

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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HOUSE BILL 67*

Short Title: Current Operations - Appropriations.

(Public)

Sponsors: Representative Diamont.

Referred to: Appropriations.

January 23, 1989

A BILL TO BE ENTITLED

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

The General Assembly of North Carolina enacts:

Section 1. The Appropriations made in this act are for amounts necessary to provide the services and accomplish the purposes described in the budget. Savings shall be effected where the total amounts appropriated are not required to perform these services and accomplish these purposes and, except as allowed by the Executive Budget Act, or this act, the savings shall revert to the appropriate fund at the end of each fiscal year.

Part I.—CURRENT OPERATIONS/GENERAL FUND

Sec. 2. Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated are made for the biennium ending June 30, 1991, according to the following schedule:

<u>Current Operations-General Fund</u>	<u>1989-90</u>	<u>1990-91</u>
General Assembly	\$ 17,236,893	\$ 20,487,849
Judicial Department	181,437,244	183,669,638

1			
2	Department of the Governor		
3	01. Office of the Governor	4,520,811	4,544,345
4	02. Office of State Budget		
5	and Management	3,442,661	3,402,942
6			
7	Lieutenant Governor's Office		562,854 564,124
8			
9	Department of Secretary of State		3,345,317 3,254,615
10			
11	Department of State Auditor		12,940,608 12,947,697
12			
13	Department of State Treasurer		4,035,438 4,041,240
14			
15	Department of Public Education		
16	01. Administration	53,765,011	52,271,232
17	02. State Aid	3,004,542,381	3,280,363,198
18			
19	Department of Justice		45,456,336 48,369,208
20			
21	Department of Administration		
22	01. Administration	47,206,193	47,429,100
23	02. State Controller	5,187,931	5,192,978
24			
25	Department of Agriculture		38,535,996 39,697,017
26			
27	Department of Labor		7,337,009 7,334,122
28			
29	Department of Insurance		12,313,876 12,346,572
30			
31	Department of Transportation		
32	01. Aeronautics	7,158,721	7,792,515
33	02. Aid to Railroads	1,216,666	216,666
34			
35	Total Department of		
36	Transportation		8,375,387 8,009,181
37			
38	Department of Natural Resources and		
39	Community Development		81,827,411 81,779,703
40			
41	Office of Administrative Hearings		1,972,220 1,975,809
42			
43	Administrative Rules Review Commission		258,469 251,545
44			

1	Department of Human Resources		
2	01. Alcoholic Rehabilitation Center -		
3	Black Mountain	3,195,745	3,217,781
4	02. Alcoholic Rehabilitation Center -		
5	Butner	3,016,347	3,029,084
6	03. Alcoholic Rehabilitation Center -		
7	Greenville	2,622,285	2,622,461
8	04. N.C. Special Care Center	4,492,325	4,583,853
9	05. Black Mountain Center	619,850	613,127
10	06. DHR - Administration and Support		
11	Program	7,274,607	7,142,653
12	07. Division of Aging	4,809,406	4,810,488
13	08. Schools for the Deaf and Blind	22,169,581	22,192,919
14	09. Division of Health Services	83,486,271	86,204,421
15	10. Social Services	94,624,272	95,124,052
16	11. Medical Assistance	384,442,191	448,104,017
17	12. Social Services - State Aid to		
18	Non-State Agencies	5,133,148	5,133,148
19	13. Division of Services for the		
20	Blind	6,081,502	6,093,927
21	14. Division of Mental Health,		
22	Mental Retardation and Substance		
23	Abuse Services	162,192,477	162,656,135
24	15. Dorothea Dix Hospital	34,572,277	34,908,235
25	16. Broughton Hospital	30,086,511	30,285,894
26	17. Cherry Hospital	30,153,802	30,438,806
27	18. John Umstead Hospital	28,631,050	28,708,028
28	19. Western Carolina Center	3,491,587	3,619,043
29	20. O'Berry Center	4,819,496	4,927,705
30	21. Murdoch Center	15,439,860	13,345,992
31	22. Caswell Center	14,265,690	14,457,270
32	23. Division of Facility Services	30,500,087	32,256,721
33	24. Division of Vocational		
34	Rehabilitation Services	22,715,531	22,716,953
35	25. Division of Youth Services	43,060,651	43,201,970
36	26. Reserve for Services for Older		
37	Adults	6,000,000	8,000,000
38	27. State Aid, Local Programs		
39	Inflationary Increases	2,333,278	5,374,256
40			
41	Total Department of		
42	Human Resources		1,050,229,827 1,121,775,315
43			
44	Department of Correction		

1			
2	01.	Correction	340,110,686 343,198,073
3	02.	Reserve for Correction	75,000,000 75,000,000
4			
5		Department of Commerce	
6			
7	01.	Commerce	31,325,001 31,275,456
8	02.	Biotechnology Center	6,360,200 8,360,200
9	03.	Microelectronics Center	
10		a. Microelectronics Center	16,815,360 16,153,548
11		b. N.C. Supercomputer Center	8,760,674 5,504,876
12			
13		Department of Revenue	48,246,995 47,632,976
14			
15		Department of Cultural Resources	37,916,730 38,182,330
16			
17		Department of Crime Control	
18		and Public Safety	25,249,087 25,461,003
19			
20		University of North Carolina - Board	
21		of Governors	
22			
23	01.	General Administration	18,661,711 18,729,676
24	02.	University Operations -	
25		Lump Sum	5,661,534 5,661,534
26	03.	Related Educational Programs	44,491,421 44,663,186
27	04.	University of North Carolina	
28		at Chapel Hill	
29		a. Academic Affairs	131,513,628 133,672,623
30		b. Division of Health	
31		Affairs	94,302,088 95,830,942
32		c. Area Health Education	
33		Centers	30,386,075 30,373,500
34	05.	North Carolina State University	
35		at Raleigh	
36		a. Academic Affairs	162,449,269 164,276,621
37		b. Agricultural Research	
38		Service	35,233,748 35,123,381
39		c. Agricultural Extension	
40		Service	27,431,979 27,348,964
41	06.	University of North Carolina at	
42		Greensboro	51,580,243 51,944,811
43	07.	University of North Carolina at	
44		Charlotte	49,338,442 49,972,994

1	08.	University of North Carolina at		
2		Asheville	15,006,549	15,431,287
3	09.	University of North Carolina at		
4		Wilmington	28,931,879	29,035,937
5	10.	East Carolina University		
6	a.	Academic Affairs	67,532,422	67,991,454
7	b.	Division of Health Affairs	47,601,938	48,713,413
8	11.	North Carolina Agricultural and		
9		Technical State University	33,922,465	34,571,701
10	12.	Western Carolina University	33,404,839	34,169,604
11	13.	Appalachian State University	50,841,830	50,925,543
12	14.	Pembroke State University	13,961,449	14,048,265
13	15.	Winston-Salem State University	15,483,965	15,566,048
14	16.	Elizabeth City State		
15		University	13,007,195	13,122,579
16	17.	Fayetteville State University	15,895,836	16,081,858
17	18.	North Carolina Central		
18		University	25,797,251	25,909,056
19	19.	North Carolina School of the		
20		Arts	8,046,738	8,102,191
21	20.	North Carolina Science and		
22		Math High School	6,832,113	6,804,564
23	21.	North Carolina Memorial		
24		Hospital	34,734,222	35,412,940
25				
26		Total University of North		
27		Carolina	1,062,050,829	1,073,484,672
28				
29		Department of Community Colleges		
30	01.	Administration	10,754,877	10,775,544
31	02.	State Aid	322,507,283	323,161,955
32				
33		State Board of Elections		375,445 402,909
34				
35		Contingency and Emergency		1,613,000 1,613,000
36				
37		Reserve for Salary Adjustments		4,000,000 4,000,000
38				
39		Reserve for Compensation Increase		25,240,835 100,963,340
40				
41		Reserve for Health Benefits		40,000,000 53,500,000
42				
43		Reserve for Compensation Increases,		
44		State Aid, Local Programs	1,338,145	5,352,579

1		
2	Eliminate Vacant Positions	(10,400,000) (10,400,000)
3		
4	Debt Service	74,083,445 76,713,583
5		
6	GRAND TOTAL CURRENT OPERATIONS--	
7	GENERAL FUND	\$6,705,878,465 \$7,172,037,098

8
9 PART II.—CURRENT OPERATIONS/HIGHWAY FUND

10
11 Sec. 3. Appropriations from the Highway Fund of the State for the
12 maintenance and operation of the Department of Transportation, and for other purposes
13 as enumerated, are made for the biennium ending June 30, 1991, according to the
14 following schedule:

15				
16	<u>Current Operations-Highway Fund</u>		<u>1989-90</u>	<u>1990-91</u>
17				
18	Department of Transportation			
19	01. Administration	\$ 27,547,098	\$ 28,276,990	
20	02. Highways			
21	a. Administration and			
22	Operations	32,490,377	32,527,710	
23				
24	b. State Construction			
25	(01) Primary Construction	-	-	
26	(02) Secondary			
27	Construction			68,672,240 70,732,407
28	(03) Urban Construction	20,000,000	20,000,000	
29	(04) Access and Public			
30	Service Roads			2,000,000 2,000,000
31	(05) Special Appropriation			
32	for Highways			66,000,000 66,000,000
33	(06) Spot Safety			
34	Improvements			9,100,000 9,100,000
35				
36	c. State Funds to Match Federal			
37	Highway Aid			
38	(01) Construction	73,338,469	74,271,803	
39	(02) Planning Survey and Highway			
40	Planning Research			2,298,590 2,136,210
41	d. State Maintenance			
42	(01) Primary	77,903,523	77,903,523	
43	(02) Secondary	137,924,055	137,924,055	
44	(03) Urban	21,021,422	21,021,422	

1	(04) Contract Resurfacing	100,567,150	100,567,150
2	e. Ferry Operations	15,656,188	16,027,640
3	f. State Aid to Municipalities	68,672,240	70,732,407
4	g. State Aid for Public		
5	Transportation	2,756,250	2,894,063
6	03. Division of Motor Vehicles	71,341,648	70,708,106
7	04. Governor's Highway Safety Program	258,840	259,249
8	05. Reserve for Health Benefits	4,400,000	5,900,000
9	06. Reserve for Compensation		
10	Increase	3,079,581	12,318,322
11	07. Salary Adjustments for Highway		
12	Fund Employees	600,000	600,000
13	08. Reserve to Correct Occupational		
14	Safety and Health Conditions	550,000	500,000
15	09. Expansion Reserve	5,947,657	1,783,955
16	10. Debt Service	38,491,163	37,392,600
17			
18	Appropriations for Other State Agencies		
19	01. Crime Control and Public		
20	Safety	82,138,327	86,154,107
21	02. Other Agencies		
22	a. Department of Agriculture	2,371,675	2,470,577
23	b. Department of Revenue	1,494,890	1,495,746
24	c. Department of Human		
25	Resources	344,820	344,988
26	d. Department of Correction	1,750,000	1,750,000
27			
28	Contingency and Emergency Fund		<u>100,000</u> <u>100,000</u>
29			
30	GRAND TOTAL CURRENT OPERATIONS—		
31	HIGHWAY FUND		\$ 938,816,203 \$ 953,893,030
32			
33	PART III.—SPECIAL PROVISIONS/HIGHWAY FUND CURRENT OPERATIONS		
34			
35	—HIGHWAY FUND/ALLOCATIONS BY TRANSPORTATION CONTROLLER		
36			
37	Sec. 4. The Controller of the Department of Transportation shall allocate		
38	sufficient funds to eliminate all overdrafts on State maintenance and construction at the		
39	beginning of each fiscal year from the various appropriations made to the Department of		
40	Transportation in Section 3 of this act, Titles:		
41			
42	02.b. - State Construction		
43	02.c. - State Funds to Match Federal Highway Aid		
44	02.d. - State Maintenance		

1 02.e. - Ferry Operations

2
3 —CASH FLOW/HIGHWAY FUND APPROPRIATIONS

4
5 Sec. 5. The General Assembly authorizes and certifies anticipated revenues
6 of the Highway Fund as follows:

7
8 For Fiscal Year 1991-92 \$ 981,100,000
9 For Fiscal Year 1992-93 \$1,005,000,000

10
11 —RESURFACED ROADS MAY BE WIDENED

12
13 Sec. 6. Of the contract maintenance resurfacing program funds appropriated
14 in Section 3 of this act to the Department of Transportation, an amount not to exceed ten
15 percent (10%) of the Board of Transportation's allocation of these funds may be used
16 for widening existing narrow pavements that are scheduled for resurfacing.

