

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**SESSION 1999**

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**HOUSE BILL 168**  
**Committee Substitute Favorable 6/1/99**

Short Title: Appropriations Act of 1999.

(Public)

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Sponsors:

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Referred to:

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March 1, 1999

**A BILL TO BE ENTITLED**  
**AN ACT TO APPROPRIATE FUNDS FOR CURRENT OPERATIONS AND**  
**CAPITAL IMPROVEMENTS OF STATE DEPARTMENTS, INSTITUTIONS,**  
**AND AGENCIES, AND FOR OTHER PURPOSES.**

The General Assembly of North Carolina enacts:

**PART I. INTRODUCTION AND TITLE OF ACT**

**INTRODUCTION**

Section 1. The appropriations made in this act are for maximum 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.

**TITLE OF ACT**

Section 1.1. This act shall be known as "The Current Operations and Capital Improvements Appropriations Act of 1999."

**PART II. CURRENT OPERATIONS/GENERAL FUND**

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Section 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, 2001, according to the following schedule:

1999-2000	2000-2001	
General Assembly	34,980,575	39,518,408
Office of the Governor:		
01. Office of the Governor	5,263,364	5,282,172
02. Office of State Budget and Management	4,126,118	4,227,782
03. Office of State Planning	2,147,099	2,147,099
04. Special Appropriations	3,205,000	3,080,000
Office of Lieutenant Governor	640,485	640,485
Department of Secretary of State	6,304,914	6,191,037
Department of State Auditor	11,614,631	11,608,041
Department of State Treasurer		
01. State Treasurer	6,315,485	6,330,357
02. Special Appropriations	12,294,780	12,294,780
Department of Insurance		
01. Insurance	21,904,763	21,495,037
02. Special Appropriations	4,500,000	4,500,000
Department of Administration	60,897,632	60,089,326
Office of State Controller	11,482,568	11,488,315
Office of Administrative Hearings	2,757,199	2,786,455
Rules Review Commission	317,343	309,326
Department of Cultural Resources		

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01. Cultural Resources	66,878,077	57,662,464
02. Roanoke Island Commission	1,826,157	1,826,157
Department of Revenue	77,838,543	74,446,752
State Board of Elections	3,199,660	3,199,660
Judicial Department	340,238,661	347,252,196
Office of Juvenile Justice	134,241,466	140,018,378
Department of Justice	73,097,008	72,515,298
Department of Correction	889,784,047	887,874,408
Department of Crime Control and Public Safety	36,091,794	36,267,844
Department of Health and Human Services		
01. DHHS - Administration and Support	92,886,130	89,406,803
02. Division of Aging	30,042,117	29,792,117
03. Division of Child Development	286,012,727	305,441,553
04. Division of Services for the Deaf and Hard of Hearing	31,604,083	31,989,549
05. Division of Social Services	151,394,120	185,459,375
06. Division of Medical Assistance	1,348,453,847	1,539,549,270
07. Division of Services for the Blind	17,462,992	17,455,155
08. Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	618,990,187	615,239,024
09. Division of Facility Services	10,937,289	11,198,856
10. Division of Vocational Rehabilitation Services	39,041,887	38,256,403
11. Division of Public Health	133,211,183	131,729,059
12. North Carolina Health Choice	22,092,346	25,509,475
Total Department of Health and Human Services	2,782,128,908	3,021,026,639
Department of Public Education	5,261,627,676	5,277,518,248

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Community Colleges System Office	577,960,851	591,015,693
University of North Carolina - Board of Governors		
01. General Administration	41,659,202	42,077,020
02. University Institutional Programs	77,859,274	90,414,402
03. Related Educational Programs	81,913,581	84,952,820
04. University of North Carolina at Chapel Hill		
a. Academic Affairs	177,293,233	177,575,523
b. Health Affairs	144,910,088	145,843,687
c. Area Health Education Centers	44,094,068	44,116,310
05. North Carolina State University at Raleigh		
a. Academic Affairs	234,331,766	235,906,137
b. Agricultural Research Service	45,549,404	45,422,994
c. Agricultural Extension Service	36,031,921	35,969,822
06. University of North Carolina at Greensboro		78,810,30479,052,368
07. University of North Carolina at Charlotte		83,166,90383,378,506
08. University of North Carolina at Asheville		22,017,70422,061,697
09. University of North Carolina at Wilmington	49,957,856	50,325,018
10. East Carolina University		
a. Academic Affairs	101,589,323	101,704,564
b. Division of Health Affairs	41,109,992	44,107,886
11. North Carolina Agricultural and Technical State University	53,492,454	53,491,976
12. Western Carolina University	47,364,534	47,539,139
13. Appalachian State University	72,063,889	74,072,087
14. University of North Carolina at Pembroke		20,456,90720,452,780
15. Winston-Salem State University	24,000,509	24,147,742
16. Elizabeth City State University	19,279,750	19,342,413
17. Fayetteville State University	25,992,535	26,012,535
18. North Carolina Central University	39,206,985	39,048,808
19. North Carolina School of the Arts	14,463,446	14,710,424
20. North Carolina School of Science and Mathematics	10,391,245	10,432,372
21. UNC Hospitals at Chapel Hill	36,351,025	39,042,772
Total University of North Carolina	1,623,357,898	1,651,201,802
Office of the Governor - Housing Finance	10,300,000	4,300,000

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Department of Agriculture and Consumer Services		56,313,419	54,246,601
Department of Labor	16,469,251	16,369,251	
Department of Environment and Natural Resources	154,219,087	157,576,964	
Department of Commerce			
01. Commerce	47,098,448	43,745,365	
02. State Aid to Non-State Entities	25,996,251	17,296,251	
03. State Information Processing Services	3,596,000	-0-	
Department of Transportation	20,973,881	15,434,165	
Contingency and Emergency	1,125,000	1,125,000	
Welfare Reform	412,503	412,503	
Reserve for Compensation Increase - 1998-99 continued	63,627,578	63,627,578	
Reserve for Compensation Increase - 1999-2000	397,600,000	397,600,000	
Reserve for Compensation Bonus	16,400,000	-0-	
Reserve for Salary Adjustments	3,944,303	4,444,303	
Reserve for Consolidated Mail Services	(1,000,000)	(1,500,000)	
Reserve for Judicial Retirement Adjustment	(900,000)	(900,000)	
Reserve for Positions Vacated by Retirement	(12,709,439)	(12,709,439)	
Reserve for State Health Plan	110,000,000	147,000,000	
Reserve for Retirees Health Benefits	(144,000,000)	-0-	

Debt Service

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01. Debt Service	191,910,930	290,709,550
02. Federal Reimbursement	1,155,948	1,155,948

GRAND TOTAL CURRENT OPERATIONS - GENERAL FUND	13,019,555,862	13,553,748,199
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**PART III. CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND**

Section 3. Appropriations from the Highway Fund of the State for the maintenance and operation of the Department of Transportation, and for other purposes as enumerated, are made for the biennium ending June 30, 2001, according to the following schedule:

<u>Current Operations - Highway Fund</u>	<u>1999-2000</u>	<u>2000-2001</u>
Department of Transportation		
01. Administration	64,405,831	64,409,242
02. Operations		36,486,296
03. Construction and Maintenance		36,495,582
a. Construction		
(01) Primary Construction - -		
(02) Secondary Construction	84,777,000	87,710,000
(03) Urban Construction	14,000,000	14,000,000
(04) Access and Public Service Roads		2,000,000
(05) Discretionary Fund	10,000,000	10,000,000
(06) Spot Safety Construction	9,100,000	9,100,000
b. State Funds to Match Federal Highway Aid	3,856,821	3,856,821
c. State Maintenance	463,069,469	462,069,469
d. Ferry Operations	18,174,622	18,174,622
e. Capital Improvements	-0-	-0-
f. State Aid to Municipalities	84,777,000	87,710,000
g. State Aid for Public Transportation and Railroads	57,003,319	54,476,002
h. OSHA - State	425,000	425,000
04. Governor's Highway Safety Program	338,121	338,121
05. Division of Motor Vehicles	91,133,577	92,987,232
06. Reserves and Transfers	215,142,944	237,657,909

GRAND TOTAL CURRENT OPERATIONS  
 AND EXPANSION 1,154,690,000 1,181,410,000

**PART IV. HIGHWAY TRUST FUND**

Section 4. Appropriations from the Highway Trust Fund are made for the fiscal biennium ending June 30, 2001, according to the following schedule:

