

c. For the Cambridge Advanced International Certificate of Education (AICE) program, a score of "E" or higher on the Cambridge AICE program examinations.

(2) No teacher shall be awarded a bonus pursuant to this subsection that exceeds ~~two thousand dollars ($2,000)~~three thousand five hundred dollars ($3,500) in any given school year. The bonus awarded to a teacher pursuant to this subsection shall be in addition to any regular wage or other bonus the teacher receives or is scheduled to receive.

(3) ~~For advanced course scores collected from the 2015-2016 school year and the 2016-2017 school year, bonuses~~ Bonuses awarded pursuant to this subsection are payable in ~~January 2017 and January 2018, respectively,~~January, based on data from the previous school year, to qualifying ~~advanced course~~ teachers who remain employed teaching ~~advanced courses~~ in the same local school administrative unit at least from the school year the data is collected until the corresponding school year that the bonus is paid.

"**SECTION 8.8.(b)** For the purposes of this section, an "advanced course" shall mean an Advanced Placement ~~or~~ course, an International Baccalaureate Diploma Programme ~~course.~~course, or a Cambridge AICE course.

"**SECTION 8.8.(c)** Notwithstanding G.S. 135-1(7a), the compensation bonuses awarded under this section are not compensation under Article 1 of Chapter 135 of the General Statutes, the Teachers' and State Employees' Retirement System.

"**SECTION 8.8.(d)** The State Board of Education shall ~~report on and study the pilot program as follows:~~

~~(1)~~ ~~The State Board shall report on~~ study the effect of the program on advanced course teacher performance and retention. The State Board shall report the results of its findings and the amount of bonuses awarded to advanced course teachers, including the amount awarded for Advanced Placement ~~courses and~~

courses, the amount awarded for International Baccalaureate Diploma Programme courses, and the amount awarded for Cambridge AICE program courses, to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division by March ~~15, 2017, and again by March 15, 2018.~~15 of each year.

~~(2) The State Board shall study the effect of the pilot program on advanced course teacher performance and retention. The State Board shall report the results of its findings to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Fiscal Research Division, and the Joint Legislative Education Oversight Committee by March 15, 2018.~~

"**SECTION 8.8.(e)** For the 2017-2018 fiscal year only, the Director of the Budget shall also include in the base budget, as defined by G.S. 143C-1-1(d)(1c), the amount of nonrecurring funds needed to support the ~~pilot~~ program.

"~~**SECTION 8.8.(f)** This section expires June 30, 2018.~~"

SECTION 8.8B.(b) Section 8.9 of S.L. 2016-94 reads as rewritten:

"**INDUSTRY CERTIFICATIONS AND CREDENTIALS TEACHER BONUS ~~PILOT~~ PROGRAM**

"**SECTION 8.9.(a)** The State Board of Education, in collaboration with the Department of Commerce, shall establish the Industry Certifications and Credentials Teacher Bonus ~~Pilot~~ Program ~~(pilot program)~~(program) to reward the performance of teachers in public schools, including charter schools, who teach students earning approved industry certifications or credentials consistent with G.S. 115C-156.2 and to encourage student learning and improvement. To attain this goal, the Department of Public Instruction shall administer bonus pay ~~for two school years~~ to teachers in public schools, including charter schools, who teach students earning approved industry certifications or credentials, beginning with data from the 2015-2016 school year, in accordance with the following:

(1) For teachers who provide direct instruction to students, bonuses shall be provided in the following amounts:

a. A bonus in the amount of twenty-five dollars ($25.00) for each student taught by a teacher who provided instruction in a course that led to the attainment of an industry certification or credential with a twenty-five-dollar ($25.00) value ranking as determined under subdivision (3) of this subsection.

b. A bonus in the amount of fifty dollars ($50.00) for each student taught by a teacher who provided instruction in a course that led to the attainment of an industry certification or credential with a fifty-dollar ($50.00) value ranking as determined under subdivision (3) of this subsection.

(2) No teacher shall be awarded a bonus pursuant to this subsection that exceeds ~~two thousand dollars ($2,000)~~three thousand five hundred dollars ($3,500) in any given school year. The bonus awarded to a teacher pursuant to this subsection shall be in addition to any regular wage or other bonus the teacher receives or is scheduled to receive.

(3) The Department of Commerce, in consultation with the State Board, shall assign a value ranking for each industry certification and credential based on academic rigor and employment value in accordance with this subdivision. Fifty percent (50%) of the ranking shall be based on academic rigor and the remaining fifty percent (50%) on employment value. Academic rigor and employment value shall be based on the following elements:

a. Academic rigor shall be based on the number of instructional hours, including work experience or internship hours, required to earn the industry certification or credential, with extra weight given for coursework that also provides community college credit.

b. Employment value shall be based on the entry wage, growth rate in employment for each occupational category, and average annual openings for the primary occupation linked with the industry certification or credential.

(4) ~~For data on courses leading to student attainment of industry certifications and credentials collected from the 2015-2016 school year and the 2016-2017 school year, bonuses~~Bonuses awarded pursuant to this subsection are payable in January ~~2017 and January 2018, respectively,~~ to qualifying teachers who remain employed teaching ~~students earning approved industry certifications or credentials~~ in the same local school administrative unit at least from the school year the data is collected until the corresponding school year that the bonus is paid.

"**SECTION 8.9.(b)** Notwithstanding G.S. 135-1(7a), the compensation bonuses awarded under this section are not compensation under Article 1 of Chapter 135 of the General Statutes, the Teachers' and State Employees' Retirement System.

"**SECTION 8.9.(c)** The State Board of Education shall ~~report on and study the pilot program as follows:~~

~~(1) The State Board shall~~ study the effect of the program on teacher performance and retention. The State Board shall report ~~on~~ the results of its findings, the amount of bonuses awarded to teachers who teach students earning approved industry certifications or ~~credentials~~ credentials, and the type of industry certifications and credentials earned by their students to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division by March ~~15, 2017, and again by March 15, 2018.~~15 of each year.

~~(2) The State Board shall study the effect of the pilot program on teacher performance and retention. The State Board shall report the results of its findings to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Fiscal Research Division, and the Joint Legislative Education Oversight Committee by March 15, 2018.~~

"**SECTION 8.9.(d)** For the 2017-2018 fiscal year only, the Director of the Budget shall also include in the base budget, as defined by G.S. 143C-1-1(d)(1c), the amount of nonrecurring funds needed to support the ~~pilot~~ program.

"~~**SECTION 8.9.(e)** This section expires June 30, 2018.~~"

SECTION 8.8B.(c) Section 9.7 of S.L. 2016-94 reads as rewritten:

"**THIRD GRADE ~~READING~~ READ TO ACHIEVE TEACHER ~~PERFORMANCE PILOT~~BONUS PROGRAM**

"**SECTION 9.7.(a)** The State Board of Education shall establish the Third Grade ~~Reading~~ Read to Achieve Teacher ~~Performance Pilot~~Bonus Program (program) to reward teacher performance and encourage student learning and improvement. To attain this goal, the Department of Public Instruction shall administer bonus pay to ~~licensed third grade~~ teachers who have an Education Value-Added Assessment System (EVAAS) student growth index score for third grade reading from the previous school year, beginning with the data from the 2015-2016 school year, as follows:

(1) Of the funds appropriated for ~~this~~ the program, five million dollars ($5,000,000) shall be allocated for bonuses to ~~licensed third grade~~ teachers who are in the top twenty-five percent (25%) of teachers in the State according to the EVAAS student growth index score for third grade reading from the previous year. These funds shall be allocated equally among qualifying teachers.

(2) Of the funds appropriated for ~~this~~ the program, five million dollars ($5,000,000) shall be allocated to pay bonuses to ~~licensed third grade~~ teachers who are in the top twenty-five percent (25%) of teachers in their respective local school administrative units according to the EVAAS student growth index score for third grade reading from the previous year. These funds shall be split proportionally based on average daily membership for each local school administrative unit and then distributed equally among qualifying teachers in each local school administrative unit, subject to the following conditions:

a. Teachers employed in charter schools and regional schools are not eligible to receive a bonus under this subdivision.

b. Any teacher working in a local school administrative unit that employs three or fewer third grade teachers shall receive a bonus under this subdivision if that teacher has an EVAAS student growth index score for third grade reading from the previous school year that exceeds expected growth.

(3) For EVAAS student growth index score data collected during the 2015-2016 school year and the 2016-2017 school year, bonuses awarded pursuant to subdivisions (1) and (2) of this subsection are payable in January of 2017 and January of 2018, respectively, to qualifying ~~third grade~~ teachers who remain employed teaching ~~third grade~~ in the same local school administrative unit at least from the school year the data is collected until the corresponding school year that the bonus is paid.

(4) A teacher who is eligible to receive a bonus under both subdivisions (1) and (2) of this subsection shall receive both bonuses. The bonus or bonuses awarded to a teacher pursuant to this subsection shall be in addition to any regular wage or other bonus the teacher receives or is scheduled to receive.

"**SECTION 9.7.(b)** Notwithstanding G.S. 135-1(7a), the compensation bonuses awarded by this section are not compensation under Article 1 of Chapter 135 of the General Statutes, the Teachers' and State Employees' Retirement System.

"**SECTION 9.7.(c)** The State Board of Education shall ~~report on and study the Third Grade Reading Teacher Performance Pilot Program (Program) as follows:~~study the effect of the program on teacher performance and retention. The State Board shall report the results of its findings,

~~(1) The State Board of Education shall report on~~ the distribution of statewide bonuses as among local school administrative ~~units~~ units, and the distribution of bonuses within local school administrative units as among individual schools to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division on March ~~1, 2017, and again on March 1, 2018.~~15 of each year.

~~(2) The State Board of Education shall study the effect of the Program on teacher performance and retention. The State Board of Education shall report the results of its findings to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Fiscal Research Division, and the Joint Legislative Education Oversight Committee no later than March 1, 2018.~~

"**SECTION 9.7.(d)** For the 2017-2018 fiscal year only, the Director of the Budget shall also include in the Base Budget, as defined by G.S. 143C-1-1(d)(1c), the amount of nonrecurring funds needed to support the ~~Program.~~program.

"**SECTION 9.7.(e)** This section expires June 30, 2018."

SECTION 8.8B.(d) This section applies beginning with bonuses awarded in January 2018.

THIRD GRADE READ TO ACHIEVE TEACHER BONUS PROGRAM FOR 2018-2019

SECTION 8.8C.(a) It is the intent of the State to reward teacher performance and encourage student learning and improvement. To attain this goal, the Department of Public Instruction shall administer the Third Grade Read to Achieve

Teacher Bonus Program (program) for the 2018-2019 fiscal year to qualifying teachers who have an Education Value-Added Assessment System (EVAAS) student growth index score for third grade reading from the previous school year, as follows:

(1) For purposes of this section, the following definitions shall apply:

a. Eligible Teacher. – A teacher who meets one or both of the following criteria:

1. Is in the top twenty-five percent (25%) of teachers in the State according to the EVAAS student growth index score for third grade reading from the previous school year.

2. Is in the top twenty-five percent (25%) of teachers in the teacher's respective local school administrative unit according to the EVAAS student growth index score for third grade reading from the previous school year.

b. Qualifying Teacher. – An eligible teacher who remains teaching in the same local school administrative unit at least from the school year the data for the EVAAS student growth index score for third grade reading is collected until the school year a bonus provided under this subsection is paid.

(2) Of the funds appropriated for this program, the sum of five million dollars ($5,000,000) shall be allocated for bonuses to eligible teachers under sub-sub-subdivision (1)a.1. of this subsection. Funds appropriated for this purpose shall be distributed equally among qualifying teachers.

(3) Of the funds appropriated for this program, the sum of five million dollars ($5,000,000) shall be allocated for bonuses to eligible teachers under sub-sub-subdivision (1)a.2. of this subsection. Funds allocated for this bonus shall be divided proportionally based on average daily membership in third grade for each local school administrative unit and then distributed equally among qualifying teachers in each local school administrative unit, subject to the following conditions:

a. Teachers employed in charter schools, regional schools, and University of North Carolina laboratory schools are not eligible to receive a bonus under this subdivision.

b. Any qualifying teacher who taught in a local school administrative unit that employed in the previous school year three or fewer total third grade teachers shall receive a bonus under this subdivision if that teacher has an EVAAS student growth index score for third grade reading from the previous school year of exceeded expected growth.

(4) Bonuses awarded pursuant to subdivisions (2) and (3) of this subsection are payable in January to qualifying teachers based on EVAAS student growth index score data from the previous school year.

(5) A qualifying teacher may receive a bonus under both subdivisions (2) and (3) of this subsection.

(6) The bonus or bonuses awarded to a qualifying teacher pursuant to this section shall be in addition to any regular wage or other bonus the teacher receives or is scheduled to receive.

(7) A bonus awarded pursuant to either subdivision (2) or subdivision (3) of this subsection shall not exceed three thousand five hundred dollars ($3,500) in any given school year. No teacher shall receive more than seven thousand dollars ($7,000) in total bonus compensation for any given school year.

SECTION 8.8C.(b) Notwithstanding G.S. 135-1(7a), the bonuses awarded by this section are not compensation under Article 1 of Chapter 135 of the General Statutes, the Teachers' and State Employees' Retirement System.

SECTION 8.8C.(c) The State Board of Education shall study the effect of the bonuses awarded pursuant to this section and Section 9.7 of S.L. 2016-94, as amended by Section 8.8B of this act, on teacher performance and retention. The State Board shall report the results of its findings, the distribution of statewide bonuses as among local school administrative units, and the distribution of bonuses within local school administrative units as among individual schools to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division by March 15, 2019.

FOURTH AND FIFTH GRADE READING TEACHER BONUS PROGRAM FOR 2017-2018

SECTION 8.8D.(a) It is the intent of the State to reward teacher performance and encourage student learning and improvement. To attain this goal, the Department of Public Instruction shall administer the Fourth and Fifth Grade Reading Teacher Bonus Program (program) for the 2017-2018 fiscal year to qualifying teachers who have an Education Value-Added Assessment System (EVAAS) student growth index score for fourth or fifth grade reading from the previous school year, as follows:

(1) For purposes of this section, the following definitions shall apply:

a. Eligible Teacher. – A teacher who meets one or both of the following criteria:

1. Is in the top twenty-five percent (25%) of teachers in the State according to the EVAAS student growth index score for fourth or fifth grade reading from the previous school year.

2. Is in the top twenty-five percent (25%) of teachers in the teacher's respective local school administrative unit according to the EVAAS student growth index score for fourth or fifth grade reading from the previous school year.

b. Qualifying Teacher. – An eligible teacher who remains teaching in the same local school administrative unit at least from the school year the data for the EVAAS student growth index score is collected until the school year a bonus provided under this subsection is paid.

(2) Of the funds appropriated for this program, the Department of Public Instruction shall allocate the sum of four million seven hundred thirty-five thousand four hundred sixteen dollars ($4,735,416) to award a bonus in the amount of two thousand one hundred fifty dollars ($2,150) to each qualifying teacher who is an eligible teacher under sub-sub-subdivision (1)a.1. of this subsection.

(3) Of the funds appropriated for this program, the Department of Public Instruction shall allocate the sum of four million seven hundred thirty-five thousand four hundred sixteen dollars ($4,735,416) to award a bonus in the amount of two thousand one hundred fifty dollars ($2,150) to each qualifying teacher who is an eligible teacher under sub-sub-subdivision (1)a.2. of this subsection, subject to the following conditions:

a. Teachers employed in charter schools, regional schools, and University of North Carolina laboratory schools are not eligible to receive a bonus under this subdivision.

b. Any qualifying teacher who taught in a local school administrative unit that employed in the previous school year three or fewer total teachers in the qualifying teacher's grade level shall receive a bonus under this subdivision if that teacher has an EVAAS student growth index score for fourth or fifth grade reading from the previous school year of exceeded expected growth.

(4) Bonuses awarded pursuant to subdivisions (2) and (3) of this subsection are payable in January to qualifying teachers based on EVAAS student growth index score data from the previous school year.

(5) A qualifying teacher may receive a bonus under both subdivisions (2) and (3) of this subsection.

(6) The bonus or bonuses awarded to a qualifying teacher pursuant to this section shall be in addition to any regular wage or other bonus the teacher receives or is scheduled to receive.

(7) No teacher shall receive more than two bonuses pursuant to this section.

SECTION 8.8D.(b) Notwithstanding G.S. 135-1(7a), the bonuses awarded by this section are not compensation under Article 1 of Chapter 135 of the General Statutes, the Teachers' and State Employees' Retirement System.

SECTION 8.8D.(c) The State Board of Education shall study the effect of the bonuses awarded pursuant to this section on teacher performance and retention. The State Board shall report the results of its findings, the distribution of statewide bonuses as among local school administrative units, and the distribution of bonuses within local school administrative units as among individual schools to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division by March 15, 2018.

FOURTH TO EIGHTH GRADE MATH TEACHER BONUS PROGRAM FOR 2017-2018

SECTION 8.8E.(a) It is the intent of the State to reward teacher performance and encourage student learning and improvement. To attain this goal, the Department of Public Instruction shall administer the Fourth to Eighth Grade Mathematics Teacher Bonus Program (program) for the 2017-2018 fiscal year to qualifying teachers who have an Education Value-Added Assessment System (EVAAS) student growth index score for fourth, fifth, sixth, seventh, or eighth grade mathematics from the previous school year, as follows:

(1) For purposes of this section, the following definitions shall apply:

a. Eligible Teacher. – A teacher who meets one or both of the following criteria:

1. Is in the top twenty-five percent (25%) of teachers in the State according to the EVAAS student growth index score for fourth, fifth, sixth, seventh, or eighth grade mathematics from the previous school year.

2. Is in the top twenty-five percent (25%) of teachers in the teacher's respective local school administrative unit according to the EVAAS student growth index score for fourth, fifth, sixth, seventh, or eighth grade mathematics from the previous school year.

b. Qualifying Teacher. – An eligible teacher who remains teaching in the same local school administrative unit at least from the school year the data for the EVAAS student growth index score is collected until the school year a bonus provided under this subsection is paid.

(2) Of the funds appropriated for this program, the Department of Public Instruction shall allocate the sum of seven million nine hundred thirty-five thousand one hundred seventy-eight dollars ($7,935,178) to award a bonus in the amount of two thousand one hundred fifty dollars ($2,150) to each qualifying teacher who is an eligible teacher under sub-sub-subdivision (1)a.1. of this subsection.

(3) Of the funds appropriated for this program, the Department of Public Instruction shall allocate the sum of seven million nine hundred thirty-five thousand one hundred seventy-eight dollars ($7,935,178) to award a bonus in the amount of two thousand one hundred fifty dollars ($2,150) to each qualifying teacher who is an eligible teacher under sub-sub-subdivision (1)a.2. of this subsection, subject to the following conditions:

a. Teachers employed in charter schools, regional schools, and University of North Carolina laboratory schools are not eligible to receive a bonus under this subdivision.

b. Any qualifying teacher who taught in a local school administrative unit that employed in the previous school year three or fewer total teachers in the qualifying teacher's grade level shall receive a bonus under this subdivision if that teacher has an EVAAS student growth index score for fourth, fifth, sixth, seventh, or eighth grade mathematics from the previous school year of exceeded expected growth.

(4) Bonuses awarded pursuant to subdivisions (2) and (3) of this subsection are payable in January to qualifying teachers based on EVAAS student growth index score data from the previous school year.

(5) A qualifying teacher may receive a bonus under both subdivisions (2) and (3) of this subsection.

(6) The bonus or bonuses awarded to a qualifying teacher pursuant to this section shall be in addition to any regular wage or other bonus the teacher receives or is scheduled to receive.

(7) No teacher shall receive more than two bonuses pursuant to this section.

SECTION 8.8E.(b) Notwithstanding G.S. 135-1(7a), the bonuses awarded by this section are not compensation under Article 1 of Chapter 135 of the General Statutes, the Teachers' and State Employees' Retirement System.

SECTION 8.8E.(c) The State Board of Education shall study the effect of the bonuses awarded pursuant to this section on teacher performance and retention. The State Board shall report the results of its findings, the distribution of statewide bonuses as among local school administrative units, and the distribution of bonuses within local school administrative units as among individual schools to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division by March 15, 2018.

SCHOOL BUS DRIVER COMPENSATION AND EMPLOYMENT STUDY

SECTION 8.10. The Department of Public Instruction shall study the compensation of school bus drivers in the public schools and the challenges of recruiting and retaining school bus drivers. No later than April 1, 2018, the Department shall submit to the Joint Legislative Education Oversight Committee and the Fiscal Research Division a report containing, at a minimum, all of the following information:

(1) A detailed explanation of how school bus drivers are compensated and employed in the public schools, including, at a minimum, the following information:

a. Average driving experience of school bus drivers.

b. Rates of retention of school bus drivers in local school administrative units.

c. Average term of service for school bus drivers.

d. Average hours worked by school bus drivers, per week.

e. Career paths for school bus drivers within a local school administrative unit.

f. Percentage of school bus drivers who work in the local school administrative unit in another capacity.

(2) The challenges of recruiting and retaining school bus drivers faced by local school administrative units.

(3) Recommendations, including input from local school administrators, on improving the process of recruiting and retaining school bus drivers.

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PART IX. COMMUNITY COLLEGES

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CLARIFY YOUTH APPRENTICESHIP PROGRAM

SECTION 9.8.(a) G.S. 115D-5(b)(16) reads as rewritten:

"(16) Courses provided to students who are participating in ~~an~~ a pre-apprenticeship or apprenticeship program that meets all of the following criteria:

a. Meets one of the following:

1. Is a registered apprenticeship program recognized by the United States Department of Labor.

2. Is a pre-apprenticeship program recognized and approved by the State agency administering the statewide apprenticeship program.

b. Has a documented plan of study with courses relating to a job-specific occupational or technical skill.

c. Requires the participants in the program to be North Carolina high school students when entering the program."

SECTION 9.8.(b) This section applies retroactively beginning with the 2016 fall academic term.

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HS STUDENTS/NON-CREDIT COURSES LEADING TO INDUSTRY CREDENTIALS

SECTION 9.10.(a) G.S. 115D-5(b)(12) reads as rewritten:

"(12) All ~~curriculum~~ courses taken by high school students at community colleges, in accordance with G.S. 115D-20(4) and this section."

SECTION 9.10.(b) G.S. 115D-20(4)a.2. reads as rewritten:

"2. Academic transition pathways for qualified junior and senior high school students that lead to a career technical education ~~certificate or diploma~~ certificate, diploma, or State or industry-recognized credential and academic transition pathways for qualified freshmen and sophomore high school students that lead to a career technical education certificate or diploma in (i) industrial and engineering technologies, (ii) agriculture and natural resources, or (iii) transportation technology."

SECTION 9.10.(c) G.S. 115D-5 is amended by adding a new subsection to read:

"(b2) Beginning February 1, 2018, and annually thereafter, the State Board of Community Colleges shall report to the Joint Legislative Education Oversight Committee on the number and type of waivers granted pursuant to subsection (b) of this section."

SECTION 9.10.(d) This section applies beginning with the 2017-2018 academic year.

ESTABLISH BOARD OF POSTSECONDARY EDUCATION CREDENTIALS

SECTION 9.11.(a) Chapter 115D of the General Statutes is amended by adding a new Article to read:

"Article 9.

"Postsecondary Education Credentials.

"**§ 115D-100. Board of Postsecondary Education Credentials.**

(a) Findings. – The General Assembly finds that, in today's economy, opportunities for North Carolina's citizens to reach the middle class with a high school level education or even less have significantly decreased. To be competitive and obtain better paying jobs that lead to a better quality of life in the State's current and future economy, most citizens will need some type of postsecondary education that qualifies them for employment. The General Assembly recognizes the importance of bringing together potential employers and providers of postsecondary education for the purpose of identifying workforce skills and training needs and developing courses of study and vocational training that meet the standards expected and required by industries, corporations, and other employers. The General Assembly further finds that the establishment of a permanent board with members who are knowledgeable about postsecondary education and workforce training needs will enable providers of postsecondary education to prepare and design training programs that are responsive to workforce needs and that will assist the State's citizens in securing the credentials required to obtain better paying jobs.

The General Assembly recognizes that postsecondary education opportunities should be easily available and accessible to all citizens. Therefore, the General Assembly encourages State educators, when designing the method and manner for delivering postsecondary educational programs, to take into account the varying income levels and economic circumstances of the State's citizens, transportation needs, and other unique challenges in both urban and rural areas of the State that affect accessibility to postsecondary education opportunities and to make genuine efforts to accommodate and address those factors.

The General Assembly also finds that most employers consider postsecondary credentials such as academic degrees and high-quality, nondegree certifications awarded by institutions of higher education when determining whether a person has the expertise and skills required for a job. However, high-quality credentials may also be obtained through other alternative models such as open-source online programs, on-the-job training, and military experience. Therefore, it is essential that a system also be devised in which the meaning and validity of postsecondary credentials is clear and understandable to educators, employers, and students and that accurately conveys the knowledge, skills, and training obtained by an individual however and wherever it is obtained.

(b) Board Established. – There is established the Board of Postsecondary Education Credentials to be located administratively under the Community Colleges System Office; however, the Board shall exercise all its prescribed powers independently of the Community Colleges System Office. The Board shall consist of the following members:

(1) The Lieutenant Governor.
(2) The President of The University of North Carolina or the President's designee.
(3) The President of the North Carolina Community College System or the President's designee.
(4) The Superintendent of Public Instruction or the Superintendent's designee.
(5) The Commissioner of Labor or the Commissioner's designee.
(6) The Secretary of Commerce or the Secretary's designee.
(7) The President of North Carolina Independent Colleges and Universities or the President's designee.
(8) The Executive Director of the Office of Proprietary Schools or the Executive Director's designee.
(9) The President of the North Carolina Hospital Association or the President's designee.
(10) The Executive Director of the North Carolina State Education Assistance Authority or the Executive Director's designee.

(c) Purpose. – The purpose of the Board is to review and make recommendations for the development of a statewide system of postsecondary education that links industry, corporations, and businesses in this State with educators, government, and community organizations to identify workforce skills and training needs and to ensure that appropriate courses of study and vocational training are available to North Carolinians, including those preparing to pursue postsecondary education, entering the workforce, or seeking to update skills and training for purposes of retaining employment and advancing in the workforce.

In addition, the Board shall identify alternative ways in which people gain valuable workforce skills and experience, such as on-the-job training, that are not represented by four-year or two-year degrees and the types of credentials used to signify competence of a certain level upon successful completion of the alternative training experience. The Board shall review and make recommendations on those criteria to be used to determine the value of a nondegree credential, the competencies that it represents, and how it should be compared and valued with regard to other types of postsecondary credentials.

(d) Duties. – The duties of the Board include the following:

(1) Recommend State goals and a framework for achieving those goals among educators to ensure that, by 2025, the appropriate percentage, as recommended by the Board, of the State's adult citizens will hold degrees, certificates, or other high-quality postsecondary credentials. The Board shall recommend a division of responsibility among The University of North Carolina System, the State's Community College System, and any other providers of postsecondary education credentials for achieving the goals recommended by the Board. The Board shall periodically review the progress made toward the recommended goals, evaluate the strategies developed and used toward attaining those goals, and may make additional recommendations.

(2) Identify the credentials that are acceptable for meeting those recommended goals and recommend how the responsibility for providing the courses of study and training for those credentials should be assigned among the State's educators and others. In making these recommendations, consideration shall be given to the fact that the individuals who need these courses of study and training are of various economic levels and are also located in rural areas and metropolitan areas across the State. These factors shall be taken into account with regard to the location and delivery of the courses of study and training programs.

(3) Address the issue of postsecondary credentials, the various levels of skill and knowledge those credentials signify, and how to accurately convey that information to employers, students and trainees, and providers of postsecondary education. The Board shall consider procedures and methods for recognizing skills and training needed in the workforce that an individual may have obtained through military experience, through on-the-job and employee-proved training, or through other life experiences.

(e) Chair. – The Lieutenant Governor shall serve as Chair of the Board.

(f) Hire Staff and Consultants. – To the extent of funds available, the Chair of the Board may, with the approval of the Board, hire staff or consultants to assist the Board in carrying out its purpose and duties.

(g) Travel and Subsistence. – Members, staff, and consultants of the Board shall receive travel and subsistence expenses in accordance with the provisions of G.S. 138-5 or G.S. 138-6, as appropriate.

(h) Meeting Space. – With the approval of the Legislative Services Commission, space in the Legislative Building and the Legislative Office Building may be made available to the Board.

(i) Frequency of Meetings and Quorum. – The Board shall meet upon the call of the Chair and shall have its first meeting no later than October 1, 2017. The Board shall meet at least quarterly. A majority of the members of the Board shall constitute a quorum for the transaction of business.

(j) Reporting Requirement. – The Board shall submit to the Joint Legislative Education Oversight Committee an initial report no later than March 1, 2018, regarding the goals recommended by the Board pursuant to this section and the progress made toward meeting those goals. The Board shall submit a progress report to the Committee no later than March 1, 2019, regarding the progress made toward meeting the goals. The reports shall include any recommendations by the Board regarding legislation needed to implement this section."

SECTION 9.11.(b) Subsection (a) of this section expires June 30, 2019.

SECTION 9.11.(c) Of the funds appropriated by this act for the 2017-2019 fiscal biennium to the Community Colleges System Office, the sum of three hundred fifty thousand dollars ($350,000) for the 2017-2018 fiscal year and the sum of three hundred fifty thousand dollars ($350,000) for the 2018-2019 fiscal year shall be allocated to the Board of Postsecondary Education Credentials to be used to cover operating expenses of the Board, including expenses for staff and consultants to assist the Board in carrying out its purpose and duties.

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PART X. UNIVERSITIES

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UNC MANAGEMENT FLEXIBILITY REDUCTION

SECTION 10.8.(a) The management flexibility reduction for The University of North Carolina shall not be allocated by the Board of Governors to the constituent institutions and affiliated entities using an across-the-board method but shall be done in a manner that recognizes the importance of the academic missions and differences among The University of North Carolina entities.

Before taking reductions in instructional budgets, the Board of Governors and the campuses of the constituent institutions shall consider all of the following:

(1) Reducing State funding for centers and institutes, speaker series, and other nonacademic activities.
(2) Faculty workload adjustments.
(3) Restructuring of research activities.
(4) Implementing cost-saving span of control measures.
(5) Reducing the number of senior and middle management positions.
(6) Eliminating low-performing, redundant, or low-enrollment programs.
(7) Using alternative funding sources.
(8) Protecting direct classroom services.

The Board of Governors and the campuses of the constituent institutions also shall review the institutional trust funds and the special funds held by or on behalf of The University of North Carolina and its constituent institutions to determine whether there are monies available in those funds that can be used to assist with operating costs. In addition, the campuses of the constituent institutions also shall require their faculty to have a teaching workload equal to the national average in their Carnegie classification.

SECTION 10.8.(b) In allocating the management flexibility reduction, no reduction in State funds shall be allocated in either fiscal year of the 2017-2019 fiscal biennium to any of the following:

(1) UNC Need-Based Financial Aid.
(2) North Carolina Need-Based Scholarship.
(3) Special Education Scholarships for Children with Disabilities.
(4) North Carolina Personal Education Savings Accounts Program.
(5) Opportunity Scholarship Program.
(6) North Carolina State University Agricultural Research.
(7) North Carolina School of Science and Mathematics.
(8) University of North Carolina School of the Arts.
(9) Any entity receiving less than one and one-half percent (1.5%) of the annual net General Fund appropriation for The University of North Carolina.
(10) Any budget expansion item funded by an appropriation to the Board of Governors of The University of North Carolina by this act for the 2017-2019 fiscal biennium.

SECTION 10.8.(c) The University of North Carolina shall report on the implementation of the management flexibility reduction in this section for the 2017-2018 fiscal year to the Office of State Budget and Management and the Fiscal Research Division no later than April 1, 2018, and shall report on the implementation of the management flexibility reduction in this section for the 2018-2019 fiscal year to the Office of State Budget and Management and the Fiscal Research Division no later than April 1, 2019.

The reports shall identify both of the following by campus:

(1) The total number of positions eliminated by type (faculty/nonfaculty).
(2) The low-performing, redundant, and low-enrollment programs that were eliminated.

FUTURE TEACHERS OF NORTH CAROLINA

SECTION 10.9.(a) Article 1 of Chapter 116 of the General Statutes is amended by adding a new Part to read:

"Part 4B. Future Teachers of North Carolina.

"**§ 116-41.30. Establishment of Future Teachers of North Carolina.**

(a) Purpose. – Future Teachers of North Carolina, hereinafter FTNC, is established to encourage high-achieving high school students with strong academic, interpersonal, and leadership skills to consider teaching as a career.

(b) Program. – FTNC shall be a program providing professional development and curricula for courses that provide a challenging introduction to teaching as a profession for high school students through courses offered by participating high schools in conjunction with college partners. FTNC courses shall include both content on pedagogy and the profession of teaching and field experiences for high school students.

"**§ 116-41.31. Oversight of Future Teachers of North Carolina.**

(a) FTNC General Administration. – FTNC shall be administratively located in The University of North Carolina General Administration. The President shall select three constituent institutions with highly successful schools of education located in the western, central, and eastern regions of the State, respectively, to collaborate on development of curricula for FTNC and to provide professional development to high school teachers who will teach FTNC courses. The three constituent institutions shall also work with other constituent institutions and other institutions of higher education in the State to seek input in the development of curricula and professional development for FTNC and to create a network of college faculty to provide support to high schools offering FTNC courses.

(b) FTNC Site Applications. – All high schools in the State are encouraged to offer FTNC courses to students. A high school shall apply to offer FTNC courses with the geographically appropriate constituent institution overseeing FTNC and shall ensure that all teachers teaching FTNC courses have received appropriate training. High schools shall also seek a partner institution of higher education to provide support from college faculty. High schools participating in the FTNC program shall report demographic, survey, and other available outcome data to The University of North Carolina General Administration as necessary for completion of the FTNC annual report required by G.S. 116-41.32.

(c) FTNC Institution of Higher Education Partners. – Constituent institutions that partner with high schools shall offer dual credit for high school students who successfully complete the FTNC course with a grade of "B" or higher. Other institutions of higher education that partner with high schools are encouraged to offer dual credit for high school students who successfully complete the FTNC course with a grade of "B" or higher. Constituent institutions shall provide annually to The University of North Carolina General Administration data on students who have received dual credit for completion of an FTNC course and students who applied for admission into an educator preparation program at a constituent institution who indicated in the application for admission that the student completed an FTNC course. Other institutions of higher education are encouraged to provide annually to The University of North Carolina General Administration data on students who have received dual credit for completion of an FTNC course and students who applied for admission into an educator preparation program at the institution of higher education who indicated in the application for admission that the student completed an FTNC course.

"**§ 116-41.32. Future Teachers of North Carolina reporting.**

The University of North Carolina General Administration shall report annually, beginning October 15, 2019, on the following:

(1) Total number and names of local school administrative units with high schools participating in FTNC, total number and names of high schools offering FTNC, partner institution of higher education for each high school, and number of sections of the course being offered at each high school.

(2) Demographic information of students enrolled in FTNC courses.

(3) Percentage of students who, after completing the course, reported the following:

a. The student plans to choose teaching as a profession.

b. The course was very or somewhat effective in helping the student formulate a positive perception of the education profession.

c. The coursework and activities increased the student's knowledge of the teaching profession and other careers in education.

d. The field experience helped the student understand the many factors that contribute to effective teaching.

(4) Percentage of students who completed an FTNC course who received dual credit for successful completion of the course, by institution.

(5) Percentage of students who completed an FTNC course who applied for admission into an educator preparation program, by institution.

(6) Number of teachers provided professional development for FTNC."

SECTION 10.9.(b) The University of North Carolina General Administration shall report by October 15, 2018, on the number of site applications received, number of teachers provided professional development, number of local school administrative units and high schools offering FTNC, and number of sections of the course being offered for the 2018-2019 school year.

SECTION 10.9.(c) This section becomes effective July 1, 2017. The selected constituent institutions shall make available site applications and provide professional development to high school teachers no later than February 1, 2018.

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UNC COMPUTER COMPATIBILITY

SECTION 10.20. The President of The University of North Carolina shall work with the Department of Information Technology to ensure, to the extent practicable, that The University of North Carolina computer systems are able to share data among computer systems at the constituent institutions, community colleges, Department of Public Instruction, and other State agencies.

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SUBPART X-A. UNIVERSITY/STATE EDUCATION ASSISTANCE AUTHORITY

SOFTWARE FOR ADMINISTRATION OF THE OPPORTUNITY SCHOLARSHIP AND SPECIAL EDUCATION SCHOLARSHIP PROGRAMS

SECTION 10A.1.(a) Notwithstanding G.S. 115C-562.8, of the funds appropriated by this act for the Opportunity Scholarship Grant Fund Reserve for the 2017-2018 fiscal year, the State Education Assistance Authority

(Authority) may use up to one million eight hundred thousand dollars ($1,800,000) in nonrecurring funds for the 2017-2018 fiscal year to purchase software necessary to support the administration of the Opportunity Scholarship Grant Program and the Special Education Scholarships for Children with Disabilities Program. These funds may also be used for customization of the software, development of interfaces with other internal systems, conversion of data, and training for staff on the new software system.

SECTION 10A.1.(a1) The Authority shall work with the Department of Information Technology to ensure, to the extent practicable, that the Authority's computer systems are able to share data among computer systems at The University of North Carolina and constituent institutions, the North Carolina Community College System, the Department of Public Instruction, and other State agencies.

SECTION 10A.1.(b) The Authority shall report by October 1 of each year, beginning October 1, 2017, and ending October 1, 2018, to the Fiscal Research Division and the Joint Legislative Education Oversight Committee on the acquisition of software for administration of the program and all aspects of implementation of the software system and the expenditure of funds.

ELIMINATE SCHOOL SITE SCHOLARSHIP ENDORSEMENT REQUIREMENT

SECTION 10A.2.(a) G.S. 115C-112.6(b1)(1)a. reads as rewritten:

"a. Scholarship endorsement for tuition. – The Authority shall remit, at least two times each school year, scholarship funds awarded to eligible students for endorsement by at least one of the student's parents or guardians for tuition to attend a nonpublic school that meets the requirements of Part 1 or Part 2 of Article 39 of this Chapter as identified by the Department of Administration, Division of Nonpublic Education, is deemed eligible by the Division, and is subject to the requirements of G.S. 115C-562.5. The parent or guardian shall restrictively endorse the scholarship funds awarded to the eligible student ~~to the school~~ for deposit into the account of the ~~school.~~nonpublic school to the credit of the eligible student. The parent or guardian shall not designate any entity or individual associated with the school as the parent's attorney-in-fact to endorse the scholarship ~~funds but shall endorse the scholarship funds in person at the site of the school.~~funds. A parent's or guardian's failure to comply with this section shall result in forfeiture of the scholarship funds. A scholarship forfeited for failure to comply with this section shall be returned to the Authority to be awarded to another student."

SECTION 10A.2.(b) G.S. 115C-562.6 reads as rewritten:

"**§ 115C-562.6. Scholarship endorsement.**

The Authority shall remit, at least two times each school year, scholarship grant funds awarded to eligible students to the nonpublic school for endorsement by at least one of the student's parents or guardians. The parent or guardian shall restrictively endorse the scholarship grant funds awarded to the eligible student ~~to the nonpublic school~~ for deposit into the account of the nonpublic ~~school.~~school to the credit of the eligible student. The parent or guardian shall not designate any entity or individual associated with the nonpublic school as the parent's attorney-in-fact to endorse the scholarship grant ~~funds but shall endorse the scholarship grant funds in person at the site of the nonpublic school.~~funds. A parent's or guardian's failure to comply with this section shall result in forfeit of the scholarship grant. A scholarship grant forfeited for failure to comply with this section shall be returned to the Authority to be awarded to another student."

SECTION 10A.2.(c) This section applies to scholarship funds awarded beginning with the 2017-2018 school year.

NORTH CAROLINA TEACHING FELLOWS

SECTION 10A.3.(a) Article 23 of Chapter 116 of the General Statutes is amended by adding a new Part to read:

"Part 3. North Carolina Teaching Fellows Program.

"**§ 116-209.60. Definitions.**

The following definitions apply in this Part:

(1) Commission. – The North Carolina Teaching Fellows Commission.
(2) Director. – The Director of the North Carolina Teaching Fellows Program.
(3) Forgivable loan. – A forgivable loan made under the Program.
(4) Program. – The North Carolina Teaching Fellows Program.
(5) Public school. – An elementary or secondary school located in North Carolina that is governed by a local board of education, charter school board of directors, regional school board of directors, or University of North Carolina laboratory school board of trustees.
(6) STEM. – Science, technology, engineering, and mathematics.
(7) Trust Fund. – The North Carolina Teaching Fellows Program Trust Fund.

"**§ 116-209.61. North Carolina Teaching Fellows Commission established; membership.**

(a) Commission Established. – There is established the North Carolina Teaching Fellows Commission. The Commission shall determine program and forgivable loan recipient selection criteria and selection procedures and shall select

the recipients to receive forgivable loans under the North Carolina Teaching Fellows Program in accordance with the requirements of this Part. The Director of the North Carolina Teaching Fellows Program shall appoint staff to the Commission.

(b) Membership. – The Commission shall consist of 14 members who shall be appointed or serve as ex officio members as follows:

(1) The Board of Governors of The University of North Carolina shall appoint seven members to the Commission as follows:

a. Two deans of approved schools of education at postsecondary constituent institutions of The University of North Carolina.

b. The president of a North Carolina community college.

c. A teacher who graduated from an approved educator preparation program located in the State within three years of appointment to serve on the Commission.

d. A principal who graduated from an approved educator preparation program located in the State.

e. A local board of education member.

f. A member to represent business and industry in North Carolina.

(2) The General Assembly shall appoint two members to the Commission in accordance with G.S. 120-121 as follows:

a. One dean of an approved school of education at a private postsecondary institution operating in the State upon the recommendation of the Speaker of the House of Representatives.

b. One dean of an approved school of education at a private postsecondary institution operating in the State upon the recommendation of the President Pro Tempore of the Senate.

(3) The following five members shall serve as ex officio members to the Commission:

a. The North Carolina Teacher of the Year.

b. The North Carolina Principal of the Year.

c. The North Carolina Superintendent of the Year.

d. The chair of the Board of the State Education Assistance Authority.

e. The Director of the North Carolina Teaching Fellows Program.

(c) Terms of Office. – Appointments to the Commission shall be for two-year terms, expiring on July 1 in odd-numbered years. Members serving ex officio, other than the chair of the Board of the State Education Assistance Authority and Director of the North Carolina Teaching Fellows Program, who have otherwise completed their term of service, shall continue to serve on the Commission until July 1, annually.

(d) Vacancies. – Except as otherwise provided, if a vacancy occurs in the membership of the Commission, the appointing authority shall appoint another person meeting the same qualifications to serve for the balance of the unexpired term.

(e) Chair; Meetings. – The Director of the Program shall call the first meeting of the Commission. The Commission members shall elect a chair and a vice-chair from the membership of the Commission to serve one-year terms. The Commission shall meet regularly at times and places deemed necessary by the chair or, in the absence of the chair, by the vice-chair.

(f) Conflict of Interest. – A member of the Commission shall abstain from voting on the selection of an educator preparation program of a postsecondary constituent institution of The University of North Carolina or a private postsecondary institution operating in the State under G.S. 116-209.62(f) if the member is an officer or employee of the institution or sits as a member of the institution's board of directors.

(g) Expenses. – Commission members shall receive per diem, subsistence, and travel allowances in accordance with G.S. 138-5 or G.S. 138-6, as appropriate.

"**§ 116-209.62. North Carolina Teaching Fellows Program established; administration.**

(a) Program. – There is established the North Carolina Teaching Fellows Program to be administered by the General Administration of The University of North Carolina, in conjunction with the Authority and the Commission. The purpose of the Program is to recruit, prepare, and support students residing in or attending institutions of higher education located in North Carolina for preparation as highly effective STEM or special education teachers in the State's public schools. The Program shall be used to provide a forgivable loan to individuals interested in preparing to teach in the public schools of the State in STEM or special education licensure areas.

(b) Trust Fund. – There is established the North Carolina Teaching Fellows Program Trust Fund to be administered by the Authority, in conjunction with the General Administration of The University of North Carolina. All funds (i) appropriated to, or otherwise received by, the Program for forgivable loans, (ii) received as repayment of forgivable loans, and (iii) earned as interest on these funds shall be placed in the Trust Fund. The purpose of the Trust Fund is to provide financial assistance to qualified students for completion of teacher education and licensure programs to fill STEM or special education licensure areas in the public schools of the State.

(c) Uses of Monies in the Trust Fund. – The monies in the Trust Fund may be used only for (i) forgivable loans granted under the Program, (ii) administrative costs associated with the Program, including recruitment and recovery of funds advanced under the Program, and (iii) extracurricular enhancement activities of the Program. The Authority may use up to six hundred thousand dollars ($600,000) from the Trust Fund in each fiscal year for its administrative costs, the salary of the

Director of the Program, expenses of the Commission, and to provide the Commission with funds to use for the extracurricular enhancement activities of the Program.

(d) Director of the Program. – The Board of Governors of The University of North Carolina shall appoint a Director of the Program. The Director shall appoint staff to the Commission and shall be responsible for recruitment and coordination of the Program, including proactive, aggressive, and strategic recruitment of potential recipients. Recruitment activities shall include (i) targeting regions of the State with the highest teacher attrition rates and teacher recruitment challenges, (ii) actively engaging with educators, business leaders, experts in human resources, elected officials, and other community leaders throughout the State, and (iii) attracting candidates in STEM and special education licensure areas to the Program. The Director shall report to the President of The University of North Carolina. The Authority shall provide office space and clerical support staff, as necessary, to the Director for the Program.

(e) Student Selection Criteria for Forgivable Loans. – The Commission shall adopt stringent standards for awarding forgivable loans based on multiple measures to ensure that only the strongest applicants receive them, including the following:

(1) Grade point averages.
(2) Performance on relevant career and college readiness assessments.
(3) Experience, accomplishments, and other criteria demonstrating qualities positively correlated with highly effective teachers, including excellent verbal and communication skills.
(4) Demonstrated commitment to serve in a STEM or special education licensure area in North Carolina public schools.

(f) Program Selection Criteria. – The Authority shall administer the Program in cooperation with five institutions of higher education with approved educator preparation programs selected by the Commission that represent both postsecondary constituent institutions of The University of North Carolina and private postsecondary institutions operating in the State. The Commission shall adopt stringent standards for selection of the most effective educator preparation programs, including the following:

(1) Demonstrates high rates of educator effectiveness on value-added models and teacher evaluations, including using performance-based, subject-specific assessment and support systems, such as edTPA or other metrics of evaluating candidate effectiveness that have predictive validity.
(2) Demonstrates measurable impact of prior graduates on student learning, including impact of graduates teaching in STEM or special education licensure areas.
(3) Demonstrates high rates of graduates passing exams required for teacher licensure.
(4) Provides curricular and co-curricular enhancements in leadership, facilitates learning for diverse learners, and promotes community engagement, classroom management, and reflection and assessment.
(5) Requires at least a minor concentration of study in the subject area that the candidate may teach.
(6) Provides early and frequent internship or practical experiences, including the opportunity for participants to perform practicums in diverse school environments.
(7) Is approved by the State Board of Education as an educator preparation program.

(g) Awards of Forgivable Loans. – The Program shall provide forgivable loans to selected students to be used at the five selected institutions for completion of a program leading to teacher licensure as follows:

(1) North Carolina high school seniors. – Forgivable loans of up to eight thousand two hundred fifty dollars ($8,250) per year for up to four years.
(2) Students applying for transfer to a selected educator preparation program at an institution of higher education. – Forgivable loans of up to eight thousand two hundred fifty dollars ($8,250) per year for up to three years.
(3) Individuals currently holding a bachelor's degree seeking preparation for teacher licensure. – Forgivable loans of up to eight thousand two hundred fifty dollars ($8,250) per year for up to two years.
(4) Students matriculating at institutions of higher education who are changing to enrollment in a selected educator preparation program. – Forgivable loans of up to eight thousand two hundred fifty dollars ($8,250) per year for up to two years.

Forgivable loans may be used for tuition, fees, and the cost of books.

(h) Identification of STEM and Special Education Licensure Areas. – The Superintendent of Public Instruction shall identify and provide to the Commission and the Authority a list of STEM and special education licensure areas and shall annually provide to the Commission the number of available positions in each licensure area relative to the number of current and anticipated teachers in that area of licensure. The Commission shall make the list of STEM and special education licensure areas readily available to applicants.

(i) Administration of Forgivable Loan Awards. – Upon the naming of recipients of the forgivable loans by the Commission, the Commission shall transfer to the Authority its decisions. The Authority, in coordination with the Director, shall perform all of the administrative functions necessary to implement this Part, which functions shall include rule making, disseminating information, acting as a liaison with participating institutions of higher education, implementing forgivable loan agreements, loan monitoring, loan cancelling through service and collection, determining the acceptability of service repayment agreements, enforcing the agreements, and all other functions necessary for the execution, payment, and enforcement of promissory notes required under this Part.

(j) Annual Report. – The Commission, in coordination with the Authority, shall report no later than January 1, 2019, and annually thereafter, to the Joint Legislative Education Oversight Committee regarding the following:

(1) Forgivable loans awarded from the Trust Fund, including the following:

a. Demographic information regarding recipients.

b. Number of recipients by institution of higher education and program.

c. Information on number of recipients by anticipated STEM and special education licensure area.

(2) Placement and repayment rates, including the following:

a. Number of graduates who have been employed in a STEM or special education licensure area within two years of program completion.

b. Number of graduates who accepted employment at a low-performing school identified under G.S. 115C-105.37 as part of their years of service.

c. Number of graduates who have elected to do loan repayment and their years of service, if any, prior to beginning loan repayment.

d. Number of graduates employed in a STEM or special education licensure area who have received an overall rating of at least accomplished and have met expected growth on applicable standards of the teacher evaluation instrument.

e. Aggregate information on student growth and proficiency in courses taught by graduates who have fulfilled service requirements through employment in a STEM or special education licensure area.

(3) Selected school outcomes by program, including the following:

a. Turnover rate for forgivable loan graduates.

b. Aggregate information on student growth and proficiency as provided annually by the State Board of Education to the Commission in courses taught by forgivable loan graduates.

c. Fulfillment rate of forgivable loan graduates.

"**§ 116-209.63. Terms of forgivable loans; receipt and disbursement of funds.**

(a) Notes. – All forgivable loans shall be evidenced by notes made payable to the Authority that bear interest at a rate not to exceed ten percent (10%) per year as set by the Authority and beginning on the first day of September after the completion of the program leading to teacher licensure or 90 days after termination of the forgivable loan, whichever is earlier. The forgivable loan may be terminated upon the recipient's withdrawal from school or by the recipient's failure to meet the standards set by the Commission.

(b) Forgiveness. – The Authority shall forgive the loan and any interest accrued on the loan if, within 10 years after graduation from a program leading to teacher licensure, exclusive of any authorized deferment for extenuating circumstances, the recipient serves as a teacher in a STEM or special education licensure area, as provided in G.S. 116-209.62(h), for every year the teacher was awarded the forgivable loan, in any combination of the following:

(1) One year at a North Carolina public school identified as low-performing under G.S. 115C-105.37 at the time the teacher accepts employment at the school or, if the teacher changes employment during this period, at another school identified as low-performing.

(2) Two years at a North Carolina public school not identified as low-performing under G.S. 115C-105.37.

The Authority shall also forgive the loan if it finds that it is impossible for the recipient to work for up to eight years, within 10 years after completion of the program leading to teacher licensure, at a North Carolina public school because of the death or permanent disability of the recipient. If the recipient repays the forgivable loan by cash payments, all indebtedness shall be repaid within 10 years after completion of the program leading to teacher licensure supported by the forgivable loan. If the recipient completes a program leading to teacher licensure, payment of principal and interest shall begin no later than the first day of September after the completion of the program. Should a recipient present extenuating circumstances, the Authority may extend the period to repay the loan in cash to no more than a total of 12 years."

SECTION 10A.3.(b) Initial appointments to the North Carolina Teaching Fellows Commission shall be made no later than August 15, 2017. Initial appointments to the Commission shall expire July 1, 2019.

SECTION 10A.3.(c) The Commission shall establish initial selection criteria for recipients and select the five institutions of higher education with approved educator preparation programs at which a recipient may use a forgivable loan no later than November 15, 2017, and shall make available applications to prospective students no later than December 31, 2017.

SECTION 10A.3.(d) The Superintendent of Public Instruction shall establish the list of STEM and special education licensure areas and provide that information to the Commission and Authority no later than October 1, 2017.

SECTION 10A.3.(e) The Commission shall select recipients and award the initial forgivable loans for the 2018-2019 academic year no later than April 1, 2018.

SECTION 10A.3.(f) G.S. 115C-472.16(b) reads as rewritten:

"(b) The General Assembly shall only appropriate moneys in the North Carolina Education Endowment Fund for ~~teacher compensation that is related directly to improving student academic outcomes in the public schools of the State.~~the forgivable loans for the North Carolina Teaching Fellows Program and administration of the North Carolina Teaching Fellows Program under Part 3 of Article 23 of Chapter 116 of the General Statutes."

SECTION 10A.3.(g) G.S. 116-209.27(a) reads as rewritten:

"(a) The Authority shall, as of March 1, 2015, administer all outstanding scholarship loans previously awarded by the former North Carolina Teaching Fellows Commission and subject to repayment under the former Teaching Fellows ~~Program.~~Program administered pursuant to Part 2 of Article 24C of Chapter 115C of the General Statutes."

SECTION 10A.3.(h) For the 2017-2018 fiscal year, the Department of Public Instruction shall transfer the sum of four hundred fifty thousand dollars ($450,000) in nonrecurring funds from the North Carolina Education Endowment Fund to the Board of Governors of The University of North Carolina to allocate to the Authority to be used to implement the North Carolina Teaching Fellows Program (Program), as established by this section. Beginning with the 2018-2019 fiscal year, the Department of Public Instruction shall transfer the sum of six million dollars ($6,000,000) in recurring funds from the North Carolina Education Endowment Fund to the Board of Governors to be allocated to the Authority for the operation of the Program and for the award of forgivable loans to selected recipients beginning with the 2018-2019 academic year.

SECTION 10A.3.(i) Notwithstanding G.S. 115C-472.16, of the funds available in the North Carolina Education Endowment Fund (Fund) for the 2017-2018 fiscal year, the sum of six million one hundred forty-five thousand four hundred sixty-one dollars ($6,145,461) in nonrecurring funds for the 2017-2018 fiscal year shall be transferred from the Fund to the Department of Public Instruction to be used to support the supervision and administration of the public school system.

PERSONAL EDUCATION SAVINGS ACCOUNT PROGRAM

SECTION 10A.4.(a) Chapter 115C of the General Statutes is amended by adding a new Article to read:

"Article 39A.

"Personal Education Savings Accounts.

"**§ 115C-567.5. North Carolina Personal Education Savings Account Program established.**

There is established the North Carolina Personal Education Savings Accounts Program to provide the option for a parent to better meet the individual educational needs of the parent's child.

"**§ 115C-567.6. Definitions.**

The following definitions apply in this Article:

(1) Authority. – Defined in G.S. 116-201.

(2) Division. – The Division of Nonpublic Education, Department of Administration.

(3) Eligible student. – A student residing in North Carolina who has not yet received a high school diploma and who meets all of the following requirements:

a. Meets one of the following criteria:

1. Was a full-time student (i) assigned to and attending a public school pursuant to G.S. 115C-366 or (ii) enrolled in a Department of Defense Elementary and Secondary School, established pursuant to 10 U.S.C. § 2164 and located in North Carolina, during the previous semester.

2. Received scholarship funds for a personal education savings account during the previous school year.

3. Is entering either kindergarten or the first grade.

4. Is a child in foster care, as defined in G.S. 131D-10.2(9).

5. Is a child whose adoption decree was entered not more than one year prior to submission of the scholarship application.

6. Is a child whose parent or legal guardian is on full-time duty status in the active uniformed service of the United States, including members of the National Guard and Reserve on active duty orders pursuant to 10 U.S.C. § 12301, et seq., and 10 U.S.C. § 12401, et seq.

7. Is a child enrolled part-time in a public school and part-time in a nonpublic school that exclusively provides services for children with disabilities.

b. Has not enrolled in a postsecondary institution in a matriculated status eligible for enrollment for 12 hours of academic credit.

c. Is a child with a disability, as defined in G.S. 115C-106.3(1), including, for example, intellectual disability, hearing impairment, speech or language impairment, visual impairment, serious emotional disturbance, orthopedic impairment, autism, traumatic brain injury, other health impairments, specific learning disability, or disability as may be required to be included under IDEA.

(4) Nonpublic school. – A school that meets the requirements of Part 1, 2, or 3 of Article 39 of this Chapter, as identified by the Division.

(5) Parent. – A parent, legal guardian, or legal custodian of an eligible student.

(6) Personal Education Savings Account or PESA. – A bank account provided to a parent for the purpose of holding scholarship funds awarded by the Authority for an eligible student to be used for qualifying education expenses under G.S. 115C-567.10.

"**§ 115C-567.7. Award of scholarship funds for a personal education savings account.**

(a) Application Selection. – The Authority shall make available no later than February 1 of each year applications to eligible students for the award of scholarship funds for a personal education savings account to be used for qualifying education expenses to attend a nonpublic school. Information about scholarship funds and the application process shall be made available on the Authority's Web site. Applications shall be submitted electronically. Beginning March 15, the Authority shall begin selecting recipients for scholarships according to the following criteria:

(1) First priority shall be given to eligible students who were awarded scholarship funds for a PESA during the previous school year if those students have applied by March 1.

(2) After funds have been awarded to prior recipients as provided in subdivision (1) of this subsection, any remaining funds shall be used to award scholarship funds for a PESA for all other eligible students.

(b) Scholarship Awards. – Scholarships shall be awarded each year for an amount not to exceed nine thousand dollars ($9,000) per eligible student for the fiscal year in which the application is received. Recipients shall receive scholarship funds deposited in equal amounts to a PESA in each quarter of the fiscal year. The first deposit of funds to a PESA shall be subject to the execution of the parental agreement required by G.S. 115C-567.10. The parent shall then receive a debit card with the prepaid funds loaded on the card at the beginning of the fiscal year. After the initial disbursement of funds, each subsequent, quarterly disbursement of funds shall be subject to the submission by the parent of an expense report. The expense report shall be submitted electronically and shall include documentation that the student received an education, as described in G.S. 115C-567.10(a)(1), for no less than 35 days of the applicable quarter. The debit card shall be renewed upon the receipt of the parental agreement under G.S. 115C-567.10 for recipients awarded scholarship funds in subsequent fiscal years. Any funds remaining on the card at the end of the fiscal year may be carried forward to the next fiscal year if the card is renewed. Any funds remaining on the card if an agreement is not renewed shall be returned to the Authority.

(c) Eligibility for Other Scholarships. – Eligibility for the other scholarship programs is provided for as follows:

(1) An eligible student under this Article may receive, in addition to a PESA, a scholarship under Part 2A of Article 39 of this Chapter.

(2) An eligible student under this Article may receive, in addition to a PESA and a scholarship under Part 2A of Article 39 of this Chapter, a scholarship under the special education scholarship program for children with disabilities pursuant to Part 1H of Article 9 of this Chapter, only if that student has one or more of the following disabilities:

a. Autism.

b. Developmental disability.

c. Hearing impairment.

d. Moderate or severe intellectual disability.

e. Multiple, permanent orthopedic impairments.

f. Visual impairment.

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

"**§ 115C-567.8. Student continuing eligibility.**

After the initial disbursement of funds, the Authority shall ensure that the student's continuing eligibility is assessed at least every three years by one of the following:

(1) The local education agency. – The local education agency shall assess if the student continues to be a child with a disability and verify the outcome on a form to be provided to the Authority.

(2) A licensed psychologist with a school psychology focus or a psychiatrist. –The psychologist or psychiatrist shall assess, after review of appropriate medical and educational records, if the education and related services received by the student in the nonpublic school setting have improved the child's educational performance and if the student would continue to benefit from placement in the nonpublic school setting. The psychologist or psychiatrist shall verify the outcome of the assessment on a form to be provided to the Authority.

"**§ 115C-567.9. Verification of eligibility.**

(a) Verification of Information. – The Authority may seek verification of information on any application for the award of scholarship funds for a personal education savings account. The Authority shall select and verify six percent (6%) of applications annually, including those with apparent errors on the face of the application. The Authority shall establish rules for the verification process. If a household fails to cooperate with verification efforts, the Authority shall revoke the award of scholarship funds for a PESA for the eligible student.

(b) Access to Information. – Household members of applicants for the award of scholarship funds for a PESA shall authorize the Authority to access information needed for verification efforts held by other State agencies, including the Department of Health and Human Services and the Department of Public Instruction.

"**§ 115C-567.10. Parental agreement; use of funds.**

(a) Parental Agreement. – The Authority shall provide the parent of a scholarship recipient with a written agreement, applicable for each year the eligible student receives scholarship funds under this Article, to be signed and returned to the Authority prior to receiving the scholarship funds. The agreement shall be submitted to the Authority electronically. The parent shall not designate any entity or individual to execute the agreement on the parent's behalf. A parent or eligible student's failure to comply with this section shall result in a forfeit of scholarship funds and those funds may be awarded to another eligible student. The parent shall agree to the following conditions in order to receive scholarship funds under this Article:

(1) Use at least a portion of the scholarship funds to provide an education to the eligible student in, at a minimum, the subjects of English language arts, mathematics, social studies, and science.

(2) Unless the student is an eligible student pursuant to G.S. 115C-567.6(3)a.7., release a local education agency in which the student is eligible to attend under G.S. 115C-366 of all obligations to educate the eligible student while the eligible student is receiving scholarship funds under this Article. A parent of a student, other than a student who is an eligible student pursuant to G.S. 115C-567.6(3)a.7., who decides to enroll the student into the local education agency or other North Carolina public school during the term of the agreement shall notify the Authority to request a release from the agreement and shall return any unexpended funds to the Authority.

(3) Use the scholarship funds deposited into a personal education savings account only for the following qualifying education expenses of the eligible student:

a. Tuition and fees for a nonpublic school that meets the requirements of Part 1 or Part 2 of Article 39 of this Chapter and is subject to the requirements of G.S. 115C-562.5.

b. Textbooks required by a nonpublic school.

c. Tutoring and teaching services provided by an individual or facility accredited by a State, regional, or national accrediting organization.

d. Curricula.

e. Fees for nationally standardized norm-referenced achievement tests, advanced placement tests, or nationally recognized college entrance exams.

f. Fees charged to the account holder for the management of the PESA.

g. Fees for services provided by a public school, including individual classes and extracurricular programs.

h. Premiums charged to the account holder for any insurance or surety bonds required by the Authority.

i. Educational therapies from a licensed or accredited practitioner or provider.

j. Educational technology defined by the Authority as approved for use pursuant to Part 1H of Article 9 of this Chapter.

k. Student transportation, pursuant to a contract with an entity that regularly provides student transportation, to and from (i) a provider of education or related services or (ii) an education activity.

(4) Not use scholarship funds for any of the following purposes:

a. Computer hardware or other technological devices not defined by the Authority as educational technology approved for use pursuant to Part 1H of Article 9 of this Chapter.

b. Consumable educational supplies, including paper, pen, or markers.

c. Tuition and fees at an institution of higher education, as defined in G.S. 116-143.1, or a private postsecondary institution.

d. Tuition and fees for a nonpublic school that meets the requirements of Part 3 of Article 39 of this Chapter.

(b) No Refunds to an Account Holder. – A nonpublic school or a provider of services purchased under subsection (a) of this section shall not refund or rebate any scholarship funds to a parent or eligible student in any manner. The parent shall notify the Authority if such a refund is required.

(c) Funds in the PESA Not Taxable. – Funds received pursuant to this Article do not constitute taxable income to the parent, legal guardian, or legal custodian of an eligible student or to the eligible student.

"**§ 115C-567.11. Identification of nonpublic schools and distribution of personal education savings account information.**

(a) List of Nonpublic Schools. – The Division shall provide annually by February 1 to the Authority a list of all nonpublic schools operating in the State that meet the requirements of Part 1, 2, or 3 of Article 39 of this Chapter.

(b) Information on PESAs to the Division. – The Authority shall provide information about personal education savings accounts to the Division. The Division shall provide information about PESAs to all qualified nonpublic schools on an annual basis.

"**§ 115C-567.12. Administration.**

(a) Rules and Regulations. – The Authority shall establish rules and regulations for the administration of the program, including the following:

(1) The administration and awarding of scholarship funds, including a lottery process for the selection of recipients within the criteria established by G.S. 115C-567.7(a), if necessary.
(2) Requiring a surety bond or insurance to be held by account holders.
(3) Use of the funds and the reporting of expenditures.
(4) Monitoring and control of spending scholarship funds deposited in a personal education savings account.

(b) Contract for Management of PESAs. – The Authority may contract with a private financial management firm or institution to manage PESAs in accordance with this Article.

(c) Annual Audits. – The Authority shall conduct annual audits of PESAs and may audit a random sampling of PESAs as needed to ensure compliance with the requirements of this Article. The Authority may contract with an independent entity to conduct these audits. The Authority may remove a parent or eligible student from the program and close a personal education savings account for failure to comply with the terms of the parental agreement, for failure to comply with applicable laws, or because the student is no longer an eligible student.

(d) Administration Costs. – Of the funds allocated to the Authority to award scholarship funds under this Article, the Authority may retain up to two hundred fifty thousand dollars ($250,000) each fiscal year for administrative costs associated with the program, including contracting with non-State entities for administration of certain components of the program.

"**§ 115C-567.13. Reporting requirements.**

The Authority shall report annually, no later than September 1, to the Joint Legislative Education Oversight Committee on the following:

(1) Total number, grade level, race, ethnicity, and sex of eligible students receiving scholarship funds.
(2) Total amount of scholarship funding awarded.
(3) Number of students previously enrolled in public schools in the prior semester by the previously attended local education agency.
(4) Nonpublic schools in which scholarship recipients are enrolled, including numbers of scholarship recipients at each nonpublic school.
(5) The number of substantiated cases of fraud by recipients and the number of parents or students removed from the program for noncompliance with the provisions of this Article."

SECTION 10A.4.(b) G.S. 105-153.5(b) is amended by adding a new subdivision to read:

"(12) The amount deposited during the taxable year to a personal education savings account under Article 39A of Chapter 115C of the General Statutes."

SECTION 10A.4.(c) G.S. 115C-555 reads as rewritten:

"**§ 115C-555. Qualification of nonpublic schools.**

The provisions of this Part shall apply to any nonpublic school which has one or more of the following characteristics:

…

(4) It receives no funding from the State of North Carolina. For the purposes of this Article, scholarship ~~grant~~ funds awarded pursuant to Part 2A of this ~~Article~~ Article, Article 39A of this Chapter, or Part 1H of Article 9 of this Chapter to eligible students attending a nonpublic school shall not be considered funding from the State of North Carolina."

SECTION 10A.4.(d) Of the funds appropriated by this act for the Personal Education Savings Account Program in the 2017-2018 fiscal year, the sum of four hundred fifty thousand dollars ($450,000) shall be allocated to the Authority to establish the Program. Of the funds appropriated by this act for the Personal Education Savings Account Program in the 2018-2019 fiscal year, the sum of three million dollars ($3,000,000) shall be allocated to the Authority to award scholarship funds to eligible students in accordance with this section.

SECTION 10A.4.(e) Subsection (a) of this section applies beginning with the 2018-2019 school year. Subsection (b) of this section is effective for taxable years beginning on or after January 1, 2018.

AMEND TRANSFORMING PRINCIPAL PREPARATION

SECTION 10A.5.(a) Section 11.9 of S.L. 2015-241, as amended by Section 11A.4 of S.L. 2016-94 and by Section 4.3 of S.L. 2016-123, reads as rewritten:

"**SECTION 11.9.(a)** Purpose. – The purpose of this section is to establish a competitive grant program for eligible entities to elevate educators in North Carolina public schools by transforming the preparation of principals across the State. The State Education Assistance Authority (Authority) shall administer this grant program through a cooperative agreement with a private, nonprofit corporation to provide funds for the preparation and support of highly effective future school principals in North Carolina.

"**SECTION 11.9.(b)** Definitions. – For the purposes of this section, the following definitions apply:

(1) Eligible entity. – A for-profit or nonprofit organization or an institution of higher education that has an evidence-based plan for preparing school leaders who implement school leadership practices linked to increased student achievement.
(2) High-need school. – A public school, including a charter school, that meets one or more of the following criteria:

a. Is a school identified under Part A of Title I of the Elementary and Secondary Education Act of 1965, as amended.
b. Is a persistently low-achieving school, as identified by the Department of Public Instruction for purposes of federal accountability.
c. A middle school containing any of grades five through eight that feeds into a high school with less than a sixty percent (60%) four-year cohort graduation rate.
d. A high school with less than a sixty percent (60%) four-year cohort graduation rate.

(3) Principal. – The highest administrative official in a public school building with primary responsibility for the instructional leadership, talent management, and organizational development of the school.

(4) School leader. – An individual employed in a school leadership role, including principal or assistant principal roles.

(5) Student achievement. – At the whole school level, after three years of leading a school, consistent and methodologically sound measures of:
a. Student academic achievement.
b. Aggregated individual student academic growth.
c. Additional outcomes, such as high school graduation rates, the percentage of students taking advanced-level coursework, or the percentage of students who obtain a career-related credential through a national business certification exam.

"**SECTION 11.9.(c)** Program Authorized. – The Authority shall award grants to eligible entities to support programs that develop well-prepared school leaders in accordance with the provisions of this section. The Authority shall establish any necessary rules to administer the grant program.

"**SECTION 11.9.(d)** Contract With a Nonprofit for Administration. – By November 1, 2015, the Authority shall issue a Request for Proposal (RFP) for a private, nonprofit corporation to contract with the Authority for the administration of the program, including making recommendations to the Authority for the award of grants, as authorized by this section. The nonprofit corporation applying to the Authority shall meet at least the following requirements:

(1) The nonprofit corporation shall be a nonprofit corporation organized pursuant to Chapter 55A of the General Statutes and shall comply at all times with the provisions of section 501(c)(3) of the Internal Revenue Code.

(2) The nonprofit corporation shall employ sufficient staff who have demonstrated a capacity for the development and implementation of grant selection criteria and a selection process to promote innovative school leader education programs, including:
a. Focus on school leader talent.
b. Expertise supporting judgments about grant renewal based on achievement of or substantial school leader progress toward measurable results in student achievement.
c. Expectation of creating positive experiences working with the educational community in North Carolina to establish the foundation for successfully administering the programs set forth in this section.

(3) The nonprofit corporation shall comply with the limitations on lobbying set forth in section 501(c)(3) of the Internal Revenue Code.

(4) No State officer or employee may serve on the board of the nonprofit corporation.

(5) The board of the nonprofit corporation shall meet at least quarterly at the call of its chair.

"**SECTION 11.9.(e)** Report on Selection of the Nonprofit. – The Authority shall select a nonprofit corporation to enter into a contract with to administer the program by January 15, 2016. The Authority shall report to the Joint Legislative Education Oversight Committee on the selection of the nonprofit corporation by February 1, 2016.

"**SECTION 11.9.(f)** Application Requirements. – The nonprofit corporation entering into a contract with the Authority under subsection (d) of this section shall issue an initial RFP with guidelines and criteria for the grants no later than March 1, 2016. The nonprofit corporation may issue additional RFPs for grant applicants as it may deem necessary, subject to available funds. An eligible entity that seeks a grant under the program authorized by this section shall submit to the nonprofit corporation an application at such time, in such manner, and accompanied by such information as the nonprofit may require. An applicant shall include at least the following information in its response to the RFP for consideration by the nonprofit corporation:

(1) The extent to which the entity has a demonstrated record of preparing school leaders who implement school leadership practices linked to increased student achievement.

(2) The extent to which the entity has a rigorous school leader preparation program design that includes the following research-based programmatic elements:
a. A proactive, aggressive, and intentional recruitment strategy.
b. Rigorous selection criteria based on competencies that are predictive of success as a school leader, including, but not limited to, evidence of significant positive effect on student learning growth in the classroom, at the school-level, and the local school administrative unit-level,

professional recommendations, evidence of problem solving and critical thinking skills, achievement drive, and leadership of adults.

c. Alignment to high-quality national standards for school leadership development.

d. Rigorous coursework that effectively links theory with practice through the use of field experiences and problem-based learning.

e. Full-time paid clinical practice of at least five months and 750 hours in duration in an authentic setting, including substantial leadership responsibilities where candidates are evaluated on leadership skills and effect on student outcomes as part of program completion.

f. Multiple opportunities for school leader candidates to be observed and coached by program faculty and staff.

g. Clear expectations for and firm commitment from school leaders who will oversee the clinical practice of candidates.

h. Evaluation of school leader candidates during and at the end of the clinical practice based on the North Carolina School Executive Evaluation Rubric.

i. A process for continuous review and program improvement based on feedback from partnering local school administrative units and data from program completers, including student achievement data.

j. Established relationship and feedback loop with affiliated local school administrative units that is used to inform and improve programmatic elements from year to year based on units' needs.

"**SECTION 11.9.(g)** Priorities. – The nonprofit corporation shall evaluate the applicants for grants by giving priority to an eligible entity with a record of preparing principals demonstrating the following:

(1) Improvement in student achievement.

(2) Placement as school leaders in eligible schools.

(3) A proposed focus on and, if applicable, a record of serving high-need schools, high-need local school administrative units, or both.

(4) A detailed plan and commitment to share lessons learned and to improve the capacity of other entities in reaching similar outcomes.

(5) A service area that is underserved by existing principal preparation programs or demonstrates unmet need despite current available programs.

"**SECTION 11.9.(h)** Uses of Funds. – By June 1, 2016, the nonprofit corporation shall recommend to the Authority the recipients of grants under the program. Each eligible entity that receives grant funds shall use those funds to carry out the following:

(1) Recruiting and selecting, based on a rigorous evaluation of the competencies of the school leader candidates participating in the program and their potential and desire to become effective school leaders.

(2) Operating a school leader preparation program that provides the opportunity for all candidates to earn a master's degree, if they do not already have one, and subsequent principal licensure by doing the following:

a. Utilizing a research-based content and curriculum, including embedded participant assessments to evaluate candidates before program completion, that prepares candidates to do the following:

1. Provide instructional leadership, such as developing teachers' instructional practices and analyzing classroom and school-wide data to support teachers.

2. Manage talent, such as developing a high-performing team.

3. Build a positive school culture, such as building a strong school culture focused on high academic achievement for all students, including gifted and talented students, students with disabilities, and English learners, maintaining active engagement with family and community members, and ensuring student safety.

4. Develop organizational practices, such as aligning staff, budget, and time to the instructional priorities of the school.

b. Providing opportunities for sustained and high-quality job-embedded practice in an authentic setting where candidates are responsible for moving the practice and performance of a subset of teachers or for school-wide performance as principal-in-planning or interim school leaders.

(3) Collecting data on program implementation and program completer outcomes for continuous program improvement.

"**SECTION 11.9.(i)** Duration of Grants. – The nonprofit corporation shall also recommend to the Authority the duration and renewal of grants to eligible entities according to the following:

(1) The duration of grants shall be as follows:

a. Grants shall be no more than five years in duration.

b. The nonprofit corporation may recommend renewal of a grant based on performance, including allowing the grantee to scale up or replicate the successful program as provided in subdivision (2) of this subsection.

c. The nonprofit shall develop a process with the Authority for early retrieval of grant funds from grant recipients due to noncompliance with grant terms, including participation in third-party evaluation activities. Grantees shall develop and enforce requirements for program graduates to serve a minimum of four years as school-based administrators in North Carolina. Requirements are subject to the approval of the nonprofit corporation.

(2) In evaluating performance for purposes of grant renewal and making recommendations to the Authority, the nonprofit corporation shall consider:

a. For all grantees, the primary consideration in renewing grants shall be the extent to which program participants improved student achievement in eligible schools.

b. Other criteria from data received in the annual report in subsection (j) of this section may include the following:

1. The percentage of program completers who are placed as school leaders in this State within three years of receiving a grant.

2. The percentage of program completers who are rated proficient or above on the North Carolina School Executive Evaluation Rubric.

"**SECTION 11.9.(j)** Reporting Requirements for Grant Recipients. – Recipients of grants under the program shall participate in all evaluation activities required by the nonprofit and submit an annual report to the nonprofit corporation contracting with the ~~Authority, beginning in the third year of the grant,~~ Authority with any information requested by the nonprofit corporation. The recipients shall comply with additional report requests made by the nonprofit. Whenever practicable and within a reasonable amount of time, grant recipients shall also make all materials developed as part of the program and with grant funds publically available to contribute to the broader sharing of promising practices. Materials shall not include personally identifiable information regarding individuals involved or associated with the program, including, without limitation, applicants, participants, supervisors, evaluators, faculty, and staff, without their prior written consent. The nonprofit corporation shall work with recipients and local school administrative units, as needed, to enable the collection, analysis, and evaluation of at least the following relevant data, within necessary privacy constraints:

(1) Student achievement in eligible schools.

(2) The percentage of program completers who are placed as school leaders within three years in the State.

(3) The percentage of program completers rated proficient or above on school leader evaluation and support systems.

(4) The percentage of program completers that are school leaders who have remained employed in a North Carolina public school for two or more years of initial placement.

"**SECTION 11.9.(k)** Licensure Process. – By June 1, 2016, the State Board of Education shall adopt a policy to provide for a specific licensure process applicable to school administrators who provide documentation to the State Board of successful completion of a principal preparation program selected for a competitive grant in accordance with this section. Licensure shall include a requirement for candidates to hold a master's degree.

"**SECTION 11.9.(*l*)** Evaluation and Revision of Program. – The nonprofit corporation administering the program shall provide the State Board of Education and the Joint Legislative Education Oversight Committee with the data collected in accordance with subsection (j) of this section on an annual basis. By September 15, 2021, the State Board of Education, in coordination with the Board of Governors of The University of North Carolina, shall revise, as necessary, the licensure requirements for school administrators and the standards for approval of school administrator preparation programs after evaluating the data collected from the grant recipients, including the criteria used in selecting grant recipients and the outcomes of program completers. The State Board of Education shall report to the Joint Legislative Education Oversight Committee by November 15, 2021, on any changes made to the licensure requirements for school administrators and the standards for approval of school administrator preparation programs in accordance with this section.

"**SECTION 11.9.(m)** Of the funds appropriated by this act for the 2015-2016 fiscal year for this program, the sum of five hundred thousand dollars ($500,000) shall be allocated to the State Education Assistance Authority to contract with the nonprofit corporation selected pursuant to subsection (e) of this section to establish and administer the program. The State Education Assistance Authority may use up to five percent (5%) of those funds for administrative costs.

Beginning with the 2017-2018 fiscal year, of the funds appropriated each fiscal year for this program, the sum of three hundred eighty thousand dollars ($380,000) shall be allocated to the State Education Assistance Authority to contract with the nonprofit corporation selected pursuant to subsection (e) of this section to establish and administer the program. The State Education Assistance Authority may use up to fifteen thousand dollars ($15,000) of those funds for administrative costs.

"**SECTION 11.9.(n)** ~~Beginning with the 2016-2017 fiscal year and for each subsequent fiscal year, of~~ Of the funds appropriated for this ~~program,~~ program for the 2016-2017 fiscal year, the sum of three hundred thousand dollars ($300,000) shall be allocated to the State Education Assistance Authority to contract with the nonprofit corporation selected pursuant to subsection (e) of this section to establish and administer the program, and the State Education Assistance Authority may use up to five percent (5%) of those funds for administrative costs. The remaining funds appropriated for ~~a~~ the fiscal year for this program shall be allocated to the State Education Assistance Authority to award grants to selected recipients.

"**SECTION 11.9.(o)** Beginning with the 2017-2018 fiscal year, of the funds appropriated for this program, the sum of four million two hundred thousand dollars ($4,200,000) shall be allocated each fiscal year to the State Education Assistance

Authority to award grants to selected recipients. Any unexpended funds appropriated to award grants to selected recipients remaining at the end of each fiscal year shall revert to the General Fund, except that the Authority may carry forward for the next fiscal year an amount necessary to ensure that any outstanding allowable reimbursements can be disbursed in accordance with this section. Any funds carried forward for the purpose of meeting anticipated reimbursement obligations from the prior fiscal year that are not expended shall not be used to award additional grants to grant recipients but shall revert to the General Fund at the end of the fiscal year."

SECTION 10A.5.(b) Pursuant to Chapter 143E of the General Statutes, the Program Evaluation Division is directed to conduct a measurability assessment of the Principal Preparation Program authorized in Section 11.9 of S.L. 2015-241, as amended by Section 11A.4 of S.L. 2016-94, Section 4.3 of S.L. 2016-123, and subsection (a) of this section. The State Education Assistance Authority (hereinafter "Authority") and the nonprofit corporation establishing and administering the Program shall provide the Division and the independent assessor selected by the Division any requested written information, electronic data, and access to facilities and personnel appropriate for the measurability assessment. The assessment shall, in addition to requirements provided for in Chapter 143E of the General Statutes, include recommendations for periodic reporting of program output and program outcomes compared to objectives established for the Program. The recommendations shall include changes to the contract with the nonprofit by the Authority to effect periodic reporting. Periodic reports shall be made by the nonprofit to the Authority, State Board of Education, and Joint Legislative Education Oversight Committee. The Division shall furnish the measurability assessment to the Joint Legislative Program Evaluation Oversight and Joint Legislative Education Oversight Committee. The Division shall use funds available to it for such purposes to pay for the measurability assessment.

STUDY OF OPPORTUNITY SCHOLARSHIP STUDENT EVALUATIONS

SECTION 10A.6.(a) The State Education Assistance Authority (Authority), in collaboration with the Department of Administration, Division of Nonpublic Education, and the Department of Public Instruction, shall establish a task force to study the evaluation of students receiving scholarship grants through the Opportunity Scholarship Grant Program pursuant to G.S. 115C-562.7(c). The task force shall include representatives from various stakeholders and interested parties, including from at least the following groups:

(1) Nonpublic schools accepting students who receive scholarship grants, including schools with a low percentage of those students in their overall student enrollment and a high percentage of those students in their overall student enrollment.

(2) Organizations or associations representing parental school choice, such as Parents for Educational Freedom in North Carolina.

(3) Organizations or associations representing nonpublic schools, including independent, religious, nonreligious, parochial, and nonparochial schools.

(4) Independent research organizations specializing in K-12 academic evaluations, including a college or university.

(5) Public school leaders, including local superintendents and principals.

SECTION 10A.6.(b) The task force shall study the most effective, valid, and reliable method of evaluating learning gains or losses of students receiving scholarship grants and comparing the learning gains or losses of those students to public school students with similar socioeconomic backgrounds, including the potential for adoption of a nationally normed common test for students participating in the evaluation. In doing so, the task force shall also consider the most reliable manner of establishing causal relationships to student performance outcomes while achieving minimal interference with the operation of the participating nonpublic and public schools, including limited sampling and other suitable research design methods.

SECTION 10A.6.(c) By March 1, 2018, the Authority shall report to the Joint Legislative Education Oversight Committee on the results of the study required by this section, including any legislative recommendations from the task force on the evaluation of students receiving scholarship grants through the Opportunity Scholarship Grant Program.

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PART XI. DEPARTMENT OF HEALTH AND HUMAN SERVICES

SUBPART XI-A. CENTRAL MANAGEMENT AND SUPPORT

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STATE AGENCY CONTINUED COLLABORATION ON EARLY CHILDHOOD EDUCATION/TRANSITION FROM PRESCHOOL TO KINDERGARTEN

SECTION 11B.2.(a) The Department of Health and Human Services, in consultation with the Department of Public Instruction and any other agencies or organizations that administer, support, or study early education in this State, and within resources currently available, shall continue to collaborate on an ongoing basis in the development and implementation of a statewide vision for early childhood education. In collaborating in this effort, the agencies shall continue developing a

comprehensive approach to early childhood education, birth through third grade, including creating cross agency accountability with a comprehensive set of data indicators, including consideration of the NC Pathways to Grade-Level Reading, to monitor and measure success of the early childhood education systems.

SECTION 11B.2.(b) The Department of Health and Human Services, the Department of Public Instruction, and any other agencies or organizations that administer, support, or study early education programs in this State shall submit a follow-up report of their findings and recommendations, including any legislative proposals, on the statewide vision for early childhood education pursuant to subsection (a) of this section to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Education Oversight Committee on or before January 1, 2018, and may make any subsequent reports, annually, on or before January 1, as needed to those same committees.

SECTION 11B.2.(c) The Department of Health and Human Services, in consultation with the Department of Public Instruction, shall continue developing a standardized program to transition children from preschool to kindergarten. In developing this standardized transition program, the Department of Health and Human Services shall identify, at a minimum:

(1) Methods to standardize student transition information such that it is quantifiable.
(2) Recommendations for sharing data contained in a student's transition plan between preschool teachers and either kindergarten teachers or the schools that receive the incoming kindergarten students.
(3) Recommendations for sharing data contained in a student's transition plan between preschool teachers and the parents or guardians of the child who is transitioning to kindergarten.
(4) Recommendations for preschool teacher training and continuing education to support their role in completing transition plans for preschool children.
(5) Recommendations for baseline information that should be compiled in transition plans for students transitioning to kindergarten.
(6) Procedures for the management of transition plan documents, including recommendations for the length of records retention, provisions for confidentiality, and proper disposal.
(7) Any other components the Department deems appropriate in the provision of information between preschools, students' families, and kindergartens.

SECTION 11B.2.(d) The Department of Health and Human Services shall report on the development of the standardized transition program required pursuant to subsection (c) of this section, including any findings and recommendations and any legislative proposals, to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Education Oversight Committee on or before January 1, 2018.

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SUBPART XI-E. DIVISION OF PUBLIC HEALTH

FUNDS FOR SCHOOL NURSES

SECTION 11E.1. Part 1 of Article 1 of Chapter 130A of the General Statutes is amended by adding a new section to read:

"**§ 130A-4.3. State funds for school nurses.**

(a) The Department shall use State funds appropriated for the School Nurse Funding Initiative to supplement and not supplant other State, local, or federal funds appropriated or allocated for this purpose. The Department shall ensure that communities 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-price meals.
(3) Percentage of children in poverty.
(4) Per capita income.
(5) Eligibility as a low-wealth county.
(6) Mortality rates for children between one and 19 years of age.
(7) Percentage of students with chronic illnesses.
(8) Percentage of county population consisting of minority persons.

(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."

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STUDY ON STATEWIDE EXPANSION OF THE WRIGHT SCHOOL

SECTION 11F.12. By March 1, 2018, the Department of Health and Human Services shall study and report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the feasibility and cost of, and any obstacles to, establishing additional State-operated facilities throughout the State to (i) provide statewide access to best practice, cost-effective, residential mental health treatment to children, ages six to 12, with serious emotional and behavioral disorders and (ii) support their families and communities in building the capacity to meet their children's special needs at home, at school, and within their local communities. The report shall include the Department's recommendations on the appropriate locations of any such additional facilities.

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SUBPART XI-H. DIVISION OF MEDICAL ASSISTANCE (MEDICAID)

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MEDICAID TRANSFORMATION TECHNICAL AND CLARIFYING CHANGES

SECTION 11H.17.(a) Section 4 of S.L. 2015-245, as amended by Section 2(b) of S.L. 2016-121, reads as rewritten:

"**SECTION 4.** Structure of Delivery System. – The transformed Medicaid and NC Health Choice programs described in Section 1 of this act shall be organized according to the following principles and parameters:

…

(4) Services covered by PHPs. – Capitated PHP contracts shall cover all Medicaid and NC Health Choice services, including physical health services, prescription drugs, long-term services and supports, and behavioral health services for NC Health Choice recipients, except as otherwise provided in this subdivision. The capitated contracts required by this subdivision shall not cover:

…

d. ~~Audiology, speech therapy, occupational therapy, physical therapy, nursing, and psychological services prescribed~~Services documented in an Individualized Education Program (IEP) and ~~performed by schools or individuals contracted with~~provided or billed by Local Education Agencies.

e. Services provided ~~directly~~and billed by a Children's Developmental Services Agency (CDSA) ~~or by a provider under contract with a CDSA if the service is authorized through the CDSA and is~~that are included on the child's Individualized Family Service Plan.

…."

SECTION 11H.17.(b) G.S. 143B-216.80(b)(1) reads as rewritten:

"(1) Employees of the Division of Health Benefits shall not be subject to the North Carolina Human Resources Act, except as provided in ~~G.S. 126-5(c1)(31).~~G.S. 126-5(c1)(33)."

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SUBPART XI-K. DIVISIONS OF VOCATIONAL REHABILITATION, SERVICES FOR THE BLIND, AND SERVICES FOR THE DEAF AND HARD OF HEARING [RESERVED]

SUBPART XI-L. DHHS BLOCK GRANTS

DHHS BLOCK GRANTS

SECTION 11L.1.(a) Except as otherwise provided, appropriations from federal block grant funds are made for each year of the fiscal biennium ending June 30, 2019, according to the following schedule:

TEMPORARY ASSISTANCE FOR NEEDY	**FY 2017-2018**	**FY 2018-2019**

FAMILIES (TANF) FUNDS

Local Program Expenditures

Division of Social Services			
01.	Work First Family Assistance	$49,479,444	$49,479,444
02.	Work First County Block Grants	80,093,566	80,093,566
03.	Work First Electing Counties	2,378,213	2,378,213
04.	Adoption Services – Special Children Adoption Fund	2,026,877	2,026,877
05.	Child Protective Services – Child Welfare Workers for Local DSS	9,412,391	9,412,391
06.	Child Welfare Program Improvement Plan	775,176	775,176
07.	Child Welfare Collaborative	400,000	400,000
08.	Child Welfare Initiatives	1,400,000	1,400,000
Division of Child Development and Early Education			
09.	Subsidized Child Care Program	53,605,680	58,112,735
10.	NC Pre-K Services	6,000,000	12,200,000
10A.	Swap Child Care Subsidy	392,420	294,697
Division of Public Health			
11.	Teen Pregnancy Prevention Initiatives	2,950,000	2,950,000
DHHS Administration			
12.	Division of Social Services	2,482,260	2,482,260
13.	Office of the Secretary	34,042	34,042
14.	Eligibility Systems – Operations and Maintenance	2,908,598	2,765,192
15.	NC FAST Implementation	48,495	875,264

Transfers to Other Block Grants

Division of Child Development and Early Education			
16	Transfer to the Child Care and Development Fund	71,773,001	71,773,001
Division of Social Services			
17.	Transfer to Social Services Block Grant for Child Protective Services – Training	1,300,000	1,300,000

18.	Transfer to Social Services Block Grant for Child Protective Services	5,040,000	5,040,000
19.	Transfer to Social Services Block Grant for County Departments of Social Services for Children's Services	7,500,000	7,500,000
20.	Transfer to Social Services Block Grant – Foster Care Services	1,385,152	1,385,152
TOTAL TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS		**$301,385,315**	**$312,678,010**

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)

EMERGENCY CONTINGENCY FUNDS

Local Program Expenditures

Division of Child Development and Early Education

01.	Subsidized Child Care	$28,600,000	$28,600,000
02.	Swap for Subsidized Child Care	3,304,255	0
TOTAL TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) EMERGENCY CONTINGENCY FUNDS		**$31,904,255**	**$28,600,000**

SOCIAL SERVICES BLOCK GRANT

Local Program Expenditures

Divisions of Social Services and Aging and Adult Services

01.	County Departments of Social Services (Transfer From TANF $7,500,000)	$32,971,498	$33,003,632
02.	EBCI Tribal Public Health and Human Services	244,740	244,740
03.	Child Protective Services (Transfer From TANF)	5,040,000	5,040,000
04.	State In-Home Services Fund	1,943,950	1,943,950
05.	Adult Protective Services	1,245,363	1,245,363
06.	State Adult Day Care Fund	1,994,084	1,994,084
07.	Child Protective Services/CPS		

	Investigative Services –		
	Child Medical Evaluation Program	901,868	901,868
08.	Special Children Adoption Incentive Fund	462,600	462,600
09.	Child Protective Services –		
	Child Welfare Training for Counties		
	(Transfer From TANF)	1,300,000	1,300,000
10.	Child Protective Services		
	Child Welfare Training for Counties	737,067	737,067
11.	Home and Community Care Block		
	Grant (HCCBG)	1,696,888	1,696,888
12.	Child Advocacy Centers	582,000	582,000
13.	Guardianship – Division of Social Services	815,362	815,362
14.	Foster Care Services		
	(Transfer From TANF)	1,385,152	1,385,152
Division of Central Management and Support			
15.	DHHS Competitive Block Grants for Nonprofits	4,524,525	4,524,525
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services			
16.	Mental Health Services –		
	Adult and Child/Developmental Disabilities		
	Program/ Substance Abuse Services – Adult	4,181,729	4,149,595
DHHS Program Expenditures			
Division of Services for the Blind			
17.	Independent Living Program	3,361,323	3,361,323
Division of Health Service Regulation			
18.	Adult Care Licensure Program	381,087	381,087
19.	Mental Health Licensure and Certification Program	190,284	190,284
Division of Aging and Adult Services			
20.	Guardianship	3,825,443	3,825,443
DHHS Administration			
21.	Division of Aging and Adult Services	577,745	577,745
22.	Division of Social Services	634,680	634,680

23.	Office of the Secretary/Controller's Office	127,731	127,731
24.	Legislative Increases/Fringe Benefits	236,278	236,278
25.	Division of Child Development and Early Education	13,878	13,878
26.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	27,446	27,446
27.	Division of Health Service Regulation	118,946	118,946
TOTAL SOCIAL SERVICES BLOCK GRANT		**$69,521,667**	**$69,521,667**

LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT

Local Program Expenditures

Division of Social Services

01.	Low-Income Energy Assistance Program (LIEAP)	$36,402,610	$35,419,272
02.	Crisis Intervention Program (CIP)	36,402,610	35,419,272

Local Administration

Division of Social Services

03.	County DSS Administration	5,978,512	5,817,014

DHHS Administration

Division of Central Management and Support

04.	Division of Social Services	10,000	10,000
05.	Office of the Secretary/DIRM	252,603	128,954
06.	Office of the Secretary/Controller's Office	18,378	18,378
07.	NC FAST Development	139,991	2,468,390
08.	NC FAST Operations and Maintenance	2,135,701	2,539,033

Transfers to Other State Agencies

Department of Environmental Quality

09.	Weatherization Program	10,716,043	10,426,573
10.	Heating Air Repair and Replacement Program (HARRP)	5,701,752	5,547,732
11.	Local Residential Energy Efficiency Service Providers – Weatherization	439,982	428,097

12.	Local Residential Energy Efficiency Service Providers – HARRP	234,105	227,781
13.	DENR – Weatherization Administration	439,982	428,097
14.	DENR – HARRP Administration	234,105	227,781
Department of Administration			
15.	N.C. Commission on Indian Affairs	87,736	87,736
TOTAL LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT		**$99,194,110**	**$99,194,110**

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

Local Program Expenditures

Division of Child Development and Early Education			
01.	Child Care Services (Smart Start $7,000,000)	$152,923,849	$152,416,794
02.	Transfer from TANF Block Grant for Child Care Subsidies	71,773,001	71,773,001
03.	Quality and Availability Initiatives (TEACH Program $3,800,000)	45,761,678	45,761,678

DHHS Administration

Division of Child Development and Early Education			
04.	DCDEE Administrative Expenses	9,042,159	8,929,324
Division of Social Services			
05.	Local Subsidized Child Care Services Support	16,436,361	16,436,361
06.	Direct Deposit for Child Care Payments	505,100	505,100
Division of Central Management and Support			
07.	NC FAST Development	24,237	427,865
08.	NC FAST Operations and Maintenance	2,758,389	2,581,225
09.	DHHS Central Administration – DIRM Technical Services	645,162	645,162
10.	Central Regional Maintenance	287,854	287,854
11.	DHHS Central Administration	7,346	7,346

Division of Public Health			
12.	Child Care Health Consultation Contracts	62,205	62,205
TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		**$300,227,341**	**$299,833,915**
MENTAL HEALTH SERVICES BLOCK GRANT			
Local Program Expenditures			
01.	Mental Health Services – Child	$3,619,833	$3,619,833
02.	Mental Health Services – Adult/Child	10,967,792	10,967,792
03.	Crisis Solutions Initiative – Critical Time Intervention	750,000	750,000
04.	Mental Health Services – First Psychotic Symptom Treatment	1,430,851	1,430,851
DHHS Administration			
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services			
05.	Administration	200,000	200,000
TOTAL MENTAL HEALTH SERVICES BLOCK GRANT		**$16,968,476**	**$16,968,476**
SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT			
Local Program Expenditures			
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services			
01.	Substance Abuse – HIV and IV Drug	$3,919,723	$3,919,723
02.	Substance Abuse Prevention	8,998,382	8,998,382
03.	Substance Abuse Services – Treatment for Children/Adults (Medication-Assisted Opioid Use Disorder Treatment Pilot Program $500,000; First Step Farm of WNC, Inc. $100,000)	27,722,717	27,621,286
04.	Crisis Solutions Initiatives – Walk-In Crisis Centers	420,000	420,000

05.	Crisis Solutions Initiatives – Collegiate Wellness/Addiction Recovery	1,085,000	1,085,000
06.	Crisis Solutions Initiatives – Community Paramedic Mobile Crisis Management	60,000	60,000
07.	Crisis Solutions Initiatives – Innovative Technologies	41,000	41,000

DHHS Program Expenditures

Division of Central Management and Support

08.	Competitive Block Grant	1,600,000	1,600,000

DHHS Administration

Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

09.	Administration	454,000	454,000
10.	Controlled Substance Reporting System Enhancement	326,224	427,655

Division of Public Health

11.	HIV Testing for Individuals in Substance Abuse Treatment	965,949	965,949

Transfers to Other State Agencies

Department of Military and Veterans Affairs

12.	Crisis Solutions Initiative – Veteran's Crisis	250,000	250,000

TOTAL SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT	**$45,842,995**	**$45,842,995**

MATERNAL AND CHILD HEALTH BLOCK GRANT

Local Program Expenditures

Division of Public Health

01. Women and Children's Health Services

(Safe Sleep Campaign $45,000; Sickle Cell Centers $100,000; Prevent Blindness $575,000; March of Dimes $350,000; Teen Pregnancy Prevention Initiatives $650,000; 17P Project $52,000; Nurse-Family Partnership $550,000;

	Carolina Pregnancy Care Fellowship $400,000; Perinatal & Neonatal Outreach Coordinator Contracts $440,000)	$11,802,435	$11,802,435
02.	Oral Health	48,227	48,227
03.	Evidence-Based Programs in Counties With Highest Infant Mortality Rates	1,575,000	1,575,000
03A.	Every Week Counts	2,200,000	2,200,000
DHHS Program Expenditures			
04.	Children's Health Services	1,427,323	1,427,323
05.	Women's Health – Maternal Health	169,864	169,864
06.	Women and Children's Health – Perinatal Strategic Plan Support Position	68,245	68,245
07.	State Center for Health Statistics	158,583	158,583
08.	Health Promotion – Injury and Violence Prevention	87,271	87,271
DHHS Administration			
09.	Division of Public Health Administration	552,571	552,571
	TOTAL MATERNAL AND CHILD HEALTH BLOCK GRANT	**$18,089,519**	**$18,089,519**

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CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

SECTION 11L.1.(v) Payment for subsidized child care services provided with federal TANF funds shall comply with all regulations and policies issued by the Division of Child Development and Early Education for the subsidized child care program.

SECTION 11L.1.(w) If funds appropriated through the Child Care and Development Fund Block Grant for any program cannot be obligated or spent in that program within the obligation or liquidation periods allowed by the federal grants, the Department may move funds to child care subsidies, unless otherwise prohibited by federal requirements of the grant, in order to use the federal funds fully.

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MATERNAL AND CHILD HEALTH BLOCK GRANT

SECTION 11L.1.(aa) If federal funds are received under the Maternal and Child Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42 U.S.C. § 710), for the 2017-2018 fiscal year or the 2018-2019 fiscal year, then those funds shall be transferred to the State Board of Education to be administered by the Department of Public Instruction. The Department of Public Instruction shall use the funds to establish an abstinence until marriage education program and shall delegate to one or more persons the responsibility of implementing the program and G.S. 115C-81(e1)(4) and (4a). The Department of Public Instruction shall carefully and strictly follow federal guidelines in implementing and administering the abstinence education grant funds.

SECTION 11L.1.(bb) The sum of one million five hundred seventy-five thousand dollars ($1,575,000) appropriated in this section in the Maternal and Child Health Block Grant to the Department of Health and Human Services, Division of Public Health, for each fiscal year of the 2017-2019 fiscal biennium shall be used for evidence-based programs in counties with the highest infant mortality rates. The Division shall report on (i) the counties selected to receive the allocation, (ii) the specific evidence-based services provided, (iii) the number of women served, and (iv) any impact on the counties' infant

mortality rate. The Division shall report its findings to the House of Representatives Appropriations Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division no later than December 31 of each year.

SECTION 11L.1.(cc) No more than fifteen percent (15%) of the funds provided in this section in the Maternal and Child Health Block Grant to Carolina Pregnancy Care Fellowship shall be used for administrative purposes. The balance of those funds shall be used for direct services.

SECTION 11L.1.(dd) The sum of sixty-eight thousand two hundred forty-five dollars ($68,245) allocated in this section in the Maternal and Child Health Block Grant to the Department of Health and Human Services, Division of Public Health, Women and Children's Health Section, for each fiscal year of the 2017-2019 fiscal biennium shall not be used to supplant existing State or federal funds. This allocation shall be used for a Public Health Program Consultant position assigned full-time to manage the North Carolina Perinatal Health Strategic Plan and provide staff support for the stakeholder work group.

SECTION 11L.1.(ee) The sum of one hundred thousand dollars ($100,000) allocated in this section in the Maternal and Child Health Block Grant to the Department of Health and Human Services, Division of Public Health, for each year of the 2017-2019 fiscal biennium for community-based sickle cell centers shall not be used to supplant existing State or federal funds.

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PART XIV. DEPARTMENT OF NATURAL AND CULTURAL RESOURCES

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ABOLISH ROANOKE ISLAND COMMISSION

SECTION 14.8.(a) Article 19 of Chapter 143 of the General Statutes reads as rewritten:

"Article 19.

"Roanoke Island Historical Association.

"**§ 143-199. Association under patronage and control of State.**

Roanoke Island Historical Association, Incorporated is hereby permanently placed under the patronage and control of the State.

"**§ 143-200. Members of board of directors; terms; appointment.**

The governing body of the Association shall be a board of directors consisting of ~~the Governor of the State, the Attorney General, the~~ 25 voting members appointed as follows:

(1) The following officials, or their designees, shall serve ex officio:

a. The Superintendent of Public ~~Instruction, the~~ Instruction.

b. The Chair of the Dare County Board of ~~Commissioners, and the~~ Commissioners.

c. The Secretary of Natural and Cultural ~~Resources, or their designees, as ex officio members, and the following 21 members: J. Spencer Love, Greensboro; Miles Clark, Elizabeth City; Mrs. Richard J. Reynolds, Winston Salem; D. Hiden Ramsey, Asheville; Mrs. Charles A. Cannon, Concord; Dr. Fred Hanes, Durham; Mrs. Frank P. Graham, Chapel Hill; Bishop Thomas C. Darst, Wilmington; W. Dorsey Pruden, Edenton; John A. Buchanan, Durham; William B. Rodman, Jr., Washington; J. Melville Broughton, Raleigh; Melvin R. Daniels, Manteo; Paul Green, Chapel Hill; Samuel Selden, Chapel Hill; R. Bruce Etheridge, Manteo; Theodore S. Meekins, Manteo; Roy L. Davis, Manteo; M. K. Fearing, Manteo; A. R. Newsome, Chapel Hill.~~ Resources.

(2) Four persons shall be appointed as follows:

a. Two by the Governor, initially, one for a one-year term and one for a three-year term. Successors shall be appointed for a term of three years and until their successors are appointed.

b. One by the General Assembly, in accordance with G.S. 120-121, upon the recommendation of the President Pro Tempore of the Senate, for a three-year term. Successors shall also be appointed for a term of three years and until their successors are appointed.

c. One by the General Assembly, in accordance with G.S. 120-121, upon the recommendation of the Speaker of the House of Representatives, initially for a one-year term. Successors shall be appointed for a term of three years and until their successors are appointed.

(3) The remaining 18 members of the board of directors ~~herein named other than the ex officio members, shall serve for a term of three years and until their successors are appointed. Appointments thereafter~~ shall be made by the membership of the Association in the regular annual meeting or special meeting called for such purpose. In the event the Association through its membership should fail to make such appointments, then the appointments shall be made by the Governor of the State. If a vacancy occurs between annual meetings, the board of directors may fill the vacancy until the next annual meeting. All

vacancies occurring on the board of directors not filled by the board of directors within 30 days of the vacancy shall be filled by the ~~Governor of the State.~~Governor. Members appointed under this subdivision shall serve for a term of three years and until their successors are appointed.

"**§ 143-201. Bylaws; officers of board.**

The ~~said~~ board of directors when organized under the terms of this Article shall have authority to adopt bylaws for the organization and ~~said~~ the bylaws shall thereafter be subject to change only by three-fifths vote of a quorum of ~~said~~ the board of ~~directors; the~~ directors. The board of directors shall choose from its membership or from the membership of the Association a chairman, a vice-chairman, a secretary and a treasurer, which offices in the discretion of the board may be combined in one, and also a historian and a general counsel. The board also in its discretion may choose one or more honorary vice-chairmen. ~~The~~ In addition to their other lawful duties, the duly elected officers of the Association shall also serve as an advisory committee to the Secretary of Natural and Cultural Resources concerning matters relating to "The Lost Colony" historical ~~drama.~~drama, the Roanoke Island Festival Park, and the Elizabeth II State Historic Site and Visitor Center.

"**§ 143-202. Exempt from taxation; gifts and donations.**

The ~~said~~ Association is and shall be an educational and charitable association within the meaning of the laws of the State of North Carolina, and the property and income of such Association, real and personal, shall be exempt from all taxation. The ~~said~~ Association is authorized and empowered to receive gifts and donations and administer the same for the charitable and educational purposes for which the Association is formed and in keeping with the will of the donors, and such gifts and donations to the extent permitted by law shall be exempted from the purpose of income taxes and gift taxes.

"**§ 143-202.1. Memorandum of Agreement for operation of Roanoke Festival Park and Elizabeth II State Historic Site and Visitor Center.**

The Department of Natural and Cultural Resources shall negotiate a Memorandum of Agreement (MOA) with the Association for the management and operation of Roanoke Island Festival Park, including the Elizabeth II State Historic Site and Visitor Center. The MOA shall include, at a minimum, the following:

(1) The establishment and collection of any admission charges or user fees for properties and events operated at Roanoke Island Festival Park by the Association. Nothing in this subdivision is intended to require the charging of admission to any property or event.

(2) The adoption and enforcement of bylaws, rules, and guidelines needed for the Association to carry out the duties imposed by the MOA.

(3) Provisions for the transfer of that portion of revenues collected from operations of the Roanoke Island Festival Park and associated facilities and enterprises from the Association to the Historic Roanoke Island Fund as the MOA may specify.

(4) The delegation of any powers and the transfer of any assets, liabilities, contracts, or agreements from the Department to the Association necessary to carry out the duties imposed by the MOA. Any delegation or transfer shall be made in accordance with applicable law."

SECTION 14.8.(b) Section 19.9 of S.L. 2013-360 is codified as G.S. 143-202.2 and reads as rewritten:

"**§ 143-202.2. Friends of Elizabeth II support for Roanoke Island Festival Park.**

~~The Roanoke Island Commission~~ The Department of Natural and Cultural Resources as successor in interest to the Roanoke Island Commission shall request financial support from the Friends of Elizabeth II, Inc., in the amount of three hundred twenty-five thousand dollars ($325,000) or a sum equal to the average of the last three consecutive years of the Friends' investment earnings, whichever is greater, for each fiscal ~~year of the 2013-2015 biennium and for each subsequent fiscal year.~~year. These funds shall be deposited by the Department to a separate fund within the Historic Roanoke Island Fund and used ~~pursuant to G.S. 143B-131.2.~~only for the following purposes:

(1) To operate Roanoke Island Festival Park, including the Elizabeth II State Historic Site and Visitor Center and the Elizabeth II as permanent memorials commemorating the Roanoke Voyages, 1584-1587.

(2) By cooperative arrangement with other agencies, groups, individuals, and other entities, including the Association, to coordinate and schedule historical and cultural events on Roanoke Island."

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PART XV. DEPARTMENT OF COMMERCE

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YOUTH WORKFORCE INVESTMENT PROGRAM CHANGES

SECTION 15.12.(a) The local Workforce Development Boards created pursuant to G.S. 143B-438.11 shall include in their State-developed criteria to be used in awarding grants for youth workforce investment activities pursuant to Section 129 of the federal Workforce Innovation and Opportunity Act a competitive process that requires grant recipients to provide at least the following information as part of the application process and consideration of grant awards:

(1) The extent to which the organization specifically focuses on serving at-risk youth, including youth who are at risk of school dropout or at risk of school displacement due to suspension or expulsion.

(2) Whether the organization leverages community-based resources, including partnerships with organizations that provide mentoring services and private-sector employer involvement.
(3) The use of an evidence-based program model by the organization with a proven track record of success.
(4) The inclusion of rigorous, quantitative performance measures by the organization to confirm effectiveness of the program.
(5) The deployment of comprehensive support services to youth, including addressing behavioral issues, emphasizing academic and career growth, and enhancing parent and family engagement.

SECTION 15.12.(b) The local Workforce Development Boards shall coordinate with the NCWorks Commission to update the Workforce Innovation and Opportunity Act Unified State Plan, as needed, to reflect the inclusions to the State-developed criteria required by subsection (a) of this section.

SECTION 15.12.(c) On or before October 1 of each year, the local Workforce Development Boards shall submit a report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division on prior State fiscal year program activities, objectives, and accomplishments and prior State fiscal year itemized expenditures and fund sources. The report shall also contain a list of grant recipients and the amount received by the grant recipients.

APPRENTICESHIPNC/TRANSFER STATE APPRENTICESHIP PROGRAM

SECTION 15.13.(a) All functions, powers, duties, obligations, resources, and appropriations vested in the Apprenticeship Program and the Apprenticeship Council are transferred to, vested in, and consolidated into the North Carolina Community Colleges System Office as a Type I transfer, as defined in G.S. 143A-6. The State Board of Community Colleges, the Community Colleges System Office, and the Office of State Budget and Management are authorized to take all other steps necessary to consolidate the Apprenticeship Program and the Apprenticeship Council into the Community Colleges System Office. Joint delivery of Apprenticeship and Community College workforce training programs shall ensure coordination of program delivery and appropriate classroom training supporting the needs of students and employers.

SECTION 15.13.(b) Chapter 94 of the General Statutes is repealed.

SECTION 15.13.(c) Chapter 115D of the General Statutes is amended by adding a new Article to read:

"Article 1A.

"ApprenticeshipNC.

"**§ 115D-11.5. Purpose.**

The purposes of this Article are to open to young people the opportunity to obtain training that will equip them for profitable employment and citizenship; to set up, as a means to this end, a program of voluntary apprenticeship under approved apprentice agreements providing facilities for their training and guidance in the arts and crafts of industry and trade, with parallel instruction in related and supplementary education; to promote employment opportunities for young people under conditions providing adequate training and reasonable earnings; to relate the supply of skilled workers to employment demands; to establish standards for apprentice training; to coordinate workforce education and customized training tools to fill talent pipeline gaps, as appropriate, with local business and industry; to establish an Apprenticeship Council and apprenticeship committees and sponsors to assist in effectuating the purposes of this Article; to leverage the collaborative and regional structure of the community college service areas with the Collaboration for Prosperity Zones set out in G.S. 143B-28.1; to provide for a Director of ApprenticeshipNC within the Community Colleges System Office; to provide for reports to the legislature and to the public regarding the status of apprentice training in the State; to establish a procedure for the determination of apprentice agreement controversies; and to accomplish related ends.

"**§ 115D-11.6. Apprenticeship Council.**

The State Board of Community Colleges shall appoint an Apprenticeship Council composed of four representatives each from employer and employee organizations respectively and three representatives from the public at large. One State official designated by the Department of Public Instruction and one State official designated by the Department of Commerce shall be a member ex officio of the council, without vote. The terms of office of the members of the Apprenticeship Council shall be designated by the State Board. Any member appointed to fill a vacancy occurring prior to the expiration of the term of his or her predecessor shall be appointed for the remainder of the term. Each member of the Council not otherwise compensated by public moneys, shall be reimbursed for transportation and shall receive such per diem compensation as is provided generally for boards and commissions under the biennial maintenance appropriation acts for each day spent in attendance at meetings of the Apprenticeship Council. The State Board of Community Colleges shall annually appoint one member of the Council to act as its chair.

The Apprenticeship Council shall meet at the call of the State Board of Community Colleges and shall aid the State Board and the Community Colleges System Office in formulating policies for the effective administration of this Article. The Apprenticeship Council shall establish standards for apprentice agreements which in no case shall be lower than those prescribed by this Article, shall recommend rules and regulations to the State Board of Community Colleges as may be necessary to carry out the intent and purposes of this Article, and shall perform other functions as the State Board of Community Colleges may direct. Not less than once a year the Apprenticeship Council shall make a report through the Community Colleges System Office of its activities and findings to the legislature and to the public.

"**§ 115D-11.7. ApprenticeshipNC.**

The State Board of Community Colleges is hereby directed to appoint a Director of ApprenticeshipNC, which appointment shall be subject to the confirmation of the State Apprenticeship Council by a majority vote. Upon the recommendation of the Director, the State Board of Community Colleges may appoint and employ clerical, technical, and professional help as necessary to effectuate the purposes of this Article. The Director shall supervise clerical, technical, and professional staff appointed to administer the ApprenticeshipNC program.

"**§ 115D-11.8. Powers and duties of Director of ApprenticeshipNC.**

The Director, under the supervision of the President of the North Carolina Community College System or the President's designee and with the advice and guidance of the Apprenticeship Council, is authorized to administer the provisions of this Article; in cooperation with the Apprenticeship Council and apprenticeship committees and sponsors, to set up conditions and training standards for apprentice agreements, which conditions or standards shall in no case be lower than those prescribed by this Article; to act as secretary of the Apprenticeship Council; to approve for the Council any apprentice agreement that meets the standards established under this Article; to terminate or cancel any apprentice agreement in accordance with the provisions of the agreement; to keep a record of apprentice agreements and their disposition; to issue certificates of completion of apprenticeship; and to perform other duties as are necessary to carry out the intent of this Article, including other on-the-job training necessary for emergency and critical civilian production. The administration and supervision of related and supplemental instruction for apprentices, coordination of instruction with job experiences, and the selection and training of teachers and coordinators for the instruction is the responsibility of State and local boards responsible for career and technical education.

"**§ 115D-11.9. Apprenticeship committees and program sponsors.**

(a) As used in this Article:

(1) "Apprenticeship agreement" means a written agreement between an apprentice and either his or her employer or an apprenticeship committee or sponsor acting as agent for employers, which agreement satisfies the requirements of G.S. 115D-11.11.

(2) "Apprenticeship committee" means those persons designated by the sponsor, and approved by the Apprenticeship Council, to act for it in the administration of the apprenticeship program. A committee may be "joint," i.e., it is composed of an equal number of representatives of the employer and of the employees represented by a bona fide collective bargaining agent and has been established to conduct, operate, or administer an apprenticeship program and enter into apprenticeship agreements with apprentices. A committee may be "unilateral" or "nonjoint" which shall mean a program sponsor in which employees or a bona fide collective bargaining agent is not a party.

(3) "ApprenticeshipNC" means the statewide apprenticeship program administered by the Community Colleges System Office in accordance with this Article.

(4) "Apprenticeship program" means a plan containing all terms and conditions for the qualification, recruitment, selection, employment, and training of apprentices, including such matters as the requirement for a written apprenticeship agreement.

(5) "Employer" means any person, firm, corporation, or organization employing an apprentice whether or not such person, firm, corporation, or organization is a party to an apprenticeship agreement with the apprentice.

(6) "Sponsor" means any person, firm, corporation, organization, association, or committee operating an apprenticeship program and in whose name the apprenticeship program is approved.

(b) An apprenticeship committee may be appointed by the Apprenticeship Council in any trade or group of trades in a city or trade area, whenever the apprentice training needs of the trade or group of trades justifies such establishment.

(c) The function of the apprenticeship committee, or sponsor when there is no apprenticeship committee, shall be to cooperate with school authorities in regard to the education of apprentices; in accordance with the standards set up by the apprenticeship committee for the same trade or group of trades, where a committee has been appointed, to work in an advisory capacity with employers and employees in matters regarding schedule of operations, application of wage rates, and working conditions for apprentices and to specify the number of apprentices which shall be employed locally in the trade under the apprenticeship agreements under this Article; to adjust apprenticeship disputes, subject to the approval of the Director; to ascertain the prevailing rate for journeymen in the city or trade area and specify the graduated scale of wages applicable to apprentices in the trade in that area; to ascertain employment needs in the trade or group of trades and specify the appropriate current ratio of apprentices to journeymen; and to make recommendations for the general good of apprentices engaged in the trade or trades represented by the committee. An apprenticeship committee may appoint a representative and delegate to the representative the authority for implementation and performance of any standards adopted by the committee pursuant to any of the aforementioned functions.

"**§ 115D-11.10. Definition of an apprentice.**

The term "apprentice" means a person at least 16 years of age who is covered by a written apprenticeship agreement approved by the Apprenticeship Council, which apprenticeship agreement provides for not less than 2,000 hours of reasonably continuous employment for the person for his or her participation in an approved schedule of work experience and for organized, related supplemental instruction in technical subjects related to the trade. A minimum of 144 hours of related

supplemental instruction for each year of apprenticeship is recommended. The required hours for apprenticeship agreements and the recommended hours for related supplemental instruction may be decreased or increased in accordance with standards adopted by the apprenticeship committee or sponsor, subject to approval of the State Board of Community Colleges.

"**§ 115D-11.11. Contents of agreement.**

Every apprentice agreement entered into under this Article shall contain:

(1) The names of the contracting parties.

(2) The date of birth of the apprentice.

(3) A statement of the trade, craft, or business which the apprentice is to be taught, and the time at which the apprenticeship will begin and end.

(4) A statement showing (i) the number of hours to be spent by the apprentice in work on the job and (ii) the number of hours to be spent in related and supplemental instruction, which is recommended to be not less than 144 hours per year. In no case shall the combined weekly hours of work and of required related and supplemental instruction of the apprentice exceed the maximum number of hours of work prescribed by law for a person of the age of the apprentice.

(5) A statement setting forth a schedule of the processes in the trade or industry division in which the apprentice is to be taught and the approximate time to be spent at each process.

(6) A statement of the graduated scale of wages to be paid the apprentice and whether the required school time shall be compensated.

(7) A statement providing for a period of probation of not more than 500 hours of employment and instruction extending over not more than four months, during which time the apprentice agreement shall be terminated by the Director at the request in writing of either party, and providing that after the probationary period the apprentice agreement may be terminated by the Director by mutual agreement of all parties or canceled by the Director for good and sufficient reason. The Council at the request of a joint apprentice committee may lengthen the period of probation.

(8) A provision that all controversies or differences concerning the apprentice agreement which cannot be adjusted locally in accordance with G.S. 115D-11.9 shall be submitted to the Director for determination.

(9) A provision that an employer who is unable to fulfill his or her obligation under the apprentice agreement may with the approval of the Director transfer the contract to any other employer; provided, that the apprentice consents and that the other employer agrees to assume the obligations of the apprentice agreement.

(10) Any additional terms and conditions as may be prescribed or approved by the Director not inconsistent with the provisions of this Article.

"**§ 115D-11.12. Approval of apprentice agreements; signatures.**

No apprentice agreement under this Article shall be effective until approved by the Director. Every apprentice agreement shall be signed by the employer, or by an association of employers or an organization of employees as provided in G.S. 115D-11.13, and by the apprentice, and if the apprentice is a minor, by either of the minor's parents, or by any person, agency, organization, or institution standing in loco parentis. Where a minor enters into an apprentice agreement under this Article for a period of training extending into his or her majority, the apprentice agreement shall likewise be binding for a period as may be covered during the apprentice's majority.

"**§ 115D-11.13. Rotation of employment.**

For the purpose of providing greater diversity of training or continuity of employment, any apprentice agreement made under this Article may in the discretion of the Director of ApprenticeshipNC be signed by an association of employers or an organization of employees instead of by an individual employer. In this case, the apprentice agreement shall expressly provide that the association of employers or organization of employees does not assume the obligation of an employer but agrees to use its best endeavors to procure employment and training for the apprentice with one or more employers who will accept full responsibility for all the terms and conditions of employment and training set forth in the agreement between the apprentice and employer association or employee organization during the period of each employment. The apprentice agreement in this case shall also expressly provide for the transfer of the apprentice, subject to the approval of the Director, to such employer or employers who shall sign in written agreement with the apprentice, and if the apprentice is a minor with his or her parent or guardian, as specified in G.S. 115D-11.12, contracting to employ the apprentice for the whole or a definite part of the total period of apprenticeship under the terms and conditions of employment and training set forth in the agreement entered into between the apprentice and employer association or employee organization.

"**§ 115D-11.14. Limitation.**

Nothing in this Article or in any apprentice agreement approved under this Article shall invalidate any apprenticeship provision in any collective agreement between employers and employees that sets up higher apprenticeship standards. None of the terms or provisions of this Article apply to any person, firm, corporation, or crafts unless, until, and only so long as the person, firm, corporation, or crafts voluntarily elects that the terms and provisions of this Article apply. Any person, firm, corporation, or crafts terminating an apprenticeship agreement shall notify the Director of ApprenticeshipNC."

SECTION 15.13.(d) Notwithstanding G.S. 115D-11.6, as enacted by this section, the current members serving on the Apprenticeship Council pursuant to G.S. 94-2 as of July 1, 2017, shall serve the remainder of their terms. Thereafter, as

terms expire, or when a vacancy occurs prior to the expiration of a term, members of the Apprenticeship Council shall be appointed by the State Board of Community Colleges in accordance with G.S. 115D-11.6, as enacted by this section.

SECTION 15.13.(e) Within 90 days of the date this act becomes law, the Department of Commerce shall submit a Workforce Innovation and Opportunity Act State Plan amendment to the United States Department of Labor to designate the Community Colleges System Office as the State agency responsible for the administration of ApprenticeshipNC as provided for in this section.

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PART XVI. DEPARTMENT OF PUBLIC SAFETY

NO TRANSFER OF POSITIONS TO OTHER STATE AGENCIES

SECTION 16.2.(a) Notwithstanding any other provision of law, the Office of State Budget and Management shall not transfer any positions, personnel, or funds from the Department of Public Safety to any other State agency during the 2017-2019 fiscal biennium unless the transfer was included in the base budget for one or both fiscal years of the biennium. This subsection shall not apply to the annual transfer of two hundred thirty-four thousand eight hundred ninety-one dollars ($234,891) to the Office of the Governor for administrative support.

SECTION 16.2.(b) This section becomes effective July 1, 2017. If any transfers that violate this section were made in fiscal year 2016-2017, prior to this section becoming effective, those transfers shall be rescinded within 15 days of this section becoming effective.

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SUBPART XVI-B. DIVISION OF LAW ENFORCEMENT

STATE CAPITOL POLICE/CREATION OF RECEIPT-SUPPORTED POSITIONS

SECTION 16B.1.(a) Creation of Receipt-Supported Positions Authorized. – The State Capitol Police may contract with State agencies for the creation of receipt-supported positions to provide security services to the buildings occupied by those agencies.

SECTION 16B.1.(b) Annual Report Required. – No later than September 1 of each fiscal year, the State Capitol Police shall report to the Joint Legislative Oversight Committee on Justice and Public Safety the following information for the fiscal year in which the report is due:

(1) A list of all positions in the State Capitol Police. For each position listed, the report shall include at least the following information:
   a. The position type.
   b. The agency to which the position is assigned.
   c. The source of funding for the position.

(2) For each receipt-supported position listed, the contract and any other terms of the contract.

SECTION 16B.1.(c) Additional Reporting Required Upon Creation of Receipt-Supported Positions. – In addition to the report required by subsection (b) of this section, the State Capitol Police shall report the creation of any position pursuant to subsection (a) of this section to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety and to the Fiscal Research Division within 30 days of the position's creation. A report submitted pursuant to this section shall include at least the following information:

(1) The position type.
(2) The agency to which the position is being assigned.
(3) The position salary.
(4) The total amount of the contract.
(5) The terms of the contract.

SECTION 16B.1.(d) Format of Reports. – Reports submitted pursuant to this section shall be submitted electronically and in accordance with any applicable General Assembly standards.

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SUBPART XVI-D. DIVISION OF JUVENILE JUSTICE

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ESTABLISH JUVENILE JURISDICTION ADVISORY COMMITTEE

SECTION 16D.4.(kk) Advisory Committee Established. – There is established within the Division of Adult Correction and Juvenile Justice of the Department of Public Safety the Juvenile Jurisdiction Advisory Committee. The Division of Adult Correction and Juvenile Justice shall provide professional and clerical staff and other services and supplies, including meeting space, as needed for the Advisory Committee to carry out its duties in an effective manner.

SECTION 16D.4(*ll*) Membership. – The Advisory Committee shall consist of 21 members. The following members or their designees shall serve as ex officio members:

(1) The Deputy Commissioner for Juvenile Justice of the Division of Adult Correction and Juvenile Justice of the Department of Public Safety.
(2) The Director of the Administrative Office of the Courts.
(3) The Director of the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services of the Department of Health and Human Services.
(4) The Superintendent of Public Instruction.
(5) The Juvenile Defender in the Office of Indigent Defense.
(6) The Executive Director of the North Carolina Sentencing and Policy Advisory Commission.
(7) One representative from the Juvenile Justice Planning Committee of the Governor's Crime Commission.

The remaining members shall be appointed as follows:

(8) Two chief court counselors appointed by the Governor, one to be from a rural county and one from an urban county.
(9) One chief district court judge and one superior court judge appointed by the Chief Justice of the North Carolina Supreme Court.
(10) One police chief appointed by the President Pro Tempore of the Senate.
(11) One sheriff appointed by the Speaker of the House of Representatives.
(12) One clerk of superior court appointed by the President Pro Tempore of the Senate.
(13) One district attorney appointed by the Speaker of the House of Representatives.
(14) One assistant district attorney who handles juvenile matters appointed by the Conference of District Attorneys.
(15) One assistant public defender who handles juvenile matters appointed by the North Carolina Association of Public Defenders.
(16) Two representatives from the juvenile advocacy community, one appointed by the President Pro Tempore of the Senate and one appointed by the Speaker of the House of Representatives.
(17) Two representatives from the victim advocacy community, one appointed by the President Pro Tempore of the Senate and one appointed by the Speaker of the House of Representatives.

Appointments to the Advisory Committee shall be made no later than October 1, 2017. A vacancy in the Advisory Committee or a vacancy as chair of the Advisory Committee resulting from the resignation of a member or otherwise shall be filled in the same manner in which the original appointment was made.

SECTION 16D.4.(mm) Chair; Meetings. – The President Pro Tempore of the Senate and the Speaker of the House of Representatives shall each designate one member to serve as cochair of the Advisory Committee.

The cochairs shall call the initial meeting of the Advisory Committee on or before November 1, 2017. The Advisory Committee shall subsequently meet upon such notice and in such manner as its members determine. A majority of the members of the Advisory Committee shall constitute a quorum.

SECTION 16D.4.(oo) Cooperation by Government Agencies. – The Advisory Committee may call upon any department, agency, institution, or officer of the State or any political subdivision thereof for facilities, data, or other assistance.

SECTION 16D.4.(pp) Duties of Advisory Committee. – The Advisory Committee shall develop a specific plan for the implementation of any changes in the juvenile justice system that would be required in order to extend jurisdiction in delinquency matters and proceedings to include 16- and 17-year-old persons within the juvenile justice system. The plan shall include cost estimates for each portion of the plan, including capital costs, operating costs, and staffing costs. As the expansion of the jurisdiction of the Division of Juvenile Justice to include persons 16 and 17 years of age who commit crimes or infractions becomes effective pursuant to this act, the Advisory Committee shall monitor and review the implementation of the expansion and shall make additional recommendations to the General Assembly as necessary.

SECTION 16D.4.(qq) Consultation. – The Advisory Committee shall consult with appropriate State departments, agencies, and board representatives on issues related to juvenile justice administration.

SECTION 16D.4.(rr) Report. – By March 1, 2018, the Advisory Committee shall submit an interim report to the General Assembly with copies to the Joint Legislative Oversight Committee on Justice and Public Safety and to the Appropriations Committees on Justice and Public Safety of both houses containing (i) the specific plan and the cost estimates for capital, operating, and staffing costs for implementation of this section, including legislative, administrative, and funding recommendations necessary to implement the increase in juvenile jurisdiction to include 16- and 17-year-old persons and (ii) cost estimates for capital, operating, and staffing costs if the implementation of this section was staggered based on age. The interim report shall also include its findings and recommendations as to whether the extension of jurisdiction in delinquency matters and proceedings should include juveniles who commit the following offenses:

(1) Habitual misdemeanor assault (G.S. 14-33.2).

(2) Crime against nature (G.S. 14-177).
(3) Obscene literature and exhibitions (G.S. 14-190.1).
(4) Third degree sexual exploitation of a minor (G.S. 14-190.17A).
(5) Solicitation of a child by computer to commit an unlawful sex act (G.S. 14-202.3).
(6) Stalking when court order in effect (G.S. 14-277.3A).
(7) The Class A1 offense of misdemeanor assault on a law enforcement officer.
(8) Assault inflicting serious bodily injury; strangulation (G.S. 14-32.4).
(9) Fraudulently setting fire to dwelling houses (G.S. 14-65).
(10) Any offense requiring registration as a sex offender pursuant to Article 27A of Chapter 14 of the General Statutes.
(11) Any other offense the Committee deems appropriate for exclusion.

The Advisory Committee shall submit additional interim reports with updates on the planning steps completed towards implementation, including any legislative, administrative, and funding recommendations, annually by January 15 of each year.

The Advisory Committee shall submit a final report on the implementation of this section and its findings and recommendations, including legislative, administrative, and funding recommendations, by January 15, 2023, to the General Assembly and the Governor. The Advisory Committee shall terminate on February 1, 2023, or upon the filing of its final report, whichever occurs earlier.

SECTION 16D.4.(ss) Funding. – The Advisory Committee may apply for, receive, and accept grants of non-State funds or other contributions as appropriate to assist in the performance of its duties.

EFFECTIVE DATES

SECTION 16D.4.(tt) Sections 16D.4(a) through 16D.4(s) of this act become effective December 1, 2019, and apply to offenses committed on or after that date. Sections 16D.4(t) through 16D.4(x) of this act become effective October 1, 2017, and Sections 16D.4(t) through 16D.4(w) apply to all complaints filed on or after that date. Except as otherwise provided in this act, the remainder of this act is effective when it becomes law. Prosecutions or delinquency proceedings initiated for offenses committed before any particular section of this section becomes effective are not abated or affected by this act, and the statutes that are in effect on the dates the offenses are committed remain applicable to those prosecutions.

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PART XX. OFFICE OF ADMINISTRATIVE HEARINGS

OAH/LAWSUIT FUNDS

SECTION 20.1. The Department of Public Instruction shall transfer the sum of fifty thousand dollars ($50,000) to the Office of Administrative Hearings to be allocated to the Rules Review Commission, created by G.S. 143B-30.1, to pay for any litigation costs incurred in the defense of *North Carolina State Board of Education v. The State of North Carolina and The Rules Review Commission*, Wake County Superior Court, File No. 14 CVS 14791 (filed November 7, 2014). These funds shall not revert at the end of the 2017-2018 fiscal year but shall remain available during the 2018-2019 fiscal year for expenditure in accordance with the provisions of this section.

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PART XXXIV. DEPARTMENT OF TRANSPORTATION

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ROAD IMPROVEMENTS ADJACENT TO SCHOOLS

SECTION 34.6A.(a) G.S. 136-18(29a) reads as rewritten:

"(29a) To coordinate with all public and private entities planning schools to provide written recommendations and evaluations of driveway access and traffic operational and safety impacts on the State highway system resulting from the development of the proposed sites. All public and private entities shall, upon acquiring land for a new school or prior to beginning construction of a new school, relocating a school, or expanding an existing school, request from the Department a written evaluation and written recommendations to ensure that all proposed access points comply with the criteria in the current North Carolina Department of Transportation "Policy on Street and Driveway Access". The Department shall provide the written evaluation and recommendations within a reasonable time, which shall not exceed 60 days. <u>This subdivision applies to improvements that are not located on the school property. The Department shall have the power to grant final approval of any project design under this subdivision. To facilitate completion of the evaluation and recommendations within the required 60 days, in lieu of the</u>

evaluation by the Department, schools may engage an independent traffic engineer prequalified by the Department. The resulting evaluation and recommendations from the independent traffic engineer shall also fulfill any similar requirements imposed by a unit of local government. This subdivision shall not be construed to require the public or private entities planning schools to meet the recommendations made by the ~~Department,~~ Department or the independent traffic engineer, except those highway improvements that are required for safe ingress and egress to the State highway ~~system.~~system, pursuant to subdivision (29) of this section, and that are physically connected to a driveway on the school property. The total cost of any improvements to the State highway system provided by a school pursuant to this subdivision, including those improvements pursuant to subdivision (29) of this section, shall be reimbursed by the Department. Any agreement between a school and the Department to make improvements to the State highway system shall not include a requirement for acquisition of right-of-way by the school, unless the school is owned by an entity that has eminent domain power. Nothing in this subdivision shall preclude the Department from entering into an agreement with the school whereby the school installs the agreed upon improvements and the Department provides full reimbursement for the associated costs incurred by the school, including design fees and any costs of right-of-way or easements. The term "school," as used in this subdivision, means any facility engaged in the educational instruction of children in any grade or combination of grades from kindergarten through the twelfth grade at which attendance satisfies the compulsory attendance law and includes charter schools authorized under G.S. 115C-218.5. The term "improvements," as used in this subdivision, refers to all facilities within the right-of-way required to be installed to satisfy the road cross-section requirements depicted upon the approved plans. These facilities shall include roadway construction, including pavement installation and medians; ditches and shoulders; storm drainage pipes, culverts, and related appurtenances; and, where required, curb and gutter; signals, including pedestrian safety signals; street lights; sidewalks; and design fees. Improvements shall not include any costs for public utilities."