17
18 —USE OF SALES TAX COLLECTED BY THE DIVISION OF MOTOR VEHICLES

19
20 Sec. 7. Notwithstanding the second sentence of the sixth paragraph of G.S.
21 105-164.4(1), the Department of Transportation may deduct and retain from the sales
22 tax on motor vehicles collected pursuant to the subdivision an amount equal to the cost
23 to the Division of Motor Vehicles of collecting the sales tax on motor vehicles, but not
24 to exceed four hundred seventy-five thousand dollars (\$475,000) per year. The cost of
25 collecting this tax shall be determined by the Secretary of Transportation, subject to the
26 approval of the Director of the Budget.

27
28 —COMMISSION PAID TO BRANCH AGENTS

29
30 Sec. 8. (a) Effective July 1, 1989, Section 140(a) of Chapter 761, Session
31 Laws of 1983, as amended by Section 202 of Chapter 1034, Session Laws of 1983, and
32 Section 172 of Chapter 738, Session Laws of 1987 reads as rewritten:

33 "~~(a) Notwithstanding G.S. 105-164.4(1), the Department of Transportation may~~
34 ~~deduct and retain from the sales tax on motor vehicles pursuant to the subdivision an~~
35 ~~amount equal to the cost to the Division of collecting this tax, not to exceed four~~
36 ~~hundred seventy five thousand dollars (\$475,000) per year. The cost of collecting this~~
37 ~~tax shall be determined by the Secretary of Transportation, subject to the approval of the~~
38 ~~State Budget Officer. Notwithstanding G.S. 20-63(h), the cost of collection shall~~
39 ~~include an increase in the commission paid to branch agents of the Division of Motor~~
40 ~~Vehicles is seventy two cents (72¢) eighty-two cents (82¢) per transaction."~~

41 (b) Effective July 1, 1990, Section 140(a) of Chapter 761, Session Laws of
42 1983, as amended by Section 202 of Chapter 1034, Session Laws of 1983, Section 172
43 of Chapter 738, Session Laws of 1987, and subsection (a) of this subsection reads as
44 rewritten:

1 "(a) Notwithstanding G.S. 20-63(h), the commission paid to branch agents of the
2 Division of Motor Vehicles is ~~eighty-two cents (82¢)~~ ninety-two cents (92¢) per
3 transaction."

4
5 —HIGHWAY FUND/ADJUSTMENTS TO REFLECT ACTUAL REVENUE

6
7 Sec. 9. Any unreserved credit balance in the Highway Fund on June 30 of
8 each of the fiscal years shall support appropriations in the succeeding fiscal year. If all
9 of the balance is not needed for these appropriations, the Director of the Budget may use
10 the remaining excess to establish a reserve for access and public service roads, a reserve
11 for unforeseen happenings or state of affairs requiring prompt action as provided for by
12 G.S. 136-44.2, and other required reserves. If all of the remaining excess is not used to
13 establish these reserves, the remainder shall be allocated to the State-funded
14 maintenance or construction appropriations in the manner approved by the Board of
15 Transportation.

16
17 —URBAN CONSTRUCTION FUNDS

18
19 Sec. 10. Of the funds appropriated to the Department of Transportation for
20 each year of the biennium for Urban Construction in the amount of twenty million
21 dollars (\$20,000,000), fourteen million dollars (\$14,000,000) shall be allocated equally
22 among the 14 Highway Divisions for the Small Urban Construction Program for small
23 urban projects located within the area covered by a one-mile radius of the municipal
24 corporate limits. The remaining six million dollars (\$6,000,000) shall be used statewide
25 for rural or small urban highway improvements as approved by the Secretary of the
26 Department of Transportation.

27
28 —SPECIAL APPROPRIATIONS FOR HIGHWAYS

29
30 Sec. 11. Of the funds appropriated to the Department of Transportation for
31 special appropriations for highways, sixty-six million dollars (\$66,000,000) for fiscal
32 year 1989-90 and sixty-six million dollars (\$66,000,000) for fiscal year 1990-91 may be
33 used for:

- 34 (1) Supplemental funding for highway construction, reconstruction, and
35 rehabilitation projects for State and Federal Aid Road systems;
36 (2) Supplemental funding for the planning, design and engineering of
37 highways and acquisition of highway rights-of-way;
38 (3) Matching funds for unanticipated federal-aid construction funds;
39 (4) Payment for all or any portion of the interest or principal on bonds
40 issued by the State for road and highway purposes;
41 (5) A means of maintaining a uniform seasonal pace of highways
42 construction, including scheduled ferry replacement.

43 Construction funds shall be allocated equitably each year among the 14
44 Highway Divisions. Notwithstanding any other provisions of Chapter 136 of the

1 General Statutes, the Department shall make allocations under this section in a manner
2 that assures that at the end of the second year each of the 14 Highway Divisions, over
3 the two-year period, has been allocated an equal amount, insofar as possible, of all
4 funds allocated under this section. The Secretary shall report in writing, on a monthly
5 basis, to the Joint Legislative Commission on Governmental Operations and the Fiscal
6 Research Division on the projects that have been funded, and those projects that he
7 reasonably expects to be funded under this section. The report shall set out the reasons
8 this method of funding serves the best interest of the State's transportation improvement
9 programs. That report shall include, among other things, the cost savings realized, and
10 the manner in which the cost savings have been realized by the use of the funds
11 allocated under this section.

12
13 PART IV.—GENERAL PROVISIONS

14
15 —SPECIAL FUNDS, FEDERAL FUNDS, AND DEPARTMENTAL
16 RECEIPTS/AUTHORIZATION FOR EXPENDITURES

17
18 Sec. 12. There is appropriated out of the cash balances, federal receipts, and
19 departmental receipts available to each department, sufficient amounts to carry on
20 authorized activities included under each department's operations. All these cash
21 balances, federal receipts, and departmental receipts shall be expended and reported in
22 accordance with provisions of the Executive Budget Act, except as otherwise provided
23 by statute. The Director of the Budget shall develop necessary budget controls,
24 regulations, and systems to ensure that these funds and other State funds subject to the
25 Executive Budget Act, may not be spent in a manner which would cause a deficit in
26 expenditures.

27 Pursuant to G.S. 143-34.2, State departments, agencies, institutions, boards,
28 or commissions may make application for, receive, or disburse any form of non-State
29 aid. All non-State monies received shall be deposited with the State Treasurer unless
30 otherwise provided by State law. These funds shall be expended in accordance with the
31 terms and conditions of the fund award that are not contrary to the laws of North
32 Carolina.

33
34 —INSURANCE AND FIDELITY BONDS

35
36 Sec. 13. All insurance and all official fidelity and surety bonds authorized for
37 the several departments, institutions, and agencies shall be effected and placed by the
38 Insurance Department, and the cost of placement shall be paid by the affected
39 department, institution, or agency with the approval of the Insurance Commissioner.

40
41 —SALARY ADJUSTMENT FUND

42
43 Sec. 14. The Director of the Budget may transfer to General Fund budget
44 codes from the General Fund salary adjustment appropriation, and may transfer to

1 Highway Fund budget codes from the Highway Fund salary adjustment appropriation
2 amounts required to support approved salary adjustments and reclassifications made
3 necessary by difficulties in recruiting and holding qualified employees in State
4 government. The funds may be transferred only when the use of salary reserve funds in
5 individual operating budgets is not feasible.

6 Of the funds appropriated in Section 2 of this act to the Reserve for Salary
7 Adjustment Fund three million five hundred thousand dollars (\$3,500,000) is included
8 to continue funds approved by the 1987 General Assembly for Shift Premium
9 Pay/Nursing Salaries and may be transferred by the Office of State Budget and
10 Management and spent in accordance with the provisions of Section 9 of Chapter 738,
11 Session Laws of 1987, as rewritten by Section 100 of Chapter 1086, Session Laws of
12 1987.

13
14 —SALARY RELATED CONTRIBUTIONS/EMPLOYERS

15
16 Sec. 15. Required employer salary-related contributions for employees
17 whose salaries are paid from department, office, institution, or agency receipts shall be
18 paid from the same source as the source of employee's salary. If an employee's salary is
19 paid in part from the General Fund and in part from department, office, institution, or
20 agency receipts, required employer salary-related contributions may be paid from the
21 General Fund only to the extent of the proportionate part paid from the General Fund in
22 support of the salary of the employee, and the remainder of the employer's requirements
23 shall be paid from the source that supplies the remainder of the employee's salary. The
24 requirements of this section as to source of payment are also applicable to payments on
25 behalf of the employee for hospital-medical insurance, longevity, unemployment
26 insurance and workers' compensation.

27
28 —STATE'S EMPLOYER CONTRIBUTION RATES FOR RETIREMENT

29
30 Sec. 16. The State employer contribution percentage rates of covered salaries
31 budgeted for the retirement systems for 1989-90 and 1990-91 are (1) eleven and
32 nineteen hundredths percent (11.19%) - Teachers and State Employees Retirement
33 System; (2) sixteen and twenty hundredths percent (16.20%) - State Law Enforcement
34 Officers Retirement System; (3) thirty and eighty-one hundredths percent (30.81%) -
35 Consolidated Judicial Retirement System; and (4) thirty-six and eighty-six hundredths
36 percent (36.86%) - Legislative Retirement System. Each of the foregoing contribution
37 rates includes one and ten hundredths percent (1.10%) for hospital and medical benefits.
38 The rate of sixteen and twenty hundredths percent (16.20%) for State Law Enforcement
39 Officers includes the five percent (5.0%) applicable to the Supplemental Retirement
40 Income Plan.