<u>Highway Trust Fund</u>	<u>1999-2000</u>	<u>2000-2001</u>
01. Intrastate System	401,102,481	419,674,677
02. Secondary Roads Construction	75,899,292	78,524,234
03. Urban Loops	162,189,139	169,698,962
04. State Aid - Municipalities	42,085,006	44,033,663
05. Program Administration	28,768,082	30,128,464
06. Transfer to General Fund	170,000,000	170,000,000
 GRAND TOTAL - HIGHWAY TRUST FUND	 880,044,000	 912,060,000

**PART V. BLOCK GRANT FUNDS**

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

**DHHS BLOCK GRANT PROVISIONS**

Section 5.(a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2000, according to the following schedule:

**COMMUNITY SERVICES BLOCK GRANT**

01. Community Action Agencies				\$
11,927,604				
02. Limited	Purpose			Agencies
651,534				
03. Department of Health and Human Services to administer and monitor the activities of the				
Community	Services	Block		Grant
451,534				

TOTAL COMMUNITY SERVICES BLOCK GRANT \$  
13,030,672

SOCIAL SERVICES BLOCK GRANT

01. County departments of social services \$  
30,395,663  
(Transfer from TANF - \$4,500,000)

02. Allocation for in-home services provided  
by county departments of social services  
2,101,113

03. Division of Mental Health, Developmental  
Disabilities, and Substance Abuse Services  
4,764,124

04. Division of Services for the Blind  
3,205,711

05. Office of Juvenile Justice  
950,674

06. Division of Facility Services  
343,341

07. Division of Aging - Home and Community  
Care Block Grant  
1,915,234

08. Transfer from TANF Block Grant for  
Child Care Subsidies  
10,971,241

09. Division of Vocational Rehabilitation -  
United Cerebral Palsy  
71,484



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10. State 1,954,237					administration
11. Child Medical Evaluation Program					238,321
12. Adult day care services					2,255,301
13. County departments of social services for child abuse prevention and permanency planning					394,841
14. Transfer to Preventive Health Services Block Grant for emergency medical services					213,128
15. Transfer to Preventive Health Services Block Grant for AIDS education, counseling, and testing					66,939
16. Department of Administration for the N.C. Commission of Indian Affairs In-Home Services Program			for	the	elderly
203,198					
17. Division of Vocational Rehabilitation - Easter Seals					Society
116,779					
18. UNC-CH CARES Program for training and consultation					services
247,920					
19. Transfer from TANF Block Grant for Allocation to the Adolescent Pregnancy Prevention Program					
239,261					
20. Office of the Secretary - Office of Economic Opportunity for N.C. Senior Citizens' Federation for outreach services to					

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	low-income		elderly		persons
	41,302				
21.	County departments of social services for child welfare improvements				
	(Transfer	from	TANF	-	\$300,000)
	2,211,687				
22.	Transfer from TANF Block Grant for Division of Mental Health, Developmental Disabilities, and Substance Abuse Services for juvenile offenders				
	1,182,280				
23.	Transfer from TANF Block Grant for Enhanced Employee Assistance Program				
	1,000,000				
24.	Transfer from TANF Block Grant for Division of Social Services - Child Caring Agencies				
	1,500,000				
25.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services - Developmentally Disabled Waiting List for services				
	5,000,000				
26.	Transfer from TANF Block Grant to Enhance Special Children Adoption Fund				
	1,900,000				
27.	Transfer from TANF Block Grant for Local County Child Welfare Workers				
	1,427,550				
	<b>TOTAL SOCIAL SERVICES BLOCK GRANT</b>				<b>\$</b>
	74,911,329				

LOW-INCOME ENERGY BLOCK GRANT

01. Energy Assistance Programs									\$
7,530,047									
02. Crisis								Intervention	
7,370,681									
03. Administration									
1,992,076									
04. Department of Commerce - Weatherization								Program	
2,988,114									
05. Department of Administration - N.C. Commission								of Indian Affairs	
39,841									
TOTAL LOW-INCOME ENERGY BLOCK GRANT									\$
19,920,759									

MENTAL HEALTH SERVICES BLOCK GRANT

01. Provision of community-based services in accordance with the Mental Health Study Commission's Adult Severe and Persistently Mentally Ill Plan									\$
3,895,179									
02. Provision of community-based services in accordance with the Mental Health Study Commission's Child Mental								Health Plan	
1,913,917									

03. Administration  
689,735

TOTAL MENTAL HEALTH SERVICES BLOCK GRANT \$  
6,498,831

SUBSTANCE ABUSE PREVENTION  
AND TREATMENT BLOCK GRANT

01. Provision of community-based  
alcohol and drug abuse services,  
tuberculosis services, and services  
provided by the Alcohol, Drug Abuse  
Treatment Centers \$  
15,350,132

02. Continuation of services for  
pregnant women and women  
with dependent children  
6,567,532

03. Continuation and expansion of  
services to IV drug abusers and others  
at risk for HIV diseases  
5,390,497

04. Provision of services in accordance with  
the Mental Health Study Commission's  
Child and Adolescent Alcohol and Other  
Drug Abuse Plan  
7,454,702

05. Juvenile Services - Family Focus  
893,811

06. Juvenile offender services and substance  
abuse pilot  
300,000

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07. Administration  
2,623,049

TOTAL SUBSTANCE ABUSE PREVENTION  
AND TREATMENT BLOCK GRANT \$  
38,579,723

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

01. Child care subsidies  
\$112,624,103

02. Quality and availability initiatives  
11,378,046

03. Administrative expenses  
6,526,429

04. Transfer from TANF Block Grant for  
child care subsidies  
51,669,460

05. Transfer from TANF Block Grant for  
child care rate increases and quality  
initiatives  
12,482,188

TOTAL CHILD CARE AND DEVELOPMENT FUND  
BLOCK GRANT \$1  
94,680,226

TEMPORARY ASSISTANCE TO NEEDY FAMILIES  
(TANF) BLOCK GRANT

01. Work First Cash Assistance  
Standard Counties \$  
133,436,855

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- |     |   |           |          |                |          |             |
|-----|---|-----------|----------|----------------|----------|-------------|
|     | Electing  |           |          |                |          | Counties    |
|     | 43,787,170  |           |          |                |          |             |
| 02. | Work  | First     | County   | Block          |          | Grants      |
|     | 62,086,434  |           |          |                |          |             |
| 03. | Transfer to the Child Care and<br>Development Fund Block Grant<br>for   | child     |          | care           |          | subsidies   |
|     | 51,669,460  |           |          |                |          |             |
| 04. | Allocation to the Division of Mental<br>Health, Developmental Disabilities, and<br>Substance Abuse Services for Work First<br>substance abuse screening, diagnostic, and<br>support | treatment | services | and            | drug     | testing     |
|     | 3,500,000   |           |          |                |          |             |
| 05. | Allocation to the Division of Social<br>Services  | for       | Work     | First          |          | Evaluation  |
|     | 1,000,000   |           |          |                |          |             |
| 06. | Allocation to the Division of Social<br>Services  | for       |          | staff          |          | development |
|     | 500,000   |           |          |                |          |             |
| 07. | Reduction   | of        |          | out-of-wedlock |          | births      |
|     | 1,600,000   |           |          |                |          |             |
| 08. | Transfer to the Social Services Block Grant<br>for  | substance | abuse    | services       | for      | juveniles   |
|     | 1,182,280   |           |          |                |          |             |
| 09. | Transfer to the Social Services Block Grant<br>for  | the       | Special  | Children       | Adoption | Fund        |
|     | 2,200,000   |           |          |                |          |             |
| 10. | Employment Security Commission -  |           |          |                |          |             |

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	First 4,100,000		Stop		Employment		Assistance
11.	Transfer to Social Services Block Grant - Enhanced 1,000,000		Employee		Assistance		Program
12.	Work First Job Retention and Follow-Up Initiatives 1,677,529						
13.	Allocation to the Division of Public Health for 2,000,000		teen		pregnancy		prevention
14.	Transfer to Social Services Block Grant for 1,500,000		Child		Caring		Agencies
15.	Child 15,000,000	Care	Subsidies	for	TANF		Recipients
16.	Work 100,000		First		Business		Council
17.	Work 3,000,000		First		Housing		Initiative
18.	Transfer to Child Care and Development Fund Block Grant 12,482,188	Grant	for	Child	Care	Rate	Increases
19.	Allocation to the Division of Social Services 1,000,000		for		Domestic		Violence
20.	Implementation of HB 1159 - Protection from 160,000			Violent			Caregivers

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- 21. Transfer to Social Services Block Grant for  
 Additional County Foster Care and Adoption  
 Workers  
 1,427,550
  