SECTION 34.6A.(b) Article 15 of Chapter 160A of the General Statutes is amended by adding a new section to read:

"**§ 160A-307.1. Limitation on city requirements for street improvements related to schools.**

A city may only require street improvements related to schools that are required for safe ingress and egress to the municipal street system and that are physically connected to a driveway on the school site. The required improvements shall not exceed those required pursuant to G.S. 136-18(29). G.S. 160A-307 shall not apply to schools. A city may only require street improvements related to schools as provided in G.S. 160A-372. The cost of any improvements to the municipal street system pursuant to this section shall be reimbursed by the city. Any agreement between a school and a city to make improvements to the municipal street system shall not include a requirement for acquisition of right-of-way by the school, unless the school is owned by an entity that has eminent domain power. Any right-of-way costs incurred by a school for required improvements pursuant to this section shall be reimbursed by the city. The term "school," as used in this section, means any facility engaged in the educational instruction of children in any grade or combination of grades from kindergarten through the twelfth grade at which attendance satisfies the compulsory attendance law and includes charter schools authorized under G.S. 115C-218.5."

SECTION 34.6A.(c) The Department of Transportation, in collaboration with the Department of Public Instruction, shall develop a report covering the period from July 1, 2015, through July 1, 2017, that provides all of the following information:

(1) All schools, including private and charter, that have been opened, relocated, or expanded.
(2) The types of road improvements required for each school identified in subdivision (1) of this subsection.
(3) Whether each road improvement identified in subdivision (2) of this subsection is to a road maintained by the State or a municipality.
(4) Whether each road improvement identified in subdivision (2) of this subsection is to a road adjacent to the school property.
(5) A description of any disputes or appeals raised by the schools identified in subdivision (1) of this subsection concerning the road improvements identified in subdivision (2) of this subsection.
(6) The total cost for each road improvement identified under subdivision (2) of this subsection.
(7) The funding source for the payment of the costs incurred for each road improvement identified in subdivision (2) of this subsection.

SECTION 34.6A.(d) In addition to the information required under subdivisions (1) through (5) of subsection (c) of this section, and for the period covering July 2, 2017, through July 1, 2020, the report required under subsection (c) of this section shall identify (i) the number of schools, including private and charter, that will be opened, relocated, or expanded, (ii) the types of road improvements anticipated to be required for each school identified, and (iii) the total cost for each road improvement anticipated to be required for each school identified.

SECTION 34.6A.(e) The Department of Transportation shall submit the report required under subsection (c) of this section to the Joint Legislative Transportation Oversight Committee and the Joint Legislative Education Oversight Committee by February 1, 2018.

SECTION 34.6A.(f) Any rule or policy adopted by the Department of Transportation that does not comply with the provisions of this section shall be null, void, and without effect.

SECTION 34.6A.(g) The Department of Transportation may adopt temporary rules to implement the provisions of this section. Any temporary rules adopted in accordance with this section shall remain in effect until permanent rules that replace the temporary rules become effective.

SECTION 34.6A.(h) Subsections (a) and (b) of this section become effective October 1, 2017, and apply to school openings, relocations, and expansions on or after that date. The remainder of this section is effective when it becomes law.

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PART XXXV. SALARIES AND BENEFITS

ELIGIBLE STATE-FUNDED EMPLOYEES AWARDED LEGISLATIVE SALARY INCREASES/EFFECTIVE JULY 1, 2017

SECTION 35.1.(a) Except as provided by subsection (b) of this section, a person (i) whose salary is set by this part, pursuant to the North Carolina Human Resources Act, or as otherwise authorized in this act and (ii) who is employed in a State-funded position on June 30, 2017, is awarded a legislative salary increase as follows:

(1) In the amount of one thousand dollars ($1,000) in the 2017-2018 fiscal year, effective July 1, 2017.

(2) As otherwise allowed or provided by law.

SECTION 35.1.(b) The following persons are not eligible to receive the legislative salary increases provided by subsection (a) of this section:

(1) The judicial branch judges whose salaries are set in Section 35.4(a) of this act.

(2) Teachers, principals, and assistant principals paid pursuant to a salary schedule or pay plan enacted in this act.

(3) The Governor and members of the Council of State.

SECTION 35.1.(c) Part-time employees shall receive the increase authorized by this section on a prorated and equitable basis.

GOVERNOR AND COUNCIL OF STATE

SECTION 35.2.(a) The salary of the Governor, as provided by G.S. 147-11(a), shall remain unchanged.

SECTION 35.2.(b) The annual salaries for members of the Council of State, payable monthly, for the 2017-2018 fiscal year shall remain unchanged:

Council of State	Annual Salary
Lieutenant Governor	$127,561
Attorney General	127,561
Secretary of State	127,561
State Treasurer	127,561
State Auditor	127,561
Superintendent of Public Instruction	127,561
Agriculture Commissioner	127,561
Insurance Commissioner	127,561
Labor Commissioner	127,561

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STATE AGENCY TEACHERS

SECTION 35.10. Employees of schools operated by the Department of Health and Human Services, the Department of Public Safety, the State Board of Education, and employees of the School of Science and Mathematics of the University of North Carolina who are paid on the Teacher Salary Schedule shall be paid as authorized by Section 8.1 of this act.

ALL STATE-SUPPORTED PERSONNEL

SECTION 35.11.(a) Salaries and related benefits for positions that are funded:

(1) Partially from the General Fund or Highway Fund and partially from sources other than the General Fund or Highway Fund shall be increased from the General Fund or Highway Fund appropriation only to the extent of the proportionate part of the salaries paid from the General Fund or Highway Fund.

(2) Fully from sources other than the General Fund or Highway Fund shall be increased as provided by this act. The Director of the Budget may increase expenditures of receipts from these sources by the amount necessary to provide the legislative increase to receipt-supported personnel in the certified budget.

The Director of the Budget may increase expenditures of receipts from these sources in the certified budget by the amount necessary to provide the increases authorized by this part to receipt-supported personnel. Nothing in this act authorizes the transfer of funds between the General Fund and the Highway Fund for salary increases.

SECTION 35.11.(b) The legislative salary increases provided in this act for the 2017-2018 fiscal year do not apply to persons separated from service due to resignation, dismissal, reduction in force, death, or retirement or whose last workday is prior to July 1, 2017. With respect to the legislative increases awarded in this part, payroll checks issued to employees after July 1 of each year that represent payment of services provided prior to July 1 of each year shall not be eligible for salary increases provided for in this act.

SECTION 35.11.(c) This section applies to all employees paid from State funds, whether or not subject to or exempt from the North Carolina Human Resources Act, including employees of public schools, community colleges, and The University of North Carolina.

MOST STATE EMPLOYEES

SECTION 35.12. Unless otherwise expressly provided by this part, the annual salaries in effect for the following persons on June 30, 2017, shall be legislatively increased as provided by Section 35.1 of this act:

(1) Permanent, full-time State officials and persons whose salaries are set in accordance with the State Human Resources Act.
(2) Permanent, full-time State officials and persons in positions exempt from the State Human Resources Act.
(3) Permanent, part-time State employees.
(4) Temporary and permanent hourly State employees.

IMPLEMENT NEW CLASSIFICATION AND COMPENSATION SYSTEM

SECTION 35.13. The Office of State Human Resources shall implement the new Classification and Compensation System.

SALARY ADJUSTMENT FUND

SECTION 35.14.(a) The Salary Adjustment Fund is established to make funding available for salary increases in the executive, judicial, and legislative branches for specified purposes only as authorized in this section. Funds appropriated to the Salary Adjustment Fund by this act, or any other provision of law, shall only be used to fund the following purposes in order to provide competitive salary rates:

(1) Reallocation of positions to higher level job classifications.
(2) In-range adjustments for job change.
(3) Career progression adjustments for demonstrated competencies.
(4) Salary range revisions.
(5) Geographic site differential adjustments.
(6) In-range adjustments for labor market.
(7) In-range adjustments for equity issues.
(8) Any other adjustments related to an increase in job duties or responsibilities or labor market changes.

These adjustments must be documented through data collection and analysis according to accepted human resource professional practices and standards. Further, funds may only be used for salary adjustments for the stated purposes that are in compliance with State Human Commission policies and other provisions of the State Human Resources Act. For the executive branch, funding shall be approved by the State Human Resources Commission or Office of State Human Resources and shall not be used for any other purposes.

SECTION 35.14.(b) Funds appropriated to the Salary Adjustment Fund for the 2017-2019 fiscal biennium in the amount of seventy-three thousand dollars ($73,000) shall be distributed to the Office of the Lieutenant Governor for staff compensation increases.

SECTION 35.14.(c) The Director of the Budget may transfer to General Fund budget codes from the Salary Adjustment Fund amounts required to support salary adjustments authorized by this section. The Director of the Budget shall report to the Joint Legislative Commission on Governmental Operations within 30 days of allocation of the funds.

USE OF FUNDS APPROPRIATED FOR LEGISLATIVELY MANDATED INCREASES

SECTION 35.15.(a) The appropriations set forth in Section 2.1 of this act include appropriations for legislatively mandated salary increases and employee benefits in amounts set forth in the Committee Report described in Section 39.2 of this act. The Office of State Budget and Management shall ensure that those funds are used only for the purposes of legislatively mandated salary increases and employee benefits.

SECTION 35.15.(b) If the Director of the Budget determines that funds appropriated to a State agency for legislatively mandated salary increases and employee benefits exceed the amount required by that agency for those purposes, the Director may reallocate those funds to other State agencies that received insufficient funds for legislatively mandated salary increases and employee benefits.

SECTION 35.15.(c) Any funds appropriated for legislatively mandated salary and benefits increases in excess of the amounts required to implement the increases shall be credited to the Pay Plan Reserve established in this Part.

SECTION 35.15.(d) No later than March 1, 2018, the Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations on the expenditure of funds for legislatively mandated salary increases and employee benefits. This report shall include at least the following information for each State agency for the 2017-2018 fiscal year:

(1) The total amount of funds that the agency received for legislatively mandated salary increases and employee benefits.

(2) The total amount of funds transferred from the agency to other State agencies pursuant to subsection (b) of this section. This section of the report shall identify the amounts transferred to each recipient State agency.

(3) The total amount of funds used by the agency for legislatively mandated salary increases and employee benefits.

(4) The amount of funds credited to the Pay Plan Reserve.

MITIGATE BONUS LEAVE

SECTION 35.16. During the 2017-2019 fiscal biennium, State agencies, departments, institutions, the North Carolina Community College System, and The University of North Carolina may offer State employees the opportunity to use or to cash in special bonus leave benefits that have accrued pursuant to Section 28.3A of S.L. 2002-126, Section 30.12B(a) of S.L. 2003-284, Section 29.14A of S.L. 2005-276, and Section 35.10A of S.L. 2014-100, but only if all of the following requirements are met:

(1) Employee participation in the program must be voluntary.

(2) Special leave that is liquidated for cash payment to an employee must be valued at the amount based on the employee's current annual salary rate.

(3) By September 1, 2019, a report on the demographic information shall be submitted to the respective agency head or employing agency and to the Fiscal Research Division.

ESTABLISH PAY PLAN RESERVE/FUNDS

SECTION 35.17. Article 4 of Chapter 143C of the General Statutes is amended by adding a new section to read:

"**§ 143C-4-8. Pay Plan Reserve.**

(a) Creation. – The Pay Plan Reserve is established within the General Fund. The General Assembly shall appropriate in the Current Operations Appropriations Act or other appropriations act a specific amount to this reserve for allocation, on an as-needed basis only, to fund statutory and scheduled pay expenses authorized by:

(1) G.S. 20-187.3.

(2) G.S. 7A-102.

(3) G.S. 7A-171.1.

(4) Teacher Salary Schedule, as enacted by the General Assembly.

(5) Pay Plans for Principals and Assistant Principals, as enacted by the General Assembly.

(b) Authorized Uses. – The funds in the Pay Plan Reserve are available to agencies for employee salary and benefit costs only if the amount of funds appropriated for statutory or scheduled salaries and benefits expenses, in any fiscal year, would be insufficient to cover those expenses for eligible employees.

(c) Request for Allocation. – After January 1 of each fiscal year, an agency may request an allocation from the Pay Plan Reserve by submitting proof to the Office of State Budget and Management (OSBM) that the agency has exhausted or is projected to exhaust funds appropriated for statutory or scheduled salary and benefit expenses. The OSBM must certify the need for any allocation before disbursing funds from the reserve. The OSBM shall report to Fiscal Research Division on or before April 1 of each year on any disbursements made from the reserve and regarding projected recurring appropriations necessary to fully fund positions eligible for funding in the next fiscal year. Funds from the reserve may be allocated and reallocated only as expressly provided by this section."

STATE HUMAN RESOURCES/HIRE FROM POOL OF MOST QUALIFIED PERSONS

SECTION 35.18. G.S. 126-14.2 reads as rewritten:

"**§ 126-14.2. Political hirings limited.**

(a) It is the policy of this State that State departments, agencies, and institutions select from the pool of the most qualified persons for State government employment based upon job-related qualifications of applicants for employment using fair and valid selection criteria.

(b) All State departments, agencies, and institutions shall select ~~the most qualified person~~ from the pool of the most qualified persons for State government employment without regard to political affiliation or political influence. For the purposes of this section, "qualified persons" shall mean each of the State employees or applicants for initial State employment who:

(1) Have timely applied for a position in State government;

(2) Have the essential qualifications for that position; and

(3) Are determined to be substantially more qualified as compared to other applicants for the position, after applying fair and valid job selection criteria, in accordance with G.S. 126-5(e), G.S. 126-7.1, Articles 6 and 13 of this Chapter, and State personnel policies approved by the State Human Resources Commission.

(c) It is a violation of this section if:

(1) The complaining State employee or applicant for initial State employment timely applied for the State government position in question;

(2) The complaining State employee or applicant for initial State employment was not hired into the position;

(3) The complaining State employee or applicant for initial State employment was among the most qualified persons applying for the position as defined in this Chapter;

(4) The successful applicant for the position was not among the most qualified persons applying for the position; and

(5) The hiring decision was based upon political affiliation or political influence.

…."

SPECIAL ANNUAL LEAVE BONUS

SECTION 35.18A.(a) Any person who is (i) a full-time, permanent employee of the State, a community college, or a local board of education on July 1, 2017, and (ii) eligible to earn annual leave shall have a one-time additional three days of annual leave credited on July 1, 2017.

SECTION 35.18A.(b) Except as provided by subsection (c) of this section, the additional leave granted in this act shall be accounted for separately with the leave provided by Section 28.3A of S.L. 2002-126, by Section 30.12B(a) of S.L. 2003-284, by Section 29.14A of S.L. 2005-276, and by Section 35.10A of S.L. 2014-100. The leave shall remain available during the length of the employee's employment, notwithstanding any other limitation on the total number of days of annual leave that may be carried forward. Part-time, permanent employees shall receive a pro rata amount of the three days.

SECTION 35.18A.(c) The additional leave awarded under this section has no cash value and is not eligible for cash in. If not used prior to the time of separation or retirement, the bonus leave cannot be paid out and is lost.

STATE EMPLOYEES – AMEND SALARY CONTINUATION

SECTION 35.18B.(a) G.S. 143-166.14 reads as rewritten:

"**§ 143-166.14. Payment of salary notwithstanding incapacity; Workers' Compensation Act applicable after two years; duration of payment.**

The salary of any eligible person shall be paid as long as the person's employment in that position continues, notwithstanding the person's total or partial incapacity to perform any duties to which the person may be lawfully assigned, if that incapacity is the result of an injury or injuries resulting from or arising out of an episode of violence, resistance, or due to other special hazards that occur while the eligible person is performing official duties, except if that incapacity continues for more than two years from its inception, the person shall, during the further continuance of that incapacity, be subject to the provisions of Chapter 97 of the General Statutes pertaining to workers' compensation. The time period for which an eligible person receives benefits pursuant to this section shall be deducted from the eligible person's total eligibility for benefits pursuant to G.S. 97-29 and G.S. 97-30. For purposes of this section, the term "salary" shall be defined as the total base pay of the person reflected on the person's salary statement and shall not include overtime pay, shift differential pay, holiday pay, or other additional earnings to which the person may have been entitled prior to such incapacity. Salary paid to an eligible person pursuant to this Article shall cease upon the resumption of the person's regularly assigned ~~duties,~~ duties; assignment of duties which comply with the treating physician's restrictions; or retirement, resignation, or death, whichever first ~~occurs, except that~~ occurs; provided that salary payments will be ceased or may be equitably reduced when the employee has returned to work for the same or a different employer. A temporary return to duty shall not prohibit payment of salary for a subsequent period of incapacity which can be shown to be directly related to the original injury."

SECTION 35.18B.(b) G.S. 143-166.19 reads as rewritten:

"**§ 143-166.19. Determination of cause and extent of incapacity; hearing before Industrial Commission; appeal; effect of refusal to perform duties.**

Upon the filing of the report, the secretary or other head of the department or, in the case of the General Assembly, the Legislative Services Officer, shall determine the cause of the incapacity and to what extent the claimant may be assigned to other than the claimant's normal duties. The finding of the secretary or other head of the department shall determine the right of the claimant to benefits under this Article. Notice of the finding shall be filed with the North Carolina Industrial Commission. The finding of the secretary or other department head shall be final unless the claimant, within 30 days of receipt of the notice, files a request for a hearing with the North Carolina Industrial Commission using a form required by the Commission. Upon the filing of a request, the North Carolina Industrial Commission shall proceed to hear the matter in accordance with its regularly established procedure for hearing claims filed under the Worker's Compensation Act, and shall report its findings to the secretary or other head of the department. From the decision of the North Carolina Industrial Commission, an appeal shall lie as in other matters heard and determined by the Commission. Any person who refuses to perform any duties to which the

person may be properly assigned as a result of the finding of the secretary, other head of the department or of the North Carolina Industrial Commission shall be entitled to no benefits pursuant to this Article as long as the refusal continues. A duty is properly assigned if the duty complies with the authorized treating physician's restrictions. Any eligible person whose salary continuation benefits are terminated by the secretary or other head of the department shall be immediately entitled to benefits under G.S. 97-29 or G.S. 97-30. Such benefits under G.S. 97-29 or G.S. 97-30 shall only be suspended or terminated by the employer pursuant to G.S. 97-18.1."

SECTION 35.18B.(c) This section is effective when it becomes law and applies to State employees incapacitated on or after that date.

EXEMPT EMPLOYEES/UNC INFORMATION TECHNOLOGY PROFESSIONALS

SECTION 35.18C. G.S. 126-5 reads as rewritten:

"**§ 126-5. Employees subject to Chapter; exemptions.**

…

(c1) Except as to the provisions of Articles 6 and 7 of this Chapter, the provisions of this Chapter shall not apply to:

…

(8) Instructional and research staff, information technology professionals, physicians, and dentists of The University of North Carolina, including the faculty of the North Carolina School of Science and Mathematics.

…."

SALARY-RELATED CONTRIBUTIONS

SECTION 35.19.(a) Effective for the 2017-2019 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 employee's 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.

SECTION 35.19.(b) Effective July 1, 2017, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2017-2018 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth below:

	Teachers and State Employees	**State LEOs**	**ORPs**	**CJRs**	**LRS**
Retirement	10.78%	10.78%	6.84%	31.05%	19.04%
Disability	0.14%	0.14%	0.14%	0.00%	0.00%
Death	0.16%	0.16%	0.00%	0.00%	0.00%
Retiree Health	6.05%	6.05%	6.05%	6.05%	6.05%
NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
Total Contribution Rate	17.13%	22.13%	13.03%	37.10%	25.09%

The rate for teachers and State employees and State law enforcement officers includes one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

SECTION 35.19.(c) Effective July 1, 2018, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2018-2019 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth below:

	Teachers and State Employees	**State LEOs**	**ORPs**	**CJRs**	**LRS**
Retirement	11.87%	11.87%	6.84%	33.26%	20.04%
Disability	0.14%	0.14%	0.14%	0.00%	0.00%
Death	0.16%	0.16%	0.00%	0.00%	0.00%
Retiree Health	6.27%	6.27%	6.27%	6.27%	6.27%

NC 401(k)	0.00%	0.00%	0.00%	0.00%	0.00%
Total Contribution Rate	18.44%	23.44%	13.25%	39.53%	26.31%

The rate for teachers and State employees and State law enforcement officers includes one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

SECTION 35.19.(d) Effective July 1, 2017, the maximum annual employer contributions, payable monthly, by the State for each covered employee or retiree for the 2017-2018 fiscal year to the State Health Plan for Teachers and State Employees are (i) Medicare-eligible employees and retirees – four thousand five hundred sixty dollars ($4,560) and (ii) non-Medicare-eligible employees and retirees – five thousand eight hundred sixty-nine dollars ($5,869).

SECTION 35.19.(e) Effective July 1, 2018, the maximum annual employer contributions, payable monthly, by the State for each covered employee or retiree for the 2018-2019 fiscal year to the State Health Plan for Teachers and State Employees are (i) Medicare-eligible employees and retirees – four thousand seven hundred forty-three dollars ($4,743) and (ii) non-Medicare-eligible employees and retirees – six thousand one hundred four dollars ($6,104).

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

SECTION 35.19A.(a) G.S. 135-5 is amended by adding a new subsection to read:

"(vvv) From and after July 1, 2017, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 2016, shall be increased by one percent (1%) of the allowance payable on June 1, 2017, in accordance with G.S. 135-5(o). Furthermore, from and after July 1, 2017, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 2016, but before June 30, 2017, shall be increased by a prorated amount of one percent (1%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 2016, and June 30, 2017."

SECTION 35.19A.(b) G.S. 135-65 is amended by adding a new subsection to read:

"(gg) From and after July 1, 2017, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 2016, shall be increased by one percent (1%) of the allowance payable on June 1, 2017. Furthermore, from and after July 1, 2017, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 2016, but before June 30, 2017, shall be increased by a prorated amount of one percent (1%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 2016, and June 30, 2017."

SECTION 35.19A.(c) G.S. 120-4.22A is amended by adding a new subsection to read:

"(aa) In accordance with subsection (a) of this section, from and after July 1, 2017, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before January 1, 2017, shall be increased by one percent (1%) of the allowance payable on June 1, 2017. Furthermore, from and after July 1, 2017, the retirement allowance to or on account of beneficiaries whose retirement commenced after January 1, 2017, but before June 30, 2017, shall be increased by a prorated amount of one percent (1%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between January 1, 2017, and June 30, 2017."

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STUDY STATE EMPLOYEE TOTAL COMPENSATION/REDUCE LONG-TERM UNFUNDED HEALTH CARE LIABILITIES

SECTION 35.21.(a) The State Employee Total Compensation Committee (Committee) is established to study the total compensation of State employees. Total compensation includes cash compensation and the value of heath care, retirement, leave, and other flexible benefits. The Committee shall do the following:

(1) Assess the strength of the total compensation of State employees with regards to recruitment and retention of State employees, including a specific evaluation of the retirement benefits available under the Teachers' and State Employees' Retirement System.

(2) Compare the total compensation of State employees with the total compensation provided to other states' employees, as well as large North Carolina employers that may recruit employees with similar skills.

(3) Evaluate the current financial condition and the sustainability of the State pension system.

(4) By February 1, 2019, submit a report to the General Assembly containing the information considered under subdivisions (1) through (3) of this subsection and any findings and recommendations, including any suggested legislation, to the General Assembly.

SECTION 35.21.(b) The Committee shall consist of nine members as follows:

(1) The State Treasurer, who shall serve as chair of the Committee.

(2) The Executive Administrator of the State Health Plan.

(3) The Director of the Office of State Budget and Management.

(4) The Director of Office of State Human Resources.
(5) One member appointed by the Board of Governors of the University of North Carolina.
(6) One member appointed by the State Board of Education.
(7) One member appointed by the State Board of Community Colleges.
(8) One member appointed by the President Pro Tempore of the Senate.
(9) One member appointed by the Speaker of the House of Representatives.

Members serve at the pleasure of the appointing officer and continue to serve until a successor is appointed. Vacancies on the Committee shall be filled by the same appointing authority making the initial appointment. The Committee shall meet upon the joint call of the chair. A quorum of the Committee is five members. The Office of the State Treasurer shall provide support to the Committee. Members of the Committee shall receive subsistence and travel expenses at the rates set forth in G.S. 120-3.1, 138-5, or 138-6, as appropriate.

SECTION 35.21.(c) G.S. 135-48.1(18) reads as rewritten:

"(18) Retired employee (retiree). – Retired teachers, State employees, and members of the General Assembly who (i) are receiving monthly retirement benefits from ~~any retirement system supported in whole or in part by contributions of the State of North Carolina,~~the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, the Legislative Retirement System, or the Optional Retirement Programs established under G.S. 135-5.1 and G.S. 135-5.4 and (ii) earned contributory retirement service in one of these retirement systems prior to January 1, 2021, and did not withdraw that service, so long as the retiree is enrolled."

SECTION 35.21.(d) G.S. 135-48.40 reads as rewritten:

"**§ 135-48.40. Categories of eligibility.**

(a) Noncontributory Coverage. – The following persons are eligible for coverage under the Plan, on a noncontributory basis, subject to the provisions of G.S. 135-48.43:

(1) ~~Retired teachers, State employees, members of the General Assembly,~~ Retired employees, as defined in G.S. 135-48.1(18), and retired State law enforcement officers who retired under the Law Enforcement Officers' Retirement System prior to January 1, 1985. Except as otherwise provided in this subdivision, on and after January 1, 1988, a retiring employee or retiree must have completed at least five years of contributory retirement service with an employing unit prior to retirement from any State-supported retirement system in order to be eligible for group benefits under this Part as a retired employee or retiree. For employees first hired on and after October 1, 2006, and members of the General Assembly first taking office on and after February 1, 2007, future coverage as retired employees and retired members of the General Assembly is subject to a requirement that the future retiree have 20 or more years of retirement service credit in order to be covered by the provisions of this subdivision.

…

(b) Partially Contributory Coverage. – The following persons are eligible for coverage under the Plan, on a partially contributory basis, subject to the provisions of G.S. 135-48.43:

…

(3) ~~Retired teachers, State employees, members of the General Assembly,~~ Retired employees, as defined in G.S. 135-48.1(18), and retired State law enforcement officers who retired under the Law Enforcement Officers' Retirement System prior to January 1, 1985. Except as otherwise provided in this subdivision, on and after January 1, 1988, a retiring employee or retiree must have completed at least five years of contributory retirement service with an employing unit prior to retirement from any State-supported retirement system in order to be eligible for group benefits under this Part as a retired employee or retiree. For employees first hired on and after October 1, 2006, and members of the General Assembly first taking office on and after February 1, 2007, future coverage as retired employees and retired members of the General Assembly is subject to a requirement that the future retiree have 20 or more years of retirement service credit in order to be covered by the provisions of this subdivision.

…

(c) One-Half Contributory Coverage. – The following persons are eligible for coverage under the Plan, on a one-half contributory basis, subject to the provisions of G.S. 135-48.43:

…

(2) ~~Employees and members of the General Assembly~~Retired employees, as defined in G.S. 135-48.1(18), with 10 but less than 20 years of retirement service credit provided the employees were first hired on or after October 1, 2006, and the members first took office on or after February 1, 2007. For such future retirees, the State shall pay fifty percent (50%) of the Plan's total employer premiums. Individual retirees shall pay the balance of the total premiums not paid by the State.

(d) Fully Contributory Coverage. – The following persons shall be eligible for coverage under the Plan, on a fully contributory basis, subject to the provisions of G.S. 135-48.43:

…

(11) ~~Retired teachers, State employees, and members of the General Assembly~~ Retired employees, as defined in G.S. 135-48.1(18), with less than 10 years of retirement service credit, provided the teachers and State employees were first hired on or after October 1, 2006, and the members first took office on or after February 1, 2007.

…."

SECTION 35.21.(e) Subsections (c) and (d) of this section become effective January 1, 2021.

STATE TREASURER AUTHORITY OVER STATE HEALTH PLAN EMPLOYEES

SECTION 35.22. G.S. 135-48.23 reads as rewritten:

"**§ 135-48.23. Executive Administrator.**

(a) The Plan shall have an Executive Administrator and a Deputy Executive Administrator. The Executive Administrator and the Deputy Executive Administrator positions are exempt from the provisions of Chapter 126 of the General Statutes as provided in G.S. 126-5(c1).

(b) The Executive Administrator shall be appointed by the State Treasurer. The term of employment and salary of the Executive Administrator shall be set by the State ~~Treasurer after consultation with the Board of Trustees.~~Treasurer.

The Executive Administrator may be removed from office by the State ~~Treasurer after consultation with the Board of Trustees,~~ Treasurer, and any vacancy in the office of Executive Administrator may be filled by the State Treasurer.

(c) The ~~Executive Administrator~~ State Treasurer shall appoint the Deputy Executive ~~Administrator and~~ Administrator. The term of employment and salary of the Deputy Executive Administrator shall be set by the State Treasurer. The Deputy Executive Administrator may be removed from office by the State Treasurer. Any vacancy in the office of the Deputy Executive Administrator may be filled by the State Treasurer.

(c1) The State Treasurer may employ such clerical and professional staff, and such other assistance as may be necessary to assist the Executive Administrator, the Board of Trustees, and the State Treasurer in carrying out their duties and responsibilities under this Article. The ~~Executive Administrator~~ State Treasurer may designate any managerial, professional, or policy-making positions as exempt from the North Carolina Human Resources Act. All exempt employees shall serve at the pleasure of the State Treasurer, and any vacancies in these positions may be filled by the State Treasurer. Salaries of exempt employees shall be set by the State Treasurer.

(c2) The Executive Administrator may also negotiate, renegotiate and execute contracts with third parties in the performance of the Executive Administrator's duties and responsibilities under this Article; provided any contract negotiations, renegotiations and execution with a Claims Processor, with an optional alternative comprehensive health benefit plan, or program thereunder, authorized under G.S. 135-48.2, with a preferred provider of institutional or professional hospital and medical care, or with a pharmacy benefit manager shall be done only ~~after consultation~~ with the consent of the State Treasurer.

(d) The Executive Administrator shall quarterly make reports and recommendations on the Plan to the President Pro Tempore of the Senate and the Speaker of the House of Representatives."

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PART XXXVI. CAPITAL APPROPRIATIONS

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REPAIRS AND RENOVATIONS RESERVE ALLOCATION

SECTION 36.5.(a) Of the funds in the Reserve for Repairs and Renovations for the 2017-2018 fiscal year, the following allocations shall be made to the following agencies for repairs and renovations pursuant to G.S. 143C-4-3:

(1) One-half of the funds shall be allocated to the Board of Governors of The University of North Carolina.

(2) One-half of the funds shall be allocated to the Office of State Budget and Management.

The Office of State Budget and Management shall consult with or report to the Joint Legislative Commission on Governmental Operations, as appropriate, in accordance with G.S. 143C-4-3(d). The Board of Governors shall report to the Joint Legislative Commission on Governmental Operations in accordance with G.S. 143C-4-3(d).

SECTION 36.5.(b) 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 each fiscal year 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'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 36.5.(c) 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 each fiscal year by the Board of Governors for campus public safety improvements allowable under G.S. 143C-4-3(b).

SECTION 36.5.(d) In making campus allocations of funds allocated to the Board of Governors of The University of North Carolina in subsection (a) of this section, the Board of Governors shall negatively weight the availability of non-State resources and carryforward funds available for repair and renovations and shall include information about the manner in which this subsection was compiled within any report submitted pursuant to G.S. 143C-4-3(d).

SECTION 36.5.(e) Notwithstanding G.S. 143C-4-3, of the funds allocated from the Reserve for Repairs and Renovations for the 2017-2018 fiscal year, the following sums shall be allocated for the following projects:

(1) One million seven hundred fifty thousand dollars ($1,750,000) shall be allocated to the Department of Public Safety to be provided to the North Carolina National Guard for the demolition of Western Youth Correctional Facility.

(2) Two million dollars ($2,000,000) shall be allocated to the Department of Natural and Cultural Resources for the repairs and renovation projects involving the U.S.S. North Carolina Battleship.

(3) Three hundred thousand dollars ($300,000) shall be allocated to weatherproof Goodwin Hall and Joiner Hall at the North Carolina School for the Deaf in Morganton.

(4) Ten million dollars ($10,000,000) shall be allocated for the comprehensive renovation and repurposing of West Hall at the University of North Carolina at Pembroke.

(5) Two million five hundred thousand dollars ($2,500,000) shall be allocated to the Department of Natural and Cultural Resources, Division of Parks and Recreation, for repair and renovation projects at Morrow Mountain State Park in Stanly County.

(6) Four million five hundred thousand dollars ($4,500,000) shall be allocated to the Department of Natural and Cultural Resources for repair and renovation projects at the North Carolina Zoological Park.

(7) Two million two hundred thousand dollars ($2,200,000) shall be allocated to the Department of Public Safety to renovate the Swannanoa Correctional Center for Women to allow for portions to be used for a female Confinement Response to Violation (CRV) facility.

(8) Seven hundred fifty thousand dollars ($750,000) shall be allocated for the energy production facility replacement project at Western Carolina University.

PROCEDURES FOR DISBURSEMENT OF CAPITAL FUNDS

SECTION 36.6. The appropriations made by the 2017 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.

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 2017 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 2017 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.

REPORTING ON CAPITAL PROJECTS

SECTION 36.7.(a) Definitions. – The following definitions apply in this section:

(1) Capital project. – Any capital improvement, as that term is defined in G.S. 143C-1-1, that is not complete by the effective date of this section and that is funded in whole or in part with State funds, including receipts, non-General Fund sources, or statutorily or constitutionally authorized indebtedness of any kind. This term includes only projects with a total cost of one hundred thousand dollars ($100,000) or more.

(2) Construction phase. – The status of a particular capital project as described using the terms customarily employed in the design and construction industries.

(3) New capital project. – A capital project that is authorized in this act or subsequent to the effective date of this act.

SECTION 36.7.(b) Reporting. – The following reports are required:

(1) By October 1, 2017, and every six months thereafter, each State agency shall report on the status of agency capital projects to the Joint Legislative Commission on Governmental Operations.

(2) By October 1, 2017, and quarterly thereafter, each State agency shall report on the status of agency capital projects to the Fiscal Research Division of the General Assembly and to the Office of State Budget and Management.

SECTION 36.7.(c) The reports required by subsection (b) of this section shall include at least the following information about every agency capital project:

(1) The current construction phase of the project.

(2) The anticipated time line from the current construction phase to project completion.

(3) Information about expenditures that have been made in connection with the project, regardless of source of the funds expended.

(4) Information about the adequacy of funding to complete the project, including estimates of how final expenditures will relate to initial estimates of expenditures, and whether or not scope reductions will be necessary in order to complete the project within its budget.

(5) For new capital projects only, an estimate of the operating costs for the project for the first five fiscal years of its operation.

SECTION 36.7.(d) In addition to the other reports required by this section, on October 1, 2017, and every six months thereafter, the Office of State Construction shall report on the status of the Facilities Condition Assessment Program (FCAP) to the Joint Legislative Commission on Governmental Operations. The report shall include (i) summary information about the average length of time that passes between FCAP assessments for an average State building; (ii) detailed information about when the last FCAP assessment was for each State building complex; and (iii) detailed information about the condition and repairs and renovations needs of each State building complex.

SECTION 36.7.(e) In addition to the other reports required by this section, on October 1, 2017, and quarterly thereafter, the State Construction Office shall report to the Joint Legislative Oversight Committee on Capital Improvements on the status of plan review, approval, and permitting for each State capital improvement project and community college capital improvement project over which the Office exercises plan review, approval, and permitting authority. Each report shall include (i) summary information about the workload of the Office during the previous quarter, including information about the average length of time spent by the State Construction Office on each major function it performs that is related to capital project approval, and (ii) detailed information about the amount of time spent engaged in those functions for each project that the State Construction Office worked on during the previous quarter.

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PAY-AS-YOU-GO CAPITAL AND INFRASTRUCTURE FUND ESTABLISHED JULY 1, 2019

SECTION 36.12.(a) Effective July 1, 2019, G.S. 143C-4-3 is repealed.

SECTION 36.12.(b) Effective July 1, 2019, Article 4 of Chapter 143C of the General Statutes is amended by adding a new section to read:

"**§ 143C-4-3.1. State Capital and Infrastructure Fund.**

(a) Legislative Intent. – The General Assembly recognizes the need to establish and maintain a sufficient funding source to address the ongoing capital and infrastructure needs of the State. The General Assembly further recognizes the need to protect the State's substantial improvements in existing public facilities while providing a stable funding source to pay for new facilities to meet the needs of a growing population.

(b) Creation and Source of Funds. – There is established in the General Fund the State Capital and Infrastructure Fund, hereinafter referred to as the "Fund." The Fund shall be maintained as a special fund and administered by the Office of State Budget and Management to carry out the provisions of this section. With the exception of debt service obligations,

appropriations from the Fund may be administered by other State agencies as deemed necessary by the Office of State Budget and Management. Interest accruing from the monies in the Fund shall be credited to the Fund. The Fund shall consist of the following sources of funding:

(1) One-fourth of any unreserved fund balance, as determined on a cash basis, remaining in the General Fund at the end of each fiscal year.

(2) Four percent (4%) of the net State tax revenues that are deposited in the General Fund during the fiscal year.

(3) All monies appropriated by the General Assembly for the purposes of capital improvements, as defined in G.S. 143C-1-1(d).

(4) All interest and investment earnings received on monies in the Fund.

(5) Any other funds, as directed by the General Assembly.

(c) Funding Requirements. – Each Current Operations Appropriations Act enacted by the General Assembly shall include (i) a transfer to the Fund of four percent (4%) of each fiscal year's estimated net State tax revenues that are deposited in the General Fund and (ii) one-fourth of the General Fund unreserved fund balance, as determined on a cash basis, at the end of each fiscal year.

(d) Transfer of Funds to the Fund. – Each fiscal year, the Office of State Controller shall transfer to the Fund the estimated amounts required pursuant to subsection (c) of this section. Upon calculation of the actual net State tax revenue collections that are deposited in the General Fund, the Office of State Controller shall adjust the amount of the transfer to the Fund to achieve an amount equivalent to four percent (4%) of collections. Each fiscal year, the Office of State Controller shall transfer to the Fund one-fourth of the General Fund unreserved fund balance, as determined on a cash basis, at the end of the fiscal year.

(e) Use of Funds. – Monies in the Fund shall first be used to meet the debt service obligations of the State. In addition to meeting the State's debt service obligations, monies in the Fund may be used for the following purposes:

(1) New State and The University of North Carolina capital projects governed pursuant to Article 8 of Chapter 143C of the General Statutes.

(2) Repair and renovation of existing capital assets, as provided in G.S. 143C-8-13.

(f) Funds Available Only Upon Appropriation. – Funds reserved to the Fund shall be available for expenditure only upon an act of appropriation by the General Assembly."

SECTION 36.12.(c) Effective July 1, 2019, Article 8 of Chapter 143C of the General Statutes is amended by adding a new section to read:

"**§ 143C-8-13. Repairs and Renovations.**

(a) Use of Funds. – Funds for repairs and renovations shall be available for expenditure only upon an act of appropriation by the General Assembly. Funds appropriated for repairs and renovations shall be used only for State facilities and related infrastructure that are supported from the General Fund and for Department of Information Technology facilities and related infrastructure. Funds appropriated for repairs and renovations projects shall not be used for new construction or the expansion of the building area (sq. ft.) of an existing facility unless required in order to comply with federal or State codes or standards. Allowable projects include any of the following:

(1) Roof repairs and replacements.

(2) Structural repairs.

(3) Repairs and renovations to meet federal and State standards.

(4) Repairs to or installation of new electrical, plumbing, and heating, ventilating, and air-conditioning systems.

(5) Improvements to meet the requirements of the Americans with Disabilities Act, 42 U.S.C. § 12101, et seq., as amended.

(6) Improvements to meet fire safety needs.

(7) Improvements to existing facilities for energy efficiency.

(8) Improvements to remove asbestos, lead paint, and other contaminants, including the removal and replacement of underground storage tanks.

(9) Improvements and renovations to improve use of existing space.

(10) Historical restoration.

(11) Improvements to roads, walks, drives, and utilities infrastructure.

(12) Drainage and landscape improvements.

(13) Building demolition.

(b) Allocation and Reallocation of Funds for Particular Projects. – Any funds that are allocated to the Board of Governors of The University of North Carolina or to the Office of State Budget and Management may be allocated or reallocated by those agencies for repairs and renovations projects so long as all of the following conditions are satisfied:

(1) Any project that receives an allocation or reallocation satisfies the requirements of subsection (a) of this section.

(2) If the allocation or reallocation of funds from one project to another under this section is two million five hundred thousand dollars ($2,500,000) or more for a particular project, the Office of State Budget and

Management or the Board of Governors, as appropriate, consults with the Joint Legislative Commission on Governmental Operations prior to the expenditure or reallocation.

(3) If the allocation or reallocation of funds from one project to another under this section is less than two million five hundred thousand dollars ($2,500,000) for a particular project, the allocation or reallocation of funds is reported to the Joint Legislative Commission on Governmental Operations within 60 days of the expenditure or reallocation."

SECTION 36.12.(d) Effective July 1, 2019, G.S. 143C-3-5 reads as rewritten:

"**§ 143C-3-5. Budget recommendations and budget message.**

…

(b) Odd-Numbered Years. – In odd-numbered years the budget recommendations shall include the following components:

…

(6) The Governor's Recommended State Budget shall include a transfer to the State Capital and Infrastructure Fund of four percent (4%) of the estimated net State tax revenues that are deposited in the General Fund for each fiscal year of the upcoming biennium.

…."

SECTION 36.12.(e) Effective July 1, 2019, G.S. 143B-135.188(d)(2) reads as rewritten:

"(2) The project meets the requirements of ~~G.S. 143C-4-3(b).~~G.S. 143C-8-13(a)."

SECTION 36.12.(f) Effective July 1, 2019, G.S. 143B-135.209(c)(2) reads as rewritten:

"(2) The project meets the requirements of ~~G.S. 143C-4-3(b).~~G.S. 143C-8-13(a)."

SECTION 36.12.(g) Effective July 1, 2019, G.S. 143B-135.225(c)(2) reads as rewritten:

"(2) The project meets the requirements of ~~G.S. 143C-4-3(b).~~G.S. 143C-8-13(a)."

SECTION 36.12.(h) Effective July 1, 2019, G.S. 143C-5-4(b)(8) reads as rewritten:

"(8) Statutory transfers to reserves. – Notwithstanding G.S. 143C-4-2 and ~~G.S. 143C-4-3,~~G.S. 143C-4-3.1, funds shall not be reserved to the Savings Reserve Account or the ~~Repairs and Renovations Reserve Account~~State Capital and Infrastructure Fund and the State Controller shall not transfer funds from the unreserved fund balance to those accounts on June 30 of the prior fiscal year."

SECTION 36.12.(i) Effective July 1, 2019, G.S. 143C-6-5(a) reads as rewritten:

"(a) Notwithstanding any other provision of law, no funds from any source, except for gifts, grants, or funds allocated from the ~~Repair and Renovations Account~~State Capital and Infrastructure Fund in accordance with ~~G.S. 143C-4-3,~~G.S. 143C-4-3.1, funds allocated from the Contingency and Emergency Fund in accordance with G.S. 143C-4-4, and funds exempted from Chapter 143C in accordance with G.S. 143C-1-3(c) may be expended for any new or expanded purpose, position, or other expenditure for which the General Assembly has considered but not enacted an appropriation of funds for the current fiscal period. For the purpose of this subsection, the General Assembly has considered a purpose, position, or other expenditure when that purpose is included in a bill which fails a reading, or if the purpose is included in the version of a bill that passes one house, but the bill is enacted without the purpose."

SECTION 36.12.(j) Effective July 1, 2019, G.S. 143C-8-12(b) reads as rewritten:

"(b) Carryforward Funds. – For purposes of this section, the term "non-General Fund money" includes funds carried forward from one fiscal year to another pursuant to G.S. 116-30.3 and G.S. 116-30.3B. These funds shall only be used for projects listed in ~~G.S. 143C-4-3(b).~~G.S. 143C-8-13(a)."

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PART XXXVII. DEPARTMENT OF INFORMATION TECHNOLOGY

GOVERNMENT DATA ANALYTICS CENTER/INFRASTRUCTURE AND OPERATIONS

SECTION 37.1. Of the funds appropriated in this act to the Department of Information Technology, Government Data Analytics Center (GDAC), the sum of two million dollars ($2,000,000) for the 2017-2018 fiscal year and the sum of two million dollars ($2,000,000) for the 2018-2019 fiscal year shall be used to fund contract additions that support GDAC infrastructure and operations improvements, including security upgrades to comply with State and federal requirements, and to provide enhanced and expanded GDAC user services, data storage, data integration, and system maintenance.

GOVERNMENT BUDGETS TRANSPARENCY/ACCOUNTABILITY/REPORTING

SECTION 37.2.(a) By September 1, 2017, the State Chief Information Officer, the State Controller, the Office of State Budget and Management (OSBM), and the State Chief Information Officer (State CIO) shall make a detailed written report to the chairs of the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on the status of efforts to effectuate the State budget transparency Internet Web site as mandated in Section 7.17 of S.L. 2015-241 to provide information on budget expenditures for each State agency for each fiscal year beginning 2015-2016. Specifically, the reports shall:

(1) Include an explanation of coordination efforts with counties and local education agencies to facilitate the posting of their respective local entity budgetary and spending data on their respective Internet Web sites.

(2) Account for how the appropriated General Funds in the amount of eight hundred fourteen thousand dollars ($814,000) for the 2015-2016 fiscal year were or were not spent toward the purposes of implementation of the mandated transparency requirements.

SECTION 37.2.(b) By January 1, 2018, the Internet Web sites mandated by Section 7.17 of S.L. 2015-241 must be fully functional and:

(1) User friendly with easy-to-use search features and data provided in formats that can be readily downloaded and analyzed.

(2) Include budgeted amounts and actual expenditures for each State agency or local entity budget code.

(3) Include information on receipts and expenditures from and to all sources, including vendor payments, updated on a monthly basis.

SECTION 37.2.(c) Of the funds appropriated to the Department of Information Technology for the 2017-2019 fiscal biennium, the sum of up to one million dollars ($1,000,000) from the Information Technology Reserve Fund balance shall be used to implement fully the government transparency initiative mandated in Section 7.17 of S.L. 2015-241, including collection of all financial information from all State government agencies, public universities, community colleges, counties, and local school administrative units, with the option for full local government participation (with cities encouraged, but not required, to participate).

SECTION 37.2.(d) Section 7.17 of S.L. 2015-241 reads as rewritten:

"**SECTION 7.17.(a)** In coordination with the State Controller and the Office of State Budget and Management (OSBM), the State Chief Information Officer (State CIO) shall establish a State budget transparency Internet Web site to provide information on budget expenditures for each State agency for each fiscal year beginning 2015-2016.

"**SECTION 7.17.(b)** In addition, the State CIO shall coordinate with ~~counties, cities,~~ counties and local education agencies to facilitate the posting of their respective local entity budgetary and spending data on their respective Internet Web sites and to provide the data to the Local Government Commission (LGC) to be published, in a standardized format, on the State budget transparency Internet Web site established in subsection (a) of this section.

"**SECTION 7.17.(c)** The Internet Web sites mandated by this section shall be fully functional by April 1, 2016. Each Internet Web site shall:

(1) Be user-friendly with easy-to-use search features and data provided in formats that can be readily downloaded and analyzed by the public.

(2) Include budgeted amounts and actual expenditures for each State agency or local entity budget code.

(3) Include information on receipts and expenditures from and to all sources, including vendor payments, updated on a monthly basis.

"**SECTION 7.17.(d)** Each State agency, county, ~~city,~~ and local education agency shall work with the State CIO, the State Controller, and the OSBM to ensure that complete and accurate budget and spending information is provided in a timely manner as directed by the State CIO. Each State agency Internet Web site shall include a hyperlink to the State's budget transparency Internet Web site. The LGC shall work with the State CIO to post data on the LGC's Internet Web site in a consistent manner that allows comparisons between the local entities providing data under subdivision (2) of subsection (c) of this section.

"**SECTION 7.17.(e)** There is appropriated from the General Fund to the Office of State Budget and Management the sum of eight hundred fourteen thousand dollars ($814,000) for the 2015-2016 fiscal year for the purpose of implementing the provisions of this section.

"**SECTION 7.17.(f)** The Office of State Budget and Management, in coordination with the Department of Information Technology, shall submit a quarterly report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on the progress of the budget transparency Internet Web site development and implementation as directed by this section."

DATA CENTER CONSOLIDATION

SECTION 37.3.(a) The consolidation of State data centers shall continue as a priority for the 2017-2019 fiscal biennium, however, the Western Data Center in Rutherford County and the Eastern Data Center in Wake County may not be closed or consolidated without express authorization by the General Assembly.

SECTION 37.3.(b) Unless otherwise exempt, State agencies shall continue to use the State infrastructure to host their projects, services, data, and applications, except that the State Chief Information Officer may grant an exception if the State agency demonstrates any of the following:

(1) Using an outside contractor would be more cost-effective for the State.

(2) The Department of Information Technology does not have the technical capabilities required to host the application.

(3) Valid security requirements preclude the use of State infrastructure, and a vendor can provide a more secure environment.

SECTION 37.3.(c) By December 1, 2017, the State Chief Information Officer shall present a report on data center consolidations to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division. On or before May 1, 2018, the State Chief Information Officer shall report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on the number of physical servers eliminated across all departments as a result of data center consolidation and the savings associated with such elimination.

DEPARTMENT OF INFORMATION TECHNOLOGY TRANSFERS/COMPLETION BY JULY 1, 2018

SECTION 37.4.(a) The transition period mandated by G.S. 143B-1325 for consolidation of the State's information technology functions and personnel under the Department of Information Technology ends effective June 30, 2018, except as provided by subsection (d) of that section.

SECTION 37.4.(b) Effective July 1, 2018, G.S. 143B-1325 reads as rewritten:

"**§ 143B-1325. ~~Transition to~~ State information technology consolidated under Department of Information Technology.**

(a) ~~Transition Period. – During the 2015-2016 fiscal year, the State CIO shall work with appropriate State agencies to develop a State business plan. The State CIO shall develop documentation to support~~ Consolidation Completed. – Effective July 1, 2018, the consolidation of enterprise information technology functions within the executive branch ~~to include the following:~~is completed with the Secretary heading all of the information technology functions under the Department's purview, including all of the following:

(1) Information technology architecture.
(2) ~~Updated~~ State information technology strategic plan that reflects State and agency business plans and the State information technology architecture.
(3) Information technology funding process to include standardized, transparent rates that reflect market costs for information technology requirements.
(4) Information technology personnel management.
(5) Information technology project management.
(6) Information technology procurement.
(7) Hardware configuration and management.
(8) Software acquisition and management.
(9) Data center operations.
(10) Network operations.
(11) System and data security, including disaster recovery.

(b) Phased Transitions. – The State CIO shall develop detailed plans for the phased transition of participating agencies to the Department, as well as a plan that defines in detail how information technology support shall be provided to agencies that are not participating agencies. These plans shall be coordinated, in writing, with each agency and shall address any issues unique to a specific agency.

(c) Participating Agencies. – The State CIO shall prepare detailed plans to transition each of the participating agencies. As the transition plans are completed, the following participating agencies shall transfer information technology personnel, operations, projects, assets, and appropriate funding to the Department of Information Technology:

(1) Department of Natural and Cultural Resources.
(2) Department of Health and Human Services.
(3) Department of Revenue.
(4) Department of Environmental Quality.
(5) Department of Transportation.
(6) Department of Administration.
(7) Department of Commerce.
(8) Governor's Office.
(9) Office of State Budget and Management.
(10) Office of State Human Resources.
(11) Repealed by Session Laws 2016-94, s. 7.11(a), effective July 1, 2016.
(12) Department of Military and Veterans Affairs.
(13) Department of Public Safety, with the exception of the following:
  a. State Bureau of Investigation.
  b. State Highway Patrol.
  c. Division of Emergency Management.

The State CIO shall ensure that State agencies' operations are not adversely impacted ~~during the transition.~~under the State agency information technology consolidation.

(d) Report on Transition Planning. – The Community College System ~~Office~~ Office, the Department of Public Instruction, and the State Board of Elections shall work with the State CIO to plan their transition to the Department. By October 1, 2018, these agencies, in conjunction with the State CIO, shall report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on their respective transition plans.

(e) Separate agencies may transition their information technology to the Department following completion of a transition plan."

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ESTABLISH ROTATIONAL DEVELOPMENT PROGRAM FOR STATE INFORMATION TECHNOLOGY

SECTION 37.8. The Department of Information Technology shall develop a rotational development program (RDP) for its Statewide Information Technology Division and for information technology procurement. The RDP shall coordinate with participating agencies, as defined in G.S. 143B-1320, to utilize existing agency staff on a quarterly basis to supplement Department resources and to expand opportunities for education and cross-functional training.

RISK AND VULNERABILITY ASSESSMENT

SECTION 37.9.(a) The Department of Information Technology shall coordinate with each participating agency, as defined in G.S. 143B-1320, to conduct a risk and vulnerability assessment (RVA). The RVA shall consider, at a minimum, all of the following for each participating agency:

(1) The existing network infrastructure and configuration, including all interconnectivity and supported protocols and network services offered.
(2) Publicly available information and data accessible via agency Web sites.
(3) An inventory of all agency hardware and its operating systems and network management systems.
(4) An inventory of all applications, data storage devices and systems, and identification and authentication measures.
(5) Existing security systems and components, including antivirus, firewalls, and network monitoring.
(6) Network application processes and formal and informal policies, procedures, and guidelines.
(7) All applicable laws, regulations, and industry best practices.

SECTION 37.9.(b) Of the funds appropriated to the Department of Information Technology for the 2017-2019 fiscal biennium, the sum of two million dollars ($2,000,000) from the Information Technology Reserve Fund balance shall be used to conduct the RVA pursuant to this section.

DIT ENCRYPTED DEVICE STUDY

SECTION 37.10. The Department of Information Technology shall conduct a study on the use of encrypted mobile information storage devices. The study shall consider potential benefits, risks, and costs of implementing and utilizing encrypted mobile information storage devices, including any identifiable issues relating to interfacing or networking with existing State resources. The Department shall submit the results of the study to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on or before January 15, 2018.

NETWORK SEGMENTATION AND AUTOMATION

SECTION 37.11. In an effort to better protect critical State infrastructure and data, the Department of Information Technology shall incorporate network segmentation and automation into its statewide cybersecurity policy and shall require participating agencies, as defined in G.S. 143B-1320, to adopt solutions and security controls that isolate and segment sensitive information.

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PART XXXIX. MISCELLANEOUS PROVISIONS

STATE BUDGET ACT APPLIES

SECTION 39.1. The provisions of the State Budget Act, Chapter 143C of the General Statutes, are reenacted and shall remain in full force and effect and are incorporated in this act by reference.

COMMITTEE REPORT

SECTION 39.2.(a) The Joint Conference Committee Report on the Base, Capital, and Expansion Budgets for Senate Bill 257, dated June 19, 2017, 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 this act and shall, therefore, be used to construe this act, as provided in the State Budget Act, Chapter 143C of the General Statutes, as appropriate, and for these purposes shall be considered a part of this act and, as such, shall be printed as a part of the Session Laws.

SECTION 39.2.(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 2017-2019 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 base budget to the General Assembly in the Governor's Recommended Budget for the 2017-2019 fiscal biennium, dated March 2017, and in the Budget Support Document for the

various departments, institutions, and other spending agencies of the State. The adjustments to the recommended base budget made by the General Assembly are set out in the Committee Report.

SECTION 39.2.(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.

SECTION 39.2.(d) Notwithstanding subsection (a) of this section, the following portions of the Committee Report are for reference, and do not expand, limit, or define the text of the Committee Report:

(1) Summary pages setting forth the enacted budget, the legislative changes, the revised budget, and the related FTE information for a particular budget code and containing no other substantive information.

(2) Summary pages setting forth the enacted budget, the legislative changes, the revised budget, and the related FTE information for multiple fund codes within a single budget code and containing no other substantive information.

REPORT BY FISCAL RESEARCH DIVISION

SECTION 39.3. The Fiscal Research Division shall issue a report on budget actions taken by the 2017 Regular Session of the General Assembly. The report shall be in the form of a revision of the Committee Report adopted for Senate Bill 257 pursuant to G.S. 143C-5-5. The Director of the Fiscal Research Division shall send a copy of the report issued pursuant to this section to the Director of the Budget. The report shall be published on the General Assembly's Internet Web site for public access.

MOST TEXT APPLIES ONLY TO THE 2017-2019 FISCAL BIENNIUM

SECTION 39.4. Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 2017-2019 fiscal biennium, the textual provisions of this act apply only to funds appropriated for, and activities occurring during, the 2017-2019 fiscal biennium.

EFFECT OF HEADINGS

SECTION 39.5. The headings to the Parts, subparts, and sections of this act are a convenience to the reader and are for reference only. The headings do not expand, limit, or define the text of this act, except for effective dates referring to a Part or subpart.

SEVERABILITY CLAUSE

SECTION 39.6. 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 39.7. Except as otherwise provided, this act becomes effective July 1, 2017.

In the General Assembly read three times and ratified this the 22nd day of June, 2017.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Tim Moore
Speaker of the House of Representatives

VETO Roy Cooper
Governor

Became law notwithstanding the objections of the Governor at 10:38 a.m. this 28th day of June, 2017.

s/ James White
House Principal Clerk

SL 2017-8
HB 5 Unemployment Insurance Technical Changes
Amends: G.S. 96-1(b); G.S. 96-11.3(b)(2); G.S. 96-14.1(b); G.S. 96-14.9; G.S. 96-15.01(c); G.S. 96-9.7; G.S. 96-9.6; G.S. 96-11.7.
Application/Effective Date: §1: October 1, 2016; §2: July 1, 2017; §3.1: July 1, 2017; §3.2: October 1, 2017; §4: July 1, 2017
Local Action Required: Update their procedures to align with changes to state law on unemployment insurance.
SBE/DPI Action Required: Update insurance procedures if required to remain in compliance with the law.
Summary: HB 5 waives the one-week waiting period and work search requirements for unemployment insurance (UI) claims due directly to a disaster covered by a federal disaster declaration. It also waives the work search requirement unless the Division expressly requires. It excludes remuneration for available but unused paid time off, such as vacation and sick leave, from severance pay. The time employers have to file a protest of UI claims with the Division is reduced from 14 to 10 days from the date of filing or delivery of notice. The time to amend a UI claim is reduced from 14 to 10 days from date of expiration of the mailing or delivery of notice.

SL 2017-9
HB 13 Class Size Requirement Changes
Amends: G.S. 115C-301(c); G.S. 115C-47(10); G.S. 115C-301.
Application/Effective Date: Class size requirements for K thru grade 3 apply to the 2018-2019 school year; the rest of the bill is effective with the 2017-2018 school year.
Local Action Required: 1) It shall be the responsibility of local boards of education "to assure that the class size requirements set forth in G.S. 115C-301 for kindergarten through third grade are met." 2) At the end of September and February of each school year, the local school board shall file a report on school organization (teacher allocation, class size, etc.) with the State Superintendent for each school administrative unit. 3) Take action to correct an exception if the reported exception does not qualify for waiver or allotment adjustment within 30 days of notification from SBE.
SBE/DPI Action Required: State Superintendent: Determine format for report from local boards, and "conduct periodic audits of the information reported by the local superintendent under this subsection to confirm the accuracy of reporting at the local school administrative unit and school level of the average and individual class size for students in kindergarten through third grade." The Superintendent will also request updated reports from LEAs within 60 days in the event that a waiver is found to be unwarranted to ensure that the LEA is in compliance with class-size requirements. The State Board shall also adopt rules necessary for the implementation of allocation of teachers and class size requirements.
SBE: Report on all class size waivers to the Joint Legislative Commission on Governmental Operations within 30 days of each waiver and notify LEAs that are found to have been wrongly issued a waiver.
Summary: HB 13 phases in class size requirements over two years and will be fully implemented
in the 2018-2019 school year while requiring LEAs to submit biannual reports on teacher allocation and class size to the State Superintendent. SBE is directed to notify the Joint Legislative Commission on Governmental Operations upon the issuance of class size waivers. Timely action is required by LEAs who are found to not be in compliance with class size requirements or to have been incorrectly issued a waiver. In the event that an LEA is found to still be in violation of class size requirements, SBE may penalize the LEA by withholding a portion of the Superintendent's salary.

SL 2017-95
HB 21 Driver Instruction/Law Enforcement Stops
Amends: G.S. 20-88.1(d); G.S. 115C-215(b).
Application/Effective Date: §1 effective January 1, 2018; §2 effective when the bill became law, and applies to the 2017-2018 school year.
Local Action Required: Driver education instructors should be aware of the new requirement of instruction on law enforcement procedures for traffic stops and appropriate motorist actions. This has been added to driver education handbook and curriculum offered at public high schools.
SBE/DPI Action Required: The driver education curriculum must be revised to include the required description of procedures and appropriate interactions with law enforcement during traffic stops.
Summary: S.L. 2017-95 modifies statutes related to driver education to direct the Division of Motor Vehicles to include a description of law enforcement procedures during traffic stops in the driver license handbook. It also requires the Department of Public Education to incorporate instruction on law enforcement procedures for traffic stops in the driver education curriculum.

SL 2017-125

HB 115 Retirement Technical Corrections Act of 2017.-AB

Amends: G.S. 135-1(5); G.S. 128-21(5); G.S. 135-8(b)(5); G.S. 128-30(b)(4); G.S. 135-48.12; G.S. 147-86.59; G.S. 147-86.72(h); G.S. 147-86.72; G.S. 147-69.2(a); G.S. 147-69.12(e).

Application/Effective Date: Effective when becomes law, July 20, 2017.

Local Action Required: Retirees and local payroll and human resources officials should be aware of changes to the calculation of "average final compensation" within the statutory regulation of pensions and retirement benefits.

SBE/DPI Action Required: Update policies as required.

Summary: S.L. 2017-125 clarifies that payout of vacation leave should only be included in "average final compensation" if the payout was received by the Teachers' and State Employees' Retirement System (TSERS) member during the four consecutive calendar years of membership service producing the highest average annual compensation of the member. Furthermore, it clarifies that TSERS members on educational leave for programs where they receive a stipend are eligible to purchase their creditable service. This legislation directs the Committee on Actuarial Valuation of Retired Employees' Health Benefits to adopt a funding policy and include information about the State's contribution policy, including the basis for determining contributions in the annual actuarial valuation. The next item of note allows the ABLE Board of Trustees to either enter into a relationship with one or more states, or a consortium of states, in order to provide services necessary for North Carolina residents to participate in a qualified ABLE program or to facilitate North Carolina residents' participation in a qualified ABLE program of another state, states or consortium. Additionally, it adds the Disability Income Plan of NC to the list of funds invested by the State Treasurer and repeals the requirement that the State Treasurer make rules related to investment programs reporting by December 31, 2017.

SL 2017-126

HB 135 Technical Changes to Course of Study Statute

Repealed: G.S. 115C-81; G.S. 115C-81.1; G.S. 115C-81.3; G.S. 115C-81.4; G.S. 115C-12; G.S. 115C-12(9)c; G.S. 115C-47(12); G.S. 120-70.81(a)(2).

Amends: Part 1 of Article 8 of Chapter 115C amended by adding new sections G.S. 115C-81.5; G.S. 115C-81.10; G.S. 115C-81.15; G.S. 115C-81.20; G.S. 115C-81.25; G.S. 115C-81.30; G.S. 115C-81.35; G.S. 115C-81.40; G.S. 115C-81.45; G.S 115C-81.50; G.S. 115C-81.55; G.S. 115C-81.60; G.S. 115C-81.65; G.S. 115C-81.70; G.S. 115C-81.75; G.S. 115C-81.80; G.C. 115C-81.85; G.S. 115C-47 amended by adding subsections (29c), (49a). Amends G.S. 115C-12(9c) and adding subsection (9d). Amends. G.S. 115C-105.32; G.S. 115C-174(a); G.S. 115C-174.11(c)(4).

Application/Effective Date: July 20, 2017

Local Action Required: Local board attorneys should be aware of the reorganization of these statutes.

SBE/DPI Action Required: SBE/DPI attorneys should be aware of the reorganization of these statutes.

Summary: This bill reorganizes North Carolina's Courses of Study Statute. Over time, changes and additions has made the language complex and disorganized. This bill "cleans up" the statute by arranging them in a more logical way without creating any substantive changes.

SL 2017-127

HB 149 Students W/ Dyslexia and Dyscalculia

Enacted.

Application/Effective Date: Effective when becomes law. July 20, 2017

Local Action Required: Before the start of the 2017-18 school year, each local school board shall "review the diagnostic tools and screening instruments used for dyslexia, dyscalculia, or other specific learning disabilities to ensure that they are age-appropriate and effective and shall determine if additional diagnostic and screening tools are needed."

SBE/DPI Action Required: SBE is directed to adopt a statutory definition of dyslexia to be included in SBE's policies for specific learning disabilities by June 30, 2017. Prior to the start of the 2017-2018 school year, SBE shall ensure professional development opportunities regarding intervention strategies for students with dyslexia, dyscalculia, and other specific learning disabilities. Furthermore, SBE shall, prior to the start of the 2017-2018 school year, develop and make information available to "parents, educators, and other concerned groups" on the topic of "dyslexia, educational methodologies, screenings, and what is available to support the work with children with dyslexia in North Carolina" through electronic means.

Summary: S.L. 2017-127 requires SBE to: (1) adopt a statutory definition of dyslexia as a part of its policies for specific learning disabilities; (2) ensure ongoing professional development opportunities for school personnel on the identification of and intervention strategies for specific learning disabilities; and (3) provide information parents and others on support for children with dyslexia. The bill would also require local boards of education to review diagnostic tools and screening instruments for specific learning disabilities and determine if additional diagnostic and screening tools are needed.

SL 2017-157

HB 155 Omnibus Education Law Changes

Amends: G.S. 115C-47(10); G.S. 115C-301(f); §9.6(a) of S.L. 2013-360 (repealed); G.S. 115C-325; G.S. 115C-218.90(a)(3); G.S. 115C-238.68(3); G.S. 115C-287.1; G.S. 115C-296(b)(1)a.1.; G.S. 115C-302.1(b); G.S. 115C-325.1; G.S. 115C-404(b);

G.S. 116-239.10(4); G.S. 143B-146.8(b); §9.6(i) of S.L. 2013-360 (repealed); §9.6(j) of S.L. 2013-360; §9.7(o)-9.7(t) and §9.7(v) through 9.7(x) of S.L. 2013-360 (repealed); §9.7(y) of S.L. 2013-360; §8.38(c) of S.L. 2015-241 (repealed); G.S. 115C-333(a); G.S. 115C-333.1(a)
Application/Effective Date: Part 1: Applies with 2017-2018 school year; Part II: July 21, 2017.
Local Action Required: Class size report due date modified from end of September to end of October. The end of February report deadline remains the same. Part II: Makes conforming changes to statutes related to career status as is relevant to teachers having career status. This may require action on the part of LEAs to remain in compliance. Part III: Assistant principals are authorized to evaluate early-career teachers (in their first three years) in schools meeting certain criteria. Part V: LEAs have the option to withdraw from the Whole School, Whole Community, Whole Child pilot program.
SBE/DPI Action Required: Part IV: The State Superintendent will convene a work group to study effective and positive intervention measures or policy changes to address risky behaviors and encourage student health and mental health. Part V: SBE barred from adopting or implementing any policies or recommendations of the Interagency Advisory Committee (Whole Child Committee) until October 2018 and SBE is directed to delay development and implementation of its policy on School-Based Mental Health Initiatives by one year. Part V: SBE required to provide notice to LEAs participating in the Whole School, Whole Community, Whole Child pilot program and allow those LEAs to withdraw at their discretion.
Summary: S.L. 2017-157 amends various education statutes. PART I modifies the dates by which LEAs must submit their biannual reports on school organization to the Superintendent of Public Instruction beginning with the 2018-2019 school year. The reports were due in September and February of each school year; they will now be due in October and February of each school year. PART II aligns statutes pertinent to career status teachers to comply with a state Supreme Court decision. In 2012, the North Carolina General Assembly made numerous changes to the career status statutes, including the repeal of career status for all teachers effective June 30, 2018. The North Carolina Supreme Court held career status could not be removed from teachers who had already attained career status as long as they stayed continuously employed by the same LEA. This section makes conforming changes to retain existing laws related to career status for those teachers. PART III grants authority to assistant principals at schools with over 1,500 students to conduct evaluations on teachers in their first three years of employment. Previously, only the principal could conduct such evaluations. PART IV directs the State Superintendent to convene a work group to "study effective and positive intervention measures or policy changes to address risky behaviors and encourage student health and mental health." The group will consist of DPI and North Carolina Department of Health and Human Services (DHHS) personnel, and may also include representatives from stakeholder groups, LEAs, and charter schools. The group's findings will be reported by the Superintendent to SBE and the Joint Legislative Education Oversight Committee by April 1, 2018. PART V delays implementation of recommendations of the Interagency Advisory Committee (otherwise known as the Whole Child Committee) by SBE until October 1, 2018.

SL 2017-98
HB 159 Charter School TSERS Election
Amends: G.S. 135-5.3
Application/Effective Date: August 1, 2017
Local Action Required: Update policies as required.
SBE/DPI Action Required: Update policies as required.
Summary: S.L. 2017-98 "extends the time a charter school has to elect to become a participating employer in the Teachers' and State Employees' Retirement System (TSERS) from one year to two years."

SL 2017-128
HB 176 Pensions Integrity Act of 2017.-AB
Amends: G.S. 135-1(7b) recodified as G.S. 135-1(7c); G.S. 135-1; G.S. 135-1(11b); G.S. 135-6; G.S. 128-21(7b) recodified as G.S. 128-21(7c); G.S. 128-21; G.S. 128-21(11c); G.S. 128-28; G.S. 135-4(jj); G.S. 128-26(y); G.S. 128-38.3; G.S. 115C-436; G.S. 135-8; G.S. 128-30; G.S. 143-166.84; G.S. 105-259(b); G.S. 135-8(d); G.S. 128-30(d).
Application/Effective Date: §5 effective July 1, 2017 and expires July 1, 2022; all other sections effective July 20, 2017.
Local Action Required: Section 4(a) concerns the school finance officers' reporting of TSERS reports (Pension Spiking Reports) to local school boards and boards of county commissioners under certain conditions; School finance officers/employer chief financial officers must be aware of and comply with HB 176's changes to statutes relevant to TSERS.
SBE/DPI Action Required: DPI Financial & Business Services should be aware of changes to statutes relevant to TSERS.
Summary: Section 4(a) is most relevant to K-12 public education. It requires a chief financial officer of a school receiving a report from TSERS indicating that they are likely to owe an additional contribution under the contribution-based benefit cap to transmit a copy of this report to the local board of education and notify their local county commissioners. S.L 2017-128 makes various changes designed to reduce fraud, waste, and abuse in the TSERS and LGERS. Under this legislation, the TSERS and LGERS medical boards are granted immunity similar to that of the Retirement System governing boards. The legislation adds compliance investigations to current fraud investigation provisions in LGERS in order to allow the use of these provisions in compliance audits conducted without suspicion of fraud.

SL 2017-129

HB 183 Retirement Admin. Changes Act of 2017

Repeals: G.S. 135-8b(4); G.S. 135-8(c); G.S. 128-30(c); G.S. 135-8(e); G.S. 128-30(e); G.S. 135-8(f)(2)b.

Amends: G.S. 58-86-90; G.S. 135-5(n); G.S. 128-27(i); G.S. 135-8(a); G.S. 135-8(b)(1); G.S. 128-30(a); G.S. 128-30(b)(1); G.S. 135-8(d); G.S. 128-30(d); G.S. 135-8(f)(2)e; G.S. 135-7(f); G.S. 135-110(a); G.S. 135-7; G.S. 120-4.27; G.S. 128-27(l); G.S. 128-27(l6); G.S. 135-5(l); G.S. 135-64(k); G.S. 143-166.60(b); G.S. 135-5(f); G.S. 135-5(l); G.S. 135-63; G.S. 128-27(f); G.S. 128-27(l); G.S. 120-4.25; G.S. 135-1(11); G.S. 135-7; G.S. 128-29; Article 6 of Chapter 147 adding new section 147-68.2; G.S. 147-9.4; G.S. 143B-426.40G(b); G.S. 135-4(e); G.S. 128-26(e); G.S. 147-69.2A(a); G.S. 147-86.73(g1);

Application/Effective Date: § 2.(w) June 30, 2017; § 3.(g) January 1, 2018; § 4.(b) June 30, 2017; § 5.(c) October 1, 2017; § 8.(b) October 1, 2017; § 9.(c) January 1, 2018.

Local Action Required:

SBE/DPI Action Required:

Summary: S.L. 2017-129 amends the TSERS law to clarify there are only two funds to which all of the assets of the Retirement System must be credited: the annuity savings fund and the pension accumulation fund. It further clarifies that each employer participating in TSERS is required to deduct 6% of the salary of each member of the payroll for every pay period. Additionally, it repeals the TSERS pension reserve fund.

- Section 2(h) amends the TSERS pension accumulation fund to provide that the rate per centum of contributions must be fixed on the basis of the liabilities of the Retirement System as shown by actuarial valuation, approved by the Board of Trustees, and called the "actuarially determined employer contribution rate". It further provides that the actuarially determined employer contribution rate must be calculated annually by an actuary using assumptions and a cost method approved by the Actuarial Standards Board of the American Academy of Actuaries and selected by the Board of Trustees.
- Section 2(n) pertains to the TSERS Retiree Health Benefit Fund, providing that it is the intent of the General Assembly that the Retiree Health Benefit Fund be a trust fund that provides an irrevocable source of funds to be used "only for health benefits to retired and disabled employees and their applicable beneficiaries."
- Section 2(o) amends the Disability Income Plan to include language clarifying that "[i]t is the intent of the General Assembly that a trust fund be created to provides an irrevocable source of funding to be used . . . only for disability benefits to participants and beneficiaries."
- Section 2(p) provides that it is the intent of the General Assembly to establish a master trust fund to be used only for death benefits and disability benefits to "the Plans' members, participants, and beneficiaries." It also creates the NC Teachers' and State Employees' Benefit Trust as a master trust for all receipts, transfers, appropriations, contributions, investment earnings and other income belonging to the Plans. These changes are effective June 30, 2017. Additional items in S.L. 2017-129 include:
  - Various changes in TSERS statutes to reflect gender neutral language, effective January 1, 2018.
  - Changes to the definition of employer in TSERS to provide that for purposes of reporting under the pronouncements by the Governmental Accounting Standards Board (GASB), the Retirement System is a multi-employer plan. Effective June 30, 2017.
  - Creation of a Legislative Enactment Implementation Arrangement (LEIA) for TSERS to provide timely administrative implementation of legislative provision. Effective October 1, 2017.
  - Amending the Deferred Compensation Plan to provide that the Chief Executive officer of an employer, on behalf of the employer, may contribute to a deferred compensation account of a teacher or State employee.
  - Providing for the determination of the number of days of sick leave to a member's credit at retirement by dividing the member's total hours of sick leave at retirement by the hours per month such leave was awarded under the employer's duly adopted sick leave policy as the policy applied to the member when the leave was accrued. Effective January 1, 2018.
  - Unless otherwise provided above, effective on July 20, 2017 when signed into law

SL 2017-102

HB 229 GSC Technical Corrections 2017

Amends: G.S. 115C-12(25); G.S. 115C-296.13(e); G.S. 115C-238.55; Section 1(b) of S.L. 2013-1, as amended by Section 16.1 of S.L. 2013-410 and by Section 89 of S.L. 2014-115; G.S. 115C-83.10(c);

Application/Effective Date: July 12, 2017

Local Action Required: N/A

SBE/DPI Action Required: Comply with the new report dates.

Summary: Part III changes the dates that several State Board of Education and Department of Public Instruction reports are to be submitted to the Joint Legislative Education Oversight Committee (JLEOC) to be after the information for the reports is expected to be available. The changes are as follows:

- SBE's annual report on its evaluation of "issues, programs, policies, and fiscal information" to JLEOC is now due by November 15 of each year rather than October 15.

- SBE's Annual State Board of Education Report annual report on educator preparation program report cards shall be submitted to JLEOC by March 15 rather than December 15.
- SBE's and governing Boards' annual report to JLEOC evaluating the success of students enrolled in cooperative innovative high schools is now due March 15 instead of January 15.
- SBE's annual report on the impact of awarding "high school endorsements on high school graduation, college acceptance and remediation, and post-high school employment rates" is now due November 15 rather than September 15.
- SBE's report on the number of students in career and technical education courses who earned "community college credit and related industry credentials and certifications" is now due November 15 instead of September 15.
- DPI's final report on After-School Quality Improvement Competitive Grants is now due November 15 instead of September 15.
- SBE's report on LEA data on third grade reading information is now due December 15 instead of October 15.
- SBE's report on advanced courses is now due December 15.

Lastly, this legislation makes a conforming change to a statutory reference.

SL 2017-75
HB 256 2017 Appointments Bill
Amends: N/A
Application/Effective Date: Varies by appointment
Local Action Required: Be aware of changes to state-appointed boards and commissions and act accordingly based on membership changes.
SBE/DPI Action Required: Be aware of appointments to boards serving public schools in conjunction with SBE/DPI, such as the Charter School Advisory Board.
Summary: HB 256 is the annual bill making the General Assembly's appointments to various state boards and commissions. K-12 education-related commissions receiving appointments under the bill are the North Carolina Center for the Advancement of Teaching Board of Trustees, the Charter School Advisory Board, the Interstate Commission on Educational Opportunity for Military Children State Council, the North Carolina Partnership for Children Board of Directors, the Education Commission of the States, and the North Carolina Education and Workforce Innovation Commission.

SL 2017-135
HB 299 State Health Plan Administrative Changes
Amends: G.S. 135-48.44(a)(6); G.S. 135-48.40(c)(2); G.S. 135-48.42(a); G.S. 135-48.20; G.S. 135-48.1; G.S. 135-48.30(a)(9); G.S. 105-259(b): Adds G.S. 135-48.16.
Application/Effective Date: §3: October 1, 2017; all other sections: July 20, 2017.
Local Action Required: LEA officials responsible for matters related to the State Health Plan should be aware of changes.
SBE/DPI Action Required: DPI officials responsible for matters related to the State Health Plan should be aware of changes.
*Summary: "*House Bill 299 would make administrative changes to statutes governing the North Carolina State Health Plan for Teachers and State Employees (Plan) to: 1) allow revocation of coverage for misrepresentations made by covered individuals regarding eligibility or enrollment; 2) clarify the premium split between the State and certain General Assembly retirees; 3) provide coverage to children newly born to existing covered employees; 4) provide members of the Board of Trustees with immunity from civil liability for most actions taken in their official capacity; 5) add a definition of "authorized representatives who are assisting the State Health Plan Division staff" to the definition section for the Plan; 6) add a new section to the Plan statutes pertaining to fraud and detection audit programs; 7) require the Department of Revenue to furnish certain tax, wage, or income information for a beneficiary to the Department of State Treasurer; 8) require that a retiree who is a prisoner serving an active sentence in the State prison system be covered by the State prison system health services rather than the Plan; and 9) provide for the recoupment of overpaid benefits or erroneous payments."

SL 2017-197
HB 528 Budget Technical Corrections
Amends: G.S. 115C-64.28(b); G.S. 115C-83.15; §8.26(n) of S.L. 2015-241; PART VII, PART IX, §7.23A(a)(2), §7.3(h), §7.23J(b), §5.3, §7.27, §8.8B(d), §8.8C, §8.8A(a), §9.3(a) of S.L. 2017-57
Application/Effective Date: §2.6: June 30, 2017
Local Action Required: LEAs should be aware that building security was removed from required plans on cybersecurity improvement, and that funds were provided for DPI to purchase computers for LEAs to administer K-3 reading assessments. LEAs containing a military base and meet the other qualifications should note the change in supplemental funding that could potentially impact their district.
SBE/DPI Action Required: Allocate $5,000,000 carried forward from funds allocated per the 2015 budget for the Excellent Public Schools Act to LEAs to purchase computers or other electronic devices for administration of K-3 reading assessments.
Summary: S.L. 2017-197 makes adjustments to the 2017 Appropriations Act (S.L. 2017-57). In education, this legislation directs the Joint Legislative Commission on Governmental Operations to appoint a committee to study the Needs-Based Public

School Capital Fund program. In §2, the General Assembly states its intent to create an allotment and provide funds for program enhancement teachers beginning with the 2018-2019 fiscal year. Furthermore, language was removed that required building security to be included as part of school cybersecurity improvement plans. Section 2.6 allows DPI to carry forward up to $5,000,000 of funds appropriated in the 2015 budget for the Excellent Public Schools Act in the 2016-2017 fiscal year and to keep these funds through the end of the 2017-2018 fiscal year. The funds will be allocated to LEAs to purchase computers or other electronic devices used to administer the K-3 reading assessments required by State Board of Education. Section 2.7 adds Halifax County Schools to the Eastern North Carolina STEM Program, allowing students in that county to participate in the residential program during the 2017-18 fiscal year. Section 7.3.(h) grants counties that contain a military base and an average daily membership of more than 23,000 students to receive supplemental funding each fiscal year in the higher of two amounts: either what they received as a low-wealth county in the 2012-13 fiscal year or the amount of supplemental funding the county is eligible to receive as a low-wealth county pursuant to the formula for distribution of supplemental funding under the other provisions of this section. Lastly, this legislation changes the effective date for reimbursement of mandated street improvements LEAs make for school construction to August 1, 2017 (previously was October 1, 2017).

SL 2017-117
HB 532 Modify UNC Lab Schools
Amends: G.S. 116-239.5; G.S. 116-239.6; G.S. 116-239.7; G.S. 116-239.8; G.S. 116-239.9; G.S. 116-239.10; G.S. 116-239.11; G.S. 116-239.12; G.S. 116-239.13; G.S. 14-458.2(a); G.S. 143B-931; §11.6 of S.L. 2016-94.
Application/Effective Date: July 18, 2017
Local Action Required: Local school boards should be aware that chancellors could propose a lab school to be located in an LEA that does not meet the threshold of having 25% of its schools classified as low-performing.
SBE/DPI Action Required: N/A
Summary: S.L. 2017-117 makes changes to the governance and operation of UNC lab schools. Lab schools were established by the General Assembly in 2016 to "provide an enhanced educational program" for students residing in LEAs with 25% or more schools having low-performing status. Most notably, the bill raises the number of lab schools in the state from eight to "at least nine." Lab schools would be approved by a subcommittee of the UNC Board of Governors, and would be affiliated with a UNC-system institute of higher education.

SL 2017-198
HB 704 Divide School Systems/Study Committee
Amends: N/A, TBD
Application/Effective Date: July 31, 2017
Local Action Required: Provide information to the Committee as requested. LEAs that are the result of the merger of former LEAs should be aware of the Committee and its work.
SBE/DPI Action Required: Provide information to the Committee as requested.
Summary: S.L. 2017-198 establishes a legislative commission, the Joint Legislative Study Committee on the Division of Local School Administrative Units, tasked with researching and making recommendations on the "feasibility and advisability" of taking legislative action to re-divide unified school districts. The Committee would also study the most advisable ways of dividing school districts, and whether such action would require a referendum or petition of voters. Committee members will be appointed by the President Pro Tempore of the Senate and the Speaker of the House, who both receive five appointments. The Committee will operate until May 1, 2018 or until the completion of its final report, whichever comes first.

SL 2017-173
HB 800 Various Changes to Charter School Laws
Amends: G.S. 115C-218.90(a)(1); §6.5 of S.L. 2014-101; G.S. 115C-218.7(b); G.S. 115C-218.8; G.S. 115C-218.45(f); G.S. 115C-218(c)(3); Article 14A of Chapter 115C; §7.22(h) of S.L. 2011-145
Application/Effective Date: PART II: Applies beginning with applications submitted for fast-track replication of schools opening in the 2018-2019 school year. PART III: Subsection (c) effective July 1, 2018; all other subsections effective when they become law.
Local Action Required: Charter school operators, board members, and employees should be aware of these changes.
SBE/DPI Action Required: PART II: SBE shall adopt a process and rules to provide for completion of fast-track charter school replication applications within 120 days of the initial application date. PART III: SBE will not be able to approve a material revision for greater than 20% enrollment growth at a charter identified as low-performing. SBE may approve a material revision for greater than 25% growth at a charter not identified as low-performing so long as specified criteria are satisfied. PART V: Gives DPI's Office of Charter Schools the authority to "assist certain charter schools seeking to participate in the NC Pre-K" program. PART VI: Items to be included in annual NCVPS report to SBE are amended; Director of NCVPS should follow new guidelines.
Summary: S.L. 2017-173 makes several changes to charter schools statutes. Part I allows a charter school to contract with education or charter management organizations to "employ and provide" the school's teachers. Part II addresses the timeline for fast-track replication applications, giving SBE 120 days from the initial application to render a decision beginning with the

2018-2019 school year. Part III amends the threshold for an enrollment growth charter revision to be considered a material revision requiring SBE approval. The cap would remain at 20% for low-performing charter schools, but would rise to 30% for charter schools not identified as low-performing. SBE is barred from approving enrollment growth requests from low-performing charter schools that exceed 20%. Part IV enables charter schools to give enrollment priority to students who were enrolled in another North Carolina charter school the prior year. Part V grants DPI's Office of Charter Schools the duty to "assist certain charter schools seeking to participate in the NC pre-kindergarten program in accordance with G.S. 115C-218.115.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2017-8
HOUSE BILL 5

AN ACT TO MAKE TECHNICAL, ADMINISTRATIVE, AND CLARIFYING CHANGES TO THE UNEMPLOYMENT INSURANCE LAWS.

The General Assembly of North Carolina enacts:

PART I. DISASTER UNEMPLOYMENT INSURANCE

SECTION 1.(a) G.S. 96-1(b) is amended by adding a new subdivision to read:

"**§ 96-1. Title and definitions.**

...

(b) Definitions. – The following definitions apply in this Chapter:

...

(14a) Federal disaster declaration. – Declaration of a major natural disaster by the President under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, provided that the declaration allows disaster unemployment assistance under the federal act.

...."

SECTION 1.(b) G.S. 96-11.3(b)(2) reads as rewritten:

"**§ 96-11.3. Noncharging of benefits.**

...

(b) To Any Base Period Employer. – Benefits paid to an individual may not be charged to the account of an employer of the individual if the benefits paid meet any of the following descriptions:

...

(2) They were paid to an individual for unemployment due directly to a ~~major natural~~ disaster ~~declared by the President pursuant to the Disaster Relief Act of 1970, and the individual receiving the benefits would have been eligible for disaster unemployment assistance under this federal act if the individual had not received benefits under this Chapter.~~covered by a federal disaster declaration."

SECTION 1.(c) G.S. 96-14.1(b) reads as rewritten:

"**§ 96-14.1. Unemployment benefits.**

...

(b) Valid Claim. – To obtain benefits, an individual must file a valid claim for unemployment benefits, register for work, and have a weekly benefit amount calculated pursuant to G.S. 96-14.2(a) that equals or exceeds fifteen dollars ($15.00). An individual must serve a one-week waiting period for each claim ~~filed.~~ filed, except no waiting period applies under this subsection to a claim for unemployment due directly to a disaster covered by a federal disaster declaration. A valid claim is one that meets the employment and wage standards in this subsection for the individual's base period. A valid claim for a second benefit year is one that meets the employment and wage standards in this subsection since the beginning date of the prior benefit year and before the date the new benefit claim is filed:

...."

SECTION 1.(d) G.S. 96-14.9 is amended by adding a new subsection to read:

"**§ 96-14.9. Weekly certification.**

(a) Requirements. – An individual's eligibility for a weekly benefit amount is determined on a week-to-week basis. An individual must meet all of the requirements of this section for each weekly benefit period. An individual who fails to meet one or more of the requirements is ineligible to receive benefits until the condition causing the ineligibility ceases to exist:

(1) File a claim for benefits.

(2) Report as requested by the Division and present valid photo identification meeting the requirements of subsection (k) of this section.

(3) Meet the work search requirements of subsection (b) of this section.

(b) Work Search Requirements. – The Division must find that the individual meets all of the following work search requirements:

(1) The individual is able to work.
(2) The individual is available to work.
(3) The individual is actively seeking work.
(4) The individual accepts suitable work when offered.

...

(l) Federal Disaster Declaration. – An individual who is unemployed due directly to a disaster covered by a federal disaster declaration has satisfied the work search requirements for any given week in the benefit period unless the Division requires the individual to conduct a work search."

SECTION 1.(e) This section becomes effective October 1, 2016.

PART II. PAID TIME OFF EXCLUDED FROM SEVERANCE PAY

SECTION 2.(a) G.S. 96-15.01(c) reads as rewritten:

"(c) Separation Payments. – An individual is not unemployed if, with respect to the entire calendar week, the individual receives or will receive as a result of the individual's separation from work remuneration ~~in one or more of the forms listed in this subsection.~~ in any form. Amounts paid to an individual for paid time off that was available, but unused, before the individual's separation under a written policy in effect before the individual's separation are not remuneration as a result of separation. If the remuneration is given in a lump sum, the amount must be allocated on a weekly basis as if it had been earned by the individual during a week of employment. An individual may be unemployed, as provided in subsection (b) of this section, if the individual is receiving payment applicable to less than the entire ~~week:~~week.

~~(1) Wages in lieu of notice.~~
~~(2) Accrued vacation pay.~~
~~(3) Terminal leave pay.~~
~~(4) Severance pay.~~
~~(5) Separation pay.~~
~~(6) Dismissal payments or wages by whatever name.~~"

SECTION 2.(b) This section becomes effective July 1, 2017, and applies to claims for benefits filed on or after that date.

PART III. MISCELLANEOUS CHANGES

SECTION 3.1.(a) G.S. 96-9.7 reads as rewritten:

"**§ 96-9.7. Surtax for the Unemployment Insurance Reserve Fund.**

(a) Surtax Imposed. – A surtax is imposed on an employer who is required to make a contribution to the Unemployment Insurance Fund equal to twenty percent (20%) of the contribution due under G.S. 96-9.2. Except as provided in this section, the surtax is collected and administered in the same manner as contributions. Surtaxes collected under this section must be credited to the Unemployment Insurance Reserve Fund established under G.S. 96-6.2. Interest and penalties collected on unpaid surtaxes imposed by this section must be credited to the Supplemental Employment Security Administration Fund. Penalties collected on unpaid surtaxes imposed by this section must be transferred to the Civil Penalty and Forfeiture Fund established in G.S. 115C-457.1.

(b) Suspension of Tax. – The tax does not apply in a calendar year if, as of ~~the preceding August 1 computation date,~~ September 1 of the preceding calendar year, the amount in the State's account in the Unemployment Trust Fund equals or exceeds one billion dollars ($1,000,000,000)."

SECTION 3.1.(b) This section becomes effective July 1, 2017, applies to claims for benefits filed on or after that date, and applies to tax calculations on or after that date.

SECTION 3.2.(a) G.S. 96-15(b)(2) reads as rewritten:

"(2) Adjudication. – When a protest is made by the claimant to the initial or monetary determination, or a question or issue is raised or presented as to the eligibility of a claimant, or whether any disqualification should be imposed, or benefits denied or adjusted pursuant to G.S. 96-18, the matter shall be referred to an adjudicator. The adjudicator may consider any matter, document or statement deemed to be pertinent to the issues, including telephone conversations, and after such consideration shall render a conclusion as to the claimant's benefit entitlements. The adjudicator shall notify the claimant and all other interested parties of the conclusion reached. The conclusion of the adjudicator shall be deemed the final decision of the Division unless within 30 days after the date of notification or mailing of the conclusion, whichever is earlier, a written appeal is filed pursuant to rules adopted by the Division. The Division shall be deemed an interested party for such purposes and may remove to itself or transfer to an appeals referee the proceedings involving any claim pending before an adjudicator.

Provided, any interested employer shall be allowed ~~14 days~~ 10 days from the mailing or delivery of the notice of the filing of a claim against the employer's account, whichever first occurs, to file with the Division its protest of the claim in order to have the claim referred to an adjudicator for a decision on the

question or issue raised. Any protest filed must contain a basis for the protest and supporting statement of facts, and the protest may not be amended after the ~~14-day~~ 10-day period from the mailing or delivery of the notice of filing of a claim has expired. No payment of benefits shall be made by the Division to a claimant until one of the following occurs:

a. The employer has filed a timely protest to the claim.

b. The ~~14-day~~ 10-day period for the filing of a protest by the employer has expired.

c. A determination under this subdivision has been made.

Provided further, no question or issue may be raised or presented by the Division as to the eligibility of a claimant, or whether any disqualification should be imposed, after 45 days from the first day of the first week after the question or issue occurs with respect to which week an individual filed a claim for benefits. None of the provisions of this subsection shall have the force and effect nor shall the same be construed or interested as repealing any other provisions of G.S. 96-18.

An employer shall receive written notice of the employer's appeal rights and any forms that are required to allow the employer to protest the claim. The forms shall include a section referencing the appropriate rules pertaining to appeals and the instructions on how to appeal."

SECTION 3.2.(b) This section becomes effective October 1, 2017, applies to claims for benefits filed on or after that date, and applies to tax calculations on or after that date.

SECTION 3.3.(a) G.S. 96-9.6 reads as rewritten:

"**§ 96-9.6. Election to reimburse Unemployment Insurance Fund in lieu of contributions.**

(a) Applicability. – This section applies to a governmental entity, a nonprofit organization, and an Indian tribe that is required by section 3309 of the Code to have a reimbursement option. Each of these employers must finance benefits under the contributions method imposed under G.S. 96-9.2 unless the employer elects to finance benefits by making reimbursable payments to the Division for the Unemployment Insurance Fund.

(b) Election. – An employer may make an election under this section by filing a written notice of its election with the Division at least 30 days before the January 1 effective date of the election. An Indian tribe may make separate elections for itself and each subdivision, subsidiary, or business enterprise wholly owned by the tribe. A new employer may make an election under this section by filing a written notice of its election within 30 days after the employer receives notification from the Division that it is eligible to make an election under this section.

An election is valid for a minimum of four years and is binding until the employer files a notice terminating its election. An employer must file a written notice of termination with the Division at least 30 days before the January 1 effective date of the termination. The Division must notify an employer of a determination of the effective date of an election the employer makes and of any termination of the election. These determinations are subject to reconsideration, appeal, and review. An employer that makes the election allowed by this section may not deduct any amount due under this section from the remuneration of the individuals it employs.

(c) Reimbursable Amount. – An employer must reimburse the Unemployment Insurance Fund for the amount of benefits that are paid to an individual for weeks of unemployment that begin within a benefit year established during the effective period of the employer's election and are attributable to service that is covered by section 3309 of the Code and was performed in the employ of the employer. For regular benefits, the reimbursable amount is the amount of regular benefits paid. For extended benefits, the reimbursable amount is the amount not reimbursed by the federal government.

(d) Account. – The Division must establish a separate account for each reimbursing employer. The Division must credit payments made by the employer to the account. The Division must charge to the account benefits that are paid by the Unemployment Insurance Fund to individuals for weeks of unemployment that begin within a benefit year established during the effective period of the election and are attributable to service in the employ of the employer. All benefits paid must be charged to the employer's account except benefits paid through error.

The Division must furnish an employer with a statement of all credits and charges made to its account as of the computation date prior to January 1 of the succeeding year. The Division may, in its sole discretion, provide a reimbursing employer with informational bills or lists of charges on a basis more frequent than yearly if the Division finds it is in the best interest of the Division and the affected employer to do so.

(e) Annual Reconciliation. – A reimbursing employer must maintain an account balance equal to one percent (1%) of its taxable wages. The Division must determine the balance of each employer's account on the computation date. If there is a deficit in the account, the Division must bill the employer for the amount necessary to bring its account to one percent (1%) of its taxable wages for the immediate four quarters preceding July 1. ~~Any~~ Except as provided in subsection (j) of this section, any amount in the account in excess of the one percent (1%) of taxable wages will be retained in the employer's account as a credit and will not be refunded to the employer. The Division must send a bill as soon as practical. Payment is due within 30 days from the date a bill is mailed. Amounts unpaid by the due date accrue interest and penalties in the same manner as past-due contributions and are subject to the same collection remedies provided under G.S. 96-10 for past-due contributions.

(f) Quarterly Wage Reports. – A reimbursing employer must submit quarterly wage reports to the Division on or before the last day of the month following the close of the calendar quarter in which the wages are paid. During the first four quarters following an election to be a reimbursing employer, the employer must submit an advance payment with its quarterly report. The amount of the advance payment is equal to one percent (1%) of the taxable wages reported on the quarterly wage

report. The Division must remit the payments to the Unemployment Insurance Fund and credit the payments to the employer's account.

(g) Change in Election. – The Division must close the account of an employer that has been paying contributions under G.S. 96-9.2 and that elects to change to a reimbursement basis under this section. A closed account may not be used in any future computation of a contribution rate. The Division must close the account of an employer that terminates its election to reimburse the Unemployment Insurance Fund in lieu of making contributions. An employer that terminates its election under this section is subject to the standard beginning rate.

(h) Noncompliance by Indian Tribes. – An Indian tribe that makes an election under this section and then fails to comply with this section is subject to the following consequences:

(1) An employer that fails to pay an amount due within 90 days after receiving a bill and has not paid this liability as of the computation date loses the option to make reimbursable payments in lieu of contributions for the following calendar year. An employer that loses the option to make reimbursable payments in lieu of contributions for a calendar year regains that option for the following calendar year if it pays its outstanding liability and makes all contributions during the year for which the option was lost.

(2) Services performed for an employer that fails to make payments, including interest and penalties, required under this section after all collection activities considered necessary by the Division have been exhausted, are no longer treated as "employment" for the purpose of coverage under this Chapter. An employer that has lost coverage regains coverage under this Chapter for services performed if the Division determines that all contributions, payments in lieu of contributions, penalties, and interest have been paid. The Division must notify the Internal Revenue Service and the United States Department of Labor of any termination or reinstatement of coverage pursuant to this subsection.

(i) Expired January 1, 2016.

(j) Refund. – If a reimbursing employer erroneously remits an amount in excess of the amount due, the employer may apply to the Division for a refund of the excess amount remitted within the time limits in this subsection. The Division must determine that the requested refund was in excess of the amount due and was erroneously paid. The Division must refund, without interest, the excess amount but in no event will the refund result in an account balance less than one percent (1%) of the reimbursing employer's taxable wages. The refund application must be filed by the later of the following:

(1) Five years from the last day of the calendar year with respect to which a payment was made.

(2) One year from the date on which such payment was made."

PART IV. FEDERAL CONFORMING CHANGES

SECTION 4.(a) G.S. 96-11.7 reads as rewritten:

"**§ 96-11.7. ~~Acquisition of employer and transfer~~ Transfer of account to another employer.**

(a) ~~Mandatory Transfer.~~ Acquisition of a Business. – When an employer acquires all of the ~~organization, trade, or~~ business of another employer, the account of the predecessor must be transferred as of the date of the acquisition to the successor ~~employer~~ for use in the determination of the successor's contribution rate. This ~~mandatory transfer~~ subsection does not apply when there is no common ownership between the predecessor and the successor and the successor acquired the assets of the predecessor in a sale in bankruptcy. ~~In this circumstance, the successor's contribution rate is determined without regard to the predecessor's contribution rate.~~

(b) ~~Consent.~~ Acquisition of Portion of a Business. – When a distinct and severable portion of an employer's ~~organization, trade, or~~ business is transferred to a successor employer and the successor employer continues to operate the acquired ~~organization, trade, or~~ business, the portion of the account ~~of the transferring employer that related~~ attributable to the transferred business may, with the approval of the Division, be transferred by mutual consent ~~from the transferring employer~~ to the successor ~~employer.~~ employer as of the date of the transfer. A successor employer that is a related entity of the transferring employer is eligible for a transfer from the transferring employer's account only to the extent permitted by rules adopted by the Division. No transfer may be made to the account of an employer that has ceased to be an employer under G.S. 96-11.9.

If a transfer of part or all of an account is allowed ~~but is not mandatory,~~ under this subsection, the successor employer requesting the transfer may make a request for transfer by filing an application for transfer with the Division within two years after the date the business was ~~transferred or the date of notification by the Division of the right to request an account transfer, whichever is later. If the application is approved and the application was filed within 60 days after notification from the Division of the right to request a transfer, the transfer is effective as of the date the business was transferred. If the application is approved and the application was filed later than 60 days after notification from the Division, the effective date of the transfer is the first day of the calendar quarter in which the application was filed.~~transferred.

~~If the effective date of a transfer of an account under this subsection is after the computation date in a calendar year, the Division must recalculate the contribution rate for the transferring employer and the successor employer based on their account balances on the effective date of the account transfer. The recalculated contribution rate applies for the calendar year beginning after the computation date.~~

(c) ~~Continuity of Control. – Any new employer that has continuity of control with an existing business enterprise shall continue to be the same employer as the existing business enterprise for the purposes of this Chapter as before the existence of~~

~~the new employer. The Division shall assign any new employer with continuity of control to the account of the existing business enterprise. Any new employer with continuity of control shall not request or maintain an account with the Division other than the account of the existing business enterprise. If a new employer receives a new account and the Division subsequently finds that such new employer has continuity of control with an existing business enterprise, the Division shall recalculate the annual tax rates based on the combined annual account balances of the new employer and the existing business enterprise.~~Acquisition by Related Party. – If an employer transfers its business, or a portion thereof, to another person and, at the time of the transfer, there is substantially common ownership, management, or control of the predecessor employer and the transferee, then the portion of the account attributable to the transferred business must be transferred to the transferee as of the date of the transfer for use in the determination of the transferee's contribution rate.

~~Continuity of control~~ Substantially common ownership, management, or control exists if one or more persons, entities, or other organizations owning, managing, or controlling the business ~~enterprise remain in~~ maintain substantial ownership, management, or control of the ~~new employer.~~ transferee. Control may occur by means of ownership of the organization conducting the ~~business enterprise,~~ business, ownership of assets necessary to conduct the ~~business enterprise,~~ business, security arrangements or lease arrangements covering assets necessary to conduct the ~~business enterprise,~~ business, or a contract when the ownership, stated arrangements, or contract provide for or allow direction of the internal affairs or conduct of the ~~business enterprise.~~ business. Control is not affected by changes in the form of a ~~business enterprise,~~ business, reorganization of a ~~business enterprise,~~ business, or expansion of a ~~business enterprise.~~business.

(c1) Acquisition to Obtain Lower Contribution Rate. – The account of the predecessor employer will not be transferred if the Division finds that a person formed or acquired the business solely or primarily for the purpose of obtaining a lower contribution rate.

(d) Contribution Rate. – ~~Notwithstanding the other provisions in this section, when an account is transferred in its entirety to a successor employer, the transferring employer's contribution rate is the standard beginning rate.~~If the effective date of a transfer of an account under this section is after the computation date in a calendar year, the Division must recalculate the contribution rate for the predecessor employer and the successor employer based on their account balances on the effective date of the account transfer.

~~Notwithstanding the other provisions in this section, if a successor employer to whom an account is transferred was an employer as of the date of the business transfer, the account transfer does not affect the successor employer's contribution rate for the calendar year in which the business was transferred. If the successor employer was not an employer as of the date of the business transfer, the successor employer's contribution rate for the year in which the business transfer occurs is the standard beginning rate unless one of the following applies:~~

~~(1) The account transfer is a mandatory transfer, in which case the contribution rate of the successor employer is the contribution rate of the transferring employer.~~

~~(2) The account transfer is by consent and the successor employer filed an application within 60 days of the business transfer, in which case the contribution rate of the successor employer is the contribution rate of the transferring employer. If the business was transferred from more than one employer and the transferring employers had different contribution rates, the contribution rate of the successor employer is the rate calculated as of the effective date of the account transfers.~~

(e) Liability for Contributions. – An employer that, by operation of law, purchase, or otherwise is the successor to an employer liable for contributions becomes liable for contributions on the day of the succession. This ~~provision~~ subsection does not affect the successor's liability as otherwise prescribed by law for unpaid contributions due from the predecessor.

(f) Deceased or Insolvent Employer. – When the ~~organization, trade, or~~ business of a deceased person or of an insolvent debtor is taken over and operated by an administrator, executor, receiver, or trustee in bankruptcy, the new employer automatically succeeds to the account and contribution rate of the deceased person or insolvent debtor without the necessity of filing an application for the transfer of the account.

(g) Continuation of Existing Account. – Any transferee subject to a complete transfer of account under this section must not request or maintain an account with the Division other than the account of the existing business. If a transferee receives a new account and the Division subsequently finds that the transferee is subject to a complete transfer of account under this section, the Division must recalculate the annual tax rates based on the combined annual account balances of the new employer and the existing business."

SECTION 4.(b) This section becomes effective July 1, 2017.

PART V. EFFECTIVE DATE

SECTION 5. Except as otherwise provided, this act is effective when it becomes law.
In the General Assembly read three times and ratified this the 19th day of April, 2017.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Roy Cooper
Governor

Approved 11:50 a.m. this 27th day of April, 2017

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2017-9
HOUSE BILL 13

AN ACT TO PHASE IN CLASS SIZE REQUIREMENTS OVER TWO YEARS; REQUIRE TIMELY AND ACCURATE REPORTING OF STUDENT ASSIGNMENTS; AND ENSURE COMPLIANCE WITH CLASS SIZE REQUIREMENTS.

The General Assembly of North Carolina enacts:

PART I. CLASS SIZE REQUIREMENT PHASE IN

SECTION 1.(a) Section 8.33(b) of S.L. 2016-94 is repealed.

SECTION 1.(b) Notwithstanding G.S. 115C-301, as amended by this act and any other provision of law, for the 2017-2018 school year, the average class size for kindergarten through third grade in a local school administrative unit shall not exceed 20 students. At the end of the second school month and for the remainder of the school year, the size of an individual class in kindergarten through third grade shall not exceed 23 students. The class size requirements set forth in G.S. 115C-301, as amended by this act, shall apply beginning with the 2018-2019 school year.

PART II. REPORTING REQUIREMENTS AND ACCOUNTABILITY MEASURES

SECTION 2.(a) G.S. 115C-47(10) reads as rewritten:

"(10) To Assure Appropriate Class Size. – It shall be the responsibility of local boards of education to assure that the class size requirements set forth in G.S. 115C-301 for kindergarten through third grade are met. Any teacher who believes that the requirements of G.S. 115C-301 have not been met shall make a report to the principal and superintendent, and the superintendent shall immediately determine whether the requirements have in fact not been met. If the superintendent determines the requirements have not been met, he or she shall make a report to the next local board of education meeting. The local board of education shall take action to meet the requirements of the statute. If the local board cannot organizationally correct the exception, it shall immediately apply to the State Board of Education for additional personnel or a waiver of the class size requirements, as provided in G.S. 115C-301(g).

Upon notification from the State Board of Education that the reported exception does not qualify for an allotment adjustment or a waiver under provisions of G.S. 115C-301, the local board, within 30 days, shall take action necessary to correct the ~~exception.~~exception, as required in G.S. 115C-301(g).

At the end of ~~the second month of~~September and end of February of each school year, the local board of education, through the superintendent, shall file a report with the ~~State Board of Education,~~Superintendent of Public Instruction, in a format prescribed by the ~~State Board of Education,~~ Superintendent of Public Instruction, describing the organization ~~of each school, the duties of each teacher, and the size of each class.~~for each school in the local school administrative unit, as required by G.S. 115C-301(f). ~~As of February 1 each year, local boards of education, through the superintendent, shall report all exceptions to individual class size maximums that exist at that time.~~

In addition to assuring that the requirements of G.S. 115C-301 are met, each local board of education shall also have the duty to provide an adequate number of classrooms to meet the requirements of that statute."

SECTION 2.(b) G.S. 115C-301 reads as rewritten:

"**§ 115C-301. Allocation of teachers; class size.**

(a) Request for Funds. – The State Board of Education, based upon the reports of local boards of education and such other information as the State Board may require from local boards, shall determine for each local school administrative unit the number of teachers and other instructional personnel to be included in the State budget request.

(b) Allocation of Positions. – The State Board of Education is authorized to adopt rules to allot instructional personnel and teachers, within funds appropriated.

(c) Maximum Class Size for Kindergarten Through Third Grade. – The average class size for kindergarten through third grade in a local school administrative unit shall at no time exceed the funded allotment ratio of teachers to students in kindergarten through third grade. At the end of the second school month and for the remainder of the school year, the size of an individual class in kindergarten through third grade shall not exceed the allotment ratio by more than three students. The funded class size allotment ratio for kindergarten through third grade shall be as follows:

(1) For kindergarten, one teacher per 18 students.
(2) For first grade, one teacher per 16 students.
(3) For second grade, one teacher per 17 students.
(4) For third grade, one teacher per 17 students.

In grades four through 12, local school administrative units shall have the maximum flexibility to use allotted teacher positions to maximize student achievement.

(d), (e) Repealed by Session Laws 2013-363, s. 3.3(a), effective July 1, 2013.

(f) ~~Second Month~~Biannual Reports. – At the end of ~~the second month~~September and end of February of each school year, each local board of education, through the superintendent, shall file a ~~report~~ report, based on information provided by the principal, for each school within the local school administrative unit with the ~~State Board of Education.~~Superintendent of Public Instruction. The report shall be filed in a format prescribed by the ~~State Board of Education~~Superintendent of Public Instruction and shall include the organization for each ~~school,~~ school in the local school administrative unit, including the following information:

(1) For each class in each grade level at each school, the following:
  a. The duties of the teacher.
  b. The source of funds used to pay for the teacher.
  c. The number of students assigned to the class, including all exceptions to individual class size maximums in kindergarten through third grade that exist at that time.
(2) For each school, the following:
  a. The number of program enhancement teachers. For the purposes of this subdivision, program enhancement teachers are teachers who teach any of the following:
    1. Arts disciplines, including dance, music, theater, and the visual arts.
    2. Physical education and health programs.
    3. World languages.
  b. The source of funds used to pay each program enhancement teacher.
(3) The average class size for each grade from kindergarten through third grade in the local school administrative unit.
(4) Any other information the Superintendent of Public Instruction may require.

~~the duties of each teacher, the size of each class, and such other information as the State Board may require. As of February 1 each year, local boards of education, through the superintendent, shall report all exceptions to individual class size maximums in kindergarten through third grade that occur at that time.~~ The Superintendent of Public Instruction shall conduct periodic audits of the information reported by the local superintendent under this subsection to confirm the accuracy of reporting at the local school administrative unit and school level of the average and individual class size for students in kindergarten through third grade. If the Superintendent of Public Instruction finds that a local board of education is exceeding class size requirements without application to the State Board for an allotment adjustment or a waiver of those class size requirements, the State Board may impose the penalty set forth in subsection (j) of this section until such time the local board of education receives a waiver or the schools in the unit meet the class size requirements for kindergarten through third grade.

(g) Waivers and Allotment Adjustments. – Local boards of education shall report exceptions to the class size requirements set out for kindergarten through third grade and significant increases in class size at other grade levels to the State Board and shall request allotment adjustments at any grade level, waivers from the requirements for kindergarten through third grade, or both. Within 45 days of receipt of reports, the State Board of Education, within funds available, may allot additional positions at any grade level. The State Board shall not grant waivers for excess class size in kindergarten through third grade, except under the following circumstances:

(1)~~(i)~~ ~~emergencies~~ Emergencies or acts of God that impact the availability of classroom space or ~~facilities;~~facilities.
(2)~~(ii)~~ ~~an~~ An unanticipated increase in student population of an individual school in excess of two percent (2%) of the average daily membership of that ~~school;~~school.
(3)~~(iii)~~ ~~organizational~~ Organizational problems in geographically isolated local school administrative units in which the average daily membership is less than one and one-half per square ~~mile;~~mile.
(4)~~(iv)~~ ~~classes~~ Classes organized for a solitary curricular ~~area; or~~area.
(5)~~(v)~~ ~~a~~ A charter school closure.

The State Board shall report on all waivers to the Joint Legislative Commission on Governmental Operations within 30 days of the grant of the waiver. The report shall include the local school administrative unit, school, and class or classes for which the waiver was granted, the statutory grounds for the waiver, and the terms of the waiver. A waiver for excess class size in kindergarten through third grade shall not become effective until the State Board submits the report to the Joint Legislative Commission on Governmental Operations.

Upon notification from the State Board that the reported exception does not qualify for an allotment adjustment or a waiver, the local board of education shall take action to correct the exception within 30 days. Within 60 days of notification by the State Board, the Superintendent of Public Instruction shall request an updated report from the local board of education on the size of each class in kindergarten through third grade for each school within the local school administrative unit. If the

Superintendent of Public Instruction finds that a local board of education is continuing to exceed class size requirements, the State Board may impose the penalty set forth in subsection (j) of this section until such time the schools in the unit meet the class size requirements for kindergarten through third grade.

(h) State Board Rules. – The State Board of Education shall adopt rules necessary for the implementation of this section.

(i) Repealed by Session Laws 2013-363, s. 3.3(a), effective July 1, 2013.

(j) Penalty for Noncompliance. – A local superintendent shall complete a sworn affidavit attesting that the superintendent has complied with the requirements of subsections (c) through (g) of this section and include that affidavit with the biannual reports on individual class size required by subsection (f) of this section. If the State Board of Education determines that a local superintendent has willfully failed to comply with the requirements of this section, no State funds shall be allocated to pay the superintendent's salary for the period of time the superintendent is in noncompliance. The local board of education shall continue to be responsible for complying with the terms of the superintendent's employment contract."

PART III. EFFECTIVE DATE

SECTION 3. Except as otherwise provided, this act is effective when it becomes law and applies beginning with the 2017-2018 school year.

In the General Assembly read three times and ratified this the 27th day of April, 2017.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Roy Cooper
Governor

Approved 4:55 p.m. this 27th day of April, 2017

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2017-95
HOUSE BILL 21

AN ACT TO REQUIRE DRIVER INSTRUCTION ON LAW ENFORCEMENT PROCEDURES DURING TRAFFIC STOPS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 20-88.1(d) reads as rewritten:

"(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. The Division, in consultation with the State Highway Patrol, the North Carolina Sheriff's Association, and the North Carolina Association of Chiefs of Police, shall include in the driver license handbook a description of law enforcement procedures during traffic stops and the actions that a motorist should take during a traffic stop, including appropriate interactions with law enforcement officers. At the request of the Department of 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 2. G.S. 115C-215(b) reads as rewritten:

"(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.

(5) Instruction on law enforcement procedures for traffic stops that is developed in consultation with the State Highway Patrol, the North Carolina Sheriff's Association, and the North Carolina Association of Chiefs of Police. The instruction shall provide a description of the actions that a motorist should take during a traffic stop, including appropriate interactions with law enforcement officers."

SECTION 3. Section 1 of this act becomes effective January 1, 2018. The remainder of this act is effective when it becomes law and applies beginning with the 2017-2018 school year.

In the General Assembly read three times and ratified this the 28th day of June, 2017.

s/ Daniel J. Forest
President of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Roy Cooper
Governor

Approved 1:45 p.m. this 12th day of July, 2017

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2017-125
HOUSE BILL 115

AN ACT TO MAKE TECHNICAL CORRECTIONS AND OTHER CONFORMING CHANGES TO THE LAWS GOVERNING THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM, AND OTHER RELATED STATUTES.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 135-1(5) reads as rewritten:

"(5) "Average final compensation" shall mean the average annual compensation of a member during the four consecutive calendar years of membership service producing the highest such average; but shall not include any compensation, as determined by the Board of Trustees, for the reimbursement of expenses or payments for housing or any other allowances whether or not classified as salary and wages. Payout of vacation leave shall be included in "average final compensation" only if the payout is received by the member during the four consecutive calendar years of membership service producing the highest average annual compensation of the member. In the event a member is or has been in receipt of a benefit under the provisions of G.S. 135-105 or G.S. 135-106, the compensation used in the calculation of "average final compensation" shall be the higher of compensation of the member under the provisions of this Article or compensation used in calculating the payment of benefits under Article 6 of this Chapter as adjusted for percentage increases in the post disability benefit."

SECTION 1.(b) G.S. 128-21(5) reads as rewritten:

"(5) "Average final compensation" shall mean the average annual compensation, not including any terminal payments for unused sick leave, of a member during the four consecutive calendar years of creditable service producing the highest such average; but shall not include any compensation, as determined by the Board of Trustees, for the reimbursement of expenses or payments for housing or any other allowances whether or not classified as salary and wages. Payout of vacation leave shall be included in "average final compensation" only if the payout is received by the member during the four consecutive calendar years of membership service producing the highest average annual compensation of the member."

SECTION 2.(a) G.S. 135-8(b)(5) reads as rewritten:

"(5) The Board of Trustees may approve the purchase of creditable service by any member for leaves of absence or for interrupted service to an employer only for the purpose of acquiring knowledge, talents, or abilities and to increase the efficiency of service to the employer, subject to the provisions of this subdivision. A leave of absence or interrupted service may be approved for purchase under this subdivision for a period of employment as a teacher in a charter school. Any other leave of absence or interrupted service shall qualify for purchase under this subdivision only if (i) during the time of the leave or interrupted service the member is enrolled and participates in a full time degree program at an accredited institution of higher education, (ii) the member is not paid compensation, other than a stipend resulting from participation in a full-time degree program, for the activity in which he or she is acquiring knowledge, talents, or abilities, and (iii) the service is not purchased for any month in which the member performed any services for any of the organizations listed in G.S. 135 27(a) or G.S. 135 27(f), or a successor to any of those organizations. Approval by the Board under this subdivision shall be made prior to the purchase of the creditable service, is limited to a career total of six years for each member, and may be obtained in the following manner:

…."

SECTION 2.(b) G.S. 128-30(b)(4) reads as rewritten:

"(4) The Board of Trustees may approve the purchase of creditable service by any member for leaves of absence or for interrupted service to an employer only for the purpose of acquiring knowledge, talents, or abilities and to increase the efficiency of service to the employer, subject to the provisions of this subdivision. A leave of absence or interrupted service may be approved for purchase under this subdivision for a period of employment as a teacher in a charter school. Any other leave of absence or interrupted service shall qualify for purchase under this subdivision only if (i) during the time of the

leave or interrupted service the member is enrolled and participates in a full-time degree program at an accredited institution of higher education, (ii) the member is not paid compensation, other than a stipend resulting from participation in a full-time degree program, for the activity in which he or she is acquiring knowledge, talents, or abilities, and (iii) the service is not purchased for any month in which the member performed any services for any of the organizations listed in G.S. 135-27(a) or G.S. 135-27(f), or a successor to any of those organizations. Approval by the Board under this subdivision shall be made prior to the purchase of the creditable service, is limited to a career total of four years for each member, and may be obtained in the following manner:

…."

SECTION 3. G.S. 135-48.12 is amended by adding a new subsection to read:

"(i) The Committee shall adopt a funding policy and shall include information about the State's contribution policy, including the basis for determining contributions in the annual actuarial valuation."

SECTION 5.(a) G.S. 147-86.72(h) reads as rewritten:

"(h) Other ~~States.~~States Contracting for North Carolina to Provide Program. – With consent of the State Treasurer, the Board may enter into agreements with other states to either (i) allow North Carolina residents to participate in a plan operated by a contracting state with a qualified ABLE program or (ii) allow residents of other states to participate in the qualified North Carolina ABLE Program Trust."

SECTION 5.(b) G.S. 147-86.72 is amended by adding a new subsection to read:

"(i) Arrangements for North Carolina Program to Be Provided in Partnership With Other States. – Notwithstanding any other provision of this Article, in addition to or in lieu of establishing a North Carolina ABLE Program and ABLE Program Trust, the Board may do either of the following:

(1) Enter into an agreement with one or more states, or a consortium of states, that has a qualified ABLE program for the provision of all services necessary to allow residents of North Carolina to participate in the qualified ABLE program of the other state, states, or consortium.

(2) Facilitate or otherwise provide access to allow residents of North Carolina to participate in qualified ABLE programs operated by another state, states, or consortium.

The Board shall take action only after due diligence that includes a fiduciary analysis that indicates the qualified ABLE program offered by the other state, states, or consortium will (i) meet all the requirements of this Article and (ii) be more efficient and cost-effective than an ABLE program provided directly by the Board. If the Board enters into an arrangement authorized by this subsection, the Board shall meet on a semiannual basis to evaluate the effectiveness of the services being provided."

SECTION 6. G.S. 147-69.2(a) is amended by adding a new subdivision to read:

"(21) The Disability Income Plan of North Carolina."

SECTION 8. G.S. 147-69.12(e) is repealed.

SECTION 9. If any provision of this act or its application is held invalid, the invalidity does not affect other provisions or applications of this act that can be given effect without the invalid provisions or application, and, to this end, the provisions of this act are severable.

SECTION 10. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 29th day of June, 2017.

s/ Daniel J. Forest
President of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Roy Cooper
Governor

Approved 4:01 p.m. this 20th day of July, 2017

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2017-126
HOUSE BILL 135

AN ACT TO MAKE ORGANIZATIONAL AND TECHNICAL CHANGES TO THE COURSES OF STUDY STATUTES.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-81 is repealed.
SECTION 2. G.S. 115C-81.1 is repealed.
SECTION 3. G.S. 115C-81.3 is repealed.
SECTION 4. G.S. 115C-81.4 is repealed.
SECTION 5. Part 1 of Article 8 of Chapter 115C of the General Statutes is amended by adding new sections to read:

"**§ 115C-81.5. Standard course of study.**

(a) All children can learn. It is the intent of the General Assembly that the mission of the public school community is to challenge with high expectations each child to learn, to achieve, and to fulfill his or her potential. With that mission as its guide, the State Board of Education shall adopt a plan of education and a standard course of study as provided in G.S. 115C-12(9c) for the public schools of the State. It is the intent of the General Assembly that the focus of State educational funding shall be to ensure that each student receives a sound basic education. It is further a goal of the General Assembly to provide supplemental funds to low-wealth counties to allow those counties to enhance the instructional program and student achievement. Instruction shall be offered in the areas of arts, communication skills, physical education and personal health and safety, mathematics, media and computer skills, science, second languages, social studies, and career and technical education. In addition, instruction shall be offered in all of the areas provided in this Part.

(b) The standard course of study shall provide all of the following:

(1) A core curriculum for all students that takes into account the special needs of children.
(2) A set of competencies, by grade level, for each curriculum area.
(3) A list of textbooks for use in providing the curriculum.
(4) Standards for student performance and promotion based on the mastery of competencies, including standards for graduation, that take into account children with disabilities and, in particular, include appropriate modifications.
(5) A program of remedial education.
(6) Required support programs.
(7) A definition of the instructional day.
(8) Class size recommendations and requirements.
(9) Prescribed staffing allotment ratios.
(10) Material and equipment allotment ratios.
(11) Facilities guidelines that reflect educational program appropriateness, long-term cost efficiency, and safety considerations.
(12) Any other information the Board considers appropriate and necessary.

"**§ 115C-81.10. Career and technical education.**

(a) Instruction in career and technical education shall include the following:

(1) The integration of academic and career and technical education.
(2) A sequential course of study leading to career and college readiness.
(3) Increased student work skill attainment and job placement.
(4) Increased linkages, where geographically feasible, between public schools and community colleges, so the public schools can emphasize academic preparation and the community colleges can emphasize specific job training.
(5) Instruction and experience, to the extent practicable, in all aspects of the industry the students are prepared to enter.

"**§ 115C-81.15. Conflict resolution and mediation models.**

The State Board of Education shall develop a list of recommended conflict resolution and mediation materials, models, and curricula that address responsible decision making, the causes and effects of school violence and harassment, cultural diversity, and nonviolent methods for resolving conflict, including peer mediation, and shall make the list available to local

school administrative units and school buildings. In developing this list, the Board shall emphasize materials, models, and curricula that currently are being used in North Carolina and that the Board determines to be effective. The Board shall include at least one model that includes instruction and guidance for the voluntary implementation of peer mediation programs and one model that provides instruction and guidance for teachers concerning the integration of conflict resolution and mediation lessons into the existing classroom curriculum.

"**§ 115C-81.20. Alcohol and drug use prevention education.**

(a) Instruction shall be provided in alcohol and drug use prevention education from kindergarten through high school.

(b) The State Board of Education shall develop and maintain a recommended list of alcohol and drug use prevention education materials that include components for teacher training and ongoing assessment and evaluation to verify success and ensure the use of up-to-date information and strategies.

(c) The Department of Public Instruction shall do the following:

(1) Work to strengthen instructional offerings in the content and skill areas in which alcohol and drug use prevention education is addressed.

(2) Develop curricular materials and resources that meet, extend, and supplement drug and alcohol education as outlined in the standard course of study and the teacher handbook for the competency-based curriculum.

(3) Recommend to the State Board of Education any drug use prevention education support materials that should be removed from or added to the recommended list of curricular resources developed and maintained by the State Board of Education.

(d) Local boards of education may select supplemental alcohol and drug use prevention education materials from the list maintained by the State Board of Education or develop their own supplemental materials to be approved by the State Board of Education.

(e) Local boards of education shall do the following:

(1) Implement an approved alcohol and drug use prevention education as a primary part of their comprehensive health education program.

(2) Provide for ongoing evaluation of drug use prevention education resources, to include participation in ongoing evaluations with the Department of Public Instruction.

(f) The Department of Public Instruction, in conjunction with local school administrative units, shall provide for professional development to train educators and support personnel to implement a comprehensive alcohol and drug use prevention education program.

(g) Sequential, age-appropriate instruction shall be provided that includes all of the following:

(1) Reaches all students in all grades.

(2) Presents a clear and consistent message that the use of alcohol and unlawful drugs and the misuse of other drugs are unhealthy and harmful.

(3) Reflects current research and theory.

(4) Includes all abusable substances.

(5) Utilizes information that is current and accurate.

(6) Involves students in active "hands-on" learning experiences.

(7) Integrates substance abuse education with other health and social issues and other subject and skill areas of the standard course of study.

(8) Promotes understanding and respect for the law and values of society.

(9) Encourages healthy, safe, and responsible attitudes and behaviors.

(10) Includes strategies to involve parents, family members, and the community.

(11) Includes information on intervention and treatment services.

(12) Is continually open to revision, expansion, and improvement.

"**§ 115C-81.25. Health education.**

(a) Comprehensive health education instruction shall be developed and taught to students from kindergarten through ninth grade.

(b) The State Board of Education shall do all of the following:

(1) Supervise the development and operation of the statewide comprehensive school health education program, including curriculum development, teacher professional development, promotion of training in teacher preparation programs, learning material review, and assessment and evaluation of local programs in the same manner as for other programs.

(2) Adopt objectives for the instruction of the subject areas listed in this section that are appropriate for each grade level.

(3) Approve textbooks and other materials incorporating these objectives that local school administrative units may purchase with State funds.

(c) The State Board of Education, through the Department of Public Instruction, shall, on a regular basis, review materials related to these objectives and distribute these reviews to local school administrative units for their information. This program includes age-appropriate instruction in the following subject areas, regardless of whether this instruction is described

as, or incorporated into a description of, "family life education," "family health education," "health education," "family living," "health," "healthful living curriculum," or "self-esteem":

(1) Mental and emotional health.
(2) Drug and alcohol abuse prevention.
(3) Nutrition.
(4) Dental health.
(5) Environmental health.
(6) Family living.
(7) Consumer health.
(8) Disease control.
(9) Growth and development.
(10) First aid and emergency care, including the teaching of cardiopulmonary resuscitation (CPR) and the Heimlich maneuver by using hands-on training with mannequins so that students pass a test approved by the American Heart Association or American Red Cross. For the purposes of this subdivision, schools shall do all of the following:
a. Use an instructional program developed by the American Heart Association, the American Red Cross, or other nationally recognized programs that is based on the most current national evidence-based emergency cardiovascular care guidelines for CPR.
b. Maintain documentation in an electronic database that students have successfully completed CPR instruction to meet healthful living essential standards.
c. Require successful completion of instruction in CPR to be a requirement for high school graduation by the 2014-2015 school year.
(11) Preventing sexually transmitted diseases, including HIV/AIDS, and other communicable diseases. As used in this section, "HIV/AIDS" means Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome.
(12) Reproductive health and safety education.
(13) Bicycle safety.

(d) Parental Review. – The State Board of Education shall make available to all local school administrative units for review by the parents and legal guardians of students enrolled at those units any State-developed objectives for instruction, any approved textbooks, the list of reviewed materials, and any other State-developed or approved materials that pertain to or are intended to impart information or promote discussion or understanding in regard to the prevention of sexually transmitted diseases, including HIV/AIDS, to the avoidance of out-of-wedlock pregnancy, or to the reproductive health and safety education curriculum. The review period shall extend for at least 60 days before use.

(e) Duty of Local School Administrative Units. – Each local school administrative unit shall provide a comprehensive school health education program that meets all the requirements of this section and all the objectives established by the State Board. Each local board of education may expand on the subject areas to be included in the program and on the instructional objectives to be met.

"**§ 115C-81.30. Reproductive health and safety education provided by local school administrative units.**

(a) Each local school administrative unit shall provide a reproductive health and safety education program commencing in the seventh grade. Materials used in this instruction shall be age-appropriate for use with students. Law enforcement agencies, criminal justice agencies, and nongovernmental organizations with experience in sex-trafficking prevention and awareness may provide materials and information. Information conveyed during the instruction shall be objective and based upon scientific research that is peer reviewed and accepted by professionals and credentialed experts in any of the following fields: sexual health education, adolescent psychology, behavioral counseling, medicine, human anatomy, biology, ethics, or health education. Reproductive health and safety instruction provided by the local school administrative units shall do the following:

(1) Teach that abstinence from sexual activity outside of marriage is the expected standard for all school-age children.
(2) Present techniques and strategies to deal with peer pressure and offering positive reinforcement.
(3) Present reasons, skills, and strategies for remaining or becoming abstinent from sexual activity.
(4) Teach that abstinence from sexual activity is the only certain means of avoiding out-of-wedlock pregnancy, sexually transmitted diseases when transmitted through sexual contact, including HIV/AIDS, and other associated health and emotional problems. As used in this section, "HIV/AIDS" means Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome.
(5) Teach that a mutually faithful monogamous heterosexual relationship in the context of marriage is the best lifelong means of avoiding sexually transmitted diseases, including HIV/AIDS.
(6) Teach the positive benefits of abstinence until marriage and the risks of premarital sexual activity.
(7) Provide opportunities that allow for interaction between the parent or legal guardian and the student.
(8) Provide factually accurate biological or pathological information that is related to the human reproductive system.

(9) Teach about the preventable risks for preterm birth in subsequent pregnancies, including induced abortion, smoking, alcohol consumption, the use of illegal drugs, and inadequate prenatal care.

(10) Teach about sexually transmitted diseases. Instruction shall include how sexually transmitted diseases are and are not transmitted, the effectiveness and safety of all federal Food and Drug Administration (FDA)-approved methods of reducing the risk of contracting sexually transmitted diseases, and information on local resources for testing and medical care for sexually transmitted diseases. Instruction shall include the rates of infection among pre-teen and teens of each known sexually transmitted disease and the effects of contracting each sexually transmitted disease. In particular, the instruction shall include information about the effects of contracting the Human Papilloma Virus, including sterility and cervical cancer.

(11) Teach about the effectiveness and safety of all FDA-approved contraceptive methods in preventing pregnancy.

(12) Teach awareness of sexual assault, sexual abuse, and risk reduction. The instruction and materials shall:

a. Focus on healthy relationships.

b. Teach students what constitutes sexual assault and sexual abuse, the causes of those behaviors, and risk reduction.

c. Inform students about resources and reporting procedures if they experience sexual assault or sexual abuse.

d. Examine common misconceptions and stereotypes about sexual assault and sexual abuse.

(13) Teach about sex trafficking prevention and awareness. Each local school administrative unit shall:

a. Collaborate with a diverse group of outside consultants where practical, including law enforcement with expertise in sex-trafficking prevention education, to address the threats of sex trafficking.

b. Collaborate with a diverse group of outside consultants, including law enforcement with expertise in sex trafficking, on a referral protocol for high-risk pupils and minors.

(b) Each local board of education shall adopt a policy and provide a mechanism to allow a parent or a legal guardian to withdraw his or her child from instruction required under subdivisions (10) through (13) of subsection (a) of this section.

(c) Parental Review and Consent. – Each school year, before students may participate in any portion of (i) a program that pertains to or is intended to impart information or promote discussion or understanding in regard to the prevention of sexually transmitted diseases, including HIV/AIDS, or to the avoidance of out-of-wedlock pregnancy or (ii) a reproductive health and safety education program, whether developed by the State or by the local board of education, the parents and legal guardians of those students shall be given an opportunity to review the objectives and materials as provided in G.S. 115C-81.25(d). Local boards of education shall adopt policies to provide opportunities either for parents and legal guardians to consent or for parents and legal guardians to withhold their consent to the students' participation in any or all of these programs.