41
42 —OVER REALIZED RECEIPTS

43
44 Sec. 17. G.S. 143-27 reads as rewritten:

1 **"§ 143-27. Appropriations to educational, charitable and correctional institutions**
2 **are in addition to receipts by them.**

3 All appropriations now or hereafter made to the educational institutions, and to the
4 charitable and correctional institutions, and to such other departments and agencies of
5 the State as receive moneys available for expenditure by them are declared to be in
6 addition to such receipts of said institutions, departments or agencies, and are to be
7 available as and to the extent that such receipts are insufficient to meet the costs
8 anticipated in the budget authorized by the General Assembly, of maintenance of such
9 institutions, departments, and agencies; Provided, however, that if the receipts, other
10 than ~~gifts and grants that are unanticipated~~ gifts, grants and those supporting a receipt
11 supported function, that are unanticipated, and are for a specific purpose only, collected
12 in a fiscal year by an institution, department, or agency exceed the receipts certified for
13 it in General Fund Codes or Highway Fund Codes, the Director of the Budget shall
14 decrease the amount he allots to that institution, department, or agency from
15 ~~appropriations from that Fund~~ General Fund or Highway Fund appropriations from that
16 Code by the amount of the excess, unless the Director of the Budget finds that the
17 ~~appropriations from that Fund~~ General Fund or Highway Fund appropriations from that
18 Code are necessary to maintain the function that generated the receipts at the level
19 anticipated in the certified ~~Budget Codes for that Fund~~ budget.

20 The Office of State Budget and Management shall report to the Joint Legislative
21 Commission on Governmental Operations and to the Fiscal Research Division of the
22 Legislative Services Office within ~~30~~ 60 days after the end of each quarter on
23 expenditures of receipts in excess of the amounts certified in General Fund Codes or
24 Highway Fund Codes that did not result in a corresponding reduced allotment from
25 appropriations from that Fund."
26

27 ~~—NO TRANSFERS BETWEEN ITEMS IN THE BUDGET~~
28

29 Sec. 19. G.S. 143-23 reads as rewritten:

30 **"§ 143-23. All maintenance funds for itemized purposes; transfers between objects**
31 **and items.**

32 (a) All appropriations now or hereafter made for the maintenance of the various
33 departments, institutions and other spending agencies of the State, are for the purposes
34 and/or objects enumerated in the itemized requirements of such departments,
35 institutions and other spending agencies submitted to the General Assembly by the
36 Director of the Budget and the Advisory Budget Commission, and/or as amended by the
37 General Assembly. The function of the Advisory Budget Commission under this
38 subsection applies only if the Director of the Budget consults with the Commission in
39 preparation of the budget.

40 (a1) ~~No~~ Unless otherwise allowed by law, no transfers may be made between line
41 items in the ~~budget~~ general or highway fund certified budgets of any department,
42 institution, or other spending agency; ~~however, with~~ agency. With the approval of the
43 Director of the Budget, a department, institution, or other spending agency may spend
44 more than was appropriated for a line ~~item~~ item. ~~if the overexpenditure is:~~

1 (1) In a program for which funds were appropriated for that fiscal period and the
2 total amount spent for the program is no more than was appropriated for the program for
3 the fiscal period;

4 (2) Required to continue a program because of unforeseen events, so long as the
5 scope of the program is not increased;

6 (3) Required by a court, Industrial Commission, or administrative hearing
7 officer's order or award or to match unanticipated federal funds;

8 (4) Required to respond to an unanticipated disaster such as a fire, hurricane, or
9 tornado; or

10 (5) Required to call out the National Guard.

11 The Director of the Budget shall report on a quarterly basis to the Joint Legislative
12 Commission on Governmental Operations and to the Fiscal Research Division of the
13 Legislative Services Office the reason if the amount expended for a program certified
14 general fund or highway fund budget code is more than the amount appropriated for it
15 from all sources.

16 Funds appropriated for salaries and wages may only be used for salaries and wages or
17 for wages; premium pay; overtime pay; longevity; unemployment compensation; workers'
18 compensation; disability pay; temporary wages; contracted personal
19 services; moving expenses; payment of accumulated annual leave; certain awards to
20 employees; tort claims; and settlement of pending litigation claims for employees and
21 inmates; employer's social security, retirement, and hospitalization payments; provided,
22 however, funds appropriated for salaries and wages may also be used for purposes for which
23 over expenditures are permitted by subdivisions (3), (4), and (5) of this subsection but the
24 Director of the Budget shall include such use and the reason for it in his quarterly report to the
25 Joint Legislative Commission on Governmental Operations and to the Fiscal Research
26 Division of the Legislative Services Office. payments; court order requirements; Industrial
27 Commission awards; match unanticipated federal funds; disasters; and the calling out of
28 the National Guard. Salary-Lapsed salary funds that become available from vacant
29 positions may not be used for new permanent employee positions or to raise the salary
30 of existing employees.

31 As used in this subsection, "program" means a group of expenditure and receipt line
32 items for support of a specific budgeted activity outlined in the certified budget for each
33 department, agency, or institution, as designated by the four digit fund (purpose)
34 number in the Budget Preparation System.

35 These provisions do not apply to the extent that the Director of the Budget finds that
36 compliance is impossible and that deviation is necessary because of complications in the
37 budget process that were not contemplated in these provisions. Deviations must be
38 reported quarterly to the Joint Legislative Commission on Governmental Operations.

39 (b) Repealed by Session Laws 1985, c. 290, s. 8, effective July 1, 1985.

40 (c) Transfers or changes as between objects and items in the budget of the Senate
41 may be made by the President Pro Tempore of the Senate;

42 (d) Transfers or changes as between objects and items in the budget of the House
43 of Representatives may be made by the Speaker of the House of Representatives;

1 (e) Transfers or changes as between objects and items in the budget of the
2 General Assembly other than of the Senate and House of Representatives may be made
3 jointly by the President Pro Tempore of the Senate and the Speaker of the House of
4 Representatives."

5
6 ---LIMIT ON NUMBER OF STATE EMPLOYEES

7
8 Sec. 20. G.S. 143-47.15 is repealed.

9 Sec. 21. Article 1 of Chapter 143 of the General Statutes is amended by
10 adding a new section to read:

11 "**§ 143-10.2. Limit on Number of State Employees.**

12 The total number of permanent State funded employees, excluding employees in the
13 State's public school system funded by way of State aid to local public school units,
14 shall not be increased by the end of any State fiscal year by a greater percentage than
15 the percentage rate of the residential population growth for the State of North Carolina.
16 The percentage rates shall be computed by the Office of State Budget and Management.
17 The population growth shall be computed by averaging the rate of residential population
18 growth in each of the preceding 10 fiscal years as stated in the annual estimates of
19 residential population in North Carolina made by the United States Census Bureau. The
20 growth rate of the number of employees shall be computed by averaging the rate of
21 growth of State employees in each of the preceding 10 fiscal years as of July 1 of each
22 fiscal year as stated in the State Budget."

23
24 PART V.—GENERAL GOVERNMENT

25
26 ---NORTH CAROLINA SYMPHONY/GRANT-IN-AID FUNDS

27
28 Sec. 22. As a condition of accepting State grant-in-aid funds for 1989-90 and
29 1990-91, the North Carolina Symphony shall operate within a balanced budget.

30
31 ---COUNCIL OF GOVERNMENTS FUNDS

32
33 Sec. 23. (a) Of the funds appropriated by Section 2 of this act to the
34 Department of Administration, the sum of nine hundred ninety thousand dollars
35 (\$990,000) for 1989-90 and nine hundred ninety thousand dollars (\$990,000) for 1990-
36 91 shall only be used as provided by this section. Each regional council of government
37 or lead regional organization is allocated an amount up to fifty-five thousand dollars
38 (\$55,000) each fiscal year, with the actual amount calculated as provided in subsection
39 (b) of this section.

40 (b) The funds shall be allocated as follows: A share of the maximum fifty-
41 five thousand dollars (\$55,000) each year shall be allocated to each county and smaller
42 city based on the most recent annual estimate of the Office of the Office of State Budget
43 and Management of the population of that county (less the population of any larger city
44 within that county) or smaller city, divided by the sum of the total population of the

1 region (less the population of larger cities within that region) and the total population of
2 the region living in smaller cities. Those funds shall be paid to the regional council of
3 government for the region in which that city or county is located upon receipt by the
4 Department of Administration of a resolution of the governing board of the county or
5 city requesting release of the funds. If any city or county does not so request payment
6 of funds by June 30 of a State fiscal year, that share of the allocation for that fiscal year
7 shall revert to the General Fund.

8 (c) A council of governments may use funds appropriated by this section only
9 to assist local governments in grant applications, economic development, community
10 development, support of local industrial development activities, and other activities as
11 deemed appropriate by the member governments.

12 (d) Funds appropriated by this section may not be used for payment of dues
13 or assessments by the member governments, and may not supplant funds appropriated
14 by the member governments.

15 (e) As used in this section "Larger City" means an incorporated city with a
16 population of 50,000 or over. "Smaller City" means any other incorporated city.

17
18 PART VI.—HUMAN RESOURCES

19
20 —MEDICAID

21
22 Sec. 24. (a) Appropriations in Section 2 of this act for services provided in
23 accordance with Title XIX of the Social Security Act (Medicaid) are for both the
24 categorically needy and the medically needy. Funds appropriated for these services
25 shall be expended in accordance with the following schedule of services and payment
26 bases. All services and payments are subject to the language at the end of this
27 subsection.

28
29 Services and payment bases:

- 30 (1) Hospital-Inpatient - Payment for hospital inpatient services will be
31 based on a prospective rate reimbursement plan as established by the
32 Department of Human Resources. Administrative days for any period
33 of hospitalization shall be limited to a maximum of three days.
- 34 (2) Hospital-Outpatient - Eighty percent (80%) of allowable costs or a
35 prospective reimbursement plan as established by the Department of
36 Human Resources.
- 37 (3) Mental Hospitals - Allowable costs or a prospective reimbursement if
38 approved by the Director of the Budget.
- 39 (4) Skilled Nursing Facilities and Intermediate Care Facilities - As
40 prescribed under the State Plan for reimbursing Long-Term Care
41 Facilities. Skilled nursing facility participation in the Medicare
42 program is a condition of participation in the North Carolina Medicaid
43 skilled nursing facility program.