- 22. Intensive Family Preservation Program  
 Expansion  
 2,000,000
  
- 23. Contract for MOE Analysis and Assistance  
 500,000
  
- 24. Work First/Boys and Girls Clubs  
 1,000,000
  
- 25. Community Colleges - Enhanced Pathways  
 500,000
  
- 26. Transfer to Social Services Block Grant for  
 Child Care Subsidies  
 10,971,241
  
- 27. Transfer to Social Services Block Grant for  
 County Departments of Social Services for  
 Children's Services  
 4,500,000
  
- 28. Transfer to Social Services Block Grant for  
 Adolescent Pregnancy Prevention Program  
 239,261

TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES  
 (TANF) BLOCK GRANT  
 64,119,968 \$3

**MATERNAL AND CHILD HEALTH BLOCK GRANT**



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01. Healthy Mother/Healthy Children  
Block Grants to Local Health  
Departments \$ 9,838,074

02. High Risk Maternity Clinic Services,  
Perinatal Education and Training,  
Childhood Injury Prevention,  
Public Information and Education, and  
Technical Assistance to Local Health  
Departments 1,910,747

03. Services to Children With Special Health  
Care Needs 5,035,209

**TOTAL MATERNAL AND CHILD  
HEALTH BLOCK GRANT \$ 16,784,030**

**PREVENTIVE HEALTH SERVICES BLOCK GRANT**

01. Transfer from Social Services  
Block Grant -  
Emergency Medical Services \$ 213,128

02. Hypertension and Statewide  
Health Promotion Programs 3,364,469

03. Dental Health for Fluoridation  
of Water Supplies 216,123

04. Rape Prevention and Rape  
Crisis Programs 190,134

05. Rape Prevention and Rape Education 1,159,292

06. Transfer from Social Services  
Block Grant -  
AIDS/HIV Education, Counseling,  
and Testing 66,939

07.	Office of Minority Health and Minority Health Council	179,784
08.	Administrative and Indirect Cost	209,914
TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT		\$ 5,599,783

Section 5.(b) Decreases in Federal Fund Availability - If the United States Congress reduces federal fund availability in the Social Services Block Grant below the amounts appropriated in this section, then the Department of Health and Human Services shall allocate these decreases giving priority first to those direct services mandated by State or federal law, then to those programs providing direct services that have demonstrated effectiveness in meeting the federally and State mandated services goals established for the Social Services Block Grant. The Department shall not include transfers from TANF for specified purposes in any calculations of reductions to the Social Services Block Grant.

If the United States Congress reduces the amount of TANF funds below the amounts appropriated in this section after the effective date of this act, then the Department shall allocate the decrease in funds after considering any underutilization of the budget and the effectiveness of the current level of services. Any TANF Block Grant fund changes shall be reported to the Senate Appropriations Committee on Human Resources, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

The Department of Health and Human Services shall make a report in collaboration with all other State and local agencies and public and private entities (i) that are impacted by the Social Services or TANF Block Grants and (ii) that will be affected by future reductions in either of these block grants detailing plans for dealing with future reductions or adjustments in either of these block grants, including plans for programs funded wholly or in part with transfers from the TANF Block Grant.

Decreases in federal fund availability shall be allocated for the Maternal and Child Health and Preventive Health Services federal block grants by the Department of Health and Human Services after considering the effectiveness of the current level of services.

Section 5.(c) Increases in Federal Fund Availability - Any block grant funds appropriated by the United States Congress in addition to the funds specified in this act shall be expended by the Department of Health and Human Services, with the approval of the Office of State Budget and Management, provided the resultant increases are in accordance with federal block grant requirements and are within the scope of the block grant plan approved by the General Assembly.

Section 5.(d) Changes to the budgeted allocations to the Block Grants appropriated in this act due to decreases or increases in federal funds shall be reported immediately to the the Senate Appropriations Committee on Human Resources, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Section 5.(e) Limitations on Preventive Health Services Block Grant Funds - Twenty-five percent (25%) of funds allocated for Rape Prevention and Rape Education shall be allocated as grants to nonprofit organizations to provide rape prevention and education programs targeted for middle, junior high, and high school students.

If federal funds are received under the Maternal and Child Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42 U.S.C. § 710), for the 1999-2000 fiscal year, then those funds shall be transferred to the State Board of Education to be administered by the Department of Public Instruction. The Department of Public Instruction shall use the funds to establish an Abstinence Until Marriage Education Program and shall delegate to one or more persons the responsibility of implementing the program and G.S. 115C-81(e1)(4). The Department of Public Instruction shall carefully and strictly follow federal guidelines in implementing and administering the abstinence education grant funds.

Section 5.(f) The sum of one million dollars (\$1,000,000) appropriated to the Department of Health and Human Services, Division of Social Services, in the TANF Block Grant for the 1999-2000 fiscal year for the evaluation of the Work First Program shall be used to do each of the following:

- (1) Expand the current evaluation of the Work First Program to assess former recipients' earnings, barriers to advancement to economic self-sufficiency, utilization of community support services, and other longitudinal employment data. Assessment periods shall include six and 18 months following closure of the case.
- (2) Expand the current evaluation of the Work First Program to profile the State's child-only caseload to include indicators of economic and social well-being, academic and behavioral performance, demographic data, description of living arrangements including length of placement out of the home, social and other human services provided to families, and other information needed to assess the needs of the child-only Work First Family Assistance clients and families.
- (3) Expand the current evaluation to profile clients and families, exempted from federal and State work participation requirements. The evaluation shall include an assessment of the client and family needs including why clients and families have been exempted.

The Department of Health and Human Services shall make a report on its progress in complying with this subsection to the Senate Appropriations Committee on Human Resources, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division no later than May 1, 2000.

Section 5.(g) The sum of one million six hundred seventy-seven thousand five hundred twenty-nine dollars (\$1,677,529) appropriated to the Department of Health and Human Services, Division of Social Services, in this section in the TANF Block Grant in the 1999-2000 fiscal year for the Work First job retention and follow-up model programs shall be used to implement pilots and strategies that support TANF recipients in attaining and maintaining self-sufficiency through job retention, family support services, and pre- and post-TANF follow-up.

The Department of Health and Human Services shall make a report on its use of TANF funds for the Work First job retention pilots. This report shall include each of the following:

- (1) A description of the clients served by the program. This description shall include demographic and geographic information about the clients.
- (2) A description of services provided by the program.
- (3) The effectiveness of services to clients. Effectiveness of services to clients shall be measured, in part, by the percentage of clients who remain employed at intervals of six months and one year after commencement of employment.
- (4) The estimated cost of services per client.
- (5) A description of the development and design of the program and of any evaluation mechanisms.
- (6) A description of coordination efforts among local departments of social services with other human services agencies.
- (7) A description of progress in achieving other outcome goals such as family economic progress and child/family well-being.

This report shall be made to the Senate Appropriations Committee on Human Resources, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division no later than May 1, 2000.

Section 5.(h) The sum of two million dollars (\$2,000,000) appropriated to the Department of Health and Human Services, Division of Public Health, in this section in the TANF Block Grant for the 1999-2000 fiscal year for teen pregnancy prevention shall be used to develop and implement local programs and initiatives aimed at reducing teen pregnancy. The programs developed with these funds shall be based on model programs that have been proven successful by extensive evaluation. The programs and initiatives shall include:

- (1) Adolescent parenting programs.

- (2) Adolescent pregnancy prevention programs.
- (3) Local coalition programs combining adolescent parenting and adolescent pregnancy prevention components.
- (4) Teen care coordination projects.
- (5) A media campaign to raise awareness of teens and their parents.

The Department of Health and Human Services shall report on the use of these funds and the effectiveness of the funded programs and initiatives in reducing teen pregnancy to the Senate Appropriations Committee on Human Resources, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division no later than April 1, 2000.

Section 5.(i) The sum of two million eight hundred eleven thousand six hundred eighty-seven dollars (\$2,811,687) appropriated in this section (i) in the Social Services Block Grant and (ii) in the TANF Block Grant transferred to the Social Services Block Grant to the Department of Health and Human Services, Special Children Adoption Fund, for the 1999-2000 fiscal year shall be used to implement this subsection. The Division of Social Services, in consultation with the North Carolina Association of County Directors of Social Services and representatives of licensed private adoption agencies and licensed child caring agencies, shall develop guidelines for the awarding of funds to licensed public and private adoption agencies and licensed child caring agencies upon successful placement for adoption of children described in G.S. 108A-50 and in foster care. Payments received from the Special Children Adoption Fund by participating agencies shall be used to enhance the adoption services program. No local match shall be required as a condition for receipt of these funds.

Section 5.(j) If funds appropriated through the Child Care and Development Fund for any program cannot be obligated or spent in that program within the obligation or liquidation periods allowed by the federal grants, the Department may move funds to other programs, in accordance with federal requirements of the grant, in order to use the federal funds fully.