(d) Information on Contraceptives and Abortion Referral Services. – Students may receive information about where to obtain contraceptives and abortion referral services only in accordance with a local board's policy regarding parental consent. Any instruction concerning the use of contraceptives or prophylactics shall provide accurate statistical information on their effectiveness and failure rates for preventing pregnancy and sexually transmitted diseases, including HIV/AIDS, in actual use among adolescent populations and shall explain clearly the difference between risk reduction and risk elimination through abstinence. The Department of Health and Human Services shall provide the most current available information at the beginning of each school year.

(e) Prohibition on Distribution of Contraceptives. – Contraceptives, including condoms and other devices, shall not be made available or distributed on school property.

(f) School Health Coordinators. – School health coordinators may be employed to assist in the instruction of any portion of the comprehensive school health education program. Where feasible, a school health coordinator should serve more than one local school administrative unit. Each person initially employed as a State-funded school health coordinator after June 30, 1987, shall have a degree in health education.

(g) Duty of Local School Administrative Units. – Each local school administrative unit shall provide a comprehensive school health education program that meets all the requirements of this section and all the objectives established by the State Board. Each local board of education may expand on the subject areas to be included in the program and on the instructional objectives to be met.

"**§ 115C-81.35. Honors-level courses in healthful living education.**

The State Board of Education shall develop or identify academically rigorous honors-level courses in healthful living education that can be offered at the high school level. These honors-level courses shall be more rigorous than standard-level courses, include advanced content, provide multiple opportunities for students to take greater responsibility for their learning, and require higher quality work from the students than standard courses.

"**§ 115C-81.40. North Carolina history and geography.**

The standard course of study shall include the requirement that the public schools provide to all students one yearlong course of instruction on North Carolina history and geography in elementary school and one yearlong course of instruction in

middle school on North Carolina history with United States history integrated into this instruction. The course of instruction shall include contributions to the history and geography of the State and the nation by the racial and ethnic groups that have contributed to the development and diversity of the State and nation. Each course of instruction may include up to two weeks of instruction relating to the local area in which the students reside.

"**§ 115C-81.45. Classes conducted in English; citizenship; and civic literacy.**

(a) Except when a board authorizes teaching in a foreign language in order to comply with federal law, local boards of education shall require all teachers and principals to conduct classes except foreign language classes in English. Any teacher or principal who refuses to do so may be dismissed.

(b) Local boards of education shall provide for the efficient teaching at appropriate grade levels of all materials set forth in the standard course of study, including integrated instruction in the areas of citizenship in the United States of America, government of the State of North Carolina, government of the United States, fire prevention, the free enterprise system, and the dangers of harmful or illegal drugs, including alcohol.

(c) Democratic Process and Citizenship Education. –

(1) The State Board of Education shall include instruction in civic and citizenship education in the standard course of study for high school social studies. The State Board of Education is strongly encouraged to include, at a minimum, the following components in the high school civic and citizenship education standard course of study:

a. That students write to a local, State, or federal elected official about an issue that is important to them.

b. Instruction on the importance of voting and otherwise participating in the democratic process, including instruction on voter registration.

c. Information about current events and governmental structure.

d. Information about the democratic process and how laws are made.

(2) The State Board of Education shall include instruction in civic and citizenship education in the standard course of study for middle school social studies. The State Board of Education is strongly encouraged to include, at a minimum, the following components in the middle school civic and citizenship education standard course of study:

a. A tour of representative local government facilities, such as the local jail, the courthouse, or a town hall, to help students understand the way their community is governed.

b. Allowing students to choose and analyze a community problem and offer public policy recommendations on the problem to local officials.

c. Information about getting involved in community groups.

(d) Civic Literacy. –

(1) The State Board of Education shall require during the high school years the teaching of a semester course on the Founding Principles of the United States of America and the State of North Carolina. A passing grade in the course shall be required for graduation from high school, and the course shall include at least the following subjects:

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.

k. Constitutional limitations on government power to tax and spend, and prompt payment of public debt.

l. Strong defense and supremacy of civil authority over military.

m. Peace, commerce, and honest friendship with all nations, entangling alliances with none.

(2) The State Board of Education shall require that any high school level curriculum-based tests for the course required in subdivision (1) of this subsection developed and administered statewide beginning with the 2016-2017 academic year 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.

(3) The Department of Public Instruction and the local boards of education, as appropriate, shall provide or cause to be provided curriculum content for the semester course required in subdivision (1) of this subsection and professional development 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.

(4) 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.

"**§ 115C-81.50. Student councils.**

All high schools and middle schools shall be encouraged to have elected student councils through which students have input into policies and decisions that affect them. All other schools are encouraged to have student councils.

The purpose of these student councils is to build civic skills and attitudes such as participation in elections, discussion and debate of issues, and collaborative decision making. Schools shall encourage active, broad-based participation in these student councils.

"**§ 115C-81.55. Current events.**

Schools should encourage discussions of current events in a wide range of classes, especially social studies and language arts classes. All high schools and middle schools are encouraged to have at least two classes per grade level to offer interactive current events discussions at least every four weeks.

"**§ 115C-81.60. Character education.**

(a) Each local board of education shall develop and implement character education instruction with input from the local community. The instruction shall be incorporated into the standard curriculum and should address the following traits:

(1) Courage. – Having the determination to do the right thing even when others don't and the strength to follow your conscience rather than the crowd; and attempting difficult things that are worthwhile.

(2) Good judgment. – Choosing worthy goals and setting proper priorities; thinking through the consequences of your actions; and basing decisions on practical wisdom and good sense.

(3) Integrity. – Having the inner strength to be truthful, trustworthy, and honest in all things; acting justly and honorably.

(4) Kindness. – Being considerate, courteous, helpful, and understanding of others; showing care, compassion, friendship, and generosity; and treating others as you would like to be treated.

(5) Perseverance. – Being persistent in the pursuit of worthy objectives in spite of difficulty, opposition, or discouragement; and exhibiting patience and having the fortitude to try again when confronted with delays, mistakes, or failures.

(6) Respect. – Showing high regard for authority, for other people, for self, for property, and for country; and understanding that all people have value as human beings.

(7) Responsibility. – Being dependable in carrying out obligations and duties; showing reliability and consistency in words and conduct; being accountable for your own actions; and being committed to active involvement in your community.

(8) Self-discipline. – Demonstrating hard work and commitment to purpose; regulating yourself for improvement and restraining from inappropriate behaviors; being in proper control of your words, actions, impulses, and desires; choosing abstinence from premarital sex, drugs, alcohol, and other harmful substances and behaviors; and doing your best in all situations.

(b) In addition to the instruction under subsection (a) of this section, local boards of education are encouraged to include instruction on the following responsibilities:

(1) Respect for school personnel. – In the school environment, respect includes holding teachers, school administrators, and all school personnel in high esteem and demonstrating in words and deeds that all school personnel deserve to be treated with courtesy and proper deference.

(2) Responsibility for school safety. – Helping to create a harmonious school atmosphere that is free from threats, weapons, and violent or disruptive behavior; cultivating an orderly learning environment in which students and school personnel feel safe and secure; and encouraging the resolution of conflicts and disagreements through peaceful means, including peer mediation. Instruction in this responsibility should include a consistent and age-appropriate antiviolence message and a conflict resolution component for students in kindergarten through grade 12. These messages should include media-awareness education to help children recognize stereotypes and messages portraying violence.

(3) Service to others. – Engaging in meaningful service to their schools and their communities. Schools may teach service-learning by (i) incorporating it into their standard curriculum or (ii) involving a classroom of students or some other group of students in one or more hands-on community service projects. All schools are encouraged to provide opportunities for student involvement in community service or service-learning projects.

(4) Good citizenship. – Obeying the laws of the nation and this State; abiding by school rules; and understanding the rights and responsibilities of a member of a republic.

"**§ 115C-81.65. Financial literacy.**

(a) Instruction shall be provided in personal financial literacy for all students. In addition to the requirements in subsection (b) of this section, the State Board of Education shall determine the other components of personal financial literacy

that will be covered in the curriculum. The State Board shall also review the high school standard course of study to determine into which courses and grade levels personal financial literacy shall be integrated.

(b) Each student shall receive personal financial literacy instruction that shall include:

(1) The true cost of credit.

(2) Choosing and managing a credit card.

(3) Borrowing money for an automobile or other large purchase.

(4) Home mortgages.

(5) Credit scoring and credit reports.

(6) Other relevant financial literacy issues.

"**§ 115C-81.70. Disability history and awareness.**

(a) Each local board of education shall provide instruction on disability, people with disabilities, and the disability rights movement in conjunction with Disability History and Awareness Month, established pursuant to G.S. 103-11.

(b) This instruction shall be incorporated through measures that include any of the following:

(1) Supplementing existing lesson plans.

(2) Holding school assemblies.

(3) Hosting disability-focused film festivals.

(4) Organizing other school activities.

Local boards of education are encouraged to incorporate individuals with disabilities or knowledgeable guest speakers from the disability community into the delivery of this instruction.

"**§ 115C-81.75. Cursive writing.**

The standard course of study shall include the requirement that the public schools provide instruction in cursive writing so that students create readable documents through legible cursive handwriting by the end of fifth grade.

"**§ 115C-81.80. Multiplication tables.**

The standard course of study shall include the requirement that students enrolled in public schools memorize multiplication tables to demonstrate competency in efficiently multiplying numbers.

"**§ 115C-81.85. Instruction in American Sign Language.**

(a) The State Board of Education shall encourage schools to offer American Sign Language classes in high schools as a modern foreign language.

(b) The State Board of Education shall adopt and implement standards for the certification of teachers of American Sign Language and shall set standards for teacher preparation programs that prepare students for certification as American Sign Language teachers."

SECTION 6. G.S. 115C-47 is amended by adding a new subdivision to read:

"(1a) To Establish and Maintain Kindergartens. –

a. Local boards of education shall provide for their respective local school administrative unit kindergartens as a part of the public school system for all children living in the local school administrative unit who are eligible for admission pursuant to sub-subdivision c. of this subdivision provided that funds are available from State, local, federal, or other sources to operate a kindergarten program as provided in this subdivision.

b. All kindergarten programs so established shall be subject to the supervision of the Department of Public Instruction and shall be operated in accordance with the standards adopted by the State Board of Education, upon recommendation of the Superintendent of Public Instruction. Among the standards to be adopted by the State Board of Education shall be a provision that the Board will allocate funds for the purpose of operating and administering kindergartens to each school administrative unit in the State based on the average daily membership for the best continuous three out of the first four school months of pupils in the kindergarten program during the last school year in that respective school administrative unit. Such allocations are to be made from funds appropriated to the State Board of Education for the kindergarten program.

c. Any child who meets the requirements of G.S. 115C-364 shall be eligible for enrollment in kindergarten. Any child who is enrolled in kindergarten and not withdrawn by the child's parent or legal guardian shall attend kindergarten.

d. Notwithstanding any other provision of law to the contrary, subject to the approval of the State Board of Education, any local board of education may elect not to establish and maintain a kindergarten program. Any funds allocated to a local board of education which does not operate a kindergarten program may be reallocated by the State Board of Education, within the discretion of the Board, to a county or city board of education which will operate such a program."

SECTION 7. G.S. 115C-47 is amended by adding a new subdivision to read:

"(29c) To Allow and Encourage the Reading and Posting of Documents on the History of the United States and With Historical Significance for the United States. –

a. 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:

1. The preamble to the North Carolina Constitution.
2. The Declaration of Independence.
3. The United States Constitution.
4. The Mayflower Compact.
5. The national motto.
6. The National Anthem.
7. The Pledge of Allegiance.
8. The writings, speeches, documents, and proclamations of the founding fathers and Presidents of the United States.
9. Decisions of the Supreme Court of the United States.
10. Acts of the Congress of the United States, including the published text of the Congressional Record.

b. 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.

c. 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 sub-subdivision a. of this subdivision. Such displays are subject to the following requirements:

1. The 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.
2. 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.""

SECTION 8. G.S. 115C-47 is amended by adding a new subdivision to read:

"(49a) To Address Science Safety Requirements. –

a. Each local board of education shall certify annually to the State Board of Education that its high school and middle school science laboratories are equipped with appropriate personal protective equipment for students and teachers.

b. Each local board of education shall ensure that its high schools and middle schools comply with all State Board of Education policies related to science laboratory safety."

SECTION 9. G.S. 115C-12(9c) reads as rewritten:

"(9c) Power to Develop Content ~~Standards and Exit~~ Standards. –

a. The Board shall develop a comprehensive plan to revise content standards and the standard course of study in the core academic areas of reading, writing, mathematics, science, history, geography, and civics. The Board shall involve and survey a representative sample of parents, teachers, and the public to help determine academic content standard priorities and usefulness of the content standards. A full review of available and relevant academic content standards that are rigorous, specific, sequenced, clear, focused, and measurable, whenever possible, shall be a part of the process of the development of content standards. The revised content standards developed in the core academic areas shall (i) reflect high expectations for students and an in-depth mastery of the content; (ii) be clearly grounded in the content of each academic area; (iii) be defined grade-by-grade and course-by-course; (iv) be understandable to parents and teachers; (v) be developed in full recognition of the time available to teach the core academic

areas at each grade level; and (vi) be measurable, whenever possible, in a reliable, valid, and efficient manner for accountability purposes.

b. High school course content standards shall include the knowledge and skills necessary to pursue further postsecondary education or to attain employment in the 21st century economy. The high school course content standards also shall be aligned with the minimum undergraduate course requirements for admission to the constituent institutions of The University of North Carolina. ~~The Board may develop exit standards that will be required for high school graduation.~~

c. The Board also shall develop and implement an ongoing process to align State programs and support materials with the revised academic content standards for each core academic area on a regular basis. Alignment shall include revising textbook criteria, support materials, State tests, teacher and school administrator preparation, and ongoing professional development programs to be compatible with content standards. The Board shall develop and make available to teachers and parents support materials, including teacher and parent guides, for academic content standards. The State Board of Education shall work in collaboration with the Board of Governors of The University of North Carolina to ensure that teacher and school administrator degree programs, ongoing professional development, and other university activity in the State's public schools align with the State Board's priorities."

SECTION 10. G.S. 115C-12 is amended by adding a new subdivision to read:

"(9d) Power to Develop Exit Standards and Graduation Requirements. –

a. The Board may develop exit standards that shall be required for high school graduation. The Board shall require the following for high school graduation:

1. Successful completion of instruction in cardiopulmonary resuscitation as provided in G.S. 115C-81.25(c)(10).

2. A passing grade in the semester course on the Founding Principles of the United States of America and the State of North Carolina described in G.S. 115C-81.45(d)(1).

b. The following restrictions apply to the Board regarding Algebra I and high school graduation projects:

1. The Board shall not adopt or enforce any rule that requires Algebra I as a graduation standard or as a requirement for a high school diploma for any student whose individualized education program (i) identifies the student as learning disabled in the area of mathematics and (ii) states that this learning disability will prevent the student from mastering Algebra I.

2. The Board shall not require any student to prepare a high school graduation project as a condition of graduation from high school; local boards of education may, however, require their students to complete a high school graduation project."

SECTION 11. G.S. 115C-12(9)c. is repealed.

SECTION 12. G.S. 115C-47(12) is repealed.

SECTION 13. G.S. 115C-105.32 reads as rewritten:

"**§ 115C-105.32. Parent involvement programs and conflict resolution programs as part of school improvement plans.**

A school is encouraged to include a comprehensive parent involvement program as part of its school improvement plan under G.S. 115C-105.27. The State Board of Education shall develop a list of recommended strategies that it determines to be effective, which building level committees may use to establish parent involvement programs designed to meet the specific needs of their schools. The Board shall make the list available to local school administrative units and school buildings by the beginning of the 1994-95 school year.

A school is encouraged to review its need for a comprehensive conflict resolution program as part of the development of its school improvement plan under G.S. 115C-105.27. If a school determines that this program is needed, it may select from the list developed by the State Board of Education under ~~G.S. 115C-81(a4)~~G.S. 115C-81.15 or may develop its own materials and curricula to be approved by the local board of education."

SECTION 14. G.S. 115C-174.11(a) reads as rewritten:

"(a) Assessment Instruments for Kindergarten, First, Second, and Third Grades. – The State Board of Education shall develop, adopt, and provide to the local school administrative units developmentally appropriate individualized assessment instruments ~~consistent with the Basic Education Program~~ aligned with the standard course of study and Part 1A of Article 8 of this Chapter for the kindergarten, first, second, and third grades. Local school administrative units shall use these assessment instruments provided to them by the State Board for kindergarten, first, second, and third grade students to assess progress, diagnose difficulties, and inform instruction and remediation needs. Local school administrative units shall not use standardized tests for summative assessment of kindergarten, first, and second grade students except as required as a condition of receiving federal grants."

SECTION 15. G.S. 115C-174.11(c)(4) reads as rewritten:

"(4) To the extent funds are made available, the State Board of Education 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. The State Board of Education shall require the administration of an alternate to the ACT or an alternate to the PLAN precursor test to the ACT to a student who (i) exhibits severe and pervasive delays in all areas of conceptual, linguistic, and academic development and in adaptive behaviors, including communication, daily living skills, and self-care, (ii) is following the extended content standards of the Standard Course of Study as provided in ~~G.S. 115C-81,~~G.S. 115C-81.5, or is following a course of study that, upon completing high school, may not lead to admission into a college-level course of study resulting in a college degree, and (iii) has a written parental request for an alternate assessment.

The State Board of Education shall ensure that parents of students enrolled in all public schools, including charter and regional schools, have the necessary information to make informed decisions regarding participation in the ACT and the PLAN precursor test to the ACT.

Alternate assessment and ACT assessment results of students with disabilities shall be included in school accountability reports, including charter and regional schools, provided by the State Board of Education."

SECTION 16. G.S. 120-70.81(a)(2) is repealed.

SECTION 17. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 28th day of June, 2017.

s/ Daniel J. Forest
President of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Roy Cooper
Governor

Approved 4:02 p.m. this 20th day of July, 2017

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2017-127
HOUSE BILL 149

AN ACT TO REQUIRE THE STATE BOARD OF EDUCATION AND LOCAL BOARDS OF EDUCATION TO DEVELOP TOOLS TO ENSURE IDENTIFICATION OF STUDENTS WITH DYSLEXIA AND DYSCALCULIA.

The General Assembly of North Carolina enacts:

SECTION 1. It is the intent of the General Assembly that all students with specific learning disabilities, including dyslexia and dyscalculia, receive the necessary and appropriate screenings, assessments, and special education services to provide interventions for learning difficulties with language, reading, writing, and mathematics.

SECTION 2. To provide a definition to enable for the identification of and intervention for students with dyslexia and students with dyscalculia, the State Board of Education shall, as part of its policies for specific learning disabilities, define dyslexia as follows: "Dyslexia is a specific learning disability that is neurobiological in origin. It is characterized by difficulties with accurate and/or fluent word recognition and by poor spelling and decoding abilities. These difficulties typically result from a deficit in the phonological component of language that is often unexpected in relation to other cognitive abilities and the provision of effective classroom instruction. Secondary consequences may include problems in reading comprehension and reduced reading experience that can impede growth of vocabulary and background knowledge." The State Board of Education shall include the definition of dyslexia, as required by this section, in the policies for specific learning disabilities no later than June 30, 2017.

SECTION 3. Prior to the start of the 2017-2018 school year, the State Board of Education shall ensure that ongoing professional development opportunities are made available to teachers and other school personnel on the identification of and intervention strategies for students with dyslexia, dyscalculia, or other specific learning disabilities. Prior to the start of the 2017-2018 school year, the State Board of Education shall also develop and make available information electronically to parents, educators, and other concerned groups that provides further data concerning characteristics of children with dyslexia, educational methodologies, screenings, and what is available to support the work with children with dyslexia in North Carolina.

SECTION 4. Prior to the start of the 2017-2018 school year, local boards of education shall review the diagnostic tools and screening instruments used for dyslexia, dyscalculia, or other specific learning disabilities to ensure that they are age-appropriate and effective and shall determine if additional diagnostic and screening tools are needed.

SECTION 5. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 27th day of June, 2017.

s/ Daniel J. Forest
President of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Roy Cooper
Governor

Approved 4:03 p.m. this 20th day of July, 2017

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2017-157
HOUSE BILL 155

AN ACT TO MAKE VARIOUS CHANGES TO EDUCATION LAWS.

The General Assembly of North Carolina enacts:

PART I. MODIFY SCHOOL/CLASS SIZE REPORT DATE

SECTION 1.(a) G.S. 115C-47(10), as amended by Section 2(a) of S.L. 2017-9, reads as rewritten:

"(10) To Assure Appropriate Class Size. – It shall be the responsibility of local boards of education to assure that the class size requirements set forth in G.S. 115C-301 for kindergarten through third grade are met. Any teacher who believes that the requirements of G.S. 115C-301 have not been met shall make a report to the principal and superintendent, and the superintendent shall immediately determine whether the requirements have in fact not been met. If the superintendent determines the requirements have not been met, he or she shall make a report to the next local board of education meeting. The local board of education shall take action to meet the requirements of the statute. If the local board cannot organizationally correct the exception, it shall immediately apply to the State Board of Education for additional personnel or a waiver of the class size requirements, as provided in G.S. 115C-301(g).

Upon notification from the State Board of Education that the reported exception does not qualify for an allotment adjustment or a waiver under provisions of G.S. 115C-301, the local board, within 30 days, shall take action necessary to correct the exception, as required in G.S. 115C-301(g).

At the end of ~~September~~October and end of February of each school year, the local board of education, through the superintendent, shall file a report with the Superintendent of Public Instruction, in a format prescribed by the Superintendent of Public Instruction, describing the organization for each school in the local school administrative unit, as required by G.S. 115C-301(f).

In addition to assuring that the requirements of G.S. 115C-301 are met, each local board of education shall also have the duty to provide an adequate number of classrooms to meet the requirements of that statute."

SECTION 1.(b) G.S. 115C-301(f), as amended by Section 2(b) of S.L. 2017-9, reads as rewritten:

"(f) Biannual Reports. – At the end of ~~September~~October and end of February of each school year, each local board of education, through the superintendent, shall file a report, based on information provided by the principal, for each school within the local school administrative unit with the Superintendent of Public Instruction. The report shall be filed in a format prescribed by the Superintendent of Public Instruction and shall include the organization for each school in the local school administrative unit, including the following information:

…."

SECTION 1.(c) This section is effective when it becomes law and applies beginning with the 2017-2018 school year.

PART II. MAKES CONFORMING CHANGES TO CAREER STATUS STATUTES TO ALIGN WITH NORTH CAROLINA SUPREME COURT DECISION

SECTION 2.(a) Section 9.6(a) of S.L. 2013-360 is repealed.

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

"**§ 115C-325. System of employment for public school teachers.**

(a) Definition of Terms. – ~~As~~ Notwithstanding G.S. 115C-325.1, as used in this ~~section~~ section, the following definitions apply, unless the context requires otherwise:

(1) Repealed by Session Laws 1997-221, s. 13(a).

(1a) "Career employee" as used in this section~~means:~~ means

~~a.~~ ~~An~~ an employee who ~~has obtained~~was awarded career status with that local board as a teacher ~~as provided in G.S. 115C-325(c);~~prior to August 1, 2013.

~~b. An employee who has obtained career status with that local board in an administrative position as provided in G.S. 115C-325(d)(2);~~

~~c. A probationary teacher during the term of the contract as provided in G.S. 115C-325(m); and~~

~~d. A school administrator during the term of a school administrator contract as provided in G.S. 115C-287.1(c).~~

~~(1b) "Career school administrator" means a school administrator who has obtained career status in an administrative position as provided in G.S. 115C-325(d)(2).~~

~~(1c) "Career teacher" means a teacher who has obtained career status as provided in G.S. 115C-325(c).~~

(1d) Repealed by Session Laws 2011-348, s. 1, effective July 1, 2011, and applicable to persons recommended for dismissal or demotion on or after that date.

(2) Repealed by Session Laws 1997, c. 221, s. 13(a).

~~(3) "Day" means calendar day. In computing any period of time, Rule 6 of the North Carolina Rules of Civil Procedure shall apply.~~

(4) "Demote" means to reduce the salary of a person who is classified or paid by the State Board of Education as a classroom ~~teacher or as a school administrator.~~teacher. The word "demote" does not include: (i) a suspension without pay pursuant to G.S. 115C-325(f)(1); (ii) the elimination or reduction of bonus payments, including merit-based supplements, or a systemwide modification in the amount of any applicable local supplement; or (iii) any reduction in salary that results from the elimination of a special duty, such as the duty of an athletic coach or a choral director.

(4a) "Disciplinary suspension" means a final decision to suspend a ~~teacher or school administrator~~career employee without pay for no more than 60 days under G.S. 115C-325(f)(2).

~~(4b) "Exchange teacher" means a nonimmigrant alien teacher participating in an exchange visitor program designated by the United States Department of State pursuant to 22 C.F.R. Part 62 or by the United States Department of Homeland Security pursuant to 8 C.F.R. Part 214.2(q).~~

(4c) "Hearing officer" means a person selected under G.S. 115C-325(h)(7).

~~(5) "Probationary teacher" means a 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.~~

(5a) [Expired.]

~~(5b) "School administrator" means a principal, assistant principal, supervisor, or director whose major function includes the direct or indirect supervision of teaching or any other part of the instructional program as provided in G.S. 115C-287.1(a)(3).~~

(6) "Teacher" means a person who holds at least a current, not provisional or expired, Class A license or a regular, not provisional or expired, vocational license issued by the 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.

(7) Redesignated.

~~(8) "Year" for purposes of computing time as a probationary teacher shall be not less than 120 workdays performed as a probationary teacher in a full-time permanent position in a school year. Workdays performed pending the outcome of a criminal history check as provided in G.S. 115C-332 are included in computing time as a probationary teacher.~~

(a1) This section shall apply only to career employees. No person who is employed as a teacher who did not acquire career status as a teacher by August 1, 2013, shall have career status.

(b) Personnel Files. – The superintendent shall maintain in his or her office a personnel file for each ~~teacher~~career employee that contains any complaint, commendation, or suggestion for correction or improvement about the ~~teacher's~~career employee's professional conduct, except that the superintendent may elect not to place in a ~~teacher's~~career employee's file (i) a letter of complaint that contains invalid, irrelevant, outdated, or false information or (ii) a letter of complaint when there is no documentation of an attempt to resolve the issue. The complaint, commendation, or suggestion shall be signed by the person who makes it and shall be placed in the ~~teacher's~~career employee's file only after five days' notice to the ~~teacher.~~employee. Any denial or explanation relating to such complaint, commendation, or suggestion that the ~~teacher~~career employee desires to make shall be placed in the file. Any ~~teacher~~career employee may petition the local board of education to remove any information from his or her personnel file that he or she deems invalid, irrelevant, or outdated. The board may order the superintendent to remove said information if it finds the information is invalid, irrelevant, or outdated.

The personnel file shall be open for the ~~teacher's~~career employee's inspection at all reasonable times but shall be open to other persons only in accordance with such rules and regulations as the board adopts. Any preemployment data or other information obtained about a ~~teacher~~career employee before his or her employment by the board may be kept in a file separate from his or her personnel file and need not be made available to ~~him.~~him or her. No data placed in the preemployment file may be introduced as evidence at a hearing on the dismissal or demotion of a ~~teacher,~~career employee, except the data may be used to substantiate G.S. 115C-325(e)(1)g. or G.S. 115C-325(e)(1)o. as grounds for dismissal or demotion.

(c) (1) through (3) Repealed.

(4) Leave of Absence. – A career ~~teacher~~ employee who has been granted a leave of absence by a board shall maintain his or her career status if he or she returns to his or her teaching position at the end of the authorized leave.

(5), (6) Repealed.

(d) Career ~~Teachers and Career School Administrators.~~Employees.

(1) A career ~~teacher or career school administrator~~employee shall not be subjected to the requirement of annual appointment nor shall he or she be dismissed, demoted, or employed on a part-time basis without his or her consent except as provided in subsection ~~(e).~~(e) of this section.

(2) ~~a. The provisions of this subdivision do not apply to a person who is ineligible for career status as provided by G.S. 115C-325(c)(3).~~

b. Repealed by Session Laws 1997, c. 221, s. 13(a).

c. Subject to G.S. 115C-287.1, when a teacher has performed the duties of supervisor or principal for three consecutive years, the board, near the end of the third year, shall vote upon his or her employment for the next school year. The board shall give him or her written notice of that decision by June 1 of his or her third year of employment as a supervisor or principal. If a majority of the board votes to reemploy the teacher as a principal or supervisor, and it has notified him or her of that decision, it may not rescind that action but must proceed under the provisions of this section. If a majority of the board votes not to reemploy the teacher as a principal or supervisor, he or she shall retain career status as a teacher if that status was attained prior to assuming the duties of supervisor or principal. A supervisor or principal who has not held that position for three years and whose contract will not be renewed for the next school year shall be notified by June 1 and shall retain career status as a teacher if that status was attained prior to assuming the duties of supervisor or principal.

A year, for purposes of computing time as a probationary principal or supervisor, shall not be less than 145 workdays performed as a full-time, permanent principal or supervisor in a contract year.

~~A principal or supervisor who has obtained career status in that position in any North Carolina public school system may be required by the board of education in another school system to serve an additional three-year probationary period in that position before being eligible for career status. However, he may, at the option of the board of education, be granted career status immediately or after serving a probationary period of one or two additional years. A principal or supervisor with career status who resigns and within five years is reemployed by the same school system need not serve another probationary period in that position of more than two years and may, at the option of the board, be reemployed immediately as a career principal or supervisor or be given career status after only one year. In any event, if he is reemployed for a third consecutive year, he shall automatically become a career principal or supervisor.~~

(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:

a. Inadequate performance.

b. Immorality.

c. Insubordination.

d. Neglect of duty.

e. Physical or mental incapacity.

f. Habitual or excessive use of alcohol or nonmedical use of a controlled substance as defined in Article 5 of Chapter 90 of the General Statutes.

g. Conviction of a felony or a crime involving moral turpitude.

h. Advocating the overthrow of the government of the United States or of the State of North Carolina by force, violence, or other unlawful means.

i. Failure to fulfill the duties and responsibilities imposed upon teachers ~~or school administrators~~ by the General Statutes of this State.

j. Failure to comply with such reasonable requirements as the board may prescribe.

k. Any cause which constitutes grounds for the revocation of the career ~~teacher's~~ employee's teaching ~~license or the career school administrator's administrator license.~~license.

l. A justifiable decrease in the number of positions due to district reorganization, decreased enrollment, or decreased funding, provided that there is compliance with subdivision ~~(2).~~(2) of this subsection.

m. Failure to maintain his or her license in a current status.

n. Failure to repay money owed to the State in accordance with the provisions of Article 60, Chapter 143 of the General Statutes.

o. Providing false information or knowingly omitting a material fact on an application for employment or in response to a preemployment inquiry.

(2) Reduction in Force. –

a. A local board of education shall adopt a policy for implementing a reduction in force pursuant to sub-subdivision (e)(1)*l*. of this section that includes the following criteria:

1. In determining which positions shall be subject to a reduction, a local board of education shall consider the following:

I. 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 position inefficiencies; (iii) opportunities for combined work functions; and (iv) decreased student or other demands for curriculum, programs, operations, or other services.

II. Organizational considerations, such as anticipated organizational needs of the local school administrative unit and program or school enrollment.

2. In identifying which ~~teachers~~career employees in similar positions shall be subject to a dismissal, demotion, or reduction to employment on a part-time basis under the policy, a local school administrative unit shall consider work performance and ~~teacher~~ evaluations.

b. 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 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 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 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.

(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 performance shall be conclusive evidence of satisfactory performance. Inadequate performance for a ~~teacher~~ career employee 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,~~employee, a performance rating below proficient shall constitute inadequate performance unless the principal noted on the instrument that the ~~teacher~~career employee is making adequate progress toward proficiency given the circumstances.

(4) Three-Year Limitation on Basis of Dismissal or Demotion. – Dismissal or demotion under subdivision (1) above, except paragraphs g. and o. thereof, shall not be based on conduct or actions which occurred more than three years before the written notice of the superintendent's intention to recommend dismissal or demotion is mailed to the career employee. The three-year limitation shall not apply to dismissals or demotions pursuant to subdivision (1)b. above when the charge of immorality is based upon a career employee's sexual misconduct toward or sexual harassment of students or staff.

(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 or her

written notice of the charges against ~~him,~~him or her, 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 disciplinary 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 or her 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~~career employee's 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.~~sub-sub-subdivision a.2. of this subdivision.

(f1) Suspension with Pay. – If a superintendent believes that cause may exist for dismissing or demoting a career employee for any reasons specified in G.S. 115C-325(e)(1), but that additional investigation of the facts is necessary and circumstances are such that the career employee should be removed immediately from his or her duties, the superintendent may suspend the career employee with pay for a reasonable period of time, not to exceed 90 days. The superintendent shall notify the board of education within two days of his or her action and shall notify the career employee within two days of the action and the reasons for it. If the superintendent has not initiated dismissal or demotion proceedings against the career employee within the 90-day period, the career employee shall be reinstated to his or her duties immediately and all records of the suspension with pay shall be removed from the career employee's personnel file at his or her request. However, if the superintendent and the employee agree to extend the 90-day period, the superintendent may initiate dismissal or demotion proceedings against the career employee at any time during the period of the extension.

~~(f2) Procedure for Demotion of Career School Administrator. – If a superintendent intends to recommend the demotion of a career school administrator, the superintendent shall give written notice to the career school administrator by certified mail or personal delivery and shall include in the notice the grounds upon which the superintendent believes the demotion is justified. The notice shall include a statement that if the career school administrator requests a hearing within 15 days after receipt of the notice, the administrator shall be entitled to have the grounds for the proposed demotion reviewed by the local board of education. If the career school administrator does not request a board hearing within 15 days, the superintendent may file the recommendation of demotion with the board. If, after considering the superintendent's recommendation and the evidence presented 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 may by resolution order the demotion. The procedures for a board hearing under G.S. 115C-325(j3) shall apply to all demotions of career school administrators.~~

(g) Repealed by Session Laws 1997, c. 221, s. 13(a).

(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 provide written notice of the charges against 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 may request to have the grounds for the proposed recommendations of the superintendent reviewed by 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 shall also be sent to the career employee. If the career employee does not request a hearing 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 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 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 career employee without pay. If a request for review is made, the superintendent shall not file the recommendation for dismissal with the board until a report of the 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) Repealed by Session Laws 2011-348, s. 1, effective July 1, 2011, and applicable to persons recommended for dismissal or demotion on or after that date.

(6) If a career employee requests a review by a hearing officer, the superintendent shall notify the Superintendent of Public Instruction within five days of his or her receipt of the request.

(7) Within five days of being notified of the request for a hearing before a hearing officer, the Superintendent of Public Instruction shall submit to both parties a list of hearing officers trained and approved by the State Board of Education. 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. Further, the parties may jointly agree on another hearing officer not on the State Board of Education'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 as the hearing officer for that case.

(8) The superintendent and career employee shall serve a copy to the other party of all documents submitted to the Superintendent of Public Instruction and to the designated hearing officer and include a signed certificate of service similar to that required in court pleadings.

…

(j3) Board Hearing for Certain Disciplinary ~~Suspensions, Demotions of Career School Administrators,~~ Suspensions and for Reductions in Force. – The following procedures shall apply for a board hearing under ~~G.S. 115C-325(e)(2), G.S. 115C-325(f2),~~G.S. 115C-325(e)(2) and G.S. 115C-325(f)(2)a:

(1) The hearing shall be private.

(2) The hearing shall be conducted in accordance with reasonable rules adopted by the State Board of Education to govern such hearings.

(3) At the hearing, the career employee and the superintendent 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 exist for a disciplinary suspension without pay under ~~G.S. 115C-325(f)(2)a., a demotion of a career school administrator under G.S. 115C-325(f2),~~G.S. 115C-325(f)(2)a. or whether the grounds for a dismissal or demotion due to a reduction in force is justified.

(4) Rules of evidence shall not apply to a hearing under this subsection and the board 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 eight 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.

(6) At least six days before the hearing, the career employee shall provide 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.

(7) 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 according to the schedule provided in this subsection.

(8) The board may subpoena and swear witnesses and may require them to give testimony and to produce records and documents relevant to the grounds for suspension without pay.

(9) The board shall decide all procedural issues, including limiting cumulative evidence, necessary for a fair and efficient hearing.

(10) The superintendent shall provide for making a transcript of the hearing. If the career employee contemplates an appeal of 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.

(k), (*l*) Repealed by Session Laws 1997, c. 221, s. 13(a).

~~(m) Probationary Teacher.~~

~~(1) The board of any local school administrative unit may not discharge a probationary teacher during the school year except for the reasons for and by the procedures by which a career employee may be dismissed as set forth in subsections (e), (f), (f1), and (h) to (j3) above.~~

~~(2) The board, upon recommendation of the superintendent, may refuse to renew the contract of any probationary teacher or to reemploy any teacher who is not under contract for any cause it deems sufficient: Provided, however, that the cause may not be arbitrary, capricious, discriminatory or for personal or political reasons.~~

~~(3) The superintendent shall provide written notice to a probationary teacher no later than May 15 of the superintendent's intent to recommend nonrenewal and the teacher's right, within 10 days of receipt of the superintendent's recommendation, to (i) request and receive written notice of the reasons for the superintendent's recommendation for nonrenewal and the information that the superintendent may share with the board to support the recommendation for nonrenewal; and (ii) request a hearing for those teachers eligible for a hearing under G.S. 115C-325(m)(4). The failure to file a timely request within the 10 days shall result in a waiver of the right to this information and any right to a hearing. If a teacher files a timely request, the superintendent shall provide the requested information and arrange for a hearing, if allowed, and the teacher shall be permitted to submit supplemental information to the superintendent and board prior to the board making a decision or holding a hearing as provided in this section. The board shall adopt a policy to provide for the orderly exchange of information prior to the board's decision on the superintendent's recommendation for nonrenewal.~~

~~(4) If the probationary teacher is eligible for career status pursuant to G.S. 115C-325(c)(1) and (c)(2) and the superintendent recommends not to give the probationary teacher career status, the probationary teacher has the right to a hearing before the board unless the reason is a justifiable board or superintendent approved decrease in the number of positions due to district reorganization, decreased enrollment, or decreased funding.~~

~~(5) For probationary contracts that are not in the final year before the probationary teacher is eligible for career status, the probationary teacher shall have the right to petition the local board of education for a hearing, and the local board may grant a hearing regarding the superintendent's recommendation for nonrenewal. The local board of education shall notify the probationary teacher making the petition of its decision whether to grant a hearing.~~

~~(6) Any hearing held according to this subsection shall be pursuant to the provisions of G.S. 115C-45(c).~~

~~(7) The board shall notify a probationary teacher whose contract will not be renewed for the next school year of its decision by June 15; provided, however, if a teacher submits a request for information or a hearing, the board shall provide the nonrenewal notification by July 1 or such later date upon the written consent of the superintendent and teacher.~~

(n) Appeal. – Any career employee who has been dismissed or demoted under G.S. 115C-325(e)(2), or under G.S. 115C-325(j2), or who has been suspended without pay under ~~G.S. 115C-325(a)(4a), or any school administrator whose contract is not renewed in accordance with G.S. 115C-287.1, or any probationary teacher whose contract is not renewed under G.S. 115C-325(m)(2)~~ G.S. 115C-325(f)(2) shall have the right to appeal from the decision of the board to the superior court for the superior court district or set of districts as defined in G.S. 7A-41.1 in which the career employee is ~~employed.~~employed on one or more of the following grounds that the decision:

(1) Is in violation of constitutional provisions.

(2) Is in excess of the statutory authority or jurisdiction of the board.

(3) Was made upon unlawful procedure.

(4) Is affected by other error of law.

(5) Is unsupported by substantial evidence in view of the entire record as submitted.

(6) Is arbitrary or capricious.

This appeal shall be filed within a period of 30 days after notification of the decision of the board. The cost of preparing the transcript shall be determined under G.S. 115C-325(j2)(8) or G.S. 115C-325(j3)(10). A career employee who has been demoted or ~~dismissed, or a school administrator whose contract is not renewed,~~ dismissed who has not requested a hearing before the board of education pursuant to this section shall not be entitled to judicial review of the board's action.

(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 career 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 career employee shall be deemed to have voluntarily surrendered his or her license pending an investigation by the State Board of Education in a determination whether or not to seek action against the employee's license. This license surrender shall not exceed 45 days from the date of resignation. Provided further that the cessation of the 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 career employee's license within 45 days from the date of resignation.

(2) A ~~teacher, career or probationary,~~career employee 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~~career employee 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~~career employee's license for the remainder of that school year. A copy of the request shall be placed in the ~~teacher's~~career employee's personnel file.

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

(p1) Procedure for Dismissal of ~~School Administrators and Teachers~~ Career Employees 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 licensed personnel~~career employees 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 licensed personnel~~career employee 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.~~career employee.

The Secretary may dismiss a ~~teacher, principal, assistant principal, director, supervisor, or other licensed personnel~~career employee 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 licensed personnel~~career employee 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 licensed personnel~~career employee 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 licensed ~~staff members~~career employees 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 licensed ~~staff member.~~career employee.

Within 30 days of any dismissal under this subdivision, a licensed ~~staff member~~career employee 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 licensed ~~staff members~~career employees 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.

(3) ~~The Secretary of Health and Human Services or the superintendent of a residential school may terminate the contract of a school administrator dismissed under this subsection.~~ Nothing in this subsection shall prevent the Secretary from refusing to renew the contract of any person employed in a school identified as low-performing under Part 3A of Article 3 of Chapter 143B of the General Statutes.

~~(4) Neither party to a school administrator contract is entitled to damages under this subsection.~~

(5) The Secretary of Health and Human Services shall have the right to subpoena witnesses and documents on behalf of any party to the proceedings under this subsection.

(q) Procedure for Dismissal of ~~School Administrators and Teachers~~Career Employees Employed in Low-Performing Schools. –

~~(1) Notwithstanding any other provision of this section or any other law, this subdivision governs the State Board's dismissal of principals assigned to low-performing schools to which the Board has assigned an assistance team:~~

~~a. The State Board through its designee may, at any time, recommend the dismissal of any principal who is assigned to a low-performing school to which an assistance team has been assigned. The State Board through its designee shall recommend the dismissal of any principal when the Board receives from the assistance team assigned to that principal's school two consecutive evaluations that include written findings and recommendations regarding the principal's inadequate performance.~~

~~b. If the State Board through its designee recommends the dismissal of a principal under this subdivision, the principal shall be suspended with pay pending a hearing before a panel of three members of the State Board. The purpose of this hearing, which shall be held within 60 days after the principal is suspended, is to determine whether the principal shall be dismissed.~~

~~c. The panel shall order the dismissal of the principal if it determines from available information, including the findings of the assistance team, that the low performance of the school is due to the principal's inadequate performance.~~

~~d. The panel may order the dismissal of the principal if (i) it determines that the school has not made satisfactory improvement after the State Board assigned an assistance team to that school; and (ii) the assistance team makes the recommendation to dismiss the principal for one or more grounds established in G.S. 115C-325(e)(1) for dismissal or demotion of a career employee.~~

~~e. If the State Board or its designee recommends the dismissal of a principal before the assistance team assigned to the principal's school has evaluated that principal, the panel may order the dismissal of the principal if the panel determines from other available information that the low performance of the school is due to the principal's inadequate performance.~~

~~f. In all hearings under this subdivision, the burden of proof is on the principal to establish that the factors leading to the school's low performance were not due to the principal's inadequate performance. In all hearings under sub-subdivision d. of this subdivision, the burden of proof is on the State Board to establish that the school failed to make satisfactory improvement after an assistance team was assigned to the school and to establish one or more of the grounds established for dismissal or demotion of a career employee under G.S. 115C-325(e)(1).~~

~~g. In all hearings under this subdivision, two consecutive evaluations that include written findings and recommendations regarding that person's inadequate performance from the assistance team are substantial evidence of the inadequate performance of the principal.~~

~~h. The State Board shall adopt procedures to ensure that due process rights are afforded to principals 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.~~

(2) Notwithstanding any other provision of this section or any other law, this subdivision shall govern the State Board's dismissal of ~~teachers, assistant principals, directors, and supervisors~~career employees assigned to schools that the State Board has identified as low-performing and to which the State Board has assigned an assistance team under Article 8B of this Chapter. The State Board shall dismiss a ~~teacher, assistant principal, director, or supervisor~~career employee when the State Board 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.~~career employee.

The State Board may dismiss a ~~teacher, assistant principal, director, or supervisor~~ career employee when:

a. The State Board determines that the school has failed to make satisfactory improvement after the State Board assigned an assistance team to that school under G.S. 115C-105.38; and

b. That assistance team makes the recommendation to dismiss the ~~teacher, assistant principal, director, or supervisor~~ career employee for one or more grounds established in G.S. 115C-325(e)(1) for dismissal or demotion of a career ~~teacher.~~employee.

A ~~teacher, assistant principal, director, or supervisor~~career employee 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 persons 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.

(2a) Notwithstanding any other provision of this section or any other law, this subdivision shall govern the State Board's dismissal of licensed ~~staff members~~career employees 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 licensed ~~staff member.~~career employee.

A licensed ~~staff member~~career employee 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 licensed ~~staff members~~career employees 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.

~~(3) The State Board of Education or a local board may terminate the contract of a school administrator dismissed under this subsection. Nothing in this subsection shall prevent a local board from refusing to renew the contract of any person employed in a school identified as low-performing under G.S. 115C-105.37.~~

~~(4) Neither party to a school administrator contract is entitled to damages under this subsection.~~

(5) The State Board shall have the right to subpoena witnesses and documents on behalf of any party to the proceedings under this subsection."

SECTION 2.(c) G.S. 115C-218.90(a)(3) reads as rewritten:

"(3) If a teacher employed by a local school administrative unit makes a written request for a leave of absence to teach at a charter school, the local school administrative unit shall grant the leave for one year. For the initial year of a charter 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 a charter 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~~A teacher who has received a leave of absence to teach at a charter school may return to a public school in the local school administrative unit at the end of the leave of absence or upon the end of employment at the charter school if an appropriate position is available. If a teacher ~~who~~ has career status under G.S. 115C-325 prior to receiving a leave of absence to teach at a charter ~~school~~school, the teacher 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 charter 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)."

SECTION 2.(d) G.S. 115C-238.68(3) reads as rewritten:

"(3) Leave of absence from local school administrative unit. – 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~~A teacher who has received a leave of absence to teach at a regional school may return to a public school in the local school administrative unit 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 a teacher ~~who~~ has career status under G.S. 115C-325 prior to receiving a leave of absence to teach at the regional ~~school~~school, the teacher 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 in accordance with G.S. 115C-325(e)(2)."

SECTION 2.(e) G.S. 115C-287.1 reads as rewritten:

"**§ 115C-287.1. Method of employment of principals, assistant principals, supervisors, and directors.**

…

(f1) If, prior to appointment as a school administrator, the school administrator held career status as a teacher in the local school administrative unit in which he or she is employed as a school administrator, the school administrator shall retain career status as a teacher if the school administrator is not offered a new, renewed, or extended contract by the local board of education, unless the school administrator voluntarily relinquished career status or is dismissed or demoted pursuant to G.S. 115C-325.

(h) An individual who holds a provisional assistant principal's license and who is employed as an assistant principal under G.S. 115C-284(c) shall be considered a school administrator for purposes of this section. Notwithstanding subsection (b) of this section, a local board may enter into one-year contracts with a school administrator who holds a provisional assistant principal's license. If the school administrator held career status as a teacher in the local school administrative unit prior to being employed as an assistant principal and the State Board of Education for any reason does not extend the school administrator's provisional assistant principal's license, the school administrator shall retain career status as a teacher unless the school administrator voluntarily relinquished career status or is dismissed or demoted pursuant to G.S. 115C-325. Nothing in this subsection or G.S. 115C-284(c) shall be construed to require a local board to extend or renew the contract of a school administrator who holds a provisional assistant principal's license."

SECTION 2.(f) G.S. 115C-296(b)(1)a.1. reads as rewritten:

"1. Continuing licensure of a teacher as defined in ~~G.S. 115C-325(6)~~ G.S. 115C-325(6), or a teacher as defined in G.S. 115C-325.1(6), who has (i) 30 or more years of teaching experience in North Carolina upon the date of retirement of the teacher and (ii) served as a substitute teacher at least once every three years since retirement."

SECTION 2.(g) 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. 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 2014-2015 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 G.S. 115C-325.4 or other appropriate discipline.

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 2.(h) G.S. 115C-325.1 reads as rewritten:

"**§ 115C-325.1. Definitions.**

~~As~~Except as otherwise provided in G.S. 115C-325, as used in this Part, the following definitions apply:

…."

SECTION 2.(i) G.S. 115C-404(b) reads as rewritten:

"(b) Documents received under this section shall be used only to protect the safety of or to improve the education opportunities for the student or others. Information gained in accordance with G.S. 7B-3100 shall not be the sole basis for a

decision to suspend or expel a student. Upon receipt of each document, the principal shall share the document with those individuals who have (i) direct guidance, teaching, or supervisory responsibility for the student, and (ii) a specific need to know in order to protect the safety of the student or others. Those individuals shall indicate in writing that they have read the document and that they agree to maintain its confidentiality. Failure to maintain the confidentiality of these documents as required by this section is grounds for the dismissal of an employee who is not employed on contract, grounds for dismissal of an employee on contract in accordance with G.S. 115C-325.4(a)(9), and grounds for dismissal of an employee who is a career ~~teacher~~employee in accordance with G.S. 115C-325(e)(1)i."

SECTION 2.(j) G.S. 116-239.10(4) reads as rewritten:

"(4) Leave of absence from local school administrative unit. – If a teacher employed by a local school administrative unit makes a written request for a leave of absence to teach at the lab school, the local school administrative unit shall grant the leave for one year. For the initial year of the lab 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 lab 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 local board under this subdivision. ~~A~~A teacher who has received a leave of absence to teach at a lab school may return to a public school in the local school administrative unit at the end of the leave of absence or upon the end of employment at the lab school if an appropriate position is available. If a teacher ~~who~~ has career status under G.S. 115C-325 prior to receiving a leave of absence to teach at the lab ~~school~~school, the teacher 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 lab 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 in accordance with G.S. 115C-325(e)(2)."

SECTION 2.(k) G.S. 143B-146.8(b) reads as rewritten:

"(b) Action Plans. – If a licensed employee in a participating school that has been identified as low-performing 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 principal that: (i) the employee receive an action plan designed to improve the employee's performance; or (ii) the principal recommend that the employee who is a career ~~teacher~~employee be dismissed or demoted as provided in G.S. 115C-325 or the employee who is a teacher on contract not be recommended for renewal; or (iii) if the employee who is a teacher on contract engages in inappropriate conduct or performs inadequately to such a degree that such conduct or performance causes substantial harm to the educational environment that a proceeding for immediate dismissal or demotion under G.S. 115C-325.4 be instituted. The principal shall determine whether to develop an action plan, to not recommend renewal of the employee's contract, or to recommend a dismissal proceeding. The person who evaluated the employee or the employee's supervisor shall develop the action plan unless an assistance team or assessment team conducted the evaluation. If an assistance team or assessment team conducted the evaluation, 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 in evaluating licensed personnel and developing effective action plans within the time allotted under this section. The State Board may adopt policies for the development and implementation of action plans or professional development plans for personnel who do not require action plans under this section."

SECTION 2.(*l*) Section 9.6(i) of S.L. 2013-360 is repealed.

SECTION 2.(m) Section 9.6(j) of S.L. 2013-360 reads as rewritten:

"**SECTION 9.6.(j)** Subsection (b) of this section becomes effective July 1, 2014. G.S. 115C-325.1 through G.S. 115C-325.13, as enacted by this section, shall apply to all teachers on ~~one- or~~ one-, two-, or four-year contracts beginning July 1, 2014. ~~G.S. 115C-325.1 through G.S. 115C-325.13, as enacted by this section, shall apply to all teachers employed by local boards of education or the State on or after July 1, 2018.~~"

SECTION 2.(n) Sections 9.7(o) through 9.7(t) of S.L. 2013-360 and Sections 9.7(v) through 9.7(x) of S.L. 2013-360 are repealed.

SECTION 2.(o) Section 9.7(y) of S.L. 2013-360 reads as rewritten:

"**SECTION 9.7.(y)** Subsection (u) of this section becomes effective August 1, 2013. Subsections (a) through (n) of this section become effective July 1, 2014. ~~Subsections (o) through (t) and (v) through (x) become effective June 30, 2018.~~"

SECTION 2.(p) Section 8.38(c) of S.L. 2015-241 is repealed.

SECTION 2.(q) This section is effective when it becomes law.

PART III. AUTHORIZE ASSISTANT PRINCIPALS AT CERTAIN SCHOOLS TO CONDUCT EVALUATIONS FOR BEGINNING TEACHERS

SECTION 3.(a) G.S. 115C-333(a) reads as rewritten:

"(a) Annual Evaluations; Low-Performing Schools. – Local school administrative units shall evaluate at least once each year all licensed employees assigned to a school that has been identified as low-performing. The evaluation shall occur early enough during the school year to provide adequate time for the development and implementation of a mandatory improvement plan if one is recommended under subsection (b) of this section. If the employee is a teacher with career status as defined under G.S. 115C-325(a)(6), or a teacher as defined under G.S. 115C-325.1(6), either the principal, the assistant principal who supervises the teacher, or an assistance team assigned under 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.

All teachers in low-performing schools who have been employed for less than three consecutive years 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. For high schools with at least 1,500 students, the annual evaluation may be conducted by an assistant principal, provided that at least one evaluation in such a teacher's first three years of employment is conducted by a principal. All teachers in low-performing schools who have been licensed as a teacher for less than two years shall be observed at least three times annually by the principal or the principal's designee, at least once annually by a teacher, and at least once annually by a principal, and at least two of those observations shall be conducted in the first semester of the school year, and if practicable, at least one of those observations shall be conducted within the first grading period of the school year. 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 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."

SECTION 3.(b) G.S. 115C-333.1(a) reads as rewritten:

"(a) Annual Evaluations. – All teachers who are assigned to schools that are not designated as low-performing and who have not been employed for at least three consecutive years 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. For high schools with at least 1,500 students, the annual evaluation may be conducted by an assistant principal, provided that at least one evaluation in such a teacher's first three years of employment is conducted by a principal. All teachers who are assigned to schools that are not designated as low-performing and who have been licensed as a teacher for less than two years shall be observed at least three times annually by the principal or the principal's designee, at least once annually by a teacher, and at least once annually by a principal, and at least two of those observations shall be conducted in the first semester of the school year, and if practicable, at least one of those observations shall be conducted within the first grading period of the school year. All teachers with career status or on a four-year contract 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 or on a four-year contract 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."

SECTION 3.(c) This section is effective when it becomes law and applies beginning with the 2017-2018 school year.

PART IV. SUPERINTENDENT STUDY STUDENT HEALTH ISSUES

SECTION 4.(a) The Superintendent of Public Instruction shall convene a work group to study effective and positive intervention measures or policy changes to address risky behaviors and encourage student health and mental health. The work group shall consist of personnel from within the Department of Public Instruction with expertise in student health issues, including mental health, as well as personnel from the Department of Health and Human Services, Division of Public Health. The Superintendent may also appoint representatives from various public and private stakeholder groups as well as representatives from local school administrative units and charter schools. The Superintendent shall report on the work group's findings and recommendations to the State Board of Education and the Joint Legislative Education Oversight Committee by April 1, 2018.

SECTION 4.(b) This section is effective when it becomes law.

PART V. STATE BOARD OF EDUCATION INTERAGENCY ADVISORY COMMITTEE AND SCHOOL-BASED MENTAL HEALTH INITIATIVE DELAY IMPLEMENTATION

SECTION 5.(a) The State Board of Education shall not adopt or implement any policies or recommendations from the Interagency Advisory Committee established by the State Board of Education in Policy ADVS-009 until October 1, 2018.

SECTION 5.(b) The State Board of Education shall change the timelines for the development and implementation of plans and training required by Policy SHLT-003 regarding school-based student mental health initiatives as follows for local school administrative units: (i) development of the plans to assess mental health and substance use needs shall

occur during the 2018-2019 school year; (ii) the implementation plan and three-year review cycle shall commence in the 2019-2020 school year; and (iii) school mental health training will be provided by the Department of Public Instruction to the local school administrative units during the 2019-2020 school year. The State Board of Education shall change the timelines for the development and implementation of plans and training required by Policy SHLT-003 regarding school-based student mental health initiatives as follows for charter schools: (i) development of the plans to assess mental health and substance use needs shall occur during the 2019-2020 school year; (ii) the implementation plan and three-year review cycle shall commence in the 2020-2021 school year; and (iii) school mental health training will be provided by the Department of Public Instruction to charter schools during the 2020-2021 school year.

SECTION 5.(c) The State Board of Education shall provide notice to local school administrative units participating in the "Whole School, Whole Community, Whole Child" pilot program regarding Parts IV and V of this act and shall allow the units to withdraw from the pilot program at their discretion.

SECTION 5.(d) This section is effective when it becomes law.

PART VI. STUDY/EXPAND COMPUTER SCIENCE TO ALL STUDENTS

SECTION 6.(a) The Superintendent of Public Instruction and the Department of Public Instruction, in collaboration with the Friday Institute for Educational Innovation at North Carolina State University (Friday Institute) and the North Carolina School of Science and Mathematics (NC School of Science and Math), shall develop recommendations to further the teaching and student learning of computational thinking and computer science in North Carolina K-12 schools. In developing recommendations, the Superintendent and the Department, in collaboration with the Friday Institute and the NC School of Science and Math, shall do at least the following:

(1) Develop curriculum guidelines that are aligned with K-12 Computer Science Framework (October 2016) developed by the CSforAll Consortium.

(2) Develop recommendations to increase the number of teachers prepared to teach computational thinking and computer science, addressing both preservice educator preparation for teachers and professional development for in-service teachers.

(3) Develop policy recommendations.

(4) Align recommendations with the ongoing implementation of the Digital Learning Plan in North Carolina by the Department and the Friday Institute.

SECTION 6.(b) By January 15, 2018, the Superintendent of Public Instruction shall report to the Joint Legislative Education Oversight Committee on the recommendations, including any proposed legislation, developed in accordance with this act.

SECTION 6.(c) This section is effective when it becomes law.

PART VII. EFFECTIVE DATE

SECTION 7. Except as otherwise provided, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 28th day of June, 2017.

s/ Daniel J. Forest
President of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Roy Cooper
Governor

Approved 11:38 a.m. this 21st day of July, 2017

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2017-98
HOUSE BILL 159

AN ACT TO EXTEND THE AMOUNT OF TIME A CHARTER SCHOOL HAS TO ELECT TO BECOME A PARTICIPATING EMPLOYER IN THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 135-5.3 reads as rewritten:

"**§ 135-5.3. Optional participation for charter schools operated by private nonprofit corporations.**

...

(b3) A charter school seeking to become a participating employer in the Retirement System prior to the end of the ~~initial~~second year of operation shall be granted provisional entry into the Retirement System for one year. In the event the employee or employer contributions required under G.S. 135-8(f) are not received by the date set by the Board of Trustees, the Board of Trustees may revoke the charter school's provisional entry into the Retirement System. The Board must notify a charter school in writing not less than 90 days prior to revoking a charter school's provisional entry into the Retirement System. One year after the charter school was granted provisional entry into the Retirement System, the charter school shall undergo an actuarial and financial review as required by the Board of Trustees.

(b4) A charter school seeking to become a participating employer in the Retirement System after the end of the initial year of operation but before the end of the second year of operation ~~shall~~may undergo an actuarial and financial review as required by the Board of Trustees prior to entry into the Retirement System. A charter school seeking to become a participating employer in the Retirement System after the end of the second year of operation shall undergo an actuarial and financial review as required by the Board of Trustees prior to entry into the Retirement System.

...."

SECTION 2. This act becomes effective August 1, 2017.

In the General Assembly read three times and ratified this the 29th day of June, 2017.

s/ Daniel J. Forest
President of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Roy Cooper
Governor

Approved 1:48 p.m. this 12th day of July, 2017

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2017-128
HOUSE BILL 176

AN ACT TO MAKE CHANGES THAT WILL ASSIST IN PREVENTING AND DETECTING FRAUD, WASTE, AND ABUSE AND IN ENSURING THE FISCAL INTEGRITY OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE RETIREE HEALTH BENEFIT, AND THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 135-1(7b) is recodified as G.S. 135-1(7c).

SECTION 1.(b) G.S. 135-1, as amended by Section 1(a) of this act, is amended by adding a new subdivision to read:

"(7b) "Compliance investigation" means an independent review or examination by Retirement Systems Division staff or authorized representatives who are assisting the Retirement Systems Division staff of records, activities, actions, or decisions by employers or other affiliated or associated entities having an impact on a Retirement System or benefits administered by the Board of Trustees. The purpose of a compliance investigation is to help detect errors and ensure compliance and full accountability in the use of pension funds."

SECTION 1.(c) G.S. 135-1(11b) reads as rewritten:

"(11b) "Fraud investigation" means an independent review or examination by Retirement Systems Division staff or authorized representatives who are assisting the Retirement Systems Division staff of records, activities, actions, or decisions by employers or other affiliated or associated entities having an impact on the Retirement System. The purpose of a fraud investigation is to help detect and prevent fraud and to ensure full accountability in the use of pension funds."

SECTION 1.(d) G.S. 135-6 reads as rewritten:

"**§ 135-6. Administration.**

…

(k) Medical Board. – The Board of Trustees shall designate a medical board to be composed of not less than three nor more than five physicians not eligible to participate in the Retirement System. The Board of Trustees may structure appointment requirements and term durations for those medical board members. If required, other physicians may be employed to report on special cases. The medical board shall arrange for and pass upon all medical examinations required under the provisions of this Chapter, and shall investigate all essential statements and certificates by or on behalf of a member in connection with an application for disability retirement, and shall report in writing to the Board of Trustees its conclusion and recommendations upon all the matters referred to it. A person serving on the medical board shall be immune individually from civil liability for monetary damages, except to the extent covered by insurance, for any act or failure to act arising out of that service, except where any of the following apply:

(1) The person was not acting within the scope of that person's official duties.
(2) The person was not acting in good faith.
(3) The person committed gross negligence or willful or wanton misconduct that resulted in the damages or injury.
(4) The person derived an improper financial benefit, either directly or indirectly, from the transaction.
(5) The person incurred the liability from the operation of a motor vehicle.

…

(q) Compliance Investigations and Fraud Investigations – Access to Persons and Records. In the course of conducting a compliance investigation or a fraud investigation, the Retirement Systems Division, or authorized representatives who are assisting the Retirement Systems Division staff, shall:

(1) Have ready access to persons and may examine and copy all books, records, reports, vouchers, correspondence, files, personnel files, investments, and any other documentation of any employer. The review of State tax returns shall be limited to matters of official business, and the Division's report shall not violate the confidentiality provisions of tax laws.

(2) Have such access to persons, records, papers, reports, vouchers, correspondence, books, and any other documentation that is in the possession of any individual, private corporation, institution, association, board, or other organization that pertain to the following:

a. Amounts received pursuant to a grant or contract from the federal government, the State, or its political subdivisions.

b. Amounts received, disbursed, or otherwise handled on behalf of the federal government or the State.

(3) Have the authority, and shall be provided with ready access, to examine and inspect all property, equipment, and facilities in the possession of any employer agency or any individual, private corporation, institution, association, board, or other organization that were furnished or otherwise provided through grant, contract, or any other type of funding by the employer agency.

With respect to the requirements of sub-subdivision (2)b. of this subsection, providers of social and medical services to a beneficiary shall make copies of records they maintain for services provided to a beneficiary available to the Retirement Systems Division, or to the authorized representatives who are assisting the Retirement Systems Division staff. Copies of the records of social and medical services provided to a beneficiary will permit verification of the health or other status of a beneficiary as required for the payment of benefits under Article 1, Article 4, or Article 6 of this Chapter. The Retirement Systems Division, or authorized representatives who are assisting the Retirement Systems Division staff, shall request records in writing by providing the name of each beneficiary for whom records are sought, the purpose of the request, the statutory authority for the request, and a reasonable period of time for the production of record copies by the provider. A provider may charge, and the Retirement Systems Division, or authorized representatives who are assisting the Retirement Systems Division staff, shall, in accordance with G.S. 90-411, pay a reasonable fee to the provider for copies of the records provided in accordance with this subsection.

(r) Compliance or Fraud Investigative Reports and Work Papers. – The Director of the Retirement Systems Division shall maintain for 10 years a complete file of all compliance investigative reports, fraud investigative reports and reports of other examinations, investigations, surveys, and reviews issued under the Director's authority. Fraud or compliance investigation work papers and other evidence or related supportive material directly pertaining to the work of the Retirement Systems Division of the Department of State Treasurer shall be retained according to an agreement between the Director of Retirement and State Archives. To promote intergovernmental cooperation and avoid unnecessary duplication of fraud and compliance investigative ~~effort,~~efforts, and notwithstanding local unit personnel policies to the contrary, pertinent work papers and other supportive material relating to issued fraud or compliance investigation reports may be, at the discretion of the Director of Retirement and unless otherwise prohibited by law, made available for inspection by duly authorized representatives of the State and federal government who desire access to and inspection of such records in connection with some matter officially before them, including criminal investigations. Except as provided in this section, or upon an order issued in Wake County Superior Court upon 10 days' notice and hearing finding that access is necessary to a proper administration of justice, fraud and compliance investigation work papers and related supportive material shall be kept confidential, including any information developed as a part of the investigation.

…."

SECTION 1.(e) G.S. 128-21(7b) is recodified as G.S. 128-21(7c).

SECTION 1.(f) G.S. 128-21, as amended by Section 1(e) of this act, is amended by adding a new subdivision to read:

"(7b) "Compliance investigation" means an independent review or examination by Retirement Systems Division staff or authorized representatives who are assisting the Retirement Systems Division staff of records, activities, actions, or decisions by employers or other affiliated or associated entities having an impact on a Retirement System or benefits administered by the Board of Trustees. The purpose of a compliance investigation is to help detect errors and ensure compliance and full accountability in the use of pension funds."

SECTION 1.(g) G.S. 128-21(11c) reads as rewritten:

"(11c) "Fraud investigation" means an independent review or examination by Retirement Systems Division staff or authorized representatives who are assisting the Retirement Systems Division staff of records, activities, actions, or decisions by employers or other affiliated or associated entities having an impact on the Retirement System. The purpose of a fraud investigation is to help detect and prevent fraud and to ensure full accountability in the use of pension funds."

SECTION 1.(h) G.S. 128-28 reads as rewritten:

"**§ 128-28. Administration and responsibility for operation of System.**

…

(*l*) Medical Board. – The Board of Trustees shall designate a Medical Board to be composed of not less than three nor more than five physicians not eligible to participate in the Retirement System. The Board of Trustees may structure appointment requirements and term durations for those medical board members. If required, other physicians may be employed to report on special cases. The Medical Board shall arrange for and pass upon all medical examinations required under the provisions of this Chapter, and shall investigate all essential statements and certificates by or on behalf of a member in

connection with an application for disability retirement, and shall report in writing to the Board of Trustees its conclusion and recommendations upon all the matters referred to it. A person serving on the medical board shall be immune individually from civil liability for monetary damages, except to the extent covered by insurance, for any act or failure to act arising out of that service, except where any of the following apply:

(1) The person was not acting within the scope of that person's official duties.
(2) The person was not acting in good faith.
(3) The person committed gross negligence or willful or wanton misconduct that resulted in the damages or injury.
(4) The person derived an improper financial benefit, either directly or indirectly, from the transaction.
(5) The person incurred the liability from the operation of a motor vehicle.

…

(r) Fraud Investigations and Compliance Investigations. – Access to Persons and Records. – In the course of conducting a fraud investigation or compliance investigation, the Retirement Systems Division, or authorized representatives who are assisting the Retirement Systems Division staff, shall:

(1) Have ready access to persons and may examine and copy all books, records, reports, vouchers, correspondence, files, personnel files, investments, and any other documentation of any employer. The review of State tax returns shall be limited to matters of official business, and the Division's report shall not violate the confidentiality provisions of tax laws.
(2) Have such access to persons, records, papers, reports, vouchers, correspondence, books, and any other documentation that is in the possession of any individual, private corporation, institution, association, board, or other organization which pertain to the following:
  a. Amounts received pursuant to a grant or contract from the federal government, the State, or its political subdivisions.
  b. Amounts received, disbursed, or otherwise handled on behalf of the federal government or the State.
(3) Have the authority, and shall be provided with ready access, to examine and inspect all property, equipment, and facilities in the possession of any employer agency or any individual, private corporation, institution, association, board, or other organization that were furnished or otherwise provided through grant, contract, or any other type of funding by the employer agency.

With respect to the requirements of sub-subdivision (2)b. of this subsection, providers of social and medical services to a beneficiary shall make copies of records they maintain for services provided to a beneficiary available to the Retirement Systems Division, or to the authorized representatives who are assisting the Retirement Systems Division staff. Copies of the records of social and medical services provided to a beneficiary will permit verification of the health or other status of a beneficiary as required for the payment of benefits under Article 3 of this Chapter. The Retirement Systems Division, or authorized representatives who are assisting the Retirement Systems Division staff, shall request records in writing by providing the name of each beneficiary for whom records are sought, the purpose of the request, the statutory authority for the request, and a reasonable period of time for the production of record copies by the provider. A provider may charge, and the Retirement Systems Division, or authorized representatives who are assisting the Retirement Systems Division staff, shall, in accordance with G.S. 90-411, pay a reasonable fee to the provider for copies of the records provided in accordance with this subsection.

(s) Fraud Investigative Reports and Work Papers or Compliance Investigative Reports and Work Papers. – The Director of the Retirement Systems Division shall maintain for 10 years a complete file of all fraud investigative ~~reports~~reports, compliance investigative reports, and reports of other examinations, investigations, surveys, and reviews issued under the Director's authority. Fraud investigation work ~~papers~~papers, compliance investigation work papers, and other evidence or related supportive material directly pertaining to the work of the Retirement Systems Division of the Department of State Treasurer shall be retained according to an agreement between the Director of Retirement and State Archives. To promote intergovernmental cooperation and avoid unnecessary duplication of fraud or compliance investigative effort, and notwithstanding local unit personnel policies to the contrary, pertinent work papers and other supportive material relating to issued fraud investigation reports or compliance investigative reports may be, at the discretion of the Director of Retirement and unless otherwise prohibited by law, made available for inspection by duly authorized representatives of the State and federal government who desire access to and inspection of such records in connection with some matter officially before them, including criminal investigations. Except as provided in this section, or upon an order issued in Wake County Superior Court upon 10 days' notice and hearing finding that access is necessary to a proper administration of justice, fraud or compliance investigation work papers and related supportive material shall be kept confidential, including any information developed as a part of the investigation.

…."

SECTION 2.(a) G.S. 135-4(jj) reads as rewritten:

"(jj) Contribution-Based Benefit Cap Purchase Provision. – If a member's retirement allowance is subject to an adjustment pursuant to the contribution-based benefit cap established in G.S. 128-27(a3), the retirement system shall notify the member and the member's employer that the member's retirement allowance has been capped. The retirement system shall

compute and notify the member and the member's employer of the total additional amount the member would need to contribute in order to make the member not subject to the contribution-based benefit cap. This total additional amount shall be the actuarial equivalent of a single life annuity adjusted for the age of the member at the time of retirement, or when appropriate, the age at the time of the member's death that would have had to have been purchased to increase the member's benefit to the pre-cap level. Except as otherwise provided in this subsection, the member shall have until 90 days after notification regarding this additional amount or until 90 days after the effective date of retirement, whichever is later, to submit a lump sum payment to the annuity savings fund in order for the retirement system to restore the retirement allowance to the uncapped amount. Nothing contained in this subsection shall prevent an employer from paying all or part of the cost of the amount necessary to restore the member's retirement allowance to the pre-cap amount. Notwithstanding the requirement that the payment be made as a lump sum, the retirement system may allow an employer of a member who became a member before January 1, 2015, or who has not earned at least five years of membership service in the retirement system after January 1, 2015, to pay the lump-sum amount required in this subsection on an installment payment plan ~~beginning no less than 90 days after the retirement of the member and~~ under one of the following two options:

(1) Option one. – An installment payment plan ending no ~~less~~more than ~~one year~~15 months after the retirement of the member.

(2) Option two. – An installment payment plan ending no more than 27 months after the retirement of the member. Interest shall be assessed on the principal amount of the contribution-based benefit cap liability owed and applied to any installment payment plan term exceeding 12 months at a rate corresponding with the interest rate assumption based on the most recent actuarial valuation approved by the Board of Trustees.

Payment under ~~such an~~both installment ~~plan~~plans must be completed regardless of whether the member continues to receive a recurring monthly retirement benefit through the end of the installment period."

SECTION 2.(b) G.S. 128-26(y) reads as rewritten:

"(y) Contribution-Based Benefit Cap Purchase Provision. – If a member's retirement allowance is subject to an adjustment pursuant to the contribution-based benefit cap established in G.S. 128-27(a3), the retirement system shall notify the member and the member's employer that the member's retirement allowance has been capped. The retirement system shall compute and notify the member and the member's employer of the total additional amount the member would need to contribute in order to make the member not subject to the contribution-based benefit cap. This total additional amount shall be the actuarial equivalent of a single life annuity adjusted for the age of the member at the time of retirement, or when appropriate, the age at the time of the member's death that would have had to have been purchased to increase the member's benefit to the pre-cap level. Except as otherwise provided in this subsection, the member shall have until 90 days after notification regarding this additional amount or until 90 days after the effective date of retirement, whichever is later, to submit a lump sum payment to the annuity savings fund in order for the retirement system to restore the retirement allowance to the uncapped amount. Nothing contained in this subsection shall prevent an employer from paying all or part of the cost of the amount necessary to restore the member's retirement allowance to the pre-cap amount. Notwithstanding the requirement that the payment be made as a lump sum, the retirement system may allow an employer of a member who became a member before January 1, 2015, or who has not earned at least five years of membership service in the retirement system after January 1, 2015, to pay the lump-sum amount required in this subsection on an installment payment plan ~~beginning no less than 90 days after the retirement of the member and~~ under one of the following two options:

(1) Option one. – An installment payment plan ending no ~~less~~more than ~~one year~~15 months after the retirement of the member.

(2) Option two. – An installment payment plan beginning no less than 90 days after the retirement of the member and ending no more than 27 months after the retirement of the member. Interest shall be assessed on the principal amount of the contribution-based benefit cap liability owed and applied to any installment payment plan term exceeding 12 months at a rate corresponding with the interest rate assumption based on the most recent actuarial valuation approved by the Board of Trustees.

Payment under ~~such an~~both installment ~~plan~~plans must be completed regardless of whether the member continues to receive a recurring monthly retirement benefit through the end of the installment period."

SECTION 3. G.S. 128-38.3 is amended by adding a new subsection to read:

"(c) For local employers who made arrangements with the Retirement System prior to January 1, 2017, any beneficiary who is a retiree from an employer in the Retirement System under this Article may authorize the periodic deduction from the beneficiary's retirement benefits as designated lump sum to be paid to the beneficiary's former employer for the purpose of providing health benefits. The authorization shall remain in effect until revoked by the beneficiary, and proof of the authorization must be available on request of the Department of the State Treasurer. The Department of State Treasurer is prohibited from making any arrangements to deduct from a beneficiary's retirement benefits an amount to be paid to the beneficiary's former employer for the purpose of providing health benefits."

SECTION 4.(a) G.S. 115C-436 is amended by adding a new subsection to read:

"(c) Upon receipt of a report from the North Carolina Teachers' and State Employees' Retirement System, generated pursuant to G.S. 135-8(f)(2)f., containing a list of employees for whom the local board of education made a contribution to the North Carolina Teachers' and State Employees' Retirement System that is likely to require an additional employer contribution

should the employee elect to retire in the following 12 months, the school financial officer shall transmit a copy of the report to the local board of education. The school financial officer shall also notify the board of county commissioners of the county in which the local administrative unit is located that the report was received and the number of employees listed in the report."

SECTION 4.(b) G.S. 135-8 is amended by adding a new subsection to read:

"(j) Pension Spiking Report. – Upon receipt of a report from the Retirement System generated pursuant to G.S. 135-8(f)(2)f., containing a list of employees for whom the employer made a contribution to the North Carolina Teachers' and State Employees' Retirement System that is likely to require an additional employer contribution should the employee elect to retire in the following 12 months, the employer's chief financial officer shall transmit a copy of the report to the chief executive of the employer, as well as to the governing body of the employer, including any board which exercises financial oversight of the employer, if applicable."

SECTION 4.(c) G.S. 128-30 is amended by adding a new subsection to read:

"(j) Pension Spiking Report. – Upon receipt of a report from the Retirement System generated pursuant to G.S. 135-8(f)(2)f., containing a list of employees for whom the employer made a contribution to the North Carolina Local Governmental Employees' Retirement System that is likely to require an additional employer contribution should the employee elect to retire in the following 12 months, the employer's chief financial officer shall transmit a copy of the report to the governing body of the employer, if applicable."

SECTION 5.(a) G.S. 143-166.84 is amended by adding a new subsection to read:

"(c) For the purposes of this Article, the term "eligible service as sheriff" means membership service rendered since the person became sheriff and, if the person has sick leave standing to his or her credit accrued as a member of the Local Governmental Employees' Retirement System and, after notification to the Retirement Systems Division by the Department of Justice, elects to have all of that sick leave applied to service under this Article instead of service in the Local Governmental Employees' Retirement System, one month of credit for each 20 days or portion thereof, but not less than one hour, and subject to all the requirements and restrictions of G.S. 128-26(e)."

SECTION 5.(b) This section becomes effective July 1, 2017, and expires July 1, 2022.

SECTION 6.(a) G.S. 105-259(b) is amended by adding a new subdivision to read:

"(39a) To furnish the Department of State Treasurer periodically upon request, the State tax return of a beneficiary, or the wage and income statement of beneficiary, or the NC-3 information of an employer, for the purpose of substantiating the beneficiary's statement required to be submitted under G.S. 135-5(e)(4), 135-109, or 128-27(e)(4); or for the purpose of assisting a fraud or compliance investigation in accordance with G.S. 135-1(7b), 135-1(11b), 135-6(q), 128-21(7b), 128-21(11c), and 128-28(r); provided that no federal tax information may be disclosed under this subdivision unless such a disclosure is permitted by section 6103 of the Code."

SECTION 6.(b) No later than June 30, 2018, the Department of Revenue and the Department of the State Treasurer shall develop and implement an information exchange system as contemplated by subsection (a) of this section. The two departments shall enter into a confidential information sharing agreement settling transfer protocols, required security measures, audit mechanisms, and other measures designed to protect confidential information.

SECTION 7. The Executive Administrator and the Board of Trustees of the State Health Plan (Plan) shall not approve resolutions electing to cover retirees under the Plan for local government entities that were authorized under S.L. 2004-124, S.L. 2006-7, S.L. 2005-276, and S.L. 2006-249 to participate in the Plan but that did not opt to cover retirees before January 1, 2017.

SECTION 8.(a) G.S. 135-8(d) is amended by adding new subdivision to read:

"(1a) For fiscal years beginning subsequent to January 1, 2017, the sum of the "normal contribution" and the "accrued liability contribution" shall not be less than the employee contribution required under subdivision (1) of subsection (b) of this section."

SECTION 8.(b) G.S. 128-30(d) is amended by adding a new subdivision to read:

"(10) For fiscal years beginning subsequent to January 1, 2017, the sum of the "normal contribution" and the "accrued liability contribution" shall not be less than the employee contribution required under subsection (b) of this section."

SECTION 9. If any provision of this act or its application is held invalid, the invalidity does not affect other provisions or applications of this act that can be given effect without the invalid provisions or application, and, to this end, the provisions of this act are severable.

SECTION 10. Except where otherwise provided, this act is effective when it becomes law.
In the General Assembly read three times and ratified this the 28th day of June, 2017.

s/ Daniel J. Forest
President of the Senate

s/ David R. Lewis
Presiding Officer of the House of Representatives

s/ Roy Cooper
Governor

Approved 4:04 p.m. this 20th day of July, 2017

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2017-129
HOUSE BILL 183

AN ACT TO MAKE CLARIFYING AND ADMINISTRATIVE CHANGES TO THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM AND THE LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM LAWS AND RELATED STATUTES.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 58-86-90 reads as rewritten:

"**§ 58-86-90. Exemptions of pensions from attachment; rights nonassignable.**

Except for the applications of the provisions of G.S. 110-136, and in connection with a court-ordered equitable distribution under G.S. 50-20, the pensions provided are not subject to attachment, garnishments or judgments against the firefighter or rescue squad worker entitled to them, nor are any rights in the fund or the pensions or benefits assignable. Notwithstanding any provisions to the contrary, any overpayment of benefits or erroneous payments to a member in a State-administered retirement system, the Disability Salary Continuation Plan, or the Disability Income Plan of North Carolina, including any benefits paid to, or State Health Plan premiums or claims paid on behalf of, any member who is later determined to have been ineligible for those benefits or unentitled to those amounts, may be offset against any retirement allowance, return of contributions, or any other right accruing under this Article to the same person, the person's estate, or designated beneficiary."

SECTION 1.(b) G.S. 135-5(n) reads as rewritten:

"(n) No action shall be commenced against the State or the Retirement System by any retired member or beneficiary respecting any deficiency in the payment of benefits more than three years after such deficient payment was made, and no action shall be commenced by the State or the Retirement System against any retired member or former member or beneficiary respecting any overpayment of benefits or contributions more than three years after such overpayment was made. This subsection does not affect the right of the Retirement System to recoup overpaid benefits as provided in G.S. 135-9."

SECTION 1.(c) G.S. 128-27(i) reads as rewritten:

"(i) No action shall be commenced against the State or the Retirement System by any retired member or beneficiary respecting any deficiency in the payment of benefits more than three years after such deficient payment was made, and no action shall be commenced by the State or the Retirement System against any retired member or former member or beneficiary respecting any overpayment of benefits or contributions more than three years after such overpayment was made. This subsection does not affect the right of the Retirement System to recoup overpaid benefits as provided in G.S. 128-31."

SECTION 2.(a) G.S. 135-8(a) reads as rewritten:

"(a) Funds to Which Assets of Retirement System Credited. – All of the assets of the Retirement System shall be credited according to the purpose for which they are held to one of ~~four funds, namely, the annuity savings fund, the annuity reserve fund, the pension accumulation fund, and the pension reserve fund.~~of two funds, namely, the annuity savings fund and the pension accumulation fund."

SECTION 2.(b) G.S. 135-8(b)(1) reads as rewritten:

"(1) ~~Prior to the first day of July, 1947, each employer shall cause to be deducted from the salary of each member on each and every payroll of such employer for each and every payroll period four per centum (4%) of his actual compensation; and the employer also shall deduct four per centum (4%) of any compensation received by any member for teaching in public schools, or in any of the institutions, agencies or departments of the State, from salaries other than the appropriations from the State of North Carolina. On and after such date the rate so deducted shall be five per centum (5%) of actual compensation except that, with respect to each member who is eligible for coverage under the Social Security Act in accordance with the agreement entered into during 1955 in accordance with the provisions of Article 2 of Chapter 135 of Volume 17 of the General Statutes, as amended, and with respect to members covered under G.S. 135-27, with such coverage retroactive to January 1, 1955, such deduction shall, commencing with the first day of the period of service with respect to which such agreement is effective, be at the rate of three per centum (3%) of the part of his actual compensation not in excess of the amount taxable to him under the Federal Insurance Contributions Act as from time to time in effect plus five per centum (5%) of the part of his earnable compensation not so taxable; provided that in the case of any member so eligible and receiving compensation from two or more employers such deductions may be adjusted under such rules as the Board of Trustees may establish so~~

~~as to be as nearly equivalent as practicable to the deductions which would have been made had the member received all of such compensation from one employer. Notwithstanding the foregoing, the Board of Trustees may in its discretion cause such portion as it may determine of deductions made between January 1, 1955, and December 1, 1955, to be transferred into the contribution fund established under G.S. 135-24; such amounts so transferred shall in that event be deemed to be taxes contributed by employees as required under Article 2, Chapter 135 of Volume 17 of the General Statutes as amended, and shall be in lieu of contributions otherwise payable in the same amount as so required.~~

~~Notwithstanding the foregoing, effective July 1, 1963, with respect to the period of service commencing on July 1, 1963, and ending December 31, 1965, the rates of such deduction shall be four per centum (4%) of the portion of compensation not in excess of forty-eight hundred dollars ($4,800) and six per centum (6%) of the portion of compensation in excess of forty-eight hundred dollars ($4,800); and with respect to the period of service commencing January 1, 1966, and ending June 30, 1967, the rate of such deductions shall be four per centum (4%) of the portion of compensation not in excess of fifty-six hundred dollars ($5,600) and six per centum (6%) of the portion of compensation in excess of fifty-six hundred dollars ($5,600); and with respect to the period of service commencing July 1, 1967, and ending June 30, 1975, the rate of such deductions shall be five per centum (5%) of the portion of compensation not in excess of fifty-six hundred dollars ($5,600) and six per centum (6%) of the portion of compensation in excess of fifty-six hundred dollars ($5,600). Such rates shall apply uniformly to all members of the Retirement System, without regard to their coverage under the Social Security Act.~~

~~Notwithstanding the foregoing, effective July 1, 1975, with~~With respect to the period of service commencing on July 1, 1975, ~~the rate of such deductions shall be~~ each participating employer shall deduct from the salary of each member on every payroll of the employer for every payroll period, six per centum (6%) of the compensation received by any member. Such rates shall apply uniformly to all members of the Retirement System, without regard to their coverage under the Social Security Act."

SECTION 2.(c) G.S. 128-30(a) reads as rewritten:

"(a) Funds to Which Assets of Retirement System Credited. – All of the assets of the Retirement System shall be credited according to the purpose for which they are held to one of ~~five~~three funds, namely, the annuity savings fund, ~~the annuity reserve fund,~~ the pension accumulation fund, ~~the pension reserve fund~~ and the expense fund."

SECTION 2.(d) G.S. 128-30(b)(1) reads as rewritten:

"(1) ~~Prior to July 1, 1951, each participating employer shall cause to be deducted from the salary of each member of each and every payroll of such employer for each and every payroll period four per centum (4%) of his earnable compensation. On and after such date the rate so deducted shall be five per centum (5%) in the case of a Class A member or a Class C member, and four per centum (4%) in the case of a Class B member; provided, however, that with respect to any member who is covered under the Social Security Act in accordance with the agreement entered into during 1955 in accordance with the provisions of Article 2 of Chapter 135 of Volume 17 of the General Statutes, as amended, such deduction shall, commencing with the first day of the period of service with respect to which such agreement is effective, be at the rate of three per centum (3%) of the part of his actual compensation not in excess of the amount taxable to him under the Federal Insurance Contributions Act as from time to time in effect plus five per centum (5%) of the part of his actual compensation not so taxable; provided that in the case of any member so eligible and receiving compensation from two or more employers such deductions may be adjusted under such rules as the Board of Trustees may establish so as to be as nearly equivalent as practicable to the deductions which would have been made had the member received all of such compensation from one employer. Notwithstanding the foregoing, the Board of Trustees may in its discretion cause such portion as it may determine of deductions made between January 1, 1955, and December 1, 1955, to be transferred into the contribution fund established under G.S. 135-24, such amounts so transferred shall in that event be deemed to be taxes contributed by employees as required under Article 2 of Chapter 135 of Volume 17 of the General Statutes, as amended, and shall be in lieu of contributions otherwise payable in the same amount as so required. In determining the amount earned by a member whose compensation is derived partly or wholly from fees, such member shall submit a sworn statement to his employer monthly, or at least quarterly, each year as to the amount of fees received by such member as compensation during the period, and each month, or at least quarterly, such member shall pay to his employer the proper per centum of such compensation received from fees, which shall be considered as deductions by the employer as provided in subdivisions (1) and (2) of this subsection.~~

~~Notwithstanding the foregoing, effective July 1, 1965, with respect to the period of service commencing on July 1, 1965, and ending December 31, 1965, the rates of such deductions shall be four per centum (4%) of the portion of compensation not in excess of forty-eight hundred dollars ($4,800) and six per centum (6%) of the portion of compensation in excess of forty-eight hundred dollars ($4,800); and with respect to the period of service commencing January 1, 1966, and ending June 30,~~

~~1967, the rate of such deduction shall be four per centum (4%) of the portion of compensation not in excess of fifty six hundred dollars ($5,600) and six per centum (6%) of the portion of compensation in excess of fifty six hundred dollars ($5,600); and with respect to the period of service commencing July 1, 1967, and ending June 30, 1976, the rate of such deductions shall be five per centum (5%) of the portion of compensation not in excess of five thousand six hundred dollars ($5,600) and six per centum (6%) of the portion of compensation in excess of five thousand six hundred dollars ($5,600). Such rates shall apply uniformly to all members of the Retirement System, irrespective of class.~~

~~Notwithstanding the foregoing, effective July 1, 1976, with~~With respect to compensation paid on and after July 1, 1976, each participating employer shall deduct from the salary of each member on every payroll of the employer for every payroll period, ~~the rate of such deductions shall be~~ six per centum (6%) of the compensation received by ~~any~~ the member. Such rates shall apply uniformly to all members of the Retirement System, irrespective of class."

SECTION 2.(e) G.S. 135-8(b)(4) is repealed.

SECTION 2.(f) G.S. 135-8(c) is repealed.

SECTION 2.(g) G.S. 128-30(c) is repealed.

SECTION 2.(h) G.S. 135-8(d) reads as written:

"(d) Pension Accumulation Fund. – The pension accumulation fund shall be the fund in which shall be accumulated all reserves for the payment of all pensions and other benefits payable from contribution made by employers and from which shall be paid all pensions and other benefits on account of members with prior service credit. Contributions to and payments from the pension accumulation fund shall be made as follows:

(1) On account of each member there shall be paid in the pension accumulation fund by employers an amount equal to a certain percentage of the actual compensation of each member to be known as the "normal contribution," and an additional amount equal to a percentage of ~~his~~the member's actual compensation to be known as the "accrued liability contribution." The rate per centum of such contributions shall be fixed on the basis of the liabilities of the Retirement System as shown by actuarial ~~valuation. Until the first valuation the normal contribution shall be two and fifty seven one hundredths percent (2.57%) for teachers, and one and fifty seven one hundredths percent (1.57%) for State employees, and the accrued liability contribution shall be two and ninety four one hundredths percent (2.94%) for teachers and one and fifty nine one hundredths percent (1.59%) of the salary of other State employees.~~valuation, duly approved by the Board of Trustees, and shall be called the "actuarially determined employer contribution rate."

~~(2) On the basis of regular interest and of such mortality and other tables as shall be adopted by the Board of Trustees, the actuary engaged by the Board to make each valuation required by this Chapter during the period over which the accrued liability contribution is payable, immediately after making such valuation, shall determine the uniform and constant percentage of the earnable compensation of the average new entrant throughout his entire period of active service which would be sufficient to provide for the payment of any pension payable on his account. The rate per centum so determined shall be known as the "normal contribution" rate. After the accrued liability contribution has ceased to be payable, the normal contribution rate shall be the rate per centum of the earnable salary of all members obtained by deducting from the total liabilities of the pension accumulation fund the amount of the funds in hand to the credit of that fund and dividing the remainder by one per centum of the present value of the prospective future salaries of all members as computed on the basis of the mortality and service tables adopted by the Board of Trustees and regular interest. The normal rate of contribution shall be determined by the actuary after each valuation.~~

(2a) The actuarially determined employer contribution rate shall be calculated annually by the actuary using assumptions and a cost method approved by the Actuarial Standards Board of the American Academy of Actuaries and selected by the Board of Trustees.

~~(3) Immediately succeeding the first valuation the actuary engaged by the Board of Trustees shall compute the rate per centum of the total annual compensation of all members which is equivalent to four percent (4%) of the amount of the total pension liability on account of all members and beneficiaries which is not dischargeable by the aforesaid normal contribution made on account of such members during the remainder of their active service. The rate per centum originally so determined shall be known as the "accrued liability contribution" rate. Such rate shall be increased on the basis of subsequent valuations if benefits are increased over those included in the valuation on the basis of which the original accrued liability contribution rate was determined. Upon certification by the actuary engaged by the Board of Trustees that the accrued liability contribution rate may be reduced without impairing the Retirement System, the Board of Trustees may cause the accrued liability contribution rate to be reduced.~~

(3a) Notwithstanding Chapter 150B of the General Statutes, the total amount payable in each year to the pension accumulation fund shall not be less than the sum of the rate per centum known as the actuarially determined employer contribution rate of the total earned compensation of all members during the

preceding year as adjusted higher under a contribution rate policy adopted by the Board of Trustees and known as the "required employer contribution" rate. The Board of Trustees shall not adopt a contribution rate policy that results in a rate less than the normal contribution rate.

~~(4) The total amount payable in each year to the pension accumulation fund shall not be less than the sum of the rate per centum known as the normal contribution rate and the accrued liability contribution rate of the total actual compensation of all members during the preceding year: Provided, however, that, subject to the provisions of subdivision (3) of this subsection the amount of each annual accrued liability contribution shall be at least three percent (3%) greater than the preceding annual accrued liability payment, and that the aggregate payment by employers shall be sufficient, when combined with the amount in the fund, to provide the pensions and other benefits payable out of the fund during the year then current.~~

~~(5) The accrued liability contribution shall be discontinued as soon as the accumulated reserve in the pension accumulation fund shall equal the present value as actuarially computed and approved by the Board of Trustees, of the total liability of such fund less the present value, computed on the basis of the normal contribution rate then in force, of the prospective normal contributions to be received on account of all persons who are at the time members.~~

(6) All pensions, and benefits in lieu ~~thereof, with the exception of those payable on account of members who received no prior service allowance,~~thereof payable from contributions of employer shall be paid from the pension accumulation fund.

~~(7) Upon the retirement of a member not entitled to credit for prior service, an amount equal to his pension reserve shall be transferred from the pension accumulation fund to the pension reserve fund.~~"

SECTION 2.(i) G.S. 128-30(d) reads as rewritten:

"(d) Pension Accumulation Fund. – The pension accumulation fund shall be the fund in which shall be accumulated all reserves for the payment of all pensions and other benefits payable from contributions made by employers and from which shall be paid all pensions and other benefits on account of members with prior service credit. Contributions to and payments from the pension accumulation fund shall be made as follows:

(1) Each participating employer shall pay to the pension accumulation fund monthly, or at such other intervals as may be agreed upon with the Board of Trustees, an amount equal to a certain percentage of the actual compensation of each member, to be known as the "normal contribution" and an additional amount equal to a percentage of ~~his~~the member's actual compensation to be known as the "accrued liability contribution." The rate per centum of such contributions shall be fixed on the basis of the liabilities of the Retirement System as shown by actuarial ~~valuation. Until the first valuation for any employer whose participation commenced prior to July 1, 1951, the normal contribution shall be three percent (3%) for general employees and five percent (5%) for firemen and policemen, and the accrued liability contribution shall be three percent (3%) for general employees and six percent (6%) for firemen and policemen. Until the first valuation for any employer whose participation commenced on or after July 1, 1951, the normal contribution shall be four percent (4%) for general employees and six and two thirds percent (6 2/3%) for firemen and policemen, and the accrued liability contribution shall be four percent (4%) for general employees and eight percent (8%) for firemen and policemen.~~valuation and duly approved by the Board of Trustees, which shall be called the "actuarially determined employer contribution rate."

~~(2) On the basis of regular interest and of such mortality and other tables as shall be adopted by the Board of Trustees, the actuary engaged by the Board to make each valuation required by this Article during the period over which the accrued liability contribution is payable, immediately after making such valuation, shall determine the uniform and constant percentage of the actual compensation of the average new entrant throughout his entire period of active service which would be sufficient to provide for the payment of any pension payable on his account and for the pro rata share of the cost of administration of the Retirement System. The rate per centum so determined shall be known as the "normal contribution" rate. After the accrued liability contribution has ceased to be payable, the normal contribution rate shall be the rate per centum of the earnable salary of all members obtained by deducting from the total liabilities of the pension accumulation fund the amount of the funds in hand to the credit of that fund and dividing the remainder by one per centum (1%) of the present value of the prospective future salaries of all members as computed on the basis of the mortality and service tables adopted by the Board of Trustees and regular interest. The normal rate of contribution shall be determined by the actuary after each valuation. A normal contribution rate shall be determined separately for general employees as a group and for law enforcement officers as a group, these rates to be applied to the respective group payrolls of each employer in determining the normal contribution required of each employer.~~

(2a) The actuarially determined employer contribution rate shall be calculated annually by the actuary using assumptions and a cost method approved by the Actuarial Standards Board of the American Academy of Actuaries and selected by the Board of Trustees.

(3) The ~~"accrued~~"past service liability contribution" shall be set for each employer on the basis of the prior service credits allowable to the employees thereof, who are entitled to prior service certificates, and shall be paid for a period of approximately 30 years, provided that the length of the period of payment for each employer after contributions begin shall be determined by the Board of Trustees as the result of actuarial valuations.

(4) ~~At the end of the first year following~~Upon the date of participation for each employer, the ~~accrued~~past service liability payable by such employer shall be set, by deducting from the present value of the total liability for all pensions payable on account of all members and pensioners of the System who became participants through service for such employer, the present value of the future normal contributions payable, and the amount of any assets resulting from any contributions previously made by such employer. ~~Then the "accrued liability contribution" rate for such employer shall be the per centum of the total annual compensation of all members employed by such employer which is equivalent to four per centum (4%) of the amount of such accrued liability. The expense of making such actuarial valuation to determine the accrued liability contribution for each employer shall be paid by such employer. The accrued liability contribution rate shall be increased on the basis of subsequent valuation if benefits are increased over those included in the valuations on the basis of which the original accrued liability contribution rate was determined.~~ Then the "past service liability contribution rate" for such employer shall be the per centum of the total annual compensation of all members employed by the employer which is estimated to extinguish the liability in 24 years.

(5) ~~The~~Notwithstanding Chapter 150B of the General Statutes, the total amount payable in each year to the pension accumulation fund shall not be less than the sum of the rate per centum known as the ~~normal~~actuarially determined employer contribution rate and the ~~accrued~~past service liability contribution rate of the total earned compensation of all members during the preceding ~~year: Provided, however, that the amount of each annual accrued liability contribution shall be at least three per centum (3%) greater than the preceding annual accrued liability payment, and that the aggregate payment by employers shall be sufficient, when combined with the amount in the fund, to provide the pensions and other benefits payable out of the fund during the year then current.~~year as adjusted under a contribution rate policy adopted by the Board of Trustees and known as the "required employer contribution rate." The Board of Trustees shall not adopt a contribution rate policy that results in a rate less than the normal contribution rate.

~~(6) The accrued liability contribution shall be discontinued as soon as the accumulated reserve in the pension accumulation fund shall equal the present value, as actuarially computed and approved by the Board of Trustees, of the total liability of such fund less the present value, computed on the basis of the normal contribution rate then in force, of the prospective normal contributions to be received on account of all persons who are at that time members, as separately determined for general employees and law enforcement officers.~~

(7) All pensions, and benefits in lieu thereof, with the exception of those payable on account of members who received no prior service allowance, payable from contributions of employers, shall be paid from the pension accumulation fund.

~~(8) Upon the retirement of a member not entitled to credit for prior service, an amount equal to his pension reserve shall be transferred from the pension accumulation fund to the pension reserve fund.~~

(9) Notwithstanding Chapter 150B of the General Statutes and the foregoing provisions of this ~~subsection, beginning with the December 31, 1985 valuation,~~ subsection, the actuary shall determine an additional "accrued liability ~~contribution"~~contribution rate" and a "normal contribution rate" on account of the total earned compensation of each employer's law enforcement ~~officers.~~officers each year, known as the "required employer contribution for law enforcement officers rate." The required employer contribution for law enforcement officers rate may be adjusted under a contribution rate policy adopted by the Board of Trustees and added to the employers' past service liability rate. The Board of Trustees shall not adopt a contribution rate policy that results in a rate less than the normal contribution rate. ~~This contribution shall be that percentage of law enforcement officer compensation necessary to liquidate the "existing unfunded accrued liability" over a period of years to be determined by the Board of Trustees. The "existing unfunded accrued liability" for each employer shall be equal to the sum of two liabilities. The first is that portion of the unfunded accrued liability of the Law Enforcement Officers' Retirement System as of December 31, 1985, attributable to the accrued liability for each employer's law enforcement officers participating in that System, all based on actuarial assumptions and methods applicable to that System. The second is the accrued liability for additional benefits payable to each employer's law enforcement officers who are members of this Retirement System on December 31, 1985. The "accrued liability contribution" determined on the basis of this paragraph shall be added to that determined under subdivision (3) and shall be included in the total amount payable under subdivision (5).~~"

SECTION 2.(j) G.S. 135-8(e)is repealed.

SECTION 2.(k) G.S. 128-30(e) is repealed.

SECTION 2.(*l*) G.S. 135-8(f)(2)b. is repealed.

SECTION 2.(m) G.S. 135-8(f)(2)e. reads as rewritten:

"e. Each employer shall transmit monthly to the State Retirement System on account of each employee, who is a member of this System, an amount sufficient to cover ~~the normal contribution and the accrued liability~~required employer contribution of each member employed by such employer for the preceding month."

SECTION 2.(n) G.S. 135-7(f) reads as rewritten:

"(f) Retiree Health Benefit Fund. – It is the intent of the General Assembly that the Retiree Health Benefit Fund be a trust that provides an irrevocable source of funding to be used, to the extent the Fund's assets are sufficient, only for health benefits to retired and disabled employees and their applicable beneficiaries. Accordingly, the following provisions apply to the Retiree Health Benefit Fund:

(1) For the purposes of this subsection, the term "eligible Plan members" means eligible retired and disabled employees, and their applicable beneficiaries, who are members of the North Carolina State Health Plan for Teachers and State Employees as provided by this Chapter.

(2) The Retiree Health Benefit Fund is established as a trust fund in which accumulated contributions ~~from employers~~ and any earnings on those contributions shall be used only to provide health benefits to ~~retired and disabled employees and their applicable beneficiaries as provided by this Chapter.~~eligible Plan members, after payment of any accrued reasonable investment and administrative expenses. The Retiree Health Benefit Fund shall be administered in accordance with the provisions of subsection (a) of this section.

(3) Employer and non-employer contributions to the Fund and earnings on those contributions are irrevocable. The assets of the Fund are dedicated to providing health benefits to ~~retired and disabled employees and their applicable beneficiaries as provided by this Chapter~~eligible Plan members in accordance with the Plan's benefit terms, as those terms may from time to time be amended. ~~and~~The assets of the Fund are not subject to the claims of creditors of the employers and non-employers making contributions to the ~~Fund.~~Fund, are not subject to the claims of any creditors of the Fund's trustees and administrators, and are not subject to the claims of creditors of eligible Plan members.

(4) ~~However,~~ Fund assets may be used for reasonable expenses to administer benefits provided by the Fund, as approved by the Board of Trustees, including offsets to the State budget to the Retirement Systems Division for staff administration of benefits and costs to conduct required actuarial valuations of State-supported retired employees' health benefits under other post-employment benefit accounting standards set forth by the Governmental Accounting Standards Board of the Financial Accounting Foundation."

SECTION 2.(o) G.S. 135-110(a) reads as rewritten:

"(a) It is the intent of the General Assembly that a trust fund be created that provides an irrevocable source of funding to be used, to the extent the fund's assets are sufficient, only for disability benefits to participants and beneficiaries. Accordingly, the following provisions apply to that trust fund:

(1) A trust ~~fund~~fund, the Disability Income Plan of North Carolina Trust Fund, is hereby created to which all receipts, transfers, appropriations, contributions, investment earnings and other income belonging to the Plan shall be deposited, and from which all ~~benefits, expenses, and other charges~~benefits and expenses against the Plan shall be disbursed. The Board of Trustees shall be the trustee of the ~~funds created by this Article.~~Fund.

(2) Employer and non-employer contributions to the Disability Income Plan of North Carolina Trust Fund and earnings on those contributions are irrevocable. The assets of the Fund are dedicated to providing benefits to participants and beneficiaries in accordance with the Plan's benefit terms. The assets of the Fund are not subject to the claims of creditors of the employers and non-employers making contributions to the Fund, are not subject to the claims of any creditors of the Fund's trustees and administrators, and are not subject to the claims of participants and beneficiaries.

(3) Disability Income Plan of North Carolina Trust Fund assets may be used for reasonable expenses to administer benefits provided by the Fund as approved by the Board of Trustees."

SECTION 2.(p) G.S. 135-7 is amended by adding a new subsection to read:

"(g) It is the intent of the General Assembly that a master trust fund be created that provides an irrevocable source of funding to be used, to the extent the fund's assets are sufficient, only for death benefits and disability benefits to the Plans' members, participants, and beneficiaries, pursuant to G.S. 120-4.27, G.S. 128-27(*l*), subsections (*l*2) through (*l*6) of G.S. 128-27, 135-5(*l*), 135-64(k), and 143-166.60. Accordingly, the following provisions apply to the Trust:

(1) The following definitions apply in this subsection:

a. Beneficiaries. – Any person in receipt of, or eligible to receive, a benefit payable from the North Carolina Teachers' and State Employees' Benefit Trust pursuant to G.S. 120-4.27, subsections (*l*2) though (*l*6) of G.S. 128-27, 135-5(*l*), 135-64(k), and 143-166.60.

b. Plans. – The retiree group death benefit trust established under G.S. 120-4.27, the Group Life Insurance Plan established under G.S. 128-27(*l*), the retiree group death benefit trust fund established under subsections (*l*2) though (*l*6) of G.S. 128-27, the Group Life Insurance Plan established under G.S. 135-5(*l*), the retiree group death benefit trust fund established under G.S. 135-5(*l*), the retiree group death benefit trust fund established under G.S.135-64(k), and the Separate Insurance Benefits Plan established by G.S. 143-166.60.

(2) A trust fund, the North Carolina Teachers' and State Employees' Benefit Trust, is hereby created as a master trust to which all receipts, transfers, appropriations, contributions, investment earnings, and other income belonging to the Plans shall be deposited, and from which all benefits and expenses against the Plans shall be disbursed. The Boards of Trustees of the Teachers' and State Employees' Retirement System and the Local Governmental Employees' Retirement System shall be the trustee of the Trust. Within the Benefit Trust, the funds of the Plans shall be accounted for separately and not commingled. Assets of one plan cannot be used to pay for liabilities of another plan within the Trust.

(3) Employer and non-employer contributions to the North Carolina Teachers' and State Employees' Benefit Trust and earnings on those contributions are irrevocable. The assets of the Trust are dedicated to providing benefits to members, participants, and beneficiaries in accordance with the Plans' benefit terms. The assets of the Trust are not subject to the claims of creditors of the employers and non-employers making contributions to the Trust, are not subject to the claims of any creditors of the Trust, trustees, and administrators, and are not subject to the claims of creditors of members, participants, and beneficiaries."

SECTION 2.(q) G.S. 120-4.27 reads as rewritten:

"**§ 120-4.27. Death benefit.**

…

Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a retired member of the Retirement System or Retirement Fund on or after January 1, 2015, there shall be paid a death benefit to the person or persons designated by the member or, if the member has not designated a beneficiary, to the surviving spouse of the deceased retired member or, if not survived by a designated beneficiary or spouse, to the deceased retired member's legal representative; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of ~~his~~the member's death required contributions as determined by the Retirement System on a fully contributory basis, through retirement allowance deductions or other methods adopted by the Retirement System, to a group death benefit trust ~~fund~~fund, the North Carolina Teachers' and State Employees' Benefit Trust, administered by the Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. Employer and non-employer contributions to the Benefit Trust and earnings on those contributions are irrevocable. The assets of the Benefit Trust are dedicated to providing benefits to members and beneficiaries in accordance with the Plan's benefit terms. The assets of the Benefit Trust are not subject to the claims of creditors of the employees and non-employees making contributions to the Benefit Trust, are not subject to the claims of any creditors of the Benefit Trust's trustees and administrators, and are not subject to the claims of creditors of members and beneficiaries. Benefit Trust assets may be used for reasonable expenses to administer benefits provided by the Fund as approved by the Board of Trustees.

~~This~~The death benefit payable under this subsection shall be a lump-sum payment in the amount of ten thousand dollars ($10,000) upon the completion of 24 months of contributions required under this subsection. Should death occur before the completion of 24 months of contributions required under this subsection, the deceased retired member's designated beneficiary or beneficiaries, or surviving spouse if not survived by a designated beneficiary, or legal representative if not survived by a designated beneficiary or spouse, shall be paid the sum of the retired member's contributions required by this subsection plus interest to be determined by the Board of Trustees."

SECTION 2.(r) G.S. 128-27(*l*) reads as rewritten:

"(*l*) Death Benefit Plan. – The provisions of this subsection shall become effective for any employer only after an agreement to that effect has been executed by the employer and the Director of the Retirement System. There is hereby created a Group Life Insurance Plan (hereinafter called the "Plan") which is established as an employee welfare benefit plan that is separate and apart from the Retirement System and under which the members of the Retirement System shall participate and be eligible for group life insurance benefits. The Plan shall be part of the North Carolina Teachers' and State Employees' Benefit Trust, as established under G.S. 135-7(g). All receipts, transfers, appropriations, contributions, investment earnings, and other income belonging to the Plan shall be deposited in the Benefit Trust. All benefits and expenses against the Plan shall be disbursed from the Benefit Trust. Employer and non-employer contributions to the Benefit Trust and earnings on those contributions are irrevocable. The assets of the Benefit Trust are dedicated to providing benefits to members and beneficiaries in accordance with the Plan's benefit terms. The assets of the Benefit Trust are not subject to the claims of creditors of the employees and non-employees making contributions to the Benefit Trust, are not subject to the claims of any creditors of the Benefit Trust's trustees and administrators, and are not subject to the claims of creditors of members and beneficiaries. Benefit

Trust assets may be used for reasonable expenses to administer benefits provided by the Fund as approved by the Board of Trustees.

Upon receipt of proof, satisfactory to the Board of Trustees in their capacity as trustees under the Group Life Insurance Plan, of the death, in service, of a member who had completed at least one full calendar year of membership in the Retirement System, there shall be paid to such person as ~~he~~the member shall have nominated by electronic submission prior to completing 10 years of service in a form approved by the Board of Trustees or by written designation duly acknowledged and filed with the Board of Trustees, if such person is living at the time of the member's death, otherwise to the member's legal representatives, a death benefit. Such death benefit shall be equal to the greater of:

…."

SECTION 2.(s) G.S. 128-27(*l*6) reads as rewritten:

"(*l*6) Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this subsection, of the death of a retired member of the Retirement System on or after January 1, 2015, there shall be paid a death benefit to the person or persons designated by the member or, if the member has not designated a beneficiary, to the surviving spouse of the deceased retired member or, if not survived by a designated beneficiary or spouse, to the deceased retired member's legal representative; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of ~~his~~the member's death required contributions as determined by the Board of Trustees on a fully contributory basis, through retirement allowance deductions or other methods adopted by the Board of Trustees, to a group death benefit trust ~~fund~~fund, the North Carolina Teachers' and State Employees' Benefit Trust, administered by the Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. Employer and non-employer contributions to the Benefit Trust and earnings on those contributions are irrevocable. The assets of the Benefit Trust are dedicated to providing benefits to members and beneficiaries in accordance with the Plan's benefit terms. The assets of the Benefit Trust are not subject to the claims of creditors of the employees and non-employees making contributions to the Benefit Trust, are not subject to the claims of any creditors of the Benefit Trust's trustees and administrators, and are not subject to the claims of creditors of members and beneficiaries. Benefit Trust assets may be used for reasonable expenses to administer benefits provided by the Fund as approved by the Board of Trustees.

~~This~~The death benefit payable under this subsection shall be a lump-sum payment in the amount of ten thousand dollars ($10,000) upon the completion of 24 months of contributions required under this subsection. Should death occur before the completion of 24 months of contributions required under this subsection, the deceased retired member's designated beneficiary or beneficiaries, or surviving spouse if not survived by a designated beneficiary, or legal representative if not survived by a designated beneficiary or spouse, shall be paid the sum of the retired member's contributions required by this subsection plus interest to be determined by the Board of Trustees."

SECTION 2.(t) G.S. 135-5(*l*) reads as rewritten:

"(*l*) Death Benefit Plan. – There is hereby created a Group Life Insurance Plan (hereinafter called the "Plan") which is established as an employee welfare benefit plan that is separate and apart from the Retirement System and under which the members of the Retirement System shall participate and be eligible for group life insurance benefits. The Plan shall be part of the North Carolina Teachers' and State Employees' Benefit Trust, as established under G.S. 135-7(g). All receipts, transfers, appropriations, contributions, investment earnings, and other income belonging to the Plan shall be deposited in the Benefit Trust. All benefits and expenses against the Plan shall be disbursed from the Benefit Trust. Employer and non-employer contributions to the Benefit Trust and earnings on those contributions are irrevocable. The assets of the Benefit Trust are dedicated to providing benefits to participants, surviving spouses, and the members' estates in accordance with the Plan's benefit terms. The assets of the Benefit Trust are not subject to the claims of creditors of the employees and non-employees making contributions to the Benefit Trust, are not subject to the claims of any creditors of the Benefit Trust's trustees and administrators, and are not subject to the claims of creditors of members and beneficiaries. Benefit Trust assets may be used for reasonable expenses to administer benefits provided by the Fund as approved by the Board of Trustees.

Upon receipt of proof, satisfactory to the Board of Trustees in their capacity as trustees under the Group Life Insurance Plan, of the death, in service, of a member who had completed at least one full calendar year of membership in the Retirement System, there shall be paid to such person as ~~he~~the member shall have nominated by electronic submission prior to completing 10 years of service in a form approved by the Board of Trustees or by written designation duly acknowledged and filed with the Board of Trustees, if such person is living at the time of the member's death, otherwise to the member's legal representatives, a death benefit. Such death benefit shall be equal to the greater of:

…

Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this subsection, of the death of a retired member of the Retirement System on or after January 1, 2015, there shall be paid a death benefit to the person or persons designated by the member or, if the member has not designated a beneficiary, to the surviving spouse of the deceased retired member or, if not survived by a designated beneficiary or spouse, to the deceased retired member's legal representative; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of ~~his~~the member's death required contributions as determined by the Board of Trustees on a fully contributory basis, through retirement allowance deductions or other methods adopted by the Board of Trustees, to a group death benefit trust ~~fund~~fund, the North Carolina Teachers' and State Employees' Benefit Trust, administered by the Board of Trustees Fund and Pension Accumulation Fund. Employer and non-employer contributions to the Benefit Trust and earnings on those contributions are irrevocable. The

assets of the Benefit Trust are dedicated to providing benefits to participants, surviving spouses, and the members' estates in accordance with the Plan's benefit terms. The assets of the Benefit Trust are not subject to the claims of creditors of the employees and non-employees making contributions to the Benefit Trust, are not subject to the claims of any creditors of the Benefit Trust's trustees and administrators, and are not subject to the claims of creditors of members and beneficiaries. Benefit Trust assets may be used for reasonable expenses to administer benefits provided by the Fund as approved by the Board of Trustees. This death benefit shall be a lump-sum payment in the amount of ten thousand dollars ($10,000) upon the completion of 24 months of contributions required under this subsection. Should death occur before the completion of 24 months of contributions required under this subsection, the deceased retired member's designated beneficiary or beneficiaries, or surviving spouse if there is no surviving beneficiary, or legal representative if not survived by a designated beneficiary or spouse, shall be paid the sum of the retired member's contributions required by this subsection plus interest to be determined by the Board of Trustees."

SECTION 2.(u) G.S. 135-64(k) reads as rewritten:

"(k) Upon the death of a retired member on or after January 1, 2015, there shall be paid a death benefit to the person or persons designated by the member or, if the member has not designated a beneficiary, to the surviving spouse of the deceased retired member or, if not survived by a designated beneficiary or spouse, to the deceased retired member's legal representative; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of ~~his~~the member's death required contributions as determined by the Board of Trustees on a fully contributory basis, through retirement allowance deductions or other methods adopted by the Board of Trustees, to a group death benefit trust ~~fund~~fund, the North Carolina Teachers' and State Employees' Benefit Trust, administered by the Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. Employer and non-employer contributions to the Benefit Trust and earnings on those contributions are irrevocable. The assets of the Benefit Trust are dedicated to providing benefits to members and beneficiaries in accordance with the Plan's benefit terms. The assets of the Benefit Trust are not subject to the claims of creditors of the employees and non-employees making contributions to the Benefit Trust, are not subject to the claims of any creditors of the Benefit Trust's trustees and administrators, and are not subject to the claims of creditors of members and beneficiaries. Benefit Trust assets may be used for reasonable expenses to administer benefits provided by the Fund as approved by the Board of Trustees.

~~This~~The death benefit payable under this subsection shall be a lump-sum payment in the amount of ten thousand dollars ($10,000) upon the completion of 24 months of contributions required under this subsection. Should death occur before the completion of 24 months of contributions required under this subsection, the deceased retired member's designated beneficiary or beneficiaries, or surviving spouse if there is no surviving designated beneficiary, or legal representative if not survived by a designated beneficiary or spouse, shall be paid the sum of the retired member's contributions required by this subsection plus interest to be determined by the Board of Trustees."

SECTION 2.(v) G.S. 143-166.60(b) reads as rewritten:

"(b) The Boards of Trustees of the Teachers' and State Employees' Retirement System and the Local Governmental Employees' Retirement System shall jointly administer the Plan and shall, under the terms and conditions otherwise appearing in this Article, provide Plan benefits either (i) by establishing a separate trust fund in conformance with Section 501(c)(9) of the Internal Revenue Code of 1954 as amended or, (ii) by causing the Plan to affiliate with a master ~~trust~~trust, the North Carolina Teachers' and State Employees' Benefits Trust, providing the same benefits for participants. Employer and non-employer contributions to the Benefit Trust and earnings on those contributions are irrevocable. The assets of the Benefit Trust are dedicated to providing benefits to participants, surviving spouses, participants' estates, and persons named by the participant to receive the benefit. The assets of the Benefit Trust are not subject to the claims of creditors of the employees and non-employees making contributions to the Benefit Trust, are not subject to the claims of any creditors of the Benefit Trust's trustees and administrators, and are not subject to the claims of creditors of participants. Benefit Trust assets may be used for reasonable expenses to administer benefits provided by the Fund as approved by the Board of Trustees."

SECTION 2.(w) This section becomes effective June 30, 2017.

SECTION 3.(a) G.S. 135-5(f) reads as rewritten:

"(f) Return of Accumulated Contributions. – Should a member cease to be a teacher or State employee except by death or retirement under the provisions of this Chapter, ~~he~~the member shall upon submission of an application be paid, not earlier than 60 days from the date of termination of service, ~~his~~the member's contributions, and the accumulated regular interest thereon, provided that ~~he~~the member has not in the meantime returned to service. Upon payment of such sum his or her membership in the System shall cease and, if he or she thereafter again becomes a member, no credit shall be allowed for any service previously rendered except as provided in G.S. 135-4, and such payment shall be in full and complete discharge of any rights in or to any benefits otherwise payable hereunder. Upon receipt of proof satisfactory to the Board of Trustees of the death, prior to retirement, of a member or former member there shall be paid to such person or persons as ~~he~~the member or former member shall have nominated by electronic submission ~~prior to completing 10 years of service~~ in a form approved by the Board of Trustees or by written designation duly acknowledged and filed with the Board of Trustees, if such person or persons are living at the time of the member's death, otherwise to the member's legal representatives, the amount of ~~his~~the member's accumulated contributions at the time of ~~his~~the member's death, unless the beneficiary elects to receive the alternate benefit under the provisions of (m) below. An extension service employee who made contributions to the Local Governmental Employees' Retirement System and the Teachers' and State Employees' Retirement System as a result of dual employment may

not be paid his or her accumulated contributions unless ~~he~~the extension service employee is eligible to be paid his or her accumulated contributions in both systems for the same period of service.

Pursuant to the provisions of G.S. 135-56.2, a member who is also a member of the Consolidated Judicial Retirement System may irrevocably elect to transfer any accumulated contributions to the Consolidated Judicial Retirement System or to the Supplemental Retirement Income Plan and forfeit any rights in or to any benefits otherwise payable hereunder.

A member who is a participant or beneficiary of the Disability Income Plan of North Carolina as is provided in Article 6 of this Chapter shall not be paid a return of accumulated contributions, notwithstanding the member's status as an employee or teacher. Notwithstanding any other provision of law to the contrary, a member who is a beneficiary of the Disability Income Plan of North Carolina as provided in Article 6 of this Chapter and who is receiving disability benefits under the transition provisions as provided in G.S. 135-112, shall not be prohibited from receiving a return of accumulated contributions as provided in this subsection."

SECTION 3.(b) G.S. 135-5(*l*), as amended by Section 2(t) of this act, reads as rewritten:

"(*l*) Death Benefit Plan. – There is hereby created a Group Life Insurance Plan (hereinafter called the "Plan") which is established as an employee welfare benefit plan that is separate and apart from the Retirement System and under which the members of the Retirement System shall participate and be eligible for group life insurance benefits. The Plan shall be part of the North Carolina Teachers' and State Employees' Benefit Trust, as established under G.S. 135-7(g). All receipts, transfers, appropriations, contributions, investment earnings, and other income belonging to the Plan shall be deposited in the Benefit Trust. All benefits and expenses against the Plan shall be disbursed from the Benefit Trust. Employer and non-employer contributions to the Benefit Trust and earnings on those contributions are irrevocable. The assets of the Benefit Trust are dedicated to providing benefits to participants, surviving spouses, and the members' estates in accordance with the Plan's benefit terms. The assets of the Benefit Trust are not subject to the claims of creditors of the employees and non-employees making contributions to the Benefit Trust, are not subject to the claims of any creditors of the Benefit Trust's trustees and administrators, and are not subject to the claims of creditors of members and beneficiaries. Benefit Trust assets may be used for reasonable expenses to administer benefits provided by the Fund as approved by the Board of Trustees.

Upon receipt of proof, satisfactory to the Board of Trustees in their capacity as trustees under the Group Life Insurance Plan, of the death, in service, of a member who had completed at least one full calendar year of membership in the Retirement System, there shall be paid to such person as the member shall have nominated by electronic submission ~~prior to completing 10 years of service~~ in a form approved by the Board of Trustees or by written designation duly acknowledged and filed with the Board of Trustees, if such person is living at the time of the member's death, otherwise to the member's legal representatives, a death benefit. Such death benefit shall be equal to the greater of:

…."

SECTION 3.(c) G.S. 135-63 reads as rewritten:

"**§ 135-63. Benefits on death before retirement.**

(a) Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a member in service, there shall be paid in a lump sum to such person as the member shall have nominated by electronic submission ~~prior to completing 10 years of service~~ in a form approved by the Board of Trustees or by written designation duly acknowledged and filed with the Board of Trustees, if such person is living at the time of the member's death, otherwise to the member's legal representatives, a death benefit equal to the sum of (i) the member's accumulated contributions, plus (ii) the member's final compensation; provided, however, that if the member has attained his or her fiftieth birthday with at least five years of membership service at ~~his~~the member's date of death, and if the designated recipient of the death benefits is the member's spouse who survives ~~him,~~him or her, and if the spouse so elects, then the lump-sum death benefit provided for herein shall consist only of a payment equal to the member's final compensation and there shall be paid to the surviving spouse an annual retirement allowance, payable monthly, which shall commence on the first day of the calendar month coinciding with or next following the death of the member and shall be continued on the first day of each month thereafter until the remarriage or death of the spouse. The amount of any such retirement allowance shall be equal to one half of the amount of the retirement allowance to which the member would have been entitled had ~~he~~the member retired under the provisions of G.S. 135-57(a) on the first day of the calendar month coinciding with or next following ~~his~~the member's date of death, reduced by two percent (2%) thereof for each full year, if any, by which the age of the member at his or her date of death exceeds that of ~~his~~the member's spouse. If the retirement allowance to the spouse shall terminate on the remarriage or death of the spouse before the total of the retirement allowance payments made equals the amount of the member's accumulated contributions at date of death, the excess of such accumulated contributions over the total of the retirement allowances paid to the spouse shall be paid in a lump sum to such person as the member shall have nominated by electronic submission in a form approved by the Board of Trustees or by written designation duly acknowledged and filed with the Board of Trustees, if such person is living at the time such payment falls due, otherwise to the former member's legal representatives.

…

(c) Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a member not in service, there shall be paid in a lump sum to such person as the member shall have nominated by electronic submission ~~prior to completing 10 years of service~~ in a form approved by the Board of Trustees or by written designation duly acknowledged and filed with the Board of Trustees, if such person is living at the time of the member's death, otherwise to the member's legal representatives, a death benefit equal to the member's accumulated contributions.

…."

SECTION 3.(d) G.S. 128-27(f) reads as rewritten:

"(f) Return of Accumulated Contributions. – Should a member cease to be an employee except by death or retirement under the provisions of this Chapter, ~~he~~the member shall upon submission of an application be paid, not earlier than 60 days from the date of termination of service, ~~his~~the member's contributions and the accumulated regular interest thereon, provided that ~~he~~the member has not in the meantime returned to service. Upon payment of such sum his or her membership in the System shall cease and, if he or she thereafter again becomes a member, no credit shall be allowed for any service previously rendered except as provided in G.S. 128-26; and such payment shall be in full and complete discharge of any rights in or to any benefits otherwise payable hereunder. Upon receipt of proof satisfactory to the Board of Trustees of the death, prior to retirement, of a member or former member there shall be paid to such person or persons as ~~he~~the member or former member shall have nominated by electronic submission ~~prior to completing 10 years of service~~ in a form approved by the Board of Trustees or by written designation duly acknowledged and filed with the Board of Trustees, if such person or persons are living at the time of the member's death, otherwise to the member's legal representatives, the amount of ~~his~~the member's accumulated contributions at the time of ~~his~~the member's death, unless the beneficiary elects to receive the alternate benefit under the provisions of (m) below. An extension service employee who made contributions to the Local Governmental Employees' Retirement System and the Teachers' and State Employees' Retirement System as a result of dual employment may not be paid his or her accumulated contributions unless ~~he~~the extension service employee is eligible to be paid his or her accumulated contributions in both systems for the same period of service.

Pursuant to the provisions of G.S. 135-56.2, a member who is also a member of the Consolidated Judicial Retirement System may irrevocably elect to transfer any accumulated contributions to the Consolidated Judicial Retirement System or to the Supplemental Retirement Income Plan and forfeit any rights in or to any benefits otherwise payable hereunder."

SECTION 3.(e) G.S. 128-27(*l*), as amended by Section 2(r) of this act, reads as rewritten:

"(*l*) Death Benefit Plan. – The provisions of this subsection shall become effective for any employer only after an agreement to that effect has been executed by the employer and the Director of the Retirement System. There is hereby created a Group Life Insurance Plan (hereinafter called the "Plan") which is established as an employee welfare benefit plan that is separate and apart from the Retirement System and under which the members of the Retirement System shall participate and be eligible for group life insurance benefits. The Plan shall be part of the North Carolina Teachers' and State Employees' Benefit Trust, as established under G.S. 135-7(g). All receipts, transfers, appropriations, contributions, investment earnings, and other income belonging to the Plan shall be deposited in the Benefit Trust. All benefits and expenses against the Plan shall be disbursed from the Benefit Trust. Employer and non-employer contributions to the Benefit Trust and earnings on those contributions are irrevocable. The assets of the Benefit Trust are dedicated to providing benefits to members and beneficiaries in accordance with the Plan's benefit terms. The assets of the Benefit Trust are not subject to the claims of creditors of the employees and non-employees making contributions to the Benefit Trust, are not subject to the claims of any creditors of the Benefit Trust's trustees and administrators, and are not subject to the claims of creditors of members and beneficiaries. Benefit Trust assets may be used for reasonable expenses to administer benefits provided by the Fund as approved by the Board of Trustees.

Upon receipt of proof, satisfactory to the Board of Trustees in their capacity as trustees under the Group Life Insurance Plan, of the death, in service, of a member who had completed at least one full calendar year of membership in the Retirement System, there shall be paid to such person as the member shall have nominated by electronic submission ~~prior to completing 10 years of service~~ in a form approved by the Board of Trustees or by written designation duly acknowledged and filed with the Board of Trustees, if such person is living at the time of the member's death, otherwise to the member's legal representatives, a death benefit. Such death benefit shall be equal to the greater of:

…."

SECTION 3.(f) G.S. 120-4.25 reads as rewritten:

"**§ 120-4.25. Return of accumulated contributions.**

If a member ceases to be a member of the General Assembly except by death or retirement, ~~he~~the member shall, upon submission of an application, be paid not earlier than 60 days following the date of termination of service the sum of ~~his~~the member's accumulated contributions provided ~~he~~the member has not in the meantime returned to service. Upon payment of this sum his or her membership in the System ceases. If ~~he~~the individual becomes a member afterwards, no credit shall be allowed for any service previously rendered except as provided in G.S. 120-4.14 and the payment shall be in full and complete discharge of any rights in or to any benefits otherwise payable under this Article. Upon receipt of proof satisfactory to the Board of Trustees of the death, prior to retirement, of a member or former member, there shall be paid to the person or persons ~~he~~the member or former member nominated by electronic submission ~~prior to completing 10 years of service~~ in a form approved by the Board of Trustees or by written designation duly acknowledged and filed with the Board of Trustees, if the person or persons are living at the time of the member's death, otherwise to the member's legal representatives, the amount of ~~his~~the member's accumulated contributions at the time of ~~his~~the member's death, unless the beneficiary elects to receive the alternate benefit under the provisions of G.S. 120-4.28."

SECTION 3.(g) This section becomes effective January 1, 2018.

SECTION 4.(a) G.S. 135-1(11) reads as rewritten:

"(11) "Employer" shall mean the State of North Carolina, the county board of education, the city board of education, the State Board of Education, the board of trustees of the University of North Carolina, the board of trustees of other institutions and agencies supported and under the control of the State, or any other agency of and within the State by which a teacher or other employee is paid. For purposes of reporting under the pronouncements by the Governmental Accounting Standards Board, the Retirement System is a multi-employer plan."

SECTION 4.(b) This section becomes effective June 30, 2017.

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

"(g) Legislative Enactment Implementation Arrangement. – The Legislative Enactment Implementation Arrangement (LEIA) is established effective October 1, 2017, and placed under the management of the Board of Trustees. The purpose of the LEIA is to provide for timely administrative implementation of legislative provisions regarding the retirement of, or payment of retirement benefits to, public officers or public employees. The LEIA shall have the following parameters:

(1) Administration. – The LEIA shall be administered by the Board of Trustees, which shall compile and maintain all records necessary or appropriate for administration. The Board of Trustees shall have full discretionary authority to interpret, construe, and implement the LEIA and to adopt such rules and regulations as may be necessary or desirable to implement the provisions of the LEIA.

(2) Funding of the LEIA. – In the event that the General Assembly creates or modifies any provision for the retirement of, or payment of retirement benefits to, public officers or public employees that has a cost savings as measured by actuarial note required by Article 15 of Chapter 120 of the General Statutes, the Board of Trustees may direct up to one hundredth percent (0.01%) of the required contributions to fund the LEIA. These funds must be deposited in a separate fund from the fund into which regular employer contributions are deposited for the Retirement System. The Board of Trustee shall not direct any employer contributions into the LEIA after November 1, 2021.

(3) Allocation of LEIA funds. – The Board of Trustees may allocate LEIA funds to the implementation of legislative provisions regarding the retirement of, or payment for retirement benefits to, public officers or public employees, subject to the following restrictions:

a. The Board of Trustees must identify individual implementation projects that will be paid for with LEIA funds. These implementation projects must be necessitated by a specific statute or session law that was enacted within five years of the allocation of the funds. The Board of Trustees must also identify the number of years for which each individual implementation project will be paid for with LEIA funds.

b. For implementation projects that will be paid for with LEIA funds for a period of one year or less, the Board of Trustees must determine that the cost savings from implementing the project is projected to be no less than half of the amount of LEIA funds utilized to pay for implementation.

c. For implementation projects that will be paid for with LEIA funds for a period of greater than one year, but not more than four years, the Board of Trustees must determine that the long-term cost savings from implementing the project is projected to be at least three times greater than the cost of implementation.

d. No implementation project shall be paid for with LEIA funds for a period of more than four years.

(4) Treatment of unused assets. – Any assets of the LEIA not used to pay allowed administrative expenses for timely administrative implementation of legislative provisions shall be transferred to the Retirement System as an additional employer contribution.

(5) Reporting. – The Department of State Treasurer shall report to the Board of Trustees, the Joint Legislative Commission on Government Operations, and the Fiscal Research Division on or before August 1 of each year on the (i) amounts and sources of funds collected by year pursuant to this section and (ii) the amounts expended, the projects for which those funds were expended, and the current status of the projects. The Board of Trustees shall also post this report on its public Web site."

SECTION 5.(b) G.S. 128-29 is amended by adding a new subsection to read:

"(g) Legislative Enactment Implementation Arrangement. – The Legislative Enactment Implementation Arrangement (LEIA) is established effective October 1, 2017, and placed under the management of the Board of Trustees. The purpose of the LEIA is to provide for timely administrative implementation of legislative provisions regarding the retirement of, or payment of retirement benefits to, public officers or public employees. The LEIA shall have the following parameters:

(1) Administration. – The LEIA shall be administered by the Board of Trustees, which shall compile and maintain all records necessary or appropriate for administration. The Board of Trustees shall have full discretionary authority to interpret, construe, and implement the LEIA and to adopt such rules and regulations as may be necessary or desirable to implement the provisions of the LEIA.

(2) Funding of the LEIA. – In the event that the General Assembly creates or modifies any provision for the retirement of, or payment of retirement benefits to, public officers or public employees that has a cost

savings as measured by actuarial note required by Article 15 of Chapter 120 of the General Statutes, the Board of Trustees may direct up to one hundredth percent (0.01%) of the required contributions to fund the LEIA. These funds must be deposited in a separate fund from the fund into which regular employer contributions are deposited for the Retirement System. The Board of Trustees shall not direct any employer contributions into the LEIA after November 1, 2021.