- 1 (5) Intermediate Care Facilities for the Mentally Retarded - As prescribed
2 under the State Plan for reimbursing intermediate care facilities for the
3 mentally retarded.
- 4 (6) Drugs - Drug costs as allowed by federal regulations plus four dollars
5 four cents (\$4.04) professional services fee per month excluding refills
6 for the same drug or generic equivalent during the same month.
7 Reimbursement shall be available for up to six prescriptions per
8 recipient, per month, including refills. Payments for drugs are subject
9 to the provisions of subsection (g) of this section and to the provisions
10 at the end of subsection (a) of this section, or in accordance with a plan
11 adopted by the Department of Human Resources consistent with
12 federal reimbursement regulations.
- 13 (7) Physicians, Chiropractors, Podiatrists, Optometrists, Dentists, Certified
14 Nurse Midwife Services - Fee schedules as developed by the
15 Department of Human Resources. Payments for dental services are
16 subject to the provisions of subsection (f) of this section.
- 17 (8) Community Alternative Program, EPSDT Screens - Payment to be
18 made in accordance with a rate schedule developed by the Department
19 of Human Resources.
- 20 (9) Home Health, Private Duty Nursing, Clinic Services, Mental Health
21 Clinics, Prepaid Health Plans - Payment to be made according to
22 reimbursement plans developed by the Department of Human
23 Resources.
- 24 (10) Medicare Buy-In - Social Security Administration premium.
- 25 (11) Ambulance Services - Uniform fee schedules as developed by the
26 Department of Human Resources.
- 27 (12) Hearing Aids - Actual cost plus a dispensing fee.
- 28 (13) Rural Health Clinic Services - Provider based - reasonable cost;
29 nonprovider based - single cost reimbursement rate per clinic visit.
- 30 (14) Family Planning - Negotiated rate for local health departments. For
31 other providers - see specific services, for instance, hospitals,
32 physicians.
- 33 (15) Independent Laboratory and X-Ray Services - Uniform fee schedules
34 as developed by the Department of Human Resources.
- 35 (16) Optical Supplies - One hundred percent (100%) of reasonable
36 wholesale cost of materials.
- 37 (17) Ambulatory Surgical Centers - Negotiated rates, established by the
38 Department of Human Resources.
- 39 (18) Medicare Crossover Claims - Actual coinsurance or deductible or
40 both.
- 41 (19) Physical Therapy and Speech Therapy - Services limited to EPSDT
42 eligible children. Payments are to be made only to the Children's
43 Special Health Services program at rates negotiated by the Department
44 of Human Resources.

- 1 (20) Personal Care Services - Payment in accordance with plan approved
- 2 by the Department of Human Resources.
- 3 (21) Case Management Services - Reimbursement in accordance with the
- 4 availability of funds to be transferred within the Department of Human
- 5 Resources.
- 6 (22) Hospice - Services may be provided in accordance with plan
- 7 developed by the Department of Human Resources.

8 Reimbursement is available for up to 24 visits per recipient per year to any
 9 one or combination of the following: physicians, clinics, hospital outpatient,
 10 optometrists, chiropractors, and podiatrists. Prenatal services, EPSDT screens, and
 11 emergency rooms are exempt from the visit limitations contained in this paragraph.
 12 Exceptions may be authorized by the Department of Human Resources where the life of
 13 the patient would be threatened without such additional care. Any person who is
 14 determined by the Department to be exempt from the 24-visit limitation may also be
 15 exempt from the six-prescription limitation.

16 Any changes in services or bases of payment in the Medicaid program must
 17 be approved by the Director of the Budget with the advice of the Advisory Budget
 18 Commission.

19 (b) Allocation of Nonfederal Cost of Medicaid. The State shall pay eighty-five
 20 percent (85%) and the counties shall pay fifteen percent (15%) of the nonfederal costs
 21 of all applicable services listed in this section.

22 (c) Co-payment for Medicaid Services. The Department of Human Resources
 23 may establish co-payment up to the maximum permitted by federal law and regulation.

24 (d) Medicaid and Aid to Families with Dependent Children Income Eligibility
 25 Standards. Effective until January 1, 1988, the maximum net family annual income
 26 eligibility standards for Medicaid and Aid to Families with Dependent Children and the
 27 Standard of Need for Aid to Families with Dependent Children shall continue as set by
 28 Section 118 of Chapter 1014 of the 1985 Session Laws. Regular Session, 1986.
 29 Effective January 1, 1988, the maximum net family annual income eligibility standards
 30 for Medicaid and Aid to Families with Dependent Children, and the Standard of Need
 31 for Aid to Families with Dependent Children shall be as follows:

		<u>Categorically Needy</u>		<u>Medically Needy</u>	
	<u>Family</u>	<u>Standard</u>		<u>AFDC Payment</u>	
	<u>Size</u>	<u>Of Need</u>		<u>Level*</u>	<u>AA,AB,AD*</u>
35	1	\$ 4,248	\$ 2,124	\$ 2,900	
36	2	5,544	2,772	3,700	
37	3	6,384	3,192	4,300	
38	4	6,984	3,492	4,700	
39	5	7,608	3,804	5,100	
40	6	8,208	4,104	5,500	
41	7	8,760	4,380	5,900	
42	8	9,168	4,584	6,200	

43 * Aid to Families with Dependent Children (AFDC); Aid to the Aged
 44 (AA); Aid to the Blind (AB); Aid to the Disabled (AD).

1 The payment level for Aid to Families with Dependent Children shall be fifty percent
2 (50%) of the standard of need.

3 These standards may be changed with the approval of the Director of the
4 Budget with the advice of the Advisory Budget Commission.

5 (e) Spouse Responsibility. The Department of Human Resources, Division
6 of Medical Assistance, may not consider the income or assets of the spouse of a person
7 who is admitted as a long-term care patient in a certified public or private intermediate
8 care or skilled nursing facility to be available to the institutionalized person. This
9 provision will remain in effect until superseded by federal law under the Medicare
10 Catastrophic Coverage Act of 1988, on September 1, 1989.

11 (f) Dental Coverage Limits. Dental services will be provided on a restricted
12 basis in accordance with regulations developed by the Department. Funds for dental
13 services shall be disbursed only with prior approval by the Department of Human
14 Resources, Division of Medical Assistance, as required by this subsection. No prior
15 approval shall be required for emergency services or routine services. Routine services
16 are defined as examinations, X-rays, prophylaxes, nonsurgical tooth extractions,
17 amalgam fillings, and fluoride treatments. Prior approval shall be required for all other
18 services and for routine services performed more than two times during a consecutive
19 12-month period. The Department of Human Resources shall adopt rules, as provided
20 by the Administrative Procedure Act, to implement this subsection.

21 (g) Dispensing of Generic Drugs. Notwithstanding G.S. 90-85.27 through
22 G.S. 90-85.31, under the Medical Assistance Program (Title XIX of the Social Security
23 Act) a prescription order for a drug designated by a trade or brand name shall be
24 considered to be an order for the drug by its established or generic name, except when
25 the prescriber personally indicates, either orally or in his own handwriting on the
26 prescription order, "dispense as written" or words of similar meaning.

27 As used in this subsection "brand name" means the proprietary name the
28 manufacturer places upon a drug product or on its container, label or wrapping at the
29 time of packaging; and "established name" has same meaning as in Section 502(e)(3)
30 of the Federal Food, Drug and Cosmetic Act as amended, 21 U.S.C. 352(e)(3).

31 (h) Exceptions to Service Limitations, Eligibility Requirements, and
32 Payments. Service limitations, eligibility requirements, and payments, and payments
33 bases in this section may be waived by the Department of Human Resources, with the
34 approval of the Director of the Budget, to allow the Department to carry out pilot
35 programs for prepaid health plans or community based services programs in accordance
36 with plans approved by the U.S. Department of Health and Human Services, or when
37 the Department determines that such a waiver will result in a reduction in the total
38 Medicaid costs for the recipient.

39 (i) Volume Purchase Plans and Single Source Procurement. The Department
40 of Human Resources, Division of Medical Assistance, may, subject to the approval of a
41 change in the State Medicaid Plan, contract for services, medical equipment, supplies
42 and appliances by implementation of volume purchase plans, single source procurement
43 or other similar processes in order to improve cost containment.

1 (j) Cost Containment Programs. The Department of Human Resources,
 2 Division of Medical Assistance, may undertake cost containment programs including
 3 preadmissions to hospitals and prior approval for certain outpatient surgeries before
 4 they may be performed in an inpatient setting.

5 (k) For all Medicaid eligibility classifications for which the federal poverty
 6 level, or a percentage of the federal poverty level, is used as an income limit for
 7 eligibility determination, the income limits will be updated each July 1 immediately
 8 following publication of federal poverty guidelines.

9 (1) Effective January 1, 1988, the Department of Human Resources shall
 10 provide Medicaid to 19, 20, and 21 year olds in accordance with
 11 federal rules and regulations.

12 (m) The Department of Human Resources shall provide Medicaid coverage
 13 for pregnant women; for children under age 3; for children under age 4 beginning
 14 October 1, 1989; and for children under age 5 beginning October 1, 1990, whose family
 15 income is equal to or less than the federal poverty guidelines as revised annually.
 16 Services to pregnant women eligible under this provision continue throughout the
 17 pregnancy but include only those services related to pregnancy and to those other
 18 conditions determined by the Department as conditions that may complicate pregnancy.
 19 In order to reduce county administrative costs and to expedite the provision of medical
 20 service to pregnant women and to children eligible under this section, no resource test
 21 shall be applied.

22
 23 ---NON-MEDICAID REIMBURSEMENT

24
 25 Sec. 24. Providers of medical services under the various State programs other
 26 than Medicaid offering medical care to citizens of the State shall be reimbursed at rates
 27 no more than those under the North Carolina Medical Assistance Program.

28 Goods and services procured through the competitive bidding process that
 29 result in a cost greater than that reimbursed under the North Carolina Medical
 30 Assistance Program are exempt from this requirement.

31 The Department of Human Resources may reimburse hospitals at the full
 32 prospective per diem rates without regard to the Medical Assistance Program's annual
 33 limits on hospitals days. When the Medical Assistance Program's per diem rates for
 34 inpatient services and its interim rates for outpatient services are used to reimburse
 35 providers in non-Medicaid medical service programs, retroactive adjustments to claims
 36 already paid shall not be required.

37 Maximum net family annual income eligibility standards for services in these
 38 programs with the exception of Migrant Health, School Health, and Home Health shall
 39 be as follows:

	Family	Medical Eye	All		
<u>Size</u>	<u>Kidney</u>	<u>Care Adults</u>	<u>Rehabilitation</u>	<u>Other</u>	
42 1	\$ 6,400	\$ 4,860	\$ 8,364	\$ 4,200	
43 2	8,000	5,940	10,944	5,300	
44 3	9,600	6,204	13,500	6,400	

1	4	11,000	7,284	16,092	7,500
2	5	12,000	7,824	18,648	7,900
3	6	12,800	8,220	21,228	8,300
4	7	13,600	8,772	21,708	8,800
5	8	14,400	9,312	22,220	9,300

6 The eligibility level each fiscal year for outpatient services for all clients and
7 for inpatient services for children under the age of five, in the Children's Special Health
8 Services Program shall be one hundred percent (100%) of the federal poverty guidelines
9 as revised annually by the United States Department of Health and Human Services, in
10 effect on July 1 of each fiscal year. The eligibility level for children in the Medical Eye
11 Care Program in the Division of Services for the Blind shall be the same as that for
12 Children's Special Health Services.

