



**THE UNIVERSITY OF
NORTH CAROLINA SYSTEM**

Legislative Report

The University of North Carolina System

2019 Long Session

North Carolina General Assembly

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Section One Budget

Throughout the spring, numerous committee meetings were held to debate the many issues that would make their way into the final budget outlined below. On June 27, 2019, HB 966, the 2019 Appropriations Act, passed both the Senate and House. The Governor vetoed the bill the following morning on June 28, 2019. In light of the budget stalemate, state government continues to operate under the FY18-19 budget (excluding non-recurring funds).

A number of the UNC System's top priorities were included in the final conference report, while several critical requests did not make the final bill, including funding for summer enrollment. Salaries were also a top priority heading into the session, and the UNC System received \$15 million in the first year of the biennium and \$30 million in the second, which equals .5%/1%. State employees outside the UNC System received a 2.5%/5% raise. While the Senate budget included a cut to UNC-Chapel Hill's and NC State's Facilities & Administrative receipts, the conference report eliminated this cut.

The conference report included generous capital investments for new or major renovations and increased funding for long-needed repair and renovations across the UNC System.

Most of the UNC Board of Governors-approved policy requests were included in conference report to HB 966. The conference report included long-time requests, such as increasing carry forward to 5% for four years, as well as restoring UNC System-approved small capital projects. A number of requested technical changes were included as well, impacting UNC System Lab Schools, Future Teachers NC, and Teaching Fellows.

Per Senate Joint Resolution 694, <https://www.ncleg.gov/Sessions/2019/Bills/Senate/PDF/S694v2.pdf>, the legislature adjourned on October 31, 2019. Before adjourning they passed the H 354, Strengthening Educators' Pay Act. While the majority of the bill was teacher pay raise legislation, the second section of the bill provides a supplement above and beyond the raises included in the budget. That supplement will take effect if the full budget (House Bill 966) becomes law. UNC System employees were included in the supplement, with nearly a 4% raise over the biennium. This bill also expands the existing NCSSM waiver. Like the Budget, this bill was also vetoed by the Governor.

The legislature came back to Raleigh to reconvene on Wednesday, November 13, 2019. Following that session, the House and Senate adjourned till Tuesday, January 14, 2020, at 12pm. Only certain matters contained in the joint resolution were able to be considered and the veto was not able to be overridden by the Senate.

The University continues to work with the Legislature in an effort to improve the outcome on salary increases for our staff.



2019-21 BUDGET PRIORITIES

January 24, 2019

The University of North Carolina System 2019-21 Budget Priorities

	FY 2019-20	FY 2020-21
1. Summer Scholarships for Student Success*	10,000,000	12,000,000
2. Faculty Recruitment and Retention	10,000,000	15,000,000
3. Stronger Transfer Pathways with NCCCS*	4,450,000	4,450,000
	200,000 NR	
4. Data Modernization Initiative	1,000,000	2,000,000
	4,000,000 NR	5,000,000 NR
*Joint request with the North Carolina Community College System		

Other Targeted Priorities

<i>Faculty and Staff Salary Adjustments</i>	<i>equity with state agencies</i>	
<i>NCSSM Western Campus Operations</i>	1,408,632	3,389,820
	25,928 NR	795,376 NR
<i>Doctoral Research Funding for N.C. A&T</i>	1,000,000	1,000,000
<i>Rural Residency Program at ECU</i>	1,447,000	2,592,000
<i>Innovation in Manufacturing Biopharmaceuticals at NC State</i>	2,000,000 NR	2,000,000 NR
<i>College of Health Sciences at UNCP</i>	1,100,000	2,100,000
<i>Lab School Operations (six institutions)</i>	500,000	500,000

Total Requested Operating Budget Increase	\$37,131,560	\$50,827,196
	1.28%	1.76%

Enrollment Changes

<i>Enrollment Growth - Regular (move from projected to actual)</i>	\$51,078,223	\$103,578,223
	0	45,000,000
<i>Enrollment Growth - Summer (based on actual 2018 enrollment)</i>	43,578,223	43,578,223
<i>NC Promise Buy Down</i>	7,500,000	15,000,000

Building Reserves

	\$5,716,728	\$23,781,389
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Total Requested Operating Budget Increase

	\$93,926,511	\$178,186,808
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Including Enrollment and Building Reserves

	3.24%	6.16%
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Other Legislative (Non-Operating Budget) Agenda Items:

- Significant increase to Repair & Renovations (R&R, dedicated to deferred maintenance)
- Targeted Renewal Projects (Capital Projects - WCU Steam Plant, others)
- Redirect unallocated enrollment growth appropriations (FY18-19 only) toward NC Promise growth reserve fund

Deregulation Agenda Items:

- Carryforward (increase 2.5% threshold to 7.5% with increased portion dedicated to deferred maintenance)
- Restore institutional flexibility on salaries/positions

The University of North Carolina System 2019-21 Budget Priorities

Thanks to continued support of the General Assembly and the commitment of university leaders, faculty, and staff, the University of North Carolina System has made significant progress on each facet of its core mission over the past two years.

Education: The UNC System is helping more North Carolinians than ever get *to* and *through* college at an affordable price.

- Thanks in part to the success of the NC Promise and guaranteed tuition programs, more students are attending UNC System institutions than ever before, including record numbers of students from low-income families and from Tier 1 or Tier 2 counties.
- UNC System institutions are also graduating more students in a timely fashion than at any point in the University's history. Five-year graduation rates have climbed 5.5 percentage points since 2013, far outpacing the national average and setting a new standard for student success.
- More graduates are equipped to work in the state's fastest growing industries, producing more than 21,512 credentials in science, technology, engineering, and healthcare, up from 17,004 just five years earlier.

Research: Breakthroughs from UNC System institutions are helping to power North Carolina's innovation economy and improve lives in North Carolina and across the globe.

- Collectively, the University of North Carolina System brought in nearly \$1.5 billion in research funding last year, a 21 percent increase over 2013 levels.
- UNC System institutions earned 148 patents, up 75 percent since 2013, and launched 31 start-up firms, generating more than \$12 million in licensing revenue.

Public service: The University's work touches North Carolinians in all 100 counties.

- Through the Lab Schools initiative, UNC Greensboro, UNC Wilmington, Appalachian State University, East Carolina University and Western Carolina University are providing educational opportunities to more than 1,000 public school students in every corner of the state. In the fall, UNC Charlotte will open a sixth lab school.
- The University is establishing and expanding resources for military affiliated students. Since 2016, the UNC and Community College systems have evaluated over 100 military occupations and courses, recommending the award of 4,000 semester credit hours for military training and experience. New veteran resource centers opened at Elizabeth City State University, Western Carolina, and Winston-Salem State, bringing the total to 13 veteran centers at UNC institutions.

Good governance: Under the leadership of the Board of Governors and President, the UNC System has made several policy reforms designed to maximize student success, transparency, and accountability:

- In an effort to reduce time to degree, the Board of Governors passed a policy that caps most bachelor's degree programs at 120 credits, ensuring that students who take a full course load can finish in four years.
- The Board passed a uniform credit acceptance policy for Advanced Placement (AP) exams, which will harness the General Assembly's \$12 million investment in AP exams to reduce time to degree.

- The UNC System has taken steps to make its funding model more transparent and predictable, using this biennium to transition from a projection model to one that funds actual credit hours completed.
- Thanks to public dashboards that chart system and institutional performance on Strategic Plan goals, the UNC System has embraced a new level of public accountability for results.

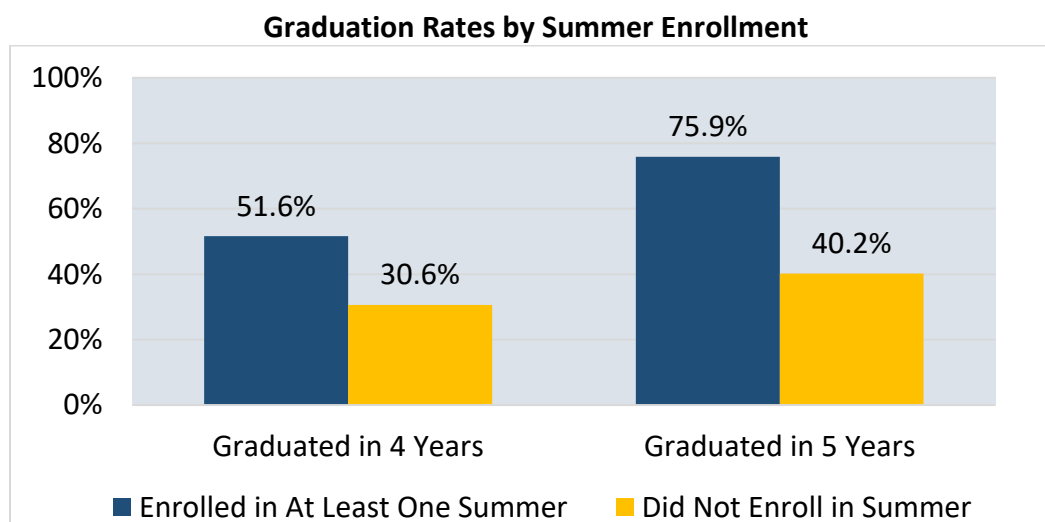
The UNC System has identified four opportunities to build on this momentum:

1. **Summer School for Student Success** – The University will take on-time graduation rates to new heights, increasing the productivity of state investments and keeping student debt low.
2. **Faculty Recruitment and Retention** – The University will redouble efforts to attract and retain the individuals that power this “mighty engine.”
3. **Stronger Transfer Pathways with NCCCS** – The University will work closely with community college partners to build stronger and more affordable pathways to degree completion.
4. **Data Modernization Initiative** – The University will ensure the highest and best use of state resources.

1. Summer School for Student Success (NC 365)

The UNC System continues to set a national standard when it comes to increasing student success. In its Strategic Plan, the UNC Board of Governors called for raising five-year graduation rates from 65% to 70% by 2022. Thanks to each institution’s hard work and the General Assembly’s continued support of the UNC System, *we reached a five-year graduation rate of 70.2 percent in 2017-18, four years ahead of schedule and 8 percentage points ahead of the national average.*

Four-year graduation rates have also increased significantly over this period, but still hover around 50 percent. When it comes to transfer students who enter as juniors, about 30 percent finish their undergraduate degree within two years of transferring. To increase on-time graduation, the UNC System requests funding to expand enrollment in summer courses in order for students to use the entire calendar year to make progress toward a degree.



Graduation rates shown for first-time students who started in Fall 2011. “Summer enrollment” represents students that earned 3 or more credits in a summer session during their UNC career.

UNC System data indicates that students who earn credit in the summer are much more likely to graduate and to graduate on time. This pattern holds for first-time and transfer students, for low-income students, and those at historically minority-serving institutions. Today's students, many of whom are working adults, active duty military, and returning veterans, need the flexibility to earn credits year-round so that they can complete a degree in a timely fashion.

Most state funding – both appropriations and financial aid – operates on the traditional academic calendar. The UNC System enrollment funding model currently excludes courses delivered on campus in the summer, and state grants and scholarships have traditionally not been available. The lack of funding has left summer sessions under-utilized and the physical plant under-leveraged.

Graduates who finish on-time take on less debt, enter the workforce more quickly, and free up capacity for the next generation of students. With strategic investment in summer sessions, the UNC System has a chance to become the national leader in graduation rates among public university systems.

Enrollment Funding for On-Campus Undergraduate Summer Courses

Request for 2019-20: \$43,578,223 (R)

In place of the typical enrollment growth request based on projected credit hours, the UNC System requests recurring enrollment funding for on-campus, undergraduate credit hours delivered in the summer. This investment will expand the availability of courses and academic services in the summer and bring summer tuition costs in-line with current in-state tuition rates, starting in summer 2020.

**Summer Enrollment Funding for
Undergraduate Students**

	Appropriation	Credit Hours
ASU	\$ 7,283,066	37,322
ECU	3,324,771	13,217
ECSU	58,594	311
FSU	1,790,688	6,364
N.C. A&T	1,373,832	6,947
NCCU	1,698,878	8,902
NC State	5,429,682	26,505
UNCA	613,979	3,788
UNC-CH	4,416,468	23,878
UNCC	7,075,595	25,851
UNCG	2,279,956	6,910
UNCP	957,989	3,520
UNCW	2,506,523	11,561
WCU	2,644,890	12,436
WSSU	2,123,312	5,847
TOTALS	\$43,578,223	193,359

Funding is calculated using the existing enrollment model and is based on actual student credit hours enrolled in the summer of 2018.

Currently, summer enrollment is entirely receipt supported, which restricts the type and number of courses that can be offered. Bringing summer funding in line with fall and spring allows institutions greater flexibility to eliminate bottle neck courses and add additional sections that juniors and seniors need to graduate.

In subsequent fiscal years, the UNC System will base enrollment growth requests on actual credit hours completed in arrears (including summer). Additional information about the enrollment funding request is detailed on page 9.

Summer Scholarships for UNC System and NCCCS Students

Request for 2019-20: \$10 million (R) (UNC: \$7 million/NCCCS: \$3 million)

Request for 2020-21: \$12 million (R) (UNC: \$8 million/NCCCS: \$4 million)

The North Carolina Student Aid Study Group, a joint project of the UNC and North Carolina Community College systems, has identified summer scholarships as a key strategy to increase student success and reduce time to degree in both systems. Traditionally, state financial aid programs have not been available in the summer, which limits students' ability to afford summer courses. Research and experience show that providing scholarship money in the summer can encourage more students to earn the credits necessary to graduate on time (or accelerate their path to a degree).

In summer 2018, the State Education Assistance Authority (NCSEAA) made \$2.8 million in UNC Need-Based Grant funding available which helped nearly 4,000 UNC System students pay for summer school. Financial aid officers targeted funds to students who were within a course or two of earning the 30 credits necessary to stay on track to graduate in four years. The results were promising: by the end of the summer, more than 77% of grantees had met or exceeded the 30-credit benchmark.

The UNC and North Carolina Community College systems request dedicated funding for summer scholarships to help more students complete a degree in a timely fashion. Funds will be targeted to students who can use summer courses to stay on track or accelerate their path to timely completion. NCSEAA will disburse the summer scholarships to UNC and NCCCS institutions based upon guidance from the governing boards and presidents of each system.

2. Faculty Recruitment and Retention

Request for 2019-20: \$10 million (R)

Request for 2020-21: \$15 million (R)

Academic quality is dependent on excellent faculty, and competitive salaries remain the single most important factor in recruiting and retaining top talent. At a time when other states have mounted highly funded and targeted raids and regularly undercut recruitments, it is critical that we invest in a strong push to retain our best and an equally strong recruitment strategy.

The Faculty Recruitment and Retention Fund enables UNC system institutions to proactively address issues that make the most in-demand faculty vulnerable to external universities. Ensuring competitive recruitment is also increasingly important, especially as many of the most distinguished professors near retirement. Effective retention and recruitment efforts also extend to building strong salary structures

that reward high performance – something that current faculty will recognize as commitment to value and that potential recruits will see as attractive long-term benefits to a position.

The requested appropriations will be used to fund data-driven proposals from the universities for specific salary adjustments, of both recruits and current faculty, designed to build and retain talent in areas of critical importance to the varied missions, regions, and the needs of the State of North Carolina overall.

3. Stronger Transfer Pathways with NCCCS

Over the past decade, the number of students transferring from a North Carolina community college to the UNC System has increased sharply, due in large part to efforts by individual institutions and the two systems to improve alignment of courses and degree pathways. The UNC and North Carolina Community College Systems have worked closely to develop a Comprehensive Articulation Agreement (CAA) which is a national exemplar. The two systems are now poised to build on these successes to strengthen and streamline the paths from community college to UNC and onto graduation. To do so, the NCCCS and UNC propose the following:

Transfer Student Scholarships

Request for 2019-20: \$4 million (R)

The North Carolina Student Aid Study Group identified reforms to increase transfer student success. Research indicates that students who complete their associate degree before transferring to a four-year university are significantly more likely to complete a bachelor's degree. In North Carolina, completion of particular types of associate's degrees activates the terms of the CAA, which assures admission to a UNC System institution and enables transfer students to enter with junior standing. However, less than one third of NCCCS transfers arrived at UNC having completed an AA or AS degree.

In order to encourage students to complete an associate degree before transferring, the UNC and North Carolina Community College Systems request funding to provide students with a one-time scholarship upon transfer to a UNC institution after earning an eligible associate degree covered by the CAA.

Improve Credit Transfer for Community College and Military-affiliated Students

Request for 2019-20: \$150,000 (R), \$200,000 (NR)

Together, the UNC and North Carolina Community College systems have worked to streamline credit transfer across institutions and to grant veterans credit for their military experience. A comprehensive statewide agreement for alignment and articulation of general education courses, as well as a governing body — Transfer Advisory Committee (TAC) — was created to oversee transfer practices across all 4-year UNC System institutions. In response to a 2014 law (S.L. 2014-67), the systems created a Military Credit Advisory Council (MCAC) and convened panels of faculty experts to develop shared standards for the uniform granting and transferring of course credits for military training and occupational experience.

These two committees require funding to maximize reach, expand scope, and tackle other issues that may stand in the way of seamless pathways for students. TAC has identified the need for site reviews, convening of key NCCCS and UNC faculty and staff around new initiatives, and support for the creation of several new pathways programs. In 2019-20, MCAC's goals are to complete the initial phase of military credit evaluation and create a searchable database of military credit equivalencies.

Expand the Availability of Open Educational Resources (OER)

Request for 2019-20: \$300,000 (R)

According to national data, the price of college textbooks has significantly outstripped the rate of inflation, and college students now spend an average of \$500 to \$600 per year on books.

In response, a national movement has emerged to create Open Educational Resources (OER)—digital textbooks and other course materials that are available to all at little or no cost. Groups of expert faculty identify materials that align with commonly taught courses, curate those books and articles, and make them available to other faculty that teach the same course. Assigning OER materials across a number of introductory courses has the potential to save students millions of dollars in textbook costs.

The requested funding would help curate and catalyze adoption of high-quality OER materials for the most commonly taught courses across the UNC and community college systems, with priority given to those courses that universally transfer under the Comprehensive Articulation Agreement.

4. Data Modernization Initiative

Request for 2019-20: \$1 million (R), \$4 million (NR)

Request for 2020-21: \$2 million (R), \$5 million (NR)

The Data Modernization Initiative is intended to provide the Board of Governors, the UNC System, and the UNC institutions with clear, timely, and consistent financial data. This project has a four-year implementation window. The General Assembly has invested \$9 million beginning in FY17-18 with \$1.5 million recurring.

To date, these dollars have been put toward initiatives such as development of financial metrics to be used as performance indicators, the addition of student accounts to the existing data mart, and the development of a system-wide chart of accounts. Investment has also been made in deliverables for the upcoming phases of the project. These include a semi-public reporting environment within the existing analytics platform and first steps on the creation of the new financial data warehouse. Additional investment will enable the UNC System to continue to make progress on the project, which will ultimately allow for more detailed unit-cost analyses that can inform decision-making.

The requested funding will also be used to implement the primary request of the Board of Governors Committee on Historically Minority-Serving Institutions: a strategic investment in a shared Constituent Relationship Management (CRM) service and associated data mart to aid smaller institutions in their alumni engagement efforts.

Other Targeted Priorities

NCSSM Western Campus

Request for 2019-20: \$1,408,632 (R), \$25,928 (NR)

Request for 2020-21: \$3,389,820 (R), \$795,376 (NR)

The North Carolina School of Science and Mathematics was awarded \$58 million by approval of the 2016 Connect NC statewide bond referendum and an additional \$15 million in the 2018 short session to

construct a second campus in Morganton. NCSSM-Morganton will open in August 2021, with a goal of extending world-class programs to more of North Carolina's most promising students, while also serving as a catalyst for increased educational and economic development opportunities for communities in western NC.

NCSSM engaged in comprehensive advance planning under the guidance of the Friday Institute and a core planning team representing the institution, the UNC System, and the K-12, higher education, business, and local government communities throughout western North Carolina. These efforts yielded a report articulating the blueprint for development of the program in Morganton, including personnel and operating costs required to deliver a comparable experience to the NCSSM program in Durham.

In order to open in 2021 and be fully operational with 300 resident students by fall of 2022, funding is requested to support the personnel, supplies, and equipment needed to ensure a world-class academic experience in the foothills of western North Carolina for our state's most talented high school students.

N.C. A&T Doctoral Education

Request for 2019-20: \$1 million (R)

Funding to support research faculty and graduate students yields tremendous economic returns in the form of much-needed doctoral degrees in STEM fields and externally funded research grants. N.C. A&T has already been a leader in bringing additional investment to North Carolina. They have continually been ranked third in sponsored research in the UNC System, above the four other doctoral universities in the same Carnegie classification. In 2017, the General Assembly provided \$2.5 million to support established doctoral programs at North Carolina Agricultural and Technical State University. The UNC System seeks additional recurring funding for N.C. A&T's transition to doctoral research university status.

Rural Residency Program Expansion at ECU

Request for 2019-20: \$1,447,000 (R)

Request for 2020-21: \$2,592,000 (R)

In the 2017-19 biennium, the North Carolina General Assembly appropriated funds for the establishment of new rural physician residency programs in Eastern North Carolina. These residency programs will be in rural hospitals that do not currently have any physician residency programs. The successful development and implementation of these residency programs requires an expansion of the existing residency program at Vidant Medical Center and the creation of new residency programs in hospitals in Duplin, Halifax, and Hertford counties. At least seven years are required to build these new residency programs into full maturity. The UNC System requests increased budget for the third and fourth years of this initiative.

These residency programs will improve and expand the scope of medical services in rural and medically underserved communities in Eastern North Carolina. Experience in similar programs demonstrates that physicians who complete a residency program in a rural community are much more likely to practice medicine in rural communities. In addition to improving the delivery of health care in rural communities, there is an economic benefit to every community in which a physician provides care. This request will fund salaries and benefits for rural residency site directors, primary care and specialty physicians, and support staff plus provide funding for the operating budgets at each site.

NC State Biopharmaceuticals

Request for 2019-20 and 2020-21: \$2 million (NR) in each year

Provides funds for North Carolina State University's participation in a collaborative effort to accelerate the development of innovative manufacturing processes for biopharmaceutical products. Funds will support the Biomanufacturing Training and Education Center (BTEC) at NCSU and serve as matching funds for a federal grant from the National Institute of Standards and Technology. The \$4 million of funding appropriated in 2017-19 represents the first two years of a five year commitment by the state. The UNC System requests funding for years three and four of this commitment.

UNCP College of Health Sciences

Request for 2019-20: 1,100,000 (R)

Request for 2020-21: 2,100,000 (R)

In 2017, the North Carolina General Assembly appropriated \$100,000 to the UNC Board of Governors for a study on the workforce needs in healthcare in Southeastern NC in the coming decade, and how UNC Pembroke could address these needs and improve regional health outcomes. The study was performed by the Sheps Center and unanimously approved by the UNC Board of Governors, and returned to the NC Legislature for their action.

In response to the study, UNCP formed a College of Health Sciences on August 1, 2018. The College was created from the existing departments of Nursing, Counseling, Kinesiology, and Social Work. The vision of the College of Health Sciences is to:

- Enroll an increasing number of students from underrepresented populations;
- Train the next generation of healthcare professionals for the region;
- Create new programs and expand training options and clinical partnerships; and
- Develop community-oriented interventions for the education of and provision of services to the public.

Per the study timeline and budget, the College of Health Sciences will follow a ten year, three-phase plan. Funding would support program development and operating budgets for expanded and additional programs. In the first phase, goals include doubling the size of the current nursing program, adding a Doctor of Nursing Practice degree program, establishing an Occupational Therapy program, and initial steps to establish a Physical Therapy program. The College will require necessary faculty, staff, and equipment.

Lab School Operations

Request for 2019-20: 500,000 (R)

In 2016, the General Assembly called on schools of education at UNC System institutions to create and operate Laboratory Schools. Five institutions have opened lab schools to date (Western Carolina University, East Carolina University, UNC Wilmington, UNC Greensboro, and Appalachian State University), with a sixth opening this fall at UNC Charlotte. In light of their unique mission to serve students and districts that face academic challenges, the Lab Schools must offer services above and beyond those of a traditional public school. The requested increase in funding will enable Lab Schools to enhance academic staff, provide augmented counseling and support services, and ensure that students have access to a school nurse.

Enrollment Funding

Enrollment Growth - Regular

Request for 2019-20: \$0

Request for 2020-21: \$45 million (R)

Based on feedback from members of the Board of Governors, the General Assembly, leadership at the UNC System Institutions, and members of the Funding Model Task Force, the UNC System is planning to transition the existing enrollment funding model from projected credit hours to a model that funds actual credit hours completed in arrears (including summer). Since the current model is forward funded, a move to a model that funds hours in arrears necessitates a transition year. In the transition year, the UNC System is not requesting any funding for fall and spring enrollment (see summer funding request on page 2).

In the second year of the biennium, a high level estimate of the enrollment needs, based on a three-year average of prior enrollment growth, is requested. Once a revised funding model based on actual credit hours completed has been adopted by the Board of Governors, a more detailed funding request will be included in the UNC System's short session budget priorities.

NC Promise

Request for 2019-20: \$7.5 million (R)

Request for 2020-21: \$15 million (R)

The newly implemented NC Promise program has been incredibly successful, far exceeding enrollment expectations in the first year and demonstrating North Carolina's unparalleled commitment to affordability. Elizabeth City State University experienced an increase in total undergraduate enrollment of 21% this fall, while undergraduate enrollment increased by 11% at UNC Pembroke, and 7.4% at Western Carolina University. Estimates based on fall enrollment suggest that the program exceeded the available buy down funding by over \$2.5 million.

The participating institutions are planning for continued growth in the coming biennium. In order to support this successful program, increased state support to fund the tuition buy down is requested.

As the UNC System transitions from a forward-funded enrollment model to a model that funds actual enrollments completed, NC Promise institutions have expressed a need for transition funding. The demand for additional faculty to support the dramatic growth exceeds the existing funds at these relatively small institutions. The UNC System is requesting one-time carry forward authority of the FY 2018-19 enrollment funding reserve in order to provide nonrecurring support for these three universities. Any funds remaining in the reserve after 2019-20 would revert.

Building Reserves

The Connect NC bond significantly increased the number of new appropriated capital projects in the UNC System. As these buildings begin to reach completion, there are substantial needs for maintenance and operation funding to support these facilities. Operating costs for authorized capital projects that will be completed during the 2019-21 biennium are included below.

2019-21 Maintenance and Operating Budget Request

Institution	Building	FY 2019-20	FY 2020-21
ECSU**	GR Little Library/Moore Hall*	\$(134,082)	\$365,432
FSU	Lyons Science Renovation*	337,730	455,472
N.C. A&T	Agricultural Pavilion		258,926
NC State	Utility Infrastructure (Fitts-Woolard and Plant Sciences)*	434,085	585,615
NC State	Fitts-Woolard Hall*		4,802,945
UNCA	Carmichael Hall Renovation*		325,718
UNCA	Owen Hall Renovation*		464,267
UNCC	Science Building*		1,758,799
UNCG	Nursing & Instructional Building*	1,061,499	981,693
UNCG	South Chiller Plant*	692,789	725,973
UNCP	School of Business*		616,479
UNCP	West Hall Renovation	279,633	306,995
UNCW	Allied Health (Veteran's Hall)*	1,457,674	2,883,488
UNCSA	Performance Place Renovation*	99,993	171,603
UNCSA	Old Library Renovation*	339,313	377,078
WCU	STEM Building*		3,490,619
WSSU	Science and General Office Building*	1,148,094	1,195,247
WSSU	1602 Lowery Street Renovations		2,178,333
NCSSM	NCSSM Morganton*		1,836,707
TOTAL		\$5,716,728	\$23,781,389

**Connect NC Bond Projects*

***Operating funding was provided beginning in 2018-19, based on the 2017-19 M&O submission. However, the project was not completed on the schedule included in that submission. For ECSU, a budget adjustment will be necessary to reconcile the current operating request with the recurring funding of \$288,615 granted in the 2017-19 cycle. For WSSU, a budget adjustment will be necessary to reconcile the current operating request with the recurring funding of \$429,191 granted in the 2017-19 cycle. The amounts listed above reflect that subtraction. For both campuses, one further adjustment will be needed for fiscal year 2018-19 to return the budgeted amount for the year.*

Deregulation

In order to continue our efforts to promote good governance and maintain our commitment to the highest and best use of state resources, the UNC System needs flexibility to pursue innovative solutions to the growing backlog of repair and renovation needs and the authority to focus efforts on strategic decision making rather than transactional work. Amendments to key pieces of legislation would allow the Board of Governors and the institutions more authority to focus resources on the highest priorities.

Allow additional flexibility for more efficient use of state funds for repairs and renovations.

The University currently has over \$3.8 billion in repair and renovation (R&R) needs in appropriated areas alone, as identified by the Facilities Condition and Assessment Program (FCAP). While the UNC System has benefited from an average R&R appropriation of about \$30 million per year over the last 10 years, the University needs more flexibility to ensure regular maintenance. Timely investment in facilities can reduce long-term costs for the University and the State while addressing issues that need immediate attention.

Instituting temporary carryforward authority of 5% for the next two years, an increase from 2.5%, would allow chancellors and the Board of Governors more flexibility to use operating funds for repair projects to facilitate strategic investment in institutional facilities. The General Assembly previously authorized a temporary one-time increase of 2.5% in carryforward authority in 2015. This increase allowed ten campuses to invest \$31.4 million in 35 different repair and renovation projects across the UNC System.

Increasing the carryforward authority for the coming biennium would empower chancellors to find cost savings and reinvest those savings in state assets. Greater flexibility would provide campuses more control over repair and renovation funding, allowing for a more robust capital planning process.

Remove Barriers to Certain Classification/Compensation Actions

The statutory requirement in G.S. 116-17.3, implemented in July 2017, required that the Board of Governors review raises of greater than 5% for employees earning \$100,000 or more and the creation of new positions with salaries of \$70,000 or more. This statutory change created significant delays in the hiring and promotion process.

Depending on the schedule of the Board, this requirement can delay salary and position actions between two and four weeks. Processing these actions involves the efforts of multiple HR professionals from the constituent institution, senior leadership at each campus, multiple UNC System Office HR professionals, and finally the leadership of the Board of Governors Personnel and Tenure Committee. Retention offers and promotional job offers, which constitute 50% of the actions reviewed in this process, are often time sensitive, and the mandated Board consultation has created additional hurdles for promoting internal hires.

This delay restricts the authority of the president and chancellors, who routinely and independently make decisions with far greater financial and operational consequences. If the statute were repealed, the Board would retain its authority and flexibility to determine the level of human resources authority it delegates to the president, to the boards of trustees, and to the chancellors. The Committee on Personnel and Tenure believes that the value received from this legislatively-mandated process is negligible in contrast to the time and effort that it causes. Repealing the statute would alleviate these delays without compromising the Board's oversight role.

2019-21 Capital Budget Priorities

Request for 2019-20: 50% of capital funding available

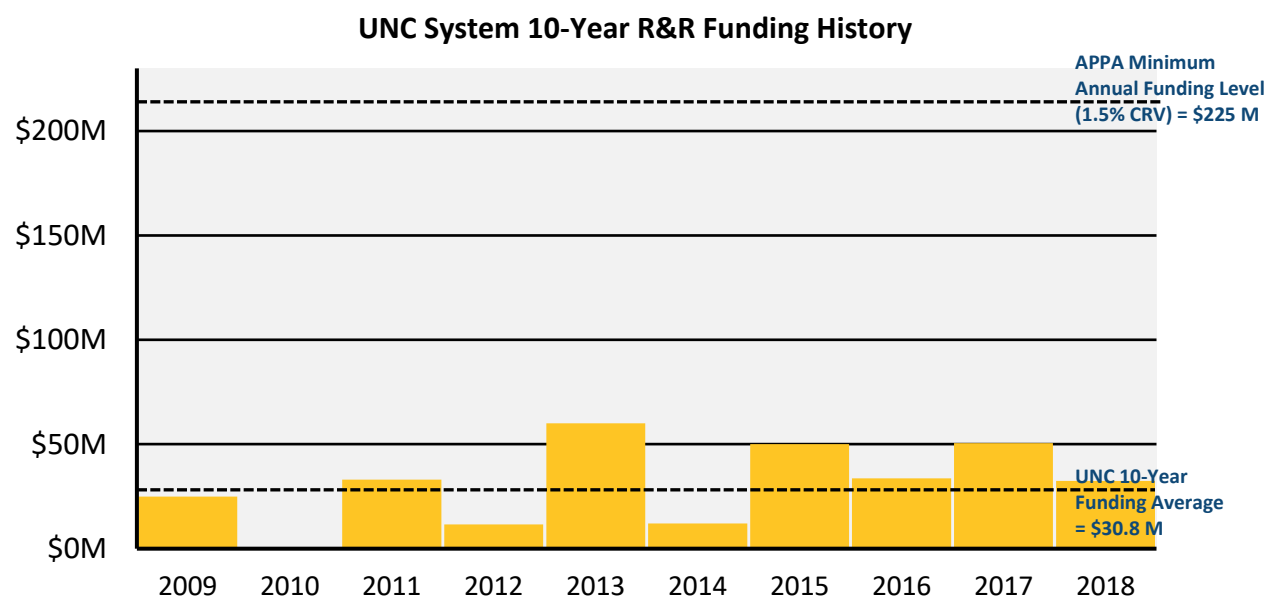
Request for 2020-21: 50% of capital funding available

In recognition of the significant investment in new facilities represented by the Connect NC bond program's \$1 billion allocation to UNC System institutions, the University's capital budget priorities will continue to focus on maintaining our existing facilities with funding priority on repairs and renovations.

The quantity and scope of repair and renovation needs is regularly assessed and documented by the Facility Condition Assessment Program (FCAP) under the direction of the State Construction Office. In addition, information on these needs was solicited directly from the institutions in the biennial budget development process, as part of the effort of the R&R working group under the Budget and Finance Committee. For appropriated facilities, which are the areas eligible for state repairs and renovations funding, the needs currently total on-the-order of \$4 billion over 46 million gross square feet of space. Funding levels to address these needs have averaged \$30.8 million annually, over the last 10 years (2009 through 2018).

The Association of Physical Plant Administrators (APPA) has historically recommended a minimum of 1.5% of the total plant replacement value as an appropriate annual budget guideline to support "routine maintenance and capital renewal" in order to "extend the life and retain usable condition of facilities and systems." At the current estimated replacement value of about \$15 billion for the 46 million in appropriated gross square feet (GSF), funding should be approximately \$225 million annually to keep campus facilities in good working order. This funding level assumes facilities begin in good operating condition and are simply maintained in that condition, while addressing a backlog of deferred needs requires greater funding levels. With annual needs of \$225 million and average annual funding at \$30.8 million, UNC System facilities have been losing ground.

Annual need and historical funding levels are shown in the following graph.



Two types of repairs and renovations (R&R) projects need to be addressed in the UNC System's current budget priorities: traditional R&R projects directed toward single-component building systems and targeted R&R renewal projects to address comprehensive building renovations, which combine multiple single-component priorities into one larger renovation project. Targeted R&R projects provide opportunities for more efficient and cost-effective repairs, with administrative efficiencies in design, bidding, and construction oversight, cost advantages through economies of scale, and improved experience for campus faculty, staff, and students by reducing the number of disruptions to building users and occupants. Predictable funding supports more effective strategic planning regarding the sequence and timing of projects and the most efficient execution strategies.

Traditional R&R will be allocated to institutions by the Board, based on a distribution methodology including variables for campus size, condition, and availability of additional resources that could be directed to R&R needs. Specific projects will be identified by each institution in response to identification of the final annual allocations. Targeted R&R will be allocated based on identified, prioritized projects submitted by institutions through the biennial budget planning process and further prioritized in response to available funding levels.



THE UNIVERSITY OF NORTH CAROLINA SYSTEM

2019 LEGISLATIVE PROPOSALS

SUMMARY OF PRIORITY PROPOSALS

Financial and Capital Efficiencies

1. Expand Carryforward Authority to 7.5% (from 2.5%)

Carryforward authority allows UNC institutions to assist the state in addressing the significant repairs and renovation (R&R) backlog using existing appropriations. The University currently has over \$1 billion in R&R needs on state-supported buildings and has very little flexibility to address this backlog on our own. This increased flexibility will allow institutions to share responsibility with the state to address the backlog without obligating the state to future expenditures.

2. Reinstate Institutional Authority for Certain Compensation/Classification Actions

In 2017, the legislature created a requirement that the UNC Board of Governors monitor salary actions of 5% or greater for University employees (SHRA/EHRA) with salaries of at least \$100,000 and monitor the establishment of new positions (SHRA/EHRA) budgeted at \$70,000 or greater. After two years, the Board of Governors requests a return to the prior policies governing these compensation actions, which allowed additional institutional oversight to the president, to the boards of trustees, and to the UNC constituent institutions, as deemed appropriate.

3. Reinstate Institutional Authority for Small Capital Projects

UNC leaders are asked to manage not just the operations of institutions, but to protect the significant state investments in the grounds of each university. Currently, these leaders do not have the tools to do so. If there is a need to address a minor facility deficiency, campus leaders no longer have the flexibility to use available resources for small capital projects (up to \$1 million) and must hope for sizeable repair and renovation appropriation.



THE UNIVERSITY OF NORTH CAROLINA SYSTEM

2019 LEGISLATIVE PROPOSALS

Technical Corrections

1. Technical Corrections for Teaching Fellows Program

In only its second year of implementation, the North Carolina Teaching Fellows program is showing great promise in recruiting highly-qualified candidates into the teaching profession. To ensure successful program growth while maintaining a high bar on program quality, the Teaching Fellows program should be expanded to three additional institutions. Additionally, a clarifying change is needed to extend eligibility to students who are already in an educator preparation program, but willing to transition to a STEM or Special Education area of licensure.

2. Technical Corrections for UNC Laboratory School legislation, including food/transportation services, number of lab schools, and civil immunity

Because existing legislation does not specify which entity administers food and transportation services for Laboratory Schools, UNC seeks an addition establishing that local school administrative unit will provide these programs for students attending these schools. UNC also seeks a change to the total number of lab schools set by the legislation. Finally, UNC would like Laboratory Schools to be granted civil immunity in situations where existing boards of education and local school administrative units maintain such immunity.

3. Technical Corrections for Future Teachers NC

The University is proposing changes to the current structure of the Future Teachers of North Carolina (FTNC) program. FTNC is currently structured as a college-level high school course at three UNC institutions. Structural changes will allow for a larger program network, more targeted recruitment efforts, and a better alignment with legislative intent. The proposed changes will also enable the UNC System Office to be more directly accountable for program outcomes.

2019-21 Operating Budget Comparison

	UNC System Budget Priorities 2019-20		2020-21		House Recommended Budget 2019-20		2020-21		Senate Recommended Budget 2019-20		2020-21		Conference Budget 2019-20		2020-21	
Base Budget (excludes Aid to Private Institutions)	2,911,146,229	2,911,183,451			2,911,146,229	2,911,183,451			2,911,146,229	2,911,183,451			2,911,146,229	2,911,183,451		
Top Priorities																
Summer Scholarships for Student Success	10,000,000	12,000,000			-	-			-	-			-	-		
Faculty Recruitment and Retention	10,000,000	15,000,000			1,000,000	3,000,000			-	-			6,000,000	11,433,413		
Stronger Transfer Pathways with NCCCS	4,450,000 200,000 NR	4,450,000			-	-			-	-			-	-		
Data Modernization	1,000,000 4,000,000 NR	2,000,000 5,000,000 NR			1,200,000	2,200,000			-	-			1,000,000	1,000,000		
Other Targeted Priorities																
Employee Compensation Increase House: Greater of 1% or \$500 for SHRA, remainder for EHRA effective Jan. 1, 2020 Senate: Flexibility to BOG to allocate funds Conference: Flexibility to BOG to allocate funds																
NCCSSM Western Campus Operations	1,408,632 25,928 NR	3,389,820 795,376 NR			1,408,632 25,928 NR	3,389,820 792,369 NR			-	-			1,408,632 5,150 NR	3,389,820 792,369 NR		
Doctoral Research Funding for N.C. A&T	1,000,000	1,000,000			-	-			7,500,000	7,500,000			3,500,000 4,000,000 NR	7,500,000		
Rural Residency Program at ECU	1,447,000	2,592,000			-	-			-	-			-	-		
Manuf. Biopharmaceuticals at NC State	2,000,000 NR	2,000,000 NR			2,000,000 NR	2,000,000 NR			2,000,000 NR	2,000,000 NR			2,000,000 NR	2,000,000 NR		
College of Health Sciences at UNCP	1,100,000	2,100,000			1,100,000	2,100,000			-	-			1,000,000	1,000,000		
Lab School Operations	500,000	500,000			500,000	500,000			-	-			500,000	500,000		
Enrollment Change Funding																
Enrollment Growth - Regular	-	45,000,000			-	33,600,000			-	-			-	\$75M R enrollment reserve shared with NCCCS and DPI		
Enrollment Growth - Summer	43,578,223	43,578,223			35,000,000	35,000,000			-	-			-	-		
NC Promise Buy Down*	7,500,000	15,000,000			-	-			7,500,000	15,000,000			See footnote about additional funding	15,000,000		
Building Reserves	5,716,728	23,781,389			-	-			-	-			-	-		
Other UNC Items (not requested)																
TSERS Retirement Contribution House: One-time 1% COLA for retirees in FY20 Senate: No COLA Conference: One-time .5% COLA for retirees in FY20 & FY21	-	-			13,903,727	36,951,345 3,883,023 NR			15,031,056	35,698,757			14,404,762	36,199,792		
ORP Retirement Contribution	-	-			1,500,547	7,127,598			2,625,957	5,877,142			2,000,729	6,377,324		
State Health Plan Contribution	-	-			5,405,205	20,047,154			8,381,489	17,070,870			6,910,452	18,576,117		
Short-term Disability	-	-			1,251,522	1,251,522			1,251,522	1,251,522			1,251,522	1,251,522		
Scholarship for Needy Students - Technical Budget Adjustment	-	-			Transfers \$30.45M in lottery proceeds each year to support scholarships				-	-			-	-		
Tuition Grant for NCCSSM	-	-			750,000	750,000			-	-			1,000,000	1,000,000		
Washington Center Internship Scholarship	-	-			500,000	500,000			-	-			500,000	500,000		
High Achieving Scholarship (NCCCS)	-	-			50,000 NR	2,000,000			-	-			-	-		

	UNC System Budget Priorities 2019-20		2020-21		House Recommended Budget 2019-20		2020-21		Senate Recommended Budget 2019-20		2020-21		Conference Budget 2019-20		2020-21	
Western School of Medicine (MAHEC)	-	-	-	-	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Southern Regional AHEC	-	-	-	-	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Clean Energy Centers - ASU, N.C. A&T, & NC State	-	-	-	-	Transfers funds from DEQ to support energy centers at ASU (\$66,667), NCA&T (\$66,667), & NC State (\$266,666)		energy		Eliminates transfer from DEQ for the energy center at ASU (\$133,333), NCA&T (\$133,333) & NC State (\$133,334)				-		-	
NC State Ag Research - Ag Education Coordinators	-	-	-	-	250,000	250,000	250,000	250,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
SECU Family House	-	-	-	-	-	-	-	-	250,000	NR	-	250,000	NR	-	-	-
UNC-CH NC Policy Collaboratory (Senate budget transfers additional \$2M to study flooding; Conference budget transfers additional \$2.16M to study flooding & for ModMon)	-	-	-	-	-	-	-	-	1,000,000	NR	-	1,500,000	NR	500,000	NR	NR
NC State Cooperative Extension Center Conference: \$75K for Avery; \$50K for Franklin	-	-	-	-	-	-	-	-	2,000,000	NR	-	125,000	NR	-	-	-
N.C. A&T Ag. Research & Coop. Extension	-	-	-	-	-	-	-	-	1,640,710	1,640,710	1,640,710	1,640,710	1,640,710	1,640,710	1,640,710	1,640,710
ASU Energy Center (Offset for elimination of DEQ Transfer)	-	-	-	-	-	-	-	-	133,333	133,333	133,333	-	-	-	-	-
NCCU Lab Equipment and Instruments	-	-	-	-	-	-	-	-	3,000,000	NR	-	3,000,000	NR	-	-	-
Eastern AHEC	-	-	-	-	-	-	-	-	1,000,000	NR	-	1,000,000	NR	-	-	-
Promote Access to Affordable College	-	-	-	-	-	-	-	-	-	-	-	1,000,000	NR	-	-	-
UNCW Supply Chain Study	-	-	-	-	-	-	-	-	-	-	-	275,000	NR	-	-	-
Budget Reductions																
NC State F&A Receipts	-	-	-	-	-	-	-	-	(3,984,205)	(3,984,205)	(3,984,205)	-	-	-	-	-
	-	-	-	-	-	-	-	-	(232,024)	NR	(345,000)	NR	-	-	-	-
NC State CMAST Shellfish Pathologist	-	-	-	-	-	-	-	-	Eliminates \$125k transfer from DEQ				-	-	-	-
UNC-CH F&A Receipts	-	-	-	-	-	-	-	-	(13,338,424)	(13,338,424)	(13,338,424)	-	-	-	-	-
	-	-	-	-	-	-	-	-	(776,776)	NR	(1,155,000)	NR	-	-	-	-
Total Recurring Operating Changes																
	87,700,583	170,391,432	188,876,467	188,876,467	88,674,147	188,876,467	106,864,853	106,864,853	51,649,012	106,864,853	64,475,768	143,858,915	143,858,915	143,858,915	143,858,915	143,858,915
Total Nonrecurring Operating Changes																
	6,225,928	7,795,376	6,675,392	6,675,392	2,075,928	6,675,392	500,000	500,000	8,241,200	500,000	15,096,662	5,233,881	5,233,881	5,233,881	5,233,881	5,233,881
Total Recommended UNC Budget Changes																
	93,926,511	178,186,808	195,551,859	195,551,859	90,750,075	195,551,859	107,364,853	107,364,853	59,890,212	107,364,853	79,572,430	149,092,796	149,092,796	149,092,796	149,092,796	149,092,796
Total Recommended UNC Budget																
	3,005,072,740	3,089,370,259	3,106,735,310	3,106,735,310	3,001,896,304	3,106,735,310	3,018,548,304	3,018,548,304	2,971,036,441	3,018,548,304	2,990,718,659	3,060,276,247	3,060,276,247	3,060,276,247	3,060,276,247	3,060,276,247
Total Percent Change																
	3.2%	6.1%	6.7%	6.7%	3.1%	6.7%	3.7%	3.7%	2.1%	3.7%	2.7%	5.1%	5.1%	5.1%	5.1%	5.1%
Aid to Private Institutions Base Budget																
	181,349,756	191,349,756	191,349,756	191,349,756	181,349,756	191,349,756	191,349,756	191,349,756	181,349,756	191,349,756	181,349,756	191,349,756	191,349,756	191,349,756	191,349,756	191,349,756
Need Based Scholarships	-	-	2,500,000	2,500,000	600,000	2,500,000	-	-	-	-	250,000	750,000	750,000	750,000	750,000	750,000
College Advising Corps Matching Funds	-	-	2,550,000	2,550,000	2,183,333	2,550,000	-	-	-	-	1,881,861	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Patriot Foundation Grant	-	-	500,000	500,000	500,000	500,000	250,000	250,000	250,000	250,000	300,000	492,483	492,483	492,483	492,483	492,483
Marine Corps Scholarship Foundation	-	-	-	-	-	-	250,000	250,000	250,000	250,000	300,000	300,000	300,000	300,000	300,000	300,000
NC Personal Education Student Account for Children with Disabilities program	-	-	-	-	-	-	-	-	-	-	Reduces Special Ed. Scholarship Grant by \$13,043,166 and the NC Personal Ed. Savings Account by \$3M to create combined program funded at \$16,043,166 R.		-	-	-	-
Mt. Cavalry University	-	-	-	-	-	-	-	-	-	-	75,000	NR	184,156,617	184,156,617	195,392,239	195,392,239
Total Aid to Private Institutions																
	181,349,756	191,349,756	196,899,756	196,899,756	184,633,089	196,899,756	191,849,756	191,849,756	181,849,756	191,849,756	184,156,617	195,392,239	195,392,239	195,392,239	195,392,239	195,392,239

Notes: All items are recurring unless specified as nonrecurring and transfers are not included in totals.
 *Conference Budget authorizes the use of unspent enrollment funds to increase the buy down for NC Promise institutions.

UNC SYSTEM CAPITAL IMPROVEMENT PROJECT FUNDING
2019-21 SIDE-BY-SIDE BUDGET COMPARISON

UNC SYSTEM CAPITAL PROJECTS			HOUSE RECOMMENDED BUDGET				SENATE RECOMMENDED BUDGET			CONFERENCE BUDGET			
Institution	Project Name	Proposed Cost	General Fund (SCIF) 2019-20	General Fund (SCIF) 2020-25**	Bond 2019-20	Total	General Fund (SCIF) 2019-20	General Fund (SCIF) 2020-25**	Total	General Fund (SCIF) 2019-20	General Fund (SCIF) 2020-21	Total for Biennium	Total Project Authorization
ASU	Wey Hall Renovation	25,200,000			25,400,000	25,400,000			-			-	
ECU	Howell Science Renovation-Phases I and II	64,300,000				215,000,000			-	15,000,000	13,000,000	28,000,000	215,000,000
ECU	<i>School of Medicine Building*</i>	215,000,000	15,000,000	200,000,000		32,000,000	3,200,000	28,800,000	32,000,000	3,200,000	8,000,000	11,200,000	32,000,000
ECU	Library Replacement	32,000,000			32,000,000	-	4,000,000		4,000,000	4,000,000		4,000,000	4,000,000
ECU	<i>HVAC System</i>	4,000,000			-	-	2,000,000		2,000,000	2,000,000		2,000,000	2,000,000
ECU	<i>Chiller</i>	2,000,000							-	2,500,000		2,500,000	2,500,000
ECU	<i>Crime Lab</i>	2,500,000				13,700,000			-	13,700,000		13,700,000	13,700,000
FSU	Rosenthal and Chick Building Renovation	13,700,000				-	2,500,000		2,500,000	2,500,000		2,500,000	2,500,000
FSU	<i>Dormitory Demolition and Removal</i>	2,500,000				18,500,000			-	9,250,000	9,250,000	18,500,000	18,500,000
N. C. A&T	Carver Hall Renovations	18,500,000	810,000	7,290,000	8,100,000	8,100,000	8,100,000		8,100,000	810,000	2,025,000	2,835,000	8,100,000
NCU	Lee Biology - Phase 2	8,100,000				-			-			-	
NC State	Daniels Hall Renovation	42,000,000				80,000,000	8,000,000	72,000,000	80,000,000	14,000,000	21,000,000	35,000,000	80,000,000
NC State	Electrical Infrastructure (Phases 2 and 3 of 10)	10,000,000				-	2,000,000		2,000,000	2,000,000		2,000,000	2,000,000
NC State	<i>STEM Building*</i>	80,000,000				-			-			-	
NC State	<i>Apiculture Facility (Beekeeping)</i>	2,000,000				-			-			-	
UNCA	<i>Infrastructure Restoration - Roads*</i>	1,600,000				-			-			-	
UNCA	Justice Center Renovation	26,800,000				75,000,000			-			-	
UNC-CH	<i>Business Building*</i>	75,000,000	10,000,000	65,000,000		45,000,000			-			-	
UNC-CH	Carrington Hall Renovation	45,000,000				45,000,000			-			-	
UNCC	Cameron and Burson Renovation	45,000,000	4,500,000	40,500,000		84,000,000			-	4,500,000	11,250,000	15,750,000	45,000,000
UNCC	Jackson Library Renovation and Addition	84,000,000	10,000,000	74,000,000		31,200,000			-	-	10,000,000	10,000,000	84,000,000
UNCP	Givens Performing Arts Ctr Comp Renov	31,200,000			31,200,000	-			-	6,500,000	20,000,000	26,500,000	91,000,000
UNCP	<i>Health Sciences Center</i>	91,000,000				8,500,000	10,000,000		10,000,000			-	
UNCW	<i>Dobo Hall Renovation (Hurricane Restoration)*</i>	8,500,000	8,500,000			56,400,000			-			-	
UNCW	Randall Library Renovation and Expansion	56,400,000	5,640,000	50,760,000		42,200,000			-			-	
UNCWA	Stevens Center Renovations	42,200,000			42,200,000	16,500,000	16,500,000		16,500,000	16,500,000		16,500,000	16,500,000
WCU	Steam Plant	16,500,000	16,500,000			11,900,000			-			-	
WCU	Moore Building Renovation - Phase II	10,900,000			15,100,000	10,000,000			-			-	
WSSU	Hauser Building Renovation and Addition	15,100,000			10,000,000	-			-			-	15,100,000
NCSSM	Various Repairs and Renovations	10,000,000				-			-			-	
UNC-TV	Bryan Center Repair and Renovations	6,000,000				-			-			-	
NC Arb	Infrastructure Restoration - Roads	1,600,000				-			-			-	
System	Energy Efficiency Projects	16,830,000				-			-			-	
System	Demolitions	500,000				-			-			-	
R&R	System-wide Repairs and Renovations		62,500,000	31,250,000		93,750,000	126,732,023	117,422,748	244,154,771	80,000,000	50,000,000	130,000,000	631,900,000
TOTAL			147,450,000	534,800,000	200,000,000	882,250,000	183,032,023	218,222,748	401,254,771	176,460,000	144,525,000	320,985,000	631,900,000

* Italicized bold typeface identifies additional projects.
** R&R funding shown in 2020-25 column is for FY2020-21.

HB 966: 2019 Appropriations Act

UNC-requested budget items NOT included:

- Summer Funding
- Building reserves
- ECU Rural Residency Program

The following UNC System policy priorities were included:

- Increase carryforward to 5% for 4 years, until July 1, 2023, at which point the carryforward percentage will be reduced to 2.5%.
- Fund NC Promise appropriations for growth through FY24-25
- Eliminate BOG pre-approval on salaries
- Carryforward STEM Capital Study Task Force funds, Feb 1, 2020
- Fund Board of Governors-approved projects up to \$1m (Section 39.8.(b))
- Fund UNC Asheville Woods Residence Hall reimbursement via non-revert provision from STEM Capital Task Force funds
- Finalize changes to veterans in-state provision (as requested) (Section 8.13)
- Modify Future Teachers NC program (as requested)
- Adjust for Lab School changes
 - 9 institutions by FY22-23
 - UNC Teacher and Principal Prep. Program Lab Schools \$500,000 R \$500,000 R
- Modify Teaching Fellows

Bill history for HB 472:

5/3/2019: Passed the House

5/31/2019: Passed the Senate

6/27/2019: Conference Report adopted by House and Senate

6/28/2019: Vetoed by Governor

9/11/2019: Veto overridden by House

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019**

**HOUSE BILL 966
RATIFIED BILL**

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

The General Assembly of North Carolina enacts:

PART I. TITLE AND INTRODUCTION

TITLE OF ACT

SECTION 1.1. This act shall be known as the "Current Operations Appropriations Act of 2019."

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

GENERAL FUND APPROPRIATIONS

SECTION 2.1.(a) Appropriations from the General Fund for the budgets of the State departments, institutions, and agencies, and for other purposes as enumerated, are made for each year of the 2019-2021 fiscal biennium, according to the following schedule:

Current Operations – General Fund	FY 2019-2020	FY 2020-2021
EDUCATION		
Community College System		
Requirements	1,607,034,198	1,640,309,029
Less: Receipts	380,447,392	380,212,392
Net Appropriation	1,226,586,806	1,260,096,637
Public Instruction		
Requirements	12,127,985,122	12,407,998,762
Less: Receipts	2,270,466,432	2,230,466,432
Net Appropriation	9,857,518,690	10,177,532,330
University of North Carolina		
NC A&T University		
Requirements	188,744,165	188,744,165



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Less: Receipts	87,002,310	87,002,310
Net Appropriation	101,741,855	101,741,855
NC School of Science and Mathematics		
Requirements	25,847,831	28,616,238
Less: Receipts	1,796,561	1,796,561
Net Appropriation	24,051,270	26,819,677
NC State University-Academic Affairs		
Requirements	844,422,995	844,422,995
Less: Receipts	422,169,898	422,169,898
Net Appropriation	422,253,097	422,253,097
NC State University-Agric. Research		
Requirements	72,742,781	72,742,781
Less: Receipts	17,721,640	17,721,640
Net Appropriation	55,021,141	55,021,141
NC State University-Coop. Extension		
Requirements	55,654,168	55,529,168
Less: Receipts	14,833,163	14,833,163
Net Appropriation	40,821,005	40,696,005
North Carolina Central University		
Requirements	139,655,404	136,655,404
Less: Receipts	51,822,380	51,822,380
Net Appropriation	87,833,024	84,833,024
UNC at Asheville		
Requirements	61,661,158	61,661,158
Less: Receipts	21,876,242	21,876,242
Net Appropriation	39,784,916	39,784,916
UNC at Chapel Hill-Academic Affairs		
Requirements	650,356,478	649,356,478
Less: Receipts	371,403,527	371,403,527
Net Appropriation	278,952,951	277,952,951
UNC at Chapel Hill-Area Health Education		
Requirements	54,864,072	53,864,072
Less: Receipts	0	0
Net Appropriation	54,864,072	53,864,072
UNC at Chapel Hill-Health Affairs		
Requirements	326,923,444	326,923,444
Less: Receipts	122,612,306	122,612,306
Net Appropriation	204,311,138	204,311,138
UNC at Charlotte		
Requirements	420,146,272	420,146,272
Less: Receipts	164,780,562	164,780,562
Net Appropriation	255,365,710	255,365,710

UNC at Greensboro		
Requirements	287,718,420	287,718,420
Less: Receipts	109,591,257	109,591,257
Net Appropriation	178,127,163	178,127,163
UNC at Pembroke		
Requirements	91,161,357	91,165,578
Less: Receipts	13,264,333	13,264,333
Net Appropriation	77,897,024	77,901,245
UNC at Wilmington		
Requirements	244,393,982	244,118,982
Less: Receipts	98,550,341	98,550,341
Net Appropriation	145,843,641	145,568,641
UNC Board of Governors		
Requirements	42,592,385	42,592,385
Less: Receipts	46,899	46,899
Net Appropriation	42,545,486	42,545,486
UNC BOG – Institutional Programs		
Requirements	94,323,722	166,475,681
Less: Receipts	0	0
Net Appropriation	94,323,722	166,475,681
UNC BOG – Related Educational Programs		
Requirements	165,500,476	165,500,476
Less: Receipts	54,031,975	54,031,975
Net Appropriation	111,468,501	111,468,501
UNC General Administration		
Requirements	184,156,617	195,392,239
Less: Receipts	0	0
Net Appropriation	184,156,617	195,392,239
UNC School of the Arts		
Requirements	49,623,526	49,623,526
Less: Receipts	16,359,089	16,359,089
Net Appropriation	33,264,437	33,264,437
Western Carolina University		
Requirements	159,162,027	159,195,028
Less: Receipts	27,714,804	27,714,804
Net Appropriation	131,447,223	131,480,224
Winston-Salem State University		
Requirements	86,145,805	86,145,805
Less: Receipts	22,495,553	22,495,553
Net Appropriation	63,650,252	63,650,252

East Carolina Univ-Academic Affairs		
Requirements	414,348,327	414,348,327
Less: Receipts	182,150,292	182,150,292
Net Appropriation	232,198,035	232,198,035
East Carolina Univ-Health Affairs		
Requirements	90,335,813	90,335,813
Less: Receipts	12,400,019	12,400,019
Net Appropriation	77,935,794	77,935,794
Elizabeth City State University		
Requirements	38,867,498	38,867,498
Less: Receipts	3,564,271	3,564,271
Net Appropriation	35,303,227	35,303,227
Appalachian State University		
Requirements	261,386,484	261,386,484
Less: Receipts	113,583,731	113,583,731
Net Appropriation	147,802,753	147,802,753
Fayetteville State University		
Requirements	75,646,019	75,646,019
Less: Receipts	21,734,797	21,734,797
Net Appropriation	53,911,222	53,911,222
HEALTH AND HUMAN SERVICES		
Aging and Adult Services		
Requirements	119,927,423	122,093,373
Less: Receipts	70,686,937	70,927,539
Net Appropriation	49,240,486	51,165,834
Central Management and Support		
Requirements	245,126,742	246,525,017
Less: Receipts	110,129,920	113,720,906
Net Appropriation	134,996,822	132,804,111
Child Development and Early Education		
Requirements	803,544,280	812,854,407
Less: Receipts	569,112,706	578,312,706
Net Appropriation	234,431,574	234,541,701
Health Benefits (Medicaid and Health Choice)		
Requirements	15,432,924,419	15,769,952,509
Less: Receipts	11,481,899,973	11,630,359,937
Net Appropriation	3,951,024,446	4,139,592,572
Health Service Regulation		
Requirements	72,994,947	73,437,570
Less: Receipts	52,638,449	52,638,449
Net Appropriation	20,356,498	20,799,121

school administrative units shall respond to the survey by December 31, 2019. The Department shall consolidate the information reported by the local school administrative units, provide context and analysis, as necessary, and report the results of its study to the Joint Legislative Education Oversight Committee and the Fiscal Research Division no later than March 1, 2020.

PART VIII. THE UNIVERSITY OF NORTH CAROLINA SYSTEM

UNC/ESCHEATS FUND FOR STUDENT FINANCIAL AID PROGRAMS

SECTION 8.1.(a) The funds appropriated by this act from the Escheat Fund for the 2019-2021 fiscal biennium for student financial aid shall be allocated in accordance with G.S. 116B-7. Notwithstanding any other provision of Chapter 116B of the General Statutes, if the interest income generated from the Escheat Fund is less than the amounts referenced in this act, the difference may be taken from the Escheat Fund principal to reach the appropriations referenced in this act; however, under no circumstances shall the Escheat Fund principal be reduced below the sum required in G.S. 116B-6(f). If any funds appropriated from the Escheat Fund by this act for student financial aid remain uncommitted aid as of the end of a fiscal year, the funds shall be returned to the Escheat Fund, but only to the extent the funds exceed the amount of the Escheat Fund income for that fiscal year.

SECTION 8.1.(b) The State Education Assistance Authority (Authority) shall conduct periodic evaluations of expenditures of the student financial aid programs administered by the Authority to determine if allocations are utilized to ensure access to institutions of higher learning and to meet the goals of the respective programs. The Authority may make recommendations for redistribution of funds to the President of The University of North Carolina and the President of the Community College System regarding their respective student financial aid programs, who then may authorize redistribution of unutilized funds for a particular fiscal year.

CARRYFORWARD OF ENROLLMENT FUNDS FOR NC PROMISE REQUIREMENTS

SECTION 8.2.(a) The funds appropriated by S.L. 2018-5 for enrollment adjustments for The University of North Carolina, including funds for the NC Promise Tuition Plan, to a reserve account in the Office of State Budget and Management for the 2018-2019 fiscal year shall not revert at the end of the 2018-2019 fiscal year but shall remain available until the end of the 2019-2020 fiscal year for the purpose of the "buy down" of any financial obligations resulting from the established tuition rate under G.S. 116-143.11 incurred by Elizabeth City State University, the University of North Carolina at Pembroke, and Western Carolina University or for rapid growth at any of those constituent institutions.

SECTION 8.2.(b) This section becomes effective June 30, 2019.

NC PROMISE TUITION PLAN/FUTURE FUNDS

SECTION 8.2A. It is the intent of the General Assembly to appropriate from the General Fund to the Board of Governors of The University of North Carolina the following additional funds for the purpose of the "buy down" of any financial obligations incurred by Elizabeth City State University, the University of North Carolina at Pembroke, and Western Carolina University for the NC Promise Tuition Plan established pursuant to G.S. 116-143.11:

- (1) For the 2021-2022 fiscal year, the sum of five million dollars (\$5,000,000) in recurring funds.
- (2) For the 2022-2023 fiscal year, the sum of four million dollars (\$4,000,000) in recurring funds.
- (3) For the 2023-2024 fiscal year, the sum of three million four hundred thousand dollars (\$3,400,000) in recurring funds.

- (4) For the 2024-2025 fiscal year, the sum of three million dollars (\$3,000,000) in recurring funds.

For the 2024-2025 fiscal year and subsequent fiscal years, it is the intent of the General Assembly that the net appropriation for the "buy down" of any financial obligations incurred by Elizabeth City State University, the University of North Carolina at Pembroke, and Western Carolina University for the NC Promise Tuition Plan established pursuant to G.S. 116-143.11 shall not exceed the sum of eighty-one million four hundred thousand dollars (\$81,400,000) in recurring funds.

COLLEGE ADVISING CORPS/COLLEGE ADVISERS IN THE PUBLIC SCHOOLS

SECTION 8.3.(a) Purpose of the College Advising Corps Program. – From the funds appropriated by this act for the 2019-2021 fiscal biennium to the Board of Governors of The University of North Carolina for the College Advising Corps program, the Board of Governors shall provide a directed grant to the National College Advising Corps, Inc. (CAC) to support an expansion of the placement of college advisers in North Carolina public schools through their program over a three-year period. CAC is a college access nonprofit organization with the mission to increase the number of underrepresented, low-income, or first-generation postsecondary degree or certificate students entering and completing their postsecondary education at community colleges and universities. In furthering this mission, CAC operates an innovative model of partnering with schools, communities, families, and postsecondary institutions, including providing for a two-year service opportunity to recent college graduates as near-peer college advisers working full-time in the public schools, with an emphasis on engaging college advisers who have similar backgrounds to the students the program seeks to serve. Near-peer college advisers perform various services for those students that are key components to the proven success of the program, including (i) attending postsecondary campus visits, fairs, and workshops with students, (ii) assisting with registering for college entrance exams, (iii) assisting with Free Application for Federal Student Aid (FAFSA) registrations and completions, (iv) identifying available scholarships, (v) assisting with postsecondary applications, and (vi) engaging with parents.

SECTION 8.3.(b) Funds for the Third Year of the Program. – It is the intent of the General Assembly to appropriate from the General Fund to the Board of Governors of The University of North Carolina an additional sum of two hundred eighty-three thousand three hundred thirty-three dollars (\$283,333) in recurring funds for a net appropriation of two million eight hundred thirty-three thousand three hundred thirty-three dollars (\$2,833,333) in recurring funds to be provided to CAC for the 2021-2022 fiscal year and subsequent fiscal years for the purpose of expanding the placement of college advisers to all 100 counties of the State in the third year of the expansion of the CAC program.

SECTION 8.3.(c) Matching Funds. – Funds made available to CAC pursuant to this section shall be matched by CAC on the basis of two dollars (\$2.00) in non-State funds for every one dollar (\$1.00) in State funds. Availability of these matching funds shall not revert, but shall continue to be available for the purposes set forth in this section.

SECTION 8.3.(d) Use of Funds. – CAC shall focus the first two years of the expansion of its program using the funds provided to it under this section by placing college advisers in counties designated as Tier 1 and Tier 2. For the third year of the expansion, CAC shall use the funds provided to it to place college advisers in the remaining counties designated as Tier 3 in order to achieve placement of college advisers in all 100 counties of the State. In addition, CAC shall select at least three additional postsecondary institutions to partner with in order to increase the number of recent graduates working as near-peer college advisers to meet the needs of the program expansion. Once CAC has reached the goal of placement of college advisers in 100 counties, the funds provided to it for the program shall be used to continue the

mission of the program to increase access for North Carolina public school students to postsecondary degree or certificate attainment at community colleges and universities.

SECTION 8.3.(e) Reporting Requirements. – CAC shall submit a report by June 1 of each year in which CAC spends State funds made available to it pursuant to this section to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the progress of expanding the placement of college advisers, data on the effectiveness of the program in increasing access for students to postsecondary education, and the use of State funds.

REPEAL BOG MANDATORY REVIEW OF CERTAIN UNC HUMAN RESOURCES ACTIONS

SECTION 8.4. G.S. 116-17.3 is repealed.

UNC LABORATORY SCHOOL MODIFICATIONS/FUNDS

SECTION 8.5.(a) G.S. 116-239.5 is amended by adding a new subsection to read:

"(e) In addition to all other immunities provided to them by applicable State law, the Subcommittee, chancellor, the constituent institution, an advisory board, and a laboratory school, and their members, employees, and agents shall be entitled to the specific immunities provided for in Chapter 115C of the General Statutes applying to the State Board of Education, Superintendent of Public Instruction, a local board of education, a local school administrative unit, and their members and employees. Any such immunity to liability established by this subsection shall not extend to gross negligence, wanton conduct, or intentional wrongdoing that would otherwise be actionable. Immunity established by this subsection shall be deemed to be waived to the extent of indemnification under Article 31A and Article 31B of Chapter 143 of the General Statutes and to the extent sovereign immunity is waived under the Tort Claims Act, as set forth in Article 31 of Chapter 143 of the General Statutes."

SECTION 8.5.(b) G.S. 116-239.7(b) reads as rewritten:

"(b) Resolution by the Subcommittee to Approve a Laboratory School. – The Subcommittee shall adopt a resolution upon the approval of each laboratory school, which shall include the following:

- (1) Name of the laboratory school.
- (2) The local school administrative unit in which the laboratory school shall be located.
- (3) A term of operation for the laboratory school of five years from the date of initial operation. At the end of the initial five years of operation, the Subcommittee shall renew the term of operation for additional five-year periods under the resolution if the 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 Subcommittee at the end of the term for an additional five years.~~ section. If the 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 Subcommittee shall may renew the term of operation for additional five-year periods under the resolution if the Subcommittee finds the school is successfully meeting its mission to improve student performance and provide valuable exposure and training for teachers and principals in the constituent institution's educator preparation program. The Subcommittee may terminate operation of any laboratory school during the initial term of operation or during a five-year renewal period if the Subcommittee finds it is failing to meet expected progress toward meeting the

mission of the school consistent with the requirements of this Article. The Subcommittee shall notify the Board of Governors of the end of the term of operation of a laboratory school and request designation of additional constituent institutions with educator preparation programs to establish a laboratory school in accordance with the provisions of this Article."

SECTION 8.5.(c) G.S. 116-239.8(b)(4) reads as rewritten:

"(4) Food and transportation services. – The local school administrative unit in which the laboratory school is located shall provide ~~food services and~~ transportation to students attending who reside in the local school administrative unit and attend the laboratory school, including any students who are homeless and require assistance pursuant to 42 U.S.C. § 11301, et seq., the McKinney-Vento Homeless Assistance Act. The requirement to provide transportation to students residing in the local school administrative unit shall (i) apply regardless of where a laboratory school student resides in the unit or how the unit's transportation policies and practices are applied to other students and (ii) include providing transportation of students and personnel for laboratory school extracurricular activities and educational trips in the same manner as other schools in the unit for that school year. The local school administrative unit in which the laboratory school is located shall ~~administer~~ administer, at its cost, the National School Lunch Program for the laboratory school in accordance with G.S. 115C-264. The chancellor shall arrange for the provision of these services from the local school administrative unit."

SECTION 8.5.(d) G.S. 116-239.9 reads as rewritten:

"§ 116-239.9. Student admissions and assignment.

(a) A child shall be eligible to attend a laboratory school if the child resides in the local school administrative unit in which a laboratory school is located and meets at least one of the following criteria:

- (1) Is assigned to a low-performing school, as defined by G.S. 115C-105.37 at the time of the student's application.
- (2) Did not meet expected growth in the prior school year based on one or more indicators listed in subsection (c1) of this section.
- (3) Is the sibling of a child who is eligible under subdivision (1) or (2) of this subsection.
- (4) Is the child of a laboratory school employee.

(b) No local board of education shall require any student enrolled in the local school administrative unit to attend a laboratory school.

(c) During each period of enrollment, the laboratory school shall enroll an eligible student under subsection (a) of this section who submits a timely application, 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. The laboratory school may give enrollment priority to the sibling of an enrolled student who attended the laboratory school in the prior school year.

(c1) For the purposes of this Article, any of the following shall serve as indicators that a student did not meet expected student growth in the prior school year: (i) grades, (ii) observations, (iii) diagnostic and formative assessments, (iv) State assessments, or (v) other factors, including reading on grade level.

(c2) Notwithstanding the requirements of subsection (a) of this section, if a laboratory school has not reached enrollment capacity in a program, class, grade level, or building by March 1, prior to the start of the next school year, the laboratory school may enroll children who reside in the local school administrative unit in which the laboratory school is located but do not meet

one of the criteria set forth in subdivisions (1) through (4) of subsection (a) of this section for up to twenty percent (20%) of the total capacity of the program, class, grade level, or building.

(d) Notwithstanding any law to the contrary, a 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.

(e) Within one year after a laboratory school begins operation, the laboratory school shall make efforts for the population of the school to reasonably reflect the racial, ethnic, and socioeconomic composition of the general population residing within the local school administrative unit in which the school is located."

SECTION 8.5.(e) Section 11.6(d) of S.L. 2016-94, as amended by Section 4 of S.L. 2017-117, reads as rewritten:

"**SECTION 11.6.(d)** Notwithstanding G.S. 116-239.5, (i) at least ~~nine~~ six laboratory schools shall be established pursuant to Article 29A of Chapter 116 of the General Statutes, as enacted by this section, and in operation by the beginning of the ~~2019-2020~~ 2020-2021 school year and (ii) at least an additional three laboratory schools shall be established pursuant to Article 29A of Chapter 116 of the General Statutes and in operation by the beginning of the 2022-2023 school year."

SECTION 8.5.(f) The funds appropriated by this act to the Board of Governors of The University of North Carolina for the 2019-2021 fiscal biennium to support the operation of laboratory schools shall not be used to create new positions or to hire additional consultants for The University of North Carolina System Office.

SECTION 8.5.(g) Subsection (a) of this section applies to an action or omission of an action occurring on or after the date this act becomes law. Subsections (c) and (d) of this section apply beginning with the 2019-2020 school year.

EXTEND REPORT DATE FOR UNC BOARD OF GOVERNORS PLANNING TASK FORCE

SECTION 8.6. Section 36.6 of S.L. 2018-5 reads as rewritten:

"**SECTION 36.6.(a)** There is created the UNC Board of Governors Planning Task Force. The Task Force shall consist of four current Board members appointed by the Board of Governors, one of whom shall be designated as chair. These appointments shall be made no later than August 1, 2018.

"**SECTION 36.6.(b)** The Task Force shall conduct a systemwide analysis of the capital needs of the campuses of each constituent institution in relation to the Science Technology Engineering and Mathematics (STEM) subject area, taking into account the strengths, weaknesses, opportunities, and needs of each constituent institution, and any regional similarities and differences. The Task Force shall also consider the impact of any relevant programmatic planning elements being currently utilized that could be implemented as a best-practice among other similar programmatic areas to encourage systemwide efficiencies. In particular, the Task Force shall consider the capital needs relating to the Brody School of Medicine at East Carolina University, the UNC Applied Physical Sciences and Institute for Convergent Science in Chapel Hill, and other STEM projects to determine areas where capital funds may be used more efficiently and effectively. The Task Force shall use the information gathered pursuant to this subsection to compile a UNC System Plan.

"**SECTION 36.6.(c)** The three million dollars (\$3,000,000) appropriated to the Board of Governors of The University of North Carolina in Section 36.2 of this act shall be used by the Task Force in conducting the analysis described in subsection (b) of this section. On or before ~~April 1, 2019~~, February 1, 2020, the Task Force shall submit a report containing the UNC System Plan and any legislative recommendations to the Joint Legislative Capital Improvements Oversight Committee and the Fiscal Research Division."

INCREASE OF UNC CARRYFORWARD PERCENTAGE FOR FOUR YEARS

SECTION 8.7.(a) G.S. 116-30.3 reads as rewritten:

"§ 116-30.3. Reversions.

(a) Of the General Fund current operations appropriations credit balance remaining at the end of each fiscal year in each of the budget codes listed in this subsection, any amount of the General Fund appropriation for that budget code for that fiscal year (i) may be carried forward to the next fiscal year in that budget code, (ii) is appropriated in that budget code, and (iii) may be used for any of the purposes set out in subsection (f) of this section. However, the amount carried forward in each budget code under this subsection shall not exceed ~~two and one-half~~ five percent ~~(2.5%)~~ (5%) of the General Fund appropriation in that budget code. The Director of the Budget, under the authority set forth in G.S. 143C-6-2, shall establish the General Fund current operations credit balance remaining in each budget code.

The budget codes that may carry forward a General Fund current operations appropriations credit balance remaining at the end of each fiscal year pursuant to this section are the budget codes for each of the following:

- (1) Each special responsibility constituent institution.
- (2) The Area Health Education Centers of the University of North Carolina at Chapel Hill.
- (3) University of North Carolina System Office Budget Code 16010.

...

(f) Funds carried forward pursuant to subsection (a) of this section may be used for one-time expenditures, ~~provided, however, that the expenditures including any funds carried forward in a budget code in excess of two and one-half percent (2.5%) of the General Fund appropriation for that budget code may be used for projects that are eligible to receive funds under G.S. 143C-8-13(a). Expenditures authorized by this subsection shall not impose additional financial obligations on the State and shall not be used to support positions."~~

SECTION 8.7.(b) Effective July 1, 2023, G.S. 116-30.3, as amended by subsection (a) of this section, reads as rewritten:

"§ 116-30.3. Reversions.

