

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**HOUSE BILL 336
RATIFIED BILL**

AN ACT AUTHORIZING THE DIRECTOR OF THE BUDGET TO CONTINUE EXPENDITURES FOR THE OPERATION OF GOVERNMENT AT A PERCENTAGE OF THE LEVEL IN EFFECT ON JUNE 30, 2013.

The General Assembly of North Carolina enacts:

BUDGET CONTINUATION

SECTION 1. The Director of the Budget may continue to allocate funds for expenditure for current operations by State departments, institutions, and agencies at a level not to exceed ninety-five percent (95%) of the level at which these operations were authorized in S.L. 2012-142, as amended. The Director of the Budget shall implement the budget reductions set out in Senate Bill 402, 3rd edition, and Senate Bill 402, 5th edition, that are not in controversy. The Director of the Budget shall not implement any transfers set out in Senate Bill 402, 3rd edition, Senate Bill 402, 5th edition, or both.

To the extent necessary to implement this authorization, there is appropriated from the appropriate State funds and cash balances, federal receipts, and departmental receipts for 2013-2014 fiscal year funds necessary to carry out this section, except that cash balances subject to proposed transfer in Senate Bill 402, 3rd edition, Senate Bill 402, 5th edition, or both shall not be expended.

Vacant positions subject to proposed budget reductions in Senate Bill 402, 3rd edition, Senate Bill 402, 5th edition, or both shall not be filled after June 30, 2013.

State employees employed in positions subject to elimination in both Senate Bill 402, 3rd edition, and Senate Bill 402, 5th edition, because of a reduction, in total or in part, in the funds used to support the job or its responsibilities shall, as soon as practicable and in accordance with Reduction in Force policies, be provided written notification of termination of employment 30 days prior to the effective date of the termination.

State agencies shall not make grant awards with funds that are subject to proposed budget reductions in Senate Bill 402, 3rd edition, Senate Bill 402, 5th edition, or both.

Except as otherwise provided by this act, the limitations and directions for the 2012-2013 fiscal year in S.L. 2011-145, as amended, and in S.L. 2012-142, as amended, that applied to appropriations to particular agencies or for particular purposes apply to the funds appropriated and authorized for expenditure under this section.

EMPLOYEE SALARIES

SECTION 2. The salary schedules and specific salaries established for the 2012-2013 fiscal year by or under S.L. 2012-142 and in effect on June 30, 2013, for offices and positions shall remain in effect until the effective date of the Current Operations and Capital Improvements Appropriations Act of 2013.

State employees subject to G.S. 7A-102(c), 7A-171.1, or 20-187.3 shall not move up on salary schedules or receive automatic increases, including automatic step increases, until authorized by the General Assembly.

State employees, including those exempt from the classification and compensation rules established by the State Personnel Commission, shall not receive any automatic step increases, annual, performance, merit, bonuses, or other increments until authorized by the General Assembly.

Public school employees paid on the teacher salary schedule or school-based administrator salary schedule and other employees shall not move up on salary schedules or



receive automatic step increases, annual, performance, merit, or other increments until authorized by the General Assembly.

SALARY-RELATED CONTRIBUTIONS/EMPLOYER

SECTION 3.(a) The State's employer contribution rates budgeted for retirement and related benefits for the 2013-2014 fiscal year shall be as provided for in Section 29.22(f) of S.L. 2011-145 and Section 25.10 of S.L. 2012-142.

SECTION 3.(b) The State's employer contribution rates established by this section are effective until the Current Operations and Capital Improvements Appropriations Act of 2013 becomes law and are subject to revision in that act. If the Current Operations and Capital Improvements Appropriations Act of 2013 modifies these rates, the Director of the Budget shall further modify the rates set in that act for the remainder of the 2013-2014 fiscal year so as to compensate for the different amount contributed between July 1, 2013, and the date the Current Operations and Capital Improvements Appropriations Act of 2013 becomes law so that the effective rates for the entire year reflect the rates set in the Current Operations and Capital Improvements Appropriations Act of 2013.

FUNDS SHALL NOT REVERT

SECTION 4.(a) If the provisions of either Senate Bill 402, 3rd edition, Senate Bill 402, 5th edition, or both direct that funds shall not revert, the funds shall not revert on June 30, 2013. Unless these funds are encumbered on or before June 30, 2013, these funds shall not be expended after June 30, 2013, except as provided by a law enacted after June 30, 2013.

SECTION 4.(b) This section becomes effective June 30, 2013.