Section 5.(k) The sum of one million five hundred thousand dollars (\$1,500,000) appropriated in this act in the TANF Block Grant and transferred to the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, for Child Caring Agencies for the 1999-2000 fiscal year shall be allocated to the State Private Child Caring Agencies Fund. These funds shall be combined with all other funds allocated to the State Private Child Caring Agencies Fund for the reimbursement of the State's portion of the cost of care for the placement of certain children by the county departments of social services who are not eligible for federal IV-E funds. These funds shall not be used to match other federal funds.

Section 5.(l) The sum of one million dollars (\$1,000,000) appropriated in this section in the TANF Block Grant and transferred to the Social Services Block Grant to

the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall be used for the Enhanced Employee Assistance Program, to continue a grant program of financial incentives for private businesses employing former and current Work First recipients. These grants may supply funds to private employers who agree to hire former or current Work First recipients or their spouses at entry-level positions and wages and to supply enhanced grant funds to private employers who agree to hire former or current Work First recipients or their spouses at a level higher than entry-level position, paying more than the minimum wage, including fringe benefits.

Section 5.(m) The sum of one million four hundred twenty-seven thousand five hundred fifty dollars (\$1,427,550) appropriated in this act in the TANF Block Grant transferred to the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, for the 1999-2000 fiscal year for Child Welfare Improvements shall be allocated to the county departments of social services for hiring or contracting additional staff on or after January 1, 2000, to recruit, train, and support prospective foster and adoptive families, and to provide post-adoption services.

Section 5.(n) The sum of two million dollars (\$2,000,000) appropriated in this act in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 1999-2000 fiscal year for the Intensive Family Preservation Services (IFPS) Program shall be used by the Division, in consultation with local departments of social services and other human services agencies, to plan and implement a revised IFPS Program.

Notwithstanding the provisions of G.S. 143B-150.6, the Program shall provide intensive services to children and families in cases of neglect and dependency where a child is at imminent risk of removal from the home and to children and families in cases of abuse where a child is not at imminent risk of removal. The Program shall be developed and implemented on a regional basis in areas of high foster care placements as compared to the numbers of children substantiated for abuse, neglect, or dependency. The revised IFPS Program shall ensure the application of standardized assessment criteria for determining imminent risk and clear criteria for determining out-of-home placement.

The Department shall reexamine the existing IFPS Program design to ensure the application of a standardized assessment of imminent risk and clear criteria for placement. Additionally, the Department shall assess the education and skill levels required of staff providing intensive family preservation services in existing programs.

The Department shall develop a revised evaluation model for the current and expanded IFPS Program. This evaluation shall not include area mental health or juvenile justice programs. The model shall be scientifically rigorous, including the use of treatment control groups, a review and description of interventions provided to families as compared to customary services provided to other child welfare children and families,

and data regarding the number and type of referrals made for other human services and the utilization of those services.

The Department shall report on the use of the funds appropriated under this subsection, including the revised evaluation model and IFPS Program, to the Senate Appropriations Committee on Human Resources, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division no later than May 1, 2000.

Section 5.(o) The Department of Health and Human Services and the Employment Security Commission shall report on the use of funds appropriated under this section from the TANF Block Grant to the First Stop Employment Assistance Program. This report shall include each of the following:

- (1) The number of clients served since the inception of the program by fiscal year.
- (2) The amount of funds expended each fiscal year.
- (3) A description of the clients served. This description shall include demographic information about these clients.
- (4) A description of coordination efforts with other human services agencies, including local departments of social services.
- (5) A description of specific services provided to both initial and intensive First Stop clients.
- (6) The placement rates of clients in both the initial and intensive programs.
- (7) Statistics related to job retention, measured at least at intervals of six months and one year after the commencement of employment.
- (8) Statistics related to the wage history of clients.
- (9) Any other information the Department and the Employment Security Commission find relevant to an evaluation of the program.

This report shall be made to the Senate Appropriations Committee on Human Resources, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division no later than May 1, 2000.

Section 5.(p) The sum of one million dollars (\$1,000,000) appropriated in this section to the Department of Health and Human Services in the TANF Block Grant for Boys and Girls Clubs shall be used to make grants for approved programs. The Department of Health and Human Services, in accordance with federal regulations for the use of TANF Block Grant funds, shall develop and implement a grant program to award funds to the Boys and Girls Clubs across the State in order to implement programs that improve the motivation, performance, and self-esteem of youth and to implement other initiatives that would be expected to reduce school dropout and teen pregnancy rates. Additionally, in developing the grant program, the Department shall encourage and facilitate collaboration between the Boys and Girls Clubs and Support our Students and

Communities in Schools programs to submit joint applications for the funds if appropriate. If joint applications are not appropriate, the Support our Students and Communities in Schools programs may submit separate applications for these funds. The Department shall report on its progress in complying with this subsection to the Senate Appropriations Committee on Human Resources, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division no later than May 1, 2000.

Section 5.(q) The sum of one million dollars (\$1,000,000) appropriated in this section to the Department of Health and Human Services, Division of Social Services, for domestic violence programs shall be used to develop and implement a grant program to support programs which provide domestic violence services and to support programs aimed at preventing domestic violence. The Department, in consultation with the North Carolina Council for Women, the Governor's Crime Commission, local domestic violence programs, and other human services programs, shall develop a process to award grants to community-based organizations that demonstrate the ability to collaborate and coordinate services with other local human service organizations to serve children and families where domestic violence has occurred or is occurring. The Department shall report to the Senate Appropriations Committee on Human Resources, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on its use of these funds no later than May 1, 2000.

Section 5.(r) G.S. 143-16.1(b) reads as rewritten:

"(b) The Secretary of each State agency that receives and administers federal Block Grant funds shall prepare and submit the agency's Block Grant plans to the Fiscal Research Division of the General Assembly not later than February 20 of each odd-numbered calendar year and not later than April 20 of each ~~fiscal~~-even-numbered calendar year. The agency shall submit a separate Block Grant plan for each Block Grant received and administered by the agency, and each plan shall include, but not be limited to, the following:

- (1) A delineation of the proposed dollar amount allocations by activity and by category, including dollar amounts to be used for administrative costs; and
- (2) A comparison of the proposed funding with two prior years' program budgets.

The Director of the Budget shall review for accuracy, consistency, and uniformity each State agency's Block Grant plans prior to submission of the plans to the General Assembly."

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine



**NER BLOCK GRANT FUNDS**

Section 5.1.(a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2000, according to the following schedule:

WELFARE TO WORK BLOCK GRANT \$ 23,663,882

**COMMUNITY DEVELOPMENT BLOCK GRANT**

01. State Administration	1,000,000
02. Urgent Needs and Contingency	1,306,500
03. Community Empowerment	871,000
04. Economic Development	8,710,000
05. Community Revitalization	20,033,000
06. State Technical Assistance	450,000
07. Housing Development	3,484,000
08. Infrastructure	9,145,500

**TOTAL COMMUNITY DEVELOPMENT  
BLOCK GRANT - 2000 Program Year** \$ 45,000,000

Section 5.1.(b) Decreases in Federal Fund Availability. --

Decreases in federal fund availability for the Community Development Block Grants. -- If federal funds are reduced below the amounts specified above after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

Section 5.1.(c) Increases in Federal Fund Availability for Community Development Block Grant. --

Any block grant funds appropriated by the Congress of the United States in addition to the funds specified in this section shall be expended as follows: -- Each program category under the Community Development Block Grant shall be increased by the same percentage as the increase in federal funds.

Section 5.1.(d) Limitations on Community Development Block Grant Funds. -- Of the funds appropriated in this section for the Community Development Block Grant, the following shall be allocated in each category for each program year: up to one million dollars (\$1,000,000) may be used for State administration; up to one million three hundred six thousand five hundred dollars (\$1,306,500) may be used for Urgent Needs and Contingency; up to eight hundred seventy-one thousand dollars (\$871,000) may be used for Community Empowerment; up to eight million seven hundred ten thousand dollars (\$8,710,000) may be used for Economic Development; not less than twenty million thirty-three thousand dollars (\$20,033,000) shall be used for Community Revitalization; up to four hundred fifty thousand dollars (\$450,000) may be used for State Technical Assistance; up to three million four hundred eighty-four thousand dollars (\$3,484,000) may be used for Housing Development; up to nine million one hundred forty-five thousand dollars (\$9,145,000) may be used for infrastructure. If federal block grant funds are reduced or increased by the Congress of the United States after the effective date of this act, then these reductions or increases shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

Section 5.1.(e) Increase Capacity for Nonprofit Organizations. -- Assistance to increase capacity for nonprofit organizations to carry out eligible activities with units of local government is an allowable activity under any program category, in accordance with federal regulations. Community Empowerment category funds not obligated as of December 31, 1999, may be used to fund assistance to increase capacity for projects in any category.