(a) Of the General Fund current operations appropriations credit balance remaining at the end of each fiscal year in each of the budget codes listed in this subsection, any amount of the General Fund appropriation for that budget code for that fiscal year (i) may be carried forward to the next fiscal year in that budget code, (ii) is appropriated in that budget code, and (iii) may be used for any of the purposes set out in subsection (f) of this section. However, the amount carried forward in each budget code under this subsection shall not exceed ~~five~~ two and one-half percent ~~(5%)~~ (2.5%) of the General Fund appropriation in that budget code. The Director of the Budget, under the authority set forth in G.S. 143C-6-2, shall establish the General Fund current operations credit balance remaining in each budget code.

The budget codes that may carry forward a General Fund current operations appropriations credit balance remaining at the end of each fiscal year pursuant to this section are the budget codes for each of the following:

- (1) Each special responsibility constituent institution.
- (2) The Area Health Education Centers of the University of North Carolina at Chapel Hill.
- (3) University of North Carolina System Office Budget Code 16010.

...

(f) Funds carried forward pursuant to subsection (a) of this section may be used for one-time expenditures, ~~including any funds carried forward in a budget code in excess of two and one-half percent (2.5%) of the General Fund appropriation for that budget code may be used for projects that are eligible to receive funds under G.S. 143C-8-13(a). expenditures.~~

Expenditures authorized by this subsection shall not impose additional financial obligations on the State and shall not be used to support positions."

NC PATRIOT STAR FAMILY SCHOLARSHIP PROGRAM

SECTION 8.8.(a) Establishment of the Scholarship Program. – From the funds appropriated to the Board of Governors of The University of North Carolina for the 2019-2021 fiscal biennium for the North Carolina Patriot Star Family Scholarship Program (Program), the Board of Governors shall provide those funds as directed grants to (i) the Patriot Foundation, a nonprofit corporation, and (ii) the Marine Corps Scholarship Foundation, Inc., a nonprofit corporation, for the purpose of establishing and administering scholarships in accordance with the requirements of the Program. The Program shall provide for scholarships to eligible children and eligible spouses of certain veterans and eligible children of certain currently serving members of the Armed Forces to attend eligible postsecondary institutions in accordance with the requirements of this section.

SECTION 8.8.(b) Definitions. – For the purposes of this section, the following definitions apply:

- (1) Armed Forces. – A component of the United States Army, Navy, Marine Corps, Air Force, and Coast Guard, including their reserve components.
- (2) Eligible child or eligible children. – Any person (i) who is attending or has been accepted to enroll in an eligible postsecondary institution, (ii) who is a legal resident of North Carolina when scholarship documentation is completed, provided that if a child is claimed as a dependent by the child's parent, residency may be established based on a parent meeting sub-sub-subdivision 4. of sub-subdivision a. of this subdivision, (iii) has complied with the requirements of the Selective Service System, if applicable, and (iv) whose parent is a veteran or a currently serving member of the Armed Forces that meets the following:
 - a. Meets one of the following residency conditions:
 1. Is a resident of North Carolina at the time of scholarship documentation completion.
 2. Was a resident of North Carolina at the time of entrance into service in the Armed Forces.
 3. Was permanently stationed in North Carolina at the time of his or her death.
 4. Is an active duty service member permanently stationed in North Carolina at the time of documentation completion.
 - b. Meets one of the following service conditions:
 1. Was a member of the Armed Forces who was killed in action or in the line of duty, or died of wounds or other causes not due to the service member's willful misconduct during a period of war or national emergency.
 2. Was a member of the Armed Forces who died of service-connected injuries, wounds, illness, or other causes incurred or aggravated while a member of the Armed Forces during a period of war or national emergency. Standard documentation of the parent's death, wounds, injury, or illness must be supplied by a scholarship recipient at the time of scholarship request.
 3. Is a veteran of the Armed Forces who incurred traumatic injuries or wounds or sustained a major illness while a member of the Armed Forces during a period of war or national

- emergency and is receiving compensation for a wartime service-connected disability of at least fifty percent (50%) as rated by the U.S. Department of Veterans Affairs.
4. Is a current member of the Armed Forces who incurred traumatic injuries or wounds or sustained a major illness while a member of the Armed Forces during a period of war or national emergency. The parent's traumatic wounds, injury, or major illness must be documented by the U.S. Department of Defense.
- (3) Eligible spouse. – Any person (i) who is attending or has been accepted to enroll in an eligible postsecondary institution, (ii) who is a legal resident of North Carolina when scholarship documentation is completed, (iii) has complied with the requirements of the Selective Service System, if applicable, and (iv) whose spouse was a member of the Armed Forces who was killed in action or in the line of duty, or died of wounds or other causes not due to the service member's willful misconduct during a period of war or national emergency.
 - (4) Eligible postsecondary institution. – A school that is any of the following:
 - a. A constituent institution of The University of North Carolina.
 - b. A community college under the jurisdiction of the State Board of Community Colleges.
 - c. A private educational institution as defined in G.S. 143B-1224.
 - d. An accredited, private vocational institution.
 - (5) Veteran. – An individual who has served and is no longer serving in the Armed Forces of the United States. For the purposes of this section, the veteran must have separated from the Armed Forces under honorable conditions or whose death or disability of at least fifty percent (50%) or more was incurred as a direct result of service in the line of duty.

SECTION 8.8.(c) Administration; Awards. – Within the funds made available for the Program, the Patriot Foundation and the Marine Corps Scholarship Foundation shall each separately administer and award scholarships to eligible children and eligible spouses in accordance with the requirements of the North Carolina Patriot Star Family Scholarship Program. In administering the Program, each nonprofit corporation shall be responsible for program oversight for the scholarships awarded through its organization to ensure compliance with the provisions of this section.

Each nonprofit corporation shall, at a minimum, establish criteria and procedures related to scholarship documentation completion, the amount of individual scholarships, the permissible uses of scholarship funds, the period of eligibility for award of a scholarship, the conditions for a revocation of a scholarship, and any other procedures it deems necessary for its administration of the Program. A scholarship awarded to an eligible child or eligible spouse shall not exceed the cost of attendance at the eligible postsecondary institution.

If an eligible child or eligible spouse receives a scholarship or other grant covering the cost of attendance at an eligible postsecondary institution for which the scholarship is awarded, then the amount of a scholarship awarded under this section shall be reduced so that the sum of all grants and scholarships covering the cost of attendance received by the eligible child or eligible spouse does not exceed the cost of attendance for the institution. For the purposes of this subsection, cost of attendance shall be deemed to include monies for tuition, fees, books, supplies, and equipment required for study at an eligible postsecondary institution, as well as room and board as long as the scholarship recipient is enrolled as at least a half-time student at the institution. Off-campus housing costs for room and board are also included to the extent the eligible postsecondary institution includes it in its cost of attendance.

SECTION 8.8.(d) Reporting. – The Patriot Foundation shall submit a report by April 1 of each year in which the Patriot Foundation spends State funds made available for the Program to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the activities described by this section and the use of the State funds.

The Marine Corps Scholarship Foundation, Inc., shall submit a report by April 1 of each year in which the Marine Corps Scholarship Foundation spends State funds made available for the Program to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the activities described by this section and the use of the State funds.

REPORT TO THE GA ON CHANGES TO UNC ENROLLMENT FUNDING FORMULA

SECTION 8.9.(a) Other than enrollment funding requests for the 2019-2020 and 2020-2021 academic years based on actual completed course credit hours, the Board of Governors of The University of North Carolina (UNC) shall not adopt changes to the UNC Enrollment Funding Formula or to the allocation of enrollment funds to constituent institutions to become effective prior to July 1, 2020, without first reporting the proposed changes to the 2019 General Assembly and the Fiscal Research Division of the General Assembly at least 60 days prior to the effective date of any such adopted changes.

SECTION 8.9.(b) If the Board of Governors adopts changes to the UNC Enrollment Funding Formula or to the allocation of enrollment funds to constituent institutions for the 2020-2021 academic year, other than enrollment funding requests based on actual completed course credit hours, the adopted changes shall become effective on July 1, 2020, unless a bill that specifically disapproves the UNC Enrollment Funding Formula is introduced in either house of the General Assembly before the thirty-first legislative day of the 2020 Regular Session of the 2019 General Assembly. The UNC Enrollment Funding Formula shall become effective on the July 1 immediately following the earlier of either the day an unfavorable final action is taken on the bill or the day that session of the General Assembly adjourns without ratifying a bill that specifically disapproves the UNC Enrollment Funding Formula. If the UNC Enrollment Funding Formula is specifically disapproved by a bill enacted into law before it becomes effective, the UNC Enrollment Funding Formula shall not become effective. For the purposes of this section, a bill specifically disapproves the UNC Enrollment Funding Formula if it contains a provision that refers to the UNC Enrollment Funding Formula and states that the UNC Enrollment Funding Formula is disapproved. Notwithstanding any rule of either house of the General Assembly, a bill may be introduced as described by this section during the first 30 legislative days of the 2020 Regular Session.

FUNDS FOR UNC-ASHEVILLE WOODS RESIDENCE HALL

SECTION 8.10.(a) Notwithstanding Section 36.6(c) of S.L. 2018-5, as amended by Section 8.6 of this act, of the funds appropriated to the Board of Governors of The University of North Carolina for the UNC Board of Governors Planning Task Force for the 2018-2019 fiscal year under Section 36.2 of S.L. 2018-5 that are unexpended and unencumbered at the end of the 2018-2019 fiscal year, the sum of up to seven hundred seventy-nine thousand dollars (\$779,000) shall not revert to the General Fund at the end of the fiscal year, but instead, shall be allocated by the Board of Governors to the University of North Carolina at Asheville (UNC-Asheville) for the 2019-2020 fiscal year to cover the expenses incurred by UNC-Asheville related to meeting the building requirements imposed by the Department of Insurance upon UNC-Asheville to allow students to occupy the university's newly constructed Woods Residence Hall for the beginning of the 2018-2019 academic year.

SECTION 8.10.(b) This section becomes effective June 30, 2019.

MODIFY FUTURE TEACHERS OF NORTH CAROLINA

SECTION 8.12.(a) G.S. 116-41.30(b) reads as rewritten:

"(b) Program. – FTNC shall be a ~~program providing professional development and curricula for courses that provide selective, application-based symposium for high school juniors and seniors, offering a challenging introduction to teaching as a profession for high school students through courses offered by participating high schools in conjunction with college partners.~~ profession. FTNC courses shall include both content on pedagogy and the profession of teaching and field experiences for high school students. provide instruction on pedagogy, ethics and professionalism, child development, successful teaching strategies and classroom management practices, effective lesson planning, assessment and intervention, and requirements of teacher licensure. The FTNC Symposium should provide practical benefits to participating students, which may include interaction with current educators, administrators, and educator preparation program faculty members, a simulated student teaching experience, and information about financial aid and scholarship opportunities."

SECTION 8.12.(b) G.S. 116-41.31 reads as rewritten:

"§ 116-41.31. Oversight of Future Teachers of North Carolina.

(a) ~~FTNC General Administration. System Office.~~ – FTNC shall be administratively located in The University of North Carolina System Office. 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.~~ establish a Future Teachers of North Carolina Advisory Council (FTNC Council) to oversee the FTNC program. At the President's discretion, the FTNC Council shall coordinate with constituent institutions to utilize expertise from administrators, faculty, and staff members of institutions of higher education in designing the agenda and instructional content for the FTNC Symposium. The FTNC Council shall ensure diverse representation of the educator preparation programs represented at the FTNC Symposium. The FTNC Council shall also be responsible for creating an application process for interested high school students, reviewing submitted applications, selecting students to attend, and recruitment and outreach efforts.

(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 System Office 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 System Office 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 System Office 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."~~

SECTION 8.12.(c) G.S. 116-41.32 reads as rewritten:

"§ 116-41.32. Future Teachers of North Carolina reporting.

The University of North Carolina System Office shall report annually, beginning October 15, 2019, 2020, on the following:

- (1) ~~Total number and names of local school administrative units with List of high schools and local school administrative units represented by 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.~~ students.
- (1a) Number of students who submitted an application to attend the FTNC Symposium.
- (1b) Number of students attending the FTNC Symposium, including distribution by region.
- (2) Demographic information of students enrolled in FTNC courses attending the FTNC Symposium.
- (2a) Description of the event agenda and content.
- (3) Percentage of students who, after completing the course, attending the FTNC Symposium, reported the following:
 - a. The student plans to choose teaching as a profession.
 - a1. The student plans to enroll in a community college, a constituent institution, a private postsecondary institution located in North Carolina, or a postsecondary institution located in another state.
 - b. The course FTNC Symposium was very or somewhat effective in helping the student formulate a positive perception of the education profession.
 - c. The coursework and activities FTNC Symposium 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."~~

MODIFY IN-STATE TUITION FOR CERTAIN VETERANS AND OTHER INDIVIDUALS

SECTION 8.13.(a) G.S. 116-143.3A reads as rewritten:

"§ 116-143.3A. Waiver of 12-month residency requirement for certain veterans and other individuals entitled to federal education benefits under 38 U.S.C. Chapter 30 or 38 U.S.C. Chapter 33.individuals.

- (a) Definitions. – The following definitions apply in this section:
 - (1) Abode. – Has the same meaning as G.S. 116-143.3(a)(1).
 - (2) Armed Forces. – Has the same meaning as G.S. 116-143.3(a)(2).
 - (3) Veteran. – A person who served active duty for not less than 90 days in the Armed Forces, the Commissioned Corps of the U.S. Public Health Service, or the National Oceanic and Atmospheric Administration and who was discharged or released from such service.

(b) ~~Waiver of 12-Month Residency Requirement for Veteran-Certain Individuals. – Any veteran-veteran, dependent of a veteran, or other individual who qualifies for admission to an institution of higher education as defined in G.S. 116-143.1(a)(3) is eligible to be charged the in-State tuition rate and applicable mandatory fees for enrollment-enrollment, to the extent required by Section 702 of the Veterans Access, Choice, and Accountability Act of 2014, as amended, 38 U.S.C. § 3679, without satisfying the 12-month residency requirement under G.S. 116-143.1, provided the veteran-individual meets all of the following criteria:~~

- ~~(1) The veteran applies for admission to the institution of higher education and enrolls within three years of the veteran's discharge or release from the Armed Forces, the Commissioned Corps of the U.S. Public Health Service, or the National Oceanic and Atmospheric Administration.~~
- ~~(2) The veteran qualifies for and uses educational benefits pursuant to 38 U.S.C. Chapter 30 (Montgomery G.I. Bill Active Duty Education Assistance Program) or 38 U.S.C. Chapter 33 (Post 9/11 Educational Assistance), as administered by the U.S. Department of Veterans Affairs.~~
- ~~(3) The veteran's-individual's abode is North Carolina.~~
- ~~(4) The veteran-individual provides the institution of higher education at which the veteran-individual intends to enroll a letter of intent to establish residence in North Carolina.~~
- ~~(5) The individual meets the definition of a "covered individual" under 38 U.S.C. § 3679(c).~~

~~(c) Eligibility of Other Individuals Entitled to Federal Educational Benefits Under 38 U.S.C. Chapter 30 or 38 U.S.C. Chapter 33. – Any person who is entitled to federal educational benefits under 38 U.S.C. Chapter 30 or 38 U.S.C. Chapter 33 is also eligible to be charged the in-State tuition rate and applicable mandatory fees for enrollment without satisfying the 12-month residency requirement under G.S. 116-143.1, if the person meets all of the following criteria:~~

- ~~(1) The person qualifies for admission to the institution of higher education as defined in G.S. 116-143.1(a)(3) and, with the exception of individuals described in subsections (c1) and (c2) of this section, enrolls in the institution of higher education within three years of the veteran's discharge or release from the Armed Forces, the Commissioned Corps of the U.S. Public Health Service, or the National Oceanic and Atmospheric Administration.~~
- ~~(2) The person is the recipient of federal educational benefits pursuant to 38 U.S.C. Chapter 30 (Montgomery G.I. Bill Active Duty Education Assistance Program) or 38 U.S.C. Chapter 33 (Post 9/11 Educational Assistance), as administered by the U.S. Department of Veterans Affairs.~~
- ~~(3) The person's abode is North Carolina.~~
- ~~(4) The person provides the institution of higher education at which the person intends to enroll a letter of intent to establish residence in North Carolina.~~

~~(c1) Recipients using transferred Post 9/11 GI Bill benefits (38 U.S.C. § 3319) while the transferor is on active duty in the Armed Forces, the commissioned corps of the U.S. Public Health Service, or the National Oceanic and Atmospheric Administration are eligible for the in-State tuition rate, provided the recipient's abode is in North Carolina and the recipient provides the institution of higher education a letter of intent to establish residency in North Carolina.~~

~~(c2) Recipients of the Marine Gunnery Sergeant John David Fry Scholarship (38 U.S.C. § 3311(b)(9)), whose parent or spouse died in the line of duty, without regard as to whether the death in the line of duty followed a period of active duty service of 90 days or more, are eligible to receive in-State tuition under this section, provided the recipient's abode is in North Carolina and the recipient provides the institution of higher education a letter of intent to establish residency in North Carolina.~~

(d) After the expiration of the three-year period following discharge as described in 38 U.S.C. § 3679(c), any ~~enrolled veteran entitled to federal educational benefits under 38 U.S.C. Chapter 30 or 38 U.S.C. Chapter 33 and any other enrolled individual described in subsection (e) of this section entitled to federal educational benefits under 38 U.S.C. Chapter 30 or 38 U.S.C. Chapter 33~~ who is eligible for in-State tuition under this section shall continue to be eligible for the in-State tuition rate so long as the covered individual remains continuously enrolled (other than during regularly scheduled breaks between courses, quarters, terms, or semesters) at that institution of higher education.

(e) The individual applying for the benefit of this section has the burden of proving entitlement to the benefit."

SECTION 8.13.(b) This section applies to qualifying veterans and other individuals who are enrolled or who enroll in institutions of higher education for any academic quarter, term, or semester that begins on or after the date this act becomes law.

UMSTEAD ACT EXEMPTION/NC A&T STATE UNIVERSITY

SECTION 8.14. G.S. 66-58(c) reads as rewritten:

"(c) The provisions of subsection (a) shall not prohibit:

(1) The sale of products of experiment stations or test farms.

(1a) The sale of products raised or produced incident to the operation of a community college or college viticulture/enology program as authorized by G.S. 18B-1114.4 or the operation of a community college or college brewing, distillation, or fermentation program as authorized by G.S. 18B-1114.6.

(1b) The sale by North Carolina State University at University-owned facilities of dairy products, including ice cream, cheeses, milk-based beverages, and the by-products of heavy cream, produced by the Dairy and Process Applications Laboratory, so long as any profits are used to support the Department of Food Science and College of Agriculture and Life Sciences at North Carolina State University.

(1c) The sale by North Carolina Agricultural and Technical State University (NC A&T State University) at University-owned facilities of dairy products, including ice cream, cheeses, milk-based beverages, and the by-products of heavy cream, produced by the University Farm at NC A&T State University, so long as any profits are used to support the Agricultural Research Program in the College of Agriculture and Environmental Sciences at NC A&T State University.

...."

UNC REPORT ON STATE BUDGET ALLOCATIONS AND POLICIES

SECTION 8.15. G.S. 116-11 is amended by adding the following new subdivision to read:

"(9b) The Board of Governors shall report by February 1 of each year to the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on Education/Higher Education, the House of Representatives Appropriations Subcommittee on Education, and the Fiscal Research Division on the actions and adjustments necessary to its budgetary policies, regulations, and standards resulting from the Current Operations Appropriations Act for the administration and operation of The University of North Carolina and the distribution of State and federal funds to constituent institutions. The report shall include at least the following information for each constituent institution:

- a. Guidelines related to State salaries of University of North Carolina employees, including range, median, and mean of faculty salaries at the institution.
- b. Budget allocations and reductions, including for operating expenses and specific programs.
- c. Distribution of additional State allocations for enrollment funding.
- d. Use of State funds and budget flexibility.
- e. Availability of federal funds.
- f. Tuition and fees.
- g. Composition of the student population at the institution, including headcount enrollment and full-time student enrollment for both undergraduate and graduate students, and aggregate data on residency status, median household income, gender, race, and ethnicity.
- h. Student retention and graduation rates.
- i. Postsecondary educational attainment rate at the institution, including comparison to statewide data.
- j. A comparison to prior fiscal year expenditures and appropriations."

UNC SYSTEM OFFICE/CREATE SEARCHABLE DATABASE OF MILITARY CREDIT EQUIVALENCIES

SECTION 8.18. The University of North Carolina System Office, in collaboration with the North Carolina Community College System through the Military Credit Advisory Council, shall create a searchable database of military credit equivalencies to better serve military-affiliated students and to complete the initial phase of military credit evaluations.

UNC ENROLLMENT FUNDING FOR COMPREHENSIVE TRANSITION PROGRAMS

SECTION 8.19. For the purposes of allocating enrollment funding to constituent institutions of The University of North Carolina, beginning with the 2019-2020 fiscal year, the Board of Governors shall allocate funds each fiscal year to constituent institutions on the same basis as full-time students enrolled in a curriculum program for up to 100 resident full-time students enrolled in either a four-semester or eight-semester certificate accomplishment program approved by the United States Department of Education as a Comprehensive Transition Program (CTP) pursuant to the Higher Education Opportunity Act of 2008, 20 U.S.C. §§ 1140f–1140i. If more than 100 resident full-time students are enrolled in CTPs at constituent institutions in any academic year, the Board of Governors shall allocate funds to each eligible constituent institution on a pro rata basis.

PART VIII-A. UNIVERSITY/STATE EDUCATION ASSISTANCE AUTHORITY

NC SCHOOL OF SCIENCE AND MATHEMATICS TUITION GRANTS

SECTION 8A.2.(a) Article 23 of Chapter 116 of the General Statutes is amended by adding a new Part to read:

"Part 6. Tuition Grant for Graduates of the North Carolina School of Science and Mathematics.

"§ 116-209.90. Tuition grants for graduates to attend a constituent institution.

(a) Program Established. – There is established the Tuition Grant for Graduates of the North Carolina School of Science and Mathematics Program (Program). Within the funds made available for the Program, a State resident who graduates from the North Carolina School of Science and Mathematics (NCSSM) in each school year, beginning with the 2019-2020 school year, and who enrolls as a full-time student in a constituent institution of The University of North

Carolina in the next academic year after graduation shall be eligible for a tuition grant awarded for that student's first academic year in accordance with this Part.

(b) Administration of Grants. – The Authority shall administer the tuition grants provided for in this Part pursuant to guidelines and procedures established by the Authority consistent with its practices for administering State-funded financial aid. The guidelines and procedures shall include an application process and schedule, notification and disbursement procedures, standards for reporting, and standards for return of tuition grants when a student withdraws. The Authority shall not approve any grant until it receives proper certification from the appropriate constituent institution that the student applying for the grant is an eligible student. Upon receipt of the certification, the Authority shall remit, at the times it prescribes, the tuition grant to the constituent institution on behalf, and to the credit, of the student. In the event a student on whose behalf a tuition grant has been paid is not enrolled and carrying a minimum academic load as of the tenth classroom day following the beginning of the school term for which the tuition grant was paid, the constituent institution shall refund the full amount of the tuition grant to the Authority.

(c) Award of Grants. – Except as provided in subsections (d) and (e) of this section, the amount of the grant awarded to a student shall be the full tuition cost at the constituent institution in which the student is enrolled for the student's first academic year. No tuition grant awarded to a student under this section shall exceed the cost of attendance at the constituent institution for which the student is enrolled.

(d) Reduction of an Award Due to Other Aid. – If a student, who is eligible for a tuition grant under this section, also receives a scholarship or other grant covering the cost of attendance at the constituent institution for which the tuition grant is awarded, then the amount of the tuition grant shall be reduced by an appropriate amount determined by the Authority so that the total amount of scholarships and grants received by the student does not exceed the cost of attendance for the institution. The cost of attendance shall be determined by the Authority for each constituent institution.

(e) Pro Rata Amount. – In the event there are not sufficient funds available for the Program to provide each eligible student with a full tuition grant as provided for by this Part, each eligible student shall receive a pro rata share of funds available for that academic year.

"§ 116-209.91. North Carolina Tuition Grant Fund Reserve.

The North Carolina Tuition Grant Fund Reserve is established as a reserve to be administered by the Authority. All funds appropriated to or otherwise received by the Authority to provide tuition grants under this Part, all returned tuition grant monies, and all interest earned on these funds shall be placed in the Fund. The Fund shall be used for (i) tuition grants for the academic year that begins in the fiscal year following the fiscal year in which the appropriation is made to the Reserve and (ii) the administrative costs of the Authority, provided that no more than five percent (5%) of the funds appropriated each fiscal year for tuition grants is expended for administrative purposes."

SECTION 8A.2.(b) This section applies beginning with the award of tuition grants to the North Carolina School of Science and Mathematics graduating class of the 2019-2020 school year for the 2020-2021 academic year.

WASHINGTON CENTER INTERNSHIP SCHOLARSHIP PROGRAM

SECTION 8A.3.(a) Scholarship program established. – From the funds appropriated by this act for the 2019-2021 fiscal biennium to the Board of Governors of The University of North Carolina to be allocated to the State Education Assistance Authority (Authority) for the Washington Center Internship Scholarship Program, the Authority shall award scholarship grants to students who are residents of North Carolina and are enrolled in their second year or higher in a constituent institution of The University of North Carolina to attend a semester or summer term internship program at the Washington Center for Internships and Academic Seminars

(Washington Center) located in Washington, D.C. The Authority shall administer the scholarship program pursuant to guidelines and procedures established by the Authority consistent with its practices for administering State-funded financial aid. The guidelines and procedures shall include an application process and schedule, notification and disbursement procedures, standards for reporting, and standards for return of funds when a student withdraws from the program. A student who meets the eligibility criteria of the Washington Center to attend a semester or summer term internship program may apply to the Authority for a grant to cover costs related to the internship program in an amount of up to seven thousand dollars (\$7,000). The Authority shall award grants to students in the order in which applications are received.

SECTION 8A.3.(b) Limitations on grant amount. – If a student, who is eligible for a grant pursuant to this section, also receives a scholarship or other grant covering the cost of attendance for the program, then the amount of the State grant shall be reduced by an appropriate amount determined by the Authority. The Authority shall reduce the amount of the grant so that the sum of all grants and scholarship aid covering the cost of attendance shall not exceed the cost of attendance for the program, including program fees, housing, and incidental costs. The cost of attendance shall be established by the Authority in accordance with information provided to the Authority by the Washington Center.

SECTION 8A.3.(c) Internship activities. – A student participating in the Washington Center's program shall (i) intern four days a week with a nonprofit corporation, private company, federal agency, or a member of the United States Congress, (ii) take an academic class taught by the Washington Center's faculty, (iii) participate in academic seminars, (iv) participate in career readiness training programs, and (v) be responsible for a final portfolio project outlining work completed during the program. Students from all academic majors can participate and benefit from the program.

SECTION 8A.3.(d) Administrative costs. – The Authority may use up to one percent (1%) of the funds appropriated each fiscal year for the program for administrative costs.

SECTION 8A.3.(e) Reporting. – By March 1, 2021, the Authority, in consultation with the Washington Center, shall report to the Joint Legislative Education Oversight Committee, the chairs of the Senate Appropriations Committee on Education/Higher Education, and the chairs of the House of Representatives Appropriations Committee on Education on the implementation of the scholarship program, including the number of participating students and the amount of awards for each semester or summer term by constituent institution.

SECTION 8A.3.(f) This section applies beginning with the award of scholarship grants for the 2020 spring academic semester.

NEED-BASED SCHOLARSHIPS FOR PRIVATE INSTITUTIONS/DEPENDENTS OF VETERANS AND ACTIVE DUTY MILITARY

SECTION 8A.4.(a) G.S. 116-281(3) reads as rewritten:

"(3) The student must meet at least one of the following:

- a. Qualify as a legal resident of North Carolina and as a resident for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with definitions of residency that may from time to time be adopted by the Board of Governors of The University of North Carolina.
- b. Be a veteran provided the veteran's abode is in North Carolina and the veteran provides the eligible private postsecondary institution a letter of intent to establish residency in North Carolina.
- c. Be an active duty member of the Armed Forces provided the member of the Armed Forces is abiding in this State incident to active military duty in this State.

- d. Be the dependent relative of a veteran who is abiding in North Carolina while sharing an abode with the veteran and the dependent relative provides the eligible private postsecondary institution a letter of intent to establish residency in North Carolina.
- e. Be the dependent relative of an active duty member of the Armed Forces who is abiding in North Carolina incident to active military duty while sharing an abode with the active duty member."

SECTION 8A.4.(b) This section applies beginning with the award of scholarships for the 2020-2021 academic year.

EDUCATION LOTTERY SCHOLARSHIP MODIFICATIONS

SECTION 8A.5.(a) G.S. 115C-499.2 reads as rewritten:

"§ 115C-499.2. Eligibility requirements for a scholarship.

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

- (1) Only needy North Carolina students are eligible to receive scholarships. For purposes of this subsection, "needy North Carolina students" are those eligible students whose expected family contribution under the federal methodology does not exceed five-six thousand dollars ~~(\$5,000)-(\$6,000)~~.

...."

SECTION 8A.5.(b) G.S. 115C-499.3(a) reads as rewritten:

"(a) Subject to the amount of net income available under G.S. 18C-164(b)(2), a scholarship awarded under this Article to a student at an eligible postsecondary institution shall be based upon the enrollment status and expected family contribution of the student and shall not exceed ~~four-five~~ thousand one hundred dollars ~~(\$4,000)-(\$5,100)~~ per academic year, including any federal Pell Grant, to be used for the costs of attendance as defined for federal Title IV programs."

SECTION 8A.5.(c) This section applies beginning with the award of scholarships for the 2020-2021 academic year.

MODIFY NC TEACHING FELLOWS PROGRAM

SECTION 8A.6.(a) G.S. 116-209.62, as amended by subsections (b) and (c) of this section, reads as rewritten:

"§ 116-209.62. North Carolina Teaching Fellows Program established; administration.

...

(f) Program Selection Criteria. – The Authority shall administer the Program in cooperation with ~~five-up to eight~~ institutions of higher education with approved educator preparation programs selected by the Commission that represent a diverse selection of 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~~ up to eight selected institutions for completion of a program leading to initial teacher licensure as follows:

...."

SECTION 8A.6.(b) G.S. 116-209.62(c)(3) reads as rewritten:

"(3) The Authority shall provide the Commission with up to six hundred thousand dollars (\$600,000) from the Trust Fund in each fiscal year for the Commission to provide mentoring and coaching support to forgivable loan recipients through the North Carolina New Teacher Support Program ~~as follows:~~

- a. ~~Up in an amount of up to two thousand two hundred dollars (\$2,000) (\$2,200) for each Program recipient-recipient. Funds shall be prioritized for teachers serving as a teacher in a North Carolina public school-schools identified as low-performing under G.S. 115C-105.37.~~
- b. ~~Up to one thousand dollars (\$1,000) for each Program recipient serving as a teacher in a North Carolina public school not identified as low-performing under G.S. 115C-105.37."~~

SECTION 8A.6.(c) G.S. 116-209.62(g)(4) reads as rewritten:

"(4) Students matriculating at institutions of higher education who are changing to enrollment in an approved program of study at a selected educator preparation program. – Forgivable loans of up to four thousand one hundred twenty-five dollars (\$4,125) per semester for up to four semesters."

SECTION 8A.6.(d) Subsection (a) of this section applies to the award of forgivable loans beginning with the 2020-2021 academic year.

USE OF UNEXPENDED OPPORTUNITY SCHOLARSHIP FUNDS/INFORMATION ON K-12 SCHOLARSHIP PROGRAMS

SECTION 8A.7.(a) G.S. 115C-562.8 reads as rewritten:

"§ 115C-562.8. The Opportunity Scholarship Grant Fund Reserve.

(a) The Opportunity Scholarship Grant Fund Reserve is established as a reserve to be administered by the Board of Governors of The University of North Carolina for the purpose of allocating funds to the Authority for the award of scholarship grants in accordance with this Part. The Reserve shall consist of monies appropriated from the General Fund to the Reserve by the General Assembly and any interest accrued to it thereon. These funds shall be used to award scholarship grants to eligible students for the school year that begins in the fiscal year following the fiscal year in which the appropriation is made to the Reserve. The Board of Governors shall only use monies in the Reserve in accordance with the purposes set forth in this section. Funds appropriated in a particular fiscal year to be used for the award of scholarships in the following fiscal year that are unexpended at the end of the fiscal year after the fiscal year in which the funds were appropriated shall be carried forward for one fiscal year and may be used for the purposes set forth in this section. The Authority shall not expend funds that are carried forward for a fiscal year until the funds from the prior year appropriation to be used to award scholarships are

SECTION 38.10.(a1) Effective July 1, 2020, G.S. 120-37(b), as amended by subsection (a) of this section, reads as rewritten:

"(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary of ~~four hundred forty nine dollars (\$449.00)~~ four hundred sixty dollars (\$460.00) per week plus subsistence at the same daily rate provided for members of the General Assembly, plus mileage at the rate provided for members of the General Assembly for one round trip only from their homes to Raleigh and return. The sergeants-at-arms shall serve during sessions of the General Assembly and at such time prior to the convening of, and subsequent to adjournment or recess of, sessions as may be authorized by the Legislative Services Commission. The reading clerks shall serve during sessions only."

COMMUNITY COLLEGES

SECTION 38.11.(a) For the 2019-2021 fiscal biennium, the community college boards of trustees may provide personnel a salary increase pursuant to the policies adopted by the State Board of Community Colleges. Funds for compensation increases may be used for any one or more of the following purposes: (i) merit pay, (ii) across-the-board increases, (iii) recruitment bonuses, (iv) retention increases, and (v) any other compensation increase pursuant to policies adopted by the State Board of Community Colleges. The State Board of Community Colleges shall report to the General Assembly and the Fiscal Research Division on the use of these funds by no later than March 1, 2020, and March 1, 2021.

SECTION 38.11.(b) Effective July 1, 2019, the minimum salaries for nine-month, full-time curriculum community college faculty for the 2019-2021 fiscal biennium are as follows:

<u>Education Level</u>	<u>Minimum Salary</u>
Vocational Diploma/Certificate or Less	\$37,581
Associate Degree or Equivalent	38,103
Bachelor's Degree	40,371
Master's Degree or Education Specialist	42,382
Doctoral Degree	45,282

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

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

UNIVERSITY OF NORTH CAROLINA SYSTEM

SECTION 38.12. For the 2019-2021 fiscal biennium, the Board of Governors of The University of North Carolina may provide employees with salary increases pursuant to the policies adopted by the Board. Funds for compensation increases may be used for any one or more of the following purposes: (i) merit pay, (ii) across-the-board increases, (iii) recruitment bonuses, (iv) retention increases, and (v) any other compensation increase pursuant to those policies. The Board of Governors of The University of North Carolina shall report to the General Assembly and the Fiscal Research Division on the compensation increases awarded by no later than March 1, 2020, and March 1, 2021.

STATE AGENCY TEACHERS

SECTION 38.13. Employees of schools operated by the Department of Health and Human Services, the Department of Public Safety, and the State Board of Education who are paid on the Teacher Salary Schedule shall be paid as authorized under this act.

MOST STATE EMPLOYEES

SECTION 38.14. Unless otherwise expressly provided by this Part, the annual salaries in effect for the following persons on June 30, 2019, and June 30, 2020, shall be legislatively increased as provided by Section 38.1 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.

ALL STATE-SUPPORTED PERSONNEL

SECTION 38.15.(a) The legislative salary increases provided by this act in each year of the 2019-2021 fiscal biennium 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 June 30, 2019, for the 2019-2020 fiscal year or June 30, 2020, for the 2020-2021 fiscal year. For the 2019-2021 fiscal biennium, payroll checks issued to employees after July 1, 2019, and July 1, 2020, respectively, 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 38.15.(b) 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.

USE OF FUNDS APPROPRIATED FOR LEGISLATIVELY MANDATED INCREASES

SECTION 38.16.(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 that accompanies 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 38.16.(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 38.16.(c) Funds appropriated for legislatively mandated salary and employee benefit increases may not be used to adjust the budgeted salaries of vacant positions, to provide salary increases in excess of those required by the General Assembly, or to increase the budgeted salary of filled positions to the minimum of the position's respective salary range.

SECTION 38.16.(d) 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.

SECTION 38.16.(e) No later than May 1, 2020, for the 2019-2020 fiscal year, and subsequently May 1, 2021, for the 2020-2021 fiscal year, the Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division 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 each year of the biennium:

- (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.

unit shall notify all high-need retired teachers employed by its local board of education of the repeal of this section.

SECTION 38.25.(h) Notwithstanding any other provision of law to the contrary, in order to pay costs associated with the administration of the provisions of this section, the Retirement Systems Division of the Department of State Treasurer may increase receipts from the retirement assets of the Teachers' and State Employees' Retirement System or pay costs associated with the administration directly from the retirement assets. Costs associated with the administration of the provisions of this section shall not exceed fifty thousand dollars (\$50,000) to obtain the private letter ruling from the Internal Revenue Service required under subsection (f) of this section.

SECTION 38.25.(i) Any beneficiary that is employed to teach by a local board of education as a high-need retired teacher, as defined in G.S. 115C-302.4(a)(1), shall not be eligible to elect into a position that would lead him or her to be eligible to accrue any additional benefits under G.S. 135-3(8). Any failure of a local board of education or a beneficiary to comply with the foregoing shall be corrected by the Retirement System as it determines may be appropriate under State and federal law. Any costs of the correction, as determined by the Retirement System, shall be the sole responsibility of the local board of education and shall be transferred to the Pension Accumulation Fund under G.S. 135-8, under rules adopted by the Board of Trustees.

SECTION 38.25.(j) This section expires June 30, 2021.

AMEND SPECIAL INSURANCE BENEFITS PLAN OFFERINGS

SECTION 38.26. G.S. 143-166.60(d)(1) is repealed.

PART XXXIX. CAPITAL

PROCEDURES FOR DISBURSEMENT OF CAPITAL FUNDS

SECTION 39.1. The appropriations made by the 2019 General Assembly for capital improvements are for constructing, repairing, or renovating State buildings, utilities, and other capital facilities, for acquiring sites for them where necessary, for acquiring buildings and land for State government purposes and other purposes as set forth in G.S. 143C-4-3.1, and 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 issued by the Governor as Director of the Budget, which shall not be unreasonably withheld. The allotment shall be issued upon 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 2019 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 2019 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. Amounts contracted for projects authorized by the General Assembly cannot exceed the total project cost authorization.

Disbursement of funds from the State Capital and Infrastructure Fund for projects authorized by an act of the General Assembly shall be made as needed to initiate or advance a capital project. Funds authorized for any particular project shall remain in the State Capital and Infrastructure Fund until such time as disbursement is necessary to satisfy a financial obligation for that project.

CAPITAL IMPROVEMENT AND REPAIRS AND RENOVATIONS APPROPRIATIONS

SECTION 39.2.(a) The following agency capital improvement projects have been assigned a project code for reference to allocations in this Part and for intended project support by the General Assembly for future fiscal years:

Agency Capital Improvement Project	Project Code
Department of Agriculture and Consumer Services	
Eaddy Building—Addition & Renovation	DACS19-1
Tidewater Research Station—Swine Unit Replacements	DACS19-2
Mountain Island State Forest—Improvements	DACS19-3
NCFS—County Offices	DACS19-4
Department of Environmental Quality	
Division of Water Resources—	
Reedy Creek Environmental Lab/Equipment Storage & Workshop	DEQ19-1
Water Resources Development Projects	DEQ-WRD19
Department of Administration	
DHHS/Dix Campus Relocation	DOA19-1
State Gov't. Complex Chiller Plant	DOA19-2
Department of Information Technology	
Eastern Data Center Improvements	DIT19-1
Western Data Center Improvements	DIT19-2
Rural Broadband/GREAT Program	DIT19-3
Department of Natural and Cultural Resources	
NC Museum of History Renovation/Addition	DNCR19-1
NC Museum of Art—Light Control	DNCR19-2
Fort Fisher—New Visitor Center	DNCR19-3
NC Zoo—Asia Continent Animal Exhibit	DNCR19-4
NC Zoo—Australia Continent Exhibit	DNCR19-5
NC Zoo—Parking/Trams	DNCR19-6
NC Transportation Museum	DNCR19-7
Thomas Day House	DNCR19-9
Historical Commission Signage/Monuments	DNCR19-10
NC Museum of Art—Amphitheater Restoration	DNCR19-11
Department of Public Safety	
Perquimans YDC—Raise the Age Renovations	DPS19-1
Alcoholism & Chemical Dependency Program—	

Black Mountain Modular Classrooms	DPS19-3
Samarcand—Live Fire Training Bldg.	DPS19-6
State Highway Patrol— Renovate Troop B	DPS19-9
Raise the Age—Juvenile Detention Beds—Moore County	DPS19-10
Prison Information Technology Security	DPS19-11
National Guard— Federal Match Funding Pool	NG19-1
General Assembly Committee Renovations/Elevator Repair	NCGA19-1
The University of North Carolina	
Western Carolina University— Steam Plant Project	UNC/WCU19-1
East Carolina University— Brody School of Medicine	UNC/ECU19-1
North Carolina Central University— Lee Biology, Phase 2	UNC/NCC19-1
North Carolina State University— S.T.E.M. Building	UNC/NCS19-1
Apiculture Facility	UNC/NCS19-2
Elizabeth City State University— Library Replacement	UNC/ECS19-1
HVAC System	UNC/ECS19-2
Chiller	UNC/ECS19-3
Crime Lab	UNC/ECS19-4
Fayetteville State University— Dormitory Demolition and Removal	UNC/FSU19-1
Rosenthal/Chick Bldg. Renovation	UNC/FSU19-2
North Carolina Agricultural and Technical State University— Carver Hall Renovation	UNC/A&T19-1
University of North Carolina at Charlotte— Cameron/Burson Bldg. Renovation	UNC/CLT19-1
University of North Carolina at Greensboro— Jackson Library Renovation & Addition	UNC/GRE19-1
Winston-Salem State University— Hauser Bldg. Renovation	UNC/WSS19-1
University of North Carolina at Pembroke— Health Science Center	UNC/PEM19-1
Repairs and Renovations	R&R19
Carolina Museum of the Marine	DG19-1
Guilford Mental Health	DG19-2
Maritime Museum	DG19-3
Civil War Museum	DG19-4
Martin Luther King, Jr. Park—Fayetteville	DG19-5
NCCFFA Center	DG19-6
Medical Examiner's Office – Forsyth	DG19-7
LEA/K-12 Capital Projects	K-12
Community College Capital Projects	CC

SECTION 39.2.(b) This subsection authorizes the following capital projects and allocates funding in the 2019-2021 fiscal biennium based upon projected cash flow needs for the authorized projects. The authorizations provided in this subsection represent the maximum amount of funding from the State Capital and Infrastructure Fund that may be expended on each project. An additional action by the General Assembly is required to increase the maximum authorization for any of the projects listed.

In each fiscal year, the Office of State Budget and Management may reallocate appropriations from the State Capital and Infrastructure Fund between projects to meet cash flow requirements for a project, provided that the following criteria are met:

- (1) If the project for which funds have been appropriated in this Part is for one of the constituent institutions of The University of North Carolina, then unencumbered funds may be allocated from another project for a constituent institution of The University of North Carolina for which funds have been appropriated.
- (2) If the project for which funds have been appropriated in this Part is for a State agency that is not The University of North Carolina, then unencumbered funds may be allocated from another project for a State agency for which funds have been appropriated.
- (3) The amount disbursed will not exceed amounts appropriated from the State Capital and Infrastructure Fund.
- (4) The amount disbursed on any project cannot exceed the amount authorized for that project.
- (5) The amount reallocated cannot be used to expand the scope of the project.
- (6) A project shall not begin until the fiscal year authorized by the General Assembly.

There is allocated from the State Capital and Infrastructure Fund for the 2019-2021 fiscal biennium the following amounts for capital improvement project codes, as defined in subsection (a) of this section:

Capital Improvements –

State Capital and Infrastructure Fund	Total Project Authorization	2019-2020	2020-2021
DACS19-1	\$967,000	\$967,000	—
DACS19-2	1,429,000	1,429,000	—
DACS19-3	1,500,000	1,500,000	—
DACS19-4	7,314,000	7,314,000	—
DEQ19-1	30,008,000	—	\$3,000,800
DEQ-WRD19	N/A	11,007,000	—
DOA19-1	244,000,000	17,000,000	54,000,000
DOA19-2	12,523,000	12,523,000	—
DHHS19-1	15,021,000	15,021,000	—
DIT19-1	5,741,000	5,741,000	—
DIT19-2	3,150,000	3,150,000	—
DIT19-3	N/A	15,000,000	15,000,000
DNCR19-1	60,000,000	20,000,000	25,000,000
DNCR19-2	1,000,000	1,000,000	—
DNCR19-3	8,000,000	8,000,000	—
DNCR19-4	20,014,500	—	10,014,500
DNCR19-5	20,000,000	—	—
DNCR19-6	4,900,000	—	—

DNCR19-7	4,500,000	1,125,000	1,125,000
DNCR19-9	625,000	625,000	—
DNCR19-10	2,500,000	2,500,000	—
DNCR19-11	4,500,000	—	—
DPS19-1	1,731,000	1,731,000	—
DPS19-3	1,013,000	1,013,000	—
DPS19-6	1,499,000	1,499,000	—
DPS19-9	2,152,000	2,152,000	—
DPS19-10	2,000,000	2,000,000	—
DPS19-11	2,448,102	2,448,102	—
NG19-1	N/A	2,000,000	—
NCGA19-1	2,097,635	2,097,635	—
UNC/WCU19-1	16,500,000	16,500,000	—
UNC/ECU19-1	215,000,000	15,000,000	13,000,000
UNC/NCC19-1	8,100,000	810,000	2,025,000
UNC/NCS19-1	80,000,000	14,000,000	21,000,000
UNC/NCS19-2	2,000,000	2,000,000	—
UNC/ECS19-1	32,000,000	3,200,000	8,000,000
UNC/ECS19-2	4,000,000	4,000,000	—
UNC/ECS19-3	2,000,000	2,000,000	—
UNC/ECS19-4	2,500,000	2,500,000	—
UNC/FSU19-1	2,500,000	2,500,000	—
UNC/FSU19-2	13,700,000	13,700,000	—
UNC/A&T19-1	18,500,000	9,250,000	9,250,000
UNC/CLT19-1	45,000,000	4,500,000	11,250,000
UNC/GRE19-1	84,000,000	—	10,000,000
UNC/WSS19-1	15,100,000	—	—
UNC/PEM19-1	91,000,000	6,500,000	20,000,000
DG19-1	26,000,000	—	26,000,000
DG19-2	7,700,000	7,700,000	—
DG19-3	2,000,000	2,000,000	—
DG19-4	46,000,000	12,100,000	3,000,000
DG19-5	1,500,000	1,500,000	—
DG19-6	500,000	500,000	—
DG19-7	15,021,000	15,021,000	—
R&R19	N/A	200,000,000	125,000,000

SECTION 39.2.(c) Of the funds in the State Capital and Infrastructure Fund for the 2019-2021 fiscal biennium, the following allocations are made to the following agencies for repairs and renovations pursuant to G.S. 143C-8-13:

- (1) Forty percent (40%) of the amount allocated for project code R&R19 from the State Capital and Infrastructure Fund shall be allocated for repairs and renovations at the constituent institutions of The University of North Carolina, as determined by the Board of Governors.
- (2) Sixty percent (60%) of the amount allocated for project code R&R19 from the State Capital and Infrastructure Fund shall be allocated for repairs and renovations for State agencies, excluding The University of North Carolina.

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-8-13(b). The Board of Governors shall report to the Joint Legislative Commission on Governmental Operations in accordance with G.S. 143C-8-13(b). Notwithstanding

G.S. 143C-8-13, of the funds allocated in subdivision (2) of this subsection, three million six hundred forty thousand dollars (\$3,640,000) shall be allocated to the Department of Revenue for security improvements at various locations throughout the State.

SECTION 39.2.(d) Funds allocated under this section that may be expended on projects where the recipient intends or expects to receive insurance proceeds or State or federal aid or assistance shall be used only to the extent that funds received from the settlement of a claim for loss or damage covered under the recipient's applicable insurance policy, or other aid or assistance, are insufficient to cover all damages sustained as a result of Hurricane Florence.

SECTION 39.2.(e) For project code UNC/NCS19-1, North Carolina State University shall commit to providing funding of at least eighty million dollars (\$80,000,000) from non-State sources on or before June 30, 2021, as a match for the intended State allocations totaling eighty million dollars (\$80,000,000) for the project.

SECTION 39.2.(f) For project code UNC/ECU19-1, allocation of funds for the project in the 2020-2021 fiscal year and subsequent fiscal years shall be conditioned upon the existence of and compliance with an affiliation agreement between The University of North Carolina or East Carolina University and the primary affiliated teaching hospital for the East Carolina University Brody School of Medicine. The affiliation agreement shall require that at least forty-five percent (45%) of the members of the Board of Trustees of the primary affiliated teaching hospital be appointed by the Board of Governors of The University of North Carolina.

SECTION 39.2.(g) For project code DG19-3, Carteret County shall commit to providing funding of at least six hundred thousand dollars (\$600,000) from non-State sources as a match for the intended State allocations identified in subsection (b) of this section.

SECTION 39.2.(h) There is allocated from the State Capital and Infrastructure Fund the following amounts for capital improvement projects at local school administrative units in this State in the aggregate amount of one billion five hundred million dollars (\$1,500,000,000). The General Assembly intends to appropriate at least five hundred million dollars (\$500,000,000) for local school administrative unit capital projects by the end of the 2021-2022 fiscal year. Funds allocated pursuant to this subsection shall be used for the purpose of issuing allotted proceeds to local school administrative units for new construction or rehabilitation of existing facilities and repairs and renovations in accordance with the following:

<u>Local School Administrative Unit</u>	<u>Proceeds Allotment</u>
Alamance-Burlington	\$18,428,823
Alexander County	\$12,411,156
Alleghany County	\$10,353,574
Anson County	\$11,884,154
Ashe County	\$10,775,162
Asheboro City	\$ 4,396,455
Asheville City	\$ 2,713,629
Avery County	\$10,511,929
Beaufort County	\$12,165,414
Bertie County	\$11,234,254
Bladen County	\$12,277,125
Brunswick County	\$13,315,336
Buncombe County	\$14,687,531
Burke County	\$15,756,422
Cabarrus County	\$17,220,503
Caldwell County	\$15,402,161
Camden County	\$10,666,626
Carteret County	\$12,158,044
Caswell County	\$11,332,269

the Fiscal Research Division on a quarterly basis. The report shall include all of the following information for each project:

- a. The facility at which the project is being undertaken.
- b. The nature and scope of the project.
- c. The source of funds for the project.
- d. The category of projects set forth in subsection (a) of this section that the project falls within.

- (3) Any funds from a General Fund appropriation that are contractually obligated for a project pursuant to this subsection shall not revert at the end of the fiscal year but shall remain available to fund the completion of the project."

SECTION 39.8.(c) G.S. 143C-8-7 reads as rewritten:

"§ 143C-8-7. When a State agency may begin a capital improvement project.

(a) No State agency may expend funds for the construction or renovation of any capital improvement project except as needed to comply with this Article or otherwise authorized by the General Assembly. Funds that become available by gifts, excess patient receipts above those budgeted at the University of North Carolina Hospitals at Chapel Hill, federal or private grants, receipts becoming a part of special funds by act of the General Assembly, or any other funds available to a State agency or institution may be utilized for advanced planning through the working drawing phase of capital improvement projects, upon approval of the Director of the Budget.

(b) Notwithstanding any other provision of law to the contrary, the Department of Agriculture and Consumer Services is authorized to utilize the types of funds described in subsection (a) of this section to build equipment structures that meet the description contained in G.S. 143-138(b4)(1)c. on an as-needed basis, provided that the total project cost does not exceed one hundred twenty-five thousand dollars (\$125,000)."

SECTION 39.8.(d) G.S. 143C-8-12(a) reads as rewritten:

"(a) University Projects. – Notwithstanding any other provision of this Chapter, the Board of Governors of The University of North Carolina may approve any of the following:

- (1) Expenditures to plan a capital improvement project of The University of North Carolina, the planning for which is to be funded entirely with non-General Fund money.
- (2) Expenditures for a capital improvement project of The University of North Carolina that is to be funded and operated entirely with non-General Fund money.
- (3) A change in the scope of any previously approved capital improvement project of The University of North Carolina provided that both the project and change in scope are funded entirely with non-General Fund money.

Nothing in this subsection shall be construed to prohibit expenditures for planning for a project that has been authorized by an act of the General Assembly and funded with an allocation from the State Capital and Infrastructure Fund."

SECTION 39.8.(e) G.S. 143C-3-3(b) reads as rewritten:

"(b) University of North Carolina System Request. – Notwithstanding the requirement in G.S. 116-11 that the Board of Governors prepare a unified budget request for all of the constituent institutions of The University of North Carolina, budget requests of the University shall be subject to all of the following:

- (1) Repairs and renovations requests, capital fund requests, and information technology requests shall comply with subsections (c), (d), and (e) of this section.
- (2) The University of North Carolina shall not make a capital funds request proposing to construct a new facility, expand the building area (square feet) of an existing facility, or rehabilitate an existing facility to accommodate new

or expanded uses unless the University has completed advanced planning through schematic design of the project with funds other than General Fund appropriations. For purposes of this subdivision, "funds other than General Fund appropriations" includes funds carried forward from one fiscal year to another pursuant to G.S. 116-30.3 and G.S. 116-30.3B.

Nothing in this subsection shall be construed to prohibit expenditures for planning for a project that has been authorized by an act of the General Assembly and funded with an allocation from the State Capital and Infrastructure Fund."

SECTION 39.8.(f) G.S. 143C-4-3.1 reads as rewritten:

"§ 143C-4-3.1. State Capital and Infrastructure Fund.

...

(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 General Fund 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.

...

(e) Use of Funds. – Monies in the Fund shall first be used to meet the debt service obligations ~~of the State, supported by the General Fund.~~ In addition to meeting the ~~State's debt service obligations, obligations supported by the General Fund,~~ 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.
- (3) Broadband infrastructure projects funded through appropriations to the Growing Rural Economies with Access to Technology Fund established in G.S. 143B-1373(b).
- (4) Projects and grants identified in the Current Operations Appropriations Act.

(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.

(g) Unexpended Funds. – Funds appropriated for a project that are unspent and unencumbered upon completion of the project shall revert to the Fund."

SECTION 39.8.(g) The recurring appropriation to the Growing Rural Economies with Access to Technology Fund from the State Capital and Infrastructure Fund shall expire on June 30, 2029.

SECTION 39.8.(h) G.S. 143-341(3)b1. reads as rewritten:

"b1. To certify that a statement of needs pursuant to G.S. 143C-3-3, other than for a project of The University of North Carolina for which advance planning has not been completed, is feasible. For purposes of this sub-subdivision, "feasible" means that the proposed project is

- (1) The legal name of the business and the trade name, if applicable, under which the person will transact business within the State.
- (2) The federal identification number of the business or, if such number is unavailable, the Social Security number of the owner.
- (3) The location, with a street number address, of the principal office or place of business and the location where records will be made available for inspection.
- (4) Any other information required by the Secretary.

(c) Exceptions. – The Secretary may issue a temporary license under this section as an importer, exporter, distributor, or transporter without requiring the applicant to file with the Secretary a bond or an irrevocable letter of credit, as otherwise required by G.S. 105-449.72, and without requiring the applicant to be authorized to transact business in this State with the Secretary of State."

SECTION 41.10.(p) This section is effective when it becomes law and applies to disaster declarations on or after that date.

REVENUE LAWS STUDY OF TAX SUNSET PROVISIONS

SECTION 41.11.(a) G.S. 120-70.106(a) reads as rewritten:

"(a) The Revenue Laws Study Committee may:

- (1) Study the revenue laws of North Carolina and the administration of those laws.
- (2) Review the State's revenue laws to determine which laws need clarification, technical amendment, repeal, or other change to make the laws concise, intelligible, easy to administer, and equitable.
- (2a) Review any tax provision set to sunset within one year of the beginning of next regular session of the General Assembly to determine whether the sunset needs to be extended.
- (3) Call upon the Department of Revenue to cooperate with it in the study of the revenue laws.
- (4) Report to the General Assembly at the beginning of each regular session concerning its determinations of needed changes in the State's revenue laws.

These powers, which are enumerated by way of illustration, shall be liberally construed to provide for the maximum review by the Committee of all revenue law matters in this State."

SECTION 41.11.(b) This section is effective when it becomes law.

PART XLII. MISCELLANEOUS

STATE BUDGET ACT APPLIES

SECTION 42.1. 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 42.2.(a) The Joint Conference Committee Report on the Current Operations Appropriations Act of 2019, House Bill 966, dated June 25, 2019, which was distributed in the House of Representatives and the Senate 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, 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 42.2.(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 2019-2021 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 2019-2021 fiscal biennium, dated March 2019, 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 42.2.(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 42.2.(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 42.3. The Fiscal Research Division shall issue a report on budget actions taken by the 2019 Regular Session of the General Assembly. The report shall be in the form of a revision of the Committee Report described in Section 42.2 of this act 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.

APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY

SECTION 42.4. Except where expressly repealed or amended by this act, the provisions of S.L. 2019-9, S.L. 2019-15, and any other enactments affecting the State budget during the 2019 Regular Session of the General Assembly, shall remain in effect.

MOST TEXT APPLIES ONLY TO THE 2019-2021 FISCAL BIENNIUM

SECTION 42.5. Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 2019-2021 fiscal biennium, the textual provisions of this act apply only to funds appropriated for, and activities occurring during, the 2019-2021 fiscal biennium.

EFFECT OF HEADINGS

SECTION 42.6. 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 42.7. 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 42.8. Except as otherwise provided, this act becomes effective July 1, 2019.

In the General Assembly read three times and ratified this the 27th day of June, 2019.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Tim Moore
Speaker of the House of Representatives

Roy Cooper
Governor

Approved _____m. this _____ day of _____, 2019



Section 2 Bills impacting the UNC System, now session law

A) Capital Legislation

- a. HB 402: UNC Capital Projects, Session Law 2019- 124

B) Academic Affairs Legislation

- a. HB 107: PED oversight/EPP Changes, Session Law 2019-149
- b. HB 664: My Future NC/Postsecondary Attainment Goal, Session Law 2019-55

C) Other Legislation

- a. HB 668: Various Higher Education Changes, Session Law 2019-139
- b. SB 225: Repeal Tuition Surcharge, Session Law 2019-68
- c. HB 389: ABC/University Athletic Facility, Session Law 2019-52
- d. HB 646: ID Approval/ Flex Muni One Stop, Session Law 2019-22
- e. HB 1016: UNC Boards of Trustees Appointments, Session Law 2019-45
- f. SB 272: Zoning for Universities Facilities-Durham, Session Law 2019-8
- g. SB 230: NC Military and Veteran Act of 2019, Session Law 2019-201
- h. SB 572: University System Risk Management Provisions, Session Law 2019-232
- i. HB 200: 2019 Storm Recovery/Various Budget Corrections, Session Law 2019-250
- j. H Res. 1022: Electing Reginald R. Holley to the BOG, adopted by House
- k. S. Res. 702: Electing Dwight D. Stone to the BOG, adopted by Senate
- l. HB 472: NC A&T State University/AG Funds, Session Law 2020-26



A) Capital Legislation

- a. HB 402: UNC Capital Projects, Session Law 2019- 124

HB 402: UNC Capital Projects, Session Law 2019- 124

This is our annual self-liquidating capital projects bill. This year it included projects at UNCW, WCU and UNCSA.

- University of North Carolina at Wilmington Southeast Dining Facility: \$14,000,000
- Western Carolina University Lower Campus Residence Halls: \$60,000,000
- University of North Carolina School of the Arts New Residence Hall: \$46,000,000

This bill passed both chambers with minimal opposition.

The Governor signed this bill into law on July 19, 2019.

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019**

**SESSION LAW 2019-124
HOUSE BILL 402**

AN ACT TO AUTHORIZE THE ACQUISITION OR CONSTRUCTION AND THE FINANCING, WITHOUT APPROPRIATIONS FROM THE GENERAL FUND, OF CERTAIN CAPITAL IMPROVEMENT PROJECTS OF THE CONSTITUENT INSTITUTIONS OF THE UNIVERSITY OF NORTH CAROLINA.

The General Assembly of North Carolina enacts:

SECTION 1. The purpose of this act is to authorize (i) the acquisition or construction of the capital improvement projects listed in this act for the respective institutions of The University of North Carolina and (ii) the financing of these projects with funds available to the institutions from gifts, grants, receipts, self-liquidating indebtedness, Medicare reimbursements for education costs, hospital receipts from patient care, or other funds, or any combination of these funds, but not including funds received for tuition or appropriated from the General Fund of the State unless previously authorized by General Statute.

SECTION 2. The capital improvement projects, and their respective costs, authorized by this act to be acquired or constructed and financed as provided in Section 1 of this act, including by revenue bonds, by special obligation bonds as authorized in Section 4 of this act, or by both, are as follows:

University of North Carolina at Wilmington
Southeast Dining Facility

\$14,000,000

Western Carolina University
Lower Campus Residence Halls

\$60,000,000

University of North Carolina School of the Arts
New Residence Hall

\$46,000,000

SECTION 3. At the request of the Board of Governors of The University of North Carolina and upon determining that it is in the best interest of the State to do so, the Director of the Budget may authorize an increase or decrease in the cost of, or a change in the method of, funding the projects authorized by this act. In determining whether to authorize a change in cost or funding, the Director of the Budget may consult with the Joint Legislative Commission on Governmental Operations.

SECTION 4. Pursuant to G.S. 116D-26, the Board of Governors may issue, subject to the approval of the Director of the Budget, at one time or from time to time, special obligation bonds of the Board of Governors for the purpose of paying all or any part of the cost of acquiring, constructing, or providing for the projects authorized by Section 2 of this act. The maximum principal amount of bonds to be issued shall not exceed the specified project costs in Section 2 of this act plus five percent (5%) of such amount to pay issuance expenses, fund reserve funds, pay capitalized interest, and pay other related additional costs plus any increase in the specific project costs authorized by the Director of the Budget pursuant to Section 3 of this act.



SECTION 5. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 8th day of July, 2019.

s/ Ralph E. Hise
Presiding Officer of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Roy Cooper
Governor

Approved 1:26 p.m. this 19th day of July, 2019



B) Academic Affairs Legislation

- a. HB 107: PED oversight/EPP Changes, Session Law 2019-149
- b. HB 664: My Future NC/Postsecondary Attainment Goal, Session Law 2019-55

HB 107: PED oversight/EPP Changes, Session Law 2019-149

The bill will make changes to the educator preparation program performance standards and data reporting system.

The Governor signed this bill into law on July 22, 2019.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

SESSION LAW 2019-149
HOUSE BILL 107

AN ACT TO MAKE CHANGES TO THE EDUCATOR PREPARATION PROGRAM
PERFORMANCE STANDARDS AND DATA REPORTING SYSTEM.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-269.35 reads as rewritten:

"§ 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~~ apply to candidacy of the EPP.
 - b. The number of students ~~admitted~~ admitted as candidates of the EPP.
 - c. ~~The number of students retained.~~ The number of students completing the program.
 - d. ~~The number of students completing the program.~~ The number of graduates of the EPP licensed in North Carolina.
 - e. ~~The number of students employed as beginning teachers under initial professional licenses by not later than the first anniversary of completing the program.~~ The number of graduates of the EPP employed in North Carolina.



- f. ~~The amount of time required by students employed as beginning teachers under residency licenses to be issued initial professional licenses.~~The number and percentage of students who convert from a residency license to either an initial professional license or a continuing professional license.
 - g. ~~The number of students retained in the profession.~~Any other information required by federal law.
 - h. ~~Any other information required by federal law.~~
 - (4) ~~The ratio of field supervisors to students completing an internship or residency.~~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.
 - (5) Graduation rates.
 - (6) Time-to-graduation rates.
 - (7) ~~Average scores~~Pass rates 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 activities offered by the program that are designed to prepares~~prepare 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 retention 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 profession for at least three two years after licensure in comparison to similar programs.~~licensure in North Carolina.
 - (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."

SECTION 1.5. G.S. 115C-269.45(a) reads as rewritten:

"(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~~any one 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~~any one 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."

SECTION 2. G.S. 115C-269.45 is amended by adding a new subsection to read:

"(c1) Small Group Exception. – Notwithstanding the provisions of subsection (a) of this section, the State Board of Education shall adopt a rule to establish a small group exception for circumstances in which there is a risk of identifying individual program participants. The rule shall include the number of students necessary to qualify for the exception and the alternative method of performance assessment and assignment of sanctions. The rule may provide for measuring performance of small student groups cumulatively over multiple years for EPP accountability purposes."

SECTION 3.(a) The State Board of Education, in consultation with the Department of Public Instruction and the Professional Educator Preparation and Standards Commission (PEPSC), shall develop a formulaic, performance-based weighted model for the purposes of comparing the annual report card information between each educator preparation program (EPP) pursuant to G.S. 115C-269.50. The State Board, in consultation with the Department and PEPSC, shall do at least the following in designing the weighted model:

- (1) Identify and select measures from the annual performance reports required by G.S. 115C-269.35(b), as amended by this act, to be used in the weighted model.
- (2) Assign weight to each measure, including making rounding decisions for awarding points.
- (3) Determine the number of years of data that will be used to calculate measures, such as three or five years.
- (4) Examine potential reasons for excluding EPPs from the reporting, including if there are missing or too few data points for certain measures.
- (5) Establish targets and minimum standards. To the extent practicable, EPPs shall be measured against objective criteria rather than norm-referenced criteria.
- (6) Consider whether the weighted model should be used solely for public accountability and to inform policymakers or if the weighted model may also be used as a corrective or compliance tool.
- (7) Examine how an information dashboard system could be used as part of the reporting system, including any challenges related to integrating data from both public and private EPPs in one information dashboard system.
- (8) Examine whether additional information should be included in the weighted model to most effectively achieve the following:
 - a. Meet federal and State law requirements.
 - b. Hold EPPs accountable for established standards.
 - c. Assist EPPs in improving performance.
 - d. Communicate EPP performance to policymakers and the public.
- (9) Identify any necessary changes to State law that would enable a transition to the new weighted model.

SECTION 3.(b) By February 15, 2020, the State Board, in consultation with the Department and PEPSC, shall report to the Joint Legislative Education Oversight Committee on (i) the development of the formulaic, performance-based weighted model for EPPs as required by subsection (a) of this section, (ii) recommendations on the purposes and uses of the weighted model, (iii) recommendations on the time line for possible implementation of the weighted model, and (iv) any legislative changes needed for implementation of the model. The State Board shall not implement the weighted model without express authorization from the General Assembly.

SECTION 3.5. The State Board of Education, in consultation with the Professional Educator Preparation and Standards Commission (PEPSC), shall study the inclusion as a performance measure for EPPs the two-year retention rate for individuals who completed the EPP and became initially licensed and employed in a North Carolina public school. By February

15, 2020, the State Board shall submit a report on the study, including a recommended retention-rate performance standard for EPPs, to the Joint Legislative Education Oversight Committee. The State Board shall not implement the two-year retention rate as a performance measure without express authorization from the General Assembly.

SECTION 4. By October 1, 2019, the State Board of Education shall adopt the rule required by G.S. 115C-269.45(c1), as enacted by this act, and shall report on the rule to the Joint Legislative Education Oversight Committee. The State Board shall apply the rule beginning with data collected from the 2018-2019 academic year for the purposes of the annual report made available to the public by December 15, 2019, and annually thereafter, pursuant to G.S. 115C-269.50.

SECTION 5. This act is effective when it becomes law. Section 1 of this act applies to (i) educator preparation programs (EPPs) authorized by the State Board of Education on or after the date this act becomes law and (ii) reports submitted to the State Board and reviews by the State Board of an EPP beginning with those based on data from the 2019-2020 academic year.

In the General Assembly read three times and ratified this the 11th day of July, 2019.

s/ Carl Ford
Presiding Officer of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Roy Cooper
Governor

Approved 11:18 a.m. this 22nd day of July, 2019

HB 664: My Future NC/Postsecondary Attainment Goal, Session Law 2019-55

Based on the recommendation put forward by the myFutureNC Commission, this bill establishes a postsecondary attainment goal for the State of North Carolina. The State shall make significant efforts to increase access to learning and improve the education of more North Carolinians so that, by the year 2030, 2,000,000 residents between the ages of 25 and 44 will have completed a high-quality credential or postsecondary degree.

The Governor signed this bill into law on June 26th, 2019.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

SESSION LAW 2019-55
HOUSE BILL 664

AN ACT TO ESTABLISH AN EDUCATIONAL ATTAINMENT GOAL FOR THE STATE.

Whereas, the State of North Carolina is one of nine states in the country that does not have a shared postsecondary attainment goal and has less than half the 25- to 44-year-old workforce with a postsecondary degree or certificate; and

Whereas, the myFutureNC Commission, a statewide group of business, education, and government leaders, recently studied North Carolina's evolving workforce needs and the alignment between future demands and trends in educational attainment; and

Whereas, based on that study, the myFutureNC Commission developed an educational attainment goal that will ensure North Carolina remains economically competitive now and into the future; and

Whereas, to make progress towards that goal, the North Carolina higher education community must improve student outcomes, reduce the time to graduation, and create opportunities that meet the needs of today's students; and

Whereas, increasing on-time graduation rates at institutions of higher education and expanding access to high-quality workforce training places more graduates into the workforce more quickly, reduces student debt, and increases the supply of skilled workers in North Carolina, making the State more attractive to businesses to start, expand, or relocate; Now, therefore,

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 116C-1 through G.S. 116C-5 are designated as Article 1 of Chapter 116C of the General Statutes, which is entitled "Education Cabinet."

SECTION 1.(b) Chapter 116C of the General Statutes is amended by adding a new Article to read:

"Article 2.

"North Carolina Postsecondary Attainment Goal.

"§ 116C-10. North Carolina postsecondary attainment goal.

(a) Findings. – The General Assembly finds it necessary to set a goal for postsecondary attainment for North Carolina residents to ensure that the State remains economically competitive now and into the future.

(b) Postsecondary Attainment Goal. – The State shall make significant efforts to increase access to learning and improve the education of more North Carolinians so that, by the year 2030, 2,000,000 residents between the ages of 25 and 44 will have completed a high-quality credential or postsecondary degree.

(c) Rights Not Created. – The attainment goal established in this section is not to the exclusion of any other goals and does not confer a right or create a claim for any person."

SECTION 1.(c) Beginning September 1, 2020, and every September 1 thereafter, the myFutureNC Commission, which is a statewide commission focusing on postsecondary educational attainment in North Carolina, shall report to the General Assembly, as provided by G.S. 120-29.5, and to the Joint Legislative Education Oversight Committee on the progress of the State reaching the postsecondary attainment goal set forth in G.S. 116C-10, as enacted by this



act, and activities by the Commission to further North Carolina towards the postsecondary attainment goal.

SECTION 2. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 20th day of June, 2019.

s/ Daniel J. Forest
President of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Roy Cooper
Governor

Approved 1:37 p.m. this 26th day of June, 2019



C) Other Legislation

- a. HB 668: Various Higher Education Changes, Session Law 2019-139
- b. SB 225: Repeal Tuition Surcharge, Session Law 2019-68
- c. HB 389: ABC/University Athletic Facility, Session Law 2019-52
- d. HB 646: ID Approval/ Flex Muni One Stop, Session Law 2019-22
- e. HB 1016: UNC Boards of Trustees Appointments, Session Law 2019-45
- f. SB 272: Zoning for Universities Facilities-Durham, Session Law 2019-8
- g. SB 230: NC Military and Veteran Act of 2019, Session Law 2019-201
- h. SB 572: University System Risk Management Provisions, Session Law 2019-232
- i. HB 200: 2019 Storm Recovery/Various Budget Corrections, Session Law 2019-250
- j. H Res. 1022: Electing Reginald R. Holley to the BOG, adopted by House
- k. S. Res. 702: Electing Dwight D. Stone to the BOG, adopted by Senate
- l. HB 472: NC A&T State University/AG Funds, Session Law 2020-26

HB 668: Various Higher Education Changes, Session Law 2019-139

This bill originally included many of our Board of Governor approved legislative priorities. Many of those were included the budget, so the bill was later amended and changes were added. We added a provision, per their request, for a name change of UNC-TV to University of North Carolina Center for Public Media. Additionally, it makes a change, requested by our Legal Department since 2005, to give the University clear authority to enter into contracts with financing arrangements for personal equipment purchases, such as IT equipment. The community colleges, local governments, and public schools have explicit statutory authority, which we have not had in the past. We asked for the same language as is used in the community colleges. Lastly, it clarifies provisions in determining resident status for tuition purposes, consistent with a request from the NC Community College system.

The Governor signed this bill into law on July 19th, 2019.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

SESSION LAW 2019-139
HOUSE BILL 668

AN ACT TO MAKE VARIOUS CHANGES TO HIGHER EDUCATION LAWS.

The General Assembly of North Carolina enacts:

PART I. THE NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

SECTION 1.1. Community colleges permitted to provide insurance in lieu of bond.

– G.S. 115D-58.10 reads as rewritten:

"§ 115D-58.10. Surety ~~bonds~~ bonds and related insurance.

The State Board of Community Colleges shall determine what State employees and employees of institutions shall give bonds or be insured for the protection of State funds and property and the State Board is authorized to place the ~~bonds~~ bonds, determine adequate insurance coverage, and pay the premiums thereon from State funds.

The board of trustees of each institution shall require all institutional employees authorized to dr

PART II. UNIVERSITY OF NORTH CAROLINA SYSTEM

SECTION 2.1.(a) G.S. 116-36 reads as rewritten:

"§ 116-36. Endowment fund.

...
(i1) The Board of Governors of the University of North Carolina shall establish and maintain in a manner not inconsistent with the provisions of this section or with regulations established ~~under this section~~ an endowment fund for all endowment funds now held or hereafter acquired for the benefit of the University of North Carolina Center for Public Television Media.

(j) Any gift or devise of real or personal property to a constituent institution of the University of North Carolina or to the University of North Carolina or to the University of North Carolina Press or to the University of North Carolina Center for Public Television Media shall be presumed, nothing to the contrary appearing, a gift or devise, as the case may be, to the endowment fund of the respective institution or agency.

...."

SECTION 2.1.(b) G.S. 116-37.1 reads as rewritten:

"§ 116-37.1. Center for public ~~television~~ media.

(a) The Board of Governors is hereby authorized and directed to establish "the University of North Carolina Center for Public ~~Television~~ Media" (hereinafter called "the Center"). It shall



be the functions of the Center, through itself or agencies with whom it may contract, to provide research, development, and production of noncommercial educational ~~television programming and informational media programming~~, and program ~~materials; materials and communications;~~ to provide distribution of noncommercial ~~television-media programming and information~~ through the broadcast facilities licensed to the University of North ~~Carolina; Carolina and other~~ available distribution platforms and otherwise to enhance the uses of ~~television-television, media, and related technology~~ for public purposes.

(b) The Center shall have a board of trustees, to be named "the Board of Trustees of the University of North Carolina Center for Public ~~Television-Media~~" (hereinafter called "the Board of Trustees"). The Board of Governors is hereby authorized and directed to establish the Board of Trustees of the Center and to delegate to the Board of Trustees such powers and duties as the Board of Governors deems necessary or appropriate for the effective discharge of the functions of the Center; provided, that the Board of Governors shall not be deemed by the provisions of this section to have the authority to delegate any responsibility it may have as licensee of the broadcast facilities of the University of North Carolina.

- (1) The Board of Trustees of the University of North Carolina Center for Public ~~Television-Media~~ shall be composed of the following membership: 11 persons appointed by the Board of Governors; four persons appointed by the Governor; two members appointed by the General Assembly, one upon the recommendation of the Speaker of the House of Representatives, and one upon the recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121; and ex officio, the Secretary of Natural and Cultural Resources, the Secretary of the Department of Health and Human Services, the Secretary of the Department of Public Safety, the Superintendent of Public Instruction, the President of the Community College System, and the President of the University of North Carolina. In making initial appointments to the Board of Trustees, the Board of Governors shall designate six persons for two-year terms and five persons for four-year terms, and the Governor shall designate two persons for two-year terms and two persons for four-year terms. The initial members appointed to the Board of Trustees by the General Assembly shall serve for terms expiring June 30, 1983, and notwithstanding anything else in this section, their successors shall be appointed in 1983 and biennially thereafter for two year terms. Thereafter, the term of office of appointed members of the Board of Trustees of the Center shall be four years. In making appointments to the Board of Trustees the appointing authorities shall ~~give consideration to~~ consider promoting diversity among the membership, to the end that, in meeting the responsibilities delegated to it, the Board of Trustees will reflect and be responsive to the diverse needs, interests, and concerns of the citizens of North Carolina.

...."