(3) Allocation of LEIA funds. – The Board of Trustees may allocate LEIA funds to the implementation of legislative provisions regarding the retirement of, or payment for retirement benefits to, public officers or public employees, subject to the following restrictions:

a. The Board of Trustees must identify individual implementation projects that will be paid for with LEIA funds. These implementation projects must be necessitated by a specific statute or session law that was enacted within five years of the allocation of the funds. The Board of Trustees must also identify the number of years for which each individual implementation project with be paid for will LEIA funds.

b. For implementation projects that will be paid for with LEIA funds for a period of one year or less, the Board of Trustees must determine that the cost savings from implementing the project is projected to be no less than half of the amount of LEIA funds utilized to pay for implementation.

c. For implementation projects that will be paid for with LEIA funds for a period of greater than one year, but not more than four years, the Board of Trustees must determine that the long-term cost savings from implementing the project is projected to be at least three times greater than the cost of implementation.

d. No implementation project shall be paid for with LEIA funds for a period of more than four years.

(4) Treatment of unused assets. – Any assets of the LEIA not used to pay allowed administrative expenses for timely administrative implementation of legislative provisions shall be transferred to the Retirement System as an additional employer contribution.

(5) Reporting. – The Department of State Treasurer shall report to the Board of Trustees, the Joint Legislative Commission on Government Operations, and the Fiscal Research Division on or before August 1 of each year on the (i) amounts and sources of funds collected by year pursuant to this section and (ii) the amounts expended, the projects for which those funds were expended, and the current status of the projects. The Board of Trustees shall also post this report on its public Web site."

SECTION 5.(c) This section becomes effective October 1, 2017.

SECTION 6. Article 6 of Chapter 147 of the General Statutes is amended by adding a new section to read:

"**§ 147-68.2. Confidentiality of warrants issued by the State.**

Information contained in records held by the State about outstanding, unpaid warrants issued by the State are confidential and not available for public inspection to the extent that the Treasurer determines that information would be sufficient to counterfeit a warrant."

SECTION 7. G.S. 147-9.4 reads as rewritten:

"**§ 147-9.4. Deferred Compensation Plan.**

(a) Notwithstanding the provisions of G.S. 143B-426.40A and notwithstanding any provision of law to the contrary relating to salaries or salary schedules of teachers or State employees, the chief executive officer of an employer, on behalf of the employer, may ~~from time to time~~ enter into a contract with a teacher or employee under which the teacher or employee irrevocably elects to defer receipt of a portion of his or her scheduled salary in the future, but only if, as a result of such contract, the income so deferred is deferred pursuant to the Plan provided for in G.S. 143B-426.24 or pursuant to some other plan established before January 1, 1983, and is not constructively received by the teacher or employee in the year in which it was earned, for State and federal income tax purposes. In addition, the income so deferred shall be invested in the manner provided in the applicable Plan; however, the teacher or employee may revoke his or her election to participate and may amend the amount of compensation to be deferred by signing and filing with the Board a written revocation or amendment on a form and in the manner approved by the Board. Any such revocation or amendment shall be effective prospectively only and shall cause no change in the allocation of amounts invested prior to the filing date of such revocation or amendment.

A teacher or employee who has agreed to the deferral of income pursuant to the Plan shall have the right to receive the income so deferred only in accordance with the provisions of the Plan. Funds so deferred shall not be in lieu of any amount earned by the teacher or employee before his or her election to defer compensation became effective. The agreement to defer income referred to herein shall be effective under such necessary regulations and procedures as are adopted by the Board, and on forms prepared or approved by it. A teacher or employee who agrees to defer income as provided in this section may authorize payroll deductions for deferral of the income. An employer shall make payroll deduction available for a teacher or employee who authorizes payroll deduction. Notwithstanding any other provisions of law, the amount by which the salary of a teacher or employee is deferred pursuant to the Plan shall not be excluded, but shall be included, in computing and making payroll deductions for social security and retirement system purposes, if any, and in computing and providing matching funds for retirement system purposes, if any.

Except for the applications of the provisions of G.S. 110-136, and in connection with a court-ordered equitable distribution under G.S. 50-20, the right of a teacher or employee, who elects to defer income pursuant to the North Carolina Public Employee Deferred Compensation Plan under G.S. 143B-426.24, to benefits that have vested under the Plan, is nonforfeitable. These benefits are exempt from levy, sale, and garnishment, except as provided by this section.

(b) Notwithstanding the provisions of G.S. 143B-426.40A and any provision of law to the contrary relating to salaries or salary schedules of teachers or State employees, the chief executive officer of an employer, on behalf of the employer, may contribute to a deferred compensation account of a teacher or employee additional funds, not in excess of limitations under federal law; provided that for State and federal income taxes purposes, the funds are not constructively received by the teacher or employee in the year in which the funds were earned."

SECTION 8.(a) G.S. 143B-426.40G(b) reads as rewritten:

"(b) The State Treasurer may impose on an agency with non-State funds a fee of fifteen dollars ($15.00) for each check drawn against the agency's disbursing account that causes the balance in the account to be in overdraft or while the account is in overdraft. The financial officer shall pay the fee from the agency's non-State ~~or personal~~ funds to the General Fund to the credit of the miscellaneous nontax revenue account by the agency."

SECTION 8.(b) This section becomes effective October 1, 2017.

SECTION 9.(a) G.S. 135-4(e) reads as rewritten:

"(e) Creditable service at retirement on which the retirement allowance of a member shall be based shall consist of the membership service rendered by ~~him~~the member since he or she last became a member, and also if ~~he~~the member has a prior service certificate which is in full force and effect, the amount of service certified on ~~his~~the prior service certificate; and if ~~he~~the member has sick leave standing to ~~his~~the member's credit upon retirement on or after July 1, 1971, one month of credit for each 20 days or portion thereof, but not less than one hour; sick leave shall not be counted in computing creditable service for the purpose of determining eligibility for disability retirement or for a vested deferred allowance. Creditable service for unused sick leave shall be allowed only for sick leave accrued monthly during employment under a duly adopted sick leave policy and for which the member may be able to take credits and be paid for sick leave without restriction. However, in no instance shall unused sick leave be credited to a member's account at retirement if the member's last day of actual service is more than five years prior to the effective date of the member's retirement. Further, any agency with a sick leave policy that is more generous than that of all State agencies subject to the rules of the Office of State Human Resources shall proportionately adjust each of its retiring employees' sick leave balance to the balance that employee would have had under the rules of the Office of State Human Resources. Days of sick leave standing to a member's credit at retirement shall be determined by dividing the member's total hours of sick leave at retirement by the hours per month such leave was awarded under the employer's duly adopted sick leave policy as the policy applied to the member when the leave was accrued.

On and after July 1, 1971, a member whose account was closed on account of absence from service under the provisions of G.S. 135-3(3) and who subsequently returns to service for a period of five years, may thereafter repay in a lump sum the amount withdrawn plus regular interest thereon from the date of withdrawal through the year of repayment and thereby increase his creditable service by the amount of creditable service lost when his account was closed.

On and after July 1, 1973, a member whose account in the North Carolina Local Governmental Employees' Retirement System was closed on account of absence from service under the provisions of G.S. 128-24(1a) and who subsequently became or becomes a member of this System with credit for five years of service, may thereafter repay in a lump sum the amount withdrawn from the North Carolina Local Governmental Employees' Retirement System plus regular interest thereon from the date of withdrawal through the year of repayment and thereby increase his creditable service in this System by the amount of creditable service lost when his account was closed.

On or after July 1, 1979, a member who has obtained 60 months of aggregate service, or five years of membership service, as an employee of the North Carolina General Assembly, except legislators, participants in the Legislative Intern Program and pages, may make a lump sum payment together with interest, and an administrative fee for such service, to the Teachers' and State Employees' Retirement System of an amount equal to what he would have contributed had he been a member on his first day of employment.

On and after January 1, 1985, the creditable service of a member who was a member of the Law-Enforcement Officers' Retirement System at the time of the transfer of law-enforcement officers employed by the State from that System to this Retirement System and whose accumulated contributions are transferred from that System to this Retirement System, shall include service that was creditable in the Law-Enforcement Officers' Retirement System; and membership service with that System shall be membership service with this Retirement System; provided, notwithstanding any provision of this Article to the contrary, any inchoate or accrued rights of such a member to purchase creditable service for military service, withdrawn service and prior service under the rules and regulations of the Law-Enforcement Officers' Retirement System shall not be diminished and may be purchased as creditable service with this Retirement System under the same conditions which would have otherwise applied."

SECTION 9.(b) G.S. 128-26(e) reads as rewritten:

"(e) Creditable service at retirement on which the retirement allowance of a member shall be based shall consist of the membership service rendered by ~~him~~the member since he or she last became a member, and also if ~~he~~the member has a prior service certificate which is in full force and effect, the amount of the service certified on ~~his~~the prior service certificate; and if ~~he~~the member has sick leave standing to ~~his~~the member's credit upon retirement on or after July 1, 1971, one month of credit

for each 20 days or portion thereof, but not less than one hour; sick leave shall not be counted in computing creditable service for the purpose of determining eligibility for disability retirement or for a vested deferred allowance. Creditable service for unused sick leave shall be allowed only for sick leave accrued monthly during employment under a duly adopted sick leave policy and for which the member may be able to take credits and be paid for sick leave without restriction. However, in no instance shall unused sick leave be credited to a member's account at retirement if the member's last day of actual service is more than 365 days prior to the effective date of the member's retirement. Days of sick leave standing to a member's credit at retirement shall be determined by dividing the member's total hours of sick leave at retirement by the hours per month such leave was awarded under the employer's duly adopted sick leave policy as the policy applied to the member when the leave was accrued.

On and after July 1, 1971, a member whose account was closed on account of absence from service under the provisions of G.S. 128-24(1a) and who subsequently returns to service for a period of five years, may thereafter repay the amount withdrawn plus regular interest thereon from the date of withdrawal through the year of repayment and thereby increase his creditable service by the amount of creditable service lost when this account was closed.

On and after July 1, 1973, a member whose account in the Teachers' and State Employees' Retirement System was closed on account of absence from service under the provisions of G.S. 135-3(3) and who subsequently became or becomes a member of this System with credit for five years of service, may thereafter repay in a lump sum the amount withdrawn from the Teachers' and State Employees' Retirement System plus regular interest thereon from the date of withdrawal through the year of repayment and thereby increase his creditable service in this System by the amount of creditable service lost when his account was closed.

Notwithstanding any other provision of this Chapter, any member who entered service or was restored to service prior to July 1, 1982, and was excluded from membership service solely on account of having attained the age of 62 years, in accordance with former G.S. 128-24(3a), may purchase membership service credits for such excluded service by making a lump-sum payment equal to the contributions that would have been deducted pursuant to G.S. 128-30(b) had he been a member of the Retirement System, increased by interest calculated at a rate of seven percent (7%) per annum.

On and after January 1, 1986, the creditable service of a member who was a member of the Law Enforcement Officers' Retirement System at the time of the transfer of law enforcement officers employed by participating employers from that System to this Retirement System and whose accumulated contributions are transferred from that System to this Retirement System, includes service that was creditable in the Law Enforcement Officers' Retirement System; and membership service with that System is membership service with this Retirement System; provided, notwithstanding any provisions of this Article to the contrary, any inchoate or accrued rights of such a member to purchase creditable service for military service, withdrawn service and prior service under the rules and regulations of the Law Enforcement Officers' Retirement System may not be diminished and may be purchased as creditable service with this Retirement System under the same conditions that would have otherwise applied."

SECTION 9.(c) This section becomes effective January 1, 2018.

SECTION 10. G.S. 147-69.2A(a) reads as rewritten:

"(a) Firm to Administer Special Fund. – Following a public procurement process, a designee of the Governor, a designee of the State Treasurer, a designee of the Speaker of the House of Representatives, and a designee of the President Pro Tempore of the Senate shall jointly and unanimously select a third-party professional investment management firm, ~~registered with~~ subject to the rules and regulations of the U.S. Securities and Exchange Commission, to administer a special fund created to invest assets described in G.S. 147-69.2(b)(12)c. and select investment opportunities appropriate for receiving allocations from the Fund on the basis of potential return on investment and the risks attendant thereto. The State Treasurer shall assign professional and clerical staff to assist in the oversight of the Fund. All costs for the third-party investment management firm and the professional and clerical staff shall be borne by the Fund pursuant to G.S. 147-69.3(f). The State Treasurer shall discharge his or her duties with respect to the Fund as a fiduciary consistent with G.S. 147-69.7."

SECTION 11. G.S. 147-86.73(g1) reads as rewritten:

"(g1) Notice for Designated Beneficiary Receiving Medicaid. – The ABLE Account application ~~form~~ package approved in accordance with G.S. 147-86.71(b)(1) shall include notice of the State's right under subsection (e) of this section to file a claim for payment from a designated beneficiary's ABLE account following the death of a beneficiary who received medical assistance benefits."

SECTION 12. If any provision of this act or its application is held invalid, the invalidity does not affect other provisions or applications of this act that can be given effect without the invalid provisions or application, and to this end, the provisions of this act are severable.

SECTION 13. Except as otherwise provided, this act is effective when it becomes law.
In the General Assembly read three times and ratified this the 28th day of June, 2017.

s/ Daniel J. Forest
President of the Senate

s/ David R. Lewis
Presiding Officer of the House of Representatives

s/ Roy Cooper
Governor

Approved 4:05 p.m. this 20th day of July, 2017

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2017-102
HOUSE BILL 229

AN ACT TO MAKE TECHNICAL CORRECTIONS TO THE GENERAL STATUTES, AS RECOMMENDED BY THE GENERAL STATUTES COMMISSION, AND TO MAKE OTHER TECHNICAL, CONFORMING, AND CLARIFYING CHANGES.

The General Assembly of North Carolina enacts:

PART I. TECHNICAL CORRECTIONS RECOMMENDED BY THE GENERAL STATUTES COMMISSION

SECTION 1. G.S. 1-117 reads as rewritten:

"**§ 1-117. Cross-index of lis pendens.**

Every notice of pending litigation filed under this Article shall be cross-indexed by the clerk of the superior court in a record, called the "Record of Lis Pendens," to be kept by ~~him pursuant to G.S. 2-42(6).~~the clerk under G.S. 7A-109."

SECTION 2. G.S. 7B-302(a) reads as rewritten:

"(a) When a report of abuse, neglect, or dependency is received, the director of the department of social services shall make a prompt and thorough assessment, using either a family assessment response or an investigative assessment response, in order to ascertain the facts of the case, the extent of the abuse or neglect, and the risk of harm to the juvenile, in order to determine whether protective services should be provided or the complaint filed as a petition. When the report alleges abuse, the director shall immediately, but no later than 24 hours after receipt of the report, initiate the assessment. When the report alleges neglect or dependency, the director shall initiate the assessment within 72 hours following receipt of the report. When the report alleges abandonment of a ~~[juvenile]~~ juvenile or unlawful transfer of custody under G.S. 14-321.2, the director shall immediately initiate an assessment. When the report alleges abandonment, the director shall also take appropriate steps to assume temporary custody of the juvenile, and take appropriate steps to secure an order for nonsecure custody of the juvenile. The assessment and evaluation shall include a visit to the place where the juvenile resides, except when the report alleges abuse or neglect in a child care facility as defined in Article 7 of Chapter 110 of the General Statutes. When a report alleges abuse or neglect in a child care facility as defined in Article 7 of Chapter 110 of the General Statutes, a visit to the place where the juvenile resides is not required. When the report alleges abandonment, the assessment shall include a request from the director to law enforcement officials to investigate through the North Carolina Center for Missing Persons and other national and State resources whether the juvenile is a missing child."

SECTION 3. G.S. 14-118.6(b1) reads as rewritten:

"(b1) When a lien or encumbrance is presented to a clerk of superior court for filing and the clerk of court has a reasonable suspicion that the lien or encumbrance is false as described in subsection (a) of this section, the clerk of court may refuse to file the lien or encumbrance. Neither the clerk of court nor the clerk's staff shall be liable for filing or the refusal to file a lien or encumbrance under this subsection. The clerk of superior court shall not file, index, or docket the document against the property of a public officer or public employee until that document is approved by any judge of the judicial district having subject matter jurisdiction for filing by the clerk of superior ~~court by any judge of the judicial district having subject matter jurisdiction.~~ court. If the judge determines that the filing is not false, the clerk shall index the claim of lien. A lien or encumbrance filed upon order of the court under this subsection shall have a priority interest as of the date and time of indexing by the clerk of superior court. If the court finds that there is no statutory or contractual basis for the proposed filing, the court shall enter an order that the proposed filing is null and void as a matter of law, and that it shall not be filed or indexed. The clerk of superior court shall serve the order and return the original denied filing to the person or entity that presented it. The person or entity shall have 30 days from the entry of the order to appeal the order. If the order is not appealed within the applicable time period, the clerk may destroy the filing."

SECTION 4. G.S. 14-159.3(a1) reads as rewritten:

"(a1) A landowner who gives a person written consent to operate an all-terrain vehicle on ~~his or her~~ the landowner's property owes the person the same duty of care that ~~he or she~~ the landowner owes a trespasser."

SECTION 5. G.S. 14-208.6 reads as rewritten:

"**§ 14-208.6. Definitions.**

The following definitions apply in this Article:

…

(5) "Sexually violent offense" means a violation of former G.S. 14-27.6 (attempted rape or sexual offense), G.S. 14-27.21 (first-degree forcible rape), G.S. 14-27.22 (second-degree forcible rape), G.S. 14-27.23

(statutory rape of a child by an adult), G.S. 14-27.24 (first-degree statutory rape), G.S. 14-27.25(a) (statutory rape of a person who is 15 years of age or younger and where the defendant is at least six years older), G.S. 14-27.26 (first-degree forcible sexual offense), G.S. 14-27.27 (second-degree forcible sexual offense), G.S. 14-27.28 (statutory sexual offense with a child by an adult), G.S. 14-27.29 (first-degree statutory sexual offense), G.S. 14-27.30(a) (statutory sexual offense with a person who is 15 years of age or younger and where the defendant is at least six years older), G.S. 14-27.31 (sexual activity by a substitute parent or custodian), G.S. 14-27.32 (sexual activity with a student), G.S. 14-27.33 (sexual battery), G.S. 14-43.11 (human trafficking) if (i) the offense is committed against a minor who is less than 18 years of age or (ii) the offense is committed against any person with the intent that they be held in sexual servitude, G.S. 14-43.13 (subjecting or maintaining a person for sexual servitude), G.S. 14-178 (incest between near relatives), G.S. 14-190.6 (employing or permitting minor to assist in offenses against public morality and decency), G.S. 14-190.9(a1) (felonious indecent exposure), G.S. 14-190.16 (first degree sexual exploitation of a minor), G.S. 14-190.17 (second degree sexual exploitation of a minor), G.S. 14-190.17A (third degree sexual exploitation of a minor), G.S. 14-202.1 (taking indecent liberties with children), G.S. 14-202.3 (Solicitation of child by computer or certain other electronic devices to commit an unlawful sex act), G.S. 14-202.4(a) (taking indecent liberties with a student), G.S. 14-205.2(c) or (d) (patronizing a prostitute who is a minor or a mentally disabled person), G.S. 14-205.3(b) (promoting prostitution of a minor or a mentally disabled person), G.S. 14-318.4(a1) (parent or caretaker commit or permit act of prostitution with or by a juvenile), or G.S. 14-318.4(a2) (commission or allowing of sexual act upon a juvenile by parent or guardian). The term also includes the following: a solicitation or conspiracy to commit any of these offenses; aiding and abetting any of these offenses.

…."

SECTION 5.1.(a) G.S. 14-309.7 reads as rewritten:

"**§ 14-309.7. Licensing procedure.**

(a) An exempt organization may not operate a bingo game at a location without a license. Application for a bingo license shall be made to the State Bureau of Investigation on a form prescribed by the ~~Department [Bureau].~~Bureau. The ~~Department [Bureau]~~ Bureau shall charge an annual application fee of two hundred dollars ($200.00) to defray the cost of issuing bingo licenses and handling bingo audit reports. The fees collected shall be deposited in the General Fund of the State. This license shall expire one year after the granting of the license. This license may be renewed yearly, if the applicant pays the application fee and files an audit with the ~~Department [Bureau]~~ Bureau pursuant to G.S. 14-309.11. A copy of the application and license shall be furnished to the local law-enforcement agency in the county or municipality in which the licensee intends to operate before bingo is conducted by the licensee.

…

(e) An exempt organization that wants to conduct only an annual or semiannual bingo game may apply to the State Bureau of Investigation for a limited occasion permit. The State Bureau of Investigation may require such information as is reasonable and necessary to determine that the bingo game is conducted in accordance with the provisions of this Part but may not require more information than previously specified in this section for application of a regular license. The application shall be made to the ~~Department [Bureau]~~ Bureau on prescribed forms at least 30 days prior to the scheduled date of the bingo game. In lieu of the reporting requirements of G.S. 14-309.11(b) the exempt organization shall file with the licensing agency and local law-enforcement a report on prescribed forms no later than 30 days following the conduct of the bingo game for which the permit was obtained. Such report may require such information as is reasonable and necessary to determine that the bingo game was conducted in accordance with the provisions of this Part but may not require more information than specified in G.S. 14-309.11(b). Any licensed exempt organization may donate or loan its equipment or use of its premises to an exempt organization which has secured a limited occasion permit provided such arrangement is disclosed in the limited occasion permit application and is approved by the State Bureau of Investigation. Except as stated above, all provisions of this Part shall apply to any exempt organization operating a bingo game under this provision."

SECTION 5.1.(b) Section 4 of S.L. 2016-27 reads as rewritten:

"**SECTION 4.** ~~G.S. 14-309(5)c.,~~ G.S. 14-309.14(5)c., as enacted by Section 1 of this act, becomes effective October 1, 2016, and applies to applications submitted on or after October 1, 2016, and offenses committed on or after that date. The remainder of Section 1 of this act becomes effective December 1, 2016, and applies to offenses committed on or after that date. The remainder of this act is effective when it becomes law."

SECTION 5.2.(a) G.S. 20-4.01(32b) reads as rewritten:

"(32b) Recreational Vehicle. – A vehicular type unit primarily designed as temporary living quarters for recreational, camping, or travel use that either has its own motive power or is mounted on, or towed by, another vehicle. The basic entities are camping trailer, fifth-wheel travel trailer, motor home, travel trailer, and truck camper. ~~[The basic entities are defined as follows:]~~The basic entities are defined as follows:

a. Motor home. – As defined in G.S. 20-4.01(27)d2.

b. Travel trailer. – A vehicular unit mounted on wheels, designed to provide temporary living quarters for recreational, camping, or travel use, and of a size or weight that does not require a special highway movement permit when towed by a motorized vehicle.

c. Fifth-wheel trailer. – A vehicular unit mounted on wheels designed to provide temporary living quarters for recreational, camping, or travel use, of a size and weight that does not require a special highway movement permit and designed to be towed by a motorized vehicle that contains a towing mechanism that is mounted above or forward of the tow vehicle's rear axle.

d. Camping trailer. – A vehicular portable unit mounted on wheels and constructed with collapsible partial side walls that fold for towing by another vehicle and unfold at the campsite to provide temporary living quarters for recreational, camping, or travel use.

e. Truck camper. – A portable unit that is constructed to provide temporary living quarters for recreational, camping, or travel use, consisting of a roof, floor, and sides and is designed to be loaded onto and unloaded from the bed of a pickup truck."

SECTION 5.2.(b) The Revisor of Statutes is authorized to reletter the definitions in G.S. 20-4.01(27) and G.S. 20-4.01(32b) to place them in alphabetical order. The Revisor of Statutes may conform any citations that change as a result of the relettering.

SECTION 6. G.S. 20-45 reads as rewritten:

"**§ 20-45. Seizure of documents and plates.**

(a) The Division is ~~hereby~~ authorized to take possession of any certificate of title, registration card, permit, license, or registration plate issued by it upon expiration, revocation, cancellation, or suspension thereof, or which is fictitious, or which has been unlawfully or erroneously issued, or which has been unlawfully used.

(b) The Division may give notice to the owner, licensee or lessee of its authority to take possession of any certificate of title, registration card, permit, license, or registration plate issued by it and require that person to surrender it to the Commissioner or ~~his~~ the Commissioner's officers or agents. Any person who fails to surrender the certificate of title, registration card, permit, license, or registration plate or any duplicate thereof, upon personal service of notice or within 10 days after receipt of notice by mail as provided in G.S. 20-48, shall be guilty of a Class 2 misdemeanor.

(c) Any sworn law enforcement officer with jurisdiction, including a member of the State Highway Patrol, is authorized to seize the certificate of title, registration card, permit, license, or registration plate, if the officer has electronic or other notification from the Division that the item has been revoked or cancelled, or otherwise has probable cause to believe that the item has been revoked or cancelled under any law or statute, including ~~G.S. 20-309(e).~~ G.S. 20-311. If a criminal proceeding relating to a certificate of title, registration card, permit, or license is pending, the law enforcement officer in possession of that item shall retain the item pending the entry of a final judgment by a court with jurisdiction. If there is no criminal proceeding pending, the law enforcement officer shall deliver the item to the Division.

(d) Any law enforcement officer who seizes a registration plate pursuant to this section shall report the seizure to the Division within 48 hours of the seizure and shall return the registration plate, but not a fictitious registration plate, to the Division within 10 business days of the seizure."

SECTION 7. The catch line of G.S. 20-171.24 reads as rewritten:

"**§ 20-171.24. Motorized all-terrain vehicle use by municipal and county employees ~~of listed municipalities and counties~~ permitted on certain highways.**"

SECTION 7.1. G.S. 20-179 reads as rewritten:

"**§ 20-179. Sentencing hearing after conviction for impaired driving; determination of grossly aggravating and aggravating and mitigating factors; punishments.**

(a) Sentencing Hearing Required. – After a conviction under G.S. 20-138.1, G.S. 20-138.2, a second or subsequent conviction under G.S. 20-138.2A, or a second or subsequent conviction under G.S. 20-138.2B, or when any of those offenses are remanded back to district court after an appeal to superior court, the judge shall hold a sentencing hearing to determine whether there are aggravating or mitigating factors that affect the sentence to be imposed. The following apply:

(1) The court shall consider evidence of aggravating or mitigating factors present in the offense that make an aggravated or mitigated sentence appropriate. The State bears the burden of proving beyond a reasonable doubt that an aggravating factor exists, and the offender bears the burden of proving by a preponderance of the evidence that a mitigating factor exists.

(2) Before the hearing the prosecutor shall make all feasible efforts to secure the defendant's full record of traffic convictions, and shall present to the judge that record for consideration in the hearing. Upon request of the defendant, the prosecutor shall furnish the defendant or ~~his~~ the defendant's attorney a copy of the defendant's record of traffic convictions at a reasonable time prior to the introduction of the record into evidence. In addition, the prosecutor shall present all other appropriate grossly aggravating and aggravating factors of which ~~he~~ the prosecutor is aware, and the defendant or ~~his~~ the defendant's attorney may present all appropriate mitigating factors. In every instance in which a valid chemical analysis is made of the defendant, the prosecutor shall present evidence of the resulting alcohol concentration.

…

(a2) Jury Trial on Aggravating Factors in Superior ~~Court.~~Court. –

(1) Defendant admits aggravating factor only. – If the defendant admits that an aggravating factor exists, but pleads not guilty to the underlying charge, a jury shall be impaneled to dispose of the charge only. In that case, evidence that relates solely to the establishment of an aggravating factor shall not be admitted in the trial.

(2) Defendant pleads guilty to the charge only. – If the defendant pleads guilty to the charge, but contests the existence of one or more aggravating factors, a jury shall be impaneled to determine if the aggravating factor or factors exist.

…

(c) Determining Existence of Grossly Aggravating Factors. – At the sentencing hearing, based upon the evidence presented at trial and in the hearing, the judge, or the jury in superior court, must first determine whether there are any grossly aggravating factors in the case. Whether a prior conviction exists under subdivision (1) of this subsection, or whether a conviction exists under subdivision (d)(5) of this section, shall be matters to be determined by the judge, and not the jury, in district or superior court. If the sentencing hearing is for a case remanded back to district court from superior court, the judge shall determine whether the defendant has been convicted of any offense that was not considered at the initial sentencing hearing and impose the appropriate sentence under this section. The judge must impose the Aggravated Level One punishment under subsection (f3) of this section if it is determined that three or more grossly aggravating factors apply. The judge must impose the Level One punishment under subsection (g) of this section if it is determined that the grossly aggravating factor in subdivision (4) of this subsection applies or two of the other grossly aggravating factors apply. If the judge does not find that the aggravating factor at subdivision (4) of this subsection applies, then the judge must impose the Level Two punishment under subsection (h) of this section if it is determined that only one of the other grossly aggravating factors applies. The grossly aggravating factors are:

(1) A prior conviction for an offense involving impaired driving if:

a. The conviction occurred within seven years before the date of the offense for which the defendant is being sentenced; or

b. The conviction occurs after the date of the offense for which the defendant is presently being sentenced, but prior to or contemporaneously with the present sentencing; or

c. The conviction occurred in district court; the case was appealed to superior court; the appeal has been withdrawn, or the case has been remanded back to district court; and a new sentencing hearing has not been held pursuant to G.S. 20-38.7.

Each prior conviction is a separate grossly aggravating factor.

(2) Driving by the defendant at the time of the offense while ~~his~~ the defendant's driver's license was revoked pursuant to G.S. 20-28(a1).

(3) Serious injury to another person caused by the defendant's impaired driving at the time of the offense.

(4) Driving by the defendant while (i) a child under the age of 18 years, (ii) a person with the mental development of a child under the age of 18 years, or (iii) a person with a physical disability preventing unaided exit from the vehicle was in the vehicle at the time of the offense.

In imposing an Aggravated Level One, a Level One, or a Level Two punishment, the judge may consider the aggravating and mitigating factors in subsections (d) and (e) of this section in determining the appropriate sentence. If there are no grossly aggravating factors in the case, the judge must weigh all aggravating and mitigating factors and impose punishment as required by subsection ~~(f).~~(f) of this section.

…

(d) Aggravating Factors to Be Weighed. – The judge, or the jury in superior court, shall determine before sentencing under subsection (f) of this section whether any of the aggravating factors listed below apply to the defendant. The judge shall weigh the seriousness of each aggravating factor in the light of the particular circumstances of the case. The factors are:

(1) Gross impairment of the defendant's faculties while driving or an alcohol concentration of 0.15 or more within a relevant time after the driving. For purposes of this subdivision, the results of a chemical analysis presented at trial or sentencing shall be sufficient to prove the person's alcohol concentration, shall be conclusive, and shall not be subject to modification by any party, with or without approval by the court.

(2) Especially reckless or dangerous driving.

(3) Negligent driving that led to a reportable accident.

(4) Driving by the defendant while ~~his~~ the defendant's driver's license was revoked.

(5) Two or more prior convictions of a motor vehicle offense not involving impaired driving for which at least three points are assigned under G.S. 20-16 or for which the convicted person's license is subject to revocation, if the convictions occurred within five years of the date of the offense for which the defendant is being sentenced, or one or more prior convictions of an offense involving impaired driving that occurred more than seven years before the date of the offense for which the defendant is being sentenced.

(6) Conviction under G.S. 20-141.5 of speeding by the defendant while fleeing or attempting to elude apprehension.

(7) Conviction under G.S. 20-141 of speeding by the defendant by at least 30 miles per hour over the legal limit.

(8) Passing a stopped school bus in violation of G.S. 20-217.

(9) Any other factor that aggravates the seriousness of the offense.

Except for the factor in subdivision (5) of this subsection the conduct constituting the aggravating factor shall occur during the same transaction or occurrence as the impaired driving offense.

(e) Mitigating Factors to Be Weighed. – The judge shall also determine before sentencing under subsection (f) of this section whether any of the mitigating factors listed below apply to the defendant. The judge shall weigh the degree of mitigation of each factor in light of the particular circumstances of the case. The factors are:

(1) Slight impairment of the defendant's faculties resulting solely from alcohol, and an alcohol concentration that did not exceed 0.09 at any relevant time after the driving.

(2) Slight impairment of the defendant's faculties, resulting solely from alcohol, with no chemical analysis having been available to the defendant.

(3) Driving at the time of the offense that was safe and lawful except for the impairment of the defendant's faculties.

(4) A safe driving record, with the defendant's having no conviction for any motor vehicle offense for which at least four points are assigned under G.S. 20-16 or for which the person's license is subject to revocation within five years of the date of the offense for which the defendant is being sentenced.

(5) Impairment of the defendant's faculties caused primarily by a lawfully prescribed drug for an existing medical condition, and the amount of the drug taken was within the prescribed dosage.

(6) The defendant's voluntary submission to a mental health facility for assessment after ~~he was~~ being charged with the impaired driving offense for which ~~he~~ the defendant is being sentenced, and, if recommended by the facility, ~~his~~ voluntary participation in the recommended treatment.

(6a) Completion of a substance abuse assessment, compliance with its recommendations, and simultaneously maintaining 60 days of continuous abstinence from alcohol consumption, as proven by a continuous alcohol monitoring system. The continuous alcohol monitoring system shall be of a type approved by the Division of Adult Correction of the Department of Public Safety.

(7) Any other factor that mitigates the seriousness of the offense.

Except for the factors in subdivisions (4), (6), (6a), and ~~(7),~~ (7) of this subsection, the conduct constituting the mitigating factor shall occur during the same transaction or occurrence as the impaired driving offense.

(f) Weighing the Aggravating and Mitigating Factors. – If the judge or the jury in the sentencing hearing determines that there are no grossly aggravating factors, the judge shall weigh all aggravating and mitigating factors listed in subsections (d) and ~~(e).~~ (e) of this section. If the judge determines that:

(1) The aggravating factors substantially outweigh any mitigating factors, the judge shall note in the judgment the factors found and ~~his~~ the judge's finding that the defendant is subject to the Level Three punishment and impose a punishment within the limits defined in subsection ~~(i).~~(i) of this section.

(2) There are no aggravating and mitigating factors, or that aggravating factors are substantially counterbalanced by mitigating factors, the judge shall note in the judgment any factors found and the finding that the defendant is subject to the Level Four punishment and impose a punishment within the limits defined in subsection ~~(j).~~(j) of this section.

(3) The mitigating factors substantially outweigh any aggravating factors, the judge shall note in the judgment the factors found and ~~his~~ the judge's finding that the defendant is subject to the Level Five punishment and impose a punishment within the limits defined in subsection ~~(k).~~(k) of this section.

It is not a mitigating factor that the driver of the vehicle was suffering from alcoholism, drug addiction, diminished capacity, or mental disease or defect. Evidence of these matters may be received in the sentencing hearing, however, for use by the judge in formulating terms and conditions of sentence after determining which punishment level shall be imposed.

…

(f2) Limit on Consolidation of Judgments. – Except as provided in subsection ~~(f1),~~ (f1) of this section, in each charge of impaired driving for which there is a conviction the judge shall determine if the sentencing factors described in subsections (c), (d) and (e) of this section are applicable unless the impaired driving charge is consolidated with a charge carrying a greater punishment. Two or more impaired driving charges may not be consolidated for judgment.

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

system. For purposes of revocation, violation of the requirement to abstain from alcohol or comply with the use of a continuous alcohol monitoring system shall be deemed a controlling condition under G.S. 15A-1368.4.

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

…

(h1) Alcohol Abstinence as Condition of Probation for Level One and Level Two Punishments. – The judge may impose, as a condition of probation for defendants subject to Level One or Level Two punishments, that the defendant abstain from alcohol consumption for a minimum of 30 days, to a maximum of the term of probation, as verified by a continuous alcohol monitoring system. The defendant's abstinence from alcohol shall be verified by a continuous alcohol monitoring system of a type approved by the Division of Adult Correction of the Department of Public Safety.

…

(k) Level Five Punishment. – A defendant subject to Level Five punishment may be fined up to two hundred dollars ($200.00) and shall be sentenced to a term of imprisonment that includes a minimum term of not less than 24 hours and a maximum term of not more than 60 days. The term of imprisonment may be suspended. However, the suspended sentence shall include the condition that the defendant:

(1) Be imprisoned for a term of 24 hours as a condition of special probation; or
(2) Perform community service for a term of 24 hours; or
(3) Repealed by Session Laws 2006-253, s. 23, effective December 1, 2006, and applicable to offenses committed on or after that date.
(4) Any combination of these conditions.

If the defendant is placed on probation, the judge shall impose a requirement that the defendant obtain a substance abuse assessment and the education or treatment required by G.S. 20-17.6 for the restoration of a drivers license and as a condition of probation. The judge may impose any other lawful condition of probation.

…

(k2) Probationary Requirement for Abstinence and Use of Continuous Alcohol Monitoring. – The judge may order that as a condition of special probation for any level of offense under G.S. 20-179 the defendant abstain from alcohol consumption, as verified by a continuous alcohol monitoring system, of a type approved by the Division of Adult Correction of the Department of Public Safety.

(k3) Continuous Alcohol Monitoring During Probation. – The court, in the sentencing order, may authorize probation officers to require defendants to submit to continuous alcohol monitoring for assessment purposes if the defendant has been required to abstain from alcohol consumption during the term of probation and the probation officer believes the defendant is consuming alcohol. The defendant shall bear the costs of the continuous alcohol monitoring system if the use of the system has been authorized by a judge in accordance with this subsection.

(k4) Continuous Alcohol Monitoring Exception. – Notwithstanding the provisions of subsections (g), (h), (k2), and (k3) of this section, if the court finds, upon good cause shown, that the defendant should not be required to pay the costs of the continuous alcohol monitoring system, the court shall not impose the use of a continuous alcohol monitoring system unless the local governmental entity responsible for the incarceration of the defendant in the local confinement facility agrees to pay the costs of the system.

…

(o) Evidentiary Standards; Proof of Prior Convictions. – In the sentencing hearing, the State shall prove any grossly aggravating or aggravating factor beyond a reasonable doubt, and the defendant shall prove any mitigating factor by the greater weight of the evidence. Evidence adduced by either party at trial may be utilized in the sentencing hearing. Except as modified by this section, the procedure in G.S. 15A-1334(b) governs. The judge may accept any evidence as to the presence or absence of previous convictions that ~~he~~ the judge finds reliable but ~~he~~ shall give prima facie effect to convictions recorded by the Division or any other agency of the State of North Carolina. A copy of such conviction records transmitted by the police information network in general accordance with the procedure authorized by G.S. 20-26(b) is admissible in evidence without further authentication. If the judge decides to impose an active sentence of imprisonment that would not have been imposed but for a prior conviction of an offense, the judge shall afford the defendant an opportunity to introduce evidence that the prior conviction had been obtained in a case in which ~~he~~ the defendant was indigent, had no counsel, and had not waived ~~his~~ the right to counsel. If the defendant proves by the preponderance of the evidence all three above facts concerning the prior case, the conviction may not be used as a grossly aggravating or aggravating factor.

(p) Limit on Amelioration of Punishment. – For active terms of imprisonment imposed under this section:

(1) The judge may not give credit to the defendant for the first 24 hours of time spent in incarceration pending trial.
(2) The defendant shall serve the mandatory minimum period of imprisonment and good or gain time credit may not be used to reduce that mandatory minimum period.

(3) The defendant may not be released on parole unless ~~he~~ the defendant is otherwise eligible, has served the mandatory minimum period of imprisonment, and has obtained a substance abuse assessment and completed any recommended treatment or training program or is paroled into a residential treatment program.

With respect to the minimum or specific term of imprisonment imposed as a condition of special probation under this section, the judge may not give credit to the defendant for the first 24 hours of time spent in incarceration pending trial.

…

(r) Supervised Probation Terminated. – Unless a judge in ~~his~~ the judge's discretion determines that supervised probation is necessary, and includes in the record that ~~he~~ the judge has received evidence and finds as a fact that supervised probation is necessary, and states in ~~his~~ the judgment that supervised probation is necessary, a defendant convicted of an offense of impaired driving shall be placed on unsupervised probation if ~~he~~ the defendant meets three conditions. These conditions are that ~~he~~ the defendant (i) has not been convicted of an offense of impaired driving within the seven years preceding the date of this offense for which ~~he~~ the defendant is sentenced, ~~that the defendant is~~ (ii) is being sentenced under subsections (i), (j), and (k) of this section, and (iii) has obtained any necessary substance abuse assessment and completed any recommended treatment or training program.

When a judge determines in accordance with the above procedures that a defendant should be placed on supervised probation, the judge shall authorize the probation officer to modify the defendant's probation by placing the defendant on unsupervised probation upon the completion by the defendant of the following conditions of ~~his~~ the suspended sentence:

(1) Community service; or

(2) Repealed by Session Laws 1995 c. 496, s. 2.

(3) Payment of any fines, court costs, and fees; or

(4) Any combination of these conditions.

(s) Method of Serving Sentence. – The judge in ~~his~~ the judge's discretion may order a term of imprisonment to be served on weekends, even if the sentence cannot be served in consecutive sequence. However, if the defendant is ordered to a term of 48 hours or more, or has 48 hours or more remaining on a term of imprisonment, the defendant shall be required to serve 48 continuous hours of imprisonment to be given credit for time served. All of the following apply to a sentence served under this subsection:

(1) Credit for any jail time shall only be given hour for hour for time actually served. The jail shall maintain a log showing number of hours served.

(2) The defendant shall be refused entrance and shall be reported back to court if the defendant appears at the jail and has remaining in ~~his~~ the defendant's body any alcohol as shown by an alcohol screening device or controlled substance previously consumed, unless lawfully obtained and taken in therapeutically appropriate amounts.

(3) If a defendant has been reported back to court under subdivision (2) of this subsection, the court shall hold a hearing. The defendant shall be ordered to serve ~~his~~ the defendant's jail time immediately and shall not be eligible to serve jail time on weekends if the court determines that, at the time of ~~his~~ entrance to the jail, at least one of the following apply:

a. The defendant had previously consumed alcohol in ~~his~~ the defendant's body as shown by an alcohol screening ~~device, or~~ device.

b. The defendant had a previously consumed controlled substance in ~~his~~ the defendant's body.

It shall be a defense to an immediate service of sentence of jail time and ineligibility for weekend service of jail time if the court determines that alcohol or controlled substance was lawfully obtained and was taken in therapeutically appropriate amounts.

…."

SECTION 8. G.S. 24-10.1(a) reads as rewritten:

"(a) Subject to the limitations contained in subsection (b) of this section, any lender may charge a party to a loan or extension of credit governed by the provisions of ~~G.S. 24-1.1, 24-1.2,~~ G.S. 24-1.1 or ~~24-1.1A~~ G.S. 24-1.1A a late payment charge as agreed upon by the parties in the loan contract."

SECTION 9. G.S. 28A-2-4 reads as rewritten:

"**§ 28A-2-4. Subject matter jurisdiction of the clerk of superior court in estate proceedings.**

(a) The clerks of superior court of this State, as ex officio judges of probate, shall have original jurisdiction of estate proceedings. Except as provided in subdivision (4) of this subsection, the jurisdiction of the clerk of superior court is exclusive. Estate proceedings include, but are not limited to, the following:

(1) Probate of wills.

(2) Granting and revoking of letters testamentary and letters of administration, or other proper letters of authority for the administration of estates.

(3) Determination of the elective share for a surviving spouse as provided in G.S. 30-3.

(4) Proceedings to ascertain heirs or devisees, to approve settlement agreements pursuant to G.S. 28A-2-10, to determine questions of construction of wills, to determine priority among creditors, to determine whether a person is in possession of property belonging to an estate, to order the recovery of property of

the estate in possession of third parties, and to determine the existence or nonexistence of any immunity, power, privilege, duty, or right. Any party or the clerk of superior court may file a notice of transfer of a proceeding pursuant to this subdivision to the Superior Court Division of the General Court of Justice as provided in G.S. 28A-2-6(h). In the absence of a transfer to superior court, Article 26 of Chapter 1 of the General Statutes shall apply to ~~a trust~~ an estate proceeding pending before the clerk of superior court to the extent consistent with this Article.

(b) Nothing in this section shall affect the right of a person to file an action in the Superior Court Division of the General Court of Justice for declaratory relief under Article 26 of Chapter 1 of the General Statutes. In the event that either the petitioner or the respondent in an estate proceeding requests declaratory relief under Article 26 of Chapter 1 of the General Statutes, either party may move for a transfer of the proceeding to the Superior Court Division of the General Court of Justice as provided in Article 21 of Chapter 7A of the General Statutes. In the absence of a removal to superior court, Article 26 of Chapter 1 of the General Statutes shall apply to an estate proceeding to the extent consistent with this Article.

(c) Without otherwise limiting the jurisdiction of the Superior Court Division of the General Court of Justice, the clerk of superior court shall not have jurisdiction under subsection (a) or ~~(c)~~ (b) of this section or G.S. 28A-2-5 of the following:

(1) Actions by or against creditors or debtors of an estate, except as provided in Article 19 of this Chapter.

(2) Actions involving claims for monetary damages, including claims for breach of fiduciary duty, fraud, and negligence.

(3) Caveats, except as provided under G.S. 31-36.

(4) Proceeding to determine proper county of venue as provided in G.S. 28A-3-2.

(5) Recovery of property transferred or conveyed by a decedent with intent to hinder, delay, or defraud creditors, pursuant to G.S. 28A-15-10(b)."

SECTION 10. G.S. 28A-19-5(b) reads as rewritten:

"(b) With respect to a contingent or unliquidated claim rejected by a personal representative pursuant to G.S. 28A-19-16, the claimant may, within the three-month period prescribed by G.S. 28A-19-16, file a petition for an order of the clerk of superior court in accordance with subsection (a) of this section, provided that nothing in this section shall require the clerk of superior court to hear and determine the validity of, priority of, or amount of a contingent or unliquidated claim that has not yet become absolute."

SECTION 11. G.S. 31B-1(a) reads as rewritten:

"(a) A person who succeeds to a property interest as:

…

(8) ~~Appointee~~ Appointee, permissible appointee, or taker in default under a power of appointment exercised by a testamentary instrument or a nontestamentary instrument;

…

may renounce at anytime, in whole or in part, the right of succession to any property or interest therein, including a future interest, by filing a written instrument under the provisions of this Chapter. A renunciation may be of a fractional share or any limited interest or estate. The renunciation shall be deemed to include the entire interest of the person whose property or interest is being renounced unless otherwise specifically limited. A person may renounce any interest in or power over property, including a power of appointment, even if its creator imposed a spendthrift provision or similar restriction on transfer or a restriction or limitation on the right to renounce. Notwithstanding the foregoing, there shall be no right of partial renunciation if the instrument creating the interest expressly so provides."

SECTION 12.(a) G.S. 36C-8-816.1 reads as rewritten:

"**§ 36C-8-816.1. Trustee's special power to appoint to a second trust.**

(a) For purposes of this section, the following definitions apply:

(1) Current beneficiary. – A person who is a permissible distributee of trust income or principal.

(2) Original trust. – A trust established under an irrevocable trust instrument pursuant to the terms of which a trustee has a discretionary power to distribute principal or income of the trust to or for the benefit of one or more current beneficiaries of the trust.

(3) Second trust. – A trust established under an irrevocable trust instrument, the current beneficiaries of which are one or more of the current beneficiaries of the original trust. The second trust may be a trust created under the same trust instrument as the original trust or under a different trust instrument.

(b) A trustee of an original trust may, without authorization by the court, exercise the discretionary power to distribute principal or income to or for the benefit of one or more current beneficiaries of the original trust by appointing all or part of the principal or income of the original trust subject to the power in favor of a trustee of a second trust. The trustee of the original trust may exercise this power whether or not there is a current need to distribute principal or income under any standard provided in the terms of the original trust. The trustee's special power to appoint trust principal or income in further trust under this section includes the power to create the second trust. The second trust may have a duration that is longer than the duration of the first trust.

(c) The terms of the second trust shall be subject to all of the following:

(1) The beneficiaries of the second trust may include only beneficiaries of the original trust.

(2) A beneficiary who has only a future beneficial interest, vested or contingent, in the original trust cannot have the future beneficial interest accelerated to a present interest in the second trust.

(3) The terms of the second trust may not reduce any fixed income, annuity, or unitrust interest of a beneficiary in the assets of the original trust if that interest has come into effect with respect to the beneficiary.

(4) If any contribution to the original trust qualified for a marital or charitable deduction for federal income, gift, or estate tax purposes under the Internal Revenue Code, then the second trust shall not contain any provision that, if included in the original trust, would have prevented the original trust from qualifying for the deduction or that would have reduced the amount of the deduction.

(5) If contributions to the original trust have been excluded from the gift tax by the application of section 2503(b) and section 2503(c) of the Internal Revenue Code, then the second trust shall provide that the beneficiary's remainder interest in the contributions shall vest and become distributable no later than the date upon which the interest would have vested and become distributable under the terms of the original trust.

(6) If any beneficiary of the original trust has a power of withdrawal over trust property, then either:

a. The terms of the second trust must provide a power of withdrawal in the second trust identical to the power of withdrawal in the original trust; or

b. Sufficient trust property must remain in the original trust to satisfy the outstanding power of withdrawal.

(7) If a trustee of an original trust exercises a power to distribute principal or income that is subject to an ascertainable standard by appointing property to a second trust, then the power to distribute income or principal in the second trust must be subject to the same ascertainable standard as in the original trust and must be exercisable in favor of the same current beneficiaries to whom such distribution could be made in the original trust.

(8) The second trust may confer a power of appointment upon a beneficiary of the original trust to whom or for the benefit of whom the trustee has the power to distribute principal or income of the original trust. The permissible appointees of the power of appointment conferred upon a beneficiary may include persons who are not beneficiaries of the original or second trust. The power of appointment conferred upon a beneficiary shall be subject to the provisions of G.S. 41-23 specifying the permissible period allowed for the suspension of the power of alienation of the original trust and the time from which that permissible period is computed.

(9) The terms of the second trust shall not contain any provisions that would jeopardize (i) the qualification of a transfer as a direct skip under section 2642(c) of the ~~[Internal Revenue]~~ Internal Revenue Code, (ii) if the first trust owns subchapter S Corporation stock, the election to treat a corporation as a subchapter S Corporation under section 1362 of the Internal Revenue Code, (iii) if the first trust owns an interest in property subject to the minimum distribution rules of section 401(a)(9) of the Internal Revenue Code, a favorable distribution period by shortening the minimum distribution period, or (iv) any other specific tax benefit for which ~~a contribution originally~~ the first trust was clearly designed to qualify and for which the first trust qualified or would have qualified ~~for income, gift, estate, or generation-skipping transfer tax purposes.~~ but for the enactment of this section. In this subdivision, "tax benefit" means a federal or State tax deduction, exemption, exclusion, or other benefit not otherwise listed in this section, except for the benefit from having the settlor considered the owner under sections 671 through 679 of the Internal Revenue Code. Subject to clause (ii) above, the second trust may be a trust as to which the settlor is not considered the owner under sections 671 through 679 of the Internal Revenue Code even if the settlor is considered the owner of the first trust, and the second trust may be a trust as to which the settlor of the first trust is considered the owner under sections 671 through 679 of the Internal Revenue Code, even if the settlor is not considered the owner of the first trust.

(10) Notwithstanding any other provision of this section, but subject to the limitations of subdivisions (1), (2), (4), (5), and (9) of this subsection, a trustee may exercise the power to appoint principal and income under subsection (b) of this section with respect to a disabled beneficiary's interest in the original trust to a second trust that is a supplemental needs trust that does not have (i) an ascertainable standard (or has a different ascertainable standard); (ii) a fixed income, annuity, or unitrust interest in the assets of the original trust; or (iii) a right of withdrawal, if the trustee determines that it would be in the best interest of the disabled beneficiary. For purposes of this subsection, the following apply:

a. A "supplemental needs trust" means a trust that is a discretionary trust under G.S. 36C-5-504 and relative to the original trust contains either lesser or greater restrictions on the trustee's power to distribute income or principal, and which the trustee believes would, if implemented, allow the disabled beneficiary to receive greater governmental benefits than the disabled beneficiary would receive if the power to appoint principal and income had not been exercised.

b. "Governmental benefits" means medical assistance, financial aid, or services from any local, State, or federal agency or department.

c. A "disabled beneficiary" means a current beneficiary of the original trust who the trustee determines has a condition that substantially impairs the beneficiary's ability to provide for his or her own support, care, or custody whether or not the beneficiary has been adjudicated a "disabled person" by any government agency or department.

d. The second supplemental needs trust shall not be liable to pay or reimburse the State or any government or public agency for medical assistance, financial aid, or services provided to the disabled beneficiary except as provided in the second supplemental needs trust.

(d) A trustee may not exercise the power to appoint principal or income under subsection (b) of this section if the trustee is a beneficiary of the original trust, but the remaining cotrustee or a majority of the remaining cotrustees may act for the trust. If all the trustees are beneficiaries of the original trust, then the court may appoint a special fiduciary with authority to exercise the power to appoint principal or income under subsection (b) of this section.

(e) The exercise of the power to appoint principal or income under subsection (b) of this section:

(1) Shall be considered the exercise of a power of appointment, other than a power to appoint to the trustee, the trustee's creditors, the trustee's estate, or the creditors of the trustee's estate; and

(2) Shall be subject to the provisions of G.S. 41-23 specifying the permissible period allowed for the suspension of the power of alienation of the original trust and the time from which that permissible period is computed; and

(3) Is not prohibited by a spendthrift provision or by a provision in the original trust instrument that prohibits amendment or revocation of the trust.

(f) To effect the exercise of the power to appoint principal or income under subsection (b) of this section, all of the following shall apply:

(1) The exercise of the power to appoint shall be made by an instrument in writing, signed and acknowledged by the trustee, setting forth the manner of the exercise of the power, including the terms of the second trust, and the effective date of the exercise of the power. The instrument shall be filed with the records of the original trust.

(2) The trustee shall give written notice to all qualified beneficiaries of the original trust, at least 60 days prior to the effective date of the exercise of the power to appoint, of the trustee's intention to exercise the power. The notice shall include a copy of the instrument described in subdivision (1) of this subsection.

(3) If all qualified beneficiaries waive the notice period by a signed written instrument delivered to the trustee, the trustee's power to appoint principal or income shall be exercisable after notice is waived by all qualified beneficiaries, notwithstanding the effective date of the exercise of the power.

(4) The trustee's notice under this subsection shall not limit the right of any beneficiary to object to the exercise of the trustee's power to appoint and bring an action for breach of trust seeking appropriate relief as provided by G.S. 36C-10-1001.

(g) Nothing in this section shall be construed to create or imply a duty of the trustee to exercise the power to distribute principal or income, and no inference of impropriety shall be made as a result of a trustee not exercising the power to appoint principal or income conferred under subsection (b) of this section. Nothing in this section shall be construed to abridge the right of any trustee who has a power to appoint property in further trust that arises under the terms of the original trust or under any other section of this Chapter or under another provision of law or under common law.

(h) A trustee or beneficiary may commence a proceeding to approve or disapprove a proposed exercise of the trustee's special power to appoint to a second trust pursuant to subsection (b) of this section."

SECTION 12.(b) If Senate Bill 450, 2017 Regular Session, becomes law, this section is repealed.

SECTION 12.1.(a) G.S. 36F-2 reads as rewritten:

"**§ 36F-2. Definitions.**

The following definitions apply in this Chapter:

…

(5) ~~Reserved.~~

…

(21) ~~Reserved.~~

…."

SECTION 12.1.(b) G.S. 36F-13 reads as rewritten:

"**§ 36F-13. Disclosure of other digital assets held in trust when trustee not original user.**

Unless otherwise ordered by the court, directed by the user, or provided in a trust, a custodian shall disclose, to a trustee that is not an original user of an account, a catalogue of electronic communications sent or received by an original or successor user and stored, carried, or maintained by the custodian in an account of the trust and any digital assets, other than the content of electronic communications, in which the trust has a right or interest if the trustee gives the custodian all of the following:

(1) A written request for disclosure in physical or electronic form.

(2) A ~~certified~~ verified copy of the trust instrument or a certification of the trust under G.S. 36C-10-1013.

(3) A certification by the trustee, under penalty of perjury, that the trust exists and the trustee is a currently acting trustee of the trust.

(4) If requested by the custodian, any of the following:

a. A number, username, address, or other unique subscriber or account identifier assigned by the custodian to identify the trust's account.

b. Evidence linking the account to the trust."

SECTION 13.(a) G.S. 39-33 and G.S. 39-34 are repealed.

SECTION 13.(b) G.S. 39-35 is recodified as G.S. 31D-5-505.

SECTION 13.(c) G.S. 39-36 is recodified as G.S. 31D-4-403.1.

SECTION 13.1. G.S. 42A-4 reads as rewritten:

"**§ 42A-4. Definitions.**

The following definitions apply in this Chapter:

…

(1b) through (1f) ~~Reserved.~~

…

(4) Vacation rental agreement. – A written agreement between a landlord or ~~his or her~~ the landlord's real estate broker and a tenant in which the tenant agrees to rent residential property belonging to the landlord for a vacation rental."

SECTION 14. Reserved.

SECTION 14.1.(a) G.S. 53-208.42(20) reads as rewritten:

"(20) Virtual currency. – A digital representation of value that can be digitally traded and functions as a medium of exchange, a unit of account, or a store of value but only to the extent defined as stored value under ~~G.S. 53-208.42(19),~~ subdivision (19) of this section, but does not have legal tender status as recognized by the United States Government."

SECTION 14.1.(b) G.S. 53-208.44(a) reads as rewritten:

"(a) This Article shall not apply to any of the following:

…

(7) A person that is engaged exclusively in any of the following:

a. Delivering wages or salaries on behalf of employers to ~~employees;~~employees.

b. Facilitating the payment of payroll taxes to State and federal ~~agencies;~~agencies.

c. Making payments relating to employee benefit ~~plans;~~plans.

d. Making distribution of other authorized deductions from employees' wages or ~~salaries; or~~salaries.

e. Transmitting other funds on behalf of an employer in connection with transactions related to employees.

(8) A person appointed by a payee to collect and process payments as the bona fide agent of the payee, provided the person can demonstrate to the Commissioner ~~that:~~all of the following:

a. There exists a written agreement between the payee and agent directing the agent to collect and process payments on the payee's ~~behalf;~~behalf.

b. The payee holds the agent out to the public as accepting payments on the payee's ~~behalf; and~~behalf.

c. Payment is treated as received by the payee upon receipt by the agent.

This exemption ~~would extend~~ extends to those otherwise engaged in money transmission as set forth in G.S. 53-208.42(13)b., including those transactions conducted in whole or in part in virtual currency."

SECTION 14.1.(c) G.S. 53-208.47 reads as rewritten:

"**§ 53-208.47. Surety bond.**

…

(c) Any increased surety bond required under subsection (b) ~~[of this section]~~ of this section shall be filed with the Commissioner on or before May 31 annually. Failure to obtain the additional surety bond required is grounds for summary suspension pursuant to G.S. 53-208.57(d)(2).

(d) The surety bond shall be in a form satisfactory to the Commissioner and shall run to the State for the benefit of any claimants against the licensee to secure the faithful performance of the obligations of the licensee with respect to the receipt, handling, transmission, and payment of money or monetary value in connection with the sale and issuance of payment instruments, stored value, or transmission of money. The Commissioner has the discretion to require the applicant ~~[to]~~ to obtain additional insurance coverage to address related cybersecurity risks inherent in the applicant's business model as it relates to virtual currency transmission and to the extent such risks are not within the scope of the required surety bond.

…."

SECTION 14.1.(d) G.S. 53-208.51 reads as rewritten:

"**§ 53-208.51. Prohibited practices.**

No person required to be licensed under this Article ~~shall:~~shall do any of the following:

(1) Fail to remit all money or monetary value received for transmission pursuant to G.S. 53-208.42(13)b., or give instructions committing equivalent money or monetary value to the person designated by the sender within 10 days after receipt by the licensee unless otherwise directed by the ~~sender;~~sender.

(2) Fail to immediately notify the Commissioner in writing if the licensee dishonors or fails to satisfy any money transmission transaction within the 10 days following receipt for any reason other than direction by the ~~sender;~~sender.

(3) Engage in the business of money transmission in the State under any name other than that ~~[under]~~ under which it is organized or otherwise authorized to do business in the ~~State;~~State.

(4) Fail to comply with the Federal Bank Secrecy Act, ~~31 U.S.C. [§] 5311 et seq.,~~ 31 U.S.C. § 5311, et seq., and 31 C.F.R. Part 1022, including maintenance of active registration with the United States Department of Treasury Financial Crimes Enforcement ~~Network;~~Network.

(5) Fail to comply with the Federal Electronic Funds Transfer Act, ~~12 U.S.C. [§] 1693 et seq.,~~ 12 U.S.C. § 1693, et seq., and Regulation E, ~~12 C.F.R. [§] 1005 et seq.;~~12 C.F.R. § 1005, et seq.

(6) Fail to safeguard identifying information obtained in the course of money transmission and otherwise comply with the requirements set forth under ~~G.S. 75-60 et seq.;~~G.S. 75-60, et seq.

(7) Fail to comply with applicable State and federal laws and regulations related to the business of money ~~transmission;~~transmission.

(8) Use or cause to be published or disseminated any advertising communication which contains any false, misleading, or deceptive statement or ~~representation; or~~representation.

(9) Engage in unfair, deceptive, or fraudulent practices."

SECTION 14.1.(e) G.S. 53-208.53(d) reads as rewritten:

"(d) ~~[Timely reporting.]~~ Timely Reporting. – Failure to timely submit any reports required under this section is grounds for summary suspension pursuant to G.S. 53-208.57(d)(2)."

SECTION 14.1.(f) G.S. 53-208.57 reads as rewritten:

"**§ 53-208.57. Disciplinary authority.**

…

(c) The Commissioner may by order:

(1) Impose a civil money penalty upon any person required to be licensed under this Article for any violation of or failure to comply with this Article or any order of the Commissioner in an amount specified by the Commissioner, not to exceed five thousand dollars ($5,000) for each violation or, in the case of a continuing violation, one thousand dollars ($1,000) for each day that the violation continues. Each violation of or failure to comply with this Article shall be a separate and distinct violation. All civil money penalties collected under this Article shall be paid to the ~~county school fund.~~Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.

(2) Require that any person required to be licensed under this Article to disgorge and pay to the sender any amounts that were not remitted or refunded in violation of G.S. 53-208.51(1).

…

(h) The Commissioner, in the exercise of reasonable judgment, may compromise, settle, and collect civil penalties with any person for violations of any provision of this Article, or of any rule, regulation, or order issued or promulgated ~~[pursuant]~~ pursuant to this Article."

SECTION 14.2.(a) G.S. 55-1-40(13a) reads as rewritten:

"(13a) ~~An item is "mailed" when it is deposited~~ "Mail," when used as a verb, means to deposit in the United States mail with postage thereon prepaid and correctly addressed. When a corporation mails an item to a shareholder, "correctly addressed" means addressed to the shareholder's address as shown in the corporation's current record of shareholders."

SECTION 14.2.(b) If Senate Bill 622, 2017 Regular Session, becomes law, this section is repealed.

SECTION 14.3. G.S. 66-71.14(b) reads as rewritten:

"(b) A person failing to file an assumed business name certificate or a certificate of amendment as required by this Article is liable to any person injured by the failure for the reasonable expenses, including attorneys' fees, incurred by the person in ascertaining, for a reasonable purpose, the information required to be stated in the assumed business name certificate or certificate of amendment. Notwithstanding this subsection, a person is not liable for expenses caused by an error or ambiguity in describing the nature of the business in an assumed business name certificate under G.S. 66-71.5 or a certificate of amendment under ~~G.S. 71.7 [G.S. 66-71.7].~~G.S. 66-71.7."

SECTION 14.4.(a) G.S. 69-25.15(d) reads as rewritten:

"(d) Whenever a city is required to make fire protection district tax payments by subsection (c) of this section, and the city has paid or has contracted to pay to a rural fire department funds under ~~G.S. 160A-37.1 or~~ G.S. 160A-58.57, the county shall pay to the city from funds of the rural fire protection district an amount equal to the amount paid by the city (or to be paid by the city) to a rural fire department under ~~G.S. 160A-37.1 or~~ G.S. 160A-58.57 on account of annexation of territory in the rural fire protection district for the number of months in that fiscal year used in calculating the numerator under subsection (c)

of this section; provided that the required payments by the county to the city shall not exceed the total of fire protection district payments made to taxpayers in the district on account of that annexation."

SECTION 14.4.(b) G.S. 153A-304.1(d) reads as rewritten:

"(d) Whenever a city is required to make fire protection district tax payments by subsection (c) of this section, and the city has paid or has contracted to pay to a rural fire department funds under ~~G.S. 160A-37.1 or~~ G.S. 160A-58.57, the county shall pay to the city from funds of the county service district an amount equal to the amount paid by the city (or to be paid by the city) to a rural fire department under ~~G.S. 160A-37.1 or~~ G.S. 160A-58.57 on account of annexation of territory in the county service district for the number of months in that fiscal year used in calculating the numerator under subsection (c) of this section; provided that the required payments by the county to the city shall not exceed the total of fire protection district payments made to taxpayers in the district on account of that annexation."

SECTION 15. G.S. 97-25(f) reads as rewritten:

"(f) In claims subject to G.S. 97-18(b) and (d), a party may file a motion as set forth in this subsection regarding a request for medical compensation or a dispute involving medical issues. The nonmoving party shall have the right to contest the motion. Motions and responses shall be submitted contemporaneously via electronic ~~mail~~ means to the Commission and to the opposing party or the opposing party's ~~attorney[, as follows]:~~attorney, as follows:

(1) A party may file a motion with the Executive Secretary for an administrative ruling regarding a request for medical compensation or a dispute involving medical issues. The motion shall be decided administratively pursuant to rules governing motions practices in contested cases. The Commission shall decide the motion within 30 days of the filing of the motion unless an extension of time to respond to the motion has been granted for good cause shown. Either party may file a motion for reconsideration of the administrative order with the Executive Secretary. Either party may request an expedited formal hearing pursuant to G.S. 97-84 and subdivision (2) of this subsection to appeal the decision of the Executive Secretary approving or denying the original motion or the motion for reconsideration. Within five days of the filing of a request for an expedited formal hearing pursuant to G.S. 97-84 and subdivision (2) of this subsection to appeal the decision of the Executive Secretary, the Commission shall assign a Deputy Commissioner to conduct the formal hearing. The decision shall not be stayed during the pendency of an appeal pursuant to G.S. 97-84 and subdivision (2) of this subsection except under those circumstances set out in subdivision (4) of this subsection. A motion to stay shall be filed with the Deputy Commissioner scheduled to conduct the formal hearing pursuant to G.S. 97-84. Either party may appeal the decision of the Deputy Commissioner pursuant to G.S. 97-84 to the Full Commission pursuant to G.S. 97-85. The decision of the Deputy Commissioner shall not be stayed during the pendency of an appeal except under those circumstances set out in subdivision (4) of this subsection. A motion to stay the decision of the Deputy Commissioner pursuant to G.S. 97-84 shall be directed to the Chair of the Commission. The Full Commission shall render a decision on the appeal of the Deputy Commissioner's decision on the motion within 60 days of the filing of the notice of appeal.

(2) In lieu of filing a motion with the Executive Secretary for an administrative ruling pursuant to subdivision (1) of this subsection, when appealing a ruling made pursuant to subdivision (1) of this subsection or when appealing an administrative ruling of the Chief Deputy or the Chief Deputy's designee on an emergency motion, a party may request a full evidentiary hearing pursuant to G.S. 97-84 on an expedited basis, limited to a request for medical compensation or a dispute involving medical issues, by filing a motion with the Office of the Chief Deputy Commissioner. The case will not be ordered into mediation based upon a party's request for hearing on the motion or appeal under this subdivision, except upon the consent of the parties. The Commission shall set the date of the expedited hearing, which shall be held within 30 days of the filing of the motion or appeal and shall notify the parties of the time and place of the hearing on the motion or appeal. Upon request, the Commission may order expedited discovery. The record shall be closed within 60 days of the filing of the motion, or in the case of an appeal pursuant to subdivisions (1) and (3) of this subsection, within 60 days of the filing of the appeal, unless the parties agree otherwise or the Commission so orders. Transcripts of depositions shall be expedited if necessary and paid pursuant to rules promulgated by the Commission related to depositions and shall be submitted electronically to the Commission. The Commission shall decide the issue in dispute and make findings of fact based upon the preponderance of the evidence in view of the entire record. The award, together with a statement of the findings of fact, rulings of law, and other matters pertinent to the questions at issue shall be filed with the record of the proceedings within 15 days of the close of the hearing record, and a copy of the award shall immediately be sent to the parties. Either party may appeal the decision of the Deputy Commissioner pursuant to G.S. 97-84 to the Full Commission pursuant to G.S. 97-85. The decision of the Deputy Commissioner pursuant to G.S. 97-84 shall not be stayed during the pendency of an appeal except under those circumstances set out in subdivision (4) of this subsection. A motion to stay the decision of the Deputy Commissioner pursuant to G.S. 97-84 shall be directed to the Chair of the Commission. The Full Commission shall render a decision on the appeal of the Deputy Commissioner's decision on the motion within 60 days of the filing of the notice of appeal.

(3) An emergency medical motion filed by either party shall be filed with the Office of the Chief Deputy Commissioner. The Chief Deputy or Chief Deputy's designee shall rule on the motion within five days of receipt unless the Chief Deputy or Chief Deputy's designee determines that the motion is not an emergency, in which case the motion shall be referred to the Executive Secretary for an administrative ruling pursuant to subdivision (1) of this subsection. Motions requesting emergency medical relief shall contain all of the following:

a. An explanation of the medical diagnosis and treatment recommendation of the health care provider that requires emergency attention.

b. A specific statement detailing the time-sensitive nature of the request to include relevant dates and the potential for adverse consequences to the movant if the recommended relief is not provided emergently.

c. An explanation of opinions known and in the possession of the movant of additional medical or other relevant experts, independent medical examiners, and second opinion examiners.

d. Documentation known and in the possession of the movant in support of the request, including relevant medical records.

e. A representation that informal means of resolving the issue have been attempted.

Either party may appeal the decision of the Chief Deputy or the Chief Deputy's designee on the emergency motion by requesting an expedited formal hearing pursuant to G.S. 97-84 and subdivision (2) of this subsection to appeal the administrative decision of the Chief Deputy or the Chief Deputy's designee on the emergency motion. Within five days of the filing of a request for an expedited formal hearing pursuant to G.S. 97-84 and subdivision (2) of this subsection, the Commission shall assign a Deputy Commissioner to conduct the formal hearing. The decision of the Chief Deputy or the Chief Deputy's designee shall not be stayed during the pendency of an appeal of the administrative decision except under those circumstances set out in subdivision (4) of this subsection. Any motion to stay shall be filed with the Deputy Commissioner scheduled to conduct the expedited formal hearing pursuant to G.S. 97-84 and subdivision (2) of this subsection. Either party may appeal the decision of the Deputy Commissioner pursuant to G.S. 97-84 to the Full Commission pursuant to G.S. 97-85. If so, the decision of the Deputy Commissioner shall not be stayed during the pendency of an appeal except under those circumstances set out in subdivision (4) of this subsection. Any motion to stay the decision of the Deputy Commissioner pursuant to G.S. 97-84 shall be directed to the Chair of the Commission. The Full Commission shall render a decision on the appeal of the Deputy Commissioner's decision on the motion within 60 days of the filing of the notice of appeal.

(4) The Commission shall consider, among other factors, all of the following when determining whether to grant a motion to stay filed pursuant to this subsection:

a. Whether there would be immediate and irreparable injury, harm, loss, or damage to either party.

b. The nature and cost of the medical relief sought.

c. The risk for further injury or disability to the employee inherent in the treatment or its delay.

d. Whether it has been recommended by an authorized physician.

e. Whether alternative therapeutic modalities are available and reasonable.

(5) If the Commission determines that any party has acted unreasonably by initiating or objecting to a motion filed pursuant to this section, the Commission may assess costs associated with any proceeding, including any reasonable attorneys' fees and deposition costs, against the offending party."

SECTION 15.1. G.S. 105-164.13(11b) reads as rewritten:

"(11b) Sales of aviation gasoline and jet fuel to an interstate air business for use in a commercial aircraft. For purposes of this subdivision, the term "commercial aircraft" has the same meaning as defined in subdivision (45a) of this ~~subsection [section].~~section. This exemption also applies to aviation gasoline and jet fuel purchased for use in a commercial aircraft in interstate or foreign commerce by a person whose primary business is scheduled passenger air transportation. This subdivision expires January 1, 2020."

SECTION 15.2. G.S. 106-950 reads as rewritten:

"**§ 106-950. Exempt fires; no permit fees.**

(a) This Article ~~shall~~ does not apply to any fires started, or caused to be started, within 100 feet of an occupied dwelling house if ~~such~~ the fire ~~shall be~~ is confined (i) within an enclosure from which burning material may not escape or (ii) within a protected area upon which a watch is being maintained and which is provided with adequate fire protection equipment.

(a1) Except in cases where the Commissioner has prohibited all open burning during periods of hazardous forest fire conditions or during air pollution episodes declared pursuant to Article 21B of Chapter 143 of the General Statutes, this Article ~~shall~~ does not apply to, and no air quality permit shall be required for, the burning of polyethylene agricultural plastic used in connection with agricultural operations related to the growing, harvesting, or maintenance of crops, when all of the following conditions apply:

…."

SECTION 16. The catch line of G.S. 108A-70.21 reads as rewritten:

"**§ 108A-70.21. Program eligibility; benefits; enrollment fee and other cost-sharing; coverage from private ~~plans; purchase of extended coverage.~~plans.**"

SECTION 17. G.S. 115C-112.6(b1)(2)d. reads as rewritten:

"d. Carryforward of funds for reimbursements. – Any unexpended scholarship funds at the end of each fiscal year shall revert to the General Fund, except that the Authority may carry forward for the next fiscal year an amount necessary to ensure that any outstanding, allowable reimbursements can be disbursed in accordance with this section. Any funds carried forward for the purpose of meeting anticipated reimbursement obligations from the prior fiscal year that are not expended shall not be used to award additional scholarships to eligible students but shall revert to the General Fund at the end of ~~the~~ that fiscal year."

SECTION 18. G.S. 120-4.16(b) reads as rewritten:

"(b) Purchase of Service Credits Through Rollover Contributions From Certain Other Plans. – Notwithstanding any other provision of this Article, and without regard to any limitations on contributions otherwise set forth in this Article, a member, who is eligible to restore or purchase membership or creditable service pursuant to the provisions of this Article, may purchase such service credits through rollover contributions to the Annuity Savings Fund from (i) an annuity contract described in Section 403(b) of the Internal Revenue Code, (ii) an eligible plan under Section 457(b) of the Internal Revenue Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state, (iii) an individual retirement account or annuity described in Section 408(a) or 408(b) of the Internal Revenue Code that is eligible to be rolled over and would otherwise be includible in gross income, or (iv) a qualified plan described in Section 401(a) or 403(a) of the Internal Revenue Code. Notwithstanding the foregoing, the Retirement System shall not accept any amount as a rollover contribution unless such amount is eligible to be rolled over to a qualified trust in accordance with applicable law and the member provides evidence satisfactory to the Retirement System that such amount qualifies for rollover treatment. Unless received by the Retirement System in the form of a direct rollover, the rollover contribution must be paid to the Retirement System on or before the 60th day after the date it was received by the member.

(b1) Purchase of Service Credits Through Plan-to-Plan Transfers. – Notwithstanding any other provision of this Article, and without regard to any limitations on contributions otherwise set forth in this Article, a member, who is eligible to restore or purchase membership or creditable service pursuant to the provisions of this Article, may purchase such service credits through a direct transfer to the Annuity Savings Fund of funds from (i) an annuity contract described in Section 403(b) of the Internal Revenue Code or (ii) an eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state."

SECTION 19. G.S. 120-57 is repealed.

SECTION 19.1. G.S. 120-70.106(d) reads as rewritten:

"(d) An establishment to which permits may be issued pursuant to G.S. 18B-1006(n1), as enacted by S.L. 2016-23, is designated a special class of property under Section 2(2) of Article V of the North Carolina Constitution, and the motor fuel sold by that establishment is taxable in accordance with this subsection. Notwithstanding G.S. 105-449.80, the motor fuel excise tax rate for an establishment to which permits may be issued pursuant to G.S. 18B-1006(n1), as enacted by S.L. 2016-23, is sixteen cents (16¢) per gallon. The Revenue Laws Study Committee shall annually compare the motor fuel excise tax rate imposed by this subsection with the rate levied by the State of South Carolina on motor fuels and may recommend a change in the rate imposed by this subsection to an amount no greater than the rate then in effect for the State of South Carolina. An establishment designated as a special class of property by this subsection may obtain monthly refunds on the difference between the motor fuel excise tax imposed under G.S. 105-449.80 and the motor fuel excise tax imposed by this subsection. The Department ~~[of Revenue]~~ of Revenue shall calculate for each calendar year the difference between the motor fuel excise tax that would have been imposed under G.S. 105-449.80 on the motor fuel sold by an establishment classified by this subsection in the absence of this classification and the motor fuel excise tax that was imposed on the motor fuel sold by the establishment due to the classification. The difference in taxes, together with any interest, penalties, or costs that may accrue thereon, are a lien on the real property underlying the establishment as provided in G.S. 105-355(a). The difference in taxes shall be carried forward in the records of the Department as deferred taxes. The deferred taxes for the preceding three calendar years are due and payable on the day this subsection becomes ineffective due to the occurrence of a disqualifying event; provided, however, the amount collected for deferred taxes pursuant to this subsection does not exceed the tax value of the property. A disqualifying event occurs when the title to the real property underlying the establishment is transferred to a new owner. A lien for deferred taxes is extinguished when the amount required by this subsection is paid."

SECTION 20. G.S. 136-41.2(c) reads as rewritten:

"(c) No municipality shall be eligible to receive funds under G.S. 136-41.1 unless it has formally adopted a budget ordinance in substantial compliance with ~~G.S. 160-410.3,~~ G.S. 159-8 and G.S. 159-13, showing revenue received from all sources, and showing that funds have been appropriated for at least two of the following municipal services if the municipality was incorporated with an effective date prior to January 1, 2000, water distribution; sewage collection or disposal; garbage and refuse collection or disposal; fire protection; police protection; street maintenance, construction, or right-of-way acquisition; or street lighting, or at least four of the following municipal services if the municipality was incorporated with an effective date of

on or after January 1, 2000: (i) police protection; (ii) fire protection; (iii) solid waste collection or disposal; (iv) water distribution; (v) street maintenance; (vi) street construction or right-of-way acquisition; (vii) street lighting; and (viii) zoning."

SECTION 20.1.(a) G.S. 143-58.5 reads as rewritten:

"**§ 143-58.5. Alternative Fuel Revolving Fund.**

(a) The definitions set out in G.S. 143-58.4 apply to this section.

(b) The Alternative Fuel Revolving Fund is created and shall be held by the State Treasurer. The Fund shall consist of moneys received from the sale of EPAct credits under G.S. 143-58.4, any moneys appropriated to the Fund by the General Assembly, and any moneys obtained or accepted by the Department for deposit into the Fund. The Fund shall be managed to maximize benefits to the State for the purchase of alternative fuel, related refueling infrastructure, and AFV purchases. To the extent possible, benefits from the sale of EPAct credit shall be distributed to State departments, institutions, and agencies in proportion to the number of EPAct credits generated by each. No portion of the Fund shall be transferred to the General Fund, and any appropriation made to the Fund shall not revert. The State Treasurer shall invest moneys in the Fund in the same manner as other funds are invested. Interest and moneys earned on such investments shall be credited to the Fund.

(c) The Fund shall be used to offset the incremental fuel cost of biodiesel and biodiesel blend fuel with a minimum biodiesel concentration of B-20 for use in State vehicles, for the purchase of ethanol fuel with a minimum ethanol concentration of E-85 for use in State vehicles, the incremental vehicle cost of purchasing AFVs, for the development of related refueling infrastructure, for the costs of administering the Fund, and for projects approved by the Energy Policy Council.

(d) The Secretary of ~~Administration~~ Environmental Quality shall adopt rules as necessary to implement this section.

(e) The Department shall submit to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division no later than ~~1 October~~ October 1 of each year a report on the expenditures from the Fund during the preceding fiscal year."

SECTION 20.1.(b) The Codifier of Rules shall make any conforming rule changes necessary to reflect name changes and any recodifications resulting from the name change made by this section.

SECTION 21. G.S. 143-215.31(a1) reads as rewritten:

"(a1) The owner of a dam classified by the Department as a high-hazard dam or an intermediate-hazard dam shall develop an Emergency Action Plan for the dam as provided in this ~~subsection;~~subsection:

(1) The owner of the dam shall submit a proposed Emergency Action Plan for the dam within 90 days after the dam is classified as a high-hazard dam or an intermediate-hazard dam to the Department and the Department of Public Safety for their review and approval. The Department and the Department of Public Safety shall approve the Emergency Action Plan if they determine that it complies with the requirements of this subsection and will protect public health, safety, and welfare; the environment; and natural resources.

…

(6) Information included in an Emergency Action Plan that constitutes sensitive public security information, as provided in G.S. 132-1.7, shall be maintained as confidential information and shall not be subject to disclosure under the Public Records Act. For purposes of this section, "sensitive public security information" shall include Critical Energy Infrastructure Information protected from disclosure under rules adopted by the Federal Energy Regulatory Commission in ~~18 C.F.R. § 333.112.~~18 C.F.R. § 388.112."

SECTION 22. G.S. 143-341.2(b)(3) reads as rewritten:

"(3) Auditor may audit submissions. – The State Auditor may audit submissions made to the Department of Administration pursuant to subdivision (1) of this subsection and may recover any costs incurred in ~~preforming~~ performing such an audit from the State Land Fund, in accordance with G.S. 146-72."

SECTION 23. G.S. 143B-168.5 reads as rewritten:

"**§ 143B-168.5. Child Care – special unit.**

There is established within the Department of Health and Human ~~Services~~ Services, Division of Child Development and Early Education, a special unit to deal primarily with violations involving child abuse and neglect in child care arrangements. The Child Care Commission shall make rules for the investigation of reports of child abuse or neglect and for administrative action when child abuse or neglect is substantiated, pursuant to G.S. 110-88(6a), 110-105, ~~and 110-105.2.~~110-105.3, 110-105.4, 110-105.5, and 110-105.6."

SECTION 24. G.S. 143B-394.15(c) reads as rewritten:

"(c) Membership. – The Commission shall consist of ~~39~~ 38 members, who reflect the geographic and cultural regions of the State, as follows:

…

(4) The following persons or their designees, ex officio:

a. The Governor.

b. The Lieutenant Governor.

c. The Attorney General.

d. The Secretary of ~~the Department of~~ Administration.

~~e. The Secretary of the Department of Public Safety.~~

f. The Superintendent of Public Instruction.

g. The Secretary of Public Safety.

h. The Secretary of ~~the Department of~~ Health and Human Services.

i. The Director of the Office of State Human Resources.

j. The Chair of the North Carolina Council for Women.

k. The Dean of the School of Government at the University of North Carolina at Chapel Hill.

l. The Chairman of the Governor's Crime Commission."

SECTION 24.1. G.S. 143B-437.56(b) reads as rewritten:

"(b) The term of the grant shall not exceed the duration listed in this subsection. The first grant payment must be made within six years after the date on which the grant was awarded. The number of years in the base period for which grant payments may be made shall not exceed five years. ~~[Maximum durations are:]~~Maximum durations are:

(1) For high-yield projects in which the business receives the enhanced percentage pursuant to subsection (a1) of this section, 20 years starting with the first year a grant payment is made. If a business is disqualified from the enhanced percentage in one of the first 12 years, the term of the grant shall not exceed 12 years starting with the first year a grant payment is made. If a business is disqualified from receiving the enhanced percentage after the first 12 years, the term of the grant ends in the year the disqualification occurs.

(2) For all other projects, 12 years starting with the first year a grant payment is made."

SECTION 25. G.S. 143B-931(b) reads as rewritten:

"(b) The Department of Public Safety 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~~ G.S. 115C-238.73 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.~~ G.S. 115C-238.73. The information shall be kept confidential by the board of directors of the regional school as provided in ~~G.S. 115C-238.56N.~~G.S. 115C-238.73."

SECTION 26. G.S. 143C-6-4(b) reads as rewritten:

"(b) Budget Adjustments. – Notwithstanding the provisions of G.S. 143C-6-1, a State agency may, with approval of the Director of the Budget, spend more than was appropriated in the certified budget by adjusting the authorized budget for all of the following:

(1) Line items within programs. – An object or line item within a purpose or program so long as the total amount expended for the purpose or program is no more than was authorized in the certified budget for the purpose or program.

(2) Responses to extraordinary events. – A purpose or program if the overexpenditure of the purpose or program is:

a. Required by a court or Industrial Commission order;

b. Authorized under ~~G.S. 166A-19.40(a)~~ G.S. 166A-19.40(a)(1) and (c) of the North Carolina Emergency Management Act; or

c. Required to call out the North Carolina National Guard.

(3) Responses to unforeseen circumstances. – A purpose or program not subject to the provisions of subdivision (b)(2) of this subsection, if each of the following conditions is satisfied:

a. The overexpenditure is required to continue the purpose or programs due to complications or changes in circumstances that could not have been foreseen when the budget for the fiscal period was enacted.

b. The scope of the purpose or program is not increased.

c. The overexpenditure is authorized on a one-time nonrecurring basis for one year only, unless the overexpenditure is the result of (i) salary adjustments authorized by law or (ii) the establishment of time-limited positions funded with agency receipts."

SECTION 27. G.S. 146-9(b) reads as rewritten:

"(b) Notwithstanding subsection (a) of this section, or any other provision of law, prior to expiration of a lease of mineral deposits in State lands, the Department of Administration or other entity designated by the Department shall solicit competitive bids for lease of such mineral deposits, which shall include a process for upset bids as described in this subsection. An upset bid is an increased or raised bid whereby a person offers to lease such mineral rights for an amount exceeding the highest bid received in response to the initial solicitation for competitive bids, or the last upset bid, as applicable, by a minimum of five percent (5%). The process shall provide that the Department or other designated entity that issued the solicitation for competitive bids shall issue a notice of high bid to the person submitting the highest bid in response to the initial solicitation for competitive bids, or the person submitting the last upset bid, as applicable, and any other bidders that have submitted a bid in an amount seventy-five percent (75%) or more of the highest bid received in response to the initial solicitation for competitive bids, or the last upset bid, as applicable, of the highest bid received at that point within 10 days of

the closure of the bidding period, as provided in the solicitation for competitive bids, through notice delivered by any means authorized under G.S. 1A-1, Rule 4. Thereafter, an upset bid may be made by delivering to the Department or other designated entity, subject to all of the following requirements and conditions:

…

(4) When an upset bid is made as provided in this subsection, the Department or other designated entity shall notify ~~to~~ the highest prior bidder, and any other bidders that have submitted a bid in an amount seventy-five percent (75%) or more of the current high bid received in response to the initial solicitation for competitive bids, or the last upset bid, as applicable.

…."

SECTION 28. G.S. 147-12(a) reads as rewritten:

"(a) In addition to the powers and duties prescribed by the Constitution, the Governor has the powers and duties prescribed in this and the following sections:

(1) To supervise the official conduct of all executive and ministerial officers; and when the Governor deems it advisable to visit all State institutions for the purpose of inquiring into the management and needs of the same.

…

(12) To name and locate State government buildings, monuments, memorials, and improvements, as provided by ~~G.S. 143B-373(1).~~G.S. 143B-373(a)(1).

…."

SECTION 28.1.(a) G.S. 147-69.2(b) reads as rewritten:

"(b) It shall be the duty of the State Treasurer to invest the cash of the funds enumerated in subsection (a) of this section in excess of the amount required to meet the current needs and demands on ~~such~~ these funds. The State Treasurer may invest the funds as provided in this subsection in the manner authorized by subsection (e) of this section. If an investment was authorized by this subsection at the time the investment was made or contractually committed to be made, then that investment shall continue to be authorized by this subsection, and none of the percentage or other limitation on investments set forth in this subsection shall be construed to require the State Treasurer to subsequently dispose of the investment or fail to honor any contractual commitments as a result of changes in market values, ratings, or other investment qualifications. For purposes of computing market values on which percentage limitations on investments in this subsection are based, all investments shall be valued as of the last date of the most recent fiscal quarter. Notwithstanding anything in this section to the contrary, the State Treasurer shall categorize investment management arrangements according to the primary investment type or primary strategy utilized under the arrangement authorized under subsection (e) of this section. No investment management arrangement may be categorized in more than one of the subdivisions of this section. ~~[The State Treasurer shall select from among the following investments subject to the following limitations and requirements:]~~The State Treasurer shall select from among the following investments subject to the following limitations and requirements:

(1) Investments authorized by G.S. 147-69.1(c)(1)-(7).

(2) General obligations of other states of the United States.

(3) General obligations of cities, counties and special districts in North Carolina.

(4) Obligations of any company, other organization or legal entity incorporated or otherwise created or located within or outside the United States, including obligations that are convertible into equity securities, if, when acquired, the obligations are within one of the four highest rating categories regardless of gradations, such as ratings beginning with "AAA," "AA," "A," or either "BBB" or "Baa," of at least one nationally recognized rating service designated by the U.S. Securities and Exchange Commission.

(5) Repealed by Session Laws 2001-444, s. 2, effective October 1, 2001.

(6) Asset-backed securities (whether considered debt or equity), if, when acquired, the obligations are within one of the four highest ratings categories regardless of gradations, such as ratings beginning with "AAA," "AA," "A," or either "BBB" or "Baa," of at least one nationally recognized rating service designated by the U.S. Securities and Exchange Commission.

(6a) In addition to the limitations and requirements with respect to the investments of the Retirement Systems set forth in this subsection, the State Treasurer shall select investments of the assets of the Retirement Systems such that investments made pursuant to subdivisions (b)(1) through (6) of this section shall at all times equal or exceed twenty percent (20%) of the market value of all invested assets of the Retirement Systems.

(6b) Repealed by Session Laws 2016-55, s. 1.3, effective January 31, 2017.

(6c) With respect to Retirement Systems' assets referred to in subdivision (b)(8), they may be invested, within or outside the United States, in obligations, debt securities, and asset-backed securities, whether considered debt or equity, including obligations and securities convertible into other securities, that do not meet the requirements of any of subdivisions (b)(1) through (6) of this section nor subdivision (b)(7) of this section. The amount invested under this subdivision shall not exceed seven and one-half percent (7.5%) of the market value of all invested assets of the Retirement Systems.

(7) Retirement Systems' assets referred to in subdivision (8) of this subsection may be invested in strategies managed primarily for the purpose of owning real estate or related debt financing, excluding asset-backed financing and timberlands, located within or outside the United States. The amount invested under this subdivision shall not exceed ten percent (10%) of the market value of all invested assets of the Retirement Systems.

(8) With respect to assets of the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, the Firefighters' and Rescue Workers' Pension Fund, the Local Governmental Employees' Retirement System, the Legislative Retirement System, the North Carolina National Guard Pension Fund, the Registers of Deeds' Supplemental Pension Fund, and the Retiree Health Benefit Fund (hereinafter referred to collectively as the Retirement Systems), they may be invested in a strategy composed primarily of equity securities traded on a public securities exchange or market organized and regulated pursuant to the laws of the jurisdiction of ~~such~~ the exchange or market and issued by any company incorporated or otherwise created or located within or outside the United ~~States; provided~~ States as long as the investments meet the conditions of this subdivision. The investments authorized for the Retirement Systems under this subdivision are subject to the following limitations:

a. Repealed by Session Laws 2016-55, s. 1.3, effective January 31, 2017.

a1. The aggregate amount of ~~such~~ the investments cannot exceed sixty-five percent (65%) of the market value of all invested assets of the Retirement Systems.

b. The aggregate amount of the investment invested through investment companies described in sub-subdivision (e)(4)b. of this section shall not exceed eight and one-half percent (8.5%) of the market value of all invested assets of the Retirement Systems, except that the market value of group trusts and individual, common, or collective trust funds of banks and trust companies shall not be applied against this limit.

c. Repealed by Session Laws 2016-55, s. 1.3, effective January 31, 2017.

(9) With respect to Retirement Systems' assets, as defined in subdivision (b)(8) of this subsection, they may be invested in (i) a strategy composed primarily of private equity, or corporate buyout transactions, within or outside the United States or (ii) an arrangement authorized under subsection (e) of this section with the primary purpose to engage in other strategies not expressly authorized by any other subdivision of this subsection. The amount invested under this subdivision shall not exceed eight and three-quarters percent (8.75%) of the market value of all invested assets of the Retirement Systems.

(9a) With respect to Retirement Systems' assets, as defined in subdivision (b)(8) of this subsection, they may be invested, within or outside the United States, in obligations, debt securities, asset-backed securities, whether considered debt or equity, and other investments that are acquired by the Treasurer for the primary purpose of providing protection against risks associated with inflation, along with timberland, natural resources, commodities, infrastructure, transportation, agriculture, and other tangible and intangible real assets. The amount invested under this subdivision shall not exceed seven and one-half percent (7.5%) of the market value of all invested assets of the Retirement Systems.

(10) Recodified as part of subdivision (b)(9) by Session Laws 2000-160, s. 2.

(10a) With respect to Retirement Systems' assets, as defined in subdivision (8) of this subsection, the market value of any of subdivision (6c) or (7), sub-subdivision b. of subdivision (8), or subdivision (9) or (9a) of this subsection shall not exceed ten percent (10%) of the market value of all invested assets of the Retirement Systems; and the aggregate market value of all assets invested pursuant to subdivisions (6c) and (7), sub-subdivision b. of subdivision (8), and subdivisions (9) and (9a) of this subsection shall not exceed thirty-five percent (35%) of the market value of all invested assets of the Retirement Systems.

(11) Repealed by Session Laws 2013-360, s. 6.3(c), effective July 1, 2013.

(12) It is the intent of the General Assembly that the Escheat Fund provide a perpetual and sustainable source of funding for the purposes authorized by the State Constitution. Accordingly, the following provisions apply:

a. With respect to assets of the Escheat Fund, in addition to those investments authorized by subdivisions (1) through (6) of this subsection, up to ten percent (10%) of ~~such~~ the assets may be invested in the investments authorized under subdivisions (6c) through (9a) of this subsection, notwithstanding the percentage limitations imposed on the Retirement Systems' investments under those subdivisions, and provided that the State Treasurer may invest the assets as provided in subsection (e) of this section.

b. Repealed by Session Laws 2016-55, s. 1.3, effective January 31, 2017.

c. The State Treasurer shall invest, in addition to those investments authorized by sub-subdivision a. of this subdivision, ten percent (10%) of the net assets of the Escheat Fund as authorized under G.S. 147-69.2A."

SECTION 28.1.(b) G.S. 147-69.12(c) reads as rewritten:

"(c) The Treasurer shall report to the Governor annually and to the General Assembly at the beginning of each biennial session the exact balance in the treasury to the credit of the State, with a summary of the receipts and payments of the treasury during the preceding fiscal year, and so far as practicable an account of the same down to the termination of the current calendar year. ~~Reserved.~~"

SECTION 29. G.S. 153A-340(h) reads as rewritten:

"(h) As provided in this subsection, counties may adopt temporary moratoria on any ~~county development approval required by law.~~ county development approval required by law, except for the purpose of developing and adopting new or amended plans or ordinances as to residential uses. The duration of any moratorium shall be reasonable in light of the specific conditions that warrant imposition of the moratorium and may not exceed the period of time necessary to correct, modify, or resolve such conditions. Except in cases of imminent and substantial threat to public health or safety, before adopting an ordinance imposing a development moratorium with a duration of 60 days or any shorter period, the board of commissioners shall hold a public hearing and shall publish a notice of the hearing in a newspaper having general circulation in the area not less than seven days before the date set for the hearing. A development moratorium with a duration of 61 days or longer, and any extension of a moratorium so that the total duration is 61 days or longer, is subject to the notice and hearing requirements of G.S. 153A-323. Absent an imminent threat to public health or safety, a development moratorium adopted pursuant to this section shall not apply to any project for which a valid building permit issued pursuant to G.S. 153A-357 is outstanding, to any project for which a conditional use permit application or special use permit application has been accepted, to development set forth in a site-specific or phased development plan approved pursuant to G.S. 153A-344.1, to development for which substantial expenditures have already been made in good faith reliance on a prior valid administrative or quasi-judicial permit or approval, or to preliminary or final subdivision plats that have been accepted for review by the county prior to the call for public hearing to adopt the moratorium. Any preliminary subdivision plat accepted for review by the county prior to the call for public hearing, if subsequently approved, shall be allowed to proceed to final plat approval without being subject to the moratorium.

Any ordinance establishing a development moratorium must expressly include at the time of adoption each of the following:

(1) A clear statement of the problems or conditions necessitating the moratorium and what courses of action, alternative to a moratorium, were considered by the county and why those alternative courses of action were not deemed adequate.

(2) A clear statement of the development approvals subject to the moratorium and how a moratorium on those approvals will address the problems or conditions leading to imposition of the moratorium.

(3) An express date for termination of the moratorium and a statement setting forth why that duration is reasonably necessary to address the problems or conditions leading to imposition of the moratorium.

(4) A clear statement of the actions, and the schedule for those actions, proposed to be taken by the county during the duration of the moratorium to address the problems or conditions leading to imposition of the moratorium.

No moratorium may be subsequently renewed or extended for any additional period unless the city shall have taken all reasonable and feasible steps proposed to be taken by the county in its ordinance establishing the moratorium to address the problems or conditions leading to imposition of the moratorium and unless new facts and conditions warrant an extension. Any ordinance renewing or extending a development moratorium must expressly include, at the time of adoption, the findings set forth in subdivisions (1) through (4) of this subsection, including what new facts or conditions warrant the extension.

Any person aggrieved by the imposition of a moratorium on development approvals required by law may apply to the appropriate division of the General Court of Justice for an order enjoining the enforcement of the moratorium, and the court shall have jurisdiction to issue that order. Actions brought pursuant to this section shall be set down for immediate hearing, and subsequent proceedings in those actions shall be accorded priority by the trial and appellate courts. In any such action, the county shall have the burden of showing compliance with the procedural requirements of this subsection."

SECTION 30. G.S. 160A-332(a) reads as rewritten:

"(a) The suppliers of electric service inside the corporate limits of any city in which a secondary supplier was furnishing electric service on the determination ~~date (as defined in G.S. 160A-331(1))~~ date, as defined in G.S. 160A-331(1b), shall have rights and be subject to restrictions as follows:

…."

SECTION 31.(a) G.S. 160A-372(e) reads as rewritten:

"(e) The ordinance may provide that a developer may provide funds to the city whereby the city may acquire recreational land or areas to serve the development or subdivision, including the purchase of land that may be used to serve more than one subdivision or development within the immediate area. All funds received by the city pursuant to this ~~paragraph [subsection]~~ subsection shall be used only for the acquisition or development of recreation, park, or open space sites. Any formula enacted to determine the amount of funds that are to be provided under this ~~paragraph [subsection]~~ subsection shall be based on the value of the development or subdivision for property tax purposes. The ordinance may allow a combination or partial payment of funds and partial dedication of land when the governing body of the city determines that this combination is in the best interests of the citizens of the area to be served."

SECTION 31.(b) G.S. 160A-372(f) reads as rewritten:

"(f) The ordinance may provide that in lieu of required street construction, a developer may be required to provide funds that the city may use for the construction of roads to serve the occupants, residents, or invitees of the subdivision or development and these funds may be used for roads which serve more than one subdivision or development within the area. All funds received by the city pursuant to this ~~paragraph [subsection]~~ subsection shall be used only for development of roads, including design, land acquisition, and construction. However, a city may undertake these activities in conjunction with the Department of Transportation under an agreement between the city and the Department of Transportation. Any formula adopted to determine the amount of funds the developer is to pay in lieu of required street construction shall be based on the trips generated from the subdivision or development. The ordinance may require a combination of partial payment of funds and partial dedication of constructed streets when the governing body of the city determines that a combination is in the best interests of the citizens of the area to be served."

SECTION 31.1. G.S. 160A-536 reads as rewritten:

"**§ 160A-536. Purposes for which districts may be established.**

…

(d) Contracts. – A city may provide services, facilities, functions, or promotional and developmental activities in a service district with its own forces, through a contract with another governmental agency, through a contract with a private agency, or by any combination thereof. Any contracts entered into pursuant to this subsection shall comply with all of the following criteria:

(1) The contract shall specify the purposes for which city moneys are to be used for that service district.

(2) The contract shall require an appropriate accounting for those moneys at the end of each fiscal year or other appropriate period. ~~The~~ For contracts entered into on or after June 1, 2016, the appropriate accounting shall include the name, location, purpose, and amount paid to any person or persons with whom the private agency contracted to perform or complete any purpose for which the city moneys were used for that service district.

(d1) Additional Requirements for Certain Contracts. – In addition to the requirements of subsection (d) of this section, if the city enters into a contract with a private agency for a service district under subdivision (a)(1a), (2), or (2a) of this section, the city shall comply with all of the following:

(1) The city shall solicit input from the residents and property owners as to the needs of the service district prior to entering into the contract.

(2) Prior to entering into, or the renewal of, any contract under this section, the city shall use a bid process to determine which private agency is best suited to achieve the needs of the service district. The city shall determine criteria for selection of the private agency and shall select a private agency in accordance with those criteria. If the city determines that a multiyear contract with a private agency is in the best interest of the city and the service district, the city may enter into a multiyear contract not to exceed five years in length.

(3) The city shall hold a public hearing prior to entering into the contract, which shall be noticed by publication in a newspaper of general circulation, for at least two successive weeks prior to the public hearing, in the service district.

(4) The city shall require the private agency to report annually to the city, by presentation in a city council meeting and in written report, regarding the needs of the service district, completed projects, and pending projects. Prior to the annual report, the private agency shall seek input of the property owners and residents of the service district regarding needs for the upcoming year.

(5) The contract shall specify the scope of services to be provided by the private agency. Any changes to the scope of services shall be approved by the city council.

…."

SECTION 32.(a) Section 7.1 of S.L. 2014-107 reads as rewritten:

"**SECTION 7.1.** Section 5.1 of this act applies to all trusts created before, on, or after the effective date of this act. Except as otherwise provided, this act is effective when it becomes law."

SECTION 32.(b) This section becomes retroactively effective August 6, 2014.

SECTION 33. The introductory language of Section 54.5(b) of S.L. 2015-264 reads as rewritten:

"**SECTION 54.5.(b)** ~~Section 32.2(c)~~ Section 32.3(c) of S.L. 2015-241 reads as rewritten:"

SECTION 33.1. Section 2 of S.L. 2016-102 reads as rewritten:

"**SECTION 2.** The changes made in Section 1 of this act are effective unless either or both of the decisions of the United States District Court for the Middle District of North Carolina ruling G.S. 14-208.18(a)(2) and ~~G.S. 14-408.18(a)(3)~~ G.S. 14-208.18(a)(3) unconstitutional, as they existed prior to the enactment of this act, are stayed or overturned by a higher court on appeal, in which case the appropriate portion of the prior version of the statute to which the decision pertained is again effective as follows:

(1) If the ruling enjoining enforcement of G.S. 14-208.18(a)(2) is stayed or overturned, the changes made to subsection (c) of G.S. 14-208.18 by Section 1 of this act shall be repealed.

(2) If the ruling enjoining enforcement of G.S. 14-208.18(a)(3) is stayed or overturned, the changes made to subdivision (3) of subsection (a) of G.S. 14-208.18 by Section 1 of this act shall be repealed."

SECTION 33.2. The introductory language of Section 6(c) of S.L. 2016-108 reads as rewritten:

"**SECTION 6.(c)** ~~G.S. 136-6(o)~~ G.S. 135-6(o) reads as rewritten:"

SECTION 33.3. Section 2(m) of S.L. 2016-117 is rewritten to read:

"**SECTION 2.(m)** The title of Article 1D of Chapter 90 of the General Statutes reads as rewritten:

"Article 1D.

"~~Peer Review.~~Health Program for Medical Professionals.""

SECTION 33.4.(a) The introductory language of Section 6.1(a) of S.L. 2016-123 reads as rewritten:

"**SECTION 6.1.(a)** If House Bill 1030, 2015 Regular Session, becomes law, then ~~G.S. 13-202.1(f),~~ G.S. 113-202.1(f), as enacted by Section 14.11(b) of that act, reads as rewritten:".

SECTION 33.4.(b) The introductory language of Section 6.1(b) of S.L. 2016-123 reads as rewritten:

"**SECTION 6.1.(b)** If House Bill 1030, 2015 Regular Session, becomes law, then ~~G.S. 13-202.2(f),~~ G.S. 113-202.2(f), as enacted by Section 14.11(c) of that act, reads as rewritten:".

SECTION 34.(a) The Revisor of Statutes shall cause to be printed an explanatory comment to G.S. 36C-1-112, prepared by the Estate Planning and Fiduciary Law Section of the North Carolina Bar Association, that Section having originally prepared Chapter 36C of the General Statutes for introduction in 2005, as the Revisor may deem appropriate.

SECTION 34.(b) The Revisor of Statutes shall cause to be printed all explanatory comments of the drafters of Sections 12 and 13(b) and 13(c) of this act, as the Revisor may deem appropriate.

PART II. OTHER TECHNICAL, CONFORMING, AND CLARIFYING AMENDMENTS

SECTION 35. G.S. 12-3 is amended by adding two new subdivisions to read:

"(16) "Husband and Wife" and similar terms. – The words "husband and wife," "wife and husband," "man and wife," "woman and husband," "husband or wife," "wife or husband," "man or wife," "woman or husband," or other terms suggesting two individuals who are then lawfully married to each other shall be construed to include any two individuals who are then lawfully married to each other.

(17) "Widow" and "Widower." – The words "widow" and "widower" mean the surviving spouse of a deceased individual."

SECTION 35.1. The catch line of G.S. 42-45.2 reads as rewritten:

"**§ 42-45.2. Early termination of rental agreement by ~~military and~~ tenants residing in certain foreclosed property.**"

SECTION 36. G.S. 58-37-1(6) reads as rewritten:

"(6) "Motor vehicle" means every self-propelled vehicle that is designed for use upon a highway, including trailers and semitrailers designed for use with such vehicles (except traction engines, road rollers, farm tractors, tractor cranes, power shovels, and well drillers). "Motor vehicle" also means a motorcycle, as defined in G.S. 20-4.01(27)d., and a moped, as defined in ~~G.S. 20-4.01(27)d1., or~~G.S. 20-4.01(27)d1. "Motor vehicle" does not mean an electric assisted bicycle, as defined in G.S. 20-4.01(7a)."

SECTION 37.(a) G.S. 90-12.7(c) reads as rewritten:

"(c) A pharmacist may dispense an opioid antagonist to a person described in subdivision ~~(b)(1)~~(1) of subsection (b) of this section pursuant to a prescription issued pursuant to subsection (b) of this section. For purposes of this section, the term "pharmacist" is as defined in G.S. 90-85.3."

SECTION 37.(b) If House Bill 243, 2017 Regular Session, becomes law, this section is repealed.

SECTION 38. G.S. 90-96 reads as rewritten:

"**§ 90-96. Conditional discharge for first offense.**

(a) Whenever any person who has not previously been convicted of (i) any felony offense under any state or federal laws; (ii) any offense under this Article; or (iii) an offense under any statute of the United States or any state relating to those substances included in Article 5 or 5A of Chapter 90 or to that paraphernalia included in Article 5B of Chapter 90 of the General Statutes pleads guilty to or is found guilty of (i) a misdemeanor under this Article by possessing a controlled substance included within Schedules I through VI of this Article or by possessing drug paraphernalia as prohibited by ~~G.S. 90-113.22,~~ G.S. 90-113.22 or G.S. 90-113.22A or (ii) a felony under G.S. 90-95(a)(3), the court shall, without entering a judgment of guilt and with the consent of ~~such~~ the person, defer further proceedings and place ~~him~~ the person on probation upon such reasonable terms and conditions as it may require, unless the court determines with a written finding, and with the agreement of the District Attorney, that the offender is inappropriate for a conditional discharge for factors related to the offense. Notwithstanding the provisions of G.S. 15A-1342(c) or any other statute or law, probation may be imposed under this section for an offense under this Article for which the prescribed punishment includes only a fine. To fulfill the terms and conditions of probation the court may allow the defendant to participate in a drug education program approved for this purpose by the Department of Health and Human Services or in the Treatment for Effective Community Supervision Program under Subpart B of Part 6 of Article 13 of Chapter 143B of the General Statutes. Upon violation of a term or condition, the court may enter an adjudication of guilt and proceed as otherwise provided. Upon fulfillment of the terms and conditions, the court shall discharge ~~such~~ the person and dismiss the ~~proceedings against him.~~ proceedings. Discharge and dismissal under this section shall be without court adjudication of guilt and shall not be deemed a conviction for purposes of this section or for purposes of disqualifications or disabilities imposed by law upon conviction of a crime including the additional penalties imposed for second or subsequent convictions under this Article. Discharge and dismissal under this section or G.S. 90-113.14 may occur

only once with respect to any person. Disposition of a case to determine discharge and dismissal under this section at the district court division of the General Court of Justice shall be final for the purpose of appeal. Prior to taking any action to discharge and dismiss under this section the court shall make a finding that the defendant has no record of previous convictions as provided in this subsection.

(a1) Upon the first conviction only of any offense which qualifies under the provisions of subsection (a) of this section, and the provisions of this subsection, the court may place defendant on probation under this section for an offense under this Article including an offense for which the prescribed punishment includes only a fine. The probation, if imposed, shall be for not less than one year and shall contain a minimum condition that the defendant who was found guilty or pleads guilty enroll in and successfully complete, within 150 days of the date of the imposition of said probation, the program of instruction at the drug education school approved by the Department of Health and Human Services pursuant to G.S. 90-96.01. The court may impose probation that does not contain a condition that defendant successfully complete the program of instruction at a drug education school if:

(1) There is no drug education school within a reasonable distance of the defendant's residence; or

(2) There are specific, extenuating circumstances which make it likely that defendant will not benefit from the program of instruction.

The court shall enter such specific findings in the record; provided that in the case of subdivision (2) above, such findings shall include the specific, extenuating circumstances which make it likely that the defendant will not benefit from the program of instruction.

Upon fulfillment of the terms and conditions of the probation, the court shall discharge such person and dismiss the proceedings against the person.

For the purposes of determining whether the conviction is a first conviction or whether a person has already had discharge and dismissal, no prior offense occurring more than seven years before the date of the current offense shall be considered. In addition, convictions for violations of a provision of G.S. 90-95(a)(1) or 90-95(a)(2) or 90-95(a)(3), or 90-113.10, or 90-113.11, or 90-113.12, or ~~90-113.22~~ 90-113.22, or 90-113.22A shall be considered previous convictions.

Failure to complete successfully an approved program of instruction at a drug education school shall constitute grounds to revoke probation pursuant to this subsection and deny application for expunction of all recordation of defendant's arrest, indictment, or information, trial, finding of guilty, and dismissal and discharge pursuant to G.S. 15A-145.2. For purposes of this subsection, the phrase "failure to complete successfully the prescribed program of instruction at a drug education school" includes failure to attend scheduled classes without a valid excuse, failure to complete the course within 150 days of imposition of probation, willful failure to pay the required fee for the course as provided in G.S. 90-96.01(b), or any other manner in which the person fails to complete the course successfully. The instructor of the course to which a person is assigned shall report any failure of a person to complete successfully the program of instruction to the court which imposed probation. Upon receipt of the instructor's report that the person failed to complete the program successfully, the court shall revoke probation, shall not discharge such person, shall not dismiss the proceedings against the person, and shall deny application for expunction of all recordation of defendant's arrest, indictment, or information, trial, finding of guilty, and dismissal and discharge pursuant to G.S. 15A-145.2. A person may obtain a hearing before the court of original jurisdiction prior to revocation of probation or denial of application for expunction.

This subsection is supplemental and in addition to existing law and shall not be construed so as to repeal any existing provision contained in the General Statutes of North Carolina.

(b) Upon the discharge of such person, and dismissal of the proceedings against the person under subsection (a) or (a1) of this section, such person, if he or she was not over 21 years of age at the time of the offense, may be eligible to apply for expunction of certain records relating to the offense pursuant to G.S. 15A-145.2(a).

(c) Repealed by Session Laws 2009-510, s. 8(b), effective October 1, 2010.

(d) Whenever any person is charged with a misdemeanor under this Article by possessing a controlled substance included within Schedules I through VI of this Article or a felony under G.S. 90-95(a)(3), upon dismissal by the State of the charges against such person, upon entry of a nolle prosequi, or upon a finding of not guilty or other adjudication of innocence, the person may be eligible to apply for expunction of certain records relating to the offense pursuant to G.S. 15A-145.2(b).

(e) Whenever any person who has not previously been convicted of (i) any felony offense under any state or federal laws; (ii) any offense under this Article; or (iii) an offense under any statute of the United States or any state relating to controlled substances included in any schedule of this Article or to that paraphernalia included in Article 5B of Chapter 90 of the General Statutes pleads guilty to or has been found guilty of (i) a misdemeanor under this Article by possessing a controlled substance included within Schedules I through VI of this Article, or by possessing drug paraphernalia as prohibited by G.S. 90-113.22 or G.S. 90-113.22A, or (ii) a felony under G.S. 90-95(a)(3), the person may be eligible to apply for cancellation of the judgment and expunction of certain records related to the offense pursuant to G.S. 15A-145.2(c).

(f) Repealed by Session Laws 2009-577, s. 6, effective December 1, 2009, and applicable to petitions for expunctions filed on or after that date."

SECTION 39.(a) G.S. 90-414.5(a) reads as rewritten:

"(a) The Authority shall provide the Department and the State Health Plan for Teachers and State Employees secure, real-time access to data and information disclosed through the HIE Network, solely for the purposes set forth in ~~subsection (a) of this section~~ G.S. 90-414.4(a) and in G.S. 90-414.2. The Authority shall limit access granted to the State Health Plan for

Teachers and State Employees pursuant to this section to data and information disclosed through the HIE Network that pertains to services (i) rendered to teachers and State employees and (ii) paid for by the State Health Plan."

SECTION 39.(b) G.S. 90-414.7(b) reads as rewritten:

"(b) Powers and Duties. – The Authority has the following powers and duties:

(1) Oversee and administer the HIE Network in a manner that ensures all of the following:

…

h. Minimization of the amount of data required to be submitted under ~~G.S. 90-414(b)~~ G.S. 90-414.4(b) and any use or disclosure of such data to what is determined by the Authority to be required in order to advance the purposes set forth in G.S. 90-414.2 and ~~G.S. 90-414(a).~~G.S. 90-414.4(a)."

SECTION 40.(a) If House Bill 630, 2017 Regular Session, becomes law, G.S. 108A-74, as amended by Section 3.1(a) of that act, reads as rewritten:

"**§ 108A-74. ~~County departments~~ Counties required to enter into annual written agreement for all social services programs other than medical assistance; County department failure to provide child welfare services; State intervention in or control of child welfare service delivery.**

…

(a1) Beginning in fiscal year 2018-2019, the Secretary shall require all ~~departments of social services~~ counties to enter into a written agreement each year that specifies mandated performance requirements and administrative responsibilities with regard to all social services programs other than medical assistance.

(1) When possible, the mandated performance requirements shall be based upon standardized metrics utilizing reliable data.

(2) The administrative responsibilities shall address, at a minimum, staff training, data submission to the Department, and communication with the Department.

(3) The written agreement may be standardized or may be tailored to address issues in specific jurisdictions.

(4) The written agreement shall authorize the Department to withhold State and federal funds in the event the department fails to satisfy mandated performance requirements or comply with the terms of the agreement.

…."

SECTION 40.(b) If House Bill 630, 2017 Regular Session, becomes law, Section 3.1(b) of that act reads as rewritten:

"**SECTION 3.1.(b)** This section ~~becomes effective upon ratification~~ is effective when it becomes law and applies to written agreements required pursuant to G.S. 108A-74(a1) for fiscal years 2018-2019 and 2019-2020."

SECTION 40.(c) If House Bill 630, 2017 Regular Session, becomes law, then, effective March 1, 2020, G.S. 108A-74, as amended by Sections 3.1(a) and 3.2(a) of that act and by Section 40(a) of this act, reads as rewritten:

"**§ 108A-74. Counties ~~Local~~ and regional social services departments required to enter into annual written agreement for all social services programs other than medical assistance; ~~Local~~ local department failure to comply with the written agreement or applicable law; corrective action; State intervention in or control of child welfare service delivery.**

…

(a2) The Secretary shall require all ~~departments of social services~~ counties and regional social services departments to enter into a written agreement each year that specifies mandated performance requirements and administrative responsibilities with regard to all social services programs other than medical assistance.

(1) The mandated performance requirements shall be based upon standardized metrics utilizing data and outcome measures derived from the Social Services System Transparency and Wellness Dashboard and other reliable data sources.

(2) The administrative responsibilities shall address, at a minimum, staff training, data submission to the Department, and communication with the Department.

(3) The written agreement may be standardized or may be tailored to address issues in specific jurisdictions.

(4) The written agreement shall authorize the Department to withhold State or federal funds in the event the department fails to satisfy mandated performance requirements or comply with the terms of the agreement or applicable law.

…."

SECTION 40.(d) If House Bill 630, 2017 Regular Session, becomes law, G.S. 108A-15.3D, as enacted by Section 4.1 of that act, reads as rewritten:

"**§ 108A-15.3D. Regional social services director.**

A regional social services director appointed by a regional social services board shall have all the powers and duties of a director of social services provided by G.S. 108A-14 and other applicable laws. The director shall also have the authority to enter contracts, in accordance with the Local Government Finance Act, Chapter 159 of the General Statutes, on behalf of the regional social services department."

SECTION 40.(e) If House Bill 630, 2017 Regular Session, becomes law, Section 4.6 of that act reads as rewritten:

"**SECTION 4.6.** Sections 4.1, 4.2, 4.3, and 4.4 become effective March 1, 2019. Section 4.5 ~~becomes effective upon ratification.~~is effective when it becomes law."

SECTION 40.(f) If House Bill 630, 2017 Regular Session, becomes law, G.S. 7B-1001(a), as amended by Section 8(a) of that act and by Section 4 of S.L. 2017-7, reads as rewritten:

"(a) In a juvenile matter under this Subchapter, appeal of a final order of the court shall be made directly to the Court of Appeals, unless otherwise specified. Only the following juvenile matters may be appealed:

…

(5) An order under G.S. 7B-906.2(b) eliminating reunification, as defined by G.S. 7B-101(18b), as a permanent plan by either of the following:

a. A parent who is a party and:

1. Has preserved the right to appeal the order in writing within 30 days after entry and service of the order.

2. A termination of parental rights petition or motion has not been filed within 65 days of entry and service of the order.

3. A notice of appeal of the order eliminating reunification is filed within 30 days after ~~entry and service of~~ the expiration of the 65 days.

b. A party who is a guardian or custodian with whom reunification is not a permanent plan.

(6) ~~shall be made directly to the Supreme Court.~~"

SECTION 40.(g) If House Bill 630, 2017 Regular Session, becomes law, subsection (c) of this section becomes effective March 1, 2020, subsection (d) of this section becomes effective March 1, 2019, subsection (f) of this section becomes effective January 1, 2019, and applies to appeals filed on or after that date, and the remainder of this section is effective on the date House Bill 630 becomes law.

SECTION 41. G.S. 113-291.4A reads as rewritten:

"**§ 113-291.4A. Open seasons for taking foxes with firearms.**

(a) There is an open season for the taking of foxes with firearms in all areas of the State east of Interstate Highway 77 and in Mitchell and Caldwell Counties from the beginning of the season established by the Wildlife Resources Commission for the taking of rabbits and quail through January 1 of each year. The selling, buying, or possessing for sale of any fox or fox part taken pursuant to this subsection is prohibited, and is punishable as provided by G.S. 113-294(a) or (j).

(b) The Wildlife Resources Commission shall establish appropriate bag and season limits that may be imposed upon the taking of foxes pursuant to this ~~act,~~ section, and may make reasonable rules governing the possession of foxes killed by motor vehicles or other accidental means."

SECTION 41.5. G.S. 115C-105.51 reads as rewritten:

"**§ 115C-105.51. Anonymous tip lines and monitoring and response applications.**

(a) Each local school administrative unit is encouraged to develop and operate an anonymous tip line, in coordination with local law enforcement and social services agencies, to receive anonymous information on internal or external risks to the school population, school buildings, and school-related activities. The Department of Public ~~Safety,~~ Instruction, in consultation with the Department of Public ~~Instruction,~~ Safety, may develop standards and guidelines for the development, operation, and staffing of tip lines.

(b) The Department of Public ~~Safety, Division of Emergency Management,~~ Instruction and the Center for Safer Schools, in collaboration with the Department of Public ~~Instruction,~~ Safety, Division of Emergency Management, shall implement and maintain an anonymous safety tip line application for purposes of receiving anonymous student information on internal or external risks to the school population, school buildings, and school-related activities.

…."

SECTION 42. G.S. 115D-67.4 reads as rewritten:

"**§ 115D-67.4. Fees collected by the Center; purchases using Center funds.**

Notwithstanding any other provision of law, all fees collected by the Applied Textile Technology Center for services to the textile industry, except for regular curriculum and continuing education tuition receipts, shall be retained by the Center and used for the operations of the Center. Purchases made by the Center using these funds are not subject to the provisions of Article 3 of Chapter 143 of the General Statutes. However, the Center shall: (i) submit all proposed agreements or contracts for supplies, materials, printing, equipment, and contractual services that exceed one million dollars ($1,000,000) authorized by this section to the ~~Attorney General or the Attorney General's~~ Secretary of Administration or the Secretary's designee for review as provided in G.S. 114-8.3; and (ii) include in all agreements or contracts to be awarded by the Center under this section a standard clause which provides that the State Auditor and internal auditors of the Center may audit the records of the contractor during and after the term of the contract to verify accounts and data affecting fees and performance. The Center shall not award a cost plus percentage of cost agreement or contract for any purpose."

SECTION 42.1. G.S. 143-49(9) reads as rewritten:

"(9) To include a standard clause in all contracts awarded by the State and departments, agencies, and institutions of the State, providing that the State Auditor and internal auditors of the affected department,

agency, or institution may audit the records of the ~~contactor~~ contractor during and after the term of the contract to verify accounts and data affecting fees or performance."

SECTION 43. G.S. 143B-30.1(e) and (f) read as rewritten:

"(e) The Chief Administrative Law ~~Judge,~~ Judge of the Office of Administrative ~~Hearings,~~ Hearings shall ~~assign the staff and designate the Director of the Commission in accordance with G.S. 7A-760.~~designate, from among the employees of the Office of Administrative Hearings, the staff of the Rules Review Commission.

(f) The Commission shall prescribe procedures and forms to be used in submitting rules to the Commission for review.~~ The Commission may have computer access to the North Carolina Administrative Code to enable the Commission and its staff to view and copy rules in the Code.~~"

SECTION 44. G.S. 143B-437.01(a)(6) reads as rewritten:

"(6) The funds shall not be used for any retail, entertainment, or sports projects. The funds shall not be used for any nonmanufacturing project that does not meet the wage standard for the development tier area or zone in which the project is located. There is no wage standard for a development tier one area. If an urban progress zone or an agrarian growth zone is not in a development tier one area, then the wage standard for that zone is an average weekly wage that is at least equal to ninety percent (90%) of the lesser of the average wage for all insured private employers in the State and the average wage for all insured private employers in the county in which the ~~datacenter~~ project is located. The wage standard for a development tier two area or a development tier three area is an average weekly wage that is at least equal to one hundred ten percent (110%) of the lesser of the average wage for all insured private employers in the State and ninety percent (90%) of the average wage for all insured private employers in the county in which the ~~datacenter~~ project is located."

SECTION 44.1. G.S. 143B-1333(c) reads as rewritten:

"(c) Receipts shall be used solely for the purpose for which they were collected. In coordination with the Office of the State Controller and the Office of State Budget and Management, the State CIO shall ensure processes are established to manage federal receipts, maximize those receipts, and ensure that federal receipts are correctly utilized."

SECTION 45. G.S. 147-12(b) reads as rewritten:

"(b) The Department of Transportation, the Division of Adult Correction of the Department of Public Safety, the State Highway Patrol, the Wildlife Resources Commission, the Division of Parks and Recreation in the ~~Department of Natural and Natural Resources [Department of Natural and Cultural Resources],~~ Department of Natural and Cultural Resources, and the Division of Marine Fisheries in the Department of Environmental Quality shall deliver to the Governor by February 1 of each year detailed information on the agency's litter enforcement, litter prevention, and litter removal efforts. The Administrative Office of the Courts shall deliver to the Governor, by February 1 of each year, detailed information on the enforcement of the littering laws of the State, including the number of charges and convictions under the littering laws of the State. The Governor shall gather the information submitted by the respective agencies and deliver a consolidated annual report, on or before March 1 of each year, to the Environmental Review Commission, the Joint Legislative Transportation Oversight Committee, and the House of Representatives and the Senate appropriations committees with jurisdiction over natural and economic resources."

SECTION 45.5. If Senate Bill 655, 2017 Regular Session, becomes law, G.S. 163-213.4 reads as rewritten:

"**§ 163-213.4. Nomination by State Board of Elections.**

No later than 90 days preceding the North Carolina presidential preference primary, the chair of each political party shall submit to the State Board of Elections a list of its presidential candidates to be placed on the presidential preference primary ballot. The list must be comprised of candidates whose candidacy is generally advocated and recognized in the news media throughout the United States or in North Carolina, unless any such candidate executes and files with the chair of the political party an affidavit stating without qualification that the candidate is not and does not intend to become a candidate for nomination in the North Carolina Presidential Preference Primary Election. The State Board of Elections shall prepare and publish a list of the names of the presidential candidates submitted. The State Board of Elections shall convene in Raleigh on the first Tuesday in ~~March~~ January preceding the presidential preference primary ~~election.~~election, unless the first Tuesday in January is the first day of that month, in which case the State Board shall meet on January 2. At the meeting required by this section, the State Board of Elections shall nominate as presidential primary candidates all candidates affiliated with a political party, recognized pursuant to the provisions of Article 9 of Chapter 163 of the General Statutes, who have been submitted to the State Board of Elections. Additionally, the State Board of Elections, by vote of at least three of its members in the affirmative, may nominate as a presidential primary candidate any other person affiliated with a political party that it finds is generally advocated and recognized in the news media throughout the United States or in North Carolina as candidates for the nomination by that party. Immediately upon completion of these requirements, the Board shall release to the news media all such nominees selected. Provided, however, nothing shall prohibit the partial selection of nominees prior to the meeting required by this section, if all provisions herein have been complied with."

SECTION 46. Section 3 of S.L. 2016-81 reads as rewritten:

"**SECTION 3.** This act becomes effective ~~October 1, 2015.~~October 1, 2016."

SECTION 47. Reserved.

PART III. ADJUST CERTAIN EDUCATION REPORT DATES

SECTION 48.(a) G.S. 115C-12(25) reads as rewritten:

"(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, 2015, and annually thereafter,~~ by November 15 of each year, the State Board shall submit reports to that Committee regarding 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 48.(b) G.S. 115C-296.13(e) reads as rewritten:

"(e) Annual State Board of Education Report. – The educator preparation program report cards shall be submitted to the Joint Legislative Education Oversight Committee on an annual basis by ~~December 15.~~March 15."

SECTION 48.(c) G.S. 115C-238.55 reads as rewritten:

"**§ 115C-238.55. Evaluation of cooperative innovative high schools.**

The State Board of Education and the governing Boards shall evaluate the success of students in cooperative innovative high schools approved under this Part. Success shall be measured by high school retention rates, high school completion rates, high school dropout rates, certification and associate degree completion, admission to four-year institutions, postgraduation employment in career or study-related fields, and employer satisfaction of employees who participated in and graduated from the schools. The Boards shall jointly report by ~~January 15~~ March 15 of each year to the Joint Legislative Education Oversight Committee on the evaluation of these schools."

SECTION 48.(d) Section 1(b) of S.L. 2013-1, as amended by Section 16.1 of S.L. 2013-410 and by Section 89 of S.L. 2014-115, reads as rewritten:

"**SECTION 1.(b)** The State Board of Education shall make high school diploma endorsements, as provided under this section, available to students graduating from high school beginning with the 2014-2015 school year. The State Board of Education shall report to the Joint Legislative Education Oversight Committee on the progress toward establishing specific college and career endorsements for high school diplomas and for awarding these endorsements by February 1, 2014. The State Board of Education shall submit the report on the impact of awarding the high school endorsements on high school graduation, college acceptance and remediation, and post-high school employment rates by ~~September 15, 2016,~~ November 15, 2016, and annually thereafter."

SECTION 48.(e) G.S. 115C-156.2(b) reads as rewritten:

"(b) Beginning in 2014, the State Board of Education shall report to the Joint Legislative Education Oversight Committee by ~~September 15~~ November 15 of each year on the number of students in career and technical education courses who earned (i) community college credit and (ii) related industry certifications and credentials."

SECTION 48.(f) Section 8.29(e) of S.L. 2015-241 reads as rewritten:

"**SECTION 8.29.(e)** The Department of Public Instruction shall provide interim reports on the grant program to the Joint Legislative Education Oversight Committee by September 15, 2016, with a final report on the program by ~~September 15, 2017.~~November 15, 2017. The final report shall include the final results of the program and recommendations regarding effective after-school program models, standards, and performance measures based on student performance, leveraging of community-based resources to expand student access to learning activities and academic support, and the experience of the grant recipients."

SECTION 48.(g) G.S. 115C-83.10(c) reads as rewritten:

"(c) The State Board of Education shall establish a uniform format for local boards of education to report the required information listed in subsections (a) and (b) of this section and shall provide the format to local boards of education no later than 90 days prior to the annual due date. The State Board of Education shall compile annually this information and submit a State-level summary to the Governor, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Joint Legislative Education Oversight Committee by ~~October 15 of each year, beginning with the 2015-2016 school year.~~December 15, 2016, and annually thereafter."

SECTION 48.(h) G.S. 115C-174.26(h) reads as rewritten:

"(h) ~~Beginning November 15, 2014, the~~ The State Board of Education shall report annually by December 15 to the Joint Legislative Education Oversight Committee on advanced courses in North Carolina. The report shall include, at a minimum, the following information:

(1) The North Carolina Advanced Placement Partnership's report to the Department of Public Instruction as required by subsection (g) of this section and the State Board's assessment of that report.

(2) Number of students enrolled in advanced courses and participating in advanced course examinations, including demographic information by gender, race, and free and reduced-price lunch status.

(3) Student performance on advanced course examinations, including information by course, local school administrative unit, and school.

(4) Number of students participating in 10th grade PSATMSQT testing.

(5) Number of teachers attending summer institutes offered by the North Carolina Advanced Placement Partnership.

(6) Distribution of funding appropriated for advanced course testing fees and professional development by local school administrative unit and school.
(7) Status and efforts of the North Carolina Advanced Placement Partnership.
(8) Other trends in advanced courses and examinations."

SECTION 48.(i) G.S. 115C-75.9(i) reads as rewritten:

"(i) Criminal History Checks. – The State Board of Education shall require applicants for employment with the ASD to be checked for criminal histories using the process provided in ~~G.S. 115C-297.1.~~G.S. 115C-332. The State Board of Education shall provide the criminal history it receives to the ASD Superintendent and AS operator."

PART IV. EFFECTIVE DATE

SECTION 49. Section 5 of this act becomes effective December 1, 2015. Except as otherwise provided in this act, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 28th day of June, 2017.

s/ Daniel J. Forest
President of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Roy Cooper
Governor

Approved 1:52 p.m. this 12th day of July, 2017

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2017-75
HOUSE BILL 256

AN ACT TO APPOINT PERSONS TO VARIOUS PUBLIC OFFICES UPON THE RECOMMENDATION OF THE SPEAKER OF THE HOUSE OF REPRESENTATIVES, PRESIDENT PRO TEMPORE OF THE SENATE, AND THE MAJORITY AND MINORITY LEADERS OF THE HOUSE OF REPRESENTATIVES AND SENATE AND TO MAKE TECHNICAL CHANGES.

Whereas, G.S. 120-121 authorizes the General Assembly to make certain appointments to public offices upon the recommendation of the Speaker of the House of Representatives and President Pro Tempore of the Senate; and

Whereas, G.S. 116-31 and G.S. 116-233, as amended by S.L. 2016-126, authorize the General Assembly to make appointments to the board of trustees of each of the constituent institutions of The University of North Carolina and the School of Science and Mathematics upon the recommendation of the Speaker of the House of Representatives and the President Pro Tempore of the Senate pursuant to G.S. 120-121; and

Whereas, G.S. 143B-168.12 authorizes the General Assembly to appoint members of the public to the Board of Directors of the North Carolina Partnership for Children, Inc., upon the recommendation of the Majority and Minority Leaders of the House of Representatives and the Senate; and

Whereas, the Speaker of the House of Representatives and President Pro Tempore of the Senate have made recommendations; and

Whereas, the Majority and Minority Leaders of the House of Representatives and the Senate have made recommendations; Now, therefore,

The General Assembly of North Carolina enacts:

PART I. SPEAKER'S RECOMMENDATIONS TO BOARDS AND COMMISSIONS

SECTION 1.1. Effective July 1, 2017, Dr. Chester Phillips of Wake County and Marc S. Cutler of Wake County are appointed to the Acupuncture Licensing Board for terms expiring June 30, 2020.

SECTION 1.2. Effective July 1, 2017, Fletcher "Gene" McIntyre of Stanly County and Linda Daves of Randolph County are appointed to the North Carolina Center for the Advancement of Teaching Board of Trustees for terms expiring on June 30, 2021.

SECTION 1.3. Effective October 1, 2017, Edward C. Robinson of Durham County is appointed to the African-American Heritage Commission for a term expiring on September 30, 2020.