Section 5.1.(f) Welfare to Work Block Grant. -- The Department of Commerce, the Employment Security Commission, and the Department of Health and Human Services may identify within their respective budgets sources of State funds which may be used as a match for the federal Welfare-to-Work Block Grant.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

**COMMUNITY DEVELOPMENT BLOCK GRANT/CHANGES TO PREVIOUS  
BLOCK GRANT PLANS**

Section 5.2. Notwithstanding any other provision of law, Community Development Block Grant funds allocated pursuant to Section 5.1 of S.L. 1998-212 which represent an increase in the State's federal grant shall be allocated in a manner to ensure that twenty percent (20%) of such funds are allocated to the Economic Development program category. The remaining increase in federal grant funds, and funds not obligated under any Block Grant category at the close of the 1998 program year, may be allocated to the Housing Development program category.

**PART VI. GENERAL FUND AND HIGHWAY FUND AVAILABILITY STATEMENTS**

**GENERAL FUND AVAILABILITY STATEMENTS**

Requested by: Representatives Easterling, Hardaway, Redwine

**BUDGET REFORM STATEMENT**

Section 6.(a) The General Fund availability used in developing the 1999-2001, biennial budget is shown below:

	1999-2000 (\$ Millions)	2000-2001 (\$ Millions)
Budget Reform Statement		
(01) Composition of the 1999-2000 beginning availability:		
a. Unappropriated balance	0.2	
b. Revenue collections in 1998-99 in excess of authorized estimates	333.9	
c. Unexpended appropriations during 1998-99	106.3	
Subtotal	440.4	
d. Transfer to Reserve for Repairs and Renovations	(150.00)	
e. Transfer to Clean Water Management Trust Fund	(30.0)	
f. Transfer to Savings Reserve	---	
Ending Fund Balance	260.4	
(02) Beginning Unrestricted Fund Balance	260.4	0.0
Revenues Based on Existing Tax		
Structure	12,367.2	13,103.8
Revenues - Gains on Asset Sale (RJR)	69.0	---
Homestead Exemption Increase	---	(9.0)
Nontax Revenues	523.7	550.5
Disproportionate Share Receipts	105.0	105.0
Transfer from Highway Trust Fund	170.0	170.0
Transfer from Highway Fund	13.6	13.8

Subtotal	13,248.5	13,943.1
Transfer from Disproportionate Share Receipts Reserve	20.0	0.0
Transfer from Flexible Benefit Reserve	1.2	0.0
<b>Total Availability</b>	<b>13,530.1</b>	<b>13,934.1</b>

Section 6.(b) The State Controller shall transfer from the Flexible Benefits Reserve to the General Fund nontax revenues the sum of one million two hundred seventy-three thousand dollars (\$1,273,000) during fiscal year 1999-2000.

Section 6.(c) There is transferred from General Fund availability for the 1999-2000 fiscal year to the Department of State Treasurer, Reserve for the Bailey/Emory/Patton Cases Refunds, the sum of three hundred ninety-nine million dollars (\$399,000,000). These funds are hereby appropriated and shall be held in reserve and allocated pursuant to the Consent Order entered in the Bailey/Emory/Patton cases, 92 CVS 10221, 94 CVS 06904, 95 CVS 06625, 95 CVS 08230, 98 CVS 00738, and 95 CVS 04346, in Wake County Superior Court on 10 June 1998.

Section 6.(d) Notwithstanding G.S. 143-15.2 and G.S. 143-15.3, for the 1998-1999 fiscal year only, funds shall not be reserved to the Savings Reserve Account, and the State Controller shall not transfer funds from the unreserved credit balance to the Savings Reserve Account. This subsection becomes effective June 30, 1999.

Section 6.(e) Disproportionate Share Receipts reserved at the end of the 1998-99 fiscal year shall be deposited with the Department of State Treasurer as a nontax revenue for the 1999-2000 fiscal year.

Section 6.(f) For the 1999-2000 and 2000-2001 fiscal years, as it receives funds associated with Disproportionate Share Payments from the State hospitals, the Department of Health and Human Services, Division of Medical Assistance, shall deposit up to one hundred five million dollars (\$105,000,000) of these Disproportionate Share Payments to the Department of State Treasurer for deposit as nontax revenues. Any Disproportionate Share Payments collected in excess of the one hundred five million dollars (\$105,000,000) shall be reserved by the State Treasurer for future appropriations.

Requested by: Representatives Easterling, Hardaway, Redwine

**HIGHWAY FUND AVAILABILITY**

Section 6.1. The Highway Fund appropriations availability used in developing the 1999-2001 biennial Highway Fund budget is shown below:

<u>1999-2000</u>	<u>2000-2001</u>
Beginning Credit Balance	-
Estimated Revenue	1,149,490,000
1,194,410,000	

Additional Reversions	5,200,000	-
TOTAL HIGHWAY FUND AVAILABILITY	\$1,154,690,000	
	\$1,194,410,000	

Requested by: Representatives Allen, Miller, Luebke, Easterling, Hardaway, Redwine, Allred, Owens

### INCREASE HOMESTEAD EXEMPTION

Section 6.2.(a) G.S. 105-277.1(a) reads as rewritten:

" (a) Exclusion. -- The following class of property is designated a special class of property under Article V, Sec. 2(2) of the North Carolina Constitution and shall be assessed for taxation in accordance with this section. The first ~~twenty thousand dollars (\$20,000)~~ twenty-five thousand dollars (\$25,000) in appraised value of a permanent residence owned and occupied by a qualifying owner is excluded from taxation. A qualifying owner is an owner who meets all of the following requirements as of January 1 preceding the taxable year for which the benefit is claimed:

- (1) Is at least 65 years of age or totally and permanently disabled.
- (2) Has an income for the preceding calendar year of not more than ~~fifteen thousand dollars (\$15,000)~~ twenty-five thousand dollars (\$25,000).
- (3) Is a North Carolina resident.

An otherwise qualifying owner does not lose the benefit of this exclusion because of a temporary absence from his or her permanent residence for reasons of health, or because of an extended absence while confined to a rest home or nursing home, so long as the residence is unoccupied or occupied by the owner's spouse or other dependent."

Section 6.2.(b) G.S. 105-309(f) reads as rewritten:

" (f) The following information shall appear on each abstract or on an information sheet distributed with the abstract. The abstract or sheet must include the address and telephone number of the assessor below the notice required by this subsection. The notice shall read as follows:

### PROPERTY TAX RELIEF FOR ELDERLY AND PERMANENTLY DISABLED PERSONS.

North Carolina excludes from property taxes the first ~~twenty thousand dollars (\$20,000)~~ twenty-five thousand dollars (\$25,000) in appraised value of a permanent residence owned and occupied by North Carolina residents aged 65 or older or totally and permanently disabled whose income does not exceed ~~fifteen thousand dollars (\$15,000)~~ twenty-five thousand dollars (\$25,000). Income means the owner's adjusted gross income

as determined for federal income tax purposes, plus all moneys received other than gifts or inheritances received from a spouse, lineal ancestor or lineal descendant.

If you received this exclusion in (assessor insert previous year), you do not need to apply again unless you have changed your permanent residence. If you received the exclusion in (assessor insert previous year) and your income in (assessor insert previous year) was above ~~fifteen thousand dollars (\$15,000)~~, twenty-five thousand dollars (\$25,000), you must notify the assessor. If you received the exclusion in (assessor insert previous year) because you were totally and permanently disabled and you are no longer totally and permanently disabled, you must notify the assessor. If the person receiving the exclusion in (assessor insert previous year) has died, the person required by law to list the property must notify the assessor. Failure to make any of the notices required by this paragraph before April 15 will result in penalties and interest.

If you did not receive the exclusion in (assessor insert previous year) but are now eligible, you may obtain a copy of an application from the assessor. It must be filed by April 15."

Section 6.2.(c) G.S. 105-277.1A reads as rewritten:

**"§ 105-277.1A. Property classified for taxation at reduced valuation; duties of tax collectors; reimbursement of localities for portion of tax lost.**

(a) On September 1, 1990, the tax collector of each county and the tax collector of each city shall furnish to the Secretary of Revenue a list containing the name and address of each person who has qualified in that year for the exemption provided in G.S. 105-277.1. The list shall also contain for each name the total amount of property exempted, the tax rate the property is subject to, and the product obtained by multiplying those two numbers by each other. The lists shall be accompanied by an affidavit attesting to the accuracy of the list and shall all be on a form prescribed by the Secretary of Revenue.