SECTION 2.1.(c) G.S. 116D-1(11) reads as rewritten:

- "(11) University. – The University of North Carolina and its constituent and affiliated institutions, including, without limitation, the University of North Carolina Center for Public ~~Television-Media~~, the University of North Carolina Health Care System, the North Carolina School of Science and Mathematics, and the North Carolina Arboretum."

SECTION 2.1.(d) G.S. 116D-22(2) reads as rewritten:

- "(2) Institution. – Each of the institutions enumerated in G.S. 116-2, and any affiliated institutions of the University, including, without limitation, the University of North Carolina Center for Public ~~Television-Media~~, the

University of North Carolina Health Care System, the North Carolina School of Science and Mathematics, and the North Carolina Arboretum."

SECTION 2.1.(e) G.S. 120-123(21) reads as rewritten:

"(21) The Board of Trustees of the University of North Carolina Center for Public ~~Television-Media~~, as established by G.S. 116-37.1."

SECTION 2.1.(f) G.S. 143B-426.9(6) reads as rewritten:

"(6) The Chairman of the Board of Trustees of The University of North Carolina Center for Public ~~Television-Media~~ (if and when established), ex officio;"

SECTION 2.1.(g) G.S. 143B-426.10(6) reads as rewritten:

"(6) In addition to and not in place of the programs, projects, and services of The University of North Carolina Center for Public ~~Television-Media~~ (or its functional predecessor), to develop and provide media programs and programming materials and services of a noncommercial educational, informational, cultural or scientific nature;"

SECTION 2.2. G.S. 116-41.2 is amended by adding a new subdivision to read:

"(10) Notwithstanding any other provision of law and subject to policies established by the Board of Governors, to purchase or finance the purchase of computers, computer hardware, computer software, and emergency management equipment such as power generators through lease purchase or installment purchase contracts that create a security interest in the purchased property that secures payment of the purchase price to the seller or entity advancing monies or supplying financing for the purchase transaction. The contracts allowed in this subdivision shall be subject to State appropriations in accordance with the North Carolina State Constitution and shall not pledge directly or indirectly the taxing power of the State. No deficiency judgment may be rendered against the Board of Governors or the State in any action for breach of a contractual obligation authorized by this subdivision."

PART III. HIGHER EDUCATION CHANGES

SECTION 3. G.S. 116-143.1 reads as rewritten:

"§ 116-143.1. Provisions for determining resident status for tuition purposes.

(a) As defined under this section:

- (1) A "legal resident" or "resident" is a person who qualifies as a domiciliary of North Carolina; a "nonresident" is a person who does not qualify as a domiciliary of North Carolina.
- (2) A "resident for tuition purposes" is a person who qualifies for the in-State tuition rate; a "nonresident for tuition purposes" is a person who does not qualify for the in-State tuition rate.
- (3) "Institution of higher education" means any of the constituent institutions of the University of North Carolina and the community colleges under the jurisdiction of the State Board of Community Colleges.
- (4) "Authority" means the State Education Assistance Authority created by and authorized to act under Article 23 of Chapter 116 of the General Statutes.

(b) To qualify as a resident for tuition purposes, a person must have established legal residence (domicile) in North Carolina and maintained that legal residence for at least 12 months immediately prior to his or her classification as a resident for tuition purposes. Every applicant for admission shall be required to make a statement as to his length of residence in the State.

(c) To be eligible for classification as a resident for tuition purposes, a person must establish that his or her presence in the State currently is, and during the requisite 12-month qualifying period was, for purposes of maintaining a bona fide domicile rather than of

maintaining a mere temporary residence or abode incident to enrollment in an institution of higher education.

(d) An individual shall not be classified as a resident for tuition purposes and, thus, not rendered eligible to receive the in-State tuition rate, until he or she has provided such evidence related to legal residence and its duration as may be required by the coordinated and centralized residency determination process administered by the Authority in accordance with this Article acting on behalf of officials of the institution of higher education from which the individual seeks the in-State tuition rate.

(e) When an individual presents evidence that the individual has living parent(s) or court-appointed guardian of the person, the legal residence of such parent(s) or guardian shall be prima facie evidence of the individual's legal residence, ~~which residence. This presumption may be reinforced or rebutted relative to the age and general circumstances of the individual by the other evidence of legal residence required of or presented by the individual; provided, that the individual. An individual may offer evidence of graduation from a North Carolina high school to reinforce or rebut the presumption that the individual's domicile is the same domicile as the individual's living parent or guardian; however, evidence of graduation from a North Carolina high school alone shall not establish legal residence in the State. The legal residence of an individual whose parents are domiciled outside this State shall not be prima facie evidence of the individual's legal residence if the individual has lived in this State the five consecutive years prior to enrolling or reregistering at an institution of higher education.~~

(f) In making domiciliary determinations related to the classification of persons as residents or nonresidents for tuition purposes, the domicile of a married person, irrespective of sex, shall be determined, as in the case of an unmarried person, by reference to all relevant evidence of domiciliary intent. For purposes of this section:

- (1) No person shall be precluded solely by reason of marriage to a person domiciled outside North Carolina from establishing or maintaining legal residence in North Carolina and subsequently qualifying or continuing to qualify as a resident for tuition purposes;
- (2) No persons shall be deemed solely by reason of marriage to a person domiciled in North Carolina to have established or maintained a legal residence in North Carolina and subsequently to have qualified or continued to qualify as a resident for tuition purposes;
- (3) In determining the domicile of a married person, irrespective of sex, the fact of marriage and the place of domicile of his or her spouse shall be deemed relevant evidence to be considered in ascertaining domiciliary intent.

(g) Any nonresident person, irrespective of sex, who marries a legal resident of this State or marries one who later becomes a legal resident, may, upon becoming a legal resident of this State, accede to the benefit of the spouse's immediately precedent duration as a legal resident for purposes of satisfying the 12-month durational requirement of this section.

...."

PART IV. EFFECTIVE DATE

SECTION 4. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 10th day of July, 2019.

s/ Ralph E. Hise
Presiding Officer of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Roy Cooper
Governor

Approved 1:41 p.m. this 19th day of July, 2019

SB 225: Repeal Tuition Surcharge, Session Law 2019-68

This bill repeals the tuition surcharge imposed on students who take more than 140 degree credit hours to complete their degree. The original intent of the surcharge was to encourage students to graduate faster. However, it was found that, over time, the surcharge had little impact on the original target and instead penalized more veterans and students returning mid-career.

The bill received a lot of support from legislators in both chambers. Many had heard from constituents back home and wanted to changes to help students.

The Governor signed this bill into law on July 1st, 2019.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

SESSION LAW 2019-68
SENATE BILL 225

AN ACT TO REPEAL THE TUITION SURCHARGE IMPOSED BY THE BOARD OF GOVERNORS ON STUDENTS WHO TAKE MORE THAN 140 DEGREE CREDIT HOURS TO COMPLETE A BACCALAUREATE DEGREE IN A FOUR-YEAR PROGRAM OR MORE THAN 110% OF THE CREDIT HOURS TO COMPLETE A BACCALAUREATE DEGREE IN A FIVE-YEAR PROGRAM.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 116-143.7 is repealed.

SECTION 2. G.S. 116-143.9 reads as rewritten:

"§ 116-143.9. Fixed tuition payment.

(a) There is established the fixed tuition payment program. The rate of tuition of any freshman or transfer undergraduate student who is admitted to any constituent institution of The University of North Carolina and deemed to be a North Carolina resident for purposes of tuition shall be guaranteed as provided by this section. The program shall have the following components:

- (1) A guarantee that the rate of tuition approved by either the Board of Governors or the Board of Trustees of the constituent institution will remain constant or decrease during the tuition period.
- (2) Except as provided in subsection (b) of this section, the tuition period shall be (i) eight consecutive academic semesters for a student seeking a baccalaureate degree in a four-year program or 10 consecutive academic semesters for a student seeking a baccalaureate degree in a program officially designated by the Board of Governors as a five-year program, not including any summer sessions, or (ii) the appropriate balance of a designated program length after making the proper adjustments for a student who transfers to the constituent institution.
- (3) Except as provided in subsection (b) of this section, the student must remain enrolled continuously at the constituent institution during the entire tuition period.
- (4) At the end of the tuition period, the cost of tuition for any additional academic semesters reverts to the amount of the current tuition for that constituent ~~institution and a tuition surcharge imposed under G.S. 116-143.7, if applicable.~~institution.

(b) The tuition period may be tolled if the student is able to demonstrate ~~a substantial disruption or interruption in that any of the following have substantially disrupted or interrupted the student's pursuit of a degree as provided in G.S. 116-143.7(e).~~degree: (i) a military service obligation, (ii) serious medical debilitation, (iii) a short-term or long-term disability, or (iv) other extraordinary hardship. The Board of Governors shall establish the appropriate procedures to implement this subsection.



(c) The Board of Governors shall adopt the policies needed to implement this section and shall also determine what the fixed tuition rates and the tuition periods shall be for undergraduate transfer students who are North Carolina residents for purposes of tuition."

SECTION 3. This act becomes effective July 1, 2019, and applies beginning with the 2019-2020 academic year.

In the General Assembly read three times and ratified this the 25th day of June, 2019.

s/ Daniel J. Forest
President of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Roy Cooper
Governor

Approved 5:10 p.m. this 1st day of July, 2019

HB 389: ABC/University Athletic Facility, Session Law 2019-52

This bill will authorize public colleges and universities to allow alcohol sales at stadiums, athletic facilities, and arenas located on school property. The Board of Trustees at each institution must vote to allow the issuance of permits for use at that stadium, athletic facility, or arena.

The Governor signed this bill into law on June 26, 2019.

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019**

**SESSION LAW 2019-52
HOUSE BILL 389**

AN ACT TO AUTHORIZE PUBLIC COLLEGES AND UNIVERSITIES TO ALLOW
ALCOHOL SALES AT STADIUMS, ATHLETIC FACILITIES, AND ARENAS
LOCATED ON SCHOOL PROPERTY.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 18B-1006(a) reads as rewritten:

"(a) School and College Campuses. – No permit for the sale of alcoholic beverages shall be issued to a business on the campus or property of a public school, college, or university. This subsection shall not apply to the following:

- (1) A regional facility as defined by G.S. 160A-480.2 operated by a facility authority under Part 4 of Article 20 of Chapter 160A of the General ~~Statutes,~~ unless the permit is for a public school or public college or university function. ~~Statutes.~~
- (2) Property owned by a local board of education and leased for 99 years or more to a nonprofit auditorium authority created prior to 1991 whose governing board is appointed by a city governing board, a county board of commissioners, or a local school board.
- (3) A hotel.
- (4) A nonprofit alumni organization.
- (5) Restaurants, eating establishments, food businesses, or retail businesses on the property defined by G.S. 116-198.33(4).
- (6) Any golf courses owned or leased by the public college or university and open to the public for use.
- (7) The sale of malt beverages, unfortified wine, or fortified wine at the following:
 - a. Performing arts centers located on property owned or leased by the public college or university.
 - b. Any stadiums that support a NASCAR-sanctioned one-fourth mile asphalt flat oval short track, that are owned or leased by the public college or university, ~~and that only sell malt beverages, unfortified wine, or fortified wine at events that are not sponsored or funded by the public college or university.~~ university.
- (8) Special one-time permits as described in G.S. 18B-1002(a)(5) for the Loudermilk Center for Excellence facility at the University of North Carolina at Chapel Hill.
- (9) A stadium, athletic facility, or arena on the campus or property of a public college or university, if the Board of Trustees of the public college or university has voted to allow the issuance of permits for use at that stadium, athletic facility, or arena. If a Board of Trustees votes to allow the issuance of permits in accordance with this subdivision, the Board of Trustees shall provide written notice to the Commission that it has voted to allow the issuance of permits. For purposes of this subdivision, the term "public college



or university" does not include a community college. Any permit described in G.S. 18B-1001, 18B-1002(a)(2), or 18B-1002(a)(5) may be issued pursuant to this subdivision to applicants meeting the requirements for the requested permit. Notwithstanding the issuance of a mixed beverages permit pursuant to G.S. 18B-1001(10), this subdivision does not authorize the sale of mixed beverages when the stadium, athletic facility, or arena is being used for a sports event sponsored by the public college or university. This subdivision does not apply to any sales authorized under subdivisions (1) through (8) of this subsection. For purposes of this subdivision, the premises of a stadium, athletic facility, or arena shall include any area that meets all of the following requirements:

- a. Is within 500 feet of the furthest exterior building wall, perimeter fence, or permanent fixed perimeter.
- b. Is designated by the stadium, athletic facility, or arena in a map or written description that clearly defines the boundary of the area, and that map or written description is included in the permit application.
- c. Can be designated in a manner that enables the stadium, athletic facility, or arena to ensure compliance with the provisions of this Chapter."

SECTION 2. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 20th day of June, 2019.

s/ Daniel J. Forest
President of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Roy Cooper
Governor

Approved 1:34 p.m. this 26th day of June, 2019

HB 646: ID Approval/ Flex Muni One Stop, Session Law 2019-22

This bill clarifies approval process by the State Board of Elections (SBOE) for student and employee identification cards for voting purposes. The original law stated identification cards must be turned into SBOB no later than March 15, 2019 for primaries and elections in 2019 and 2020. This bill provides an additional window for approval with a deadline of November 1, 2019.

The Governor signed this bill into law on June 6, 2019.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

SESSION LAW 2019-22
HOUSE BILL 646

AN ACT TO CLARIFY THE APPROVAL PROCESS FOR STUDENT AND EMPLOYEE IDENTIFICATION CARDS FOR VOTING PURPOSES; TO PROVIDE AN ADDITIONAL WINDOW FOR APPROVAL OF STUDENT AND EMPLOYEE IDENTIFICATION CARDS FOR THE 2020 ELECTIONS; AND TO PROVIDE FLEXIBILITY IN THE NUMBER OF HOURS OF EARLY ONE-STOP VOTING IN ODD-NUMBERED YEAR ELECTIONS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 163A-1145.1(a)(1)e. is recodified as G.S. 163A-1145.1(a)(2)c.

SECTION 2. G.S. 163A-1145.2, as amended by S.L. 2019-4, reads as rewritten:

"§ 163A-1145.2. Approval of student identification cards for voting identification.

(a) The State Board shall approve the use of student identification cards issued by a constituent institution of The University of North Carolina, a community college, as defined in G.S. 115D-2(2), or eligible private postsecondary institution as defined in G.S. 116-280(3) for voting identification under G.S. 163A-1145.1 if the following criteria are met:

(1) The chancellor, president, or registrar of the university or college submits a signed letter to the Executive Director of documentation satisfactory to the State Board under penalty of perjury that the following are true: have been met and will not knowingly be violated with regard to student identification cards issued during the approval period:

- a. The identification cards that are issued by the university or college contain photographs of students taken-obtained by the university or college or its agents or ~~contractors~~ contractors, provided the photograph obtained (i) is a frontal image that includes the student's face and (ii) represents a clear, accurate likeness of the student to whom the identification card is issued. If the photograph is one not produced by the university or college or its agents, the university or college shall certify in detail the process used by the university or college to ensure the photograph is that of the student to whom the identification card is issued and shall certify that the process is designed to confirm the identity of the student to whom the identification card is issued.
- b. The identification cards are issued after an enrollment or other process that includes one or more methods of confirming the identity of the student using information that may include, but are not limited to, the social security number, citizenship status, and birthdate of the student.
- c. ~~The Access to the equipment for producing the identification cards is kept in a secure location~~ restricted through security measures.
- d. Misuse of the equipment for producing the identification cards would be grounds for student discipline or termination of an employee.



- e. University or college officials would report any misuse of student identification card equipment they have knowledge of to law enforcement if G.S. 163A-1389(19) was potentially violated.
 - f. The cards issued by the university or college on or after January 1, 2021, contain a date of expiration, effective January 1, 2021.~~expiration.~~
 - g. The university or college ~~provides~~ will provide copies of ~~standard student~~ identification cards to the State Board to assist with training purposes.
 - h. The college or university will provide ~~a copy to students, when issuing students who are issued the student identification card, of the documentation card~~ a copy of, or an electronic link to, a document developed by the State Board on that details the requirements related to identification for voting; the requirements to vote absentee, early, or on election day; a description of voting by provisional ballot; and the availability of a free North Carolina voter photo identification card pursuant to G.S. 163A-869.1 to rural, military, veteran, elderly, underserved, minority, or other communities as determined by local needs; and the requirements of North Carolina residency to vote, including applicable intent requirements of North Carolina law, and the penalty for voting in multiple states.
- (2) The university or college complies with any other reasonable security measures determined by the State Board to be necessary for the protection and security of the student identification process.

(b) ~~The~~ The State Board shall establish a schedule for such submissions and approvals. The State Board shall permit a university or college with no changes to the prior election cycle's approval to submit a statement indicating no changes have been made by the university or college. When the State Board shall approve the approves for use of the student identification cards issued by a constituent institution of The University of North Carolina, a community college, as defined in G.S. 115D-2(2), or eligible private postsecondary institution as defined in G.S. 116-280(3) every four years. G.S. 116-280(3), for voting identification purposes under G.S. 163A-1145.1, such approval shall be valid for the period from January 1 of an odd-numbered year through December 31 of the next even-numbered year.

(c) The State Board shall produce a list of participating universities and colleges every ~~four~~ two years. The list shall be published on the State Board's Web site and distributed to every county board of elections. The State Board shall publish sample student identification cards for each participating university and college.

(d) If a participating college or university with a student identification card approved for use by the State Board as provided in subsection (b) of this section changes the design of the student identification card, that college or university shall provide copies of the new design of the student identification cards to the State Board to assist with training purposes."

SECTION 3. G.S. 163A-1145.3, as amended by S.L. 2019-4, reads as rewritten:

"§ 163A-1145.3. Approval of employee identification cards for voting identification.

(a) The State Board shall approve the use of employee identification ~~card~~ cards issued by a state or local government entity, including a charter school, for voting identification under G.S. 163A-1145.1 if the following criteria are met:

- (1) The head elected official or lead human resources employee of the state or local government entity or charter school submits ~~a signed letter to the Executive Director of documentation satisfactory to the State Board under penalty of perjury~~ that the following are have been met and will not knowingly

be violated with regard to employee identification cards issued during the approval period:

- a. The identification cards that are issued by the ~~university or college~~ state or local government entity or charter school contain photographs of ~~students taken~~ employees obtained by the ~~university or college~~ state or local government entity or charter school or its agents or ~~contractors~~ contractors, provided the photograph obtained (i) is a frontal image that includes the employee's face and (ii) represents a clear, accurate likeness of the employee to whom the identification card is issued. If the photograph is one not produced by the state or local government entity or charter school, the state or local government entity or charter school shall certify in detail the process used by the state or local government entity or charter school to ensure the photograph is that of the employee to whom the identification card is issued and shall certify that the process is designed to confirm the identity of the employee to whom the identification card is issued.
- b. The identification cards are issued after an employment application or other process that includes one or more methods of confirming the identity of the employee using information that include, but are not limited to, the social security number, citizenship status, and birthdate of the employee.
- c. ~~The Access to the~~ equipment for producing the identification cards is ~~kept in a secure location~~ restricted through security measures.
- d. Misuse of the equipment for producing the identification cards would be grounds for termination of an employee.
- e. State or local ~~or charter school~~ officials would report any misuse of identification card equipment they have knowledge of to law enforcement if G.S. 163A-1389(19) was potentially violated.
- f. The cards issued by the state or local government entity ~~or charter school on or after January 1, 2021,~~ contain a date of ~~expiration, effective January 1, 2021.~~ expiration.
- g. The state or local government entity ~~provides~~ or charter school will provide copies of ~~standard~~ employee identification cards to the State Board to assist with training purposes.

- (2) The state or local government entity complies with any other reasonable security measures determined by the State Board to be necessary for the protection and security of the employee identification process.

(b) ~~The~~ The State Board shall establish a schedule for such submissions and approvals. The State Board shall permit a State or local government entity or charter school with no changes to the prior election cycle's approval to submit a statement indicating no changes have been made by the State or local government entity or charter school. When the State Board ~~shall approve the~~ approves for use of the employee identification cards issued by a state or local government entity, including a charter school, for voting identification under G.S. 163A-1145.1 ~~every four years.~~ G.S. 163A-1145.1, such approval shall be valid for the period from January 1 of an odd-numbered year through December 31 of the next even-numbered year.

(c) The State Board shall produce a list of participating employing entities every ~~four~~ two years. The list shall be published on the State Board's Web site and distributed to every county board of elections. The State Board shall publish sample employee identification cards for each participating State or local government entity or charter school."

SECTION 4. Section 1.2(f) of S.L. 2018-144, as amended by S.L. 2019-4, reads as rewritten:

"SECTION 1.2.(f) Notwithstanding G.S. 163A-1145.1, 163A-1145.2, and 163A-1145.3, the State Board shall approve (i) tribal enrollment cards issued by a tribe recognized by this State under Chapter 71A of the General Statutes; (ii) student identification cards issued by a constituent institution of The University of North Carolina, a community college, as defined in G.S. 115D-2(2), or eligible private postsecondary institution as defined in G.S. 116-280(3); and (iii) employee identification cards issued by a state or local government entity, including a charter school, for use as voting identification under G.S. 163A-1145.1 no later than ~~March 15, 2019, November 1, 2019, for use in primaries and elections held in 2019 and 2020, and again no later than May 15, 2021, for elections held on or after that date. 2020.~~ The State Board shall adopt temporary rules on reasonable security measures for use of student or employee identification cards for voting identification in G.S. 163A-1145.2 and G.S. 163A-1145.3 no later than ~~February 1, 2019. September 15, 2019.~~ The State Board shall adopt permanent rules on reasonable security measures for use of student or employee identification cards for voting identification in G.S. 163A-1145.2 and G.S. 163A-1145.3 no later than May 15, 2021. The State Board shall produce the ~~initial~~ list of participating institutions and employing entities ~~no later than April 1, 2019 for use in primaries and elections held in 2020.~~"

SECTION 5. Section 1.2(g) of S.L. 2018-144, as amended by S.L. 2019-4, reads as rewritten:

"SECTION 1.2.(g) ~~Notwithstanding G.S. 163A-1145.1, 163A-1145.2, and 163A-1145.3, For elections held in 2020 only,~~ a student identification card issued by a constituent institution of The University of North Carolina, a community ~~college, college~~ as defined in G.S. 115D-2(2), or eligible private postsecondary institution as defined in G.S. 116-280(3) or an employee identification card issued by state or local government ~~entity that does not contain an entity,~~ including a charter school, may not be denied approval under G.S. 163A-1145.2 or G.S. 163A-1145.3 solely due to a lack of a ~~printed expiration date date.~~ Notwithstanding G.S. 163A-1145.1, an approved student identification card or employee identification card without a printed expiration date shall be eligible for use in any election held before January 1, 2021."

SECTION 6.(a) Any student identification card issued by a constituent institution of The University of North Carolina, a community college as defined in G.S. 115D-2(2), or eligible private postsecondary institution as defined in G.S. 116-280(3), or an employee identification card issued by a State or local government entity or charter school approved by the State Board of Elections on or before March 15, 2019, for use in elections held on or after January 1, 2019, until December 31, 2022, shall continue to be eligible for use in an election prior to December 31, 2022, without further submission by the constituent institution of The University of North Carolina, community college as defined in G.S. 115D-2(2), or eligible private postsecondary institution as defined in G.S. 116-280(3), or State or local government entity or charter school.

SECTION 6.(b) Any constituent institution of The University of North Carolina, a community college as defined in G.S. 115D-2(2), or eligible private postsecondary institution as defined in G.S. 116-280(3), or State or local government entity or charter school denied approval by the State Board of Elections on or before March 15, 2019, shall be granted until November 15, 2019, to submit a revised application for approval. The State Board shall approve the identification cards for use as voting identification under G.S. 163A-1145.1 no later than December 1, 2019, for use in primaries and elections held in 2020.

SECTION 7. G.S. 163A-1303 is amended by adding a new subsection to read:

"(e) Notwithstanding G.S. 163A-1300 and subdivisions (c)(2) and (c)(3) of this section, a county board of elections by unanimous vote of all its members may propose a Plan for Implementation providing for sites in that county for absentee ballots to be applied for and cast in elections conducted in odd-numbered years. The proposed Plan for Implementation shall specify the hours of operation for the county board of elections for an election conducted in that

county for that odd-numbered year. If the county board of elections is unable to reach unanimity in favor of a Plan for Implementation for that odd-numbered year, a member or members of the county board of elections may petition the State Board to adopt a Plan for Implementation for the county, and the State Board may adopt a Plan for Implementation for that county. However, throughout the period required by G.S. 163A-1300(b), any Plan of Implementation approved under this subsection shall provide for a minimum of regular business hours consistent with daily hours presently observed by the county board of elections for the county board of elections, or its alternate, and for uniform locations, days, and hours for all other additional one-stop sites in that county."

SECTION 7.5.(a) G.S. 163A-1303(d)(1), (2), (3), and (4) are recodified as G.S. 163A-1303(d)(1)a., b., c., and d.

SECTION 7.5.(b) G.S. 163A-1303(d), as amended by this section, reads as rewritten:

"(d) Notwithstanding subsection (c) of this section, a county board of elections by unanimous vote of all its members may propose a Plan for Implementation providing for ~~a site~~ the number of sites set out below in that county for absentee ballots to be applied for and cast with days and hours that vary from the county board of elections, or its alternate, and other additional one-stop sites in that county. If the county board of elections is unable to reach unanimity in favor of a Plan for Implementation, a member or members of the county board of elections may petition the State Board to adopt a plan for the county and the State Board may adopt a Plan for Implementation for that county. However, any Plan of Implementation approved under this subsection shall provide for uniform location, days, and hours for that one site throughout the period required by ~~subsection (a) of this section. G.S. 163A-1300(b).~~ This subsection applies only to a county ~~which includes a barrier island~~ that meets any of the following conditions: following:

- (1) One site in a county that includes a barrier island, which barrier island meets all of the following conditions:
 - a. It has permanent inhabitation of residents residing in an unincorporated area.
 - b. It is bounded on the east by the Atlantic Ocean and on the west by a coastal sound.
 - c. It contains either a National Wildlife Refuge or a portion of a National Seashore.
 - d. It has no bridge access to the mainland of the county and is only accessible by marine vessel.
- (2) Up to two sites in a county that is bounded by the largest sound on the East Coast and the county seat is located at the intersection of two rivers, which divide the county."

SECTION 8. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 28th day of May, 2019.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Roy Cooper
Governor

Approved 11:30 a.m. this 3rd day of June, 2019

HB 1016: UNC Boards of Trustees Appointments, Session Law 2019-45

This bill made appointments to the Boards of Trustees for constituent universities.

The Governor signed this bill into law on June 25, 2019.

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019**

**SESSION LAW 2019-45
HOUSE BILL 1016**

**AN ACT TO MAKE APPOINTMENTS TO THE BOARDS OF TRUSTEES FOR
CONSTITUENT UNIVERSITIES OF THE UNIVERSITY OF NORTH CAROLINA AND
THE BOARD OF TRUSTEES OF CLEVELAND COMMUNITY COLLEGE.**

Whereas, G.S. 116-31 authorizes the General Assembly to make appointments to the board of trustees of each of the constituent institutions of The University of North Carolina 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. 115D-12, as amended by S.L. 2018-15, authorizes the General Assembly to make appointments to the Board of Trustees of Cleveland Community College 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, the Speaker of the House of Representatives and President Pro Tempore of the Senate have made recommendations; Now, therefore,

The General Assembly of North Carolina enacts:

PART I. SPEAKER'S RECOMMENDATIONS/UNC

SECTION 1.1. Effective July 1, 2019, James M. Barnes of Wake County is appointed to the Appalachian State Board of Trustees for a term expiring on June 30, 2023.

SECTION 1.2. Effective July 1, 2019, Robert B. Moore, Jr., of Pitt County is appointed to the East Carolina University Board of Trustees for a term expiring on June 30, 2023.

SECTION 1.3. Effective July 1, 2019, The Honorable Paul N. Tine of Dare County is appointed to the Elizabeth City State University Board of Trustees for a term expiring on June 30, 2023.

SECTION 1.4. Effective July 1, 2019, Dr. Warren G. McDonald of Cumberland County is appointed to the Fayetteville State University Board of Trustees for a term expiring on June 30, 2023.

SECTION 1.5. Effective July 1, 2019, Bhaskar R. Venepalli of Wake County is appointed to the North Carolina Agricultural and Technical State University Board of Trustees for a term expiring on June 30, 2023.

SECTION 1.6. Effective July 1, 2019, Oita C. Coleman of Wake County is appointed to the North Carolina Central University Board of Trustees for a term expiring on June 30, 2023.

SECTION 1.7. Effective July 1, 2019, Ann B. Goodnight of Wake County is appointed to the North Carolina State University Board of Trustees for a term expiring on June 30, 2023.

SECTION 1.8. Effective July 1, 2019, The Honorable Wilma M. Sherrill of Buncombe County is appointed to the University of North Carolina at Asheville Board of Trustees for a term expiring on June 30, 2023.



SECTION 1.9. Effective July 1, 2019, Carlos E. Sanchez of Mecklenburg County is appointed to the University of North Carolina at Charlotte Board of Trustees for a term expiring on June 30, 2023.

SECTION 1.10. Effective July 1, 2019, Ralph W. Meekins, Sr., of Cleveland County is appointed to the University of North Carolina at Chapel Hill Board of Trustees for a term expiring on June 30, 2023.

SECTION 1.11. Effective July 1, 2019, Betsy S. Oakley of Guilford County is appointed to the University of North Carolina at Greensboro Board of Trustees for a term expiring on June 30, 2023.

SECTION 1.12. Effective July 1, 2019, Edward K. Brooks of Robeson County is appointed to the University of North Carolina at Pembroke Board of Trustees for a term expiring on June 30, 2023.

SECTION 1.13. Effective July 1, 2019, Haywood Edwin "Woody" White, III, of New Hanover County is reappointed to the University of North Carolina at Wilmington Board of Trustees for a term expiring on June 30, 2023.

SECTION 1.14. Effective July 1, 2019, J. Phillip Horne of Pitt County is appointed to the University of North Carolina School of the Arts Board of Trustees for a term expiring on June 30, 2023.

SECTION 1.15. Effective July 1, 2019, Timothy W. Haskett of Cleveland County is appointed to the Western Carolina University Board of Trustees for a term expiring on June 30, 2023.

SECTION 1.16. Effective July 1, 2019, Brent D. Moore of Guilford County is appointed to the Winston-Salem State University Board of Trustees for a term expiring on November 30, 2023.

PART II. PRESIDENT PRO TEMPORE'S RECOMMENDATIONS/UNC

SECTION 2.1. Effective July 1, 2019, Kimberly M. Shepherd of Ashe County is appointed to the Appalachian State University Board of Trustees for a term expiring on June 30, 2023.

SECTION 2.1A. Effective July 1, 2019, Thomas J. Segrave of Lenoir County is appointed to the East Carolina University Board of Trustees for a term expiring on June 30, 2023.

SECTION 2.2. Effective July 1, 2019, Jan King Robinson of Pasquotank County is appointed to the Elizabeth City State University Board of Trustees for a term expiring on June 30, 2023.

SECTION 2.3. Effective July 1, 2019, Harvey Allen, Jr., of Cumberland County is reappointed to the Fayetteville State University Board of Trustees for a term expiring on June 30, 2023.

SECTION 2.4. Effective July 1, 2019, Mark Copeland of Dallas County, Texas is appointed to the North Carolina Agricultural and Technical State University Board of Trustees for a term expiring on June 30, 2023.

SECTION 2.5. Effective July 1, 2019, Roderick Allison of Granville County is appointed to the North Carolina Central University Board of Trustees for a term expiring on June 30, 2023.

SECTION 2.6. Effective July 1, 2019, Jimmy Clark of Guilford County is appointed to the North Carolina State University Board of Trustees for a term expiring on June 30, 2023.

SECTION 2.7. Effective July 1, 2019, Peter Heckman of Buncombe County is appointed to the University of North Carolina at Asheville Board of Trustees for a term expiring on June 30, 2023.

SECTION 2.8. Effective July 1, 2019, John Preyer of Orange County is appointed to the University of North Carolina at Chapel Hill Board of Trustees for a term expiring on June 30, 2023.

SECTION 2.9. Effective July 1, 2019, Frederick Klein, Jr., of Mecklenburg County is appointed to the University of North Carolina at Charlotte Board of Trustees for a term expiring on June 30, 2023.

SECTION 2.10. Effective July 1, 2019, Elizabeth Phillips of Guilford County is appointed to the University of North Carolina at Greensboro Board of Trustees for a term expiring on June 30, 2023.

SECTION 2.11. Effective July 1, 2019, Dr. Jesse Thomas of Chatham County is appointed to the University of North Carolina at Pembroke for a term expiring on June 30, 2023.

SECTION 2.11A. Effective July 1, 2019, Michael Lee of New Hanover County is appointed to the University of North Carolina at Wilmington Board of Trustees for a term expiring on June 30, 2023.

SECTION 2.12. Effective July 1, 2019, Anna Folwell of Kings County, New York is appointed to the University of North Carolina School of the Arts Board of Trustees for a term expiring on June 30, 2023.

SECTION 2.13. Effective July 1, 2019, Thomas Apodaca of Henderson County is appointed to the Western Carolina University Board of Trustees for a term expiring on June 30, 2023.

SECTION 2.14. Effective July 1, 2019, L'Tanya Joy Bailey of Guilford County is appointed to the Winston-Salem State University Board of Trustees for a term expiring on June 30, 2023.

PART III. SPEAKER'S RECOMMENDATION/CLEVELAND COMMUNITY COLLEGE

SECTION 3.1. Effective July 1, 2019, Dennis C. Bailey of Cleveland County is reappointed to the Board of Trustees of Cleveland Community College for a term expiring on June 30, 2023.

PART IV. EFFECTIVE DATE

SECTION 4.1. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 25th day of June, 2019.

s/ Daniel J. Forest
President of the Senate

s/ Tim Moore
Speaker of the House of Representatives

SB 272: Zoning for Universities Facilities-Durham, Session Law 2019-8

The bill allows for uniform zoning classification of certain residential facilities at North Carolina Central University.

The Governor signed this bill into law on March 28, 2019.

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019**

**SESSION LAW 2019-8
SENATE BILL 272**

**AN ACT TO ALLOW FOR UNIFORM ZONING CLASSIFICATION OF CERTAIN
RESIDENTIAL FACILITIES AT NORTH CAROLINA CENTRAL UNIVERSITY.**

The General Assembly of North Carolina enacts:

SECTION 1. Notwithstanding any provision of Article 19 of Chapter 160A of the General Statutes to the contrary, student housing associated with North Carolina Central University shall be permitted in any zoning district provided that all of the following criteria are met:

- (1) The parcels of land being assembled on which a student housing project is planned to be built each are owned either by the State or by a nonprofit foundation affiliated with North Carolina Central University.
- (2) The parcels of land being assembled on which a student housing project is planned to be built each have been included in the Millennial Campus Plan which has been approved by The University of North Carolina Board of Governors.
- (3) At least one of the parcels of land being assembled on which a student housing project is planned to be built presently is located in a zoning district in which student housing is a generally permitted use.

SECTION 2. Development submittals, including site plans and construction drawings, submitted for a student housing project that meets the criteria provided in Section 1 of this act shall be subject to, and may be developed pursuant to, the UC-2 zoning requirements of the Durham City-County Unified Development Ordinance.

SECTION 3.(a) This act applies to the City of Durham only.

SECTION 3.(b) This act is effective when it becomes law and applies only to development submittals initially submitted to the City of Durham on or before June 30, 2019.

In the General Assembly read three times and ratified this the 28th day of March, 2019.

s/ Daniel J. Forest
President of the Senate

s/ Tim Moore
Speaker of the House of Representatives



g. SB 230: NC Military and Veteran Act of 2019, Session Law 2019-201

The bill waives the 12-month residency requirement for certain veterans and their dependents so they are eligible to be charged the in-State tuition rate and applicable mandatory fees for enrollment. UNC Requested these changes in order to conform with recent and future changes in federal law or guidance surrounding VA benefit eligibility.

The Governor signed this bill into law on August 23, 2019.

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019**

**SESSION LAW 2019-201
SENATE BILL 230**

AN ACT TO DIRECT THE STATE BOARD OF EDUCATION TO ADOPT RULES PROVIDING FOR EXCUSED ABSENCES FROM SCHOOL FOR CHILDREN OF MEMBERS OF THE ARMED FORCES OF THE UNITED STATES; TO PROVIDE THAT THE PROGRAM EVALUATION DIVISION SHALL STUDY WAYS IN WHICH TO IMPROVE THE ABILITY OF MILITARY-TRAINED APPLICANTS AND MILITARY SPOUSES TO BECOME LICENSED BY OCCUPATIONAL LICENSING BOARDS IN THE STATE; TO AUTHORIZE A LOCAL DIRECTOR OF SOCIAL SERVICES TO DETERMINE IF A JUVENILE WHO IS ALLEGED TO HAVE BEEN ABUSED, NEGLECTED, OR DEPENDENT HAS AN ASSOCIATION WITH THE MILITARY AND TO SHARE THAT INFORMATION WITH THE APPROPRIATE MILITARY AUTHORITIES, WHEN APPLICABLE; TO ENSURE THAT ALL ELIGIBLE CHILDREN CAN OBTAIN WARTIME VETERANS SCHOLARSHIPS; AND TO CHARGE CERTAIN VETERANS AND OTHER INDIVIDUALS THE IN-STATE TUITION RATE.

The General Assembly of North Carolina enacts:

PART I. EXCUSED ABSENCES FOR CHILDREN OF CERTAIN MEMBERS OF THE ARMED FORCES

SECTION 1.(a) G.S. 115C-379 reads as rewritten:

"§ 115C-379. Method of enforcement.

(a) It shall be the duty of the State Board of Education to formulate the rules that may be necessary for the proper enforcement of the provisions of this Part. The Board shall prescribe (i) what shall constitute unlawful absence, (ii) what causes may constitute legitimate excuses for temporary nonattendance due to a student's physical or mental inability to attend or a student's participation in a valid educational opportunity such as service as a legislative page or a Governor's page, and (iii) under what circumstances teachers, principals, or superintendents may excuse pupils for nonattendance due to immediate demands of the farm or the home in certain seasons of the year in the several sections of the State.

(b) ~~The~~ In addition to any excused absences authorized pursuant to subsection (a) of this section, the rules shall require school principals to authorize the following excused absences:

- (1) ~~a—Religious observance. — A minimum of two excused absences each academic year for religious observances required by the faith of a student or the student's parents.~~ parent or legal guardian.
- (2) Military leave. — A minimum of two excused absences each academic year, if all of the following conditions are met:
 - a. The student's parent or legal guardian is an active duty member of the uniformed services, as defined by Article 29B of this Chapter, the Interstate Compact on Educational Opportunity for Military Children.
 - b. The student's parent or legal guardian has been called to duty for, is on leave from, or has immediately returned from deployment to a combat zone or combat support posting.



was returned to North Carolina within a reasonable period of time where said child has since lived continuously.

- c. A person meeting either of the requirements set forth in subdivision (3) a or b above, and who ~~was legally adopted by the veteran prior to said person's reaching the age of 15 years~~ is a child, as that term is defined in 37 U.S.C. § 401."

SECTION 4.(b) Section 2(a) of S.L. 2018-37 is repealed.

SECTION 4.(c) The Department of Military and Veterans Affairs shall document the number of applicants who apply for scholarships provided in G.S. 143B-1226 and shall report on this information to the Joint Legislative Oversight Committee on General Government by March 30, 2020. The report shall include the total number of applications received and the total number of those applications made eligible as a result of this section.

PART V. IN-STATE TUITION FOR CERTAIN VETERANS AND OTHER INDIVIDUALS

SECTION 5.(a) G.S. 116-143.3A reads as rewritten:

"§ 116-143.3A. Waiver of 12-month residency requirement for certain veterans and other individuals entitled to federal education benefits under 38 U.S.C. Chapter 30 or 38 U.S.C. Chapter 33.individuals.

- (a) Definitions. – The following definitions apply in this section:

- (1) Abode. – Has the same meaning as G.S. 116-143.3(a)(1).
- (2) Armed Forces. – Has the same meaning as G.S. 116-143.3(a)(2).
- (3) Veteran. – A person who served active duty for not less than 90 days in the Armed Forces, the Commissioned Corps of the U.S. Public Health Service, or the National Oceanic and Atmospheric Administration and who was discharged or released from such service.

(b) ~~Waiver of 12-Month Residency Requirement for Veteran.~~ Certain Individuals. – Any ~~veteran~~ veteran, dependent of a veteran, or other individual who qualifies for admission to an institution of higher education as defined in G.S. 116-143.1(a)(3) is eligible to be charged the in-State tuition rate and applicable mandatory fees for ~~enrollment~~ enrollment, to the extent required by Section 702 of the Veterans Access, Choice, and Accountability Act of 2014, as amended, 38 U.S.C. § 3679, without satisfying the 12-month residency requirement under G.S. 116-143.1, provided the ~~veteran~~ individual meets all of the following criteria:

- (1) ~~The veteran applies for admission to the institution of higher education and enrolls within three years of the veteran's discharge or release from the Armed Forces, the Commissioned Corps of the U.S. Public Health Service, or the National Oceanic and Atmospheric Administration.~~
- (2) ~~The veteran qualifies for and uses educational benefits pursuant to 38 U.S.C. Chapter 30 (Montgomery G.I. Bill Active Duty Education Assistance Program) or 38 U.S.C. Chapter 33 (Post 9/11 Educational Assistance), as administered by the U.S. Department of Veterans Affairs.~~
- (3) ~~The veteran's~~ individual's abode is North Carolina.
- (4) ~~The veteran~~ individual provides the institution of higher education at which the ~~veteran~~ individual intends to enroll a letter of intent to establish residence in North Carolina.
- (5) The individual meets the definition of a "covered individual" under 38 U.S.C. § 3679(c).

(c) ~~Eligibility of Other Individuals Entitled to Federal Educational Benefits Under 38 U.S.C. Chapter 30 or 38 U.S.C. Chapter 33.~~ – Any person who is entitled to federal educational benefits under 38 U.S.C. Chapter 30 or 38 U.S.C. Chapter 33 is also eligible to be charged the in-State tuition rate and applicable mandatory fees for enrollment without satisfying the

~~12-month residency requirement under G.S. 116-143.1, if the person meets all of the following criteria:~~

- ~~(1) The person qualifies for admission to the institution of higher education as defined in G.S. 116-143.1(a)(3) and, with the exception of individuals described in subsections (c1) and (c2) of this section, enrolls in the institution of higher education within three years of the veteran's discharge or release from the Armed Forces, the Commissioned Corps of the U.S. Public Health Service, or the National Oceanic and Atmospheric Administration.~~
- ~~(2) The person is the recipient of federal educational benefits pursuant to 38 U.S.C. Chapter 30 (Montgomery G.I. Bill Active Duty Education Assistance Program) or 38 U.S.C. Chapter 33 (Post 9/11 Educational Assistance), as administered by the U.S. Department of Veterans Affairs.~~
- ~~(3) The person's abode is North Carolina.~~
- ~~(4) The person provides the institution of higher education at which the person intends to enroll a letter of intent to establish residence in North Carolina.~~

~~(c1) Recipients using transferred Post 9/11 GI Bill benefits (38 U.S.C. § 3319) while the transferor is on active duty in the Armed Forces, the commissioned corps of the U.S. Public Health Service, or the National Oceanic and Atmospheric Administration are eligible for the in-State tuition rate, provided the recipient's abode is in North Carolina and the recipient provides the institution of higher education a letter of intent to establish residency in North Carolina.~~

~~(c2) Recipients of the Marine Gunnery Sergeant John David Fry Scholarship (38 U.S.C. § 3311(b)(9)), whose parent or spouse died in the line of duty, without regard as to whether the death in the line of duty followed a period of active duty service of 90 days or more, are eligible to receive in-State tuition under this section, provided the recipient's abode is in North Carolina and the recipient provides the institution of higher education a letter of intent to establish residency in North Carolina.~~

~~(d) After the expiration of the three-year period following discharge as described in 38 U.S.C. § 3679(c), any enrolled veteran entitled to federal educational benefits under 38 U.S.C. Chapter 30 or 38 U.S.C. Chapter 33 and any other enrolled individual described in subsection (e) of this section entitled to federal educational benefits under 38 U.S.C. Chapter 30 or 38 U.S.C. Chapter 33 who is eligible for in-State tuition under this section shall continue to be eligible for the in-State tuition rate so long as the covered individual remains continuously enrolled (other than during regularly scheduled breaks between courses, quarters, terms, or semesters) at that institution of higher education.~~

~~(e) The individual applying for the benefit of this section has the burden of proving entitlement to the benefit.~~

SECTION 5.(b) This section applies to qualifying veterans and other individuals who are enrolled or who enroll in institutions of higher education for any academic quarter, term, or semester that begins on or after the date this act becomes law.

PART VI. EFFECTIVE DATE

SECTION 6. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 14th day of August,
2019.

s/ Norman Sanderson
Presiding Officer of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Roy Cooper
Governor

Approved 3:02 p.m. this 23rd day of August, 2019

SB 572: University System Risk Management Provisions, Session Law 2019-232

The bill authorizes public universities to obtain liability insurance for alcohol sales.

The Governor signed this bill into law on October 18, 2019.

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019**

**SESSION LAW 2019-232
SENATE BILL 572**

**AN ACT TO AUTHORIZE PUBLIC UNIVERSITIES TO OBTAIN LIABILITY INSURANCE
FOR ALCOHOL SALES.**

The General Assembly of North Carolina enacts:

SECTION 1. Article 1 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"§ 116-40.13. Authorization to secure liability insurance for alcohol sales.

A constituent institution of The University of North Carolina is authorized to procure insurance to protect against liability arising from or in connection with the sale or serving of alcohol on the constituent institution's campus or at a facility leased or owned by the constituent institution."

SECTION 2. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 14th day of October, 2019.

s/ Jim Perry
Presiding Officer of the Senate

s/ Harry Warren
Presiding Officer of the House of Representatives

s/ Roy Cooper
Governor

Approved 2:49 p.m. this 18th day of October, 2019



* S 5 7 2 - V - 6 *

HB 200: 2019 Storm Recovery/Various Budget Corrections, Session Law 2019-250

The bill appropriated \$5,200,000 to Elizabeth City State University for repairs to academic and residential buildings impacted by Hurricane Dorian. See page 2, number (6).

The Governor signed this bill into law on November 18, 2019.

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019**

**HOUSE BILL 200
RATIFIED BILL**

AN ACT TO PROVIDE FUNDS FOR DISASTER RELIEF FROM HURRICANE DORIAN AND OTHER NAMED STORMS, FUNDS FOR RESILIENCY MEASURES AGAINST FUTURE STORMS, AND FUNDING FOR THE RURAL HEALTH CARE STABILIZATION FUND; TO MAKE CORRECTIONS TO VARIOUS BUDGET RELATED BILLS; AND TO ENACT CERTAIN BUDGET PROVISIONS FROM HOUSE BILL 966, 2019 REGULAR SESSION.

The General Assembly of North Carolina enacts:

PART I. APPROPRIATIONS AND ALLOCATIONS

SECTION 1.1. State Match. – The State Controller shall transfer the sum of one hundred twenty-one million five hundred eighty-five thousand five hundred ninety-four dollars (\$121,585,594) from the Savings Reserve Account to the General Fund, and those funds are hereby appropriated as follows:

- (1) \$70,812,336 to the Hurricane Florence Disaster Recovery Fund created in S.L. 2018-134 for the Department of Public Safety to be used to provide State match for Hurricane Florence federal disaster assistance programs.
- (2) \$33,173,258 to the State Emergency Response and Disaster Relief Fund for the Department of Public Safety, Division of Emergency Management to be used as follows:
 - a. \$11,197,013 to provide State match for federal disaster assistance programs related to Hurricane Matthew.
 - b. \$4,176,245 to provide State match for federal disaster assistance programs related to Hurricane Michael.
 - c. \$17,800,000 to provide State match for federal disaster assistance programs and funding for equivalent State assistance programs related to Hurricane Dorian.
- (3) \$17,600,000 to the Department of Environmental Quality to match additional federal funds for the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund.

SECTION 1.2. Other Disaster Relief and Resiliency Appropriations/Nonrecurring Funds. – In addition to any other funds appropriated during the 2019-2020 fiscal year, there is appropriated from the unappropriated balance in the General Fund the sum of fifty-nine million fifty thousand dollars (\$59,050,000) in nonrecurring funds for the 2019-2020 fiscal year to be allocated as follows:

- (1) \$5,000,000 to the Office of State Budget and Management for the State Emergency Response and Disaster Relief Fund to ensure that sufficient funds are available to provide relief and assistance for Hurricane Dorian, recent storms, and future emergencies, as authorized by G.S. 166A-19.42.
- (2) \$9,800,000 to the Department of Public Safety, Division of Emergency Management to be used as follows:
 - a. \$5,000,000 to expand flood mitigation studies.



- b. \$4,800,000 for water level and breach monitoring systems for 1,510 high and intermediate risk dams.
- (3) \$15,000,000 to the Department of Public Safety, Office of Recovery and Resiliency to be used as follows:
 - a. \$10,000,000 to provide flexible local government loans to assist distressed communities impacted by Hurricane Matthew, Hurricane Florence, Hurricane Michael, or Hurricane Dorian. The Office shall enter into agreements with local governments to ensure the proper use of the funds and the return of the funds to the State once the local governments have received federal reimbursement. Loans may be used for cash flow assistance while awaiting federal reimbursement. NCORR shall operate the program on a revolving loan fund basis to assist the maximum number of local governments possible.
 - b. \$5,000,000 to provide flexible local government grants to assist distressed communities impacted by Hurricane Dorian. Grants may be used for repairs, staff support and technical assistance, cash flow assistance, and other related activities.
- (4) \$15,000,000 to the Office of State Budget and Management for the Golden L.E.A.F. (Long-Term Economic Advancement Foundation), Inc., to provide grants to governmental entities and organizations exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. The funds may be used to repair, replace, construct, or improve infrastructure or equipment damaged as a result of Hurricane Matthew, Florence, Michael, or Dorian, as well as to construct or improve infrastructure to support hazard mitigation. For the purposes of this program, infrastructure includes nonresidential buildings that serve the public, water, sewer, stormwater, and other publicly owned assets. The Golden L.E.A.F. may also provide grants to 501(c)(3) nonprofit organizations and established religious organizations to repair or replace places of worship damaged or destroyed by Hurricane Florence.

The funds allocated to the Golden L.E.A.F. in this subdivision are not subject to G.S. 143C-6-23(d).
- (5) \$5,000,000 to the Department of Agriculture and Consumer Services, Division of Soil and Water Conservation for stream debris removal.
- (6) \$5,200,000 to Elizabeth City State University for repairs to academic and residential buildings impacted by Hurricane Dorian.
- (7) \$1,700,000 to the Department of Public Instruction as a directed grant to Hyde County for repairs to the Ocracoke School necessitated by Hurricane Dorian.
- (8) \$1,800,000 to the Office of State Budget and Management to provide a directed grant to Hyde County for construction of a pump station and related watershed restoration infrastructure for the Lake Mattamuskeet watershed.
- (9) \$50,000 to the Department of Environmental Quality for repair, restoration, and related environmental disaster recovery activities at the Department's Coastal Reserves.
- (10) \$500,000 to the Wildlife Resources Commission for two grant programs to be administered by the Outdoor Heritage Advisory Council.

SECTION 1.3.(a) Other Disaster Relief and Resiliency Appropriations/Recurring Funds. – In addition to any other funds appropriated during the 2019-2021 fiscal biennium, the sum of one million eight hundred fifty-seven thousand eight hundred thirteen dollars (\$1,857,813) in recurring funds is appropriated from the General Fund to the Department of Public Safety for the 2019-2020 fiscal year and the sum of two million two hundred fifty-three

SECTION 5.10.(b) This section becomes effective January 1, 2020, and applies to reports submitted on or after that date.

STATE BUDGET ACT/CLARIFY WHAT CONSTITUTES AN APPROPRIATION

SECTION 5.11. G.S. 143C-1-2(a) reads as rewritten:

"(a) Appropriation Required to Withdraw State Funds From the State Treasury. – In accordance with Section 7 of Article V of the North Carolina Constitution, no money shall be drawn from the State treasury but in consequence of appropriations made by law. A law enacted by the General Assembly that ~~authorizes the expenditure of money~~ expressly appropriates funds from the State treasury is an appropriation; however, an enactment by the General Assembly that ~~authorizes, specifies, or otherwise provides that funds may be used for a particular~~ describes the purpose of a fund, authorizes the use of funds, allows the use of funds, or specifies how funds may be expended, is not an appropriation."

PART VI. EFFECTIVE DATE

SECTION 6.1. Except as otherwise provided, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 14th day of November, 2019.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Tim Moore
Speaker of the House of Representatives

Roy Cooper
Governor

Approved _____ .m. this _____ day of _____, 2019

H Res. 1022, Electing Reginald R. Holley to the BOG, adopted by House

This House Resolution elects Reginald R. Holley to the Board of Governors of the University of North Carolina.

The House adopted this resolution on October 23, 2029.

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019**

H

**Simple
Resolution
Adopted**

**HOUSE RESOLUTION 1022
Adopted 10/23/19**

Sponsors: Committee on Rules, Calendar, and Operations of the House.

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Calendar 10/23/2019

October 22, 2019

1 A HOUSE RESOLUTION ELECTING REGINALD R. HOLLEY TO THE BOARD OF
2 GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA.

3 Whereas, Robert Bryan III of Mecklenburg County was elected by the House of
4 Representatives in 2017 to serve as a member of the Board of Governors of The University of
5 North Carolina for a term of four years; and

6 Whereas, Robert Bryan III has resigned from the Board of Governors of The
7 University of North Carolina effective October 4, 2019; and

8 Whereas, G.S. 116-7(c) directs the chamber that originally elected a vacating member
9 of the Board of Governors of The University of North Carolina to elect a person to fill the
10 vacancy; and

11 Whereas, the House of Representatives may determine its own procedure; Now,
12 therefore,

13 Be it resolved by the House of Representatives:

14 **SECTION 1.** The following person is elected to the Board of Governors of The
15 University of North Carolina for a term commencing November 1, 2019, and ending June 30,
16 2021:

17 (1) Reginald R. Holley of Brunswick County.

18 **SECTION 2.** This resolution is effective upon adoption.



S. Res. 702, Electing Dwight D. Stone to the BOG, adopted by Senate

This Senate Resolution elects Dwight D. Stone to the Board of Governors of the University of North Carolina.

The Senate adopted this resolution on November 15, 2029.

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019**

S

**Simple
Resolution
Adopted**

**SENATE RESOLUTION 702
Second Edition Engrossed 11/15/19
Adopted 11/15/19**

Sponsors: Senator Rabon (Primary Sponsor).

Referred to:

November 14, 2019

1 A SENATE RESOLUTION ELECTING DWIGHT D. STONE TO THE BOARD OF
2 GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA.

3 Whereas, Harry L. Smith, Jr., of Pitt County was elected by the Senate in 2017 to
4 serve as a member of the Board of Governors of The University of North Carolina for a term of
5 four years; and

6 Whereas, Harry L. Smith, Jr., has expressed his intent to resign from the Board of
7 Governors of The University of North Carolina upon the election of a new member; and

8 Whereas, G.S. 116-7(c) directs the chamber that originally elected a vacating member
9 of the Board of Governors of The University of North Carolina to elect a person to fill that
10 vacancy for the remainder of the unexpired term; and

11 Whereas, the Senate may determine its own procedure, and the Chairs of the Senate
12 Select Committee on Nominations have confirmed that Dwight D. Stone has no disqualifying
13 statutory disabilities; Now, therefore,

14 Be it resolved by the Senate:

15 **SECTION 1.** Based upon the resignation of Harry L. Smith, Jr., Dwight D. Stone of
16 Guilford County is elected to the Board of Governors of The University of North Carolina for a
17 term commencing upon the effective date of this resolution and ending June 30, 2021.

18 **SECTION 2.** This resolution is effective November 22, 2019.



* S 7 0 2 - V - 3 *

HB 472/S. 640: NC A&T State University/AG. Funds, Session Law 2020-26

This bill would appropriate \$2,000,000 in additional recurring funds for the 2019-2020 fiscal year to be allocated to N.C. A&T. This additional funding is to provide a minimum match for federal funds to support agricultural research and cooperative extension program activities.

N.C. A&T has a federal funding match to state funding. In order to receive the federal funding each year they must apply for a waiver. Without the minimum matching state funds appropriated pursuant to this act, N.C. A&T is at risk of losing millions of dollars in federal funds for its research and extension activities, should a temporary waiver for inability to meet the match requirement not be approved by the federal government. It is also the intent of the General Assembly to appropriate additional state funds as necessary to meet the minimum match for available federal funds for this program in subsequent fiscal years to ensure compliance with federal requirements.

Bill history for HB 472:

3/26/2019 – Filed in the House

3/28/2019 – Referred to House Committee on Education – Universities

6/4/2020 – Passed the House

6/10/2020 – Passed the Senate

6/19/2020 – The Governor signed Session Law 2020-26

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

SESSION LAW 2020-26
HOUSE BILL 472

AN ACT TO APPROPRIATE ADDITIONAL FUNDS TO NORTH CAROLINA STATE UNIVERSITY TO PROVIDE A MATCH FOR FEDERAL FUNDS TO SUPPORT THE DEVELOPMENT OF INNOVATIVE MANUFACTURING PROCESSES FOR BIOPHARMACEUTICAL PRODUCTS; TO APPROPRIATE ADDITIONAL FUNDS TO NORTH CAROLINA AGRICULTURAL AND TECHNICAL STATE UNIVERSITY TO PROVIDE A MATCH FOR FEDERAL FUNDS TO SUPPORT AGRICULTURAL RESEARCH AND COOPERATIVE EXTENSION PROGRAM ACTIVITIES; AND TO PERMIT NORTH CAROLINA AGRICULTURAL AND TECHNICAL STATE UNIVERSITY TO SELL DAIRY PRODUCTS AT UNIVERSITY-OWNED FACILITIES TO SUPPORT THE AGRICULTURAL RESEARCH PROGRAM AT THE UNIVERSITY.

The General Assembly of North Carolina enacts:

SECTION 1.(a) Transfer for NC State University Funds. – By August 15, 2020, the Department of Public Instruction shall transfer the sum of two million dollars (\$2,000,000) in nonrecurring funds from the cash balance in the School Bus Replacement Fund (Budget Code: 73510; Fund Code: 7200) to NC State University – Academic Affairs (Budget Code: 16030).

SECTION 1.(b) Appropriation for the NC State University Match. – The funds transferred in subsection (a) of this section are appropriated to the Board of Governors of The University of North Carolina for the 2020-2021 fiscal year to be allocated to North Carolina State University (NC State University) to be used for NC State University's participation in a collaborative effort to accelerate the development of innovative manufacturing processes for biopharmaceutical products. These funds shall support the Biomanufacturing Training and Education Center at NC State University and shall serve as matching funds for a federal grant from the National Institute of Standards and Technology.

SECTION 2.(a) Transfer for NC A&T State University Funds. – By August 15, 2020, the Department of Public Instruction shall transfer the sum of three million dollars (\$3,000,000) in nonrecurring funds from the cash balance in the School Bus Replacement Fund (Budget Code: 73510; Fund Code: 7200) to NC A&T University (Budget Code: 16070).

SECTION 2.(b) Appropriation for the NC A&T State University Match. – The funds transferred in subsection (a) of this section are appropriated to the Board of Governors of The University of North Carolina for the 2020-2021 fiscal year to be allocated to North Carolina Agricultural and Technical State University (NC A&T State University) to be used to support its agricultural research and cooperative extension activities by matching federal funds awarded to NC A&T State University as a land-grant university pursuant to the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended, 7 U.S.C. § 3221, et seq.

SECTION 3. Exemption for Sale of NC A&T Dairy Products. – G.S. 66-58(c) reads as rewritten:

- "(c) The provisions of subsection (a) shall not prohibit:
 - (1) The sale of products of experiment stations or test farms.
 - (1a) The sale of products raised or produced incident to the operation of a community college or college viticulture/enology program as authorized by



G.S. 18B-1114.4 or the operation of a community college or college brewing, distillation, or fermentation program as authorized by G.S. 18B-1114.6.

(1b) The sale by North Carolina State University at University-owned facilities of dairy products, including ice cream, cheeses, milk-based beverages, and the by-products of heavy cream, produced by the Dairy and Process Applications Laboratory, so long as any profits are used to support the Department of Food Science and College of Agriculture and Life Sciences at North Carolina State University.

(1c) The sale by North Carolina Agricultural and Technical State University (NC A&T State University) at University-owned facilities of dairy products, including ice cream, cheeses, milk-based beverages, and the by-products of heavy cream, produced by the University Farm at NC A&T State University, so long as any profits are used to support the Agricultural Research Program and the College of Agriculture and Environmental Sciences at NC A&T State University.

...."

SECTION 4. State Budget Act Applies. – 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.

SECTION 5. Additional Limitations and Directions. – Except where expressly repealed or amended by this act, the provisions of any other legislation enacted during the 2019 Regular Session of the General Assembly expressly appropriating funds to an agency, a department, or an institution covered under this act shall remain in effect.

SECTION 6. Effective Date. – This act becomes effective July 1, 2020.

In the General Assembly read three times and ratified this the 11th day of June, 2020.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Roy Cooper
Governor

Approved 2:23 p.m. this 19th day of June, 2020



Section 3 Bills eligible post-Crossover

A) Capital Legislation

- a. HB 241: Education Bond Act of 2019
- b. HB 371: Planning Funds/ECU Brody School of Medicine
- c. HB 494: Stevens Center Funds/UNC School of the Arts
- d. SB 5: Building North Carolina's Future (later changed)
- e. HB 662: UNC Data Analytics/Funds
- f. HB 663: UNC Faculty Recruitment and Retention Funds
- g. HB 673: Funds for UNC Area Health Education Centers

B) Appropriations Bills

- a. HB 372: UNC AP Scores and Funds/NCSSM-Morganton Campus
- b. HB 642: Additional Funds/UNC Lab Schools
- c. HB 644: Tuition Grants for NCSSM Graduates
- d. HB 661: Funds/NC Policy Collaboratory
- e. HB 813: Howard Hunter, Jr., Eastern Crime Lab
- f. SB 640: NC A&T State University/Ag. Funds

C) Academic Affairs Legislation

- a. HB 305: Summer School Study/College Adv. Corps.
- b. HB 351: Catherine's Law
- c. SB 383: NC Teaching Fellows Changes
- d. SB 436: Various Higher Education Changes
- e. SB 437: NC Completes College/Competitive Workforce

D) Human Resources Legislation

- a. HB 180: State Benefits/Pension Revisions
- b. HB 184: Study State Health Plan Design
- c. HB 214: Retirement Technical Corrections Act of 2019
- d. HB 715: SHRA/Stronger Whistleblower Protection
- e. HB 777: Various Retirement Changes/Wastewater Reform
- f. HB 231: UNC and Comm. College Pay/Retiree Bonus
- g. SB 354: Strengthening Educator's Pay Act

E) Other Legislation

- a. HB 62: In-State Tuition/Members Served on USS NC
- b. HB 113: MCAC and TAC/Funds
- c. HB 125: GSC Revised Uniform Athlete Agents Act
- d. HB 218: Broadcast NC House of Reps Session
- e. HB 330: Efficient Government Buildings & Savings Act
- f. SB 144: Allow In-State Tuition/Athletic Scholarships
- g. HB 665: NC Completes College/Competitive Workforce
- h. HB 697: State Surplus Prop. Computers for Nonprofits
- i. SB 681: Rural Health Care/Loc. Sales Tax Flex/Util. Acct



Capital Legislation

- a. **HB 241: Education Bond Act of 2019**
- b. **HB 371: Planning Funds/ECU Brody School of Medicine**
- c. **HB 494: Stevens Center Funds/UNC School of the Arts**
- d. **SB 5: Building North Carolina's Future (later changed)**
- e. **HB 662: UNC Data Analytics/Funds**
- f. **HB 663: UNC Faculty Recruitment and Retention Funds**
- g. **HB 673: Funds for UNC Area Health Education Centers**

HB 241: Education Bond Act of 2019

This bill would enact the Education Bond Act of 2019. It would appropriate \$200,000 for use in new construction, repairs and renovation projects within the UNC System. Part of this bill was included in the final budget, in addition to the Senate idea of pay-as-you-go.

Bill history:

2/28/2019 – Filed in the House

3/14/2019 – Passed the House

3/18/2019 – Referred To Senate Committee on Rules and Operations of the Senate

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

H

3

HOUSE BILL 241
Committee Substitute Favorable 3/5/19
Committee Substitute #2 Favorable 3/11/19

Short Title: Education Bond Act of 2019.

(Public)

Sponsors:

Referred to:

March 4, 2019

A BILL TO BE ENTITLED
AN ACT TO ENACT THE EDUCATION BOND ACT OF 2019.
The General Assembly of North Carolina enacts:

SECTION 1.(a) Short Title. – This act shall be known as the "Education Bond Act of 2019."

SECTION 1.(b) Purpose. – It is the intent of the General Assembly by this act to provide, subject to a vote of the qualified voters of the State, for the issuance of one billion nine hundred million dollars (\$1,900,000,000) general obligation bonds of the State for the purpose of providing funds, with any other available funds, (i) for public school facilities through grants to counties for public school capital outlay projects and repairs and renovations, in the amount of one billion five hundred million dollars (\$1,500,000,000), (ii) for community college facilities for community college capital outlay projects and repairs and renovations, in the amount of two hundred million dollars (\$200,000,000), and (iii) for The University of North Carolina facilities for capital outlay projects for constituent institutions and repairs and renovations at such institutions, in the amount of two hundred million dollars (\$200,000,000).

SECTION 1.(c) Definitions. – Unless the context otherwise requires, the following definitions apply in this act:

(1) Bonds. – Bonds issued under this section.

(1a) Capital outlay project for a constituent institution. – A project for any of the following:

- a. Construction of one or more new buildings located at a constituent institution of The University of North Carolina.
- b. Renovation of one or more existing buildings located at a constituent institution of The University of North Carolina.
- c. Construction, acquisition, and installation of technology infrastructure at or in support of a constituent institution of The University of North Carolina.
- d. Acquisition and installation of equipment for a building located at a constituent institution of The University of North Carolina that will be used for an instructional or related purpose.
- e. Purchase of land necessary for construction to commence within 24 months of one or more buildings at a constituent institution of The University of North Carolina.



- 1 f. Other related capital outlay projects to provide facilities for individual
2 constituent institutions of The University of North Carolina that are
3 used for instructional or related purposes.
4 The term does not include projects for facilities for centralized administration,
5 trailers, relocatable classrooms, or mobile classrooms.
- 6 (1b) Community college capital outlay project. – A project for any of the
7 following:
8 a. Construction of one or more new community college buildings located
9 on a community college campus.
10 b. Renovation of one or more existing community college buildings.
11 c. Construction, acquisition, and installation of the enterprise resource
12 planning information technology in support of the North Carolina
13 Community College System and its community colleges.
14 d. Construction, acquisition, and installation of technology infrastructure
15 at or in support of a community college.
16 e. Acquisition and installation of equipment for a community college
17 building that will be used for an instructional or related purpose.
18 f. Purchase of land necessary for construction to commence within 24
19 months of one or more community college buildings.
20 g. Other related capital outlay projects to provide facilities for individual
21 community college campuses that are used for instructional or related
22 purposes.
23 The term does not include projects for facilities for centralized administration,
24 trailers, relocatable classrooms, or mobile classrooms.
- 25 (2) Cost. – Without intending thereby to limit or restrict any proper definition of
26 this term in financing the cost of any capital outlay projects as authorized by
27 this act, any of the following:
28 a. The cost of constructing, reconstructing, enlarging, acquiring, and
29 improving projects and acquiring equipment and land therefor.
30 b. The cost of engineering, architectural, and other consulting services as
31 may be required.
32 c. Administrative expenses and charges, including expenses related to
33 determining compliance with applicable requirements of federal law
34 and expenses relating to issuance. Nothing in this section shall permit
35 use of bond funds to pay salaries or fees for bond administration; such
36 salaries and fees shall come from funds appropriated by the General
37 Assembly.
38 d. Finance charges and interest prior to and during construction and, if
39 deemed advisable by the State Treasurer, for a period not exceeding
40 three years after the estimated date of completion of construction.
41 e. The cost of bond insurance, investment contracts, credit enhancement
42 and liquidity facilities, interest rate swap agreements or other
43 derivative products, financial and legal consultants, and related costs
44 of bond and note issuance, and costs incurred by the State in
45 administering the bond issues, including costs of trustees, escrow
46 agents, arbitrage rebate liability consultants, securities disclosure
47 counsel or similar securities disclosure consultants, tax consultants
48 and financial advisors, to the extent and as determined by the State
49 Treasurer.
50 f. The cost of reimbursing the State for any payments made for any cost
51 described in this subdivision.

g. Any other costs and expenses necessary or incidental to the purposes of this act.

Allocations in this section of proceeds of bonds to the costs of a project or undertaking in each case may include allocations to pay the costs set forth in sub-subdivisions c. through g. of this subdivision in connection with the issuance of bonds for the project or undertaking.

(3) Credit facility agreement. – An agreement entered into by the State Treasurer on behalf of the State with a bank, savings and loan association, or other banking institution; an insurance company, reinsurance company, surety company, or other insurance institution; a corporation, investment banking firm, or other investment institution; or any financial institution or other similar provider of a credit facility agreement, which provider may be located within or without the United States of America, such agreement providing for prompt payment of all or any part of the principal or purchase price (whether at maturity, presentment or tender for purchase, redemption, or acceleration), redemption premium, if any, and interest on any bonds or notes payable on demand or tender by the owner, in consideration of the State agreeing to repay the provider of the credit facility agreement in accordance with the terms and provisions of such agreement.

(4) Notes. – Notes issued under this act.

(5) Par formula. – Any provision or formula adopted by the State to provide for the adjustment, from time to time, of the interest rate or rates borne by any bonds or notes, including the following:

a. A provision providing for such adjustment so that the purchase price of such bonds or notes in the open market would be as close to par as possible;

b. A provision providing for such adjustment based upon a percentage or percentages of a LIBOR rate, a prime rate, or base rate, which percentage or percentages may vary or be applied for different periods of time; or

c. Such other provision as the State Treasurer may determine to be consistent with this act and will not materially and adversely affect the financial position of the State and the marketing of bonds or notes at a reasonable interest cost to the State.

(6) Public school capital outlay project. – A project for any of the following:

a. Construction of one or more new public school buildings.

b. Renovation of one or more existing public school buildings.

c. Construction, acquisition, and installation of technology infrastructure for a public school building.

d. Acquisition and installation of equipment or fixtures to ensure building security for a public school building.

e. Acquisition and installation of equipment for a public school building that will be used for an instructional or related purpose.

f. Purchase of land necessary for construction to commence within 24 months of one or more public school buildings.

g. Other related capital outlay projects to provide facilities for individual public schools that are used for instructional or related purposes.

The term does not include projects for facilities for centralized administration, trailers, relocatable classrooms, or mobile classrooms.

(7) State. – The State of North Carolina.

SECTION 1.(d) Authorization of Bonds and Notes. – Subject to a favorable vote of a majority of the qualified voters of the State who vote on the question of issuing bonds for capital outlay projects for public schools and for capital outlay projects funds for community colleges and The University of North Carolina in the election called and held as provided in this act, the State Treasurer is hereby authorized, by and with the consent of the Council of State, to issue and sell, at one time or from time to time, general obligation bonds of the State to be designated "State of North Carolina Education Bonds," with any additional designations as may be determined to indicate the issuance of bonds from time to time, or notes of the State as provided in this act, in an aggregate principal amount not exceeding one billion nine hundred million dollars (\$1,900,000,000) for the purpose of providing funds, with any other available funds, for the purposes authorized in this act. The principal amounts of bonds or notes issued in any 12-month period shall not exceed five hundred ninety-one million dollars (\$591,000,000). In determining whether this limit has been reached, the issuance of a note or bond to pay an outstanding note is not considered an issuance.

SECTION 1.(e) Use of Education Bond and Note Proceeds. –

- (1) Subject to the provisions of subdivision (2) of this subsection, one billion five hundred million dollars (\$1,500,000,000) of the proceeds of education bonds and notes, including premium thereon, if any, shall be used for the purpose of making grants to counties for paying the cost of public school capital outlay projects and repairs and renovations in the following general amounts set forth in this subdivision. Any additional monies that may be received by means of a grant or grants from the United States of America or any agency or department thereof or from any other source to aid in financing the cost of public school capital outlay projects authorized by this act may be placed by the State Treasurer in the Education Bonds Fund or in a separate account or fund and shall be disbursed, to the extent permitted by the terms of the grant or grants, without regard to limitations imposed by this act.

LEA	ADM	Low-Wealth County	ADM Growth	Adjustment Factor	Total
Alamance-Burlington Schools	\$ 4,011,009	\$11,774,969	\$ 536,440	\$0	\$16,322,418
Alexander County Schools	\$ 844,052	\$ 5,393,020	\$0	\$ 3,762,928	\$10,000,000
Alleghany County Schools	\$ 236,419	\$0	\$0	\$ 9,763,581	\$10,000,000
Anson County Schools	\$ 560,349	\$ 4,829,715	\$0	\$ 4,609,936	\$10,000,000
Ashe County Schools	\$ 523,827	\$0	\$0	\$ 9,476,173	\$10,000,000
Avery County Schools	\$ 338,220	\$0	\$0	\$ 9,661,780	\$10,000,000
Beaufort County Schools	\$ 1,134,106	\$ 2,093,891	\$0	\$ 6,772,003	\$10,000,000
Bertie County Schools	\$ 371,213	\$ 3,171,842	\$0	\$ 6,456,945	\$10,000,000
Bladen County Schools	\$ 727,077	\$ 5,497,313	\$0	\$ 3,775,610	\$10,000,000
Brunswick County Schools	\$ 2,200,286	\$0	\$0	\$ 7,799,714	\$10,000,000
Buncombe County Schools	\$ 4,168,034	\$0	\$0	\$ 4,286,925	\$ 8,454,959

1	Yadkin County					
2	Schools	\$ 911,449	\$ 5,605,490	\$0	\$3,483,061	\$10,000,000
3	Yancey County					
4	Schools	\$ 373,507	\$ 1,676	\$0	\$9,624,817	\$10,000,000
5	Total	\$250,500,000	\$600,402,893	\$225,000,000	\$424,097,107	
6						\$1,500,000,000

(1a) Subject to the provisions of subdivision (2) of this subsection, two hundred million dollars (\$200,000,000) of the proceeds of education bonds and notes, including premium thereon, if any, shall be used for paying the costs of capital outlay projects for constituent institutions and repairs and renovations in the following general amounts set forth below:

The University of North Carolina

Various Statewide	New Construction, Repairs, Renovations	\$200,000,000
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Total for The University of North Carolina	\$200,000,000
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(1b) Subject to the provisions of subdivision (2) of this subsection, two hundred million dollars (\$200,000,000) of the proceeds of education bonds and notes, including premium thereon, if any, shall be used for paying the costs of community college capital outlay projects and repairs and renovations in the following general amounts set forth below:

NC Community Colleges

Various Statewide	Technology Upgrades, New Construction, Repairs, Renovations	\$200,000,000
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Total for NC Community Colleges	\$200,000,000
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(2) Special allocation provisions. – In determining the use of the proceeds of education bonds and notes, including premium thereon, if any, set forth in this act, the following special allocation provisions apply:

- a. The public school capital outlay projects to be financed with the proceeds of the bonds issued under this act shall be determined by the State Board of Education based upon the criteria set forth in this act, and upon application by the county in which the public school capital outlay project is to be located or that will otherwise be served by the public school capital outlay project. With respect to proceeds allocated in subdivision (1) of this subsection:
 1. The proceeds shall be used for new construction or rehabilitation of existing facilities and repairs and renovations. Any items purchased with such proceeds and installed or replaced as part of a renovation or rehabilitation must have a useful life of at least 10 years or must extend the life of the facility by at least 10 years once renovated or rehabilitated.
 2. In the case of a local school administrative unit located entirely in one county, the unit's total distribution amount shall be allocated to that county. In the case of a local school

- 1 b. The capital outlay projects for a constituent institution to be financed
2 with the proceeds of the bonds issued under this act shall be
3 determined by the Board of Governors of The University of North
4 Carolina based upon the criteria set forth in this act, and upon
5 application by the constituent institution in which the capital outlay
6 projects for a constituent institution is to be located or that will
7 otherwise be served by the capital outlay projects for a constituent
8 institution. With respect to proceeds allocated in subdivision (1a) of
9 this subsection:
10 1. The proceeds shall be used for new construction or
11 rehabilitation of existing facilities and repairs and renovations.
12 Any items purchased with such proceeds and installed or
13 replaced as part of a renovation or rehabilitation must have a
14 useful life of at least 10 years or must extend the life of the
15 facility by at least 10 years once renovated or rehabilitated.
16 Local matching fund requirements to receive bond proceeds
17 shall be as follows:
18 I. For projects for new construction, the constituent
19 institution receiving the proceeds shall provide
20 matching funds from other non-State funds.
21 II. For rehabilitation of existing facilities and repairs and
22 renovations, constituent institutions shall not be
23 required to match bond proceeds allocated in this act.
24 2. In determining the allocation of proceeds, the Board of
25 Governors shall consider the following factors: (i) size of the
26 entity, with a focus on smaller campuses; (ii) population
27 historically served, with a focus on historically
28 minority-serving institutions; (iii) development tier area
29 designations, with a focus on lower development tier areas; (iv)
30 constituent institutions operating a school serving any grade,
31 kindergarten through 12, with a focus on such institutions; and
32 (v) length of outstanding repairs and renovations requests, with
33 a focus on longer outstanding requests.
34 c. The community college capital outlay projects to be financed with the
35 proceeds of the bonds issued under this act shall be determined by the
36 Community College System Office based upon the criteria set forth in
37 this act, and upon application by the community college in which the
38 community college capital outlay projects is to be located or that will
39 otherwise be served by the community college capital outlay projects.
40 With respect to proceeds allocated in subdivision (1b) of this
41 subsection:
42 1. The proceeds shall be used for upgrades to the enterprise
43 resource planning information technology ("the ERP system"),
44 new construction or rehabilitation of existing facilities, and
45 repairs and renovations.
46 2. Any items purchased with such proceeds for new construction
47 or rehabilitation of existing facilities and repairs and
48 renovations and installed or replaced as part of a renovation or
49 rehabilitation must have a useful life of at least 10 years or
50 must extend the life of the facility by at least 10 years once

HB 371: Planning Funds/ECU Brody School of Medicine

This bill appropriates funds to the Board of Governors of the University of North Carolina System the sum of \$14,300,000 for the 2019-2020 fiscal year, to be allocated to East Carolina University (ECU) to develop plans for the construction of a new medical education building at the Brody School of Medicine at ECU.