CORRECTION TO 2013-2014 BUDGET BILL REPEALED

SECTION 5. Subdivisions (2) through (4) of subsection (d) of Section 5.1 of S.L. 2011-145, as enacted by Section 5.1 of S.L. 2012-142, are repealed. This subsection becomes effective on June 30, 2013.

STATE CONTROLLER SHALL NOT TRANSFER FUNDS ON JUNE 30

SECTION 6.(a) Notwithstanding G.S. 143C-4-3, for the 2012-2013 fiscal year only, funds shall not be reserved to the Repairs and Renovations Reserve Account, and the State Controller shall not transfer funds from the unreserved credit balance to the Repairs and Renovation Reserve Account on June 30, 2013.

SECTION 6.(b) Notwithstanding G.S. 143C-4-2, for the 2012-2013 fiscal year only, funds shall not be reserved to the Savings Reserve Account, and the State Controller shall not transfer funds from the unreserved credit balance to the Savings Reserve Account on June 30, 2013.

SECTION 6.(c) This section becomes effective June 30, 2013.

FEDERAL BLOCK GRANTS

SECTION 7.(a) Except as provided by subsection (b) of this section, the Director of the Budget shall continue to allocate DHHS federal block grant funds at the levels provided in Section 10.25 of S.L. 2012-142, and as otherwise provided by law, and appropriations from DHHS federal block grants are hereby made. Further, the Quality and Availability Initiatives item under Local Program Expenditures of the Child Care and Development Block Grant shall be funded at ninety percent (90%) of the 2012-2013 fiscal year funding level. However, the Women's Health and Oral Health items under Local Program Expenditures and the Health Promotion item under the Department of Health and Human Services Program Expenditures of the Maternal and Child Health Block Grant shall not be funded.

SECTION 7.(b) Subject to the provisions of subsection (a) of this section, the Director of the Budget shall allocate DHHS federal block grant funds at the levels provided in Senate Bill 402, 3rd edition, and Senate Bill 402, 5th edition, for the following block grants that are not in controversy:

- (1) Temporary Assistance for Needy Families (TANF) Funds.
- (2) Temporary Assistance for Needy Families (TANF) Emergency Contingency Funds.
- (3) Substance Abuse Prevention and Treatment Block Grant.

SECTION 7.(c) Notwithstanding any other provision of this section, if funds appropriated for an item in Section 10.25 of S.L. 2012-142, and as otherwise provided by law, are not appropriated for that item in Senate Bill 402, 3rd edition, or Senate Bill 402, 5th edition, that item shall not be funded.

SECTION 7.(d) Appropriations from NER federal Block Grant funds are made for the fiscal year ending June 30, 2014, according to the schedules enacted for State fiscal year 2012-2013, or until a new schedule is enacted by the General Assembly. The schedule of NER federal Block Grants and governing provisions are specified in Section 13.1 of S.L. 2012-142.

MEDICAID STATE PLAN AMENDMENTS

SECTION 8.(a) To achieve the proposed budget reductions for the 2013-2015 fiscal biennium, the Department of Health and Human Services shall do all of the following:

- (1) Prepare the necessary State Plan amendments to the Centers for Medicare and Medicaid Services that reflect the Medicaid reduction items in Senate Bill 402, 3rd edition, or Senate Bill 402, 5th edition.
- (2) Submit the necessary State Plan amendments to the Centers for Medicare and Medicaid Services that reflect the Medicaid reduction items where the amount of the reduction is identical in both Senate Bill 402, 3rd edition, and Senate Bill 402, 5th edition.

SECTION 8.(b) The Department shall amend or withdraw any unnecessary State Plan amendments when reductions enacted in the Current Operations and Capital Improvements Appropriations Act of 2013 become law.

PUBLIC SCHOOLS

SECTION 9. Effective July 1, 2013, there is appropriated from the General Fund to the Department of Public Instruction the sum of ten million six hundred fifty-one thousand three hundred twenty-nine dollars (\$10,651,329) for the 2013-2014 fiscal year to fully fund increases in average daily membership in public schools, subject to adjustment by the General Assembly.

COMMUNITY COLLEGE TUITION INCREASE

SECTION 10.(a) The in-State tuition rate for community college students shall be seventy-one dollars and fifty cents (\$71.50) per credit hour. The out-of-State tuition rate shall be two hundred sixty-three dollars and fifty cents (\$263.50) per credit hour.

SECTION 10.(b) The fees charged for community college continuing education courses shall be based on the number of hours of class time. The fees shall be as follows:

- (1) Classes 1-24 hours – \$70.00.
- (2) Classes 25-50 hours – \$125.00.
- (3) Classes 51+ hours – \$180.00.