(a1) On December 1, 1997, the tax collector of each county and the tax collector of each city shall furnish to the Secretary of Revenue two lists containing the name and address of each taxpayer who has qualified in that year for the exemption provided in G.S. 105-277.1. The first list shall include those taxpayers whose income was above eleven thousand dollars (\$11,000) and the second list shall include those taxpayers whose income was eleven thousand dollars (\$11,000) or less. On the first list, the tax collector shall provide for each name the total amount of property exempted and on the second list, the tax collector shall provide for each name the amount of property above fifteen thousand dollars (\$15,000) exempted. On both lists, the tax collector shall provide the tax rate the property is subject to and the product obtained by multiplying the tax rate by the amount of property. The lists shall be accompanied by an affidavit attesting to the accuracy of the list and shall be on a form prescribed by the Secretary of Revenue.

(a2) On December 1, 2000, the tax collector of each county and the tax collector of each city shall furnish to the Secretary of Revenue two lists containing the name and

address of each taxpayer who has qualified in that year for the exemption provided in G.S. 105-277.1. The first list shall include those taxpayers whose income was above fifteen thousand dollars (\$15,000), and the second list shall include those taxpayers whose income was fifteen thousand dollars (\$15,000) or less. On the first list, the tax collector shall provide for each name the total amount of property exempted, and on the second list, the tax collector shall provide for each name the amount of property above twenty thousand dollars (\$20,000) exempted. On both lists, the tax collector shall provide the tax rate the property is subject to and the product obtained by multiplying the tax rate by the amount of property. The lists shall be accompanied by an affidavit attesting to the accuracy of the list and shall be on a form prescribed by the Secretary of Revenue.

(b) Repealed by Session Laws 1996, Second Extra Session, c. 18, s. 15.1(c).

(c) The Secretary of Revenue may, for cause, grant an extension for the submission of a list required by this section.

(d) Before May 31, 1991, the Secretary of Revenue shall distribute to the county or city fifty percent (50%) of the total for the entire list provided pursuant to subsection (a) of this section of the product obtained by multiplying the tax exemption for each taxpayer times the applicable tax rate. Each year thereafter, on or before May 31, the Secretary of Revenue shall pay to each county and city that was entitled to receive a distribution under this subsection in 1991 the amount it was entitled to receive in 1991.

(d1) Before May 31, 1998, the Secretary of Revenue shall distribute to the county or city fifty percent (50%) of the total for both lists provided the preceding December 1 pursuant to subsection (a1) of this section of the product obtained by multiplying the applicable tax rate times the amount listed for each taxpayer. Before May 31, 1999, the Secretary of Revenue shall pay to each county and city the amount it received under this subsection in 1998.

(d2) Before May 31, 2001, the Secretary of Revenue shall distribute to the county or city the total for both lists provided the preceding December 1 pursuant to subsection (a2) of this section of the product obtained by multiplying the applicable tax rate times the amount listed for each taxpayer. Each year thereafter, on or before May 31, the Secretary of Revenue shall pay to each county and city the amount it received under this subsection in 2001.

(e) Any funds received by any county or city pursuant to this section because the county or city was collecting taxes for another unit of government or special district shall be credited to the funds of that other unit or district in accordance with regulations issued by the Local Government Commission.

(f) In order to pay for the reimbursement under this section and the cost to the Department of Revenue of administering the reimbursement, the Secretary of Revenue shall draw from collections received under Part 1 of Article 4 of this Chapter an amount equal to the reimbursement and the cost of administration."

Section 6.2.(d) This section is effective for taxes imposed for taxable years beginning on or after July 1, 2000.

## **PART VII. GENERAL PROVISIONS**

Requested by: Representatives Easterling, Hardaway, Redwine

### **SPECIAL FUNDS, FEDERAL FUNDS, AND DEPARTMENTAL RECEIPTS/AUTHORIZATION FOR EXPENDITURES**

Section 7.(a) There is appropriated out of the cash balances, federal receipts, and departmental receipts available to each department, sufficient amounts to carry on authorized activities included under each department's operations. All these cash balances, federal receipts, and departmental receipts shall be expended and reported in accordance with provisions of the Executive Budget Act, except as otherwise provided by statute, and shall be expended at the level of service authorized by the General Assembly. If the receipts, other than gifts and grants that are unanticipated and are for a specific purpose only, collected in a fiscal year by an institution, department, or agency exceed the receipts certified for it in General Fund Codes or Highway Fund Codes, then the Director of the Budget shall decrease the amount he allots to that institution, department, or agency from appropriations from that Fund by the amount of the excess, unless the Director of the Budget finds that the appropriations from the Fund are necessary to maintain the function that generated the receipts at the level anticipated in the certified Budget Codes for that Fund.

Funds that become available from overrealized receipts in General Fund Codes and Highway Fund Codes may be used for new permanent employee positions or to raise the salary of existing employees only as follows:

- (1) As provided in G.S. 116-30.1, 116-30.2, 116-30.3, 116-30.4; or
- (2) If the Director of the Budget finds that the new permanent employee positions are necessary to maintain the function that generated the receipts at the level anticipated in the certified budget codes for that Fund. The Director of the Budget shall notify the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the chairmen of the appropriations committees of the Senate and the House of Representatives, and the Fiscal Research Division of the Legislative Services Office that he intends to make such a finding at least 10 days before he makes the finding. The notification shall set out the reason the positions are necessary to maintain the function.

The Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office within 30 days after the end of each quarter



the General Fund Codes or Highway Fund Codes that did not result in a corresponding reduced allotment from appropriations from that Fund.

Section 7.(b) The Director of the Budget shall develop necessary budget controls, regulations, and systems to ensure that these funds and other State funds subject to the Executive Budget Act, are not spent in a manner which would cause a deficit in expenditures.

Requested by: Representatives Easterling, Hardaway, Redwine

**INSURANCE AND FIDELITY BONDS**

Section 7.1. All insurance and all official fidelity and surety bonds authorized for the several departments, institutions, and agencies shall be effected and placed by the Department of Insurance, and the cost of placement shall be paid by the affected department, institution, or agency with the approval of the Insurance Commissioner.

Requested by: Representatives Easterling, Hardaway, Redwine

**CONTINGENCY AND EMERGENCY FUND ALLOCATIONS**

Section 7.2. Of the funds appropriated in this act to the Contingency and Emergency Fund, the sum of nine hundred thousand dollars (\$900,000) for the 1999-2000 fiscal year and the sum of nine hundred thousand dollars (\$900,000) for the 2000-2001 fiscal year shall be designated for emergency allocations, which are for expenditures:

- (1) Required by a court, Industrial Commission, or administrative hearing officer's order or award or to match unanticipated federal funds;
- (2) Required to respond to an unanticipated disaster such as a fire, hurricane, or tornado; or
- (3) Required to call out the National Guard.

Two hundred twenty-five thousand dollars (\$225,000) for the 1999-2000 fiscal year and two hundred twenty-five thousand dollars (\$225,000) for the 2000-2001 fiscal year shall be designated for other allocations from the Contingency and Emergency Fund.

Requested by: Representatives Easterling, Hardaway, Redwine

**AUTHORIZED TRANSFERS**

Section 7.3. The Director of the Budget may transfer to General Fund budget codes from the General Fund Salary Adjustment Reserves appropriation, and may transfer to Highway Fund budget codes from the Highway Fund Salary Adjustment Reserve appropriation amounts required to support approved salary adjustments made necessary by difficulties in recruiting and holding qualified employees in State

government. The funds may be transferred only when salary reserve funds in individual operating budgets are not available.

Requested by: Representatives Easterling, Hardaway, Redwine

**EXPENDITURES OF FUNDS IN RESERVES LIMITED**

Section 7.4. All funds appropriated by this act into reserves may be expended only for the purposes for which the reserves were established.

Requested by: Representatives Easterling, Hardaway, Redwine

**STATE MONEY RECIPIENTS/CONFLICT OF INTEREST POLICY**

Section 7.5. Each private, nonprofit entity eligible to receive State funds, either by General Assembly appropriation, or by grant, loan, or other allocation from a State agency, before funds may be disbursed to the entity, shall file with the disbursing agency a notarized copy of that entity's policy addressing conflicts of interest that may arise involving the entity's management employees and the members of its board of directors or other governing body. The policy shall address situations where any of these individuals may directly or indirectly benefit, except as the entity's employees or members of the board or other governing body, from the entity's disbursing of State funds, and shall include actions to be taken by the entity or the individual, or both, to avoid conflicts of interest and the appearance of impropriety.