Funds that were included in the final budget, (which was later vetoed):

\$15,000,000 non-recurring in FY 2019-2020

13,000,000 non-recurring in FY 2019-2020

Bill history:

3/18/2019 – Filed in the House

4/16/2019 – Re-referred to House Committee on Appropriations, Education

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

H

2

HOUSE BILL 371*
Committee Substitute Favorable 4/16/19

Short Title: Planning Funds/ECU Brody School of Medicine.

(Public)

Sponsors:

Referred to:

March 19, 2019

A BILL TO BE ENTITLED
AN ACT TO APPROPRIATE FUNDS TO THE BOARD OF GOVERNORS OF THE
UNIVERSITY OF NORTH CAROLINA TO DEVELOP PLANS FOR THE
CONSTRUCTION OF A NEW MEDICAL EDUCATION BUILDING AT THE BRODY
SCHOOL OF MEDICINE AT EAST CAROLINA UNIVERSITY.

Whereas, for more than 40 years, the Brody School of Medicine at East Carolina University has successfully fulfilled a three-fold statutory mission to (i) increase the supply of primary care physicians serving North Carolina, (ii) improve the health status of citizens in Eastern North Carolina, and (iii) enhance the access of minority and disadvantaged students to a medical education; and

Whereas, the Brody School of Medicine has become an economic force in North Carolina, with graduates contributing more than \$3 billion annually to the State's economy; and

Whereas, more than 1,400 graduates of the Brody School of Medicine practice medicine in 83 of North Carolina's 100 counties; and

Whereas, the Brody School of Medicine consistently addresses the statewide shortage of primary care physicians, with a higher percentage of its graduates remaining in primary care in North Carolina five years after graduation than any other school in the State; and

Whereas, nearly 70% of the graduates of the Brody School of Medicine who complete residencies at its affiliated hospital, Vidant Medical Center, remain in North Carolina and practice medicine in the State; and

Whereas, tuition at the Brody School of Medicine ranks among the lowest in the United States, making it accessible and affordable, and its graduates depart on average with \$50,000 less debt than their peers nationwide; Now, therefore,
The General Assembly of North Carolina enacts:

SECTION 1. Notwithstanding G.S. 143C-3-3(b), there is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of fourteen million three hundred thousand dollars (\$14,300,000) for the 2019-2020 fiscal year to be allocated to East Carolina University (ECU) to develop plans for the construction of a new medical education building at the Brody School of Medicine at ECU.

SECTION 2. This act becomes effective July 1, 2019.



HB 494: Stevens Center Funds/UNC School of the Arts

This bill would appropriate \$42,200,000 in nonrecurring funds for the 2019-2020 fiscal year to be allocated to the UNC School of the Arts for the planning, repair, and renovation of the Stevens Center.

Although this bill provoked much debate, this provision was stripped from the final budget.

Bill history:

3/27/209 – Filed in the House

4/16/2019 – Re-referred to House Committee on Appropriations, Education

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019**

H

1

HOUSE BILL 494

Short Title: Stevens Center Funds/UNC School of the Arts. (Public)

Sponsors: Representatives Conrad, Lambeth, Montgomery, and Terry (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Education - Universities, if favorable, Appropriations, Education, if favorable,
Appropriations, if favorable, Rules, Calendar, and Operations of the House

March 28, 2019

A BILL TO BE ENTITLED
AN ACT TO APPROPRIATE FUNDS FOR THE REPAIRS AND RENOVATION OF THE
STEVENS CENTER OWNED AND OPERATED BY THE UNIVERSITY OF NORTH
CAROLINA SCHOOL OF THE ARTS.

The General Assembly of North Carolina enacts:

SECTION 1. Notwithstanding G.S. 143C-3-3(b), there is appropriated from the General Fund to The Board of Governors of The University of North Carolina the sum of forty-two million two hundred thousand dollars (\$42,200,000) in nonrecurring funds for the 2019-2020 fiscal year to be allocated to the University of North Carolina School of the Arts (UNC School of the Arts) for the planning, repair, and renovations of the Stevens Center owned and operated by the UNC School of the Arts. The funds shall be used to make significant upgrades to plumbing, mechanical, electrical, and life safety systems, as well as upgrades to theater sound, lighting, and stage equipment, for the existing 77,500 square foot building housing the Stevens Center. The repairs and renovations of the Stevens Center shall support the largest and most important teaching and training facility for the UNC School of the Arts, which is critical to the academic mission of the school. The goals of the renovation shall be to (i) preserve and enhance opportunities to use the Stevens Center as a classroom, (ii) improve the experience of patrons of the Stevens Center, (iii) renovate the stage house to allow for a higher rate of venue turnover, and (iv) improve the back of the house and rehearsal space to enhance the stage and house experience.

SECTION 2. The funds allocated to the UNC School of the Arts pursuant to Section 1 of this act shall not revert to the General Fund at the end of the 2019-2020 fiscal year but shall remain available until June 30, 2023, for the purposes set forth in this act.

SECTION 3. This act becomes effective July 1, 2019.



SB 5: Building North Carolina's Future
(later changed with a proposed committee substitute)

This bill was originally the Senate's version to appropriate the capital funding through the newly-created State Capital and Infrastructure Fund (SCIF). It would draw money from the SCIF to address critical capital funding needs in a pay-as-you-go manner. Under S. 5, State agencies would receive 1/3 of the funding, LEAs would receive 1/3, and higher education (community colleges and the UNC System) would split the last 1/3. The bill earmarks funds for two UNC System projects (\$32m ECSU Library and \$16m WCU Steam Plant Replacement).

This bill was later used as a proposed committee substitute for another issue.

The final budget used funding from the State Capital Infrastructure Fund to address critical capital funding needs in pay-as-you-go manner. It also would rely on the House's bond proposal to fund these critical needs too.

GENERAL ASSEMBLY OF NORTH CAROLINA
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S

2

SENATE BILL 5
Second Edition Engrossed 2/20/19

Short Title: Building North Carolina's Future. (Public)

Sponsors: Senators Brown, Harrington, Krawiec (Primary Sponsors); J. Alexander, T. Alexander, Ballard, Bishop, Burgin, Daniel, J. Davis, Edwards, Ford, Gunn, B. Jackson, Johnson, McInnis, Newton, Rabon, Sanderson, Smith, and Steinburg.

Referred to: Rules and Operations of the Senate

January 31, 2019

1 A BILL TO BE ENTITLED
2 AN ACT TO ALLOW STATE AND LOCAL EDUCATIONAL INSTITUTIONS ACCESS TO
3 FUNDING FROM THE STATE CAPITAL AND INFRASTRUCTURE FUND TO
4 ADDRESS CRITICAL CAPITAL FUNDING NEEDS.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** The General Assembly is committed to supporting public education.
7 Recognizing the current critical need for capital funding, it is the intent of the General Assembly
8 to expand access to the State Capital and Infrastructure Fund and provide supplemental funding
9 for local school administrative units and community colleges to address capital needs, including
10 repair and renovation projects and school safety enhancements.

11 **SECTION 2.(a)** G.S. 143C-4-3.1 reads as rewritten:

12 **"§ 143C-4-3.1. State Capital and Infrastructure Fund.**

13 (a) Legislative Intent. – The General Assembly recognizes the need to establish and
14 maintain a sufficient funding source to address the ongoing capital and infrastructure needs of
15 the State. The General Assembly further recognizes the need to protect the State's substantial
16 improvements in existing public facilities while providing a stable funding source to pay for new
17 facilities to meet the needs of a growing population. The General Assembly intends to annually
18 appropriate one-third of funds available in the State Capital and Infrastructure Fund each to State
19 agencies, institutions of higher education, and local school administrative units through the
20 2027-2028 fiscal year.

21 (b) Creation and Source of Funds. – There is established in the General Fund the State
22 Capital and Infrastructure Fund, hereinafter referred to as the "Fund." The Fund shall be
23 maintained as a special fund and administered by the Office of State Budget and Management to
24 carry out the provisions of this section. With the exception of debt service obligations,
25 appropriations from the Fund may be administered by other State agencies as deemed necessary
26 by the Office of State Budget and Management. Interest accruing from the monies in the Fund
27 shall be credited to the Fund. The Fund shall consist of the following sources of funding:

- 28 (1) One-fourth of any unreserved fund balance, as determined on a cash basis,
29 remaining in the General Fund at the end of each fiscal year.
30 (2) Four and one-half percent (~~4%~~4.5%) of the net State tax revenues that are
31 deposited in the General Fund during the fiscal year.
32 (3) All monies appropriated by the General Assembly for the purposes of capital
33 improvements, as defined in G.S. 143C-1-1(d).
34 (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 and one-half percent (4.5%) ~~(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. 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~~. Statutes, new capital projects for community colleges under the jurisdiction of the State Board of Community Colleges, and new capital projects for local school administrative units.

(2) Repair and renovation of existing capital assets, as provided in G.S. 143C-8-13.

(e1) Administration of Local School Funds. – Funds appropriated for local school administrative units for capital projects pursuant to this section and for repairs and renovations pursuant to G.S. 143C-8-13 shall be administered by the Department of Public Instruction. Upon application, the Department shall distribute funds appropriated from the Fund for capital projects and repairs and renovations projects. In distributing the funds for capital projects and repairs and renovations projects, the Department shall give priority to applicants that demonstrate the greatest need. Applicants for capital projects that have not received a grant from the Needs-Based Public School Capital Fund in the previous five years shall receive a higher priority.

(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.

(g) Restrictions for Class Size Noncompliance. – Notwithstanding any other provision of law to the contrary, funds appropriated from the Fund and allocated to a local school administrative unit that is not in compliance with the class size requirements in G.S. 115C-301 shall be used solely for capital expenditures needed to obtain compliance with the class size requirements.

(h) Funding of Projects. – To maximize the utility of available State funds, the General Assembly shall appropriate monies from the Fund for specific projects in an amount sufficient to fund that project for the fiscal year in which funds are appropriated. It is the intent of the General Assembly to provide future funding for capital projects receiving an appropriation from the Fund until those projects have been completed. Monies provided to local governments from the Fund shall not be used to retire existing debt service."

SECTION 2.(b) G.S. 143C-8-13 reads as rewritten:

"§ 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 (i) State facilities and related infrastructure that are supported from the General ~~Fund~~ Fund, (ii) and for Department of Information Technology facilities and related infrastructure, (iii) community colleges under the jurisdiction of the State Board of Community Colleges, and (iv) local school administrative units. 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.
- (14) School safety enhancements.

(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 3.(a) Notwithstanding G.S. 143C-5-2, there is appropriated from the State Capital and Infrastructure Fund for the 2019-2020 fiscal year the following amounts for capital improvements:

Department of Natural and Cultural Resources

NC Zoo - Asia/Australia project	\$17,500,000
Museum of History Expansion	\$108,500,000

Western Carolina University

Steam Plant Replacement	\$16,000,000
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Elizabeth City State University

Library Building	\$32,000,000
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SECTION 3.(b) Notwithstanding G.S. 143C-5-2 and G.S. 143-8-13(a), there is appropriated from the State Capital and Infrastructure Fund to the Community Colleges System Office for the 2019-2020 fiscal year the following amount for a repair and renovation project:

Workforce Training Equipment	\$10,000,000
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1 **SECTION 4.** G.S. 18C-164 reads as rewritten:

2 **"§ 18C-164. Transfer of net revenues.**

3 (a) The funds remaining in the North Carolina State Lottery Fund after receipt of all
4 revenues to the Lottery Fund and after accrual of all obligations of the Commission for prizes
5 and expenses, excluding balance sheet adjustments or prior-period expense adjustments
6 necessary to implement changes in accounting methods or accounting standards, shall be
7 considered to be the net revenues of the North Carolina State Lottery Fund. The net revenues of
8 the North Carolina State Lottery Fund shall be transferred at least four times a year to the
9 Education Lottery Fund, which shall be created in the State treasury.

10 (b) Repealed by Session Laws 2017-57, s. 5.3(c), effective July 1, 2017.

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

14 **(b2)** Of the net revenues credited to the Education Lottery Fund, there is appropriated to
15 the Public School Building Capital Fund the sum of one hundred million dollars (\$100,000,000)
16 each fiscal year.

17 ~~(b2)(b3)~~ The Office of State Budget and Management shall transfer any net revenues
18 remaining in the Education Lottery Fund after the appropriations made pursuant to ~~subsection~~
19 subsections (b1) and (b2) of this section to the Education Lottery Reserve Fund, a special revenue
20 fund, necessary to maintain a minimum balance in an amount equal to five percent (5%) of net
21 revenue credited to the Education Lottery Fund from the State Lottery Fund during the previous
22 fiscal year.

23 ~~(b3)(b4)~~ Any net revenues remaining after appropriation pursuant to ~~subsection~~
24 subsections (b1) and (b2) of this section and transfer pursuant to subsection ~~(b2)(b3)~~ of this
25 section are hereby appropriated to the Needs-Based Public School Capital Fund.

26 ~~(b4)(b5)~~ Notwithstanding subsection ~~(b2)(b3)~~ of this section, the minimum balance of the
27 Education Lottery Reserve Fund may be less than the amount equal to five percent (5%) of net
28 revenue credited to the Education Lottery Fund from the State Lottery Fund during the previous
29 fiscal year if funds are necessary to meet the amount of net revenues appropriated pursuant to
30 ~~subsection-subsections (b1) and (b2)~~ of this section.

31 (c) The General Assembly shall appropriate the remaining net revenue of the Education
32 Lottery Fund annually in the Current Operations Appropriations Act for education-related
33 purposes, based upon estimates of lottery net revenue to the Education Lottery Fund provided by
34 the Office of State Budget and Management and the Fiscal Research Division of the Legislative
35 Services Commission. A security interest shall not be granted in funds appropriated pursuant to
36 this subsection.

37 (d) Repealed by Session Laws 2013-360, s. 6.11(c), effective June 30, 2013.

38 (e) If the actual net revenues are less than the ~~appropriation-appropriations~~ provided in
39 ~~subsection-subsections (b1) and (b2)~~ of this section for that given year, then the Governor may
40 transfer from the Education Lottery Reserve Fund an amount sufficient to equal the ~~appropriation~~
41 appropriations provided by ~~subsection-subsections (b1) and (b2)~~ of this section.

42 (f) Repealed by Session Laws 2017-57, s. 5.3(c), effective July 1, 2017."

43 **SECTION 5.** This act becomes effective July 1, 2019.

HB 662: UNC Data Analytics/Funds

This bill appropriates additional funds for the University of North Carolina Data Modernization Initiative, as recommended by the Board of Governors of the UNC System.

\$1,000,000 in reoccurring funds were included in the final budget for both FY 2019-20 and FY 2020-21.

Bill history:

4/09/2019 – Filed in the House

4/10/2019 – Referred to House Committee on Appropriations, Education

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019**

H

1

HOUSE BILL 662

Short Title: UNC Data Analytics/Funds. (Public)

Sponsors: Representative Fraley.

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Appropriations, Education, if favorable, Rules, Calendar, and Operations of the
House

April 10, 2019

1 A BILL TO BE ENTITLED
2 AN ACT TO APPROPRIATE ADDITIONAL FUNDS FOR THE UNIVERSITY OF NORTH
3 CAROLINA DATA MODERNIZATION INITIATIVE, AS RECOMMENDED BY THE
4 BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** There is appropriated from the General Fund to the Board of Governors
7 of The University of North Carolina (i) for the 2019-2020 fiscal year the sum of one million
8 dollars (\$1,000,000) in additional recurring funds and the sum of four million dollars
9 (\$4,000,000) in nonrecurring funds and (ii) for the 2020-2021 fiscal year the sum of two million
10 dollars (\$2,000,000) in additional recurring funds and the sum of five million dollars
11 (\$5,000,000) in nonrecurring funds for the continuation of the data modernization initiative for
12 The University of North Carolina. These funds shall be used to support the upcoming phases of
13 the project, including a semipublic reporting environment within the existing data analytics
14 platform and the creation of a new financial data warehouse. In addition, the funds shall be used
15 for a shared Constituent Relationship Management (CRM) service and associated data mart to
16 aid smaller constituent institutions of The University of North Carolina in their alumni
17 engagement efforts.

18 **SECTION 2.** This act becomes effective July 1, 2019.



* H 6 6 2 - V - 1 *

HB 663: UNC Faculty Recruitment and Retention Funds

This bill appropriates additional funds for Faculty Recruitment and Retention for UNC System, as recommended by the Board of Governors.

Funding was included in final budget, \$6,000,000 for FY 2019-20 and \$11,433,413 for FY 2020-21

Bill history:

4/09/2019 – Filed in the House

4/10/2019 – Referred to House Committee on Appropriations, Education

**GENERAL ASSEMBLY OF NORTH CAROLINA
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H

1

HOUSE BILL 663

Short Title: UNC Faculty Recruitment and Retention Funds. (Public)

Sponsors: Representative Fraley.

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Appropriations, Education, if favorable, Regulatory Reform

April 10, 2019

A BILL TO BE ENTITLED
AN ACT TO APPROPRIATE ADDITIONAL FUNDS FOR FACULTY RECRUITMENT
AND RETENTION FOR THE UNIVERSITY OF NORTH CAROLINA, AS
RECOMMENDED BY THE BOARD OF GOVERNORS OF THE UNIVERSITY OF
NORTH CAROLINA.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of ten million dollars (\$10,000,000) in additional recurring funds for the 2019-2020 fiscal year and the sum of fifteen million dollars (\$15,000,000) in additional recurring funds for the 2020-2021 fiscal year for the Faculty Recruitment and Retention Fund of The University of North Carolina. The monies in the Fund shall be used to ensure competitive recruitment of excellent faculty to constituent institutions and to build strong salary structures to reward high-performing faculty. In particular, these funds shall be used for data-driven proposals from constituent institutions for specific salary adjustments of both recruited and current faculty designed to build and retain talent in areas of critical importance to the varied missions, regions, and needs across the State.

SECTION 2. This act becomes effective July 1, 2019.



HB 673: Funds for UNC Area Health Education Centers

This bill appropriates funds for the Regional Area Health Education Centers.

Section 1 provides for \$4,802,500 in recurring funds for the 2019-2020 school year to be allocated to the Asheville campus of the University Of North Carolina School Of Medicine to support the joint program with the Mountain Area Health Education Center.

- Funding was included in final budget

Section 2 provides \$4,800,000 in recurring funds for the 2019-2020 school year to be allocated to the Southern Regional Area Health Education Center

- Funding was included in final budget

Section 3 provides \$500,000 in recurring funds for the 2019-2020 school year to be allocated to University of North Carolina Rockingham Health Care to provide matching grant funds for a primary care rural advancement program.

Bill history:

4/09/2019 – Filed in the House

4/11/2019 – Referred to House Committee on Appropriations, Education

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019**

H

1

HOUSE BILL 673

Short Title: Funds for UNC Area Health Education Centers. (Public)

Sponsors: Representative Fraley.

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Appropriations, Education, if favorable, Rules, Calendar, and Operations of the House

April 11, 2019

A BILL TO BE ENTITLED
AN ACT TO APPROPRIATE FUNDS FOR THE REGIONAL AREA HEALTH EDUCATION
CENTERS.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of four million eight hundred two thousand five hundred dollars (\$4,802,500) in recurring funds for the 2019-2020 school year to be allocated to the Asheville campus of the University of North Carolina School of Medicine to support the joint program with the Mountain Area Health Education Center.

SECTION 2. There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of four million eight hundred thousand dollars (\$4,800,000) in recurring funds for the 2019-2020 school year to be allocated to the Southern Regional Area Health Education Center (SR AHEC) to be used for residencies in the SR AHEC service areas and for facility and structural improvements associated with current residency programs.

SECTION 3. There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of five hundred thousand dollars (\$500,000) in recurring funds for the 2019-2020 school year to be allocated to University of North Carolina Rockingham Health Care to provide matching grant funds for a primary care rural advancement program.

SECTION 4. This act becomes effective July 1, 2019.



* H 6 7 3 - V - 1 *



Appropriations Bills

- a. **HB 372: UNC AP Scores and Funds/NCSSM-Morganton Campus**
- b. **HB 642: Additional Funds/UNC Lab Schools**
- c. **HB 644: Tuition Grants for NCSSM Graduates**
- d. **HB 661: Funds/NC Policy Collaboratory**
- e. **HB 813: Howard Hunter, Jr., Eastern Crime Lab**

HB 372: UNC AP Scores and Funds/NCSSM-Morganton Campus

This bill commends the Board of Governors of the University of North Carolina for standardizing Advanced Placement credit policies and allowing students to complete undergraduate degrees in a more efficient and timely manner.

It also appropriates funds for the Morganton Campus of the North Carolina School of Science and Mathematics. Specifically, for the 2019-2020 fiscal year the sum of \$1,408,632 in recurring funds and \$5,150 in nonrecurring funds and for the 2020-2021 fiscal year, the sum of \$3,389,820 in recurring funds and the sum of \$792,369 in nonrecurring funds to provide funds for staff, operating expenses, and equipment for the Morganton campus.

Bill history:

3/18/2019 – Filed in the House

7/31/2019 – Passed in the House

8/05/2019 – Referred to Senate Committee on Rules and Operations of the Senate

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019**

H

2

**HOUSE BILL 372*
Committee Substitute Favorable 7/23/19**

Short Title: UNC AP Scores & Funds/NCSSM-Morganton Campus. (Public)

Sponsors:

Referred to:

March 19, 2019

A BILL TO BE ENTITLED
AN ACT TO COMMEND THE BOARD OF GOVERNORS OF THE UNIVERSITY OF
NORTH CAROLINA FOR STANDARDIZING ADVANCED PLACEMENT CREDIT
POLICIES AND ALLOWING STUDENTS TO COMPLETE UNDERGRADUATE
DEGREES IN A MORE EFFICIENT AND TIMELY MANNER AND TO APPROPRIATE
FUNDS FOR THE MORGANTON CAMPUS OF THE NORTH CAROLINA SCHOOL OF
SCIENCE AND MATHEMATICS.

The General Assembly of North Carolina enacts:

PART I. UNC ADVANCED PLACEMENT CREDIT POLICIES

SECTION 1. The General Assembly commends the Board of Governors of The University of North Carolina for adopting a policy and regulations that standardize the Advanced Placement credit policies across all of the constituent institutions of The University of North Carolina. The General Assembly further supports and endorses the actions of the Board of Governors directing all constituent institutions to award appropriate credit to all undergraduates who have earned a score of three or higher on one or more Advanced Placement Exams and only allowing exceptions from this policy if the constituent institution petitions its Board of Trustees with compelling reasons for needing an exception. These actions of the Board of Governors shall create clarity and consistency on the issue of awarding undergraduate credit for Advanced Placement Exams and allow students who have proven that they have completed college-level work by scoring a three or higher on this national exam to complete their degrees in a more timely manner. By encouraging and rewarding college-level work that is completed in high school, the Board of Governors is creating more educational pathways for students, improving efficiencies, and being good stewards of public monies.

PART II. FUNDS FOR MORGANTON CAMPUS OF THE NORTH CAROLINA SCHOOL OF SCIENCE AND MATH

SECTION 2.(a) There is appropriated from the General Fund to the Board of Governors of The University of North Carolina (i) for the 2019-2020 fiscal year, the sum of one million four hundred eight thousand six hundred thirty-two dollars (\$1,408,632) in recurring funds and the sum of five thousand one hundred fifty dollars (\$5,150) in nonrecurring funds and (ii) for the 2020-2021 fiscal year, the sum of three million three hundred eighty-nine thousand eight hundred twenty dollars (\$3,389,820) in recurring funds and the sum of seven hundred ninety-two thousand three hundred sixty-nine dollars (\$792,369) in nonrecurring funds to provide funds for staff, operating expenses, and equipment for the Morganton campus of the North Carolina School of Science and Mathematics.



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1 **SECTION 2.(b)** If any provision of this section and G.S. 143C-5-4 are in conflict,
2 the provisions of this section shall prevail.

3 **SECTION 2.(c)** The appropriations and the authorizations to allocate and spend
4 funds which are set out in this section shall remain in effect until the Current Operations
5 Appropriations Act for the applicable fiscal year becomes law, at which time that act shall
6 become effective and shall govern appropriations and expenditures. When the Current
7 Operations Appropriations Act for that fiscal year becomes law, the Director of the Budget shall
8 adjust allotments to give effect to that act from July 1 of the fiscal year.

9 **SECTION 2.(d)** This section becomes effective July 1, 2019.

10
11 **PART III. EFFECTIVE DATE**

12 **SECTION 3.** Except as otherwise provided, this act is effective when it becomes
13 law.

HB 642: Additional Funds/UNC Lab Schools

This bill would make changes to student enrollment criteria for Laboratory Schools and to appropriate \$500,000 in additional recurring funds for the 2019-2020 fiscal year for the operation of Laboratory Schools.

\$500,000 for Laboratory Schools was in the final budget.

Bill history:

4/09/2019 – Filed in the House

4/10/2019 – H Referred To House Committee On Appropriations, Education.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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HOUSE BILL 642

Short Title: Additional Funds/UNC Lab Schools. (Public)

Sponsors: Representative Fraley.

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Appropriations, Education, if favorable, Rules, Calendar, and Operations of the House

April 10, 2019

1 A BILL TO BE ENTITLED
2 AN ACT TO MAKE CHANGES TO STUDENT ENROLLMENT CRITERIA FOR
3 UNIVERSITY OF NORTH CAROLINA LABORATORY SCHOOLS AND TO
4 APPROPRIATE ADDITIONAL FUNDS FOR THE OPERATION OF LABORATORY
5 SCHOOLS.

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** G.S. 116-239.9 reads as rewritten:

8 **"§ 116-239.9. Student admissions and assignment.**

9 (a) A child shall be eligible to attend a laboratory school if the child resides in the local
10 school administrative unit in which a laboratory school is located and meets at least one of the
11 following criteria:

12 (1) Is assigned to a low-performing school, as defined by G.S. 115C-105.37 at the
13 time of the student's application.

14 (2) Did not meet expected growth in the prior school year based on one or more
15 indicators listed in subsection (c1) of this section.

16 (3) Is the sibling of a child who is eligible under subdivision (1) or (2) of this
17 subsection.

18 (4) Is the child of a laboratory school employee.

19 (b) No local board of education shall require any student enrolled in the local school
20 administrative unit to attend a laboratory school.

21 (c) During each period of enrollment, the laboratory school shall enroll an eligible student
22 under subsection (a) of this section who submits a timely application, up to the capacity of a
23 program, class, grade level, or building, in the order in which applications are received. Once
24 enrolled, students are not required to reapply in subsequent enrollment periods. The laboratory
25 school may give enrollment priority to the sibling of an enrolled student who attended the
26 laboratory school in the prior school year.

27 (c1) For the purposes of this Article, any of the following shall serve as indicators that a
28 student did not meet expected student growth in the prior school year: (i) grades, (ii) observations,
29 (iii) diagnostic and formative assessments, (iv) State assessments, or (v) other factors, including
30 reading on grade level.

31 (c2) Notwithstanding the requirements of subsection (a) of this section, if a laboratory
32 school has not reached enrollment capacity in a program, class, grade level, or building by June
33 1 prior to the start of the next school year, the laboratory school may enroll children who reside
34 in the local school administrative unit in which the laboratory school is located but do not meet



1 one of the criteria set forth in subdivisions (1) through (4) of subsection (a) of this section for up
2 to twenty percent (20%) of the total capacity of the program, class, grade level, or building.

3 (d) Notwithstanding any law to the contrary, a laboratory school may refuse admission
4 to any student who has been expelled or suspended from a public school under G.S. 115C-390.5
5 through G.S. 115C-390.11 until the period of suspension or expulsion has expired.

6 (e) Within one year after a laboratory school begins operation, the laboratory school shall
7 make efforts for the population of the school to reasonably reflect the racial, ethnic, and
8 socioeconomic composition of the general population residing within the local school
9 administrative unit in which the school is located."

10 **SECTION 2.** There is appropriated from the General Fund to the Board of Governors
11 of The University of North Carolina the sum of five hundred thousand dollars (\$500,000) in
12 additional recurring funds for the 2019-2020 fiscal year to support the operation of University of
13 North Carolina laboratory schools pursuant to Article 29A of Chapter 116 of the General Statutes.

14 **SECTION 3.** This act becomes effective July 1, 2019, and applies beginning with
15 the 2019-2020 school year.

HB 644: Tuition Grants for NCSSM Graduates

This bill would provide that tuition grants be provided to state residents who graduate from the North Carolina School of Science and Mathematics and enroll full-time at an eligible institution of higher education for up to four academic years.

Bill history:

4/09/2019 – Filed in the House

4/10/2019 – Referred To House Committee On Appropriations, Education.

GENERAL ASSEMBLY OF NORTH CAROLINA
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HOUSE BILL 644

Short Title: Tuition Grants for NCSSM Graduates. (Public)

Sponsors: Representative Fraley.

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Appropriations, Education, if favorable, Rules, Calendar, and Operations of the House

April 10, 2019

A BILL TO BE ENTITLED
AN ACT TO PROVIDE THAT TUITION GRANTS BE PROVIDED TO STATE RESIDENTS
WHO GRADUATE FROM THE NORTH CAROLINA SCHOOL OF SCIENCE AND
MATHEMATICS AND ENROLL FULL-TIME AT AN ELIGIBLE INSTITUTION OF
HIGHER EDUCATION FOR UP TO FOUR ACADEMIC YEARS.

The General Assembly of North Carolina enacts:

SECTION 1. Article 23 of Chapter 116 of the General Statutes is amended by adding
a new Part to read:

"Part 5. Tuition Grant for Graduates of the North Carolina School of Science and Mathematics.

**"§ 116-209.80. Tuition grants for graduates to attend an eligible institution of higher
education.**

(a) Within the funds available, a State resident who graduates from the North Carolina
School of Science and Mathematics (NCSSM) in each school year, beginning with the 2019-2020
school year, and who enrolls as a full-time student in an eligible institution of higher education
in the next academic year after graduation shall be eligible for a tuition grant awarded under this
Part. Students who receive initial tuition grants as a cohort of a graduating class of NCSSM shall
also be eligible to apply for tuition grants for subsequent academic years for up to a total of four
academic years. A student shall be continuously enrolled in an eligible institution of higher
education after the award of the initial tuition grant to be eligible for tuition grants in subsequent
academic years. The Authority shall have the discretion to waive this requirement if the student
is able to demonstrate that any of the following have substantially disrupted or interrupted the
student's pursuit of a degree: (i) a military service obligation, (ii) serious medical debilitation,
(iii) a short-term or long-term disability, or (iv) other extraordinary hardship.

(b) For the purposes of this Part, "an eligible institution of higher education" shall mean
a constituent institution of The University of North Carolina or a private institution of higher
education located in North Carolina as described in G.S. 116-280(3). The amount of the tuition
grant to each graduate shall be determined and distributed as provided in G.S. 116-209.81.

"§ 116-209.81. Administration of tuition grants.

(a) The Authority shall administer the tuition grants provided for in this Part pursuant to
guidelines and procedures established by the Authority consistent with its practices for
administering State-funded financial aid. The guidelines and procedures shall include an
application process and schedule, notification and disbursement procedures, standards for
reporting, and standards for return of tuition grants when a student withdraws. The Authority
shall not approve any grant until it receives proper certification from the appropriate eligible



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1 institution of higher education that the student applying for the grant is an eligible student. Upon
2 receipt of the certification, the Authority shall remit, at the times it prescribes, the tuition grant
3 to the eligible institution of higher education on behalf, and to the credit, of the student. In the
4 event a student on whose behalf a tuition grant has been paid is not enrolled and carrying a
5 minimum academic load as of the tenth classroom day following the beginning of the school
6 term for which the tuition grant was paid, the eligible institution of higher education shall refund
7 the full amount of the tuition grant to the Authority.

8 (b) Except as otherwise provided in this section, the amount of the grant awarded to a
9 student shall cover: (i) to attend a constituent institution, the tuition cost at the constituent
10 institution in which the student is enrolled or (ii) to attend a private institution of higher education
11 located in North Carolina, the tuition cost, in whole or in part, at the private institution in an
12 amount up to the highest amount of undergraduate resident tuition charged at a constituent
13 institution of The University of North Carolina for that academic year.

14 No tuition grant awarded to a student under this section shall exceed the cost of attendance
15 at a constituent institution for which the student is enrolled, or if enrolled in a North Carolina
16 private institution of higher education, exceed the highest amount of undergraduate resident
17 tuition charged at a constituent institution of The University of North Carolina for that academic
18 year.

19 (c) If a student, who is eligible for a tuition grant under this section, also receives a
20 scholarship or other grant covering the cost of attendance at the eligible institution of higher
21 education for which the tuition grant is awarded, then the amount of the tuition grant shall be
22 reduced by an appropriate amount determined by the Authority so that the total amount of
23 scholarships and grants received by the student does not exceed the cost of attendance for the
24 institution. The cost of attendance shall be determined by the Authority for each eligible
25 institution of higher education.

26 (d) In the event there are not sufficient funds to provide each eligible student with a full
27 grant as provided by this Part, each eligible student shall receive a pro rata share of funds
28 available for the academic year covered by the appropriation in the preceding fiscal year.

29 **"§ 116-209.82. North Carolina Tuition Grant Fund Reserve.**

30 The North Carolina Tuition Grant Fund Reserve shall be established as a reserve to be
31 administered by the Authority. All funds appropriated to or otherwise received by the Authority
32 to provide tuition grants under this Part, all returned tuition grant monies, and all interest earned
33 on these funds shall be placed in the Fund. The Fund shall be used for (i) tuition grants for the
34 academic year that begins in the fiscal year following the fiscal year in which the appropriation
35 is made to the Reserve and (ii) the administrative costs of the Authority, provided that no more
36 than five percent (5%) of the funds appropriated each fiscal year for tuition grants is expended
37 for administrative purposes."

38 **SECTION 2.** Notwithstanding any other provision of law, students who are State
39 residents who graduated from the North Carolina School of Science and Mathematics at the end
40 of the 2018-2019 school year and were awarded a tuition grant for the 2019-2020 academic year
41 in accordance with Section 10A.5 of S.L. 2018-5 shall be included in the award of tuition grants
42 under G.S. 116-209.81, as enacted by this act, beginning with the 2020-2021 academic year.

43 **SECTION 3.** There is appropriated from the General Fund to the North Carolina
44 Tuition Grant Fund Reserve established pursuant to G.S. 116-209.82, as enacted by this act, the
45 sum of (i) two million nine hundred fifty thousand dollars (\$2,950,000) in recurring funds for the
46 2019-2020 fiscal year to support the award of tuition grants to students who qualify pursuant to
47 Section 2 of this act and a new cohort of eligible students who graduate from the North Carolina
48 School of Science and Mathematics (NCSSM) at the end of the 2019-2020 school year and (ii)
49 one million eight hundred fifty thousand dollars (\$1,850,000) in additional recurring funds for
50 the 2020-2021 fiscal year to support the award of tuition grants to a new cohort of eligible
51 students who graduate from NCSSM at the end of the 2020-2021 school year, with a total net

1 appropriation of four million eight hundred thousand dollars (\$4,800,000) in recurring funds for
2 the 2020-2021 fiscal year for the purpose of awarding tuition grants in accordance with this act.
3 These funds shall be made available to eligible students as follows:

- 4 (1) Beginning with the 2019-2020 fiscal year, the Authority shall use up to seven
5 hundred fifty thousand dollars (\$750,000) to award tuition grants to each
6 cohort of eligible students who attend a private institution of higher education
7 located in North Carolina for the next academic year following the year in
8 which the funds were appropriated.
- 9 (2) Beginning with the 2019-2020 fiscal year, the Authority shall use up to one
10 million one hundred thousand dollars (\$1,100,000) to award tuition grants to
11 each cohort of eligible students who attend constituent institutions of The
12 University of North Carolina for the next academic year following the year in
13 which the funds were appropriated.

14 It is the intent of the General Assembly to appropriate from the General Fund to the North
15 Carolina Tuition Grant Fund Reserve the sum of one million eight hundred fifty thousand dollars
16 (\$1,850,000) in additional recurring funds for the 2021-2022 fiscal year, with a total net
17 appropriation of six million six hundred fifty thousand dollars (\$6,650,000) in recurring funds
18 for the 2021-2022 fiscal year and (ii) seven hundred fifty thousand dollars (\$750,000) in
19 additional recurring funds for the 2022-2023 fiscal year, with a total net appropriation of seven
20 million four hundred thousand dollars (\$7,400,000) in recurring funds for the 2022-2023 fiscal
21 year to fund up to four years of tuition grants for each cohort of eligible students from NCSSM
22 on an ongoing basis in accordance with this act.

23 **SECTION 4.** This act becomes effective July 1, 2019.

HB 660: Funds for UNC Education Programs

This bill would appropriate funds for various higher education program priorities of the UNC System, as recommended by the UNC Board of Governors.

Section 1: Funds to be allocated to NCSSM to support the opening of a second campus of NCSSM in Morganton.

-these funds were included in the final budget.

Section 2: Funds to be allocated to NC A&T State University to support research faculty and graduate students in doctoral programs in science, technology, engineering, and mathematics fields and for associated research grants.

-these funds were included in the final budget and at a higher dollar amount.

Section 3: Funds to be allocated to ECU to expand its rural physician residency programs in Duplin, Halifax, and Hertford Counties

-these funds were not included in the final budget.

Section 4: Funds to be allocated to FSU for the Veterans Law Center.

-these funds were not included in the final budget

Section 5: Funds to establish the Veterans Career Advancement Program as a pilot program at up to four constituent institutions to help student veterans transition from postsecondary education to the workplace.

Section 6: Additional recurring funds to be allocated to UNCP for operational expenses for the College of Health Sciences.

-these funds were included in the final budget, but at \$1,000,000 in reoccurring funds.

Bill history:

4/09/2019 – Filed in the House

4/10/2019 – Referred to House Committee on Appropriations, Education

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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HOUSE BILL 660

Short Title: Funds for UNC Education Programs. (Public)

Sponsors: Representative Fraley.

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Appropriations, Education, if favorable, Rules, Calendar, and Operations of the House

April 10, 2019

A BILL TO BE ENTITLED
AN ACT TO APPROPRIATE FUNDS FOR VARIOUS HIGHER EDUCATION PROGRAM
PRIORITIES OF THE UNIVERSITY OF NORTH CAROLINA, AS RECOMMENDED
BY THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Board of Governors of The University of North Carolina (i) for the 2019-2020 fiscal year the sum of one million four hundred eight thousand six hundred thirty-two dollars (\$1,408,632) in additional recurring funds and the sum of twenty-five thousand nine hundred twenty-eight dollars (\$25,928) in nonrecurring funds and (ii) for the 2020-2021 fiscal year the sum of three million three hundred eighty-nine thousand eight hundred twenty dollars (\$3,389,820) in additional recurring funds and seven hundred ninety-five thousand three hundred seventy-six dollars (\$795,376) in nonrecurring funds to allocate to the North Carolina School of Science and Mathematics (NCSSM) to support the opening of a second campus of NCSSM in Morganton, North Carolina. The funds shall be used to support personnel, supplies, and equipment for the opening of the campus in the fall of 2021 and for the first freshman class to enroll for the 2022-2023 school year.

SECTION 2. There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of one million dollars (\$1,000,000) in recurring funds for the 2019-2020 fiscal year to be allocated to North Carolina Agricultural and Technical State University (NC A&T State University) to support research faculty and graduate students in doctoral programs in science, technology, engineering, and mathematics fields and for associated research grants. The funds shall be used for NC A&T State University's transition to doctoral research university status.

SECTION 3. There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of one million four hundred forty-seven thousand dollars (\$1,447,000) in additional recurring funds for the 2019-2020 fiscal year and the sum of two million five hundred ninety-two thousand dollars (\$2,592,000) in additional recurring funds for the 2020-2021 fiscal year to be allocated to East Carolina University to expand its rural physician residency programs in Duplin, Halifax, and Hertford Counties in eastern North Carolina. The funds shall be used for salaries and benefits for rural residency site directors, primary care and specialty physicians, and support staff, as well as for the operating budgets at each site.

SECTION 4. There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of three hundred thousand dollars (\$300,000) in



1 recurring funds for the 2019-2020 fiscal year to be allocated to Fayetteville State University
2 (FSU) for the Veterans Law Center. The funds shall be used to house a Veterans Law Center at
3 FSU as a joint venture with North Carolina Central University (NCCU) and the University of
4 North Carolina at Chapel Hill (UNC-Chapel Hill) to provide a range of legal and behavioral
5 health services to military veterans in the greater Fayetteville area. The Center shall provide
6 services to assist veterans in accessing benefits and provide students at FSU and law students at
7 NCCU and UNC-Chapel Hill with experiential learning opportunities.

8 **SECTION 5.** There is appropriated from the General Fund to the Board of Governors
9 of The University of North Carolina the sum of three hundred thousand dollars (\$300,000) in
10 recurring funds for the 2019-2020 fiscal year to establish the Veterans Career Advancement
11 Program (V-CAP) as a pilot program at up to four constituent institutions to help student veterans
12 transition from postsecondary education to the workplace. The program shall seek to align, focus,
13 and accelerate existing campus and community resources to provide veterans with opportunities
14 for meaningful campus and community employment and professional development that is also
15 aligned with local and State workforce needs. V-CAP may also be supported by corporate
16 sponsorships in addition to State funds. The funds appropriated under this section shall be used
17 to support one full-time equivalent position for a program director to serve the constituent
18 institutions participating in the pilot program.

19 **SECTION 6.** There is appropriated from the General Fund to the Board of Governors
20 of The University of North Carolina the sum of one million one hundred thousand dollars
21 (\$1,100,000) in additional recurring funds for the 2019-2020 fiscal year and the sum of two
22 million one hundred thousand dollars (\$2,100,000) in additional recurring funds to be allocated
23 to the University of North Carolina at Pembroke for operational expenses for the College of
24 Health Sciences.

25 **SECTION 7.** This act becomes effective July 1, 2019.

HB 661: Funds/NC Policy Collaboratory

This bill would appropriate \$5,013,000 in recurring funds for the 2019-2020 fiscal year to be allocated to UNC-CH for the North Carolina Policy Collaboratory.

Not the full amount in this bill but funding was allocated to the North Carolina Policy Collaboratory in the final budget.

Bill history:

4/09/2019 – Filed in the House

4/10/2019 – Referred to House Committee on Appropriations, Education

**GENERAL ASSEMBLY OF NORTH CAROLINA
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HOUSE BILL 661

Short Title: Funds/NC Policy Collaboratory. (Public)

Sponsors: Representative Fraley.

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Appropriations, Education, if favorable, Rules, Calendar, and Operations of the House

April 10, 2019

A BILL TO BE ENTITLED
AN ACT TO APPROPRIATE FUNDS FOR THE NORTH CAROLINA POLICY
COLLABORATORY.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of five million thirteen thousand dollars (\$5,013,000) in recurring funds for the 2019-2020 fiscal year to be allocated to the University of North Carolina at Chapel Hill for the North Carolina Policy Collaboratory. These funds shall be used for the acquisition or modification of essential scientific instruments, sample collection and analysis, training or hiring of research staff and other personnel, method development activities, and data management, including dissemination of relevant data to stakeholders.

SECTION 2. This act becomes effective July 1, 2019.



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HB 813: Howard Hunter, Jr., Eastern Crime Lab

This bill would direct the North Carolina Department of Justice to plan an Eastern Regional Laboratory to be located on the campus of ECSU.

Funds were included in the final budget, for FY 2019-20 \$2,500, 000 reoccurring.

Bill history:

4/16/2019 – Filed in the House

5/02/2019 – Passed 3rd Reading

5/06/2019 – Referred To Senate Committee on Rules and Operations of the Senate

**GENERAL ASSEMBLY OF NORTH CAROLINA
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HOUSE BILL 813

Short Title: Howard Hunter, Jr., Eastern Crime Lab. (Public)

Sponsors: Representatives Lewis, Bell, Wray, and Hunter (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Judiciary, if favorable, Rules, Calendar, and Operations of the House

April 18, 2019

A BILL TO BE ENTITLED
AN ACT TO DIRECT THE NORTH CAROLINA DEPARTMENT OF JUSTICE TO PLAN
AN EASTERN REGIONAL LABORATORY TO BE LOCATED ON THE CAMPUS OF
ELIZABETH CITY STATE UNIVERSITY.

The General Assembly of North Carolina enacts:

SECTION 1. From funds available, the Department of Justice shall plan an Eastern Regional Laboratory to be located on the campus of Elizabeth City State University. The Department shall report on the plan to the Chairs of the House of Representatives and Senate Appropriations Committees, to the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety, and to the Fiscal Research Division no later than February 1, 2020. The report shall include (i) the plans developed pursuant to this section, (ii) the estimated cost of completing the laboratory, (iii) the estimated cost of operating the laboratory during its first five years of operation, (iv) an estimated time line for completion of the laboratory, and (v) any other relevant information.

SECTION 2. This act is effective when it becomes law.



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Academic Affairs Legislation

- a. **HB 305: Summer School Study/College Adv. Corps**
- b. **HB 351: Catherine's Law**
- c. **SB 383: NC Teaching Fellows Changes**
- d. **SB 436: Various Higher Education Changes**
- e. **SB 437: NC Completes College/Competitive Workforce**

HB: 305: Summer School Study/College Adv. Corps.

This bill would study the impact and funding of undergraduate summer school courses in improving graduation rates and student academic success. Additionally, it would appropriate funds to support the expansion of the College Advising Corps.

Bill history:

3/07/2019 – Filed in the House

7/31/2019 – Passed the House

8/05/2019 – Referred To Senate Committee On Rules and Operations of the Senate

**GENERAL ASSEMBLY OF NORTH CAROLINA
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**HOUSE BILL 305
Committee Substitute Favorable 7/23/19**

Short Title: Summer School Study/College Adv. Corps.

(Public)

Sponsors:

Referred to:

March 11, 2019

A BILL TO BE ENTITLED
AN ACT TO STUDY THE IMPACT AND FUNDING OF UNDERGRADUATE SUMMER
SCHOOL COURSES IN IMPROVING GRADUATION RATES AND STUDENT
ACADEMIC SUCCESS; AND TO APPROPRIATE FUNDS TO SUPPORT EXPANSION
OF THE COLLEGE ADVISING CORPS TO ENSURE COLLEGE ADVISERS ARE
AVAILABLE IN THE PUBLIC SCHOOLS TO ASSIST STUDENTS IN PLANNING FOR
FULFILLMENT OF POSTSECONDARY EDUCATION GOALS.

Whereas, the Board of Governors of The University of North Carolina and the staff
of The University of North Carolina System Office have worked diligently on analyzing the
positive impact enrollment in undergraduate summer school courses has on graduation rates,
student academic success, and reduced cost of attaining a secondary degree; and,

Whereas, further information is needed for the General Assembly to determine how
to move forward on the issue of funding undergraduate summer school courses; Now, therefore,
The General Assembly of North Carolina enacts:

PART I. STUDY FUNDING OF UNDERGRADUATE SUMMER SCHOOL COURSES

SECTION 1.(a) The Board of Governors of The University of North Carolina shall
study and evaluate the impact of undergraduate summer school courses in improving student
academic success, overall college completion rates, and four-year graduation rates and potential
funding options. In conducting its study, the Board of Governors shall examine and include in its
report, as a minimum, the most recent six years of available data, and shall include data both
systemwide and by each constituent institution, when available. The Board of Governors shall
study, at a minimum, the following:

- (1) Total enrollment of students in undergraduate summer school courses.
- (2) Number and percentage of students who completed a degree after enrolling in
undergraduate summer school courses as compared to students who did not
enroll in undergraduate summer school courses.
- (3) Number and percentage of students who completed a degree within four or
less years, five years, and six years after enrolling in undergraduate summer
school courses as compared to students who did not enroll in undergraduate
summer school courses.
- (4) Most-utilized undergraduate summer school courses.
- (5) Methodology for selection of summer school course offerings to ensure that
those courses reliably improve degree completion and four-year graduation
rates.
- (6) Pacing and structure of summer school courses over one or more sessions.



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- (7) Evaluation of funding methods, including State funding, for summer school courses or year-round enrollment in other state public university systems.
- (8) Compensation methods for undergraduate summer school courses for tenured or tenure-track faculty, adjunct faculty, and graduate students.
- (9) Impact of undergraduate summer school instruction on current faculty contracts.
- (10) Proportion of undergraduate summer school courses taught by tenured or tenure-track faculty, adjunct faculty, and graduate students.
- (11) Campus services provided to students enrolled in undergraduate summer school courses, if any, including residence halls, dining halls, and other student services.
- (12) For students enrolled in undergraduate summer school courses, financial aid availability, methods used by students to pay for courses, and number and percentage of students using some form of financial aid to pay for courses.
- (13) Any other issues deemed relevant by the Board of Governors.

SECTION 1.(b) The Board of Governors shall report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division by March 15, 2020, on its findings and recommendations on undergraduate summer school courses and potential funding options, and may include recommendations for legislation as part of the report.

PART II. COLLEGE ADVISING CORPS/COLLEGE ADVISERS IN THE PUBLIC SCHOOLS

SECTION 2.(a) Purpose of the College Advising Corps Program. – From the funds appropriated by this act for the 2019-2021 fiscal biennium to the Board of Governors of The University of North Carolina for the College Advising Corps program, the Board of Governors shall provide a directed grant to the National College Advising Corps, Inc., (CAC) to support an expansion of the placement of college advisers in North Carolina public schools through their program over a three-year period. CAC is a college access nonprofit organization with the mission to increase the number of underrepresented, low-income, or first-generation postsecondary degree or certificate students entering and completing their postsecondary education at community colleges and universities. In furthering this mission, CAC operates an innovative model of partnering with schools, communities, families, and postsecondary institutions, including providing for a two-year service opportunity to recent college graduates as near-peer college advisers working full-time in the public schools, with an emphasis on engaging college advisers who have similar backgrounds to the students the program seeks to serve. Near-peer college advisers perform various services for those students that are key components to the proven success of the program, including (i) attending postsecondary campus visits, fairs, and workshops with students, (ii) assisting with registering for college entrance exams, (iii) assisting with Free Application for Federal Student Aid (FAFSA) registrations and completions, (iv) identifying available scholarships, (v) assisting with postsecondary applications, and (vi) engaging with parents.

SECTION 2.(b) Due to the effectiveness of the innovative model operated by CAC and the potential for significantly impacting the highest-need students as described in subsection (a) of this section, the following funds are appropriated from the General Fund to the Board of Governors of The University of North Carolina to be provided each fiscal year of the 2019-2021 fiscal biennium to CAC for the purpose of expanding the placement of college advisers in accordance with the requirements of this act:

- (1) For the 2019-2020 fiscal year, the sum of one million eight hundred eighty-one thousand eight hundred sixty-one dollars (\$1,881,861) in recurring funds.

(2) For the 2020-2021 fiscal year, an additional sum of six hundred eighteen thousand one hundred thirty-nine dollars (\$618,139) in recurring funds for a net appropriation of two million five hundred thousand dollars (\$2,500,000) in recurring funds.

SECTION 2.(c) Funds for the Third Year of the Program. – It is the intent of the General Assembly to appropriate from the General Fund to the Board of Governors of The University of North Carolina an additional sum of three hundred thirty-three thousand three hundred thirty-three dollars (\$333,333) in recurring funds for a net appropriation of two million eight hundred thirty-three thousand three hundred thirty-three dollars (\$2,833,333) in recurring funds to be provided to CAC for the 2021-2022 fiscal year and subsequent fiscal years for the purpose of expanding the placement of college advisers to all 100 counties of the State in the third year of the expansion of the CAC program.

SECTION 2.(d) Matching Funds. – Funds made available to CAC pursuant to this section shall be matched by CAC on the basis of two dollars (\$2.00) in non-State funds for every one dollar (\$1.00) in State funds. Availability of these matching funds shall not revert but shall continue to be available for the purposes set forth in this section.

SECTION 2.(e) Use of Funds. – CAC shall focus the first two years of the expansion of its program using the funds provided to it under this section by placing college advisers in counties designated as tier one and tier two. For the third year of the expansion, CAC shall use the funds provided to it to place college advisers in the remaining counties designated as tier three in order to achieve placement of college advisers in all 100 counties of the State. In addition, CAC shall select at least three additional postsecondary institutions to partner with in order to increase the number of recent graduates working as near-peer college advisers to meet the needs of the program expansion. Once CAC has reached the goal of placement of college advisers in 100 counties, the funds provided to it for the program shall be used to continue the mission of the program to increase access for North Carolina public school students to postsecondary degree or certificate attainment at community colleges and universities.

SECTION 2.(f) Reporting Requirements. – CAC shall submit a report by June 1 of each year in which CAC spends State funds made available to it pursuant to this section to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the progress of expanding the placement of college advisers, data on the effectiveness of the program in increasing access for students to postsecondary education, and the use of State funds.

SECTION 2.(g) If any provision of this section and G.S. 143C-5-4 are in conflict, the provisions of this section shall prevail.

SECTION 2.(h) The appropriations and the authorizations to allocate and spend funds which are set out in this section shall remain in effect until the Current Operations Appropriations Act for the applicable fiscal year becomes law, at which time that act shall become effective and shall govern appropriations and expenditures. When the Current Operations Appropriations Act for that fiscal year becomes law, the Director of the Budget shall adjust allotments to give effect to that act from July 1 of the fiscal year.

SECTION 2.(i) This section becomes effective July 1, 2019.

PART III. EFFECTIVE DATE

SECTION 3. Except as otherwise provided herein, this act is effective when it becomes law.

HB 351: Catherine's Law

This bill would appropriate funds for University of North Carolina enrollment funding for addressing funding equity for approved Comprehensive Transition (CT) programs.

It has come to the attention of a few legislators that these students in CT programs pay well above in-state tuition and the program is only offered at a small handful of our institutions.

This bill was included in the final budget without additional funding.

Bill history:

3/13/2019 – Filed in the House

4/02/2019 – Re-referred to House Committee on Appropriations, Education

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019**

H

1

HOUSE BILL 351

Short Title: Catherine's Law. (Public)

Sponsors: Representatives White, Hardister, Arp, and Potts (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Education - Universities, if favorable, Appropriations, Education, if favorable,
Appropriations, if favorable, Rules, Calendar, and Operations of the House

March 14, 2019

A BILL TO BE ENTITLED
AN ACT TO APPROPRIATE FUNDS FOR UNIVERSITY OF NORTH CAROLINA
ENROLLMENT FUNDING FOR THE PURPOSE OF ADDRESSING FUNDING EQUITY
FOR APPROVED COMPREHENSIVE TRANSITION PROGRAMS.

The General Assembly of North Carolina enacts:

SECTION 1. This act shall be known as "Catherine's Law" and may be cited by that name.

SECTION 2. There is appropriated from the General Fund to the reserve account in the Office of State Budget and Management for enrollment adjustments for The University of North Carolina the sum of up to two million dollars (\$2,000,000) in additional recurring funds for the 2019-2020 fiscal year to support courses for resident full-time students who are enrolled in a four semester or eight semester certificate accomplishment program approved by the United States Department of Education as a Comprehensive Transition Program (CTP). A CTP is a higher education program designed to prepare students with intellectual and developmental disabilities for employment. These funds shall be used to eliminate the full-time equivalent (FTE) determination disparity between CTPs and curriculum programs.

SECTION 3. If the cost of providing FTE for CTPs in the same manner as curriculum programs exceeds the funds appropriated pursuant to this act, the funds may be allocated to constituent institutions on a pro rata basis according to the number of students enrolled in a CTP at each constituent institution.

SECTION 4. This act becomes effective July 1, 2019.



SB 383: NC Teaching Fellows Changes

This bill makes changes to the NC Teaching Fellows program. It increases the program from five to eight institutions of higher education.

This increase to eight intuitions of higher education was included in the final budget.

Bill history:

3/27/2019 – Filed in the Senate

3/28/2019 – Referred to Senate Committee on Rules and Operations of the Senate

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019**

S

1

SENATE BILL 383

Short Title: NC Teaching Fellows Changes. (Public)

Sponsors: Senators Ballard, Tillman, and Johnson (Primary Sponsors).

Referred to: Rules and Operations of the Senate

March 28, 2019

A BILL TO BE ENTITLED
AN ACT TO MAKE CHANGES TO THE NORTH CAROLINA TEACHING FELLOWS
PROGRAM.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 116-209.62 reads as rewritten:

"§ 116-209.62. North Carolina Teaching Fellows Program established; administration.

...

(f) Program Selection Criteria. – The Authority shall administer the Program in cooperation with ~~five-eight~~ institutions of higher education with approved educator preparation programs selected by the Commission that represent a diverse selection of 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-eight~~ selected institutions for completion of a program leading to initial teacher licensure as follows:

...."



1 **SECTION 2.** G.S. 116-209.62(g)(4) reads as rewritten:

2 "(4) Students matriculating at institutions of higher education who are changing to
3 ~~enrollment in an approved program of study~~ at a selected educator preparation
4 program. – Forgivable loans of up to four thousand one hundred twenty-five
5 dollars (\$4,125) per semester for up to four semesters."

6 **SECTION 3.** This act becomes effective July 1, 2019. Section 1 of this act applies
7 to the award of forgivable loans beginning with the 2020-2021 academic year. Section 2 of this
8 act applies to the award of forgivable loans beginning with the 2019-2020 academic year.

SB 436: Various Higher Education Changes

This bill makes various changes to higher education.

Section 2: Lab School changes

- Lowens number of Lab Schools from current 9 to 6 constituent institutions.
- Provides civil immunity to Lab Schools
- Clarifies transportation issue

Section 2.2: Makes requested changes to Future Teachers NC

- included in final budget

Section 36.6: Extends due date on STEM Capital Committee and allows carry forward into follow year;
Allows unexpended enrollment growth dollars from FY18-19 to be used by NC Promise Institutions in
FY19-20 for growth or buy-down. The amount equals approximately \$16.25m.

- included in final budget

Section 36.6 (d): Provides non-revert language for NC Promise institutions

Section 2.4 (a): Addresses UNC System Enrollment Growth Funds, allows for spending on growth or
increased buy-down for NC Promise universities

Bill history:

4/01/2019 – Filed in the Senate

4/09/2019 –Re-ref to Senate Education/Higher Education

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

S

1

SENATE BILL 436

Short Title: Various Higher Education Changes.-AB (Public)

Sponsors: Senator Ballard (Primary Sponsor).

Referred to: Rules and Operations of the Senate

April 2, 2019

A BILL TO BE ENTITLED
AN ACT TO MAKE VARIOUS CHANGES TO THE HIGHER EDUCATION LAWS.
The General Assembly of North Carolina enacts:

PART I. THE NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

SECTION 1.1. Community colleges permitted to provide insurance in lieu of bond.
– G.S. 115D-58.10 reads as rewritten:

"§ 115D-58.10. Surety ~~bonds~~, bonds and related insurance.

The State Board of Community Colleges shall determine what State employees and employees of institutions shall give bonds or be insured for the protection of State funds and property and the State Board is authorized to place the ~~bonds~~ bonds, determine adequate insurance coverage, and pay the premiums thereon from State funds.

The board of trustees of each institution shall require all institutional employees authorized to draw or approve checks or vouchers drawn on local funds, and all persons authorized or permitted to receive institutional funds from whatever source, and all persons responsible for or authorized to handle institutional property, to be bonded by a surety company authorized to do business with the State in such amount as the board of trustees deems sufficient for the protection of such property and funds. In lieu of a bond, the board of trustees may obtain and maintain adequate insurance coverage sufficient for the protection of institutional funds and property. The tax-levying authority of each institution shall provide the funds necessary for the payment of the premiums of ~~such bonds, the bonds or for insurance coverage.~~

SECTION 1.2.(a) Codify the president's authority to reorganize. – G.S. 115D-3 reads as rewritten:

"§ 115D-3. Community Colleges System Office; ~~staff~~, staff; reorganization authority.

(a) The Community Colleges System Office shall be a principal administrative department of State government under the direction of the State Board of Community Colleges, and shall be separate from the free public school system of the State, the State Board of Education, and the Department of Public Instruction. The State Board has authority to adopt and administer all policies, regulations, and standards which it deems necessary for the operation of the System Office.

The State Board shall elect a President of the North Carolina System of Community Colleges who shall serve as chief administrative officer of the Community Colleges System Office. The compensation of this position shall be fixed by the State Board from funds provided by the General Assembly in the Current Operations Appropriations Act.

The President shall be assisted by such professional staff members as may be deemed necessary to carry out the provisions of this Chapter, who shall be elected by the State Board on



nomination of the President. The compensation of the staff members elected by the Board shall be fixed by the State Board of Community Colleges, upon recommendation of the President of the Community College System, from funds provided in the Current Operations Appropriations Act. These staff members shall include such officers as may be deemed desirable by the President and State Board. Provision shall be made for persons of high competence and strong professional experience in such areas as academic affairs, public service programs, business and financial affairs, institutional studies and long-range planning, student affairs, research, legal affairs, health affairs and institutional development, and for State and federal programs administered by the State Board. In addition, the President shall be assisted by such other employees as may be needed to carry out the provisions of this Chapter, who shall be subject to the provisions of Chapter 126 of the General Statutes. The staff complement shall be established by the State Board on recommendation of the President to insure that there are persons on the staff who have the professional competence and experience to carry out the duties assigned and to insure that there are persons on the staff who are familiar with the problems and capabilities of all of the principal types of institutions represented in the system. The State Board of Community Colleges shall have all other powers, duties, and responsibilities delegated to the State Board of Education affecting the Community Colleges System Office not otherwise stated in this Chapter.

(b) Notwithstanding any other provision of law, the President may reorganize the System Office in accordance with recommendations and plans submitted to and approved by the State Board of Community Colleges. If a reorganization is implemented pursuant to the subsection, including any movement of positions and funds between fund codes on a recurring basis, the President shall report by March 1 of the fiscal year in which the reorganization occurred to the Joint Legislative Education Oversight Committee."

SECTION 1.2.(b) This section becomes effective July 1, 2019.

PART II. UNIVERSITY OF NORTH CAROLINA SYSTEM

SECTION 2.1.(a) UNC Laboratory Schools. – G.S. 116-239.8(b)(4) reads as rewritten:

"(4) Food and transportation services. – The local school administrative unit in which the laboratory school is located shall provide ~~food services and~~ transportation to students ~~attending who~~ reside in the local school administrative unit and attend the laboratory school, including any students who are homeless and require assistance pursuant to 42 U.S.C. § 11301, et seq., the McKinney-Vento Homeless Assistance Act. The requirement to provide transportation to students residing in the local school administrative unit shall (i) apply regardless of where a laboratory school student resides in the unit or how the unit's transportation policies and practices are applied to other students and (ii) includes providing transportation of students and personnel for laboratory school extracurricular activities and educational trips in the same manner as other schools in the unit for that school year. The local school administrative unit in which the laboratory school is located shall ~~administer~~ administer, at its cost, the National School Lunch Program for the laboratory school in accordance with G.S. 115C-264. The chancellor shall arrange for the provision of these services from the local school administrative unit."

SECTION 2.1.(b) G.S. 116-239.5 is amended by adding a new subsection to read:

"(e) In addition to all other immunities provided to them by applicable State law, the Subcommittee, chancellor, the constituent institution, an advisory board, and a laboratory school, and their members, employees, and agents, shall be entitled to the specific immunities provided for in Chapter 115C of the General Statutes applying to the State Board of Education, Superintendent of Public Instruction, a local board of education, a local school administrative

unit, and their members and employees. Any such immunity to liability established by this subsection shall not extend to gross negligence, wanton conduct, or intentional wrongdoing that would otherwise be actionable. Immunity established by this subsection shall be deemed to be waived to the extent of indemnification under Articles 31A and 31B of Chapter 143 of the General Statutes, and to the extent sovereign immunity is waived under the Tort Claims Act, as set forth in Article 31 of Chapter 143 of the General Statutes."

SECTION 2.1.(c) G.S. 116-239.5(a) reads as rewritten:

"(a) The Board of Governors, upon recommendation by the President, shall designate at least ~~nine-six~~ 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 constituent institutions with high-quality educator preparation programs as demonstrated by the annual performance measures reported by the constituent institutions in accordance with G.S. 115C-296.35. The Board of Governors' Subcommittee on Laboratory Schools established under G.S. 116-239.7 shall review the proposals and approve at least ~~nine-six~~ 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."

SECTION 2.1.(d) G.S. 116-239.7(a1) reads as rewritten:

"(a1) Approval of Laboratory Schools. – The Board of Governors, upon the recommendation of the President, shall designate at least ~~nine-six~~ constituent institutions to establish and operate laboratory schools. The chancellor of each constituent institution shall adopt and submit to the Subcommittee a proposal to operate a laboratory school in a local school administrative unit that meets the minimum threshold for the number of low-performing schools located in the unit under G.S. 116-239.6(4). The 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 laboratory schools throughout the State and a maximum of one laboratory school located in a qualifying local school administrative unit. From the proposals submitted to the Subcommittee, the Subcommittee shall approve the establishment of at least ~~nine-six~~ laboratory schools."

SECTION 2.1.(e) Section 11.6(d) of S.L. 2016-94, as amended by Section 4 of S.L. 2017-177, reads as rewritten:

"**SECTION 11.6.(d)** Notwithstanding G.S. 116-239.5, at least ~~nine-six~~ laboratory schools shall be established pursuant to Article 29A of Chapter 116 of the General Statutes, as enacted by this section, and in operation by the beginning of the 2019-2020 school year."

SECTION 2.1.(f) Subsection (b) of this section applies to an action or omission of an action occurring on or after the date this act becomes law. Subsection (a) of this section applies beginning with the 2019-2020 school year.

SECTION 2.2.(a) Future Teachers of North Carolina. – G.S. 116-41.30(b) reads as rewritten:

"(b) Program. – FTNC shall be a ~~program providing professional development and curricula for courses that provide selective, application-based symposium for high school juniors and seniors, offering a challenging introduction to teaching as a profession for high school students through courses offered by participating high schools in conjunction with college partners.~~ profession. FTNC courses shall include both content on pedagogy and the profession of teaching and field experiences for high school students. provide instruction on pedagogy, ethics and professionalism, child development, successful teaching strategies and classroom management practices, effective lesson planning, assessment and intervention, and requirements of teacher licensure. The FTNC Symposium should provide practical benefits to participating students, which may include interaction with current educators, administrators, and educator

preparation program faculty members, a simulated student teaching experience, and information about financial aid and scholarship opportunities."

SECTION 2.2.(b) G.S. 116-41.31 reads as rewritten:

"§ 116-41.31. Oversight of Future Teachers of North Carolina.

(a) ~~FTNC General Administration. System Office.~~ – FTNC shall be administratively located in The University of North Carolina System Office. 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.~~ establish a Future Teachers of North Carolina Advisory Council (FTNC Council) to oversee the FTNC program. At the President's discretion, the FTNC Council shall coordinate with constituent institutions to utilize expertise from administrators, faculty, and staff members of institutions of higher education in designing the agenda and instructional content for the FTNC Symposium. The FTNC Council shall ensure diverse representation of the educator preparation programs represented at the FTNC Symposium. The FTNC Council shall also be responsible for creating an application process for interested high school students, reviewing submitted applications, selecting students to attend, and recruitment and outreach efforts.

(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 System Office 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 System Office 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 System Office 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."

SECTION 2.2.(c) G.S. 116-41.32 reads as rewritten:

"§ 116-41.32. Future Teachers of North Carolina reporting.

The University of North Carolina System Office shall report annually, beginning October 15, 2019, 2020, on the following:

- (1) ~~Total number and names of local school administrative units with List of high schools and local school administrative units represented by 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.~~ students.

- (1a) Number of students who submitted an application to attend the FTNC Symposium.
- (1b) Number of students attending the FTNC Symposium, including distribution by region.
- (2) Demographic information of students enrolled in FTNC courses attending the FTNC Symposium.
- (2a) Description of the event agenda and content.
- (3) Percentage of students who, after completing the course, attending the FTNC Symposium, reported the following:
 - a. The student plans to choose teaching as a profession.
 - a1. The student plans to enroll in a community college, a constituent institution, a private postsecondary institution located in North Carolina, or a postsecondary institution located in another state.
 - b. The course-FTNC Symposium was very or somewhat effective in helping the student formulate a positive perception of the education profession.
 - c. The coursework and activities-FTNC Symposium 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 2.3.(a) UNC Board of Governors Planning Task Force. – Section 36.6 of

S.L. 2018-5 reads as rewritten:

"SECTION 36.6.(a) There is created the UNC Board of Governors Planning Task Force. The Task Force shall consist of four current Board members appointed by the Board of Governors, one of whom shall be designated as chair. These appointments shall be made no later than August 1, 2018.

"SECTION 36.6.(b) The Task Force shall conduct a systemwide analysis of the capital needs of the campuses of each constituent institution in relation to the Science Technology Engineering and Mathematics (STEM) subject area, taking into account the strengths, weaknesses, opportunities, and needs of each constituent institution, and any regional similarities and differences. The Task Force shall also consider the impact of any relevant programmatic planning elements being currently utilized that could be implemented as a best-practice among other similar programmatic areas to encourage systemwide efficiencies. In particular, the Task Force shall consider the capital needs relating to the Brody School of Medicine at East Carolina University, the UNC Applied Physical Sciences and Institute for Convergent Science in Chapel Hill, and other STEM projects to determine areas where capital funds may be used more efficiently and effectively. The Task Force shall use the information gathered pursuant to this subsection to compile a UNC System Plan.

"SECTION 36.6.(c) The three million dollars (\$3,000,000) appropriated to the Board of Governors of The University of North Carolina in Section 36.2 of this act shall be used by the Task Force in conducting the analysis described in subsection (b) of this section. The Task Force shall submit a preliminary report on or before April 1, 2019. On or before April 1, 2019, February 1, 2020, the Task Force shall submit a final report containing the UNC System Plan and any legislative recommendations to the Joint Legislative Capital Improvements Oversight Committee and the Fiscal Research Division.

1 **"SECTION 36.6.(d)** The funds appropriated in Section 36.2 of this act to the Board of
2 Governors for the Task Force for the 2018-2019 fiscal year shall not revert at the end of the
3 2018-2019 fiscal year but shall remain available until the end of the 2019-2020 fiscal year for
4 the purposes set forth in this section."

5 **SECTION 2.3.(b)** This section becomes effective June 30, 2019.

6 **SECTION 2.4.(a)** UNC Enrollment Growth Funds. – The funds appropriated by S.L.
7 2018-5 for enrollment adjustments for The University of North Carolina, including funds for the
8 NC Promise Tuition Plan, to a reserve account in the Office of State Budget and Management
9 for the 2018-2019 fiscal year shall not revert at the end of the 2018-2019 fiscal year but shall
10 remain available until the end of the 2019-2020 fiscal year for the purpose of the "buy down" of
11 any financial obligations resulting from the established tuition rate under G.S. 116-143.11
12 incurred by Elizabeth City State University, the University of North Carolina at Pembroke, and
13 Western Carolina University, or for rapid growth at any of those constituent institutions.

14 **SECTION 2.4.(b)** This section becomes effective June 30, 2019.

15
16 **PART III. EFFECTIVE DATE**

17 **SECTION 3.** Except as otherwise provided in this act, this act is effective when it
18 becomes law.

SB 437: NC Completes College/Competitive Workforce

This bill would implement various policy changes. It was our joint bill with the NC Community Colleges.

Part I: would adopt the attainment goal developed by the myFutureNC Commission.

Part II: would appropriate enrollment funds and scholarships for summer courses.

Section 3.1: would appropriate funds to the Board of Governors to establish a scholarship program for students who receive an eligible college transfer associate degree from a North Carolina community college and transfer to a constituent institution of the UNC System within 12 months of receiving the degree.

Section 3.2: would appropriate funds to support the work of the Transfer Advisory Committee (TAC) and the Military Credit Advisory Council (MCAC).

Section 3.3: would appropriate funds to the Board of Governors to reduce student textbook costs through the curation and adoption by the UNC System Office of high-quality open educational resources materials for the most commonly taught courses across constituent institutions and community colleges.

Bill history:

4/01/2019 – Filed in the Senate

4/09/2019 – Re-ref to Appropriations/Base Budget

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019**

S

1

SENATE BILL 437

Short Title: NC Completes College/Competitive Workforce. (Public)

Sponsors: Senator Ballard (Primary Sponsor).

Referred to: Rules and Operations of the Senate

April 2, 2019

A BILL TO BE ENTITLED
AN ACT TO IMPLEMENT VARIOUS POLICY CHANGES DESIGNED TO CREATE AN
EDUCATIONAL ATTAINMENT GOAL FOR THE STATE; TO IMPROVE STUDENT
OUTCOMES, INCLUDING REDUCING TIME TO DEGREE AT PUBLIC
INSTITUTIONS OF HIGHER EDUCATION; AND TO RECOGNIZE THE NEED FOR
AND VALUE OF NONDEGREE WORKFORCE CERTIFICATIONS.

Whereas, the State of North Carolina is one of five states in the country that do not have a shared postsecondary attainment goal; and

Whereas, the My Future NC Commission, a statewide group of business, education, and government leaders, recently studied North Carolina's evolving workforce needs and the alignment between future demands and trends in educational attainment; and

Whereas, based on that study, the My Future NC Commission developed an educational attainment goal that will ensure North Carolina remains economically competitive now and into the future; and

Whereas, to make progress towards that goal, the North Carolina higher education community must improve student outcomes, reduce the time to graduation, and create opportunities that meet the needs of today's students; and

Whereas, increasing on-time graduation rates at institutions of higher education and expanding access to high-quality workforce training places more graduates into the workforce more quickly, reduces student debt, and increases the supply of skilled workers in North Carolina, making the State more attractive to businesses to start, expand, or relocate; and

Whereas, completing summer courses has a positive effect on retention and graduation rates among both community college and four-year college students; and

Whereas, postsecondary education includes workforce certifications and industry credentials, allowing citizens, regardless of age, to train or retrain for high-demand careers that are essential to providing the State's skilled workforce; Now, therefore,
The General Assembly of North Carolina enacts:

**PART I. ADOPT THE ATTAINMENT GOAL DEVELOPED BY THE MY FUTURE NC
COMMISSION AND SUPPORTED BY THE POSTSECONDARY EDUCATION
CREDENTIALS COMMISSION**

SECTION 1.1.(a) State postsecondary attainment goal. – G.S. 116C-1 through G.S. 116C-5 are designated as Article 1 of Chapter 116C of the General Statutes, which is entitled "Education Cabinet."

SECTION 1.1.(b) Chapter 116C of the General Statutes is amended by adding a new Article to read:



"Article 2.

"North Carolina Postsecondary Attainment Goal.

"§ 116C-10. North Carolina postsecondary attainment goal.

(a) Findings. – The General Assembly finds it necessary to set a goal for postsecondary attainment for North Carolina residents to ensure that the State remains economically competitive now and into the future.

(b) Postsecondary Attainment Goal. – The State shall make significant efforts to increase access to learning and improve the education of more North Carolinians so that, by the year 2030, 2,000,000 residents between the ages of 25 and 44 will have completed a high-quality credential or postsecondary degree.

(c) Rights Not Created. – The attainment goal established in this section is not to the exclusion of any other goals and does not confer a right or create a claim for any person."

SECTION 1.2.(a) Establish Task Force on Postsecondary Attainment. – There is created the Joint Legislative Task Force on Postsecondary Attainment (Task Force).