SECTION 1.4. Effective July 1, 2017, Jeffrey J. Smith of Yadkin County is appointed to the North Carolina Agricultural Finance Authority for a term expiring on July 1, 2020.

SECTION 1.5. James W. Crabtree of Guilford County is appointed to the Alarm Systems Licensing Board for a term expiring on June 30, 2018, to fill the unexpired term of John Thompson.

SECTION 1.6. Effective July 1, 2017, Charles McGill of Wake County and Timothy Tallent of Cabarrus County are appointed to the North Carolina Appraisal Board for terms expiring on June 30, 2020.

SECTION 1.7. Effective August 1, 2017, Leonard Scott Barringer of Cabarrus County, Dr. Jeffrey P. Carley of Cleveland County, and Carrie A. Rubertino Shearer of Durham County are appointed to the North Carolina Board of Athletic Trainer Examiners for terms expiring on July 31, 2020.

SECTION 1.8. Effective July 1, 2017, Dana Stonestreet of Buncombe County is appointed to the North Carolina State Banking Commission for a term expiring on June 30, 2021.

SECTION 1.9. Dr. Ryan P. Lamb of Orange County is appointed to the North Carolina Brain Injury Advisory Council for a term expiring on September 30, 2019, to fill the unexpired term of Dr. Erwin Manalo.

SECTION 1.10.(a) Effective upon when this act becomes law, Deryl "Raynor" Smith, Jr., of Wake County is appointed to the State Building Commission for a term expiring on June 30, 2019.

SECTION 1.10.(b) Effective July 1, 2017, Blair Bordeaux of Wake County is appointed to the State Building Commission for a term expiring on June 30, 2020.

SECTION 1.11. Effective March 1, 2017, John E. Reid of Mecklenburg County is appointed to the North Carolina Capital Facilities Finance Agency Board of Directors for a term expiring on March 1, 2021.

SECTION 1.12. Effective July 1, 2017, William W. "Bill" Gaffney, Jr., of Mecklenburg County is appointed to the North Carolina Cemetery Commission for a term expiring on June 30, 2021.

SECTION 1.13. Effective July 1, 2017, Judi K. Grainger of Wake County and Hamilton "Tony" Withers of Wake County are appointed to the Centennial Authority for terms expiring on June 30, 2021.

SECTION 1.14. Effective July 1, 2017, Lindalyn Kakadelis of Mecklenburg County, Joseph A. Maimone of Rutherford County, and Lynn Kroeger of Union County are appointed to the North Carolina Charter Schools Advisory Board for terms expiring on June 30, 2021.

SECTION 1.15.(a) John Zachary "Zac" Everhart of Craven County is appointed to the North Carolina Child Care Commission for a term expiring on June 30, 2018, to fill the unexpired term of Kristin Weaver.

SECTION 1.15.(b) Effective July 1, 2017, Glenda Weinert of Buncombe County and Kimberly J. McClure of Forsyth County are appointed to the North Carolina Child Care Commission for terms expiring on June 30, 2019.

SECTION 1.16. Effective July 1, 2017, Dr. Richard K. Davis, Jr., of Catawba County is appointed to the State Board of Chiropractic Examiners for a term expiring on June 30, 2019.

SECTION 1.17. Effective July 1, 2017, Renee D. Kumor of Henderson County is appointed to the Clean Water Management Trust Fund Board of Trustees for a term expiring on July 1, 2020.

SECTION 1.18. Robert M. High of New Hanover County is appointed to the Coastal Resources Commission for a term expiring on June 30, 2018, to fill the unexpired term of John Snipes II.

SECTION 1.19. Effective July 1, 2017, R. Steven Johnson of Wake County, Randy Byrd of Wake County, Angela L. Williams of Guilford County, and David L. Dail of Caswell County are appointed to the North Carolina Criminal Justice Education and Training Standards Commission for terms expiring on June 30, 2019.

SECTION 1.20. Effective July 1, 2017, Joel R. Shores of Cleveland County is appointed to the Criminal Justice Information Network Governing Board for a term expiring on June 30, 2021.

SECTION 1.21.(a) If House Bill 357 of the 2017 Regular Session or substantially similar legislation becomes law, then effective July 1, 2017, Christina C. Wilson of Wake County is appointed to the North Carolina Board of Dietetics/Nutrition for a term expiring on June 30, 2020.

SECTION 1.21.(b) If House Bill 357 of the 2017 Regular Session or substantially similar legislation does not become law, then effective July 1, 2017, Shelia Garner Link of Carteret County is appointed to the North Carolina Board of Dietetics/Nutrition for a term expiring on June 30, 2020.

SECTION 1.22.(a) Saira Estrada of Iredell County is appointed to the Domestic Violence Commission for a term expiring on August 31, 2017, to fill the unexpired term of Mary Lopez Carter.

SECTION 1.22.(b) Effective September 1, 2017, Saira Estrada of Iredell County, the Honorable Robert M. Wilkins of Randolph County, and Erica S. Gallion of Harnett County are appointed to the Domestic Violence Commission for terms expiring on August 31, 2019.

SECTION 1.23. Effective upon when this act becomes law, Craig Hagood of Wake County is appointed to the North Carolina Education and Workforce Innovation Commission for a term expiring on June 30, 2019.

SECTION 1.24. Dianne M. Layden of Perquimans County is appointed to the North Carolina Emergency Medical Services Advisory Council for a term expiring on December 31, 2019, to fill the unexpired term of Dr. Thomas A. Brant.

SECTION 1.25. Effective July 1, 2017, Robert Mitchell Gillespie of McDowell County and Steve P. Keen of Wayne County are appointed to the Environmental Management Commission for terms expiring on June 30, 2021.

SECTION 1.26. Effective October 1, 2017, Dr. Stacey R. Watkins-Griffith of Rutherford County is appointed to the North Carolina State Board of Fee-Based Practicing Pastoral Counselors for a term expiring on September 30, 2020.

SECTION 1.27. Effective January 1, 2018, Michael C. Stone of Lee County is appointed to the North Carolina Board of Funeral Service for a term expiring on December 31, 2020.

SECTION 1.28. Effective July 1, 2017, William T. Lamm, II, of Wilson County and Steve R. Mayo of Wayne County are appointed to the Board of Directors of the North Carolina Global TransPark Authority for a term expiring on June 30, 2021.

SECTION 1.29. Effective March 1, 2017, Robert C. "Bert" Kemp of Pitt County and James Calvin Cunningham III of Davidson County are appointed to the Governor's Crime Commission for terms expiring on February 28, 2019.

SECTION 1.30. Effective July 1, 2017, Harold "Butch" Upton of Cleveland County is appointed to the North Carolina Home Inspector Licensure Board for a term expiring on July 1, 2021.

SECTION 1.31. Effective July 1, 2017, Tom Smith of Wake County, James Carlton Kearney, Sr., of Vance County, Paul S. Jaber of Nash County, and James W. Oglesby of Buncombe County are appointed to the North Carolina Housing Finance Agency Board of Directors for terms expiring on June 30, 2019.

SECTION 1.32. Effective July 1, 2017, April D. Page of Wake County is appointed to the State Human Resources Commission for a term expiring on June 30, 2021.

SECTION 1.33. Effective January 1, 2018, Anita Bachmann of Guilford County, Brian L. McGinnis of Gaston County, and Lisa P. Shock of Orange County are appointed to the Board of Directors of the North Carolina Institute of Medicine for terms expiring on January 1, 2022.

SECTION 1.34. Effective July 1, 2017, Jaime M. Staley of Caldwell County, Pamela P. Smith of Mecklenburg County, and Emily C. Pope of Sampson County are appointed to the North Carolina Interpreter and Transliterator Licensing Board for terms expiring on June 30, 2020.

SECTION 1.35. Effective January 1, 2018, Representative John Szoka of Cumberland County is appointed to the Interstate Commission on Educational Opportunity for Military Children State Council for a term expiring on December 31, 2021.

SECTION 1.36. Effective October 1, 2017, Steven Hill of Wake County is appointed to the North Carolina Irrigation Contractors' Licensing Board for a term expiring on September 30, 2020.

SECTION 1.37. Effective July 1, 2017, Donald Keith Branch of Johnston County, Ashley M. Honeycutt of Wake County, Representative Frank Iler of Brunswick County, Representative Larry Yarborough of Granville County, Representative Becky Carney of Mecklenburg County, Wanda Moore of New Hanover County, Ryan S. Swanson of Wake County, and Joseph "Joey" Propst of Wake County are appointed to the Justus-Warren Heart Disease and Stroke Prevention Task for terms expiring on June 30, 2019.

SECTION 1.38. Effective July 1, 2017, Michael Philbeck of Cleveland County is appointed to the Local Government Commission for a term expiring on June 30, 2021.

SECTION 1.39. Effective January 1, 2018, Donald S. Bright of Cumberland County is appointed to the North Carolina Locksmith Licensing Board for a term expiring on December 31, 2020.

SECTION 1.40. Effective September 1, 2017, William R. "Randy" Jones of Johnston County is appointed to the North Carolina State Lottery Commission for a term expiring on August 31, 2022.

SECTION 1.41. Effective July 1, 2017, the Honorable Richard T. Schulze of Perquimans County is appointed to the North Carolina Marine Industrial Park Authority for a term expiring on June 30, 2019.

SECTION 1.42. Effective July 1, 2017, Rachael Goolsby of New Hanover County is appointed to the North Carolina Board of Massage and Bodywork Therapy for a term expiring on June 30, 2018, to fill the unexpired term of Melissa Ann Smith.

SECTION 1.43. Effective July 1, 2017, Reverend Sidney Dunston of Franklin County is appointed to the Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services for a term expiring on June 30, 2020.

SECTION 1.44.(a) If Senate Bill 148 of the 2017 Regular Session or substantially similar legislation becomes law, then effective July 1, 2017, Mary Jo Cresimore of Wake County and R. Gene Davis of Wake County are appointed to the Board of Trustees of the North Carolina Museum of Art for terms expiring on June 30, 2021.

SECTION 1.44.(b) If Senate Bill 148 of the 2017 Regular Session or substantially similar legislation does not become law, then the terms set out in subsection (a) of this section shall expire on July 1, 2019.

SECTION 1.45. Effective July 1, 2017, David R. Swinney of Pasquotank County is appointed to the North Carolina On-site Wastewater Contractors and Inspectors Certification Board for a term expiring on July 1, 2020.

SECTION 1.46.(a) John "Austin" Barnhill of Wake County is appointed to the Outdoor Heritage Advisory Council for a term expiring on September 30, 2020, to fill the unexpired term of William Stone.

SECTION 1.46.(b) Effective October 1, 2017, Harry M. Shaw of New Hanover County is appointed to the Outdoor Heritage Advisory Council for a term expiring on September 30, 2021.

SECTION 1.47. Effective July 1, 2017, Edward W. Wood of Chowan County is appointed to the North Carolina Parks and Recreation Authority for a term expiring on June 30, 2020.

SECTION 1.48. Effective January 1, 2018, Dr. Paul Popish of Orange County, David L. Edge of Robeson County, and Reverend Stanley A. Lewis of Halifax County are appointed to the Board of Directors of the North Carolina Partnership for Children, Inc., for terms expiring on December 31, 2020.

SECTION 1.49. Effective July 1, 2017, Kimberly Hale of Pitt County and Representative Jonathan Jordan of Ashe County are appointed to the Permanency Innovation Initiative Oversight Committee for terms expiring on June 30, 2020.

SECTION 1.50. Effective July 1, 2017, Tom W. Adams of Brunswick County is appointed to the North Carolina State Ports Authority for a term expiring on June 30, 2019.

SECTION 1.51. Richard A. Cornette of Wilkes County is appointed to the North Carolina Principal Fellows Commission for a term expiring on June 30, 2019, to fill unexpired term of Jeremy Johnson.

SECTION 1.52. Effective July 1, 2017, Vincent P. "Bud" Cesena of Lincoln County is appointed to the Private Protective Services Board for a term expiring on June 30, 2020.

SECTION 1.53. If House Bill 327 of the 2017 Regular Session or substantially similar legislation becomes law, then effective January 1, 2018, Scott Aaron of Durham County is appointed to the North Carolina Board of Proprietary Schools for a term expiring on December 31, 2021.

SECTION 1.54. Michael M. Ruffin of Cabarrus County is appointed to the Public Officers and Employees Liability Insurance Commission for a term expiring on June 30, 2019, to fill the unexpired term of John Michael Causey.

SECTION 1.55. Effective July 1, 2017, James Nance of Stanly County is appointed to the North Carolina Railroad Company Board of Directors for a term expiring on June 30, 2021.

SECTION 1.56. Effective July 1, 2017, Thomas K. Lawing, Jr., of Mecklenburg County is appointed to the North Carolina Real Estate Commission for a term expiring on June 30, 2020.

SECTION 1.57. Effective July 1, 2017, Rhonda W. Walton of Pitt County is appointed to the North Carolina Recreational Therapy Licensure Board for a term expiring on June 30, 2020.

SECTION 1.58. If Senate Bill 257 of the 2017 Regular Session becomes law, then effective July 1, 2017, Earl W. Willis, Jr., of Chowan County is appointed to the Roanoke Island Historical Commission for a term expiring on June 30, 2019.

SECTION 1.59. Effective July 1, 2017, Anna Baird Choi of Wake County, Garth K. Dunklin of Mecklenburg County, and Andrew P. Atkins of Wake County are appointed to the Rules Review Commission for terms expiring on June 30, 2019.

SECTION 1.60. Effective July 1, 2017, Lee Grantham of Robeson County is appointed to the Rural Infrastructure Authority for a term expiring on June 30, 2020.

SECTION 1.61. Effective July 1, 2017, Enoch Mueller of Caldwell County is appointed to the North Carolina Board of Science, Technology, and Innovation for a term expiring on June 30, 2019.

SECTION 1.62. Effective July 1, 2017, Clark C. Wipfield of Wake County is appointed to the North Carolina Board for Licensing of Soil Scientists for a term expiring on June 30, 2020.

SECTION 1.63. Effective July 1, 2017, Peter W. Chauncey of Durham County is appointed to the Board of Trustees of the State Health Plan for Teachers and State Employees for a term expiring on June 30, 2019.

SECTION 1.64. Effective July 1, 2017, Michael "Greg" Patterson of Wake County is appointed to the Board of Trustees of the Teachers' and State Employees' Retirement System for a term expiring on June 30, 2019.

SECTION 1.65. Effective July 1, 2017, Stephen J. Lawler of Pitt County and Melissa Ross Matton of Wake County are appointed to the Umstead Act Unfair Competition Panel (UNC Umstead Review Panel) for terms expiring on June 30, 2021.

SECTION 1.66. Effective July 1, 2017, Culley C. Carson IV of Wake County is appointed to the Board of Trustees of the University of North Carolina Center Public Television for a term expiring on June 30, 2019.

SECTION 1.67. Effective upon when this act becomes law, Robin P. Lazaro of Johnston County is appointed to the North Carolina Veterinary Medical Board for a term expiring on June 30, 2021.

SECTION 1.68. Effective July 1, 2017, Representative Nelson Dollar of Wake County and Representative William Brawley of Mecklenburg County are appointed to the Virginia-North Carolina Interstate High-Speed Rail Compact Commission for terms expiring on June 30, 2020.

SECTION 1.69. Effective July 1, 2017, Maria S. Hunnicutt of Rutherford County is appointed to the State Water Infrastructure Authority for a term expiring on July 1, 2019.

SECTION 1.70. Effective July 1, 2017, Vernon Ray Clifton Jr. of Bladen County, John A. Stone of Moore County, John T. Coley, IV, of Wake County, and Tommy Fonville of Wake County are appointed to the North Carolina Wildlife Resources Commission for terms expiring on June 30, 2019.

PART II. PRESIDENT PRO TEMPORE'S RECOMMENDATIONS TO BOARDS AND COMMISSIONS

SECTION 2.1. Effective July 1, 2017, Crystal Combs Cody of Lincoln County, Daniel N. Kiger of Surry County, and Robert W. Lee of Anson County are appointed to the North Carolina Criminal Justice Information Network Governing Board for terms expiring on June 30, 2021.

SECTION 2.2. Effective July 1, 2017, Leigh T. Brown of Cabarrus County, Michael P. Ayotte of Burke County, Paul Lawson Kennedy of Brunswick County, and Melvin Charles Mullen of Nash County are appointed to the North Carolina Housing Finance Agency Board of Directors for terms expiring on June 30, 2019.

SECTION 2.3. Effective July 1, 2017, John M. Pike of Wayne County is appointed to the North Carolina Railroad Board of Directors for a term expiring on June 30, 2021.

SECTION 2.4. Effective July 1, 2017, Charles S. Carter of Wake County is appointed to the North Carolina Environmental Management Commission for a term expiring on June 30, 2021.

SECTION 2.5. Effective July 1, 2017, Danny Barwick Smith of Lenoir County is appointed to the North Carolina Global TransPark Authority Board of Directors for a term expiring on June 30, 2021.

SECTION 2.6. Effective July 1, 2017, Edward C. Munn of Gaston County is appointed to the Local Government Commission for a term expiring on June 30, 2021.

SECTION 2.7. Effective January 1, 2018, Charles J. Elledge of Wilkes County is appointed to the North Carolina Emergency Medical Services Advisory Council for a term expiring on December 31, 2021.

SECTION 2.8. Effective January 1, 2017, Dr. Penney Burlingame Deal of Onslow County, Leonard A. Ellis of Mitchell County, and Keith S. Holtsclaw of Mitchell County are appointed to the North Carolina Institute of Medicine Board of Directors for terms expiring on December 31, 2021.

SECTION 2.9. Effective January 1, 2018, Lisa B. McCanna of Cabarrus County and Danielle Niedfeldt of Orange County are appointed to the License to Give Trust Fund Commission for terms expiring on December 31, 2019.

SECTION 2.10. Effective July 1, 2017, Senator Tamara Barringer of Wake County and Susan R. Whitehead of Wake County are appointed to the Permanency Innovation Initiative Oversight Committee for terms expiring on June 30, 2020.

SECTION 2.11. Effective July 1, 2017, Dr. Michael M. Marushack of New Hanover County is appointed to the North Carolina Board of Athletic Trainer Examiners for a term expiring on June 30, 2020.

SECTION 2.12. Effective July 1, 2017, John A. Graham of Johnston County is appointed to the North Carolina Cemetery Commission for a term expiring on June 30, 2021.

SECTION 2.13.(a) Effective upon when this act becomes law, Dr. Troy L. Kickler of Wake County is appointed to the North Carolina Clean Water Management Trust Fund Board of Trustees for a term expiring on June 30, 2018, to fill the unexpired term of Johnny D. Martin.

SECTION 2.13.(b) Effective July 1, 2017, Ms. Robin S. Hackney of New Hanover County is appointed to the North Carolina Clean Water Management Trust Fund Board of Trustees for a term expiring on June 30, 2020.

SECTION 2.14. Effective July 2, 2017, Walter H. James of Rockingham County is appointed to the North Carolina On-Site Wastewater Contractors and Inspectors Certification Board for a term expiring on June 30, 2020.

SECTION 2.15. Effective October 1, 2017, Thomas M. Clare of Wake County is appointed to the North Carolina Dispute Resolution Commission for a term expiring on September 30, 2020.

SECTION 2.16. Effective September 1, 2017, Michael Lazzara of Onslow County, Roy J. Helm of Mecklenburg County, Thomas E. Smith of Wake County, Sallie P. Surface of Hertford County, and Rita Thuot of Gaston County are appointed to the North Carolina Housing Partnership for terms expiring on August 31, 2020.

SECTION 2.17. Effective July 1, 2017, William A. Yow of Guilford County and Todd C. Muench of Orange County are appointed to the Well Contractors Certification Commission for terms expiring on June 30, 2020.

SECTION 2.18. Effective July 1, 2017, Jeff D. Etheridge of Columbus County and Theodore Westmoreland of Cleveland County are appointed to the Rural Infrastructure Authority for terms expiring on June 30, 2020.

SECTION 2.19. Effective July 1, 2017, Walter D. Giese of Onslow County and Patrick Johnson of Wake County are appointed to the North Carolina Board for Licensing of Soil Scientists for terms expiring on June 30, 2021.

SECTION 2.20. Effective July 1, 2017, Phyllis P. Gibbs of Guilford County, Alan Hawkes of Guilford County, and Sherry T. Reeves of Pamlico County are appointed to the North Carolina Charter Schools Advisory Board for terms expiring on June 30, 2020.

SECTION 2.21. Effective July 1, 2017, Paula T. Benson of Wilson County and Eric R. Hall of Wake County are appointed to the North Carolina School of Science and Mathematics Board of Trustees for terms expiring on June 30, 2021.

SECTION 2.22. Effective October 1, 2017, Dr. Pierre Crawford of Wilson County is appointed to the African-American Heritage Commission for a term expiring on September 30, 2020.

SECTION 2.23. Effective July 1, 2017, Roger M. Woods of Mecklenburg County is appointed to the North Carolina State Building Commission for a term expiring on June 30, 2020.

SECTION 2.24.(a) Effective July 1, 2017, Edward Cobbler of Guilford County is appointed to the Private Protective Services Board for a term expiring on June 30, 2020.

SECTION 2.24.(b) Effective July 1, 2017, Nada C. Lawrimore of Wilkes County is appointed to the Private Protective Services Board for a term expiring on June 30, 2021.

SECTION 2.25. Effective July 1, 2017, Rhonda W. Walton of Pitt County is appointed to the North Carolina Recreational Therapy Licensure Board for a term expiring on June 30, 2020.

SECTION 2.26. Effective July 1, 2017, Larry Proctor of Guilford County and Ralph C. Brown, Jr., of Iredell County are appointed to the Alarm Systems Licensing Board for terms expiring on June 30, 2020.

SECTION 2.27. Effective August 1, 2017, Lucina S. Chandler of Mecklenburg County is appointed to the North Carolina Real Estate Commission for a term expiring on July 31, 2020.

SECTION 2.28.(a) If House Bill 357 of the 2017 Regular Session or substantially similar legislation becomes law, then effective July 1, 2017, John P. Alger of Mecklenburg County is appointed to the North Carolina Board of Dietetics/Nutrition for a term expiring on June 30, 2020.

SECTION 2.28.(b) If House Bill 357 of the 2017 Regular Session or substantially similar legislation does not become law, then effective July 1, 2017, Kimberly Isles of Durham County is appointed to the North Carolina Board of Dietetics/Nutrition for a term expiring on June 30, 2020.

SECTION 2.29. Effective July 1, 2017, Nancy S. Harrell of Wake County and Kimberly L. Turk of Durham County are appointed to the North Carolina Board of Massage and Bodywork Therapy for terms expiring on June 30, 2020.

SECTION 2.30. Effective July 1, 2017, Marybeth Burns of Henderson County is appointed to the Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services for a term expiring on June 30, 2020.

SECTION 2.31. Effective July 1, 2017, Kenneth D. Stafford of Alamance County is appointed to the North Code Officials Qualification Board for a term expiring on June 30, 2021.

SECTION 2.32. Effective July 1, 2017, Leila R. Goodwin of Wake County is appointed to the State Water Infrastructure Authority for a term expiring on June 30, 2018.

SECTION 2.33. Effective July 1, 2017, Richard A. Epley of Burke County, Teresa M. Jardon of Catawba County, Ronald L. Parrish of Alamance County, and Michael D. Slagle of Mitchell County are appointed to the North Carolina Criminal Justice Education and Training Standards Commission for terms expiring on June 30, 2019.

SECTION 2.34. Effective September 1, 2017, Cathy M. Cloninger of Gaston County, Ms. Rekha J. Parikh of Wake County, Nathaniel C. Parker of Wake County, and Pamela T. Thompson of Alamance County are appointed to the Domestic Violence Commission for terms expiring on August 31, 2019.

SECTION 2.35. Effective July 1, 2017, Senator Chad Barefoot of Wake County, Senator Kathy G. Harrington of Gaston County, Senator Ronald J. Rabin of Cumberland County, Helen W. Brann of Person County, Shonda K. Corbett of Wake County, Chris C. Dobbins of Gaston County, Dr. David Y. Huang of Orange County, and Heather P. Breedlove of Wake

County are appointed to the Justus-Warren Heart Disease and Stroke Prevention Task Force for terms expiring on June 30, 2019.

SECTION 2.36. If Senate Bill 257 of the 2017 Regular Session becomes law, then effective July 1, 2017, Edward J. Danko of Dare County is appointed to the Roanoke Island Historical Commission for a term expiring on June 30, 2020.

SECTION 2.37.(a) Effective July 1, 2017, Margaret Currin of Wake County, John R. Hemphill of Wake County, and Jeffrey T. Hyde of Guilford County are appointed to the Rules Review Commission for terms expiring on August 31, 2018.

SECTION 2.37.(b) Effective July 1, 2017, Robert A. Bryan of Wake County and Jeffrey A. Poley of Wake County are appointed to the Rules Review Commission for terms expiring on August 31, 2019.

SECTION 2.38. Effective July 1, 2017, Dr. Samuel H. Houston of Wake County is appointed to the North Carolina Board of Science, Technology, and Innovation for a term expiring on June 30, 2019.

SECTION 2.39. Effective July 1, 2017, Dr. Aaron McKethan of Durham County is appointed to the Board of Trustees of the State Health Plan for Teachers and State Employees for a term expiring on June 30, 2019.

SECTION 2.40. Effective July 1, 2017, Thomas Berry of Guilford County, Mark Craig of Guilford County, Garry Spence of Mecklenburg County, and Landon Zimmer of New Hanover County are appointed to the North Carolina Wildlife Resources Commission for terms expiring on June 30, 2019.

SECTION 2.41. Effective July 1, 2017, Melanie C. Gayle of Moore County and William C. Walton of Pitt County are appointed to the North Carolina Child Care Commission for a term expiring on June 30, 2019.

SECTION 2.42. Effective July 1, 2017, Vickie Walker of Mecklenburg County is appointed to the University of North Carolina Center for Public Television Board of Trustees for a term expiring on June 30, 2019.

SECTION 2.43. Effective July 1, 2017, Chad R. Brown of Gaston County is appointed to the North Carolina Parks and Recreation Authority for a term expiring on June 30, 2020.

SECTION 2.44. Effective July 1, 2017, Lauren Pruett of Forsyth County is appointed to the North Carolina Interpreter and Transliterator Licensing Board for a term expiring on June 30, 2020.

SECTION 2.45. Effective October 1, 2017, Kevin R. Howell of Transylvania County is appointed to the Outdoor Heritage Advisory Council for a term expiring on September 30, 2020.

SECTION 2.46. Effective October 1, 2017, Travis F. Stephenson of Beaufort County is appointed to the Outdoor Heritage Advisory Council for a term expiring on September 30, 2018.

SECTION 2.47. Effective July 1, 2017, Patrick P. Joyce of Carteret County is appointed to the North Carolina State Ports Authority for a term expiring on June 30, 2019.

SECTION 2.48.(a) If Senate Bill 148 of the 2017 Regular Session or substantially similar legislation becomes law, then effective October 1, 2017, Peggy Wilks of Wake County and Shreita T. Powers of Forsyth County are appointed to the North Carolina Museum of Art Board of Trustees for terms expiring on September 30, 2021.

SECTION 2.48.(b) If Senate Bill 148 of the 2017 Regular Session or substantially similar legislation does not become law, then the terms set out in subsection (b) of this section shall expire on September 30, 2019.

SECTION 2.49. Effective July 1, 2017, W. Lentz Brewer of New Hanover County is appointed to the Board of Trustees of the Teachers' and State Employees' Retirement System for a term expiring on June 30, 2019.

SECTION 2.50. Effective July 1, 2017, Daniel Locklear of Robeson County is appointed to the North Carolina State Commission of Indian Affairs for a term expiring on September 30, 2019.

SECTION 2.51. Effective July 1, 2017, James P. Tobin of Dare County is appointed to the North Carolina Marine Industrial Park Authority for a term expiring on June 30, 2020.

SECTION 2.52. Effective January 1, 2018, Craig Olive of Johnston County is appointed to the North Carolina Board of Funeral Service for a term expiring on December 31, 2020.

SECTION 2.53. Effective January 1, 2018, Amy T. Ward of Nash County is appointed to the 911 Board for a term expiring on December 31, 2020, to fill the unexpired term of Joshua Brown.

SECTION 2.54. Effective September 1, 2017, Jennifer K. Morris of New Hanover County is appointed to the North Carolina Board of Electrolysis Examiners for a term expiring on August 31, 2020.

SECTION 2.55. Effective July 1, 2017, Charles D. Barrett of Davie County is appointed to the State Human Resources Commission for a term expiring on June 30, 2021.

SECTION 2.56. If House Bill 327 of the 2017 Regular Session or substantially similar legislation becomes law, then effective January 1, 2018, Robyn E. Klose of Wake County is appointed to the State Board of Proprietary Schools for a term expiring on December 31, 2021.

SECTION 2.57. Effective July 1, 2017, Angela Hight of Nash County is appointed to the Crime Victims Compensation Commission for a term expiring on June 30, 2021.

SECTION 2.58. Effective January 1, 2018, Colonel Grady H. Hawkins of Henderson County is appointed to the Judicial Standards Commission for a term expiring on December 31, 2023.

SECTION 2.59. Effective September 1, 2017, Jody Tyson of Greene County is appointed to the North Carolina State Lottery Commission for a term expiring on August 31, 2022.

SECTION 2.60. Effective upon when this act becomes law, John A. Ross of Henderson County is appointed to the North Carolina Irrigation Contactors' Licensing Board for a term expiring on September 30, 2019.

SECTION 2.61. Effective July 1, 2017, Ed Jones of Wake County is appointed to the North Carolina Appraisal Board for a term expiring on June 30, 2020.

SECTION 2.62. Effective December 1, 2017, D. Anthony Blackman of Wake County is appointed to the Economic Investment Committee for a term expiring on November 30, 2019.

SECTION 2.63. Effective October 1, 2017, Peter C. Milner of Wake County and Dr. Jonathan H. Freeman of Forsyth County are appointed to the North Carolina State Board of Fee-Based Practicing Pastoral Counselors for terms expiring on September 30, 2020.

SECTION 2.64. Effective upon when this act becomes law, Terry D. Maybin of Henderson County is appointed to the Board of Directors of the North Carolina Partnership for Children, Inc., for a term expiring December 31, 2019, to fill the unexpired term of Loraine Benthin.

SECTION 2.65. Effective upon when this act becomes law, Senator Chad Barefoot of Wake County is appointed to the Education Commission of the States for a term expiring on December 31, 2017, to fill the unexpired term of former Senator Daniel Soucek.

SECTION 2.66. Effective upon when this act becomes law, Benjamin J. Curtis of Rockingham County and Ernie L. Coleman of Beaufort County are appointed to the Governor's Crime Commission for terms expiring on February 28, 2020.

SECTION 2.67. Effective upon when this act becomes law, Ashley M. Dixon of Wake County is appointed to the North Carolina Board of Nursing for a term expiring on December 31, 2020.

SECTION 2.68. Effective upon when this act becomes law, Perry R. Safran of Wake County is appointed to the North Carolina Turnpike Authority Board for a term expiring on January 13, 2021.

SECTION 2.69. Effective upon when this act becomes law, Dr. Ronald J. Komich of Guilford County is appointed to the North Carolina Veterinary Medical Board for a term expiring on June 30, 2021.

SECTION 2.70. Effective July 1, 2017, the Honorable Andrew Brock of Davie County is appointed to the Board of Review for a term expiring on June 30, 2021.

PART III. SPEAKER'S RECOMMENDATIONS/BOARDS OF TRUSTEES OF THE CONSTITUENT INSTITUTIONS OF UNC

SECTION 3.1. Effective July 1, 2017, Donald C. Beaver of Catawba County is appointed to Appalachian State University Board of Trustees for a term expiring on June 30, 2021.

SECTION 3.2. Effective July 1, 2017, Robert Jason Poole, II, of Cumberland County is appointed to the East Carolina University Board of Trustees for a term expiring on June 30, 2021.

SECTION 3.3. Effective July 1, 2017, Phyllis N. Bosomworth of Pasquotank County is appointed to the Elizabeth City State University Board of Trustees for a term expiring on June 30, 2021.

SECTION 3.4. Effective July 1, 2017, John G. McNeil of Cumberland County is appointed to the Fayetteville State University Board of Trustees for a term expiring on June 30, 2021.

SECTION 3.5. Effective July 1, 2017, the Honorable Paul L. Jones of Guilford County is appointed to the North Carolina Agricultural and Technical State University Board of Trustees for a term expiring on June 30, 2021.

SECTION 3.6. Effective July 1, 2017, James S. Walker of Mecklenburg County is appointed to the North Carolina Central University Board of Trustees for a term expiring on June 30, 2021.

SECTION 3.7. Effective July 1, 2017, James A. Harrell, III, of Wake County is appointed to the North Carolina State University Board of Trustees for a term expiring on June 30, 2021.

SECTION 3.8. Effective July 1, 2017, J.W. Davis of Buncombe County is appointed to the University of North Carolina at Asheville Board of Trustees for a term expiring on June 30, 2021.

SECTION 3.9. Effective July 1, 2017, Kelly Matthews Hopkins of Mecklenburg County is appointed to the University of North Carolina at Chapel Hill Board of Trustees for a term expiring on June 30, 2021.

SECTION 3.10. Effective July 1, 2017, Teross Young of Iredell County is appointed to the University of North Carolina at Charlotte Board of Trustees for a term expiring on June 30, 2021.

SECTION 3.11. Effective July 1, 2017, Vanessa Carroll of Guilford County is appointed to the University of North Carolina at Greensboro Board of Trustees for a term expiring on June 30, 2021.

SECTION 3.12. Effective July 1, 2017, B.J. "Jack" Lowry of Wilson County, Tennessee, is appointed to the University of North Carolina at Pembroke Board of Trustees for a term expiring on June 30, 2021.

SECTION 3.13. Effective July 1, 2017, Dennis Burgard of Onslow County is appointed to the University of North Carolina at Wilmington Board of Trustees for a term expiring on June 30, 2021.

SECTION 3.14. Effective July 1, 2017, Joyce C. Dugan of Jackson County is appointed to the Western Carolina University Board of Trustees for a term expiring on June 30, 2021.

SECTION 3.15. Effective July 1, 2017, Dr. Ricky Sides of Forsyth County is appointed to the Winston-Salem State University Board of Trustees for a term expiring on June 30, 2021.

SECTION 3.16. Elizabeth B. Madden of Forsyth County is appointed to the University of North Carolina School of the Arts Board of Trustees for a term expiring on June 30, 2021.

SECTION 3.17. Effective July 1, 2017, Dr. Ellen C. Collett of Burke County, Robert M. Freeman of Cabarrus County, and Stephen E. Griffin of Durham County are appointed to the North Carolina School of Science and Mathematics Board of Trustees for terms expiring on June 30, 2021.

PART IV. PRESIDENT PRO TEMPORE'S RECOMMENDATIONS/BOARDS OF TRUSTEES OF THE CONSTITUENT INSTITUTIONS OF UNC

SECTION 4.1. Effective July 1, 2017, Scott Lampe of Mecklenburg County is appointed to the Appalachian State University Board of Trustees for a term ending on June 30, 2021.

SECTION 4.2. Effective July 1, 2017, Fielding Miller of Wake County is appointed to the East Carolina University Board of Trustees for a term ending on June 30, 2021.

SECTION 4.3. Effective July 1, 2017, Tracy L. Swain of Camden County is appointed to the Elizabeth City State University Board of Trustees for a term ending on June 30, 2021.

SECTION 4.4. Effective July 1, 2017, Mrs. Sherida McMullan of Wake County is appointed to the Fayetteville State University Board of Trustees for a term ending on June 30, 2021.

SECTION 4.5. Effective July 1, 2017, Calvin Brodie of Franklin County is appointed to the North Carolina A & T State University Board of Trustees for a term ending on June 30, 2021.

SECTION 4.6. Effective July 1, 2017, Karyn L. Stith-Wilkerson of Durham County is appointed to the North Carolina Central University Board of Trustees for a term ending on June 30, 2021.

SECTION 4.7. Effective July 1, 2017, David R. Nimocks III of Cumberland County is appointed to the North Carolina State University Board of Trustees for a term ending on June 30, 2021.

SECTION 4.8. Effective July 1, 2017, James S. Peterson of Buncombe County is appointed to the University of North Carolina at Asheville Board of Trustees for a term ending on June 30, 2021.

SECTION 4.9. Effective July 1, 2017, Richard Y. Stevens of Wake County is appointed to the University of North Carolina at Chapel Hill Board of Trustees for a term ending on June 30, 2021.

SECTION 4.10. Effective July 1, 2017, Dennis Bunker of Mecklenburg County is appointed to the University of North Carolina at Charlotte Board of Trustees for a term ending on June 30, 2021.

SECTION 4.11. Effective July 1, 2017, Frances H. Bullock of Guilford County is appointed to the University of North Carolina at Greensboro Board of Trustees for a term ending on June 30, 2021.

SECTION 4.12. Effective July 1, 2017, James A. Thomas of Los Angeles County, California, is appointed to the University of North Carolina at Pembroke Board of Trustees for a term ending on June 30, 2021.

SECTION 4.13. Effective July 1, 2017, Robert Rippy of New Hanover County is appointed to the University of North Carolina at Wilmington Board of Trustees for a term ending on June 30, 2021.

SECTION 4.14. Effective July 1, 2017, Peter S. Brunstetter, Jr., of Forsyth County is appointed to the University of North Carolina School of the Arts Board of Trustees for a term ending on June 30, 2021.

SECTION 4.15. Effective July 1, 2017, John R. Lupoli, Jr., of Macon County is appointed to the Western Carolina University Board of Trustees for a term ending on June 30, 2021.

SECTION 4.16. Effective July 1, 2017, Kenneth Raymond of Forsyth County is appointed to the Winston-Salem State University Board of Trustees for a term ending on June 30, 2021.

SECTION 4.17. Effective July 1, 2017, Thomas F. Looney of Wake County is appointed to the North Carolina School of Science and Mathematics Board of Trustees for a term ending on June 30, 2021.

PART V. MAJORITY AND MINORITY LEADERS RECOMMENDATIONS

SECTION 5.1. Effective January 1, 2018, Dr. Rebecca Ayers of Wake County is appointed to the Board of Directors of the North Carolina Partnership for Children, Inc., upon the recommendation of the Majority Leader of the House of Representatives, for a term expiring on December 31, 2020.

SECTION 5.2. Effective January 1, 2018, Sue Russell of Orange County is appointed to the Board of Directors of the North Carolina Partnership for Children, Inc., upon the recommendation of the Minority Leader of the House of Representatives, for a term expiring on December 31, 2020.

SECTION 5.3. Effective January 1, 2018, Monika Johnson Hostler of Wake County is appointed to the Board of Directors of the North Carolina Partnership for Children, Inc., upon the recommendation of the Minority Leader of the Senate, for a term expiring on December 31, 2019.

PART VI. CORRECTIONS

SECTION 6.1. Section 1.13 of S.L. 2015-254 reads as rewritten:

"**SECTION 1.13.** Lawrence F. Baldwin of Carteret County is appointed to the Coastal Resources Commission for a term expiring on ~~June 30, 2018.~~June 30, 2019."

SECTION 6.2. Section 2.2 of S.L. 2016-70 reads as rewritten:

"**SECTION 2.2.** Effective October 1, 2016, Marvin N. Arrington of Pitt County is appointed to the African-American Heritage Commission for a term expiring on ~~September 30, 2016.~~September 30, 2019."

SECTION 6.3. Section 2.22 of S.L. 2016-70 reads as rewritten:

"**SECTION 2.22.** Effective January 1, 2017, ~~James~~ Paul M. "Mike" Williams of Henderson County is appointed to the North Carolina Locksmith Licensing Board for a term expiring on December 31, 2019."

SECTION 6.4. Section 2.25(b) of S.L. 2016-70 reads as rewritten:

"**SECTION 2.25.(b)** If House Bill 1030, 2016 Regular Session of the 2015 General Assembly becomes law, then effective October 1, 2016, James A. ~~Harrill, III,~~Harrell, III, of Wake County is appointed to the Outdoor Heritage Advisory Council for a term expiring on September 30, 2018."

SECTION 6.5. Section 2.39 of S.L. 2016-70 reads as rewritten:

"**SECTION 2.39.** Effective January 14, 2017, T. Scott Aman of Halifax County is appointed to the North Carolina Turnpike Authority Board for a term expiring on ~~January 14, 2023.~~January 14, 2021."

SECTION 6.6. Pursuant to G.S. 120-122, Sheriff Samuel S. Page was appointed to the North Carolina Industrial Hemp Commission for a term expiring on June 30, 2020. In accordance with G.S. 106-568.52(b), the term of office for this appointment shall instead expire on June 30, 2018.

PART VII. EFFECTIVE DATE

SECTION 7. Unless otherwise provided, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 29th day of June, 2017.

s/ Daniel J. Forest
President of the Senate

s/ Tim Moore
Speaker of the House of Representatives

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2017-135
HOUSE BILL 299

AN ACT TO MAKE CLARIFYING AND ADMINISTRATIVE CHANGES TO THE LAWS RELATING TO THE NORTH CAROLINA STATE HEALTH PLAN FOR TEACHERS AND STATE EMPLOYEES.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 135-48.44(a) reads as rewritten:

"**§ 135-48.44. Cessation of coverage.**

(a) Coverage under this Plan of an employee and his or her surviving spouse or eligible dependent children or of a retired employee and his or her surviving spouse or eligible dependent children shall cease on the earliest of the following dates:

…

(6) The last day of the month in which a covered individual is found to have knowingly and willfully made or caused to be made a false statement or false representation of a material fact regarding eligibility or enrollment information or in a claim for reimbursement of medical services under the Plan. The State Treasurer may make an exception to the provisions of this subdivision when persons subject to this subdivision have had a cessation of coverage for a period of five years and have made a full and complete restitution to the Plan for all fraudulent claim amounts. Nothing in this subdivision shall be construed to obligate the State Treasurer to make an exception as allowed for under this subdivision.

…."

SECTION 2. G.S. 135-48.40(c)(2) reads as rewritten:

"(2) Employees and members of the General Assembly with 10 but less than 20 years of retirement service credit provided the employees were first hired on or after October 1, 2006, and the members first took office on or after February 1, 2007. For such future retirees, the State shall pay fifty percent (50%) of the Plan's total employer premiums. Individual retirees shall pay the balance of the total premiums not paid by the ~~State.~~State, unless prohibited by law. The total premium is the sum of the Plan's total employer premium contribution rate plus the employee or retiree's contribution for individual and dependent coverage."

SECTION 3.(a) G.S. 135-48.42(a) reads as rewritten:

"(a) Except as otherwise required by applicable federal law, new employees must be given the opportunity to enroll or decline enrollment for themselves and their dependents within 30 days from the date of employment or from first becoming eligible on a partially contributory or other contributory basis. Coverage may become effective on the first day of the month following date of entry on payroll or on the first day of the following month. New employees age 19 and older not enrolling themselves and their dependents age 19 and older within 30 days, or not adding dependents when first eligible as provided herein may enroll during annual enrollment, but may be subject to a 12-month waiting period for preexisting health conditions, except for employees who elect to change their coverage in accordance with rules established by the State Treasurer for optional or alternative plans available under the Plan. Children born to covered employees ~~having coverage type (2) or (3), as outlined in G.S. 135-48.43(d)~~ shall be ~~automatically~~ covered at the time of birth ~~without any waiting period for preexisting health conditions. Children born to covered employees having coverage type (1) shall be automatically covered at birth without any waiting period for preexisting health conditions~~ so long as the ~~claims processor~~ Plan receives notification within 30 days of the date of ~~birth that the employee desires to change from coverage (1) to coverage type (2) or (3), provided that~~ birth and the employee pays any additional premium required by the coverage type selected retroactive to the first day of the month in which the child was born."

SECTION 3.(b) This section becomes effective October 1, 2017, and applies to children born to covered employees on or after that date.

SECTION 4. G.S. 135-48.20 is amended by adding a new subsection to read:

"(n) Immunity. – Except to the extent provided under Article 31A of Chapter 143 of the General Statutes and to the extent of insurance coverage purchased pursuant to G.S. 58-32-15, a person serving on the Board of Trustees shall be immune individually from civil liability for monetary damages for any act, or failure to act, arising out of that service, except where any of the following apply:

(1) The person was not acting within the scope of that person's official duties.

(2) The person was not acting in good faith.

(3) The person committed gross negligence or willful or wanton misconduct that resulted in damages or injury.

(4) The person derived an improper personal financial benefit, either directly or indirectly, from the transaction.

(5) The person incurred the liability from the operation of a motor vehicle."

SECTION 5. G.S. 135-48.1 reads as rewritten:

"**§ 135-48.1. General definitions.**

As used in this Article unless the context clearly requires otherwise, the following definitions apply:

(1) Authorized representatives who are assisting the State Health Plan Division staff. – Staff of the Department of the State Treasurer, staff of the Department of Justice, or persons providing internal auditing assistance required under G.S. 143-746(b).

(1a) Benefit period. – The period of time during which charges for covered services provided to a Plan member must be incurred in order to be eligible for payment by the Plan.

…."

SECTION 6. Part 1 of Article 3B of Chapter 135 of the General Statutes is amended by adding a new section to read:

"**§ 135-48.16. Fraud detection and audit programs.**

(a) Access to Persons and Records. – In the course of conducting an investigation or an audit under G.S. 135-48.30(a)(9), the Plan, or authorized representatives who are assisting the State Health Plan Division staff, shall have ready access to the following:

(1) Persons, books, records, reports, vouchers, correspondence, files, personnel files, investments, and any other documentation of any employing unit. The Plan shall have the authority to examine and make copies of the information described in this subdivision only insofar as it directly relates to a specific investigation or audit. The review of State tax returns shall be limited to matters of official business, and the Plan's report shall not violate the confidentiality provisions of the tax laws. A confidentiality agreement may be put in place with an agency providing documentation to the Plan.

(2) Persons, records, papers, reports, vouchers, correspondence, books, and any other documentation that is in the possession of any individual, private corporation, institution, association, board, or other organization that pertain to any benefits received, disbursed, or otherwise handled pursuant to a grant or contract from the federal government that is administered by the State Health Plan, the State, or its political subdivisions. Providers of social and medical services to a beneficiary shall make copies of records they maintain for services provided to the beneficiary.

Authorized representatives who are assisting the State Health Plan Division staff must have a HIPAA business associate agreement with the State Health Plan and enter into a HIPAA data sharing agreement with any vendor whose records they are copying.

(b) Records of Providers of Social and Medical Services. – Providers of social and medical services who provide ready access to the Plan under subdivision (2) of subsection (a) of this section shall make copies of records they maintain for services provided to a beneficiary available to the Plan or to the authorized representatives who are assisting the State Health Plan Division staff. The Plan, or authorized representatives who are assisting the State Health Plan Division staff, shall request records in writing by providing the name of each beneficiary from whom records are sought, the purpose of the request, the authority for the request, and a reasonable period of time for the production of record copies by the provider. A provider may charge and the Plan, or authorized representatives who are assisting the State Health Plan Division staff, shall, in accordance with G.S. 90-411, pay a reasonable fee to the provider for copies of the records provided.

(c) Fraud Detection and Audit Reports and Work Papers. – The Plan shall maintain for 10 years a complete file of all compliance investigative reports, fraud investigative reports, and reports of other examinations, investigations, surveys, and reviews issued under the Plan's authority under G.S. 135-48.30(a)(9). Fraud or compliance investigation work papers and other evidence or related supportive material directly pertaining to the work of the State Health Plan Division of the Department of State Treasurer shall be retained according to an agreement between the Plan and State Archives. To promote intergovernmental cooperation and avoid unnecessary duplication of fraud investigative effort, and notwithstanding local unit personnel policies to the contrary, pertinent work papers and other supportive material relating to issued fraud or compliance investigation reports may be, at the discretion of the Executive Administrator of the Plan, and unless otherwise prohibited by law, made available for inspection by duly authorized representatives of the State and federal government who desire access to, and inspection of, such records in connection with some matter officially before them, including criminal investigations. Except as provided in this section, or upon an order issued in Wake County Superior Court upon 10 days' notice and hearing finding that access is necessary to a proper administration of justice, fraud investigation work papers and related supportive material shall be kept confidential, including any information developed as a part of the investigation."

SECTION 7.(a) G.S. 105-259(b) is amended by adding a new subdivision to read:

"(39a) To furnish to the Department of State Treasurer periodically upon request the State tax return of a beneficiary, or the wage and income statement of a beneficiary, or the NC-3 information of an employer

for the purpose of assisting a fraud or compliance investigation or audit under G.S. 135-48.30(a)(9), or in accordance with G.S. 135-48.16; provided, however, that no federal tax information may be disclosed under this subdivision unless such a disclosure is permitted by section 6103 of the Code."

SECTION 7.(b) The Department of Revenue and the Department of the State Treasurer shall, within a reasonable time following the effective date of this act but not later than June 30, 2018, enter into a confidential information sharing agreement settling data transfer protocols, required security measures, audit mechanisms, and the like, so that the two departments can thereafter develop and implement the information exchange authorized by this act.

SECTION 8. G.S. 135-48.41 is amended by adding a new subsection to read:

"(k) If a retiree is a prisoner serving an active sentence in the State prison system and covered under G.S. 148-19, then the incarcerated retiree shall not, during the time of incarceration, be eligible for retiree coverage under G.S. 135-48.40(a)(1), 135-48.40(b)(3), 135-48.40(c)(2), or 135-48.40(d)(11)."

SECTION 9.(a) G.S. 135-9 reads as rewritten:

"**§ 135-9. Exemption from garnishment, attachment, etc.**

Except for the applications of the provisions of G.S. 110-136, and G.S. 110-136.3 et seq., and in connection with a court-ordered equitable distribution under G.S. 50-20, the right of a person to a pension, or annuity, or a retirement allowance, to the return of contributions, the pension, annuity or retirement allowance itself, any optional benefit or any other right accrued or accruing to any person under the provisions of this Chapter, and the moneys in the various funds created by this Chapter, are exempt from levy and sale, garnishment, attachment, or any other process whatsoever, and shall be unassignable except as in this Chapter specifically otherwise provided. Application for System approval of a domestic relations order dividing a person's interest under the Retirement System shall be accompanied by an order consistent with the system-designed template order provided on the System's Web site. For orders entered on or after January 1, 2015, payment to a member's former spouse pursuant to any such domestic relations order shall be limited to the lifetime of that former spouse and, upon the death of that former spouse, the former spouse's share shall revert to the member. Notwithstanding any provisions to the contrary, any overpayment of benefits or erroneous payments to a member in a State-administered retirement system or the former Disability Salary Continuation Plan or the Disability Income Plan of North Carolina, including any benefits paid to, or State Health Plan premiums or claims paid on behalf of, any member or beneficiary who is later determined to have been ineligible for those ~~benefits,~~ benefits or unentitled to those amounts, may be offset against any retirement allowance, return of contributions or any other right accruing under this Chapter to the same person, the person's estate, or designated beneficiary."

SECTION 9.(b) G.S. 128-31 reads as rewritten:

"**§ 128-31. Exemptions from execution.**

Except for the applications of the provisions of G.S. 110-136, and G.S. 110-136.3 et seq., and in connection with a court-ordered equitable distribution under G.S. 50-20, the right of a person to a pension, an annuity, or a retirement allowance, to the return of contributions, the pension, annuity or retirement allowance itself, any optional benefit or any other right accrued or accruing to any person under the provisions of this Article, and the moneys in the various funds created by this Article, are exempt from levy and sale, garnishment, attachment, or any other process whatsoever, and shall be unassignable except as in this Article specifically otherwise provided. Application for System approval of a domestic relations order dividing a person's interest under the Retirement System shall be accompanied by an order consistent with the system-designed template order provided on the System's Web site. For orders entered on or after January 1, 2015, payment to a member's former spouse pursuant to any such domestic relations order shall be limited to the lifetime of that former spouse and, upon the death of that former spouse, the former spouse's share shall revert to the member. Notwithstanding any provisions to the contrary, any overpayment of benefits or erroneous payments to a member in a State-administered retirement system, the Disability Salary Continuation Plan, or the Disability Income Plan of North Carolina, including any benefits paid to, or State Health Plan premiums or claims paid on behalf of, any member who is later determined to have been ineligible for those ~~benefits,~~ benefits or unentitled to those amounts, may be offset against any retirement allowance, return of contributions or any other right accruing under this Chapter to the same person, the person's estate, or designated beneficiary."

SECTION 9.(c) G.S. 120-4.29 reads as rewritten:

"**§ 120-4.29. Exemption from garnishment, attachment.**

Except for the applications of the provisions of G. S. 110-136, and in connection with a court-ordered equitable distribution under G.S. 50-20, the right of a person to a pension, annuity, or retirement allowance, to the return of contributions, or to the receipt of the pension, annuity or retirement allowance itself, any optional benefit or any other right accrued or accruing to any person under the provisions of this Article, and the moneys in the various funds created by this Article, are exempt from levy and sale, garnishment, attachment, or any other process whatsoever, and shall be unassignable except as this Article specifically provides. ~~Notwithstanding any provisions to the contrary, any overpayment of benefits to a member in a State-administered retirement system or Disability Salary Continuation Plan may be offset against any retirement allowance, return of contributions or any other right accruing under this Chapter to the same person, the person's estate, or designated beneficiary.~~Notwithstanding any provisions to the contrary, any overpayment of benefits or erroneous payments to a member in a State-administered retirement system, the Disability Salary Continuation Plan, or the Disability Income Plan of North Carolina, including any benefits paid to, or State Health Plan premiums or claims paid on behalf of, any member who is later determined to have been ineligible for those benefits or unentitled to those amounts, may be offset against any retirement

allowance, return of contributions, or any other right accruing under this Article to the same person, the person's estate, or designated beneficiary."

SECTION 9.(d) G.S. 127A-40 is amended by adding a new subsection to read:

"(j) Except for the applications of the provisions of G.S. 110-136, and in connection with a court-ordered equitable distribution under G.S. 50-20, the pensions provided are not subject to attachment, garnishments, or judgments against the member or former member of the National Guard entitled to them, nor are any rights in the fund or the pensions or benefits assignable. Notwithstanding any provisions to the contrary, any overpayment of benefits or erroneous payment to a member in a State-administered retirement system, the Disability Salary Continuation Plan, or the Disability Income Plan of North Carolina, including any benefits paid to, or State Health Plan premiums or claims paid on behalf of, any member who is later determined to have been ineligible for those benefits or unentitled to those amounts, may be offset against any retirement allowance, return of contributions, or any other right accruing under this Article to the same person, the person's estate, or designated beneficiary."

SECTION 10. Except as otherwise provided, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 28th day of June, 2017.

s/ Daniel J. Forest
President of the Senate

s/ David R. Lewis
Presiding Officer of the House of Representatives

s/ Roy Cooper
Governor

Approved 4:11 p.m. this 20th day of July, 2017

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2017-161
HOUSE BILL 362

AN ACT TO MAKE VARIOUS CHANGES TO THE JUVENILE LAWS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 7B-200(a) is amended by adding a new subdivision to read:

"(a) The court has exclusive, original jurisdiction over any case involving a juvenile who is alleged to be abused, neglected, or dependent. This jurisdiction does not extend to cases involving adult defendants alleged to be guilty of abuse or neglect.

The court also has exclusive original jurisdiction of the following proceedings:

…

(5a) Proceedings to review the placement of a young adult in foster care pursuant to G.S. 108A-48 and G.S. 7B-910.1.

…."

SECTION 2. G.S. 7B-404 reads as rewritten:

"**§ 7B-404. Immediate need for petition when clerk's office is closed.**

(a) When the office of the clerk is closed, a magistrate ~~may be authorized by the chief district court judge to draw, verify, and issue petitions as follows:~~shall accept for filing the following:

(1) ~~When the director of the department of social services requests a~~ A petition alleging a juvenile to be abused, neglected, or ~~dependent, or~~dependent.

(2) ~~When the director of the department of social services requests a~~ A petition alleging the obstruction of or interference with an assessment required by G.S. 7B-302.

(b) The authority of the magistrate under this section is limited to emergency situations when a petition ~~is required in order~~ must be filed to obtain a nonsecure custody order or an order under G.S. 7B-303. Any petition ~~issued~~ accepted for filing under this section shall be delivered to the clerk's office for processing as soon as that office is open for business."

SECTION 3. G.S. 7B-405 reads as rewritten:

"**§ 7B-405. Commencement of action.**

An action is commenced by the filing of a petition in the clerk's office when that office is open or by the ~~issuance~~ acceptance of a juvenile petition by a magistrate when the clerk's office is closed, which ~~issuance~~ shall constitute filing."

SECTION 4. G.S. 7B-407 reads as rewritten:

"**§ 7B-407. Service of summons.**

The summons shall be served under G.S. 1A-1, Rule ~~4(j)~~ 4, upon the parent, guardian, custodian, or caretaker, not less than five days prior to the date of the scheduled hearing. The time for service may be waived in the discretion of the court.

If service by publication under G.S. 1A-1, Rule ~~4(j1)~~ 4(j1), or service in a foreign country under Rule 4(j3), is required, the cost of the service by publication shall be advanced by the petitioner and may be charged as court costs as the court may direct."

SECTION 5. G.S. 7B-505 reads as rewritten:

"**§ 7B-505. Placement while in nonsecure custody.**

(a) A juvenile meeting the criteria set out in G.S. 7B-503 may be placed in nonsecure custody with the department of social services or a person designated in the order for temporary residential placement ~~in:~~in any of the following:

(1) A licensed foster home or a home otherwise authorized by law to provide such ~~care; or~~care.

(2) A facility operated by the department of social ~~services; or~~services.

(3) Any other home or facility, including ~~a relative's home~~ the home of a parent, relative, nonrelative kin, or other person with legal custody of a sibling of the juvenile, approved by the court and designated in the order.

(b) ~~The court shall order the department of social services to make diligent efforts to notify relatives and any custodial parents of the juvenile's siblings that the juvenile is in nonsecure custody and of any hearings scheduled to occur pursuant to G.S. 7B-506, unless the court finds such notification would be contrary to the best interests of the juvenile.~~ The court shall order the department of social services to make diligent efforts to notify relatives and other persons with legal custody of a sibling of the juvenile that the juvenile is in nonsecure custody and of any hearings scheduled to occur pursuant to G.S. 7B 506, unless the court finds the notification would be contrary to the best interests of the juvenile. In placing a juvenile in nonsecure custody under this section, the court shall first consider whether a relative of the juvenile is willing and able to provide proper care and supervision of the juvenile in a safe home. If the court finds that the relative is willing and able to provide proper care

and supervision in a safe home, then the court shall order placement of the juvenile with the relative unless the court finds that placement with the relative would be contrary to the best interests of the juvenile.

…."

SECTION 6. G.S. 7B-505.1 reads as rewritten:

"**§ 7B-505.1. ~~Juvenile~~ Consent for medical care for a juvenile placed in nonsecure custody of a department of social services.**

(a) Unless the court orders otherwise, when a juvenile is placed in the nonsecure custody of a county department of social services, the director may arrange for, provide, or consent to any of the following:

(1) Routine medical and dental care or ~~treatment.~~treatment, including, but not limited to, treatment for common pediatric illnesses and injuries that require prompt intervention.

…."

SECTION 7. G.S. 7B-506 reads as rewritten:

"**§ 7B-506. Hearing to determine need for continued nonsecure custody.**

…

(b) At a hearing to determine the need for continued custody, the court shall receive testimony and shall allow the ~~guardian ad litem, or juvenile, and the juvenile's parent, guardian, custodian, or caretaker~~ parties the right to introduce evidence, to be heard in the person's own behalf, and to examine witnesses. The petitioner shall bear the burden at every stage of the proceedings to provide clear and convincing evidence that the juvenile's placement in custody is necessary. The court shall not be bound by the usual rules of evidence at such hearings.

…

(g1) The provisions of G.S. 7B-905.1 shall apply to determine visitation.

…."

SECTION 8. G.S. 7B-906.1 reads as rewritten:

"**§ 7B-906.1. Review and permanency planning hearings.**

(a) ~~In any case where custody is removed from a parent, guardian, or custodian, the~~ The court shall conduct a review hearing within 90 days from the date of the initial dispositional hearing held pursuant to G.S. 7B-901 and shall conduct a review hearing within six months thereafter. Within 12 months of the date of the initial order removing custody, there shall be a review hearing designated as a permanency planning hearing. Review hearings after the initial permanency planning hearing shall be designated as subsequent permanency planning hearings. ~~The subsequent~~ Subsequent permanency planning hearings shall be held at least every six months thereafter or earlier as set by the court to review the progress made in finalizing the permanent plan for the juvenile, or if necessary, to make a new permanent plan for the juvenile.

…

(d) At each hearing, the court shall consider the following criteria and make written findings regarding those that are relevant:

…

(3) Whether efforts to reunite the juvenile with either parent clearly would be unsuccessful or inconsistent with the juvenile's health or safety and need for a safe, permanent home within a reasonable period of time. The court shall consider efforts to reunite regardless of whether the juvenile resided with the parent, guardian, or custodian at the time of removal. If the court determines efforts would be unsuccessful or inconsistent, the court shall ~~consider other permanent plans of care for the juvenile pursuant to G.S. 7B-906.2.~~schedule a permanency planning hearing within 30 days to address the permanent plans in accordance with this section and G.S. 7B-906.2, unless the determination is made at a permanency planning hearing.

…

(o) This section does not apply to post termination of parental rights' placement reviews."

SECTION 9. G.S. 7B-908 reads as rewritten:

"**§ 7B-908. Post termination of parental rights' placement court review.**

(a) The purpose of each placement review is to ensure that every reasonable effort is being made to provide for ~~a~~ permanent placement ~~plan~~ plans for the juvenile who has been placed in the custody of a county director or licensed child-placing agency, which ~~is~~ are consistent with the juvenile's best interests. At each review hearing the court may consider information from the department of social services, the licensed child-placing agency, the guardian ad litem, the child, the person providing care for the child, and any other person or agency the court determines is likely to aid in the review. The court may consider any evidence, including hearsay evidence as defined in G.S. 8C-1, Rule 801, that the court finds to be relevant, reliable, and necessary to determine the needs of the juvenile and the most appropriate disposition.

(b) The court shall conduct a placement review not later than six months from the date of the termination hearing when parental rights have been terminated by a petition or motion brought by any person or agency designated in ~~G.S. 7B-1103(2)~~ G.S. 7B-1103(a)(2) through ~~(5)~~ (6), or one parent's parental rights have been terminated by court order and the other parent's parental rights have been relinquished under Chapter 48 of the General Statutes, and a county director or licensed child-placing agency has custody of the juvenile. The court shall conduct reviews every six months thereafter until the juvenile is the subject of a decree of adoption:

…

(c) The court shall consider at least the following in its review and make written findings regarding the following that are relevant:

(1) The adequacy of the ~~plan~~ permanency plans developed by the county department of social services or a licensed child-placing agency for a permanent placement ~~relative to~~ in the juvenile's best interests and the efforts of the department or agency to implement ~~such plan.~~the plans.

(2) Whether the juvenile has been listed for adoptive placement with ~~the North Carolina Adoption Resource Exchange, the North Carolina Photo Adoption Listing Service (PALS), or any other specialized adoption agency.~~NC Kids Adoption and Foster Care Network or any other child-specific recruitment program or whether there is an exemption to listing that the court finds is in the child's best interest.

(3) The efforts previously made by the department or agency to find a permanent ~~home~~ placement for the juvenile.

(4) Whether the current placement is in the juvenile's best interest.

(d) The court, after making findings of fact, shall ~~do one of the following:~~adopt concurrent permanent plans and identify the primary and secondary plan in accordance with G.S. 7B-906.2(a)(2) through (6). The court may specify efforts that are necessary to accomplish a permanent placement that is in the best interests of the juvenile.

~~(1) Affirm the county department's or child-placing agency's plans.~~

~~(2) If~~

(d1) If a juvenile is not placed with prospective adoptive parents as selected in G.S. 7B-1112.1, ~~order a placement or different plan the court finds to be in the juvenile's best interest after considering the department's recommendations.~~the court may order a placement that the court finds to be in the juvenile's best interest after considering the department's recommendations.

~~In either case, the court may require specific additional steps that are necessary to accomplish a permanent placement that is in the best interests of the juvenile.~~

…."

SECTION 10. G.S. 7B-910.1(d) read as rewritten:

"(d) The clerk shall give written notice of the initial and any subsequent review hearings to the young adult ~~and~~ in foster care and the director of social services at least 15 days prior to the date of the hearing."

SECTION 11. G.S. 7B-1106(a) reads as rewritten:

"(a) Except as provided in G.S. 7B-1105, upon the filing of the petition, the court shall cause a summons to be issued. The summons shall be directed to the following persons or agency, not otherwise a party petitioner, who shall be named as respondents:

(1) The parents of the juvenile. However, a summons does not need to be directed to or served upon any parent who, under Chapter 48 of the General Statutes, has irrevocably relinquished the juvenile to a county department of social services or licensed child-placing agency or to any parent who has consented to the adoption of the juvenile by the petitioner.

(2) Any person who has been judicially appointed as guardian of the person of the juvenile.

(3) The custodian of the juvenile appointed by a court of competent jurisdiction.

(4) Any county department of social services or licensed child-placing agency to whom a juvenile has been released by one parent pursuant to Part 7 of Article 3 of Chapter 48 of the General Statutes or any county department of social services to whom placement responsibility for the child has been given by a court of competent jurisdiction.

(5) Repealed by Session Laws 2009-38, s. 3, effective May 27, 2009.

The summons shall notify the respondents to file a written answer within 30 days after service of the summons and petition. Service of the summons shall be completed as provided under the procedures established by G.S. 1A-1, Rule ~~4(j). But the~~ 4. Prior to service by publication under G.S. 1A-1, the court shall make findings of fact that a respondent cannot otherwise be served despite diligent efforts made by petitioner for personal service. The court shall approve the form of the notice before it is published. The parent of the juvenile shall not be deemed to be under a disability even though the parent is a minor."

SECTION 12. G.S. 7B-2503(1)c. reads as rewritten:

"c. If the director of the department of social services has received notice and an opportunity to be heard, place the juvenile in the custody of a department of social services in the county of the juvenile's residence, or in the case of a juvenile who has legal residence outside the State, in the physical custody of a department of social services in the county where the juvenile is found so that agency may return the juvenile to the responsible authorities in the juvenile's home state. An order placing a juvenile in the custody or placement responsibility of a county department of social services shall contain a finding that the juvenile's continuation in the juvenile's own home would be contrary to the juvenile's best interest. This placement shall be reviewed in accordance with G.S. 7B-906.1. ~~The director may, unless otherwise ordered by the judge, arrange for, provide, or consent to, needed routine or emergency medical or surgical care or treatment. In the case where the parent is unknown, unavailable, or unable to act on behalf of~~

~~the juvenile or juveniles, the director may, unless otherwise ordered by the judge, arrange for, provide or consent to any psychiatric, psychological, educational, or other remedial evaluations or treatment for the juvenile placed by a judge or the judge's designee in the custody or physical custody of a county department of social services under the authority of this or any other Chapter of the General Statutes. Prior to exercising this authority, the director shall make reasonable efforts to obtain consent from a parent, guardian, or custodian of the affected juvenile. If the director cannot obtain consent, the director shall promptly notify the parent, guardian, or custodian that care or treatment has been provided and shall give the parent, guardian, or custodian frequent status reports on the circumstances of the juvenile. Upon request of a parent, guardian, or custodian of the affected juvenile, the results or records of the aforementioned evaluations, findings, or treatment shall be made available to the parent, guardian, or custodian by the director unless prohibited by G.S. 122C-53(d).~~"

SECTION 13. G.S. 7B-2506(1)c. reads as rewritten:

"c. If the director of the county department of social services has received notice and an opportunity to be heard, place the juvenile in the custody of the department of social services in the county of ~~his~~ the juvenile's residence, or in the case of a juvenile who has legal residence outside the State, in the physical custody of a department of social services in the county where the juvenile is found so that agency may return the juvenile to the responsible authorities in the juvenile's home state. An order placing a juvenile in the custody or placement responsibility of a county department of social services shall contain a finding that the juvenile's continuation in the juvenile's own home would be contrary to the juvenile's best interest. This placement shall be reviewed in accordance with G.S. 7B-906.1. ~~The director may, unless otherwise ordered by the judge, arrange for, provide, or consent to, needed routine or emergency medical or surgical care or treatment. In the case where the parent is unknown, unavailable, or unable to act on behalf of the juvenile or juveniles, the director may, unless otherwise ordered by the judge, arrange for, provide, or consent to any psychiatric, psychological, educational, or other remedial evaluations or treatment for the juvenile placed by a judge or his designee in the custody or physical custody of a county department of social services under the authority of this or any other Chapter of the General Statutes. Prior to exercising this authority, the director shall make reasonable efforts to obtain consent from a parent, guardian, or custodian of the affected juvenile. If the director cannot obtain consent, the director shall promptly notify the parent, guardian, or custodian that care or treatment has been provided and shall give the parent, guardian, or custodian frequent status reports on the circumstances of the juvenile. Upon request of a parent, guardian, or custodian of the affected juvenile, the results or records of the aforementioned evaluations, findings, or treatment shall be made available to the parent, guardian, or custodian by the director unless prohibited by G.S. 122C-53(d).~~"

SECTION 14. G.S. 7B-3600 reads as rewritten:

"**§ 7B-3600. Judicial authorization of emergency treatment; procedure.**

A juvenile in need of emergency treatment under Article 1A of Chapter 90 of the General Statutes, whose physician is barred from rendering necessary treatment by reason of parental refusal to consent to treatment, may receive treatment with court authorization under the following procedure:

…

The court's authorization for treatment under this Article shall have the same effect as parental consent for treatment.

Following the court's authorization for treatment and after giving notice to the juvenile's parent, guardian, or custodian the court shall conduct a hearing in order to provide for payment for the treatment rendered. The court may order the parent or other responsible parties to pay the cost of treatment. If the court finds the parent is unable to pay the cost of treatment, the cost shall be a charge upon the county when so ordered.

This Article shall operate as a remedy in addition to the provisions in ~~G.S. 7B-903, 7B-2503, and 7B-2506.~~G.S. 7B-505.1 and G.S. 7B-903.1."

SECTION 15. This act becomes effective October 1, 2017.
In the General Assembly read three times and ratified this the 29th day of June, 2017.

s/ Daniel J. Forest
President of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Roy Cooper
Governor

Approved 11:40 a.m. this 21st day of July, 2017

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2017-197
HOUSE BILL 528

AN ACT TO MAKE TECHNICAL, CLARIFYING, AND OTHER MODIFICATIONS TO THE CURRENT OPERATIONS APPROPRIATIONS ACT OF 2017.

The General Assembly of North Carolina enacts:

PART I. GENERAL PROVISIONS

SECTION 1.1. If Senate Bill 257, 2017 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, 2019, according to the following schedule:

Current Operations – General Fund	**FY 2017-2018**	**FY 2018-2019**
EDUCATION		
Community Colleges System Office	$ ~~1,121,815,001~~1,122,341,120	$ 1,141,757,845
…		
Department of Commerce		
Commerce	~~140,649,732~~140,749,732	130,158,878
Commerce State-Aid	~~20,100,810~~20,300,810	16,155,810
…		
Department of Natural and Cultural Resources	~~185,613,349~~185,513,349	174,477,424
…		
Department of Administration	~~63,691,021~~63,941,021	63,396,752
…		
Office of State Budget and Management		
Office of State Budget and Management	8,180,546	8,255,244
OSBM – Reserve for Special Appropriations	~~8,740,000~~12,763,881	2,000,000
…		
TOTAL CURRENT OPERATIONS – GENERAL FUND	**~~$ 22,975,769,893~~$ 22,980,769,893**	**$23,650,253,958**"

SECTION 1.2. If Senate Bill 257, 2017 Regular Session, becomes law, then Section 5.3 of that act is amended by adding a new subsection to read:

"**SECTION 5.3.(i)** The Joint Legislative Commission on Governmental Operations shall appoint a committee to study the Needs-Based Public School Capital Fund program established in this section. The study committee shall consider at least all of the following:

(1) Obstacles to counties' ability to participate in or achieve maximum benefit from the program.

(2) Potential uses of program funds, such as lease agreements and public-private partnerships, to facilitate participation and school capital construction.

The study committee shall submit a report and any recommendations to the Joint Legislative Commission on Governmental Operations on or before February 1, 2018."

SECTION 1.3. If Senate Bill 266 of the 2017 Regular Session becomes law, then Section 1 of the bill is amended by deleting from the list of parcels used as the property description the parcel described by Tax Office Parcel Identification Number 157780 and adding the parcel described by Tax Office Parcel Identification Number 157870 in the correct numerically ordered place in the table of properties.

PART II. EDUCATION

SECTION 2.1. If Senate Bill 257, 2017 Regular Session, becomes law, then Part VII of that act is amended by adding a new section to read:

"**PROGRAM ENHANCEMENT TEACHER FUNDS**

"**SECTION 7.14.** It is the intent of the General Assembly to use the data collected in accordance with the reporting requirements set forth in Section 2 of S.L. 2017-9 to fund a new allotment for program enhancement teachers for local school administrative units beginning with the 2018-2019 fiscal year."

SECTION 2.2. If Senate Bill 257, 2017 Regular Session, becomes law, then Section 7.23A(a)(2) of that act reads as rewritten:

"(2) Security advisory and consulting services. – Five regional security consultants working with schools to assess security posture and develop and implement improvement plans. The plans shall include security policy, ~~building security programs,~~ implementing effective security controls, and ongoing support for operating security governance."

SECTION 2.3. If Senate Bill 257, 2017 Regular Session, becomes law, then G.S. 115C-64.28(b), as enacted by Section 7.23I of that act, reads as rewritten:

"(b) The Associate Superintendent shall be appointed by the Superintendent of Public Instruction at a salary established by the Superintendent of Public Instruction within the funds appropriated for that purpose. The Associate Superintendent may be removed from the position by the Superintendent of Public ~~Instruction in the event of the Associate Superintendent's incapacity to serve.~~ Instruction. The Associate Superintendent shall be exempt from the provisions of Chapter 126 of the General Statutes, except for Articles 6 and 7 of Chapter 126 of the General Statutes.

All other staff shall be appointed, supervised, and directed by the Associate Superintendent and shall be subject to the provisions of Chapter 126 of the General Statutes. Except for the Associate Superintendent, salaries and compensation of all staff personnel shall be fixed in the manner provided by law for fixing and regulating salaries and compensation by other State agencies."

SECTION 2.4. If Senate Bill 257, 2017 Regular Session, becomes law, then Section 7.23J(b) of that act reads as rewritten:

"**SECTION 7.23J.(b)** ~~This section applies beginning with the use of funds during the 2014-2015 fiscal year.~~The report required by December 1, 2017, pursuant to G.S. 115C-105.25(d), as enacted by this section, shall include information on uses of funds pursuant to G.S. 115C-105.25(c), as amended by this section, for the 2014-2015, 2015-2016, and 2016-2017 fiscal years."

SECTION 2.5. If Senate Bill 257, 2017 Regular Session, becomes law, then G.S. 115C-83.15, as amended by Section 7.26 of that act, reads as rewritten:

"**§ 115C-83.15. School achievement, growth, performance scores, and grades.**

(a) School Scores and Grades. – The State Board of Education shall award school achievement, growth, and performance scores and an associated performance grade as required by G.S. 115C-12(9)c1., and calculated as provided in this section. ~~The State Board of Education shall enter all necessary data into the Education Value-Added Assessment System (EVAAS) in order to calculate school performance scores and grades.~~

…

(c) Calculation of the School Growth Score as a Measure of School Quality and Student Success. – Using ~~EVAAS,~~the Education Value-Added Assessment System (EVAAS), the State Board shall calculate the overall growth score earned by schools as a measure of school quality and student success. In calculating the total growth score earned by schools, the State Board of Education shall weight student growth on the achievement indicators as provided in subsection (b) of this section that have available growth values. The numerical values used to determine whether a school has met, exceeded, or has not met expected growth shall be translated to a 100-point scale and used for school reporting purposes as provided in G.S. 115C-12(9)c1., 115C-218.65, 115C-238.66, and 116-239.8.

(d) Calculation of the Overall School Performance Scores and Grades. – The State Board of Education shall ~~use EVAAS to~~ calculate the overall school performance score by adding the school achievement score, as provided in subsection (b) of this section, and the school growth score, as determined using EVAAS as provided in subsection (c) of this section, earned by a school. The school achievement score shall account for eighty percent (80%), and the school growth score shall account for twenty percent (20%) of the total sum. For all schools, the total school performance score shall be converted to a 100-point scale and used to determine an overall school performance grade. The overall school performance grade shall be based on the following scale and shall not be modified to add any other designation related to other performance measures, such as a "plus" or "minus":

…

(d2) Calculation of the School Performance Scores and Grades for Certain Subgroups of Students Served by a School. – In addition to the overall school performance scores and grades awarded under this section, for each school that serves a minimum number of students in a subgroup of students listed in subsection (d1) of this section, the State Board of Education shall ~~use EVAAS to~~ calculate school performance scores and shall determine a corresponding school performance grade for each subgroup using the same method as set forth in subsection (d) of this section. School performance scores for subgroups of students shall not be included in the calculation of the overall school performance scores and grades under subsection (d) of this section.

…."

SECTION 2.6. If Senate Bill 257, 2017 Regular Session, becomes law, then Section 7.27 of that act reads as rewritten:

"**READ TO ACHIEVE DIAGNOSTIC CHANGES**

…

"**SECTION 7.27.(c1)** Of the funds appropriated to the Department of Public Instruction by S.L. 2015-241 for the Excellent Public Schools Act in the 2016-2017 fiscal year, up to five million dollars ($5,000,000) shall not revert at the end of the 2016-2017 fiscal year but shall remain available until the end of the 2017-2018 fiscal year. These funds shall be allotted to local school administrative units for the purchase of computers or other electronic devices used for the administration of the formative and diagnostic reading assessments made available by the State Board of Education pursuant to G.S. 115C-174.11.

"**SECTION 7.27.(d)** Subsection (a) of this section applies beginning with the 2018-2019 school year. Subsection (c1) of this section becomes effective June 30, 2017."

SECTION 2.7. If Senate Bill 257, 2017 Regular Session, becomes law, then Part VII of that act is amended by adding a new section to read:

"**EASTERN NORTH CAROLINA STEM/HALIFAX COUNTY SCHOOLS**

"**SECTION 7.36.** Notwithstanding any other provision of law, students enrolled in Halifax County Schools shall be permitted to participate in the residential science, mathematics, engineering, and technology (STEM) enrichment program for traditionally underserved students supported by the sum of three hundred thousand dollars ($300,000) in nonrecurring funds appropriated by this act to the Department of Public Instruction for the 2017-2018 fiscal year to be used by the State Board of Education to contract for administration of the program."

SECTION 2.8. If Senate Bill 257, 2017 Regular Session, becomes law, then Part VII of that act is amended by adding a new section to read:

"**DPI VACANT POSITION FUNDS**

"**SECTION 7.37.(a)** Notwithstanding any other provision of law or a provision of the Committee Report described in Section 39.2 of this act to the contrary, for the 2017-2019 fiscal biennium, the Department of Public Instruction shall neither (i) eliminate position number 60009676, Education Consultant III, nor (ii) reduce the funds in Fund Code 1300 by the sum of one hundred eleven thousand forty-two dollars ($111,042) in each fiscal year to correspond with the elimination of that position.

"**SECTION 7.37.(b)** Notwithstanding any other provision of law or a provision of the Committee Report described in Section 39.2 of this act to the contrary, for the 2017-2019 fiscal biennium, the Department of Public Instruction shall (i) eliminate position number 60009518, Social/Clinical Research Specialist, and reduce the funds in Fund Code 1300 by the sum of sixty-seven thousand six hundred forty-nine dollars ($67,649) in each fiscal year to correspond with the elimination of that position and (ii) reduce the funds in Fund Code 1300 by the sum of forty-three thousand three hundred ninety-three dollars ($43,393) in each fiscal year to decrease support for the operating costs of the Department."

SECTION 2.9. If Senate Bill 257, 2017 Regular Session, becomes law, then Section 8.26(n) of S.L. 2015-241, as amended by Section 7.3 of S.L. 2016-123, reads as rewritten:

"**SECTION 8.26.(n)** By July 1, 2018, the Department of Public Safety shall implement ~~an anonymous safety tip line application and~~ a statewide panic alarm system as required under G.S. 115C-105.51, as amended by subsection (d) of this section."

SECTION 2.10.(a) If Senate Bill 257, 2017 Regular Session, becomes law, then Section 8.8B(d) of that act reads as rewritten:

"**SECTION 8.8B.(d)** ~~This section applies beginning with bonuses awarded in January 2018.~~Subsections (a) and (b) of this section apply for bonuses awarded in January 2018, 2019, and 2020, based on data from the 2016-2017, 2017-2018, and 2018-2019 school years, respectively. Subsection (c) of this section applies only for bonuses awarded in January 2018, based on data from the 2016-2017 school year."

SECTION 2.10.(b) If Senate Bill 257, 2017 Regular Session, becomes law, then Section 8.8C of that act reads as rewritten:

"**THIRD GRADE READ TO ACHIEVE TEACHER BONUS PROGRAM ~~FOR 2018-2019~~**

"**SECTION 8.8C.(a)** It is the intent of the State to reward teacher performance and encourage student learning and improvement. To attain this goal, the Department of Public Instruction shall administer the Third Grade Read to Achieve Teacher Bonus Program (program) ~~for the 2018-2019 fiscal year~~ to qualifying teachers who have an Education Value-Added Assessment System (EVAAS) student growth index score for third grade reading from the previous school year, as follows:

…

"**SECTION 8.8C.(c)** The State Board of Education shall study the effect of the bonuses awarded pursuant to this section and Section 9.7 of S.L. 2016-94, as amended by Section 8.8B of this act, on teacher performance and retention. The State Board shall report the results of its findings, the distribution of statewide bonuses as among local school administrative units, and the distribution of bonuses within local school administrative units as among individual schools to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division by March ~~15, 2019.~~15 of each year.

"**SECTION 8.8C.(d)** This section applies for bonuses awarded in January 2019 and 2020, based on data from the 2017-2018 and 2018-2019 school years, respectively."

SECTION 2.10A. Section 8.8A(a) of S.L. 2017-57 reads as rewritten:

"**SECTION 8.8A.(a)** By October 31 of each year of the 2017-2019 fiscal biennium, the Department of Public Instruction shall administer a one-time, lump sum bonus in the amount of three hundred eighty-five dollars ($385.00) to any teacher with at least 25 years of teaching ~~experience.~~experience who is employed as of October 1 of the year the bonus is awarded."

SECTION 2.11. If Senate Bill 257, 2017 Regular Session, becomes law, then Section 9.3(a) of that act reads as rewritten:

"**SECTION 9.3.(a)** The State Board of Community Colleges shall study the costs of workforce training and academic instruction delivered by the community colleges. The study shall assess, at minimum, the various factors that affect instructional costs in these courses, including specialized equipment ~~requirements,~~ requirements and faculty ~~salaries, and space requirements.~~salaries."

SECTION 2.12. If Senate Bill 257, 2017 Regular Session, becomes law, then Part IX of that act is amended by adding a new section to read:

"**FORSYTH TECHNICAL COMMUNITY COLLEGE TRANSPORTATION TECHNOLOGY CENTER FUNDS**

"**SECTION 9.16.** Notwithstanding any other provision of law or a provision of the Committee Report described in Section 39.2 of this act to the contrary, of the funds appropriated to the Community Colleges System Office by this act for the 2017-2018 fiscal year, the System Office shall allocate the sum of five hundred twenty-six thousand one hundred nineteen dollars ($526,119) for the 2017-2018 fiscal year to Forsyth Technical Community College to support instructional programs and services at the Transportation Technology Center."

SECTION 2.13. If Senate Bill 257, 2017 Regular Session, becomes law, then Section 10.8(c) of that act reads as rewritten:

"**SECTION 10.8.(c)** The University of North Carolina shall report to the Office of State Budget and Management and the Fiscal Research Division on the implementation of the management flexibility reduction in this section ~~for the 2017-2018 fiscal year to the Office of State Budget and Management and the Fiscal Research Division no later than April 1, 2018, and shall report on the implementation of the management flexibility reduction in this section for the 2018-2019 fiscal year to the Office of State Budget and Management and the Fiscal Research Division~~ no later than April 1, 2019.

The reports shall identify both of the following by campus:

(1) The total number of positions eliminated by type (faculty/nonfaculty).

(2) The low-performing, redundant, and low-enrollment programs that were eliminated."

SECTION 2.14. If Senate Bill 257, 2017 Regular Session, becomes law, then Part X of that act is amended by adding a new section to read:

"**NORTH CAROLINA STATE UNIVERSITY COOPERATIVE EXTENSION**

"**SECTION 10.29.** Notwithstanding any other provision of this act or descriptive language to the contrary in the Committee Report described in Section 39.2 of this act, the revised net appropriation for North Carolina State University Cooperative Extension is thirty-nine million ninety-five thousand two hundred thirty-one dollars ($39,095,231) for the 2017-2018 fiscal year and thirty-nine million one hundred ninety-five thousand two hundred thirty-one ($39,195,231) dollars for the 2018-2019 fiscal year."

SECTION 2.15. If Senate Bill 257, 2017 Regular Session, becomes law, then Section 10A.1(a) of that act reads as rewritten:

"**SECTION 10A.1.(a)** Notwithstanding G.S. 115C-562.8, of the funds appropriated by this act for the Opportunity Scholarship Grant Fund Reserve for the 2017-2018 fiscal year, the State Education Assistance Authority (Authority) may use up to one million eight hundred thousand dollars ($1,800,000) ~~in nonrecurring funds~~ for the 2017-2018 fiscal year to purchase software necessary to support the administration of the Opportunity Scholarship Grant Program and the Special Education Scholarships for Children with Disabilities Program. These funds may also be used for customization of the software, development of interfaces with other internal systems, conversion of data, and training for staff on the new software system."

SECTION 2.16.(a) If Senate Bill 257, 2017 Regular Session, becomes law, then Section 27.6 of S.L. 2016-94, as amended by Section 10.23 of Senate Bill 257, 2017 Regular Session, reads as rewritten:

"**SECTION 27.6.** Of the funds appropriated in this act to the Office of State Budget and Management, Special Appropriations, up to the sum of four million dollars ($4,000,000) in nonrecurring funds for the 2016-2017 fiscal year shall be allocated to the Board of Trustees of the University of North Carolina at Chapel Hill for ~~operation~~ the repair and renovation of certain laboratories of the Department of Applied Physical Sciences. Allocations made pursuant to this section shall be matched by the ~~Board of Trustees~~ University of North Carolina at Chapel Hill on the basis of one dollar ($1.00) in allocated funds for every one dollar ($1.00) in non-State funds ~~that the Board of Trustees raises by June 30, 2019, for the purposes of operating the Department of Applied Physical Sciences. These funds shall not revert but shall continue to be available as matching funds for the 2017-2019 fiscal biennium for the purposes of operating the Department of Applied Physical Sciences as provided by this section.~~provided by the University of North Carolina at Chapel Hill by June 30, 2018, for the purposes of repairing and renovating certain laboratories of the Department of Applied Physical Sciences. These funds shall not revert but shall continue to be available as matching funds for the 2017-2018 fiscal year to be used for the purposes set out in this section."

SECTION 2.16.(b) This section becomes effective June 30, 2017.

SECTION 2.17. If Senate Bill 257, 2017 Regular Session, becomes law, then Part X of that act is amended by adding a new section to read:

"**NCSU BIOMANUFACTURING TRAINING AND EDUCATIONAL CENTER**

"**SECTION 10.30.** Notwithstanding any other provision of this act or descriptive language to the contrary in the Committee Report described in Section 39.2 of this act, the additional nonrecurring funds appropriated in this act in the amount of five hundred thousand dollars ($500,000) for the North Carolina State University Biomanufacturing Training and Education Center (BTEC) shall be used only to support training and education."

SECTION 2.18.(a) If Senate Bill 257, 2017 Regular Session, becomes law, then G.S. 115C-12(9)c1.3., as amended by Section 7.26(a) of that act, reads as rewritten:

"3. For high schools, measures of Advanced Placement course ~~participation~~participation, Cambridge Advanced International Certificate of Education (AICE) Program participation, and International Baccalaureate Diploma Programme participation and Advanced ~~Placement~~Placement, Cambridge AICE, and International Baccalaureate examination participation and performance."

SECTION 2.18.(b) This section applies beginning with the 2017-2018 school year.

SECTION 2.19. Section 7.3(h) of S.L. 2017-57 reads as rewritten:

"**SECTION 7.3.(h)** Counties Containing a Base of the Armed Forces. – Notwithstanding any other provision of this section, for the 2017-2019 fiscal biennium, ~~counties~~a county containing a base of the Armed Forces of the United States that ~~have~~has an average daily membership of more than 23,000 students shall receive whichever is the higher amount in each fiscal year as follows: either the ~~same~~ amount of supplemental funding the county received as ~~for~~a low-wealth ~~counties as received~~county in the 2012-2013 fiscal ~~year.~~year or the amount of supplemental funding the county is eligible to receive as a low-wealth county pursuant to the formula for distribution of supplemental funding under the other provisions of this section."

PART III. HEALTH AND HUMAN SERVICES

SECTION 3.1. If Senate Bill 257, 2017 Regular Session, becomes law, then Part XI of that act is amended by adding a new section to read:

"**FUNDS FOR ALZHEIMER'S REGISTRY**

"**SECTION 11A.5A.** Notwithstanding any other provision of law or descriptive language to the contrary in the Committee Report described in Section 39.2 of this act, recurring funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, for each fiscal year of the 2017-2019 fiscal biennium to support the development of an Alzheimer's Registry shall be accomplished through the Bryan Alzheimer's Disease Research Center at Duke University Medical Center."

SECTION 3.2. If Senate Bill 257, 2017 Regular Session, becomes law, then Section 11A.8(d) of that act reads as rewritten:

"**SECTION 11A.8.(d)** The Office of Rural Health shall develop a standardized method for grant recipients to report objective, measurable quality health outcomes and shall require grant recipients to report these quality health outcomes to the Department. Beginning July 1, 2018, recipients of grant funds shall annually provide to the Office of Rural Health a written report detailing the number of patients that are cared for, the types of services that were provided, quality measures and outcomes, and any other information requested by the Office of Rural Health as necessary for evaluating the success of the Community Health Grant Program."

SECTION 3.3. If Senate Bill 257, 2017 Regular Session, becomes law, then Part XI of that act is amended by adding a new section to read:

"**FUNDS FOR H.E.L.P. CENTER, INC.**

"**SECTION 11E.13A.** Notwithstanding any other provision of law or descriptive language to the contrary in the Committee Report described in Section 39.2 of this act, nonrecurring funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, for the 2017-2018 fiscal year for allocation to the H.E.L.P. Center, Inc., may be used to support all nonsectarian services and all recipients of nonsectarian services provided by the H.E.L.P. Center, Inc."

SECTION 3.4. If Senate Bill 257, 2017 Regular Session, becomes law, then Section 11L.1 of that act is amended by adding a new subsection to read:

"**SECTION 11L.1.(ff)** Of the four hundred fifty-one thousand eight hundred nine dollars ($451,809) allocated in this section in the Preventive Health Services Block Grant in each year of the 2017-2019 fiscal biennium to the Department of Health and Human Services, Division of Public Health, Oral Health Preventive Services, one hundred twenty thousand two hundred eighty-six dollars ($120,286) shall be used to establish a Public Health Epidemiologist II position and a Dental Equipment Technician I position."

PART IV. AGRICULTURE AND NATURAL AND ECONOMIC RESOURCES

SECTION 4.1. If Senate Bill 257, 2017 Regular Session, becomes law, then Section 13.13(d) of that act reads as rewritten:

"**SECTION 13.13.(d)** The North Carolina Policy Collaboratory, in consultation with the Economic Development Partnership of North Carolina, the Department of Commerce, and the Department of Natural and Cultural Resources, and any

other stakeholders the Partnership deems relevant, including the North Carolina Tourism Advisory Board, the North Carolina Restaurant and Lodging Association, the North Carolina Shellfish Growers Association, and the North Carolina Fisheries Association, shall develop conceptual plans and recommendations for economic development related to promotion of the State's shellfish harvesting heritage. The plans and recommendations shall include the creation of a North Carolina Oyster Trail and a North Carolina Oyster Festival. Plan development shall be congruent with the ongoing work of the North Carolina Policy Collaboratory and its stakeholder group as described in this section and shall include recommendations of locations, oversight, governmental support, cost, and timing of when such initiatives should be launched in the future, including, but not limited to, achieving production and acreage benchmarks, in addition to any other information deemed relevant for inclusion. The Collaboratory's recommendations shall be provided no later than ~~March 1, 2018,~~December 31, 2018, to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources, the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources, and the Fiscal Research Division. This study, as it may be subsequently amended after submission, shall be included as an appendix to the Shellfish Mariculture Plan required by subsection (b) of this section."

SECTION 4.2. If Senate Bill 257, 2017 Regular Session, becomes law, then Section 13.22(a) of that act reads as rewritten:

"**SECTION 13.22.(a)** The following allocations are made from ~~nonrecurring~~ funds appropriated by this act to the Division of Water Infrastructure of the Department of Environmental Quality for water and sewer infrastructure grants:

…."

SECTION 4.3. If Senate Bill 257, 2017 Regular Session, becomes law, then Section 14.19 of that act reads as rewritten:

"**SCOTTS HILL AQUARIUM SATELLITE FACILITY**

"**SECTION 14.19.** ~~Of the~~The funds appropriated by this act to the Division of North Carolina Aquariums in the North Carolina Department of Natural and Cultural ~~Resources, the sum of three hundred thousand dollars ($300,000) in nonrecurring funds for the 2017-2018 fiscal year is allocated~~Resources for a satellite aquarium facility shall be used for planning of the Blake Farms satellite aquarium area in Scotts Hill, North Carolina, and the Division is authorized to expend funds for this purpose."

SECTION 4.4.(a) If Senate Bill 257, 2017 Regular Session, becomes law, then Part XIII of that act is amended by adding a new section to read:

"**COASTAL RECREATIONAL FISHING LICENSES POSITIONS**

"**SECTION 13.28.** Notwithstanding any other provision of law or a provision of the Committee Report described in Section 39.2 of this act to the contrary, the Division of Marine Fisheries positions authorized in this act and supported by receipts from the sales of Coastal Recreational Fishing Licenses are authorized in the Marine Resources Fund (Fund Code 24323-2143)."

SECTION 4.4.(b) If Senate Bill 257, 2017 Regular Session, becomes law, then Part XIII of that act is amended by adding a new section to read:

"**ENERGY CENTERS**

"**SECTION 13.29.** Notwithstanding any other provision of law or a provision of the Committee Report described in Section 39.2 of this act to the contrary, the funds appropriated by this act to the Department of Environmental Quality for university energy centers shall be divided evenly between North Carolina A&T University, Appalachian State University, and North Carolina State University."

SECTION 4.4.(c) If Senate Bill 257, 2017 Regular Session, becomes law, then Part XIV of that act is amended by adding a new section to read:

"**LOCAL HISTORY MUSEUM FUNDING**

"**SECTION 14.20.** Notwithstanding any other provision of law or a provision of the Committee Report described in Section 39.2 of this act to the contrary, (i) the revised net appropriation for grants-in-aid to local history museums within Fund Code 14800-1500 is one hundred sixty thousand dollars ($160,000) and (ii) the funds appropriated by this act for a grant-in-aid for the Oxford Museum of History shall instead be provided to the Granville County Historical Society, Incorporated."

SECTION 4.5. If Senate Bill 257, 2017 Regular Session, becomes law, then Part XIV of that act is amended by adding a new section to read:

"**ART MUSEUM POSITIONS**

"**SECTION 14.21.** Notwithstanding any other provision of law or a provision of the Committee Report described in Section 39.2 of this act to the contrary, the funds provided in this act for the North Carolina Museum of Art may be used to establish up to 25 positions."

SECTION 4.6. If Senate Bill 257, 2017 Regular Session, becomes law, then Part XIV of that act is amended by adding a new section to read:

"**LOCAL LIBRARY GRANTS-IN-AID**

"**SECTION 14.22.** Notwithstanding any other provision of law or a provision of the Committee Report described in Section 39.2 of this act to the contrary, (i) the funds appropriated by this act for grants-in-aid for local libraries is reduced by one hundred thousand dollars ($100,000) in nonrecurring funds for the 2017-2018 fiscal year and no funds shall be provided to

Caldwell County for a bookmobile and (ii) the funds appropriated by this act for grants-in-aid for the Aberdeen Library shall be provided to the Friends of the Aberdeen Library and not to the Town of Aberdeen."

SECTION 4.7. If Senate Bill 257, 2017 Regular Session, becomes law, then Section 15.5(b)(1) of that act is repealed.

SECTION 4.8.(a) If Senate Bill 257, 2017 Regular Session, becomes law, then Section 15.8(a) of that act reads as rewritten:

"**SECTION 15.8.(a)** Of the funds appropriated in this act to the Rural Economic Development Division of the Department of Commerce, the sum of five million ~~seven~~ eight hundred seventy-five thousand dollars ~~($5,775,000)~~($5,875,000) in nonrecurring funds for the 2017-2018 fiscal year shall be used to provide grants-in-aid for downtown revitalization projects for each of the following counties and municipalities in the following amounts:

…

(15) Thirty-three thousand three hundred thirty-four dollars ($33,334) each to the Town of ~~Littleton~~ Littleton, the Town of Summerfield, and the Town of Weldon.

(16) Thirty-three thousand three hundred thirty-three dollars ($33,333) each to the Town of Stokesdale, the Town of Oak Ridge, the Town of Enfield, the Town of Garysburg, the Township of Seaboard, and the Town of Woodland.

…."

SECTION 4.8.(b) If Senate Bill 257, 2017 Regular Session, becomes law, then notwithstanding any provision in that act, or in the Committee Report described in Section 39.2 of that act to the contrary, the appropriation for downtown revitalization grants within the Rural Economic Development Division of the Department of Commerce (Fund Code 14600-1534) is increased by one hundred thousand dollars ($100,000) in nonrecurring funds. The revised net appropriation for downtown revitalization grants is eight million six hundred thirty thousand dollars ($8,630,000).

SECTION 4.9. If Senate Bill 257, 2017 Regular Session, becomes law, then Section 15.18(a) of that act reads as rewritten:

"**SECTION 15.18.(a)** The North Carolina Industrial Commission (Commission) may carry forward up to two hundred fifty thousand dollars ($250,000) ~~of State funds~~ previously ~~appropriated~~ appropriated, encumbered, or designated in the 2015-2016 fiscal year for legal services. Any funds remaining after completion of the legal services for which the funds were appropriated shall be retained by the Commission."

SECTION 4.10.(a) If Senate Bill 257, 2017 Regular Session, becomes law, then, notwithstanding any provision of law in that act or in the Committee Report described in Section 39.2 of that act to the contrary, the appropriation to the Department of Commerce for State Aid to Non-State Entities in Fund Code 14601-1913 is increased by two hundred thousand dollars ($200,000) in nonrecurring funds for the 2017-2018 fiscal year to be provided as a grant-in-aid to Cleveland County ALWS Baseball, Inc., the nonprofit organization responsible for hosting the 2017 American Legion Baseball World Series, for the expansion of the facility and marketing and national promotion for the home site in Shelby, North Carolina. The revised net appropriation for State Aid to Non-State Entities (Fund Code 14601-1913) is twenty million three hundred thousand eight hundred ten dollars ($20,300,810) for the 2017-2018 fiscal year.

SECTION 4.10.(b) If Senate Bill 257, 2017 Regular Session, becomes law, then Section 15A.2(c) of that act reads as rewritten:

"**SECTION 15A.2.(c)** The following entities shall comply with the requirements of subsection (a) of this section:

(1) North Carolina Biotechnology Center.

…

(16) Cleveland County ALWS Baseball, Inc."

SECTION 4.11. If Senate Bill 257, 2017 Regular Session, becomes law, then G.S. 143-215.73F(c)(4) reads as rewritten:

"(4) The cost-share for the dredging of the access canal around the Roanoke Island Festival Park ~~may~~ shall be paid from the Historic Roanoke Island Fund established by G.S. 143B-131.8A."

SECTION 4.12. If Senate Bill 257, 2017 Regular Session, becomes law, then G.S. 143B-135.234(a) reads as rewritten:

"(a) Fund Established. – The Clean Water Management Trust Fund is established as a special revenue fund to be administered by the Department of ~~Environmental Quality.~~ Natural and Cultural Resources. The Fund receives revenue from the following sources and may receive revenue from other sources:

…."

PART V. JUSTICE AND PUBLIC SAFETY

SECTION 5.1. If Senate Bill 257, 2017 Regular Session, becomes law, then Section 16B.10(e) of that act reads as rewritten:

"**SECTION 16B.10.(e)** Notwithstanding any other provision of law, there shall be no transfer of positions to or from the State Capitol Police Section (Budget Code 14550, fund code 1402) and no ~~changes~~reduction to the total authorized budget of the State Capitol Police Section, as it existed on March 1, 2017, prior to the transfer of the State Capitol Police from the State Highway Patrol to the Department of Public Safety. This subsection shall not apply to transfers of positions or changes to the

total authorized budget of the State Capitol Police that are expressly required by the Committee Report described in Section 39.2 of this act."

SECTION 5.2. If Senate Bill 257, 2017 Regular Session, becomes law, then Subpart XVI-B of that act is amended by adding a new section to read:

"**OPERATION MEDICINE DROP**

"**SECTION 16B.12.** Of the funds appropriated in this act to the State Bureau of Investigation (SBI) in fiscal year 2017-2018, including funds appropriated for Alcohol Law Enforcement, the SBI may use up to one hundred twenty-five thousand dollars ($125,000) for Operation Medicine Drop."

SECTION 5.3. If Senate Bill 257, 2017 Regular Session, becomes law, then G.S. 7B-2200.5(a)(1), as enacted by Section 16D.4(e) of that act, reads as rewritten:

"(1) Notice to the juvenile and a finding by the court that a bill of indictment has been returned against the juvenile charging the commission of an offense that constitutes a Class A, B1, B2, C, D, E, F, or G felony if committed by an adult."

SECTION 5.4. If Senate Bill 257, 2017 Regular Session, becomes law, then subsection (jj) of Section 16D.4 of that act reads as rewritten:

"**SECTION 16D.4.(jj)** Subsection (ff) of this section is effective when it becomes law. ~~The remainder of this Part becomes~~Subsections (ee), (gg), (hh), and (ii) of this section become effective December 1, 2019, and apply to offenses committed on or after that date."

SECTION 5.4A.(a) If Senate Bill 257, 2017 Regular Session, becomes law, then G.S. 7A-305(a5)(3) reads as rewritten:

"(3) For support of the General Court of Justice, the sum of one hundred eighty dollars ($180.00) in the superior court, except that if a case is assigned to a special superior court judge as a complex business case under G.S. 7A-45.3, filing fees shall be collected and disbursed in accordance with subsection (a) of this section, and the sum of one hundred thirty dollars ($130.00) in the district court, except that if the case is assigned to a magistrate, the sum shall be eighty dollars ($80.00). Sums collected under this subdivision shall be remitted to the State Treasurer. The State Treasurer shall remit the sum of ~~one dollar and fifty cents ($1.50) of each fee collected under this subdivision to the North Carolina State Bar for the provision of services described in G.S. 7A-474.4 and~~ ninety-five cents ($.95) of each fee collected under this subdivision to the North Carolina State Bar for the provision of services described in G.S. 7A-474.19."

SECTION 5.4A.(b) If Senate Bill 257, 2017 Regular Session, becomes law, then G.S. 7A-306(a)(2) reads as rewritten:

"(2) For support of the General Court of Justice the sum of one hundred six dollars ($106.00). In addition, in proceedings involving land, except boundary disputes, if the fair market value of the land involved is over one hundred dollars ($100.00), there shall be an additional sum of thirty cents (30¢) per one hundred dollars ($100.00) of value, or major fraction thereof, not to exceed a maximum additional sum of two hundred dollars ($200.00). Fair market value is determined by the sale price if there is a sale, the appraiser's valuation if there is no sale, or the appraised value from the property tax records if there is neither a sale nor an appraiser's valuation. Sums collected under this subdivision shall be remitted to the State Treasurer. ~~The State Treasurer shall remit the sum of one dollar and fifty cents ($1.50) of each one hundred six dollar ($106.00) General Court of Justice fee collected under this subdivision to the North Carolina State Bar for the provision of services described in G.S. 7A-474.4.~~"

SECTION 5.4A.(c) If Senate Bill 257, 2017 Regular Session, becomes law, then G.S. 7A-307(a)(2) reads as rewritten:

"(2) For support of the General Court of Justice, the sum of one hundred six dollars ($106.00), plus an additional forty cents (40¢) per one hundred dollars ($100.00), or major fraction thereof, of the gross estate, not to exceed six thousand dollars ($6,000). Gross estate shall include the fair market value of all personalty when received, and all proceeds from the sale of realty coming into the hands of the fiduciary, but shall not include the value of realty. In collections of personal property by affidavit, the fee based on the gross estate shall be computed from the information in the final affidavit of collection made pursuant to G.S. 28A-25-3 and shall be paid when that affidavit is filed. In all other cases, this fee shall be computed from the information reported in the inventory and shall be paid when the inventory is filed with the clerk. If additional gross estate, including income, comes into the hands of the fiduciary after the filing of the inventory, the fee for such additional value shall be assessed and paid upon the filing of any account or report disclosing such additional value. For each filing the minimum fee shall be fifteen dollars ($15.00). Sums collected under this subdivision shall be remitted to the State Treasurer. ~~The State Treasurer shall remit the sum of one dollar and fifty cents ($1.50) of each one hundred six dollar ($106.00) General Court of Justice fee collected under this subdivision to the North Carolina State Bar for the provision of services described in G.S. 7A-474.~~"

SECTION 5.4A.(d) This section is effective when it becomes law.

SECTION 5.5. Section 18B.9.(d) of S.L. 2017-57 reads as rewritten:

"**SECTION 18B.9.(d)** In order to implement the changes in subsection (c) of this section, the following shall apply:

(1) The district court ~~judgeships~~judgeship with a term expiring December 31, 2020, currently serving District 9A shall be allocated to Judicial ~~Districts~~ District 9 and the judgeship with a term expiring December 31, 2018, currently serving District 9A shall be allocated to Judicial District 17A of the General Court of Justice effective January 1, 2019.

(2) ~~Any~~A vacancy occurring in ~~a~~the district court judgeship with a term expiring December 31, 2018 currently serving District 9A before January 1, 2019, shall be filled by appointment for a term to end December 31, 2018. A vacancy occurring in the district court judgeship with a term expiring December 31, 2020, currently serving District 9A before January 1, 2019, shall be filled by appointment for a term to end December 31, 2020."

SECTION 5.6.(a) G.S. 7A-60(a1), as amended by Section 18B.9(e) of S.L. 2017-57, reads as rewritten:

"(a1) The counties of the State are organized into prosecutorial districts, and each district has the counties and the number of full-time assistant district attorneys set forth in the following table:

Prosecutorial District	Counties	No. of Full-Time Asst. District Attorneys
1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	11
2	Beaufort, Hyde, Martin, Tyrrell, Washington	8
3	Pitt	12
4	Carteret, Craven, Pamlico	13
5	Duplin, Jones, Onslow, Sampson	19
6	New Hanover, Pender	19
7	Bertie, Halifax, Hertford, Northampton	11
8	Edgecombe, Nash, Wilson	19
9	Greene, Lenoir, Wayne	14
10	Franklin, Granville, Person Vance, Warren	~~10~~13
~~9A~~	~~Person, Caswell~~	~~6~~
11	Wake	42
12	Harnett, Lee	11
13	Johnston	10
14	Cumberland	25
15	Bladen, Brunswick, Columbus	14
16	Durham	18
17	Alamance	12
18	Orange, Chatham	10
19	Scotland, Hoke	7
20	Robeson	12
21	Anson, Richmond	6
22	Caswell, Rockingham	~~7~~10
23	Stokes, Surry	8
24	Guilford	34
25	Cabarrus	9
26	Montgomery, Randolph	10
27	Rowan	9
28	Moore	5
29	Stanly	5
30	Union	11
31	Forsyth	27
32	Alexander, Iredell	12
33	Davidson, Davie	12
34	Alleghany, Ashe, Wilkes, Yadkin	9
35	Avery, Madison, Mitchell,	8

	Watauga, Yancey	
36	Burke, Caldwell, Catawba	19
37	Mecklenburg	58
38	Gaston	15
39	Cleveland, Lincoln	12
40	Buncombe	14
41	McDowell, Rutherford	8
42	Henderson, Polk, Transylvania	9
43	Cherokee, Clay, Graham, Haywood, Jackson, Macon, Swain."	12

SECTION 5.6.(b) The office and term of the district attorney for Prosecutorial District 9A formerly consisting of Person and Caswell Counties is terminated upon the expiration of the current term, December 31, 2018. Effective January 1, 2019, District 9A is eliminated. All open investigations and pending cases for Prosecutorial District 9A formerly consisting of Person and Caswell Counties shall be transferred to either District 10 or District 22. Person County is added to District 10 and the number of ADAs in that district is increased by three. Caswell County is added to District 22 and the number of ADAs in that district is increased by three.

SECTION 5.6.(c) Section 18B.9(h) of S.L. 2017-57 is repealed.

SECTION 5.6.(d) This section is effective January 1, 2019, and elections conducted in 2018 shall be conducted in accordance with the districts as modified by this section.

SECTION 5.7. Subpart XVIII-B of S.L. 2017-57 is amended by adding a new section to read:

"**COUNCIL OF STATE SPECIAL PROSECUTOR PILOT PROJECT**

"**SECTION 18B.13.(a)** Pilot Project. – The Administrative Office of the Courts, in consultation with the Conference of District Attorneys, may appoint up to two special prosecutors per Council of State member at the member's request to aid local district attorneys' offices in prosecuting cases arising under Article 15 of Chapter 14 of the North Carolina General Statutes, violations of Chapter 58 of the North Carolina General Statutes, and violations of Chapter 14 of the North Carolina General Statutes as they relate to insurance fraud. Attorneys appointed as special prosecutors under this program shall be agency attorneys currently employed in the department of the requesting Council of State member and shall have a physical office in the local district attorney's office throughout the duration of the special appointment. Special prosecutors shall report to the Director of the Administrative Office of the Courts or the director's designee on all cases related to the special appointment. Nothing in this section shall be construed to authorize the hiring of additional personnel or outside counsel.

"**SECTION 18B.13.(b)** The Administrative Office of the Courts, in conjunction with the agencies that utilize the pilot program set out in subsection (a), shall report to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety by April 1, 2018. The report shall include the results of the pilot program and recommendations on whether the program should be extended.

"**SECTION 18B.13.(c)** This section expires June 30, 2019, and all pending cases shall remain within the local district attorney's office for prosecution by attorneys employed by that office."

SECTION 5.8. If Senate Bill 257, 2017 Regular Session, becomes law, then Section 17.4(g) of Senate Bill 257 reads as rewritten:

"**SECTION 17.4.(g)** This section ~~is effective when it becomes law.~~becomes effective January 1, 2018."

PART VI. GENERAL GOVERNMENT

SECTION 6.1. If Senate Bill 257, 2017 Regular Session, becomes law, then Part XIX of that act is amended by adding a new section to read:

"**NO CLOSURE OF VETERANS CEMETERIES**

"**SECTION 19.3.(a)** The Office of State Budget and Management shall realign the base budget for Budget Code 23050 for the 2017-2019 fiscal biennium to include five FTE positions, increase receipts, and include any other necessary operational costs for the Eastern Carolina State Veterans Cemetery in Goldsboro.

"**SECTION 19.3.(b)** The Department of Military and Veterans Affairs (DMVA) shall not close any of the State's veterans cemeteries. The DMVA shall continue to operate the State's veterans cemeteries and maintain the current level of operations using any or all of the following financial supports: (i) receipts generated by any of the State owned veterans cemeteries, (ii) carryforward funding, and (iii) reserve account fund balances under the purview of DMVA."

SECTION 6.2. If Senate Bill 257, 2017 Regular Session, becomes law, then Section 22.2 of that act reads as rewritten:

"**SECTION 22.2.** Section 7 of S.L. 2009-474, as amended by Section 20.3 of S.L. 2012-142, ~~is~~ and Section 8 of S.L. 2009-474 are repealed."

SECTION 6.3. If Senate Bill 257, 2017 Regular Session, becomes law, then Part XXVI of that act is amended by adding a new section to read:

"**FIRE AND RESCUE GRANTS-IN-AID**

"**SECTION 26.8.(a)** Notwithstanding any other provision of this act or the provisions of the Committee Report described in Section 39.2 of this act to the contrary, of the funds appropriated in this act to the Office of State Budget and Management, Special Appropriations, the sum of one hundred thousand dollars ($100,000) in nonrecurring funds for the 2017-2018 fiscal year shall be allocated to Caldwell County for EMS services. These funds are in addition to grant-in-aid funds appropriated to the Office of State Budget and Management, Special Appropriations, and shown in the Committee Report described in Section 39.2 of this act, to be allocated to Caldwell County for EMS services for the 2017-2018 fiscal year.

"**SECTION 26.8.(b)** Notwithstanding any other provision of this act or the provisions of the Committee Report described in Section 39.2 of this act to the contrary, the revised net appropriation for fire and rescue grants-in-aid is six hundred forty-five thousand dollars ($645,000) in nonrecurring funds for the 2017-2018 fiscal year."

SECTION 6.4. If Senate Bill 257, 2017 Regular Session, becomes law, then Part XXVI of that act is amended by adding a new section to read:

"**INDIAN AFFAIRS COMMISSION**

"**SECTION 26.9.** Notwithstanding any other provision of this act or the provisions of the Committee Report described in Section 39.2 of this act to the contrary, of the funds appropriated in this act to the Department of Administration Budget Code 14100, the sum of two hundred fifty thousand dollars ($250,000) in nonrecurring funds for the 2017-2018 fiscal year shall be allocated to the Indian Affairs Commission (Fund Code 1861) for operational support. These funds shall be used to expedite the recognition review process of North Carolina tribes and commissions. The revised net appropriation for the Indian Affairs Commission is six hundred eighty-two thousand three hundred thirty-six dollars ($682,336) for the 2017-2018 fiscal year."

SECTION 6.5. If Senate Bill 257, 2017 Regular Session, becomes law, then Part XXXI of that act is amended by adding a new section to read:

"**REDUCTION FOR OSBM SPECIAL APPROPRIATIONS**

"**SECTION 31.5.** Notwithstanding any other provision of this act or the Committee Report described in Section 39.2 of this act to the contrary, the funds appropriated in this act to the Office of State Budget and Management, Special Appropriations, for the dinosaur project at the North Carolina Museum of Natural Sciences to improve the visitor experience are reduced by one million two hundred twenty-six thousand one hundred nineteen dollars ($1,226,119) in nonrecurring funds for the 2017-2018 fiscal year. The revised net appropriation for this project is two hundred seventy-three thousand eight hundred eighty-one dollars ($273,881) in nonrecurring funds for the 2017-2018 fiscal year only."

SECTION 6.6. If Senate Bill 257, 2017 Regular Session, becomes law, then Part XXXI of that act is amended by adding a new section to read:

"**JOSEPH MONTFORT AMPHITHEATRE REDEVELOPMENT**

"**SECTION 31.6.** Notwithstanding any other provision of this act or the Committee Report described in Section 39.2 of this act to the contrary, of the funds appropriated to the Office of State Budget and Management, Special Appropriations, the sum of one hundred fifty thousand dollars ($150,000) in nonrecurring funds for the 2017-2018 fiscal year shall be allocated to Halifax County for the redevelopment of the Joseph Montfort Amphitheatre for the First for Freedom Outdoor Drama. The revised net appropriation for this project is one hundred fifty thousand dollars ($150,000) for the 2017-2018 fiscal year only."

SECTION 6.7. If Senate Bill 257, 2017 Regular Session, becomes law, then Part XXXI of that act is amended by adding a new section to read:

"**NORTH CAROLINA CIVIL WAR HISTORY CENTER**

"**SECTION 31.7.** Notwithstanding any other provision of this act or of the Committee Report described in Section 39.2 of this act to the contrary, of the funds appropriated to the Office of State Budget and Management, Special Appropriations, the sum of two million five hundred thousand dollars ($2,500,000) in nonrecurring funds for the 2017-2018 fiscal year shall be allocated to the North Carolina Civil War History Center (Center). Of the funds appropriated to the Office of State Budget and Management, Special Appropriations, an additional sum of up to two million five hundred thousand dollars ($2,500,000) in nonrecurring funds for the 2017-2018 fiscal year shall be allocated to the Center as a matching grant. Upon verification of the collection of two million five hundred thousand dollars ($2,500,000) in private donations by the Center, the Office of State Budget and Management shall provide one dollar for every private dollar provided in kind or otherwise, up to a maximum of the two million five hundred thousand dollars ($2,500,000) for the matching grant described in this section."

SECTION 6.8.(a) In the 2017 elections, the Executive Director of the Bipartisan State Board of Elections and Ethics Enforcement shall have the authority to reduce the canvass period by whatever amount of time the Executive Director believes is necessary in order to ensure orderly elections on the election schedule otherwise required by law. If the Executive Director shortens the canvass period, the Executive Director shall provide at least two weeks' notice of the new canvass period to the county boards and to the public.

SECTION 6.8.(b) This provision is effective when it becomes law and expires November 7, 2017.

PART VII. TRANSPORTATION

SECTION 7.1. If Senate Bill 257, 2017 Regular Session, becomes law, then G.S. 136-76.2(c), as enacted by Section 34.10 of that act, reads as rewritten:

"(c) Outsourcing. – ~~All~~Except for the following activities, all projects funded under the bridge program established under subsection (a) of this ~~section, with the exception of inspection, pre-engineering, contract preparation, contract administration and oversight, and planning activities,~~section shall be outsourced to private ~~contractors.~~contractors:

(1) Inspection.
(2) Pre-engineering.
(3) Contract preparation.
(4) Contract administration and oversight.
(5) Planning activities.
(6) Installation of culverts described in subsection (b) of this section, but only in cases of emergency."

SECTION 7.2. If Senate Bill 257, 2017 Regular Session, becomes law, then Section 34.26(a) of that act reads as rewritten:

"**SECTION 34.26.(a)** Strategic Plan; Report. – By ~~January~~March 1, 2018, the Global TransPark Authority shall establish and implement a strategic plan for the Global TransPark. The Global TransPark Authority may use a portion of funds appropriated to it in this act to establish and implement the strategic plan required under this subsection. The Global TransPark Authority shall submit a report to the Joint Legislative Transportation Oversight Committee by ~~January~~March 15, 2018, detailing the strategic report established and implemented as required by this subsection."

SECTION 7.3.(a) If Senate Bill 257, 2017 Regular Session, becomes law, then G.S. 20-4.03(a), as enacted by Section 34.32 of that act, reads as rewritten:

"(a) Authorization. – The Division is authorized to charge a fee to ~~individuals~~any person who ~~request~~requests an administrative hearing before the Division in accordance with this Chapter."

SECTION 7.3.(b) This section becomes effective January 1, 2018.

SECTION 7.4. If Senate Bill 257, 2017 Regular Session, becomes law, then Part XXXIV of that act is amended by adding a new section to read:

"**FAIR BLUFF AND TABOR CITY VISITOR CENTERS**

"**SECTION 34.44.(a)** Upon the reopening and operation of the visitor center in the Town of Fair Bluff, the Department of Transportation shall continue to provide funding under G.S. 20-79.7(c)(2) for the operation of the visitor center.

"**SECTION 34.44.(b)** The Department of Transportation shall continue to provide funding under G.S. 20-79.7(c)(2) for the operation of a visitor center in the Town of Tabor City so long as the visitor center remains open and operational."

SECTION 7.5. If Senate Bill 257, 2017 Regular Session, becomes law, then Section 34.6A(h) of that act reads as rewritten:

"**SECTION 34.6A.(h)** Subsections (a) and (b) of this section become effective ~~October~~August 1, 2017, and apply to school openings, relocations, and expansions on or after that date. The remainder of this section is effective when it becomes law."

PART VIII. SALARIES AND BENEFITS

SECTION 8. If Senate Bill 257, 2017 Regular Session, becomes law, then Section 35.21 of that act reads as rewritten:

"**STUDY STATE EMPLOYEE ~~TOTAL~~ COMPENSATION AND BENEFITS/REDUCE LONG-TERM UNFUNDED HEALTH CARE POTENTIAL LIABILITIES**

"**SECTION 35.21.(a)** The State Employee ~~Total~~ Compensation and Benefits Committee (Committee) is established to study the ~~total~~ compensation and benefits of State employees. ~~Total compensation includes cash compensation and~~Benefits include the value of heath care, retirement, leave, and other flexible benefits. The Committee shall do the following:

(1) Assess the strength of the ~~total~~ compensation and benefits of State employees with regards to recruitment and retention of State employees, including a specific evaluation of the retirement benefits available under the Teachers' and State Employees' Retirement System.
(2) Compare the ~~total~~ compensation and benefits of State employees with the ~~total~~ compensation and benefits provided to other states' employees, as well as large North Carolina employers that may recruit employees with similar skills.
(3) Evaluate the current financial condition and the sustainability of the State pension system.
(4) By February 1, 2019, submit a report to the General Assembly containing the information considered under subdivisions (1) through (3) of this subsection and any findings and recommendations, including any suggested legislation, to the General Assembly.

…."

PART IX. CAPITAL

SECTION 9.1. If Senate Bill 257, 2017 Regular Session, becomes law, then Section 36.5(e) of that act reads as rewritten:

"**SECTION 36.5.(e)** Notwithstanding G.S. 143C-4-3, of the funds allocated from the Reserve for Repairs and Renovations for the 2017-2018 fiscal year, the following sums shall be allocated for the following projects:

…

(8) ~~Seven~~ Notwithstanding G.S. 143C-3-3, for the 2017-2018 fiscal year only, seven hundred fifty thousand dollars ($750,000) shall be allocated ~~for~~to create a plan for the energy production facility replacement project at Western Carolina University."

SECTION 9.2. If Senate Bill 257, 2017 Regular Session, becomes law, then Section 36.10 of that act reads as rewritten:

"**SECTION 36.10.** ~~If House Bill 280 of the 2017 Regular Session becomes law, the~~The Department of Public Safety shall accommodate any new requirements resulting from ~~its~~ the enactment of Section 16D.4 of this act by maximizing the use of existing facilities. The Department shall demonstrate that the use of existing facilities has been maximized prior to requesting funding for additional facilities."

SECTION 9.3. If Senate Bill 257, 2017 Regular Session, becomes law, then Section 37.9 of S.L. 2016-94 reads as rewritten:

"**SECTION 37.9.** The General Assembly authorizes the construction of the business school at the University of North Carolina at Pembroke to be funded in accordance with the following:

(1) The sum of twenty-three million dollars ($23,000,000) of the proceeds of bonds issued for the business school pursuant to Section 1(f) of S.L. 2015-280 shall be used for this project.

(2) Up to the sum of thirteen million dollars ($13,000,000) of funds from receipts or from other non-General Fund sources available to the University of North Carolina at Pembroke raised or made available by the University prior to December 31, ~~2017,~~2018, may be used for this project."

SECTION 9.4. If Senate Bill 257, 2017 Regular Session, becomes law, then notwithstanding any provision in that act or in the Committee Report described in Section 39.2 of that act to the contrary, the funds appropriated to the Department of Public Safety for the Stonewall Jackson Youth Development Center fence shall be used to construct fencing around the dilapidated buildings at the facility.

SECTION 9.5. If Senate Bill 257, 2017 Regular Session, becomes law, then Section 36.2 of that act reads as rewritten:

"**SECTION 36.2.(a)** There is appropriated from the General Fund for the 2017-2019 fiscal biennium the following amounts for capital improvements:

Capital Improvements – General Fund	**2017-2018**	**2018-2019**
…		
Department of Natural and Cultural Resources		
Fort Fisher Museum and Visitor Center	5,000,000	–
~~Fayetteville Civil War Museum project~~	~~5,000,000~~	~~–~~
…		
TOTAL CAPITAL IMPROVEMENTS – GENERAL FUND	**~~$54,708,000~~$49,708,000**	**$1,917,993**

"~~**SECTION 36.2.(c)** Of the five million dollars ($5,000,000) appropriated in subsection (a) of this section to the Department of Natural and Cultural Resources for the Fayetteville Civil War Museum project, the sum of two million five hundred thousand dollars ($2,500,000) in nonrecurring funds for the 2017-2018 fiscal year shall be used to provide a matching grant for the Fayetteville Civil War Museum project. Upon verification of the collection of two million five hundred thousand dollars ($2,500,000) in private donations toward the project, the Office of State Budget and Management shall provide one dollar for every private dollar provided in kind or otherwise, up to a maximum of two million five hundred thousand dollars ($2,500,000) for the matching grant described in this subsection.~~

…."

PART X. INFORMATION TECHNOLOGY

SECTION 10.(a) If Senate Bill 257, 2017 Regular Session, becomes law, then Section 37.12 of that act is repealed.

SECTION 10.(b) This section is effective when it becomes law.

PART XI. EFFECTIVE DATE

SECTION 11. Except as otherwise provided, this act becomes effective July 1, 2017.
In the General Assembly read three times and ratified this the 30th day of June, 2017.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Tim Moore
Speaker of the House of Representatives

This bill having been presented to the Governor for signature on the 30th day of June, 2017 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 31st day of July, 2017.

s/ Karen Jenkins
Enrolling Clerk

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2017-117
HOUSE BILL 532

AN ACT TO MODIFY THE GOVERNANCE AND OPERATION OF THE UNIVERSITY OF NORTH CAROLINA LABORATORY SCHOOLS.

The General Assembly of North Carolina enacts:

SECTION 1. Article 29A of Chapter 116 of the General Statutes reads as rewritten:

"Article 29A.

"University of North Carolina Laboratory Schools.

"**§ 116-239.5. University of North Carolina laboratory schools; purpose.**

(a) The Board of Governors, ~~in consultation with~~upon recommendation by the ~~constituent institutions of The University of North Carolina with educator preparation programs,~~President, shall designate ~~eight~~at least nine constituent institutions to submit proposals to establish laboratory schools to serve public school students in accordance with the provisions of this Article. The Board of Governors shall select ~~eight~~ constituent institutions with ~~quality~~ high-quality educator preparation programs as demonstrated by the annual performance measures reported by the constituent institutions in accordance with G.S. 115C-296.13. The Board of Governors' Subcommittee on Laboratory Schools established under G.S. 116-239.7 shall review the proposals and approve at least nine of the proposals to establish laboratory schools. The Subcommittee shall oversee the operations of those laboratory schools to meet the purposes set forth in this Article.

(b) The mission of a laboratory school shall be to improve student performance in local school administrative units with low-performing schools by providing an enhanced education program for students residing in those units and to provide exposure and training for teachers and principals to successfully address challenges existing in high-needs school settings. A laboratory school shall provide an opportunity for research, demonstration, student support, and expansion of the teaching experience and evaluation regarding management, teaching, and learning.

(c) Each laboratory school shall expand student opportunities for educational success through high-quality instructional programming and innovative instruction and research by using the resources available to the constituent institution. Each constituent institution operating a laboratory school shall incorporate best practices gained from State initiatives focused on leadership development for both teachers and principals in low-performing schools and local school administrative units.

(d) Except as otherwise provided in this Article, ~~a~~the Subcommittee, the chancellor of each constituent institution that operates a laboratory school, and the laboratory school ~~is~~are exempt from statutes and rules applicable to a local board of education or local school administrative unit.

"**§ 116-239.6. Definitions.**

The following definitions apply in this Article:

(1) Advisory board. – An advisory board established by ~~the board of trustees~~a chancellor under G.S. 116-239.8.

(2) Board of trustees. – The board of trustees of a constituent ~~institution that is the governing body of the lab school established under this Article.~~institution.

(2a) Chancellor. – The chancellor of a constituent institution who operates a laboratory school approved by the Subcommittee on Laboratory Schools under G.S. 116-239.7 or the chancellor's designee.

(3) Constituent institution. – A constituent institution of The University of North Carolina with an educator preparation program that has ~~been designated by the Board of Governors to establish~~ a laboratory school ~~under G.S. 116-239.5.~~operated in accordance with this Article.

(4) Laboratory ~~school or lab~~ school. – A public school created under G.S. 116-239.7 that (i) except as otherwise provided in G.S. 116-239.7(a2), is located in a qualifying local school administrative unit that has twenty five percent (25%) or more of the schools located in the unit identified as low-performing under G.S. 115C-105.37 and (ii) serves students in at least three consecutive grade levels in the range of kindergarten through eighth grade.

(4a) President. – The President of The University of North Carolina.

(5) Principal. – The principal of a ~~lab~~laboratory school.

(6) Subcommittee. – The Subcommittee on Laboratory Schools.

"**§ 116-239.7. ~~Plan for the location lab~~The Board of Governors' Subcommittee on Laboratory Schools; selection of laboratory schools; creation of a ~~lab~~laboratory school; dissolution.**

(a) The Board of Governors' Subcommittee on Laboratory Schools. – The Board of Governors shall establish the Subcommittee on Laboratory Schools to oversee the establishment and operation of laboratory schools in accordance with this Article. The President of The University of North Carolina shall serve on the Subcommittee. Within the funds appropriated each fiscal year to the Board of Governors to be used to support the operations of the Board, the Board may establish a full-time equivalent position to coordinate and support the work of the Subcommittee.

(a1) ~~Plan for the Location~~Approval of ~~Lab~~Laboratory Schools. – The Board of ~~Governors, in collaboration with the boards of trustees of the constituent institutions,~~Governors, upon the recommendation of the President, shall designate at least nine constituent institutions to establish and operate laboratory schools. The chancellor of each constituent institution shall adopt and submit to the Subcommittee a ~~plan~~proposal ~~for the location of the lab schools~~to operate a laboratory school in a local school administrative ~~units~~unit that ~~meet~~meets the minimum threshold for the number of low-performing schools located in the ~~units~~unit under G.S. 116-239.6(4). The ~~plan~~proposal shall include the governance structure of the laboratory school. The Subcommittee shall evaluate the proposals for approval or disapproval by considering the design components and the strategic focus of the laboratory school and any other standards developed by the Subcommittee to be applicable to all laboratory schools. The Subcommittee shall also consider the location of each laboratory school so that, to the extent possible, there is a geographically diverse distribution of the ~~lab~~laboratory schools throughout the State and a maximum of one ~~lab~~laboratory school located in a qualifying local school administrative unit. ~~The Board of Governors shall update the plan as necessary to reflect any changes to the status of a constituent institution operating a lab school and the status of qualifying local school administrative units at the end of the term of operation of a lab school. A constituent institution shall not adopt a resolution to create a lab school under this section prior to receiving approval from the Board of Governors on the location of the lab school. At least 90 days prior to implementation, the Board of Governors shall submit the plan and any revisions to the plan to the Joint Legislative Commission on Governmental Operations.~~ From the proposals submitted to the Subcommittee, the Subcommittee shall approve the establishment of at least nine laboratory schools.

(a2) Waiver for Certain Local School Administrative Units. – Notwithstanding subsection (a1) of this section, a chancellor may submit a proposal to the Subcommittee to locate a laboratory school in a local school administrative unit that does not meet the minimum threshold for the number of low-performing schools located in the unit under G.S. 116-239.6(4) if the proposal demonstrates that the laboratory school shall primarily serve students who did not meet expected growth in the prior school year in accordance with G.S. 116-239.9(c1). The Subcommittee may waive the requirement for the number of low-performing schools in a local school administrative unit for the location of a laboratory school, for up to a total of three laboratory schools established under this Article, only if both of the following conditions are met for the laboratory school:

(1) The proposal has been submitted jointly by the chancellor and the local school administrative unit in which the laboratory school will be located.

(2) The Subcommittee determines that the proposed location would satisfy the purposes set forth in G.S. 116-239.5.

(b) Resolution by the Subcommittee to ~~Create~~Approve a ~~Lab~~Laboratory School. – The ~~board of trustees of a constituent institution~~Subcommittee shall adopt a resolution ~~stating its intent to create a lab~~upon the approval of each laboratory school, which shall include the following:

(1) Name of the ~~lab~~laboratory school.

(2) The local school administrative unit in which the ~~lab~~laboratory school shall be located. ~~The local school administrative unit in which the lab school is located shall meet the requirement under G.S. 116-239.6(4) that twenty-five percent (25%) or more of the schools located in the unit are identified as low-performing under G.S. 115C-105.37 at the time the resolution is adopted. However, the board of trustees shall continue to operate the lab school within the local school administrative unit for at least five years as provided under subdivision (3) of this subsection regardless of whether the local school administrative unit continues to qualify under G.S. 116-239.6(4).~~

(3) A term of operation for the ~~lab~~laboratory school of five years from the date of initial operation. At the end of five years of operation, if the ~~lab~~laboratory school is still located in a local school administrative unit that has twenty-five percent (25%) or more of the schools located in the unit identified as low-performing under G.S. 115C-105.37, or if the Subcommittee renews a waiver of this requirement under subsection (a2) of this section, the resolution may be renewed by the ~~constituent institution~~Subcommittee at the end of the term for an additional five years. If the ~~lab~~laboratory school is no longer (i) located in a qualifying local school administrative unit or (ii) meeting the purposes of this Article under a waiver at the end of five years, the ~~board of trustees~~Subcommittee shall notify the Board of Governors of the end of the term of operation and ~~to~~ request ~~consultation on determining the location of creating a new lab school in accordance with subsection (a) of this section and~~ designation of additional constituent institutions with educator preparation programs to establish a laboratory school in accordance with the provisions of this Article.