13
14 —PRESCRIPTION DRUG FUNDS FOR DISABLED

15
16 Sec. 25. Of the funds appropriated for the 1989-91 biennium and included in
17 Section 2 of this act to the Department of Human Resources, Division of Health
18 Services, the sum of two hundred forty thousand dollars (\$240,000) each year shall be
19 used to continue the prescription drug reimbursement program for the disabled to
20 provide assistance in purchasing prescription drugs to people terminated from the Social
21 Security Disability Program from March 1, 1981, through September 30, 1983, begun
22 pursuant to Section 64(1), Chapter 1034, 1983 Session Laws. The prescription drug
23 program shall serve only current residents of North Carolina. The rules for operating
24 this prescription drug assistance program shall be adopted by the Secretary of the
25 Department of Human Resources pursuant to recommendations of the Disability Task
26 Force as authorized by Section 82, Chapter 757, 1985 Session Laws.

27
28 —MATERNAL AND CHILD HEALTH CARE

29
30 Sec. 26. (a) The Division of Health Services shall ensure that local health
31 departments do not reduce county appropriations for maternal and child health services
32 provided by the local health departments because they have received State
33 appropriations pursuant to this act.

34 (b) In order to ensure that funds appropriated by Section 2 of this act for maternal
35 and child health care services to the Department of Human Resources, Division of
36 Health Services, provide medical services to as many eligible women of childbearing
37 age as possible, especially to adolescents, these funds may be used only for the purposes
38 of providing prenatal clinics, child health services, purchase of medical services, and
39 family planning services, including education and counseling and medical supplies.

40 (c) All income earned by local health departments from Maternal and Child
41 Health Programs supported in whole or in part from State or federal funds, received
42 from the Department of Human Resources, Division of Health Services, shall be
43 budgeted and expended by local health departments to further the objectives of the
44 program that generated the income.

1
2 ---SEPTAGE MANAGEMENT FEES

3
4 Sec. 27. Receipts collected by the Department of Human Resources pursuant
5 to G.S. 130A-291.1 are appropriated to the Department of Human Resources to
6 establish and operate the North Carolina Septage Management Program.

7
8 ---DAY CARE ALLOCATION FORMULA

9
10 Sec. 28. (a) To simplify current day care allocation methodology and more
11 equitably distribute State day care funds, the Department of Human Resources shall
12 apply the following allocation formula to all noncategorical federal and State day care
13 funds used to pay the costs of necessary day care for minor children of needy families:

- 14 (1) Fifty percent (50%) of budgeted funds shall be distributed according to
15 the county's population; and
16 (2) Fifty percent (50%) of budgeted funds shall be distributed based upon
17 the county's poverty rate as a percentage of the sum total of all North
18 Carolina's county poverty rates.

19 (b) Counties whose allocation, if based on previously used formulas, exceeds the
20 allocation produced by the formula prescribed by this section may not have their
21 allocations reduced in either fiscal year 1989-90 or fiscal year 1990-91 to the level that
22 results from application of the new formula. Counties whose allocation, if based on
23 previously used formulas, is less than the allocation produced by the formula prescribed
24 by this section shall continue to receive the proportional share of those funds that they
25 received pursuant to appropriations for this purpose by the 1985 General Assembly.

26 (c) The Department of Human Resources shall distribute the funds appropriated
27 and otherwise available to the Department for the purchase of slots in day care for
28 minor children of needy families so as to serve the greatest number of children possible.

29
30 ---DAY CARE FUNDS/MATCH REQUIREMENT

31
32 Sec. 29. No local matching funds may be required by the Department of
33 Human Resources as a condition of any locality's receiving any State day care funds
34 appropriated by this act unless federal law requires such a match.

35
36 ---DAY CARE RATES

37
38 Sec. 30. (a) Rules for the monthly schedule of payments for the purchase of day
39 care services for low income children shall be established by the Social Services
40 Commission pursuant to G.S. 143B-153(8)a., in accordance with the following
41 requirements:

- 42 (1) For facilities in which fewer than fifty percent (50%) of the enrollees
43 are subsidized by State or federal funds, the State shall continue to pay

1 the same fee paid by private paying parents for a child in the same age
2 group in the same facility.

3 (2) Facilities in which fifty percent (50%) or more of the enrollees are
4 subsidized by State or federal funds may choose annually one of the
5 following payment options:

6 a. The facility's payment rate for fiscal year 1985-86; or

7 b. The county market rate, as calculated annually by the
8 Department of Human Resources' Child Day Care Section in
9 the Division of Facility Services. A market rate shall be
10 calculated for each county and for each age group of enrollees,
11 and shall be the county average of all fees charged to
12 unsubsidized private paying parents for each age group of
13 enrollees. The county market rates shall be calculated from
14 facility fee schedules collected by the Child Day Care Section
15 during its annual inspection visits.

16 (b) Facilities licensed pursuant to Article 7 of Chapter 110 of the General
17 Statutes may participate in the program that provides for the purchase of care in day
18 care facilities, for minor children of needy families. No separate licensing requirements
19 may be used to select facilities to participate.

20 Day care homes from which the State purchases day care services shall meet the
21 standards established by the Child Day Care Commission pursuant to G.S. 110-101 and
22 G.S. 110-105.1. The fee for the purchase of care from a small day care home as defined
23 in G.S. 110-86(4) is one hundred fifty dollars (\$150.00) per month. The fee for the
24 purchase of care from an Individual Child Care Arrangement is one hundred dollars
25 (\$100.00) per month.

26 (c) County departments of social services shall continue to negotiate with day
27 care providers for day care services below those rates prescribed by subsection (a) of
28 this section. County departments are directed to purchase day care services so as to
29 serve the greatest number of children possible with existing resources.

30

31 ---NO EYE CLINICS IN CERTAIN COUNTIES

32

33 Sec. 31. No funds may be expended for the Department of Human
34 Resources, Division of Services for the Blind, to hold eye clinics in any county in which
35 an optometrist or ophthalmologist is willing to perform the services that would
36 otherwise be performed by the clinic.

37

38 ---DOMICILIARY HOME RATE INCREASE

39

40 Sec. 32. Effective January 1, 1990, the maximum monthly rate for
41 ambulatory residents in domiciliary care facilities shall be six hundred ninety-six dollars
42 (\$696.00) and the maximum monthly rate for semi-ambulatory residents shall be seven
43 hundred thirty dollars (\$730.00). Effective January 1, 1991, the maximum monthly rate

1 for ambulatory residents shall be increased to seven hundred six dollars (\$706.00) and
2 for semi-ambulatory residents seven hundred forty dollars (\$740.00).

3
4 ---AGED AND FAMILY CARE COUNTY AND STATE SHARES OF COSTS

5
6 Sec. 33. The State shall pay fifty percent (50%), and the counties shall pay
7 fifty percent (50%) of the authorized rates for domiciliary care in homes for the aged
8 and for family care homes, including area mental health agency operated group homes.

9
10 ---AFDC/WOMEN IN THIRD TRIMESTER OF PREGNANCY

11
12 Sec. 34. The Division of Social Services, Department of Human Resources,
13 shall provide Aid to Families with Dependent Children to women in their third trimester
14 of pregnancy regardless of whether these women have children, if they otherwise
15 qualify for these payments.

16
17 ---COMMUNITY WORK EXPERIENCE PROGRAM TRAINING FUNDS

18
19 Sec. 35. Funds appropriated for training of participants in the Community
20 Work Experience Program may be used to match federal funds available for training
21 AFDC participants from sources other than the Community Work Experience Program.

22
23 ---FAMILY SUPPORT

24
25 Sec. 36. (a) Retain (b), (c), (d) of Section 79 of Chapter 738 of the 1987
26 Session Laws and delete (a), (e) and (f) to continue to read as follows:

27 (b) The General Assembly finds that it is in the best interest of the State and of
28 all its citizens to encourage recipients of Aid to Families with Dependent Children to
29 obtain jobs and become self-sufficient. It further finds that, by continuing medical
30 assistance and providing limited wage assistance to those recipients who are working,
31 the State will make it possible to help many recipients to be able to keep their jobs,
32 support their families, and become self-sufficient.

33 (c) The Social Services Commission shall adopt rules to change the way it
34 budgets Aid to Families with Dependent Children payments that will result in more
35 recipients being able to find work and keep working. These rules shall include
36 subtracting countable income from the State standard of need, and paying a percentage
37 of the difference. The percentage that shall be applied to determine the amount of
38 assistance shall be the same percentage set in the Current Operations Appropriations
39 Act that determines the Aid to Families with Dependent Children payment level from
40 the standard of need.

41 (d) The Department of Human Resources shall authorize a special needs
42 allowance under rules adopted by the Social Services Commission to those recipients of
43 Aid to Families with Dependent Children who are teen-age parents and who are
44 enrolled in elementary or secondary school or in a G.E.D. program. This grant shall

1 cover the cost of child care and of transportation costs to the child care provider, in
2 accordance with federal rules and regulations.

3
4 ---ADOPTION SUBSIDY

5
6 Sec. 37. The adoption subsidy paid monthly by the Division of Social
7 Services to eligible families who adopt hard to place children shall be established at one
8 hundred fifty dollars (\$150.00) per month.

9
10 ---FOSTER CARE BOARD RATE

11
12 Sec. 38. Funds appropriated in Section 2 of this act for foster care board rates
13 shall be established at two hundred dollars (\$200.00) per child per month.

14
15 ---RETROSPECTIVE ACCOUNTING ADJUSTMENT/AFDC

16
17 Sec. 39. The Department of Human Resources shall use funds appropriated
18 in Section 2 of this act to provide a State supplementary payment to Aid to Families
19 with Dependent Children households adversely affected by the retrospective accounting
20 procedure as allowed under G.S. 403(a) of the Social Security Act (42 U.S.C. G.S.
21 603(a)), as amended by G.S. 157(a) of the Tax Equity and Fiscal Responsibility Act of
22 1982. The amount of the State supplement shall not exceed the maximum payment
23 standard for the Aid to Families with Dependent Children Program.

24
25 ---EMPLOYMENT PROGRAMS RESERVE

26
27 Sec. 40. Of the funds appropriated in Section 2 of this act to the Department
28 of Human Resources, Division of Social Services, the sum of one hundred seventy-three
29 thousand four hundred thirty dollars (\$173,430) for the 1989-90 fiscal year and the sum
30 of one hundred seventy-three thousand four hundred thirty dollars (\$173,430) for the
31 1990-91 fiscal year shall be used to establish a reserve in the Division of Social Services
32 for employment programs. Funds from this reserve may be used only to offset federal
33 budget reductions in the event that federal WIN funds are reduced or terminated during
34 the 1989-91 fiscal biennium. Unexpended funds remaining in this reserve at the end of
35 the 1989-90 fiscal year or the 1990-91 fiscal year shall revert to the General Fund.