EXCESS LOTTERY RECEIPTS

SECTION 11.(a) Excess lottery receipts realized in the 2012-2013 fiscal year shall not be transferred out of the Education Lottery Fund in accordance with G.S. 18C-164(f) or any other provision of law. These excess funds shall remain in the Education Lottery Fund until appropriated by the General Assembly.

SECTION 11.(b) This section becomes effective June 30, 2013.

CERTAIN INFORMATION TECHNOLOGY FUNDS SHALL REMAIN IN THE OFFICE OF INFORMATION TECHNOLOGY SERVICES

SECTION 12.(a) Section 6A.5(c1) of S.L. 2012-142 reads as rewritten:

"SECTION 6A.5.(c1) To offset the transfer in this act of fourteen million dollars (\$14,000,000) from the Information Technology Internal Service Fund to the State Controller, the sum of two million eight hundred thousand dollars (\$2,800,000) shall ~~be transferred to agencies utilizing federal funding for IT Internal Service Fund payments remain at the Office of Information Technology Services until required to provide the appropriate refunds to the federal government. Information Technology Services shall be allowed to retain this amount in excess of its allowed defined contingency balance.~~"

SECTION 12.(b) This section becomes effective June 30, 2013.

ADDITIONAL FUNDS TO COVER MEDICAID SHORTFALL

SECTION 13.(a) Section 1 of S.L. 2013-56 reads as rewritten:

"**SECTION 1.** Notwithstanding G.S. 143C-6-4 or any other provision of law, in order to ensure that there is adequate funding in the Medicaid budget for the 2012-2013 fiscal year, the General Assembly directs the Director of the Budget, in conjunction with the State Controller and other necessary State officials, to effectuate the budget adjustments authorized in Section 2 of this act in an amount not to exceed ~~four hundred fifty one million dollars (\$451,000,000)~~ four hundred ninety-six million dollars (\$496,000,000) to cover a projected budget ~~shortfall of three hundred thirty three million dollars (\$333,000,000)~~ and the ~~repayment of Medicaid federal drug rebates in the amount of one hundred eighteen million dollars (\$118,000,000).~~ No other budget adjustments shall be made pursuant to G.S. 143C-6-4 or any other provision of law to cover a projected Medicaid budget shortfall for the 2012-2013 fiscal year."

SECTION 13.(b) Section 2 of S.L. 2013-56 reads as rewritten:

"**SECTION 2.** The Director of the Budget shall make the following adjustments to increase the budget of the Division of Medical Assistance. These adjustments are set forth in priority order, and no adjustment shall be made until the preceding adjustment has been completely exhausted in the permissible amount:

- (1) Use the sum of seventy-four million dollars (\$74,000,000) from drug rebate refunds within the Division of Medical Assistance. These funds are hereby appropriated.
- (2) Transfer the sum of twenty million nine hundred thousand dollars (\$20,900,000) from State appropriations not expended pursuant to Section 10.9G of S.L. 2012-142.
- (3) Transfer a minimum of ~~forty-eight million dollars (\$48,000,000)~~ eighty-four million five hundred thirty-nine thousand nine hundred dollars (\$84,539,900) from projected reversions within the Department of Health and Human Services, including any unspent or unobligated State appropriations from the Transitions to Community Living Fund. However, before these projected reversions may be expended, all payments required under Section 10.23A(f) of S.L. 2012-142 and S.L. 2013-5 must be made.
- (4) Use the sum of two hundred thirteen million four hundred thirty-two thousand eight hundred seventy-eight dollars (\$213,432,878) from the June 30, 2012, unreserved fund balance. These funds are hereby appropriated.
- (5) Transfer of projected revenue overcollections for the 2012-2013 fiscal year in the amount of up to ninety-four million six hundred sixty-seven thousand one hundred twenty-two dollars (\$94,667,122). These funds are hereby appropriated.
- (6) Use eight million four hundred sixty thousand one hundred dollars (\$8,460,100) in federal Block Grant funds. The sum of six million five hundred thousand dollars (\$6,500,000) is hereby appropriated from available Temporary Assistance for Needy Families Emergency Contingency Funds and the sum of one million nine hundred sixty thousand one hundred dollars (\$1,960,100) is hereby appropriated from Temporary Assistance for Needy Families Funds."

SECTION 13.(c) This section is effective when it becomes law.

EFFECTIVE DATE

SECTION 14. Except as otherwise provided, this act becomes effective July 1, 2013, and expires July 31, 2013, at 11:59 P.M.

In the General Assembly read three times and ratified this the 26th day of June, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

Pat McCrory
Governor

Approved _____ .m. this _____ day of _____, 2013