(c) Recognition of a ~~Lab~~Laboratory School. – ~~Each board of trustees that adopts a resolution as provided in this section~~The Subcommittee shall file a copy of ~~the~~each resolution to approve a laboratory school with the ~~State Board of~~

~~Education.~~Department of Public Instruction. Upon receipt of a resolution from ~~a board of trustees for a named lab school,~~the Subcommittee and upon the recommendation of the Superintendent of Public Instruction, the State Board of Education shall approve the creation of the ~~lab~~laboratory school.

(d) Dissolution or Assumption of a ~~Lab~~Laboratory School. – In the event of the potential dissolution of a ~~lab~~laboratory school at the end of the term of the school's operation or due to the termination of an educator preparation program at the constituent institution, ~~subject to approval by the Board of Governors, the board of trustees~~the chancellor shall ~~adopt~~propose a plan in conjunction with the local school administrative unit in which the laboratory school is located for the dissolution or the assumption of the ~~lab~~laboratory school by a new ~~entity.~~entity and shall submit the plan to the Subcommittee for prior approval. ~~A local board of education of the local school administrative unit in which the lab school is located may transition the lab school to a public school under the governance of the local board or, if the local school administrative unit still qualifies under G.S. 116-239.6(4), the board of trustees of another constituent institution with an educator preparation program may assume operation of the lab school. If the lab school is dissolved or a local board of education assumes operation of the school, all net assets of the lab school purchased with public funds shall be deemed property of the local school administrative unit in which the lab school is located.~~ The ~~State Board of Education~~Board of Governors and the Department of Public Instruction shall be notified in the event of the dissolution or assumption of a ~~lab~~laboratory school, including the identity of the entity assuming operation of the school.

"**§ 116-239.8. ~~Board of trustees;~~Chancellor; powers and duties.**

(a) The chancellor of a constituent institution designated by the Board of Governors to establish a laboratory school shall submit a proposal in accordance with G.S. 116-239.7 that is consistent with any requirements established by the Subcommittee on Laboratory Schools in accordance with this Article.

(b) The chancellor shall be the administrative head of a laboratory school approved by the Subcommittee and shall provide general direction for the establishment and operation of a laboratory school. The chancellor, with advice and input from the advisory board established in subdivision (1) of this subsection, shall adopt policies, operating procedures, and the courses of study to govern the operation of the laboratory school. The chancellor may designate the duties required by this Article to other personnel as necessary. The ~~board of trustees~~chancellor shall also have the following powers and duties:

(1) Advisory board. – ~~A board of trustees~~The chancellor shall ~~appoint~~establish an advisory board to provide ~~general oversight~~advice and guidance to the ~~board of trustees of the lab school~~chancellor as follows:

a. Composition of the advisory board. – The advisory board shall consist of up to 10 members who shall be appointed by the chancellor or serve ex officio as follows:

1. The dean of the constituent institution's educator preparation ~~program shall be a standing member of the advisory board and the board of trustees, upon recommendation of the president of the constituent institution,~~program.

2. A member of the board of trustees of the constituent institution.~~shall appoint four~~

3. Two faculty members from the ~~institution, at least two of whom are from the educator preparation program, one public member who resides in the local school administrative unit in which the lab school is located, two parents or guardians of students who attend the lab school, and one lab school student appointed by the principal to serve on the advisory board.~~institution. At least one of the faculty members shall be faculty from the constituent institution's educator preparation program.

4. The superintendent of the local school administrative unit in which the laboratory school is located.

5. A member of the community who resides in the local school administrative unit in which the laboratory school is located.

6. Up to four other members that the chancellor deems necessary.

a1. Terms of members. – The term of each member shall be for ~~two~~four years, and any vacancy shall be filled with a person of the same classification as his or her predecessor for the balance of the unexpired term. No advisory board member shall serve more than two complete consecutive terms. The ~~board of trustees~~chancellor shall stagger the terms of the initial appointees in a manner that results in the expiration of terms of no more than ~~two~~three members in any year.

a2. Organization; meetings; expenses. – The ~~board of trustees~~chancellor shall call the organizational meeting of the advisory board. The advisory board shall meet at least quarterly. The advisory board shall annually elect a chair and a vice-chair. There shall be no limitation on ~~successive appointments to the advisory board or~~ successive terms that may be served by a chair or vice-chair. The advisory board shall adopt internal organizational procedures or bylaws necessary for efficient operation. Advisory board members shall not receive per diem or travel expenses for the performance of their duties.

b. Duties. – The advisory board ~~shall meet at least quarterly and~~ shall have the following duties:

1. Monitor the operations of the ~~lab~~laboratory school and the distribution of moneys allocated for such operations.

2. Recommend to the ~~board of trustees~~chancellor necessary policy, program, and administration modifications.
3. Evaluate biennially the performance of the principal and recommend corresponding action to the ~~board of trustees.~~chancellor.
4. Annually review evaluations of the ~~lab~~laboratory school's operation and research findings.

(2) ~~Academic program.~~ Laboratory school course of study. –

a. The ~~board of trustees~~chancellor shall establish the standard course of study for the ~~lab~~laboratory 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 trustees~~chancellor 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 Chapter 115C of the General Statutes.

b. The ~~board of trustees~~chancellor shall conduct student assessments required by the State Board of Education.

c. The ~~board of trustees~~chancellor shall adopt a school calendar consisting of a minimum of 185 days or 1,025 hours of instruction covering at least nine calendar months.

(3) Standards of performance and conduct. – The ~~board of trustees~~chancellor shall establish policies and standards for academic performance, attendance, and conduct for students of the ~~lab~~laboratory school. The policies of the ~~board of trustees~~chancellor shall comply with Article 27 of Chapter 115C of the General Statutes.

(4) Food and transportation services. – The local school administrative unit in which the ~~lab~~laboratory school is located shall continue to provide food services and transportation to students attending the ~~lab~~laboratory school. The ~~board of trustees~~chancellor shall arrange for the provision of these services from the local school administrative unit.

(5) School attendance. – Every parent, guardian, or other person in this State having charge or control of a child who is enrolled in the ~~lab~~laboratory 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 ~~lab~~laboratory school shall be in session. No person shall encourage, entice, or counsel any child to be unlawfully absent from the ~~lab~~laboratory school. Any person who aids or abets a student's unlawful absence from the ~~lab~~laboratory 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 trustees,~~chancellor, including regulations concerning lawful and unlawful absences, permissible excuses for temporary absences, maintenance of attendance records, and attendance counseling.

(6) Reporting. – The ~~board of trustees~~chancellor shall comply with the reporting requirements established by the State Board of Education in the Uniform Education Reporting System.

(7) Assessment results. – The ~~board of trustees~~chancellor shall provide data to the local school administrative unit on the performance of ~~that student~~students on any testing required by the State Board of Education.

(8) Education of children with disabilities. – The ~~board of trustees~~chancellor shall require compliance with laws and policies relating to the education of children with disabilities.

(9) Health and safety. – The ~~board of trustees~~chancellor shall require that the ~~lab~~laboratory school meet the same health and safety standards required of a local school administrative unit. The Department of Public Instruction shall ensure that ~~lab~~laboratory schools comply with G.S. 115C-375.2A. The ~~board of trustees of a lab school~~chancellor shall provide the laboratory school with a supply of emergency epinephrine auto-injectors necessary to carry out the provisions of G.S. 115C-375.2A.

(10) School Risk Management Plan. – Each ~~lab~~laboratory school, in coordination with local law enforcement agencies, is encouraged to adopt a School Risk Management Plan (SRMP) relating to incidents of school violence. In constructing and maintaining these plans, a ~~lab~~laboratory school may utilize the School Risk and Response Management System (SRRMS) established pursuant to G.S. 115C-105.49A. These plans are not considered a public record as the term "public record" is defined under G.S. 132-1 and shall not be subject to inspection and examination under G.S. 132-6.

(11) Schematic diagrams and school crisis kits. – ~~Lab~~Laboratory schools are encouraged to provide schematic diagrams and keys to the main entrance of school facilities to local law enforcement agencies, in addition to implementing the provisions in G.S. 115C-105.52.

(12) School safety exercises. – At least once a year, a ~~lab~~laboratory school is encouraged to hold a full schoolwide lockdown exercise with local law enforcement and emergency management agencies that are part of the ~~lab~~laboratory school's SRMP.

(13) Safety information provided to the Department of Public Safety, Division of Emergency Management. – A ~~lab~~laboratory school is encouraged to provide the following: (i) schematic diagrams, including digital schematic diagrams and (ii) emergency response information requested by the Division for the SRMP.

The schematic diagrams and emergency response information are not considered public records as the term "public record" is defined under G.S. 132-1 and shall not be subject to inspection and examination under G.S. 132-6.

(14) North Carolina school report cards. – A ~~lab~~laboratory school shall ensure that the report card issued for it by the State Board of Education receives wide distribution to the local press or is otherwise provided to the public. A ~~lab~~laboratory school shall ensure that the overall school performance score and grade earned by the ~~lab~~laboratory school for the current and previous four school years is prominently displayed on the school Web site. If a ~~lab~~laboratory school is awarded a grade of D or F, the ~~lab~~laboratory school shall provide notice of the grade in writing to the parent or guardian of all students enrolled in that school.

(15) Policy against bullying. – A ~~lab~~laboratory school is encouraged to adopt a policy against bullying or harassing behavior, including cyberbullying, that is consistent with the provisions of Article 29C of Chapter 115C of the General Statutes. If a ~~lab~~laboratory school adopts a policy to prohibit bullying and harassing behavior, the ~~lab~~laboratory school shall, at the beginning of each school year, provide the policy to staff, students, and parents as defined in G.S. 115C-390.1(b)(8).

(16) Access for youth groups. – ~~Lab~~Laboratory schools are encouraged to facilitate access for students to participate in activities provided by any youth group listed in Title 36 of the United States Code as a patriotic society, such as the Boy Scouts of America, and its affiliated North Carolina groups and councils, and the Girl Scouts of the United States of America, and its affiliated North Carolina groups and councils. Student participation in any activities offered by these organizations shall not interfere with instructional time during the school day for the purposes of encouraging civic education.

"**§ 116-239.9. Student admissions and assignment.**

(a) Any child who is residing in a local school administrative unit in which a ~~lab~~laboratory school is located and (i) is enrolled in a low-performing school, as defined by G.S. 115C-105.37 at the time of the student's application, or (ii) did not meet expected growth in the prior school year based on one or more indicators listed in subsection (c1) of this section is eligible to~~may~~ attend the ~~lab~~laboratory school.

(b) No local board of education shall require any student enrolled in the local school administrative unit to attend a ~~lab~~laboratory school.

(c) During each period of enrollment, the ~~lab~~laboratory school shall enroll an eligible student under subsection (a) of this section who submits a timely application, ~~with priority enrollment given in the order in which applications are received to~~up to the capacity of a program, class, grade level, or building, in the order in which applications are received. Once enrolled, students are not required to reapply in subsequent enrollment periods.

(c1) For the purposes of this Article, any of the following shall serve as indicators that a student ~~who~~ did not meet expected student growth in the prior school ~~year based on any of the following:~~year: (i) grades, (ii) observations, (iii) diagnostic and formative assessments, (iv) State assessments, or (v) other factors, including reading on grade level. ~~If the number of applications from other eligible students exceeds the capacity of a program, class, grade level, or building, those students shall be accepted by lot. Once enrolled, students are not required to reapply in subsequent enrollment periods.~~

(d) Notwithstanding any law to the contrary, a ~~lab~~laboratory school may refuse admission to any student who has been expelled or suspended from a public school under G.S. 115C-390.5 through G.S. 115C-390.11 until the period of suspension or expulsion has expired.

"**§ 116-239.10. Employees.**

The ~~board of trustees~~chancellor shall appoint all licensed and nonlicensed staff in accordance with the following:

(1) Principal. – The constituent institution shall employ and contract with a principal for a term not to exceed three years. The principal shall meet the requirements for licensure set out in G.S. 115C-284, unless ~~waived~~waived, upon the recommendation of the Superintendent of Public Instruction, by the State Board of Education upon submission of a request by the ~~board of trustees.~~chancellor that is approved by the Subcommittee. The principal shall be responsible for school operations and shall exercise those duties and powers delegated by the ~~board of trustees.~~chancellor.

(2) Faculty members. – Faculty members may serve simultaneously as instructional personnel for the ~~lab~~laboratory school and ~~the~~a constituent institution.

(3) Teachers. – The constituent institution 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 constituent institution shall hold teacher licenses, unless ~~waived~~waived, upon the recommendation of the Superintendent of Public Instruction, by the State Board of Education upon submission of a request by the ~~board of trustees.~~chancellor that is approved by the Subcommittee.

(4) Leave of absence from local school administrative unit. – If a teacher employed by a local school administrative unit makes a written request for a leave of absence to teach at the ~~lab~~laboratory school, the local school administrative unit shall grant the leave for one year. For the initial year of the ~~lab~~laboratory 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 ~~lab~~laboratory 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 local 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 ~~lab~~laboratory 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 ~~lab~~laboratory 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 in accordance with G.S. 115C-325(e)(2).

(5) Nonlicensed employees. – The constituent institution also may employ necessary employees who are not required to hold teacher licenses to perform duties other than teaching and may contract for other services.

(6) Employment dismissal. – An employee of the constituent institution is not an employee of the local school administrative unit in which the ~~lab~~laboratory school is located. The constituent institution may discharge licensed and nonlicensed employees according to the terms of the employment contract.

(7) Employee benefits. – Employees of the constituent institution who work in laboratory schools shall be considered State employees and shall participate in the Teachers' and State Employees' Retirement System and the State Health Plan on the same terms as other State employees employed by the constituent institution.

(8) Exemptions. – Employees of the constituent institution shall be exempt from Chapter 126 of the General Statutes, except Articles 6 and 7.

"**§ 116-239.11. State and local funds.**

(a) The State Board of Education shall allocate to a ~~lab~~laboratory school the following:

(1) An amount equal to the average per pupil allocation for average daily membership from the local school administrative unit allotments in which the school is located for each child attending the ~~lab~~laboratory school, except for the allocation for children with disabilities, for the allocation for children with limited English proficiency, and for the allocation for transportation services.

(2) An additional amount for each child attending the ~~lab~~laboratory school who is a child with disabilities. In the event a child with disabilities leaves the ~~lab~~laboratory school and enrolls in a public school during the first 60 school days in the school year, the ~~lab~~laboratory 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 ~~lab~~laboratory school during the first 60 school days in the school year, the State Board shall allocate to the ~~lab~~laboratory school the pro rata amount of additional funds for children with disabilities.

(3) An additional amount for children with limited English proficiency attending the ~~lab~~laboratory 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 ~~lab~~laboratory school based on its enrollment growth in school years subsequent to the initial year of operation.

(c) Funds allocated by the State Board of Education may be used to enter into operational and financing leases for real property or mobile classroom units for use as school facilities for ~~lab~~laboratory schools and may be used for payments on loans made to ~~lab~~laboratory schools for facilities, equipment, or operations. However, State funds allocated under this section shall not be used to obtain any other interest in real property or mobile classroom units.

(d) If a student attends a ~~lab~~laboratory school, the local school administrative unit in which the child resides shall transfer to the ~~lab~~laboratory school an amount equal to the per pupil share of the local current expense fund of the local school administrative unit for the fiscal year. The per pupil share of the local current expense fund shall be transferred to the ~~lab~~laboratory school within 30 days of the receipt of monies into the local current expense fund. The local school administrative unit and ~~lab~~laboratory school may use the process for mediation of differences provided in G.S. 115C-218.95(d) to resolve differences on calculation and transference of the per pupil share of the local current expense fund. The amount transferred under this subsection that consists of revenue derived from supplemental taxes shall be transferred only to a ~~lab~~laboratory school located in the tax district for which these taxes are levied and in which the student resides.

(e) The local school administrative unit shall also provide each ~~lab~~laboratory school to which it transfers a per pupil share of its local current expense fund with all of the following information within the 30-day time period provided in subsection (d) of this section:

(1) The total amount of monies the local school administrative unit has in each of the funds listed in G.S. 115C-426(c).

(2) The student membership numbers used to calculate the per pupil share of the local current expense fund.

(3) How the per pupil share of the local current expense fund was calculated.

(4) Any additional records requested by a ~~lab~~laboratory school from the local school administrative unit in order for the ~~lab~~laboratory school to audit and verify the calculation and transfer of the per pupil share of the local current expense fund.

(f) Prior to commencing an action under subsection (d) of this section, the complaining party shall give the other party 15 days' written notice of the alleged violation. The court shall award the prevailing party reasonable attorneys' fees and costs incurred in an action under subsection (d) of this section. The court shall order any delinquent funds, costs, fees, and interest to be paid in equal monthly installments and shall establish a time for payment in full that shall be no later than one year from the entry of any judgment.

"**§ 116-239.12. 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 7B, 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 trustees or~~ the advisory board.

b. ~~Employee~~Staff of the ~~lab~~laboratory school.

c. Independent contractor or employee of an independent contractor of the ~~lab~~laboratory 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 ~~lab~~laboratory school.

(b) The ~~board of trustees~~chancellor shall adopt a ~~policy~~policy, with advice and input from the advisory board, that requires an applicant for a school personnel position to be checked for a criminal history as provided in subsection (c) of this section. The ~~board of trustees~~chancellor shall apply ~~its~~the policy uniformly in requiring applicants for school personnel positions to be checked for a criminal history. The ~~board of trustees~~chancellor may grant conditional approval of an application while the ~~board of trustees~~chancellor is checking a person's criminal history and making a decision based on the results of the check. An applicant for a school personnel position shall not be required to be checked for a criminal history if he or she has received a license within six months of employment that required a criminal history check equivalent to the criminal history check required in subsection (c) of this section.

The ~~board of trustees~~chancellor shall not require an applicant to pay for the criminal history record check authorized under this section.

(c) The ~~board of trustees~~chancellor shall require the person to be checked by the Department of Public Safety (i) to be fingerprinted and to provide any additional information required by the Department of Public Safety to a person designated by the ~~board of trustees~~chancellor 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 trustees~~chancellor 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 Public Safety shall provide to the ~~board of trustees~~chancellor the criminal history from the State and National Repositories of Criminal Histories of any school personnel for which the ~~board of trustees~~chancellor requires a criminal history record check.

The ~~board of trustees~~chancellor shall not require school personnel to pay for fingerprints authorized under this section.

(d) The ~~board of trustees~~chancellor shall review the criminal history it receives on an individual. The ~~board of trustees~~chancellor 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 trustees~~chancellor 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 trustees~~chancellor may delegate any of the duties in this subsection to the principal.

(e) The ~~board of trustees, or the principal if designated by the board of trustees,~~ chancellor 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 trustees~~chancellor 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 trustees~~chancellor or the State Board of Education. The ~~board of trustees~~chancellor 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 trustees, or its employees,~~chancellor, the constituent institution, the advisory board, the Subcommittee, the Department of Public Instruction, or the State Board of Education, or ~~its~~their 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.

"**§ 116-239.13. Review of ~~lab~~laboratory schools.**

The ~~Board of Governors of The University of North Carolina, in conjunction with the constituent institutions operating lab schools and the State Board of Education,~~Subcommittee on Laboratory Schools shall review and evaluate the educational effectiveness of the ~~lab~~laboratory schools authorized under this Article for both public school students and students enrolled in educator preparation ~~programs.~~programs according to standards and protocols established by the Subcommittee. The ~~Board of Governors~~Subcommittee shall report by November 15 of each year to the Joint Legislative Education Oversight Committee on the following:

(1) Information on public school student enrollment in each ~~lab~~laboratory school, including student demographics.

(2) The public school student admissions process and the number of students enrolled ~~under the priority admissions~~under the category of (i) students who were previously enrolled in a low-performing school and (ii) students who did not meet expected student growth in the school year prior to enrollment at each ~~lab~~laboratory school.

(3) Public school student achievement data, including school performance grades and student achievement scores and student growth, at each ~~lab~~laboratory school.

(4) Public school student academic progress in each ~~lab~~laboratory school as measured against the previous school year and against other schools located in the local school administrative unit and statewide.

(5) Information on the student outcomes for students who are enrolled in each educator preparation program who obtained clinical experience in school leadership and teaching in the ~~lab~~laboratory schools, including the performance elements reported under G.S. 115C-296.13(b).

(6) Best practices resulting from ~~lab~~laboratory school operations.

(7) Other information the ~~Board~~Subcommittee considers appropriate."

SECTION 2. G.S. 14-458.2(a) reads as rewritten:

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

(1) School employee. – The term means any of the following:

a. An employee of a local board of education, a charter school authorized under G.S. 115C-218.5, a regional school created under G.S. 115C-238.62, a ~~lab~~laboratory school created under G.S. 116-239.7, or a nonpublic school which has filed intent to operate under Part 1 or Part 2 of Article 39 of Chapter 115C of the General Statutes.

b. An independent contractor or an employee of an independent contractor of a local board of education, a charter school authorized under G.S. 115C-218.5, a regional school created under G.S. 115C-238.62, a ~~lab~~laboratory school created under G.S. 116-239.7, or a nonpublic school which has filed intent to operate under Part 1 or Part 2 of Article 39 of Chapter 115C of the

General Statutes, if the independent contractor carries out duties customarily performed by employees of the school.

(2) Student. – A person who has been assigned to a school by a local board of education as provided in G.S. 115C-366 or has enrolled in a charter school authorized under G.S. 115C-218.5, a regional school created under G.S. 115C-238.62, a ~~lab~~laboratory school created under G.S. 116-239.7, or a nonpublic school which has filed intent to operate under Part 1 or Part 2 of Article 39 of Chapter 115C of the General Statutes, or a person who has been suspended or expelled from any of those schools within the last year."

SECTION 3. G.S. 143B-931 is amended by adding a new subsection to read:

"(b1) The Department of Public Safety may provide a criminal history record check to the chancellor operating a University of North Carolina laboratory school of a person who is employed at a laboratory school or of a person who has applied for employment at a laboratory 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. 116-239.12, by fingerprint card to the chancellor operating the laboratory school from the National Repositories of Criminal Histories, in accordance with G.S. 116-239.12. The information shall be kept confidential by the chancellor operating the laboratory school as provided in G.S. 116-239.12."

SECTION 4. Section 11.6 of S.L. 2016-94 reads as rewritten:

"**UNC TEACHER AND PRINCIPAL PREPARATION PROGRAM ~~LAB~~LABORATORY SCHOOL FOR K-8 STUDENTS**

…

"**SECTION 11.6.(d)** Notwithstanding G.S. 116-239.5, ~~four lab~~at least nine laboratory schools shall be established pursuant to Article 29A of Chapter 116 of the General Statutes, as enacted by this section, ~~to begin operation in~~and in operation by the beginning of the ~~2017-2018~~2019-2020 school year. ~~Four additional lab schools shall be established to begin operation in the 2018-2019 school year.~~

"~~**SECTION 11.6.(e)** Notwithstanding G.S. 116-239.7(a), as enacted by this section, by November 1, 2016, the Board of Governors of The University of North Carolina shall submit the plan for the location of the eight lab schools, including identifying the constituents institutions that will be operating the lab schools, to the Joint Legislative Commission on Governmental Operations in accordance with G.S. 116-239.7(a).~~

~~Notwithstanding Article 29A of Chapter 116 of the General Statutes, as enacted by this section, no earlier than April 1, 2017, a constituent institution of The University of North Carolina with an educator preparation program that has been designated by the Board of Governors to establish a lab school shall adopt a resolution to create the lab school under G.S. 116-239.7 and in accordance with subsection (d) of this section.~~

"**SECTION 11.6.(f)** The nonrecurring funds in the amount of one million dollars ($1,000,000) appropriated by this act to the Board of Governors for the UNC Teacher and Principal Preparation Laboratory School Program for the 2016-2017 fiscal year shall be ~~allocated to The University of North Carolina General Administration~~used for the work of the Board of Governors' Subcommittee on Laboratory Schools, including to provide administrative and technical assistance to constituent institutions with educator preparation programs to support the establishment of ~~lab~~laboratory schools in accordance with this section.

"**SECTION 11.6.(g)** By November 15, 2017, the ~~Board of Governors~~Subcommittee shall submit a report to the Joint Legislative Education Oversight Committee on the progress of establishing the ~~lab~~laboratory schools, including information on student enrollment numbers and the admissions ~~process~~process, if applicable, and any other information the ~~Board~~Subcommittee deems relevant. By November 15, 2018, the ~~Board of Governors~~Subcommittee shall submit the initial report required by G.S. 116-239.13 to the Joint Legislative Education Oversight Committee."

SECTION 5. This act is effective when it becomes law.
In the General Assembly read three times and ratified this the 27th day of June, 2017.

s/ Daniel J. Forest
President of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Roy Cooper
Governor

Approved 9:08 a.m. this 18th day of July, 2017

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2017-198
HOUSE BILL 704

`AN ACT TO ESTABLISH THE JOINT LEGISLATIVE STUDY COMMITTEE ON THE DIVISION OF LOCAL SCHOOL ADMINISTRATIVE UNITS.

The General Assembly of North Carolina enacts:

SECTION 1. There is established the Joint Legislative Study Committee on the Division of Local School Administrative Units (Committee). The Committee shall consist of five members of the Senate appointed by the President Pro Tempore of the Senate and five members of the House of Representatives appointed by the Speaker of the House of Representatives. The President Pro Tempore and the Speaker of the House of the Representatives shall each appoint a cochair of the Committee from among its membership. The Committee and the terms of the members shall expire when the Committee submits a final report to the General Assembly. Members shall serve at the pleasure of the appointing officer.

SECTION 2. The Committee shall study and make recommendations on the following:

(1) The feasibility and advisability of enacting legislation to permit local school administrative units that were merged from separate units to be divided into separate local school administrative units once again.

(2) The varied and best ways by which the division of a local school administrative unit could be achieved.

(3) Whether legislation permitting the division of local school administrative units should require as a prerequisite to the division a majority vote of the qualified voters of the county through a referendum or election.

(4) Whether legislation permitting the division of local school administrative units should require as a prerequisite to the division a petition from a certain percentage of the qualified voters of the county and, if so, to what entity the petition should be delivered.

(5) Any other issue the Committee considers relevant to this study.

SECTION 3. The Committee shall meet upon the call of its cochairs. A quorum of the Committee is a majority of its members. No action may be taken except by a majority vote at a meeting at which a quorum is present. The Committee, while in the discharge of its official duties, may exercise all powers provided for under G.S. 120-19 and Article 5A of Chapter 120 of the General Statutes. The Committee may contract for professional, clerical, or consultant services, as provided by G.S. 120-32.02. Members of the Committee shall receive per diem, subsistence, and travel allowance as provided in G.S. 120-3.1. The expenses of the Committee shall be considered expenses incurred for the joint operation of the General Assembly.

SECTION 4. The Legislative Services Officer shall assign professional and clerical staff to assist the Committee in its work. The Director of Legislative Assistants of the House of Representatives and the Director of Legislative Assistants of the Senate shall assign clerical support to staff the Committee.

SECTION 5. The Committee shall submit a final report on the results of its study, including any proposed legislation, to the members of the Senate and the House of Representatives on or before May 1, 2018, by filing a copy of the report with the Office of the President Pro Tempore of the Senate, the Office of the Speaker of the House of Representatives, the Joint Legislative Education Oversight Committee, and the Legislative Library. The Committee shall terminate on May 1, 2018, or upon the filing of its final report, whichever occurs first.

SECTION 6. This act is effective when it becomes law.
In the General Assembly read three times and ratified this the 30th day of June, 2017.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Tim Moore
Speaker of the House of Representatives

This bill having been presented to the Governor for signature on the 30th day of June, 2017 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 31st day of July, 2017.

s/ Karen Jenkins
Enrolling Clerk

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2017-173
HOUSE BILL 800

AN ACT TO MAKE VARIOUS CHANGES TO THE LAWS AFFECTING CHARTER SCHOOLS.

The General Assembly of North Carolina enacts:

PART I. ALLOW EMPLOYEES OF EDUCATION OR CHARTER MANAGEMENT ORGANIZATIONS TO SERVE AS TEACHERS

SECTION 1. G.S. 115C-218.90(a)(1) reads as rewritten:

"(1) An employee of a charter school is not an employee of the local school administrative unit in which the charter school is located. The charter school's board of directors shall employ and contract with necessary teachers or contract with an education management organization or charter management organization to employ and provide teachers to perform the particular service for which they are employed in the school; at least fifty percent (50%) of these teachers shall hold teacher licenses. All teachers who are teaching in the core subject areas of mathematics, science, social studies, and language arts shall be college graduates.

The board also may employ necessary employees who are not required to hold teacher licenses to perform duties other than teaching and may contract for other services. The board may discharge teachers and nonlicensed employees."

PART II. MODIFY THE DECISION TIME LINE FOR THE CHARTER SCHOOL FAST-TRACK REPLICATION APPLICATION PROCESS

SECTION 2.(a) Section 6.5 of S.L. 2014-101, as amended by Section 2 of S.L. 2016-79, reads as rewritten:

"**SECTION 6.5.** Upon recommendations by the Office of Charter Schools and the Charter Schools Advisory Board, the State Board of Education shall adopt a process and rules for fast-track replication of high-quality charter schools currently operating in the State. The State Board of Education shall not require a planning year for applicants selected through the fast-track replication process. In addition to the requirements for charter applicants set forth in Part 6A of Article 16 of Chapter 115C of the General Statutes, the fast-track replication process adopted by the State Board of Education shall, at a minimum, require a board of directors of a charter school to demonstrate one of the following in order to qualify for fast-track replication:

(1) A charter school in this State governed by the board of directors has student academic outcomes that are comparable to the academic outcomes of students in the local school administrative unit in which the charter school is located and can provide three years of financially sound audits.

(2) The board of directors agrees to contract with an education management organization or charter management organization that can demonstrate that it can replicate high-quality charter schools in the State that have proven student academic success and financial soundness.

The State Board of Education shall ensure that the rules for a fast-track replication process provide that decisions by the State Board of Education on whether to grant a charter through the replication process are completed in less than 120 days from the application submission date. The State Board shall provide a decision no later than October 15 of the year immediately preceding the year of the proposed school opening. The State Board of Education shall adopt rules and procedures required by this section within 90 days of the effective date of this act, and report to the Joint Legislative Education Oversight Committee within 120 days of the effective date of this act."

SECTION 2.(b) This section is effective the date this act becomes law and applies beginning with applications submitted for fast-track replication of schools opening in the 2018-2019 school year.

PART III. EXPANSION OF GROWTH EXCEPTION FOR MATERIAL REVISIONS OF CHARTERS

SECTION 3.(a) G.S. 115C-218.7(b) reads as rewritten:

"(b) Enrollment growth of greater than twenty percent (20%) shall be considered a material revision of the ~~charter.~~charter if the charter is currently identified as low-performing. The State Board shall not approve a material revision for enrollment growth of greater than twenty percent (20%) for a charter that is currently identified as low-performing. Enrollment growth of greater than twenty-five percent (25%) shall be considered a material revision of the charter for any charter school that is not identified as low-performing. The State Board may approve such additional enrollment growth of greater than ~~twenty percent (20%)~~ twenty-five percent (25%) only if it finds all of the following:

(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 charter school is not currently identified as low-performing.
(4) The charter school meets generally accepted standards of fiscal management.
(5) The charter school is, at the time of the request for the enrollment increase, substantially in compliance with State law, federal law, the charter school's own bylaws, and the provisions set forth in its charter granted by the State Board."

SECTION 3.(b) G.S. 115C-218.8 reads as rewritten:

"**§ 115C-218.8. Nonmaterial revisions of charters.**

It shall not be considered a material revision of a charter and shall not require prior approval of the State Board for a charter school to do any of the following:

(1) Increase its enrollment during the charter school's second year of operation and annually thereafter ~~by up to twenty percent (20%) of the school's previous year's enrollment.~~in accordance with G.S. 115C-218.7(b).
(2) Increase its enrollment during the charter school's second year of operation and annually thereafter in accordance with planned growth as authorized in its charter.
(3) Expand to offer one grade higher or lower than the charter school currently offers if the charter school has (i) operated for at least three years, (ii) has not been identified as continually low-performing as provided in G.S. 115C-218.94, and (iii) has been in financial compliance as required by the State Board."

SECTION 3.(c) G.S. 115C-218.7(b), as amended by Section 3(a) of this act, reads as rewritten:

"(b) Enrollment growth of greater than twenty percent (20%) shall be considered a material revision of the charter if the charter is currently identified as low-performing. The State Board shall not approve a material revision for enrollment growth of greater than twenty percent (20%) for a charter that is currently identified as low-performing. Enrollment growth of greater than ~~twenty-five percent (25%)~~ thirty percent (30%) shall be considered a material revision of the charter for any charter school that is not identified as low-performing. The State Board may approve such additional enrollment growth of greater than ~~twenty-five percent (25%)~~ thirty percent (30%) only if it finds all of the following:

(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 charter school is not currently identified as low-performing.
(4) The charter school meets generally accepted standards of fiscal management.
(5) The charter school is, at the time of the request for the enrollment increase, substantially in compliance with State law, federal law, the charter school's own bylaws, and the provisions set forth in its charter granted by the State Board."

SECTION 3.(d) Subsections (a), (b), and (d) of this section are effective when this act becomes law and applies to approvals for material changes on or after that date. Subsection (c) of this section is effective July 1, 2018, and applies to approvals for material changes on or after that date.

PART IV. ENROLLMENT PRIORITIES FOR STUDENTS PREVIOUSLY ENROLLED IN CHARTERS

SECTION 4. G.S. 115C-218.45(f) reads as rewritten:

"(f) The charter school may give enrollment priority to any of the following:

(1) Siblings of currently enrolled students who were admitted to the charter school in a previous year. For the purposes of this section, the term "siblings" includes any of the following who reside in the same household: half siblings, stepsiblings, and children residing in a family foster home.
(2) Siblings of students who have completed the highest grade level offered by that school and who were enrolled in at least four grade levels offered by the charter school or, if less than four grades are offered, in the maximum number of grades offered by the charter school.
(3) Limited to no more than fifteen percent (15%) of the school's total enrollment, unless granted a waiver by the State Board of Education, the following:
   a. Children of the school's full-time employees.
   b. Children of the charter school's board of directors.
(4) A student who was enrolled in the charter school within the two previous school years but left the school (i) to participate in an academic study abroad program or a competitive admission residential program or (ii) because of the vocational opportunities of the student's parent.
(5) A student who was enrolled in another charter school in the State in the previous school year that does not offer the student's next grade level.
(6) A student who was enrolled in another charter school in the State in the previous school year that does not offer the student's next grade level and both of the charter schools have an enrollment articulation agreement to accept students or are governed by the same board of directors.

(7) A student who was enrolled in another charter school in the State in the previous school year."

PART V. CHARTER SCHOOLS AND NC PRE-K

SECTION 5.(a) G.S. 115C-218(c)(3) reads as rewritten:

"(3) Powers and duties. – The Office of Charter Schools shall have the following powers and duties:

a. Serve as staff to the Advisory Board and fulfill any task and duties assigned to it by the Advisory Board.

b. Provide technical assistance and guidance to charter schools operating within the State.

c. Provide technical assistance and guidance to nonprofit corporations seeking to operate charter schools within the State.

d. Provide or arrange for training for charter schools that have received preliminary approval from the State Board.

e. Assist approved charter schools and charter schools seeking approval from the State Board in coordinating services with the Department of Public Instruction.

e1. Assist certain charter schools seeking to participate in the NC prekindergarten program in accordance with G.S. 115C-218.115.

f. Other duties as assigned by the State Board."

SECTION 5.(b) G.S. 115C-218.45(f), as amended by Section 4 of this act, reads as rewritten:

"(f) The charter school may give enrollment priority to any of the following:

(1) Siblings of currently enrolled students who were admitted to the charter school in a previous year. For the purposes of this section, the term "siblings" includes any of the following who reside in the same household: half siblings, stepsiblings, and children residing in a family foster home.

(2) Siblings of students who have completed the highest grade level offered by that school and who were enrolled in at least four grade levels offered by the charter school or, if less than four grades are offered, in the maximum number of grades offered by the charter school.

(2a) A student who was enrolled in a preschool program operated by the charter school in the prior year.

(3) Limited to no more than fifteen percent (15%) of the school's total enrollment, unless granted a waiver by the State Board of Education, the following:

a. Children of the school's full-time employees.

b. Children of the charter school's board of directors.

(4) A student who was enrolled in the charter school within the two previous school years but left the school (i) to participate in an academic study abroad program or a competitive admission residential program or (ii) because of the vocational opportunities of the student's parent.

(5) A student who was enrolled in another charter school in the State in the previous school year that does not offer the student's next grade level.

(6) A student who was enrolled in another charter school in the State in the previous school year that does not offer the student's next grade level and both of the charter schools have an enrollment articulation agreement to accept students or are governed by the same board of directors.

(7) A student who was enrolled in another charter school in the State in the previous school year."

SECTION 5.(c) Article 14A of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-218.115. Operation of NC Pre-K programs.**

(a) A charter school may apply to a local contracting agency to participate in the NC prekindergarten (NC Pre-K) program as a local program site offering families a high-quality prekindergarten experience. A charter school that seeks to operate as a NC Pre-K program site may request administrative and technical assistance from the Office of Charter Schools with its application to the local contracting agency if the charter school meets all of the following:

(1) The charter school has operated as a charter school for at least three school years.

(2) The charter school is not currently identified as low-performing.

(3) The charter school meets generally accepted standards of fiscal management.

(4) The charter school is substantially in compliance with State law, federal law, the charter school's own bylaws, and the provisions set forth in its charter granted by the State Board.

(b) The Office of Charter Schools, in consultation with the Department of Health and Human Services, Division of Child Development and Early Education, shall assist a charter school under subsection (a) of this section with determining whether the charter school's proposed program meets (i) the building standards set forth in subsection (c) of this section and any other State standards for the charter school to be licensed as a child care facility and (ii) the standards required to be selected as a site under the NC Pre-K program. If the charter school does not meet these standards, the Office of Charter Schools shall provide assistance to the charter school in identifying any obstacles to its participation in the NC Pre-K program.

(c) A charter school that otherwise meets all of the requirements for a child care facility license may use an existing or newly constructed classroom in the charter school for three- and four-year-old preschool students without modifications to the classroom or building if the classroom meets all of the following:

(1) Has at least one toilet and one sink for hand washing.
(2) Meets kindergarten standards for overhead light fixtures.
(3) Meets kindergarten standards for floors, walls, and ceilings.
(4) Has floors, walls, and ceilings that are free from mold, mildew, and lead hazards."

PART VI. NORTH CAROLINA VIRTUAL PUBLIC SCHOOL

SECTION 6.(a) Section 7.22(h) of S.L. 2011-145, as amended by Section 88 of S.L. 2014-115, reads as rewritten:

"**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 15 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.~~met for courses developed by NCVPS.

~~(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 6.(b) Notwithstanding any other provision of law, local school administrative units may partner with eligible providers other than the North Carolina Virtual Public School for e-learning opportunities. Eligible providers shall meet all of the following:

(1) Be accredited by a regional accrediting agency such as, but not limited to, AdvancEd or the Southern Association of Colleges and Schools (SACS).
(2) Employ teachers who hold teaching licenses from states that participate in the NASDTEC Educator Identification Clearinghouse.
(3) Ensure that courses offered to North Carolina students are aligned to the North Carolina Standard Course of Study.

SECTION 6.(c) This section is effective when it becomes law.

PART VII. REORGANIZE STATUTE ON STATE AND LOCAL FUNDS

SECTION 7. G.S. 115C-218.105(b) reads as rewritten:

"(b) Funds allocated by the State Board of Education may be used to enter into operational and financing leases for real property or mobile classroom units for use as school facilities for charter schools and may be used for payments on loans made to charter schools for facilities, equipment, or operations. However, State funds shall not be used to obtain any other interest in real property or mobile classroom units. The school also may own land and buildings it obtains through non-State sources. No indebtedness of any kind incurred or created by the charter school shall constitute an indebtedness of the State or its political subdivisions, and no indebtedness of the charter school shall involve or be secured by the faith, credit, or taxing power of the State or its political subdivisions. Every contract or lease into which a charter school enters shall include the previous sentence. ~~The school also may own land and buildings it obtains through non-State sources.~~"

PART VIII. EFFECTIVE DATE

SECTION 8. Except as otherwise provided, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 29th day of June, 2017.

s/ Daniel J. Forest
President of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Roy Cooper
Governor

Approved 11:47 a.m. this 21st day of July, 2017

SL 2017-188
SB 55 School Bus Camera/Civil Penalties
Amends: G.S. 153A-246 (new section); G.S. 115C-242.1 (new section); G.S. 20-54; G.S. 20-217
Application/Effective Date: §3 is effective one year after it becomes law, making it effective July 25, 2018; the remainder of the bill is effective when it becomes law (July 25, 2017)
Local Action Required: LEAs who choose to equip their buses with cameras will work with SBE to develop a statewide standard for warning signs to be displayed on buses equipped with cameras.
SBE/DPI Action Required: Requires SBE to, upon request of local boards, enter into regional or statewide contracts with vendors for the installation and operation of the cameras. SBE will also work with participating LEAs to develop a statewide standard for warning signs to be displayed on buses equipped with cameras.
Summary: S.L. 2017-188 authorizes counties to adopt ordinances imposing civil penalties for passing a stopped school bus when the violation does not result in injury or death and is not criminally prosecuted. Furthermore, the law encourages criminal prosecution in cases where photos or videos recorded by an automated school bus safety camera.

SL 2017-29
SB 62 Veterans' Affairs Commission/Strategic Plan
Amends: Article 14 of G.S. 143B
Application/Effective Date: When it became law (June 8, 2017)
Local Action Required: Be aware of the Veterans' Affairs Commission's work to "[improve] accessibility of [...] education [...] benefits and services to veterans and their dependents."
SBE/DPI Action Required: Be aware of the Veterans' Affairs Commission's work to "[improve] accessibility of [...] education [...] benefits and services to veterans and their dependents."
Summary: Session Law 2017-29 directs the Veterans' Affairs Commission to "adopt a comprehensive strategic plan to enhance benefits for veterans and their dependents." The Commission shall focus their plan on improving access to health, education, and other benefits and services for veterans and their dependents, while "educating and empowering" them through "proactive outreach and effective advocacy."

SL 2017-65
SB 64 Veterans' History Awareness Month
Amends: G.S. 115C-84.2(b); G.S. 115C-12
Application/Effective Date: Applies beginning with the 2018-2019 school year
Local Action Required: Note new programs.
SBE/DPI Action Required: Develop recommended programs that enable students to gain a better understanding of the meaning and importance of the contributions of American veterans and, in particular, veterans from North Carolina.
Summary: Designates the month of November as "Veterans' History Awareness Month," and directs the SBE to develop recommended programs in collaboration with active military installations, veterans, and veterans service organizations that enable students to gain a better understanding of the meaning and importance of the contributions of American veterans and, in particular, veterans from North Carolina. Recommended programs may be integrated into lesson plans and may include veteran participation and veteran sponsorship in the form of an Adopt-A-Veteran program. Encourages schools to collaborate with veterans and veteran service organizations during Veterans' History Awareness Month to designate time for appropriate commemorative activities.

SL 2017-105
SB 69 Local Gov't Comm/Finance Officer Training
Amends: G.S. 159-25
Application/Effective Date: July 12, 2017
Local Action Required: Requires the Local Government Commission (LGC) to notify employees and employers of required training sessions for local government finance officers, and requires local governments or authorities to report to the LGC when training requirements have been satisfied.
SBE/DPI Action Required: N/A
Summary: Session Law 2017-105 provides that when the LGC requires a finance officer or other employee to participate in training, the LGC must notify the finance officer or other employee and the employing local government or public authority of the required training. It also provides that when the finance officer or other employee completes the training, the employing local government or public authority must submit, in writing, proof to the LGC that the training requirements have been met.

SL 2017-142
SB 78 Cost to Comply/Fed Ed Funds/PED Study
Amends: Not specified
Application/Effective Date: July 20, 2017
Local Action Required: Not applicable
SBE/DPI Action Required: DPI shall "study, report, and provide" information to the General Assembly's Fiscal Research and Program Evaluation Divisions on "the cost of compliance with federal education funding mandates to local school administrative units [LEAs]" by January 15, 2018.
Summary: S.L. 2017-142 requires DPI to report to the General Assembly "the cost of compliance with federal education funding mandates to local school administrative units [LEAs]" by January 15, 2018. It also establishes the Joint Legislative Study Commission on Efficiency and Cost-Savings in State Government. The Commission shall "use a zero-based budgeting review process to study whether there are obsolete programs, cost-reduction opportunities, or any cases where existing funds can be directed to meet [...] demands for public services in the Department of the Secretary of State" and shall reports its findings to the 2018 and 2019 sessions of the General Assembly.

SL 2017-10
SB 131 Regulatory Reform Act of 2016-2017
Amends: G.S. 115C-47(41); G.S. 115C-174.12(c)
Application/Effective Date: §2.3 and §2.14: May 4, 2017; §2.6.(a): September 1, 2017
Local Action Required: §2.3: Local public school recycling programs must comply with G.S. 160A-327; §2.14: Repeals language encouraging LEAs to develop testing programs to "diagnose student needs."
SBE/DPI Action Required: §2.6.(a): A study may be conducted by the Program Evaluation Division, if directed by the Joint Legislative Program Evaluation Oversight Committee, of "State law and internal agency policies and procedures for delivery of public services through State grants and contracts to nonprofit organizations." §2.9: Effective July 1, 2017, public agencies may satisfy requirements for inspection and examination of public records in computer databases by making the public records available in an online format.
Summary: This omnibus bill is this year's version of the annual regulatory reform legislation passed by the General Assembly. It addresses regulations in nearly every area of state government, including education. Provisions relevant to education are: §2.3, which specifies that recycling programs managed by LEAs must comply with criteria that must be met under current statute by local governments for the displacement of a private company that is providing collection services for municipal solid waste or recovered materials within the local government's jurisdiction; §2.14, which removes the following language from state testing statutes (G.S. 115C-174.12(c)): "Local school administrative units are encouraged to continue to develop local testing programs designed to diagnose student needs."; §2.9: Effective July 1, 2017, a public agency may satisfy the requirements for inspection and examination of public records in computer databases by making the public records available online in a format that allows a person to view the public records and print or save the public records to obtain a copy. The section also establishes a similar provision for public agencies and custodians making public records available online in a format that allows a person to view the public records and print or save the public records to obtain a copy.

SL 2017-88
SB 169 Teaching Excellence Bonus Expansion
Clarifies, but does not amend: §9.7(a) of S.L. 2016-94; §8.8 of S.L. 2016-94
Application/Effective Date: June 30, 2017
Local Action Required: LEAs that issued bonuses under subdivisions 1 and 2 of §9.7(a) of S.L. 2016-94 will receive reimbursement via DPI up to $3,500 per bonus; LEAs that issued bonuses under subdivisions 1 and 2 of §8.8(a) of S.L. 2016-94 will receive reimbursement via DPI up to $2,000 per bonus.
SBE/DPI Action Required: DPI shall reimburse LEAs who paid bonuses from their own funds under subdivisions 1 and 2 of §9.7(a) of S.L. 2016-94 in an amount up to $3,500 and subdivisions 1 and 2 of §8.8(a) of S.L. 2016-94 in an amount up to $2,000. SBE shall authorize funds from its 2016-17 budget to fulfill this legislation.
Summary: S.L. 2017-88 provides for bonuses to certain teachers who, but for no longer teaching certain grades or courses, would have received bonuses under the Third Grade Teacher Performance Pilot Program or Advanced Placement/International Baccalaureate Teacher Bonus Pilot Program established in the 2016 budget.

SL 2017-67
SB 312 Surplus Computers for Low-Income Students
Amends: G.S. 143-64.02; G.S. 143-640.03
Application/Effective Date: June 28, 2017
Local Action Required: LEAs should be aware that the State Surplus Property Agency "must give consideration to the counties where computer equipment will be donated to ensure that all geographic regions of the State benefit from the distributions."
SBE/DPI Action Required: N/A

Summary: S.L. 2017-67 modifies the definition of "non-profit tax exempt organizations" to include nonprofit entities authorized by the State to "refurbish computers and donate them to low-income students or households across the State." It also directs the State Surplus Property Agency to, when distributing computers to nonprofits for refurbishment for the purpose of donating the computers to low-income students or households, give consideration to the geographic distribution of the machines so that all regions benefit.

SL 2017-33
SB 421 Use of Career & Technical Funds/Onslow County
Amends: S.L. 2016-94
Application/Effective Date: June 15, 2017
Local Action Required: Onslow County may use certain funds for the purpose of constructing a new education center.
SBE/DPI Action Required: N/A
Summary: S.L. 2017-33 modifies the Committee Report to the 2016 Appropriations Act (S.L. 2016-94) to provide (i) that certain funds appropriated to Onslow County may be used to fund the construction of a new education center and (ii) that the funds do not revert.

SL 2017-91
SB 448 Professors in the Classroom
Amends: Article 20 of G.S. 115C (new section)
Application/Effective Date: June 30, 2017
Local Action Required: Follow requirements for contracting with adjunct instructors as well as criteria set by SBE.
SBE/DPI Action Required: SBE will "develop minimum criteria of relevant education or employment experience" to be met by a college/university employee in order to qualify to be contracted as an adjunct instructor in "specific core academic subjects in kindergarten through 12 and shall make such criteria available to local boards of education."
Summary: This legislation provides local boards of education with the ability to hire college and university faculty to serve as adjunct instructors in core academic subjects in K-12 public schools. SBE will set criteria that will need to be met for "an individual who is currently employed at an institution of higher learning as a faculty member" to qualify to serve as an adjunct instructor. Adjunct instructors hired under this law will be able to serve less than 20 hours a week or for less than six full consecutive months of employment.

SL 2017-187
SB 468 QZAB Use Modification
Amends: G.S. 115C-489.6(a); §5.3(e) of S.L. 2017-57
Application/Effective Date: §1.1: July 1, 2017; all other sections: July 25th, 2017
Local Action Required: Adhere to fund matching requirements.
SBE/DPI Action Required: SBE will align their policies regarding the use of Qualified Zone Academy Bonds (QZAB) funds with uses defined in federal law. SBE must also "establish an application process and require any information necessary to enable the Board to accomplish the prioritization and efficient use of the bond proceeds" to ensure counties and schools in "greater economic distress" are prioritized.
Summary: QZABs are bonds issued by the federal government allowing certain schools to borrow at low interest rates funds for special programs established in partnership with the private sector. S.L. 2017-187 aligns state statute with federally-established usages for QZAB funds. Additionally, this legislation amends language to specify that grant funds may be used for projects when a pre-development agreement for an operational lease was entered into on or before June 30, 2017.

SL 2017-212
SB 582 Budget & Agency Technical Corrections
Amends: S.L. 2017-57; S.L. 2017-119; S.L. 2017-137; S.L. 2016-94; S.L. 2014-100; Article 7 of Chapter 143B; G.S. 143-215.72(d); G.S. 97-13; G.S. 114-2(1); G.S. 7A-61; S.L. 2017-204; G.S. 18B-1114.1; G.S. 28A-2B-2; G.S. 31D-5-505; G.S. 36C-5-505; G.S. 42A-37(a); G.S. 57D-1-03; G.S. 90-92(a); G.S. 135-7(g)(2); G.S. 143-47.7; G.S. 143-138(b4)(2a); G.S. 143B-68; S.L. 2011-145
Application/Effective Date: October 8, 2017 (except as otherwise provided)
Local Action Required: Change local policies as required.
SBE/DPI Action Required: Adhere to new report dates and make policy changes as necessary.
Summary: SB 582 is a broad-based technical corrections bill that addresses many areas of the state budget, including public education. The bill specifies that funds from the lottery-supported Needs-Based Public School Capital Fund must be used for the construction of new school buildings, rather than new "capital projects" as stated in the original version. Additionally, the bill addresses unintended issues related to the new principal pay scale. It addresses those issues by including language designed to ensure principals would not receive less during the 2017-2018 fiscal year under the new 2017 principal pay plan than they would have under the prior pay plan which allowed for longevity. Furthermore, SB 582 includes language to address those principals who were paid on a teacher's salary that were unintentionally not addressed in the budget bill.

The bill also amends a program supporting highly-qualified teaching graduates from North Carolina educator preparation programs by updating the scores required for applicants to qualify to receive a performance supplement under this program if they are hired on or after the effective date.
Furthermore, under this legislation, LEAs planning to apply for a grant under the Career and Technical Education Grade Expansion Grant Program will have until November 30, 2017 to submit their application, rather than November 1 as originally planned.

This legislation also amends the due date for an annual report to the General Assembly led by the State Board of Community Colleges, but conducted in conjunction with SBE and the UNC Board of Governors, on the Career and College Promise Program. The report is now due March 15, rather than January 15, on an annual basis.

SL 2017-189
SB 599 Excellent Educators for Every Classroom
Amends: Subchapter V of Chapter 115C (new Articles 17C, 17D, 17E); G.S. 115C-296.8; G.S. 115C-296.9; G.S. 115C-296.10; G.S. 115C-296.11; G.S. 115C-296.12; G.S. 115C-296.13; G.S. 115C-309; G.S. 115C-310; G.S. 115C-284(e); G.S. 115C-284.1; G.S. 115C-296; G.S. 115C-300.1; G.S. 115C-218.90(b)(1); G.S. 115C-238.73; G.S. 115C-325(f)(l); G.S. 115C-325(o)(2); G.S. 115C-325.5(a); G.S. 115C-325.9(b); G.S. 115C-332; G.S. 115C-12(22); G.S. 115C-299.5; G.S. 93B-15.1(i); G.S. 115C-296.7(g); G.S. 115C-296.7(g); G.S. 115C-325.1(6)a.; G.S. 115C-325.4(a)(11); G.S. 115C-333(d); G.S. 115C-333.1(f); G.S. 115D-5(p); G.S. 116-239.5(a); G.S. 116-239.13(5); G.S. 115C-325(f)(1); G.S. 115C-325(o)(2); Section 2(f) of H.B. 155; Section 8.29(a) of S.L. 2016-94; G.S. 115C-269.30; G.S. 115C-300.1(c); G.S. 115C-269.25(e); G.S. 115C-270.10
Application/Effective Date: Applies beginning with the 2017-18 school year and is effective July 27, 2017
Local Action Required: Be aware of changes relating to the superintendent's ability to suspend a teacher who is incarcerated without an in-person meeting. LEAs must collaborate with partner EPPs.
SBE/DPI Action Required: Update policies and procedures as necessary to comply with new licensing and EPP requirements.
Summary: S.L. 2017-189 revamps certain aspects of teacher preparation in North Carolina. It does so first by creating the Professional Educator Preparation and Standards Commission, which will be responsible for establishing higher standards for North Carolina educators and making rule recommendations regarding preparation, licensure, continuing education, and standards of conduct of public school educators. This Commission, while administratively housed under the State Board of Education (SBE), will exercise its powers independently of SBE.

Furthermore, SBE is authorized to approve educator preparation programs (EPPs) that meet certain requirements, rather than only those at institutions of higher education. Various conditions that must be met by an EPP to attain SBE approval are outlined in the bill, along with the requirements for students entering EPP programs.

Though this legislation repeals the lateral entry licensure process, SBE is directed to develop a new program providing ongoing support for those entering the teaching profession. SBE is further required to develop and coordinate a mentor teacher training program. The various licenses are defined as outlined below:

- Continuing professional license: 5-year renewable license.
- Emergency license: One-year nonrenewable license for individual who holds a bachelor's degree with relevant coursework, but who is not eligible for a residency license.
- Initial professional license: 3-year nonrenewable license for individual who has completed a recognized EPP.
- Lifetime license: License issued after 50 or more years of teaching that requires no renewal.
- Residency license: One-year license (renewable twice) issued to an individual who has:
    - Bachelor's degree with either coursework relevant to the requested licensure area or successful completion of the relevant content area examination.
    - Enrolled in a recognized EPP.
    - Has completed preservice field experience and coursework.
- Retirement license: 5-year renewable license issued to a teacher who retired with 30 or more years of experience and who has served as a substitute teacher or part-time provider of certain educational services since retirement.

S.L. 2017-189 further provides that if a teacher is incarcerated, an in-person meeting with the superintendent is not required before that teacher is suspended without pay. Instead, the superintendent may detail the charges against the teacher in writing and provide an opportunity for the teacher to respond in writing.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2017-188
SENATE BILL 55

AN ACT TO AUTHORIZE THE USE OF PHOTOGRAPHIC OR VIDEO EVIDENCE FOR THE CIVIL ENFORCEMENT OF VIOLATIONS FOR PASSING A STOPPED SCHOOL BUS.

The General Assembly of North Carolina enacts:

SECTION 1. Article 12 of Chapter 153A of the General Statutes is amended by adding a new section to read:
"**§ 153A-246. Use of photographs or videos recorded by automated school bus safety cameras.**

(a) Definitions. – The following definitions apply in this section:
- (1) Automated school bus safety camera. – As defined in G.S. 115C-242.1.
- (2) Officials or agents. – This term includes a local board of education located within the county or a private vendor contracted with under G.S. 115C-242.1.
- (3) School bus. – As used in G.S. 20-217.

(b) Civil Enforcement. – A county may adopt an ordinance for the civil enforcement of G.S. 20-217 by means of an automated school bus safety camera installed and operated on any school bus located within that county. An ordinance adopted pursuant to this section shall not apply to any violation of G.S. 20-217 that results in injury or death. Notwithstanding the provisions of G.S. 14-4, in the event that a county adopts an ordinance pursuant to this section, a violation of the ordinance shall not be an infraction. An ordinance authorized by this subsection shall provide all of the following:
- (1) The notice of the violation shall be given in the form of a citation and shall be received by the registered owner of the vehicle no more than 60 days after the date of the violation.
- (2) The registered owner of a vehicle shall be responsible for a violation unless the vehicle was, at the time of the violation, in the care, custody, or control of another person or unless the citation was not received by the registered owner within 60 days after the date of the violation.
- (3) A person wishing to contest a citation shall, within 30 days after receiving the citation, deliver to the officials or agents of the county that issued the citation a written request for a hearing accompanied by an affidavit stating the basis for contesting the citation, including, as applicable:
  - a. The name and address of the person other than the registered owner who had the care, custody, or control of the vehicle.
  - b. A statement that the vehicle involved was stolen at the time of the violation, with a copy of any insurance report or police report supporting this statement.
  - c. A statement that the citation was not received within 60 days after the date of the violation, and a statement of the date on which the citation was received.
  - d. A copy of a criminal pleading charging the person with a violation of G.S. 20-217 arising out of the same facts as those for which the citation was issued.
- (4) The citation shall include all of the following:
  - a. The date and time of the violation, the location of the violation, the amount of the civil monetary penalty imposed, and the date by which the civil monetary penalty shall be paid or contested.
  - b. An image taken from the recorded image showing the vehicle involved in the violation.
  - c. A copy of a statement or electronically generated affirmation of a law enforcement officer employed by a law enforcement agency with whom an agreement has been reached pursuant to G.S. 115C-242.1(c) stating that, based upon inspection of the recorded images, the owner's motor vehicle was operated in violation of the ordinance adopted pursuant to this subsection.
  - d. Instructions explaining the manner in which, and the time within which, liability under the citation may be contested pursuant to subdivision (3) of this subsection.
  - e. A warning that failure to pay the civil monetary penalty or to contest liability in a timely manner shall waive any right to contest liability and shall result in a late penalty of one hundred dollars ($100.00), in addition to the civil monetary penalty.

f. In citations issued to the registered owner of the vehicle, a warning that failure to pay the civil monetary penalty or to contest liability in a timely manner shall result in refusal by the Division of Motor Vehicles to register the motor vehicle, in addition to imposition of the civil monetary penalty and late penalty.

(5) Violations of the ordinance shall be deemed a noncriminal violation for which a civil penalty shall be assessed and for which no points authorized by G.S. 20-16(c) and no insurance points authorized by G.S. 58-36-65 shall be assigned to the registered owner or driver of the vehicle. The amount of such penalty shall be four hundred dollars ($400.00) for the first offense, seven hundred fifty dollars ($750.00) for the second violation, and one thousand dollars ($1,000) for each subsequent violation of the ordinance.

(6) If a registered owner provides an affidavit that the vehicle was, at the time of the violation, in the care, custody, or control of another person or company, the identified person or company may be issued a citation complying with the requirements of subdivision (4) of this subsection.

(7) The citation shall be processed by officials or agents of the county and shall be served by any method permitted for service of process pursuant to G.S. 1A-1, Rule 4 of the North Carolina Rules of Civil Procedure, or by first-class mail to the address of the registered owner of the vehicle provided on the motor vehicle registration or, as applicable, to the address of the person identified in an affidavit submitted by the registered owner of the vehicle.

(8) If the person to whom a citation is issued makes a timely request for a hearing pursuant to subdivision (3) of this subsection, a summons shall be issued by any method permitted for service of process pursuant to G.S. 1A-1, Rule 4 of the North Carolina Rules of Civil Procedure, directing the person to appear at the place and time specified in the summons in order to contest the citation at an administrative hearing.

(9) A citation recipient who, within 30 days after receiving the citation, fails either to pay the civil penalty or to request a hearing to contest the citation shall have waived the right to contest responsibility for the violation and shall be subject to a late penalty of one hundred dollars ($100.00) in addition to the civil penalty assessed under this subsection.

(10) The county shall institute a nonjudicial administrative hearing to hear contested citations or penalties issued or assessed under this section. The decision on a contested citation shall be rendered in writing within five days after the hearing and shall be served upon the person contesting the citation by any method permitted for service of process pursuant to G.S. 1A-1, Rule 4 of the North Carolina Rules of Civil Procedure. If the decision is adverse to the person contesting the citation, the decision shall contain instructions explaining the manner and the time within which the decision may be appealed pursuant to subdivision (11) of this subsection.

(11) A person may appeal to the district court division of the General Court of Justice from any adverse decision on a contested citation by filing notice of appeal in the office of the clerk of superior court. Enforcement of an adverse decision shall be stayed pending the outcome of a timely appeal. Except as otherwise provided in this subdivision, appeal shall be in accordance with the procedure set forth in Article 19 of Chapter 7A of the General Statutes applicable to appeals from the magistrate to the district court. For purposes of calculating the time within which any action must be taken to meet procedural requirements of the appeal, the date upon which the person contesting the citation is served with the adverse decision shall be deemed to be the date of entry of judgment.

(12) In the event a person is charged in a criminal pleading with a violation of G.S. 20-217, all of the following shall apply:

a. The charging law enforcement agency shall provide written notice to the county office responsible for processing civil citations pursuant to subdivision (7) of subsection (b) of this section containing the name and address of the person charged with violation of G.S. 20-217 and the date of the violation.

b. After receiving notice pursuant to this subdivision that a person has been charged in a criminal pleading with a violation of G.S. 20-217, the county shall not impose a civil penalty against that person arising out of the same facts as those for which the person was charged in the criminal pleading.

c. The county shall issue a full refund of any civil penalty payment received from a person who was charged in a criminal pleading with a violation of G.S. 20-217 if the civil penalty arose out of the same facts as those for which that person was charged in the criminal pleading, together with interest at the legal rate as provided by G.S. 24-1 from the date the penalty was paid until the date of refund.

(13) If a citation is not contested pursuant to subdivision (3) of this subsection, payment of the civil penalty is due within 30 days after receipt of the citation. If the citation is contested, and the result of the administrative hearing held pursuant to subdivision (10) of this subsection is a decision adverse to the citation recipient, then payment is due within 30 days after receipt of the adverse decision, unless the

citation recipient appeals the adverse decision pursuant to subdivision (11) of this subsection. If the adverse decision is appealed, and if the final decision on appeal is adverse to the citation recipient, then payment of the civil penalty is due within 30 days after the citation recipient receives notice of the final adverse decision on appeal.

(14) If the registered owner of a motor vehicle who receives a citation fails to pay the civil penalty when due, the Division of Motor Vehicles shall refuse to register the motor vehicle for the owner in accordance with G.S. 20-54(11). The county may establish procedures for providing notice to the Division of Motor Vehicles and for the collection of these penalties and may enforce the penalties by civil action in the nature of debt.

(15) The county shall provide each law enforcement agency within its jurisdiction with the name and address of the county official to whom written notice of persons charged with violation of G.S. 20-217 should be given pursuant to subdivision (12) of this subsection.

(c) Notice. – An automated school bus safety camera installed on a school bus must be identified by appropriate warning signs conspicuously posted on the school bus. All warning signs shall be consistent with a statewide standard adopted by the State Board of Education in conjunction with local boards of education that install and operate automated school bus safety cameras on their school buses.

(d) Application. – Nothing in this section shall be construed to do any of the following:

(1) Require the installation and operation of automated school bus safety cameras on a school bus.

(2) Prohibit the use and admissibility of any photograph or video recorded by an automated school bus safety camera in any criminal proceeding alleging a violation of G.S. 20-217.

(3) Prohibit the imposition of penalties, including the assignment of points authorized by G.S. 20-16(c) and insurance points authorized by G.S. 58-36-65, on any registered owner or driver of the vehicle convicted of a misdemeanor or felony violation of G.S. 20-217.

(e) Criminal Prosecution Encouraged. – The General Assembly of North Carolina encourages criminal prosecution for violation of G.S. 20-217 whenever photographs or videos recorded by an automated school bus safety camera provide evidence sufficient to support such prosecution."

SECTION 2. Article 17 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-242.1. Installation and operation of automated school bus safety camera.**

(a) Definition. – An "automated school bus safety camera" is a device that is affixed to a school bus, as that term is used in G.S. 20-217, that is synchronized to automatically record photographs or video of a vehicle at the time the vehicle is detected for a violation of (i) G.S. 20-217 or (ii) an ordinance adopted under G.S. 153A-246.

(b) Installation and Operation. – Automated school bus safety cameras may be installed and operated on any school bus operated by a local board of education within a county that has adopted an ordinance under G.S. 153A-246 as follows:

(1) A local board of education may install and operate automated school bus safety cameras without contracting with a private vendor.

(2) A local board of education may enter into a service contract to install and operate automated school bus safety cameras with a private vendor. Contracts shall be let in accordance with the provisions of G.S. 143-129 applicable to purchases of apparatus, supplies, materials, or equipment. The maximum length of any contract entered into under this subdivision shall be three years. A contract entered into under this subdivision may contain an option to renew or extend the contract for only one additional term not to exceed three years.

(3) Upon request by one or more local boards of education, the State Board of Education shall enter into a contract for a statewide service or contracts for regional services to install and operate automated school bus safety cameras with a private vendor. These contracts shall be let in accordance with the provisions of Article 3 of Chapter 143 of the General Statutes.

(c) Interlocal Agreements. – Any local board of education, board of county commissioners, and law enforcement agency may enter into an interlocal agreement pursuant to Part 1 of Article 20 of Chapter 160A of the General Statutes that is necessary and proper to effectuate the purpose and intent of this section and G.S. 153A-246. Any agreement entered into pursuant to this subsection may include provisions on cost-sharing and reimbursement to which the local board of education, board of county commissioners, or law enforcement agency freely and voluntarily agree for the purposes of effectuating this section and G.S. 153A-246.

(d) Evidence in Criminal Proceeding. – Any photographs or videos recorded by an automated school bus safety camera that capture a violation of G.S. 20-217 shall also be provided to the investigating law enforcement agency for use as evidence in any proceeding alleging a violation of G.S. 20-217."

SECTION 3. G.S. 20-54 reads as rewritten:

"**§ 20-54. Authority for refusing registration or certificate of title.**

The Division shall refuse registration or issuance of a certificate of title or any transfer of registration upon any of the following grounds:

…

(11) The Division has been notified (i) pursuant to G.S. 20-217(g2) that the owner of the vehicle has failed to pay any fine imposed pursuant to ~~G.S. 20-217.~~G.S. 20-217 or (ii) pursuant to G.S. 153A-246(b)(14) that the owner of the vehicle has failed to pay a civil penalty due under G.S. 153A-246.

…."

SECTION 4. G.S. 20-217 reads as rewritten:

"**§ 20-217. Motor vehicles to stop for properly marked and designated school buses in certain instances; evidence of identity of driver.**

…

(h) ~~Automated camera and video recording systems~~ Automated school bus safety cameras, as defined in G.S. 115C-242.1, may be used to detect and prosecute violations of this section. Any photograph or video recorded by ~~a camera or video recording system~~ an automated school bus safety camera shall, if consistent with the North Carolina Rules of Evidence, be admissible as evidence in any proceeding alleging a violation of subsection (a) of this section. Failure to produce a photograph or video recorded by an automated school bus safety camera shall not preclude prosecution under this section."

SECTION 5. A county that adopts an ordinance as provided in G.S. 153A-246, as enacted by this act, shall maintain records of all violations of that ordinance for which a civil penalty is assessed. Upon request, the county shall provide at least five years of those records to the North Carolina Child Fatality Task Force and the North Carolina General Assembly.

SECTION 6. Within 90 days of the enactment of this act, the State Board of Education shall develop a model request for proposals and a model contract that may be used by the local boards of education in letting contracts in accordance with the provisions of G.S. 115C-242.1(b)(2), as enacted by Section 2 of this act. The State Board of Education and the Department of Public Instruction shall provide technical assistance to a local board of education on this process upon a request by the local board.

SECTION 7. Section 3 of this act is effective one year after it becomes law and shall apply to the registration of any motor vehicle whose owner's failure to pay a civil penalty due under G.S. 153A-246 is reported by a county to the Division of Motor Vehicles on or after the effective date of this act. The remainder of this act is effective when it becomes law. The requirements in G.S. 115C-242.1(b)(2), as enacted by Section 2 of this act, shall not apply to a local board of education that, prior to the effective date of this act, entered into a contract with a private vendor to install and operate automated school bus safety cameras.

In the General Assembly read three times and ratified this the 30th day of June, 2017.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Roy Cooper
Governor

Approved 2:39 p.m. this 25th day of July, 2017

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2017-29
SENATE BILL 62

AN ACT TO REQUIRE THE VETERANS' AFFAIRS COMMISSION TO ADOPT A COMPREHENSIVE STRATEGIC PLAN TO ENHANCE BENEFITS FOR VETERANS AND THEIR DEPENDENTS AND TO REQUIRE THE DEPARTMENT OF MILITARY AND VETERANS AFFAIRS TO STUDY PROGRAM OUTCOMES FOR MILITARY VETERANS AND THEIR FAMILIES.

The General Assembly of North Carolina enacts:

SECTION 1. Article 14 of Chapter 143B of the General Statutes is amended by adding a new section to read:
"**§ 143B-1221.1. Strategic plan.**

(a) Strategic Plan. – The Veterans' Affairs Commission shall adopt a comprehensive strategic plan to enhance benefits for veterans and their dependents. The strategic plan shall include specific objectives related to the following topics:

(1) Improving accessibility of health, education, training, counseling, financial, and burial benefits and services to veterans and their dependents.

(2) Increasing the satisfaction of veterans and their dependents with benefits and services by meeting their expectations for availability, quality, timeliness, and responsiveness.

(3) Educating and empowering veterans and their dependents through proactive outreach and effective advocacy.

(4) Any other topic related to enhancing benefits for veterans and their dependents.

(b) Update, Review, and Report. – The Commission shall update this plan every four years. The Commission shall annually review the State's performance based on this plan and shall annually report the results of its review to the Joint Legislative Oversight Committee on General Government."

SECTION 2. The Veterans' Affairs Commission shall adopt a strategic plan by November 1, 2018. The Veterans' Affairs Commission shall complete its first annual review and its first annual report to the Joint Legislative Oversight Committee on General Government by November 1, 2019. The Veterans' Affairs Commission shall complete its first update of the strategic plan by November 1, 2022.

SECTION 3. The Department of Military and Veterans Affairs shall study potential methods for documenting, collecting, and analyzing the outcomes for individual military veterans and their families in this State of the various programs designed to serve them and shall report its findings and recommendation to the chairs of the Senate and House of Representatives appropriations subcommittees on general government no later than December 1, 2017.

SECTION 4. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 31st day of May, 2017.

s/ Bill Rabon
Presiding Officer of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Roy Cooper
Governor

Approved 11:14 a.m. this 8th day of June, 2017

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2017-65
SENATE BILL 64

AN ACT TO ESTABLISH VETERANS' HISTORY AWARENESS MONTH IN NOVEMBER.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-84.2(b) reads as rewritten:

"(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. The month of November shall be designated "Veterans' History Awareness Month.""

SECTION 2. 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:

…

(33a) Duty to Develop Recommended Programs for Use in Schools During Veterans' History Awareness Month. – The State Board of Education shall develop recommended programs in collaboration with active military installations, veterans, and veterans service organizations that enable students to gain a better understanding of the meaning and importance of the contributions of American veterans and, in particular, veterans from North Carolina. Recommended programs may be integrated into lesson plans and may include veteran participation and veteran sponsorship in the form of an Adopt-A-Veteran program. All schools are encouraged to collaborate with veterans and veteran service organizations during Veterans' History Awareness Month to designate time for appropriate commemorative activities.

…."

SECTION 3. This act is effective when it becomes law and applies beginning with the 2017-2018 school year.

In the General Assembly read three times and ratified this the 22nd day of June, 2017.

s/ Daniel J. Forest
President of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Roy Cooper
Governor

Approved 6:11 p.m. this 28th day of June, 2017

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2017-105
SENATE BILL 69

AN ACT PROVIDING THAT THE LOCAL GOVERNMENT COMMISSION SHALL NOTIFY A FINANCE OFFICER OR OTHER EMPLOYEE WHO PERFORMS THE DUTIES OF A FINANCE OFFICER WHEN HE OR SHE IS REQUIRED TO PARTICIPATE IN TRAINING RELATED TO THE POWERS, DUTIES, AND RESPONSIBILITIES OF THE FINANCE OFFICER AND REQUIRING THE EMPLOYING LOCAL GOVERNMENT OR PUBLIC AUTHORITY TO NOTIFY THE COMMISSION WHEN THE FINANCE OFFICER OR OTHER EMPLOYEE HAS COMPLETED THE REQUIRED TRAINING.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 159-25 reads as rewritten:

"**§ 159-25. Duties of finance officer; dual signatures on checks; internal control procedures subject to Commission regulation.**

...

(d) The Local Government Commission has the authority to require any finance officer or any other employee who performs the duties of a finance officer to participate in training related to the powers, duties, and responsibilities of the finance officer, if the Commission is exercising its authority under Article 10 of this Chapter with respect to the employing local government or public authority or the employing local government or public authority has received a unit letter from the Commission due to a deficiency in complying with this Chapter. The Commission may collaborate with the School of Government at the University of North Carolina, the North Carolina Community College System, and other educational institutions in the State to develop and deliver the training required by this subsection. When the Commission requires a finance officer or other employee to participate in training as authorized in this subsection, the Commission shall notify the finance officer or other employee and the employing local government or public authority of the required training. Upon completion of the required training by the finance officer or other employee, the employing local government or public authority shall submit, in writing, to the Commission proof that the training requirements have been satisfied."

SECTION 2. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 30th day of June, 2017.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Roy Cooper
Governor

Approved 1:55 p.m. this 12th day of July, 2017

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2017-142
SENATE BILL 78

AN ACT TO STUDY THE FINANCIAL COSTS TO THE STATE AND LOCAL SCHOOL ADMINISTRATIVE UNITS OF COMPLIANCE WITH FEDERAL MANDATES RELATED TO THE RECEIPT OF FEDERAL EDUCATION FUNDING AND TO ESTABLISH THE JOINT LEGISLATIVE STUDY COMMISSION ON EFFICIENCY AND COST-SAVINGS IN STATE GOVERNMENT.

The General Assembly of North Carolina enacts:

PART I. STUDY FINANCIAL COSTS OF FEDERAL MANDATES

SECTION 1.(a) By no later than January 15, 2018, the Department of Public Instruction shall study, report, and provide any supporting data to the Fiscal Research Division and the Program Evaluation Division of the General Assembly on the cost of compliance with federal education funding mandates to local school administrative units.

SECTION 1.(b) The Joint Legislative Program Evaluation Oversight Committee shall consider including in the 2017-2018 Work Plan for the Program Evaluation Division an evaluation of the cost of compliance with federal education funding mandates for K-12 education and, if included in the Work Plan, report its findings and recommendations to the General Assembly at a date to be determined by the Committee.

PART II. JOINT LEGISLATIVE STUDY COMMISSION ON EFFICIENCY AND COST-SAVINGS IN STATE GOVERNMENT

SECTION 2.(a) There is established the Joint Legislative Study Commission on Efficiency and Cost-Savings in State Government (Commission).

SECTION 2.(b) The Commission shall be composed of 10 members appointed as follows:

(1) Five senators appointed by the President Pro Tempore of the Senate.

(2) Five representatives appointed by the Speaker of the House of Representatives.

Vacancies on the Commission shall be filled by the appointing authority. The President Pro Tempore of the Senate and the Speaker of the House of Representatives shall each designate a cochair. A quorum of the Commission shall be a majority of its members.

The Commission may meet at any time upon call of the chairs. The Commission may meet in the Legislative Building or the Legislative Office Building. The Commission may contract for professional, clerical, or consultant services as provided by G.S. 120-32.02.

The Commission, while in the discharge of its official duties, may exercise all powers provided for under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4, including the power to request all officers, agents, agencies, and departments of the State to provide any information, data, or documents within their possession, ascertainable from their records, or otherwise available to them, and the power to subpoena witnesses and documents.

The Legislative Services Commission, through the Legislative Services Officer, shall assign other professional staff to assist the Commission in its work. The House of Representatives' and 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. Members of the Commission shall receive subsistence and travel expenses at the rates set forth in G.S. 120-3.1.

SECTION 2.(c) The Commission shall use a zero-based budgeting review process to study whether there are obsolete programs, cost-reduction opportunities, or any cases where existing funds can be redirected to meet new and changing demands for public services in the Department of the Secretary of State ("the Department"). The Commission may require the Department to submit written information in a form specified by the Commission by a specified time. The Commission may accept or reject any or part of any information submitted and require revision or resubmission. The Commission may require information as follows:

(1) Identification of decision units. – The Department shall identify decision units representing any group of services with a common set of objectives or comprising a Departmental program or administrative support unit.

(2) Impact of discontinuing each decision unit. – The Department shall provide a quantitative estimate of any adverse impacts that could reasonably be expected should the State discontinue a decision unit, together with a full description of the methods by which the adverse impact is estimated.

(3) Division of decision units into decision packages. – The Department shall divide each decision unit into the following four discrete decision packages:

a. Minimum. – A quantitative estimate of any adverse impacts that could reasonably be expected and an itemized account of expenditures that would be required to maintain the activity at the minimum level of service required by any statutory authorization and below which would effectively eliminate all services, together with a concise statement of the resulting quantity and quality of services. This service level shall be below the level described by sub-subdivision b. of this subdivision.

b. Reduced. – A quantitative estimate of any adverse impacts that could reasonably be expected and an itemized account of expenditures that would be required if funding were reduced by the percentage or amount specified by the Commission below the current level as defined by sub-subdivision c. of this subdivision and a concise statement of the resulting quantity and quality of services.

c. Current. – A quantitative description of benefits from and an itemized account of expenditures that would be required to maintain the activity at the current level of service, together with a full description of the methods by which the current level is determined and a concise statement of the resulting quantity and quality of services.

d. Enhanced. – A quantitative estimate of benefits that could reasonably be expected and an itemized account of expenditures that would be required to increase the current level of service, together with a full description of the methods by which the enhanced level is estimated and a concise statement of the resulting quantity and quality of services.

(4) Service delivery alternatives. – For each decision package, a description of alternative methods for delivering services, which may include, but not be limited to, shedding one or more services and relying upon the free market for delivery, delegation to another level of government, using Requests for Information or competitive selection to outsource to private for-profit or nonprofit organizations, in whole or in part, including franchising, assisting or providing incubator arrangements for current State employees to form non-State organizations to compete for outsourcing opportunities, or through methods used by other states or nations.

(5) Ranking. – As instructed by the Commission, a ranking of all decision packages compared with each other without ties.

SECTION 2.(d) The Commission shall make an interim report to the 2018 Regular Session of the 2017 General Assembly and shall make a final report to the 2019 General Assembly. The report shall include any proposed legislation. The Commission shall terminate upon filing its final report or upon the convening of the 2019 General Assembly, whichever is earlier.

SECTION 2.(e) This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 30th day of June, 2017.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Roy Cooper
Governor

Approved 4:15 p.m. this 20th day of July, 2017

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2017-10
SENATE BILL 131

AN ACT TO PROVIDE FURTHER REGULATORY RELIEF TO THE CITIZENS OF NORTH CAROLINA.

The General Assembly of North Carolina enacts:

PART I. BUSINESS REGULATION

EMPLOYMENT STATUS OF FRANCHISES

SECTION 1.1. Article 2A of Chapter 95 of the General Statutes is amended by adding a new section to read:

"**§ 95-25.24A. Franchisee status.**

Neither a franchisee nor a franchisee's employee shall be deemed to be an employee of the franchisor for any purposes, including, but not limited to, this Article and Chapters 96, 97, and 105 of the General Statutes. For purposes of this section, "franchisee" and "franchisor" have the same definitions as set out in 16 C.F.R. § 436.1."

STREAMLINE MORTGAGE NOTICE REQUIREMENTS

SECTION 1.2. G.S. 45-91 reads as rewritten:

"**§ 45-91. Assessment of fees; processing of payments; publication of statements.**

A servicer must comply as to every home loan, regardless of whether the loan is considered in default or the borrower is in bankruptcy or the borrower has been in bankruptcy, with the following requirements:

(1) Any fee that is incurred by a servicer shall be both:

a. Assessed within 45 days of the date on which the fee was incurred. Provided, however, that attorney or trustee fees and costs incurred as a result of a foreclosure action shall be assessed within 45 days of the date they are charged by either the attorney or trustee to the servicer.

b. Explained clearly and conspicuously in a statement mailed to the borrower at the borrower's last known address within 30 days after assessing the fee, provided the servicer shall not be required to take any action in violation of the provisions of the federal bankruptcy code. The servicer shall not be required to send such a statement for a fee ~~that: (i) results~~ that either:

1. Is otherwise included in a periodic statement sent to the borrower that meets the requirements of paragraphs (b), (c), and (d) of 12 C.F.R. § 1026.41.

2. Results from a service that is affirmatively requested by the borrower, ~~(ii)~~ is paid for by the borrower at the time the service is provided, and ~~(iii)~~ is not charged to the borrower's loan account.

(2) All amounts received by a servicer on a home loan at the address where the borrower has been instructed to make payments shall be accepted and credited, or treated as credited, within one business day of the date received, provided that the borrower has made the full contractual payment and has provided sufficient information to credit the account. If a servicer uses the scheduled method of accounting, any regularly scheduled payment made prior to the scheduled due date shall be credited no later than the due date. Provided, however, that if any payment is received and not credited, or treated as credited, the borrower shall be notified within 10 business days by mail at the borrower's last known address of the disposition of the payment, the reason the payment was not credited, or treated as credited to the account, and any actions necessary by the borrower to make the loan current.

(2a) The notification required by subdivision (2) of this section is not necessary if (i) the servicer complies with the terms of any agreement or plan made with the borrower and has applied and credited payments received in the manner required, and (ii) the servicer is applying and crediting payments to the borrower's account in compliance with all applicable State and federal laws, including bankruptcy laws, and if at least one of the following occurs:

a. The borrower has entered into a written loss mitigation, loan modification, or forebearance agreement with the servicer that itemizes all amounts due and specifies how payments will be applied and credited;

b. The borrower has elected to participate in an alternative payment plan, such as a biweekly payment plan, that specifies as part of a written agreement how payments will be applied and credited; or

c. The borrower is making payments pursuant to a bankruptcy plan.

(3) Failure to charge the fee or provide the information within the allowable time and in the manner required under subdivision (1) of subsection (a) of this section constitutes a waiver of such fee.

(4) All fees charged by a servicer must be otherwise permitted under applicable law and the contracts between the parties. Nothing herein is intended to permit the application of payments or method of charging interest which is less protective of the borrower than the contracts between the parties and other applicable law.

(5) The obligations of mortgage servicers set forth in G.S. 53-244.110."

CLARIFY PRIVATE DRINKING WATER WELL PERMITTING REQUIREMENTS

SECTION 1.3.(a) G.S. 87-97 reads as rewritten:

"**§ 87-97. Permitting, inspection, and testing of private drinking water wells.**

(a) Mandatory Local Well Programs. – Each county, through the local health department that serves the county, shall implement a private drinking water well permitting, inspection, and testing program. The local health department shall be the exclusive authority for the permitting of wells and well systems as described in G.S. 143-138(b17)(2). Local health departments shall administer the program and enforce the minimum well construction, permitting, inspection, repair, and testing requirements set out in this Article and rules adopted pursuant to this Article. No person shall unduly delay or refuse to permit a well that can be constructed or repaired and operated in compliance with the requirements set out in this Article and rules adopted pursuant to this Article.

(a1) Use of Standard Forms. – Local well programs shall use the standard forms created by the Department for all required submittals and shall not create their own forms.

(b) Permit Required. – Except for those wells required to be permitted by the Environmental Management Commission pursuant to G.S. 87-88, no person shall:

(1) Construct or assist in the construction of a private drinking water well unless a construction permit has been obtained from the local health department.

(2) Repair or assist in the repair of a private drinking water well unless a repair permit has been obtained from the local health department, except that a permit shall not be required for the repair or replacement of a pump or tank.

(b1) ~~Permit to Include Authorization for Piping and Electrical.~~Inspections. – When a permit is issued under this section, the local health department shall be responsible for notifying the appropriate building inspector of the issuance of the well permit. The appropriate building inspector may request from the local health department the opportunity to inspect the activities authorized by the permit. The inspection must be performed prior to the final inspection performed by the local health department, and the well contractor shall not be required to be onsite for the inspection by the building inspector. If an inspection by a building inspector after the final inspection has been performed by the local health department is determined to be necessary for the protection of public health, safety, or welfare, the local building inspections department shall be responsible for (i) the additional costs for the inspection and related activities necessary for the inspection and (ii) any damages to the well system caused during the inspection.

(b2) Permit to Include Authorization for Piping and Electrical. – A permit issued under this section shall also be deemed to include authorization for all of the following:

(1) The installation, construction, maintenance, or repair of electrical wiring, devices, appliances, or equipment by a person certified as a well contractor under Article 7A of this Chapter when running electrical wires from the well pump to the pressure switch.

(2) The installation, construction, maintenance, or repair of water pipes by a person certified as a well contractor under Article 7A of this Chapter when running water pipes from the well to the water tank.

(3) The installation of both water pipes and electrical wiring in a single ditch by a person certified as a well contractor under Article 7A of this Chapter when running electrical wires from the well pump to the pressure switch and water pipes from the well to the water tank. The ditch shall be as deep as the minimum cover requirements for either electrical wiring or water pipes, whichever is greater.

This subsection shall not be interpreted to prohibit any person licensed by an independent occupational licensing board from performing any authorized services within the scope of practice of the person's license.

…."

SECTION 1.3.(b) G.S. 143-138 is amended by adding a new subsection to read:

"**§ 143-138. North Carolina State Building Code.**

…

(b17) Exclusion for Private Drinking Water Well Installation, Construction, Maintenance, and Repair. – No permit shall be required under the Code or any local variant approved under subsection (e) of this section for the electrical and plumbing

activities associated with the installation, construction, maintenance, or repair of a private drinking water well when all of the following apply:

(1) The work is performed by a contractor certified under Article 7A of Chapter 87 of the General Statutes under the terms of a permit issued by the local health department pursuant to G.S. 87-97.

(2) The scope of work includes only the connection or disconnection of a well system to either the plumbing served by the well system or the electrical service that serves the well system. For purposes of this subsection, a well system includes the well, the pressure tank, the pressure switch, and all plumbing and electrical equipment in the well and between the well, pressure tank, and pressure switch.

…."

EXEMPT CERTAIN BUILDING CODE CLASSIFICATIONS FROM ENERGY EFFICIENCY STANDARDS

SECTION 1.4. G.S. 143-138 is amended by adding a new subsection to read:

"(b18) Exclusion From Energy Efficiency Code Requirements for Certain Use and Occupancy Classifications. – The Council shall provide for an exemption from any requirements in the energy efficiency standards pursuant to Chapter 13 of the 2012 North Carolina Building Code and the 2012 Energy Conservation Code, and any subsequent amendments to the Building Code and Energy Conservation Code, for the following use and occupancy classifications pursuant to Chapter 3 of the 2012 North Carolina Building Code: Section 306, Factory Group F; Section 311, Storage Group S; and Section 312, Utility and Miscellaneous Group U. This exclusion shall apply to the entire floor area of any structure for which the primary use or occupancy is listed herein."

PART II. STATE AND LOCAL GOVERNMENT REGULATION

WILDLIFE RESOURCES COMMISSION, DIVISION OF MARINE FISHERIES, AND UTILITIES COMMISSION PRIVATE IDENTIFYING INFORMATION

SECTION 2.1.(a) G.S. 143-254.5 reads as rewritten:

"**§ 143-254.5. Disclosure of personal identifying information.**

Social security numbers and identifying information obtained by the Commission shall be treated as provided in G.S. 132-1.10. For purposes of this section, "identifying information" also includes a person's mailing address, residence address, e-mail address, Commission-issued customer identification number, date of birth, and telephone number."

SECTION 2.1.(b) G.S. 143B-289.52(h) reads as rewritten:

"**§ 143B-289.52. Marine Fisheries Commission – powers and duties.**

…

(h) Social security numbers and identifying information obtained by the Commission or the Division of Marine Fisheries shall be treated as provided in G.S. 132-1.10. For purposes of this subsection, "identifying information" also includes a person's mailing address, residence address, e-mail address, Commission-issued customer identification number, date of birth, and telephone number."

SECTION 2.1.(c) Chapter 132 of the General Statutes is amended by adding a new section to read:

"**§ 132-1.14. Personally identifiable information of public utility customers.**

(a) Except as otherwise provided in this section, a public record, as defined by G.S. 132-1, does not include personally identifiable information obtained by the Public Staff of the Utilities Commission from customers requesting assistance from the Public Staff regarding rate or service disputes with a public utility, as defined by G.S. 62-3(23).

(b) The Public Staff may disclose personally identifiable information of a customer to the public utility involved in the matter for the purpose of investigating such disputes.

(c) Such personally identifiable information is a public record to the extent disclosed by the customer in a complaint filed with the Commission pursuant to G.S. 62-73.

(d) For purposes of this section, "personally identifiable information" means the customer's name, physical address, e-mail address, telephone number, and public utility account number."

SECTION 2.1.(d) This section becomes effective October 1, 2017.

WATER AND SEWER BILLING BY LESSORS

SECTION 2.2.(a) G.S. 42-42.1 reads as rewritten:

"**§ 42-42.1. Water and electricity conservation.**

(a) For the purpose of encouraging water and electricity conservation, pursuant to a written rental agreement, a landlord may charge for the cost of providing water or sewer service to tenants ~~who occupy the same contiguous premises~~ pursuant to G.S. 62-110(g) or electric service pursuant to G.S. 62-110(h).

(b) The landlord may not disconnect or terminate the tenant's electric service or water or sewer services due to the tenant's nonpayment of the amount due for electric service or water or sewer services."

SECTION 2.2.(b) G.S. 62-110(g) reads as rewritten:

"(g) In addition to the authority to issue a certificate of public convenience and necessity and establish rates otherwise granted in this Chapter, for the purpose of encouraging water conservation, the Commission may, consistent with the public

interest, adopt procedures that allow a lessor to charge for the costs of providing water or sewer service to persons who occupy the ~~same contiguous~~ leased premises. The following provisions shall apply:

(1) All charges for water or sewer service shall be based on the user's metered consumption of water, which shall be determined by metered measurement of all water consumed. The rate charged by the lessor shall not exceed the unit consumption rate charged by the supplier of the service.

(1a) If the ~~contiguous~~ leased premises ~~were~~ are contiguous dwelling units built prior to ~~1989~~ 1989, and the lessor determines that the measurement of the tenant's total water usage is impractical or not economical, the lessor may allocate the cost for water and sewer service to the tenant using equipment that measures the tenant's hot water usage. In that case, each tenant shall be billed a percentage of the landlord's water and sewer costs for water usage in the dwelling units based upon the hot water used in the tenant's dwelling unit. The percentage of total water usage allocated for each dwelling unit shall be equal to that dwelling unit's individually submetered hot water usage divided by all submetered hot water usage in all dwelling units. The following conditions apply to billing for water and sewer service under this subdivision:

a. A lessor shall not utilize a ratio utility billing system or other allocation billing system that does not rely on individually submetered hot water usage to determine the allocation of water and sewer costs.

b. The lessor shall not include in a tenant's bill the cost of water and sewer service used in common areas or water loss due to leaks in the lessor's water mains. A lessor shall not bill or attempt to collect for excess water usage resulting from a plumbing malfunction or other condition that is not known to the tenant or that has been reported to the lessor.

c. All equipment used to measure water usage shall comply with guidelines promulgated by the American Water Works Association.

d. The lessor shall maintain records for a minimum of 12 months that demonstrate how each tenant's allocated costs were calculated for water and sewer service. Upon advanced written notice to the lessor, a tenant may inspect the records during reasonable business hours.

e. Bills for water and sewer service sent by the lessor to the tenant shall contain all the following information:

1. The amount of water and sewer services allocated to the tenant during the billing period.
2. The method used to determine the amount of water and sewer services allocated to the tenant.
3. Beginning and ending dates for the billing period.
4. The past-due date, which shall not be less than 25 days after the bill is mailed.
5. A local or toll-free telephone number and address that the tenant can use to obtain more information about the bill.

(2) The lessor may charge a reasonable administrative fee for providing water or sewer service not to exceed the maximum administrative fee authorized by the Commission.

(3) The Commission shall ~~issue~~ adopt rules to ~~define contiguous premises and to~~ implement this subsection. ~~In issuing the rule to define contiguous premises, the Commission shall consider contiguous premises where manufactured homes, as defined in G.S. 143-145(7), or spaces for manufactured homes are rented.~~

(4) The Commission shall develop an application that lessors must submit for authority to charge for water or sewer service. The form shall include all of the following:

a. A description of the applicant and the property to be served.
b. A description of the proposed billing method and billing statements.
c. The schedule of rates charged to the applicant by the supplier.
d. The schedule of rates the applicant proposes to charge the applicant's customers.
e. The administrative fee proposed to be charged by the applicant.
f. The name of and contact information for the applicant and its agents.
g. The name of and contact information for the supplying water or sewer system.
h. Any additional information that the Commission may require.

(4a) The Commission shall develop an application that lessors must submit for authority to charge for water or sewer service at single-family homes that allows the applicant to serve multiple homes in the State subject to single Commission approval. The form shall include all of the following:

a. A description of the applicant and a listing of the address of all the properties to be served, which shall be updated annually with the Commission.
b. A description of the proposed billing method and billing statements.
c. The administrative fee proposed to be charged by the applicant.
d. The name and contact information for the applicant and its agents.
e. Any additional information the Commission may require.

(5) The Commission shall approve or disapprove an application within 30 days of the filing of a completed application with the Commission. If the Commission has not issued an order disapproving a completed application within 30 days, the application shall be deemed approved.

(6) A provider of water or sewer service under this subsection may increase the rate for service so long as the rate does not exceed the unit consumption rate charged by the supplier of the service. A provider of water or sewer service under this subsection may change the administrative fee so long as the administrative fee does not exceed the maximum administrative fee authorized by the Commission. In order to change the rate or administrative fee, the provider shall file a notice of revised schedule of rates and fees with the Commission. The Commission may prescribe the form by which the provider files a notice of a revised schedule of rates and fees under this subsection. The form shall include all of the following:

a. The current schedule of the unit consumption rates charged by the provider.

b. The schedule of rates charged by the supplier to the provider that the provider proposes to pass through to the provider's customers.

c. The schedule of the unit consumption rates proposed to be charged by the provider.

d. The current administrative fee charged by the provider, if applicable.

e. The administrative fee proposed to be charged by the provider.

(7) A notification of revised schedule of rates and fees shall be presumed valid and shall be allowed to become effective upon 14 days notice to the Commission, unless otherwise suspended or disapproved by order issued within 14 days after filing.

(8) Notwithstanding any other provision of this Chapter, the Commission shall determine the extent to which the services shall be regulated and, to the extent necessary to protect the public interest, regulate the terms, conditions, and rates that may be charged for the services. Nothing in this subsection shall be construed to alter the rights, obligations, or remedies of persons providing water or sewer services and their customers under any other provision of law.

(9) A provider of water or sewer service under this subsection shall not be required to file annual reports pursuant to G.S. 62-36 or to furnish a bond pursuant to G.S. 62-110.3."

CLARIFY THAT RECYCLING PROGRAMS BY LOCAL SCHOOL BOARDS MUST COMPLY WITH G.S. 160A-327

SECTION 2.3. G.S. 115C-47(41) reads as rewritten:

"(41) To Encourage Recycling in Public Schools. – Local boards of education shall encourage recycling in public schools and may develop and implement recycling programs at public schools. Local boards of education shall comply with G.S. 160A-327."

REZONING/SIMULTANEOUS COMPREHENSIVE PLAN AMENDMENT

SECTION 2.4.(a) G.S. 153A-341 reads as rewritten:

"**§ 153A-341. Purposes in view.**

(a) Zoning regulations shall be made in accordance with a comprehensive plan.

(b) Prior to adopting or rejecting any zoning amendment, the governing board shall adopt ~~a statement~~ one of the following statements which shall not be subject to judicial review:

(1) A statement approving the zoning amendment and describing ~~whether its action is consistent~~ its consistency with an adopted comprehensive plan and explaining why ~~the board considers~~ the action taken ~~to be~~ is reasonable and in the public interest. ~~That statement is not subject to judicial review. The~~

(2) A statement rejecting the zoning amendment and describing its inconsistency with an adopted comprehensive plan and explaining why the action taken is reasonable and in the public interest.

(3) A statement approving the zoning amendment and containing at least all of the following:

a. A declaration that the approval is also deemed an amendment to the comprehensive plan. The governing board shall not require any additional request or application for amendment to the comprehensive plan.

b. An explanation of the change in conditions the governing board took into account in amending the zoning ordinance to meet the development needs of the community.

c. Why the action was reasonable and in the public interest.

(c) Prior to consideration by the governing board of the proposed zoning amendment, the planning board shall advise and comment on whether the proposed amendment is consistent with any comprehensive ~~plan that has been adopted and any other officially adopted plan that is applicable.~~ plan. The planning board shall provide a written recommendation to the governing board ~~of county commissioners~~ that addresses plan consistency and other matters as deemed appropriate by the planning board, but a comment by the planning board that a proposed amendment is inconsistent with the comprehensive plan shall not preclude consideration or approval of the proposed amendment by the governing board.

(d) Zoning regulations shall be designed to promote the public health, safety, and general welfare. To that end, the regulations may address, among other things, the following public purposes: to provide adequate light and air; to prevent the overcrowding of land; to avoid undue concentration of population; to lessen congestion in the streets; to secure safety from fire, panic, and dangers; and to facilitate the efficient and adequate provision of transportation, water, sewerage, schools, parks, and other public requirements. The regulations shall be made with reasonable consideration as to, among other things, the character of the district and its peculiar suitability for particular uses, and with a view to conserving the value of buildings and encouraging the most appropriate use of land throughout the county. In addition, the regulations shall be made with reasonable consideration to expansion and development of any cities within the county, so as to provide for their orderly growth and development.

(e) As used in this section, "comprehensive plan" includes a unified development ordinance and any other officially adopted plan that is applicable."

SECTION 2.4.(b) G.S. 153A-349.13 reads as rewritten:

"**§ 153A-349.13. Relationship of agreement to building or housing ~~code.~~code; comprehensive plan amendment.**

(a) A development agreement adopted pursuant to this Chapter shall not exempt the property owner or developer from compliance with the State Building Code or State or local housing codes that are not part of the local government's planning, zoning, or subdivision regulations.

(b) When the governing board approves the rezoning of any property associated with a development agreement adopted pursuant to this Chapter, the provisions of G.S. 153A-341 apply."

SECTION 2.4.(c) G.S. 160A-383 reads as rewritten:

"**§ 160A-383. Purposes in view.**

(a) Zoning regulations shall be made in accordance with a comprehensive plan. ~~When~~

(b) Prior to adopting or rejecting any zoning amendment, the governing board shall ~~also approve a statement~~ adopt one of the following statements which shall not be subject to judicial review:

(1) A statement approving the zoning amendment and describing ~~whether its action is consistent~~ its consistency with an adopted comprehensive plan and ~~any other officially adopted plan that is applicable, and briefly~~ explaining why ~~the board considers~~ the action taken ~~to be~~ is reasonable and in the public interest. ~~That statement is not subject to judicial review. The~~

(2) A statement rejecting the zoning amendment and describing its inconsistency with an adopted comprehensive plan and explaining why the action taken is reasonable and in the public interest.

(3) A statement approving the zoning amendment and containing at least all of the following:

a. A declaration that the approval is also deemed an amendment to the comprehensive plan. The governing board shall not require any additional request or application for amendment to the comprehensive plan.

b. An explanation of the change in conditions the governing board took into account in amending the zoning ordinance to meet the development needs of the community.

c. Why the action was reasonable and in the public interest.

(c) Prior to consideration by the governing board of the proposed zoning amendment, the planning board shall advise and comment on whether the proposed amendment is consistent with any comprehensive ~~plan that has been adopted and any other officially adopted plan that is applicable.~~ plan. The planning board shall provide a written recommendation to the governing board that addresses plan consistency and other matters as deemed appropriate by the planning board, but a comment by the planning board that a proposed amendment is inconsistent with the comprehensive plan shall not preclude consideration or approval of the proposed amendment by the governing board.

(d) Zoning regulations shall be designed to promote the public health, safety, and general welfare. To that end, the regulations may address, among other things, the following public purposes: to provide adequate light and air; to prevent the overcrowding of land; to avoid undue concentration of population; to lessen congestion in the streets; to secure safety from fire, panic, and dangers; and to facilitate the efficient and adequate provision of transportation, water, sewerage, schools, parks, and other public requirements. The regulations shall be made with reasonable consideration, among other things, as to the character of the district and its peculiar suitability for particular uses, and with a view to conserving the value of buildings and encouraging the most appropriate use of land throughout such city.

(e) As used in this section, "comprehensive plan" includes a unified development ordinance and any other officially adopted plan that is applicable."

SECTION 2.4.(d) G.S. 160A-400.32 reads as rewritten:

"**§ 160A-400.32. Relationship of agreement to building or housing ~~code.~~code; comprehensive plan amendment.**

(a) A development agreement adopted pursuant to this Chapter shall not exempt the property owner or developer from compliance with the State Building Code or State or local housing codes that are not part of the local government's planning, zoning, or subdivision regulations.

(b) When the governing board approves the rezoning of any property associated with a development agreement adopted pursuant to this Chapter, the provisions of G.S. 160A-383 apply."

SECTION 2.4.(e) Nothing in this section shall repeal, modify, or amend any prior or subsequent local act giving authority to a governing board to delegate zoning decisions to a planning board, planning agency, or planning commission.

SECTION 2.4.(f) This section becomes effective October 1, 2017, and applies to proposed zoning amendment applications filed on or after that date.

PARENT PARCEL/SUBDIVISION CLARIFICATION

SECTION 2.5.(a) G.S. 153A-335 reads as rewritten:

"**§ 153A-335. "Subdivision" defined.**

(a) For purposes of this Part, "subdivision" means all divisions of a tract or parcel of land into two or more lots, building sites, or other divisions when any one or more of those divisions are created for the purpose of sale or building development (whether immediate or future) and includes all division of land involving the dedication of a new street or a change in existing streets; however, the following is not included within this definition and is not subject to any regulations enacted pursuant to this Part:

(1) The combination or recombination of portions of previously subdivided and recorded lots if the total number of lots is not increased and the resultant lots are equal to or exceed the standards of the county as shown in its subdivision regulations.

(2) The division of land into parcels greater than 10 acres if no street right-of-way dedication is involved.

(3) The public acquisition by purchase of strips of land for widening or opening streets or for public transportation system corridors.

(4) The division of a tract in single ownership the entire area of which is no greater than two acres into not more than three lots, if no street right-of-way dedication is involved and if the resultant lots are equal to or exceed the standards of the county as shown by its subdivision regulations.

(5) The division of a tract into parcels in accordance with the terms of a probated will or in accordance with intestate succession under Chapter 29 of the General Statutes.

(b) A county may provide for expedited review of specified classes of subdivisions.

(c) The county may require only a plat for recordation for the division of a tract or parcel of land in single ownership if all of the following criteria are met:

(1) The tract or parcel to be divided is not exempted under subdivision (2) of subsection (a) of this section.

(2) No part of the tract or parcel to be divided has been divided under this subsection in the 10 years prior to division.

(3) The entire area of the tract or parcel to be divided is greater than five acres.

(4) After division, no more than three lots result from the division.

(5) After division, all resultant lots comply with all of the following:

a. Any lot dimension size requirements of the applicable land-use regulations, if any.

b. The use of the lots is in conformity with the applicable zoning requirements, if any.

c. A permanent means of ingress and egress is recorded for each lot."

SECTION 2.5.(b) G.S. 160A-376 reads as rewritten:

"**§ 160A-376. Definition.**

(a) For the purpose of this Part, "subdivision" means all divisions of a tract or parcel of land into two or more lots, building sites, or other divisions when any one or more of those divisions is created for the purpose of sale or building development (whether immediate or future) and shall include all divisions of land involving the dedication of a new street or a change in existing streets; but the following shall not be included within this definition nor be subject to the regulations authorized by this Part:

(1) The combination or recombination of portions of previously subdivided and recorded lots where the total number of lots is not increased and the resultant lots are equal to or exceed the standards of the municipality as shown in its subdivision regulations.

(2) The division of land into parcels greater than 10 acres where no street right-of-way dedication is involved.

(3) The public acquisition by purchase of strips of land for the widening or opening of streets or for public transportation system corridors.

(4) The division of a tract in single ownership whose entire area is no greater than two acres into not more than three lots, where no street right-of-way dedication is involved and where the resultant lots are equal to or exceed the standards of the municipality, as shown in its subdivision regulations.

(5) The division of a tract into parcels in accordance with the terms of a probated will or in accordance with intestate succession under Chapter 29 of the General Statutes.

(b) A city may provide for expedited review of specified classes of subdivisions.

(c) The city may require only a plat for recordation for the division of a tract or parcel of land in single ownership if all of the following criteria are met:

(1) The tract or parcel to be divided is not exempted under subdivision (2) of subsection (a) of this section.

(2) No part of the tract or parcel to be divided has been divided under this subsection in the 10 years prior to division.

(3) The entire area of the tract or parcel to be divided is greater than five acres.

(4) After division, no more than three lots result from the division.

(5) After division, all resultant lots comply with all of the following:

a. Any lot dimension size requirements of the applicable land-use regulations, if any.

b. The use of the lots is in conformity with the applicable zoning requirements, if any.

c. A permanent means of ingress and egress is recorded for each lot."

SECTION 2.5.(c) This section becomes effective July 1, 2017.

PROGRAM EVALUATION TO STUDY NONPROFIT CONTRACTING

SECTION 2.6.(a) The Joint Legislative Program Evaluation Oversight Committee may amend the 2016-2017 Program Evaluation Division work plan to direct the Division to study State law and internal agency policies and procedures for delivery of public services through State grants and contracts to nonprofit organizations. The study shall include, but not be limited to, how nonprofit organizations are compensated for actual, reasonable, documented indirect costs, and the extent to which any underpayment for indirect costs reduces the efficiency or effectiveness of the delivery of public services. The study shall propose improvements to State law and internal agency policies and procedures, if necessary, to remove unnecessary impediments to the efficient and effective delivery of public services, including, but not limited to, late execution of contracts, late payments, and late reimbursements. In conducting the study, the Division may require each State agency to provide data maintained by the agency to determine any of the following:

(1) The timeliness of delivery and execution of contracts.

(2) The timeliness of payment for services that have been delivered.

(3) The extent to which nonprofit contractors or grantees are reimbursed for their indirect costs.

(4) The contact information for all nonprofit grantees and contractors.

SECTION 2.6.(b) If the study is conducted, the Division shall submit a report on the results of the study to the Joint Legislative Program Evaluation Oversight Committee and the Joint Legislative Commission on Governmental Operations no later than September 1, 2018.

SECTION 2.6.(c) This section becomes effective September 1, 2017.

RENAME AND AMEND THE BOARD OF REFRIGERATION EXAMINERS

SECTION 2.7.(a) Article 5 of Chapter 87 of the General Statutes reads as rewritten:

"Article 5.

"Refrigeration Contractors.

"**§ 87-52. State Board of Refrigeration ~~Examiners;~~ Contractors; appointment; term of office.**

~~(a)~~ For the purpose of carrying out the provisions of this Article, the State Board of Refrigeration ~~Examiners~~ Contractors is created, consisting of seven members appointed by the Governor to serve seven-year staggered terms. The Board shall consist ~~of one member who is a wholesaler or a manufacturer of refrigeration equipment; one member from an engineering school of The University of North Carolina, one member from the Division of Public Health of The University of North Carolina, two licensed refrigeration contractors, one member who has no ties with the construction industry~~

(b) ~~to represent the interest of the public at large, and one member with an engineering background in refrigeration.~~of:

(1) One member who is a wholesaler or a manufacturer of refrigeration equipment.

(2) One member from an accredited engineering school located in this State.

(3) One member from the field of public health with an environmental science background from an accredited college or university located in this State.

(4) Two members who are licensed refrigeration contractors.

(5) One member who has no ties with the construction industry to represent the interest of the public at large.

(6) One member with an engineering background in refrigeration.

(b) The term of office of one member shall expire each year. Vacancies occurring during a term shall be filled by appointment of the Governor for the unexpired term. Whenever the term "Board" is used in this Article, it means the State Board of Refrigeration ~~Examiners.~~Contractors. No Board member shall serve more than one complete consecutive term.

…

"**§ 87-58. Definitions; contractors licensed by Board; examinations.**

(a) ~~As applied~~ The provisions of this Article shall not repeal any wording, phrase, or paragraph as set forth in Article 2 of this Chapter. The following definitions apply in this ~~Article, "refrigeration trade or business" is defined to include all~~ Article:

(1) Commercial refrigeration contractor. – All persons, ~~firms~~ firms, or corporations engaged in the installation, maintenance, servicing and repairing of refrigerating machinery, equipment, devices and components relating ~~thereto and within limits as set forth in the codes, laws and regulations governing refrigeration installation, maintenance, service and repairs within the State of North Carolina or any of its political subdivisions. The provisions of this Article shall not repeal any wording, phrase, or paragraph as set forth in Article 2 of Chapter 87 of the General Statutes.~~thereto.

(2) Industrial refrigeration contractor. – All persons, firms, or corporations engaged in commercial refrigeration contracting with the use of ammonia as a refrigerant gas.

(3) Refrigeration service contractor. – All persons, firms, or corporations engaged in the maintenance, servicing, and repairing of refrigerating machinery, equipment, devices, and components relating thereto.

(4) Transport refrigeration contractor. – All persons, firms, or corporations engaged in the business of installation, maintenance, repairing, and servicing of transport refrigeration.

(a1) This Article shall not apply to any of the following:

(1) The installation of self-contained commercial refrigeration units equipped with an Original Equipment Manufacturer (OEM) molded plug that does not require the opening of service ~~valves or replacement of lamps, fuses, and door gaskets.~~valves.

(2) The installation and servicing of domestic household self-contained refrigeration appliances equipped with an OEM molded plug connected to suitable receptacles which have been permanently installed and do not require the opening of service valves.

(3) Employees of persons, firms, or corporations or persons, firms or corporations, not engaged in refrigeration contracting as herein defined, that install, maintain and service their own refrigerating machinery, equipment and devices.

(4) Any person, firm or corporation engaged in the business of selling, repairing and installing any comfort cooling devices or systems.

(5) The replacement of lamps, fuses, and door gaskets.

(b) ~~The term "refrigeration contractor" means a person, firm or corporation engaged in the business of refrigeration contracting.~~The Board shall establish and issue the following licenses:

(1) A Class I license shall be required for any person engaged in the business of commercial refrigeration contracting.

(2) A Class II license shall be required for any person engaged in the business of industrial refrigeration contracting.

(3) A Class III license shall be required for any person engaged in the business of refrigeration service contracting.

(4) A Class IV license shall be required for any person engaged in the business of transport refrigeration contracting.

~~(b1) The term "transport refrigeration contractor" means a person, firm, or corporation engaged in the business of installation, maintenance, servicing, and repairing of transport refrigeration.~~

(c) Any person, firm or corporation who for valuable consideration engages in the refrigeration business or trade as herein defined shall be deemed and held to be in the business of refrigeration contracting.

(d) In order to protect the public health, comfort and safety, the Board shall prescribe the standard of experience to be required of an applicant for license and shall give an examination designed to ascertain the technical and practical knowledge of the applicant concerning the analysis of plans and specifications, estimating cost, fundamentals of installation and design as they pertain to refrigeration; and as a result of the examination, the Board shall issue a certificate of license in refrigeration to applicants who pass the required examination and a license shall be obtained in accordance with the provisions of this Article, before any person, firm or corporation shall engage in, or offer to engage in the business of refrigeration contracting. The Board shall prescribe standards for ~~and issue licenses for refrigeration contracting and for transport refrigeration contracting. A transport refrigeration contractor license is a specialty license that authorizes the licensee to engage only in transport refrigeration contracting. A refrigeration contractor licensee is authorized to engage in transport refrigeration and all other aspects of refrigeration contracting.~~all license classifications.

Each application for examination shall be accompanied by a check, post-office money order or cash in the amount of the annual license fee required by this Article. Regular examinations shall be given in the Board's office by appointment.

…

(k) Upon application and payment of the fee for license renewal provided in G.S. 87-64, the Board shall issue a certificate of license to any licensee whose business activities require a Class I or Class II license if that licensee had an established place of business and was licensed pursuant to this Article prior to January 1, 2018.

…

"**§ 87-64. Examination and license fees; annual renewal.**

(a) Each applicant for a license by examination shall pay to the Board of Refrigeration ~~Examiners~~ Contractors a nonrefundable examination fee in an amount to be established by the Board not to exceed the sum of ~~forty~~ one hundred dollars ~~($40.00). In the event the applicant successfully passes the examination, the examination fee shall be applied to the license fee required of licensees for the current year in which the examination was taken and passed.~~($100.00).

(b) The license of every person licensed under the provisions of this statute shall be annually renewed. Effective January 1, 2012, the Board may require, as a prerequisite to the annual renewal of a license, that licensees complete continuing education courses in subjects related to refrigeration contracting to ensure the safe and proper installation of commercial and transport refrigeration work and equipment. On or before November 1 of each year the Board shall cause to be mailed an application for renewal of license to every person who has received from the Board a license to engage in the refrigeration

business, as heretofore defined. On or before January 1 of each year every licensed person who desires to continue in the refrigeration business shall forward to the Board a nonrefundable renewal fee in an amount to be established by the Board not to exceed ~~forty~~ eighty dollars ~~($40.00)~~ ($80.00) together with the application for renewal. Upon receipt of the application and renewal fee the Board shall issue a renewal certificate for the current year. Failure to renew the license annually shall automatically result in a forfeiture of the right to engage in the refrigeration business.

(c) Any licensee who allows the license to lapse may be reinstated by the Board upon payment of a nonrefundable late renewal fee in an amount to be established by the Board not to exceed ~~seventy-five~~ one hundred sixty dollars ~~($75.00).~~ ($160.00) together with the application for renewal. Any person who fails to renew a license for two consecutive years shall be required to take and pass the examination prescribed by the Board for new applicants before being licensed to engage further in the refrigeration business."

SECTION 2.7.(b) This section becomes effective January 1, 2018, and applies to applications submitted and Board membership appointments on or after that date.

AMEND DEFINITION OF ANTIQUE AUTOMOBILE

SECTION 2.8. G.S. 105-330.9 reads as rewritten:

"**§ 105-330.9. Antique automobiles.**

(a) Definition. – For the purpose of this section, the term "antique automobile" means a motor vehicle that meets all of the following conditions:

(1) It is registered with the Division of Motor Vehicles and has an historic vehicle special license plate under G.S. 20-79.4.

(2) It is maintained primarily for use in exhibitions, club activities, parades, and other public interest functions.

(3) It is used only occasionally for other purposes.

(4) It is owned by an ~~individual.~~individual, or owned directly or indirectly through one or more pass-through entities, by an individual.

(5) It is used by the owner for a purpose other than the production of income and is not used in connection with a business.

(b) Classification. – Antique automobiles are designated a special class of property under Article V, Sec. 2(2) of the North Carolina Constitution and must be assessed for taxation in accordance with this section. An antique automobile must be assessed at the lower of its true value or five hundred dollars ($500.00)."

COPIES OF CERTAIN PUBLIC RECORDS

SECTION 2.9.(a) G.S. 132-6.1 reads as rewritten:

"**§ 132-6.1. Electronic data-processing and computer databases as public records.**

(a) ~~After June 30, 1996, no public agency shall purchase, lease, create, or otherwise acquire any electronic data-processing system for the storage, manipulation, or retrieval of~~ Databases purchased, leased, created, or otherwise acquired by every public agency containing public records ~~unless it first determines that the system will~~ shall be designed and maintained in a manner that does not impair or impede the public agency's ability to permit the public inspection and ~~examination, and to provide electronic~~ examination of public records and provides a means of obtaining copies of such records. Nothing in this subsection shall be construed to require the retention by the public agency of obsolete hardware or software.

(a1) Notwithstanding G.S. 132-6.2(a), a public agency may satisfy the requirement under G.S. 132-6 to provide access to public records in computer databases by making public records in computer databases individually available online in a format that allows a person to view the public record and print or save the public record to obtain a copy. A public agency that provides access to public records under this subsection is not required to provide access to the public records in the computer database in any other way; provided, however, that a public agency that provides access to public records in computer databases shall also allow inspection of any of such public records that the public agency also maintains in a nondigital medium.

~~(b) Every public agency shall create an index of computer databases compiled or created by a public agency on the following schedule:~~

~~State agencies by July 1, 1996;~~

~~Municipalities with populations of 10,000 or more, counties with populations of 25,000 or more, as determined by the 1990 U.S. Census, and public hospitals in those counties, by July 1, 1997;~~

~~Municipalities with populations of less than 10,000, counties with populations of less than 25,000, as determined by the 1990 U.S. Census, and public hospitals in those counties, by July 1, 1998;~~

~~Political subdivisions and their agencies that are not otherwise covered by this schedule, after June 30, 1998.The index shall be a public record and shall include, at a minimum, the following information with respect to each database listed therein: a list of the data fields; a description of the format or record layout; information as to the frequency with which the database is updated; a list of any data fields to which public access is restricted; a description of each form in which the database can be copied or reproduced using the agency's computer facilities; and a schedule of fees for the production of copies in each available form. Electronic databases compiled or created prior to the date by which the index must be created in accordance~~

~~with this subsection may be indexed at the public agency's option. The form, content, language, and guidelines for the index and the databases to be indexed shall be developed by the Office of Archives and History in consultation with officials at other public agencies.~~

(c) Nothing in this section shall require a public agency to create a computer database that the public agency has not otherwise created or is not otherwise required to be created. Nothing in this section requires a public agency to disclose security features of its electronic data processing systems, information technology systems, telecommunications networks, or electronic security systems, including hardware or software security, passwords, or security standards, procedures, processes, configurations, software, and codes.

(d) The following definitions apply in this section:

(1) Computer database. – A structured collection of data or documents residing in a database management program or spreadsheet software.

(2) Computer hardware. – Any tangible machine or device utilized for the electronic storage, manipulation, or retrieval of data.

(3) Computer program. – A series of instructions or statements that permit the storage, manipulation, and retrieval of data within an electronic data-processing system, together with any associated documentation. The term does not include the original data, or any analysis, compilation, or manipulated form of the original data produced by the use of the program or software.

(4) Computer software. – Any set or combination of computer programs. The term does not include the original data, or any analysis, compilation, or manipulated form of the original data produced by the use of the program or software.

(5) Electronic data-processing system. – Computer hardware, computer software, or computer programs or any combination thereof, regardless of kind or origin.

(6) Media or medium – The physical medium on which information is stored in recoverable form."

SECTION 2.9.(b) G.S. 132-6 reads as rewritten:

"**§ 132-6. ~~Inspection and~~ Inspection, examination and copies of public records.**

(a) Every custodian of public records shall permit any record in the custodian's custody to be inspected and examined at reasonable times and under reasonable supervision by any person, and shall, as promptly as possible, furnish copies thereof upon payment of any fees as may be prescribed by law. As used herein, "custodian" does not mean an agency that holds the public records of other agencies solely for purposes of storage or safekeeping or solely to provide data processing.

(a1) A public agency or custodian may satisfy the requirements in subsection (a) of this section by making public records available online in a format that allows a person to view the public record and print or save the public record to obtain a copy. If the public agency or custodian maintains public records online in a format that allows a person to view and print or save the public records to obtain a copy, the public agency or custodian is not required to provide copies to these public records in any other way.

(b) No person requesting to inspect and examine public records, or to obtain copies thereof, shall be required to disclose the purpose or motive for the request.

(c) No request to inspect, examine, or obtain copies of public records shall be denied on the grounds that confidential information is commingled with the requested nonconfidential information. If it is necessary to separate confidential from nonconfidential information in order to permit the inspection, examination, or copying of the public records, the public agency shall bear the cost of such ~~separation on the following schedule:~~ separation.

~~State agencies after June 30, 1996;~~

~~Municipalities with populations of 10,000 or more, counties with populations of 25,000 or more, as determined by the 1990 U.S. Census, and public hospitals in those counties, after June 30, 1997;~~

~~Municipalities with populations of less than 10,000, counties with populations of less than 25,000, as determined by the 1990 U.S. Census, and public hospitals in those counties, after June 30, 1998;~~

~~Political subdivisions and their agencies that are not otherwise covered by this schedule, after June 30, 1998.~~

(d) Notwithstanding the provisions of subsections (a) and (b) of this section, public records relating to the proposed expansion or location of specific business or industrial projects may be withheld so long as their inspection, examination or copying would frustrate the purpose for which such public records were created; provided, however, that nothing herein shall be construed to permit the withholding of public records relating to general economic development policies or activities. Once the State, a local government, or the specific business has announced a commitment by the business to expand or locate a specific project in this State or the business has made a final decision not to do so, of which the State or local government agency involved with the project knows or should know, the provisions of this subsection allowing public records to be withheld by the agency no longer apply. Once the provisions of this subsection no longer apply, the agency shall disclose as soon as practicable, and within 25 business days, public records requested for the announced project that are not otherwise made confidential by law. An announcement that a business or industrial project has committed to expand or locate in the State shall not require disclosure of local government records relating to the project if the business has not selected a specific location within the State for the project. Once a specific location for the project has been determined, local government records must be disclosed, upon request, in accordance with the provisions of this section. For purposes of this section, "local government records" include records maintained by the State that relate to a local government's efforts to attract the project.

Records relating to the proposed expansion or location of specific business or industrial projects that are in the custody of the Department of Commerce or an entity with which the Department contracts pursuant to G.S. 143B-431.01 shall be treated as follows:

(1) Unless controlled by another subdivision of this subsection, the records may be withheld if their inspection, examination, or copying would frustrate the purpose for which the records were created.

(2) If no discretionary incentives pursuant to Chapter 143B of the General Statutes are requested for a project and if the specific business decides to expand or locate the project in the State, then the records relating to the project shall not be disclosed.

(3) If the specific business has requested discretionary incentives for a project pursuant to Chapter 143B of the General Statutes and if either the business decides not to expand or locate the project in the State or the project does not receive the discretionary incentives, then the only records relating to the project that may be disclosed are the requests for discretionary incentives pursuant to Chapter 143B of the General Statutes and any information submitted to the Department by the contracted entity.

(4) If the specific business receives a discretionary incentive for a project pursuant to Chapter 143B of the General Statutes and the State or the specific business announces a commitment to expand or locate the project in this State, all records requested for the announced project, not otherwise made confidential by law, shall be disclosed as soon as practicable and within 25 days from the date of announcement.

(e) The application of this Chapter is subject to the provisions of Article 1 of Chapter 121 of the General Statutes, the North Carolina Archives and History Act.

(f) Notwithstanding the provisions of ~~subsection (a)~~ subsections (a) and (a1) of this section, the inspection or copying of any public record which, because of its age or condition could be damaged during inspection or copying, may be made subject to reasonable restrictions intended to preserve the particular record."

SECTION 2.9.(c) This section becomes effective July 1, 2017.

SPECIFY LOCATION OF LIEUTENANT GOVERNOR'S OFFICE

SECTION 2.10. G.S. 143A-5 reads as rewritten:

"**§ 143A-5. Office of the Lieutenant Governor.**

The Lieutenant Governor shall maintain an office in ~~a State building~~ the Hawkins-Hartness House located at 310 North Blount Street in the City of Raleigh which office shall be open during normal working hours throughout the year. The Lieutenant Governor shall serve as President of the Senate and perform such additional duties as the Governor or General Assembly may assign to him. This section shall become effective January 1, 1973."

CLARIFY THAT DOT STORMWATER REQUIREMENTS ARE APPLICABLE TO STATE ROAD CONSTRUCTION UNDERTAKEN BY PRIVATE PARTIES

SECTION 2.11. Chapter 136 of the General Statutes is amended by adding a new section to read:

"**§ 136-28.6B. Applicable stormwater regulation.**

For the purposes of stormwater regulation, any construction undertaken by a private party pursuant to the provisions of G.S. 136-18(17), 136-18(27), 136-18(29), 136-18(29a), 136-28.6, or 136-28.6A shall be considered to have been undertaken by the Department, and the stormwater law and rules applicable to the Department shall apply."

DOT/PERMIT PROCESS REVISIONS & REIMBURSEMENT FOR MOVING CERTAIN UTILITIES

SECTION 2.12.(a) Uniform Process for Issuing Permits; Report. – For each type of permit issued by the Highway Divisions under Chapter 136 of the General Statutes, the Department of Transportation shall make uniform all processes and procedures followed by the Highway Divisions when issuing that type of permit no later than June 30, 2018. No later than June 30, 2018, the Department shall report to the following on the implementation of this subsection, including (i) what processes and procedures were adjusted, (ii) how were the identified processes and procedures adjusted, and (iii) a comparison of the average length of time for obtaining each type of permit before and after implementation of this section:

(1) If the General Assembly is in session at the time of the report, to the chairs of the House of Representatives Committee on Transportation Appropriations and the Senate Appropriations Committee on Department of Transportation.

(2) If the General Assembly is not in session at the time of the report, to the chairs of the Joint Legislative Transportation Oversight Committee.

SECTION 2.12.(b) Allow Electronic Submission of Permits. – Article 7 of Chapter 136 of the General Statutes is amended by adding a new section to read:

"**§ 136-93.01. Electronic submission of permits authorized.**

Except as otherwise prohibited under federal law, an application submitted for a permit issued by the Department of Transportation or its agents under this Chapter may be submitted electronically in a manner approved by the Department. If submitted electronically, a paper copy of the application shall not be required."

SECTION 2.12.(c) G.S. 136-19.5(c) reads as rewritten:

"(c) Whenever the Department of Transportation requires the relocation of ~~utilities~~ utilities, including cable service as defined in G.S. 105-164.3, located in a right-of-way for which the utility owner contributed to the cost of acquisition, the Department of Transportation shall reimburse the utility owner for the cost of moving those utilities."

SECTION 2.12.(d) Notwithstanding G.S. 150B-21.1(a), the Department of Transportation may adopt temporary rules to implement the provisions of this section.

SECTION 2.12.(e) Subsection (b) of this section becomes effective July 1, 2018. The remainder of this section is effective when it becomes law.

AMENDMENTS TO GENERAL CONTRACTOR LICENSURE

SECTION 2.13.(a) G.S. 87-10 reads as rewritten:

"**§ 87-10. Application for license; examination; certificate; renewal.**

(a) Anyone seeking to be licensed as a general contractor in this State shall ~~file~~ submit an ~~application for an examination on a form provided by the Board, at least 30 days before any regular or special meeting of the Board.~~application. Before being entitled to an examination, an applicant shall:

(1) Be at least 18 years of age.

(2) Possess good moral character as determined by the Board.

(3) Provide evidence of financial responsibility as determined by the Board.

(4) Submit the appropriate application fee.

(a1) The Board ~~may~~ shall require ~~the~~ an applicant to pay the Board or a provider contracted by the Board an examination fee not to exceed one hundred dollars ~~($100.00) and pay to~~ ($100.00). In addition, the Board shall require an applicant to pay the Board a ~~license~~ fee not to exceed one hundred twenty-five dollars ($125.00) if the application is for an unlimited license, one hundred dollars ($100.00) if the application is for an intermediate license, or seventy-five dollars ($75.00) if the application is for a limited license. The fees accompanying any application or examination shall be nonrefundable. The holder of an unlimited license shall be entitled to act as general contractor without restriction as to value of any single project; the holder of an intermediate license shall be entitled to act as general contractor for any single project with a value of up to one million dollars ~~($1,000,000);~~ ($1,000,000), excluding the cost of land and any ancillary costs to improve the land; the holder of a limited license shall be entitled to act as general contractor for any single project with a value of up to five hundred thousand dollars ~~($500,000); and the~~ ($500,000), excluding the cost of land and any ancillary costs to improve the land. The license certificate shall be classified in accordance with this section. ~~Before being entitled to an examination an applicant must show to the satisfaction of the Board from the application and proofs furnished that the applicant is possessed of a good character and is otherwise qualified as to competency, ability, integrity, and financial responsibility, and that the applicant has not committed or done any act, which, if committed or done by any licensed contractor would be grounds under the provisions hereinafter set forth for the suspension or revocation of contractor's license, or that the applicant has not committed or done any act involving dishonesty, fraud, or deceit, or that the applicant has never been refused a license as a general contractor nor had such license revoked, either in this State or in another state, for reasons that should preclude the granting of the license applied for, and that the applicant has never been convicted of a felony involving moral turpitude, relating to building or contracting, or involving embezzlement or misappropriation of funds or property entrusted to the applicant: Provided, no applicant shall be refused the right to an examination, except in accordance with the provisions of Chapter 150B of the General Statutes.~~

(b) ~~The Board shall conduct an examination, either oral or written, of all applicants for license to ascertain, for the classification of license for which the applicant has applied:~~ An applicant shall identify an individual who has successfully passed an examination approved by the Board who, for purposes of this section, shall be known as the "qualifier" or the "qualifying party" of the applicant. If the qualifier or the qualifying party seeks to take an examination, the examination shall establish (i) the ability of the applicant to make a practical application of the applicant's knowledge of the profession of contracting; (ii) the qualifications of the applicant in reading plans and specifications, knowledge of relevant matters contained in the North Carolina State Building Code, knowledge of estimating costs, construction, ethics, and other similar matters pertaining to the contracting business; (iii) the knowledge of the applicant as to the responsibilities of a contractor to the public and of the requirements of the laws of the State of North Carolina relating to contractors, construction, and liens; and (iv) the applicant's knowledge of requirements of the Sedimentation Pollution Control Act of 1973, Article 4 of Chapter 113A of the General Statutes, and the rules adopted pursuant to that Article. If ~~the results of the examination of the applicant shall be satisfactory to the Board, then~~ the qualifier or qualifying party passes the examination, upon review of the application and all relevant information, the Board shall issue ~~to the applicant a certificate to~~ a license to the applicant to engage ~~as a~~ in general ~~contractor~~ contracting in the State of North Carolina, ~~as provided in said certificate,~~ which may be limited ~~into five classifications~~ as follows:

(1) Building contractor, which shall include private, public, commercial, industrial and residential buildings of all types.

(1a) Residential contractor, which shall include any general contractor constructing only residences which are required to conform to the residential building code adopted by the Building Code Council pursuant to G.S. 143-138.

(2) Highway contractor.

(3) Public utilities contractors, which shall include those whose operations are the performance of construction work on the following subclassifications of facilities:

a. Water and sewer mains, water service lines, and house and building sewer lines as defined in the North Carolina State Building Code, and water storage tanks, lift stations, pumping stations, and appurtenances to water storage tanks, lift stations, and pumping stations.

b. Water and wastewater treatment facilities and appurtenances thereto.

c. Electrical power transmission facilities, and primary and secondary distribution facilities ahead of the point of delivery of electric service to the customer.

d. Public communication distribution facilities.

e. Natural gas and other petroleum products distribution facilities; provided the General Contractors Licensing Board may issue license to a public utilities contractor limited to any of the above subclassifications for which the general contractor qualifies.

(4) Specialty contractor, which shall include those whose operations as such are the performance of construction work requiring special skill and involving the use of specialized building trades or crafts, but which shall not include any operations now or hereafter under the jurisdiction, for the issuance of license, by any board or commission pursuant to the laws of the State of North Carolina.

(b1) Public utilities contractors constructing house and building sewer lines as provided in sub-subdivision a. of subdivision (3) of subsection (b) of this section shall, at the junction of the public sewer line and the house or building sewer line, install as an extension of the public sewer line a cleanout at or near the property line that terminates at or above the finished grade. Public utilities contractors constructing water service lines as provided in sub-subdivision a. of subdivision (3) of subsection (b) of this section shall terminate the water service lines at a valve, box, or meter at which the facilities from the building may be connected. Public utilities contractors constructing fire service mains for connection to fire sprinkler systems shall terminate those lines at a flange, cap, plug, or valve inside the building one foot above the finished floor. All fire service mains shall comply with the NFPA standards for fire service mains as incorporated into and made applicable by Volume V of the North Carolina Building Code.

(c) If an applicant is an individual, examination may be taken by his personal appearance for examination, or by the appearance for examination of one or more of his responsible managing ~~employees, and if~~ employees. If an applicant is a ~~copartnership or~~ copartnership, a corporation, or any other combination or organization, ~~by the examination of~~ the examination may be taken by one or more of the responsible managing officers or members of the personnel of the ~~applicant, and if the person so examined~~ applicant.