36
37 ---LIMITATIONS ON STATE ABORTION FUND

38
39 Sec. 41. Section 93 of Chapter 479 of the 1985 Session Laws as amended by
40 Section 75 of Chapter 738 of the 1987 Session Laws is retained and further amended by
41 rewriting subdivisions (1) and (3), as follows:

- 42 (1) It shall be the policy of the State of North Carolina that the State
43 Abortion Fund shall not be available for abortion on demand but shall
44 be limited in accordance with this section. Funds in the amount of two

1 hundred thousand dollars (\$200,000) each year are appropriated in
2 Section 2 of this act to the Department of Human Resources, Division
3 of Social Services to reimburse medical providers, including licensed
4 physicians, licensed hospitals, and other facilities for those services
5 permitted under G.S. 14-45.1 except that the funds will be limited to
6 reimbursing providers for services provided within the first 135 days
7 of pregnancy. No State funds in excess of two hundred thousand
8 dollars (\$200,000) per fiscal year, whether from tax revenue, gift,
9 bequest, grant, or any other sources, may be expended for the
10 performance of abortions during the 1989-90 fiscal year or the 1990-
11 91 fiscal year.

12 (3) Eligibility. Applicants for services under this section shall be residents
13 of North Carolina:

- 14 a. Who receive Aid to Families with Dependent Children and: the
15 woman is a victim of rape or incest; or the woman's health
16 would be impaired by the pregnancy, as determined in the
17 discretion of two physicians selected by the woman; or where
18 the woman is mentally retarded; or where a physician has
19 determined that a fetal deformity is present; or
20 b. Who receive health support services in conjunction with
21 protective services and disabled adults and: the woman is a
22 victim of rape or incest; or the woman's health would be
23 impaired by the pregnancy, as determined in the discretion of
24 two physicians selected by the woman; or where the woman is
25 mentally retarded; or where a physician has determined that
26 fetal deformity is present; or
27 c. Whose income is at or below four thousand two hundred
28 twenty-six (\$4,226) per year and: the woman is a victim of rape
29 or incest; or the woman's health would be impaired by the
30 pregnancy, as determined in the discretion of two physicians
31 selected by the woman; or where the woman is mentally
32 retarded; or the applicant is a minor, as defined by G.S. 48A-2;
33 or where a physician has determined that a fetal deformity is
34 present.

35
36 ---AGING FEDERAL MATCHING FUNDS

37
38 Sec. 42. Effective July 1, 1989, the Department of Human Resources,
39 Division of Aging, may use funds appropriated in Section 2 of this act to the Division of
40 Aging, to provide the State matching requirement necessary to draw down federal
41 money available, through Title III of the Older Americans Act.

42
43 ---CAREGIVER SUPPORT

1 Sec. 43. (a) Of the funds appropriated to the Division of Aging, Department
2 of Human Resources for the 1989-91 biennium and included in Section 2 of this act, the
3 sum of one million eight thousand dollars (\$1,008,000) for each fiscal year shall be used
4 for services that support family caregivers of elderly persons with functional disabilities,
5 whether physical or mental, who want to stay in their homes rather than be
6 institutionalized but who need assistance with the activities of daily living in order to
7 remain at home. The services that may be purchased from funds received under this
8 section include:

9 (1) Respite Care.

10 (2) Adult Day Care.

11 (3) Stipends and other related costs for senior companions, modeled after
12 the federal Senior Companion Program.

13 (4) Other related services that meet needs not now adequately addressed
14 by the services described in subsections (1) through (3) of this
15 subsection.

16 (b) The Division of Aging shall expend funds for these services according to
17 the population of persons 70 years or more in each region. The Division of Aging shall
18 use a minimum of ninety-five percent (95%) of the funds it receives under this section
19 for the services described in subdivisions (1) through (4) of subsection (a) of this section
20 and may only use a maximum of five percent (5%) for technical assistance as described
21 in subsection (c) of this section. The Division of Aging shall choose providers in
22 accordance with procedures under the Older Americans Act. Funds allocated by the
23 Division pursuant to this section shall be allocated by October 1, 1989.

24 (c) The Division of Aging may contract for technical assistance. The
25 technical assistance shall include training assistance, coordination of various service
26 delivery and funding sources, and ideas for innovative ways to build a lasting system of
27 services for family caregivers.

28
29 ---IN-HOME AGING SERVICES

30
31 Sec. 44. Of the funds appropriated from the General Fund to the Division of
32 Aging, Department of Human Resources, for the 1989-91 biennium, and included in
33 Section 2 of this act, the sum of seven hundred twenty thousand dollars (\$720,000) for
34 each fiscal year shall be used to provide funds for additional in-home aide services that
35 enable the frail elderly to remain in their homes and avoid institutionalization.

36 The Division shall administer the in-home aide services and activities funded
37 by this section. The Division of Aging shall choose in-home service providers in
38 accordance with procedures under the Older Americans Act and shall include the
39 following criteria: documented capacity to provide care, adequacy of quality assurance,
40 training, supervision, abuse prevention complaint mechanisms, and costs. All funds
41 allocated by the Division pursuant to this section shall be allocated on the same basis as
42 funding under the Older Americans Act by October 1, 1989.

43
44 ---CHRONICALLY MENTALLY ILL

1
2 Sec. 45. Funds appropriated in Section 2 of this act to the Department of
3 Human Resources, Division of Mental Health, Mental Retardation and Substance Abuse
4 Services, for the chronically mentally ill shall be allocated to the area mental health,
5 mental retardation, and substance abuse authorities on a per capita basis, except for
6 those funds transferred by Section 108(c) of Chapter 1014 of the 1985 Session Laws. If
7 those funds transferred by Section 108(c) of Chapter 1014 of the 1985 Session Laws are
8 used to contract for services, up to five percent (5%) of the funds may be retained to
9 cover costs for administrative and clinical supervision of the contract by the authority
10 responsible for monitoring the contract.

11
12 ---LIFEGUARDIANSHIP COUNCIL FUNDS

13
14 Sec. 46. Of the funds appropriated to the Department of Human Resources,
15 Division of Mental Health, Mental Retardation, and Substance Abuse Services in
16 Section 2 of this act, the sum of eighty-nine thousand dollars (\$89,000) for each year of
17 the 1989-91 biennium shall be used to provide additional operating revenue for the
18 Lifeguardianship Council of the Association of Retarded Citizens of North Carolina.

19
20 ---MENTAL HEALTH AUTHORITY ALLOCATION

21
22 Sec. 47. In allocating expansion dollars for area mental health, mental
23 retardation and substance abuse authorities, the Department of Human Resources,
24 Division of Mental Health, Mental Retardation, and Substance Abuse Services, shall
25 take into account inequities in service availability and funding among the area
26 authorities through these funding criteria:

- 27 (a) A minimum of fifty percent (50%) of community-based expansion
28 funds shall be distributed on a regional per capita basis;
29 (b) Up to fifty percent (50%) of community-based expansion funds may
30 be allocated to area authorities for the purpose of equalization. Such
31 portion shall be distributed to area authorities in the categories of adult
32 mental health, child mental health, mental retardation/developmental
33 disability, and substance abuse based on disability specific per capita
34 Division funding. Only area authorities falling below the 50th
35 percentile of funding within a disability category on a statewide basis
36 shall be eligible for this portion of expansion funding; and
37 (c) Of these amounts, a maximum of five percent (5%) of community-
38 based expansion funds allocated to an area authority may be utilized
39 for administrative costs at the area authority level.

40
41 ---MIXED BEVERAGE TAX FOR AREA MENTAL HEALTH PROGRAMS

42
43 Sec. 48. Funds received by the Department of Human Resources from the tax
44 levied on mixed beverages under G.S. 18B-804(b)(8) shall be expended by the

1 Department of Human Resources as prescribed by G.S. 18B-805(h). These funds shall
2 be matched by local funds in accordance with the State/local ratio established by the
3 current area mental health matching formula. These funds shall be allocated to the area
4 mental health programs on a per capita basis as determined by the Office of State
5 Budget and Management's most recent estimates of county populations.

6
7 —REGIONAL ADOLESCENT PSYCHIATRIC SERVICES

8
9 Sec. 49. Of the funds appropriated in Section 2 of this act to the Division of
10 Mental Health, Mental Retardation, and Substance Abuse Services, Department of
11 Human Resources, the sum of four hundred ninety-nine thousand three hundred fifty-
12 eight dollars (\$499,358) for each year of the 1989-91 biennium shall be used by the
13 Lee-Harnett Area Mental Health, Mental Retardation, and Substance Abuse Authority,
14 to enable the Authority to contract with Good Hope Hospital to provide regional
15 adolescent in-patient psychiatric services.

16
17 —WILLIE M.

18
19 Sec. 49.1. (a) Legislative Findings. The General Assembly finds:

- 20 (1) That there is a need in North Carolina to provide appropriate treatment
21 and education programs to children under the age of 18 who suffer
22 from emotional, mental, or neurological handicaps accompanied by
23 violent or assaultive behavior;
- 24 (2) That children meeting these criteria have been identified as a class in
25 the case of Willie M., et al. vs. Hunt, et al.; and
- 26 (3) That these children have a need for a variety of services, in addition to
27 those normally provided, that may include but are not limited to
28 residential treatment services, educational services, and independent
29 living arrangements.

30 (b) Funds for Department of Human Resources. It is the intent of the General
31 Assembly that funds appropriated in Section 2 of this act to the Department of Human
32 Resources for serving members of the Willie M. Class be expended only for programs
33 serving members of the Willie M. Class identified in Willie M., et al. vs. Hunt, et al.,
34 including evaluations of potential class members. It is recognized that therapeutic or
35 economic reasons may, at times, require certain of these services to serve a mixed
36 clientele of Willie M. Class members and other clients. To the maximum extent
37 possible, however, these funds shall be expended solely for the benefit of Willie M.
38 Class members. The Department shall reallocate these funds among services to Willie
39 M. Class members during the year as it deems advisable in order to use the funds
40 efficiently in providing appropriate services to Willie M. Class children.

41 (c) Funds for Department of Public Education. Funds appropriated to the
42 Department of Public Education in Section 2 of this act for members of the Willie M.
43 Class are to establish a supplemental reserve fund to serve only members of the class
44 identified in Willie M., et al. vs. Hunt, et al. These funds shall be allocated by the State

1 Board of Education to the local education agencies to serve those class members who
2 were not included in the regular average daily membership and the census of children
3 with special needs, and to provide the additional program costs which exceed the per
4 pupil allocation from the State Public School Fund and other State and federal funds for
5 children with special needs.

6 (d) The Department of Human Resources shall continue to implement its
7 prospective unit cost reimbursement system and shall ensure that unit cost rates reflect
8 reasonable cost by conducting cost center service type rate comparisons and cost center
9 line item budget reviews as may be necessary.

10 (e) Reporting Requirements. The Department of Human Resources and the
11 Department of Public Education shall submit, by May 1, 1990, a joint report to the
12 Governor and the General Assembly on the progress achieved in serving members of
13 the Willie M. Class. The report shall include the following unduplicated data for each
14 county: (i) the number of children nominated for the Willie M. Class; (ii) the number of
15 children actually identified as members of the class in each county; (iii) the number of
16 children served as members of the class in each county; (iv) the number of children who
17 remain unserved; (v) the types and locations of treatment and education services
18 provided to class members; (vi) the cost of services, by type, to members of the class;
19 (vii) information on the impact of treatment and education services on members of the
20 class.