SECTION 1.2.(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, 2019.

SECTION 1.2.(c) In consultation with the Department of Public Instruction, the Community Colleges System Office, and The University of North Carolina System Office, the Task Force shall create an inventory of existing education programs and policies to assess the effectiveness of those programs and policies in order to determine how to facilitate the progress of the State in reaching the postsecondary attainment goal set forth in G.S. 116C-10. As a part of this study, the Task Force shall consider the work and recommendations of the My Future NC Commission and the Postsecondary Education Credentials Commission and any other issues the Task Force considers relevant.

SECTION 1.2.(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 1.2.(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 1.2.(f) Meetings of the Task Force shall begin no later than October 1, 2019. The Task Force shall submit an interim report by March 1, 2020, and a final report by March 1, 2022, on the results of its study, including proposed legislation, to the Joint Legislative Education Oversight Committee. The Task Force shall terminate on March 1, 2022, or upon the filing of its final report, whichever comes first.

SECTION 1.3. This part is effective the date this act becomes law.

**PART II. ENHANCED STUDENT SUCCESS THROUGH AFFORDABLE EDUCATION
YEAR-ROUND**

SECTION 2.1. Enrollment funds for summer courses. – There is appropriated from the General Fund to the reserve account in the Office of State Budget and Management for enrollment adjustments for The University of North Carolina the sum of forty-three million five hundred seventy-eight thousand two hundred twenty-three dollars (\$43,578,223) in additional recurring funds for the 2019-2020 fiscal year to increase graduation rates and reduce time to degree by expanding the number of and enrollment in on-campus undergraduate summer courses offered on-campus at constituent institutions. For subsequent fiscal years, the annual enrollment growth request from The University of North Carolina shall reflect incremental changes in the actual credit hours completed in the fall, spring, and summer terms.

SECTION 2.2. Scholarships for summer courses. – There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of ten million dollars (\$10,000,000) in recurring funds for the 2019-2020 fiscal year to allocate to the State Education Assistance Authority (Authority) for the purpose of providing summer scholarships to enable and encourage students enrolled in a constituent institution of The University of North Carolina or a North Carolina community college to enroll in summer courses. The Authority shall give priority in the award of scholarships to students (i) with financial need and (ii) who can use summer courses to earn 30 credits in the academic year or accelerate their path to a degree. The Board of Governors and the President of The University of North Carolina shall establish guidance for the Authority for the award of the scholarships for students enrolled in constituent institutions. The State Board of Community Colleges and the President of the Community College System shall establish guidance for the Authority on the award of the scholarships for students enrolled in community colleges. The Authority shall adopt any necessary rules for administration of the scholarships. The funds appropriated pursuant to this section for each fiscal year shall be provided for scholarships as follows:

- (1) The sum of up to seven million dollars (\$7,000,000) in recurring funds shall be used to provide scholarships to students enrolled in constituent institutions.
- (2) The sum of up to three million dollars (\$3,000,000) in recurring funds shall be used to provide scholarships to students enrolled in community colleges.

SECTION 2.3. Section 2.2 of this part applies beginning with the 2020 summer term.

PART III. ENHANCED PATHWAYS FOR NORTH CAROLINA COMMUNITY COLLEGE SYSTEM GRADUATES AND MILITARY PERSONNEL

SECTION 3.1. Scholarships for community college transfer students. – There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of four million dollars (\$4,000,000) in recurring funds for the 2019-2020 fiscal year to allocate to the State Education Assistance Authority (Authority) to establish a scholarship program for students who receive an eligible college transfer associate degree from a North Carolina community college and transfer to a constituent institution of The University of North Carolina within 12 months of receiving the degree. For purposes of the section, an "eligible college transfer associate degree" is a degree covered by an articulation agreement entered into between the Board of Governors of The University of North Carolina and the State Board of Community Colleges. Within the funds available pursuant to this section each fiscal year, the Authority shall award eligible students a one-time scholarship in an amount of up to one thousand dollars (\$1,000). The Board of Governors and the President of The University of North Carolina shall establish eligibility criteria for students, including students that participate in co-admission or dual enrollment programs, or dual admission programs between constituent institutions and community colleges, provided they meet other eligibility requirements. The Authority shall adopt any necessary rules for administration of the scholarships.

SECTION 3.2. TAC/MCAC career pathways. – For the 2019-2020 fiscal year, there is appropriated from the General Fund to the Board of Governors of The University of North

Carolina the sum of one hundred fifty thousand dollars (\$150,000) in recurring funds and two hundred thousand dollars (\$200,000) in nonrecurring funds to support the work of the Transfer Advisory Committee (TAC) and the Military Credit Advisory Council (MCAC). The funds shall be used to accelerate efforts of TAC and MCAC to create new pathways programs, engage in site reviews, evaluate additional military occupations and courses for credits, and build a searchable database of military credit equivalencies.

SECTION 3.3. Open educational resources materials. – There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of three hundred thousand dollars (\$300,000) in recurring funds for the 2019-2020 fiscal year to reduce student textbook costs through the curation and adoption by The University of North Carolina System Office of high-quality open educational resources materials for the most commonly taught courses across constituent institutions and community colleges. In curating and adopting high-quality open educational resources materials, The UNC System Office shall give priority to those courses that universally transfer under the Comprehensive Articulation Agreement entered into by the Board of Governors and the State Board of Community Colleges.

SECTION 3.4. Section 3.1 of this part applies beginning with the 2020-2021 academic year.

PART IV. INCREASING ATTAINMENT THROUGH WORKFORCE TRAINING

SECTION 4.1. Short-term workforce training parity. – There is appropriated from the General Fund to the Community Colleges System Office the sum of eleven million five hundred twenty thousand four hundred forty-nine dollars (\$11,520,449) in additional recurring funds for the 2019-2020 fiscal year for short-term workforce training continuing education programs that lead to a State or industry-recognized credential. These funds shall be used to eliminate the full-time equivalent (FTE) determination disparity between short-term workforce training programs and curriculum programs.

SECTION 4.2. Workforce development online registration. – For the 2019-2020 fiscal year, there is appropriated from the General Fund to the Community Colleges System Office the sum of five million dollars (\$5,000,000) in recurring funds and the sum of one million five hundred thousand dollars (\$1,500,000) in nonrecurring funds for the purchase of an online registration system for continuing education courses.

SECTION 4.3.(a) Workforce development multicampus locations. – There is appropriated from the General Fund to the Community Colleges System Office the sum of five hundred sixty-six thousand five hundred eighty-seven dollars (\$566,587) in recurring funds for the 2019-2020 fiscal year for the operation of the Forsyth Technical Community College Transportation Technology Center.

SECTION 4.3.(b) There is appropriated from the General Fund to the Community Colleges System Office the sum of five hundred sixty-six thousand five hundred eighty-seven dollars (\$566,587) in recurring funds for the 2019-2020 fiscal year for the operation of the Guilford Technical Community College Aviation Campus.

SECTION 4.3.(c) There is appropriated from the General Fund to the Community Colleges System Office the sum of five hundred sixty-six thousand five hundred eighty-seven dollars (\$566,587) in recurring funds for the 2019-2020 fiscal year for the operation of the Richmond Community College Scotland County Campus.

SECTION 4.3.(d) There is appropriated from the General Fund to the Community Colleges System Office the sum of five hundred sixty-six thousand five hundred eighty-seven dollars (\$566,587) in recurring funds for the 2019-2020 fiscal year for the operation of the Wake Technical Community College Research Triangle Park Campus.

PART V. MODIFY CAREER COACH PROGRAM

SECTION 5.1. G.S. 115D-21.5(c) reads as rewritten:

"(c) Application for NC Career Coach Program Funding. – The board of trustees of a community college and a local board of education of a local school administrative unit within the service area of the community college jointly may apply for available funds for NC Career Coach Program funding from the State Board of Community Colleges. The State Board of Community Colleges shall establish a process for award of funds as follows:

(1) Advisory committee. – Establishment of an advisory committee, which shall include representatives from the NC Community College System, the Department of Public Instruction, the Department of Commerce, and at least three representatives of the business community, to review applications and make recommendations for funding awards to the State Board.

(2) Application submission requirements. – The State Board of Community Colleges shall require at least the following:

a. Evidence of a signed memorandum of understanding that meets, at a minimum, the requirements of this section.

b. Evidence that the funding request will be matched ~~dollar-for-dollar~~ with local ~~funds-funds~~ in accordance with the following:

1. Matching funds may come from public or private sources.

2. The match amount shall be determined based on the location of a community college's main campus as follows:

I. If located in a tier one county as defined in G.S. 143B-437.08, no local match shall be required.

II. If located in a tier two county as defined in G.S. 143B-437.08, one dollar (\$1.00) of local funds for every two dollars (\$2.00) in State funds shall be required.

III. If located in a tier three county as defined in G.S. 143B-437.08, one dollar (\$1.00) of local funds for every one dollar (\$1.00) in State funds shall be required.

(3) Awards criteria. – The State Board of Community Colleges shall develop criteria for consideration in determining the award of funds that shall include the following:

a. Consideration of the workforce needs of business and industry in the region.

b. Targeting of resources to enhance ongoing economic activity within the community college service area and surrounding counties.

c. Geographic diversity of awards."

SECTION 5.2. There is appropriated from the General Fund to the Community Colleges System Office the sum of two million eight hundred thousand dollars (\$2,800,000) in recurring funds for the 2019-2020 fiscal year to support the NC Career Coach Program. These funds shall be used to place additional community college career coaches in public high schools.

SECTION 5.3. This section applies beginning with the 2019-2020 school year.

PART VI. EFFECTIVE DATE

SECTION 6. Except as otherwise provided, this act becomes effective July 1, 2019.



THE UNIVERSITY OF NORTH CAROLINA SYSTEM

Human Resources Legislation

- a. **HB 180: State Benefits/Pension Revisions**
- b. **HB 184: Study State Health Plan Design**
- c. **HB 214: Retirement Technical Corrections Act of 2019**
- d. **HB 715: SHRA/Stronger Whistleblower Protection**
- e. **HB 777: Various Retirement Changes/Wastewater Reform**
- f. **HB 231: UNC and Comm. College Pay/Retiree Bonus**
- g. **SB 354: Strengthening Educator's Pay Act**

HB 180: State Benefits/Pension Revisions

This bill attempts to improve the Teachers' and State Employees' Retirement System and the Local Governmental Employees' Retirement System's ability to collect reimbursements for overpayments made to reemployed beneficiaries, as well as make changes related to the North Carolina State Health Plan.

Specifically, Section 11 amends GS 135-48.2, which sets forth the State's undertaking of the plan for the benefit of eligible individuals. It adds a new provision authorizing the State Treasurer to operate a flexible compensation plan for eligible individuals, including dental and vision health benefit offerings as specified, in addition to further technical and clarifying changes.

We have authority to run our own dental and vision plans plan under 116.17.2. Should the NC Treasurer receive the authority to offer dental and vision plans, there was a concern that it could impact the UNC System from offering this coverage. Following several conversations, the sense is UNC would not lose the authority to offer our employees coverage options.

Bill history:

2/26/2019 – Filed in the House

2/27/2019 – Re-referred To House Committee on Rules, Calendar, and Operations of the House

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

H

1

HOUSE BILL 180

Short Title: State Benefits/Pension Revisions.-AB (Public)

Sponsors: Representatives Goodwin and McNeill (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Pensions and Retirement, if favorable, Finance, if favorable, Rules, Calendar, and
Operations of the House

February 27, 2019

1 A BILL TO BE ENTITLED
2 AN ACT TO IMPROVE THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT
3 SYSTEM'S AND THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT
4 SYSTEM'S ABILITIES TO COLLECT REIMBURSEMENTS FOR OVERPAYMENTS
5 MADE TO REEMPLOYED BENEFICIARIES, TO EXTEND THE LEGISLATIVE
6 ENACTMENT IMPLEMENTATION ARRANGEMENT UNDER THE TEACHERS' AND
7 STATE EMPLOYEES' RETIREMENT SYSTEM AND THE LOCAL GOVERNMENTAL
8 EMPLOYEES' RETIREMENT SYSTEM, TO ALLOW THE STATE TREASURER TO
9 PERFORM CRIMINAL BACKGROUND CHECKS, AND TO MAKE CHANGES
10 RELATED TO THE NORTH CAROLINA STATE HEALTH PLAN.

11 The General Assembly of North Carolina enacts:

12 **SECTION 1.(a)** G.S. 135-3(8)c1 reads as rewritten:

13 "c1. Within 90 days of the end of each month in which a beneficiary is
14 reemployed under the provisions of sub subdivision c. of this
15 subdivision, each employer shall provide a report for that month on
16 each reemployed beneficiary, including the terms of the
17 reemployment, the date of the reemployment, and the amount of the
18 monthly compensation. If ~~such a~~ the required report is not received
19 within the required 90 days, the Board may ~~assess~~ do any or all of the
20 following:

21 1. Assess the employer with a penalty of ten percent (10%) of the
22 compensation of the unreported reemployed beneficiaries
23 during the months for which the employer did not report the
24 reemployed beneficiaries, with a minimum penalty of twenty
25 five dollars (\$25.00). If after being assessed a penalty, an
26 employer provides clear and convincing evidence that the
27 failure to report resulted from a lack of oversight or some other
28 event beyond the employer's control and was not a deliberate
29 attempt to omit the reporting of reemployed beneficiaries, the
30 Board may reduce the penalty to not less than two percent (2%)
31 of the compensation of the unreported reemployed
32 beneficiaries during the months for which the employer failed
33 to report, with a minimum penalty of twenty five dollars
34 (\$25.00).



* H 1 8 0 - V - 1 *

2. Require the employer to reimburse the Retirement System for any retirement allowance paid to the beneficiary during a period when the allowance would have been suspended under sub-subdivision c. of this subdivision had the report been received within the required 90 days.

3. Require the employer to pay any amounts that the beneficiary would have been required to pay to the Retirement System under sub-subdivision f. of this subdivision had the report been received within the required 90 days.

Upon receipt by the employer of notice that ~~a penalty has been assessed under this sub-subdivision~~, any payment is due to the Retirement System under this sub-subdivision, the employer shall remit the payment of the ~~penalty amount due~~ to the Retirement System, in one lump sum, no later than 90 days from the date of the notice.

If an employer is required to make payments to the Retirement System under sub-sub-subdivision 2. or sub-sub-subdivision 3. of this sub-subdivision, then (i) the beneficiary shall have no obligation to reimburse the Retirement System for related amounts under sub-subdivisions c. or f. of this subdivision, (ii) the provisions of G.S. 135-9(b) relating to offsetting overpayments against payments made from the Retirement System to the member or beneficiary shall not apply, (iii) the Retirement System shall have no duty under G.S. 143-64.80 to pursue repayment of overpayments from the beneficiary, (iv) the overpayments shall not be considered a debt of the beneficiary under Chapter 105A of the General Statutes, and (v) the beneficiary's effective date of retirement shall be adjusted if the adjustment is required under sub-subdivision f. of this subdivision."

SECTION 1.(b) G.S. 128-24(5)c1 reads as rewritten:

"c1. Within 90 days of the end of each month in which a beneficiary is reemployed under the provisions of sub-subdivision c. of this subdivision, each employer shall provide a report for that month on each reemployed beneficiary, including the terms of the reemployment, the date of the reemployment, and the amount of the monthly compensation. ~~If such a the required~~ report is not received within the required 90 days, the Board may ~~assess do any or all of the following~~:

1. Assess the employer with a penalty of ten percent (10%) of the compensation of the unreported reemployed beneficiaries during the months for which the employer did not report the reemployed beneficiaries, with a minimum penalty of twenty-five dollars (\$25.00). If after being assessed a penalty, an employer provides clear and convincing evidence that the failure to report resulted from a lack of oversight or some other event beyond the employer's control and was not a deliberate attempt to omit the reporting of reemployed beneficiaries, the Board may reduce the penalty to not less than two percent (2%) of the compensation of the unreported reemployed beneficiaries during the months for which the employer failed to report, with a minimum penalty of twenty-five dollars (\$25.00).

2. Require the employer to reimburse the Retirement System for any retirement allowance paid to the beneficiary during a period when the allowance would have been suspended under sub-subdivision c. of this subdivision had the report been received within the required 90 days.

3. Require the employer to pay any amounts that the beneficiary would have been required to pay to the Retirement System under sub-subdivision f. of this subdivision had the report been received within the required 90 days.

Upon receipt by the employer of notice that ~~a penalty has been assessed under this sub-subdivision~~, any payment is due to the Retirement System under this sub-subdivision, the employer shall remit the payment of the ~~penalty amount due~~ to the Retirement System, in one lump sum, no later than 90 days from the date of the notice.

If an employer is required to make payments to the Retirement System under sub-sub-subdivision 2. or sub-sub-subdivision 3. of this sub-subdivision, then (i) the beneficiary shall have no obligation to reimburse the Retirement System for related amounts under sub-subdivisions c. or e. of this subdivision, (ii) the provisions of G.S. 128-31(b) relating to offsetting overpayments against payments made from the Retirement System to the member or beneficiary shall not apply, (iii) the Retirement System shall have no duty under G.S. 143-64.80 to pursue repayment of overpayments from the beneficiary, (iv) the overpayments shall not be considered a debt of the beneficiary under Chapter 105A of the General Statutes, and (v) the beneficiary's effective date of retirement shall be adjusted if the adjustment is required under sub-subdivision e. of this subdivision."

SECTION 1.(c) This section is effective July 1, 2020, and applies to reports required to be made on or after that date.

SECTION 2.(a) G.S. 135-7(h) reads rewritten:

"(h) 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:

...

(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, 2024-2026.

...."

SECTION 2.(b) G.S. 128-29(g) reads as rewritten:

"(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:

...

- (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~~2026.

...."

SECTION 3. Article 6 of Chapter 147 of the General Statutes is amended by adding a new section to read:

"§ 147-75.1. Criminal record checks for the Department of State Treasurer.

(a) The Department of State Treasurer may obtain from the State and National Repositories of Criminal Histories or from any other lawful source the criminal history of any of the following individuals:

- (1) A current or prospective permanent or temporary employee of the Department of State Treasurer.
- (2) A contractor with the Department of State Treasurer.
- (3) An employee or agent of a contractor with the Department of State Treasurer who is performing or will perform work for the Department of State Treasurer.
- (4) A volunteer of the Department of State Treasurer.
- (5) Any other individual otherwise engaged by the Department of State Treasurer who will have access to health or financial information or data maintained by the Department of State Treasurer that is confidential or otherwise nonpublic.

(b) The Department of State Treasurer may deny employment to or dismiss any individual identified under subdivisions (1), (2), (4), and (5) of subsection (a) of this section who refuses to consent to a criminal history record check or to the use of fingerprints or other identifying information required by the State or National Repositories of Criminal Histories. Any refusal shall constitute just cause for the employment denial or the dismissal from employment.

(c) The Department of State Treasurer may extend a conditional offer of employment pending the results of a criminal history record check authorized by this section."

SECTION 4.(a) Part 3 of Article 3B of Chapter 135 of the General Statutes is amended by adding a new section to read:

"§ 135-48.37B. Attachment and garnishment of overpayments and unpaid premiums from individuals no longer employed by employing units.

(a) Applicability. – This section applies to an individual who is no longer employed by an employing unit and to whom any of the following circumstances apply:

- (1) An overpayment or erroneous payment of benefits, claims, or other amounts has been paid on behalf of the individual or individual's dependent by the Plan and the amount owed had not been repaid to the Plan.
- (2) Unpaid premiums are owed by the individual for coverage provided by the Plan to the individual or the individual's dependent.

(b) Notice of Amount Due. – The Plan shall provide notice to an individual of the amounts owed and provide the individual with at least 30 calendar days to respond to the notice

and either (i) repay the amount owed in full or (ii) enter into a payment plan approved by the Plan for the amount owed.

(c) Attachment and Garnishment. – Intangible property that belongs to an individual, is owed to an individual, or has been transferred by an individual under circumstances that would permit it to be levied upon if it were tangible property is subject to attachment and garnishment in payment of an overpayment or erroneous payment or unpaid premium that is due from the individual and is collectible under this Article. Intangible personal property includes bank deposits, rent, salaries, wages, property held in the Escheat Fund, and any other property incapable of manual levy or delivery.

A person who is in possession of intangible property that is subject to attachment and garnishment is the garnishee and is liable for the amount the individual owes. The liability applies only to the amount of the individual's property in the garnishee's possession, reduced by any amount the individual owes the garnishee.

Provided any amount due remains unpaid and provided the individual has not entered into a payment plan approved by the Plan, upon the expiration of the 30 calendar days required by subsection (b) of this section, the Plan may submit to a financial institution, as defined in G.S. 53B-2, information that identifies an individual who owes an overpayment or erroneous payment or an unpaid premium that is collectible under this section and the amount due. The Plan may submit the information on a quarterly basis or, with the agreement of the financial institution, on a more frequent basis. A financial institution that receives the information must determine the amount, if any, of intangible property it holds that belongs to the individual and must inform the Plan of its determination. The Plan must reimburse a financial institution for its costs in providing the information, not to exceed the amount payable to the financial institution under G.S. 110-139 for providing information for use in locating a noncustodial parent.

No more than ten percent (10%) of an individual's wages or salary is subject to attachment and garnishment. The wages or salary of an employee of the United States, the State, or a political subdivision of the State are subject to attachment and garnishment.

(d) Notice to Garnishee. – Before the Plan attaches and garnishes intangible property in payment of an overpayment or erroneous payment or unpaid premium, the Plan must send the garnishee a notice of garnishment. The notice must be sent either in person, by certified mail with a return receipt requested, or, with the agreement of the garnishee, by electronic means. The notice must contain all of the following information:

- (1) The individual's name.
- (2) The individual's social security number or federal identification number.
- (3) The amount of money the individual owes the Plan.
- (4) An explanation of the liability of a garnishee for the amounts owed.
- (5) An explanation of the garnishee's responsibility concerning the notice.

(e) Action. – A garnishee must comply with a notice of garnishment or file a written response to the notice within the time set in this subsection. A garnishee that is a financial institution must comply or file a response within 20 days after receiving a notice of garnishment. All other garnishees must comply or file a response within 30 days after receiving a notice of garnishment. A written response must explain why the garnishee is not subject to garnishment and attachment.

Upon receipt of a written response, the Plan must contact the garnishee and schedule a conference to discuss the response or inform the garnishee of the Plan's position concerning the response. If the Plan does not agree with the garnishee on the garnishee's liability, the Plan may proceed to enforce the garnishee's liability any amounts owed under this section by civil action.

(f) Limitations. – Nothing in this Part shall be construed to limit the Plan's ability to pursue alternative judicial remedies against an individual, including the pursuit of a judgment and lien against real property."

1 **SECTION 4.(b)** This section is effective October 1, 2019, and applies to notices of
2 amounts due sent by the Plan on or after that date.

3 **SECTION 5.(a)** G.S. 135-48.1(9) reads as rewritten:

4 "(9) Dependent child. – Subject to the eligibility requirements of subsections (a)
5 and ~~(b)-(c)~~ of G.S. 135-48.41, and except as provided in subsection (b) of
6 G.S. 135-48.41, any of the following individuals, up to the first month
7 following the dependent child's individual's 26th birthday:

8 a. A natural or legally adopted child or children of the employee, whether
9 or not the child is living with the employee.

10 b. A foster child or children of the employee, whether or not the child is
11 living with the employee.

12 c. A child for which an employee is a court-appointed guardian.

13 d. A stepchild of a member who is married to the stepchild's natural
14 parent.

15 e. Repealed by Session Laws 2011-96, s. 3(a), effective July 1, 2011."

16 **SECTION 5.(b)** G.S. 135-48.41 read as rewritten:

17 **"§ 135-48.41. Additional eligibility provisions.**

18 ...

19 (b) ~~A dependent child shall not be eligible for coverage under the Plan if the dependent~~
20 ~~child is eligible for employer based health care outside of the State Health Plan for Teachers and~~
21 ~~State Employees, other than a parent's claim. Coverage~~ Notwithstanding the age requirement
22 under G.S. 135-48.1(9), coverage of a dependent child may be extended-continued beyond the
23 dependent child's 26th birthday if the dependent child is physically or mentally incapacitated to
24 the extent that he or she is incapable of earning a living and (i) such handicap developed or began
25 to develop before the dependent's 19th birthday, or (ii) such handicap developed or began to
26 develop before the dependent's 26th birthday disabled and if the dependent child was covered by
27 the Plan in accordance with G.S. 135-48.40(d)(7) on the dependent child's 26th birthday.
28 Verification of the dependent child's disability must be provided to the Plan no later than 60 days
29 after the dependent child's 26th birthday.

30 (c) No person shall be eligible for coverage as a dependent if eligible as an employee or
31 retired employee, except when a spouse is eligible on a fully contributory ~~basis.~~ basis or when
32 the person is a dependent child. In addition, no person shall be eligible for coverage as a
33 dependent of more than one employee or retired employee at the same time.

34 "

35 **SECTION 5.(c)** This section is effective when it becomes law and applies to all new
36 enrollment or reenrollment in the State Health Plan on and after that date.

37 **SECTION 6.(a)** G.S. 135-48.37 reads as rewritten:

38 **"§ 135-48.37. Liability of third person; right of subrogation; right of first recovery.**

39 (a) ~~The Plan shall have the right of subrogation upon all of the Plan member's right to~~
40 ~~recover from a liable third party for payment made under the Plan.~~ Notwithstanding any other
41 provisions of law to the contrary, the Plan shall be subrogated to all Plan member rights of
42 recovery, contractual or otherwise, including first-party underinsured or MedPay coverage or
43 third-party insurance coverage, for all medical expenses, including provider, hospital, surgical,
44 or prescription drug expenses, to the extent those payments are the recovery is related to an injury
45 caused by a liable third party. A personal injury or wrongful death claim brought by a Plan
46 member or a Plan member's representative or estate against a third party shall include a claim for
47 all medical assistance payments for health care items or services furnished to the Plan member
48 as a result of the injury. Any personal injury or wrongful death claim brought by a Plan member
49 or Plan member's representative or estate against a third party that does not include the Plan's
50 claim shall be deemed to include the Plan's claim. The Plan's claim shall be a lien upon any
51 recovery that a Plan member or Plan member's representative or estate obtains.

(a1) ~~The Plan member shall do nothing to prejudice these rights. the Plan's rights under this section.~~ The Plan has the right to first ~~recovery~~ recovery over all nongovernmental liens and ~~rights, on any amounts so recovered,~~ recovered that are related to an injury caused by a liable third party regardless of (i) whether the nongovernmental liens and rights arose prior to or arise subsequent to the Plan's lien, (ii) whether the amount was recovered by the ~~Plan or Plan~~ the Plan member, ~~or the Plan member's representative or estate,~~ and (iii) whether the amount was recovered by litigation, arbitration, mediation, settlement, or otherwise. Notwithstanding any other provision of law to the contrary, the recovery limitation set forth in G.S. 28A-18-2 shall not apply to the Plan's right of subrogation of Plan members.

(b) If the Plan is precluded from exercising its right of subrogation, it may exercise its rights of recovery against any third party who was overpaid. If the Plan recovers damages from a liable third party in excess of the claims paid, any excess will be paid to the member, less a proportionate share of the costs of collection.

(c) In the event a Plan member or a Plan member's representative or estate recovers any amounts from a liable third party to which the Plan is entitled under this section, the Plan may recover the amounts directly from the Plan ~~member, member, the Plan member's representative or estate, or the insurance company.~~ If, prior to the Plan exercising its rights under this section, a Plan member ~~or the Plan member's representative or estate~~ utilizes or otherwise disposes of any amounts that were recovered from a liable third party to which the Plan is entitled under this section, then the Plan may pursue alternative judicial remedies against the Plan member ~~or Plan member's representative or estate~~ to recover the amount to which the Plan is entitled, including the pursuit of a judgment and lien against real property.

(c1) The Plan has a lien, for not more than the value of claims paid related to the liability of the third party, on any damages subsequently recovered by a Plan member ~~or a Plan member's representative or estate~~ against any liable third party. If the Plan member ~~or Plan member's representative or estate~~ fails to pursue the remedy against a liable third party, the Plan is subrogated to the rights of the Plan member and is entitled to enforce liability in the Plan's own name or in the name of the Plan member for the amount paid by the Plan.

(c2) Within 14 days of receipt of the proceeds of a settlement or judgment related to a claim under this section, the Plan member, the Plan member's representative or estate, or the insurance company shall notify the Plan of the receipt of proceeds.

(c3) Within 30 days of receipt of the proceeds of a settlement or judgment related to a claim under this section, the Plan member, the Plan member's representative or estate, or the insurance company shall distribute to the Plan an amount sufficient to fully satisfy the Plan's lien as required by this section. If that amount is not distributed to the Plan member within 30 days, then the Plan may recover the amount directly from the Plan member or the Plan member's estate or Plan member's representative through any remedy available to the Plan.

(d) In no event shall the Plan's lien exceed fifty percent (50%) of the total damages recovered by the Plan member, exclusive of the Plan member's reasonable ~~and proportionate~~ costs of collection as determined by the Plan in the Plan's sole discretion. The decision by the Plan as to the reasonable ~~cost and proportionate costs~~ of collection is conclusive and is not a "final agency decision" for purposes of a contested case under Chapter 150B of the General Statutes. Notice of the Plan's lien or right to recovery shall be presumed when a Plan member is represented by an attorney, and the attorney shall disburse proceeds pursuant to this section.

(e) ~~The priority of any lien held by the State Health Plan for Teachers and State Employees shall be superior to all nongovernmental liens and rights, whether such liens and rights are prior or subsequent to the lien.~~

(f) Any governmental liens having priority over the Plan's right to first recovery shall be deducted from the total damages recovered by the Plan member or Plan member's representative or estate before satisfying the Plan's lien. In no event shall other liens be deducted from the Plan's right to recovery under this section. If insufficient funds remain to fully satisfy the Plan's lien

after deducting the Plan member's or the Plan member's representative's or estate's costs of collection and any priority liens from the total damages recovered, then the Plan shall be entitled to receive the remaining balance of the total damages recovered by the Plan member or Plan member's representative or estate."

SECTION 6.(b) This section is effective when it becomes law and applies to claims brought by Plan members or Plan members' representatives or estates on or after that date, as well as liens arising on or after that date.

SECTION 7.(a) G.S. 135-48.41 is amended by adding a new subsection to read:

"(l) If an employee or retiree withdraws his or her accumulated contributions and then later is reemployed as an employee, then the date of reemployment will be considered the first hired date for purposes of membership eligibility in the Plan. Any rights granted under this Article relating to the hire date associated with the withdrawn contributions shall be void ab initio as a matter of law."

SECTION 8. G.S. 135-48.33(a) reads as rewritten:

"(a) The Board of Trustees must approve all Plan contracts in excess of ~~five hundred thousand dollars (\$500,000), one million dollars (\$1,000,000)~~ including contracts with an initial cost of less than ~~five hundred thousand dollars (\$500,000), one million dollars (\$1,000,000),~~ but that may exceed ~~five hundred thousand dollars (\$500,000) one million dollars (\$1,000,000)~~ during the term of the contract."

SECTION 9. G.S. 135-48.25 reads as rewritten:

"§ 135-48.25. Rules.

(a) The State Treasurer, in consultation with the Board of Trustees, may adopt rules to implement this Article. ~~The State Treasurer shall provide to all employing units, all health benefit representatives, all relevant health care providers affected by a rule, and to any other persons requesting a written description and approved by the State Treasurer written notice and an opportunity to comment not later than 30 days prior to adopting, amending, or rescinding a rule, unless immediate adoption of the rule without notice is necessary in order to fully effectuate the purpose of the rule. Rules of the Board of Trustees shall remain in effect until amended or repealed by the State Treasurer. The State Treasurer shall provide a written description of the rules adopted under this section to all employing units, all health benefit representatives, all relevant health care providers affected by a rule, and to any other persons requesting a written description and approved by the State Treasurer on a timely basis. Rules adopted by the State Treasurer to implement this Article are not subject to Article 2A of Chapter 150B of the General Statutes.~~

(b) The State Treasurer shall provide at least 30 calendar days for interested parties to comment prior to adopting, amending, or repealing a rule, unless immediate adoption, amendment, or repealing of the rule without notice is necessary in order to fully effectuate the purpose of the rule. A rule remains in effect until amended or repealed by the State Treasurer. Upon request and in a timely manner, the State Treasurer shall provide a written description of a rule adopted under this section.

(c) Benefit booklets published by the Department of State Treasurer on its Web site shall have the force and effect of rules for the applicable benefit year. This subsection applies, but is not limited in its application, to contested cases brought by employees, retired employees, dependents of employees, and dependents of retired employees under Article 3 of Chapter 150B of the General Statutes regarding (i) an eligibility, premium credit, or other enrollment-related determination made by the Plan or (ii) the administration of Plan benefit offerings and exclusions."

SECTION 9.(b) This section is effective when it becomes law and applies to rules adopted on or after that date and contested cases brought on or after that date.

SECTION 10.(a) G.S. 135-48.22(3) is repealed.

SECTION 10.(b) G.S. 135-48.24 reads as rewritten:

"§ 135-48.24. Administrative review.

(a) If, after exhaustion of internal appeal handling as outlined in the contract with the Claims Processor any person is aggrieved, the Claims Processor shall bring the matter to the attention of the Executive Administrator ~~and Board of Trustees, which who~~ shall promptly decide whether the subject matter of the appeal is a determination subject to external review under Part 4 of Article 50 of Chapter 58 of the General Statutes. The Executive Administrator ~~and Board of Trustees~~ shall inform the aggrieved person and the aggrieved person's provider of the decision and shall provide the aggrieved person notice of the aggrieved person's right to appeal that decision as provided in this subsection. If the Executive Administrator ~~and Board of Trustees~~ ~~decide~~ finds that the subject matter of the appeal is not a determination subject to external review, then the Executive Administrator ~~and Board of Trustees~~ may make a binding decision on the matter in accordance with procedures established by the Executive Administrator ~~and Board of Trustees~~. ~~The Executive Administrator and Board of Trustees shall provide a written summary of the decisions made pursuant to this section to all employing units, all health benefit representatives, all relevant health care providers affected by a decision, and to any other parties requesting a written summary and approved by the Executive Administrator and Board of Trustees to receive a summary immediately following the issuance of a decision.~~ Administrator. A decision by the Executive Administrator ~~and Board of Trustees~~ that a matter raised on internal appeal is a determination subject to external review as provided in subsection (b) of this section may be contested by the aggrieved person under Chapter 150B of the General Statutes. The person contesting the decision may proceed with external review pending a decision in the contested case under Chapter 150B of the General Statutes.

(b) The State Treasurer, in consultation with the Board of Trustees, shall adopt and implement utilization review and internal grievance procedures that are substantially equivalent to those required under G.S. 58-50-61 and G.S. 58-50-62. External review of determinations shall be conducted in accordance with Part 4 of Article 50 of Chapter 58 of the General Statutes. As used in this section, "determination" is a decision by the State Treasurer, or the Plan's designated utilization review organization administrated by or under contract with the Plan that an admission, availability of care, continued stay, or other health care service has been reviewed and, based upon information provided, does not meet the Plan's benefit offerings or requirements for medical necessity, appropriateness, health care setting, or level of care or effectiveness, and the requested service is therefore denied, reduced, or terminated."

SECTION 10.(c) G.S. 150B-1(e) reads as rewritten:

"(e) Exemptions From Contested Case Provisions. – The contested case provisions of this Chapter apply to all agencies and all proceedings not expressly exempted from the Chapter. The contested case provisions of this Chapter do not apply to the following:

...

- (13) The State Health Plan for Teachers and State Employees with respect to determinations by the Executive Administrator ~~and or the~~ Board of Trustees, the Plan's designated utilization review organization, or a self-funded health maintenance organization under contract with the Plan that an admission, availability of care, continued stay, or other health care service has been reviewed and, based upon the information provided, does not meet the Plan's benefit offering or requirements for medical necessity, appropriateness, health care setting, or level of care or effectiveness, and the requested service is therefore denied, reduced, or terminated.

...."

SECTION 10.(d) This section is effective when it becomes law and applies to administrative reviews and appeals requested or filed on or after that date.

SECTION 11.(a) G.S. 135-48.2(a) reads as rewritten:**"§ 135-48.2. Undertaking.**

(a) The State of North Carolina undertakes to make available a State Health Plan ~~(hereinafter called the "Plan")~~ exclusively for the benefit of eligible employees, eligible retired employees, and certain of their eligible dependents, ~~which that~~ will pay benefits in accordance with the terms of this Article. The Plan shall have all the powers and privileges of a corporation and shall be known as the State Health Plan for Teachers and State Employees. The State Treasurer, Executive Administrator, and Board of Trustees shall carry out their duties and responsibilities as fiduciaries for the Plan. The Plan shall administer one or more group health plans that are comprehensive in coverage. The State Treasurer may operate group plans as a preferred provider option, or health maintenance, point-of-service, or other organizational arrangement. The State Treasurer may also operate a flexible compensation plan for eligible employees, eligible retired employees, and certain of their eligible dependents, including dental and vision health benefit offerings paid for at full contribution by employees and retired employees."

SECTION 11.(b) G.S. 135-48.1(2b) reads as rewritten:

"(2b) Claim Payment Data. – Data fields within a Claims Data Feed that reflect the provider and the amount the provider billed for services provided to a Plan member, the allowed amount applied to the claim by the Claims Processor, ~~and the amount paid by the Plan on the claim.~~ claim, and the rate negotiated with or agreed to by the provider. The term "Claim Payment Data" includes any document, material, or other work, whether tangible or electronic, that is derived from, is based on, or reflects any of the foregoing data fields or information contained therein. If the Claims Processor designates Claim Payment Data as a trade secret, the Claim Payment Data shall be treated as a trade secret as defined in G.S. 66-152(3)."

SECTION 11.(c) G.S. 135-48.32 reads as rewritten:

"§ 135-48.32. Contracts to provide benefits.

(a) The Plan benefits shall be provided under contracts between the Plan and the claims processors selected by the Plan. The contracts necessarily will conform to applicable State law.

(b) Unless otherwise directed by the Plan, each Claims Processor shall provide the Plan with a Claims Data Feed, which includes all Claim Payment Data, at a frequency agreed to by the Plan and the Claims Processor. The frequency shall be no less than monthly. The Claims Processor is ~~not~~ required to disclose Claim Payment Data that reflects rates negotiated with or agreed to by a ~~noncontracted third party but, upon request, shall provide to the Plan sufficient documentation to support the payment of claims for which Claim Payment Data is withheld on such basis.~~ provider.

(c) Any provision of any contract between a Claims Processor and a health care provider, subcontractor, or third party that would prevent or prohibit the Claims Processor from disclosing Claim Payment Data to the Plan, in accordance with this section, shall be void and unenforceable, but only to the extent the provision prevents and prohibits disclosure to the Plan.

(d) The Plan may use and disclose Claim Payment Data solely for the purpose of administering and operating the State Health Plan for Teachers and State Employees in accordance with G.S. 135-48.2 and the provisions of this Article. The Plan shall not make any use or disclosure of Claim Payment Data that would compromise the proprietary nature of the data or, as applicable, its status as a trade secret, or otherwise misappropriate the data.

~~(e) The Plan may not use a provider's Claim Payment Data to negotiate rates, fee schedules, or other master charges with that provider or any other provider.~~

(f) The Plan may disclose Claim Payment Data to a third party to use on the Plan's behalf as agreed upon between the Plan and the Claims Processor. The Plan must ~~obtain the agreement of~~ provide notice to the Claims Processor for each third party to whom the Plan seeks to disclose Claim Payment Data and for each use the third party will make of the data. The Plan may not disclose Claim Payment Data to any third party without first entering into a contract with the

1 third party that contains restrictions on the use and disclosure of the Claim Payment Data by the
2 third party that are at least as restrictive as the provisions of this section.

3 (g) A Claims Processor who discloses Claim Payment Data in accordance with this
4 section shall not incur any civil liability and shall not be subject to equitable relief in connection
5 for the disclosure."

6 **SECTION 12.** If any provision of this act or its application is held invalid, the
7 invalidity does not affect other provisions or applications of this act that can be given effect
8 without the invalid provisions or application, and to this end the provisions of this act are
9 severable.

10 **SECTION 13.** Except as otherwise provided, this act is effective when it becomes
11 law.

HB 184: Study State Health Plan Design

This bill only requires a “study” of the state health plan. We are neutral in this bill.

Bill history:

2/26/2019 – Filed in the House

4/03/2019 – Passed the House

4/04/2019 – Referred to Senate Committee on Rules and Operations of the Senate

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019**

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**HOUSE BILL 184
Committee Substitute Favorable 3/26/19
Third Edition Engrossed 4/3/19**

Short Title: Study State Health Plan Design.

(Public)

Sponsors:

Referred to:

February 27, 2019

A BILL TO BE ENTITLED
AN ACT TO EXAMINE THE NEEDS AND CONCERNS OF STATE EMPLOYEES
PARTICIPATING IN THE NORTH CAROLINA STATE HEALTH PLAN FOR
TEACHERS AND STATE EMPLOYEES AND TO FURTHER STUDY REDESIGNING
THE STATE HEALTH PLAN IN A WAY THAT ADOPTS NEW PRACTICES AND
PAYMENT METHODOLOGIES THAT PROMOTE HEALTH WHILE INCENTIVIZING
PARTICIPATION FROM BOTH ENROLLEES AND PROVIDERS.

Whereas, the North Carolina State Health Plan for Teachers and State Employees provides health insurance coverage for more than 750,000 North Carolina teachers, State employees, retirees, and their families; and

Whereas, North Carolina teachers, State employees, retirees, and their families deserve the highest, most efficient level of care that promotes health and wellness while lowering costs; and

Whereas, the State Treasurer has identified the need to reduce annual costs by \$300 million; and

Whereas, the North Carolina State Health Plan for Teachers and State Employees does not take advantage of modern cost-saving technologies that also increase access to health care services; and

Whereas, North Carolina health care providers are national leaders in work that has redesigned plans that deliver high quality care and lower costs; Now, therefore, The General Assembly of North Carolina enacts:

SECTION 1.(a) There is created the Joint Legislative Study Committee on the Sustainability of the North Carolina State Health Plan (Committee). The purpose of the Committee is to examine the needs and concerns of North Carolina teachers, State employees, and retirees participating in the North Carolina State Health Plan for Teachers and State Employees (State Health Plan) and to redesign the State Health Plan in a way that adopts new practices and payment methodologies that promote health while incentivizing participation from both enrollees and providers.

SECTION 1.(b) The Committee shall consist of the following voting members:

- (1) Four members of the House of Representatives appointed by the Speaker of the House of Representatives.
- (2) Four members of the Senate appointed by the President Pro Tempore of the Senate.
- (3) The Executive Administrator of the State Health Plan.
- (4) One member appointed by the North Carolina Medical Society.



- (5) One member appointed by the North Carolina Healthcare Association.
- (6) One member appointed by the North Carolina Nurses Association.
- (7) Two members appointed by the State Employees Association of North Carolina.
- (8) One member appointed by the Retired Government Employees Association of North Carolina.
- (9) One member appointed by the North Carolina Association of Educators.
- (10) One member appointed by the North Carolina Psychiatry Association.
- (11) The State Treasurer.

The Speaker of the House of Representatives shall designate one representative to serve as cochair, and the President Pro Tempore of the Senate shall designate one senator to serve as cochair. Vacancies on the Committee shall be filled by the same appointing authority making the initial appointment. A quorum shall be a majority of the Committee.

SECTION 1.(c) The initial meeting of the Committee shall be conducted within 30 days of the effective date of this act. Subsequent meetings shall be at the call of the Chair.

The Committee, 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 Committee may meet in the Legislative Building or the Legislative Office Building. The Legislative Services Commission, through the Legislative Services Officer, shall assign professional staff to assist the Committee in its work. The Directors of Legislative Assistants of the Senate and of the House of Representatives shall assign clerical staff to the Committee, and the expenses relating to the clerical employees shall be borne by the Committee. General Assembly members of the Committee shall receive subsistence and travel expenses at the rates set forth in G.S. 120-3.1. The Commission may contract for professional, clerical, or consultant services, as provided by G.S. 120-32.02.

SECTION 1.(d) The Committee, in developing a recommended design for the State Health Plan, shall consider all of the following:

- (1) Pricing that is referenced to other payment models.
- (2) Other payment models that have been implemented and have shown to reduce costs without compromising care.
- (3) Methods by which to ensure transparency with regards to pricing and costs for employees and their dependents as well as for the State Health Plan.
- (4) Employee and family premiums that are appropriate, preferably without an increase in the employee premium.
- (5) Incentive programs to encourage utilization of primary care.
- (6) Virtual health options.
- (7) Joining the State Health Plan with other State-funded health plans.
- (8) Payments of subsidies for buying individual plans on the marketplace.
- (9) Data that compares a five-year history of actual costs to the plan versus anticipated costs and spending projections.
- (10) Claims data by health care provider claimant.
- (11) Demographic data of Plan subscribers, including data on cost drivers.
- (12) Any other items necessary for development of a modern State Health Plan.

SECTION 1.(e) The Committee shall submit a final report no later than December 15, 2019, to the General Assembly 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, and the Legislative Library. This final report shall contain the results of the study, including any Committee recommendations. The Committee shall terminate upon filing its final report, or on April 1, 2020, whichever is later.

SECTION 2. For the period of January 1, 2019, through December 31, 2020, the State Treasurer, the State Health Plan for Teachers and State Employees (State Health Plan), the

1 Board of Trustees of the State Health Plan, and the Executive Administrator of the State Health
2 Plan shall continue to utilize the Blue Cross Blue Shield of North Carolina Blue Options provider
3 network and to reimburse participating network providers in accordance with one hundred
4 percent (100%) of the applicable fee schedule. Further, the State Health Plan, the Board of
5 Trustees of the State Health Plan, and the Executive Administrator of the State Health Plan shall
6 not implement or utilize any reference-based pricing model to reimburse providers during the
7 period specified by this section. This section shall not apply to any Medicare advantage plans or
8 plans described in G.S. 135-48.40(e) offered by the State Health Plan.

9 **SECTION 3.** This act is effective when it becomes law.

HB 214: Retirement Technical Corrections Act of 2019

This bill makes various technical corrections and clarifications to the state retirement plan.

Bill history:

2/27/2019 – Filed in the House

2/28/2019 – Referred To House Committee on Rules, Calendar, and Operations of the House

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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HOUSE BILL 214

Short Title: Retirement Technical Corrections Act of 2019.-AB (Public)

Sponsors: Representatives C. Smith, Gill, and McNeill (Primary Sponsors).

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Rules, Calendar, and Operations of the House

February 28, 2019

A BILL TO BE ENTITLED

AN ACT TO CONFIRM THAT THE NORTH CAROLINA STATE HEALTH PLAN FOR
TEACHERS AND STATE EMPLOYEES IS A GOVERNMENTAL PLAN AND
THEREFORE THE STATE HEALTH PLAN SHOULD DETERMINE WHETHER THE
COVERAGE OF AN EMPLOYEE OR EMPLOYER WOULD INCREASE THE RISK OF
AN ADVERSE TAX RULING FOR THE PLAN; TO UPDATE THE LANGUAGE OF
THE CONSOLIDATED JUDICIAL RETIREMENT SYSTEM AND THE NORTH
CAROLINA NATIONAL GUARD PENSION FUND TO BE CONSISTENT WITH THE
2017 CHANGES MADE TO THE TEACHERS' AND STATE EMPLOYEES'
RETIREMENT SYSTEM AND THE LOCAL GOVERNMENTAL EMPLOYEES'
RETIREMENT SYSTEM; TO CLARIFY THAT AN EMPLOYING AGENCY MAY
RECEIVE A CREDIT FOR PENSION-SPIKING PENALTIES MADE FOR AN
EMPLOYEE THAT FORFEITS HIS OR HER RETIREMENT BENEFIT SUBJECT TO A
FELONY FORFEITURE REQUIREMENT; TO DEFINE AN INACTIVE EMPLOYER IN
THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM AND THE
LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM; TO CLARIFY
THAT BUILDING INSPECTION FEE REVENUES ARE TO BE REPORTED BY
SOURCE AND EXPENDITURES ARE TO BE REPORTED BY OBJECT; TO REMOVE
OR UPDATE ARCHAIC STATUTES AND TO CORRECT TYPOGRAPHICAL ERRORS
IN THE LAWS GOVERNING THE TEACHERS' AND STATE EMPLOYEES'
RETIREMENT SYSTEM; TO CLARIFY THAT ADMINISTRATIVE COSTS OF THE
NORTH CAROLINA PUBLIC SCHOOL TEACHERS' AND PROFESSIONAL
EDUCATORS' INVESTMENT PLAN MAY BE CHARGED TO MEMBERS OR
DEDUCTED FROM MEMBER ACCOUNTS; TO CLARIFY PUBLIC RECORD LAWS
PERTAINING TO THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT
SYSTEM AND THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT
SYSTEM; AND TO CONFIRM THE IRREVOCABILITY OF LOCAL GOVERNMENT
PARTICIPATION IN THE STATE HEALTH PLAN.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 135-48.8(a) reads as rewritten:

"(a) The State of North Carolina deems it to be in the public interest for individual North Carolina firefighters, rescue squad workers, and members of the National Guard, and certain of their dependents, who are not eligible for any other type of comprehensive ~~group~~ health insurance or other comprehensive ~~group~~ health benefits, and who have been without any form of ~~group~~ health insurance or other comprehensive ~~group~~ health benefit coverage for at least six



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consecutive months, to be given the opportunity to participate in the benefits provided by the State Health Plan for Teachers and State Employees. Coverage under the Plan shall be voluntary for eligible firefighters, rescue squad workers, and members of the National Guard who elect participation in the Plan for themselves and their eligible dependents."

SECTION 1.(b) G.S. 135-48.40(d)(13) reads as rewritten:

"(13) The following persons, their eligible spouses, and eligible dependent children, provided that the person seeking coverage as a subscriber (i) is not eligible for another comprehensive ~~group~~-health benefit plan and (ii) has been without coverage under a comprehensive ~~group~~-health benefit plan for at least six consecutive months:

- a. Firefighters.
- b. Rescue squad workers.
- c. Persons receiving a pension from the North Carolina Firefighters' and Rescue Squad Workers' Pension Fund.
- d. Members of the North Carolina National Guard.
- e. Retirees of the North Carolina National Guard with 20 years of service.

For the purposes of this subdivision, Medicare benefits, Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) benefits, and other Uniformed Services benefits shall be considered comprehensive ~~group~~-health benefit plans. The Plan may require certification of persons seeking coverage under this subdivision. Nothing in this section shall be construed to either (i) permit a person to enroll or (ii) require the Plan to enroll a person in the Plan when that enrollment may jeopardize the Plan's preferential tax exempt status as a governmental plan under the Internal Revenue Code."

SECTION 2. G.S. 135-66 reads as rewritten:

"§ 135-66. Administration; management of funds.~~funds~~; method of financing.

(a) The State Treasurer shall be the custodian of the assets of this Retirement System and shall invest them in accordance with the provisions of G.S. 147-69.2 and G.S. 147-69.3.

(b) The assets of this Retirement System shall include employers' contributions held with the Pension Accumulation Fund established under G.S. 135-8 and employees' contributions held in the Annuity Savings Fund similarly established under G.S. 135-8.

(c) The Board of Trustees shall have performed an annual actuarial valuation of the System and shall have the financial responsibility for maintaining the System on a generally accepted actuarial basis.

(d) An actuarially determined employer contribution 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.

(e) Notwithstanding Chapter 150B of the General Statutes, the Board of Trustees may adopt a contribution policy that would recommend a contribution not less than the actuarially determined employer contribution.

(f) The recommended employer contribution rate by the Board of Trustees each year shall not be less than the actuarially determined employer contribution."

SECTION 3.(a) G.S. 127A-40(f) reads as rewritten:

"(f) The Board of Trustees of the Teachers' and State Employees' Retirement System shall administer the provisions of this section. The Secretary of Public Safety shall determine the eligibility of North Carolina National Guard members for the benefits provided in this section and shall certify those eligible to the Board of Trustees. In addition, the Department of Public Safety shall, on and after July 1, 1983, provide the Board of Trustees with an annual census population, by age and the number of years of creditable service, for all former members of the North Carolina National Guard in receipt of a pension as well as for all active members of the

North Carolina National Guard who are not in receipt of a pension and who have seven and more years of creditable service. The Department of Public Safety shall also provide the Board of Trustees an annual census population of all former members of the North Carolina National Guard who are not in receipt of a pension and who have 15 and more years of creditable service. The Department of State Treasurer shall make pension payments to those persons certified from the North Carolina National Guard Pension Fund, ~~which shall include general fund appropriations made to the Department of State Treasurer. The Board of Trustees shall have performed an annual actuarial valuation of the fund and shall have the financial responsibility for maintaining the fund on a generally accepted actuarial basis. The Department of Public Safety shall provide the Department of State Treasurer with whatever assistance is required by the State Treasurer in carrying out the State Treasurer's and the Board of Trustees' financial responsibilities.~~Fund."

SECTION 3.(b) Article 3 of Chapter 127 of the General Statutes is amended by adding a new section to read:

"§ 127A-41. North Carolina National Guard Pension Fund.

(a) As used in this section, the term "Board of Trustees" means the Board of Trustees of the Teachers' and State Employees' Retirement System.

(b) The North Carolina National Guard Pension Fund shall include general fund appropriations made to the Department of State Treasurer and held with the Pension Accumulation Fund of the Teachers' and State Employees' Retirement System.

(c) The Board of Trustees shall have performed an annual actuarial valuation of the Fund and shall have the financial responsibility for maintaining the Fund on a generally accepted actuarial basis.

(d) An actuarially determined employer contribution 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.

(e) Notwithstanding Chapter 150B of the General Statutes, the Board of Trustees may adopt a contribution policy that would recommend a contribution not less than the actuarially determined employer contribution.

(f) The recommended employer contribution rate by the Board of Trustees each year shall not be less than the actuarially determined employer contribution.

(g) The Department of Public Safety shall provide the Department of State Treasurer with any assistance required by the State Treasurer in carrying out the financial responsibilities of the State Treasurer or the Board of Trustees."

SECTION 4.(a) G.S. 135-8 is amended by adding a new subsection to read:

"(f1) Felony Forfeiture Impact on Contribution-Based Benefit Cap. – If an employer made contributions on account of a retiree subject to the contribution-based benefit cap under G.S. 135-8(f)(2)f. and that retiree later forfeits retirement benefits under G.S. 128-38.4, 128-38.3A, 135-18.30, 135-18.10A, 135-75.1, or 135-75.1A, then the Retirement Systems Division may provide a credit to the employer. This credit shall be calculated in an amount reflecting the impact of the forfeiture on the amount due under G.S. 135-4(jj)."

SECTION 4.(b) G.S. 128-30 is amended by adding a new subsection to read:

"(g1) Felony Forfeiture Impact on Contribution-Based Benefit Cap. – If an employer made contributions on account of a retiree subject to the contribution-based benefit cap under G.S. 135-8(f)(2)f. and that retiree later forfeits retirement benefits under G.S. 128-38.4, 128-38.3A, 135-18.30, 135-18.10A, 135-75.1, or 135-75.1A, then the Retirement Systems Division may provide a credit to the employer. This credit shall be calculated in an amount reflecting the impact of the forfeiture on the amount due under G.S. 128-26(y)."

SECTION 5.(a) Article 1 of Chapter 135 of the General Statutes is amended by adding a new section to read:

"§ 135-5.5. Inactive employers.

(a) An employer shall be considered an inactive employer if all of the following criteria are met:

- (1) The employer has no employees that qualify for membership in any System under this Chapter.
- (2) The employer has made no employer contributions for at least one month.
- (3) The employer makes a request in writing to the Retirement Systems Division of the Department of State Treasurer to be made inactive.
- (4) The Retirement Systems Division of the State Treasurer has reviewed the employer request to become inactive and has granted that request. The Retirement Systems Division shall provide written notification to the requesting employer of any decisions made under this section.

(b) Not later than April 30 of each calendar year, the Retirement Systems Division of the Department of State Treasurer shall make a report to the Board on all employers who were determined to be inactive employers in that preceding calendar year."

SECTION 5.(b) Article 3 of Chapter 128 of the General Statutes is amended by adding a new section to read:

"§ 128-23.1. Inactive employers.

(a) An employer shall be considered an inactive employer if all of the following criteria are met:

- (1) The employer has no employees that qualify for membership in the Retirement System.
- (2) The employer has made no employer contributions for at least one month.
- (3) The employer makes a request in writing to the Retirement Systems Division of the Department of State Treasurer to be made inactive.
- (4) The Retirement Systems Division of the State Treasurer has reviewed the employer request to become inactive and has granted that request. The Retirement Systems Division shall provide written notification to the requesting employer of any decisions made under this section.

(b) Not later than April 30 of each calendar year, the Retirement Systems Division of the Department of State Treasurer shall make a report to the Board on all employers who were determined to be inactive employers in that preceding calendar year."

SECTION 6.(a) G.S. 159-33.1 reads as rewritten:

"§ 159-33.1. Semiannual reports of financial information.

The finance officer of each unit and public authority shall submit to the secretary on January 1 and July 1 of each year ~~(or such year, or other dates as the secretary may prescribe)~~ prescribe, a statement of financial information concerning the unit or public authority. The secretary may prescribe the information to be included in the statement and may prescribe the form of the statement; provided, however, the secretary shall prescribe that the finance officer of each city and county shall include in the statement the total revenues received from building inspections, by ~~type, source,~~ and the total expenditures paid from all revenues received, by type-object."

SECTION 6.(b) This section is effective June 30, 2019.

SECTION 7. G.S. 135-18.1(a) reads as rewritten:

~~"(a) Any person who is a member of the Teachers' and State Employees' Retirement System of North Carolina on July 1, 1951, and who was previously a member of the North Carolina Governmental Employees' Retirement System, hereafter in this section referred to as the local system, shall be entitled to transfer to this Retirement System his credits for membership and prior service in the local system as of the date of termination of membership in the local system, notwithstanding that his membership in the local system may have been terminated prior to July 1, 1951: Provided, such member shall deposit in this Retirement System prior to January 1, 1952, the full amount of any accumulated contributions standing to his credit in, or previously withdrawn from, the local system and shall apply to the Board of Trustees of this Retirement~~

~~System for a transfer of credit from the local system. Any~~ Prior to retirement, any person who was a member of the North Carolina Governmental Employees' Retirement System and who becomes a member of this Retirement System ~~on or after July 1, 1951,~~ shall be entitled prior to his retirement to transfer to this Retirement System his or her credits for membership and prior service in the local system: Provided, ~~the actual transfer of employment is made while his account in the local system is active and such person shall request the local system to transfer his accumulated contributions, interest, and service credits to this Retirement System; provided further, with respect to any person who becomes a member of this Retirement System after July 1, 1969,~~ the local system agrees to transfer to this Retirement System the amount of reserve held in the local system as a result of previous contributions of the employer on behalf of the transferring employee. For the purposes of this section, the term "local system" means the North Carolina Governmental Employees' Retirement System."

SECTION 8.(a) G.S. 135-5.2 is repealed.

SECTION 8.(b) G.S. 135-13 is repealed.

SECTION 8.(c) G.S. 135-14 is repealed.

SECTION 8.(d) G.S. 135-14.1 is repealed.

SECTION 8.(e) G.S. 135-16 is repealed.

SECTION 8.(f) G.S. 135-18.3 is repealed.

SECTION 8.(g) G.S. 135-18.5 is repealed.

SECTION 9. G.S. 135-16.1 reads as rewritten:

"§ 135-16.1. Blind or visually impaired employees, vendors.

(a) ~~On July 1, 1971, all blind or visually impaired employees employed by the Department of Health and Human Services shall be enrolled as members of the Teachers' and State Employees' Retirement System. All such employees shall be given full credit for all service theretofore as employees of the Department of Health and Human Services. All retired employees drawing or receiving benefits from and under the private retirement plan purportedly created on December 6, 1966, by the Bureau of Employment for the Blind Division pursuant to a trust agreement purportedly entered into with a private banking institution as trustee shall continue to be paid by the Teachers' and State Employees' Retirement System benefits in the same amount which they purportedly were entitled to under the private retirement plan and trust agreement, except that such retired persons shall be eligible for such annual cost of living increases as may be provided for retirement members of the Teachers' and State Employees' Retirement System under the provisions of this Article.~~

(b) ~~Upon the enrollment of the employees in the Teachers' and State Employees' Retirement System, the purported private retirement plan and trust agreement hereinabove referred to shall be dissolved and terminated.~~

(c) ~~Notwithstanding the foregoing, blind persons~~ Persons licensed by the State and operating vending facilities under contract with the Department of Health and Human Services, Division of Services for the Blind and its successors, hereinafter referred to as licensed vendors, ~~so who are~~ licensed on and after October 1, 1983, shall not be members of the Retirement System. ~~All licensed vendors in service or who are members of the Retirement System before October 1, 1983, shall make an irrevocable election to do one of the following:~~

(1) ~~Continue contributing membership service as if an employee under the same conditions and requirements as are otherwise provided, and have the rights of a member to all benefits and a retirement allowance;~~

(2) ~~Receive a return of accumulated contributions with cessation of contributing membership service, under G.S. 135-5(f), and in any event with regular interest regardless of membership service; or~~

(3) ~~Terminate contributing membership service and be entitled alternatively to the benefits and allowances provided under G.S. 135-3(8) or 135-5(a)."~~

SECTION 10. G.S. 128-23(b) reads as rewritten:

"(b) Pursuant to the favorable vote of a majority of the employees of the county, the board of commissioners of any county may, by resolution legally adopted and approved by the Board of Trustees, elect to have its employees become eligible to participate in the Retirement System. Each county is authorized to make appropriations for these purposes and to fund them by levy of property taxes pursuant to G.S. 153-65 as authorized by Article 7 of Chapter 153A of the General Statutes and by the allocation of other revenues whose use is not otherwise restricted by law."

SECTION 11. G.S. 115D-25.4 is amended by adding a new subsection to read:

"(c) The administrative costs of the North Carolina Public School Teachers' and Professional Educators' Investment Plan may be charged to members or deducted from members' accounts in accordance with nondiscriminatory procedures established by the Department of State Treasurer and Board of Trustees."

SECTION 12.(a) G.S. 135-6.1 is amended by adding a new subsection to read:

"(e1) The Retirement Systems Division of the Department of State Treasurer may disclose to employers and former employers that made a contribution for an employee or former employee to the Retirement System any information that is not public under this Section regarding that employee necessary to conduct the business of the Retirement System. Employers and former employers in receipt of this information shall treat the information as confidential and this information shall not be a public record."

SECTION 12.(b) G.S. 135-8(f)(2)f. reads as rewritten:

"f. Each employer shall transmit to the Retirement System on account of each member who retires on or after January 1, 2015, having earned his or her last month of membership service as an employee of that employer the lump sum payment, as calculated under G.S. 135 4(jj) for inclusion in the Pension Accumulation Fund, that would have been necessary in order for the retirement system to restore the member's retirement allowance to the pre cap amount. Employers are not required to make contributions on account of any retiree who became a member on or after January 1, 2015, and who earned at least five years of membership service in the Retirement System after January 1, 2015. The retirement allowance of a member with a final average compensation of more than one hundred thousand dollars (\$100,000), as hereinafter indexed, shall not be subject to the contribution based benefit cap if the compensation was earned from multiple simultaneous employers, unless an employer's share of the average final compensation exceeds one hundred thousand dollars (\$100,000). An employer is not required to make contributions on account of any retiree whose final average compensation exceeds one hundred thousand dollars (\$100,000), as hereinafter indexed, based upon compensation earned from multiple simultaneous employers, unless that employer's share of the average final compensation exceeds one hundred thousand dollars (\$100,000), as provided and indexed under G.S. 135 5(a3).

Under such rules as the Board of Trustees shall adopt, the Retirement System shall report monthly to each employer a list of those members for whom the employer made a contribution to the Retirement System in the preceding month that are most likely to require an additional employer contribution should they elect to retire in the following 12 months, if applicable. Reports received under this section shall not be public records. Employers or former employers in receipt of a report under this section shall treat the report, and the

1 information contained within that report, as confidential and as though
2 it were still held by the Retirement System under G.S. 135-6.1."

3 **SECTION 12.(c)** G.S. 135-8(j) reads as rewritten:

4 "(j) Pension Spiking Report. – Upon receipt of a report from the Retirement System
5 generated pursuant to G.S. 135-8(f)(2)f., containing a list of employees for whom the employer
6 made a contribution to the North Carolina Teachers' and State Employees' Retirement System
7 that is likely to require an additional employer contribution should the employee elect to retire in
8 the following 12 months, the employer's chief financial officer shall transmit a copy of the report
9 to the chief executive of the employer, as well as to the governing body of the employer, including
10 any board which exercises financial oversight of the employer, if ~~applicable~~. the employer has a
11 governing body. Reports received under this section shall not be public records. Employers or
12 former employers in receipt of a report under this section shall treat the report, and the
13 information contained within that report, as confidential and as though it were still held by the
14 Retirement System under G.S. 135-6.1."

15 **SECTION 12.(d)** G.S. 128-33.1 is amended by adding a new subsection to read:

16 "(e1) The Retirement Systems Division of the Department of State Treasurer may disclose
17 to employers or former employers that made a contribution for an employee or former employee
18 to the Retirement System any information not public under this Section regarding that employee
19 necessary to conduct the business of the Retirement System. Employers and former employers
20 in receipt of this information shall treat the information as confidential and this information shall
21 not be a public record."

22 **SECTION 12.(e)** G.S. 128-30(g)(2)b. reads as rewritten:

23 "b. Each employer shall transmit to the Retirement System on account of
24 each member who retires on or after January 1, 2015, having earned
25 his or her last month of membership service as an employee of that
26 employer the lump sum payment, as calculated under G.S. 128-26(y)
27 for inclusion in the Pension Accumulation Fund, that would have been
28 necessary in order for the retirement system to restore the member's
29 retirement allowance to the pre-cap amount. Employers are not
30 required to make contributions on account of any retiree who became
31 a member on or after January 1, 2015, and who earned at least five
32 years of membership service in the Retirement System after January
33 1, 2015. The retirement allowance of a member with a final average
34 compensation of more than one hundred thousand dollars (\$100,000),
35 as hereinafter indexed, shall not be subject to the contribution-based
36 benefit cap if the compensation was earned from multiple
37 simultaneous employers, unless an employer's share of the average
38 final compensation exceeds one hundred thousand dollars (\$100,000).
39 An employer is not required to make contributions on account of any
40 retiree whose final average compensation exceeds one hundred
41 thousand dollars (\$100,000), as hereinafter indexed, based upon
42 compensation earned from multiple simultaneous employers, unless
43 that employer's share of the average final compensation exceeds one
44 hundred thousand dollars (\$100,000), as provided and indexed under
45 G.S. 128-27(a3).

46 Under such rules as the Board of Trustees shall adopt, the
47 Retirement System shall report monthly to each employer a list of
48 those members for whom the employer made a contribution to the
49 Retirement System in the preceding month that are most likely to
50 require an additional employer contribution should they elect to retire
51 in the following 12 months, if applicable. Reports received under this

1 section shall not be public records. Employers or former employers in
2 receipt of a report under this section shall treat the report, and the
3 information contained within that report, as confidential and as though
4 it were still held by the Retirement System under G.S. 128-33.1."

5 **SECTION 12.(f)** G.S. 128-30(j) reads as rewritten:

6 "(j) Pension Spiking Report. – Upon receipt of a report from the Retirement System
7 generated pursuant to G.S. 128-30(g)(2)b., containing a list of employees for whom the employer
8 made a contribution to the North Carolina Local Governmental Employees' Retirement System
9 that is likely to require an additional employer contribution should the employee elect to retire in
10 the following 12 months, the employer's chief financial officer shall transmit a copy of the report
11 to the governing body of the employer, if ~~applicable~~. the employer has a governing body. Reports
12 received under this section shall not be public records. Employers and former employers in
13 receipt of a report under this section shall treat the report, and the information contained within
14 that report, as confidential and as though it were still held by the Retirement System under
15 G.S. 128-33.1."

16 **SECTION 13.** G.S. 135-48.47 reads as rewritten:

17 **"§ 135-48.47. Participation in State Health Plan by local government employees and**
18 **dependents.**

19 ...

20 (d) Local governments participating in the Plan as of April 1, 2016, may elect to withdraw
21 from participating in the Plan effective January 1, 2017. Notice of withdrawal must be given by
22 the local government to the Plan no later than September 15, 2016.

23 (e) Except as permitted under subsection (d) of this section, a local government unit's
24 election to participate in the Plan is irrevocable."

25 **SECTION 14.** G.S. 147-69.7(b)(1)f. reads as rewritten:

26 "f. With respect to the Retirement Systems defined in ~~G.S. 147-69.2(d)~~
27 G.S. 147-69.2(b)(8) and any other pension plans, the adequacy of
28 funding for the Retirement Systems based on reasonable actuarial
29 factors."

30 **SECTION 15.** Except as otherwise provided, this act is effective when it becomes
31 law.

HB 715: SHRA/Stronger Whistleblower Protection

This bill would strengthen the state human resources act whistleblower protections. A state employee who makes a substantiated allegation that results in a savings to the State is entitled to receive a monetary reward equal to twenty percent (20%) of the amount of the savings generated as determined by the Office of State Budget and Management.

Bill history:

4/11/2019 – Filed in the House

4/30/2019 – Passed the House

5/02/2019 – Referred to Senate Committee on Rules and Operations of the Senate

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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HOUSE BILL 715
Committee Substitute Favorable 4/26/19

Short Title: SHRA/Stronger Whistleblower Protection.

(Public)

Sponsors:

Referred to:

April 15, 2019

A BILL TO BE ENTITLED
AN ACT TO STRENGTHEN STATE HUMAN RESOURCES ACT WHISTLEBLOWER
PROTECTIONS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 126-84 reads as rewritten:

"§ 126-84. Statement of policy; duty to report.

(a) It is the policy of this State that State employees shall have a duty to report verbally or in writing to their supervisor, department head, or other appropriate authority, department head or the State Auditor evidence of activity by a State agency, department, agency, or institution or State employee constituting that the employee reasonably believes to be any of the following:

(1) A violation of State or federal law, rule or regulation.

(2) Fraud.

(3) Misappropriation of State resources.

(4) Substantial and specific danger to the public health and safety.

(5) Gross mismanagement, a gross waste of monies, or gross abuse of authority.

(b) Further, it is the policy of this State that State employees be free of intimidation or harassment when reporting to public bodies about matters of public concern, including offering testimony to or testifying before appropriate legislative panels.

(c) Any State employee who makes a report under this section in good faith is immune from civil liability that might otherwise be incurred or imposed as a result of making the report.

(d) The identity of a State employee who makes a report in good faith under this Article is not a public record under Chapter 132 of the General Statutes, and the employee's identity shall remain confidential until the matter is resolved or the employee consents to the report being made public.

(e) In addition to its investigative authority under G.S. 147-64.6B, the State Auditor shall assist State employees in making reports under this section directly to the State Auditor as an alternative to making reports to the employing State department, agency, or institution.

(f) For the purposes of this Article, "good faith" means honesty in fact with the goal of complying with the duties imposed by this section."

SECTION 2. G.S. 126-85 reads as rewritten:

"§ 126-85. Protection from retaliation; retaliation for good-faith reports.

(a) No head of any State department, agency or institution or other State employee exercising supervisory authority shall discharge, threaten or otherwise discriminate against a State employee regarding the State employee's compensation, terms, conditions, location, or privileges of employment because the State employee, or a person acting on behalf of the employee, reports or is about to report, in good faith, verbally or in writing, any activity described



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1 in G.S. 126-84, unless the State employee knows or has reason to believe that the report is
2 inaccurate. G.S. 126-84.

3 (a1) No State employee shall retaliate against another State employee because the
4 employee, or a person acting on behalf of the employee, reports or is about to ~~report~~, report in
5 good faith, verbally or in writing, any activity described in G.S. 126-84.

6 (b) No head of any State department, agency or institution or other State employee
7 exercising supervisory authority shall discharge, threaten or otherwise discriminate against a
8 State employee regarding the employee's compensation, terms, conditions, location or privileges
9 of employment because the State employee has refused in good faith to carry out a directive
10 which in fact constitutes a violation of State or federal law, rule or regulation or poses a
11 substantial and specific danger to the public health and safety.

12 (b1) No State employee shall retaliate against another State employee because the
13 employee has refused in good faith to carry out a directive which may constitute a violation of
14 State or federal law, rule or regulation, or poses a substantial and specific danger to the public
15 health and safety.

16 (c) The protections of this Article shall include State employees who report in good faith
17 any activity described in G.S. 126-84 to the State Auditor as authorized by G.S. 147-64.6B or to
18 the Program Evaluation Division as authorized by G.S. 120-36.12(10)."

19 **SECTION 3.** G.S. 126-88 reads as rewritten:

20 **"§ 126-88. Notice of employee ~~protections and obligations~~. duties and protections.**

21 ~~It shall be the duty of an employer of a State employee to post notice in accordance with G.S.~~
22 ~~95-9 or use other appropriate means to keep his employees informed of their protections and~~
23 ~~obligations under this Article. Each State department, agency, and institution shall post notice in~~
24 ~~accordance with G.S. 95-9 and use other appropriate means to keep State employees informed of~~
25 ~~their duties and protections under this section and the availability of assistance from the State~~
26 ~~Auditor."~~

27 **SECTION 4.** Article 14 of Chapter 126 of the General Statutes is amended by adding
28 a new section to read:

29 **"§ 126-89. Substantiated allegations; savings; employee rewards.**

30 (a) Each substantiated allegation of improper governmental activities made under this
31 Article that involves fraud, mismanagement, or waste of State resources shall be immediately
32 referred to and reviewed by the Office of State Budget and Management (OSBM). Within 90
33 days of the date of referral, the OSBM shall determine the amount of any savings to the State
34 generated by substantiated allegations.

35 (b) A State employee who makes a substantiated allegation under this section that results
36 in a savings to the State is entitled to receive a monetary reward equal to twenty percent (20%)
37 of the amount of the savings generated as determined by the Office of State Budget and
38 Management."

39 **SECTION 5.** This act is effective when it becomes law and applies to reports made
40 or pending on or after that date.

HB 777: Various Retirement Changes/Wastewater Reform

This bill makes various changes to the Teachers' and State Employees' Retirement System, as well as the Local Governmental Employees' Retirement System.

Bill history:

4/15/2019 – Filed in the House

5/07/2019 – Passed the House

7/08/2019 – Passed the Senate

8/19/2019 – House failed to concur with Senate version

8/19/2019 – House Conference committee appointed

8/20/2019 – Senate Conference committee appointed

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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3

HOUSE BILL 777

Senate Pensions and Retirement and Aging Committee Substitute Adopted 6/20/19
Third Edition Engrossed 7/8/19

Short Title: Various Retirement Chngs/Wastewater Reform.

(Public)

Sponsors:

Referred to:

April 16, 2019

1 A BILL TO BE ENTITLED
2 AN ACT TO AMEND THE LAWS GOVERNING THE PURCHASE OF OMITTED
3 MEMBERSHIP SERVICE IN THE TEACHERS' AND STATE EMPLOYEES'
4 RETIREMENT SYSTEM AND THE LOCAL GOVERNMENTAL EMPLOYEES'
5 RETIREMENT SYSTEM; TO MAKE CHANGES TO THE UNCLAIMED PROPERTY
6 STATUTES; TO REQUIRE STRESS TESTING FOR THE TEACHERS' AND STATE
7 EMPLOYEES' RETIREMENT SYSTEM, AS RECOMMENDED BY THE PEW
8 FOUNDATION; TO MAKE TECHNICAL CORRECTIONS TO THE LAWS
9 PERTAINING TO THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT
10 SYSTEM, THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM,
11 THE CONSOLIDATED JUDICIAL RETIREMENT SYSTEM, THE NORTH CAROLINA
12 NATIONAL GUARD PENSION FUND, THE NORTH CAROLINA PUBLIC SCHOOL
13 TEACHERS' AND PROFESSIONAL EDUCATORS' INVESTMENT PLAN, AND THE
14 NORTH CAROLINA STATE HEALTH PLAN FOR TEACHERS AND STATE
15 EMPLOYEES; TO IMPROVE VIABILITY OF THE WATER AND WASTEWATER
16 SYSTEMS OF CERTAIN UNITS OF LOCAL GOVERNMENT BY REQUIRING LOCAL
17 GOVERNMENT COMMISSION APPROVAL OF GRANT APPLICATIONS; TO
18 REQUIRE CERTAIN WATER AND WASTEWATER SYSTEMS TO UNDERGO A
19 REVIEW OF INFRASTRUCTURE MANAGEMENT, ORGANIZATIONAL
20 MANAGEMENT, AND FINANCIAL MANAGEMENT; TO CREATE THE VIABLE
21 UTILITY RESERVE TO PROVIDE GRANT MONEY FOR LOCAL GOVERNMENT
22 UNITS; TO PROVIDE A STATUTORY PROCESS FOR MERGER AND DISSOLUTION
23 OF WATER AND WASTEWATER SYSTEMS ESTABLISHED UNDER CHAPTER
24 162A OF THE GENERAL STATUTES; TO PROMOTE THE IMPORTANCE OF
25 INTERLOCAL AGREEMENTS TO THE OPERATION OF WATER AND
26 WASTEWATER SYSTEMS; AND TO STUDY SUB-BASIN TRANSFERS AND
27 HISTORICAL CHARTERS.