(c1) If the qualifier or qualifying party shall cease to be connected with the ~~applicant,~~ licensee, then ~~in such event~~ the license shall remain in full force and effect for a period of 90 ~~days thereafter, and then be canceled, but the applicant~~ days. After 90 days, the license shall be invalidated, however the licensee shall ~~then~~ be entitled to ~~a reexamination, all~~ return to active status pursuant to ~~the~~ all relevant statutes and rules ~~to be~~ promulgated by the ~~Board: Provided, that the holder of such license~~ Board. However, during the 90-day period described in this subsection, the licensee shall not bid on or undertake any additional contracts from the time such ~~examined employee shall cease~~ qualifier or qualifying party ceased to be connected with the ~~applicant~~ licensee until ~~said applicant's~~ the license is reinstated as provided in this Article.

~~(d) Anyone failing to pass this examination may be reexamined at any regular meeting of the Board upon payment of an examination fee. Anyone requesting to take the examination a third or subsequent time shall submit a new application with the appropriate examination and license fees.~~

(d1) The Board may require a new application if a qualifier or qualifying party requests to take an examination a third or subsequent time.

(e) A ~~certificate of~~ license shall expire on the ~~thirty-first~~ first day of ~~December~~ January following its issuance or renewal and shall become invalid 60 days from that date unless renewed, subject to the approval of the Board. ~~Renewals may be effected any time during the month of January without reexamination, by the payment of a fee to the secretary of the Board. The fee shall~~ Renewal applications shall be submitted with a fee not to exceed one hundred twenty-five dollars ($125.00) for an unlimited license, one hundred dollars ($100.00) for an intermediate license, and seventy-five dollars ($75.00) for a limited license. ~~No later than November 30 of each year, the Board shall mail written notice of the amount of the renewal fees for the upcoming year to the last address of record for each general contractor licensed pursuant to this Article.~~ Renewal applications shall be accompanied by evidence of continued financial responsibility satisfactory to the Board. Renewal applications received by the Board on or after the first day of January shall be accompanied by a late payment of ten dollars ($10.00) for each month or part after January.

(f) After a ~~lapse of four years no renewal shall be effected and the applicant~~ license has been inactive for four years, a licensee shall not be permitted to renew the license, and the license shall be deemed archived. If a licensee wishes to be relicensed subsequent to the archival of the license, the licensee shall fulfill all requirements of a new applicant as set forth in this section. Archived licensed numbers shall not be renewed."

SECTION 2.13.(b) This section becomes effective October 1, 2017, and applies to applications for licensure submitted on or after that date.

REPEAL CERTAIN EDUCATIONAL TESTING LAWS

SECTION 2.14. G.S. 115C-174.12(c) reads as rewritten:

"(c) Local boards of education shall cooperate with the State Board of Education in implementing the provisions of this Article, including the regulations and policies established by the State Board of Education. Local school administrative units shall use the annual tests to fulfill the purposes set out in this Article. ~~Local school administrative units are encouraged to continue to develop local testing programs designed to diagnose student needs.~~"

STATUTE OF LIMITATIONS/LAND-USE VIOLATIONS

SECTION 2.15.(a) G.S. 1-51 is amended by adding a new subdivision to read:

"**§ 1-51. Five years.**

Within five years -

…

(5) Against the owner of an interest in real property by a unit of local government for a violation of a land-use statute, ordinance, or permit or any other official action concerning land use carrying the effect of law. This subdivision does not limit the remedy of injunction for conditions that are actually injurious or dangerous to the public health or safety. The claim for relief accrues upon the occurrence of the earlier of any of the following:

a. The facts constituting the violation are known to the governing body, an agent, or an employee of the unit of local government.

b. The violation can be determined from the public record of the unit of local government."

SECTION 2.15.(b) G.S. 1-49 is amended by adding a new subdivision to read:

"**§ 1-49. Seven years.**

Within seven years an action –

…

(3) Against the owner of an interest in real property by a unit of local government for a violation of a land-use statute, ordinance, or permit or any other official action concerning land use carrying the effect of law. This subdivision does not limit the remedy of injunction for conditions that are actually injurious or dangerous to the public health or safety but does prescribe an outside limitation of seven years from the earlier of the occurrence of any of the following:

a. The violation is apparent from a public right-of-way.

b. The violation is in plain view from a place to which the public is invited."

SECTION 2.15.(c) This section becomes effective October 1, 2018, and applies to actions commenced on or after that date.

PART III. AGRICULTURE, ENERGY, ENVIRONMENT, AND NATURAL RESOURCES REGULATION

SOLID WASTE AMENDMENTS

SECTION 3.1.(a) Section 4.9(a) of S.L. 2015-286 reads as rewritten:

"**SECTION 4.9.(a)** Section 14.20(a) of S.L. 2015-241 ~~reads as rewritten:~~is rewritten to read:

…."

SECTION 3.1.(b) Section 4.9(b) of S.L. 2015-286 reads as rewritten:

"**SECTION 4.9.(b)** ~~Section 14.20(a)~~ Section 14.20(c) of S.L. 2015-241 ~~reads as rewritten:~~is rewritten to read:

…."

SECTION 3.1.(c) Section 4.9(c) of S.L. 2015-286 reads as rewritten:

"**SECTION 4.9.(c)** Section 14.20(d) of S.L. 2015-241 ~~reads as rewritten:~~is rewritten to read:

…."

SECTION 3.1.(d) Section 4.9(d) of S.L. 2015-286 reads as rewritten:

"**SECTION 4.9.(d)** Section 14.20(f) of S.L. 2015-241 ~~reads as rewritten:~~is rewritten to read:

…."

SECTION 3.1.(e) Section 14.20(e) of S.L. 2015-241 reads as rewritten:

"**SECTION 14.20.(e)** After July 1, 2016, the annual fee due pursuant to ~~G.S. 130A-295.8A(d1),~~ G.S. 130A-295.8(d1), as enacted by Section 14.20(c) of this act, for existing sanitary landfills and transfer stations with a valid permit issued before the date this act becomes effective is equal to the applicable annual fee for the facility as set forth in ~~G.S. 130A-295.8A(d1),~~ G.S. 130A-295.8(d1), as enacted by Section 14.20(c) of this act, less a permittee fee credit. A permittee fee credit exists when the life-of-site permit fee amount is greater than the time-limited permit fee amount. The amount of the permittee fee credit shall be calculated by (i) subtracting the time-limited permit fee amount from the life-of-site permit fee amount due for the same period of time and (ii) multiplying the difference by a fraction, the numerator of which is the number of years remaining in the facility's time-limited permit and the denominator of which is the total number of years covered by the facility's time-limited permit. The amount of the permittee fee credit shall be allocated in equal annual installments over the number of years that constitute the facility's remaining life-of-site, as determined by the Department, unless the Department accelerates, in

its sole discretion, the use of the credit over a shorter period of time. For purposes of this subsection, the following definitions apply:

(1) Life-of-site permit fee amount. – The amount equal to the sum of all annual fees that would be due under the fee structure set forth in ~~G.S. 130A-295.8A(d1),~~ G.S. 130A-295.8(d1), as enacted by Section 14.20(c) of this act, during the cycle of the facility's permit in effect on July 1, 2016.

(2) Time-limited permit fee amount. – The amount equal to the sum of the application fee or renewal fee, whichever is applicable, and all annual fees paid or to be paid pursuant to subsections (c) and (d) of ~~G.S. 130A-295.8A,~~ G.S. 130A-295.8, as repealed by Section 14.20(c) of this act, during the cycle of the facility's permit in effect on July 1, 2016.

The Department shall adopt rules to implement this subsection."

SECTION 3.2.(a) Section 14.20(f) of S.L. 2015-241, as amended by Section 4.9(d) of S.L. 2015-286, reads as rewritten:

"**SECTION 14.20.(f)** This section becomes effective October 1, 2015. G.S. 130A-294(b1)(2), as amended by subsection (a) of this section, applies to franchise ~~agreements~~ agreements (i) executed on or after ~~October 1, 2015.~~ October 1, 2015, and (ii) executed on or before October 1, 2015, only if all parties to a valid and operative franchise agreement consent to modify the agreement for the purpose of extending the agreement's duration to the life-of-site of the landfill for which the agreement was executed, and public notice and hearing is provided for such modification in compliance with the requirements of G.S. 130A-294(b1)(3). The remainder of G.S. 130A-294, as amended by subsection (a) of this section, and G.S. 130A-295.8, as amended by subsection (c) of this section, apply to (i) existing sanitary landfills and transfer stations, with a valid permit issued before the date this act becomes effective, on July 1, 2016, at which point a permittee may choose to apply for a life-of-site permit pursuant to G.S. 130A-294(a2), as amended by Section 14.20(b) of this act, or may choose to apply for a life-of-site permit for the facility when the facility's permit is next subject to renewal after July 1, 2016, (ii) new sanitary landfills and transfer stations, for applications submitted on or after July 1, 2016, and (iii) applications for sanitary landfills or transfer stations submitted before July 1, 2015, and pending on the date this act becomes law shall be evaluated by the Department based on the applicable laws that were in effect on July 1, 2015, and the Department shall not delay in processing such permit applications in consideration of changes made by this act, but such landfills and transfer stations shall be eligible for issuance of life-of-site permits pursuant to G.S. 130A-294(a2), as amended by Section 14.20(b) of this act, on July 1, 2016, at which point a permittee may choose to apply for a life-of-site permit pursuant to G.S. 130A-294(a2), as amended by Section 14.20(b) of this act, or may choose to apply for a life-of-site permit for the facility when the facility's permit is next subject to renewal after July 1, 2016."

SECTION 3.2.(b) G.S. 130A-294(b1) reads as rewritten:

"(b1) (1) For purposes of this subsection and subdivision (4) of subsection (a) of this section, a "substantial amendment" means either:

…

(2) A person who intends to apply for a new permit for a sanitary landfill shall obtain, prior to applying for a permit, a franchise for the operation of the sanitary landfill from each local government having jurisdiction over any part of the land on which the sanitary landfill and its appurtenances are located or to be located. A local government may adopt a franchise ordinance under G.S. 153A-136 or G.S. 160A-319. A franchise granted for a sanitary landfill ~~shall~~ shall (i) be granted for the life-of-site of the ~~landfill and shall~~ landfill, but for a period not to exceed 60 years, and (ii) include all of the following:

a. A statement of the population to be served, including a description of the geographic area.

b. A description of the volume and characteristics of the waste stream.

c. A projection of the useful life of the sanitary landfill.

d. Repealed by Session Laws 2013-409, s. 8, effective August 23, 2013.

e. The procedures to be followed for governmental oversight and regulation of the fees and rates to be charged by facilities subject to the franchise for waste generated in the jurisdiction of the franchising entity.

f. A facility plan for the sanitary landfill that shall include the boundaries of the proposed facility, proposed development of the facility site, the boundaries of all waste disposal units, final elevations and capacity of all waste disposal units, the amount of waste to be received per day in tons, the total waste disposal capacity of the sanitary landfill in tons, a description of environmental controls, and a description of any other waste management activities to be conducted at the facility. In addition, the facility plan shall show the proposed location of soil borrow areas, leachate facilities, and all other facilities and infrastructure, including ingress and egress to the facility.

(3) Prior to the award of a franchise for the construction or operation of a sanitary landfill, the board of commissioners of the county or counties in which the sanitary landfill is proposed to be located or is located or, if the sanitary landfill is proposed to be located or is located in a city, the governing board of the city shall conduct a public hearing. The board of commissioners of the county or counties in which the sanitary landfill is proposed to be located or is located or, if the sanitary landfill is proposed to be

located or is located in a city, the governing board of the city shall provide at least 30 days' notice to the public of the public hearing. The notice shall include a summary of all the information required to be included in the franchise, and shall specify the procedure to be followed at the public hearing. The applicant for the franchise shall provide a copy of the application for the franchise that includes all of the information required to be included in the franchise, to the public library closest to the proposed sanitary landfill site to be made available for inspection and copying by the public.

…."

SECTION 3.2.(c) G.S. 160A-319(a) reads as rewritten:

"**§ 160A-319. Utility franchises.**

(a) A city shall have authority to grant upon reasonable terms franchises for a telephone system and any of the enterprises listed in G.S. 160A-311, except a cable television system. A franchise granted by a city authorizes the operation of the franchised activity within the city. No franchise shall be granted for a period of more than 60 years, ~~except~~ including a franchise granted to a sanitary landfill for the life-of-site of the landfill pursuant to G.S. 130A-294(b1); provided, however, that a franchise for solid waste collection or disposal systems and ~~facilities~~ facilities, other than sanitary landfills, shall not be granted for a period of more than 30 years. Except as otherwise provided by law, when a city operates an enterprise, or upon granting a franchise, a city may by ordinance make it unlawful to operate an enterprise without a franchise."

SECTION 3.2.(d) G.S. 153A-136 reads as rewritten:

"**§ 153A-136. Regulation of solid wastes.**

(a) A county may by ordinance regulate the storage, collection, transportation, use, disposal, and other disposition of solid wastes. Such an ordinance may:

…

(3) Grant a franchise to one or more persons for the exclusive right to commercially collect or dispose of solid wastes within all or a defined portion of the county and prohibit any other person from commercially collecting or disposing of solid wastes in that area. The board of commissioners may set the terms of any ~~franchise, except that no franchise may be granted for a period exceeding 30 years, nor may any~~ franchise; provided, however, no franchise shall be granted for a period of more than 30 years, except for a franchise granted to a sanitary landfill for the life-of-site of the landfill pursuant to G.S. 130A-294(b1), which may not exceed 60 years. No franchise by its terms may impair the authority of the board of commissioners to regulate fees as authorized by this section.

…."

SECTION 3.2.(e) Subsection (a) of this section applies to franchise agreements (i) executed on or after October 1, 2015, and (ii) executed on or before October 1, 2015, only if all parties to a valid and operative agreement consent to modify the agreement for the purpose of extending the agreement's duration of the life-of-site of the landfill for which the agreement was executed, and public notice and hearing is provided for such modification in compliance with the requirements of G.S. 130A-294(b1)(3).

SECTION 3.3. The Division of Waste Management of the Department of Environmental Quality shall examine whether solid waste management activities in the State are being conducted in a manner most beneficial to the citizens of the State in terms of efficiency and cost-effectiveness, with a focus on solid waste disposal capacity across the State, particularly areas of the State that have insufficient disposal capacity, as well as areas of the State with disposal capacity that is underutilized, resulting in transport of waste to other jurisdictions. The Department shall develop economic estimates of the short- and long-term costs of waste transport in these situations versus full utilization of capacity, or expansion of capacity, in the originating jurisdiction. The Department shall also provide information on landfill capacity that is permitted but not yet constructed and expansion opportunities for future landfill capacity. The Department shall submit a report, including any legislative recommendations, to the Environmental Review Commission no later than May 1, 2017.

SECTION 3.4. Except as otherwise provided, Sections 3.1 and 3.2 of this act are effective retroactively to July 1, 2015. Sections 3.3 and 3.4 of this act are effective when this act becomes law.

MOTOR VEHICLE EMISSIONS INSPECTIONS

SECTION 3.5.(a) G.S. 143-215.107A reads as rewritten:

"**§ 143-215.107A. Motor vehicle emissions testing and maintenance program.**

(a) General Provisions. –

(1) G.S. 143-215.107(a)(6) shall be implemented as provided in this section.

(2) Motor vehicle emissions inspections shall be performed by a person who holds an emissions inspection mechanic license issued as provided in G.S. 20-183.4A(c) at a station that holds an emissions inspection station license issued under G.S. 20-183.4A(a) or at a place of business that holds an emissions self-inspector license issued as provided in G.S. 20-183.4A(d). Motor vehicle emissions inspections may be performed by a decentralized network of test-and-repair stations as described in 40 Code of Federal Regulations § 51.353 (1 July 1998 Edition). The Commission may not require that motor vehicle emissions inspections be performed by a network of centralized or decentralized test-only stations.

(b) Repealed by Session Laws 2000-134, s. 2, effective July 14, 2000.

(c) Counties Covered. – Motor vehicle emissions inspections shall be performed in the following counties: Alamance, ~~Brunswick,~~ Buncombe, ~~Burke,~~ Cabarrus, ~~Caldwell, Carteret, Catawba, Chatham, Cleveland, Craven,~~ Cumberland, Davidson, Durham, ~~Edgecombe,~~ Forsyth, Franklin, Gaston, ~~Granville,~~ Guilford, ~~Harnett, Haywood, Henderson,~~ Iredell, Johnston, Lee, ~~Lenoir,~~ Lincoln, Mecklenburg, ~~Moore, Nash,~~ New Hanover, Onslow, ~~Orange, Pitt,~~ Randolph, ~~Robeson,~~ Rockingham, Rowan, ~~Rutherford, Stanly, Stokes, Surry,~~ Union, ~~Wake, Wayne, Wilkes and Wilson.~~and Wake."

SECTION 3.5.(b) G.S. 20-183.2(b) reads as rewritten:

"(b) Emissions. – A motor vehicle is subject to an emissions inspection in accordance with this Part if it meets all of the following requirements:

(1) It is subject to registration with the Division under Article 3 of this Chapter, except for motor vehicles operated on a federal installation as provided in sub-subdivision e. of subdivision (5) of this subsection.

(2) It is not a trailer whose gross weight is less than 4,000 pounds, a house trailer, or a motorcycle.

(3) It is (i) a ~~1996 or later model~~ vehicle with a model year within 20 years of the current year and older than the three most recent model years or (ii) ~~a 1996 or later model~~ a vehicle with a model year within 20 years of the current year and has 70,000 miles or more on its odometer.

…."

SECTION 3.5.(c) No later than September 30, 2017, the Department of Environmental Quality shall prepare and submit to the United States Environmental Protection Agency for approval by that agency a proposed North Carolina State Implementation Plan amendment based on the change to the motor vehicle emissions testing program provided in this section.

SECTION 3.5.(d) Subsections (a) and (b) of this section become effective on the later of the following dates and apply to motor vehicles inspected, or due to be inspected, on or after that effective date:

(1) October 1, 2017.

(2) The first day of a month that is 60 days after the Secretary of the Department of Environmental Quality certifies to the Revisor of Statutes that the United States Environmental Protection Agency has approved an amendment to the North Carolina State Implementation Plan submitted as required by subsection (c) of this section. The Secretary shall provide this notice along with the effective date of this act on its Web site and by written or electronic notice to emissions inspection mechanic license holders, emissions inspection station licensees, and self-inspector licensees in the counties where motor vehicle emissions inspection requirements are removed by this section.

FARRIERS/HORSESHOEING

SECTION 3.6. G.S. 90-187.10 is amended by adding a new subdivision to read:

"**§ 90-187.10. Necessity for license; certain practices exempted.**

No person shall engage in the practice of veterinary medicine or own all or part interest in a veterinary medical practice in this State or attempt to do so without having first applied for and obtained a license for such purpose from the North Carolina Veterinary Medical Board, or without having first obtained from the Board a certificate of renewal of license for the calendar year in which the person proposes to practice and until the person shall have been first licensed and registered for such practice in the manner provided in this Article and the rules and regulations of the Board.

Nothing in this Article shall be construed to prohibit:

…

(11) Any farrier or person actively engaged in the activity or profession of shoeing hooved animals as long as his or her actions are limited to the art of shoeing hooved animals or trimming, clipping, or maintaining hooves."

DEQ TO STUDY RIPARIAN BUFFERS

SECTION 3.7.(a) The Department of Environmental Quality shall study whether the size of riparian buffers required for intermittent streams should be adjusted and whether the allowable activities within the buffers should be modified.

SECTION 3.7.(b) The Department of Environmental Quality shall study under what circumstances units of local government should be allowed to exceed riparian buffer requirements mandated by the State and the federal government. The Department shall also consider measures to ensure that local governments do not exceed their statutory authority for establishing riparian buffer requirements. In conducting this study, the Department shall consult with property owners and other entities impacted by riparian buffer requirements as well as local governments.

SECTION 3.7.(c) The Department of Environmental Quality shall report the results of the studies required by this section, including any recommendations, to the Environmental Review Commission no later than December 1, 2017. For any recommendations made pursuant to the studies, the Department shall include specific draft language for any rule or statutory changes necessary to implement the recommendations.

ELIMINATE OUTDATED PROVISION OF THE COASTAL AREA MANAGEMENT ACT

SECTION 3.8. G.S. 113A-109 is repealed.

REPEAL PASTURE POINTS PROVISION

SECTION 3.9. Section 4 of S.L. 2001-355 is repealed.

ELIMINATE REPORTS TO THE COMMISSIONER OF AGRICULTURE AS TO MILK PURCHASED OR SOLD

SECTION 3.10. G.S. 106-261 is repealed.

PROHIBIT CERTAIN STORMWATER CONTROL MEASURES

SECTION 3.11.(a) Until the effective date of the revised permanent rule that the Environmental Management Commission is required to adopt pursuant to subsection (c) of this section, the Commission and the Department of Environmental Quality shall implement 15A NCAC 02H .0506 (Review of Applications) as provided in subsection (b) of this section.

SECTION 3.11.(b) Notwithstanding 15A NCAC 02H .0506(b)(5) and 15A NCAC 02H .0506(c)(5), the Director of the Division of Water Resources shall not require the use of on-site stormwater control measures to protect downstream water quality standards, except as required by State or federal law.

SECTION 3.11.(c) The Environmental Management Commission shall adopt rules to amend 15A NCAC 02H .0506 (Review of Applications) consistent with subsection (b) of this section. Notwithstanding G.S. 150B-19(4), the rule adopted by the Commission pursuant to this section shall be substantively identical to the provisions of subsection (b) of this section. Rules adopted pursuant to this section are not subject to Part 3 of Article 2A of Chapter 150B of the General Statutes. Rules adopted pursuant to this section shall become effective as provided in G.S. 150B-21.3(b1) as though 10 or more written objections had been received as provided by G.S. 150B-21.3(b2).

SECTION 3.11.(d) This section is effective when it becomes law. Subsection (b) of this section expires on the date that rules adopted pursuant to subsection (c) of this section become effective.

EXEMPT LANDSCAPING MATERIAL FROM STORMWATER MANAGEMENT REQUIREMENTS

SECTION 3.12. G.S. 143-214.7(b2) reads as rewritten:

"(b2) For purposes of implementing stormwater programs, "built-upon area" means impervious surface and partially impervious surface to the extent that the partially impervious surface does not allow water to infiltrate through the surface and into the subsoil. "Built-upon area" does not include a slatted deck; the water area of a swimming pool; a surface of number 57 stone, as designated by the American Society for Testing and Materials, laid at least four inches thick over a geotextile fabric; ~~or~~ a trail as defined in G.S. 113A-85 that is either unpaved or paved as long as the pavement is porous with a hydraulic conductivity greater than 0.001 centimeters per second (1.41 inches per ~~hour).~~hour); or landscaping material, including, but not limited to, gravel, mulch, sand, and vegetation, placed on areas that receive pedestrian or bicycle traffic or on portions of driveways and parking areas that will not be compacted by the weight of a vehicle, such as the area between sections of pavement that support the weight of a vehicle. The owner or developer of a property may opt out of any of the exemptions from "built-upon area" set out in this subsection. For State stormwater programs and local stormwater programs approved pursuant to subsection (d) of this section, all of the following shall apply:

(1) The volume, velocity, and discharge rates of water associated with the one-year, 24-hour storm and the difference in stormwater runoff from the predevelopment and postdevelopment conditions for the one-year, 24-hour storm shall be calculated using any acceptable engineering hydrologic and hydraulic methods.

(2) Development may occur within the area that would otherwise be required to be placed within a vegetative buffer required by the Commission pursuant to G.S. 143-214.1 and G.S. 143-214.7 to protect classified shellfish waters, outstanding resource waters, and high-quality waters provided the stormwater runoff from the development is collected and treated from the entire impervious area and discharged so that it passes through the vegetative buffer and is managed so that it otherwise complies with all applicable State and federal stormwater management requirements.

(3) The requirements that apply to development activities within one-half mile of and draining to Class SA waters or within one-half mile of Class SA waters and draining to unnamed freshwater tributaries shall not apply to development activities and associated stormwater discharges that do not occur within one-half mile of and draining to Class SA waters or are not within one-half mile of Class SA waters and draining to unnamed freshwater tributaries."

AMEND STREAM MITIGATION REQUIREMENTS

SECTION 3.13.(a) G.S. 143-214.7C reads as rewritten:

"**§ 143-214.7C. Prohibit the requirement of mitigation for impacts to intermittent ~~streams.~~streams; establish threshold for mitigation of impacts to streams.**

(a) Except as required by federal law, the Department of Environmental Quality shall not require mitigation for impacts to an intermittent stream. For purposes of this section, "intermittent stream" means a well-defined channel that has all of the following characteristics:

(1) It contains water for only part of the year, typically during winter and spring when the aquatic bed is below the water table.
(2) The flow of water in the intermittent stream may be heavily supplemented by stormwater runoff.
(3) It often lacks the biological and hydrological characteristics commonly associated with the conveyance of water.

(b) Except as required by federal law, the Department of Environmental Quality shall not require mitigation for losses of 300 linear feet or less of stream bed."

SECTION 3.13.(b) The Environmental Management Commission shall amend its rules consistent with subsection (a) of this section.

SECTION 3.13.(c) The cochairs of the Environmental Review Commission shall examine the mitigation thresholds for losses of stream bed under the Regional Conditions adopted by the Norfolk, Charleston, and Savannah Districts of the United States Army Corps of Engineers and shall submit written comments to the Washington, D.C., Headquarters, the Wilmington District Office of the United States Army Corps of Engineers, and the North Carolina congressional delegation to encourage the Wilmington District to adopt Regional Conditions on the thresholds for losses of stream bed that are consistent with the Regional Conditions adopted by the Norfolk, Charleston, and Savannah Districts of the United States Army Corps of Engineers.

COASTAL RESOURCES COMMISSION RULES ON TEMPORARY EROSION CONTROL STRUCTURES

SECTION 3.14.(a) Sections 14.6(p) and 14.6(q) of S.L. 2015-241 are repealed.

SECTION 3.14.(b) Notwithstanding G.S. 150B-21.1A(a), the Coastal Resources Commission may adopt an emergency rule for the use of temporary erosion control structures consistent with the amendments to the temporary erosion control structure rules adopted by the Commission as agenda item CRC-16-23 on May 11, 2016, with any further modifications in the Commission's discretion. The Commission shall also adopt temporary and permanent rules to implement this section.

DIRECT THE COASTAL RESOURCES COMMISSION TO AMEND THE SEDIMENT CRITERIA RULE TO EXEMPT SEDIMENT FROM CAPE SHOAL SYSTEMS

SECTION 3.15.(a) Definitions. – "Sediment Criteria Rule" means 15A NCAC 07H .0312 (Technical Standards for Beach Fill Projects) for purposes of this section and its implementation.

SECTION 3.15.(b) Sediment Criteria Rule. – Until the effective date of the revised permanent rule that the Coastal Resources Commission is required to adopt pursuant to subsection (d) of this section, the Commission and the Department of Environmental Quality shall implement the Sediment Criteria Rule, as provided in subsection (c) of this section.

SECTION 3.15.(c) Implementation. – The Commission shall exempt from the permitting requirements of the Sediment Criteria Rule any sediment in the cape shoal systems used as a borrow site and any portion of an oceanfront beach that receives sediment from the cape shoal systems. For purposes of this section, "cape shoal systems" includes the Frying Pan Shoals at Cape Fear, Lookout Shoals at Cape Lookout, and Diamond Shoals at Cape Hatteras.

SECTION 3.15.(d) Additional Rule-Making Authority. – The Commission shall adopt a rule to amend the Sediment Criteria Rule consistent with subsection (c) of this section. Notwithstanding G.S. 150B-19(4), the rule adopted by the Commission, pursuant to this section, shall be substantively identical to the provisions of subsection (c) of this section. Rules adopted pursuant to this section are not subject to Part 3 of Article 2A of Chapter 150B of the General Statutes. Rules adopted pursuant to this section shall become effective as provided in G.S. 150B-21.3(b1) as though 10 or more written objections had been received as provided by G.S. 150B-21.3(b2).

SECTION 3.15.(e) Sunset. – This section expires when permanent rules adopted as required by subsection (d) of this section become effective.

DIVISION OF COASTAL MANAGEMENT TO STUDY CURRENT LONG-TERM EROSION RATES ADJACENT TO TERMINAL GROINS

SECTION 3.16. The Division of Coastal Management of the Department of Environmental Quality, in consultation with the Coastal Resources Commission, shall study the change in erosion rates directly adjacent to existing and newly constructed terminal groins to determine whether long-term erosion rates, currently in effect in accordance with 15A NCAC 07H .0304 (AECS Within Ocean Hazard Areas), should be adjusted to reflect any mitigation of shoreline erosion resulting from the installation of the terminal groins. The Division shall report on the results of the study to the Environmental Review Commission on or before March 1, 2018.

REGULATION AND DISPOSITION OF CERTAIN REPTILES

SECTION 3.17.(a) G.S. 14-419 reads as rewritten:

"**§ 14-419. Investigation of suspected violations; seizure and examination of reptiles; disposition of reptiles.**

(a) In any case in which any law-enforcement officer or animal control officer has probable cause to believe that any of the provisions of this Article have been or are about to be violated, it shall be the duty of the officer and the officer is authorized, empowered, and directed to immediately investigate the violation or impending violation and to consult with representatives of the North Carolina Museum of Natural Sciences or the North Carolina Zoological Park or a designated

representative of either the Museum or Zoological Park to identify appropriate and safe methods to seize the reptile or reptiles involved, to seize the reptile or reptiles involved, and the officer is authorized and directed to deliver: (i) a reptile believed to be venomous to the North Carolina State Museum of Natural Sciences or to its designated representative for examination for the purpose of ascertaining whether the reptile is regulated under this Article; and, (ii) a reptile believed to be a large constricting snake or crocodilian to the North Carolina Zoological Park or to its designated representative for the purpose of ascertaining whether the reptile is regulated under this Article. In any case in which a law enforcement officer or animal control officer determines that there is an immediate risk to public safety, the officer shall not be required to consult with representatives of the North Carolina Museum of Natural Sciences or the North Carolina Zoological Park as provided by this ~~subsection.~~subsection and may kill the reptile.

(b) If the Museum or the Zoological Park or their designated representatives find that a seized reptile is a venomous reptile, large constricting snake, or crocodilian regulated under this Article, the Museum or the Zoological Park or their designated representative shall determine ~~final~~ an interim disposition of the reptile in a manner consistent with the safety of the public, ~~which in~~ until a final disposition is determined by a court of competent jurisdiction. In the case of a venomous reptile for which antivenin approved by the United States Food and Drug Administration is not readily available, ~~shall~~ the reptile may be euthanized unless the species is protected under the federal Endangered Species Act of 1973. Where the Museum or the Zoological Park or their designated representative determines euthanasia to be the appropriate interim disposition, or where a reptile seized pursuant to this Article dies of natural or unintended causes, the Museum, the Zoological Park, or their designated representatives shall not be liable to the reptile's owner.

(b1) Upon conviction of any offense contained in this Article, the court shall order a final disposition of the confiscated venomous reptiles, large constricting snakes, or crocodilians, which may include the transfer of title to the State of North Carolina and reimbursement for the necessary expenses incurred in the seizure, delivery, and storage thereof.

(c) If the Museum or the Zoological Park or their designated representatives find that the reptile is not a venomous reptile, large constricting snake, or crocodilian regulated under this Article, and either no criminal warrants or indictments are initiated in connection with the reptile within 10 days of initial seizure, or a court of law determines that the reptile is not being owned, possessed, used, transported, or trafficked in violation of this Article, then it shall be the duty of the law enforcement officer to return the reptile or reptiles to the person from whom they were seized within 15 days."

SECTION 3.17.(b) The North Carolina Department of Natural and Cultural Resources and the North Carolina Wildlife Resources Commission shall jointly study and develop a list of potential designated representatives for the storage and safekeeping of venomous reptiles, large constricting snakes, or crocodilians.

SECTION 3.17.(c) The North Carolina Department of Natural and Cultural Resources and the North Carolina Wildlife Resources Commission shall jointly study and develop recommendations for potential procedural and policy changes to improve the regulation of certain reptiles pursuant to Article 55 of Chapter 14 of the General Statutes. The Department and the Commission shall consider public health and safety risks, permitting requirements, exemptions, notification of escape, investigation of suspected violations, seizure and examination of reptiles, disposition of seized reptiles, and any other issues determined relevant to the regulation of certain reptiles. The Department and the Commission shall submit a report, including any legislative recommendations, to the Environmental Review Commission no later than December 31, 2017.

PROVIDE FOR LOW-FLOW DESIGN ALTERNATIVES FOR PUBLIC WATER SUPPLY SYSTEMS

SECTION 3.18.(a) 15A NCAC 18C .0409(b)(1) (Daily Flow Requirements). – Until the effective date of the revised permanent rule that the Commission for Public Health is required to adopt pursuant to subsection (c) of this section, the Commission, the Department of Environmental Quality, and any other political subdivision of the State shall implement 15A NCAC 18C .0409(b)(1) (Daily Flow Requirements), as provided in subsection (b) of this section.

SECTION 3.18.(b) Implementation. – Notwithstanding the Daily Flow Requirements rates listed in Table No. 1 of 15A NCAC 18C .0409(b)(1) (Daily Flow Requirements), a public water supply system shall be exempt from the Daily Flow Requirements, and any other design flow standards established by the Department or the Commission, provided the flow rates that are less than those required in Table No. 1 of 15A NCAC 18C .0409(b)(1) (Daily Flow Requirements) (i) are achieved through an engineering design that utilizes low-flow fixtures and low-flow reduction technologies and the design is prepared, sealed, and signed by a professional engineer licensed pursuant to Chapter 89C of the General Statutes and (ii) provide for a flow that is sufficient to sustain the water usage required in the engineering design.

SECTION 3.18.(c) Additional Rule-Making Authority. – The Commission shall adopt a rule to amend 15A NCAC 18C .0409(b)(1) (Daily Flow Requirements), consistent with subsection (b) of this section. Notwithstanding G.S. 150B-19(4), the rule adopted by the Commission pursuant to this section shall be substantively identical to the provisions of subsection (b) of this section. Rules adopted pursuant to this section are not subject to G.S. 150B-21.8 through G.S. 150B-21.14. Rules adopted pursuant to this section shall become effective as provided in G.S. 150B-21.3(b1) as though 10 or more written objections had been received as provided by G.S. 150B-21.3(b2).

SECTION 3.18.(d) Sunset. – Subsection (b) of this section expires on the date that rules adopted pursuant to subsection (c) of this section become effective.

ESTABLISH NORTH CAROLINA SENTINEL LANDSCAPES COMMITTEE

SECTION 3.19.(a) Committee Established. – There is established the North Carolina Sentinel Landscape Committee (Committee).

SECTION 3.19.(b) Findings and Purpose. – The General Assembly finds that sentinel landscapes are places where preserving the working and rural character of the State's private lands is important for both national defense and conservation priorities. It is the intent of the General Assembly to direct the Committee to coordinate the overlapping priority areas in the vicinity of and where testing and training occur near or adjacent to major military installations, as that term is defined in G.S. 143-215.115, or other areas of strategic benefit to national defense. Further, the Committee shall assist landowners in improving their land to benefit their operations and enhance wildlife habitats while furthering the State's vested economic interest in preserving, maintaining, and sustaining land uses that are compatible with military activities at major military installations and National Guard facilities. In its work, the Committee shall develop and implement programs and strategies that (i) protect working lands in the vicinity of and where testing and training occur near or adjacent to major military installations or other areas of strategic benefit to national defense, (ii) address restrictions that inhibit military testing and training, and (iii) forestall incompatible development in the vicinity of and where testing and training occur near or adjacent to military installations or other areas of strategic benefit to national defense.

SECTION 3.19.(c) Powers and Duties. – The Committee shall:

(1) Recognize all lands in the State as sentinel landscapes areas that are so designated by the United States Department of Defense.

(2) Identify and designate certain additional lands to be contained in the sentinel landscapes of this State that are of particular import to the nation's defense and in the vicinity of and where testing and training occur on, near, or adjacent to major military installations or are of other strategic benefit to the nation's defense. In this work, the Committee may seek advice and recommendations from stakeholders who have experience in this sort of identification and designation.

(3) In designating sentinel lands as directed by subdivision (1) of this subsection, the Committee shall evaluate all working or natural lands that the Committee identifies as contributing to the long-term sustainability of the military missions conducted in this State. In its evaluation of which lands to designate as sentinel lands, the Committee shall consult with and seek input from:

a. The United States Department of Defense.

b. The North Carolina Commander's Council.

c. The United States Department of Agriculture.

d. The United States Department of the Interior.

e. Elected officials from units of local government located in the vicinity of and where testing and training occur on the proposed sentinel lands.

f. Any other stakeholders that the Committee deems appropriate.

(4) Develop recommendations to encourage landowners located within the sentinel landscape designated pursuant to subdivision (1) of this subsection to voluntarily participate in and begin or continue land uses compatible with the United States Department of Defense operations in this State.

(5) Provide technical support services and assistance to landowners who voluntarily participate in the sentinel landscape program.

SECTION 3.19.(d) Membership. – The Committee shall consist of at least the five following members:

(1) The Commissioner of Agriculture, or the Commissioner's designee.

(2) The Secretary of the Department of Military and Veterans Affairs, or the Secretary's designee.

(3) The Secretary of Natural and Cultural Resources, or the Secretary's designee.

(4) The Executive Director of the Wildlife Resources Commission, or the Executive Director's designee.

(5) The Dean of the College of Natural Resources at North Carolina State University, or the Dean's designee.

The Commissioner of Agriculture or the Commissioner's designee shall serve as Committee chair for an initial two-year term. Thereafter, the Committee chair shall be one of the five listed members above. The Committee chair may appoint members representing other State agencies, local government officials, and nongovernmental organizations that are experienced in land management activities within sentinel lands.

SECTION 3.19.(e) Transaction of Business. – The Committee shall meet, at a minimum, at least once during each calendar quarter and at other times at the call of the chair. A majority of members of the Committee shall constitute a quorum. The first Committee meeting shall take place within 30 days of the effective date of this act.

SECTION 3.19.(f) Reports. – The Committee shall report on its activities conducted to implement this section, including any findings, recommendations, and legislative proposals, to the North Carolina Military Affairs Commission and the Agriculture and Forestry Awareness Study Commission beginning September 1, 2017, and annually thereafter, until such time as the Committee completes its work.

SECTION 3.19.(g) Administrative Assistance. – All clerical and other services required by the Committee shall be supplied by the membership and shall be provided with funds available.

PART IV. ELIMINATE, CONSOLIDATE, AND AMEND REPORTS TO THE ENVIRONMENTAL REVIEW COMMISSION

ELIMINATE ANNUAL REPORT ON MINING ACCOUNT PURSUANT TO THE MINING ACT OF 1971 BY THE DEPARTMENT OF ENVIRONMENTAL QUALITY

SECTION 4.1. G.S. 74-54.1(c) is repealed.

ELIMINATE ANNUAL REPORT ON THE IMPLEMENTATION OF THE SUSTAINABLE ENERGY EFFICIENT BUILDINGS PROGRAM BY THE DEPARTMENT OF ADMINISTRATION

SECTION 4.2.(a) G.S. 143-135.39(f) and (g) are repealed.

SECTION 4.2.(b) G.S. 143-135.40(b) is repealed.

ELIMINATE QUARTERLY REPORT ON SYSTEMWIDE MUNICIPAL AND DOMESTIC WASTEWATER COLLECTION SYSTEM PERMIT PROGRAM BY THE ENVIRONMENTAL MANAGEMENT COMMISSION

SECTION 4.3. G.S. 143-215.9B reads as rewritten:

"**§ 143-215.9B. Systemwide municipal and domestic wastewater collection system permit program report.**

The Environmental Management Commission shall develop and implement a permit program for municipal and domestic wastewater collection systems on a systemwide basis. The collection system permit program shall provide for performance standards, minimum design and construction requirements, a capital improvement plan, operation and maintenance requirements, and minimum reporting requirements. In order to ensure an orderly and cost-effective phase-in of the collection system permit program, the Commission shall implement the permit program over a five-year period beginning 1 July 2000. The Commission shall issue permits for approximately twenty percent (20%) of municipal and domestic wastewater collection systems that are in operation on 1 July 2000 during each of the five calendar years beginning 1 July 2000 and shall give priority to those collection systems serving the largest populations, those under a moratorium imposed by the Commission under G.S. 143-215.67, and those for which the Department of Environmental Quality has issued a notice of violation for the discharge of untreated wastewater.~~ The Commission shall report on its progress in developing and implementing the collection system permit program required by this section as a part of each quarterly report the Environmental Management Commission makes to the Environmental Review Commission pursuant to G.S. 143B-282(b).~~"

ELIMINATE ANNUAL REPORTS ON EMISSIONS FROM STATE EMPLOYEE AND PRIVATE SECTOR VEHICLES BY THE DEPARTMENT OF TRANSPORTATION AND THE DEPARTMENT OF ENVIRONMENTAL QUALITY

SECTION 4.4.(a) G.S. 143-215.107C(d) and (e) are repealed.

SECTION 4.4.(b) G.S. 143-215.107B is repealed.

ELIMINATE ANNUAL REPORT ON PURCHASE OF NEW MOTOR VEHICLES AND FUEL SAVINGS BY THE DEPARTMENT OF ADMINISTRATION

SECTION 4.5. G.S. 143-341(8)i.2b. reads as rewritten:

"2b. As used in this sub-sub-subdivision, "fuel economy" and "class of comparable automobiles" have the same meaning as in Part 600 of Title 40 of the Code of Federal Regulations (July 1, 2008 Edition). As used in this sub-sub-subdivision, "passenger motor vehicle" has the same meaning as "private passenger vehicle" as defined in G.S. 20-4.01. Notwithstanding the requirements of sub-sub-subdivision 2a. of this sub-subdivision, every request for proposals for new passenger motor vehicles to be purchased by the Department shall state a preference for vehicles that have a fuel economy for the new vehicle's model year that is in the top fifteen percent (15%) of its class of comparable automobiles. The award for every new passenger motor vehicle that is purchased by the Department shall be based on the Department's evaluation of the best value for the State, taking into account fuel economy ratings and life cycle cost that reasonably consider both projected fuel costs and acquisition costs. This sub-sub-subdivision does not apply to vehicles used in law enforcement, emergency medical response, and firefighting.~~ The Department shall report the number of new passenger motor vehicles that are purchased as required by this sub-sub-subdivision, the savings or costs for the purchase of vehicles to comply with this sub-sub-subdivision, and the quantity and cost of fuel saved for the previous fiscal year on or before October 1 of each year to the Joint Legislative Commission on Governmental Operations and the Environmental Review Commission.~~"

ELIMINATE BIENNIAL STATE OF THE ENVIRONMENT REPORT BY THE DEPARTMENT OF ENVIRONMENTAL QUALITY

SECTION 4.6. G.S. 143B-279.5 is repealed.

ELIMINATE ANNUAL REPORT ON FISH KILL ACTIVITY BY THE DEPARTMENT OF ENVIRONMENTAL QUALITY

SECTION 4.7. G.S. 143B-279.7(c) is repealed.

ELIMINATE THE ENVIRONMENTAL MANAGEMENT COMMISSION QUARTERLY REPORT ON DEVELOPING ENGINEERING STANDARDS GOVERNING MUNICIPAL AND DOMESTIC SYSTEMS TO ALLOW REGIONAL INTERCONNECTION

SECTION 4.8. Section 11.1 of S.L. 1999-329 reads as rewritten:

"Section 11.1. The Environmental Management Commission shall develop engineering standards governing municipal and domestic wastewater collection systems that will allow interconnection of these systems on a regional basis. ~~The Commission shall report on its progress in developing the engineering standards required by this section as a part of each quarterly report the Commission makes to the Environmental Review Commission pursuant to G.S. 143B-282(b).~~"

ELIMINATE BIENNIAL REPORT ON IMPLEMENTATION OF THE NORTH CAROLINA BEACH AND INLET MANAGEMENT PLAN BY THE DEPARTMENT OF ENVIRONMENTAL QUALITY

SECTION 4.9. Section 13.9(d) of S.L. 2000-67 reads as rewritten:

"Section 13.9.(d) Each plan shall be as complete as resources and available information allow. ~~The Department of Environment and Natural Resources shall revise the plan every two years and shall submit the revised plan to the General Assembly no later than March 1 of each odd-numbered year. The Department may issue a supplement to the plan in even-numbered years if significant new information becomes available.~~"

ELIMINATE ANNUAL REPORT ON INFORMAL REVIEW PROCESS FOR AGENCY REVIEW OF ENGINEERING WORK

SECTION 4.10. Sections 29(j) and 29(k) of S.L. 2014-120 are repealed.

CONSOLIDATE REPORTS ON THE COASTAL HABITAT PROTECTION PLAN

SECTION 4.11.(a) 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 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~~ September 1 of each ~~year.~~year in which any significant revisions to the Plans are made."

SECTION 4.11.(b) G.S. 143B-279.8(f) is repealed.

CONSOLIDATE AND REDUCE FREQUENCY OF REPORTS ON COST AND IMPLEMENTATION OF ENVIRONMENTAL PERMITTING PROGRAMS

SECTION 4.12.(a) G.S. 143-215.3A(c) reads as rewritten:

"(c) The Department shall report to the Environmental Review Commission and the Fiscal Research Division on the cost of the State's environmental permitting programs contained within the Department on or before ~~1 November~~ January 1 of each odd-numbered year. The report shall include, but is not limited to, fees set and established under this Article, fees collected under this Article, revenues received from other sources for environmental permitting and compliance programs, changes made in the fee schedule since the last report, anticipated revenues from all other sources, interest earned and any other information requested by the General Assembly. The Department shall submit this report with the report required by G.S. 143B-279.17 as a single report."

SECTION 4.12.(b) G.S. 143B-279.17 reads as rewritten:

"**§ 143B-279.17. Tracking and report on permit processing times.**

The Department of Environmental Quality shall track the time required to process all permit applications in the One-Stop for Certain Environmental Permits Programs established by G.S. 143B-279.12 and the Express Permit and Certification Reviews established by G.S. 143B-279.13 that are received by the Department. The processing time tracked shall include (i) the total processing time from when an initial permit application is received to issuance or denial of the permit and (ii) the processing time from when a complete permit application is received to issuance or denial of the permit. No later than ~~March 1~~ January 1 of each odd-numbered year, the Department shall report to the Fiscal Research Division of the General Assembly and the Environmental Review Commission on the permit processing times required to be tracked pursuant to this section. The Department shall submit this report with the report required by G.S. 143-215.3A(c) as a single report."

SECTION 4.12.(c) The first combined report required by subsections (a) and (b) of this section shall be submitted to the Environmental Review Commission and the Fiscal Research Division no later than January 1, 2019.

CONSOLIDATE AND REDUCE FREQUENCY OF REPORTS BY THE ENVIRONMENTAL MANAGEMENT COMMISSION

SECTION 4.13.(a) G.S. 143B-282(b) reads as rewritten:

"(b) The Environmental Management Commission shall submit ~~quarterly~~ written reports as to its operation, activities, programs, and progress to the Environmental Review ~~Commission.~~ Commission by January 1 of each year. The Environmental Management Commission shall supplement the written reports required by this subsection with additional written and oral reports as may be requested by the Environmental Review Commission. ~~The Environmental Management Commission shall submit the written reports required by this subsection whether or not the General Assembly is in session at the time the report is due.~~"

SECTION 4.13.(b) G.S. 143-215.1(h) reads as rewritten:

"(h) Each applicant for a new permit or the modification of an existing permit issued under subsection (c) of this section shall include with the application: (i) the extent to which the new or modified facility is constructed in whole or in part with funds provided or administered by the State or a unit of local government, (ii) the impact of the facility on water quality, and (iii) whether there are cost-effective alternative technologies that will achieve greater protection of water quality. The Commission shall prepare ~~a quarterly~~ an annual summary and analysis of the information provided by applicants pursuant to this subsection. The Commission shall submit the summary and analysis required by this subsection to the Environmental Review Commission (ERC) as a part of each ~~quarterly~~ annual report that the Commission is required to make to the ERC under G.S. 143B-282(b)."

SECTION 4.13.(c) The first combined report required by subsections (a) and (b) of this section shall be submitted to the Environmental Review Commission no later than January 1, 2018.

CONSOLIDATE WASTE MANAGEMENT REPORTS BY THE DEPARTMENT OF ENVIRONMENTAL QUALITY

SECTION 4.14.(a) G.S. 130A-309.06(c) reads as rewritten:

"(c) The Department shall report to the Environmental Review Commission and the Fiscal Research Division on or before ~~15 January~~ January 15 of each year on the status of solid waste management efforts in the State. The report shall include:

(1) A comprehensive analysis, to be updated in each report, of solid waste generation and disposal in the State projected for the 20-year period beginning on ~~1 July~~ July 1, 1991.

(2) The total amounts of solid waste recycled and disposed of and the methods of solid waste recycling and disposal used during the calendar year prior to the year in which the report is published.

(3) An evaluation of the development and implementation of local solid waste management programs and county and municipal recycling programs.

(4) An evaluation of the success of each county or group of counties in meeting the municipal solid waste reduction goal established in G.S. 130A-309.04.

(5) Recommendations concerning existing and potential programs for solid waste reduction and recycling that would be appropriate for units of local government and State agencies to implement to meet the requirements of this Part.

(6) An evaluation of the recycling industry, the markets for recycled materials, the recycling of polystyrene, and the success of State, local, and private industry efforts to enhance the markets for these materials.

(7) Recommendations to the Governor and the Environmental Review Commission to improve the management and recycling of solid waste in the State, including any proposed legislation to implement the recommendations.

(8) A description of the condition of the Solid Waste Management Trust Fund and the use of all funds allocated from the Solid Waste Management Trust Fund, as required by G.S. 130A-309.12(c).

(9) A description of the review and revision of bid procedures and the purchase and use of reusable, refillable, repairable, more durable, and less toxic supplies and products by both the Department of Administration and the Department of Transportation, as required by G.S. 130A-309.14(a1)(3).

(10) A description of the implementation of the North Carolina Scrap Tire Disposal Act that includes the amount of revenue used for grants and to clean up nuisance tire collection under the provisions of G.S 130A-309.64.

(11) A description of the management of white goods in the State, as required by G.S. 130A-309.85.

(12) A summary of the report by the Department of Transportation on the amounts and types of recycled materials that were specified or used in contracts that were entered into by the Department of Transportation during the previous fiscal year, as required by G.S. 136-28.8(g).

(13) Repealed by Session Laws 2010-142, s. 1, effective July 22, 2010.

(14) (Expiring October 1, 2023) A description of the activities related to the management of abandoned manufactured homes in the State in accordance with G.S. 130A-117, the beginning and ending balances in the Solid Waste Management Trust Fund for the reporting period and the amount of funds used, itemized by county, for grants made under Part 2F of Article 9 of Chapter 130A of the General Statutes.

(15) A report on the recycling of discarded computer equipment and televisions in the State pursuant to G.S. 130A-309.140(a).

(16) An evaluation of the Brownfields Property Reuse Act pursuant to G.S. 130A-310.40.

(17) A report on the Inactive Hazardous Waste Response Act of 1987 pursuant to G.S. 130A-310.10(a).

(18) A report on the Dry-Cleaning Solvent Cleanup Act of 1997 pursuant to G.S. 143-215.104U(a) until such time as the Act expires pursuant to Part 6 of Article 21A of Chapter 143 of the General Statutes.

(19) A report on the implementation and cost of the hazardous waste management program pursuant to G.S. 130A-294(i)."

SECTION 4.14.(b) G.S. 130A-309.140(a) reads as rewritten:

"(a) ~~No later than January 15 of each year, the Department shall submit a report on~~ The Department shall include in the status of solid waste management report required to be submitted on or before January 15 of each year pursuant to G.S. 130A-309.06(c) a report on the recycling of discarded computer equipment and televisions in the State under this ~~Part to the Environmental Review Commission.~~Part. The report must include an evaluation of the recycling rates in the State for discarded computer equipment and televisions, a discussion of compliance and enforcement related to the requirements of this Part, and any recommendations for any changes to the system of collection and recycling of discarded computer equipment, televisions, or other electronic devices."

SECTION 4.14.(c) G.S. 130A-310.40 reads as rewritten:

"**§ 130A-310.40. Legislative reports.**

The Department shall ~~prepare and submit to the Environmental Review Commission, concurrently with the report on the Inactive Hazardous Sites Response Act of 1987 required under G.S. 130A-310.10,~~ include in the status of solid waste management report required to be submitted on or before January 15 of each year pursuant to G.S. 130A-309.06(c) an evaluation of the effectiveness of this Part in facilitating the remediation and reuse of existing industrial and commercial properties. This evaluation shall include any recommendations for additional incentives or changes, if needed, to improve the effectiveness of this Part in addressing such properties. This evaluation shall also include a report on receipts by and expenditures from the Brownfields Property Reuse Act Implementation Account."

SECTION 4.14.(d) G.S. 130A-310.10(a) reads as rewritten:

"(a) The Secretary shall include in the status of solid waste management report required to be submitted on or before January 15 of each year pursuant to G.S. 130A-309.06(c) a report on inactive hazardous sites ~~to the Joint Legislative Commission on Governmental Operations, the Environmental Review Commission, and the Fiscal Research Division on or before October 1 of each year. The report shall include~~ that includes at least the following:

(1) The Inactive Hazardous Waste Sites Priority List.

(2) A list of remedial action plans requiring State funding through the Inactive Hazardous Sites Cleanup Fund.

(3) A comprehensive budget to implement these remedial action plans and the adequacy of the Inactive Hazardous Sites Cleanup Fund to fund the cost of said plans.

(4) A prioritized list of sites that are eligible for remedial action under CERCLA/SARA together with recommended remedial action plans and a comprehensive budget to implement such plans. The budget for implementing a remedial action plan under CERCLA/SARA shall include a statement as to any appropriation that may be necessary to pay the State's share of such plan.

(5) A list of sites and remedial action plans undergoing voluntary cleanup with Departmental approval.

(6) A list of sites and remedial action plans that may require State funding, a comprehensive budget if implementation of these possible remedial action plans is required, and the adequacy of the Inactive Hazardous Sites Cleanup Fund to fund the possible costs of said plans.

(7) A list of sites that pose an imminent hazard.

(8) A comprehensive budget to develop and implement remedial action plans for sites that pose imminent hazards and that may require State funding, and the adequacy of the Inactive Hazardous Sites Cleanup Fund.

(8a) Repealed by Session Laws 2015-286, s. 4.7(f), effective October 22, 2015.

(9) Any other information requested by the General Assembly or the Environmental Review Commission."

SECTION 4.14.(e) G.S. 143-215.104U reads as rewritten:

"**§ 143-215.104U. Reporting requirements.**

(a) The Secretary shall ~~present an annual report to the Environmental Review Commission that shall include~~ include in the status of solid waste management report required to be submitted on or before January 15 of each year pursuant to G.S. 130A-309.06(c) a report on at least the following:

(1) A list of all dry-cleaning solvent contamination reported to the Department.

(2) A list of all facilities and abandoned sites certified by the Commission and the status of contamination associated with each facility or abandoned site.

(3) An estimate of the cost of assessment and remediation required in connection with facilities or abandoned sites certified by the Commission and an estimate of assessment and remediation costs expected to be paid from the Fund.

(4) A statement of receipts and disbursements for the Fund.

(5) A statement of all claims against the Fund, including claims paid, claims denied, pending claims, anticipated claims, and any other obligations.

(6) The adequacy of the Fund to carry out the purposes of this Part together with any recommendations as to measures that may be necessary to assure the continued solvency of the Fund.

~~(b) The Secretary shall make the annual report required by this section on or before 1 October of each year.~~"

SECTION 4.14.(f) G.S. 130A-294(i) reads as rewritten:

"(i) The Department shall ~~report to Fiscal Research Division of the General Assembly, the Senate Appropriations Subcommittee on Natural and Economic Resources, the House Appropriations Subcommittee on Natural and Economic Resources, and the Environmental Review Commission on or before January 1 of each year~~ include in the status of solid waste management report required to be submitted on or before January 15 of each year pursuant to G.S. 130A-309.06(c) a report on the implementation and cost of the hazardous waste management program. The report shall include an evaluation of how well the State and private parties are managing and cleaning up hazardous waste. The report shall also include recommendations to the Governor, State agencies, and the General Assembly on ways to: improve waste management; reduce the amount of waste generated; maximize resource recovery, reuse, and conservation; and minimize the amount of hazardous waste which must be disposed of. The report shall include beginning and ending balances in the Hazardous Waste Management Account for the reporting period, total fees collected pursuant to G.S. 130A-294.1, anticipated revenue from all sources, total expenditures by activities and categories for the hazardous waste management program, any recommended adjustments in annual and tonnage fees which may be necessary to assure the continued availability of funds sufficient to pay the State's share of the cost of the hazardous waste management program, and any other information requested by the General Assembly. In recommending adjustments in annual and tonnage fees, the Department may propose fees for hazardous waste generators, and for hazardous waste treatment facilities that treat waste generated on site, which are designed to encourage reductions in the volume or quantity and toxicity of hazardous waste. The report shall also include a description of activities undertaken to implement the resident inspectors program established under G.S. 130A-295.02. In addition, the report shall include an annual update on the mercury switch removal program that shall include, at a minimum, all of the following:

(1) A detailed description of the mercury recovery performance ratio achieved by the mercury switch removal program.

(2) A detailed description of the mercury switch collection system developed and implemented by vehicle manufacturers in accordance with the NVMSRP.

(3) In the event that a mercury recovery performance ratio of at least 0.90 of the national mercury recovery performance ratio as reported by the NVMSRP is not achieved, a description of additional or alternative actions that may be implemented to improve the mercury switch removal program.

(4) The number of mercury switches collected and a description of how the mercury switches were managed.

(5) A statement that details the costs required to implement the mercury switch removal program, including a summary of receipts and disbursements from the Mercury Switch Removal Account."

SECTION 4.14.(g) The first combined report required by subsections (a) through (f) of this section shall be submitted to the Environmental Review Commission and the Fiscal Research Division no later than January 15, 2018.

CONSOLIDATE SEDIMENTATION POLLUTION CONTROL ACT AND STORMWATER REPORTS

SECTION 4.15.(a) G.S. 113A-67 reads as rewritten:

"**§ 113A-67. Annual Report.**

The Department shall report to the Environmental Review Commission on the implementation of this Article on or before ~~1 October~~ October 1 of each year. The Department shall include in the report an analysis of how the implementation of the Sedimentation Pollution Control Act of 1973 is affecting activities that contribute to the sedimentation of streams, rivers, lakes, and other waters of the State. The report shall also include a review of the effectiveness of local erosion and sedimentation control programs. The report shall be submitted to the Environmental Review Commission with the report required by G.S. 143-214.7(e) as a single report."

SECTION 4.15.(b) G.S. 143-214.7(e) reads as rewritten:

"(e) On or before October 1 of each year, the ~~Commission~~ Department shall report to the Environmental Review Commission on the implementation of this section, including the status of any stormwater control programs administered by State agencies and units of local government. The status report shall include information on any integration of stormwater capture and reuse into stormwater control programs administered by State agencies and units of local government. The report shall be submitted to the Environmental Review Commission with the report required by G.S. 113A-67 as a single report."

SECTION 4.15.(c) The first combined report required by subsections (a) and (b) of this section shall be submitted to the Environmental Review Commission no later than October 1, 2017.

CONSOLIDATE VARIOUS WATER RESOURCES AND WATER QUALITY REPORTS BY THE DEPARTMENT OF ENVIRONMENTAL QUALITY

SECTION 4.16.(a) G.S. 143-355(n) is repealed.

SECTION 4.16.(b) G.S. 143-355(o)(9) is repealed.

SECTION 4.16.(c) G.S. 143-355 is amended by adding a new subsection to read:

"(p) Report. – The Department of Environmental Quality shall report to the Environmental Review Commission on the implementation of this section, including the development of the State water supply plan and the development of basinwide hydrologic models, no later than November 1 of each year. The Department shall submit the report required by this subsection with the report on basinwide water quality management plans required by G.S. 143-215.8B(d) as a single report."

SECTION 4.16.(d) G.S. 143-215.8B(d) reads as rewritten:

"(d) ~~The~~ As a part of the report required pursuant to G.S. 143-355(p), the Commission and the Department shall each report on or before ~~1 October~~ November 1 of each year on an annual basis to the Environmental Review Commission on the progress in developing and implementing basinwide water quality management plans and on increasing public involvement and public education in connection with basinwide water quality management planning. The report to the Environmental Review Commission by the Department shall include a written statement as to all concentrations of heavy metals and other pollutants in the surface waters of the State that are identified in the course of preparing or revising the basinwide water quality management plans."

SECTION 4.16.(e) The first combined report required by subsections (c) and (d) of this section shall be submitted to the Environmental Review Commission no later than November 1, 2017.

CONSOLIDATE REPORTS BY THE DIVISION OF WATER INFRASTRUCTURE OF THE DEPARTMENT OF ENVIRONMENTAL QUALITY AND THE STATE WATER INFRASTRUCTURE AUTHORITY

SECTION 4.17.(a) G.S. 159G-26(a) reads as rewritten:

"(a) Requirement. – The Department ~~must~~ shall publish a report each year on the accounts in the Water Infrastructure Fund that are administered by the Division of Water Infrastructure. The report ~~must~~ shall be published by ~~1~~ November 1 of each year and cover the preceding fiscal year. The Department ~~must~~ shall make the report available to the public and ~~must~~ shall give a copy of the report to the Environmental Review ~~Commission and the~~ Commission, the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, and the Fiscal Research ~~Division of the Legislative Services Commission.~~Division with the report required by G.S. 159G-72 as a single report."

SECTION 4.17.(b) G.S. 159G-72 reads as rewritten:

"**§ 159G-72. State Water Infrastructure Authority; reports.**

No later than November 1 of each year, the Authority shall submit a report of its activity and findings, including any recommendations or legislative proposals, to the ~~Senate Appropriations Committee on Natural and Economic Resources, the House of Representatives Appropriations Subcommittee on Natural and Economic Resources, and the Fiscal Research Division of the Legislative Services Commission.~~Environmental Review Commission, the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, and the Fiscal Research Division with the report required by G.S. 159G-26(a) as a single report."

SECTION 4.17.(c) The first combined report required by subsections (a) and (b) of this section shall be submitted to the Environmental Review Commission, the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, and the Fiscal Research Division no later than November 1, 2017.

CONSOLIDATE REPORTS BY SOIL AND WATER CONSERVATION COMMISSION AND THE DIVISION OF SOIL AND WATER CONSERVATION OF THE DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

SECTION 4.18.(a) G.S. 106-850(e) reads as rewritten:

"(e) The Soil and Water Conservation Commission shall report on or before ~~31~~ January 31 of each year to the Environmental Review Commission, the Department of Agriculture and Consumer Services, and the Fiscal Research Division. This report shall include a list of projects that received State funding pursuant to the program, the results of the evaluations conducted pursuant to subdivision (7) of subsection (b) of this section, findings regarding the effectiveness of each of these projects to accomplish its primary purpose, and any recommendations to assure that State funding is used in the most cost-effective manner and accomplishes the greatest improvement in water quality. This report shall be submitted to the Environmental Review Commission and the Fiscal Research Division with the reports required by G.S. 106-860(e) and G.S. 139-60(d) as a single report."

SECTION 4.18.(b) G.S. 106-860(e) reads as rewritten:

"(e) Report. – The Soil and Water Conservation Commission shall report no later than ~~31~~ January 31 of each year to the Environmental Review Commission, the Department of Agriculture and Consumer Services, and the Fiscal Research Division. The report shall include a summary of projects that received State funding pursuant to the Program, the results of the evaluation conducted pursuant to subdivision (5) of subsection (b) of this section, findings regarding the effectiveness of each project to accomplish its primary purpose, and any recommendations to assure that State funding is used in the most cost-effective manner and accomplishes the greatest improvement in water quality. This report shall be submitted to the Environmental Review Commission and the Fiscal Research Division as a part of the report required by G.S. 106-850(e)."

SECTION 4.18.(c) G.S. 139-60(d) reads as rewritten:

"(d) Report. – No later than January 31 of each year, the Division of Soil and Water Conservation of the Department of Agriculture and Consumer Services shall prepare a comprehensive report on the implementation of subsections (a) through (c)

of this section. The report shall be submitted to the Environmental Review Commission and the Fiscal Research Division as a part of the report required by G.S. 106-850(e)."

SECTION 4.18.(d) The first combined report required by subsections (a) through (c) of this section shall be submitted to the Environmental Review Commission and the Fiscal Research Division no later than January 31, 2018.

DECREASE REPORTING FREQUENCY ON TERMINAL GROINS PILOT PROJECT BY THE COASTAL RESOURCES COMMISSION

SECTION 4.19. G.S. 113A-115.1(i) reads as rewritten:

"(i) No later than ~~September 1 of each year,~~ January 1, 2019, and every five years thereafter, the Coastal Resources Commission shall report to the Environmental Review Commission on the implementation of this section. The report shall provide a detailed description of each proposed and permitted terminal groin and its accompanying beach fill project, including the information required to be submitted pursuant to subsection (e) of this section. For each permitted terminal groin and its accompanying beach fill project, the report shall also provide all of the following:

(1) The findings of the Commission required pursuant to subsection (f) of this section.

(2) The status of construction and maintenance of the terminal groin and its accompanying beach fill project, including the status of the implementation of the plan for construction and maintenance and the inlet management plan.

(3) A description and assessment of the benefits of the terminal groin and its accompanying beach fill project, if any.

(4) A description and assessment of the adverse impacts of the terminal groin and its accompanying beach fill project, if any, including a description and assessment of any mitigation measures implemented to address adverse impacts."

DECREASE REPORTING FREQUENCY ON PARKS SYSTEM PLAN BY THE DEPARTMENT OF NATURAL AND CULTURAL RESOURCES

SECTION 4.20. G.S. 143B-135.48(d) reads as rewritten:

"(d) No later than ~~October 1 of each year,~~ October 1, 2018, and every five years thereafter, the Department shall submit electronically the State Parks System Plan to the Environmental Review Commission, ~~the Senate and the House of Representatives appropriations committees with jurisdiction over natural and cultural resources,~~ the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, and the Fiscal Research Division. Concurrently, the Department shall submit a summary of each change to the Plan that was made during the previous ~~fiscal year.~~five fiscal years."

REDIRECT INTERAGENCY REPORT ON SUPERFUND COST SHARE TO THE ANER OVERSIGHT COMMITTEE

SECTION 4.21. Section 15.6 of S.L. 1999-237 reads as rewritten:

"Section 15.6.(a) The Department of ~~Environment and Natural Resources~~ Environmental Quality may use available funds, with the approval of the Office of State Budget and Management, to provide the ten percent (10%) cost share required for Superfund cleanups on the National Priority List sites, to pay the operating and maintenance costs associated with these Superfund cleanups, and for the cleanup of priority inactive hazardous substance or waste disposal sites under Part 3 of Article 9 of Chapter 130A of the General Statutes. These funds may be in addition to those appropriated for this purpose.

"Section 15.6.(b) The Department of ~~Environment and Natural Resources~~ Environmental Quality and the Office of State Budget and Management shall report to the ~~Environmental Review Commission and the Joint Legislative Commission on Governmental Operations~~ Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources the amount and the source of the funds used pursuant to subsection (a) of this section within 30 days of the expenditure of these funds."

REDIRECT REPORT ON EXPENDITURES FROM BERNARD ALLEN EMERGENCY DRINKING WATER FUND TO ANER OVERSIGHT COMMITTEE

SECTION 4.22. G.S. 87-98(e) reads as rewritten:

"(e) The Department, in consultation with the Commission for Public Health and local health departments, shall report no later than October 1 of each year to the ~~Environmental Review Commission, the House of Representatives and Senate Appropriations Subcommittees on Natural~~ Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division of the General Assembly on the implementation of this section. The report shall include the purpose and amount of all expenditures from the Fund during the prior fiscal year, a discussion of the benefits and deficiencies realized as a result of the section, and may also include recommendations for any legislative action."

REDIRECT REPORT ON PARKS AND RECREATION TRUST FUND TO THE ANER OVERSIGHT COMMITTEE

SECTION 4.23. G.S. 143B-135.56(f) reads as rewritten:

"(f) Reports. – The North Carolina Parks and Recreation Authority shall report no later than October 1 of each year to the Joint Legislative ~~Commission on Governmental Operations, the House and Senate Appropriations Subcommittees on Natural and Economic Resources,~~ Oversight Committee on Agriculture and Natural and Economic Resources, the Fiscal Research Division, and the Environmental Review Commission on allocations from the Trust Fund from the prior fiscal year. For funds allocated from the Trust Fund under subsection (c) of this section, this report shall include the operating expenses determined under subdivisions (1) and (2) of subsection (e) of this section."

PART V. SEVERABILITY CLAUSE AND EFFECTIVE DATE

SECTION 5.1. 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 declared to be unconstitutional or invalid.

SECTION 5.2. Except as otherwise provided, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 27th day of April, 2017.

s/ Daniel J. Forest
President of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Roy Cooper
Governor

Approved 5:27 p.m. this 4th day of May, 2017

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2017-88
SENATE BILL 169

AN ACT TO EXPAND TEACHING EXCELLENCE BONUSES FOR CERTAIN TEACHERS WHO WOULD HAVE RECEIVED A BONUS.

The General Assembly of North Carolina enacts:

SECTION 1. It is the intent of the General Assembly to give a bonus substitute to certain teachers who remain teaching at the same school and would have received a bonus pursuant to one or more subdivisions of Section 9.7(a) of S.L. 2016-94 or pursuant to Section 8.8 of S.L. 2016-94 but for the restriction in subdivision (3) of either section ("the restriction").

SECTION 2.(a) If the teacher remains teaching at the same school and would have received a bonus under subdivision (1) of Section 9.7(a) of S.L. 2016-94 but for the restriction, the teacher shall receive a State bonus substitute equal to three thousand five hundred dollars ($3,500), unless the teacher refused to continue teaching third grade in the year the bonus was paid.

SECTION 2.(b) If the teacher remains teaching at the same school and would have received a bonus under subdivision (2) of Section 9.7(a) of S.L. 2016-94 but for the restriction, the teacher shall receive a local bonus substitute equal to three thousand five hundred dollars ($3,500), unless the teacher refused to continue teaching third grade in the year the bonus was paid.

SECTION 2.(c) If the teacher remains teaching at the same school and would have received a bonus under subsection (a) of Section 8.8 of S.L. 2016-94 but for the restriction, the teacher shall receive a bonus substitute equal to the amount the teacher would have received under subdivisions (1) and (2) of that subsection notwithstanding the restriction, unless the teacher refused to continue teaching the advanced course in the year the bonus was paid.

SECTION 3.(a) If a local school administrative unit paid a teacher an amount in lieu of a bonus the teacher would have received under subdivision (1) of Section 9.7(a) of S.L. 2016-94 but for the restriction, the Department of Public Instruction shall reimburse the local school administrative unit the amount paid up to three thousand five hundred dollars ($3,500).

SECTION 3.(b) If a local school administrative unit paid a teacher an amount in lieu of a bonus the teacher would have received under subdivision (2) of Section 9.7(a) of S.L. 2016-94 but for the restriction, the Department of Public Instruction shall reimburse the local school administrative unit the amount paid up to three thousand five hundred dollars ($3,500).

SECTION 3.(c) If a local school administrative unit paid a teacher an amount in lieu of a bonus the teacher would have received under subdivisions (1) and (2) of Section 8.8(a) of S.L. 2016-94 but for the restriction, the Department of Public Instruction shall reimburse the local school administrative unit the amount paid up to two thousand dollars ($2,000).

SECTION 4. Of the funds available to the Department of Public Instruction for the 2016-2017 fiscal year, the State Board of Education shall direct the Department to pay the bonus substitutes and reimbursements required by this act.

SECTION 5. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 26th day of June, 2017.

s/ Daniel J. Forest
President of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Roy Cooper
Governor

Approved 3:18 p.m. this 30th day of June, 2017

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2017-67
SENATE BILL 312

AN ACT TO ALLOW THE STATE SURPLUS PROPERTY AGENCY TO DISTRIBUTE STATE SURPLUS COMPUTERS TO NONPROFIT ENTITIES THAT REFURBISH AND DONATE COMPUTERS FOR THE BENEFIT OF LOW-INCOME STUDENTS AND HOUSEHOLDS.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 143-64.02 reads as rewritten:

"**§ 143-64.02. Definitions.**

As used in Part 1 of this Article, except where the context clearly requires otherwise:

...

(2) "Nonprofit tax exempt organizations" means ~~those nonprofit tax exempt~~ the following entities certified by the Internal Revenue Service as tax-exempt nonprofit organizations under section 501(c)(3) of the United States Internal Revenue Code of 1954: medical institutions, hospitals, clinics, health centers, school systems, schools, colleges, universities, schools for the mentally retarded, schools for the physically handicapped, radio and television stations licensed by the Federal Communications Commission as educational radio or educational television stations, public libraries, ~~and~~ civil defense organizations, ~~that have been certified by the Internal Revenue Service as tax-exempt nonprofit organizations under section 501(c)(3) of the United States Internal Revenue Code of 1954.~~and nonprofit entities that are qualified under rules adopted by the State Surplus Property Agency of the Department of Administration to refurbish computers and donate them to low-income students or households throughout the State.

...."

SECTION 1.(b) G.S. 143-64.03 reads as rewritten:

"**§ 143-64.03. Powers and duties of the State agency for surplus property.**

(a) The State Surplus Property Agency is authorized and directed to:

(1) Sell all State owned supplies, materials, and equipment that are surplus, obsolete, or unused and sell all seized vehicles and other conveyances that the State Surplus Property Agency is authorized to sell;

(2) Warehouse such property; and

(3) Distribute such property to tax-supported or nonprofit tax-exempt organizations.

(b) The State Surplus Property Agency is authorized and empowered to act as a clearinghouse of information for agencies and private nonprofit tax-exempt organizations, to locate property available for acquisition from State agencies, to ascertain the terms and conditions under which the property may be obtained, to receive requests from agencies and private nonprofit tax-exempt organizations, and transmit all available information about the property, and to aid and assist the agencies and private nonprofit tax-exempt organizations in transactions for the acquisition of State surplus property. When distributing computer equipment to nonprofit entities that refurbish computers and donate them to low-income students or households in this State, the State Surplus Property Agency must give consideration to the counties where the computer equipment will be donated to ensure that all geographic regions of the State benefit from the distributions.

(c) The State agency for surplus property, in the administration of Part 1 of this Article, shall cooperate to the fullest extent consistent with the provisions of Part 1 of this Article, with the departments or agencies of the State.

(d) The State agency for surplus property may sell or otherwise dispose of surplus property, including motor vehicles, through an electronic auction service."

SECTION 2. This act is effective when it becomes law. Notwithstanding G.S. 150B-21.1A(a), an agency may adopt an emergency rule in accordance with G.S. 150B-21.1A to effectuate the provisions of this act.

In the General Assembly read three times and ratified this the 19th day of June, 2017.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Roy Cooper
Governor

Approved 6:13 p.m. this 28th day of June, 2017

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2017-33
SENATE BILL 421

AN ACT TO AMEND THE PURPOSES FOR WHICH CERTAIN FUNDS APPROPRIATED TO ONSLOW COUNTY FOR THE 2016-2017 FISCAL YEAR MAY BE USED AND TO MAKE THOSE FUNDS NONREVERTING.

The General Assembly of North Carolina enacts:

SECTION 1. Notwithstanding any provision of S.L. 2016-94, or of the Committee Report described in Section 39.2 of that act, to the contrary, the sum of five million dollars ($5,000,000) in nonrecurring funds for the 2016-2017 fiscal year appropriated in that act to Onslow County to retrofit and purchase equipment for a regional career and technical education center may be used to fund the construction of a new education center. G.S. 143C-1-2(b) and G.S. 143C-6-23(f1)(1) shall not apply to the funds described in this section.

SECTION 2. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 5th day of June, 2017.

s/ Daniel J. Forest
President of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Roy Cooper
Governor

Approved 9:26 a.m. this 15th day of June, 2017

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2017-91
SENATE BILL 448

AN ACT TO AUTHORIZE LOCAL BOARDS OF EDUCATION TO EMPLOY HIGHER EDUCATION FACULTY MEMBERS TO SERVE AS ADJUNCT INSTRUCTORS FOR CORE ACADEMIC SUBJECTS.

The General Assembly of North Carolina enacts:

SECTION 1. Article 20 of Chapter 115C of the General Statutes is amended by adding a new section to read:
"**§ 115C-298.5. Adjunct K-12 instructors in core academic subjects.**

(a) Adjunct Hiring Criteria. – The State Board of Education shall develop minimum criteria of relevant education or employment experience for an individual who is currently employed at an institution of higher education as a faculty member to qualify that individual to contract as an adjunct instructor in specific core academic subjects in grades kindergarten through 12 and shall make such criteria available to local boards of education.

(b) Contracting With Adjunct Instructors. – Notwithstanding any provisions in this Article to the contrary and Part 3 of Article 22 of this Chapter, a local board of education may contract with an individual to serve as an adjunct instructor who meets the adjunct hiring criteria established by the State Board of Education for specific core academic subjects. The local board of education may contract with an adjunct instructor on an annual or semester basis, subject to the following requirements:

(1) An adjunct instructor may be employed for less than 20 hours per week or for less than six full consecutive months of employment. Adjunct instructors may be classified as temporary full-time or part-time employees. Based on the status as a temporary public school employee, an adjunct instructor shall not be eligible to earn paid leave, participate in the Teachers' and State Employees' Retirement System, or receive or purchase health benefits through the State Health Plan for Teachers and State Employees.

(2) An adjunct instructor shall be subject to a criminal history check to ensure that the person has not been convicted of any crime listed in G.S. 115C-332.

(3) An adjunct instructor shall not be required to hold or apply for licensure as a teacher.

(4) If an adjunct instructor is not licensed as a teacher, the adjunct instructor shall complete preservice training, which may be offered through an educator preparation program or by a local school administrative unit, in all of the following areas prior to beginning instruction:

a. The identification and education of children with disabilities.

b. Positive management of student behavior.

c. Effective communication for defusing and de-escalating disruptive or dangerous behavior.

d. Safe and appropriate use of seclusion and restraint."

SECTION 2. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 26th day of June, 2017.

s/ Daniel J. Forest
President of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Roy Cooper
Governor

Approved 3:21 p.m. this 30th day of June, 2017

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2017-187
SENATE BILL 468

AN ACT TO MODIFY THE USES FOR QUALIFIED ZONE ACADEMY BONDS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-489.6(a) reads as rewritten:

"(a) QZAB Program. – The State Board of Education is designated the State education agency responsible for administering the qualified zone academy bond program in North Carolina for the purposes of 26 U.S.C. § 54E. The State Board of Education shall perform all activities required to implement and carry out the qualified zone activity bond program in North Carolina. Those activities include:

…

(4) Awarding the State's allocation of total funds among selected applicants and establishing conditions upon the usage of the allocation. These conditions must include:

a. ~~Requiring~~ Ensuring that the bond proceeds be (i) used only ~~for rehabilitating or repairing the public school facility in which the qualified zone academy is located, which may include (i) wiring and other infrastructure improvements related to providing technology and (ii) equipment related to the rehabilitation or repair, but not personal computers or similar technology equipment.~~for purposes listed in 26 U.S.C. § 54E and (ii) prioritized so as to be used first in counties determined to have greater economic distress, as determined pursuant to G.S. 143B-437.08, and for schools where seventy-five percent (75%) or more of the school's students are eligible to receive free or reduced lunch under the federal lunch program. The State Board of Education shall establish an application process and require any information necessary to enable the Board to accomplish the prioritization and efficient use of the bond proceeds in accordance with this subdivision.

b. Conditions designed to assure that the allocation is used in a timely manner.

…."

SECTION 1.1.(a) Section 5.3(e) of S.L. 2017-57 reads as rewritten:

"**SECTION 5.3.(e)** Grant funds awarded under this section shall be subject to a matching requirement from the recipient county as follows:

(1) For a county designated as a development tier one area, the grant shall not exceed three dollars ($3.00) in grant funds for every one dollar ($1.00) provided by the county. Grant funds awarded to a tier one county shall not exceed fifteen million dollars ($15,000,000).

(2) For a county designated as a development tier two area, the grant shall not exceed one dollar ($1.00) for every one dollar ($1.00) in grant funds provided by the county. Grant funds awarded to a tier two county shall not exceed ten million dollars ($10,000,000).

Grant funds shall be used for new capital projects only. Grant funds shall not be used for real property acquisition or for operational lease ~~agreements.~~agreements, except that grant funds may be used for projects when a pre-development agreement for an operational lease was entered into on or before June 30, 2017. Notwithstanding subdivision (2) of this subsection, grant funds shall only be awarded to development tier one counties until the 2020-2021 fiscal year. Grant funds shall not be awarded to any county that has received over eight million seven hundred fifty thousand dollars ($8,750,000) in funds from the Public School Building Capital Fund from the 2012-2013 fiscal year to the 2016-2017 fiscal year."

SECTION 1.1.(b) This section becomes effective July 1, 2017.

SECTION 2. Except as otherwise provided, this act is effective when it becomes law and applies to bond proceeds used on or after that date.

In the General Assembly read three times and ratified this the 30th day of June, 2017.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Roy Cooper
Governor

Approved 12:05 p.m. this 25th day of July, 2017

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2017-212
SENATE BILL 582

AN ACT (I) TO MAKE TECHNICAL, CLARIFYING, AND OTHER MODIFICATIONS TO THE CURRENT OPERATIONS APPROPRIATIONS ACT OF 2017 AND TO RELATED LEGISLATION AND (II) TO MAKE AGENCY TECHNICAL CORRECTIONS.

The General Assembly of North Carolina enacts:

PART I. GENERAL PROVISIONS

SECTION 1.1. Section 5.3(e) of S.L. 2017-57 reads as rewritten:

"**SECTION 5.3.(e)** Grant funds awarded under this section shall be subject to a matching requirement from the recipient county as follows:

(1) For a county designated as a development tier one area, the grant shall not exceed three dollars ($3.00) in grant funds for every one dollar ($1.00) provided by the county. Grant funds awarded to a tier one county shall not exceed fifteen million dollars ($15,000,000).

(2) For a county designated as a development tier two area, the grant shall not exceed one dollar ($1.00) for every one dollar ($1.00) in grant funds provided by the county. Grant funds awarded to a tier two county shall not exceed ten million dollars ($10,000,000).

Grant funds shall be used for the construction of new ~~capital projects~~school buildings only. Grant funds shall not be used for real property acquisition or for operational lease agreements. Notwithstanding subdivision (2) of this subsection, grant funds shall only be awarded to development tier one counties until the 2020-2021 fiscal year. Grant funds shall not be awarded to any county that has received over eight million seven hundred fifty thousand dollars ($8,750,000) in funds from the Public School Building Capital Fund from the 2012-2013 fiscal year to the 2016-2017 fiscal year."

SECTION 1.2. Section 3 of S.L. 2017-119 reads as rewritten:

"**SECTION 3.** Implementation. – The following actions and policy shall be taken to implement this section:

…

(7) All the following shall apply to the funds allocated to the Lumber River Council of Government as provided in sub-subdivision (1)b. of Section 1 of this act:

a. The Housing Finance Agency (HFA) shall coordinate with the Lumber River Council of Government (COG) to create a 30- to ~~35-unit~~36-unit multifamily affordable housing complex (housing complex) within the Fair Bluff Town limits. All funds allocated to the COG under this act shall be used solely for the development, management, maintenance, and preservation of the housing complex. When filling units in the affordable housing complex, priority shall be given to low-income residents of Fair Bluff affected by the flooding and damage caused by Hurricane Matthew.

…."

SECTION 1.3. Section 3 of S.L. 2017-137 reads as rewritten:

"**SECTION 3.** ~~This~~ Section 2.5 of this act becomes effective January 1, 2018. The remainder of this act becomes effective October 1, ~~2017. Section~~2017, and Section 1 applies to ~~plans prepared for acquisitions~~ policies issued or renewed on or after ~~the effective~~ that date."

SECTION 1.4. The Department of Administration shall study the utilization of buildings by State agencies in the downtown Raleigh area and report its findings to the Joint Legislative Committee on Governmental Operations no later than April 1, 2018.

PART II. EDUCATION

SECTION 2.1. G.S. 115D-5(x), as enacted by Section 7.22(g) of S.L. 2017-57, reads as rewritten:

"(x) In addition to the evaluation of cooperative innovative high schools by the State Board of Education pursuant to G.S. 115C-238.55, the State Board of Community Colleges, in conjunction with the State Board of Education and the Board of Governors of The University of North Carolina, shall evaluate the success of students participating in the Career and College Promise Program, including the College Transfer pathway and the Career and Technical Education pathway. Success shall be measured by high school retention rates, high school completion rates, high school dropout rates, certification and associate degree completion, admission to four-year institutions, postgraduation employment in career or study-related fields, and

employer satisfaction of employees who participated in the programs. The Boards shall jointly report by ~~January~~March 15 of each year to the Joint Legislative Education Oversight Committee."

SECTION 2.2. G.S. 115C-64.17(c), as enacted by Section 7.23F(b) of S.L. 2017-57, reads as rewritten:

"(c) Selection of Recipients. – For the 2017-2018 fiscal year, the Commission shall accept applications for a grant until November ~~1,~~30, 2017. For subsequent fiscal years that funds are made available for the Program, the Commission shall accept applications for a grant until August 1 of each year. The Commission shall select recipients in a manner that considers diversity among the pool of applicants, including geographic location, location of industries in the area in which a local school administrative unit is located, and the size of the student population served by the unit, in order to award funds to the extent possible to grant recipients that represent different regions and characteristics of the State. The Commission shall recommend recipients of the grants to the State Board of Education. The State Board, upon consultation with the Superintendent of Public Instruction, shall approve the recipients of grant awards."

SECTION 2.3.(a) Section 8.2(b) of S.L. 2017-57 reads as rewritten:

"**SECTION 8.2.(b)** This section applies to teachers entering the profession in the 2017-2018 fiscal ~~year.~~year who were hired prior to the effective date of Section 8.2A of this act."

SECTION 2.3.(b) S.L. 2017-57 is amended by adding a new section to read:

"**SUPPORT FOR LATER-HIRED HIGHLY QUALIFIED NC TEACHING GRADUATES**

"**SECTION 8.2A.(a)** For purposes of this section, a "highly qualified graduate" or "graduate" is an individual entering the teaching profession and hired on or after the effective date of this section who has graduated from an approved educator preparation program located in North Carolina with both of the following criteria:

(1) A grade point average of 3.75 or higher on a 4.0 scale, or its equivalent.

(2) A score of the following or higher on an edTPA assessment or an equivalent score on a nationally normed and valid pedagogy assessment used to determine clinical practice performance:

a. A score of 42 for the World Languages and Classical Languages edTPA assessment.

b. A score of 57 for the Elementary Education edTPA assessment.

c. A score of 48 for all other edTPA assessments.

Notwithstanding Section 8.1(a) of this act, a highly qualified graduate who is employed by a local board of education shall receive a salary supplement each month at the highest level for which the graduate qualifies, as follows:

(1) A graduate accepts initial employment at a school identified as low-performing by the State Board of Education pursuant to G.S. 115C-105.37 shall receive a salary supplement during the graduate's first three years of employment as a teacher, without a break in service, equivalent to the difference between the State-funded salary of the graduate and the State-funded salary of a similarly situated teacher with three years of experience on the "A" Teachers salary schedule, as long as the graduate (i) remains teaching at the same school or (ii) accepts subsequent employment at another low-performing school or local school administrative unit identified as low-performing.

(2) A graduate licensed and employed to teach in the areas of special education, science, technology, engineering, or mathematics shall receive a salary supplement during the graduate's first two years of employment as a teacher, without a break in service, equivalent to the difference between the State-funded salary of the graduate and the State-funded salary of a similarly situated teacher with two years of experience on the "A" Teachers salary schedule, as long as the graduate continues teaching in one of those areas.

(3) All other graduates shall receive a salary supplement during the graduate's first year of employment as a teacher, without a break in service, equivalent to the difference between the State-funded salary of the graduate and the State-funded salary of a similarly situated teacher with one year of experience on the "A" Teachers salary schedule.

"**SECTION 8.2A.(b)** This section is effective when it becomes law and applies to teachers entering the profession in the 2017-2018 fiscal year hired on or after that date."

SECTION 2.4.(a) Section 8.3(c) of S.L. 2017-57 reads as rewritten:

"**SECTION 8.3.(c)** A principal compensated in accordance with this section for the 2017-2018 fiscal year shall receive an amount equal to the greater of the following:

(1) The applicable amount determined pursuant to subsection (a) of this section.

(2) For principals who were eligible for longevity in the 2016-2017 fiscal year, the sum of the following:

a. The salary the principal received in the 2016-2017 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.

b. The longevity that the principal would have received as provided for State employees under the North Carolina Human Resources Act for the 2016-2017 fiscal year based on the principal's current years of service.

(3) For principals who were not eligible for longevity in the 2016-2017 ~~school~~ fiscal year, the salary the principal received in the 2016-2017 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94."

SECTION 2.4.(b) Section 8.5(e) of S.L. 2017-57 reads as rewritten:

"**SECTION 8.5.(e)** An assistant principal compensated in accordance with this section for the 2017-2018 fiscal year shall receive an amount equal to the greater of the following:

(1) The applicable amount determined pursuant to subsections (a) through (c) of this section.

(2) For assistant principals who were eligible for longevity in the 2016-2017 fiscal year, the sum of the following:

a. The salary the assistant principal received in the 2016-2017 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.

b. The longevity that the assistant principal would have received as provided for State employees under the North Carolina Human Resources Act for the 2016-2017 fiscal year based on the assistant principal's current years of service.

(3) For assistant principals who were not eligible for longevity in the 2016-2017 fiscal year, the salary the assistant principal received in the 2016-2017 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94."

SECTION 2.4.(c) This section is effective when it becomes law and applies retroactively to July 1, 2017.

PART III. HEALTH AND HUMAN SERVICES

SECTION 3.1. Section 12F.1 of S.L. 2016-94 reads as rewritten:

"**SECTION 12F.1.(a)** Definitions. – As used in this section, the following terms have the following meanings:

(1) Department. – The North Carolina Department of Health and Human Services.

(2) FQHC. – A federally qualified health center located in this State.

(3) Prescriber. – Anyone authorized to prescribe drugs pursuant to the laws of this State.

(4) Program participant. – An individual who (i) has been clinically assessed and diagnosed with opioid addiction, (ii) is selected by an FQHC to participate in the pilot program authorized by this section, and (iii) as part of the pilot program, receives the nonnarcotic, nonaddictive, extended-release, injectable formulation of opioid antagonist approved by the United States Food and Drug Administration for the prevention of relapse to opioid dependence.

~~(5) Randomized control group member. – An individual who (i) has been clinically assessed and diagnosed with opioid addiction, (ii) is selected by a FQHC to participate in the pilot program authorized by this section, and (iii) as part of the pilot program, does not receive the nonnarcotic, nonaddictive, extended-release, injectable formulation of opioid antagonist approved by the United States Food and Drug Administration for the prevention of relapse to opioid dependence.~~

"**SECTION 12F.1.(b)** Pilot Program. – The Department shall oversee the administration of a three-year pilot program to be conducted by designated FQHCs to address North Carolina's growing opioid addiction and overdose crisis. The goal of the pilot program is to study the effectiveness of combining behavioral therapy with the utilization of a nonnarcotic, nonaddictive, extended-release, injectable formulation of opioid antagonist approved by the United States Food and Drug Administration for the prevention of relapse to opioid dependence. In conducting the pilot program, selected FQHCs may collaborate with the Department, the North Carolina Institute of Medicine (NCIOM), and any other qualified entity or State agency that may be of assistance in accomplishing the objectives of the pilot program. Prior to the initiation of this pilot program, the Department shall, in collaboration with the NCIOM or any other qualified entity, determine the number of program participants ~~and randomized control group members~~ needed to participate in the pilot program in order to ensure sufficient statistical significance to support any conclusions about the effectiveness of the pilot program.

"**SECTION 12F.1.(c)** Selection of Participating FQHCs. – Not later than 30 days after the effective date of this section, the Department shall select a minimum of three and not more than five FQHCs located in different areas of the State to participate in the pilot program authorized by this section, giving first priority to FQHCs that have received supplemental grant funds from the United States Department of Health and Human Services, Health Resources and Services Administration, for substance abuse service expansion with a focus on medication-assisted treatment in opioid use disorders.

"**SECTION 12F.1.(d)** Selection of Program Participants. – Not later than 60 days after the effective date of this section, the Department shall develop, in collaboration with the NCIOM or any other qualified entity, a methodology for selecting program participants ~~and randomized control group members~~ at each FQHC. Only individuals who have been clinically assessed and diagnosed with opioid addiction may be selected and treated as program ~~participants and randomized control group members.~~participants. Individuals who have been referred from local criminal justice agencies may be selected as program ~~participants and randomized control group members.~~participants.

"**SECTION 12F.1.(e)** Treatment Standards. – As a condition of participating in the pilot program authorized by this section, each FQHC shall sign a written participation agreement provided by the Department that requires the FQHC to adhere to at least all of the following treatment standards for the duration of its participation in the pilot program:

(1) Treatment may be provided to program participants ~~and randomized control group members~~ only by a treatment provider who is affiliated with a participating FQHC.

(2) Only individuals who have been clinically assessed and diagnosed with opioid addiction may be selected and treated as program ~~participants and randomized control group members.~~participants.

(3) Treatment providers at participating FQHCs shall do all of the following:

a. Provide treatment based on an integrated service delivery model that consists of the coordination of care between a prescriber and an addiction services provider.

b. Conduct any necessary additional professional, comprehensive substance use disorder and mental health diagnostic assessments of individuals under consideration for selection as pilot program participants to determine if they would benefit from substance use disorder treatment and monitoring.

c. Determine, based on the assessments described in sub-subdivision b. of this subdivision, the treatment needs of the program participants served by the treatment provider.

d. Develop individualized treatment goals and objectives for each program participant.

e. Provide program participants with access to medication-assisted treatment utilizing a nonnarcotic, nonaddictive, extended-release, injectable formulation of opioid antagonist.

f. In addition to medication-assisted treatment, provide program participants with other types of therapies, including behavioral therapies, outpatient programs, and community support, for opioid use disorder and any other disorders that are determined by the treatment provider to be co-occurring disorders.

g. In the case of medication-assisted treatment provided under the pilot program, a drug may be used only if it has been approved by the United States Food and Drug Administration for use in combination with behavioral therapy for the prevention of relapse to opioid dependence.

h. Comply with all applicable federal opioid treatment standards.

i. Monitor the progress of program participants ~~and randomized control group members~~ through the use of regular drug testing, including urinalysis.

"**SECTION 12F.1.(f)** FQHC Reports. – No later than 60 days after the effective date of this section, the Department shall, in collaboration with the NCIOM or any other qualified entity, develop a standardized methodology for the collection of information on program participants ~~and randomized control group members~~ at each FQHC. As a condition of participating in the pilot program authorized by this section, each selected FQHC must agree to follow this standardized methodology for (i) collecting information on program participants ~~and randomized control group members~~ and (ii) annually reporting that information to the Department, in the format prescribed by the Department. The annual report shall include at least all of the following information, in the format prescribed by the Department:

(1) For each program ~~participant and randomized control group member,~~participant, that individual's age, sex, and length of treatment. This information shall be reported to the Department in a manner that does not disclose personally identifying information about program ~~participants and randomized control group members.~~participants.

(2) The total number of program participants ~~and the total number of randomized control group members~~ who successfully transitioned to opioid abstinence for a minimum of 30 days, 60 days, 90 days, six months, 12 months, and 18 months.

~~(3) A comparison of program participants to the randomized control group members.~~

~~(4)~~(3) The amount of State appropriations expended on a per program participant basis at each participating FQHC.

"**SECTION 12F.1.(g)** Evaluation of Pilot Program. – By November 1, 2020, the Department shall conduct and submit to the Joint Legislative Oversight Committee on Health and Human Services a comprehensive evaluation of the effectiveness of this pilot program in addressing North Carolina's growing opioid addiction and overdose crisis. The Department may contract with an institution of higher education or other qualified entity with expertise in evaluating programs similar to the pilot program authorized by this section. The comprehensive evaluation shall include whether this pilot program was successful as measured by at least all of the following:

(1) The total number of program participants who successfully transitioned to opioid abstinence for a minimum of 30 days, 60 days, 90 days, six months, 12 months, and 18 months.

~~(2) A comparison of the program participants to the randomized control group members.~~

~~(3)~~(2) A cost-benefit analysis of the pilot program.

"**SECTION 12F.1.(h)** Expiration. – The pilot program conducted at each selected FQHC shall expire no later than three years after the date of its commencement at that particular FQHC.

"**SECTION 12F.1.(i)** Funds in the amount of five hundred thousand dollars ($500,000) from the federal Substance Abuse Prevention and Treatment Block Grant shall be allocated to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2016-2017 fiscal year. These funds shall be allocated to the FQHCs selected to participate in the pilot program authorized by this section on a per program participant basis to offset the cost of the following services:

(1) Medication dispensed to program participants.

(2) Provider fees for services rendered to program participants.

(3) Up to 14 days of detoxification services.

(4) Behavioral therapy for program participants.

(5) Drug testing and monitoring of program participants.

"**SECTION 12F.1.(j)** Subsection (i) of this section becomes effective July 1, 2016. The remainder of this section is effective when it becomes law."

SECTION 3.2.(a) G.S. 147-86.70(b)(1) reads as rewritten:

"(b) Definitions. – The following definitions apply in this section:

(1) ABLE account. – An account established and owned by an eligible individual and maintained under this Article. A parent, guardian, ~~guardian~~ or agent under a power of attorney may act on behalf of an account owner."

SECTION 3.2.(b) G.S. 147-86.71 reads as rewritten:

"**§ 147-86.71. ABLE Program.**

…

(b) Accounts. – The following provisions apply to an ABLE account:

(1) An account owner or contributor may establish an account by making an initial contribution to the ABLE Program Trust, signing an application form approved by the Board or its designee, and naming the designated beneficiary. If the contributor is not the account owner, the account owner or the account owner's parent, guardian, trustee, or agent shall also sign the application form."

…

(d) Limitations. – The Board, in administering the ABLE Program Trust, shall ensure each of the following:

…

(9) A ~~trustee~~ parent, trustee, or guardian appointed as a signatory of an ABLE account does not have or acquire any beneficial interest in the account and administers the account for the benefit of the designated beneficiary."

SECTION 3.3. Section 11F.9 of S.L. 2017-57 reads as rewritten:

"**SECTION 11F.9.(a)** ~~Of the funds appropriated to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of one hundred fifty thousand dollars ($150,000) in nonrecurring funds for the 2017-2018 fiscal year and the sum of three hundred thousand dollars ($300,000) in nonrecurring funds for the 2018-2019 fiscal year shall be used to develop and implement an adult and pediatric traumatic brain injury pilot program.~~ The Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall establish an adult and pediatric traumatic brain injury pilot program, to be conducted at not less than three and not more than five trauma hospitals licensed in this State. The purpose of the pilot program is to increase compliance with internationally approved evidence-based treatment guidelines for severe adult and pediatric traumatic brain injury in order to reduce patient mortality, improve patient level of recovery, and reduce long-term care costs.

"~~**SECTION 11F.9.(b)** The Department of Health and Human Services shall establish up to three program sites to implement the adult and pediatric traumatic brain injury pilot program authorized by this section, all of which shall be trauma hospitals. Each program site shall be awarded up to one hundred thousand dollars ($100,000) for the development and implementation of an interactive quality assessment and quality assurance clinical decision support tool to provide real-time, evidence-based medical care guidance for intensive care unit patients with severe adult or pediatric traumatic brain injury.~~

"**SECTION 11F.9.~~(c)~~(b)** ~~The Department of Health and Human Services shall contract with a private entity to assist participating trauma hospitals in implementing the tool described in subsection (b) of this section.~~ Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of one hundred fifty thousand dollars ($150,000) in nonrecurring funds for the 2017-2018 fiscal year and the sum of three hundred thousand dollars ($300,000) in nonrecurring funds for the 2018-2019 fiscal year shall be used to enter into a contract with an independent entity to operate the pilot program authorized by this section. In so doing, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall select an independent entity that has (i) developed software for an interactive quality assessment and quality assurance clinical decision support tool that provides real-time, evidence-based medical care guidance for intensive care unit patients with severe adult or pediatric traumatic brain injury and (ii) prior experience assisting trauma hospitals in other states in implementing this software. In consideration for payments made to the independent entity under the contract, the independent entity shall assume responsibility for all of the following:

(1) Initiating and operating the pilot program, including the selection of not less than three and not more than five trauma hospitals licensed in this State to serve as pilot program sites.

(2) Assisting participating trauma hospitals in implementing the software developed by the independent entity for use as an interactive quality assessment and quality assurance clinical decision support tool to provide real-time, evidence-based medical care guidance for intensive care unit patients with severe adult or pediatric traumatic brain injury. In providing such implementation assistance, the ~~private~~ independent entity shall utilize the treatment guidelines and practice recommendations that have been peer reviewed and approved by the American Association of Neurological Surgeons and are recognized as the current standard of care for individuals with severe traumatic brain injury.

"**SECTION 11F.9.~~(d)~~(c)** By February 1, 2018, the Department of Health and Human Services shall submit a progress report on the development and implementation of the pilot program authorized by this section to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division.

"**SECTION 11F.9.~~(e)~~(d)** By January 7, 2019, the Department of Health and Human Services shall submit a final report of the pilot program authorized by this section to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division. At a minimum, the final report shall include all of the following:

(1) The number and outcome of patients served at each program site, broken down by patient age and county of origin.

(2) A breakdown of expenditures at each program site by type of service.

(2) An estimate of the cost to expand the program incrementally and statewide.

(3) An estimate of any potential savings of State funds associated with expansion of the program.

(4) If expansion of the program is recommended, a time line for expanding the program."

SECTION 3.4. Part XI of S.L. 2017-57 is amended by adding a new section to read:

"**FUNDS FOR THE TOWN OF BOLTON**

"**SECTION 11D.3A.** Notwithstanding any other provision of law or descriptive language to the contrary in the Committee Report described in Section 39.2 of this act, nonrecurring funds appropriated in this act to the Department of Health and Human Services, Division of Aging and Adult Services, for the 2017-2018 fiscal year for allocation to the Bolton Senior Center shall instead be allocated to the Town of Bolton."

PART IV. AGRICULTURE AND NATURAL AND ECONOMIC RESOURCES

SECTION 4.1. Section 15.9A of S.L. 2017-57 reads as rewritten:

"**SECTION 15.9A.** The funds appropriated in this act to the Department of Commerce as a grant-in-aid to the Town of Haw River shall be used to provide grants, loans, or both for a historic mill renovation project. In addition to the provisions governing reporting, oversight, and administration of grant funds contained in G.S. 143C-6-23, the Town of Haw River shall enter into an agreement with any ~~subgrantee~~ entity receiving ~~funds.~~funds (recipient). The agreement shall contain, at a minimum, (i) a provision that funds received under the agreement may be used only for mill rehabilitation purposes, (ii) a provision allowing the Town of Haw River to inspect all records of the ~~subgrantee~~ recipient that may be used to confirm compliance with the agreement, (iii) a provision establishing methods for determining compliance with the agreement, and (iv) a provision requiring recapture or repayment of all ~~grant~~ funds if the ~~subgrantee~~ recipient fails to comply with the terms of the agreement. In the event of a violation of the agreement, the Town of Haw River shall take action to ~~recapture all grant~~recoup all funds. The Town may retain up to twenty percent (20%) of the funds described in this section for the historic mill renovation project for infrastructure improvements necessary for and directly related to the project. For purposes of this section, the phrase "infrastructure improvements" is defined as street improvements, site improvements, including site utilities, sidewalks, parking, hardscape products, costs for demolition, engineering, and architecture, and fixtures for any spaces in the historic mill renovation project leased and used by the Town. The Commerce Finance Center shall, in cooperation with the Town of Haw River, conduct an annual review of the mill restoration project and shall submit a report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division on April 1 each year beginning April 1, 2021, until project completion."

SECTION 4.2. Section 13.22 of S.L. 2017-57, as amended by Section 4.2 of S.L. 2017-197, reads as rewritten:

"**SECTION 13.22.(a)** The following allocations are made from funds appropriated by this act to the Division of Water Infrastructure of the Department of Environmental Quality for water and sewer infrastructure grants:

…

(4) The sum of one hundred thousand dollars ($100,000) for the 2017-2018 fiscal year to Davidson County ~~for the Wil-Cox bridge sewer expansion.~~to be allocated as follows:

a. Fifty thousand dollars ($50,000) for a sewer project.

b. Notwithstanding any other provision of this section or Chapter 159G of the General Statutes to the contrary, fifty thousand dollars ($50,000) for preservation and restoration work on the Wil-Cox bridge.

…."

SECTION 4.3. Section 15.14B(c) of S.L. 2014-100 reads as rewritten:

"**SECTION 15.14B.(c)** This section becomes effective January 1, ~~2015, and expires July 1, 2020.~~2015. The Secretary shall not award a grant for any qualifying expenses for which a taxpayer receives a tax credit under G.S. 105-130.47 or G.S. 105-151.29."

SECTION 4.4. Section 10.24 of S.L. 2017-57 reads as rewritten:

"…

"**SECTION 10.24.(e)** The Committee shall develop a business plan for the Food Processing Research Center at the North Carolina Research Campus (Center) to implement. The business plan required by this subsection shall include processes for designing and marketing the Center. Of the funds appropriated in this act to North Carolina State University for the Center, the University shall allocate not more than the sum of one hundred thousand dollars ($100,000) in nonrecurring funds for the 2017-2018 fiscal year to the Committee to cover costs incurred by the Committee in developing a business plan required under this subsection. The business plan required under this subsection shall ensure all of the following:

(1) The financial stability for the Center, including sources and uses for funds to operate the facility and maintain equipment for the Center.

(2) The creation and implementation of revenue models that can be used to support the expenses of the facility with the goal of positioning the facility to ultimately cease to need State funds for continued operations.

(3) The creation and implementation of policies that protect the State's investment in the initiative and provide for a return to the taxpayers by increasing job opportunities, private sector investment, and increased markets for value-added agricultural products.

(4) Any other provision the Committee deems necessary to carry out the intent and accomplish the goals established in this section.

Upon completion of the business plan required under this subsection, the Committee shall submit the business plan to the University.

"**SECTION 10.24.(f)** No less than 30 days prior to expending or encumbering any other funds provided in this act to the University for the Center, the University shall submit the business plan required under subsection (e) of this section to the Joint Legislative Commission on Government Operations. The business plan required under subsection (e) of this section is binding, and the University shall not deviate from the plan without having the plan amended by the Committee, which may adopt amendments by a majority vote.

…."

SECTION 4.5.(a) Of the funds appropriated in S.L. 2017-57 to the Wildlife Resources Commission, an additional fifty thousand dollars ($50,000) in recurring funds is allocated to the Outdoor Heritage Advisory Council to provide support for the operation of the Council, including the salaries and benefits of Council personnel.

SECTION 4.5.(b) Part 36 of Article 7 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"**§ 143B-344.62. Outdoor Heritage Advisory Council – executive director; staff.**

The Council may, subject to appropriations or other funds that accrue to it, employ an executive director to carry out the day-to-day responsibilities and business of the Council. The executive director shall serve at the pleasure of the Council. The executive director, also subject to appropriations or other funds that accrue to the Council, may hire additional staff and consultants to assist in the discharge of the executive director's responsibilities, as determined by the Council."

SECTION 4.6.(a) G.S. 97-2(2) reads as rewritten:

"(2) Employee. – The term "employee" means every person engaged in an employment under any appointment or contract of hire or apprenticeship, express or implied, oral or written, including aliens, and also minors, whether lawfully or unlawfully employed, but excluding persons whose employment is both casual and not in the course of the trade, business, profession, or occupation of his employer, and as relating to those so employed by the State, the term "employee" shall include all officers and employees of the State, including such as are elected by the people, or by the General Assembly, or appointed by the Governor to serve on a per diem, part-time or fee basis, either with or without the confirmation of the Senate; as relating to municipal corporations and political subdivisions of the State, the term "employee" shall include all officers and employees thereof, including such as are elected by the people. The term "employee" shall include members of the North Carolina National Guard while on State active duty under orders of the Governor and members of the North Carolina State Defense Militia while on State active duty under orders of the Governor. The term "employee" shall include deputy sheriffs and all persons acting in the capacity of deputy sheriffs, whether appointed by the sheriff or by the governing body of the county and whether serving on a fee basis or on a salary basis, or whether deputy sheriffs serving upon a full-time basis or a part-time basis, and including deputy sheriffs appointed to serve in an emergency, but as to those so appointed, only during the continuation of the emergency. The sheriff shall furnish to the board of county commissioners a complete list of all deputy sheriffs named or appointed by him immediately after their appointment and notify the board of commissioners of any changes made therein promptly after such changes are made. Any reference to an employee who has been injured shall, when the employee is dead, include also the employee's legal representative, dependents, and other persons to whom compensation may be payable: Provided, further, that any employee, as herein defined, of a municipality, county, or of the State of North Carolina, while engaged in the discharge of the employee's official duty outside the jurisdictional or territorial limits of the municipality, county, or the State of North Carolina and while acting pursuant to authorization or instruction from any superior officer, shall have the same rights under this Article as if such duty or activity were performed within the territorial boundary limits of their employer.

Except as otherwise provided herein, every executive officer elected or appointed and empowered in accordance with the charter and bylaws of a corporation shall be considered as an employee of such corporation under this Article.

Any such executive officer of a corporation may, notwithstanding any other provision of this Article, be exempt from the coverage of the corporation's insurance contract by such corporation's specifically excluding such executive officer in such contract of insurance, and the exclusion to remove such executive officer from the coverage shall continue for the period such contract of insurance is in

effect, and during such period such executive officers thus exempted from the coverage of the insurance contract shall not be employees of such corporation under this Article.

All county agricultural extension service employees who do not receive official federal appointments as employees of the United States Department of Agriculture and who are field faculty members with professional rank as designated in the memorandum of understanding between the North Carolina Agricultural Extension Service, North Carolina State University, A & T State University, and the boards of county commissioners shall be deemed to be employees of the State of North Carolina. All other county agricultural extension service employees paid from State or county funds shall be deemed to be employees of the county board of commissioners in the county in which the employee is employed for purposes of workers' compensation.

The term "employee" shall also include members of the Civil Air Patrol currently certified pursuant to G.S. 143B-1031(a) when performing duties in the course and scope of a State-approved mission pursuant to Subpart C of Part 5 of Article 13 of Chapter 143B of the General Statutes.

"Employee" shall not include any person performing voluntary service as a ski patrolman who receives no compensation for such services other than meals or lodging or the use of ski tow or ski lift facilities or any combination thereof.

"Employee" shall not include any person elected or appointed and empowered as an executive officer, director, or committee member under the charter, articles, or bylaws of a nonprofit corporation subject to Chapter 47A, 47C, 47F, 55A, or 59B of the General Statutes, or any organization exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, who performs only voluntary service for the nonprofit corporation, provided that the person receives no remuneration for the voluntary service other than reasonable reimbursement for expenses incurred in connection with the voluntary service. When a nonprofit corporation as described herein employs one or more persons who do receive remuneration other than reasonable reimbursement for expenses, then any volunteer officers, directors, or committee members excluded from the definition of "employee" by operation of this paragraph shall be counted as employees for the sole purpose of determining the number of persons regularly employed in the same business or establishment pursuant to G.S. 97-2(1). Other than for the limited purpose of determining the number of persons regularly employed in the same business or establishment, such volunteer nonprofit officers, directors, or committee members shall not be "employees" under the Act. Nothing herein shall prohibit a nonprofit corporation as described herein from voluntarily electing to provide for workers' compensation benefits in the manner provided in G.S. 97-93 for volunteer officers, directors, or committee members excluded from the definition of "employee" by operation of this paragraph. This paragraph shall not apply to any volunteer firefighter, volunteer member of an organized rescue squad, an authorized pickup firefighter when that individual is engaged in emergency fire suppression activities for the North Carolina Forest Service, a duly appointed and sworn member of an auxiliary police department organized pursuant to G.S. 160A-282, or a senior member of the State Civil Air Patrol functioning under Subpart C of Part 5 of Article 13 of Chapter 143B of the General Statutes, even if such person is elected or appointed and empowered as an executive officer, director, or committee member under the charter, articles, or bylaws of a nonprofit corporation as described herein.

Any sole proprietor or partner of a business or any member of a limited liability company may elect to be included as an employee under the workers' compensation coverage of such business if he is actively engaged in the operation of the business and if the insurer is notified of his election to be so included. Any such sole proprietor or partner or member of a limited liability company shall, upon such election, be entitled to employee benefits and be subject to employee responsibilities prescribed in this Article.

"Employee" shall include an authorized pickup firefighter of the North Carolina Forest Service of the Department of Agriculture and Consumer Services when that individual is engaged in emergency fire suppression activities for the North Carolina Forest Service. As used in this section, "authorized pickup firefighter" means an individual who has completed required fire suppression training as a wildland firefighter and who is available as needed by the North Carolina Forest Service for emergency fire suppression activities, including immediate dispatch to wildfires and standby for initial attack on fires during periods of high fire danger.

~~It shall be a rebuttable presumption that the term "employee" shall not include any person performing services in the sale of newspapers or magazines to ultimate consumers under an arrangement whereby the newspapers or magazines are to be sold by that person at a fixed price and the person's compensation is based on the retention of the excess of the fixed price over the amount at which the newspapers or magazines are charged to the person.~~"

SECTION 4.6.(b) This section becomes effective January 1, 2018.

SECTION 4.7.(a) Section 15.8(a) of S.L. 2017-57, as amended by Section 4.8(a) of S.L. 2017-197, reads as rewritten:

"**SECTION 15.8.(a)** Of the funds appropriated in this act to the Rural Economic Development Division of the Department of Commerce, the sum of five million ~~eight~~ seven hundred seventy-five thousand dollars ~~($5,875,000)~~($5,775,000) in nonrecurring funds for the 2017-2018 fiscal year shall be used to provide grants-in-aid for downtown revitalization projects for each of the following counties and municipalities in the following amounts:

…

(7) One hundred thousand dollars ($100,000) each to the City of Archdale, the City of Asheboro, the Village of Clemmons, the unincorporated community of Cliffside in Rutherford County, the Town of Emerald Isle, the City of Hendersonville, the City of Kannapolis, the Town of Kernersville, the City of Lumberton, the Town of Oakboro, the Town of Old Fort, the Town of Pembroke, the City of Randleman, the City of Roxboro, the City of Trinity, and the Town of ~~Troy, and the Town of Yadkinville.~~Troy.

…."

SECTION 4.7.(b) Section 15.8 of S.L. 2017-57 is amended by adding new subsections to read:

"**SECTION 15.8.(f)** Of the funds appropriated in this act to the Rural Economic Development Division of the Department of Commerce, the sum of twenty-five thousand dollars ($25,000) in nonrecurring funds for the 2017-2018 fiscal year shall be used to provide a grant-in-aid to the Town of Dover to be used for parks and recreation projects.

"**SECTION 15.8.(g)** Notwithstanding G.S. 143B-472.127, of the funds appropriated in this act to the Rural Economic Development Division of the Department of Commerce, the sum of seventy-five thousand dollars ($75,000) in nonrecurring funds for the 2017-2018 fiscal year shall be used to provide a grant-in-aid to Lincoln County for the Voice Interoperability Plan for Emergency Responders network."

SECTION 4.8.(a) G.S. 143B-293.2(a1) reads as rewritten:

"(a1) Members Selection. – The North Carolina Oil and Gas Commission shall consist of nine members appointed as follows:

…

(3) One appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives in conformance with G.S. 120-121, who is a ~~representative~~member of a nongovernmental conservation interest.

…

(5) One appointed by the General Assembly upon recommendation of the President Pro Tempore of the Senate in conformance with G.S. 120-121, who is a ~~representative~~member of a nongovernmental conservation interest.

…."

SECTION 4.8.(b) This section applies to appointments made on or after the effective date of this act.

SECTION 4.9. Section 14.19 of S.L. 2017-57 reads as rewritten:

"**SECTION 14.19.** Of the funds appropriated by this act to the Division of North Carolina Aquariums in the North Carolina Department of Natural and Cultural Resources, the sum of three hundred thousand dollars ($300,000) in nonrecurring funds for the 2017-2018 fiscal year is allocated for planning and permitting of Blake Farms satellite aquarium area in Scotts Hill, North Carolina, and the Division is authorized to expend funds ~~for this purpose.~~to engage architects and other program consultants to (i) collaborate with Blake Farms to design and permit the building housing the satellite aquarium area and (ii) produce schematic, design, and final construction documents for the satellite aquarium area."

SECTION 4.10.(a) Section 37.2(e) of S.L. 2016-94, as amended by Section 36.3(g) of S.L. 2017-57, reads as rewritten:

"**SECTION 37.2.(e)** Notwithstanding any provision of law to the contrary, funds appropriated for a water resources development project shall be used to provide no more than fifty percent (50%) of the nonfederal portion of funds for the project. This subsection applies to funds appropriated in this act and to funds appropriated prior to the 2015-2017 fiscal biennium that are unencumbered and proposed for reallocation to provide the nonfederal portion of funds for water resources development projects. The limitation on fund usage contained in this subsection applies only to projects in which a local government or local governments participate. This subsection shall not apply to, and there shall be no local match required for, any of the following, notwithstanding any other provision of law:

(1) The Environmental Quality Incentives Program. Furthermore, Section 36.3(e) of S.L. 2013-360, Section 36.2(e) of S.L. 2014-100, and Section 31.3(e) of S.L. 2015-241 shall not apply to funds made available as part of the Environmental Quality Incentives Program in any fiscal year. ~~Any~~ Funds appropriated during the 2015-2017 biennium and any remaining balance of funds appropriated prior to the 2015-2017 fiscal biennium for Environmental Quality Incentives Program projects shall be paid out to each of the original grantees for the full grant award amount, except that the Secretary may retain ten percent (10%) of the State share of funding until the Natural Resources Conservation Service of the United States Department of Agriculture has provided a final practice approval for the project.

…."

SECTION 4.10.(b) G.S. 143-215.72(d) reads as rewritten:

"(d) The following procedures apply only to grants for the purpose set forth in G.S. 143-215.71(8):

(1) A nongovernmental entity managing, administering, or executing the grant on behalf of a unit of local government may apply as a co-applicant for the grant and may be included as a responsible party on any required resolution issued by the unit of local government.

(2) ~~The~~ Upon request signed by the grant applicant and co-applicant, the Department ~~may~~ shall make periodic payments to the co-applicant for its share of nonfederal costs of a project prior to receipt of a final practice approval from the Natural Resources Conservation Service if the grantee has submitted a certified reimbursement request or invoice."

PART V. JUSTICE AND PUBLIC SAFETY

SECTION 5.1. G.S. 97-13 is amended by adding a new subsection to read:

"(c1) Certain Inmates. – Notwithstanding the thirty dollars ($30.00) per week limit in subsection (c) of this section, the average weekly wage of inmates employed pursuant to the Prison Industry Enhancement Program shall be calculated pursuant to G.S. 97-2(5)."

SECTION 5.2.(a) G.S. 114-2(1) reads as rewritten:

"(1) To defend all actions in the appellate division in which the State shall be interested, or a party, and to appear for the State in any other court or tribunal in any cause or matter, civil or criminal, in which the State may be a party or interested. The duty to represent the State in criminal appeals shall not be delegated to any district attorney's office or any other entity."

SECTION 5.2.(b) G.S. 7A-61 reads as rewritten:

"**§ 7A-61. Duties of district attorney.**

The district attorney shall prepare the trial dockets, prosecute in a timely manner in the name of the State all criminal actions and infractions requiring prosecution in the superior and district courts of ~~his~~the district attorney's prosecutorial ~~district,~~district and advise the officers of justice in ~~his~~the district attorney's district.~~district, and perform such duties related to appeals to the Appellate Division from his district as the Attorney General may require. Effective January 1, 1971, the~~ The district attorney shall also represent the State in juvenile cases in the superior and district courts in which the juvenile is represented by an attorney. The district attorney shall provide to the Attorney General any case files, records and additional information necessary for the Attorney General to conduct appeals to the Appellate Division for cases from the district attorney's prosecutorial district. The Attorney General shall not delegate to the district attorney, or any other entity, the duty to represent the State in criminal and juvenile appeals. Each district attorney shall devote his full time to the duties of his office and shall not engage in the private practice of law."

SECTION 5.2.(c) This section is effective July 1, 2017. It shall be the obligation of the Attorney General to work with each District Attorney to ensure that all criminal appeals delegated on or after July 1, 2017, to a District Attorney's office shall be properly returned to the Attorney General's office. Notwithstanding the previous two sentences, actions taken by the office of a District Attorney related to a criminal appeal delegated to that office on or after July 1, 2017, shall be deemed to have been taken with full legal authority to act on behalf of the State.

SECTION 5.3. Part XVII of S.L. 2017-57 is amended by adding a new section to read:

"**DWI MISDEMEANOR CLARIFICATIONS/EXPERT TESTIMONY REVISIONS**

"**SECTION 17.8.(a)** G.S. 15-1 reads as rewritten:

"**§ 15-1. Statute of limitations for misdemeanors.**

The crimes of deceit and malicious mischief, and the crime of petit larceny where the value of the property does not exceed five dollars ($5.00), and all misdemeanors except malicious misdemeanors, shall be ~~presented or found by the grand jury~~ charged within two years after the commission of the same, and not afterwards: Provided, that if any ~~indictment found within that time~~ pleading shall be defective, so that no judgment can be given thereon, another prosecution may be instituted for the same offense, within one year after the first shall have been abandoned by the State.""

"**SECTION 17.8.(b)** G.S. 8C-1, Rule 702(a1), reads as rewritten:

"**Rule 702. Testimony by experts.**

…

(a1) ~~A witness, qualified under subsection (a) of this section and with proper foundation,~~ Notwithstanding any other provision of law, a witness may give expert testimony solely on the issue of impairment and not on the issue of specific alcohol concentration level relating to the following:

(1) The results of a Horizontal Gaze Nystagmus (HGN) Test when the test is administered in accordance with the person's training by a person who has successfully completed training in HGN.

(2) Whether a person was under the influence of one or more impairing substances, and the category of such impairing substance or ~~substances. A witness who has received training and~~ substances, if the witness holds a current certification as a Drug Recognition Expert, issued by the State Department of Health and Human ~~Services, shall be qualified to give the testimony under this subdivision.~~Services."

"**SECTION 17.8.(c)** Subsection (a) of this section becomes effective December 1, 2017, and applies to offenses committed on or after that date. The remainder of the section is effective when it becomes law.""

PART VI. TRANSPORTATION

SECTION 6.1. Section 34.28A(b) of S.L. 2017-57 reads as rewritten:

"**SECTION 34.28A.(b)** Submission of Analysis. – The Departments shall jointly submit the findings of the analysis required under subsection (a) of this section, including any legislative recommendations, to the Joint Legislative Transportation Oversight Committee and the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources by ~~February~~April 1, 2018."

SECTION 6.2. Section 34.29 of S.L. 2017-57 reads as rewritten:

"**SECTION 34.29.** The Department of Transportation shall study the use of its new dredge vessel, the Dredge Manteo. As part of this study, the Department shall include (i) an approximation of the annual cost to the State to operate and maintain the dredge vessel and (ii) a plan to allow use of the dredge vessel by other State departments and agencies. The Department shall report its findings, including any recommended legislation, to the Joint Legislative Transportation Oversight Committee by ~~December 1, 2017.~~April 1, 2018."

PART VII. FINANCE

SECTION 7.1.(a) G.S. 105-244.4(a), as enacted by S.L. 2017-204, reads as rewritten:

"(a) Reduction – The Secretary may reduce an assessment against a taxpayer who requests relief for State and local sales and use taxes in the amount as provided in this section and waive any penalties imposed as part of the assessment when the assessment is the result of an audit of the taxpayer by the Department and all of the following apply:

…

(5) The taxpayer meets one of the following:

a. The taxpayer received a proposed assessment dated on or before August 15, 2017, did not file a request for review, paid the tax due, and files a written request with the Secretary ~~no later than 120 days following the receipt of a proposed assessment~~ on or before December 29, 2017, to request the amount of sales or use taxes be reduced as provided in this section citing the specific reasons therefor.

b. The taxpayer received a proposed assessment dated on or before September 30, 2017, timely filed a request for review, and files a written request with the Secretary on or before December 29, 2017, to request the amount of sales or use taxes be reduced as provided in this section citing the specific reasons therefor. The Department does not need to take further action on the taxpayer's request for review unless the taxpayer states in writing, when filing a request for reduction under this section, that the reduction does not resolve the taxpayer's objection to the proposed assessment and that the taxpayer wishes to continue the Departmental review.

c. ~~A~~ The taxpayer ~~who does not agree with a proposed assessment must also file~~ receives a proposed assessment after September 30, 2017, and timely files a request for review ~~within 120 days of the date of the notice of proposed assessment~~ as provided in G.S. 105-241.11 ~~in order for a request to reduce the amount of tax as allowed by this section to be considered by the Secretary.~~and files a written request with the Secretary no later than 45 days from the date of the notice of the proposed assessment to request the amount of sales or use taxes be reduced as provided in this section citing the specific reasons therefor."

SECTION 7.1.(b) This section becomes effective August 11, 2017.

SECTION 7.2.(a) Section 38.8(a) of S.L. 2017-57 reads as rewritten:

"**SECTION 38.8.(a)** Article 5F of Chapter 105 of the General Statutes, G.S. 105-164.13(5a), and ~~G.S. 105-163.13(57a)~~G.S. 105-164.13(57a) are repealed."

SECTION 7.2.(b) This section is effective when it becomes law and applies retroactively to sales made on or after July 1, 2017.

PART VIII. AGENCY TECHNICAL CORRECTIONS

SECTION 8.1. G.S. 18B-1114.1, as amended by Section 18 of S.L. 2017-87 and by Section 19 of S.L. 2017-108, reads as rewritten:

"**§ 18B-1114.1. Authorization of winery special event permit.**

(a) Authorization. – The holder of an unfortified winery permit, a limited winery permit, a viticulture/enology course authorization, or a wine producer permit may obtain a winery special permit allowing the winery or wine producer to give free tastings of its wine, and to sell its wine by the glass or in closed containers, at trade shows, conventions, shopping malls, wine festivals, street festivals, holiday festivals, agricultural festivals, farmers markets, balloon races, local fund-raisers, ~~farmers markets,~~ and other similar events approved by the Commission.

(b) Limitation. – A winery special event permit is valid only in a jurisdiction that has approved the establishment of ABC stores or has approved the sale of unfortified wine."

SECTION 8.2. G.S. 28A-2B-2 reads as rewritten:

"**§ 28A-2B-2. Venue.**

The venue for a petition under G.S. 28A-2B-1 is the county of this State in which the petitioner whose will or codicil is the subject of the petition ~~is domiciled.~~resides."

SECTION 8.3. G.S. 28A-21-2, as amended by Section 10 of S.L. 2017-158, reads as rewritten:

"**§ 28A-21-2. Final accounts.**

(a) Unless the time for filing the final account has been extended by the clerk of superior court, the personal representative or collector must file the final account for settlement within one year after qualifying or within six months after receiving a State estate or inheritance tax release, or in the time period for filing an annual account pursuant to G.S. 28A-21-1, whichever is later. ~~If no estate or inheritance tax return was required to be filed for the estate, the personal representative or collector shall so certify in the final account filed with the clerk of superior court. Such certification shall list the amount and value of all of the decedent's property, and with respect to real estate, its particular location within or outside the State, including any property transferred by the decedent over which the decedent had retained any interest, or any property transferred within three years prior to the date of the decedent's death, and after being filed and accepted by the clerk of superior court shall be prima facie evidence that such property is free of any State inheritance or State estate tax liability. The personal representative or collector shall produce vouchers for all payments or verified proof for all payments in lieu of vouchers. With the approval of the clerk of superior court, such account may be filed voluntarily at any time. In all cases, the accounting shall be reviewed, audited and recorded by the clerk of superior court in the manner prescribed in G.S. 28A-21-1.~~

(a1) If no estate or inheritance tax return was required to be filed for the estate, the personal representative or collector shall so certify in the final account filed with the clerk of superior court. Such certification shall list the amount and value of all of the decedent's property and, with respect to real estate, its particular location within or outside the State, including any property transferred by the decedent over which the decedent had retained any interest, or any property transferred within three years prior to the date of the decedent's death, and, after being filed and accepted by the clerk of superior court, shall be prima facie evidence that such property is free from any State inheritance or State estate tax liability. This subsection only applies to estates of decedents who died before January 1, 2013.

(a2) The personal representative or collector shall produce vouchers for all payments or verified proof for all payments in lieu of vouchers. With the approval of the clerk of superior court, such account may be filed voluntarily at any time. In all cases, the accounting shall be reviewed, audited, and recorded by the clerk of superior court in the manner prescribed by G.S. 28A-21-1.

(b) Except as provided in subsection (a), after the date specified in the general notice to creditors as provided for in G.S. 28A-14-1, if all of the debts and other claims against the estate of the decedent duly presented and legally owing have been paid in the case of a solvent estate or satisfied pro rata according to applicable statutes in the case of an insolvent estate, the personal representative or collector may file the personal representative's or collector's final account to be reviewed, audited and recorded by the clerk of superior court. Nothing in this subsection shall be construed as limiting the right of the surviving spouse or minor children to file for allowances under G.S. 30-15 through 30-18 and the right of a surviving spouse to file for property rights under G.S. 29-30."

SECTION 8.4.(a) G.S. 31D-5-505, as recodified by Section 13(b) of S.L. 2017-102, reads as rewritten:

"**§ 31D-5-505. Requisites of release ~~or limitation~~ as against creditors and purchasers for value.**

No release ~~or limitation~~ of a power of appointment after March 8, 1943, which is made by the owner of the legal title to real property in this State shall be valid as against creditors and purchasers for a valuable consideration until an instrument in writing setting forth the release ~~or limitation~~ is executed and acknowledged in the manner required for a deed and recorded in the county where the real property is."

SECTION 8.4.(b) The Revisor of Statutes shall cause to be printed all explanatory comments of the drafters of this section, as the Revisor may deem appropriate.

SECTION 8.5.(a) G.S. 36C-5-505 reads as rewritten:

"**§ 36C-5-505. Creditor's claim against settlor.**

…

(c) Subject to the Uniform Voidable Transactions Act, Article 3A of Chapter 39 of the General Statutes, for purposes of this section, property contributed to the following trusts is not considered to have been contributed by the settlor and a person who would otherwise be treated as a settlor or a deemed settlor of the following trusts may not be treated as a settlor:

(1) If the settlor is a beneficiary after the death of the settlor's spouse:

a. An irrevocable inter vivos marital trust that is treated as a general power of appointment trust described in section 2523(e) of the Internal Revenue Code.

b. An irrevocable inter vivos marital trust that is treated as a qualified terminable interest trust under section 2523(f) of the Internal Revenue Code.

c. An irrevocable inter vivos trust of which the settlor's spouse is a beneficiary during the spouse's lifetime but which does not qualify for the federal gift tax marital deduction, and during the lifetime of the settlor's spouse (i) the settlor's spouse is the only beneficiary or (ii) the settlor's spouse and ~~the settlor's issue~~ <u>any issue of the settlor or the settlor's spouse, or both,</u> are the only beneficiaries.

d. Another trust, to the extent that the property of the other trust is attributable to property passing from a trust described in sub-subdivisions a., b., and c. of this subdivision.

For purposes of this subdivision, notwithstanding the provisions of G.S. 36C-1-103(3), the settlor is a beneficiary whether so named under the initial trust instrument or through the exercise of a limited or general power of appointment.

(2) An irrevocable inter vivos trust for the benefit of a person if the settlor is the person's spouse, regardless of whether or when that person was a settlor of an irrevocable inter vivos trust for the benefit of the person's spouse.

For purposes of this subsection, the "settlor's spouse" refers to the person to whom the settlor was married at the time the irrevocable inter vivos trust was created, notwithstanding a subsequent dissolution of the marriage."

SECTION 8.5.(b) The Revisor of Statutes shall cause to be printed all explanatory comments of the drafters of this section, as the Revisor may deem appropriate.

SECTION 8.6. G.S. 42A-37(a) reads as rewritten:

"(a) Any member of the Armed Forces of the United States who executes a vacation rental agreement and subsequently receives (i) an order for deployment with a military unit for a period overlapping with the rental period or (ii) permanent change of station orders requiring the member to relocate on a date prior to the beginning of the lease term may terminate the member's vacation rental agreement by providing the landlord or landlord's agent with a written notice of termination within 10 calendar days of receipt of the order. The notice must be accompanied by either a copy of the official military orders or a written verification signed by the member's commanding officer. Termination of a lease pursuant to this subsection is effective immediately upon receipt of the notice by the landlord or landlord's agent. All monies paid by the terminating member, with the exception of nonrefundable fees paid to third parties as described in ~~G.S. 42-16(a),~~ G.S. 42A-16, in connection with the vacation rental agreement shall be refunded to the member within 30 days of termination of the agreement."

SECTION 8.7.(a) G.S. 57D-1-03, as amended by Section 4 of S.L. 2017-90, reads as rewritten:

"**§ 57D-1-03. Definitions.**

~~In this Chapter unless otherwise specifically provided:~~ Unless otherwise specifically provided, the following definitions apply in this Chapter:

…

~~(33b)~~(32b) Service-disabled veteran-owned small business. – A business that satisfies both of the following requirements:

a. The business's net annual receipts do not exceed one million dollars ($1,000,000).

b. One or more service-disabled veterans own more than fifty percent (50%) of the business."