Requested by: Representatives Easterling, Hardaway, Redwine

**BUDGETING OF PILOT PROGRAMS**

Section 7.6.(a) Any program designated by the General Assembly as experimental, model, or pilot shall be shown as a separate budget item and shall be considered as an expansion item until a succeeding General Assembly reapproves it.

Any new program funded in whole or in part through a special appropriations bill shall be designated as an experimental, model, or pilot program.

Section 7.6.(b) The Governor shall submit to the General Assembly with his proposed budget a report of which items in the proposed budget are subject to the provisions of this section.

Requested by: Representatives Easterling, Hardaway, Redwine

**AUTHORIZATION OF PRIVATE LICENSE TAGS ON STATE-OWNED MOTOR VEHICLES**

Section 7.7.(a) Pursuant to the provisions of G.S. 14-250, for the 1999-2001 fiscal biennium, the General Assembly authorizes the use of private license tags on State-owned motor vehicles only for the State Highway Patrol and for the following:

<u>Department</u>	<u>Exemption Category</u>	<u>Number</u>
-------------------	---------------------------	---------------

Motor Vehicles	License and Theft	97
Justice	SBI Agents	277
Correction	Probation/Parole Surveillance	
Officers (intensive	probation)	25
Crime Control and		
Public Safety	ALE Officers	92
Revenue		22
Capitol Area		
Police		2
Wildlife Resources		
Commission	Wildlife Enforcement Officers	12.

Section 7.7.(b) The 92 ALE vehicles authorized by this section to use private license tags shall be distributed as follows:

- (1) 54 among Agent I officers;
- (2) 20 among Agent II officers;
- (3) 1 to the Deputy Director;
- (4) 12 to the District Offices/Extra Vehicles; and
- (5) 5 to the Director, to be distributed at the Director's discretion.

Section 7.7.(c) Except as provided in this section, all State-owned motor vehicles shall bear permanent registration plates issued under G.S. 20-84.

Section 7.7.(d) The Fiscal Research Division of the North Carolina General Assembly shall study the need for confidential, private, and fictitious license plates issued under the several controlling statutes and shall recommend to the Intergovernmental Commission on Governmental Operations no later than April 30, 2000, such changes as may be necessary to clarify and consolidate existing legal provisions affecting the authorization and use of such license plates.

Requested by: Representatives Easterling, Hardaway, Redwine

**COMPREHENSIVE REVIEW OF ENVIRONMENTAL STUDIES**

Section 7.8. On or before April 15, 2000, the Secretary of Environment and Natural Resources shall furnish to the Speaker of the House of Representatives, the President Pro Tempore of the Senate, the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Natural and Economic Resources, the Environmental Review Commission, and the Division of Fiscal Research a written report containing the following information:

- (1) An itemized list of all research studies conducted in whole or in part, or commissioned by, the Department of Environment and Natural Resources during the period from July 1, 1995, to April 1, 2000.

- (2) The identity of individuals and organizations who served as principal investigators or who managed the research activity for each study.
- (3) A summary of the cost of each research study and the funding sources from which the costs were paid.
- (4) A synopsis of the findings, conclusions, and recommendations of each study.
- (5) An explanation of actions taken by the Department in response to the findings, recommendations, and conclusions contained in each study, including any changes in administrative rules or Departmental policies, guidelines, and procedures.

## **PART VIII. PUBLIC SCHOOLS**

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

### **CHARTER SCHOOL ADVISORY COMMITTEE/CHARTER SCHOOL EVALUATION**

Section 8.(a) The State Board of Education may spend up to fifty thousand dollars (\$50,000) each year from State Aid to Local School Administrative Units for the 1999-2000 and 2000-2001 fiscal years to continue support of a charter school advisory committee.

Section 8.(b) The State Board of Education may spend up to one hundred fifty thousand dollars (\$150,000) each year from State Aid to Local School Administrative Units for the 1999-2000 and 2000-2001 fiscal years to conduct an evaluation of charter schools.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

### **LITIGATION RESERVE**

Section 8.1.(a) Funds in the State Board of Education's Litigation Reserve that are not expended or encumbered on June 30, 1999, shall not revert on July 1, 1999, but shall remain available for expenditure until June 30, 2000.

Section 8.1.(b) Subsection (a) of this section becomes effective June 30, 1999.

Section 8.1.(c) The State Board of Education may expend up to five hundred thousand dollars (\$500,000) for the 1999-2000 fiscal year from unexpended funds for certified employees' salaries to pay expenses related to pending litigation.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

**EXCEPTIONAL CHILDREN**

Section 8.2. The funds appropriated for exceptional children in this section shall be allocated as follows:

- (1) Each local school administrative unit shall receive for academically gifted children the sum of seven hundred eighty-nine dollars and seventy-eight cents (\$789.78) per child for four percent (4%) of the 1999-2000 allocated average daily membership in the local school administrative unit, regardless of the number of children identified as academically gifted in the local school administrative unit. The total number of children for which funds shall be allocated pursuant to this subdivision is 50,755 for the 1999-2000 school year.
- (2) Each local school administrative unit shall receive for children with special needs the sum of two thousand three hundred seventy-four dollars and seventeen cents (\$2,374.17) per child for the lesser of (i) all children who are identified as children with special needs or (ii) twelve and five-tenths percent (12.5%) of the 1999-2000 allocated average daily membership in the local school administrative unit. The maximum number of children for which funds shall be allocated pursuant to this subdivision is 151,965 for the 1999-2000 school year.

The dollar amounts allocated under this section for exceptional children shall also increase in accordance with legislative salary increments for personnel who serve exceptional children.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine, Moore

**ALTERNATIVE SCHOOLS/AT-RISK STUDENTS**

Section 8.3. The State Board of Education may use up to two hundred thousand dollars (\$200,000) of the funds in the Alternative Schools/At-Risk Student allotment each year for the 1999-2000 and for the 2000-2001 fiscal years to implement G.S. 115C-12(24).

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

**UNIFORM EDUCATION REPORTING SYSTEM (UERS)/STUDENT INFORMATION MANAGEMENT SYSTEM (SIMS) FUNDS**

Section 8.4.(a) Funds appropriated for the Uniform Education Reporting System and the Student Information Management System shall not revert at the end of the 1999-2000 and 2000-2001 fiscal years, but shall remain available until expended.

Section 8.4.(b) This section becomes effective June 30, 1999.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine, Yongue

### **SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES**

Section 8.5.(a) Funds for Supplemental Funding. -- The General Assembly finds that it is appropriate to provide supplemental funds in low-wealth counties to allow those counties to enhance the instructional program and student achievement; therefore, funds are appropriated to State Aid to Local School Administrative Units for the 1999-2000 fiscal year and the 2000-2001 fiscal year to be used for supplemental funds for schools.

Section 8.5.(b) Use of Funds for Supplemental Funding. -- All funds received pursuant to this section shall be used only (i) to provide instructional positions, instructional support positions, teacher assistant positions, clerical positions, instructional supplies and equipment, staff development, and textbooks, and (ii) for salary supplements for instructional personnel and instructional support personnel.

At least twenty percent (20%) of the funds received pursuant to this section shall be used to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades 3-8.

Section 8.5.(c) Definitions. -- As used in this section:

- (1) "Anticipated county property tax revenue availability" means the county adjusted property tax base multiplied by the effective State average tax rate.
- (2) "Anticipated total county revenue availability" means the sum of the:
  - a. Anticipated county property tax revenue availability,
  - b. Local sales and use taxes received by the county that are levied under Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of Chapter 105 of the General Statutes,
  - c. Food stamp exemption reimbursement received by the county under G.S. 105-164.44C,
  - d. Homestead exemption reimbursement received by the county under G.S. 105-277.1A,
  - e. Inventory tax reimbursement received by the county under G.S. 105-275.1 and G.S. 105-277.001,
  - f. Intangibles tax distribution and reimbursement received by the county under G.S. 105-275.2, and