28 The General Assembly of North Carolina enacts:

29
30 **PART I. OMITTED MEMBERSHIP SERVICE**

31 **SECTION 1.(a)** G.S. 135-4(v) reads as rewritten:

32 "(v) Omitted Membership Service. – A member who had service as an employee as
33 defined in G.S. 135-1(10) and G.S. 128-21(10) or as a teacher as defined in G.S. 135-1(25) and
34 who was omitted from contributing membership through error may be allowed membership
35 service, after submitting clear and convincing evidence of the error, as follows:



- (1) Within 90 days of the omission, by the payment of employee and employer contributions that would have been paid; or
- (2) After 90 days and prior to three years of the omission, by the payment of the employee and employer contributions that would have been paid plus interest compounded annually at a rate equal to the greater of the average yield on the pension accumulation fund for the preceding calendar year or the actuarial investment rate-of-return assumption, as adopted by the Board of Trustees; or
- (3) After three years of the omission, by the payment of an amount equal to the full cost of the service credits calculated on the basis of the assumptions used for the purposes of the actuarial valuation of the system's liabilities, and shall take into account the additional retirement allowance arising on account of such additional service credit commencing at the earliest age at which a member could retire on an unreduced retirement allowance, as determined by the Board of Trustees upon the advice of the consulting actuary, plus an administrative fee to be set by the Board of Trustees. Notwithstanding the foregoing provisions of this subdivision that provide for the purchase of service credits, the terms "full cost", "full liability", and "full actuarial cost" include assumed annual post-retirement allowance increases, as determined by the Board of Trustees, from the earliest age at which a member could retire on an unreduced service allowance.

Nothing contained in this subsection shall prevent an employer or member from paying all or a part of the cost of the omitted membership service; and to the extent paid by the employer, the cost paid by the employer shall be credited to the pension accumulation fund; and to the extent paid by the member, the cost paid by the members shall be credited to the member's annuity savings account; provided, however, an employer does not discriminate against any member or group of members in his employ in paying all or any part of the cost of the omitted membership service. Upon request from an employee, an employer shall provide written notification of the total hours worked in the preceding 12 months to an employee in a position classified as part-time. An employer shall provide a copy of the notification to the Retirement Systems Division upon request. In the event that an employee was classified as part-time in error and was not eligible to earn membership service due to that error, and the employee has paid a lump sum equal to the applicable employee contributions as set forth in subdivision (2) of this subsection within one year of the omission, the employer shall be required to pay the applicable employer contributions as set forth in subdivision (2) of this section."

SECTION 1.(b) G.S. 128-26(m) reads as rewritten:

"(m) Omitted Membership Service. – A member who had service as an employee as defined in G.S. 135-1(10) and G.S. 128-21(10) or as a teacher as defined in G.S. 135-1(25) and who was omitted from contributing membership through error may be allowed membership service, after submitting clear and convincing evidence of the error, as follows:

- (1) within 90 days of the omission, by the payment of employee and employer contributions that would have been paid; or
- (2) after 90 days and prior to three years of the omission, by the payment of the employee and employer contributions that would have been paid plus interest compounded annually at a rate equal to the greater of the average yield on the pension accumulation fund for the preceding calendar year or the actuarial investment rate-of-return assumption, as adopted by the Board of Trustees; or
- (3) after three years of the omission, by the payment of an amount equal to the full cost of the service credits calculated on the basis of the assumptions used for the purposes of the actuarial valuation of the System's liabilities, and shall take into account the additional retirement allowance arising on account of such additional service credit commencing at the earliest age at which a

member could retire on an unreduced retirement allowance, as determined by the Board of Trustees upon the advice of the consulting actuary, plus an administrative fee to be set by the Board of Trustees. Notwithstanding the foregoing provisions of this subdivision that provide for the purchase of service credits, the terms "full cost", "full liability", and "full actuarial cost" include assumed annual post-retirement allowance increases, as determined by the Board of Trustees, from the earliest age at which a member could retire on an unreduced service allowance.

Nothing contained in this subsection shall prevent an employer or member from paying all or a part of the cost of the omitted membership service; and to the extent paid by the employer, the cost paid by the employer shall be credited to the pension accumulation fund; and to the extent paid by the member, the cost paid by the members shall be credited to the member's annuity savings account; provided, however, an employer does not discriminate against any member or group of members in his employ in paying all or any part of the cost of the omitted membership service. In the event an employer pays all or a part of the full actuarial cost as determined in subdivision (3) of this subsection, the employer may, at its option, pay such amount either in a lump sum or by increasing its "accrued liability contribution" for the remainder of its accrued liability period. In the event an employer has satisfied its accrued liability contribution, the employer may amortize its portion of the full actuarial cost over a period not to exceed ten years. The expense of making an actuarial valuation to determine the accrued liability contribution or the additional accrued liability contribution, required to amortize the portion of the full actuarial cost paid by the employer, shall be paid by the employer in a lump sum at the time of the actuarial valuation. Upon request from an employee, an employer shall provide written notification of the total hours worked in the preceding 12 months to an employee in a position classified as part-time. An employer shall provide a copy of the notification to the Retirement Systems Division upon request. In the event that an employee was classified as part-time in error and was not eligible to earn membership service due to that error, and the employee has paid a lump sum equal to the applicable employee contributions as set forth in subdivision (2) of this subsection within one year of the omission, the employer shall be required to pay the applicable employer contributions as set forth in subdivision (2) of this subsection.

SECTION 1.(c) This section becomes effective January 1, 2021, and applies to the purchase of service for work performed on or after January 1, 2020.

PART II. UNCLAIMED REAL AND PERSONAL PROPERTY

SECTION 2.(a) The title of Article 1 of Chapter 116B of the General Statutes is renamed to be "General."

SECTION 2.(b) G.S. 116B-1 is recodified as G.S. 116B-2.1.

SECTION 2.(c) G.S. 116B-2 is recodified as G.S. 116B-2.2.

SECTION 2.(d) G.S. 116B-2.1, as recodified by subsection (b) of this section, through G.S. 116B-8, are recodified into a new Article 1A of Chapter 116B of the General Statutes to be named "Escheats."

SECTION 2.(e) G.S. 116B-2.2, as recodified by subsection (c) of this section, reads as rewritten:

"§ 116B-2.2. Unclaimed real and personal property escheats to the Escheat Fund.

Whenever the owner of any real or personal property situated or located within this State dies intestate, or dies testate but did not dispose of all real or personal property by will, without leaving surviving any heirs, as defined in G.S. 29-2(3), to inherit said property under the laws of this State, such real and personal property shall escheat. The State Treasurer shall have the right to institute a civil action in the superior court of any county in which such real or personal property is situated, against any administrator, executor, and unknown heirs or unknown claimants as party defendants, which unknown heirs or unknown claimants may be served with summons and

notice of such action by publication as is now provided by the laws of this State. If an administrator or executor has been appointed, he shall make a determination that there are no known heirs or unknown claimants and shall inform the State Treasurer of that determination. The superior court in which such civil action is instituted shall have the authority to enter a judgment therein declaring the real and personal property unclaimed as having escheated, and the real property may be sold according to the provisions of ~~G.S. 116B-1~~, G.S. 116-2.1. A default final judgment may be entered by the clerk of the superior court in such cases when no answer is filed by the administrator, executor, unknown heirs or unknown claimants to the complaint, or if any answer is filed, the allegations of the complaint are either admitted or not denied by such party defendants, and no claim is made in the answer to the property left by said deceased person. The funds derived from such sale shall be paid into the Escheat Fund where said funds, together with all other escheated funds, shall be held without liability for profit or interest, subject to any just claims therefor."

SECTION 2.(f) G.S. 116B-3 reads as rewritten:

"§ 116B-3. Unclaimed personalty on settlements of decedents' estates to the Escheat Fund.

All sums of money or other personal estate of whatever kind which shall remain in the hands of any administrator, executor, administrator c.t.a., or personal representative when the administration of an estate of a person dying intestate, or partially intestate, without leaving any known heirs to inherit same, is ready to be closed, unrecovered or unclaimed by suit, by creditors, heirs, or others entitled thereto, shall, prior to the closing of the administration of the estate, be paid or delivered by such administrator or executor to the State Treasurer as an escheat and shall be included in the disbursements in the final account of such estate. In such cases as above described, the State Treasurer is authorized to demand, sue for, recover, and collect such unclaimed moneys or other personal estate of whatever kind from any administrator or executor after the estate is ready to be closed, or from the clerk of the superior court if the unclaimed assets have been paid over to him, and the State Treasurer shall hold the same without liability for profit or interest, subject to any just claims therefor. The provisions of this section and ~~G.S. 116B-2~~ G.S. 116B-2.2 shall apply to the estate of a person missing for 30 days or more and the State Treasurer may bring an action to have a receiver appointed in such case under the provisions of Chapter 28C, Estates of Missing Persons."

SECTION 2.(g) G.S. 29-12 reads as rewritten:

"§ 29-12. Escheats.

If there is no person entitled to take under G.S. 29-14 or G.S. 29-15, or if in case of an intestate born out of wedlock, there is no one entitled to take under G.S. 29-21 or G.S. 29-22, the net estate shall escheat as provided in ~~G.S. 116B-2~~ G.S. 116B-2.2."

SECTION 3. Article 1 of Chapter 116B of the General Statutes is amended by adding a new section to read:

"§ 116B-1.1. Policy and interpretation.

The policy of the State is to recover and transfer property to rightful owners in a manner that is consistent with the interest of the rightful owners. Where the rightful owner cannot be appropriately determined, it is the policy of the State that all benefits realized from any unclaimed or abandoned property shall accrue to the benefit of higher education for the residents of the State. This Chapter shall be liberally interpreted in a manner that fulfills these purposes."

SECTION 4. G.S. 116B-64 reads as rewritten:

"§ 116B-64. ~~Income Loss, income, or gain accruing after payment or delivery.~~

If property other than money is delivered to the Treasurer under this Chapter, the owner is entitled to receive from the Treasurer any income or gain realized or accruing on the property at or before liquidation or conversion of the property into money. If the property is interest-bearing or pays dividends, the interest or dividends shall be paid until the date on which the amount of the deposits, accounts, or funds, or the shares must be remitted or delivered to the Treasurer under

1 G.S. 116B-61. Otherwise, when property is delivered or paid to the Treasurer, the Treasurer shall
2 hold the property without liability for ~~income loss, income, or gain.~~"

3 **SECTION 5.** G.S. 116B-75(b) reads as rewritten:

4 "(b) The Treasurer may order a person required to report, pay, or deliver property under
5 this Chapter, or an officer or employee of the person, or a person having possession, custody,
6 care, or control of records relevant to the matter under inquiry, or any other person having
7 knowledge of the property or records, to (i) appear before the Treasurer, at a time and place
8 named in the order, ~~and to (ii) produce the records and to reports and records, (iii) make the~~
9 ~~required payments, (iv) make the required delivery of property, and (v) give such testimony under~~
10 oath or affirmation relevant to the inquiry. For purposes of this subsection, the Treasurer may
11 administer oaths or affirmations. If a person refuses to obey an order of the Treasurer, the
12 Treasurer may apply to the Superior Court of Wake County for an order requiring the person to
13 obey the order of the Treasurer. Failure to comply with the court order is punishable for
14 contempt."

15 **SECTION 6.(a)** G.S. 116B-60(a) reads as rewritten:

16 "(a) A holder of property presumed abandoned shall ~~make file~~ a report ~~to in an electronic~~
17 ~~format prescribed by the Treasurer concerning the property. Holders reporting 50 or more~~
18 ~~property owner records shall file the report in an electronic format prescribed by the Treasurer.~~
19 ~~Holders reporting less than 50 property owner records may file the report electronically. Holders~~
20 ~~reporting electronically may shall~~ file an electronic certification and verification in order to
21 comply with subsection (f) of this section."

22 **SECTION 6.(b)** This section is effective January 1, 2020, and applies to reports filed
23 on or after that date.

24 **SECTION 7.** G.S. 116B-60(b1) reads as rewritten:

25 "(b1) ~~Amounts—~~With the exception of property subject to G.S. 116B-53(c)(4),
26 116B-53(c)(5), and 116B-53(c)(5a), amounts due an apparent owner less than fifty dollars
27 (\$50.00) may be reported in an aggregate amount without furnishing any of the information
28 required by subsection (b) of this section."

29 **SECTION 8.(a)** G.S. 116B-63 reads as rewritten:

30 **"§ 116B-63. Custody by State; recovery by holder; defense of holder.**

31 (a) In this section, payment or delivery is made in "good faith" ~~if~~ if all of the following
32 apply:

- 33 (1) Payment or delivery was made in a reasonable attempt to comply with this
34 ~~Chapter;~~Chapter.
35 (2) The holder was not then in breach of a fiduciary obligation with respect to the
36 property and had a reasonable basis for believing, based on the facts then
37 known, that the property was presumed ~~abandoned; and~~abandoned.
38 (3) There is no showing that the records under which the payment or delivery was
39 made did not meet reasonable commercial standards of practice.

40 (b) Upon payment or delivery of property to the Treasurer, the State assumes custody and
41 responsibility for the safekeeping of the property. A holder who pays or delivers property to the
42 Treasurer in good faith is relieved of all liability arising thereafter with respect to the property.

43 (c) A holder who has paid money to the Treasurer pursuant to this Chapter may
44 subsequently make payment to a person reasonably appearing to the holder to be entitled to
45 payment. Upon a filing with the Treasurer by the holder on a form prescribed by the Treasurer
46 of proof of payment and proof that the payee was entitled to the payment, the Treasurer shall
47 promptly reimburse the holder for the payment without imposing a fee or other charge. If
48 reimbursement is sought for a payment made on a negotiable instrument, including a traveler's
49 check or money order, the holder must be reimbursed upon filing proof with the Treasurer that
50 the instrument was duly presented and that payment was made to a person who reasonably

1 appeared to be entitled to payment. The holder must be reimbursed for payment made even if the
2 payment was made to a person whose claim was barred under G.S. 116B-71(a).

3 (d) A holder who has delivered property other than money to the Treasurer pursuant to
4 this Chapter may reclaim the property if it is still in the possession of the Treasurer, without
5 paying any fee or other charge, upon filing proof that the apparent owner has claimed the property
6 from the holder.

7 (d1) A holder who has in good faith paid or delivered property to the Treasurer in error
8 may request a refund from the Treasurer. Upon a filing with the Treasurer by the holder of proof
9 of the error on a form prescribed by the Treasurer, the Treasurer may refund the holder.

10 (e) The Treasurer may accept a holder's affidavit as sufficient proof of the holder's right
11 to recover money and property under this section.

12 (f) If a holder pays or delivers property to the Treasurer in good faith and thereafter
13 another person claims the property from the holder or another state claims the money or property
14 under its laws relating to escheat or abandoned or unclaimed property, the Treasurer, upon written
15 notice of the claim, shall defend the holder against the claim and indemnify the holder against
16 any liability on the claim resulting from payment or delivery of the property to the Treasurer."

17 **SECTION 8.(b)** This section is effective when it becomes law and applies to filings
18 made on or after that date.

19 20 **PART III. REQUIRE STRESS TESTING OF THE RETIREMENT SYSTEM AS** 21 **RECOMMENDED BY THE PEW FOUNDATION**

22 **SECTION 9.(a)** G.S. 135-6(n) reads as rewritten:

23 "(n) In 1943, and at least once in each five-year period thereafter, the actuary shall ~~make~~
24 complete an actuarial investigation into experience review of the mortality, service and
25 compensation experience of the members and beneficiaries of the Retirement System, and shall
26 make a valuation of the assets and liabilities of the funds of the System, and taking into account
27 the result of such investigation and valuation, the Board of Trustees ~~shall~~shall do all of the
28 following:

29 (1) Adopt for the Retirement System such mortality, service and other tables as
30 shall be deemed ~~necessary~~and necessary.

31 (2) Certify the rates of contributions payable by the State of North Carolina on
32 account of new entrants at various ages."

33 **SECTION 9.(b)** G.S. 135-6 is amended by adding two new subsections to read:

34 "(n1) Prior to undertaking each quinquennial actuarial experience review, as required by
35 this section, the Board of Trustees shall provide the General Assembly and the Governor a report
36 that includes all of the following, as these items apply to the Retirement System:

37 (1) A description of, and the process used to determine, the investment return
38 assumption utilized by the Board of Trustees when determining the
39 contribution rates.

40 (1a) An estimate of the range of likely employer contributions over 20 years based
41 on analysis that simulates the volatility of annual investment returns above
42 and below the expected rate, applying methodology determined by the
43 actuary.

44 (2) Projections of assets, liabilities, pension debt, service costs, employee
45 contributions, employer contributions, net amortization, benefit payments,
46 payroll, and funded ratio for the Retirement System for each of the next 30
47 years based upon the then-current actuarial assumptions, including the
48 assumed rate of return.

49 (3) Projections of assets, liabilities, pension debt, service costs, employee
50 contributions, employer contributions, net amortization, benefit payments,
51 payroll, and funded ratio for the Retirement System assuming that investment

- returns are two and four percentage points lower than the assumed rate of return and that the State makes employer contributions meeting all of the following:
- a. The contributions are based upon the then-current funding policy for the Retirement System.
 - b. The contributions are held constant at the levels calculated for subdivision (2) of this subsection.
 - c. The contributions never exceed fifteen percent (15%) of projected total revenue available for appropriation by the General Assembly.
- (4) Estimates for assets, liabilities, pension debt, service costs, employee contributions, employer contributions, net amortization, benefit payments, payroll, and funded ratio for the Retirement System, if there is a one-year loss on planned investments of twenty percent (20%) followed by a 20-year period of investment returns two percentage points below plan assumptions, with the following assumptions regarding contributions:
- a. The contributions are based upon the then-current funding policy for the Retirement System.
 - b. The contributions are held constant at the levels calculated for subdivision (2) of this subsection.
 - c. The contributions never exceed fifteen percent (15%) of projected total revenue available for appropriation by the General Assembly.
- (5) The estimated actuarially accrued liability, the total plan normal cost for all benefit tiers if multiple tiers exist, and the employer normal cost for all benefit tiers if multiple tiers exist, calculated using all of the following:
- a. A discount rate equal to the assumed rate of return. If the discount rate used by the Retirement System is different from the investment return assumption, then the report shall provide a calculation of actuarially accrued liability based upon a discount rate that is two percent (2%) and four percent (4%) above and below the long-term rate of return actually used by the Board of Trustees.
 - b. The 10-year average of the yield of 30-year treasury notes.
- (6) A description of the amortization period for any unfunded liabilities utilized by the Board of Trustees when determining the contribution rates.
- (7) A calculation of the contribution rates based on an amortization period equal to the estimated average remaining service periods of employees covered by the contributions.
- (8) A description of the interest assumption rate utilized by the Board of Trustees for reporting liabilities and the process used to determine that assumption.
- (9) The market value of the assets controlled by the Board of Trustees and an explanation of how the actuarial value assigned to those assets differs from the market value of those assets.
- (10) An assessment of how the changes of assumptions adopted by the Board of Trustees in the experience review affect any of the other results in the report.
- (11) Any additional information deemed useful by the Board of Trustees or the Investment Advisory Committee under G.S. 147-69.2 to evaluate or adjust the investment policy statement or to evaluate adherence to or risk associated with statutory constraints on investments.
- (12) Any additional information deemed useful by the Board to evaluate current or prospective funding or contribution policies.
- (n2) With regards to payment for the administration of subsections (n), (n1), and (o) of this section, the Retirement Systems Division of the Department of State Treasurer may increase

receipts from the retirement assets of the corresponding retirement system or may pay the costs directly from the retirement assets."

PART IV. TECHNICAL CHANGES

SECTION 10.(a) G.S. 135-48.8(a) reads as rewritten:

"(a) The State of North Carolina deems it to be in the public interest for individual North Carolina firefighters, rescue squad workers, and members of the National Guard, and certain of their dependents, who are not eligible for any other type of comprehensive group health insurance or other comprehensive group health benefits, and who have been without any form of group health insurance or other comprehensive group health benefit coverage for at least six consecutive months, to be given the opportunity to participate in the benefits provided by the State Health Plan for Teachers and State Employees. Coverage under the Plan shall be voluntary for eligible firefighters, rescue squad workers, and members of the National Guard who elect participation in the Plan for themselves and their eligible dependents."

SECTION 10.(b) G.S. 135-48.40(d)(13) reads as rewritten:

"(13) The following persons, their eligible spouses, and eligible dependent children, provided that the person seeking coverage as a subscriber (i) is not eligible for another comprehensive group health benefit plan and (ii) has been without coverage under a comprehensive group health benefit plan for at least six consecutive months:

- a. Firefighters.
- b. Rescue squad workers.
- c. Persons receiving a pension from the North Carolina Firefighters' and Rescue Squad Workers' Pension Fund.
- d. Members of the North Carolina National Guard.
- e. Retirees of the North Carolina National Guard with 20 years of service.

For the purposes of this subdivision, Medicare benefits, Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) benefits, and other Uniformed Services benefits shall be considered comprehensive group health benefit plans. The Plan may require certification of persons seeking coverage under this subdivision. Nothing in this section shall be construed to either (i) permit a person to enroll or (ii) require the Plan to enroll a person in the Plan when that enrollment may jeopardize the Plan's preferential tax exempt status as a governmental plan under the Internal Revenue Code."

SECTION 11. G.S. 135-66 reads as rewritten:

"§ 135-66. Administration; management of funds; funds; method of financing.

(a) The State Treasurer shall be the custodian of the assets of this Retirement System and shall invest them in accordance with the provisions of G.S. 147-69.2 and ~~147-69.3~~ G.S. 147.69.3.

(b) The assets of this Retirement System shall include employers' contributions held with the Pension Accumulation Fund established under G.S. 135-8 and employees' contributions held in the Annuity Savings Fund similarly established under G.S. 135-8.

(c) The Board of Trustees shall have performed an annual actuarial valuation of the System and shall have the financial responsibility for maintaining the System on a generally accepted actuarial basis.

(d) An actuarially determined employer contribution 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.

(e) Notwithstanding Chapter 150B of the General Statutes, the Board of Trustees may adopt a contribution policy that would recommend a contribution not less than the actuarially determined employer contribution.

(f) The recommended employer contribution rate by the Board of Trustees each year shall not be less than the actuarially determined employer contribution."

SECTION 12.(a) G.S. 127A-40(f) reads as rewritten:

"(f) The Board of Trustees of the Teachers' and State Employees' Retirement System shall administer the provisions of this section. The Secretary of Public Safety shall determine the eligibility of North Carolina National Guard members for the benefits provided in this section and shall certify those eligible to the Board of Trustees. In addition, the Department of Public Safety shall, on and after July 1, 1983, provide the Board of Trustees with an annual census population, by age and the number of years of creditable service, for all former members of the North Carolina National Guard in receipt of a pension as well as for all active members of the North Carolina National Guard who are not in receipt of a pension and who have seven and more years of creditable service. The Department of Public Safety shall also provide the Board of Trustees an annual census population of all former members of the North Carolina National Guard who are not in receipt of a pension and who have 15 and more years of creditable service. The Department of State Treasurer shall make pension payments to those persons certified from the North Carolina National Guard Pension Fund, ~~which shall include general fund appropriations made to the Department of State Treasurer. The Board of Trustees shall have performed an annual actuarial valuation of the fund and shall have the financial responsibility for maintaining the fund on a generally accepted actuarial basis. The Department of Public Safety shall provide the Department of State Treasurer with whatever assistance is required by the State Treasurer in carrying out the State Treasurer's and the Board of Trustees' financial responsibilities.~~Fund."

SECTION 12.(b) Article 3 of Chapter 127A of the General Statutes is amended by adding a new section to read:

"§ 127A-40.1. North Carolina National Guard Pension Fund.

(a) As used in this section, the term "Board of Trustees" means the Board of Trustees of the Teachers' and State Employees' Retirement System.

(b) The North Carolina National Guard Pension Fund shall include general fund appropriations made to the Department of State Treasurer and held with the Pension Accumulation Fund of the Teachers' and State Employees' Retirement System.

(c) The Board of Trustees shall have performed an annual actuarial valuation of the Fund and shall have the financial responsibility for maintaining the Fund on a generally accepted actuarial basis.

(d) An actuarially determined employer contribution 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.

(e) Notwithstanding Chapter 150B of the General Statutes, the Board of Trustees may adopt a contribution policy that would recommend a contribution not less than the actuarially determined employer contribution.

(f) The recommended employer contribution rate by the Board of Trustees each year shall not be less than the actuarially determined employer contribution.

(g) The Department of Public Safety shall provide the Department of State Treasurer with any assistance required by the State Treasurer in carrying out the financial responsibilities of the State Treasurer or the Board of Trustees."

SECTION 13.(a) G.S. 135-8 is amended by adding a new subsection to read:

"(f1) Felony Forfeiture Impact on Contribution-Based Benefit Cap. – If an employer made contributions on account of a retiree subject to the contribution-based benefit cap under G.S. 135-8(f)(2)f. and that retiree later forfeits retirement benefits under G.S. 128-38.4, 128-38.3A, 135-18.10A, 135-18.30, 135-75.1, or 135-75.1A, then the Retirement Systems Division may provide a credit to the employer. This credit shall be calculated in an amount reflecting the impact of the forfeiture on the amount due under G.S. 135-4(jj)."

1 **SECTION 13.(b)** G.S. 128-30 is amended by adding a new subsection to read:
2 "(g1) Felony Forfeiture Impact on Contribution-Based Benefit Cap. – If an employer made
3 contributions on account of a retiree subject to the contribution-based benefit cap under
4 G.S. 135-8(f)(2)f. and that retiree later forfeits retirement benefits under G.S. 128-38.4,
5 128-38.3A, 135-18.10A, 135-18.30, 135-75.1, or 135-75.1A, then the Retirement Systems
6 Division may provide a credit to the employer. This credit shall be calculated in an amount
7 reflecting the impact of the forfeiture on the amount due under G.S. 128-26(y)."

8 **SECTION 14.(a)** Article 1 of Chapter 135 of the General Statutes is amended by
9 adding a new section to read:

10 **"§ 135-5.5. Inactive employers.**

11 (a) An employer shall be considered an inactive employer if all of the following criteria
12 are met:

- 13 (1) The employer has no employees that qualify for membership in any System
14 under this Chapter.
- 15 (2) The employer has made no employer contributions for at least one month.
- 16 (3) The employer makes a request in writing to the Retirement Systems Division
17 of the Department of State Treasurer to be made inactive.
- 18 (4) The Retirement Systems Division of the State Treasurer has reviewed the
19 employer request to become inactive and has granted that request. The
20 Retirement Systems Division shall provide written notification to the
21 requesting employer of any decisions made under this section.

22 (b) Not later than April 30 of each calendar year, the Retirement Systems Division of the
23 Department of State Treasurer shall make a report to the Board on all employers who were
24 determined to be inactive employers in that preceding calendar year."

25 **SECTION 14.(b)** Article 3 of Chapter 128 of the General Statutes is amended by
26 adding a new section to read:

27 **"§ 128-23.1. Inactive employers.**

28 (a) An employer shall be considered an inactive employer if all of the following criteria
29 are met:

- 30 (1) The employer has no employees that qualify for membership in the Retirement
31 System.
- 32 (2) The employer has made no employer contributions for at least one month.
- 33 (3) The employer makes a request in writing to the Retirement Systems Division
34 of the Department of State Treasurer to be made inactive.
- 35 (4) The Retirement Systems Division of the State Treasurer has reviewed the
36 employer request to become inactive and has granted that request. The
37 Retirement Systems Division shall provide written notification to the
38 requesting employer of any decisions made under this section.

39 (b) Not later than April 30 of each calendar year, the Retirement Systems Division of the
40 Department of State Treasurer shall make a report to the Board on all employers who were
41 determined to be inactive employers in that preceding calendar year."

42 **SECTION 15.(a)** G.S. 159-33.1 reads as rewritten:

43 **"§ 159-33.1. Semiannual reports of financial information.**

44 The finance officer of each unit and public authority shall submit to the secretary on January
45 1 and July 1 of each year ~~(or such year, or other dates as the secretary may prescribe)~~ prescribe,
46 a statement of financial information concerning the unit or public authority. The secretary may
47 prescribe the information to be included in the statement and may prescribe the form of the
48 statement; provided, however, the secretary shall prescribe that the finance officer of each city
49 and county shall include in the statement the total revenues received from building inspections,
50 by ~~type, source,~~ and the total expenditures paid from all revenues received, by type-object."

51 **SECTION 15.(b)** This section is effective June 30, 2019.

1 **SECTION 16.** G.S. 135-18.1(a) reads as rewritten:

2 ~~"(a) Any person who is a member of the Teachers' and State Employees' Retirement~~
3 ~~System of North Carolina on July 1, 1951, and who was previously a member of the North~~
4 ~~Carolina Governmental Employees' Retirement System, hereafter in this section referred to as~~
5 ~~the local system, shall be entitled to transfer to this Retirement System his credits for membership~~
6 ~~and prior service in the local system as of the date of termination of membership in the local~~
7 ~~system, notwithstanding that his membership in the local system may have been terminated prior~~
8 ~~to July 1, 1951: Provided, such member shall deposit in this Retirement System prior to January~~
9 ~~1, 1952, the full amount of any accumulated contributions standing to his credit in, or previously~~
10 ~~withdrawn from, the local system and shall apply to the Board of Trustees of this Retirement~~
11 ~~System for a transfer of credit from the local system. Any~~ Prior to retirement, any person who
12 was a member of the North Carolina Governmental Employees' Retirement System and who
13 becomes a member of this Retirement System on or after July 1, 1951, shall be entitled prior to
14 his retirement to transfer to this Retirement System his or her credits for membership and prior
15 service in the local system: Provided, the actual transfer of employment is made while his account
16 in the local system is active and such person shall request the local system to transfer his
17 accumulated contributions, interest, and service credits to this Retirement System; provided
18 further, with respect to any person who becomes a member of this Retirement System after July
19 1, 1969, the local system agrees to transfer to this Retirement System the amount of reserve held
20 in the local system as a result of previous contributions of the employer on behalf of the
21 transferring employee. For the purposes of this section, the term "local system" means the North
22 Carolina Governmental Employees' Retirement System."

23 **SECTION 17.(a)** G.S. 135-5.2 is repealed.

24 **SECTION 17.(b)** G.S. 135-13 is repealed.

25 **SECTION 17.(c)** G.S. 135-14 is repealed.

26 **SECTION 17.(d)** G.S. 135-14.1 is repealed.

27 **SECTION 17.(e)** G.S. 135-16 is repealed.

28 **SECTION 17.(f)** G.S. 135-18.3 is repealed.

29 **SECTION 17.(g)** G.S. 135-18.5 is repealed.

30 **SECTION 18.** G.S. 135-16.1 reads as rewritten:

31 **"§ 135-16.1. Blind or visually impaired employees-vendors.**

32 ~~(a) On July 1, 1971, all blind or visually impaired employees employed by the~~
33 ~~Department of Health and Human Services shall be enrolled as members of the Teachers' and~~
34 ~~State Employees' Retirement System. All such employees shall be given full credit for all service~~
35 ~~theretofore as employees of the Department of Health and Human Services. All retired employees~~
36 ~~drawing or receiving benefits from and under the private retirement plan purportedly created on~~
37 ~~December 6, 1966, by the Bureau of Employment for the Blind Division pursuant to a trust~~
38 ~~agreement purportedly entered into with a private banking institution as trustee shall continue to~~
39 ~~be paid by the Teachers' and State Employees' Retirement System benefits in the same amount~~
40 ~~which they purportedly were entitled to under the private retirement plan and trust agreement,~~
41 ~~except that such retired persons shall be eligible for such annual cost of living increases as may~~
42 ~~be provided for retirement members of the Teachers' and State Employees' Retirement System~~
43 ~~under the provisions of this Article.~~

44 ~~(b) Upon the enrollment of the employees in the Teachers' and State Employees'~~
45 ~~Retirement System, the purported private retirement plan and trust agreement hereinabove~~
46 ~~referred to shall be dissolved and terminated.~~

47 ~~(c) Notwithstanding the foregoing, blind persons~~ Persons licensed by the State and
48 operating vending facilities under contract with the Department of Health and Human Services,
49 Division of Services for the Blind and its successors, hereinafter referred to as licensed vendors,
50 so who are licensed on and after October 1, 1983, shall not be members of the Retirement System.

All licensed vendors in service or who are members of the Retirement System before October 1, 1983, shall make an irrevocable election to do one of the following:

- (1) Continue contributing membership service as if an employee under the same conditions and requirements as are otherwise provided, and have the rights of a member to all benefits and a retirement allowance;
- (2) Receive a return of accumulated contributions with cessation of contributing membership service, under G.S. 135-5(f), and in any event with regular interest regardless of membership service; or
- (3) Terminate contributing membership service and be entitled alternatively to the benefits and allowances provided under G.S. 135-3(8) or 135-5(a)."

SECTION 19. G.S. 128-23(b) reads as rewritten:

"(b) Pursuant to the favorable vote of a majority of the employees of the county, the board of commissioners of any county may, by resolution legally adopted and approved by the Board of Trustees, elect to have its employees become eligible to participate in the Retirement System. Each county is authorized to make appropriations for these purposes and to fund them by levy of property taxes pursuant to G.S. 153-65 as authorized by Article 7 of Chapter 153A of the General Statutes and by the allocation of other revenues whose use is not otherwise restricted by law."

SECTION 20. G.S. 115D-25.4 is amended by adding a new subsection to read:

"(c) The administrative costs of the North Carolina Public School Teachers' and Professional Educators' Investment Plan may be charged to members or deducted from members' accounts in accordance with nondiscriminatory procedures established by the Department of State Treasurer and Board of Trustees."

SECTION 21.(a) G.S. 135-6.1 is amended by adding a new subsection to read:

"(e1) The Retirement Systems Division of the Department of State Treasurer may disclose to employers and former employers that made a contribution for an employee or former employee to the Retirement System any information that is not public under this Section regarding that employee necessary to conduct the business of the Retirement System. Employers and former employers in receipt of this information shall treat the information as confidential and this information shall not be a public record."

SECTION 21.(b) G.S. 135-8(f)(2)f. reads as rewritten:

"f. Each employer shall transmit to the Retirement System on account of each member who retires on or after January 1, 2015, having earned his or her last month of membership service as an employee of that employer the lump sum payment, as calculated under G.S. 135-4(jj) for inclusion in the Pension Accumulation Fund, that would have been necessary in order for the retirement system to restore the member's retirement allowance to the pre cap amount. Employers are not required to make contributions on account of any retiree who became a member on or after January 1, 2015, and who earned at least five years of membership service in the Retirement System after January 1, 2015. The retirement allowance of a member with a final average compensation of more than one hundred thousand dollars (\$100,000), as hereinafter indexed, shall not be subject to the contribution based benefit cap if the compensation was earned from multiple simultaneous employers, unless an employer's share of the average final compensation exceeds one hundred thousand dollars (\$100,000). An employer is not required to make contributions on account of any retiree whose final average compensation exceeds one hundred thousand dollars (\$100,000), as hereinafter indexed, based upon compensation earned from multiple simultaneous employers, unless that employer's share of the average final compensation exceeds one

hundred thousand dollars (\$100,000), as provided and indexed under G.S. 135-5(a3).

Under such rules as the Board of Trustees shall adopt, the Retirement System shall report monthly to each employer a list of those members for whom the employer made a contribution to the Retirement System in the preceding month that are most likely to require an additional employer contribution should they elect to retire in the following 12 months, if applicable. Reports received under this section shall not be public records. Employers or former employers in receipt of a report under this section shall treat the report, and the information contained within that report, as confidential and as though it were still held by the Retirement System under G.S. 135-6.1."

SECTION 21.(c) G.S. 135-8(j) reads as rewritten:

"(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, the employer has a governing body.~~ Reports received under this section shall not be public records. Employers or former employers in receipt of a report under this section shall treat the report, and the information contained within that report, as confidential and as though it were still held by the Retirement System under G.S. 135-6.1."

SECTION 21.(d) G.S. 128-33.1 is amended by adding a new subsection to read:

"(e1) The Retirement Systems Division of the Department of State Treasurer may disclose to employers or former employers that made a contribution for an employee or former employee to the Retirement System any information not public under this Section regarding that employee necessary to conduct the business of the Retirement System. Employers and former employers in receipt of this information shall treat the information as confidential and this information shall not be a public record."

SECTION 21.(e) G.S. 128-30(g)(2)b. reads as rewritten:

"b. Each employer shall transmit to the Retirement System on account of each member who retires on or after January 1, 2015, having earned his or her last month of membership service as an employee of that employer the lump sum payment, as calculated under G.S. 128-26(y) for inclusion in the Pension Accumulation Fund, that would have been necessary in order for the retirement system to restore the member's retirement allowance to the pre-cap amount. Employers are not required to make contributions on account of any retiree who became a member on or after January 1, 2015, and who earned at least five years of membership service in the Retirement System after January 1, 2015. The retirement allowance of a member with a final average compensation of more than one hundred thousand dollars (\$100,000), as hereinafter indexed, shall not be subject to the contribution-based benefit cap if the compensation was earned from multiple simultaneous employers, unless an employer's share of the average final compensation exceeds one hundred thousand dollars (\$100,000). An employer is not required to make contributions on account of any retiree whose final average compensation exceeds one hundred thousand dollars (\$100,000), as hereinafter indexed, based upon

1 compensation earned from multiple simultaneous employers, unless
2 that employer's share of the average final compensation exceeds one
3 hundred thousand dollars (\$100,000), as provided and indexed under
4 G.S. 128-27(a3).

5 Under such rules as the Board of Trustees shall adopt, the
6 Retirement System shall report monthly to each employer a list of
7 those members for whom the employer made a contribution to the
8 Retirement System in the preceding month that are most likely to
9 require an additional employer contribution should they elect to retire
10 in the following 12 months, if applicable. Reports received under this
11 section shall not be public records. Employers or former employers in
12 receipt of a report under this section shall treat the report, and the
13 information contained within that report, as confidential and as though
14 it were still held by the Retirement System under G.S. 128-33.1."

15 **SECTION 21.(f)** G.S. 128-30(j) reads as rewritten:

16 "(j) Pension Spiking Report. – Upon receipt of a report from the Retirement System
17 generated pursuant to G.S. 128-30(g)(2)b., containing a list of employees for whom the employer
18 made a contribution to the North Carolina Local Governmental Employees' Retirement System
19 that is likely to require an additional employer contribution should the employee elect to retire in
20 the following 12 months, the employer's chief financial officer shall transmit a copy of the report
21 to the governing body of the employer, if ~~applicable~~. the employer has a governing body. Reports
22 received under this section shall not be public records. Employers and former employers in
23 receipt of a report under this section shall treat the report, and the information contained within
24 that report, as confidential and as though it were still held by the Retirement System under
25 G.S. 128-33.1."

26 **SECTION 22.** G.S. 135-48.47 reads as rewritten:

27 **"§ 135-48.47. Participation in State Health Plan by local government employees and**
28 **dependents.**

29 ...

30 (d) Local governments participating in the Plan as of April 1, 2016, may elect to withdraw
31 from participating in the Plan effective January 1, 2017. Notice of withdrawal must be given by
32 the local government to the Plan no later than September 15, 2016.

33 (e) Except as permitted under subsection (d) of this section, a local government unit's
34 election to participate in the Plan is irrevocable."

35 **SECTION 23.** G.S. 147-69.7(b)(1)f. reads as rewritten:

36 "f. With respect to the Retirement Systems defined in ~~G.S. 147-69.2(d)~~
37 G.S. 147-69.2(b)(8) and any other pension plans, the adequacy of
38 funding for the Retirement Systems based on reasonable actuarial
39 factors."

40 **SECTION 24.** G.S. 1-359(d) reads as rewritten:

41 "(d) In addition to the intercept authority under G.S. 135-8(f) and G.S. 128-30(g), when
42 the Teachers' and State Employees' Retirement System of North Carolina, the Disability Income
43 Plan of North Carolina, or the North Carolina Local Government Employees' Retirement System
44 prevails in a civil action against a participating employer, as defined under ~~G.S. 35-1~~ G.S. 135-1
45 or G.S. 128-21, to collect monies owed, the Teachers' and State Employees' Retirement System
46 of North Carolina, the Disability Income Plan of North Carolina, or the North Carolina Local
47 Government Employees' Retirement System may attach or garnish the employer's credit card
48 receipts or other third-party payments in payment of the amount owed in the manner provided
49 by subsection (a) of this section. Direct receipt by the Teachers' and State Employees' Retirement
50 System of North Carolina, the Disability Income Plan of North Carolina, or the North Carolina

Local Government Employees' Retirement System is a sufficient discharge for the amount paid by a credit card company, clearinghouse, or third-party payment processor."

SECTION 24A. G.S. 147-68(b) reads as rewritten:

"§ 147-68. To receive and disburse moneys; to make reports.

"(b) No moneys shall be paid out of the treasury except on warrant or pursuant to an electronic transfer initiated by the State, unless there one of the following applies:

(1) There is a legislative appropriation or authority to pay the same.

(2) There is an electronic debit initiated by the federal government or by the government of another state to satisfy a bona fide financial obligation of the State."

PART V. WATER/WASTEWATER PUBLIC ENTERPRISE REFORM

SECTION 25.(a) G.S. 159G-20 reads as rewritten:

"§ 159G-20. Definitions.

The following definitions apply in this Chapter:

...

(4a) Distressed unit. – A public water system or wastewater system operated by a local government unit exhibiting signs of failure to identify or address those financial or operating needs necessary to enable that system to become or to remain a local government unit generating sufficient revenues to adequately fund management and operations, personnel, appropriate levels of maintenance, and reinvestment that facilitate the provision of reliable water or wastewater services.

...

(13) Local government unit. – Any of the following:

a. A city as defined in G.S. 160A-1.

b. A county.

c. A consolidated city-county as defined in G.S. 160B-2.

d. ~~A county water and sewer district created pursuant to Article 6 of Chapter 162A of the General Statutes.~~ Any of the following entities created pursuant to Chapter 162A of the General Statutes:

1. A water and sewer authority created pursuant to Article 1.

2. A metropolitan water district created pursuant to Article 4.

3. A metropolitan sewerage district created pursuant to Article 5.

4. A metropolitan water and sewerage district created pursuant to Article 5A.

5. A county water and sewer district created pursuant to Article 6.

e. ~~A metropolitan sewerage district or a metropolitan water district created pursuant to Article 4 of Chapter 162A of the General Statutes.~~

f. ~~A water and sewer authority created under Article 1 of Chapter 162A of the General Statutes.~~

g. A sanitary district created pursuant to Part 2 of Article 2 of Chapter 130A of the General Statutes.

h. A joint agency created pursuant to Part 1 or Part 5 of Article 20 of Chapter 160A of the General Statutes.

i. A joint agency that was created by agreement between two cities and towns to operate an airport pursuant to G.S. 63-56 and that provided drinking water and wastewater services off the airport premises before 1 January 1995.

...

1 or more local government units agree to contract for one or more undertakings under this Part,
2 the provisions of Part 1 of this Article apply."

3 **SECTION 25.(n)** The Department of Environmental Quality shall study the statutes
4 and rules governing subbasin transfers and make recommendations as to whether the statutes and
5 rules should be amended. The study shall specifically examine whether transfers of water
6 between subbasins within the same major river basin should continue to be required to comply
7 with all of the same requirements under G.S. 143-215.22L as transfers of water between major
8 river basins. In conducting this study, the Department shall consider whether the costs of
9 complying with specific requirements, including financial costs and time, are justified by the
10 benefits of the requirements, including the production of useful information and public notice
11 and involvement. No later than October 1, 2019, the Department of Environmental Quality shall
12 report its findings and recommendations to the Environmental Review Commission.

13 **SECTION 25.(o)** The Department of State Treasurer shall study and make
14 recommendations as to the feasibility of authorizing historical charters for units of local
15 government that have become, or are on the brink of becoming, defunct. The study shall
16 specifically examine whether these historical charters are needed, the impact of these charters on
17 the bond rating of the State and its political subdivisions, and the consequences of these historical
18 charters. No later than March 1, 2020, the Department of State Treasurer shall report its findings
19 and recommendations to the General Assembly.

20 **SECTION 25.(p)** Subsections (a) through (m) of this section become effective
21 October 1, 2019. The remainder of this section is effective when it becomes law.

22 **SECTION 26.** Except as otherwise provided, this act is effective when it becomes
23 law.

HB 231: UNC and Community Colleges Pay/Retiree Bonus

The bill appropriates funds to provide legislatively mandated salary increases to employees of the University of North Carolina. It also provides a one-time cost-of-living supplement for retirees.

SECTION 1.2.(a) UNC Salary Increase.

– Effective July 1, 2019, there is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of fifteen million dollars (\$15,000,000) in recurring funds for the 2019-2020 fiscal year and the sum of thirty million dollars (\$30,000,000) in recurring funds for the 2020-2021 fiscal year to provide legislatively mandated salary increases for State employees as authorized by this act.

SECTION 1.2.(b) UNC Faculty Retention.

– Effective July 1, 2019, there is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of six million dollars (\$6,000,000) in recurring funds for the 2019-2020 fiscal year and the sum of eleven million four hundred thirty-three thousand four hundred thirteen dollars (\$11,433,413) for the 2020-2021 fiscal year to provide funds for faculty retention in The University of North Carolina system.

Bill history:

7/30/2019 – Passed the House by a vote of 100-0

10/24/2019 – Passed the Senate by a vote of 27-21

10/30/2019 – House concurred with Senate by a vote of 61-49

11/08/2019 – Vetoed by the Governor

11/13/2019 – Referred to House Rules Committee

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019**

**HOUSE BILL 231
RATIFIED BILL**

AN ACT, CONSISTENT WITH HOUSE BILL 966 OF THE 2019 REGULAR SESSION, TO APPROPRIATE FUNDS TO PROVIDE LEGISLATIVELY MANDATED SALARY INCREASES TO EMPLOYEES OF THE UNIVERSITY OF NORTH CAROLINA SYSTEM AND THE NORTH CAROLINA COMMUNITY COLLEGE SYSTEM AND TO PROVIDE ONE-TIME COST-OF-LIVING SUPPLEMENTS FOR RETIREES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE CONSOLIDATED JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM.

The General Assembly of North Carolina enacts:

PART I. COMMUNITY COLLEGE AND UNC APPROPRIATIONS

SECTION 1.1. Community College Salary Increase. – Effective July 1, 2019, there is appropriated from the General Fund to the North Carolina Community College System the sum of twelve million four hundred thousand dollars (\$12,400,000) for the 2019-2020 fiscal year and the sum of twenty-four million eight hundred thousand dollars (\$24,800,000) for the 2020-2021 fiscal year to provide legislatively mandated salary increases for State-funded employees as authorized by this act.

SECTION 1.2.(a) UNC Salary Increase. – Effective July 1, 2019, there is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of fifteen million dollars (\$15,000,000) in recurring funds for the 2019-2020 fiscal year and the sum of thirty million dollars (\$30,000,000) in recurring funds for the 2020-2021 fiscal year to provide legislatively mandated salary increases for State employees as authorized by this act.

SECTION 1.2.(b) UNC Faculty Retention. – Effective July 1, 2019, there is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of six million dollars (\$6,000,000) in recurring funds for the 2019-2020 fiscal year and the sum of eleven million four hundred thirty-three thousand four hundred thirteen dollars (\$11,433,413) for the 2020-2021 fiscal year to provide funds for faculty retention in The University of North Carolina system.

PART II. COMMUNITY COLLEGES

SECTION 2.1.(a) For the 2019-2021 fiscal biennium, the community college boards of trustees may provide personnel a salary increase pursuant to the policies adopted by the State Board of Community Colleges. Funds for compensation increases may be used for any one or more of the following purposes: (i) merit pay, (ii) across-the-board increases, (iii) recruitment bonuses, (iv) retention increases, and (v) any other compensation increase pursuant to policies adopted by the State Board of Community Colleges. The State Board of Community Colleges shall report to the General Assembly and the Fiscal Research Division on the use of these funds by no later than March 1, 2020, and March 1, 2021.

SECTION 2.1.(b) Effective July 1, 2019, the minimum salaries for nine-month, full-time curriculum community college faculty for the 2019-2021 fiscal biennium are as follows:



<u>Education Level</u>	<u>Minimum Salary</u>
Vocational Diploma/Certificate or Less	\$37,581
Associate Degree or Equivalent	38,103
Bachelor's Degree	40,371
Master's Degree or Education Specialist	42,382
Doctoral Degree	45,282

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

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

PART III. UNIVERSITY OF NORTH CAROLINA SYSTEM

SECTION 3.1. For the 2019-2021 fiscal biennium, the Board of Governors of The University of North Carolina may provide employees with salary increases pursuant to the policies adopted by the Board. Funds for compensation increases may be used for any one or more of the following purposes: (i) merit pay, (ii) across-the-board increases, (iii) recruitment bonuses, (iv) retention increases, and (v) any other compensation increase pursuant to those policies. The Board of Governors of The University of North Carolina shall report to the General Assembly and the Fiscal Research Division on the compensation increases awarded by no later than March 1, 2020, and March 1, 2021.

PART IV. SPECIAL ANNUAL LEAVE

SECTION 4.1.(a) Special Annual Leave. – Any person who is (i) a full-time permanent employee of The University of North Carolina or a community college institution on July 1, 2019, and (ii) eligible to earn annual leave shall have a one-time additional five days of annual leave credited on July 1, 2019.

SECTION 4.1.(b) The additional leave granted in this section shall be accounted for separately in the same manner as the leave provided by Section 35.26 of S.L. 2018-5 and 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 five days awarded by this section.

SECTION 4.1.(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.

SECTION 4.1.(d) Notwithstanding any provision of G.S. 126-8 to the contrary, any vacation leave remaining on December 31 of each year in excess of 30 days shall be reduced by the number of days awarded in this section that were actually used by the employee during the year, such that the calculation of vacation leave days that would convert to sick leave shall reflect a deduction of those days of special annual leave awarded in this section that were used by the employee during the year.

SECTION 4.1.(e) The number of days awarded by this section that carry forward to each following year shall equal the number of days awarded in this section remaining on December 31 of each year plus the number of days awarded in this section that were deducted from vacation leave in excess of 30 days for the calculation of sick leave.

SECTION 4.1.(f) No employee may be required to take the additional leave awarded by this section.

PART V. RETIREES' COST-OF-LIVING SUPPLEMENT

SECTION 5.1.(a) If House Bill 966, 2019 Regular Session, becomes law, then Section 38.23 of that act is repealed.

SECTION 5.1.(b) G.S. 135-5 is amended by adding new subsections to read:

"(xxx) On or before December 31, 2019, a one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who are living as of November 1, 2019, and whose retirement commenced on or before November 1, 2019. The payment shall be one-half of one percent (0.50%) of the beneficiary's annual retirement allowance payable as of November 1, 2019, and shall not be prorated for date of retirement commencement. If the beneficiary dies before the payment is made, then the payment shall be payable to the member's legal representative. No beneficiary shall be deemed to have acquired a vested right to any future supplemental payments.

(yyy) After September 1, 2020, but on or before October 31, 2020, a one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who are living as of September 1, 2020, and whose retirement commenced on or before September 1, 2020. The payment shall be one-half of one percent (0.50%) of the beneficiary's annual retirement allowance payable as of September 1, 2020, and shall not be prorated for date of retirement commencement. If the beneficiary dies before the payment is made, then the payment shall be payable to the member's legal representative. No beneficiary shall be deemed to have acquired a vested right to any future supplemental payments."

SECTION 5.1.(c) G.S. 135-65 is amended by adding new subsections to read:

"(ii) On or before December 31, 2019, a one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who are living as of November 1, 2019, and whose retirement commenced on or before November 1, 2019. The payment shall be one-half of one percent (0.50%) of the beneficiary's annual retirement allowance payable as of November 1, 2019, and shall not be prorated for date of retirement commencement. If the beneficiary dies before the payment is made, then the payment shall be payable to the member's legal representative. No beneficiary shall be deemed to have acquired a vested right to any future supplemental payments.

(jj) After September 1, 2020, but on or before October 31, 2020, a one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who are living as of September 1, 2020, and whose retirement commenced on or before September 1, 2020. The payment shall be one-half of one percent (0.50%) of the beneficiary's annual retirement allowance payable as of September 1, 2020, and shall not be prorated for date of retirement commencement. If the beneficiary dies before the payment is made, then the payment shall be payable to the member's legal representative. No beneficiary shall be deemed to have acquired a vested right to any future supplemental payments."

SECTION 5.1.(d) G.S. 120-4.22A is amended by adding new subsections to read:

"(cc) In accordance with subsection (a) of this section, on or before December 31, 2019, a one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who are living as of November 1, 2019, and whose retirement commenced on or before November 1, 2019. The payment shall be one-half of one percent (0.50%) of the beneficiary's annual retirement allowance payable as of November 1, 2019, and shall not be prorated for date of retirement commencement. If the beneficiary dies before the payment is made, then the payment shall be payable to the member's legal representative. No beneficiary shall be deemed to have acquired a vested right to any future supplemental payments.

(dd) In accordance with subsection (a) of this section, after September 1, 2020, but on or before October 31, 2020, a one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who are living as of September 1, 2020, and whose retirement commenced on or before September 1, 2020. The payment shall be one-half of one percent (0.50%) of the beneficiary's annual retirement allowance payable as of September 1, 2020, and shall not be prorated for date of retirement commencement. If the beneficiary dies before the payment is made, then the payment shall be payable to the member's legal representative. No

beneficiary shall be deemed to have acquired a vested right to any future supplemental payments."

SECTION 5.1.(e) Notwithstanding any other provision of law to the contrary, in order to administer the one-time cost-of-living supplement for retirees provided for in this section, the Retirement Systems Division of the Department of State Treasurer may increase receipts from the retirement assets of the corresponding retirement system or pay costs associated with the administration of the payment directly from the retirement assets.

APPROPRIATION FOR SUPPLEMENT

SECTION 5.2. There is appropriated from the General Fund to the Office of State Budget and Management the sum of seventeen million three hundred sixty-three thousand three hundred six dollars (\$17,363,306) in nonrecurring funds for the 2019-2020 fiscal year and the sum of seventeen million three hundred sixty-three thousand three hundred six dollars (\$17,363,306) in nonrecurring funds for the 2020-2021 fiscal year to be held in reserve to implement the one-time cost-of-living supplements authorized by this section.

SALARY-RELATED CONTRIBUTIONS

SECTION 5.3.(a) Subsections (b) and (c) of Section 3.15 of S.L. 2019-209 are repealed.

SECTION 5.3.(b) If House Bill 966, 2019 Regular Session, becomes law, then Section 38.22 of that act is repealed.

SECTION 5.3.(c) Effective July 1, 2019, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2019-2020 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	13.13%	13.13%	6.84%	33.91%	26.79%
Disability	0.10%	0.10%	0.10%	0.00%	0.00%
Death	0.16%	0.16%	0.00%	0.00%	0.00%
Retiree Health	6.47%	6.47%	6.47%	6.47%	6.47%
NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
Total Contribution Rate	19.86%	24.86%	13.41%	40.38%	33.26%

Portion of Rate That Is Non-Recurring

	Teachers and State Employees	State LEOs	ORPs	CJRS	LRS
	0.16%	0.16%	0.00%	0.31%	0.33%

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 5.3.(d) Effective July 1, 2020, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2020-2021 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
--	---	-----------------------	-------------	-------------	------------

	Employees				
Retirement	14.52%	14.52%	6.84%	36.31%	29.33%
Disability	0.10%	0.10%	0.10%	0.00%	0.00%
Death	0.16%	0.16%	0.00%	0.00%	0.00%
Retiree Health	6.82%	6.82%	6.82%	6.82%	6.82%
NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
Total Contribution Rate	21.60%	26.60%	13.76%	43.13%	36.15%

Portion of Rate That Is Non-Recurring

0.16% 0.16% 0.00% 0.31% 0.33%

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.

PART VI. MISCELLANEOUS PROVISIONS

SECTION 6.1. The legislative salary increases provided by this act in each year of the 2019-2021 fiscal biennium 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 June 30, 2019, for the 2019-2020 fiscal year or June 30, 2020, for the 2020-2021 fiscal year. For the 2019-2021 fiscal biennium, payroll checks issued to employees after July 1, 2019, and July 1, 2020, respectively, 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 6.2. If any provision of this act and G.S. 143C-5-4 are in conflict, the provisions of this act shall prevail. If House Bill 966, 2019 Regular Session, becomes law, then Parts I, II, III, and IV and Sections 5.2 and 6.1 of this act are repealed.

SECTION 6.3. This act becomes effective July 1, 2019.

In the General Assembly read three times and ratified this the 31st day of October, 2019.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Tim Moore
Speaker of the House of Representatives

Roy Cooper
Governor

Approved _____m. this _____ day of _____, 2019

SB 354: Strengthening Educators' Pay Act

The bill appropriates funds, contingent on the passage of HB 966, for legislatively mandated compensation increases for UNC System employees roughly 2% in the first year and 4% for the biennium. It also increases funding for tuition grants for graduates of NC School of Science and Math.

Bill history:

10/31/2019 – Conference Report adopted by the Senate by a vote of 28-21

10/31/2019 – Conference Report adopted by the House by a vote of 62-46

11/08/2019 – Vetoed by the Governor

11/13/2019 – Referred to Senate Rules Committee

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019**

**SENATE BILL 354
RATIFIED BILL**

AN ACT, CONSISTENT WITH HOUSE BILL 966 OF THE 2019 REGULAR SESSION, TO APPROPRIATE FUNDS FOR LEGISLATIVELY MANDATED COMPENSATION INCREASES FOR CERTAIN PUBLIC SCHOOL PERSONNEL AND, CONTINGENT UPON THE PASSAGE OF HOUSE BILL 966 OF THE 2019 REGULAR SESSION, TO APPROPRIATE FUNDS FOR LEGISLATIVELY MANDATED COMPENSATION INCREASES FOR CERTAIN EDUCATIONAL EMPLOYEES AND INCREASED FUNDING FOR TUITION GRANTS FOR GRADUATES OF THE NORTH CAROLINA SCHOOL OF SCIENCE AND MATHEMATICS.

The General Assembly of North Carolina enacts:

**PART I. COMPENSATION OF CERTAIN PUBLIC SCHOOL EMPLOYEES
CONSISTENT WITH HOUSE BILL 966**

INTRODUCTION

SECTION 1.1. The provisions of this Part provide for the compensation of certain public school employees in accordance with House Bill 966, 2019 Regular Session, in the event that act does not become law.

APPROPRIATIONS

SECTION 1.2.(a) There is appropriated from the General Fund for the 2019-2021 fiscal biennium the sum of seventy-four million two hundred eighteen thousand seven hundred seventy-two dollars (\$74,218,772) for the 2019-2020 fiscal year and the sum of one hundred nineteen million one hundred thirty-seven thousand five hundred forty-four dollars (\$119,137,544) for the 2020-2021 fiscal year to provide legislatively mandated compensation increases for public school employees as authorized by this Part, as follows:

Entity	2019-2020 Recurring	2019-2020 Nonrecurring	2020-2021 Recurring	2020-2021 Nonrecurring
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EDUCATION

Department of Public

Instruction

\$66,420,422	\$7,400,000	\$111,014,597	\$7,400,000
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University of North

Carolina

\$158,961	\$0	\$290,217	\$0
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HEALTH AND

HUMAN SERVICES

Services for the

Blind/Deaf/Hard

of Hearing

\$4,069	\$0	\$7,945	\$0
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SECTION 1.10.(m) Effective Date. – This section applies for bonuses awarded in January 2020 and 2021, based on data from the 2018-2019 and 2019-2020 school years, respectively.

STATE AGENCY TEACHERS

SECTION 1.11. Employees of schools operated by the Department of Health and Human Services, the Department of Public Safety, and the State Board of Education who are paid on the Teacher Salary Schedule shall be paid as authorized under this Part.

PART II. ADDITIONAL COMPENSATION INCREASES AND EDUCATION-RELATED PROVISIONS CONTINGENT UPON THE PASSAGE OF HOUSE BILL 966

CONTINGENT GENERAL FUND APPROPRIATIONS

SECTION 2.1.(a) If House Bill 966, 2019 Regular Session, becomes law, then subsection (a) of Section 2.1 of that act reads as rewritten:

"SECTION 2.1.(a) Appropriations from the General Fund for the budgets of the State departments, institutions, and agencies, and for other purposes as enumerated, are made for each year of the 2019-2021 fiscal biennium, according to the following schedule:

Current Operations – General Fund	FY 2019-2020	FY 2020-2021
EDUCATION		
Community College System		
Requirements	1,607,034,1981,619,366,834	1,640,309,0291,664,974,301
Less: Receipts	380,447,392	380,212,392
Net Appropriation	<u>1,226,586,8061,238,919,442</u>	<u>1,260,096,6371,284,761,909</u>
Public Instruction		
Requirements	12,127,985,12212,143,403,894	12,407,998,76212,474,782,964
Less: Receipts	2,270,466,432	2,230,466,432
Net Appropriation	<u>9,857,518,6909,872,937,462</u>	<u>10,177,532,33010,244,316,532</u>
...		
UNC BOG – Institutional Programs		
Requirements	94,323,722135,105,932	166,475,681248,606,688
Less: Receipts	0	0
Net Appropriation	<u>94,323,722135,105,932</u>	<u>166,475,681248,606,688</u>
UNC BOG – Related Educational Programs		
Requirements	165,500,476166,625,426	165,500,476167,750,376
Less: Receipts	54,031,975	54,031,975
Net Appropriation	<u>111,468,501112,593,451</u>	<u>111,468,501113,718,401</u>
...		
Total Requirements	<u>46,041,828,16346,111,486,731</u>	<u>46,946,112,92047,121,943,301</u>
Less: Total Receipts	<u>22,035,328,163</u>	<u>22,146,112,920</u>
Total Net Appropriation	<u>24,006,500,00024,076,158,568</u>	<u>24,800,000,00024,975,830,381</u>

AVAILABILITY

- 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 7B.8.(b) ~~It is the intent of the General Assembly to increase the annual salary for noncertified public school employees whose salaries are supported from State funds in the 2020-2021 fiscal year, beginning July 1, 2020, as follows:~~ For the 2020-2021 fiscal year, beginning July 1, 2020, 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 percent (1%)~~ two percent (2%).
- (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 2.3.(d) If House Bill 966, 2019 Regular Session, becomes law, then Part VII-B of that act is amended by adding the following new section to read:

"BONUSES FOR NONCERTIFIED PERSONNEL

SECTION 7B.8A.(a) No later than October 31, 2020, the Department of Public Instruction shall administer a one-time, lump sum bonus to any noncertified public school employee, whose salary is supported from State funds, equivalent to one half of one percent (0.5%) of that person's salary.

SECTION 7B.8A.(b) The bonuses awarded pursuant to this section shall be in addition to any regular wage or other bonus the employee receives or is scheduled to receive.

SECTION 7B.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.

SECTION 7B.8A.(d) The bonuses awarded pursuant to this section do not apply to noncertified public school employees no longer employed as noncertified public school employees due to resignation, dismissal, reduction in force, death, or retirement or whose last workday is prior to October 1, 2020."

NORTH CAROLINA SCHOOL OF SCIENCE AND MATHEMATICS TUITION GRANTS

SECTION 2.4.(a) If House Bill 966, 2019 Regular Session, becomes law, then G.S. 116-209.90, as enacted by Section 8A.2 of that act, reads as rewritten:

"§ 116-209.90. Tuition grants for graduates to attend a constituent institution.

(a) Program Established. – There is established the Tuition Grant for Graduates of the North Carolina School of Science and Mathematics Program (Program). Within the funds made available for the Program, a State resident who graduates from the North Carolina School of Science and Mathematics (NCSSM) in each school year, beginning with the 2019-2020 school year, and who enrolls as a full-time student in a constituent institution of The University of North Carolina in the next academic year after graduation shall be eligible for a tuition grant awarded ~~for that student's first academic year~~ in accordance with this Part. Students who receive initial tuition grants as a cohort of a graduating class of NCSSM shall also be eligible to apply for tuition grants for subsequent academic years for up to a total of four academic years.

(b) Administration of Grants. – The Authority shall administer the tuition grants provided for in this Part pursuant to guidelines and procedures established by the Authority consistent with its practices for administering State-funded financial aid. The guidelines and procedures shall

include an application process and schedule, notification and disbursement procedures, standards for reporting, and standards for return of tuition grants when a student withdraws. The Authority shall not approve any grant until it receives proper certification from the appropriate constituent institution that the student applying for the grant is an eligible student. Upon receipt of the certification, the Authority shall remit, at the times it prescribes, the tuition grant to the constituent institution on behalf, and to the credit, of the student. In the event a student on whose behalf a tuition grant has been paid is not enrolled and carrying a minimum academic load as of the tenth classroom day following the beginning of the school term for which the tuition grant was paid, the constituent institution shall refund the full amount of the tuition grant to the Authority.

(c) Award of Grants. – Except as provided in subsections (d) and (e) of this section, the amount of the grant awarded to a student shall be the full tuition cost at the constituent institution in which the student is ~~enrolled for the student's first academic year.~~ ~~enrolled.~~ No tuition grant awarded to a student under this section shall exceed the cost of attendance at the constituent institution for which the student is enrolled.

(d) Reduction of an Award Due to Other Aid. – If a student, who is eligible for a tuition grant under this section, also receives a scholarship or other grant covering the cost of attendance at the constituent institution for which the tuition grant is awarded, then the amount of the tuition grant shall be reduced by an appropriate amount determined by the Authority so that the total amount of scholarships and grants received by the student does not exceed the cost of attendance for the institution. The cost of attendance shall be determined by the Authority for each constituent institution.

(e) Pro Rata Amount. – In the event there are not sufficient funds available for the Program to provide each eligible student with a full tuition grant as provided for by this Part, each eligible student shall receive a pro rata share of funds available for that academic year.

(f) Continuous Enrollment. – A student shall be continuously enrolled in a constituent institution after the award of the initial tuition grant to be eligible for tuition grants in subsequent academic years. The Authority shall have the discretion to waive this requirement if the student is able to demonstrate that any of the following have substantially disrupted or interrupted the student's pursuit of a degree: (i) a military service obligation, (ii) serious medical debilitation, (iii) a short-term or long-term disability, or (iv) other extraordinary hardship."

SECTION 2.4.(b) If House Bill 966, 2019 Regular Session, becomes law, then notwithstanding any other provision of law to the contrary, students who are State residents who graduated from the North Carolina School of Science and Mathematics at the end of the 2018-2019 school year and were awarded a tuition grant for the 2019-2020 academic year in accordance with Section 10A.5 of S.L. 2018-5 shall be included in the award of tuition grants under G.S. 116-209.90, beginning with the 2020-2021 academic year.

USE OF ADDITIONAL GENERAL FUND APPROPRIATIONS

SECTION 2.5. If House Bill 966, 2019 Regular Session, becomes law, then the additional sum of sixty-nine million six hundred fifty-eight thousand five hundred sixty-eight dollars (\$69,658,568) for the 2019-2020 fiscal year and the additional sum of one hundred seventy-five million eight hundred thirty thousand three hundred eighty-one dollars (\$175,830,381) for the 2020-2021 fiscal year, as provided pursuant to Section 2.1 of this act, shall be used as follows:

- (1) Public school employee compensation. – The sum of fifteen million four hundred eighteen thousand seven hundred twelve dollars (\$15,418,712) in recurring funds for the 2019-2020 fiscal year and the sums of sixty million two hundred eight thousand ten dollars (\$60,208,010) in recurring funds and six million five hundred seventy-six thousand one hundred ninety-two dollars

- (\$6,576,192) in nonrecurring funds for the 2020-2021 fiscal year to implement the compensation provisions of Section 2.3 of this act.
- (2) Community college compensation. – The sum of twelve million three hundred thirty-two thousand six hundred thirty-six dollars (\$12,332,636) in recurring funds for the 2019-2020 fiscal year and the sum of twenty-four million six hundred sixty-five thousand two hundred seventy-two dollars (\$24,665,272) in recurring funds for the 2020-2021 fiscal year to increase the funding available for salary increases for local community college personnel.
 - (3) University of North Carolina compensation. – The sum of forty million seven hundred eighty-two thousand two hundred ten dollars (\$40,782,210) in recurring funds for the 2019-2020 fiscal year and the sum of eighty-two million one hundred thirty-one thousand seven dollars (\$82,131,007) in recurring funds for the 2020-2021 fiscal year to increase the funding available for salary increases for employees of the university system.
 - (4) Math tuition grants for the North Carolina School of Science and Mathematics. – The sum of one million one hundred twenty-four thousand nine hundred fifty dollars (\$1,124,950) in recurring funds for the 2019-2020 fiscal year and the sum of two million two hundred forty-nine thousand nine hundred dollars (\$2,249,900) in recurring funds for the 2020-2021 fiscal year to increase availability of grants to the graduates of the North Carolina School of Science and Mathematics who attend constituent institutions of The University of North Carolina.

PART III. OTHER PROVISIONS

SECTION 3.1. The legislative salary increases provided by Part I of this act in each year of the 2019-2021 fiscal biennium 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 June 30, 2019, for the 2019-2020 fiscal year or June 30, 2020, for the 2020-2021 fiscal year. For the 2019-2021 fiscal biennium, payroll checks issued to employees after July 1, 2019, and July 1, 2020, respectively, 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 3.2. If any provision of Part I of this act and G.S. 143C-5-4 are in conflict, the provisions of this act shall prevail.

PART IV. CONDITIONS AND CONTINGENCIES

SECTION 4.1.(a) If House Bill 966, 2019 Regular Session:

- (1) Does not become law, then Part I of this act shall remain in effect.
- (2) Becomes law, then (i) Sections 1.2, 1.3, 1.4, 1.6, 1.7, and 1.8 of this act are repealed and (ii) Sections 7B.3A, 7B.9, and 7B.10 of House Bill 966, 2019 Regular Session, are repealed.

SECTION 4.1.(b) The provisions of Part II of this act become effective only if House Bill 966, 2019 Regular Session, becomes law.

SECTION 4.2. If House Bill 377, 2019 Regular Session, becomes law, then Sections 2.1, 2.2, 2.6, and 3.1 of House Bill 377, 2019 Regular Session, are repealed.

SECTION 4.3. If House Bill 111, 2019 Regular Session, becomes law, then Section 3.6(b)(3) of House Bill 111, 2019 Regular Session, is repealed.

PART V. EFFECTIVE DATE

2019. **SECTION 5.1.** Except as otherwise provided, this act becomes effective July 1,
2019. In the General Assembly read three times and ratified this the 31st day of October,

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Tim Moore
Speaker of the House of Representatives

Roy Cooper
Governor

Approved _____m. this _____ day of _____, 2019



THE UNIVERSITY OF NORTH CAROLINA SYSTEM

Other Legislation

- a. HB 62: In-State Tuition/Members Served on USS NC
- b. HB 113: MCAC and TAC/Funds
- c. HB 125: GSC Revised Uniform Athlete Agents Act
- d. HB 218: Broadcast NC House of Reps Session
- e. HB 330: Efficient Government Buildings & Savings Act
- f. SB 144: Allow In-State Tuition/Athletic Scholarships
- g. HB 665: NC Completes College/Competitive Workforce
- h. HB 697: State Surplus Prop. Computers for Nonprofits
- i. SB 681: Rural Health Care/Loc. Sales Tax Flex/Util. Acct

HB 62: In-State Tuition/Members Served on USS NC

This bill would establish that service members who serve on the USS NC for a period of 180 days or longer are eligible for in-state tuition.

Bill history:

4/03/19: Passed House

4/04/19: Referred to Senate Rules

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019**

H

2

**HOUSE BILL 62
Committee Substitute Favorable 3/19/19**

Short Title: In-State Tuition/Members Served on USS NC.

(Public)

Sponsors:

Referred to:

February 14, 2019

A BILL TO BE ENTITLED
AN ACT TO PROVIDE THAT SERVICE MEMBERS WHO SERVE ON THE USS NORTH
CAROLINA SSN 777 FOR A PERIOD OF 180 DAYS OR LONGER ARE ELIGIBLE FOR
IN-STATE TUITION.

The General Assembly of North Carolina enacts:

SECTION 1. Article 14 of Chapter 116 is amended by adding a new section to read:
**"§ 116-143.3B. Tuition of Armed Forces personnel having served on the USS North
Carolina SSN 777.**

(a) Any member of the United States Armed Forces who has served on the USS North
Carolina SSN 777 for a period of 180 days or more and qualifies for admission to an institution
of higher education as defined in G.S. 116-143.1(a)(3), but does not qualify as a resident for
tuition purposes under G.S. 116-143.1, shall be charged the in-State tuition rate and applicable
mandatory fees for enrollment.

(b) The person applying for the benefit of this section has the burden of proving
entitlement to the benefit."

SECTION 2. This act is effective July 1, 2019, and applies beginning with the
2019-2020 academic year.



HB 113: MCAC and TAC/Funds

This bill appropriates funds (\$150,000 recurring and \$200,000 nonrecurring) to support the Transfer Advisory Committee and the Military Credit Advisory Council in their work to streamline credit transfer across constituent institutions.

Bill history:

2/19/2019 – Filed in the House

2/21/2019 – Referred to House Committee on Military and Homeland Security

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019**

H

1

HOUSE BILL 113

Short Title: MCAC and TAC/Funds. (Public)

Sponsors: Representatives Insko, R. Smith, Grange, and Fraley (Primary Sponsors).

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Homeland Security, Military, and Veterans Affairs, if favorable, Appropriations, Education, if favorable, Appropriations, if favorable, Rules, Calendar, and Operations of the House

February 21, 2019

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO SUPPORT THE TRANSFER ADVISORY COMMITTEE AND THE MILITARY CREDIT ADVISORY COUNCIL IN THEIR WORK TO STREAMLINE CREDIT TRANSFER ACROSS CONSTITUENT INSTITUTIONS AND TO GRANT VETERANS CREDIT FOR THEIR MILITARY EXPERIENCE.

The General Assembly of North Carolina enacts:

SECTION 1. For the 2019-2020 fiscal year, there is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of one hundred fifty thousand dollars (\$150,000) in recurring funds and two hundred thousand dollars (\$200,000) in nonrecurring funds to support the work of the Transfer Advisory Committee (TAC) and the Military Credit Advisory Council (MCAC). The funds shall be used by TAC to maximize reach, expand scope, and tackle other issues related to credit transfer that may stand in the way of seamless pathways for students, including site reviews, work groups of faculty from community colleges and constituent institutions for new initiatives, and creation of new pathway programs. MCAC shall use these funds to complete the initial phase of military credit evaluation and create a searchable database of military credit equivalencies.

SECTION 2. This act becomes effective July 1, 2019.



* H 1 1 3 - V - 1 *

HB 125: GSC Revised Uniform Athlete Agents Act

This bill would enact the revised Uniform Athlete Agents Act.

This bill created a lot of discussion early on this session. These revisions were recommended by the Commission on Fair Treatment of College Student Athletes and the UNC System supported the changes in HB 125.

Bill history:

2/20/2019 – Filed in the House

3/20/2019 – Passed House

3/21/2019 – Referred to Senate Committee on Rules and Operations of the Senate

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

H

2

HOUSE BILL 125
Committee Substitute Favorable 3/18/19

Short Title: GSC Revised Uniform Athlete Agents Act.

(Public)

Sponsors:

Referred to:

February 21, 2019

A BILL TO BE ENTITLED
AN ACT TO ENACT THE REVISED UNIFORM ATHLETE AGENTS ACT, AS
RECOMMENDED BY THE GENERAL STATUTES COMMISSION.

The General Assembly of North Carolina enacts:

SECTION 1. Article 9 of Chapter 78C of the General Statutes is repealed.

SECTION 2. Chapter 78C of the General Statutes is amended by adding a new
Article to read:

"Article 10.

"Revised Uniform Athlete Agents Act.

"§ 78C-111. Short title.

This Article may be cited as the Revised Uniform Athlete Agents Act.

"§ 78C-112. Definitions.

The following definitions apply in this Article:

(1) Agency contract. – An agreement, including a verbal agreement or an agreement otherwise not conforming to the requirements of this Article, that authorizes a person to negotiate or solicit on behalf of an individual a professional-sports-services contract or endorsement contract.

(2) Athlete agent. –

a. An individual, whether or not registered under this Article, who does any of the following:

1. Directly or indirectly recruits or solicits a covered athlete to enter into an agency contract, including recruiting or soliciting through the covered athlete's parent, guardian, coach, family member, friend, or any other individual in a position to influence the covered athlete.

1a. For compensation, procures employment or offers, promises, attempts, or negotiates to obtain employment for a covered athlete as a professional athlete or member of a professional sports team or organization.