SECTION 8.7.(b) This section becomes effective January 1, 2018.

SECTION 8.8.(a) G.S. 90-92(a) reads as rewritten:

"(a) This schedule includes the controlled substances listed or to be listed by whatever official name, common or usual name, chemical name, or trade name designated. In determining that a substance comes within this schedule, the Commission shall find: a low potential for abuse relative to the substances listed in Schedule III of this Article; currently accepted medical use in the United States; and limited physical or psychological dependence relative to the substances listed in Schedule III of this Article. The following controlled substances are included in this schedule:

…

(5) Narcotic Drugs. – Unless specifically excepted or unless listed in another schedule, any material, compound, mixture, or preparation containing limited quantities of any of the following narcotic drugs, or any salts thereof:

a. Not more than 1 milligram of difenoxin and not less than 25 micrograms of atropine sulfate per dosage unit.

b. Buprenorphine.

c. 2-[(dimethylamino)methyl]-1-(3-methoxyphenyl)cyclohexanol, its salts, optical and geometric isomers, and salts of these isomers (including tramadol)."

SECTION 8.8.(b) The sub-subdivision c. added to G.S. 90-92(a)(5) by Section 6 of S.L. 2017-115 is repealed.

SECTION 8.8.(c) This section becomes effective December 1, 2017, and subsection (a) of this section applies to offenses committed on or after that date.

SECTION 8.9.(a) G.S. 135-7(g)(2), as enacted by Section 5(a) of S.L. 2017-129, reads as rewritten:

"(2) Funding of the LEIA. – In the event that the General Assembly creates or modifies any provision for the retirement of, or payment of retirement benefits to, public officers or public employees that has a cost savings as measured by actuarial note required by Article 15 of Chapter 120 of the General Statutes, the Board of Trustees may direct up to one hundredth percent (0.01%) of the required contributions to fund the LEIA. These funds must be deposited in a separate fund from the fund into which regular employer contributions are deposited for the Retirement System. The Board of ~~Trustee~~ Trustees shall not direct any employer contributions into the LEIA after November 1, 2021."

SECTION 8.9.(b) This section becomes effective October 1, 2017.

SECTION 8.10. G.S. 143-47.7 reads as rewritten:

"**§ 143-47.7. Notice and record of appointment required.**

(a) Within 30 days after acceptance of appointment by a person appointed to public office, the appointing authority shall file written notice of the appointment with the Governor, the Secretary of State, the Legislative Library, ~~the State Library,~~ the State Ethics Commission, and the State Controller. For the purposes of this section, a copy of the letter from the appointing authority, a copy of the properly executed notice of appointment as set forth in subsection (c) of this section, or a copy of the properly executed Commission of Appointment shall be sufficient to be filed if the copy contains the information required in subsection (b) of this section.

(b) The notice required by this Article shall contain the following information:

(1) The name and office of the appointing authority;
(2) The public office to which the appointment is made;
(3) The name and address of the appointee;
(4) The county of residence of the appointee;
(5) The citation to the law or other authority authorizing the appointment;
(6) The specific statutory qualification for the public office to which the appointment is made, if applicable;
(7) The name of the person the appointee replaces, if applicable;
(8) The date the term of the appointment begins; and
(9) The date the term of the appointment ends.

(c) The following form may be used to comply with the requirements of this section:

"NOTICE OF APPOINTMENT

Notice is given that _____ is hereby appointed to the following
Name
public office:
Public Office: _____
Citation to Law or Other Authority Authorizing the Appointment:
_____
Specific Statutory Qualification for the Public Office, if Applicable:
_____
Address of the Appointee: _____
_____
_____
County of Residence of the Appointee: _____
Date Term of Appointment Begins: _____
Date Term of Appointment Ends: _____
Name of Person the Appointee Replaces, if applicable:
_____

_____ _____
Date of Appointment Signature

_____
Office of Appointing Authority

Distribution:
Governor
Secretary of State
Legislative Library
~~State Library~~
State Ethics Commission
State Controller""

SECTION 8.11. G.S. 143-138(b4)(2a), as enacted by Section 8(b) of S.L. 2017-108 and Section 8(a) of S.L. 2017-130, reads as rewritten:

"(2a) A "therapeutic equine facility" is an equine facility as described in ~~sub-subdivision a. of subdivision (1) of this subsection~~ sub-subdivision (1)a. of this subsection operated by an organization exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code that provides therapeutic equine-related activities for persons who are physically, intellectually, or emotionally challenged."

SECTION 8.12. G.S. 143B-68 reads as rewritten:

"**§ 143B-68. Public Librarian Certification Commission – members; selection; quorum; compensation.**

The Public Librarian Certification Commission of the Department of Natural and Cultural Resources shall consist of five members as follows: (i) ~~the chairman of the North Carolina Association of Library Trustees, (ii)~~ the chairman of the public libraries section of the North Carolina Library Association, ~~(iii) an individual~~ (ii) two individuals named by the Governor upon the nomination of the North Carolina Library Association, ~~(iv)~~ (iii) the dean of a State or regionally accredited graduate school of librarianship in North Carolina appointed by the ~~Governor and (v)~~ Governor, and (iv) one member at large appointed by the Governor.

The members shall serve four-year terms or while holding the appropriate ~~chairmanships.~~chairmanship. Any appointment to fill a vacancy created by the resignation, dismissal, death or disability of a member shall be for the balance of the unexpired term.

The Governor shall have the power to remove any member of the Commission from office for misfeasance, malfeasance, and nonfeasance according to the provisions of G.S. 143B-13 of the Executive Organization Act of 1973.

The members of the Commission shall receive per diem, and necessary travel expenses in accordance with the provisions of G.S. 138-5.

A majority of the Commission shall constitute a quorum for the transaction of business.

All clerical and other services required by the Commission shall be supplied by the Secretary of the Department through the regular staff of the Department."

SECTION 8.13. Part XII of S.L. 2006-248 is repealed.

SECTION 8.14. Section 6A.19(e) of S.L. 2011-145 is repealed.

PART IX. EFFECTIVE DATE

SECTION 9. Except as otherwise provided, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 5th day of October, 2017.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ David R. Lewis
Presiding Officer of the House of Representatives

s/ Roy Cooper
Governor

Approved 5:45 p.m. this 8th day of October, 2017

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2017-189
SENATE BILL 599

AN ACT TO ESTABLISH THE PROFESSIONAL EDUCATOR PREPARATION AND STANDARDS COMMISSION, TO AUTHORIZE THE EXPANSION OF EDUCATOR PREPARATION PROGRAMS AND TO CREATE A SYSTEM THAT HOLDS ALL PROGRAMS ACCOUNTABLE, TO REORGANIZE AND CLARIFY THE EDUCATOR LICENSURE PROCESS, AND TO ENSURE AVAILABILITY OF INFORMATION ON TEACHER VACANCIES OCCURRING IN NORTH CAROLINA PUBLIC SCHOOLS.

The General Assembly of North Carolina enacts:

PART I. NORTH CAROLINA PROFESSIONAL EDUCATOR PREPARATION AND STANDARDS COMMISSION

SECTION 1.(a) Subchapter V of Chapter 115C of the General Statutes is amended by adding a new Article to read:

"Article 17C.
"Professional Educator Preparation and Standards Commission.

"**§ 115C-268.1. Professional Educator Preparation and Standards Commission.**

(a) Commission. – There is created the Professional Educator Preparation and Standards Commission (Commission). The purpose of the Commission is to involve stakeholders in establishing high standards for North Carolina educators. The Commission shall make rule recommendations regarding all aspects of preparation, licensure, continuing education, and standards of conduct of public school educators.

(b) Location. – The Commission shall be located administratively under the State Board of Education but shall exercise its powers and duties independently of the State Board of Education.

(c) Membership. – The Commission shall consist of the following 18 members:

(1) The General Assembly, upon the recommendation of the President Pro Tempore of the Senate, shall appoint the following:
- a. One superintendent.
- b. One principal.
- c. One dean, or dean's designee, of an educator preparation program at a constituent institution of The University of North Carolina.
- d. One dean, or dean's designee, of an educator preparation program at a nonpublic postsecondary educational institution in North Carolina.
- e. One dean, or dean's designee, of an educator preparation program at a historically black college or university in North Carolina.
- f. One teacher.
- g. One personnel administrator from a local school administrative unit in North Carolina with at least 30,000 students.
- h. One at-large member.

(2) The General Assembly, upon the recommendation of the Speaker of the House of Representatives, shall appoint the following:
- a. One superintendent.
- b. One principal.
- c. One dean, or dean's designee, of an educator preparation program at a constituent institution of The University of North Carolina.
- d. One dean, or dean's designee, of an educator preparation program at a nonpublic postsecondary educational institution in North Carolina.
- e. One teacher.
- f. One personnel administrator from a local school administrative unit in North Carolina with less than 30,000 students.
- g. One member of the State Advisory Council on Indian Education.
- h. One at-large member.

(3) The State Teacher of the Year.

(4) The Superintendent of Public Instruction or his or her designee.

In making appointments, the General Assembly is encouraged to select qualified citizens who are committed to improving the teaching profession and student achievement and who represent the racial, geographic, and gender diversity of the State. Before their appointment to this Commission, with the exception of the at-large members, the members must have been actively engaged in the profession of teaching, in the education of students in educator preparation programs, or in the practice of public school administration for at least three years, at least two of which occurred in this State. Appointed members shall serve for two-year terms. Initial terms shall begin September 1, 2017. Vacancies in the membership shall be filled by the General Assembly, as provided in G.S. 120-122, using the same criteria as provided in this subsection.

(d) Organization and Functioning. – The Commission shall elect a chair, a vice-chair, and a secretary from among its membership. In the absence of the chair, the vice-chair shall preside over the Commission's meetings. All members are voting members and a majority of the Commission constitutes a quorum. The Commission shall adopt rules to govern its proceedings.

(e) Meetings. – Meetings of the Commission shall be held upon the call of the chair or the vice-chair in the absence of the chair. The Superintendent shall call the initial meeting of the Commission.

(f) Compensation and Reimbursement. – Members of the Commission shall receive compensation for their services and reimbursement for expenses incurred in the performance of their duties required by this Article at the rate prescribed in G.S. 138-5 and G.S. 138-6.

(g) Personnel. – The Commission may employ, subject to Chapter 126 of the General Statutes, the necessary personnel for the performance of its functions and fix compensation within the limits of funds available to the Commission.

"**§ 115C-268.5. Powers and duties of the Commission.**

(a) Duties. – The Commission shall:

(1) Develop and recommend to the State Board of Education rules related to all aspects of educator preparation programs in accordance with Article 17D of this Chapter. These rules shall include the following:

a. Requirements for appropriate pedagogy to be included in residency license programs.

b. Appropriate courses to be used for calculation of individual and cohort grade point averages for admission to educator preparation programs, which may account for prior degrees attained, type of license, and areas of licensure. The Commission shall consider which grade point average, either the grade point average in the content courses relevant to the licensure area or the cumulative grade point average, would be most appropriate for clinical residency students.

(2) Develop and recommend to the State Board of Education rules related to all aspects of professional standards for North Carolina educators in accordance with Article 17E of this Chapter. These rules shall include specific hour requirements for the following:

a. Preservice training and field experiences prior to entering the classroom for individuals issued residency licenses.

b. Preservice training prior to entering the classroom for individuals issued emergency licenses.

(3) Provide recommendations as requested to the State Board of Education related to the educator preparation programs and professional standards of North Carolina educators.

(b) The Commission shall recommend ways to ensure that the clinical practice requirements described in G.S. 115C-269.25(d) effectively prepare high-quality professional educators who meet the demands of North Carolina schools.

(c) State Board Approval. – The Commission shall submit its recommendations under subsection (a) of this section to the State Board. The State Board shall adopt or reject the rules recommendations. The State Board shall not make any substantive changes to any rules recommendation that it adopts. If the State Board rejects the rules recommendation, it shall state with specificity its reasons for rejection; the Commission may then amend that rules recommendation and resubmit it to the State Board. The Board shall adopt or reject the amended rules recommendation. If the State Board fails to adopt the Commission's original and amended rule recommendations, the State Board may develop and adopt its own rules.

(d) Annual Report. – The Commission shall submit a report by December 1, 2018, and annually thereafter, to the Joint Legislative Education Oversight Committee and the State Board of Education of its activities during the preceding year, together with any recommendations and findings regarding improvement of the teaching profession."

PART II. EDUCATOR PREPARATION PROGRAMS

SECTION 2.(a) G.S. 115C-296.8 is repealed.

SECTION 2.(b) G.S. 115C-296.9 is repealed.

SECTION 2.(c) G.S. 115C-296.10 is repealed.

SECTION 2.(d) G.S. 115C-296.11 is repealed.

SECTION 2.(e) G.S. 115C-296.12 is repealed.

SECTION 2.(f) G.S. 115C-296.13 is repealed.

SECTION 2.(g) G.S. 115C-309 is repealed.

SECTION 2.(h) G.S. 115C-310 is repealed.

SECTION 2.(i) Subchapter V of Chapter 115C of the General Statutes is amended by adding a new Article to read:

"Article 17D.

"Educator Preparation Programs.

"**§ 115C-269.1. Definitions.**

As used in this Article, the following definitions shall apply:

(1) Approved EPP. – An EPP that has been approved by the State Board as meeting the requirements established by rule, as provided in G.S. 115C-269.10.

(2) Authorized EPP. – An EPP that (i) has met the accountability performance standards described in G.S. 115C-269.35 and (ii) has been approved by the State Board or accredited by CAEP to prepare, train, and recommend students for licensure.

(3) CAEP. – Council for the Accreditation of Educator Preparation.

(4) Clinical educator. – An individual employed by a partner school, including a classroom teacher, who assesses, supports, and develops a clinical intern's knowledge, skills, and professional disposition during an internship.

(5) Clinical intern or intern. – Any student enrolled in a recognized EPP who is jointly assigned by that EPP and a local board of education to teach under the direction and supervision of a clinical educator, as provided in G.S. 115C-269.25.

(6) Clinical internship or internship. – Type of field experience in which a clinical intern works under the supervision of a clinical educator and may be delegated those duties granted to an educator by G.S. 115C-307 and any other part of the school program for which the clinical educator is responsible.

(7) Clinical mentor or mentor. – An individual employed by an elementary or secondary school, including a classroom teacher, who assesses, supports, and develops a clinical resident's knowledge, skills, and professional disposition during the residency.

(8) Clinical residency or residency. – Type of field experience in which a clinical resident who already holds a bachelor's degree is enrolled in a recognized EPP and also employed by a local school administrative unit as an educator and supervised by the recognized EPP in partial fulfillment of the recognized EPP's training requirements.

(9) Clinical resident. – Any student who meets the following criteria:

a. Holds a bachelor's degree.

b. Is enrolled in a recognized EPP.

c. Is employed by a local school administrative unit as an educator and supervised by the recognized EPP in partial fulfillment of the recognized EPP's training requirements.

(10) Educator preparation program or EPP. – Any entity that prepares, trains, and recommends students for teacher licensure.

(11) Field experience. – Placement of students enrolled in a recognized EPP in settings to provide opportunities to observe, practice, and demonstrate knowledge and skills. A field experience may include preclinical classroom experiences.

(12) Field supervisor. – An individual who is employed by a recognized EPP to observe students, monitor their performance, and provide constructive feedback to improve their effectiveness as educators during their clinical internship or residency.

(13) Initially authorized EPP. – An EPP that has been either approved by the State Board or accredited by CAEP to prepare, train, and recommend students for licensure, but lacks data required by the performance standards described in G.S. 115C-269.35.

(14) Partner school. – An elementary or secondary school located in North Carolina that includes (i) a public school governed by a local board of education, a charter school board of directors, a regional school board of directors, or a UNC laboratory school board of trustees; (ii) a Department of Defense Elementary and Secondary School established pursuant to 10 U.S.C. § 2164; and (iii) a nonpublic school that meets the requirements of Part 1 or 2 of Article 39 of this Chapter.

(15) Recognized educator preparation program or recognized EPP. – An entity that is initially authorized or authorized by the State Board to recommend students for educator licensure.

(16) Student. – An individual enrolled in a recognized educator preparation program.

"**§ 115C-269.5. Educator preparation programs.**

(a) Role of EPPs. – An EPP shall prepare students for educator licensure and meet the standards and requirements set forth in this Article. To recommend students for licensure, an EPP shall be recognized by the State Board.

(b) State Board Authority. – The State Board shall initially authorize and recognize an EPP as required by this Article. The State Board shall have authority to regulate EPPs in accordance with this Article.

(c) Initial Authorization. – The State Board shall assign the status of initially authorized to an EPP if it has not yet generated sufficient data to meet the performance standards, but the EPP meets one of the following criteria:

(1) The EPP is approved by the State Board.

(2) The EPP is nationally accredited by CAEP.

(d) Authorization. – The State Board shall assign the status of authorized to an EPP if the EPP meets the following criteria:

(1) The EPP is approved by the State Board or nationally accredited by CAEP.

(2) The EPP satisfies the performance standards to the extent that the EPP has not been assigned revoked status described in G.S. 115C-269.45.

(e) The State Board shall assign the status of recognized EPP to an EPP that has the status of initially authorized or authorized.

"**§ 115C-269.10. Educator preparation program approval process.**

(a) State Board Authority. – The State Board shall have authority to approve an EPP that meets the requirements established by rule as provided in subsection (b) of this section.

(b) Rules for Granting State Approval. – The State Board shall adopt rules for granting approval to EPPs in accordance with this Article. The rules shall ensure the following:

(1) A rigorous approval process that requires that the criteria in this Article are met.

(2) An application process, peer review, and technical assistance provided by the State Board.

(3) An approval period of five years and process for renewal of approval.

(c) Minimum Approval Standards. – At a minimum, the rules established as provided in subsection (b) of this section shall include the following standards:

(1) Students shall develop a deep understanding of the critical concepts and principles of their discipline and, by completion, be able to use discipline-specific practices flexibly to advance the learning of all students toward attainment of college- and career-ready standards.

(2) Effective partnerships and high-quality clinical practice shall be central to preparation so that students develop the knowledge, skills, and professional dispositions necessary to demonstrate positive impact on all elementary and secondary students' learning and development.

(3) Quality of students shall be a continuing and purposeful part of the EPP's responsibility from recruitment, at admission, through the progression of courses and field experiences, and to decisions that completers are prepared to teach effectively and are recommended for licensure. The EPP shall demonstrate that development of student quality is the goal of educator preparation in all phases of the program through evidence of impact under subdivision (4) of this subsection.

(4) The EPP shall demonstrate the impact of its completers on elementary and secondary student learning and development, classroom instruction, and schools, and the satisfaction of its completers with the relevance and effectiveness of their preparation.

(5) The EPP shall maintain a quality assurance system comprised of valid data from multiple measures, including evidence of students' and completers' positive impact on elementary and secondary student learning and development. The EPP shall support continuous improvement that is sustained and evidence-based and that evaluates the effectiveness of its completers. The EPP shall use the results of inquiry and data collection to establish priorities, enhance program elements and capacity, and test innovations to improve completers' impact on elementary and secondary student learning and development.

(d) Application. – An EPP seeking to be approved by the State Board shall complete the application process established by the State Board.

(e) Peer Review. – An EPP seeking to be approved by the State Board shall undergo a peer review process established by the State Board that includes highly qualified and trained members to adequately review programs within the State.

(f) Technical Assistance. – For EPPs seeking approval, the State Board shall provide technical assistance in efforts to do the following:

(1) Improve education quality and EPP performance.

(2) Inform EPPs about the program approval process as part of EPP performance based on outcome data.

(3) Assist with State and federal reporting processes.

(4) Help build and maintain partnerships between elementary and secondary schools and EPPs.

"**§ 115C-269.15. Minimum admissions requirements for educator preparation programs.**

(a) Testing. – A recognized EPP shall not admit a student until that student has met one of the following criteria:

(1) Attained a passing score or prescribed minimum score set by the State Board for a preprofessional skills test.

(2) Achieved the appropriate required scores, as determined by the State Board, on the verbal and mathematics portions of the SAT or ACT. The minimum combined verbal and mathematics score set by the State Board for the SAT shall be 1,100 or greater. The minimum composite score set by the State Board for the ACT shall be 24 or greater.

(3) Holds a bachelor's degree.

(b) Individual Grade Point Average. – A recognized EPP shall not admit a student into an EPP unless that student has earned a grade point average of at least a 2.7.

(c) Grade Point Average Exceptions. – Notwithstanding subsection (b) of this section, the individual grade point average requirement does not apply to a clinical resident student if the hiring local school administrative unit determines that one of the following criteria is met:

(1) The student has at least 10 years of relevant experience.

(2) For a program leading to licensure in career and technical education, the student has at least five years of relevant experience.

(d) Cohort Grade Point Average. – A recognized EPP shall ensure that the minimum cohort grade point average for each entering cohort to an EPP is at least a 3.0.

"**§ 115C-269.20. Content and pedagogy requirements.**

(a) Content and Pedagogy Requirements. – To ensure that EPPs remain current and reflect a rigorous course of study that is aligned to State and national standards, the State Board shall require at least the following minimum requirements with demonstrated competencies in its rules:

(1) All EPPs shall include instruction in the following:

a. The identification and education of children with disabilities.

b. Positive management of student behavior and effective communication techniques for defusing and de-escalating disruptive or dangerous behavior.

c. Demonstration of competencies in using digital and other instructional technologies to provide high-quality, integrated digital teaching and learning to all students.

d. The skills and responsibilities required of educators.

e. The expectations for student performance based on State standards.

f. The supply of and demand for educators in this State, as identified in the vacancy report required by G.S. 115C-299.5(e).

g. The State's framework for appraisal of educators.

(2) EPPs providing training for elementary education teachers shall include the following:

a. Adequate coursework in the teaching of reading, writing, and mathematics.

b. Assessment prior to licensure to determine if a student possesses the requisite knowledge in scientifically based reading, writing, and mathematics instruction that is aligned with the State Board's expectations.

c. Instruction in application of formative and summative assessments within the school and classroom setting through technology-based assessment systems available in State schools that measure and predict expected student improvement.

d. Instruction in integration of arts education across the curriculum.

(3) EPPs providing training for elementary and special education general curriculum teachers shall ensure that students receive instruction in early literacy intervention strategies and practices that are aligned with State and national reading standards and shall include the following:

a. Instruction in the teaching of reading, including a substantive understanding of reading as a process involving oral language, phonological and phonemic awareness, phonics, fluency, vocabulary, and comprehension. Instruction shall include appropriate application of instructional supports and services and reading interventions to ensure reading proficiency for all students.

b. Instruction in evidence-based assessment and diagnosis of specific areas of difficulty with reading development and of reading deficiencies.

c. Instruction in appropriate application of instructional supports and services and reading interventions to ensure reading proficiency for all students.

(4) EPPs providing training for middle and high school teachers shall include the following:

a. Adequate coursework in the relevant content area. For clinical residency programs, students may instead demonstrate mastery of the relevant content area through the passage of the relevant content area examination approved by the State Board.

b. Adequate coursework in the teaching of the relevant content area.

c. For EPPs providing training for science teachers, adequate preparation in issues related to science laboratory safety.

"**§ 115C-269.25. Clinical partnerships and practice in educator preparation programs.**

(a) Collaborative Partnerships With Elementary and Secondary Schools. – EPPs shall establish and maintain collaborative, formalized partnerships with elementary and secondary partner schools that are focused on student achievement, continuous school improvement, and the professional development of elementary and secondary educators, as well as those preparing educators.

(b) Memorandum of Understanding With Local School Administrative Units. – EPPs shall enter into a memorandum of understanding with the local school administrative unit or the partner school where students are placed or employed. In the memorandum, the EPP and the local school administrative unit or partner school, as applicable, shall:

(1) Define the collaborative relationship between the EPP and the local school administrative unit or partner school and how this partnership will be focused on continuous school improvement and student achievement.

(2) Adopt a plan for collaborative clinical educator or mentor selection, orientation, and student placement.

(3) Determine how information will be shared and verified between the EPP and the local school administrative unit or partner school.

(c) Field Experience Requirements. – To the extent practicable, EPPs shall require, in all programs leading to initial professional licensure, the following:

(1) Field experiences in every semester that include organized and sequenced engagement of students in settings that provide them with opportunities to observe, practice, and demonstrate knowledge and skills. The experiences shall be systematically designed and sequenced to increase the complexity and levels of engagement with which students apply, reflect upon, and expand their knowledge and skills, and to increase in each semester prior to the student's internship the number of hours spent in field experiences.

(2) A minimum of two hours of field experience in the first semester of the program and a cumulative total of at least 12 hours of field experiences prior to the student's internship.

(3) At least one field experience in a low-performing school.

(d) Clinical Practice Requirements. – EPPs shall require clinical practice in the form of one of the following:

(1) Internship that lasts for a minimum of 16 weeks. Internships may be over the course of two semesters and shall, to the extent practicable, provide field experiences at both the beginning and ending of the school year. It shall be the responsibility of a clinical educator, in cooperation with the principal and the representative of the EPP, to assign to the intern responsibilities and duties that will provide adequate preparation for teaching.

(2) Residency that meets the following criteria:

a. The residency lasts for a minimum of one year.

b. The EPP provides ongoing support to a student for the full term of the residency.

c. The EPP assigns a clinical mentor to the resident.

d. The resident completes field experiences and training required by the State Board prior to the residency.

(e) Clinical Educator and Clinical Mentor Requirements. – The EPP shall ensure clinical educators and clinical mentors who supervise students in internships and residencies meet the following requirements:

(1) Be professionally licensed in the field of licensure sought by the student.

(2) Have a minimum of three years of experience in a teaching role.

(3) Have been rated, through the educator's most recent formal evaluations, at least at the "proficient" level as part of the North Carolina Teacher Evaluation System, or the equivalent on an evaluation system utilized by another state or partner school, as applicable, and have met expectations as part of a student growth assessment system used by a school in the field of licensure sought by the student. The principal shall determine which clinical educator best meets the needs of each intern and shall assign the most appropriate clinical educator to that intern, with priority consideration for those clinical educators rated as "distinguished" and "accomplished." If a principal determines that a teacher rated as "proficient" is the most appropriate clinical educator for an intern, the principal shall maintain records of the reasons for that determination.

(f) Legal Protection of Interns. – An intern under the supervision of a clinical educator or principal shall have the protection of the laws accorded to a licensed educator.

(g) Pedagogy Assessment. – EPPs shall require, in addition to a content assessment, a nationally normed and valid pedagogy assessment to determine clinical practice performance. Passing scores and mastery criteria shall be determined by the State Board.

"**§ 115C-269.30. Teacher assistants engaged in internships.**

(a) Program for Teacher Assistants. – The State Board shall adopt a program to facilitate the process by which teacher assistants may become teachers. Teacher assistants who participate in this program:

(1) Shall be enrolled in a recognized EPP.

(2) Shall be employed in a North Carolina public school.

(b) Internship Assignments. – Local school administrative units are encouraged to assign teacher assistants to a different classroom during an internship than the classroom they are assigned to as a teacher assistant. To the extent possible, they may be assigned to another school within the same local school administrative unit.

(c) Salary and Benefits. – At the discretion of the local school administrative unit, teacher assistants may continue to receive their salary and benefits while interning in the same local school administrative unit where they are employed as a teacher assistant.

(d) Consultation With Institutions of Higher Education. – The State Board shall consult with the Board of Governors of The University of North Carolina and the North Carolina Independent Colleges and Universities in the development of the program.

"**§ 115C-269.35. Accountability for educator preparation programs.**

(a) Performance Measures. – The State Board shall adopt rules necessary to establish standards of performance to govern the continuing accountability of all EPPs. At a minimum, the performance standards shall be based on the following information that is disaggregated with respect to race, sex, and ethnicity:

(1) Performance based on the standards and criteria for annual evaluations of licensed employees.

(2) Proficiency and growth of students taught by educators holding an initial professional license, to the extent practicable. When available, EVAAS data shall be used to measure student proficiency and growth.

(3) Results from an educator satisfaction survey, developed by the State Board with stakeholder input, performed at the end of the educator's first year of teaching after receiving an initial professional license.

(4) Quality of students entering the EPP, including the average grade point average and average score on preprofessional skills tests or college entrance exams that assess reading, writing, mathematics, and other competencies.

(b) Annual Performance Reports. – The State Board shall require all recognized EPPs to submit annual performance reports. The performance reports shall provide the State Board with a focused review of the EPPs and the current authorization process in order to ensure that the programs produce graduates that are well prepared to teach. At a minimum, the annual report shall contain the following indicators:

(1) Performance data from subsection (a) of this section.

(2) Data related to the EPP's compliance with requirements for field supervision of students during their internship and residency experiences.

(3) The following information, disaggregated by race, sex, and ethnicity:

a. The number of students who apply.

b. The number of students admitted.

c. The number of students retained.

d. The number of students completing the program.

e. The number of students employed as beginning teachers under initial professional licenses by not later than the first anniversary of completing the program.

f. The amount of time required by students employed as beginning teachers under residency licenses to be issued initial professional licenses.

g. The number of students retained in the profession.

h. Any other information required by federal law.

(4) The ratio of field supervisors to students completing an internship or residency.

(5) Graduation rates.

(6) Time-to-graduation rates.

(7) Average scores of graduates on professional, pedagogy, and content area examinations for the purpose of licensure.

(8) Percentage of graduates receiving initial professional licenses.

(9) The extent to which the program prepares educators, including general education teachers and special education teachers, to effectively teach the following:

a. Students with disabilities.

b. Students of limited English proficiency.

(10) The activities offered by the program that are designed to prepare educators to do the following:

a. Integrate technology effectively into curricula and instruction, including activities consistent with the principles of universal design for learning.

b. Use technology effectively to collect, manage, and analyze data to improve teaching and learning for the purpose of increasing student academic achievement.

(11) The perseverance of beginning educators in the profession, as determined on the basis of the number of beginning educators who maintain status as active contributing members in the North Carolina State Employee Retirement System at least three years after licensure in comparison to similar programs.

(12) The results of surveys given to school principals that involve evaluation of the program's effectiveness in preparing participants to succeed in the classroom, based on experience with employed program participants.

(13) Any other information necessary to enable the State Board to assess the effectiveness of the program on the basis of educator retention and success criteria adopted by the State Board.

(c) Submission of Annual Performance Reports. – Performance reports shall be provided annually to the following:

(1) The State Board.

(2) The board of trustees or board of directors of the entity submitting the report.

(d) Information Requests by EPPs. – The State Board of Education shall annually provide, upon request, the data required to be included in an EPP's annual performance report related to subdivisions (1) and (2) of subsection (a) of this section and subdivision (11) of subsection (b) of this section. The State Board of Education shall provide this information to an EPP as aggregate data and disaggregated by race, sex, and ethnicity. Notwithstanding Article 21A of this Chapter, local school administrative units shall provide to the State Board of Education for the purposes of these information requests any North Carolina Educator Evaluation System effectiveness status assigned to teachers based on queries from the State Board. The State Board of Education shall not report aggregated or disaggregated data to the EPP that reveals confidential information in a

teacher's personnel file, as defined by Article 21A of this Chapter, such as making the effectiveness status personally identifiable to an individual teacher.

"**§ 115C-269.40. Risk factors for educator preparation programs; risk-assessment model.**

(a) Risk Factor Rules. – The State Board shall adopt rules establishing risk factors for assessment of the overall risk level of each EPP. The set of risk factors shall include the following:

(1) A history of the EPP's compliance with State law and rules, with consideration given to the following:

a. The seriousness of any violation of a law or rule.

b. Whether the violation resulted in an action being taken against the EPP.

c. Whether the violation was promptly remedied by the EPP.

d. The number of alleged violations.

e. Any other matter considered to be appropriate in evaluating the EPP's compliance history.

(2) Whether the program meets the accountability performance standards under G.S. 115C-269.35.

(b) CAEP Accreditation. – The rules for risk factors developed by the State Board may include whether an EPP is accredited by CAEP.

(c) Use of Risk Factors. – The State Board shall use the rules for risk factors when conducting monitoring, inspections, and compliance audits of EPPs, including evaluations associated with renewals of approval under G.S. 115C-269.10.

"**§ 115C-269.45. Sanctions.**

(a) Accountability Statuses. – The State Board shall at least annually review the accountability status of each EPP. The State Board shall adopt rules necessary for the sanction of EPPs that do not meet accountability standards or comply with State law or rules. The rules shall provide for the assignment of warned, probation, or revoked statuses according to the following criteria:

(1) Warned. – An EPP shall be assigned warned status if the program meets any of the following criteria:

a. Fails to meet the performance standards set by the State Board for the overall performance of all its students on any of the indicators set forth in G.S. 115C-269.35(a) in any one year.

b. Fails to meet the performance standards in any two sex, race, or ethnicity demographic groups on any of the indicators set forth in G.S. 115C-269.35(a) in any one year.

c. Fails to meet the performance standards for a sex, race, or ethnicity demographic group on any of the indicators set forth in G.S. 115C-269.35(a) for two consecutively measured years, regardless of whether the deficiency is in the same demographic group or standard.

d. The State Board determines that the EPP has violated applicable laws or rules that should result in warned status.

(2) Probation. – An EPP shall be assigned probation status if the program meets any of the following criteria:

a. Fails to meet the performance standards set by the State Board for the overall performance of all its students on any of the indicators set forth in G.S. 115C-269.35(a) for two consecutively measured years.

b. Fails to meet the performance standards in any three sex, race, or ethnicity demographic groups on any of the indicators set forth in G.S. 115C-269.35(a) in any one year.

c. Fails to meet the performance standards for a sex, race, or ethnicity demographic group on any of the indicators set forth in G.S. 115C-269.35(a) for three consecutively measured years, regardless of whether the deficiency is in the same demographic group or standard.

d. The State Board determines that the EPP has violated applicable laws or rules that should result in probation status.

(3) Revoked. – An EPP shall be assigned revoked status and its approval to recommend students for educator licensure revoked if it meets any of the following criteria:

a. Is assigned probation status for three consecutively measured years.

b. Has been on probation status for one year and the State Board determines that revoking the program's approval is reasonably necessary to achieve the purposes of this Article.

(b) Revocation. – Any revocation of an EPP's accountability status shall meet the following criteria:

(1) Complies with the requirements of notice as described in subsection (f) of this section.

(2) Upon assignment of revoked status of EPP approval, the EPP shall not admit new students, but may complete the training of students already admitted by the program and recommend them for licensure. If necessary, the State Board and other EPPs shall cooperate to assist the previously admitted students of the revoked EPP to complete their training.

(3) A revocation shall be effective for a period of at least two years. After two years, the program may seek initial authorization to prepare educators for licensure.

(c) Range of Sanctions. – In addition to revocation as provided in subsections (a) and (b) of this section, the rules described in subsection (a) of this section shall provide for the State Board to assign other sanctions deemed necessary, including one or more of the following:

(1) Requiring the EPP to obtain technical assistance approved by the State Board.

(2) Requiring the EPP to obtain professional services under contract with another entity.

(3) Appointing a monitor to participate in and report to the State Board on the activities of the EPP.

(4) Managing the EPP's enrollment.

(d) Particular Fields of Licensure. – Any sanction authorized or required to be taken against an EPP under subsection (c) of this section may also be taken with regard to a program for a particular field of licensure authorized to be offered by an EPP.

(e) Costs. – Any costs associated with the sanctions under subsection (c) of this section shall be paid by the EPP.

(f) Notice, Hearing, and Appeal. – The State Board shall give written notice to the EPP by certified mail of an EPP's revocation of authorized status, including a written explanation of the basis for the revocation. An EPP may commence a contested case as provided in Article 3 of Chapter 150B of the General Statutes as to the revocation by the State Board.

"**§ 115C-269.50. EPP report cards.**

The State Board shall create a report card in a common format for each EPP that, at a minimum, summarizes the information collected in the annual performance reports, as set forth in G.S. 115C-269.35(b). The State Board shall make the report cards available to the public through the State Board's Internet Web site on an annual basis beginning December 15, 2019, and shall submit the report to the Joint Legislative Education Oversight Committee annually by that date. The State Board of Education shall also provide the information from each EPP's annual performance report to the Board of Governors of The University of North Carolina to be incorporated into the Teacher Quality Dashboard to provide greater accessibility and comparability of data on the performance of EPPs in the State.

"**§ 115C-269.55. Reports of alleged violations regarding educator preparation programs.**

(a) Authority. – The State Board shall adopt rules necessary to establish a process for a student to report a violation of this Article to the State Board.

(b) EPP Notice to Students. – The State Board by rule shall require an EPP to notify students of the complaint process adopted under subsection (a) of this section. The notice shall include the appropriate contact information, including name, mailing address, telephone number, and Internet Web site address for the purpose of directing complaints to the State Board. The EPP shall provide for that notification as follows:

(1) On the Internet Web site of the EPP, if the program maintains a Web site.

(2) On a sign prominently displayed in program facilities.

(3) In the student handbook.

(c) Notice of Complaint Process. – The State Board shall post the complaint process adopted under subsection (a) of this section on the State Board's Internet Web site.

(d) Limits on State Board Authority. – The State Board has no authority to mediate, arbitrate, or resolve contractual or commercial issues between an EPP and a student."

SECTION 2.(j) G.S. 115C-284(e) reads as rewritten:

"(e) It shall be unlawful for any board of education to employ or keep in service any principal or supervisor who neither holds nor is qualified to hold a ~~certificate~~license in compliance with the provision of the law or in accordance with the regulations of the State Board of Education. However, a local board of education may select a retired principal or retired assistant principal to serve as an interim principal for the remainder of any school year, regardless of licensure status."

SECTION 2.(k) Article 19 of Subchapter V of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-284.1. School administrator preparation programs.**

Rules for approval of school administrator preparation programs shall incorporate the criteria developed in accordance with G.S. 116-74.21 for assessing proposals under the School Administrator Training Program."

PART III. EDUCATOR LICENSURE

SECTION 3.(a) G.S. 115C-296 is repealed.

SECTION 3.(b) Article 20 of Subchapter V of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-300.1. New teacher induction programs.**

(a) Induction Program. – The State Board of Education shall develop a new teacher induction program to provide ongoing support for teachers entering the profession.

(b) New Teacher Guidelines. – For the purpose of helping local boards to support new teachers, the State Board shall develop and distribute guidelines that address optimum teaching load, extracurricular duties, student assignment, and other working condition considerations. These guidelines shall provide that teachers holding initial professional licenses not be assigned extracurricular activities unless they request the assignments in writing and that other noninstructional duties of these teachers be minimized.

(c) Mentor Teacher Training. – 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 as follows:

(1) Mentor teachers shall be either of the following:

a. Teachers rated, through formal evaluations, at least at the "proficient" level as part of the North Carolina Teacher Evaluation System and who have met expectations for student growth.

b. Retired teachers.

(2) The principal shall determine which mentor teacher best meets the needs of each new teacher and shall assign the most appropriate mentor teacher to that new teacher, with priority consideration for those mentor teachers rated as "distinguished" and "accomplished."

(3) If a principal determines that a teacher rated as "proficient" or a retired teacher is the most appropriate mentor for a new teacher, the principal shall maintain records of the reasons for that determination.

(4) A teacher may be a mentor at a different school building from which the mentor is assigned if the following criteria are met:

a. The principals of each school and the mentor teacher approve of the assignment.

b. The mentor teacher is rated, through formal evaluations, at least at the "accomplished" level as part of the North Carolina Teacher Evaluation System and has met expectations for student growth.

c. The new teacher's principal maintains a record of the reasons for selecting the mentor from a different school building."

SECTION 3.(c) Subchapter V of Chapter 115C of the General Statutes is amended by adding a new Article to read:

"Article 17E.

"Licensure.

"**§ 115C-270.1. Definitions.**

As used in this Article, the following definitions shall apply:

(1) Administrator. – An administrator or supervisor who serves in general and program administrator roles, as classified by the State Board. Administrators shall include superintendents, assistant or associate superintendents, principals, assistant principals, or curriculum-instructional specialists.

(2) Professional educator. – An administrator, teacher, or student services personnel.

(3) Recognized educator preparation program or recognized EPP. – As defined in G.S. 115C-269.1(15).

(4) Student services personnel. – An individual providing specialized assistance to students, teachers, administrators, or the education program in general, as classified by the State Board. Student services personnel shall include individuals employed in school counseling, school social work, school psychology, audiology, speech-language pathology, and media coordination.

(5) Teacher. – An individual whose major responsibility is to either teach or directly supervise teaching, as classified by the State Board.

"**§ 115C-270.5. State Board of Education establishes licensure requirements.**

(a) Authority. – The State Board of Education shall have entire control of licensing all applicants for professional educator positions in all public schools of North Carolina, subject to the requirements of this Article. The State Board shall adopt rules for the issuance, renewal, and extension of all licenses and shall determine and fix the salary for each grade and type of license which it authorizes.

(b) Consultation – The State Board shall receive recommendations from the Professional Educator Preparation and Standards Commission and seek input from The University of North Carolina Board of Governors, the State Board of Community Colleges, educator preparation programs, and such other public and private agencies as are necessary in adopting rules required by this Article.

"**§ 115C-270.10. Licensure fees.**

(a) Fee Schedule. – The State Board of Education shall establish by rule a schedule of fees for professional educator licensure and administrative changes. The fees established under this section shall not exceed the actual cost of providing the service. The schedule may include fees for any of the following services:

(1) Application for demographic or administrative changes to a license.

(2) Application for a duplicate license or for copies of documents in the licensure files.

(3) Application for a renewal, extension, addition, upgrade, reinstatement, and variation to a license.

(4) Initial application for a new graduate from any recognized educator preparation program.

(5) Initial application for an out-of-state applicant.

(6) All other applications.

An applicant must pay any nonrefundable or nontransferable service fees at the time an application is submitted.

(b) Fee Increase Reporting. – The State Board of Education shall report to the Joint Legislative Education Oversight Committee by March 15 in any year that the amount of fees in the fee schedule established under this section has been modified during the previous 12 months. The report shall include the number of personnel paid from licensure receipts, any change in personnel paid from receipts, other related costs covered by the receipts, and the estimated unexpended receipts as of June 30 of the year reported.

"**§ 115C-270.15. Examination requirements for initial professional licenses.**

(a) Examination Score Requirements. – The State Board of Education shall require an applicant for an initial professional license 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. Elementary education (K-6) and special education general curriculum teachers shall also achieve a prescribed minimum score on subtests or standard examinations specific to teaching reading and mathematics.

(b) Establishment of Minimum Scores. – The State Board shall adopt rules that establish the minimum scores for any required standard examinations and other measures necessary to assess the qualifications of professional educators as required under this section. For purposes of this section, the State Board shall not be subject to Article 2A of Chapter 150B of the General Statutes. At least 30 days prior to changing any rule adopted under this section, the State Board shall provide written notice to all recognized educator preparation programs and to all local boards of education. The written notice shall include the proposed revised rule. The State Board of Education shall make any required standard initial professional licensure exam rigorous and raise the prescribed minimum score as necessary to ensure that each applicant has received high-quality academic and professional preparation to teach effectively.

(c) Time Line for Completion of Examinations. – 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.

"**§ 115C-270.20. Licensure requirements.**

(a) Teacher Licenses. – The State Board shall adopt rules for the issuance of the following classes of teacher licenses, including required levels of preparation for each classification:

(1) Continuing professional license or CPL. – A five-year renewable license issued to a teacher who has at least three years of licensed teaching experience and meets other requirements established by the State Board. A CPL shall remain in effect for five years after retirement.

(2) Emergency license or EL. – A one-year nonrenewable license issued to an individual who holds a bachelor's degree with coursework relevant to the requested licensure area, but has not successfully completed a recognized educator preparation program and does not qualify for a residency license. An emergency license shall only be requested by the local board of education, and applicants for emergency licenses shall meet all other requirements established by the State Board, including preservice training, prior to teaching.

(3) Initial professional license or IPL. – A three-year nonrenewable license issued to an individual who has successfully completed a recognized educator preparation program and meets other requirements established by the State Board.

(4) Lifetime license. – A license issued to a teacher after 50 or more years of teaching as a licensed teacher that requires no renewal.

(5) Residency License or RL. – A one-year license, renewable twice, that meets both of the following requirements:

a. Is requested by the local board of education and accompanied by a certification of supervision from the recognized educator preparation program in which the individual is enrolled.

b. The individual for whom the license is requested meets all of the following requirements:

1. Holds a bachelor's degree.

2. Has either completed coursework relevant to the requested licensure area or passed the content area examination relevant to the requested licensure area that has been approved by the State Board.

3. Is enrolled in a recognized educator preparation program.

4. Meets all other requirements established by the State Board, including completing preservice requirements prior to teaching.

(6) Retirement licensure. – A five-year renewable license issued to a teacher who retired with 30 or more years of teaching experience in North Carolina and who has been employed by a local school administrative unit after retirement as any of the following:

a. A substitute teacher.

b. A part-time provider of any of the following services: classroom instruction, tutoring, mentoring teachers, writing curricula, developing and leading staff development programs for teachers, or working in after-school programs.

(b) Administrator and Student Services Personnel. – The State Board shall establish classification and levels of preparation necessary for issuance of licenses for administrators and student services personnel.

(c) Notwithstanding the requirement in subsection (a) of this section that an individual must hold a bachelor's degree with coursework relevant to the requested licensure area for individuals seeking licensure in a career or technical education area, the State Board may establish alternate criteria related to that area to establish competency in lieu of a bachelor's degree.

"**§ 115C-270.25. Out-of-state license applicants.**

Initial applications from an individual with an out-of-state teacher's license shall require the applicant to provide evidence of that teacher's effectiveness, when available, as measured by the evaluation system used in that applicant's state of current

licensure at the time of application, including any growth measures included in that evaluation system. Applications that include the evidence of that educator's effectiveness shall be prioritized for review over initial applications from applicants with out-of-state licenses that do not include that information. An individual who does not include evidence of that teacher's effectiveness with the initial application shall only be eligible for an IPL.

"**§ 115C-270.30. Licensure renewal.**

(a) Licensure Renewal. – The State Board shall adopt rules establishing the requirements for renewal of all professional educator licenses. These requirements shall reflect rigorous standards for continuing licensure and shall be aligned with high-quality professional development programs that reflect State priorities for improving student achievement.

(b) Teacher Licensure Renewal. – Rules for continuing licensure for teachers shall include the following:

(1) For all teachers, at least eight continuing education credits with at least three credits required in a teacher's academic subject area.

(2) For elementary school teachers, at least three continuing education credits related to literacy. Literacy renewal credits shall include evidence-based assessment, diagnosis, and intervention strategies for students not demonstrating reading proficiency. Oral language, phonemic and phonological awareness, phonics, vocabulary, fluency, and comprehension shall be addressed in literacy-related activities leading to license renewal for elementary school teachers.

(3) For retirement licensure, at least 640 hours of documented employment in a local school administrative unit each renewal cycle and eight hours of annual professional development approved by a local school administrative unit.

(4) For all teachers employed by a local board of education, evidence of a rating of at least proficient on the most recent annual evaluation to maintain the current license status. A teacher who is unable to satisfy this requirement but has been placed on a mandatory improvement plan may be eligible to receive an IPL if that teacher satisfies all other licensure requirements.

(5) A member of the General Assembly is exempt from the continuing education credit requirements for teachers during any five-year licensure renewal cycle in which the member serves a term or some portion thereof in the General Assembly as long as the member notifies the Department of Public Instruction of the exemption during that five-year licensure renewal cycle.

(c) License Renewal Rules Review. – The rules for licensure renewal shall be reviewed at least once every five years by the State Board to do the following:

(1) Reevaluate and enhance the requirements for renewal of professional educator licenses.

(2) Consider modifications in the license renewal achievement to make it a mechanism for professional educators to renew continually their knowledge and professional skills.

(3) Integrate digital teaching and learning into the requirements for licensure renewal.

"**§ 115C-270.35. License suspension and revocation.**

(a) The State Board shall adopt rules to establish the reasons and procedures for the suspension and revocation of licenses, subject to the requirements of this section.

(b) Automatic Revocation With No Hearing. – The State Board shall automatically revoke the license of a professional educator without the right to a hearing upon receiving verification of the identity of the professional educator together with a certified copy of a criminal record showing that the professional educator has entered a plea of guilty or nolo contendere to or has been finally convicted of any of the following crimes:

(1) Murder in the first or second degree, G.S. 14-17.

(2) Conspiracy or solicitation to commit murder, G.S. 14-18.1.

(3) Rape or sexual offense, as defined in Article 7B of Chapter 14 of the General Statutes.

(4) Felonious assault with deadly weapon with intent to kill or inflicting serious injury, G.S. 14-32.

(5) Kidnapping, G.S. 14-39.

(6) Abduction of children, G.S. 14-41.

(7) Crime against nature, G.S. 14-177.

(8) Incest, G.S. 14-178 or G.S. 14-179.

(9) Employing or permitting minor to assist in offense against public morality and decency, G.S. 14-190.6.

(10) Dissemination to minors under the age of 16 years, G.S. 14-190.7.

(11) Dissemination to minors under the age of 13 years, G.S. 14-190.8.

(12) Displaying material harmful to minors, G.S. 14-190.14.

(13) Disseminating harmful material to minors, G.S. 14-190.15.

(14) First degree sexual exploitation of a minor, G.S. 14-190.16.

(15) Second degree sexual exploitation of a minor, G.S. 14-190.17.

(16) Third degree sexual exploitation of a minor, G.S. 14-190.17A.

(17) Taking indecent liberties with children, G.S. 14-202.1.

(18) Solicitation of child by computer to commit an unlawful sex act, G.S. 14-202.3.

(19) Taking indecent liberties with a student, G.S. 14-202.4.

(20) Prostitution, G.S. 14-204.

(21) Patronizing a prostitute who is a minor or a mentally disabled person, G.S. 14-205.2(c) or (d).

(22) Promoting prostitution of a minor or a mentally disabled person, G.S. 14-205.3(b).

(23) Child abuse under G.S. 14-318.4.

The State Board shall mail notice of its intent to act pursuant to this subsection by certified mail, return receipt requested, directed to the professional educator's last known address. The notice shall inform the professional educator that it will revoke the person's license unless the professional educator notifies the State 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 professional educator. If the professional educator provides this written notice to the State Board, the State Board shall not revoke the license unless it can establish as a fact that the defendant and the professional educator are the same person.

(c) Mandatory Revocation. – The State Board shall revoke the license of a professional educator if the State Board receives notification from a local board of education or the Secretary of Health and Human Services that a professional educator has received 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) and G.S. 115C-333.1(f).

(d) Discretionary Revocation. – The State Board may revoke or refuse to renew a professional educator's license when the Board identifies the school in which the professional educator is employed as low-performing under G.S. 115C-105.37 or G.S. 143B-146.5, and the assistance team assigned to that school makes the recommendation to revoke or refuse to renew the professional educator's license for one or more reasons established by the State Board in its rules for license suspension or revocation.

(e) Subpoena Power. – 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 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 licensed persons."

SECTION 3.(d) Any professional educator license issued by the State Board of Education prior to the effective date of this act shall continue in effect until the expiration of that license. The State Board of Education may continue to issue lateral entry licenses for the 2017-2018 and 2018-2019 school years in accordance with State Board Policy LICN-001 as it was in effect on the effective date of this act.

SECTION 3.(f) If Senate Bill 257, 2017 Regular Session, becomes law, Section 7.26B(b) of that act reads as rewritten:

"**SECTION 7.26B.(b)** Reading Improvement Commission. – The Superintendent of Public Instruction shall establish a Reading Improvement Commission (Commission) within the Department of Public Instruction to study and make recommendations on (i) best practices for public schools in the State to improve reading comprehension, understanding, and application for students in grades four through 12 to ensure that students complete high school with literacy skills necessary for career and college ~~readiness. The Commission shall develop recommendations on appropriate~~ readiness; (ii) methods to monitor student progress and provide appropriate and timely remediation to students to ensure success on nationally norm-referenced college admissions ~~tests.~~tests; (iii) the effectiveness of professional development in the area of literacy in developing the capacity of teachers in grades four through 12 for improving student performance in reading; and (iv) whether requiring professional development in the area of literacy for licensure renewal would be effective in improving student performance in reading and, if so, how such professional development should be structured and provided in order to maximize student outcomes. The Superintendent of Public Instruction may appoint superintendents, principals, reading instructors, representatives from research institutions, and other individuals as determined by the Superintendent to the Commission. Of the funds appropriated to the Department of Public Instruction for the 2017-2018 fiscal year, the Superintendent of Public Instruction may use up to two hundred thousand dollars ($200,000) in nonrecurring funds for the 2017-2018 fiscal year for the work of the Reading Improvement Commission. The Superintendent may also use these funds to contract with an independent research organization to assist in the study. The Superintendent of Public Instruction shall report to the Joint Legislative Education Oversight Committee, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the State Board of Education on the study, including any findings and recommendations, no later than January 15, 2019. The State Board of Education may use the findings and recommendations to inform the State Board's policies and may submit additional comments on the report to the Joint Legislative Education Oversight Committee, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives no later than February 15, 2019."

SECTION 3.(g) The Superintendent of Public Instruction shall develop a program to publicly recognize individuals who have engaged in at least 40 years of licensed teaching in North Carolina. Beginning with the 2017-2018 school year and annually thereafter, the program shall include public recognition of any qualifying teachers.

PART IV. BACKGROUND CHECKS AND EMPLOYEE DISMISSAL PROCEDURES

SECTION 4.(a) G.S. 115C-218.90(b)(1) reads as rewritten:

"(1) If the local board of education of the local school administrative unit in which a charter school is located has adopted a policy requiring criminal history checks under G.S. 115C-332, then the board of directors of each charter school located in that local school administrative unit shall adopt a policy mirroring the local board of education policy that requires an applicant for employment to be checked for a criminal

history, as defined in G.S. 115C-332. Each charter school board of directors shall apply its policy uniformly in requiring applicants for employment to be checked for a criminal history before the applicant is given an unconditional job offer. A charter school board of directors may employ an applicant conditionally while the board is checking the person's criminal history and making a decision based on the results of the check. If the local board of education adopts a policy providing for periodic checks of criminal history of employees, then the board of directors of each charter school located in that local school administrative unit shall adopt a policy mirroring that local board of education policy. A board of directors shall indicate, upon inquiry by any other local board of education, charter school, or regional school in the State as to the reason for an employee's resignation or dismissal, if an employee's criminal history was relevant to the employee's resignation or dismissal."

SECTION 4.(b) G.S. 115C-238.73 is amended by adding a new subsection to read:

"(i) The board of directors may adopt a policy providing for uniform periodic checks of criminal history of employees. Boards of directors shall not require employees to pay for the criminal history check authorized under this subsection. A board of directors shall indicate, upon inquiry by any other local board of education, charter school, or regional school in the State as to the reason for an employee's resignation or dismissal. If a teacher's criminal history is relevant to a teacher's resignation, the board of directors shall report to the State Board of Education the reason for an employee's resignation."

SECTION 4.(c) G.S. 115C-325(f)(1) reads as rewritten:

"(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. However, if the teacher is incarcerated or is in the custody of a local, State, private, or federal correctional facility, the superintendent shall not be required to meet with the teacher before suspending that teacher without pay but may instead provide written notice of the charges against the teacher, provide a written explanation of the basis for the charges, and provide an opportunity for the teacher to respond in writing. 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."

SECTION 4.(d) G.S. 115C-325(o)(2) reads as rewritten:

"(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 license for the remainder of that school year. A copy of the request shall be placed in the teacher's personnel file. If a teacher's criminal history is relevant to the teacher's resignation, regardless of whether the teacher has given at least 30 days' notice, the board shall report to the State Board of Education the reason for an employee's resignation."

SECTION 4.(e) G.S. 115C-325.5(a) reads as rewritten:

"(a) Immediate Suspension Without Pay. – If a superintendent believes that cause exists for dismissing a teacher for any reason specified in G.S. 115C-325.4 and that immediate suspension of the teacher is necessary, the superintendent may suspend the teacher without pay. Before suspending a teacher without pay, the superintendent shall meet with the teacher and give him or her written notice of the charges against the teacher, an explanation of the basis for the charges, and an opportunity to respond. However, if the teacher is incarcerated or is in the custody of a local, State, private, or federal correctional facility, the superintendent shall not be required to meet with the teacher before suspending that teacher without pay but may instead provide written notice of the charges against the teacher, provide a written explanation of the basis for the charges, and provide an opportunity for the teacher to respond in writing. Within five days after a suspension under this subsection, 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 teacher shall be reinstated immediately, shall be paid for the period of suspension, and all records of the suspension shall be removed from the teacher's personnel file."

SECTION 4.(f) G.S. 115C-325.9(b) reads as rewritten:

"(b) Thirty Days' Notice Resignation Requirement. – A teacher who is not recommended for dismissal should not resign during the term of the contract 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 during the term of the contract without giving at least 30 days' notice, the board may request that the State Board of Education revoke the teacher's license for the remainder of that school year. A copy of the request shall be placed in the teacher's personnel file. If a teacher's criminal history is relevant to the teacher's resignation, regardless of whether the teacher has given at least 30 days' notice, the board shall report to the State Board of Education the reason for an employee's resignation."

SECTION 4.(g) G.S. 115C-332 is amended by adding a new subsection to read:

"(i) The local board of education may adopt a policy providing for periodic checks of criminal history of employees. Local boards of education shall not require employees to pay for the criminal history check authorized under this subsection. A local board of education shall indicate, upon inquiry by any other local board of education, charter school, or regional school in the State as to the reason for an employee's resignation or dismissal, if an employee's criminal history was relevant to the employee's resignation or dismissal."

PART V. ENSURE AVAILABILITY OF INFORMATION ON TEACHER VACANCIES

SECTION 5.(a) G.S. 115C-12(22) reads as rewritten:

"(22) Duty to Monitor the State of the Teaching Profession in North Carolina. –

~~a.~~ The State Board of Education shall monitor and compile an annual report on the state of the teaching profession in North Carolina that includes data on the decisions of teachers to leave the teaching ~~profession. The State Board shall adopt standard procedures for each local board of education to use in requesting the information from teachers who are not continuing to work as teachers in the local school administrative unit and shall require each local board of education to report the information to the State Board in a standard format adopted by the State Board.~~profession and data on teaching positions that local boards of education are unable to fill, as provided in G.S. 115C-299.5.

~~b. The annual teacher transition report shall include data on the following:~~

~~1. The number of teachers who left the profession without remaining in the field of education and the reasons for teachers leaving the profession.~~

~~2. The number of teachers who left their employment to teach in other states.~~

~~3. The number of teachers who left their employment to work in another school in North Carolina, including nonpublic schools and charter schools.~~

~~4. The number of teachers who left a classroom position for another type of educational position.~~

~~5. The number of teachers who left employment in hard-to-staff schools. A hard-to-staff school shall be any school identified as low-performing, as provided in G.S. 115C-105.37.~~

~~6. The number of teachers who left employment in hard-to-staff subject areas. A hard-to-staff subject area is either of the following:~~

~~I. As defined by the United States Department of Education.~~

~~II. A subject area that has resulted in a long-term vacancy of 16 months or more at a particular school in a local school administrative unit.~~

~~c. The annual teacher transition report by the State Board of Education shall disaggregate the data included in sub-subdivision b. of this subdivision by teacher effectiveness status at a statewide level. The report shall not disaggregate data on teacher effectiveness status at a local school administrative unit level.~~

~~Notwithstanding Article 21A of this Chapter, local school administrative units shall provide to the State Board of Education for the purposes of this report any North Carolina Educator Evaluation System (NCEES) effectiveness status assigned to teachers who left employment.~~

~~The State Board of Education shall not report disaggregated data that reveals confidential information in a teacher's personnel file, as defined by Article 21A of this Chapter, such as making the effectiveness status personally identifiable to an individual teacher.~~"

SECTION 5.(b) Article 20 of Subchapter V of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-299.5. Duty to monitor the state of the teaching profession.**

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

(1) Hard-to-staff school. – Any school identified as low-performing, as provided in G.S. 115C-105.37.

(2) Hard-to-staff subject area. – A subject area that is either of the following:

a. As defined by the United States Department of Education.

b. A subject area that has resulted in a long-term vacancy of 16 months or more at a particular school in a local school administrative unit.

(b) State of the Teaching Profession Report. – The State Board of Education shall monitor and compile an annual report by December 15 annually on the state of the teaching profession in North Carolina that includes data on the decisions of teachers to leave the teaching profession and vacancies in teaching positions as provided in subsections (c) and (e) of this section. The State Board shall adopt standard procedures for each local board of education to use in requesting information required by this report and shall require each local board of education to report the information to the State Board in a standard format adopted by the State Board.

(c) Teachers Leaving the Profession. – The report shall include the following data on the decisions of teachers to leave the teaching profession in the prior school year:

(1) The number of teachers who left the profession without remaining in the field of education and the reasons for teachers leaving the profession.

(2) The number of teachers who left their employment to teach in other states.

(3) The number of teachers who left their employment to work in another school in North Carolina, including nonpublic schools and charter schools.

(4) The number of teachers who left a classroom position for another type of educational position.

(5) The number of teachers who left employment in hard-to-staff schools.

(6) The number of teachers who left employment in hard-to-staff subject areas.

(d) The annual teacher transition report by the State Board of Education shall disaggregate the data included in subsection (c) of this section by teacher effectiveness status at a statewide level. The report shall not disaggregate data on teacher effectiveness status at a local school administrative unit level. Notwithstanding Article 21A of this Chapter, local school administrative units shall provide to the State Board of Education, for the purposes of this report, any North Carolina Educator Evaluation System (NCEES) effectiveness status assigned to teachers who left employment. The State Board of Education shall not report disaggregated data that reveals confidential information in a teacher's personnel file, as defined by Article 21A of this Chapter, such as making the effectiveness status personally identifiable to an individual teacher.

(e) Teacher Vacancies. – The report shall include data on teaching positions that local boards of education are unable to fill with a teacher licensed in that subject area by the fortieth school instructional day of the local school administrative unit's calendar. The report shall aggregate all data to provide both statewide information and information specific to each local school administrative units, including the following:

(1) The number of teacher vacancies by subject area.

(2) The number of teacher vacancies by school with identification of hard-to-staff schools."

SECTION 5.(c) The State Board of Education shall complete the first annual report on the state of the teaching profession, including information on vacancies in the teaching profession, no later than December 15, 2017.

PART VI. CONFORMING CHANGES

SECTION 6.(a) G.S. 93B-15.1(i) reads as rewritten:

"(i) For the purposes of this section, the State Board of Education shall be considered an occupational licensing board when issuing teacher licenses under ~~G.S. 115C-296.~~Article 17E of Subchapter V of Chapter 115C of the General Statutes."

SECTION 6.(b) G.S. 115C-296.7(g) reads as rewritten:

"(g) NC Teaching Corps members shall be granted ~~lateral entry teaching~~ residency licenses pursuant to ~~G.S. 115C-296.12(a).~~Article 17E of this Chapter."

SECTION 6.(c) G.S. 115C-325.1(6)a. reads as rewritten:

"a. Who holds ~~at least one of the following licenses issued by the State Board of Education:~~

~~1. A~~a current ~~standard~~ professional educator's license.

~~2. A current lateral entry teaching license.~~

~~3. A regular, not expired, vocational license.~~"

SECTION 6.(d) G.S. 115C-325.4(a)(11) reads as rewritten:

"(11) Any cause which constitutes grounds for the revocation of the ~~teacher's teaching license or the school administrator's administrator~~professional educator's license."

SECTION 6.(e) G.S. 115C-333(d) reads as rewritten:

"(d) State Board Notification. – If a local board dismisses an employee of a low-performing school who is a teacher with career status for any reason except a reduction in force under G.S. 115C-325(e)(1)l., or dismisses an employee who is a teacher on contract for cause or elects to not renew an employee's contract as a result of a superintendent's recommendation under subsection (b) or (c) of this section, 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 a mandatory improvement plan to assist the employee, 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 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, the local board shall notify the State Board and the State Board shall initiate a proceeding to revoke the employee's license under ~~G.S. 115C-296(d).~~G.S. 115C-270.35. If on this next evaluation the employee receives at least a proficient rating on all of the performance standards that were identified as areas of concern on the mandatory improvement plan, 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 a teacher with career status and is subsequently dismissed under G.S. 115C-325 except for a reduction in force, or the employee is a teacher on contract subsequently dismissed under G.S. 115C-325.4."

SECTION 6.(f) G.S. 115C-333.1(f) reads as rewritten:

"(f) State Board Notification. – If a local board dismisses a teacher with career status for any reason except a reduction in force under G.S. 115C-325(e)(1)l., or dismisses a teacher on contract for cause or elects to not renew a teacher's contract as a result of a superintendent's recommendation under subsection (d) of this section, 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).~~G.S. 115C-270.35. 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 has career status and is subsequently dismissed under G.S. 115C-325 except for a reduction in force or is a teacher on contract who is subsequently dismissed under G.S. 115C-325.4. 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 the local board elects to renew the teacher's contract. 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.S. 115C-270.35."

SECTION 6.(g) G.S. 115D-5(p) reads as rewritten:

"(p) The North Carolina Community College System may offer courses, in accordance with ~~the lateral entry program of study established under G.S. 115C-296.12,~~ Article 17D of Subchapter V of Chapter 115C of the General Statutes, to individuals who choose to enter the teaching profession ~~by lateral entry.~~through residency licensure."

SECTION 6.(h) G.S. 116-239.5(a) reads as rewritten:

"(a) The Board of Governors, in consultation with the constituent institutions of The University of North Carolina with educator preparation programs, shall designate eight constituent institutions to establish laboratory schools to serve public school students in accordance with the provisions of this Article. The Board of Governors shall select eight constituent institutions with quality educator preparation programs as demonstrated by the annual performance measures reported by the constituent institutions in accordance with ~~G.S. 115C-296.13.~~G.S. 115C-269.35."

SECTION 6.(i) G.S. 116-239.13(5) reads as rewritten:

"(5) Information on the student outcomes for students who are enrolled in each educator preparation program who obtained clinical experience in school leadership and teaching in the lab schools, including the performance elements reported under ~~G.S. 115C-296.13(b).~~G.S. 115C-269.35."

SECTION 6.(j) If House Bill 155, 2017 Regular Session, becomes law, G.S. 115C-325(f)(1), as amended by Section 4(c) of this act, reads as rewritten:

"(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. However, if the ~~teacher~~ career employee is incarcerated or is in the custody of a local, State, private, or federal correctional facility, the superintendent shall not be required to meet with the ~~teacher~~ career employee before suspending that ~~teacher~~ employee without pay but may instead provide written notice of the charges against the ~~teacher,~~employee, provide a written explanation of the basis for the charges, and provide an opportunity for the ~~teacher~~ employee to respond in writing. 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."

SECTION 6.(k) If House Bill 155, 2017 Regular Session, becomes law, G.S. 115C-325(o)(2), as amended by Section 4(d) of this act, reads as rewritten:

"(2) A ~~teacher, career or probationary,~~career employee 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~~ career employee 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~~ career employee's license for the remainder of that school year. A copy of the request shall be placed in the ~~teacher's~~ career employee's personnel file. If a ~~teacher's~~ career employee's criminal history is relevant to the ~~teacher's~~ employee's resignation, regardless of whether the ~~teacher~~ employee has given at least 30

days' notice, the board shall report to the State Board of Education the reason for an employee's resignation."

SECTION 6.(*l*) If House Bill 155, 2017 Regular Session, becomes law, Section 2(f) of that act is repealed.

SECTION 6.(m) If Senate Bill 257, 2017 Regular Session, becomes law, then Section 8.29(a) of S.L. 2016-94, as amended by Section 7.20(a) of Senate Bill 257, 2017 Regular Session, reads as rewritten:

"**SECTION 8.29.(a)** Purpose. – The purpose of this section is to establish a pilot program for, beginning with the 2016-2017 fiscal year, the local boards of education of the Anson County, Franklin County, Moore County, Richmond County, and Scotland County school administrative units and, beginning with the 2017-2018 fiscal year, the local boards of education of the Alamance-Burlington Schools, Beaufort County Schools, Bertie County Schools, Duplin County Schools, Edenton-Chowan Schools, Edgecombe County Schools, Guilford County Schools, Halifax County Schools, Nash-Rocky Mount Schools, Northampton County Schools, Randolph County Schools, Tyrrell County Schools, Vance County Schools, and Washington County Schools to provide tuition assistance awards to part-time or full-time teacher assistants working in those local school administrative units to pursue a college degree that will result in teacher licensure. Tuition assistance awards under the program may be provided for part-time or full-time coursework. A local board of education may grant a teacher assistant academic leave to pursue coursework that may only be taken during working hours. A teacher assistant receiving an award under the program shall fulfill the student teaching requirements of an educator preparation program by working in the teacher assistant's employing local school administrative unit. A teacher assistant shall continue to receive salary and benefits while student teaching in the local school administrative unit in accordance with ~~G.S. 115C-310(b).~~G.S. 115C-269.30(c)."

SECTION 6.(n) If Senate Bill 257, 2017 Regular Session, becomes law, G.S. 115C-269.30, as enacted by Section 2(i) of this act, reads as rewritten:

"**§ 115C-269.30. Teacher assistants engaged in internships.**

(a) Program for Teacher Assistants. – The State Board shall adopt a program to facilitate the process by which teacher assistants may become teachers. Teacher assistants who participate in this ~~program:~~program shall meet the following requirements:

(1) ~~Shall be~~Be enrolled in a recognized EPP.

(2) ~~Shall be~~Be employed in a North Carolina public school.

(b) Internship Assignments. – Local school administrative units are encouraged to assign teacher assistants to a different classroom during an internship than the classroom they are assigned to as a teacher assistant. To the extent possible, they may be assigned to another school within the same local school administrative unit.

(c) Salary and Benefits. – ~~At the discretion of the local school administrative unit, teacher~~Teacher assistants ~~may~~ shall continue to receive their salary and benefits while interning in the same local school administrative unit where they are employed as a teacher assistant.

(d) Consultation With Institutions of Higher Education. – The State Board shall consult with the Board of Governors of The University of North Carolina and the North Carolina Independent Colleges and Universities in the development of the program."

SECTION 6.(o) If Senate Bill 257, 2017 Regular Session, becomes law, G.S. 115C-300.1(c), as enacted by Section 3(b) of this act, reads as rewritten:

"(c) Mentor Teacher Training. – 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 as follows:

(1) Mentor teachers shall be either of the following:

a. Teachers rated, through formal evaluations, at least at the "proficient" level as part of the North Carolina Teacher Evaluation ~~System and have met expectations for student growth.~~System.

b. Retired teachers.

(2) The principal shall determine which mentor teacher best meets the needs of each new teacher and shall assign the most appropriate mentor teacher to that new teacher, with priority consideration for those mentor teachers rated as "distinguished" and "accomplished."

(3) If a principal determines that a teacher rated as "proficient" or a retired teacher is the most appropriate mentor for a new teacher, the principal shall maintain records of the reasons for that determination.

(4) A teacher may be a mentor at a different school building from which the mentor is assigned if the following criteria are met:

a. The principals of each school and the mentor teacher approve of the assignment.

b. The mentor teacher is rated, through formal evaluations, at least at the "accomplished" level as part of the North Carolina Teacher Evaluation ~~System and has met expectations for student growth.~~System.

c. The new teacher's principal maintains a record of the reasons for selecting the mentor from a different school building."

SECTION 6.(p) If Senate Bill 257, 2017 Regular Session, becomes law, G.S. 115C-269.25(e), as enacted by Section 2(i) of this act, reads as rewritten:

"(e) Clinical Educator Requirements. – The EPP shall ensure clinical educators who supervise students in internships meet the following requirements:

(1) Be professionally licensed in the field of licensure sought by the student.

(2) Have a minimum of three years of experience in a teaching role.

(3) Have been rated, through the educator's most recent formal evaluations, at least at the "proficient" level as part of the North Carolina Teacher Evaluation System, or the equivalent on an evaluation system utilized by another state or partner school, as applicable, ~~and have met expectations as part of a student growth assessment system used by a school~~ in the field of licensure sought by the student. The principal shall determine which clinical educator best meets the needs of each intern and shall assign the most appropriate clinical educator to that intern, with priority consideration for those clinical educators rated as "distinguished" and "accomplished." If a principal determines that a teacher rated as "proficient" is the most appropriate clinical educator for an intern, the principal shall maintain records of the reasons for that determination."

SECTION 6.(q) If Senate Bill 257, 2017 Regular Session, becomes law, G.S. 115C-270.10, as enacted by Section 3(c) of this act, is amended by inserting a new subsection to read:

"(a1) Notwithstanding subsection (a) of this section, the State Board of Education shall reimburse the initial application fee for any new graduate from any recognized EPP the first time an applicant submits an application for teacher licensure, if the applicant has successfully earned an initial professional license in North Carolina. The State Board shall issue the reimbursement to the application fee within 30 days of the date the applicant successfully earns an initial professional license in North Carolina.".

PART VII. EFFECTIVE DATE

SECTION 7.(a) This act is effective when it becomes law and applies beginning with the 2017-2018 school year.

SECTION 7.(b) Any rules required by this act shall be adopted by February 1, 2018.

SECTION 7.(c) The State Board shall accept applications from EPPs for initial approval no later than March 1, 2018, for EPPs applying to accept students in the 2018-2019 school year.

SECTION 7.(d) An EPP approved by the State Board prior to July 1, 2017, shall be considered initially authorized until the earlier of June 30, 2020, or the date of its five-year renewal.

SECTION 7.(e) All EPPs operating in the State on June 30, 2018, or thereafter shall submit annual performance reports beginning with the 2018-2019 school year. The State Board shall monitor the data quality of the annual performance reports, including checking for statistical anomalies, data availability, and any other issues the State Board deems relevant. The State Board shall report on its monitoring and recommend any legislative changes to the Joint Legislative Education Oversight Committee by December 15, 2020.

SECTION 7.(f) The State Board shall not assign an accountability status to any EPP during the 2018-2019, 2019-2020, or 2020-2021 school years but may require technical assistance to an EPP at the EPP's expense based on reported performance measures. The State Board shall only assign the accountability statuses of "warned" and "probation" during the 2021-2022 and 2022-2023 school years. The State Board may assign the accountability status of "revoked" beginning with the 2023-2024 school year.

In the General Assembly read three times and ratified this the 30th day of June, 2017.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Roy Cooper
Governor

Approved 8:30 a.m. this 27th day of July, 2017

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2017-34
HOUSE BILL 55

AN ACT AUTHORIZING THE POLICE DEPARTMENT OF THE TOWN OF APEX TO PROVIDE LAW ENFORCEMENT ASSISTANCE TO THE POLICE DEPARTMENT OF THE TOWN OF CARY ON THE GROUNDS OF THE TEMPORARY APEX HIGH SCHOOL IN CARY.

The General Assembly of North Carolina enacts:

SECTION 1. Article 13 of Chapter 160A of the General Statutes is amended by adding a new section to read as follows:

"**§ 160A-288.2A. Municipalities have concurrent jurisdiction on public school property.**

Notwithstanding any other provision of law, the chief of police of a municipality may provide assistance to another municipal police department located in an adjacent municipality in enforcing the laws of North Carolina on property owned by the county board of education in accordance with rules, policies, or guidelines officially adopted by the governing body of the municipality providing assistance and subject to any conditions or restrictions included in those rules, polices, or guidelines. The assistance may comprise allowing officers of the assisting police department to work in the adjacent police department's jurisdiction and lending equipment and supplies. While working under the authority of this section, an officer shall have the same jurisdiction, powers, rights, privileges, and immunities, including those relating to the defense of civil actions and the payment of judgments, as the officers of the adjacent police department in addition to those the officer normally possesses. While on duty with the adjacent police department as authorized by this section, the officer shall be subject to the lawful operational commands of the superior officers of the assisting police department and shall for personnel and administrative purposes remain under the control of the assisting police department, including for purposes of pay. The officer shall be entitled to workers' compensation and the same benefits when acting pursuant to this section to the same extent as though the officer was functioning within the normal scope of his or her duties. Nothing in this section shall be interpreted as reducing the jurisdiction or authority of State law enforcement officers."

SECTION 2. This act applies to the Towns of Apex and Cary only.

SECTION 3. This act is effective when it becomes law and expires July 1, 2020.

In the General Assembly read three times and ratified this the 19th day of June, 2017.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Tim Moore
Speaker of the House of Representatives

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2017-82
HOUSE BILL 393

AN ACT TO REVISE AND CONSOLIDATE THE CHARTER OF THE CITY OF MEBANE AND TO REPEAL PRIOR CHARTER ACTS AND TO AUTHORIZE THE ALAMANCE-BURLINGTON BOARD OF EDUCATION TO DISPOSE OF CERTAIN REAL PROPERTY BY PRIVATE SALE OR EXCHANGE.

The General Assembly of North Carolina enacts:

SECTION 1. The Charter of the City of Mebane is revised and consolidated to read as follows:

"CHARTER OF THE CITY OF MEBANE

"ARTICLE I. INCORPORATION AND GENERAL POWERS

"Section 1.1. Incorporation and General Powers. The City of Mebane shall continue to be a body politic and corporate under the name and style of the "City of Mebane" and shall continue to be vested with all property and rights which now belong to the City; shall have perpetual succession; may have a common seal and alter and renew the same at pleasure; may sue and be sued; may contract; may acquire and hold all such property, real and personal, as may be devised, bequeathed, sold, or in any manner conveyed or dedicated to it or otherwise acquired by it and may, from time to time, hold or invest, sell, or dispose of the same; and shall have and may exercise in conformity with the provisions of this Charter all municipal powers, functions, rights, privileges, and immunities of every name and nature.

"Section 1.2. Enumerated Powers Not Exclusive. The enumeration of particular powers by this Charter shall not be held or deemed to be exclusive but, in addition to the powers enumerated herein or implied hereby, or those appropriate to the exercise of such powers, the City of Mebane shall have and may exercise all powers which are granted to cities by the general laws of North Carolina and all powers which, under the Constitution of North Carolina, it would be competent for this Charter specifically to enumerate.

"Section 1.3. Corporate Boundaries. The corporate boundaries of the City shall be those existing at the time of ratification of this Charter, as set forth on the official map of the City and as they may be altered from time to time in accordance with law. An official map of the City, showing the current municipal boundaries, shall be maintained permanently in the Office of the City Clerk and shall be available for public inspection. Upon alteration of the corporate boundaries pursuant to law, the appropriate changes to the official map shall be made and copies shall be filed in the Office of the Secretary of State, the County Register of Deeds, and the appropriate board of elections.

"ARTICLE II. GOVERNING BODY

"Section 2.1. City Governing Body. The City Council, hereinafter referred to as the "Council," and the Mayor shall be the governing body of the City.

"Section 2.2. Composition; Terms of Office. The City Council shall be composed of five members who shall be elected by all the qualified voters of the City voting at large in the manner provided for in Article III of this Charter. The members shall serve four-year staggered terms as provided in Section 3.3 of this Charter or until their successors are elected and qualified.

"Section 2.3. Mayor; Duties. The Mayor of the City shall be elected at large by and from the qualified voters of the City in the manner provided in Article III of this Charter for a term of four years or until a successor is elected and qualified. The Mayor shall be the official head of the City government and shall preside at all meetings of the Council, shall have the right to vote only when there is an equal division on any question or matter before the Council, and shall exercise the powers and duties conferred by law or as directed by the Council.

"Section 2.4. Mayor Pro Tempore. At the organizational meeting following each municipal election, the Council shall elect from among its members a Mayor Pro Tempore who shall perform the duties of the Mayor in the Mayor's absence or disability. The Mayor Pro Tempore shall serve for a term of two years.

"Section 2.5. Organization of the Council. The Council shall meet at the next regularly scheduled meeting following its election for the purpose of executing the oath of office and electing a Mayor Pro Tempore as provided for in Section 2.4 of this Charter. The meeting shall be presided over by the City Clerk, who shall certify to the incumbent Mayor the results of the election and shall cause the same to be entered in the minutes of the Council. After receiving the oath of office, the newly elected Mayor shall preside over the organizational meeting. The organization of the Council shall take place notwithstanding the absence, death, refusal to serve, failure to qualify, or nonelection of one or more members, but a quorum of the members must be present. Any member entitled to make the oath provided for in this section who is not present at the time fixed therefor may make the oath at any time thereafter.

"Section 2.6. Meetings. In accordance with general law, the Council shall have authority to determine the time and place of Council meetings within or outside Alamance County; to make provisions as it may deem wise relative to regular, special, emergency, adjourned, and continued meetings; to adopt rules of procedure; and generally to regulate the time, place, manner, and method of the exercise of its powers.

"Section 2.7. Quorum and General Procedures. A majority of the members of the Council shall constitute a quorum. In accordance with general law, meetings of the Council shall be public and the Mayor shall, if present, preside. In the absence of the Mayor, the Mayor Pro Tempore shall preside, and in the absence of both, a Chair Pro Tempore shall be chosen. The City Clerk shall be the ex officio clerk of the City Council and shall keep records of its proceedings, but in case of the Clerk's temporary absence or a vacancy in the office, the City Council may elect by ballot a temporary clerk, who shall be sworn to the faithful discharge of the duties of the office and may act as Clerk of the City Council until a City Clerk is chosen and qualified. On request of one member, the vote shall be by yeas and nays and shall be entered upon the records.

"Section 2.8. Voting. At least three affirmative votes shall be necessary for the passage of any order, ordinance, resolution, or vote. Notwithstanding the provisions of G.S. 160A-75, an ordinance may be finally passed on first reading with the assent of a majority of the Council.

"Section 2.9. Vacancies. Vacancies that occur in any elective office of the City shall be filled in accordance with the provisions of G.S. 160A-63.

"Section 2.10. Compensation. In accordance with G.S. 160A-64, the Council may fix its own compensation and the compensation of the Mayor and any other elected officers of the City.

"ARTICLE III. ELECTIONS

"Section 3.1. Regular Municipal Elections. Regular municipal elections shall be held in each odd-numbered year in accordance with the uniform municipal election laws of North Carolina. Elections shall be conducted on a nonpartisan basis and the results determined using the nonpartisan plurality method as provided in G.S. 163-292. Absentee voting shall be permitted in municipal elections as provided in G.S. 163-302.

"Section 3.2. Election of Mayor. A Mayor shall be elected in the regular municipal election in 2019 and every four years thereafter.

"Section 3.3. Election of Council. The Council members serving on the date of ratification of this Charter shall serve until the expiration of their terms or until their successors are elected and qualified. In the regular municipal election in 2017 and quadrennially thereafter, three Council members shall be elected to serve four-year terms in those positions whose terms are then expiring. In the regular municipal election in 2019 and quadrennially thereafter, two Council members shall be elected to serve four-year terms in those positions whose terms are then expiring.

"Section 3.4. Special Elections and Referenda. Special elections and referenda may be held only as provided by general law or applicable local acts enacted by the General Assembly.

"ARTICLE IV. ORGANIZATION AND ADMINISTRATION

"Section 4.1. Form of Government. The City shall operate under the council-manager form of government as provided in Part 2 of Article 7 of Chapter 160A of the General Statutes.

"Section 4.2. City Manager. The Council shall appoint a City Manager, who shall be the administrative head of City government and shall be responsible for the administration of all departments of City government. The City Manager shall be appointed with regard to executive and administrative abilities only and does not have to be a resident of the City when appointed. The City Manager shall hold office at the pleasure of the Council and shall receive the compensation established by the Council from time to time. The City Manager shall have all the powers and duties conferred by general law, except as expressly limited by the provisions of this Charter, and shall have the additional powers and duties conferred by the Board as authorized by general or local law.

"Section 4.3. City Attorney. The Council shall appoint a City Attorney to represent the City, advise City officials, and perform other duties required by law or directed by the Board.

"Section 4.4. City Clerk. The Council shall appoint a City Clerk, who shall keep a journal of the proceedings of the Board, maintain official records and documents, give notice of meetings, and perform other duties required by general or local law or directed by the Council.

"Section 4.5. Finance Director. The Council shall appoint a Finance Director to perform the duties prescribed in G.S. 159-25 and to perform other duties required by law or assigned by the Council.

"Section 4.6. Tax Collector. The Council shall appoint a Tax Collector as provided in G.S. 105-349 to collect all taxes owed to the City and to perform the duties specified in G.S. 105-350 and any other duties prescribed by general or local law.

"Section 4.7. Other Administrative Officers and Employees. The Council may authorize other positions to be filled by appointment and may organize the City government as it deems appropriate, subject to the requirements of general or local law.

"Section 4.8. Position Classification; Employee Salary. The Council shall approve position classifications and pay plans for all employees.

"ARTICLE V. FINANCE AND TAXATION

"Section 5.1. In General. The fiscal affairs of the City shall be governed by the provisions of Chapter 159 of the General Statutes.

"ARTICLE VI. STREET AND SIDEWALK IMPROVEMENTS

"Section 6.1. Street Improvements; Assessment of Cost. In addition to any authority which is now or may hereafter be granted by general law to the City for making street improvements, the Council is hereby authorized to make street improvements and to assess the cost thereof against abutting property owners in accordance with the provisions of this Article. For purpose of this Article, the term "street improvement" includes grading, regrading, surfacing, resurfacing, widening, paving, repaving, the acquisition of right-of-way, and the construction or reconstruction of curb, gutters, and street drainage facilities.

"Section 6.2. Street Improvements; When Petition Unnecessary. The Council may order street improvements and assess the cost thereof exclusive of the cost incurred at street intersections against the abutting property owners at an equal rate per front foot, without the necessity of a petition, upon the finding by the Council of any of the following:

(1) That the street or part thereof is unsafe for vehicular traffic and that it is in the public interest to make the improvement.

(2) That it is in the public interest to connect two streets, or portions of a street, already improved.

(3) That it is in the public interest to widen a street, or part thereof, which is already improved, provided that assessments for widening any street or portions of a street without petition shall be limited to the cost of widening and otherwise improving the street in accordance with the street classification and improvement standards established by the City's thoroughfare or major street plan for the particular street or part thereof to be widened and improved under the authority granted by this Article.

"Section 6.3. Sidewalks; When Assessment Unnecessary; Assessment of Cost. In addition to any authority which is now or may hereafter be granted by general law to the City for making sidewalk improvements, the Council is hereby authorized, without the necessity of a petition, to make or to order to be made sidewalk improvements or repairs according to standards and specifications of the City and to assess the total cost thereof against abutting property owners, according to one or more of the assessment bases set forth in Article 10 of Chapter 160A of the General Statutes. If a sidewalk is constructed on only one side of a street in a residential zone, the cost thereof may be assessed against property abutting on both sides of the street, unless there already exists a sidewalk on the other side of the street, the total cost of which has been assessed against the abutting property.

"Section 6.4. Assessment Procedure. In ordering street and sidewalk improvements without a petition and assessing the cost thereof under authority of this Article, the Council shall comply with the procedure provided by Article 10 of Chapter 160A of the General Statutes, except those provisions relating to the petition of property owners and the sufficiency thereof.

"Section 6.5. Effect of Assessment. The effect of the act of levying assessments under the authority of this Article shall for all purposes be the same as if the assessments were levied under authority of Article 10 of Chapter 160A of the General Statutes.

"Section 6.6. Sidewalk Maintenance in Extraterritorial Jurisdiction. The City may maintain sidewalks located in the City's extraterritorial planning jurisdiction under G.S. 160A-360.

"ARTICLE VII. WATER AND SEWER IMPROVEMENTS

"Section 7.1. Laterals Included in Cost. In ordering water or sewer line extensions, or both, the assessment of the cost thereof under the authority given by general law, the Council is hereby authorized to include in the extensions water and sewer line laterals and to include the cost of the laterals in the total cost to be assessed upon abutting properties.

"Section 7.2. Classification and Exemption. Where water or sewer lines are constructed across or through lots or tracts of land or when water or sewer lines, or both, are installed along both sides of corner lots and are financed in whole or in part by assessment, the Council may by uniform rule classify the lines for assessment as in its judgment will represent the benefits derived. As provided by G.S. 160A-219, the schedules of exemptions may be classified as to land uses (residential, business, commercial, industrial, office and institutional, agricultural, or other classifications) and shall be uniform for each classification used. However, no schedule of exemptions may provide for exemption of more than seventy-five percent (75%) of the frontage of any side of a corner lot or 150 feet, whichever is greater.

"Section 7.3. Assessments and Connection Fees. The Council may establish and collect connection fees and assessments for water and sewer extensions both within and outside the corporate limits. The fees and assessments shall fund necessary improvements and maintain services to inhabitants that are sufficient to address expansion and needs of the water and sewer system. Assessments may be made on any of the bases authorized in G.S. 160A-218.

"Section 7.4. Optional Cost-Sharing. Without regard to the limitations provided in Article 10 of Chapter 160A of the General Statutes or in any other provision of law, the Council acting for the City may assume such proportion of the total cost of local improvements, including street improvements, sidewalk improvements, curb and gutter improvements, or water and sewer improvements, or any one or more of them, as the Council may, from time to time, deem appropriate.

"Section 7.5. Payment of Assessments. Any special assessment of the City for any purpose amounting to less than one hundred dollars ($100.00) shall be paid in cash not later than the next due date of City taxes rather than in annual installments and shall bear interest as taxes. Installment payments on special assessments shall uniformly fall due on the date that taxes are due and payable.

"ARTICLE VIII. REGULATORY POWERS

"Section 8.1. Land-Use Regulation. The City possesses all of the land-use regulation powers conferred on cities generally by general law.

"Section 8.2. Underground Utilities. In addition to the powers now or hereafter granted to cities by law, the City's subdivision ordinance may require that all utility or other pipes, wiring conduits, cables, and fixtures within subdivisions be installed underground, whether or not the same are installed in public rights-of-way pursuant to plans or regulations approved by the North Carolina Utilities Commission.

"Section 8.3. Annexations. Extensions of the City's corporate boundaries and filings of ordinances and maps of the extensions shall be governed by general or local law or the provisions of this Charter. The provisions of G.S. 160A-58.1(b)(5) shall not apply to the City.

"ARTICLE IX. CLAIMS AGAINST THE CITY

"Section 9.1. Presentation of Claims; Suit Upon Claims. (a) All claims or demands against the City arising in tort or in contract shall be presented to the Council in writing, signed by the claimant or the claimant's attorney or agent, within 90 days after the claim or demand is due or the cause of action accrues, and no suit or action shall be brought thereon within 30 days or after the expiration of 12 months from the time said claim or demand is so presented. Unless the claim or demand is so presented within 90 days after the cause of action accrues and unless suit is brought within 12 months thereafter, any action thereon is barred.

(b) No action shall be instituted against the City on account of damages to or compensation for real property taken or used by the City for any public purpose, or for the ejectment of the City therefrom, or to remove a cloud upon the title thereof unless, within two years after the alleged use, the owner, the owner's executor, administrator, guardian, or next friend shall have given notice in writing to the Council of the claim, stating in the notice the date that the alleged use commenced, a description of property alleged to have been used, and the amount of damage or compensation claimed.

"Section 9.2. Settlement of Claims by City Manager. The Council may, by ordinance, authorize the City Manager to settle claims against the City."

SECTION 2. The purpose of this act is to revise the Charter of the City of Mebane and to consolidate certain acts concerning the property, affairs, and government of the City. It is intended to continue without interruption those provisions of prior acts that are expressly consolidated into this act, so that all rights and liabilities which have accrued are preserved and may be enforced.

SECTION 3. This act does not repeal or affect any acts concerning the property, affairs, or government of public schools or any acts validating official actions, proceedings, contracts, or obligations of any kind.

SECTION 4. Section 1 of Chapter 514 of the 1973 Session Laws and S.L. 2006-10, having served the purposes for which they were enacted or having been consolidated into this act, are expressly repealed.

SECTION 5. The Mayor and Council members serving on the date of ratification of this act shall serve until the expiration of their terms or until their successors are elected and qualified. Thereafter, those offices shall be filled as provided in Articles II and III of the Charter of the City of Mebane, as enacted in Section 1 of this act.

SECTION 6. This act does not affect any rights or interests that arose under any provisions repealed by this act.

SECTION 7. All existing ordinances, resolutions, and other provisions of the City of Mebane not inconsistent with the provisions of this act shall continue in effect until repealed or amended.

SECTION 8. No action or proceeding pending on the effective date of this act by or against the City of Mebane or any of its departments or agencies shall be abated or otherwise affected by this act.

SECTION 9. If any provision of this act or application thereof is held invalid, such invalidity shall not affect other provisions or applications of this act that can be given effect without the invalid provision or application, and, to this end, the provisions of this act are declared to be severable.

SECTION 10. Whenever a reference is made in this act to a particular provision of the General Statutes, and that provision is later amended, superseded, or recodified, the reference shall be deemed amended to refer to the amended General Statute or to the General Statute that most clearly corresponds to the statutory provision which is superseded or recodified.

SECTION 11.(a) The Alamance-Burlington Board of Education may, subject to the requirements set forth in subsection (b) of this section, convey, sell, or transfer any or all of its right, title, and interest in the property described in subsection (c) of this section pursuant to an agreement entered into through private negotiation and sale, which agreement may provide for an exchange for other property, or payment of monetary consideration, or both. Notwithstanding G.S. 115C-518(a), G.S.115C-521, Article 12 of Chapter 160A of the General Statutes, Article 8 of Chapter 143 of the General Statutes, or any other statute or law of the State, and, without limiting the foregoing, the agreement may provide that the Alamance-Burlington Board of Education will exchange the property described in subsection (c) of this section for a new school to be constructed by the other party to the agreement on property acceptable to the Alamance-Burlington Board of Education. Any such agreement entered into by the Alamance-Burlington Board of Education shall be approved as provided in subsection (b) of this section and shall provide for the payment or transfer of a full and fair consideration to the Alamance-Burlington Board of Education.

SECTION 11.(b) The agreement permitted pursuant to subsection (a) of this section shall be entered into pursuant to a single resolution authorizing the execution and performance of the agreement adopted by the Alamance-Burlington Board of Education at a regular meeting of the Board of Education upon 10 days' public notice. Notice shall be given by publication describing the property to be conveyed by the Board of Education, stating the consideration to be paid or transferred to the Board of Education pursuant to the agreement, including the value of any properties to be conveyed to the Board of Education pursuant to the agreement, and announcing the Board of Education's intent to authorize the agreement at its next regular meeting.

SECTION 11.(c) That parcel or tract of land having an address of 510 E. Haggard Avenue in the Town of Elon, Alamance County, containing approximately 18.35 acres which bears Alamance County Parcel Identification number 115440 and GPIN 8855275305 and on which is located the elementary school known as "Elon Elementary" and which property includes, but is not limited to, the properties described in the deeds recorded in Book 233, Page 301, Alamance County Registry; Book 239, Page 79, Alamance County Registry; Book 239, Page 78, Alamance County Registry; and Book 234, Page 297, Alamance County Registry.

SECTION 12. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 29th day of June, 2017.

s/ Daniel J. Forest
President of the Senate

s/ Tim Moore
Speaker of the House of Representatives

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2017-61
HOUSE BILL 447

AN ACT TO CHANGE THE COMPOSITION OF THE LEXINGTON CITY BOARD OF EDUCATION FROM A NINE-MEMBER APPOINTED BOARD OF EDUCATION TO A SEVEN-MEMBER BOARD OF EDUCATION ELECTED ON A NONPARTISAN BASIS IN ODD-NUMBERED YEARS AND TO PROVIDE FOR DISTRICTS FOR THE LEXINGTON CITY COUNCIL.

The General Assembly of North Carolina enacts:

SECTION 1.(a) Beginning in 2017, the Lexington City Board of Education shall be composed of seven members elected on a nonpartisan plurality basis in accordance with this section on the Tuesday after the first Monday in November in odd-numbered years, with the results determined as provided by G.S. 163-292. Except as otherwise provided by this section, elections shall be administered in accordance with Articles 23 and 24 of Chapter 163 of the General Statutes.

SECTION 1.(b) A member shall reside in the ward or in the area that the member represents for the length of his or her term. Members shall be elected as follows:

(1) One member shall be elected by and from the qualified voters each of the six wards of the City of Lexington, which member and qualified voters shall reside inside the ward, the Lexington School Administrative Unit, and the corporate limits of the City of Lexington.

(2) One member shall be elected by and from all qualified voters in the Lexington City School Administrative Unit, which member shall reside outside of the corporate limits of the City of Lexington and within the jurisdictional area of the Lexington City School Administrative Unit.

SECTION 1.(c) Beginning in 2017 and quadrennially thereafter, the members elected from Wards 4, 5, and 6 and the member elected as the representative of Davidson County shall serve four-year terms. Members elected in 2017 from Wards 1, 2, and 3 shall serve initial terms of two years. Beginning in 2019 and quadrennially thereafter, members elected from Wards 1, 2, and 3 shall serve four-year terms.

SECTION 1.(d) Beginning with members elected to the Lexington City Board of Education in 2017, members shall take office and qualify on the first Monday in December of the year of election and the terms of their predecessors shall expire at that same time. Members shall serve until a successor has been elected and qualified.

SECTION 1.(e) Beginning with members elected to the Lexington City Board of Education in 2017, vacancies on the Lexington City Board of Education shall be filled in accordance with G.S. 115C-37(f). To be eligible to fill a vacancy, the member shall reside in the ward or in the area that the vacancy represents.

SECTION 1.(f) The terms of members appointed to the Lexington City Board of Education who are serving their terms at the time of the 2017 election shall expire upon the qualification of members elected to the Board in accordance with this section.

SECTION 1.(g) Section 2 of Chapter 26 of the Private Laws of 1935, as amended by Chapter 700 of the Session Laws of 1943, Chapter 56 of the Session Laws of 1949, Chapter 342 of the Session Laws of 1957, Chapter 892 of the Session Laws of 1973, and Chapter 192 of the Session Laws of 1987, is repealed. All other laws and clauses of laws in conflict with the provisions of this act are hereby repealed.

SECTION 2. Section 1.4 of the Charter of the City of Lexington, being Chapter 906 of the Session Laws of 1981, as amended by Chapter 806 of the 1985 Session Laws, Chapter 64 of the Session Laws of 1987, and Chapter 542 of the 1989 Session Laws, and S.L. 1995-442, reads as rewritten:

"Sec. 1.4. Electoral wards.

A. Until modified in accordance with law, the City shall be divided into six electoral wards, numbered one through six in a clockwise direction. The boundaries of the electoral wards shall be ~~established by ordinance, which may adopt by inclusion or by reference the map labeled 'City Voting Wards 1986' or a similar map. In the initial adoption of the ordinance, the Council need not follow the procedural requirements of Chapter 160A of the General Statutes, Article 5, Part 4, and no public hearing shall be required. The map shall be maintained and may be modified from time to time in accordance with the provisions of Articles 4 and 4A, Chapter 160A of the General Statutes.~~as follows:

District 1: Davidson County: VTD 10: Block(s) 0570618032000, 0570618032001, 0570618032002, 0570618032009; VTD 30: Block(s) 0570615001045, 0570615001046, 0570615001047, 0570615002011, 0570615003020, 0570615003022, 0570615003023, 0570615003024, 0570615003025, 0570615003026, 0570615003027, 0570615003028, 0570615003029, 0570615003030, 0570615003031, 0570615003032, 0570615003033, 0570615003035, 0570615003036, 0570615003037,

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District 2: Davidson County: VTD 28: Block(s) 0570616003005, 0570616003026, 0570616003027, 0570617011051, 0570617011052, 0570617012046, 0570617012047, 0570617012048, 0570617012050, 0570617012069, 0570617012070, 0570617012071, 0570617012074, 0570618031000, 0570618031001, 0570618031002, 0570618031003, 0570618031004, 0570618031005, 0570618031006, 0570618031007, 0570618031008, 0570618031009, 0570618031010, 0570618031011, 0570618031012, 0570618031013, 0570618031014, 0570618031015, 0570618031016, 0570618031017, 0570618031018, 0570618031019, 0570618031020, 0570618031028, 0570618031029, 0570618031030, 0570618031031, 0570618031032, 0570618031033, 0570618031034, 0570618031035, 0570618031036, 0570618031037, 0570618032003, 0570618032004, 0570618032005, 0570618032006, 0570618032007, 0570618032008, 0570618032015, 0570618032016, 0570618032018, 0570618032019, 0570618032020, 0570618032021, 0570618032022, 0570618032023; VTD 30: Block(s) 0570615004008, 0570615004024, 0570615004025, 0570615004026, 0570615004027, 0570615004028, 0570615004029, 0570615004030, 0570615004031, 0570615004035, 0570615004059; VTD 32: Block(s) 0570615001009, 0570615001010, 0570615001011, 0570615001012, 0570615001013, 0570615001023, 0570615001024, 0570615001025, 0570615001026, 0570615001027, 0570615001028, 0570615001029, 0570615001030, 0570615001031, 0570615001032, 0570615001040, 0570615001041, 0570615001042, 0570615001043, 0570615001044, 0570615004000, 0570615004001, 0570615004002, 0570615004003, 0570615004004, 0570615004005, 0570615004006, 0570615004007, 0570615004009, 0570615004010, 0570615004012, 0570615004013, 0570615004019, 0570615004032, 0570616001003, 0570616001004, 0570616001005, 0570616001006, 0570616001007, 0570616001008, 0570616001011, 0570616001012, 0570616001026, 0570616001027, 0570616001028, 0570616001031, 0570616002000, 0570616002001, 0570616002002, 0570616002003, 0570616002004, 0570616002005, 0570616002006, 0570616002007, 0570616002008, 0570616002009, 0570616002010, 0570616002011, 0570616002012, 0570616002013, 0570616002014, 0570616002015, 0570616002016, 0570616002017, 0570616002018, 0570616002019, 0570616002020, 0570616002021, 0570616002022, 0570616002023, 0570616002024, 0570616002025, 0570616002026, 0570616003000, 0570616003001, 0570616003003, 0570616003037, 0570616003038, 0570616003040, 0570616003041, 0570616003042, 0570616003043, 0570616003044, 0570616003046, 0570616003047.

District 3: Davidson County: VTD 24: Block(s) 0570612012019, 0570612013008; VTD 26: Block(s) 0570612013015, 0570612013025, 0570612013062, 0570612013063, 0570612013077, 0570612013078, 0570612013079, 0570612013080, 0570612013081, 0570612022039, 0570612022040; VTD 28: Block(s) 0570616003036; VTD 34: Block(s) 0570612012013, 0570612012014, 0570612012017, 0570612012028, 0570612012029, 0570612012030, 0570612012031, 0570612012032, 0570612012033, 0570612012034, 0570612012035, 0570612012049, 0570612012050, 0570612012052, 0570612012053, 0570612012054, 0570612012055, 0570612012056, 0570612013000, 0570612013001, 0570612013002, 0570612013003, 0570612013004, 0570612013005, 0570612013006, 0570612013011, 0570612013020, 0570612013026, 0570612013027, 0570612013029, 0570612013030, 0570612013031, 0570612013032, 0570612013033, 0570612013036, 0570612013037, 0570612013038, 0570612013039, 0570612013040, 0570612013041, 0570612013042, 0570612013043, 0570612013044, 0570612013045, 0570612013046, 0570612013047, 0570612013048, 0570612013049, 0570612013050, 0570612013051, 0570612013052, 0570612013053, 0570612013054, 0570612013056, 0570612013057, 0570612013058, 0570612013059, 0570612013060, 0570612013061, 0570612013071, 0570612013072, 0570612013073, 0570612013074, 0570612013075, 0570612013076, 0570612013082, 0570612014005, 0570612014006, 0570612014007, 0570612014008, 0570612014009, 0570612014010, 0570612014011, 0570612014012, 0570612014013, 0570612014014, 0570612014015, 0570612014016, 0570612014017, 0570612014018, 0570612014019, 0570612014020, 0570612014021, 0570612014025, 0570612014026, 0570612014027, 0570612014028, 0570612014029, 0570612014030, 0570612014031, 0570612014032, 0570612014033, 0570612014039, 0570612014040, 0570612014041, 0570612014042, 0570612014043, 0570612014044, 0570612014045, 0570612014052, 0570612014053, 0570612014054, 0570612014055, 0570612014056, 0570612014057, 0570612014058, 0570612014059, 0570612014060, 0570612014061, 0570612014062, 0570613002000, 0570613002001, 0570613002002, 0570613002003, 0570613002004, 0570613002005, 0570613002006, 0570613002007, 0570613002008, 0570613002009, 0570613002010, 0570613002013, 0570613002014, 0570613002015, 0570613002016, 0570613002017, 0570613002018, 0570613002019, 0570613002020, 0570613002021, 0570613002022, 0570613002023, 0570613002024, 0570613002025, 0570613002026, 0570613002027, 0570613002028, 0570613002029.

District 4: Davidson County: VTD 22: Block(s) 0570612011052, 0570612011053, 0570612011086; VTD 32: Block(s) 0570613001057, 0570613001058, 0570613001059, 0570613001069, 0570613001070, 0570615001014, 0570616001000, 0570616001001, 0570616001002, 0570616001009, 0570616001010, 0570616001013, 0570616001014, 0570616001015, 0570616001016, 0570616001017, 0570616001018, 0570616001019, 0570616001020, 0570616001021, 0570616001022, 0570616001023, 0570616001024, 0570616001025, 0570616001029, 0570616001030, 0570616001032; VTD 34: Block(s) 0570612011038, 0570612011040, 0570612011041, 0570612011042, 0570612011065, 0570612014001, 0570612014002,

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District 5: Davidson County: VTD 20: Block(s) 0570614001016; VTD 22: Block(s) 0570614002007; VTD 30: Block(s) 0570615001048, 0570615003034, 0570615003046, 0570615003047, 0570615003055, 0570615003056, 0570615004018; VTD 38: Block(s) 0570612011078, 0570612011083, 0570612011084, 0570612011085, 0570614001000, 0570614001008, 0570614001009, 0570614001010, 0570614001011, 0570614001012, 0570614001013, 0570614001014, 0570614001015, 0570614001017, 0570614001019, 0570614001020, 0570614002002, 0570614002003, 0570614002004, 0570614002006, 0570614002011, 0570614002015, 0570614002016, 0570614002017, 0570614002018, 0570614002019, 0570614002020, 0570614002021, 0570614002022, 0570614002023, 0570614002024, 0570614002025, 0570614002031, 0570614002032, 0570614002040, 0570614002041, 0570614002042, 0570614002043, 0570614002045, 0570614003001, 0570614003002, 0570614003003, 0570614003006, 0570614003007, 0570614003008, 0570614003009, 0570614003010, 0570614003014, 0570614003016, 0570614003017, 0570614003018, 0570614003025, 0570614003026, 0570614003030, 0570614003031, 0570614003032, 0570614003033, 0570614003039, 0570614003041, 0570614003042, 0570614004000, 0570614004001, 0570614004002, 0570614004003, 0570614004004, 0570614004005, 0570614004006, 0570614004007, 0570614004008, 0570614004009, 0570614004010, 0570614004011, 0570614004012, 0570614004013, 0570614004014, 0570614004015, 0570614004016, 0570614004017, 0570614004018, 0570614004022, 0570614004023, 0570614004025, 0570615001000, 0570615001001, 0570615001002, 0570615001003, 0570615001004, 0570615001005, 0570615001006, 0570615001007, 0570615001008, 0570615001015, 0570615001019, 0570615001020, 0570615001021, 0570615001022, 0570615001033, 0570615001034, 0570615001035, 0570615001036, 0570615001039, 0570615001049, 0570615001050, 0570615002001, 0570615003042, 0570615003043, 0570615003044, 0570615003045, 0570615003048, 0570615003049, 0570615003050, 0570615003051, 0570615003052, 0570615003053, 0570615003054; VTD 40: Block(s) 0570614002030, 0570614002033, 0570614002044.

District 6: Davidson County: VTD 08: Block(s) 0570615003086, 0570618021086, 0570618021087; VTD 10: Block(s) 0570618034027, 0570618034028, 0570618034035, 0570618034036, 0570618034040, 0570618034041, 0570618034046, 0570618034051; VTD 20: Block(s) 0570619021021; VTD 30: Block(s) 0570615003087; VTD 38: Block(s) 0570614002008, 0570614002009, 0570614002010, 0570615001016, 0570615001017, 0570615002002; VTD 40: Block(s) 0570614001021, 0570614001022, 0570614001024, 0570614001025, 0570614001026, 0570614002012, 0570614002013, 0570614002014, 0570614002026, 0570614002027, 0570614002028, 0570614002029, 0570614002034, 0570614002035, 0570614002036, 0570614002037, 0570614002038, 0570614002039, 0570615001018, 0570615001037, 0570615001038, 0570615002000, 0570615002003, 0570615002004, 0570615002005, 0570615002006, 0570615002007, 0570615002008, 0570615002009, 0570615002010, 0570615002012, 0570615002013, 0570615002014, 0570615002015, 0570615002016, 0570615002017, 0570615002018, 0570615002019, 0570615002020, 0570615002021, 0570615002022, 0570615002023, 0570615002024, 0570615002025, 0570615002026, 0570615002027, 0570615002028, 0570615002029, 0570615002030, 0570615002031, 0570615002032, 0570615002033, 0570615002034, 0570615002035, 0570615002036, 0570615002037, 0570615002038, 0570615003001, 0570615003002, 0570615003003, 0570615003005, 0570615003006, 0570615003007, 0570615003008, 0570615003009, 0570615003010, 0570615003011, 0570615003012, 0570615003013, 0570615003014, 0570615003015, 0570615003016, 0570615003017, 0570615003018, 0570615003019, 0570615003021, 0570615003068, 0570615003069, 0570615003070, 0570615003071, 0570615003072, 0570615003073, 0570615003074, 0570615003075, 0570615003076, 0570615003077, 0570615003078, 0570615003079, 0570615003080, 0570615003083, 0570615003085, 0570615004042, 0570618021002, 0570618034000, 0570618034001, 0570618034002, 0570618034003, 0570618034004, 0570618034005, 0570618034006, 0570618034008, 0570618034010, 0570618034011, 0570618034012, 0570618034013, 0570618034014, 0570618034015, 0570618034016, 0570618034017, 0570618034019, 0570618034022, 0570618034023, 0570618034024, 0570618034025, 0570618034026, 0570618034029, 0570618034030, 0570618034031, 0570618034032, 0570618034033, 0570618034034, 0570618034043, 0570618034044, 0570618034045, 0570618034048.

B. The names and boundaries of voting tabulation districts, tracts, block groups, and blocks specified in this section are as shown on the 2010 Census Redistricting TIGER/Line Shapefiles. If any voting tabulation district boundary is changed, that change shall not change the boundary of a district, which shall remain the same as it is depicted by the 2010 Census Redistricting TIGER/Line Shapefiles.

C. Nothing in this section shall expand the corporate limits of the City; if this section assigns an area outside the corporate limits of the City, it shall have no effect. If this section does not specifically assign any area within the corporate limits of the City to a district, and the area is:

(1) Entirely surrounded by a single district, the area shall be deemed to have been assigned to that district.

(2) Contiguous to two or more districts, the area shall be deemed to have been assigned to that district which contains the least population according to the 2010 United States Census."

SECTION 3. The Legislative Services Officer shall certify a true copy of the block assignment file associated with any mapping software used to generate the language in Section 2 of this act. The certified true copy of the block

assignment file shall be delivered by the Legislative Services Officer to the Davidson County Board of Elections and the City of Lexington.

SECTION 4. This act is effective when it becomes law and applies to elections held on or after that date.

In the General Assembly read three times and ratified this the 28th day of June, 2017.

s/ Daniel J. Forest
President of the Senate

s/ Tim Moore
Speaker of the House of Representatives

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2017-63
HOUSE BILL 520

AN ACT TO CHANGE THE ELECTION METHOD OF THE UNION COUNTY BOARD OF EDUCATION FROM NONPARTISAN TO PARTISAN.

The General Assembly of North Carolina enacts:

SECTION 1. Notwithstanding Section 5(a) of the Plan for Merging the Monroe City School System and the Union County School System adopted by the State Board of Education on January 8, 1992, and validated under Chapter 767 of the 1991 Session Laws (the Merger Plan), beginning in 2018, the Union County Board of Education shall consist of nine members who shall be elected on a partisan basis at the time of the general election in each even-numbered year as terms expire. Except as otherwise provided by this act, elections shall be conducted in accordance with Chapters 115C and 163 of the General Statutes. Candidates for election to the Union County Board of Education shall be nominated at the same time and manner as other county officers. As the terms of the present members expire, beginning with the primary and election to be held in 2018, and every two years thereafter, members of the Union County Board of Education shall be elected for terms of four years.

SECTION 2. Notwithstanding Section 5(f) and Section 5(h) of the Merger Plan, beginning in 2018, vacancies on the Union County Board of Education shall be filled as follows:

(1) Vacancies for positions elected on a nonpartisan basis in 2014 or 2016 shall be filled in accordance with G.S. 115C-37(f).

(2) Vacancies for positions elected on a partisan basis in 2018 and thereafter shall be filled by appointment for the remainder of the unexpired term by the remaining Board members. If the vacating member was elected as a nominee of a political party, the Board shall consult the county executive committee of the appropriate political party before filling the vacancy, and shall appoint the person recommended by the county executive committee of the political party of which the vacating member is registered, if that county executive committee makes a recommendation within 30 days of the occurrence of the vacancy. If only the qualified voters of an area less than the entire county were eligible to vote in the general election for the vacating member, the Board must accept the recommendation of the county executive committee only if the county executive committee restricted voting to committee members who represent precincts all or part of which were within the electoral district of the vacating member. To be eligible to fill a vacancy, a person shall be all of the following:

a. Registered with the same political party as the vacating member, if that vacating member was elected as the nominee of a political party.

b. A resident of the same district as the vacating member, if the vacating member was elected to represent an electoral district of less than the entire county.

SECTION 3. This act does not affect the terms of office of any person elected in 2014 or 2016 to the Union County Board of Education. The members of the Union County Board of Education elected in 2014 or 2016, or any member appointed by the remaining members of the Board to fill a vacancy of a member elected in 2014 or 2016, shall serve until a successor has been elected and qualified.

SECTION 4. Chapter 359 of the 1975 Session Laws and Chapter 136 of the 1989 Session Laws are repealed.

SECTION 5. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 28th day of June, 2017.

s/ Daniel J. Forest
President of the Senate

s/ Tim Moore
Speaker of the House of Representatives

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2017-78
SENATE BILL 253

AN ACT TO CHANGE THE ELECTION METHOD OF THE FOLLOWING COUNTY BOARDS OF EDUCATION FROM NONPARTISAN TO PARTISAN: BEAUFORT, CARTERET, CLEVELAND, DARE, HYDE, MADISON, ONSLOW, PENDER, AND YANCEY.

The General Assembly of North Carolina enacts:

PART I. BEAUFORT COUNTY BOARD OF EDUCATION CHANGE TO PARTISAN ELECTIONS

SECTION 1.1. Section 5(b) of Chapter 55 of the 1993 Session Laws, as amended by Chapter 713 of the 1993 Session Laws, reads as rewritten:

"(b) ~~The~~ Beginning in 2018, the members of the Permanent Beaufort County Board of Education shall be elected for a term of four years ~~in nonpartisan plurality elections held at the time of the general election for county offices. The filing period for candidates shall be the same as specified in G.S. 163-294.2(c) for nonpartisan plurality elections.~~ on a partisan basis at the time of the general election in each even-numbered year as terms expire. The primary and election shall be held and conducted in accordance with the general laws governing primaries and elections for county officers, except as otherwise provided herein. Duly elected members of the Permanent Board shall take office the first Monday of December immediately following their election and the terms of their predecessors shall expire at the same time. Members shall take the oath of office prescribed in Article VI, Section 7 of the Constitution. Members shall serve until a successor has been elected and qualified."

SECTION 1.2. Section 5(i) of Chapter 55 of the 1993 Session Laws, as amended by S.L. 2009-30, reads as rewritten:

"(i) ~~Vacancies~~ Beginning in 2018, vacancies on the Permanent Beaufort County Board of Education for seats elected on a partisan basis shall be filled ~~by appointment by the remaining members of the Permanent Board.~~ in accordance with G.S. 115C-37.1. Any person appointed must be at the time of the appointment and must remain a resident of the district for which ~~he/she~~ he or she is appointed. Appointments to fill vacancies on the Permanent Board for seats elected on a nonpartisan basis in 2014 or 2016 shall be filled in accordance with G.S. 115C-37(f)."

SECTION 1.3. This part does not affect the terms of office of any person elected in 2014 or 2016 to the Beaufort County Board of Education. The members of the Beaufort County Board of Education elected in 2014 and 2016, or any member appointed to fill a vacancy for a member elected in 2014 or 2016, shall serve until a successor has been elected and qualified.

PART II. CARTERET COUNTY BOARD OF EDUCATION CHANGE TO PARTISAN ELECTIONS

SECTION 2.1. Section 1 of Chapter 774 of the 1991 Session Laws is repealed.

SECTION 2.2. Section 5(d) of S.L. 1997-389 reads as rewritten:

"(d) Members of the Carteret County Board of Education shall reside in and represent the districts, ~~but~~but, beginning in 2018, all members ~~are~~shall be elected by the voters of the county at large in ~~nonpartisan plurality elections and~~ a partisan election at the time of the ~~primary~~general election in each even-numbered year as terms expire. Except as provided by this act, elections shall be conducted in accordance with Chapters 115C and 163 of the General Statutes. Candidates for election to the Carteret County Board of Education shall be nominated at the same time and manner as other county officers. Members shall take office on ~~July 1~~the first Monday in December of the year of ~~election, all as previously provided by law.~~election and the terms of their predecessors shall expire at that same time.

Vacancies on the Carteret County Board of Education for positions elected on a nonpartisan basis in 2014 or 2016 shall be filled in accordance with G.S. 115C-37(f). Vacancies on the Board of Education for positions elected on a partisan basis beginning in 2018 shall be filled in accordance with G.S. 115C-37.1."

SECTION 2.3. This part does not affect the terms of office of any person elected in 2014 or 2016 to the Carteret County Board of Education. The members of the Carteret County Board of Education elected in 2014 or 2016, or any member appointed by the remaining members of the Board to fill a vacancy of a member elected in 2014 or 2016, shall serve until a successor has been elected and qualified.

PART III. CLEVELAND COUNTY BOARD OF EDUCATION CHANGE TO PARTISAN ELECTIONS

SECTION 3.1. Notwithstanding the Plan for the Merger of the Cleveland County, Kings Mountain District, and Shelby City Schools and S.L. 2004-41, as amended by S.L. 2007-49, beginning with the 2017 elections, members of the

Cleveland County Board of Education shall be elected in elections conducted on a partisan basis, as provided in G.S. 163-291. Vacancies for members elected in 2017 and thereafter shall be filled as provided in G.S. 115C-37.1.

SECTION 3.2. This part does not affect the terms of office of any person elected in 2013 or 2015 to the Cleveland County Board of Education. The members of the Cleveland County Board of Education elected in 2013 or 2015, or any member appointed by the remaining members of the Board to fill a vacancy of a member elected in 2013 or 2015, shall serve until a successor has been elected and qualified.

PART IV. DARE COUNTY BOARD OF EDUCATION CHANGE TO PARTISAN ELECTIONS

SECTION 4.1. Section 3 of Chapter 654 of the 1993 Session Laws reads as rewritten:

"Sec. 3. ~~All~~ Beginning in 2018, elections for the members of the Dare County Board of Education shall be ~~nonpartisan, with the results determined by a plurality with no run-offs.~~ held on a partisan basis at the time of the general election for four-year terms in each even-numbered year as terms expire. The primary and election shall be held and conducted in accordance with the general laws governing primaries and elections for county officers, except as otherwise provided herein. All voters in the county shall be eligible to vote for all seven seats on the board."

SECTION 4.2. Section 11 of Chapter 654 of the 1993 Session Laws reads as rewritten:

"Sec. 11. In ~~2002~~ 2018 and every four years thereafter, ~~four~~ three members shall be elected to the board as follows: one member each from Districts 1, 2, and 3."

SECTION 4.3. Section 12 of Chapter 654 of the 1993 Session Laws reads as rewritten:

"Sec. 12. ~~Elections for the Board of Education in 1996 shall be held in May at the same time as party primaries for other county offices, and board members shall take office in December following the election as provided in general State law. In 1998~~ In 2018 and subsequent years, ~~elections shall also be held in May at the same time as party primaries for other county offices, but board~~ members of the Dare County Board of Education elected on a partisan basis at that time of the general election shall take office ~~at the first regular board meeting in July~~ on the first Monday in December following the ~~election. The terms of office of persons elected for terms to expire in 1998 and thereafter shall expire on the date of the first regular board meeting in July~~ election and the terms of their predecessors shall expire at the same time. Members shall serve until a successor has been elected and qualified. Beginning in 2018, vacancies on the Dare County Board of Education for seats elected on a partisan basis shall be filled in accordance with G.S. 115C-37.1. Appointments to fill vacancies for seats elected on a nonpartisan basis in 2014 or 2016 shall be filled in accordance with G.S. 115C-37(f)."

SECTION 4.4. This part does not affect the terms of office of any person elected in 2014 or 2016 to the Dare County Board of Education. The members of the Dare County Board of Education elected in 2014 and 2016, or any member appointed to fill a vacancy for a member elected in 2014 or 2016, shall serve until a successor has been elected and qualified.

PART VI. HYDE COUNTY BOARD OF EDUCATION CHANGE TO PARTISAN ELECTIONS

SECTION 6.1. Section 2 of S.L. 2007-272 is repealed.

SECTION 6.2. Section 2 of Chapter 206 of the 1977 Session Laws reads as rewritten:

"**Sec. 2.** The Board of Education of Hyde County shall consist of five members who shall be elected on a ~~nonpartisan~~ partisan basis at the time of the ~~primary~~ general election ~~for county officers.~~ in each even-numbered year as terms expire. The primary and election shall be held and conducted in accordance with the general laws governing primaries and elections for county officers, except as otherwise provided herein. Beginning with the election to be held in ~~1978,~~ 2018, three members shall be elected for terms of four years and one of the members elected in ~~1978,~~ 2018, and every four years thereafter, shall be a resident of Ocracoke. In ~~1980,~~ 2020, as the terms of the present members expire, two members shall be elected for terms of four years. Thereafter, as the terms of each member expire, successors shall be elected for terms of four years.

~~Except as provided herein, Article 5 of Chapter 115 of the General Statutes shall be applicable to the Hyde County Board of Education.~~

Beginning in 2018, members elected shall take office and qualify on the first Monday in December of the year of their election, and the terms of their predecessors shall expire at that same time. Members shall serve until a successor has been elected and qualified.

In the case of a vacancy of a member elected in 2014 or 2016 to the Hyde County Board of Education, the vacancy shall be filled as provided in G.S. 115C-37(f). Beginning with members elected in 2018, vacancies shall be filled as provided in G.S. 115C-37.1."

SECTION 6.3. This part does not affect the terms of office of any person elected in 2014 or 2016 to the Hyde County Board of Education. The members of the Hyde County Board of Education elected in 2014 and 2016, or any member appointed to fill a vacancy of a member elected in 2014 or 2016, shall serve until a successor has been elected and qualified.

PART VII. MADISON COUNTY BOARD OF EDUCATION CHANGE TO PARTISAN ELECTIONS

SECTION 7.1. Section 3 of Chapter 249 of the 1991 Session Laws reads as rewritten:

"Sec. 3. The ~~chairman~~ chair of the Board of Education of Madison County shall be elected in ~~1994~~ 2018 and quadrennially thereafter for a four-year term at large by all the qualified voters of Madison County. In the case of a vacancy of a member elected in 2014 or 2016 to the Madison County Board of Education, the vacancy shall be filled as provided in G.S. 115C-37(f). In the case of a vacancy in the office of ~~chairman,~~ chair elected in 2014, the remaining members of the Board

shall appoint a person as ~~chairman~~ chair who resides in the same district that the ~~chairman~~ chair resided in at the time of his or her election. If the members do not make an appointment within 30 days of the occurrence of the vacancy, the responsibility of making the appointment shall be that of the Senior Resident Superior Court Judge for Madison County. Beginning with members elected in 2018, vacancies shall be filled as provided in G.S. 115C-37.1. In the event of a vacancy in an election district, to be eligible for appointment to fill a vacancy, the person must reside in the election district where the vacancy exists. In the case of a vacancy in the office of chair, to be eligible for appointment to fill a vacancy, the person must reside in the same district that the chair resided in at the time of his or her election."

SECTION 7.2. Section 4 of Chapter 249 of the 1991 Session Laws reads as rewritten:

"Sec. 4. ~~Notwithstanding the provisions of G.S. 115C-37, the~~ Beginning in 2018, the Madison County Board of Education shall be elected on a ~~nonpartisan~~ partisan basis at the time of the ~~primary election in 1994 and quadrennially thereafter. The names of the candidates shall be printed on the ballot without reference to any party affiliations. The nonpartisan election and runoff election method shall be used with the results determined as provided in G.S. 163-293, except that the runoff shall be held on the date provided by G.S. 163-111(e).~~ general election for four-year terms in each even-numbered year as terms expire. The primary and election shall be held and conducted in accordance with the general laws governing primaries and elections for county officers, except as otherwise provided herein. 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."

SECTION 7.3. Section 5 of Chapter 249 of the 1991 Session Laws, as amended by Chapter 38 of the 1995 Session Laws, reads as rewritten:

"Sec. 5. ~~The~~ Beginning in 2018, the terms of office of the members and chairman of the Madison County Board of Education commence on the first Monday in ~~July~~ December of the year of their ~~election, except if that date is the Fourth of July, then the terms commence on the second Monday in July.~~election."

SECTION 7.4. This part does not affect the terms of office of any person elected in 2014 or 2016 to the Madison County Board of Education. The members of the Madison County Board of Education elected in 2014 and 2016, or any member appointed to fill a vacancy of a member elected in 2014 or 2016, shall serve until a successor has been elected and qualified.

PART VIII. ONSLOW COUNTY BOARD OF EDUCATION CHANGE ELECTION METHOD TO PARTISAN

SECTION 8.1. Section 1(a) of Chapter 583 of the 1993 Session Laws reads as rewritten:

"Section 1.(a) Beginning in ~~1996~~ 2018, the members of the Onslow County Board of Education shall be elected on a ~~nonpartisan~~ partisan basis at the time of the ~~primary election for county officers. The~~ general election in each even-numbered year as terms expire. Except as provided by this act, elections shall be conducted in accordance with Chapters 115C and 163 of the General Statutes. ~~The results of the election shall be determined by the plurality method under G.S. 163-292.~~ Candidates for election to the Onslow County Board of Education shall be nominated at the same time and manner as other county officers. Vacancies on the Board of Education for positions elected on a nonpartisan basis in 2014 or 2016 shall be filled in accordance with G.S. 115C-37(f). Vacancies on the Board of Education for positions elected on a partisan basis ~~in 1992 or 1994~~ beginning in 2018 shall be filled in accordance with G.S. 115C-37.1. This section does not affect the terms of office of any person elected in ~~1992 or 1994~~ 2014 or 2016 to the Onslow County Board of Education. Beginning in ~~2000,~~ 2018, members elected shall take office and qualify on ~~July 1~~ the first Monday in December of the year of their election, and the terms of their predecessors shall expire at that same time."

SECTION 8.2. The members of the Onslow County Board of Education elected in 2014 and 2016, or any member appointed to fill a vacancy for the remainder of an unexpired term for a member elected in 2014 or 2016, shall serve until a successor has been elected and qualified.

PART IX. PENDER COUNTY BOARD OF EDUCATION CHANGE ELECTION METHOD TO PARTISAN

SECTION 9.1. Section 2 of Chapter 976 of the 1973 Session Laws reads as rewritten:

"**Sec. 2.** Beginning in ~~1976,~~ 2018, members of the Board of Education shall be elected on a ~~non-partisan~~ partisan basis at the time of the ~~primary election. The names of the candidates shall be printed on the ballots without reference to any party affiliation and any~~ general election in each even-numbered year as terms expire. The primary and election shall be held and conducted in accordance with the general laws governing primaries and elections for county officers, except as otherwise provided herein. Any qualified voter residing in the County shall be entitled to vote."

SECTION 9.2. Section 5 of Chapter 976 of the 1973 Session Laws reads as rewritten:

"**Sec. 5.** Members of the Board of Education representing Districts 3 and 5 shall be elected at the time of the ~~primary~~ general elections in ~~1976~~ 2020 for a term of four years. Members of the Board of Education representing Districts 1, 2 and 4 shall be elected at the ~~primary~~ general election in ~~1978~~ 2018 for a term of four years. Thereafter, as their terms expire, all members shall be elected for terms of four years. Beginning in 2018, members elected shall take office and qualify the first Monday of December immediately following their election and the terms of their predecessors shall expire at the same time. Members shall serve until a successor has been elected and qualified."

SECTION 9.3. Section 6 of Chapter 976 of the 1973 Session Laws reads as rewritten:

"**Sec. 6.** ~~Except as herein provided, the provisions of North Carolina General Statutes Section 115-19 shall govern the election of the Board of Education of Pender County.~~Vacancies on the Board of Education for positions elected on a

nonpartisan basis in 2014 or 2016 shall be filled in accordance with G.S. 115C-37(f). Beginning in 2018, vacancies on the Board of Education for seats elected on a partisan basis shall be filled in accordance with G.S. 115C-37.1. Any person appointed must be at the time of the appointment and must remain a resident of the district for which he or she is appointed."

SECTION 9.4. This part does not affect the terms of office of any person elected in 2014 or 2016 to the Board of Education of Pender County. The members of the Board of Education elected in 2014 or 2016, or any member appointed to fill a vacancy for a member elected in 2014 or 2016, shall serve until a successor has been elected and qualified.

SECTION 9.5. Chapter 546 of the 1949 Session Laws, as amended by Chapter 796 of the 1955 Session Laws and Chapter 328 of the 1965 Session Laws, is repealed.

PART X. YANCEY COUNTY BOARD OF EDUCATION CHANGE TO PARTISAN ELECTIONS

SECTION 10.1. Section 1 of Chapter 203 of the 1973 Session Laws, as amended by Section 1 of Chapter 135 of the 1985 Session Laws, reads as rewritten:

"**Section 1.** ~~The~~ Beginning in 2018, the Yancey County Board of Education shall consist of five members who shall be elected by the voters of Yancey County, for staggered terms of four years, in a ~~nonpartisan~~ partisan election ~~as herein provided.~~at the time of the general election in each even-numbered year as terms expire. The primary and election shall be held and conducted in accordance with the general laws governing primaries and elections for county officers, except as otherwise provided herein. Beginning in 2018, members elected shall take office and qualify on the first Monday in December of the year of their election, and the terms of their predecessors shall expire at that same time. Members shall serve until a successor has been elected and qualified.

~~Beginning with the primary election for county offices to be held in 1974, there shall be a nonpartisan election to elect successors to the present members of the school board whose terms expire in 1974, and every two years thereafter, as the terms of the members expire.~~

~~The nonpartisan election and runoff election method shall be used with the results determined as provided in G.S. 163-293, except that the runoff shall be held on the date provided by G.S. 163-111(e).~~

In the case of a vacancy of a member elected in 2014 or 2016 to the Yancey County Board of Education, the vacancy shall be filled as provided in G.S. 115C-37(f). Beginning with members elected in 2018, vacancies shall be filled as provided in G.S. 115C-37.1."

SECTION 10.2. This part does not affect the terms of office of any person elected in 2014 or 2016 to the Yancey County Board of Education. The members of the Yancey County Board of Education elected in 2014 and 2016, or any member appointed to fill a vacancy of a member elected in 2014 or 2016, shall serve until a successor has been elected and qualified.

PART XII. CONFORMING STATUTORY CHANGES

SECTION 12.(a) Effective on the first Monday in December of 2017, G.S. 115C-37.1(d) reads as rewritten:

"(d) This section shall apply only in the following counties: Alleghany, Brunswick, Cherokee, Clay, Cleveland, Davie, Graham, Guilford, Harnett, Iredell, Lee, New Hanover, Rutherford, Stanly, Vance, and Washington."

SECTION 12.(b) Effective on the first Monday in December of 2018, G.S. 115C-37.1(d), as amended by Section 12(b) of this part, reads as rewritten:

"(d) This section shall apply only in the following counties: Alleghany, Beaufort, Brunswick, Carteret, Cherokee, Clay, Cleveland, Dare, Davie, Graham, Guilford, Harnett, Hyde, Iredell, Lee, Madison, New Hanover, Onslow, Pender, Rutherford, Stanly, Vance, ~~and Washington.~~Washington, and Yancey."

PART XIII. EFFECTIVE DATE

SECTION 13. Except as otherwise provided, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 29th day of June, 2017.

s/ Daniel J. Forest
President of the Senate

s/ Tim Moore
Speaker of the House of Representatives

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2017-200
SENATE BILL 560

AN ACT TO CLARIFY THE PROCESS FOR ELECTION OF THE CLEVELAND COUNTY BOARD OF EDUCATION.

The General Assembly of North Carolina enacts:

SECTION 1. Section 3.1 of S.L. 2017-78 reads as rewritten:

"**SECTION 3.1.** Notwithstanding the Plan for the Merger of the Cleveland County, Kings Mountain District, and Shelby City Schools and S.L. 2004-41, as amended by S.L. 2007-49, beginning with the 2017 elections, members of the Cleveland County Board of Education shall be elected in elections conducted on a partisan basis, as provided in G.S. 163-291. Unaffiliated candidates shall be nominated by petition as provided in G.S. 163-296. Vacancies for members elected in 2017 and thereafter shall be filled as provided in G.S. 115C-37.1."

SECTION 2. S.L. 2017-78 is amended by adding a new section to read:

"**SECTION 3.3.** Notwithstanding the petition signature requirements of G.S. 163-296, for the 2017 elections for the Cleveland County Board of Education only, petitions for an unaffiliated candidate to be placed upon the ballot for that office shall be signed by at least 500 voters of Cleveland County qualified to vote in the Cleveland County Board of Education election according to the voter registration records of the Bipartisan State Board of Elections and Ethics Enforcement as of January 1, 2017."

SECTION 3. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 3rd day of August, 2017.

s/ Bill Rabon
Presiding Officer of the Senate

s/ Tim Moore
Speaker of the House of Representatives