21 (f) No State funds shall be expended on the placement and services of class
22 members in Willie M., et al. vs. Hunt, et al. or for any other thing or purpose arising out
23 of this litigation, now or at any time in the biennium, except for those funds
24 appropriated in Section 2 of this act to the Departments of Human Resources and Public
25 Education for programs serving members of the Willie M. Class identified in Willie M.,
26 et al. vs. Hunt, et al., and except for such funds as may be elsewhere appropriated by the
27 General Assembly specifically for such purposes. The above limitation shall not
28 preclude the use of unexpended Willie M. funds from prior fiscal years to cover current
29 or future needs of the Willie M. Program subject to approval by the Director of the
30 Budget. Such expenditures shall not be subject to the requirements of G.S. 143-18 and
31 Section 19 of this act.

32 (g) Notwithstanding any other provision of law, if the Department of Human
33 Resources determines that a local program is not providing appropriate services to
34 members of the class identified in Willie M., et al. vs Hunt, et al., the Department may
35 ensure the provision of these services through contract with public or private agencies
36 or by direct operation by the Department of such programs.

37 Sec. 50. Effective July 1, 1989, the land, together with all buildings and
38 equipment currently referred to as the Goldsboro Correctional Center shall be
39 reallocated from the Department of Human Resources, Cherry Hospital, to the
40 Department of Correction. State funds appropriated to Cherry Hospital (\$170,000) each
41 year for certain operational and maintenance costs of the Goldsboro Correctional Center
42 shall be transferred to the Department of Correction.

43
44 —TRANSFERS OF CERTAIN FUNDS AUTHORIZED

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Sec. 51. In order to assure maximum utilization of funds in county departments of social services, county or district health agencies, and area mental health, mental retardation and substance abuse authorities, the Director of the Budget is authorized to transfer excess funds appropriated to a specific service or program fund (whether specified in a block grant plan or General Fund appropriation) into another service or program fund for local services within the budget of the respective State agency.

---DHR EMPLOYEES AS IN-KIND MATCH

Sec. 52. Notwithstanding the limitations of Chapter 634 of the 1987 Session Laws, the Secretary of the Department of Human Resources may assign employees of the Office of Health Resources, Division of Facility Services, Department of Human Resources to serve as in-kind match to nonprofit corporations working to establish health care cost containment strategies.

---INFLATIONARY INCREASES IN STATE AID TO LOCAL AGENCIES

Sec. 53. As required by G.S. 143-10.1, funds are included in Section 2 of this act for inflationary increases in certain local programs. These funds shall be certified to the respective State agencies, and they shall be distributed to the local agencies' programs using the same allocation methods by which the present aid is distributed.

PART VII.—PUBLIC SCHOOLS

---BASIC EDUCATION PROGRAM

Sec. 54. Funds are appropriated in Section 2 of this act to the Department of Public Education for further implementation of the Basic Education Program in public schools. These funds will provide for the fifth and sixth years of the planned eight-year implementation schedule. The following information chart shows the major increases in State funds over the 1988-89 fiscal year.

	<u>1989-90</u>	<u>1990-91</u>
1. Additional Classroom Teachers K-12	\$ 47,330,790	\$91,519,577
2. Vocational Education Teachers	1,041,546	2,084,276
3. In-School Suspension Teachers	1,731,555	1,732,553
4. Instructional Support Positions	23,912,305	47,851,834
5. Instructional/Lab/Clerical Assistants	17,064,823	34,069,650
6. Athletic Trainer Supplement	15,000	15,000
7. Assistant Principals	11,152,125	11,238,196

1	8.	Supervisors	-	2,629,415		
2	9.	Assistant/Associate Superintendents		4,800,823	9,607,186	
3	10.	Clerical Assistants		<u>6,010,484</u>	<u>11,640,899</u>	
4						
5		Total Additional Basic Education Program Funding			\$113,059,451	
6				\$212,388,586		

7
8 ---ASSISTANT PRINCIPALS

9
10 Sec. 55. Funds are appropriated to the Department of Public Education in
11 Section 2 of this act to change the position of Assistant Principal from a 10-month
12 position to a 12-month position in accordance with the goals of the Basic Education
13 Program (BEP).

14
15 ---SALARY SUPPLEMENTS NOT ELIGIBLE FOR LEGISLATIVE SALARY
16 INCREASES

17
18 Sec. 56. Salary supplements based on advanced educational degrees and
19 vocational teacher salary supplements for work beyond the normal school program shall
20 be considered a flat amount salary add-on and are not eligible for any percentage
21 legislative salary increase granted for teachers and State employees.

22
23 ---PURCHASE OF BUSES IN LIEU OF CONTRACT TRANSPORTATION

24
25 Sec. 57. Funds appropriated to the Department of Public Education for the
26 1989-91 biennium for contract transportation to serve exceptional children who are
27 unable because of their handicap to ride the regular school buses may be used by local
28 boards of education for the purchase of buses and minibuses as well as for the purposes
29 authorized in this act. These funds shall be expended in accordance with rules adopted
30 by the State Board of Education.

31
32 PART VIII.—COMMUNITY COLLEGES

33
34 ---OPERATING APPROPRIATIONS/NOT USED FOR RECREATION
35 EXTENSION

36
37 Sec. 58. Funds appropriated in Section 2 of this act to the Department of
38 Community Colleges as operating expenses for allocation to the institutions comprising
39 the Community College System may not be used to support recreation extension
40 courses. The financing of these courses by any institution shall be on a self-supporting
41 basis, and membership hours produced from these activities may not be counted when
42 computing full-time equivalent students for use in budget-funding formulas at the State
43 level.

1 ---BOOKS AND EQUIPMENT APPROPRIATIONS/REVERT AFTER ONE YEAR

2
3 Sec. 59. Appropriations to the Department of Community Colleges for
4 equipment and library books are made for each year of the fiscal biennium. All
5 unencumbered appropriations shall revert to the General Fund 12 months after the close
6 of each fiscal year for which they were appropriated. Encumbered balances outstanding
7 at the end of each period shall be handled in accordance with existing State Budget
8 policies. The Department shall be able to identify to the Office of State Budget and
9 Management which appropriations will revert at the end of the 12 months after the close
10 of each fiscal year.

11
12 ---RESERVE FUND FOR STATE BOARD OF COMMUNITY COLLEGES

13
14 Sec. 60. Of the funds appropriated in Section 2 of this act to the Department
15 of Community Colleges, the sum of one million dollars (\$1,000,000) may be used by
16 the State Board of Community Colleges with approval of the Director of the Budget for
17 increased enrollments, feasibility studies, new ideas, and innovative programs.

18
19 ---ASSISTANCE TO HOSPITAL NURSING/FUND DISTRIBUTION

20
21 Sec. 61. Funds appropriated in Section 2 of this act to the Department of
22 Community Colleges to provide financial assistance to hospital programs of nursing
23 education leading to diplomas in nursing that are fully accredited by the North Carolina
24 Board of Nursing and operated under the authority of a public or nonprofit hospital
25 licensed by the North Carolina Medical Care Commission shall be distributed, upon
26 application for financial assistance, on the basis of eight hundred fifty dollars (\$850.00)
27 for each full-time student duly enrolled in the program as of December 1 of the
28 preceding year and on condition that accreditation is maintained. The State Board of
29 Community Colleges shall adopt rules to ensure that this financial assistance is used
30 directly for faculty and instructional needs of diploma nursing programs.

31
32 ---COMMUNITY COLLEGE CAPITAL LOAN AUTHORITY

33
34 Sec. 62. The State Board of Community Colleges is authorized to negotiate
35 loans of capital construction funds appropriated to the institutions of the Community
36 College System by the General Assembly between institutions upon written
37 confirmation of agreement by both local boards of trustees.

38
39 ---FOCUSED INDUSTRIAL TRAINING PROGRAM

40
41 Sec. 63. Notwithstanding G.S. 96-5(f), there is appropriated from the Worker
42 Training Trust Fund to the Department of Community Colleges the sum of five hundred
43 thousand dollars (\$500,000) for each year of the 1989-91 biennium to expand the

1 Focused Industrial Training Program administered by the Department of Community
2 Colleges.

3

4 PART IX.—UNIVERSITIES

5

6 —AID TO PRIVATE COLLEGES/LEGISLATIVE TUITION GRANT
7 LIMITATIONS

8

9 Sec. 64. (a) The amount of a tuition grant awarded to a student enrolled in a
10 degree program at a site away from the main campus of the approved private institution,
11 as defined in G.S. 116-22(1), may be no more than the result of the ratio of the cost per
12 credit hour for off-campus instruction at that site to the cost per credit hour for regular,
13 full-time on-campus instruction, multiplied by the maximum grant award.

14 (b) No Legislative Tuition Grant funds may be expended for a program at an
15 off-campus site of a private institution, as defined in G.S. 116-22(1), established after
16 May 15, 1987, unless (i) the private institution offering the program has previously
17 notified and secured agreement from other private institutions operating degree
18 programs in the county in which the off-campus program is located or operating in the
19 counties adjacent to that county or (ii) the degree program is neither available nor
20 planned in the county with the off-campus site or in the counties adjacent to that county.

21 An "off-campus program" is any program offered for degree credit away from
22 the institution's main, permanent campus.

23 (c) Any member of the armed services as defined in G.S. 116-143.3(a), abiding
24 in this State incident to active military duty, who does not qualify as a resident for
25 tuition purposes as defined under G.S. 116-143.1, is eligible for a Legislative Tuition
26 Grant pursuant to this section if the member is enrolled as a full-time student. The
27 member's Legislative Tuition Grant may not exceed the cost of tuition less any tuition
28 assistance paid by the member's employer.

29

30 —AID TO PRIVATE COLLEGES PROCEDURE

31

32 Sec. 65. (a) Funds appropriated in this act to the Board of Governors of The
33 University of North Carolina for aid to private colleges shall be disbursed in accordance
34 with the provisions of G.S. 116-19, 116-21, and 116-22. These funds shall provide up
35 to four hundred fifty dollars (\$450.00) per full-time equivalent North Carolina
36 undergraduate student enrolled at a private institution as of October 1 each year.

37 These funds shall be placed in a separate, identifiable account in each eligible
38 institution's budget or chart of accounts. All funds in this account shall be provided as
39 scholarship funds for needy North Carolina students during the fiscal year. Each
40 student awarded a scholarship from this account shall be notified of the source of the
41 funds and of the amount of the award. Funds not utilized under G.S. 116-19 shall be for
42 the tuition grant program as defined in subsection (b) of this section.

43 (b) In addition to any funds appropriated pursuant to G.S. 116-19 and in addition
44 to all other financial assistance made available to private educational institutions located

1 within the State, or to students attending these institutions, there is granted to each full-
2 time North Carolina undergraduate student attending an approved institution as defined
3 in G.S. 116-22, the sum of one thousand one hundred fifty dollars (\$1,150) per
4 academic year, which shall be distributed to the student as hereinafter provided.