2. For compensation or in anticipation of compensation related to a covered athlete's participation in athletics, does any of the following:

I. Serves the covered athlete in an advisory capacity on a matter related to finances, business pursuits, or career management decisions, unless the individual is an employee of an educational institution acting



* H 1 2 5 - V - 2 *

- 1 exclusively as an employee of the educational
2 institution for the benefit of the educational institution.
- 3 II. Manages the business affairs of the covered athlete by
4 providing assistance with bills, payments, contracts, or
5 taxes.
- 6 3. In anticipation of representing a covered athlete for a purpose
7 related to the covered athlete's participation in athletics, does
8 any of the following:
- 9 I. Gives consideration to the covered athlete or another
10 person.
- 11 II. Serves the covered athlete in an advisory capacity on a
12 matter related to finances, business pursuits, or career
13 management decisions.
- 14 III. Manages the business affairs of the covered athlete by
15 providing assistance with bills, payments, contracts, or
16 taxes.
- 17 4. Represents to the public that the individual is an athlete agent.
- 18 b. The term "athlete agent" does not include an individual who does any
19 of the following:
- 20 1. Acts solely on behalf of a professional sports team or
21 organization.
- 22 2. Is a licensed, registered, or certified professional and offers or
23 provides services to a covered athlete customarily provided by
24 members of the profession, unless the individual does any of
25 the following:
- 26 I. Also directly or indirectly recruits or solicits the
27 covered athlete to enter into an agency contract.
- 28 II. Also, for compensation, procures employment or
29 offers, promises, attempts, or negotiates to obtain
30 employment for the covered athlete as a professional
31 athlete or member of a professional sports team or
32 organization.
- 33 III. Receives consideration for providing the services
34 calculated using a different method than for an
35 individual who is not a covered athlete.
- 36 (3) Athletic director. – The individual responsible for administering the overall
37 athletic program of an educational institution or, if an educational institution
38 has separately administered athletic programs for male students and female
39 students, the athletic program for males or the athletic program for females,
40 as appropriate.
- 41 (4) Reserved.
- 42 (5) Reserved.
- 43 (5a) Covered athlete. – A student athlete or a former student athlete.
- 44 (6) Educational institution. – Includes a public or private elementary school,
45 secondary school, technical or vocational school, community college, college,
46 and university.
- 47 (7) Endorsement contract. – An agreement under which an individual is employed
48 or receives consideration to use on behalf of the other party any value that the
49 individual may have because of publicity, reputation, following, or fame
50 obtained because of athletic ability or performance.

- (8) Enrolled. – Registered for courses and attending athletic practice or class.
"Enrolls" has a corresponding meaning.
- (8a) Former student athlete. – Any of the following:
- a. An individual who is ineligible to engage in an interscholastic or intercollegiate sport only because the individual engaged in one or more of the following activities and who would otherwise qualify as a student athlete:
1. The individual entered into an agency contract or made a commitment to enter into an agency contract in the future.
2. The individual entered into a professional-sports-services contract or an endorsement contract.
3. The individual accepted anything of value from an athlete agent.
- b. An individual who exhausted the individual's eligibility to engage in an interscholastic or intercollegiate sport within the preceding six months, whether or not the individual is still enrolled in an educational institution.
- (9) Intercollegiate sport. – A sport played at the collegiate level for which eligibility requirements for participation by a student athlete are established by a national association that promotes or regulates collegiate athletics.
- (10) Interscholastic sport. – A sport played between educational institutions that are not community colleges, colleges, or universities.
- (11) Licensed, registered, or certified professional. – An individual licensed, registered, or certified as an attorney, dealer in securities, financial planner, insurance agent, real estate broker or sales agent, tax consultant, accountant, or member of a profession, other than that of athlete agent, who is licensed, registered, or certified by the State or a nationally recognized organization that licenses, registers, or certifies members of the profession on the basis of experience, education, or testing.
- (12) Person. – An individual, estate, business or nonprofit entity, public corporation, government or governmental subdivision, agency, instrumentality, business trust, partnership, limited liability company, association, joint venture, or any other legal or commercial entity.
- (13) Professional-sports-services contract. – An agreement under which an individual is employed as a professional athlete or agrees to render services as a player on a professional sports team or with a professional sports organization.
- (14) Record. – Information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.
- (15) Recruit or solicit. – Attempt to influence the choice of an athlete agent by a covered athlete or, if the covered athlete is a minor, a parent or guardian of the covered athlete. The term does not include giving advice on the selection of a particular athlete agent in a family or coaching situation unless the individual giving the advice does so because of the receipt or anticipated receipt of an economic benefit, directly or indirectly, from the athlete agent.
- (16) Registration. – Registration as an athlete agent under this Article.
- (17) Sign. – With present intent to authenticate or adopt a record, to do any of the following:
- a. Execute or adopt a tangible symbol.
- b. Attach to or logically associate with the record an electronic symbol, sound, or process.

(18) State. – A state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States.

(19) Student athlete. – An individual who is eligible to attend an educational institution and engages in, is eligible to engage in, or may be eligible in the future to engage in, any interscholastic or intercollegiate sport. The term does not include an individual permanently ineligible to participate in a particular interscholastic or intercollegiate sport for that sport.

"§ 78C-113. Secretary of State; authority; procedure.

(a) Chapter 150B of the General Statutes applies to this Article. The Secretary of State may adopt rules under Chapter 150B of the General Statutes to implement this Article.

(b) By acting as an athlete agent in this State, a nonresident individual appoints the Secretary of State as the individual's agent for service of process in any civil action in this State related to the individual acting as an athlete agent in this State.

(c) The Secretary of State may issue a subpoena for material that is relevant to the administration of this Article.

"§ 78C-114. Athlete agent; registration required; void contract.

(a) Except as otherwise provided in subsection (b) of this section, an individual shall not act as an athlete agent in this State or act as an athlete agent with respect to a covered athlete enrolled in an educational institution in this State without holding a certificate of registration under this Article.

(b) Before being issued a certificate of registration under this Article, an individual may act as an athlete agent in this State for all purposes except entering into an agency contract or accepting a commitment from a covered athlete to enter into an agency contract in the future, if all of the following occur:

(1) A covered athlete or another person acting on behalf of the covered athlete initiates communication with the individual.

(2) Not later than seven days after an initial act that requires the individual to register as an athlete agent, the individual submits an application for registration as an athlete agent in this State.

(c) An agency contract resulting from conduct in violation of this section is void, and the athlete agent shall return any consideration received under the agency contract. The covered athlete and the covered athlete's parent or guardian are not required to return any consideration received by any of them from the athlete agent to influence the covered athlete to enter into the agency contract.

"§ 78C-115. Registration as athlete agent; application; requirements.

(a) An applicant for registration as an athlete agent must submit an application for registration to the Secretary of State in a form prescribed by the Secretary of State. The applicant must be an individual, and the application must be signed by the applicant under penalty of perjury. The application must contain at least the following:

(1) The name, Social Security number, and date and place of birth of the applicant and the following contact information for the applicant:

a. The address of the applicant's principal place of business.

a1. Home address.

b. Work and mobile telephone numbers.

c. Any means of communicating electronically, including a facsimile number, electronic mail address, and personal and business or employer Web sites.

(2) The name of the applicant's business or employer, if applicable, including, for each business or employer, its mailing address, telephone number, organization form, and the nature of the business.

- (3) Each social media account with which the applicant or the applicant's business or employer is affiliated.
- (4) Each business or occupation in which the applicant engaged within five years before the date of the application, including self-employment and employment by others, and any professional or occupational license, registration, or certification held by the applicant during that time.
- (5) A description of the applicant's:
- a. Formal training as an athlete agent.
 - b. Practical experience as an athlete agent, in detail.
 - c. Educational background relating to the applicant's activities as an athlete agent.
- (6) The name of each athlete for whom the applicant acted as an athlete agent within five years before the date of the application or, if the individual is a minor, the name of the parent or guardian of the minor, together with the athlete's sport and last-known team.
- (6a) The name of each athlete who terminated an agency contract or other professional agreement with the applicant or the applicant's then-employing organization within five years before the date of the application.
- (6b) The name of each athlete whose agency contract or professional agreement with the applicant or the applicant's then-employing organization was terminated by the applicant or the applicant's then-employing organization within five years before the date of the application.
- (7) The name and address of each person to which any of the following apply:
- a. Is a partner, member, officer, manager, associate, or profit sharer or directly or indirectly holds an equity interest of five percent (5%) or greater of the athlete agent's business if it is not a corporation.
 - b. Is an officer or director of a corporation employing the athlete agent or a shareholder having an interest of five percent (5%) or greater in the corporation.
- (8) A description of the status of any application by the applicant, or any person named under subdivision (7) of this subsection, for a state or federal business, professional, or occupational license, other than as an athlete agent, from a state or federal agency, including any denial, refusal to renew, suspension, withdrawal, or termination of the license and any reprimand or censure related to the license.
- (9) Whether the applicant, or any person named under subdivision (7) of this subsection, has pleaded guilty or no contest to, has been convicted of, or has charges pending for, a crime that would involve moral turpitude or be a felony if committed in this State and, if so, identification of all the following:
- a. The crime.
 - b. The law enforcement agency involved.
 - c. If applicable, the date of the conviction and the fine or penalty imposed.
- (10) Whether, within 15 years before the date of application, the applicant, or any person named under subdivision (7) of this subsection, has been a defendant or respondent in a civil proceeding, including a proceeding seeking an adjudication of incompetence and, if so, the date and a full explanation of each proceeding.
- (11) Whether the applicant, or any person named under subdivision (7) of this subsection, has an unsatisfied judgment or a judgment of continuing effect,

including alimony or a domestic order in the nature of child support, which is not current at the date of the application.

(12) Whether, within 10 years before the date of application, the applicant, or any person named under subdivision (7) of this subsection, has filed a petition in bankruptcy or was an owner of a business that has filed a petition in bankruptcy.

(13) Whether there has been any administrative or judicial determination that the applicant, or any person named under subdivision (7) of this subsection, made a false, misleading, deceptive, or fraudulent representation.

(14) Each instance in which conduct of the applicant, or any person named under subdivision (7) of this subsection, resulted in the imposition of a sanction, suspension, or declaration of ineligibility to participate in an interscholastic, intercollegiate, or professional athletic event on a covered athlete or a sanction on an educational institution.

(15) Each sanction, suspension, or disciplinary action taken against the applicant, or any person named under subdivision (7) of this subsection, arising out of occupational or professional conduct.

(16) Whether there has been a denial of an application for, suspension or revocation of, refusal to renew, or abandonment of, the registration or licensure of the applicant, or any person named under subdivision (7) of this subsection, as an athlete agent in any state.

(17) Each state in which the applicant currently is registered or licensed as an athlete agent or has applied to be registered or licensed as an athlete agent.

(18) If the applicant is certified or registered by a professional league or players association, all of the following:

a. The name of the league or association.

b. The date of certification or registration, and the date of expiration of the certification or registration, if any.

c. If applicable, the date of any denial of an application for, suspension or revocation of, refusal to renew, withdrawal of, or termination of, the certification or registration or any reprimand or censure related to the certification or registration.

(19) Any additional information required by the Secretary of State.

(b) through (d) Reserved.

"§ 78C-116. Certificate of registration; issuance or denial; renewal.

(a) Except as otherwise provided in subsection (b) of this section, the Secretary of State shall issue a certificate of registration to an applicant for registration who complies with G.S. 78C-115(a).

(b) The Secretary of State may refuse to issue a certificate of registration to an applicant for registration under G.S. 78C-115(a) if the Secretary of State determines that the applicant has engaged in conduct that significantly adversely reflects on the applicant's fitness to act as an athlete agent. In making the determination, the Secretary of State may consider whether the applicant has done any of the following:

(1) Pleaded guilty or no contest to, has been convicted of, or has charges pending for, a crime that would involve moral turpitude or be a felony if committed in this State.

(2) Made a materially false, misleading, deceptive, or fraudulent representation in the application or as an athlete agent.

(3) Engaged in conduct that would disqualify the applicant from serving in a fiduciary capacity.

(4) Engaged in conduct prohibited by G.S. 78C-124.

- (5) Had a registration or licensure as an athlete agent suspended, revoked, or denied in any state.
- (6) Been refused renewal of registration or licensure as an athlete agent in any state.
- (7) Engaged in conduct resulting in imposition of a sanction, suspension, or declaration of ineligibility to participate in an interscholastic, intercollegiate, or professional athletic event on a covered athlete or a sanction on an educational institution.
- (8) Engaged in conduct that adversely reflects on the applicant's credibility, honesty, or integrity.
- (c) In making a determination under subsection (b) of this section, the Secretary of State shall consider all of the following:
- (1) How recently the conduct occurred.
- (2) The nature of the conduct and the context in which it occurred.
- (3) Other relevant conduct of the applicant.
- (d) An athlete agent registered under subsection (a) of this section may apply to renew the registration by submitting an application for renewal in a form prescribed by the Secretary of State. The applicant shall sign the application for renewal under penalty of perjury and include current information on all matters required in an original application for registration.
- (e) Reserved.
- (f) A certificate of registration or renewal of registration under this Article is valid for one year.

"§ 78C-117. Suspension, revocation, or refusal to renew registration.

(a) The Secretary of State may limit, suspend, revoke, or refuse to renew a registration of an individual registered under G.S. 78C-116(a) for conduct that would have justified refusal to issue a certificate of registration under G.S. 78C-116(b) or for any other violation of this Article or the rules adopted under it. In making a determination under this section, the Secretary of State shall consider the factors in G.S. 78C-116(c).

(b) Reserved.

"§ 78C-118. Temporary registration.

The Secretary of State may issue a temporary certificate of registration as an athlete agent while an application for registration or renewal of registration is pending.

"§ 78C-119. Registration and renewal fees.

An application for registration or renewal of registration as an athlete agent must be accompanied by a fee in the following amount:

- | | |
|--|------------------|
| (1) <u>Initial application for registration</u> | <u>\$200.00</u> |
| (2) <u>Application for renewal of registration</u> | <u>\$200.00.</u> |

"§ 78C-120. Required form of agency contract.

(a) An agency contract must be in a record signed by the parties.

(b) An agency contract must contain all of the following:

- (1) A statement that the athlete agent is registered as an athlete agent in this State and a list of any other states in which the athlete agent is registered or licensed as an athlete agent.
- (2) The amount and method of calculating the consideration to be paid by the covered athlete for services to be provided by the athlete agent under the agency contract and any other consideration the athlete agent has received or will receive from any other source for entering into the agency contract or providing the services.
- (3) The name of any person not listed in the athlete agent's application for registration or renewal of registration that will be compensated because the covered athlete signed the agency contract.

(4) A description of any expenses the covered athlete agrees to reimburse.

(5) A description of the services to be provided to the covered athlete.

(6) The duration of the agency contract.

(7) The date of execution.

(c) Subject to subsection (g) of this section, an agency contract must contain a conspicuous notice in boldface type and in substantially the following form:

"Warning

If you sign this contract:

(1) You may lose your eligibility to compete as a student athlete in your sport;

(2) If you have an athletic director or had an athletic director within the preceding six months, within 72 hours after signing this contract or before the next scheduled athletic event in which you participate, whichever occurs first, both you and your athlete agent must notify your athletic director that you have entered into this contract and provide the name and contact information of the athlete agent;

(3) You may cancel this contract within 14 days after signing it. Cancellation of this contract may not reinstate your eligibility as a student athlete in your sport."

(d) An agency contract must be accompanied by a separate record signed by the covered athlete or, if the covered athlete is a minor, the parent or guardian of the covered athlete acknowledging that signing the agency contract may result in the loss of the covered athlete's eligibility to participate in the covered athlete's sport as a student athlete.

(e) A covered athlete or, if the covered athlete is a minor, the parent or guardian of the covered athlete may void an agency contract that does not conform to this section. If the agency contract is voided, any consideration received from the athlete agent to induce entering into the agency contract is not required to be returned.

(f) At the time an agency contract is executed, the athlete agent must give the covered athlete or, if the covered athlete is a minor, the parent or guardian of the covered athlete a copy in a record of the agency contract and the separate acknowledgement required by subsection (d) of this section.

(g) If a covered athlete is a minor, an agency contract must be signed by the parent or guardian of the minor and the notice required by subsection (c) of this section must be revised accordingly.

"§ 78C-121. Notice to educational institution.

(a) In this section, "communicating or attempting to communicate" means contacting or attempting to contact by an in-person meeting, a record, or any other method that conveys or attempts to convey a message.

(b) Not later than 72 hours after entering into an agency contract or accepting a commitment from a covered athlete to enter into an agency contract in the future, or before the next scheduled athletic event in which the covered athlete may participate, whichever occurs first, the athlete agent shall give notice in a record of the existence of the agency contract or the commitment to the athletic director of the educational institution at which the covered athlete is enrolled, was most recently enrolled, or at which the athlete agent has reasonable grounds to believe the covered athlete intends to enroll.

(c) Not later than 72 hours after entering into an agency contract or making a commitment to enter into an agency contract in the future, or before the next scheduled athletic event in which the covered athlete may participate, whichever occurs first, the covered athlete shall inform the athletic director of the educational institution at which the covered athlete is enrolled or was most recently enrolled that the covered athlete has entered into the agency contract or has made the commitment and shall provide the name and contact information of the athlete agent.

1 (d) If an athlete agent enters into an agency contract with a covered athlete or accepts
2 from a covered athlete a commitment to enter into an agency contract in the future and the
3 covered athlete subsequently enrolls at an educational institution, the athlete agent shall notify
4 the athletic director of the educational institution of the existence of the agency contract or the
5 commitment not later than 72 hours after the athlete agent knew or should have known the
6 covered athlete enrolled.

7 (e) If an athlete agent has a relationship with a covered athlete before the covered athlete
8 enrolls in an educational institution and receives an athletic scholarship from the educational
9 institution, the athlete agent shall notify the educational institution of the relationship not later
10 than 10 days after the enrollment if the athlete agent knows or should have known of the
11 enrollment and any of the following has occurred:

12 (1) The relationship was motivated in whole or part by the intention of the athlete
13 agent to recruit or solicit the covered athlete to enter an agency contract in the
14 future.

15 (2) The athlete agent directly or indirectly recruited or solicited the covered
16 athlete to enter an agency contract before the enrollment.

17 (f) An athlete agent shall give notice in a record to the athletic director of any educational
18 institution at which a covered athlete is enrolled or was most recently enrolled before the athlete
19 agent communicates or attempts to communicate with any of the following:

20 (1) The covered athlete or, if the covered athlete is a minor, a parent or guardian
21 of the covered athlete to influence the covered athlete or parent or guardian to
22 enter into an agency contract.

23 (2) Another individual to have that individual influence the covered athlete or, if
24 the covered athlete is a minor, the parent or guardian of the covered athlete to
25 enter into an agency contract.

26 (g) If a communication or attempt to communicate with an athlete agent is initiated by a
27 covered athlete or another individual on behalf of the covered athlete, the athlete agent shall
28 notify in a record the athletic director of any educational institution at which the covered athlete
29 is enrolled or was most recently enrolled. The notification shall be made not later than 10 days
30 after the communication or attempt.

31 (g1) An athlete agent who knows or should have known of a violation of this Article that
32 could render a covered athlete ineligible to engage in an interscholastic or intercollegiate sport
33 shall, not later than 72 hours after becoming aware of the violation or before the next scheduled
34 athletic event in which the covered athlete may participate, whichever occurs first, give notice in
35 a record of the existence of the violation to the athletic director of the educational institution at
36 which the covered athlete is enrolled, was most recently enrolled, or at which the athlete agent
37 has reasonable grounds to believe the covered athlete intends to enroll.

38 (h) An educational institution that becomes aware of a violation of this Article by an
39 athlete agent shall give notice of the violation to the Secretary of State and any professional
40 league or players association with which the educational institution is aware the athlete agent is
41 licensed or registered.

42 **"§ 78C-122. Covered athlete's right to cancel.**

43 (a) A covered athlete or, if the covered athlete is a minor, the parent or guardian of the
44 covered athlete may cancel an agency contract by giving notice in a record of cancellation to the
45 athlete agent not later than 14 days after the agency contract is signed.

46 (b) A covered athlete or, if the covered athlete is a minor, the parent or guardian of the
47 covered athlete may not waive the right to cancel an agency contract.

48 (c) If a covered athlete, parent, or guardian cancels an agency contract, the covered
49 athlete, parent, or guardian is not required to pay any consideration under the agency contract or
50 return any consideration received from the athlete agent to influence the covered athlete to enter
51 into the agency contract.

"§ 78C-123. Required records.

(a) An athlete agent shall create and retain for five years records of all the following:
(1) The name and address of each individual represented by the athlete agent.
(2) Each agency contract entered into by the athlete agent.
(3) The direct costs incurred by the athlete agent in the recruitment or solicitation of each covered athlete to enter into an agency contract.
(b) Records described in subsection (a) of this section are open to inspection by the Secretary of State during normal business hours.

"§ 78C-124. Prohibited conduct.

(a) An athlete agent, with the intent to influence a covered athlete or, if the covered athlete is a minor, a parent or guardian of the covered athlete to enter into an agency contract, shall not take any of the following actions or encourage any other individual to take or assist any other individual in taking any of the following actions on behalf of the athlete agent:

- (1) Give materially false or misleading information or make a materially false promise or representation.
- (2) Furnish anything of value to the covered athlete.
- (3) Furnish anything of value to an individual other than the covered athlete or another registered athlete agent.

(b) Unless registered under this Article, an athlete agent shall not intentionally (i) initiate contact, directly or indirectly, with a covered athlete or, if the covered athlete is a minor, a parent or guardian of the covered athlete to recruit or solicit the covered athlete, parent, or guardian to enter into an agency contract in the present or in the future, or (ii) encourage any other individual to do so on behalf of the athlete agent.

(c) An athlete agent shall not intentionally do any of the following or encourage any other individual to do any of the following on behalf of the athlete agent:

- (1) Reserved.
- (2) Fail to create or retain or to permit inspection of the records required by G.S. 78C-123.
- (3) Fail to register when required by G.S. 78C-114.
- (4) Provide materially false or misleading information in an application for registration or renewal of registration.
- (5) Predates or postdates an agency contract.
- (6) Fail to notify a covered athlete or, if the covered athlete is a minor, a parent or guardian of the covered athlete, before the covered athlete, parent, or guardian enters into an agency contract for a particular sport that the agency contract may make the covered athlete ineligible to participate as a student athlete in that sport.
- (7) Fail to notify a covered athlete before seeking or accepting from a covered athlete a commitment to enter into an agency contract in the future for a particular sport that making the commitment may make the covered athlete ineligible to participate as a student athlete in that sport.

(d) An athlete agent shall not do any of the following:

- (1) Enter into an agency contract that does not conform to G.S. 78C-114 and G.S. 78C-120.
- (2) Seek or accept from a covered athlete a commitment to enter into an agency contract in the future.

"§ 78C-125. Criminal penalty.

An athlete agent who violates any provision under G.S. 78C-124(a) or (b) is guilty of a Class H felony. An athlete agent who violates any provision under G.S. 78C-124(c) is guilty of a Class 1 misdemeanor.

"§ 78C-126. Civil remedy.

(a) An educational institution or covered athlete may bring an action for damages against an athlete agent if the educational institution or covered athlete is adversely affected by an act or omission of the athlete agent in violation of this Article. An educational institution or covered athlete is adversely affected by an act or omission of the athlete agent only if, because of the act or omission, the educational institution or an individual who was a covered athlete at the time of the act or omission:

(1) Is suspended or disqualified from participation in an interscholastic or intercollegiate sports event by or under the rules of a state or national federation or association that promotes or regulates interscholastic or intercollegiate sports; or

(2) Suffers financial damage.

(b) A violation of this Article is an unfair or deceptive trade practice for purposes of Chapter 75 of the General Statutes.

(c) A plaintiff that prevails in an action under this section may recover actual damages and costs and any other remedies, including attorneys' fees, provided under Chapter 75 of the General Statutes. An athlete agent found liable under this section forfeits any right of payment for anything of benefit or value provided to the covered athlete and shall refund any consideration paid to the athlete agent by or on behalf of the covered athlete.

"§ 78C-127. Civil penalty; consideration factors.

(a) The Secretary of State may assess a civil penalty against an athlete agent not to exceed two hundred fifty thousand dollars (\$250,000) or the amount of consideration the athlete agent received, whichever is greater, for a violation of this Article. The Secretary of State shall consider all the following factors:

(1) The degree and extent of harm to the covered athlete and the covered athlete's educational institution, including reputational harm.

(2) The nature, gravity, and duration of the violation.

(3) Whether the violation was committed willfully.

(4) Whether the violation reflects a continuing pattern of conduct.

(5) Whether the violation involved elements of fraud or deception of the covered athlete, the covered athlete's educational institution, or the Secretary of State.

(6) Whether the athlete agent breached any fiduciary duty.

(7) Whether and the extent to which the athlete agent profited by the violation.

(8) Any failure of the athlete agent to provide timely or complete responses to any of the following:

a. The Secretary of State's inquiries about the athlete agent's activities.

b. Any request for records by the Secretary of State.

(9) Whether the athlete agent obstructed the inspection of records or any other aspect of an investigation by the Secretary of State.

(10) Whether the athlete agent exercised reasonable diligence to comply with this Article and any rules adopted under this Article.

(11) Whether the athlete agent reported the violation to the Secretary of State and, if so, after what period of time following the violation.

(12) Efforts by the athlete agent to correct the violation.

(13) Any prior violation by the athlete agent of this Article, former Articles 7, 8, or 9 of this Chapter, any rules adopted under this Article, or a similar law of any other state.

(14) Whether the athlete agent has pleaded guilty or no contest to or has been convicted of any other crime that bears on the athlete agent's fitness to be an athlete agent but has not caused the Secretary of State to limit, suspend, revoke, or refuse to renew the athlete agent's registration under this Article.

(15) Whether payment of the civil penalty will prevent payment of damages under G.S. 78C-126 or payment of any other relief in the nature of restitution.

(16) Any other factors that would tend to mitigate or aggravate the violation.

(b) The Secretary of State is not required to adopt rules to implement subsection (a) of this section.

(c) The clear proceeds of civil penalties imposed pursuant to this section shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.

"§ 78C-128. Reserved.

"§ 78C-129. Uniformity of application and construction.

In applying and construing this Uniform Act, consideration must be given to the need to promote uniformity of the law with respect to its subject matter among states that enact it.

"§ 78C-130. Relation to Electronic Signatures in Global and National Commerce Act.

This Article modifies, limits, or supersedes the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. § 7001, et seq., but does not modify, limit, or supersede Section 101(c) of that Act, 15 U.S.C. § 7001(c), or authorize electronic delivery of any of the notices described in Section 103(b) of that Act, 15 U.S.C. § 7003(b)."

SECTION 3. If any provision of this act or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this act which can be given effect without the invalid provision or application, and to this end the provisions of this act are severable.

SECTION 4. The Revisor of Statutes shall cause to be printed, as annotations to the published General Statutes, all relevant portions of the Official Comments to the Revised Uniform Athlete Agents Act (2015) and all explanatory comments of the drafters of this act as the Revisor may deem appropriate.

SECTION 5. This act becomes effective December 1, 2019, and applies to acts and omissions occurring on or after that date. Prosecutions for offenses committed before the effective date of this act are not abated or affected by this act, and the statutes that would be applicable but for this act remain applicable to those prosecutions.

HB 218: Broadcast NC House of Reps Session

This bill would require daily proceedings of the House to be broadcast to the public. It would mandate UNC-TV to televise selected sessions of public importance. In addition, it would study the feasibility of creating a new channel for use by UNC-TV to broadcast all legislative sessions of the House.

Bill history:

2/27/2019 – Filed in the House

3/06/2019 – Passed the House

3/07/2019 – Referred To Senate Committee on Rules and Operations of the Senate

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

H

3

HOUSE BILL 218
Committee Substitute Favorable 3/5/19
Third Edition Engrossed 3/6/19

Short Title: Broadcast NC House of Reps Sessions.

(Public)

Sponsors:

Referred to:

February 28, 2019

A BILL TO BE ENTITLED
AN ACT TO REQUIRE THAT THE PROCEEDINGS OF THE HOUSE OF
REPRESENTATIVES ARE BROADCAST TO THE GENERAL PUBLIC AND TO
STUDY THE FEASIBILITY OF TELEVISIONING ALL SESSIONS.

Whereas, it is a duty of the North Carolina House of Representatives to provide access to the citizens of the State of North Carolina; Now, therefore,
The General Assembly of North Carolina enacts:

SECTION 1. Internet Broadcast of Sessions. – The North Carolina House of Representatives shall provide the general public with video access of its daily legislative sessions. The General Assembly shall install video equipment in the House of Representatives chamber, an on-site control center to manage all production aspects of recording, and ensure Internet broadcasting of each daily session. The Legislative Services Office shall provide staff to the Information Systems Division (ISD), which shall be responsible for procuring video equipment and implementing the daily video production and broadcast of the House of Representatives' daily sessions. ISD shall also archive the video recordings and make such recordings accessible to the public on the General Assembly Web site.

SECTION 2. Televising Selected Sessions. – The University of North Carolina Center for Public Television shall broadcast daily sessions of the House of Representatives that are of particular public importance.

SECTION 3. Study Televising All Sessions. – There is created the House Select Committee on Televising Legislative Sessions (Committee). The Committee shall study the feasibility of creating a new channel for use by The University of North Carolina Center for Public Television to broadcast all legislative sessions of the House of Representatives.

The Committee shall consist of nine members appointed by the Speaker of the House of Representatives. The Speaker shall designate the Chair. The Committee shall meet upon the call of the Chair. A majority shall constitute a quorum of the Committee and no official action may be taken except by a majority vote at a meeting at which a quorum is present. While in the discharge of its official duties, the Committee shall have the powers under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4.

Members of the Committee shall receive subsistence and travel expenses as provided in G.S. 120-3.1. The Committee may contract for consultants or hire employees in accordance with G.S. 120-32.02. The Legislative Services Commission, through the Legislative Services Officer, shall assign professional staff to assist the Committee in its work. Upon the direction of the Legislative Services Commission, the Supervisor of Clerks of the House of Representatives shall assign clerical staff to the Committee.



1 The Committee shall report its findings and recommendations to the 2019 General
2 Assembly no later than April 20, 2020. The Committee shall terminate upon submission of its
3 report or April 20, 2020, whichever occurs first.

4 **SECTION 4.** This act is effective when it becomes law.

HB 330: Efficient Government Buildings & Savings Act

This bill would save North Carolina taxpayers money by requiring reductions in energy and water consumption in public buildings by 2025.

This new requirement goes beyond what is included in Executive Order 80 by specifically including higher education.

Bill history:

3/11/2019 – Filed in the House

4/03/2019 – Passed in the House

4/04/2019 – S Referred to Senate Committee on Rules and Operations of the Senate

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

H

2

HOUSE BILL 330
Committee Substitute Favorable 3/26/19

Short Title: Efficient Government Buildings & Savings Act.

(Public)

Sponsors:

Referred to:

March 12, 2019

A BILL TO BE ENTITLED
AN ACT TO SAVE NORTH CAROLINA TAXPAYER DOLLARS BY REQUIRING
REDUCTIONS IN ENERGY AND WATER CONSUMPTION IN PUBLIC BUILDINGS
BY 2025.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 143-64.12 reads as rewritten:

**"§ 143-64.12. Authority and duties of the Department; State agencies and State institutions
of higher learning.**

(a) The Department of Environmental Quality through the State Energy Office shall develop a comprehensive program to manage energy, water, and other utility use for State agencies and State institutions of higher learning and shall update this program annually. Each State agency and State institution of higher learning shall develop and implement a management plan that is consistent with the State's comprehensive program under this subsection to manage energy, water, and other utility use, ~~and that addresses any findings or recommendations resulting from the energy audit required by subsection (b1) of this section.~~ use. The energy consumption per gross square foot for all State buildings in total shall be reduced by twenty percent (20%) by ~~2010 and 2010,~~ thirty percent (30%) by ~~2015-2015,~~ and forty percent (40%) by 2025 based on energy consumption for the 2002-2003 fiscal year. Each State agency and State institution of higher learning shall update its management plan biennially and include strategies for supporting the energy consumption reduction requirements under this subsection. Each community college shall submit to the State Energy Office ~~a biennial~~ an annual written report of utility consumption and costs. Management plans submitted biennially by State institutions of higher learning shall include all of the following:

...

(b1) The Department of Administration, as part of the Facilities Condition and Assessment Program, shall identify and recommend energy conservation maintenance and operating procedures that are designed to reduce energy consumption within the facility of a State agency or a State institution of higher learning and that require no significant expenditure of funds. Every State agency or State institution of higher learning shall implement these recommendations. Where energy management equipment is proposed for any facility of a State agency or of a State institution of higher learning, the maximum interchangeability and compatibility of equipment components shall be required. ~~As part of the Facilities Condition and Assessment Program under this section, the Department of Administration, in consultation with the State Energy Office, shall develop an energy audit and a procedure for conducting energy audits. Every five years the Department shall conduct an energy audit for each State agency or State institution of higher~~



learning, and the energy audits conducted shall serve as a preliminary energy survey. The State Energy Office shall be responsible for system level detailed surveys.

(b2) The Department of Administration shall submit a report of the energy audit required by subsection (b1) of this section to the affected State agency or State institution of higher learning and to the State Energy Office. The State Energy Office shall review each audit and, in consultation with the affected State agency or State institution of higher learning, incorporate the audit findings and recommendations into the management plan required by subsection (a) of this section.

...."

SECTION 1.1. Article 3B of Chapter 143 of the General Statutes is amended by adding a new section to read:

"§ 143-64.12A. Responsible lights out.

All State agencies and institutions of higher learning shall ensure that lighting in unoccupied interior spaces and upward-directed flood lighting is turned off on the premises of all buildings owned or leased by the State agency or institution of higher learning from midnight until 6:00 A.M., unless required for safety, emergency, or insurance purposes. The building manager or property manager of each premises owned or leased by a State agency or institution of higher learning, or an appropriate designee, shall be responsible for ensuring compliance with this section."

SECTION 2. G.S. 143-64.17 reads as rewritten:

"§ 143-64.17. Definitions.

As used in this Part:

- (1) "Energy conservation measure" means a facility or meter alteration, training, or services related to the operation of the facility or meter, when the alteration, training, or services provide anticipated energy ~~savings~~ savings, generate revenue, or capture lost revenue. Energy conservation measure includes any of the following:
 - a. Insulation of the building structure and systems within the building-building, including proper building envelope and duct sealing of all applicable areas in the building.
 - b. Storm windows or doors, caulking, weatherstripping, multiglazed windows or doors, heat-absorbing or heat-reflective glazed or coated window or door systems, additional glazing, reductions in glass area, or other window or door system modifications that reduce energy consumption.
 - c. Automatic energy control systems.
 - d. Heating, ventilating, or air-conditioning system modifications or replacements.
 - e. Replacement or modification of lighting fixtures to increase the energy efficiency of a lighting system without increasing the overall illumination of a facility, unless an increase in illumination is necessary to conform to the applicable State or local building code or is required by the light system after the proposed modifications are made.
 - f. Energy recovery systems.
 - g. Cogeneration systems that produce steam or forms of energy such as heat, as well as electricity, for use primarily within a building or complex of buildings.
 - h. Repealed by Session Laws 2006-190, s. 2, effective August 3, 2006, and applicable to contracts entered into or renewed on or after that date.

- i. Faucets with automatic or metered shut-off valves, leak detection equipment, water meters, water recycling equipment, and wastewater recovery systems.
- j. Other energy conservation measures that conserve energy, water, or other utilities.
- k. Building analytics systems that allow for advanced software utilizing statistical modeling and machine learning, whether supervised or unsupervised, to establish data-driven benchmarks, predict future energy performance, and find additional energy savings opportunities.
- (2) "Energy savings" means a measured reduction in fuel costs, energy costs, water costs, stormwater fees, other utility costs, or operating costs, including environmental discharge fees, water and sewer maintenance fees, and increased meter accuracy, created from the implementation of one or more energy conservation measures when compared with an established baseline of previous costs, including captured lost revenues or generated revenues, developed by the governmental unit.

...."

SECTION 3. G.S. 143-135.37 reads as rewritten:

"§ 143-135.37. Energy and water use standards for public major facility construction and renovation projects; verification and reporting of energy and water use.

...

(b) Energy-Efficiency Standard. – For every major facility construction project of a public agency, the building shall be designed and constructed so that the calculated energy consumption is at least ~~thirty percent (30%)~~ forty percent (40%) less than the energy consumption for the same building as calculated using the energy-efficiency standard in ASHRAE 90.1-2004. For every major facility renovation project of a public agency, the renovated building shall be designed and constructed so that the calculated energy consumption is at least ~~twenty percent (20%)~~ thirty percent (30%) less than the energy consumption for the same renovated building as calculated using the energy-efficiency standard in ASHRAE 90.1-2004. For the purposes of this subsection, any exception or special standard for a specific type of building found in ASHRAE 90.1-2004 is included in the ASHRAE 90.1-2004 standard.

(c) Indoor Potable Water Use Standard. – For every major facility construction or renovation project of a public agency, the water system shall be designed and constructed so that the calculated indoor potable water use is at least ~~twenty percent (20%)~~ thirty percent (30%) less than the indoor potable water use for the same building as calculated using the fixture performance requirements related to plumbing under the 2006 North Carolina State Building Code.

...."

SECTION 4.(a) Each State agency and State institution of higher learning shall, no later than October 1, 2020, conduct a preliminary practicality and economic feasibility analysis of implementing energy conservation measures for all buildings greater than 20,000 square feet in size and that have been in use for more than 10 years. Energy conservation measures are deemed to be economically feasible if the resulting energy savings will cover the cost of implementing the measures within 10 years. Each State agency and State institution of higher learning shall submit its findings to the State Energy Office. If the agency or institution of higher learning determines that it is not practical or economically feasible to implement energy conservation measures, the agency or institution of higher learning shall include findings of fact supporting that determination in the findings it submits to the State Energy Office. If the State agency or State institution of higher learning determines that it is practical and economically feasible to implement energy conservation measures, the agency or institution of higher learning shall do so. The energy conservation measures may be achieved by issuing a request for proposal

1 for a guaranteed energy savings contract for all covered buildings owned by the agency or
2 institution of higher learning. If the agency or institution of higher learning issues a request for
3 proposal for a guaranteed energy savings contract for one or more buildings, the agency or
4 institution of higher learning shall issue the request for proposal no later than April 1, 2021. The
5 agency or institution of higher learning shall follow the process provided in Part 2 of Article 3B
6 of Chapter 143 of the General Statutes. The definitions provided in G.S. 143-64.17 shall apply
7 for purposes of this section.

8 **SECTION 4.(b)** No later than October 1, 2025, each State agency and State
9 institution of higher learning shall repeat the process set forth in subsection (a) of this section for
10 all buildings greater than 10,000 square feet in size and that have been in use for more than 10
11 years. If the agency or institution of higher learning issues a request for proposal for a guaranteed
12 energy savings contract for one or more buildings, the agency or institution of higher learning
13 shall issue the request for proposal no later than April 1, 2026.

14 **SECTION 4.(c)** This section shall not apply to any building for which a practicality
15 and economic feasibility analysis of implementing energy conservation measures has been
16 conducted within three years prior to the effective date of this section.

17 **SECTION 4.(d)** This section is effective when it becomes law. This section shall
18 not be interpreted to prohibit any State agency or State institution of higher learning from issuing
19 any request for proposal for a guaranteed energy savings contract.

20 **SECTION 5.** Except as otherwise provided, this act is effective when it becomes
21 law. Section 3 of this act applies to every major facility construction project and every major
22 facility renovation project of a public agency, as those terms are defined in G.S. 143-135.36, that
23 has not entered the schematic design phase prior to the effective date of this act.

SB 144: Allow In-State Tuition/Athletic Scholarships

This bill would authorize constituent institutions to consider recipients of full athletic scholarships as residents of North Carolina.

After passing House Rules, the bill was calendared twice, before being referred to House Appropriations. It was pulled from the House Appropriations Committee agenda on 8/22/19.

Bill history:

2/26/2019 – Filed in the Senate

3/12/2019 – Passed the Senate

7/17/2019 – Re-referred To House Committee On Appropriations

10/28/19 – Passed House, referred to Senate Rules.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

S

3

SENATE BILL 144*

**Rules and Operations of the Senate Committee Substitute Adopted 3/12/19
House Committee Substitute Favorable 7/11/19**

Short Title: Allow In-State Tuition/Athletic Scholarships.

(Public)

Sponsors:

Referred to:

February 27, 2019

A BILL TO BE ENTITLED
AN ACT TO AUTHORIZE CONSTITUENT INSTITUTIONS TO CONSIDER RECIPIENTS
OF FULL ATHLETIC SCHOLARSHIPS AS RESIDENTS OF NORTH CAROLINA.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 116-143.6 reads as rewritten:

"§ 116-143.6. Full scholarship students attending constituent institutions.

(a) Notwithstanding any other provision of law, if the Board of Trustees of a constituent institution of The University of North Carolina elects to do so, it may by resolution adopted consider as residents of North Carolina all persons who receive full ~~scholarships, unless the scholarship is for athletics,~~ scholarships to the institution from entities recognized by the institution and attend the institution as undergraduate students. The aforesaid persons shall be considered residents of North Carolina for all purposes by The University of North Carolina.

(b) The following definitions apply in this section:

(1) "Full cost" means an amount calculated by the constituent institution that is no less than the sum of tuition, required fees, and on-campus room and board.

(2) "Full scholarship" means a grant that meets the full cost for a student to attend the constituent institution for an academic year.

(c) This section shall not be applied in any manner that violates federal law.

(d) This section shall be administered by the electing constituent institution so as to have no fiscal impact.

(e) In administering this section, the electing constituent institution shall maintain at least the current number of North Carolina residents admitted to that constituent institution."

SECTION 2. This act is effective when it becomes law.



* S 1 4 4 - V - 3 *

HB 665: NC Completes College/Competitive Workforce

This bill implements various policy changes to improve student outcomes, including funds for the purpose of providing summer scholarships to enable and encourage students enrolled in constituent institutions to enroll in summer courses.

Section 2.1 provides for a \$1,000 one-time scholarship for those transferring with their associate degree from a community college to a constituent institution.

Section 2.2 provides nonrecurring funds to support the work of the Transfer Advisory Committee (TAC) and the Military Credit Advisory Council (MCAC).

Section 2.3 provides recurring funds for the 2019-2020 fiscal year to reduce student textbook costs through the curation and adoption by the UNC System Office of high-quality open educational resources materials for the most commonly taught courses across constituent institutions and community colleges.

Bill history:

4/09/2019 – Filed in the House

4/30/2019 – Passed the House

5/02/2019 – Referred to Senate Committee on Rules and Operations of the Senate

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019**

H

2

**HOUSE BILL 665
Committee Substitute Favorable 4/29/19**

Short Title: NC Completes College/Competitive Workforce.

(Public)

Sponsors:

Referred to:

April 10, 2019

A BILL TO BE ENTITLED
AN ACT TO IMPLEMENT VARIOUS POLICY CHANGES TO IMPROVE STUDENT
OUTCOMES, INCLUDING REDUCING TIME TO DEGREE AT PUBLIC
INSTITUTIONS OF HIGHER EDUCATION, AND TO RECOGNIZE THE NEED FOR
AND VALUE OF NON-DEGREE WORKFORCE CERTIFICATIONS, AS
RECOMMENDED BY THE STATE BOARD OF COMMUNITY COLLEGES AND THE
BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA.

The General Assembly of North Carolina enacts:

**PART I. ENHANCED STUDENT SUCCESS THROUGH AFFORDABLE EDUCATION
YEAR-ROUND**

SECTION 1.(a) Scholarships for summer courses. – Article 23 of Chapter 116 of the General Statutes is amended by adding a new Part to read:

"Part 5. NC College Completes Scholarship.

"§ 116-209.80. Summer course scholarship program.

Within the funds available for the program, a student enrolled in a constituent institution of The University of North Carolina or a community college as defined in G.S. 115D-2(2) may apply for scholarship funds to enroll in a summer course. The Authority shall give priority in the award of scholarships to students (i) with financial need and (ii) who can use summer courses to earn 30 credits in the academic year or accelerate their path to a degree. The Board of Governors and the President of The University of North Carolina shall establish guidance for the Authority for the award of the scholarships for students enrolled in constituent institutions. The State Board of Community Colleges and the President of the Community College System shall establish guidance for the Authority on the award of the scholarships for students enrolled in community colleges. Except as otherwise provided by this section, the Authority shall administer the scholarships pursuant to guidelines and procedures established by the Authority consistent with its practices for administering State-funded financial aid."

SECTION 1.(b) There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of ten million dollars (\$10,000,000) in recurring funds for the 2019-2020 fiscal year to allocate to the North Carolina State Education Assistance Authority (Authority) for the purpose of providing summer scholarships to enable and encourage students enrolled in a constituent institution of The University of North Carolina or a North Carolina community college to enroll in a summer course as provided in G.S. 116-209.80, as enacted by this act. The funds appropriated pursuant to this section for each fiscal year shall be provided for scholarships as follows:



- (1) The sum of up to seven million dollars (\$7,000,000) in recurring funds shall be used to provide scholarships to students enrolled in constituent institutions.
- (2) The sum of up to three million dollars (\$3,000,000) in recurring funds shall be used to provide scholarships to students enrolled in community colleges.
- SECTION 1.(c)** This section applies beginning with the 2020 summer term.

PART II. ENHANCED PATHWAYS FOR NORTH CAROLINA COMMUNITY COLLEGE SYSTEM GRADUATES AND MILITARY PERSONNEL

SECTION 2.1.(a) Scholarships for community college transfer students. – Part 5 of Article 23 of Chapter 116 of the General Statutes, as enacted by this act, is amended by adding a new section to read:

"§ 116-209.85. Transfer credit scholarship program.

Within the funds available for the program, a student who (i) receives an eligible college transfer associate degree from a community college as defined in G.S. 115D-2(2) and (ii) transfers to a constituent institution of The University of North Carolina within 12 months of receiving the degree may apply for a one-time scholarship award in an amount of up to one thousand dollars (\$1,000). For purposes of this section, an "eligible college transfer associate degree" is a degree covered by an articulation agreement entered into by the Board of Governors of The University of North Carolina and the State Board of Community Colleges. The Board of Governors and the President of The University of North Carolina shall establish eligibility criteria for students, including students that participate in co-admission or dual enrollment programs, or dual admission programs between constituent institutions and community colleges, provided the students meet other eligibility requirements. Except as otherwise provided by this section, the Authority shall administer the scholarships pursuant to guidelines and procedures established by the Authority consistent with its practices for administering State-funded financial aid."

SECTION 2.1.(b) There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of four million dollars (\$4,000,000) in recurring funds for the 2019-2020 fiscal year to allocate to the North Carolina State Education Assistance Authority to establish a scholarship program for students who receive an eligible college transfer associate degree from a North Carolina community college and transfer to a constituent institution of The University of North Carolina within 12 months of receiving the degree as provided in G.S. 116-209.85, as enacted by this act.

SECTION 2.2. TAC/MCAC career pathways. – For the 2019-2020 fiscal year, there is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of one hundred fifty thousand dollars (\$150,000) in recurring funds and two hundred thousand dollars (\$200,000) in nonrecurring funds to support the work of the Transfer Advisory Committee (TAC) and the Military Credit Advisory Council (MCAC). The funds shall be used to accelerate efforts of TAC and MCAC to create new pathways programs, engage in site reviews, evaluate additional military occupations and courses for credits, and build a searchable database of military credit equivalencies.

SECTION 2.3. Open educational resources materials. – There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of three hundred thousand dollars (\$300,000) in recurring funds for the 2019-2020 fiscal year to reduce student textbook costs through the curation and adoption by The University of North Carolina System Office of high-quality open educational resources materials for the most commonly taught courses across constituent institutions and community colleges. In curating and adopting high-quality open educational resources materials, the UNC System Office shall give priority to those courses that universally transfer under the Comprehensive Articulation Agreement entered into by the Board of Governors and the State Board of Community Colleges.

SECTION 2.4. Section 2.1 of this act applies beginning with the award of scholarship funds for the 2019-2020 academic year.

PART III. INCREASING ATTAINMENT THROUGH WORKFORCE TRAINING

SECTION 3.1. Workforce development online registration. – For the 2019-2020 fiscal year, there is appropriated from the General Fund to the Community Colleges System Office the sum of five million dollars (\$5,000,000) in recurring funds and the sum of one million five hundred thousand dollars (\$1,500,000) in nonrecurring funds for the purchase of an online registration system for continuing education courses.

SECTION 3.2.(a) Workforce development multicampus locations. – There is appropriated from the General Fund to the Community Colleges System Office the sum of five hundred sixty-six thousand five hundred eighty-seven dollars (\$566,587) in recurring funds for the 2019-2020 fiscal year for the operation of the Forsyth Technical Community College Transportation Technology Center.

SECTION 3.2.(b) There is appropriated from the General Fund to the Community Colleges System Office the sum of five hundred sixty-six thousand five hundred eighty-seven dollars (\$566,587) in recurring funds for the 2019-2020 fiscal year for the operation of the Guilford Technical Community College Aviation Campus.

SECTION 3.2.(c) There is appropriated from the General Fund to the Community Colleges System Office the sum of five hundred sixty-six thousand five hundred eighty-seven dollars (\$566,587) in recurring funds for the 2019-2020 fiscal year for the operation of the Richmond Community College Scotland County Campus.

SECTION 3.2.(d) There is appropriated from the General Fund to the Community Colleges System Office the sum of five hundred sixty-six thousand five hundred eighty-seven dollars (\$566,587) in recurring funds for the 2019-2020 fiscal year for the operation of the Wake Technical Community College Research Triangle Park Campus.

PART IV. EFFECTIVE DATE

SECTION 4. This act becomes effective July 1, 2019, only if funds are appropriated by the Current Operations Appropriations Act of 2019 for this act.

HB 697: State Surplus Prop. Computers for Nonprofits

This bill would enable nonprofit organizations that donate refurbished computers to low-income students to obtain surplus computer equipment at low or no cost from the state surplus property agency and the UNC System.

Bill history:

4/10/2019 – Filed in the House

4/29/2019 – Passed the House

6/11/2019 – Re-referred to Senate Committee on Rules and Operations of the Senate

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

H

1

HOUSE BILL 697

Short Title: State Surplus Prop. Computers for Nonprofits. (Public)

Sponsors: Representatives Horn, Saine, and Elmore (Primary Sponsors).

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: State and Local Government, if favorable, Rules, Calendar, and Operations of the House

April 11, 2019

1 A BILL TO BE ENTITLED
2 AN ACT TO ENABLE NONPROFIT ENTITIES THAT DONATE REFURBISHED
3 COMPUTERS TO LOW-INCOME STUDENTS IN THIS STATE TO OBTAIN SURPLUS
4 COMPUTER EQUIPMENT AT LOW OR NO COST FROM THE STATE SURPLUS
5 PROPERTY AGENCY AND THE UNIVERSITY OF NORTH CAROLINA.

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** G.S. 143-64.03 reads as rewritten:

8 **"§ 143-64.03. Powers and duties of the State agency for surplus property.**

9 (a) The State Surplus Property Agency is authorized and directed to:

- 10 (1) Sell all State owned supplies, materials, and equipment that are surplus,
11 obsolete, or unused and sell all seized vehicles and other conveyances that the
12 State Surplus Property Agency is authorized to sell;
13 (2) Warehouse such property; and
14 (3) Distribute such property to tax-supported or nonprofit tax-exempt
15 organizations.

16 (b) The State Surplus Property Agency is authorized and empowered to act as a
17 clearinghouse of information for agencies and private nonprofit tax-exempt organizations, to
18 locate property available for acquisition from State agencies, to ascertain the terms and conditions
19 under which the property may be obtained, to receive requests from agencies and private
20 nonprofit tax-exempt organizations, and transmit all available information about the property,
21 and to aid and assist the agencies and private nonprofit tax-exempt organizations in transactions
22 for the acquisition of State surplus property. When distributing computer equipment to nonprofit
23 entities that refurbish computers and donate them to low-income students or households in this
24 State, the State Surplus Property Agency shall distribute the computer equipment at no cost or
25 the lowest possible cost to the nonprofit entities and must give consideration to the counties
26 where the computer equipment will be donated to ensure that all geographic regions of the State
27 benefit from the distributions.

28 (b1) Nothing in this Article, or any administrative rules promulgated under this Article,
29 shall be deemed to prohibit The University of North Carolina from conveying surplus computer
30 equipment at no cost to nonprofit entities that refurbish computers to donate to low-income
31 students or households in the State. Any conveyance to a nonprofit under this subsection shall be
32 conditioned upon, and in consideration of, the nonprofit's promise to refurbish the computer
33 equipment and its donation to low-income students or households in the State, and the nonprofit's
34 reporting of information required by this subsection. After an initial conveyance, The University



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1 of North Carolina shall not convey additional surplus computer equipment to a nonprofit, unless
2 that nonprofit has reported the information required by this subsection for prior conveyances.

3 When making a distribution under this subsection, The University of North Carolina shall
4 keep records on the type of computer equipment distributed, the number distributed, the name of
5 the nonprofit that received the distributions, and the nonprofit's report on donations of refurbished
6 computers to low-income students or households in the State. If the nonprofit is unable to
7 refurbish computer equipment for any reason, its report shall include the disposition of such
8 computer equipment. A nonprofit shall provide a report to the Board of Governors of The
9 University of North Carolina by August 1, 2020, and by August 1 of each year thereafter. The
10 report shall contain the information required by this subsection and any other information the
11 Board of Governors deems reasonably necessary to ensure the conditions required under this
12 subsection are satisfied. The Board of Governors of The University of North Carolina shall
13 submit a report containing the information required to be collected under this subsection to the
14 Joint Legislative Education Oversight Committee by October 1, 2020, and by October 1 of each
15 year thereafter.

16"

17 **SECTION 2.** This act is effective when it becomes law.

SB 681: Rural Health Care/Loc. Sales Tax Flex/Util. Acct

This bill establishes the rural health care stabilization program. This program will provide loans for the support of eligible hospitals located in rural areas that are in financial crisis.

The program shall be administered by UNC Health Care and has the following duties and responsibilities:

- (1) Establishing an application period and a process for submitting an application for a loan under this program.
- (2) Assessing plans submitted by an applicant for a loan under the program.
- (3) Evaluating an applicant's ability to repay the loan under the proposed plan.
- (4) Submitting recommendations to the Commission on whether an applicant should receive a loan under the program.
- (5) Negotiating the terms of a proposed loan agreement.
- (6) Determining the security interests necessary to enforce repayment of the loan.
- (7) Implementing approved loan agreements, including monitoring repayment and collection.
- (8) Any other duties and responsibilities necessary to the implementation of the program and enforcement of the loan agreements under the program.

Bill history:

6/20/2019 – Filed in the Senate

7/02/2019 – Passed the Senate

8/07/2019 – Passed the House

8/13/2019 – Senate Failed to concur with House changes

8/16/2019 – Senate Conference committee appointed

8/20/2019 – House Conference committee appointed

Bill text:

<https://www.ncleg.net/Sessions/2019/Bills/Senate/PDF/S681V4.pdf>



THE UNIVERSITY OF NORTH CAROLINA SYSTEM

Section 4 Bills not meeting Crossover

- a. SB 341: Government Immigration Compliance
(Companion Bill: HB 135: Government Immigration Compliance)
- b. SB 360: Amend Law Regarding University Discipline
(Companion Bill: HB 305: Amend Law Regarding University Discipline,
PCS'ed into a new issue)
- c. HB 231: Garrison Kowiak Act (PCS'ed into a new issue)
- d. HB 372: Additional Funds/ECU Brody School of Medicine (PCS'ed into a new issue)
- e. SB 351: Raise Out-of-State/Lower In-State UNC Tuition
- f. SB 335: University Student-Athlete Protection Comm.
- g. SB 638: DOA/DOI Auth. Clar. for State-Owned Buildings

SB 341: Government Immigration Compliance
(Companion Bill: HB 135: Government Immigration Compliance)

This bill would create additional incentives for local governments to comply with state laws related to immigration. In addition to other non-UNC provisions, it would prohibit UNC System constituent intuitions from becoming sanctuary universities.

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019**

S

1

SENATE BILL 341

Short Title: Government Immigration Compliance. (Public)

Sponsors: Senators Sanderson and Britt (Primary Sponsors).

Referred to: Rules and Operations of the Senate

March 25, 2019

A BILL TO BE ENTITLED
AN ACT TO REPEAL LAW ENFORCEMENT AUTHORITY TO USE PROHIBITED
FORMS OF IDENTIFICATION UNDER CERTAIN CIRCUMSTANCES, TO CREATE
ADDITIONAL INCENTIVES FOR LOCAL GOVERNMENTS TO COMPLY WITH
STATE LAWS RELATED TO IMMIGRATION, TO CREATE A PRIVATE CAUSE OF
ACTION TO REMEDY LOCAL GOVERNMENT NONCOMPLIANCE WITH STATE
IMMIGRATION LAWS, TO PROHIBIT UNC CONSTITUENT INSTITUTIONS FROM
BECOMING SANCTUARY UNIVERSITIES, AND TO DIRECT THE DEPARTMENT
OF PUBLIC SAFETY TO ENTER INTO A MEMORANDUM OF AGREEMENT WITH
THE DEPARTMENT OF HOMELAND SECURITY.

The General Assembly of North Carolina enacts:

**PART I. RECODIFICATION OF STATUTE AND REPEAL OF STATUTORY
EXCEPTION**

SECTION 1.(a) G.S. 15A-311 is recodified as G.S. 64-6 under Article 1 of Chapter 64 of the General Statutes.

SECTION 1.(b) G.S. 15A-311, as recodified by subsection (a) of this section, reads as rewritten:

"§ 64-6. ~~Consulate~~Certain documents not acceptable as identification.

(a) The following documents are not acceptable for use in determining a person's actual identity or residency by a justice, judge, clerk, magistrate, law enforcement officer, or other government official:

- (1) A matricula consular or other similar document, other than a valid passport, issued by a consulate or embassy of another country.
- (2) An identity document issued or created by any person, organization, county, city, or other local authority, except where expressly authorized to be used for this purpose by the General Assembly.

(b) No local government or law enforcement agency may establish, by policy or ordinance, the acceptability of any of the documents described in subsection (a) of this section as a form of identification to be used to determine the identity or residency of any person. Any local government policy or ordinance that contradicts this section is hereby repealed.

~~(c) Notwithstanding subsection (a) of this section, documents described in subdivision (2) of subsection (a) of this section may be used by a law enforcement officer to assist in determining the identity or residency of a person when they are the only documents providing an indication of identity or residency available to the law enforcement officer at the time."~~



(d) A county in violation of this section shall have waived its governmental immunity as provided in G.S. 153A-435.1."

SECTION 4.(b) Article 23 of Chapter 153A of the General Statutes is amended by adding a new section to read as follows:

"§ 153A-435.1. Waiver of immunity; sanctuary status.

(a) A county shall have waived its immunity from civil liability in tort if it does not comply with G.S. 153A-145.5 and an unauthorized alien commits a crime against a person or property within the corporate limits of the county.

(b) Immunity shall be waived under subsection (a) of this section even if the county has not purchased insurance as authorized in G.S. 153A-435."

SECTION 4.(c) G.S. 160A-205.2 reads as rewritten:

"§ 160A-205.2. Adoption of sanctuary ordinances ~~prohibited~~prohibited; waiver of immunity.

...

(d) A city in violation of this section shall have waived its governmental immunity as provided in G.S.160A-485.1."

SECTION 4.(d) Article 21 of Chapter 160A of the General Statutes is amended by adding a new section to read as follows:

"§ 160A-485.1. Waiver of immunity; sanctuary status.

(a) A city shall have waived its immunity from civil liability in tort if it does not comply with G.S. 160A-205.2 and an unauthorized alien commits a crime against a person or property within the corporate limits of the city.

(b) Immunity shall be waived under subsection (a) of this section even if the city has not purchased insurance as authorized in G.S. 160A-485 or G.S. 160A-485.5(a)."

PART V. CREATION OF ADDITIONAL INCENTIVES FOR UNC CONSTITUENT INSTITUTIONS TO COMPLY WITH STATE LAWS RELATED TO IMMIGRATION

SECTION 5. Part 3 of Article 1 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"§ 116-40.13. Adoption of sanctuary status prohibited; investigation; penalties.

(a) No constituent institution may have in effect any policy or procedure that limits or restricts the enforcement of federal immigration laws to less than the full extent permitted by federal law.

(b) To the extent permitted by federal and State law, no constituent institution shall do any of the following related to information regarding the citizenship or immigration status, lawful or unlawful, of any individual:

(1) Prohibit law enforcement officials or agencies from gathering such information.

(2) Direct law enforcement officials or agencies not to gather such information.

(3) Prohibit the communication of such information to federal law enforcement agencies.

(c) Within 45 days of receipt of a report that a constituent institution is in violation of either or both subsection (a) or (b) of this section, the President shall commence an investigation. The President shall conclude the investigation and make a determination within 60 days of the investigation's commencement. Upon determining a constituent institution is in violation of either or both subsection (a) or (b) of this section, the President shall immediately notify the Board of Governors.

(d) Upon receipt of a determination from the President under subsection (c) of this section, the Board of Governors shall immediately revoke the constituent institution's status as a special responsibility constituent institution under Part 2A of Article 1 of this Chapter. The revocation shall apply to the current fiscal year. If, within 60 days of the President's

determination, the constituent institution fails to demonstrate to the President's satisfaction that it is in compliance with subsections (a) and (b) of this section, the Board of Governors shall extend the revocation of special responsibility constituent institution status for an additional fiscal year."

PART VI. DPS/ICE MOA

SECTION 6. The Secretary of the Department of Public Safety shall enter into a Memorandum of Agreement (MOA) with the Director of U.S. Immigration and Customs Enforcement (ICE) pursuant to section 287(g) of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, as amended, to permit designated State law enforcement officers to perform immigration law enforcement functions. The designated State law enforcement officers shall be required to receive appropriate training as provided by ICE and shall function under the supervision of ICE officers when performing under the MOA.

PART VII. EFFECTIVE DATE

SECTION 7. Sections 1, 2, and 3 of this act become effective July 1, 2019. The remainder of this act is effective when it becomes law.

SB 360: Amend Law Regarding University Discipline
(Companion Bill: HB 305: Amend Law Regarding University Discipline, PCS'ed into a new issue)

This bill would establish due process safeguards for students facing university disciplinary proceedings.

Neither bill received any formal legislative action, but both prompted several internal conversations and meetings with the bill sponsor and those in leadership. The House version was later changed with a proposed committee substitute, as a vehicle for another issue.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

S

1

SENATE BILL 360*

Short Title: Amend Law Regarding University Discipline. (Public)

Sponsors: Senators Krawiec, Ballard, and Sawyer (Primary Sponsors).

Referred to: Rules and Operations of the Senate

March 27, 2019

A BILL TO BE ENTITLED
AN ACT TO ESTABLISH DUE PROCESS SAFEGUARDS FOR STUDENTS FACING
UNIVERSITY DISCIPLINARY PROCEEDINGS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 116-11 is amended by adding a new subdivision to read:

"§ 116-11. Powers and duties generally.

The powers and duties of the Board of Governors shall include the following:

...

(13c) The Board of Governors shall adopt mandatory, systemwide policies governing the due process rights afforded to students by a constituent institution during disciplinary investigations and disciplinary hearings. At a minimum, the policies shall include all of the following with regard to allegations of sexual misconduct by a student:

a. The accused student shall be promptly provided adequate notice including details of the allegations, details of any alleged violation of the Student Code of Conduct, and copies of all evidence at a meaningful time and in a meaningful manner. The accused student shall also be advised of the right to consult legal counsel, the right to be advised and accompanied by legal counsel at all stages of the investigation and hearings, and the right to appeal any findings or conclusions of misconduct.

b. The parties to the investigation shall be permitted to conduct questioning and cross-examination of witnesses in order to establish the veracity of witnesses, parties, and documents.

c. The individual conducting the investigation shall not also serve as a finder of fact in a subsequent hearing, and the constituent institution shall take steps to ensure that both the investigation and any hearing are conducted in an impartial manner.

d. All findings of fact and conclusions during both the investigation and any hearing shall be written, sufficiently detailed to permit meaningful review on appeal, and both the complainant and the accused student shall be provided copies within a specified time frame.

e. The standard of proof of responsibility for proving sexual misconduct shall not be less than clear and convincing evidence.

...."



1 **SECTION 2.** G.S. 116-40.11 is recodified as G.S. 116-44.21 and included in Part 8
2 of Article 1 of Chapter 116 of the General Statutes as created in Section 3 of this act.

3 **SECTION 3.** Article 1 of Chapter 116 is amended by adding a new Part to read:

4 "Part 8. Student Disciplinary Proceedings.

5 **"§ 116-44.20. Disciplinary proceedings; adoption of campus policies.**

6 (a) Each constituent institution of The University of North Carolina shall adopt policies
7 (University policies) to govern the conduct of students and to establish adequate due process
8 procedures to be followed by university officials and students when conducting disciplinary
9 proceedings against students. The policies must comply with the policies adopted by the Board
10 of Governors under G.S. 116-11(13c), the provisions of this Article, and the constitutions,
11 statutes, and regulations of the United States and the State of North Carolina.

12 (b) University policies adopted under subsection (a) of this section shall include or
13 provide for the development of a Code of Student Conduct (Code of Conduct). The Code of
14 Conduct must notify students of the standards of behavior expected of them, conduct that may
15 subject a student to discipline, and the range of disciplinary measures that may be used in
16 response to violations of the Code of Conduct.

17 (c) University policies may authorize suspension, but not expulsion, of a student for
18 conduct not occurring on campus, provided the student's conduct otherwise violates the Code of
19 Conduct and the conduct has or is reasonably expected to have a direct and immediate impact on
20 the orderly and efficient operation of the constituent institution or the safety of individuals in the
21 educational environment.

22 (d) No university policy shall allow a student to be long-term suspended or expelled
23 without first providing a hearing in which the student has been guaranteed due process rights as
24 required by this Article.

25 (e) University policies shall not impose mandatory suspensions or expulsions for specific
26 violations unless otherwise provided by State or federal law.

27 (f) University policies shall minimize the use of long-term suspension and expulsion by
28 restricting the availability of long-term suspension or expulsion to those violations deemed to be
29 serious violations of the Code of Conduct that either threaten the future safety of students, staff,
30 or school visitors, or threaten to substantially disrupt the educational environment.

31 (g) University policies shall include the hearing notification procedures and due process
32 procedures to be followed by university officials and students for cases involving a disciplinary
33 outcome that may result in suspension or expulsion, which shall be consistent with this Article.

34 **"§ 116-44.21. Disciplinary proceedings; hearings; right to counsel for students and**
35 **organizations.**

36 (a) ~~Any student enrolled at a constituent institution who is accused of a violation of the~~
37 ~~disciplinary or conduct rules~~ Student Code of Conduct of the constituent institution shall have
38 the right to be represented, at the student's expense, by a licensed attorney or nonattorney
39 advocate who may shall be permitted to fully participate during any disciplinary procedure
40 hearing or other procedure adopted and used by the constituent institution regarding the alleged
41 violation. However, a student shall not have the right to be represented by a licensed attorney or
42 nonattorney advocate in either of the following circumstances:

43 (1) ~~If the constituent institution has implemented a "Student Honor Court" which~~
44 ~~is fully staffed by students to address such violations.~~

45 (2) ~~For~~ for any allegation of "academic dishonesty" as defined by the constituent
46 institution.

47 (b) Any student organization officially recognized by a constituent institution that is
48 accused of a violation of the disciplinary or conduct rules of the constituent institution shall have
49 the right to be represented, at the organization's expense, by a licensed attorney or nonattorney
50 advocate who may fully participate during any disciplinary procedure or other procedure adopted
51 and used by the constituent institution regarding the alleged violation. However, a student

1 organization shall not have the right to be represented by a licensed attorney or nonattorney
2 advocate if the constituent institution has implemented a "Student Honor Court" which is fully
3 staffed by students to address such violations.

4 (c) Nothing in this ~~section~~ Article shall be construed to create a right to be represented at
5 a disciplinary proceeding at public expense."

6 **SECTION 4.** This act becomes effective October 1, 2019, and applies to
7 investigations and proceedings initiated on or after that date.

HB 231: Garrison Kowiak Act (PCS'ed into a new issue)

This bill would increase the punishment for committing acts of hazing and create several new required policy changes.

The bill did not receive any formal legislative action and was later changed with a proposed committee substitute, as a vehicle for another issue.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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1

HOUSE BILL 231

Short Title: The Harrison Kowiak Act. (Public)

Sponsors: Representatives Setzer, Howard, and Henson (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Education - Universities, if favorable, Judiciary, if favorable, Rules, Calendar, and
Operations of the House

March 4, 2019

1 A BILL TO BE ENTITLED
2 AN ACT TO INCREASE THE PUNISHMENT FOR COMMITTING ACTS OF HAZING.
3 The General Assembly of North Carolina enacts:

4 **SECTION 1.** This act shall be known as the "Harrison Kowiak Act."

5 **SECTION 2.** G.S. 14-35 reads as rewritten:

6 **"§ 14-35. Hazing; definition and punishment.**

7 (a) Prohibition. – It is unlawful for any ~~student in attendance at any university, college,~~
8 ~~or school in this State person~~ to engage in hazing, or to aid or abet any other ~~student person~~ in
9 the commission of this offense. ~~For the purposes of this section hazing is defined as follows: "to~~
10 ~~subject another student to physical injury as part of an initiation, or as a prerequisite to~~
11 ~~membership, into any organized school group, including any society, athletic team, fraternity or~~
12 ~~sorority, or other similar group."~~ Any violation of this section shall constitute a Class 2
13 ~~misdemeanor.~~

14 (b) Criminal Penalty for Hazing. – Unless the conduct is covered under some other
15 provision of law providing greater punishment, the following penalties apply for violations of
16 subsection (a) of this section:

17 (1) A violation of subsection (a) of this section is a Class D felony if the hazing
18 results in the serious bodily injury or death of the victim, or the hazing
19 involves forced or coerced alcohol consumption that results in the victim
20 having a blood alcohol concentration of .30 or higher within a relevant time
21 after the drinking. Notwithstanding any provision of G.S. 15A-1340.17 to the
22 contrary, the court shall sentence the defendant to an active sentence of no
23 more than 60 months for a first offense under this subdivision. A violation
24 under this subdivision may include a fine of up to ten thousand dollars
25 (\$10,000).

26 (2) Any other violation of subsection (a) of this section is a Class H felony, which
27 may include a fine of up to one thousand dollars (\$1,000).

28 (c) Additional Penalties. – The penalties set forth in subsection (b) of this section may be
29 imposed in addition to (i) any penalty that may be imposed for any other criminal offense arising
30 from the same incident or activity and (ii) any penalty that may be imposed by the organization
31 or educational institution pursuant to its bylaws, rules, or policies regarding hazing.

32 (d) Criminal Penalty for Failure to Report. – Subject to the investigation authorized under
33 subsection (e), if any person serving as a representative or officer of an organization knew and
34 failed to report to law enforcement that one or more of the organization's members hazed or were



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hazing another person, the person and organization shall be guilty of a Class A1 misdemeanor. The court may order any or all of the following for an organization convicted under this subsection:

- (1) Payment of a fine of up to ten thousand dollars (\$10,000).
- (2) Forfeiture of any State funds received by the organization.
- (3) For a period of time determined by the court, forfeiture of all rights and privileges of being an organization that is organized and operating at the educational institution. If the hazing results in the serious bodily injury or death of the victim, or results in the victim having a blood alcohol concentration of at least .30 within a relevant time after the hazing, the period of time shall be for not less than four years.

(e) Investigation. – An organization that receives a report alleging the commission of an act or acts of hazing may conduct a timely and efficient investigation to substantiate or determine the veracity of the allegations prior to making a report to law enforcement. The investigation shall be completed no later than 14 days after the date on which the report was received alleging the commission of the act or acts of hazing.

(f) Civil Remedy. – Nothing in this section shall be construed as precluding any civil remedy provided by law.

(g) Applicability. – Subsections (a) and (d) of this section do not apply to a person who is the subject of the hazing, regardless of whether the person voluntarily allowed himself or herself to be hazed.

(h) No Defense. – It is not a defense to prosecution for a violation of this section that the person against whom the hazing was directed consented to or acquiesced in the hazing.

(i) Definitions. – The following definitions apply in this section:

- (1) Educational institution. – Any elementary or secondary school in this State, and any postsecondary educational institution in this State.
- (2) Hazing. – Any intentional, knowing, or reckless act by a person acting alone or acting with other people that is directed against another person when (i) the person knew or should have known that the act endangered the physical health or safety of the other person or causes severe emotional distress and (ii) the act was associated with pledging, being initiated into, affiliating with, participating in, holding office in, or maintaining membership in any organization. This term does not include a physical activity that is normal, customary, and necessary for a person's training and participation in an athletic, physical education, military training, or similar program sanctioned by the education institution. This term does include all of the following:
 - a. Physical brutality, such as whipping, beating, paddling, striking, branding, electronic shocking, placing of a harmful substance on the body, or a similar activity.
 - b. Physical activity, such as sleep deprivation, exposure to the elements, confinement in a small space, or calisthenics, that subjects an individual to an unreasonable risk of harm or that adversely affects the physical health or safety of an individual or causes severe emotional distress.
 - c. Activity involving the consumption of food, liquid, or any other substance, including an alcoholic beverage or drug, that subjects an individual to an unreasonable risk of harm or that adversely affects the physical health or safety of an individual or causes severe emotional distress.
 - d. Activity that induces, causes, or requires an individual to perform a duty or task that involves the commission of a crime.

(3) Organization. – Any fraternity, sorority, association, corporation, order, society, corps, cooperative, club, service group, social group, band, spirit group, athletic team, or similar group, whose members are primarily students at, or former students of, an educational institution. This term includes the national or parent organization of which any of the underlying entities covered under this subdivision is a sanctioned or recognized member at the time of the hazing.

(4) Pledging. – Any action or activity related to becoming a member of an organization."

SECTION 3. G.S. 115C-238.66(12) reads as rewritten:

"(12) ~~Policy~~ Policies against hazing and bullying. – A regional school is encouraged to adopt a policy against bullying or harassing behavior, including cyber-bullying, and a policy against hazing, that ~~is~~ are consistent with the provisions of Article 29C of this Chapter. If a regional school adopts a policy ~~to prohibit bullying and harassing behavior, pursuant to this subdivision,~~ the regional 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)."

SECTION 4. G.S. 115C-218.75(c) reads as rewritten:

"(c) ~~Policy~~ Policies Against Hazing and Bullying. – A charter school is encouraged to adopt a policy against bullying or harassing behavior, including cyber bullying, and a policy against hazing, that ~~is~~ are consistent with the provisions of Article 29C of this Chapter. If a charter school adopts a policy ~~to prohibit bullying and harassing behavior, pursuant to this subsection,~~ the charter 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)."

SECTION 5. G.S. 116-239.8(b)(15) reads as rewritten:

"(15) ~~Policy~~ Policies against hazing and bullying. – A laboratory school is encouraged to adopt a policy against bullying or harassing behavior, including cyberbullying, and a policy against hazing, that ~~is~~ are consistent with the provisions of Article 29C of Chapter 115C of the General Statutes. If a laboratory school adopts a policy ~~to prohibit bullying and harassing behavior, pursuant to this subdivision,~~ the 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)."

SECTION 6. Section 6(h) of S.L. 2018-32 reads as rewritten:

"**SECTION 6.(h)** ~~Policy~~ Policies Against Hazing and Bullying. – The local school administrative unit operating under a renewal school system plan is encouraged to adopt a policy against bullying or harassing behavior, including cyber-bullying, and a policy against hazing, that ~~is~~ are consistent with the provisions of Article 29C of Chapter 115C of the General Statutes. If the local school administrative unit adopts a policy ~~to prohibit bullying and harassing behavior pursuant to this subsection,~~ the unit 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)."

SECTION 7. Article 29C of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-407.16A. Policy against hazing.

(a) Definitions. – The following definitions apply in this section:

(1) Hazing. – Any intentional, knowing, or reckless act by a person acting alone or acting with other people that is directed against another person when (i) the person knew or should have known that the act endangered the physical health or safety of the other person or causes severe emotional distress and (ii) the act was associated with pledging, being initiated into, affiliating with, participating in, holding office in, or maintaining membership in any

organization. This term does not include a physical activity that is normal, customary, and necessary for a person's training and participation in an athletic, physical education, military training, or similar program sanctioned by the education institution. This term does include all of the following:

- a. Physical brutality, such as whipping, beating, paddling, striking, branding, electronic shocking, placing of a harmful substance on the body, or a similar activity.
- b. Physical activity, such as sleep deprivation, exposure to the elements, confinement in a small space, or calisthenics, that subjects an individual to an unreasonable risk of harm or that adversely affects the physical health or safety of an individual or causes severe emotional distress.
- c. Activity involving the consumption of food, liquid, or any other substance, including an alcoholic beverage or drug, that subjects an individual to an unreasonable risk of harm or that adversely affects the physical health or safety of an individual or causes severe emotional distress.
- d. Activity that induces, causes, or requires an individual to perform a duty or task that involves the commission of a crime.