5 The tuition grants provided for in this section shall be administered by the
6 State Education Assistance Authority pursuant to rules adopted by the State Education
7 Assistance Authority not inconsistent with this section. The State Education Assistance
8 Authority may not approve any grant until it receives proper certification from an
9 approved institution that the student applying for the grant is an eligible student. Upon
10 receipt of the certification, the State Education Assistance Authority shall remit at such
11 times as it shall prescribe the grant to the approved institution on behalf, and to the
12 credit, of the student.

13 In the event a student on whose behalf a grant has been paid is not enrolled
14 and carrying a minimum academic load as of the 10th classroom day following the
15 beginning of the school term for which the grant was paid, the institution shall refund
16 the full amount of the grant to the State Education Assistance Authority. Each approved
17 institution shall be subject to examination by the State Auditor for the purpose of
18 determining whether the institution has properly certified eligibility and enrollment of
19 students and credited grants paid on the behalf of the students.

20 In the event there are not sufficient funds to provide each eligible student
21 with a full grant, each eligible student shall receive a pro rata share of funds then
22 available for the remainder of the academic year within the fiscal period covered by the
23 current appropriation. Any remaining funds shall revert to the General Fund.

24 (c) Expenditures made pursuant to this section may be used only for secular
25 educational purposes at nonprofit institutions of higher learning.

26
27 —WAKE FOREST AND DUKE MEDICAL SCHOOL ASSISTANCE/FUNDING
28 FORMULA

29
30 Sec. 66. Funds appropriated in Section 2 of this act to the Board of
31 Governors of The University of North Carolina for continuation of financial assistance
32 to the medical schools of Duke University and Wake Forest University shall be
33 disbursed on certifications of the respective schools of medicine that show the number
34 of North Carolina residents as first-year, second-year, third-year, and fourth-year
35 students in the medical school as of November 1, 1989, and November 1, 1990.
36 Disbursement to Wake Forest University shall be made in the amount of eight thousand
37 dollars (\$8,000) for each medical student who is a North Carolina resident, one
38 thousand dollars (\$1,000) of which shall be placed by the school in a fund to be used to
39 provide financial aid to needy North Carolina students who are enrolled in the medical
40 school. The maximum aid given to any student from this fund in a given year may not
41 exceed the amount of the difference in tuition and academic fees charged by the school
42 and those charged at the School of Medicine at The University of North Carolina at
43 Chapel Hill.

1 Disbursement to Duke University shall be made in the amount of five
2 thousand dollars (\$5,000) for each medical student who is a North Carolina resident,
3 five hundred dollars (\$500.00) of which shall be placed by the school in a fund to be
4 used to provide student financial aid to financially needy North Carolina students who
5 are enrolled in the medical school. No individual student may be awarded assistance
6 from this fund in excess of two thousand dollars (\$2,000) each year. In addition to this
7 basic disbursement for each year of the biennium, a disbursement of one thousand
8 dollars (\$1,000) shall be made for each medical student who is a North Carolina
9 resident in the first-year, second-year, third-year, and fourth-year classes to the extent
10 that enrollment of each of those classes exceeds 30 North Carolina students.

11 The Board of Governors shall establish the criteria for determining the
12 eligibility for financial aid of needy North Carolina students who are enrolled in the
13 medical schools and shall review the grants or awards to eligible students. The Board of
14 Governors shall adopt rules for determining which students are residents of North
15 Carolina for the purposes of these programs. The Board shall also make any regulations
16 as necessary to ensure that these funds are used directly for instruction in the medical
17 programs of the schools and not for religious or other nonpublic purposes. The Board
18 shall encourage the two schools to orient students towards personal health care in North
19 Carolina giving special emphasis to family and community medicine.

20
21 —NURSING EMERGENCY FINANCIAL ASSISTANCE

22
23 Sec. 67. (a) Funds are appropriated in Section 2 of this act to continue the
24 Emergency Financial Assistance Fund for students in State educational nursing and
25 licensed practical nursing programs, to be administered by each campus. Emergency
26 need is defined as acute financial need caused by a particular event which immediately
27 and severely impacts a particular student's ability to continue his or her educational
28 program in nursing on that student's current schedule. Allowable expenses, for
29 emergency assistance, shall include funds for child care, transportation, housing, and
30 medical care, and shall not be considered as an ongoing source of income for those
31 expenses. Emergency assistance shall be limited to four hundred dollars (\$400.00) per
32 academic year for any individual. The local Board of Trustees at each campus shall
33 review quarterly the expenditures under this Fund, and the Department of Community
34 Colleges and the Board of Governors of The University of North Carolina shall assess
35 the Fund's impact on completion rates in these programs, and report their assessment to
36 the General Assembly.

37 (b) There is appropriated from the General Fund to the Department of
38 Community Colleges the sum of four hundred ten thousand dollars (\$410,000) for each
39 year of the 1989-91 biennium and there is appropriated from the General Fund to the
40 Board of Governors of The University of North Carolina the sum of one hundred forty
41 thousand dollars (\$140,000) for each year of the 1989-91 biennium for the Emergency
42 Financial Assistance Fund. These funds shall be allocated among the institutions with
43 nursing programs, based on policies adopted by the State Board of Community Colleges
44 and the Board of Governors of The University of North Carolina.

1

2 **PART X.—DEPARTMENT OF COMMERCE**

3

4 **—SPECIAL EMPLOYMENT SECURITY ADMINISTRATION**
5 **FUND/RESTRICTIONS AND REPORTS**

6

7 Sec. 68. (a) Notwithstanding G.S. 96-5(c), there is appropriated from the
8 Special Employment Security Administration Fund to the Employment Security
9 Commission of North Carolina the sum of three million seven hundred ninety thousand
10 dollars (\$3,790,000) for the 1989-90 fiscal year and the sum of three million seven
11 hundred ninety thousand dollars (\$3,790,000) for the 1990-91 fiscal year for the
12 administration of the Veterans Employment Program, Employment Services Program,
13 and Unemployment Insurance Program. The Employment Security Commission shall
14 report to the Joint Legislative Commission on Governmental Operations by the first of
15 each month, prior to an expenditure of any funds appropriated by this section.
16 Supplemental federal funds or other additional funds received by the Employment
17 Security Commission for similar purposes shall be expended prior to the expenditure of
18 funds appropriated by this section. The Employment Security Commission's monthly
19 report shall include the following:

- 20 (1) The amount of funds to be expended from this appropriation and the
21 intended purposes of this expenditure;
- 22 (2) Any federal funds or other additional funds to be received that might
23 reduce the amount of funds required from this appropriation;
- 24 (3) The balance remaining in the Special Employment Security
25 Administration Fund;
- 26 (4) The total amount of funds previously expended from the Special
27 Employment Security Administration Fund and the purposes of these
28 expenditures;
- 29 (5) Any outstanding obligations against the Special Employment Security
30 Administration Fund; and
- 31 (6) Any receipts expected to be generated to the Special Employment
32 Security Administration Fund.

33 (b) There is appropriated from the Worker Training Trust Fund to the
34 Employment Security Commission of North Carolina the sum of one million six
35 hundred forty-two thousand six hundred eighty-five dollars (\$1,642,685) for the 1989-
36 90 fiscal year and the sum of one million six hundred forty-two thousand six hundred
37 eighty-five dollars (\$1,642,685) for the 1990-91 fiscal year to continue the present level
38 of services by the local offices.

39

40 **PART XI.—DEPARTMENT OF CORRECTION**

41

42 **—RESERVE FOR DEPARTMENT OF CORRECTION**

43

1 Sec. 69. There is appropriated in Section 2 of this act to the Department of
2 Correction a reserve in the amount of seventy-five million dollars (\$75,000,000) for
3 each year of the biennium. These funds may be used for operating and/or construction
4 costs in accordance with legislation enacted by the 1989 General Assembly.

5
6 —PRISON FACILITIES CONSTRUCTION FUNDS

7
8 Sec. 70. (a) Of the funds appropriated in Section 2 of this act to the Department
9 of Correction for the purpose of construction of prison facilities, the Office of State
10 Budget and Management may contract for and supervise all aspects of administration,
11 technical assistance, design, construction, or demolition of prison facilities without
12 being subject to the requirements of the following statutes and rules implementing those
13 statutes: G.S. 143-135.26(1), 143-128, 143-129, 143-132, 143-134, 143-131, 143-64.10
14 through 143-64.13, 113A-1 through 113A-10, 113A-50 through 113A-66, 133-1.1(b),
15 and 133-1.1(g). All contracts for the design, construction or demolition of these
16 facilities shall include a penalty for failure to complete the work by a specified date.

17 (b) The Office of State Budget and Management shall report to the cochairmen of
18 the Prison Construction Subcommittee of the Joint Legislative Commission on
19 Governmental Operations at least monthly and shall report quarterly to the Joint
20 Legislative Commission on Governmental Operations and the Fiscal Research Division
21 on the funds allocated by this section. The report shall include information on which
22 contractors have been selected, what contracts have been entered into, the projected and
23 actual occupancy dates of facilities contracted for, the number of prison beds to be
24 constructed on each project, the location of each project, and the projected and actual
25 cost of each project.

26
27 PART XII.—SPECIAL PROVISIONS/APPROPRIATIONS ACT

28
29 —EXPENDITURE OF FUNDS

30
31 Sec. 71. G.S. 143-16.3 is repealed.

32
33 —CONTINGENCY AND EMERGENCY FUND

34
35 Sec. 72. Of the funds appropriated in Section 2 of this act to the Contingency
36 and Emergency Fund the sum of two hundred twenty-six thousand dollars (\$226,000)
37 shall be allocated to The University of North Carolina at Chapel Hill, Division of Health
38 Affairs for the regional TEACCH Center and two hundred sixty-two thousand dollars
39 (\$262,000) shall be allocated to The University of North Carolina at Chapel Hill,
40 Division of Health Affairs for the Autistic Society of North Carolina.

41
42 —UNIFORM LAWS COMMISSION FUNDS

1 Sec. 73. Of the funds appropriated for the 1989-91 biennium to the
2 Contingency and Emergency Fund the sum of twenty thousand dollars (\$20,000) each
3 fiscal year may be allocated by the Governor to the Department of Justice for the
4 Uniform Law Commission to support travel to necessary meetings for the Commission.

5
6 —EXECUTIVE BUDGET ACT REFERENCE

7
8 Sec. 74. The provisions of the Executive Budget Act, Chapter 143, Article 1,
9 of the General Statutes, as amended by this act, are reenacted and shall remain in full
10 force and effect and are incorporated in this act by reference.

11
12 —EFFECT OF MOST LIMITATIONS AND DIRECTIONS IN TEXT/ONLY-1989-
13 91

14
15 Sec. 75. Except for statutory changes or other provisions that clearly indicate
16 an intention to have effects beyond the 1989-91 biennium, the textual provisions of this
17 act shall apply only to funds appropriated for and activities occurring during the 1989-
18 91 biennium.

19
20 —SEVERABILITY CLAUSE

21
22 Sec. 76. If any section or provision of this act is declared unconstitutional or
23 invalid by the courts, it does not affect the validity of the act as a whole or any part
24 other than the part so declared to be unconstitutional or invalid.

25
26 —EFFECTIVE DATE

27
28 Sec. 77. This act shall become effective July 1, 1989.