(2) Organization. – Any fraternity, sorority, association, corporation, order, society, corps, cooperative, club, service group, social group, band, spirit group, athletic team, or similar group, whose members are primarily students at, or former students of, a local school administrative unit in this State. This term includes the national or parent organization of which any of the underlying entities covered under this subdivision is a sanctioned or recognized member at the time of the hazing.

(3) Pledging. – Any action or activity related to becoming a member of an organization.

(b) Requirement. – Each local school administrative unit shall adopt a policy prohibiting hazing.

(c) Minimum Components. – The policy shall contain, at a minimum, the following components:

- (1) A statement prohibiting hazing.
- (2) A definition of hazing no less inclusive than that set forth in this section.
- (3) A description of the type of behavior expected for each student and school employee.
- (4) Consequences and appropriate remedial action for a person who commits an act of hazing, which shall include expulsion, suspension, or dismissal from the school for at least one semester, quarter, or comparable academic period.
- (5) Consequences and appropriate remedial action for an organization whose member or members commit an act of hazing.
- (6) A procedure for reporting an act of hazing, including a provision that permits a person to report such an act anonymously. This shall not be construed to permit formal disciplinary action solely on the basis of an anonymous report.
- (7) A procedure for prompt investigation of reports of serious violations and complaints of any act of hazing, identifying either the principal or the principal's designee as the person responsible for the investigation.
- (8) A statement that (i) prohibits reprisal or retaliation against any person who reports an act of hazing and (ii) specifies the consequence and appropriate remedial action for a person who engages in reprisal or retaliation.

(9) A statement of how the policy is to be disseminated and publicized, including notice that the policy applies to participation in school-sponsored functions.

(d) Additional Components. – Nothing in this Article shall prohibit a local school administrative unit from adopting a policy that includes components beyond the minimum components required in this section.

(e) Dissemination. – At the beginning of each school year, the principal shall provide the local school administrative unit's policy prohibiting hazing to staff, students, and parents as defined in G.S. 115C-390.1(b)(8). Notice of the local policy shall appear in any school unit publication that sets forth the comprehensive rules, procedures, and standards of conduct for schools within the school unit and in any student and school employee handbook.

(f) Training. – Information regarding the local policy against hazing shall be incorporated into a school's employee training program. To the extent funds are appropriated for these purposes, a local school administrative unit shall provide training on the local policy to school employees and volunteers who have significant contact with students.

(g) Criminal Penalty. – Any remedial action under a policy adopted under this section is additional to any punishment provided under G.S. 14-35 and any other applicable law."

SECTION 8. Article 7 of Chapter 115D of the General Statutes is amended by adding a new section to read:

"§ 115D-77.1. Policy against hazing.

(a) Definitions. – The following definitions apply in this section:

(1) Hazing. – Any intentional, knowing, or reckless act by a person acting alone or acting with other people that is directed against another person when (i) the person knew or should have known that the act endangered the physical health or safety of the other person or causes severe emotional distress and (ii) the act was associated with pledging, being initiated into, affiliating with, participating in, holding office in, or maintaining membership in any organization. This term does not include a physical activity that is normal, customary, and necessary for a person's training and participation in an athletic, physical education, military training, or similar program sanctioned by the education institution. This term does include all of the following:

a. Physical brutality, such as whipping, beating, paddling, striking, branding, electronic shocking, placing of a harmful substance on the body, or a similar activity.

b. Physical activity, such as sleep deprivation, exposure to the elements, confinement in a small space, or calisthenics, that subjects an individual to an unreasonable risk of harm or that adversely affects the physical health or safety of an individual or causes severe emotional distress.

c. Activity involving the consumption of food, liquid, or any other substance, including an alcoholic beverage or drug, that subjects an individual to an unreasonable risk of harm or that adversely affects the physical health or safety of an individual or causes severe emotional distress.

d. Activity that induces, causes, or requires an individual to perform a duty or task that involves the commission of a crime.

(2) Organization. – Any fraternity, sorority, association, corporation, order, society, corps, cooperative, club, service group, social group, band, spirit group, athletic team, or similar group, whose members are primarily students at, or former students of, a community college. This term includes the national or parent organization of which any of the underlying entities covered under

- 1 this subdivision is a sanctioned or recognized member at the time of the
2 hazing.
- 3 (3) Pledging. – Any action or activity related to becoming a member of an
4 organization.
- 5 (b) Requirement. – The State Board of Community Colleges shall adopt a policy
6 prohibiting hazing by any student enrolled in a community college.
- 7 (c) Minimum Components. – The policy shall contain, at a minimum, the following
8 components:
- 9 (1) A statement prohibiting hazing.
- 10 (2) A definition of hazing no less inclusive than that set forth in this section.
- 11 (3) A description of the type of behavior expected for each student and school
12 employee.
- 13 (4) Consequences and appropriate remedial action for a person who commits an
14 act of hazing, which shall include expulsion, suspension, or dismissal from
15 the community college for at least one semester, quarter, or comparable
16 academic period.
- 17 (5) Consequences and appropriate remedial action for an organization whose
18 member or members commit an act of hazing.
- 19 (6) A procedure for reporting an act of hazing, including a provision that permits
20 a person to report such an act anonymously. This shall not be construed to
21 permit formal disciplinary action solely on the basis of an anonymous report.
- 22 (7) A procedure for prompt investigation of reports of serious violations and
23 complaints of any act of hazing.
- 24 (8) A statement that (i) prohibits reprisal or retaliation against any person who
25 reports an act of hazing and (ii) specifies the consequence and appropriate
26 remedial action for a person who engages in reprisal or retaliation.
- 27 (9) A statement of how the policy is to be disseminated and publicized, including
28 notice that the policy applies to participation in community college-sponsored
29 functions.
- 30 (d) Additional Components. – Nothing in this Article shall prohibit a local community
31 college board of trustees from adopting a policy that includes components beyond the minimum
32 components required in this section.
- 33 (e) Training. – Information regarding the local policy against hazing shall be
34 incorporated into a community college's employee training program. To the extent funds are
35 appropriated for these purposes, a community college shall provide training on the local policy
36 to community college employees and volunteers who have significant contact with students.
- 37 (f) Criminal Penalty. – Any remedial action under a policy adopted under this section is
38 additional to any punishment provided under G.S. 14-35 and any other applicable law."

39 **SECTION 9.** Article 1 of Chapter 116 of the General Statutes is amended by adding
40 a new section to read:

41 **"§ 116-40.13. Policy against hazing.**

42 (a) Definitions. – The following definitions apply in this section:

- 43 (1) Hazing. – Any intentional, knowing, or reckless act by a person acting alone
44 or acting with other people that is directed against another person when (i) the
45 person knew or should have known that the act endangered the physical health
46 or safety of the other person or causes severe emotional distress and (ii) the
47 act was associated with pledging, being initiated into, affiliating with,
48 participating in, holding office in, or maintaining membership in any
49 organization. This term does not include a physical activity that is normal,
50 customary, and necessary for a person's training and participation in an

- 1 athletic, physical education, military training, or similar program sanctioned
2 by the education institution. This term does include all of the following:
- 3 a. Physical brutality, such as whipping, beating, paddling, striking,
4 branding, electronic shocking, placing of a harmful substance on the
5 body, or a similar activity.
- 6 b. Physical activity, such as sleep deprivation, exposure to the elements,
7 confinement in a small space, or calisthenics, that subjects an
8 individual to an unreasonable risk of harm or that adversely affects the
9 physical health or safety of an individual or causes severe emotional
10 distress.
- 11 c. Activity involving the consumption of food, liquid, or any other
12 substance, including an alcoholic beverage or drug, that subjects an
13 individual to an unreasonable risk of harm or that adversely affects the
14 physical health or safety of an individual or causes severe emotional
15 distress.
- 16 d. Activity that induces, causes, or requires an individual to perform a
17 duty or task that involves the commission of a crime.
- 18 (2) Organization. – Any fraternity, sorority, association, corporation, order,
19 society, corps, cooperative, club, service group, social group, band, spirit
20 group, athletic team, or similar group, whose members are primarily students
21 at, or former students of, a constituent institution. This term includes the
22 national or parent organization of which any of the underlying entities covered
23 under this subdivision is a sanctioned or recognized member at the time of the
24 hazing.
- 25 (3) Pledging. – Any action or activity related to becoming a member of an
26 organization.
- 27 (b) Requirement. – The Board of Governors shall adopt a policy prohibiting hazing by
28 any student enrolled in a constituent institution.
- 29 (c) Minimum Components. – The policy shall contain, at a minimum, the following
30 components:
- 31 (1) A statement prohibiting hazing.
- 32 (2) A definition of hazing no less inclusive than that set forth in this section.
- 33 (3) A description of the type of behavior expected for each student and employee
34 of the institution.
- 35 (4) Consequences and appropriate remedial action for a person who commits an
36 act of hazing, which shall include expulsion, suspension, or dismissal from
37 the institution for at least one semester, quarter, or comparable academic
38 period.
- 39 (5) Consequences and appropriate remedial action for an organization whose
40 member or members commit an act of hazing.
- 41 (6) A procedure for reporting an act of hazing, including a provision that permits
42 a person to report such an act anonymously. This shall not be construed to
43 permit formal disciplinary action solely on the basis of an anonymous report.
- 44 (7) A procedure for prompt investigation of reports of serious violations and
45 complaints of any act of hazing.
- 46 (8) A statement that (i) prohibits reprisal or retaliation against any person who
47 reports an act of hazing and (ii) specifies the consequence and appropriate
48 remedial action for a person who engages in reprisal or retaliation.
- 49 (9) A statement of how the policy is to be disseminated and publicized, including
50 notice that the policy applies to participation in constituent
51 institution-sponsored functions.

1 (d) Additional Components. – Nothing in this Article shall prohibit the Board of
2 Governors from adopting a policy that includes components beyond the minimum components
3 required in this section.

4 (e) Training. – Information regarding the policy against hazing shall be incorporated into
5 a constituent institution's employee training program. To the extent funds are appropriated for
6 these purposes, a constituent institution shall provide training on the policy to institution
7 employees and volunteers who have significant contact with students.

8 (f) Criminal Penalty. – Any remedial action under a policy adopted under this section is
9 additional to any punishment provided under G.S. 14-35 and any other applicable law."

10 **SECTION 10.** Section 2 of this act becomes effective December 1, 2019, and applies
11 to offenses committed on or after that date. The remainder of this act is effective when it becomes
12 law. Sections 3 through 7 of this act apply beginning with the 2019-2020 school year. Sections 8
13 and 9 of this act apply beginning with the 2019-2020 academic year.

HB 372: Additional Funds/ECU Brody School of Medicine (PCS'ed into a new issue)

This bill would appropriate \$15,000,000 million dollars to support the operations of the Brody School of Medicine at ECU.

The bill did not receive any formal legislative action and was later changed with a proposed committee substitute, as a vehicle for another issue.

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019**

H

1

HOUSE BILL 372*

Short Title: Additional Funds/ECU Brody School of Medicine. (Public)

Sponsors: Representatives Murphy, Humphrey, K. Smith, and Bell (Primary Sponsors).

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Education - Universities, if favorable, Appropriations, Education, if favorable,
Appropriations, if favorable, Rules, Calendar, and Operations of the House

March 19, 2019

A BILL TO BE ENTITLED
AN ACT TO APPROPRIATE ADDITIONAL FUNDS TO SUPPORT THE OPERATIONS OF
THE BRODY SCHOOL OF MEDICINE AT EAST CAROLINA UNIVERSITY.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of fifteen million dollars (\$15,000,000) in additional recurring funds for the 2019-2020 fiscal year to be allocated to East Carolina University (ECU) to support the operation of the Brody School of Medicine at ECU.

SECTION 2. This act becomes effective July 1, 2019.



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SB 351: Raise Out-of-State/Lower In-State UNC Tuition

This bill would increase non-resident tuition at UNC-Chapel Hill and NC State and would use the additional non-resident tuition receipts to decrease resident tuition at those two institutions.

The bill did not move following introduction.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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SENATE BILL 351

Short Title: Raise Out-of-State/Lower In-State UNC Tuition. (Public)

Sponsors: Senator McInnis (Primary Sponsor).

Referred to: Rules and Operations of the Senate

March 26, 2019

A BILL TO BE ENTITLED
AN ACT TO INCREASE NONRESIDENT TUITION AT CERTAIN CONSTITUENT
INSTITUTIONS OF THE UNIVERSITY OF NORTH CAROLINA AND TO DECREASE
RESIDENT TUITION AT THOSE SAME INSTITUTIONS USING ADDITIONAL
NONRESIDENT TUITION RECEIPTS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 116-144 reads as rewritten:

"§ 116-144. Higher tuition to be charged nonresidents.

(a) Unless provided otherwise by law, the Board of Governors shall fix the tuition and required fees charged nonresidents of North Carolina who attend the institutions enumerated in G.S. 116-4 at rates higher than the rates charged residents of North Carolina and comparable to the rates charged nonresident students by comparable public institutions nationwide, except that tuition for nonresidents who enroll in an undergraduate degree program at North Carolina State University and the University of North Carolina at Chapel Hill shall be set in accordance with subsection (b) of this section.

(b) For the 2019-2020 academic year, the tuition charged nonresidents who enroll in an undergraduate program at North Carolina State University and the University of North Carolina at Chapel Hill shall be set at a rate in an amount of at least five thousand dollars (\$5,000) greater than the tuition charged nonresidents enrolled at those constituent institutions for the 2018-2019 academic year. In subsequent academic years thereafter, the Board of Governors shall fix nonresident tuition for undergraduate programs at these institutions at a rate that is equal to or greater than the amount of tuition charged nonresidents for the 2019-2020 academic year.

(c) Notwithstanding subsection (a) of this section, a person who serves as a graduate teaching assistant or graduate research assistant or in a similar instructional or research assignment and is at the same time enrolled as a graduate student in the same institution may, in the discretion of the Board of Governors, be charged a lower rate fixed by the Board, provided the rate is not lower than the North Carolina resident rate."

SECTION 2. Beginning with the 2019-2020 fiscal year, additional tuition receipts generated from increasing the tuition charged nonresidents who enroll in an undergraduate program at North Carolina State University and the University of North Carolina at Chapel Hill pursuant to G.S. 116-144(b), as enacted by this act, shall be used by the Board of Governors of The University of North Carolina to decrease the tuition charged for in-State students enrolled at those constituent institutions beginning with the 2019-2020 academic year and subsequent academic years thereafter. Beginning with the 2019-2020 fiscal year, additional tuition receipts generated in accordance with this act shall not be used to offset appropriations from the General Fund to these constituent institutions.



1 **SECTION 3.** This act is effective when it becomes law and applies to academic
2 periods beginning on or after July 1, 2019.

SB 335: University Student-Athlete Protection Commission

This bill would create protections for the rights of intercollegiate student-athletes and would allow in-state tuition for certain scholarships for out-of-state student-athletes, as recommended by the Legislative Commission on the Fair Treatment of College Student-Athletes.

While the bill created significant interest from the Universities, this bill did not move out of committee and a House companion was never filed.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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1

SENATE BILL 335

Short Title: University Student-Athlete Protection Comm. (Public)

Sponsors: Senators Krawiec, Daniel, and D. Davis (Primary Sponsors).

Referred to: Rules and Operations of the Senate

March 25, 2019

1 A BILL TO BE ENTITLED
2 AN ACT TO CREATE PROTECTIONS FOR THE RIGHTS OF INTERCOLLEGIATE
3 STUDENT-ATHLETES AND TO ALLOW IN-STATE TUITION FOR CERTAIN
4 SCHOLARSHIPS FOR OUT-OF-STATE STUDENT-ATHLETES, AS RECOMMENDED
5 BY THE LEGISLATIVE COMMISSION ON THE FAIR TREATMENT OF COLLEGE
6 STUDENT-ATHLETES.

7 The General Assembly of North Carolina enacts:

8 **SECTION 1.(a)** Chapter 116 of the General Statutes is amended by adding a new
9 Article to read:

"Article 37.

"Student-Athlete Protections.

12 **"§ 116-400. Purpose and applicability.**

13 (a) Purpose. – The General Assembly finds that independent oversight is needed to
14 ensure consistent and fair treatment of student-athletes. The purpose of this Article is to provide
15 protection and assistance for student-athletes who participate in interscholastic athletics at
16 constituent institutions and to ensure consistency in standards related to the health, welfare,
17 academic opportunities, and treatment of student-athletes.

18 (b) Application. – This Article applies to all constituent institutions that have an athletic
19 program. Constituent institutions with athletic programs shall comply with all rules and sanctions
20 of the University Student-Athlete Protection Commission authorized by this Article.

21 **"§ 116-405. Definitions.**

22 As used in this Article, the following terms shall have the following meanings:

- 23 (1) Athletic personnel. – Individuals employed or independently contracted by a
24 constituent institution who work with an athletic program.
25 (2) Athletic program. – A sport program played at the collegiate level for which
26 eligibility requirements for participation by a student-athlete are established
27 by a national association for the promotion or regulation of collegiate
28 athletics. The term "athletic program" shall not include any club sports or any
29 student-led recreational organizations.
30 (3) Athletic program event. – An event in which one or more student-athletes
31 compete in connection with their participation in an athletic program.
32 (4) Commission. – The University Student-Athlete Protection Commission.
33 (5) Medical personnel. – Individuals providing primary athletic health care, such
34 as a team physician or athletic trainer.
35 (6) Student-athlete. – A student enrolled at a constituent institution who
36 participates in an athletic program at that institution.



"§ 116-410. Rights of student-athletes.

In order to protect the rights of student-athletes, constituent institutions with an athletic program shall have the following duties:

- (1) Health and safety. – Constituent institutions shall have the following duties related to health and safety:

 - a. Ensuring that athletic personnel follow the health and safety standards established pursuant to G.S. 116-435.
 - b. Ensuring that athletic personnel follow the code of conduct established pursuant to G.S. 116-435.
 - c. Requiring athletic trainers to meet the standards set by the North Carolina Association of Athletic Trainers.
 - d. Requiring applicants for athletic personnel positions to present documentation regarding any disciplinary action taken against them by previous employers.
 - e. Requiring contracts for athletic personnel to provide for immediate termination if the athletic personnel is found to have withheld documentation required by sub-subdivision d. of this subdivision.
- (2) Academic opportunities. – Constituent institutions shall have the following duties related to academic opportunities:

 - a. Disclosing to recruits, current student-athletes, and the public the percentage of student-athletes enrolled in each academic major on each team.
 - b. Awarding an injured student-athlete scholarship to any qualifying student, as provided in G.S. 116-465.
 - c. Providing continuous academic monitoring and support for first-year student-athletes who were admitted without meeting minimum admission requirements or minimum course requirements for The University of North Carolina.
- (3) Due process. – Constituent institutions shall have the following duties related to due process in an athletic investigation related to eligibility conducted by that institution:

 - a. Establishing and following a process for determining whether a student-athlete is ineligible for participation in an athletic program.
 - b. Providing student-athletes with notice and an opportunity to respond 24 hours prior to requesting any admission of responsibility that could impact athletic eligibility.
 - c. Ensuring that a certified attorney is available to a student-athlete in accordance with G.S. 116-460. This requirement may be waived by a student-athlete if one of the following applies:
 1. The student-athlete elects to retain counsel independently, and a waiver of a certified attorney is signed by the student-athlete and the student-athlete's counsel.
 2. The student-athlete, after speaking with the certified attorney, elects to waive the right to a certified attorney, and a waiver of certified attorney is signed by the student-athlete and the certified attorney.
 - d. Requiring athletic investigations related to eligibility to take place in a timely manner.
- (4) Other duties. – Constituent institutions shall have the following other duties:

 - a. Preventing retaliation against individuals, including student-athletes, who report suspected violations of this Article.

- b. Providing all data and reports requested by the Commission in a timely manner.
- c. Ensuring that revenue is not derived by the constituent institution from the use of a student-athlete's name, image, or likeness, except as provided in G.S. 116-415.

"§ 116-415. Limiting revenue derived from a student-athlete's name, image, or likeness.

(a) Revenue Limitations. – Constituent institutions shall only derive revenue from the use of a student-athlete's name, image, or likeness if both of the following criteria are met:

- (1) The student-athlete consents in writing to the constituent institution's use of the student-athlete's name, image, or likeness.
- (2) The revenue is derived from an athletic program event, including through ticket sales, media rights, advertising or sponsorship rights, event programs, or parking permits.

(b) Conditioning Participation. – Constituent institutions may condition a student-athlete's participation in an athletic program on the student-athlete granting permission to use his or her name, image, or likeness, as described in subsection (a) of this section.

"§ 116-420. University Student-Athlete Protection Commission.

(a) Creation. – There is created the University Student-Athlete Protection Commission, which shall be administratively located as a part of The University of North Carolina System.

(b) Membership. – The Commission shall have nine members, appointed as follows:

- (1) Three members shall be appointed by the Board of Governors. One member appointed by the Board of Governors shall have experience and expertise with an athletic program.
- (2) Three members shall be appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate. One member appointed upon the recommendation of the President Pro Tempore of the Senate shall have experience and expertise with employment law and human resources.
- (3) Three members shall be appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives. One member appointed upon the recommendation of the Speaker of the House of Representatives shall have experience and expertise with sports medicine.

(c) Membership Disqualifications. – No member of the General Assembly or officer or employee of The University of North Carolina, or any constituent institution, or the board of trustees of any constituent institution, may be appointed as a member of the Commission. No current officer or employee of a private college or university in the State may be appointed as a member of the Commission.

(d) Terms. – Members shall serve for a term of four years and until their successors are appointed and duly qualified. Terms of office shall begin July 1 of odd-numbered years. No member shall serve more than two full terms of office.

(e) Vacancies. – Vacancies on the Commission shall be filled by the appointing authority for the remainder of the unexpired term.

(f) Removal. – The appointing authority may remove any member for misfeasance, malfeasance, or nonfeasance. The Board of Governors may remove a member by resolution. The General Assembly may remove a member by joint resolution.

(g) Officers. – The Commission shall elect a chair, vice-chair, and secretary at the first meeting held after July 1 in each year for a one-year term of office. The chair, or in the chair's absence, the vice-chair, shall preside at all meetings of the Commission. In the absence of the chair or vice-chair, the chair shall appoint a chair pro tempore to preside.

(h) Meetings. – The Commission shall meet at least quarterly and at other times as called by its chair or by five of its members.

(i) Quorum. – Five members shall constitute a quorum for the transaction of business of the Commission. The favorable vote of at least a majority of the members of the Commission present at any meeting is required for the adoption of any official action.

(j) Expenses. – The members of the Commission shall receive per diem and allowances as provided in G.S. 138-5 and G.S. 138-6. These expenses and compensation shall be paid from funds collected as provided in G.S. 116-430.

"§ 116-425. Commission Director.

(a) Director. – There is hereby created the position of Director of the Commission, who shall perform all duties imposed by statute and such duties as may be assigned by the Commission.

(b) Term and Vacancies. – The Commission shall appoint a Director for a term of two years. The Director shall serve beginning August 1 after the first meeting held after new appointments to the Commission are made in odd-numbered years, unless removed for cause, until a successor is appointed. In the event of a vacancy, the vacancy shall be filled for the remainder of the term.

(c) Duties. – The Director shall be responsible for staffing, administration, and execution of the Commission's decisions and orders and shall perform such other responsibilities as may be assigned by the Commission. In the discretion of the Commission, the Director may be authorized to hire additional staff to the extent funds are available. The Commission shall have the authority to fix the compensation of the Director and other authorized staff to be payable from funds made available to the Commission as provided in G.S. 116-430.

"§ 116-430. University Student-Athlete Protection Commission Trust Fund.

(a) Trust Fund. – There is established the University Student-Athlete Protection Commission Trust Fund to be administered by the Commission.

(b) Required Contributions. – Each constituent institution that has an athletic program shall provide one percent (1%) of all revenue derived from the sale of tickets to athletic program events in the prior academic year by the constituent institution to the Commission Trust Fund for its support no later than July 1 annually.

(c) Commission Expenses. – All funds (i) received from constituent institutions as provided in subsection (b) of this section and (ii) earned as interest on these funds shall be placed in the Commission Trust Fund. The purpose of the Commission Trust Fund is to provide for the Commission's administrative costs, the salary of the Director of the Commission and other Commission staff, and to provide the Commission with funds to use for conduct of investigations required by this Article.

"§ 116-435. Powers and duties.

The powers and duties of the Commission shall include the following:

- (1) Health and safety standards. – Establishing and updating health and safety standards for student-athletes, in consultation with the North Carolina Athletic Trainers Association, the Matthew Gfeller Sport-Related Traumatic Brain Injury Research Center, and medical personnel from constituent institutions. Health and safety standards shall include at least the following:
 - a. Medical personnel shall be independent of the athletic program and shall not report to the athletics department of a constituent institution.
 - b. Student-athletes shall have access to medical records for all treatments in the course of the student-athlete's participation in the athletic program.
 - c. Standard concussion protocol shall be required across athletic programs at all constituent institutions.
 - d. A student-athlete shall be copied on all correspondence regarding the student-athlete between athletic personnel and medical personnel.

- (2) Code of conduct. – Establishing and updating a code of conduct for athletic personnel. The code of conduct shall include at least the following:
- a. Athletic personnel shall not engage in bullying or harassing behavior, including sexual misconduct.
 - b. Athletic personnel shall report any instance of reasonably suspected violations of the health and safety standards or the code of conduct developed pursuant to this section to the Commission.
 - c. Athletic personnel shall not retaliate against individuals, including student-athletes, who report suspected violations of the health and safety standards or the code of conduct developed pursuant to this section.
- (3) Publicly accessible databases. – Creating and maintaining publicly accessible databases related to the protection of student-athletes. The databases shall not include information otherwise protected by State or federal law. Databases shall be created and maintained for each of the following:
- a. Injuries to student-athletes arising out of participation in an athletic program at a constituent institution.
 - b. Aggregate results of the surveys required by sub-subdivision a. of subdivision (4) of this section.
 - c. Violations of this Article.
- (4) Other duties. –
- a. Conducting surveys of student-athletes regarding their experiences in their athletic program.
 - b. Requiring reports from constituent institutions related to the well-being of student-athletes.
 - c. Coordinating with the Secretary of State to monitor athlete agents operating within the State.
 - d. Adopting rules to implement this Article.
 - e. Performing other duties as may be necessary to accomplish the purposes of this Article.

"§ 116-440. Complaints, investigations, and hearings.

(a) Jurisdiction. – A student-athlete or athletic personnel at a constituent institution may submit a complaint with the Commission alleging a violation of any of the following:

- (1) The health and safety standards for student-athletes established by the Commission, as provided in G.S. 116-435.
- (2) The code of conduct for athletic personnel established by the Commission, as provided in G.S. 116-435.
- (3) The duties of constituent institutions to student-athletes, as required by G.S. 116-410.

(b) Complaint Process. – The Commission shall establish a process for student-athletes and athletic personnel to file complaints and may require complaints to include specific information and to be submitted within a specified time after the occurrence or discovery of the violation for investigation by the Commission. The Commission shall require that a student-athlete or athletic personnel must verify that either (i) the contents of the complaint are within the knowledge of the student-athlete or athletic personnel verifying the complaint or (ii) the basis upon which the student-athlete verifying the complaint believes the allegations to be true.

(c) Complaints on Its Own Motion. – Upon receipt of a report by athletic personnel of reasonably suspected violations of the health and safety standards or the code of conduct adopted by the Commission as provided in G.S. 116-435, the Commission may conduct an investigation under this section on its own motion. An investigation initiated by the Commission on its own

1 motion shall be treated as a complaint for purposes of this section and need not be sworn or
2 verified.

3 (d) Complaints Declined. – The Commission may decline to investigate any complaint
4 that does not meet all of the requirements of the process established by the Commission, or in its
5 sole discretion, may request additional information to be provided by the student-athlete or
6 athletic personnel within a specified period of time of no less than five business days. The
7 Commission may also decline to investigate an alleged violation if it determines that any of the
8 following apply:

9 (1) The complaint is frivolous or brought in bad faith.

10 (2) The specific alleged violation had already been the subject of a prior
11 complaint.

12 (3) The violation is primarily a matter more appropriately and adequately
13 addressed and handled by other federal, State, or local agencies or authorities,
14 including law enforcement authorities. If other agencies or authorities are
15 conducting an investigation of the same actions or conduct involved in a
16 complaint filed under this section, the Commission may stay its investigation
17 pending final resolution of the other investigation.

18 If the Commission declines to investigate a complaint, the Commission shall notify the
19 student-athlete or athletic personnel in writing of the dismissal of the complaint within 10
20 business days of the decision.

21 (e) Conduct of Investigation of Complaints by the Commission. – The Commission shall
22 conduct an investigation of any alleged violation not dismissed as provided in subsection (d) of
23 this section. The Commission shall notify the constituent institution of the alleged violation in
24 writing within 10 business days of the determination to investigate the complaint. The
25 Commission shall conduct the investigation in a timely manner.

26 (f) Constituent Institution Cooperation. – The Commission may request that any
27 student-athlete filing a complaint complete a waiver with the constituent institution of the Family
28 Educational Rights and Privacy Act (FERPA) of 1974, 20 U.S.C. § 1232g, for release of that
29 student's education records relevant to the investigation to the Commission. Constituent
30 institutions shall promptly and fully cooperate with the Commission in any investigation by
31 providing the following upon request by the Commission:

32 (1) Notwithstanding G.S. 126-24, all information, documents, and data within the
33 constituent institution's possession, or ascertainable from the constituent
34 institution's records, including any internal investigation or personnel
35 documentation.

36 (2) Any athletic or other personnel of the constituent institution for interview.

37 (3) Access to athletic facilities for inspection. Notwithstanding G.S. 126-24,
38 constituent institutions shall provide personnel records relevant to the
39 investigation to the Commission upon request.

40 Failure to cooperate fully with the Commission in any investigation shall be grounds for
41 sanctions as set forth in G.S. 116-445.

42 (g) Dismissal of Complaint after Preliminary Investigation. – The Commission shall
43 conclude the preliminary investigation within 20 business days. The Commission shall dismiss
44 the complaint if at the end of its preliminary investigation the Commission determines that any
45 of the following apply:

46 (1) The complaint does not allege facts sufficient to constitute a violation under
47 subsection (a) of this section.

48 (2) The complaint is determined to be frivolous or brought in bad faith.

49 (h) Commission Investigation. – If at the end of its preliminary investigation, the
50 Commission determines to proceed with further inquiry into the alleged violation, the
51 Commission shall provide written notice to the student-athlete or athletic personnel who filed the

1 complaint and the constituent institution as to the fact of the investigation and the alleged
2 violation. The constituent institution shall be given an opportunity to file a written response with
3 the Commission.

4 (i) Action on Inquiries. – The Commission shall conduct investigations into complaints
5 to the extent necessary to either dismiss the complaint for lack of probable cause of a violation
6 under this Article or to decide to proceed with a hearing under subsection (j) of this section.

7 (j) Hearing. –

8 (1) The Commission shall give full and fair consideration to all complaints
9 received. If the Commission determines that the complaint cannot be resolved
10 without a hearing, or if the constituent institution requests a hearing, a hearing
11 shall be held.

12 (2) The Commission shall send a notice of the hearing to the student-athlete or
13 athletic personnel and the constituent institution. The notice shall contain the
14 time and place for a hearing on the matter, which shall begin no less than 30
15 days and no more than 90 days after the date of the notice.

16 (3) The Commission shall make available to the constituent institution all
17 documents or other evidence which are intended to be presented at the hearing
18 to the Commission at least 30 days prior to the date of the hearing held in
19 connection with the investigation of a complaint. Any documents or other
20 evidence discovered within less than 30 days of the hearing shall be furnished
21 as soon as possible after discovery but prior to the hearing.

22 (4) At any hearing held by the Commission:

23 a. Oral evidence shall be taken only on oath or affirmation.

24 b. Notwithstanding Article 33 of Chapter 143 of the General Statutes, the
25 hearing shall not be open to the public but shall be held in closed
26 session, unless the student-athlete requests the hearing be open to the
27 public.

28 c. The student-athlete or athletic personnel who filed the complaint shall
29 have the right to present evidence, call and examine witnesses,
30 cross-examine witnesses, introduce exhibits, and be represented by
31 counsel.

32 d. The constituent institution being investigated shall have the right to
33 present evidence, call and examine witnesses, cross-examine
34 witnesses, introduce exhibits, and be represented by counsel.

35 (k) Settlement of Investigations. – The constituent institution who is the subject of the
36 complaint, the student-athlete or athletic personnel who filed the complaint, and the Director of
37 the Commission may meet by mutual consent before the hearing to discuss the possibility of
38 settlement of the investigation or the stipulation of any issues, facts, or matters of law. Any
39 proposed settlement of the investigation is subject to the approval of the Commission.

40 (l) Disposition of Investigations. – After the hearing, the Commission shall dispose of
41 the matter in one or more of the following ways:

42 (1) If the Commission finds substantial evidence of an alleged violation of a
43 criminal statute, the Commission shall refer the matter to the Attorney General
44 for investigation and referral to the district attorney for possible prosecution.

45 (2) If the Commission finds that the alleged violation is not established by clear
46 and convincing evidence, the Commission shall dismiss the complaint.

47 (3) If the Commission finds that the alleged violation of this Article is established
48 by clear and convincing evidence, the Commission shall determine the
49 appropriate sanction for the violation, as provided in G.S. 116-445.

50 (m) Notice of Dismissal. – Upon the dismissal of a complaint under this section, the
51 Commission shall provide written notice of the dismissal to the student-athlete or athletic

1 personnel who filed the complaint and the constituent institution against whom the complaint
2 was filed. Except as provided in subsection (o) of this section, the complaint and notice of
3 dismissal are confidential and not public records.

4 (n) Final Decision. – Except for an appeal of sanctions as provided in G.S. 116-450, the
5 decision of the Commission as to any complaint is final and not subject to appeal.

6 (o) Confidentiality. – Complaints and responses filed with the Commission, and findings,
7 reports and other investigative documents and records of the Commission connected to an inquiry
8 under this section, shall be confidential and not matters of public record, except as otherwise
9 provided in this section or when the student-athlete requests in writing that the complaint,
10 response, and findings be made public. The Commission shall render the findings of its inquiry
11 in writing. If the Commission finds that a violation of this Article has occurred, the complaint,
12 response, and findings shall be made public.

13 **"§ 116-445. Sanctions.**

14 (a) Sanctions. – In addition to any other remedy or penalty authorized by law, a
15 constituent institution that commits a violation of this Article shall be subject to sanctions
16 established pursuant to rules adopted by the Commission. The Commission is authorized to issue
17 one or more of the following sanctions:

18 (1) Requiring the constituent institution to participate in mediation with the
19 Commission.

20 (2) Requiring additional reporting to the Commission.

21 (3) Appointing a monitor to participate in athletic program decision making and
22 reporting back to the Commission.

23 (4) Requiring an athletic program to obtain a professional services contract with
24 another entity.

25 (5) Restricting the sales price of tickets to athletic program events.

26 (6) Restricting participation in post-season events.

27 (7) Terminating one or more teams within the athletic program.

28 (b) Factors for Consideration. – The Commission shall consider all of the following
29 factors when establishing sanctions for a violation of this Article:

30 (1) The number and duration of violations.

31 (2) Whether the violation was the result of an intentional or negligent action.

32 (3) The nature and extent of harm caused by the violation.

33 (c) Payment of Costs. – Any costs associated with the sanctions under subsection (a) of
34 this section shall be paid by the constituent institution.

35 (d) Notwithstanding subsection (a) of this section, the Commission shall have the
36 authority to enter into an alternative agreement with a constituent institution in lieu of sanctions.

37 **"§ 116-450. Appeal of sanctions to Board of Governors.**

38 (a) Appeal. – If the Commission finds that a constituent institution has violated this
39 Article and has issued a sanction for the violation, the constituent institution may appeal the
40 sanction to the Board of Governors.

41 (b) Notice. – A notice of appeal shall be submitted to the Board of Governors within 10
42 days of the Commission's issuance of the sanction. The Board of Governors shall establish a
43 process for constituent institutions to submit appeals and may require appeals to include specific
44 information.

45 (c) Commission Documentation. – The Commission shall provide to the Board of
46 Governors within 10 days of the request any investigative documents and records related to the
47 violation.

48 (d) Reconsideration of Sanctions. – If two-thirds of the membership of the Board of
49 Governors determine that the sanctions assessed by the Commission are arbitrary or capricious,
50 the Board of Governors shall vacate the sanctions assessed by the Commission and shall direct
51 the Commission to reconsider the appropriate sanctions for the violation.

"§ 116-455. No retaliation against student-athletes or athletic personnel.

(a) Organization Retaliation. – No interscholastic or amateur athletic organization that sponsors, oversees, or conducts athletic competitions in North Carolina may penalize or retaliate against any student-athlete or that student-athlete's constituent institution in the event a court issues a valid injunctive order permitting said student-athlete to compete in that organization's event regardless of whether the injunction is later vacated, stayed, or reversed. Any entity violating this section shall be liable to the State for a civil penalty of not less than one thousand dollars (\$1,000) and not more than five thousand dollars (\$5,000) for each violation.

(b) Constituent Institution Retaliation. – No constituent institution shall penalize or retaliate against any student-athlete or athletic personnel for filing a complaint with the Commission as provided in G.S. 116-440. The Commission may issue sanctions, as provided in G.S. 116-445, upon a finding that a constituent institution has penalized or retaliated against a student-athlete or athletic personnel for filing a complaint.

"§ 116-460. Pro bono legal assistance for student-athletes.

(a) Certified Attorneys. – The Commission, in consultation with the North Carolina State Bar, shall establish a process to certify attorneys to provide pro bono legal assistance for student-athletes. At a minimum, the Commission shall require the following for certification:

- (1) The individual must be an active member of the Bar of the State of North Carolina admitted and licensed to practice as an attorney-at-law.
- (2) The individual must have completed training recognized by the Commission on legal issues related to rights of student-athletes.
- (3) The individual shall verify that they will receive no compensation, whether monetary or otherwise, for their services.

(b) Assignment of Certified Attorneys. – The Commission shall maintain a list of certified attorneys. Constituent institutions shall contact the Commission to request assignment of a certified attorney to a student-athlete for any athletic investigation by a constituent institution related to a student-athlete's athletic eligibility. The constituent institution is only required to ensure the availability of a certified attorney to protect rights established under G.S. 116-410(3), and is not required to ensure access to an attorney for any other criminal or civil matter. The constituent institution shall provide the student-athlete the opportunity to speak with the certified attorney prior to proceeding with the investigation. The opportunity to speak with the certified attorney may be satisfied by confidential in-person, telephonic, or video communications between the certified attorney and the student-athlete.

(c) Waiver. – A constituent institution may request a waiver of the requirement to ensure availability of a certified attorney to a student-athlete prior to beginning an investigation, as provided in G.S. 116-410, if the Commission determines that no certified attorney is available to initially speak with a student-athlete within 48 hours of the request by the constituent institution. The Commission shall assign a certified attorney to the student-athlete as soon as one is available and shall notify the constituent institution that a certified attorney has been assigned and that the student-athlete should be permitted to speak with the certified attorney prior to proceeding with the investigation.

(d) Civil Liability. – Any attorney serving as a certified attorney under this section shall not be civilly liable for acts or omissions committed in connection with any assistance provided to a student-athlete in an investigation if the attorney acted in good faith and was not guilty of gross negligence.

"§ 116-465. Injured Student-Athlete Scholarship Trust Fund.

(a) Scholarship Trust Fund. – There is established the Injured Student-Athlete Scholarship Trust Fund to be maintained by the Commission.

(b) Contributions. – Each constituent institution that has an athletic program shall provide one percent (1%) of all revenue derived from the sale of tickets to athletic program events in the

prior academic year by the constituent institution to the Scholarship Trust Fund no later than July 1 annually.

(c) Investment of Funds. – All funds (i) received from constituent institutions as provided in subsection (b) of this section and (ii) earned as interest on these funds shall be placed in the Scholarship Trust Fund. The purpose of the Scholarship Trust Fund is to provide scholarships to constituent institutions to award to qualifying students.

(d) Qualifying Students. – A student is a qualifying student for purposes of this section if the student meets the following qualifications:

(1) At the time of injury, was a member of an athletic program at the constituent institution.

(2) Sustained an injury in connection with participation in the athletic program that resulted in a determination by medical personnel that the student was not medically eligible to participate in the athletic program during the remainder of the student's period of athletic eligibility.

(e) Award of Scholarship. – A qualifying student shall be awarded by the constituent institution an injured student-athlete scholarship that covers at least the same percentage of the cost of attendance as the qualifying student's prior athletic scholarship. The scholarship shall be awarded for the following duration, whichever is earlier:

(1) Through the completion of the student-athlete's undergraduate degree.

(2) Five years from the student-athlete's first semester of athletic eligibility.

(f) Scholarship Funding. – A constituent institution shall provide documentation on the qualifying student and amount of the injured student-athlete scholarship to be awarded to that student, and an amount equivalent to that scholarship shall be awarded to the constituent institution from the Scholarship Trust Fund. In the event that there are insufficient funds in the Scholarship Trust Fund for all requests received from constituent institutions, funds shall be distributed by pro rata share.

(g) Rules. – The Commission shall adopt rules to implement this section.

"§ 116-470. Annual report.

The Commission shall report to the Board of Governors of The University of North Carolina and the Joint Legislative Education Oversight Committee annually, no later than August 15 each year, on the status of student-athlete protection under this Article. The report shall include at least the following:

(1) Number of complaints made to the Commission under G.S. 116-440, including a breakdown of complaints based on the following:

a. Type of complainant (student-athlete or athletic personnel).

b. Constituent institution identified in the complaint.

c. Sport or sports affected by the alleged violation.

d. Type of alleged violation.

(2) Number of violations found by the Commission under G.S. 116-440, including a breakdown of violations based on the following:

a. Type of complainant (student-athlete or athletic personnel).

b. Constituent institution identified in the complaint.

c. Sport or sports affected by the violation.

d. Type of violation.

(3) Number and dollar amount of injured student-athlete scholarships awarded under G.S. 116-465.

(4) Data from databases maintained under G.S. 116-435 not otherwise required by subdivision (2) of this section.

(5) Any recommended changes in law to better protect the rights of student-athletes."

SECTION 1.(b) G.S. 163A-152(70) reads as rewritten:

"(70) Public servants. – All of the following:

...

w. The director of the University Student-Athlete Protection Commission."

SECTION 1.(c) Notwithstanding G.S. 116-420, as enacted by this act, initial appointments to the University Student-Athlete Protection Commission shall be made by the appointing authority no later than July 1, 2019, and shall be as follows:

(1) The Board of Governors shall appoint:

a. Two members to a term to expire July 1, 2021.

b. One member to a term to expire July 1, 2023.

(2) The General Assembly, upon the recommendation of the President Pro Tempore of the Senate, shall appoint:

a. One member to a term to expire July 1, 2021.

b. Two members to a term to expire July 1, 2023.

(3) The General Assembly, upon the recommendation of the Speaker of the House of Representatives, shall appoint:

a. One member to a term to expire July 1, 2021.

b. Two members to a term to expire July 1, 2023.

SECTION 1.(d) Notwithstanding G.S. 116-420, as enacted by this act, the University Student-Athlete Protection Commission shall hold an initial meeting no later than August 1, 2019. The University of North Carolina General Administration shall provide temporary staff and meeting space for the Commission until October 1, 2019.

SECTION 2.(a) The University Student-Athlete Protection Commission shall study the relationship between student-athletes, constituent institutions, and the National Collegiate Athletic Association from a health care perspective. In conducting the study, the Commission shall evaluate and make recommendations to improve the health, safety, and welfare of student-athletes by examining such topics as:

(1) Health insurance coverage.

(2) Athletic injuries, including return-to-play decisions and medical management.

(3) Consistency in health and safety standards.

(4) Any other relevant topics the Commission deems appropriate.

SECTION 2.(b) The study may include input from other states, stakeholders, and experts on health care, as deemed necessary. The Commission's recommendations shall include a proposed time line for implementation of any suggested changes.

SECTION 2.(c) The Commission shall submit a final report of its findings and recommendations to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Education Oversight Committee by December 1, 2020.

SECTION 3.(a) The University Student-Athlete Protection Commission shall collaborate with the chief academic officers at each constituent institution to study ways to improve academic support provided to student-athletes by constituent institutions. In conducting the study, the Commission shall consider the following:

(1) Evaluating ways athletic time constraints interact with academic time requirements and recommending any criteria or restrictions in order to ensure student-athletes have the necessary time available to devote to academic pursuits.

(2) Studying student-athlete's selection of courses and majors for the past three academic years and identifying any necessary reform to ensure independence when courses and majors are selected by student-athletes.

(3) Examining the creation of a summer internship program specifically designed to accommodate student-athletes and to provide opportunities to explore career interests.

(4) Any other relevant topics the Commission deems appropriate.

SECTION 3.(b) The Commission shall submit a final report of its findings and recommendations to the Joint Legislative Education Oversight Committee by December 1, 2020.

SECTION 4.(a) The University Student-Athlete Protection Commission shall study ways to compensate student-athletes for participation in athletic programs at constituent institutions. The Commission shall consider the following in conducting the study:

(1) Feasibility and obstacles of constituent institutions awarding grant-in-aid up to the full cost of attendance to student-athletes.

(2) Exploring substantially less restrictive alternatives to the National Collegiate Athletic Association's current rules on compensating student-athletes.

(3) Ongoing and recent litigation involving the compensation of student-athletes.

(4) Any other relevant topics the Commission deems appropriate.

SECTION 4.(b) The Commission shall submit a final report of its findings and recommendations to the Joint Legislative Education Oversight Committee by December 1, 2021.

SECTION 5.(a) The University Student-Athlete Protection Commission shall study how to create a system for a student-athlete to request and receive records pertaining to an investigation by the constituent institution of the student-athlete in a timely manner. In conducting the study, the Commission shall consider all of the following:

(1) Establishing a streamlined method for student-athletes to submit record requests to a constituent institution.

(2) Setting reasonable deadlines for a constituent institution to provide records to student-athletes.

(3) Reviewing issues related to confidentiality.

(4) Any other relevant topics the Commission deems appropriate.

SECTION 5.(b) The Commission shall submit a final report of its findings and recommendations to the Joint Legislative Education Oversight Committee by December 1, 2021.

SECTION 6. G.S. 116-143.6 reads as rewritten:

"§ 116-143.6. Full scholarship students attending constituent institutions.

(a) Notwithstanding any other provision of law, if the Board of Trustees of a constituent institution of The University of North Carolina elects to do so, it may by resolution adopted consider as residents of North Carolina all persons who receive full ~~scholarships, unless the scholarship is for athletics, scholarships~~ to the institution from entities recognized by the institution and attend the institution as undergraduate students. The aforesaid persons shall be considered residents of North Carolina for all purposes by The University of North Carolina.

(b) The following definitions apply in this section:

(1) "Full cost" means an amount calculated by the constituent institution that is no less than the sum of tuition, required fees, and on-campus room and board.

(2) "Full scholarship" means a grant that meets the full cost for a student to attend the constituent institution for an academic year.

(c) This section shall not be applied in any manner that violates federal law.

(d) This section shall be administered by the electing constituent institution so as to have no fiscal impact.

(e) In administering this section, the electing constituent institution shall maintain at least the current number of North Carolina residents admitted to that constituent institution."

SECTION 7. The University Student-Athlete Protection Commission shall adopt rules for health and safety standards and athletic personnel codes of conduct as required by G.S. 116-435, as enacted by this act, by January 1, 2020. Constituent institutions shall comply with G.S. 116-410, as enacted by this act, and with the rules for health and safety standards and athletic personnel codes of conduct established by the Commission as provided in G.S. 116-435, as enacted by this act, beginning July 1, 2020. Complaints for violations as provided in G.S. 116-440, as enacted by this act, occurring on or after July 1, 2020, shall be submitted to the

1 University Student-Athlete Protection Commission on or after August 1, 2020. G.S. 116-465, as
2 enacted by this act, applies to qualifying students who sustained injuries during or after the
3 2016-2017 academic year.

4 **SECTION 8.** If any provision of this act or its application is held invalid, the
5 invalidity does not affect other provisions or applications of this act that can be given effect
6 without the invalid provisions or applications, and to this end, the provisions of this act are
7 severable.

8 **SECTION 9.** This act is effective when it becomes law.

SB 638: DOA/DOI Auth. Clarification for State-Owned Buildings

This bill would amend the authority of the Department of Insurance and the Department of Administration to inspect state-owned buildings and properties. Additionally, it would require fire protection inspections by the Department of Insurance.

Under the proposed legislation, the Commissioner of Insurance would receive significant new powers, including the ability to halt the maintenance, erection, construction, reconstruction, or alteration of buildings; the ability to require correction or abatement of whatever the Commissioner considers to be a violation; and the ability to prevent the occupancy or use of the building, structure, or land until any alleged violation is corrected to the Commissioner's satisfaction.

In light of the experience at UNCA, this bill has the potential to dramatically increase the costs associated with self-liquidating and state-funded capital projects.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

S

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SENATE BILL 638

Short Title: DOA/DOI Auth. Clar. for State-Owned Build. (Public)

Sponsors: Senators Edwards, Sawyer, and Horner (Primary Sponsors).

Referred to: Rules and Operations of the Senate

April 4, 2019

A BILL TO BE ENTITLED
AN ACT TO AMEND THE AUTHORITY OF THE DEPARTMENT OF INSURANCE AND
THE DEPARTMENT OF ADMINISTRATION TO INSPECT STATE-OWNED
BUILDINGS AND PROPERTIES, AND TO REQUIRE FIRE PROTECTION
INSPECTIONS BY THE DEPARTMENT OF INSURANCE.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 58-31-13 reads as rewritten:

"§ 58-31-13. Hazardous conditions in State-owned buildings.

If the Commissioner determines that an undue hazard to life, safety, or property exists because of a defect, condition or the use of a building owned by the State, the Commissioner shall provide notification of the defect or condition in writing to the proper agency and to advise the proper agency how to limit or prohibit use of the building until the hazard is abated. If the Commissioner determines that an imminent undue hazard to life, safety, or property exists because of a defect, condition, or the use of a building owned by the State, the Commissioner may: (i) restrain, correct, or abate the violation or (ii) prevent the occupancy or use of the building, structure, or land until the violation is corrected."

SECTION 2. G.S. 58-31-40 reads as rewritten:

"§ 58-31-40. Commissioner to ~~inspect~~ conduct fire protection inspections and plan review for State property.

(a) The Commissioner shall, as often as is required in the fire code adopted by the North Carolina Building Code Council or more often if the Commissioner considers it necessary, visit, inspect, and thoroughly examine every State property to analyze and determine its protection from fire, including the property's occupants or contents. The Commissioner shall notify in writing the agency or official in charge of the ~~property~~ property, pursuant to the procedures under G.S. 143-39(e1), of any ~~defect~~ defect, condition, or the use noted by the Commissioner or any improvement considered by the Commissioner to be necessary, and a copy of that notice shall be forwarded by the Commissioner to the Department of Administration. If the Commissioner determines that an imminent undue hazard to life, safety, or property exists because of a defect, condition, or the use of a building owned by the State, the Commissioner may: (i) restrain, correct, or abate the violation or (ii) prevent the occupancy or use of the building, structure, or land until the violation is corrected.

(b) No agency or other person authorized or directed by law to select a plan and erect a building for the use of the State shall approve of the plan until it is submitted to and approved by the Commissioner as to the safety of the proposed building from fire, including the property's occupants or contents. No agency or person authorized or directed by law to select a plan or erect a building comprising 20,000 square feet or more for the use of any county, city, or school district



shall receive and approve of the plan until it is submitted to and approved by the Commissioner as to the safety of the proposed building from fire, including the property's occupants or contents."

SECTION 3. G.S. 143-139 reads as rewritten:

"§ 143-139. Enforcement of Building Code.

...

(e) State Buildings. – With respect to State buildings, the Department of Administration shall have general supervision, through the Office of State Construction, of the administration and enforcement of all sections of the North Carolina State Building Code pertaining to plumbing, electrical systems, general building restrictions and regulations, heating and air conditioning, ~~fire protection~~, and the construction of buildings generally, except those sections of the Code the enforcement of which is specifically allocated to other agencies by subsections ~~(e) and (d)~~(c), (d), and (e1) of this section, and shall also exercise all remedies as provided in subsection (b1) of this section. The Department of Administration shall be the only agency with the authority to seek remedies pursuant to this section with respect to State buildings. Except as provided herein, nothing in this subsection shall be construed to abrogate the authority of the Commissioner of Insurance under subsection (e1) of this section, ~~G.S. 58-31-40~~ G.S. 58-31-13, G.S. 58-31-40, or any other provision of law.

(e1) Fire Protection of State Buildings and Properties. – The State Commissioner of Insurance shall have general authority to supervise, administer, and enforce all sections of the North Carolina State Building Code pertaining to fire protection during the construction or renovation of State property generally, and to review and approve plans pursuant to G.S. 58-31-40, except those sections of the Code, the enforcement of which is specifically allocated to other agencies by subsections (c) and (d) of this section.

(1) The State Commissioner of Insurance shall notify in writing the Department of Administration of any defect or condition noted by the Commissioner or any improvement considered by the Commissioner to be necessary to comply with the sections of the North Carolina State Building Code pertaining to fire protection.

(2) The Department of Administration, within 30 days of receipt of a notification issued pursuant to subdivision (1) of this subsection, shall respond to the State Commissioner of Insurance to indicate that any defect or condition noted by the State Commissioner or any improvement considered by the State Commissioner to be necessary has been addressed or completed, or to indicate that the Department of Administration intends to work with the Commissioner to formulate and implement a plan to address the defect or condition. Upon a failure to respond to the State Commissioner of Insurance as required by this subdivision, the Commissioner may institute any appropriate action pursuant to subdivision (4) of this subsection.

(3) Notwithstanding subdivision (2) of this subsection, if the State Commissioner of Insurance determines the defect or condition noted pursuant to subdivision (1) of this subsection results in an imminent undue hazard to life, safety, or property because of a defect, condition, or the use of a building or property owned by the State, the Commissioner may institute any appropriate action pursuant to subdivision (4) of this subsection.

(4) The State Commissioner of Insurance is authorized to exercise any of the following remedies pursuant to this subsection: (i) prevent the unlawful maintenance, erection, construction, reconstruction, or alteration of purpose, (ii) restrain, correct, or abate the violation, or (iii) prevent the occupancy or use of the building, structure, or land until the violation is corrected."

SECTION 4. G.S. 143-340 reads as rewritten:

"§ 143-340. Powers and duties of Secretary.

The Secretary of Administration has the following powers and duties:

...

- (20) To use at all times such means as, in ~~his~~ the Secretary's opinion, may be effective in protecting all public buildings and grounds from fire. For the purposes of this subdivision, the Secretary shall consult with and cooperate with the State Commissioner of Insurance with regard to fire protection means for buildings and properties owned by the State.

...."

SECTION 5. G.S. 143-341 reads as rewritten:

"§ 143-341. Powers and duties of Department.

The Department of Administration has the following powers and duties:

...

- (3) Architecture and Engineering:

a. To examine and approve all plans and specifications for the construction or renovation ~~of~~ of all of the following:

1. All State buildings or buildings located on State lands, except as provided for in G.S. 58-31-40(b), or those buildings over which a local building code inspection department has and exercises jurisdiction; and jurisdiction.
2. All community college buildings requiring the estimated expenditure for construction or repair work for which public bidding is required under G.S. 143-129 prior to the awarding of a contract for such work; and to examine and approve all changes in those plans and specifications made after the contract for such work has been awarded.

...

- d. To supervise and inspect all work done and materials used in the construction or renovation of all State ~~buildings~~ buildings, except as provided for in G.S. 143-139(e1), and all community college buildings whose plans and specifications must be examined and approved under a.2. of this subdivision; to act as the appropriate official inspector or inspection department for purposes of G.S. 143-143.2; and no such work may be accepted by the State or by any State agency until it has been approved by the ~~Department~~ Department and the State Commissioner of Insurance for the purposes of fire protection for buildings and properties owned by the State pursuant to G.S. 143-139(e1).

...."

SECTION 6. G.S. 143-345.11 reads as rewritten:

"§ 143-345.11. Secretary's approval of plans for State buildings required.

(a) No agency or other person authorized or directed by law to select a plan and erect a building for the use of the State or any State institution shall receive and approve of the plan until it is submitted to and approved by the Secretary as to State construction ~~standards~~ standards and to the State Commissioner of Insurance, pursuant to G.S. 58-31-40(b), for the purposes of fire protection and at a minimum as to the safety of the proposed building from fire, including the property's occupants or contents.

(b) Any plan submitted to the Commissioner of Insurance and approved prior to October 1, 2009 shall be deemed to have been approved jointly by the Commissioner of Insurance and the Secretary.

1 (c) Except as provided in subsection (a) of this section, nothing in this section shall be
2 construed to abrogate the authority of the Commissioner of Insurance under ~~G.S. 58-31-40~~
3 G.S. 58-31-13, 58-31-40, 143-139(e1), or any other provision of law.

4 (d) The Secretary shall provide quarterly written reports on plans reviewed and approved
5 under this section to the Commissioner of Insurance. The reports shall be made in a form
6 approved by the Commissioner of Insurance and the Secretary."

7 **SECTION 7.** This act is effective when it becomes law.



General Fund Revenue Update

State of North Carolina

Revenue Highlights

■ FY 2018-19 Revenue

Collections in the first half of the fiscal year were \$188.6 million above the revenue target.

■ Personal Economic Outlook

The economy is on solid footing and remains in a stable growth pattern. Forecasters project this pattern will continue throughout 2019.

■ Revenue Outlook

Economic conditions are tracking closely with expectations; collections are expected to remain on target throughout the fiscal year.

■ Tax Policy Changes

The State's Personal Income tax rate reduction and its increased standard deduction for 2019 will slow the growth in Personal Income Tax collections. Meanwhile, a recent Supreme Court decision has increased sales and use tax collections.

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Fiscal Research Division
North Carolina General Assembly*

This report highlights the State's key revenue collections through December 2018, which is the halfway point of Fiscal Year 2018-19, and discusses the economic and revenue outlook for the rest of the fiscal year.

FY 2018-19 Revenue Through December

For the first half of the fiscal year, General Fund revenue was \$188.6 million above the \$11.1 billion revenue target. The revenue targets are monthly projections based on the May 2018 consensus forecast, 2018 legislative session adjustments, and previous monthly collection trends.

Collections above the revenue target all occurred in the second quarter (Oct.-Dec.), which was \$209.7 million above target. The first quarter's revenue was essentially on track at \$0.8 million below target. Overall, the main General Fund revenue sources are running ahead of expectations. While it is important for revenue collections to keep pace with expectations, the forecast's risk and volatility reside in the second half of the year; slight variations in the first half of the fiscal year are neither unexpected nor concerning. Since the economy remains on solid footing, the risk of the State not reaching the projected revenue for the fiscal year is minimal.

Personal Income Taxes

Through December, net Personal Income tax (PIT) collections are 0.7% (or \$40.5 million) above target. Wage and salary withholding is above target by 2.2% (or \$114.1 million). Withholding gains are offset by lower-than-expected Estimated and Final Payments, which are \$54.4 million below target. Also, refunds were \$30.3 million higher than expected.

The above-target withholding collections suggest that the pace for wage & salary growth is slightly ahead of what was projected for the first half of the fiscal year, as withholding collections and wage growth typically are closely aligned.

Despite the revenue forecast for stronger wage growth in 2019, the amount of Personal Income tax collected in the second-half of the fiscal year is expected to be nearly the same as what was projected for the first-half. This is a result of the rate reduction and increase in the standard deduction for the 2019 tax year, which will lower the amount of withholdings on wage and salary income.

Sales and Use Taxes

Through December, net Sales and Use tax collections are ahead of target with revenue 1.1% above the 6-month target (up \$41.7 million). The consensus revenue forecast for the fiscal year expected 5.0% growth in net collections, which are collections net of refunds, distributions, and transfers. The forecast anticipated that collections would improve from 4.8% growth in the first half of the fiscal year to 5.2% in the second.

Sales tax growth is strong, partly due to a recent U.S. Supreme Court ruling about the collection of taxes for online sales.

Revenues from corporations (i.e., Corporate Income tax and some Franchise taxes) are more than \$100 million over target for the first six months of the fiscal year.

Non-Tax revenues account for nearly \$1 billion of the State's \$23.9 billion budget this fiscal year. These revenue sources are slightly below target for the first half of the fiscal year.

The national and State economy remain in a steady growth pattern, although a slowing in the global economy, trade wars, tighter financial conditions, and political instability are all capable of derailing the economy.

Baseline growth was a very strong 6.8% the first-half of the fiscal year, well ahead of the 4.4% post-recession average. Gross collections were up 7.1%, in part because of the U.S. Supreme Court's June 2018 ruling in *South Dakota v. Wayfair, Inc.*, which granted states additional authority to require retailers to collect and remit sales tax. However, net Sales tax collections were up only 3.7% due to a jump in refunds to taxpayers. Refunds are \$90.1 million higher than the target projection. Part of the reason refunds are higher than expected relates to the timing of when refunds are paid. Refund payments that were expected in June did not show up until August and were \$70 million higher than projected for that month.

Corporate Income and Franchise Taxes

The Corporate Income and Franchise tax collections from corporate taxpayers are a big reason why overall collections are 1.9% ahead of target. These two sources combined are \$82.9 million above the 6-month target; with Corporate Income tax collections \$37.1 million over and Franchise tax collections \$45.8 million over.

In addition to being over target, Corporate Income tax collections are up 16.5% over last year. However, this type of fluctuation is not unexpected. Corporate tax payments can vary considerably from the target in the first half of the fiscal year if the State receives even a few large tax payments or issues larger-than-expected refunds on previous years' tax liabilities. We will have a better picture of whether revenue from these two corporate taxes will meet the revenue forecast's projections later this Spring, when the State receives Final Payments on Corporate Income (April) and regular payments on Franchise taxes (March/April).

Non-Tax Revenue

Non-Tax collections for the first half of the fiscal year were projected at \$379.3 million. Revenue was slightly less than expected, missing the by target by \$4.6 million (or 1.2%). Weak collections in some Non-Tax revenue categories were offset by gains by investment income, which increased due to higher cash holdings and higher interest rates. Investment income was projected to generate \$45.6 million, but generated \$70.3 million for the first 6 months.

Economic Outlook & Revenue Forecast

The economy is experiencing the second-longest recovery after a recession on record; in six more months it will surpass the 120-month expansion that ran from March 1991 to March, 2001. For now, most forecasters see a minimal risk of a downturn in the next six months, but the risk of a recession has increased.

Since August 2018, when the last General Fund Revenue Update was published, the economy's course has changed little. The economy is stronger now than it was a year ago, and is now experiencing solid growth in terms of both employment and wages. Nonetheless, there are headwinds on the horizon. A slowing global economy, trade wars, tighter financial conditions, and political instability are all capable of slowing or derailing the expansion.

In 2019, the national economy is expected to cool slightly with growth at or below 2.5%. Short-term economic stimulus from the federal tax changes boosted growth during the last half of 2018, but the stimulus has worn off, which means the economy is expected to return to a more modest pace of growth.

For North Carolina, current data on income and overall economic activity (i.e., Gross State Product) indicate that the State's economy is growing at a steady, solid pace. The State's typical pattern is one in which downturns are bigger and upturns are more robust compared to the national average. It took seven years for that pattern to develop after the last recession.

For the rest of the fiscal year, expectations are that the State's economy will track very closely to the economic forecast underlying the consensus revenue forecast. Primarily, a tighter labor market will continue to boost wages and provide support for consumer demand.

Appendix

North Carolina General Fund Revenue by Revenue Source, Fiscal-Year-to-Date (\$ In Millions)

Tax Revenue	Target 2018-19	Actual 2018-19	Target Difference	Actual 2017-18	Y/Y Pct. Change
Personal Income	\$5,816.7	\$5,857.2	40.5	\$5,611.8	4.4%
Sales and Use	\$3,856.1	\$3,897.8	41.7	\$3,710.3	5.1%
Corporate Income	\$199.7	\$236.8	37.1	\$203.3	16.5%
Franchise	\$265.1	\$311.4	45.8	\$305.9	1.8%
Insurance	\$167.7	\$179.9	12.2	\$166.3	8.1%
Alcoholic Beverage	\$188.2	\$194.9	6.7	\$186.7	4.4%
Inheritance	\$0.0	\$0.2	0.2	\$10.0	
Privilege License	\$13.4	\$16.0	2.6	\$14.8	8.6%
Tobacco Products	\$131.0	\$132.9	1.9	\$132.1	0.6%
Real Estate Conveyance	\$37.7	\$41.1	3.4	\$37.3	10.4%
White Goods Disposal	\$2.7	\$2.1	(0.6)	\$5.5	-61.8%
Scrap Tire Disposal	\$6.3	\$6.5	0.2	\$5.9	10.7%
Mill Machinery	\$4.2	\$4.1	(0.1)	\$21.7	-81.2%
Solid Waste Disposal	\$5.7	\$6.3	0.6	\$5.9	6.2%
Other	\$0.2	\$0.3	0.1	\$3.3	
Total Tax Revenue	\$10,694.7	\$10,887.9	193.2	\$10,420.6	4.5%
Nontax Revenue					
Investment Income	\$45.6	\$70.3	24.7	\$40.9	71.8%
Judicial Fees	\$112.6	\$107.7	(4.9)	\$114.9	-6.3%
Insurance	\$21.8	\$15.5	(6.3)	\$18.9	-17.9%
Disproportionate Share	\$142.7	\$142.7	-	\$119.5	
Master Settlement Agreement	\$0.0	\$0.0	-	\$0.0	
Other	56.6	38.6	(18.0)	54.8	-29.5%
Total Nontax Revenue	\$379.3	\$374.7	(4.6)	\$349.0	7.4%
Total General Fund Revenue	\$11,074.0	\$11,262.6	188.6	\$10,769.6	4.6%



North Carolina General Fund Revenue Consensus Forecast

Forecast Highlights

■ The Consensus Forecast Expects Overall Growth for the Biennium

The forecast assumes that consistent, solid economic growth will continue throughout the upcoming biennium.

■ Increasing Revenues

General Fund revenue is expected to increase by \$1.7 billion and reach \$25.8 billion by the end of FY 2020-21.

■ Current-Year Revenue Holds Steady

With 7 months of data available, FY 2018-19 General Fund revenue appears on track to exceed this year's forecast by just over \$150 million, for an expected fiscal-year-end total of approximately \$24.1 billion.

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North Carolina General Assembly*

The Fiscal Research Division and the Office of State Budget and Management have reached consensus on the revenue forecast for the 2019 biennium. This report summarizes the forecast.

Forecast Summary

The forecast expects FY 2018-19 collections to be above the budgeted amount by \$150.8 million (0.6%) and expects stable, modest growth to continue during the upcoming biennium. The current-year anticipated revenue surplus is mainly due to Sales tax collections, which were helped by the U.S. Supreme Court's June 2018 ruling that required remote sellers to begin collecting Sales tax on their sales in the State.

The State's economy is now fully in the expansionary phase of the business cycle, which is producing solid employment as well as individual wage growth. Accordingly, the biennium forecast assumes these economic conditions continue through the end of FY 2020-21.

Table 1. General Fund Consensus Summary (\$ in Millions)

Fiscal Year	Revenue	Change
2017-18	\$23,565.9	n/a
2018-19 (est.)	\$24,080.8	\$515.7
2019-20 (est.)	\$24,814.1	\$733.2
2020-21 (est.)	\$25,801.4	\$987.3

Current Fiscal Year Revenue

The consensus forecast represents a cautious approach that reflects a continuation of steady economic growth. The forecast projects that total baseline revenue (i.e., total collections adjusted for tax rate and base changes) will grow this fiscal year at a pace near the long-term average growth rate of 4.5%

By June 30th, General Fund revenue is forecast to increase by 2.2% over the amount collected in FY 2017-18. This surplus will be driven by strong Sales tax collections, better-than-expected withholding on Personal Income, and a significant increase in Investment income due to rising interest rates. The result is revenue reaching almost \$24.1 billion, yielding an estimated surplus of \$150.8 million (0.6%) over the \$23.9 billion budgeted amount.

As a reminder, April always has the potential to be a unpredictable collection month in which income from dividends, capital gains, and business income can vary considerably from year to year, which result in sizable swings in income tax collections. The added volatility from federal tax code changes due to the federal Tax Cuts and Jobs Act compounds the difficulty in estimating net State revenue

Personal Income taxes remain on track for FY 2018-18, although the federal Tax Cuts and Jobs Act caused some changes in taxpayers' withholding practices.

Sales tax growth is strong, partly due to a June 2018 U.S. Supreme Court ruling about the collection of taxes for online sales. The "Wayfair decision" has led to increased sales tax collections from retailers who are located outside of North Carolina.

Business taxes include the Corporate Income tax, the Franchise tax, and the Insurance gross premium tax. All three of these sources are running close to target for the current fiscal year.

Corporate Income tax, the Franchise tax, and the Insurance gross premium tax. All three of these sources are running close to target for the current fiscal year.

from April 15th tax returns. Potential tax changes at the federal level could impact the timing of gains and losses taken by taxpayers when filing their 2018 taxes and 2019 estimated payments. This possibility increases the odds of an "April surprise."

Personal Income Tax

Personal Income tax collections are estimated to finish below the forecast by 0.4%, mainly due to the federal Tax Cut and Jobs Act. Taxpayers reacted to the legislation's enactment by making higher-than-normal estimated payments in December of 2017. Those overpayments added to last fiscal year's over-collections. The result was that in January 2019, taxpayers reduced the amount of their final estimated payments on the 2018 tax year, and these payments were \$148 million below what would have been expected.

The forecast assumes that the drop in estimated payments will not impact final payments or refunds in April. Offsetting most of the reduction has been solid growth in Individual wages. Withholding revenue is running nearly 1.4% above forecast for the first seven months of the fiscal year.

Sales and Use Tax

Sales tax revenue is estimated to be ahead of the budgeted forecast by 1.5%. Sales tax collections began to gain momentum in the last fiscal year, and collections stabilized as consumer confidence grew. Gross collections are above forecast, in large part because of the U.S. Supreme Court's June 2018 ruling in *South Dakota v. Wayfair, Inc.*, which granted states additional authority to require retailers to collect and remit sales tax.

However, due to a jump in taxpayer refunds, net Sales tax collections do not fully reflect the increase that Wayfair brought. Refunds are \$105 million higher than the target projection for the first seven months. Part of the reason refunds are higher than expected relates to the timing of when refunds are paid. Refunds that were expected to be paid out in June did not show up until August and were \$70 million higher than was projected for that month.

Business Taxes

Business tax collections on Corporate income, the Franchise tax, and the Insurance gross premium tax are projected to finish close to their original projections and are expected to finish a combined \$16.5 million above target.

Non-Tax Revenue

A final component of this fiscal year's surplus comes from Non-Tax revenue, particularly Investment Income. Earnings on the State's cash holdings have increased significantly. Rising interest rates have increased the expected return and are projected to be \$44.3 million above the original forecast.

Outlook for the 2019 Biennium

Since the end of the Great Recession in 2009, the economy has made steady gains, adding 75,000 to 95,000 jobs per year. However, overall economic activity has remained at or slightly-below average. The State's economy is now fully in the expansionary phase of the business cycle, which is producing solid employment as well as individual wage growth. Accordingly, the forecast assumes steady, solid growth throughout the upcoming biennium. The employment outlook for the State is expected to continue following the upward trend established at the end of the last

Employment should increase during both years of the 2019 biennium, supporting State revenue from Personal Income taxes.

Sales and Use tax revenue will continue to benefit from the Wayfair decision. It will also be driven up by increased consumer spending.

Corporate tax collection are expected to decline in the first year of the biennium due to the rate reduction that occurs beginning with the 2019 tax year.

downturn. Employment is expected to experience steady gains of 1.2% in each year of the biennium.

Employment is closely tied to personal income, and projected employment gains should improve the prospects for better income growth. The forecast envisions 1.9% and 4.0% growth in Personal Income tax collections for the respective fiscal years (growth rates include tax reductions for 2019, enacted in 2017). Those numbers are built primarily on the anticipation of employment gains continuing to place upward pressure on wages. Wage and salary growth has been well below expectations, not keeping pace with the improving overall economy. Recent data on wages suggest that trend is starting to change. According to the US Bureau of Labor Statistics, inflation-adjusted average hourly wages increased by 1.6% in 2018.

Sales and Use Tax

Sales tax collections are forecast to increase by 5.3% and 4.6%, respectively, this biennium, which is slightly above average. A key reason for above-average Sales tax collections is the Wayfair decision. In FY 2019-20 alone, revenue is expected to increase by \$125 million as a result of the decision. Several other factors influenced the forecast. Rising individual wage growth combined with lower energy prices, which are expected to persist through 2019, continue to free up consumer income for other purchases.

Business Taxes

Corporate Income tax collections are often volatile, and after several years of double-digit growth, corporate profits are expected to moderate over the next several years. The 5.7% growth expected over the biennium will be offset by the State's Corporate Income tax rate reduction that takes effect with the 2019 tax year. The 3% tax rate from 2018 was lowered to 2.5% in 2019. The result is that net Corporate Income tax collections will fall by 1.6% in the upcoming fiscal year and grow by 6.3% in the following year. The Franchise tax and the Insurance Gross Premiums tax are far less volatile and growth over the biennium is expected to average 2.7% and 3.0%, respectively.

Recap

The revenue outlook for the 2019 biennium reflects a forecast for solid economic growth. Employment growth is projected to continue at its current pace throughout the biennium. The forecast envisions economy to remain stable throughout the forecast period. Below are key income indicators that influenced the forecast.

Economic Indicators: % Change	FY 2018-19	FY 2019-20	FY 2020-21
NC Real Gross State Product	3.7%	2.9%	2.7%
NC Total Non-Farm Employment	1.7%	1.2%	1.1%
NC Unemployment Rate	3.4%	3.2%	3.5%
NC Income: Total Personal	4.6%	4.5%	4.2%
NC Income: Wages & Salaries	5.1%	5.3%	4.7%
NC Retail Sales: Total	6.2%	5.5%	5.2%
NC Population	1.0%	1.0%	1.0%
US Inflation: Consumer Price Index	2.2%	2.4%	2.1%

Source: FRD estimates based on national and state forecasts provided by Moody's Analytic economy.com.



North Carolina General Fund

Revenue Consensus Forecast: September Revision

FORECAST HIGHLIGHTS

FY 2018-19 over-collections higher than expected.

The May forecast expected collections to be 2.7% above the budgeted amount. Actual collections finished 3.75% over budget.

Increase in 2019 biennium revenue forecast.

The forecast increased revenue during the biennium by a total of \$277.5 million (\$167.4 in FY 2019-20 and \$110.1 in FY 2020-21).

Modest downgrade in the economic forecast.

The most recent economic forecast has the economy growing somewhat slower than what was projected back in March of this year. Thus, present economic data is tempering the forecast for the amount of increased recurring revenues for the 2019 biennium.

Revenue sources steady.

Except for the growth in Personal Income and Sales taxes payments, other revenue sources are in line with May's forecast.

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The Fiscal Research Division and the Office of State Budget and Management have reached consensus on revising the revenue forecast upward for the 2019 biennium, due to significant over-collections for FY 2018-19.

FY 2018-19 OVER-COLLECTION.

The May forecast expected FY 2018-19 final collections to be \$24.6 billion, or \$643.3 million over the \$23.9 billion budgeted amount. However, actual final collections proved the May forecast to be more conservative than expected. Final collections surpassed the forecast by a significant \$253.3 million, with year-end revenue totaling \$24.8 billion (\$896.6 million in over collections).

The increase stems primarily from better than expected growth in Individual Income and Sales taxes, which continued to exceed expectations in May and June. However, most of the over collections are related to the 2018 tax year. During the last quarter of 2018, equity markets grew turbulent. Fueled in part about concerns the economy may be rapidly weakening. These conditions, along with federal tax changes, led many North Carolinians to adjust their investments, increasing capital gains, which increased their 2018 taxable income.

FORECAST REVISIONS FOR THE 2019 BIENNIUM

Although final collections were \$253 million higher than what was projected in the May forecast, the revised forecast adjusts collections over the biennium upward only slightly, for a couple of reasons.

First, the forecast assumes that much of the over-collections for the fiscal year were one-time in nature. This means the revised forecast assumes the historically-high capital gain realizations of 2018 do not continue throughout the biennium.

Additionally, underlying economic conditions have been downgraded modestly since May. Although equity markets have stabilized and the economy is currently on solid footing, there are still signs of economic weakening.

The interplay of all of these economic factors results in our decision to increase the forecast by \$167.4 million for the first year of the biennium and by \$110.1 million for the second year. The smaller net impact in the second year of the biennium is a result of the most recent economic forecast that has the economy growing somewhat slower than was previously projected.

General Fund Revised Consensus Forecast Summary (\$ in Millions)

Fiscal Year	May Forecast	Collections	Change
2018-19	\$24,573.4	\$24,826.7 (A)	\$253.3
2019-20 (est.)	\$24,920.3	\$25,087.7 (F)	\$167.4
2020-21 (est.)	\$25,980.8	\$26,090.9 (F)	\$110.1

(A) Actual Collections; (F) Revised Forecast