- g. Fines and forfeitures deposited in the county school fund for the most recent year for which data are available.
- (3) "Anticipated total county revenue availability per student" means the anticipated total county revenue availability for the county divided by the average daily membership of the county.
- (4) "Anticipated State average revenue availability per student" means the sum of all anticipated total county revenue availability divided by the average daily membership for the State.
- (5) "Average daily membership" means average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual, adopted by the State Board of Education. If a county contains only part of a local school administrative unit, the average daily membership of that county includes all students who reside within the county and attend that local school administrative unit.
- (6) "County adjusted property tax base" shall be computed as follows:
  - a. Subtract the present-use value of agricultural land, horticultural land, and forestland in the county, as defined in G.S. 105-277.2, from the total assessed real property valuation of the county,
  - b. Adjust the resulting amount by multiplying by a weighted average of the three most recent annual sales assessment ratio studies,
  - c. Add to the resulting amount the:
    - 1. Present-use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2,
    - 2. Value of property of public service companies, determined in accordance with Article 23 of Chapter 105 of the General Statutes, and
    - 3. Personal property value for the county.
- (7) "County adjusted property tax base per square mile" means the county adjusted property tax base divided by the number of square miles of land area in the county.
- (8) "County wealth as a percentage of State average wealth" shall be computed as follows:
  - a. Compute the percentage that the county per capita income is of the State per capita income and weight the resulting percentage by a factor of five-tenths,
  - b. Compute the percentage that the anticipated total county revenue availability per student is of the anticipated State

- average revenue availability per student and weight the resulting percentage by a factor of four-tenths,
- c. Compute the percentage that the county adjusted property tax base per square mile is of the State adjusted property tax base per square mile and weight the resulting percentage by a factor of one-tenth,
  - d. Add the three weighted percentages to derive the county wealth as a percentage of the State average wealth.
- (9) "Effective county tax rate" means the actual county tax rate multiplied by a weighted average of the three most recent annual sales assessment ratio studies.
  - (10) "Effective State average tax rate" means the average of effective county tax rates for all counties.
  - (10a) "Local current expense funds" means the most recent county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.
  - (11) "Per capita income" means the average for the most recent three years for which data are available of the per capita income according to the most recent report of the United States Department of Commerce, Bureau of Economic Analysis, including any reported modifications for prior years as outlined in the most recent report.
  - (12) "Sales assessment ratio studies" means sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).
  - (13) "State average current expense appropriations per student" means the most recent State total of county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.
  - (14) "State average adjusted property tax base per square mile" means the sum of the county adjusted property tax bases for all counties divided by the number of square miles of land area in the State.
  - (14a) "Supplant" means to decrease local per student current expense appropriations from one fiscal year to the next fiscal year.
  - (15) "Weighted average of the three most recent annual sales assessment ratio studies" means the weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued



one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

Section 8.5.(d) Eligibility for Funds. -- Except as provided in subsection (h) of this section, the State Board of Education shall allocate these funds to local school administrative units located in whole or in part in counties in which the county wealth as a percentage of the State average wealth is less than one hundred percent (100%).

Section 8.5.(e) Allocation of Funds. -- Except as provided in subsection (g) of this section, the amount received per average daily membership for a county shall be the difference between the State average current expense appropriations per student and the current expense appropriations per student that the county could provide given the county's wealth and an average effort to fund public schools. (To derive the current expense appropriations per student that the county could be able to provide given the county's wealth and an average effort to fund public schools, multiply the county wealth as a percentage of State average wealth by the State average current expense appropriations per student.)

The funds for the local school administrative units located in whole or in part in the county shall be allocated to each local school administrative unit, located in whole or in part in the county, based on the average daily membership of the county's students in the school units.

If the funds appropriated for supplemental funding are not adequate to fund the formula fully, each local school administrative unit shall receive a pro rata share of the funds appropriated for supplemental funding.

Section 8.5.(f) Formula for Distribution of Supplemental Funding Pursuant to This Section Only. -- The formula in this section is solely a basis for distribution of supplemental funding for low-wealth counties and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula is also not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for low-wealth counties.

Section 8.5.(g) Minimum Effort Required. -- Counties that had effective tax rates in the 1996-97 fiscal year that were above the State average effective tax rate but that had effective rates below the State average in the 1997-98 fiscal year or thereafter shall receive reduced funding under this section. This reduction in funding shall be determined by subtracting the amount that the county would have received pursuant to Section 17.1(g) of Chapter 507 of the 1995 Session Laws from the amount that the county would have received if qualified for full funding and multiplying the difference

by ten percent (10%). This method of calculating reduced funding shall apply one time only.

This method of calculating reduced funding shall not apply in cases in which the effective tax rate fell below the statewide average effective tax rate as a result of a reduction in the actual property tax rate. In these cases, the minimum effort required shall be calculated in accordance with Section 17.1(g) of Chapter 507 of the 1995 Session Laws.

If the county documents that it has increased the per student appropriation to the school current expense fund in the current fiscal year, the State Board of Education shall include this additional per pupil appropriation when calculating minimum effort pursuant to Section 17.1(g) of Chapter 507 of the 1995 Session Laws.

Section 8.5.(h) Nonsupplant Requirement. -- A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 1999-2001 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if:

- (1) The current expense appropriation per student of the county for the current year is less than ninety-five percent (95%) of the average of the local current expense appropriations per student for the three prior fiscal years; and
- (2) The county cannot show (i) that it has remedied the deficiency in funding, or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section.

The State Board of Education shall adopt rules to implement this section.

Section 8.5.(i) Reports. -- The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to May 1, 2000, on its analysis of whether counties supplanted funds.

Section 8.5.(j) Department of Revenue Reports. -- The Department of Revenue shall provide to the Department of Public Instruction a preliminary report for the current fiscal year of the assessed value of the property tax base for each county prior to March 1 of each year and a final report prior to May 1 of each year. The reports shall include for each county the annual sales assessment ratio and the taxable values of (i) total real property, (ii) the portion of total real property represented by the present-use value of agricultural land, horticultural land, and forestland as defined in G.S. 105-277.2,

(iii) property of public service companies determined in accordance with Article 23 of Chapter 105 of the General Statutes, and (iv) personal property.

Section 8.5.(k) Allocations Do Not Revert. -- Funds allocated pursuant to this section shall not revert at the end of the fiscal year but shall remain available for expenditure for the purposes set out in this section.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

### **SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING**

Section 8.6.(a) Funds for Small School Systems. -- Except as provided in subsection (b) of this section, the State Board of Education shall allocate funds appropriated for small school system supplemental funding (i) to each county school administrative unit with an average daily membership of fewer than 3,150 students and (ii) to each county school administrative unit with an average daily membership of from 3,150 to 4,000 students if the county in which the local school administrative unit is located has a county adjusted property tax base per student that is below the State adjusted property tax base per student and if the total average daily membership of all local school administrative units located within the county is from 3,150 to 4,000 students. The allocation formula shall:

- (1) Round all fractions of positions to the next whole position.
- (2) Provide five and one-half additional regular classroom teachers in counties in which the average daily membership per square mile is greater than four, and seven additional regular classroom teachers in counties in which the average daily membership per square mile is four or fewer.
- (3) Provide additional program enhancement teachers adequate to offer the standard course of study.
- (4) Change the duty-free period allocation to one teacher assistant per 400 average daily membership.
- (5) Provide a base for the consolidated funds allotment of at least three hundred fifty-five thousand dollars (\$355,000), excluding textbooks.
- (6) Allot vocational education funds for grade 6 as well as for grades 7-12.

If funds appropriated for each fiscal year for small school system supplemental funding are not adequate to fund fully the program, the State Board of Education shall reduce the amount allocated to each county school administrative unit on a pro rata basis. This formula is solely a basis for distribution of supplemental funding for certain county school administrative units and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula is also not intended

to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for such county administrative units.

Section 8.6.(b) Nonsupplant Requirement. -- A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 1999-2001 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if:

- (1) The current expense appropriation per student of the county for the current year is less than ninety-five percent (95%) of the average of the local current expense appropriations per student for the three prior fiscal years; and
- (2) The county cannot show (i) that it has remedied the deficiency in funding, or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section.

The State Board of Education shall adopt rules to implement this section.

Section 8.6.(c) Phase-Out Provisions. -- If a local school administrative unit becomes ineligible for funding under this formula solely because of an increase in the county adjusted property tax base per student of the county in which the local school administrative unit is located, funding for that unit shall be phased out over a two-year period. For the first year of ineligibility, the unit shall receive the same amount it received for the prior fiscal year. For the second year of ineligibility, it shall receive one-half of that amount.

If a local school administrative unit becomes ineligible for funding under this formula solely because of an increase in the population of the county in which the local school administrative unit is located, funding for that unit shall be continued for five years after the unit becomes ineligible.

Section 8.6.(d) Definitions. -- As used in this section:

- (1) "Average daily membership" means within two percent (2%) of the average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual, adopted by the State Board of Education.
- (2) "County adjusted property tax base per student" means the total assessed property valuation for each county, adjusted using a weighted average of the three most recent annual sales assessment ratio studies, divided

by the total number of students in average daily membership who reside within the county.

- (2a) "Local current expense funds" means the most recent county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.
- (3) "Sales assessment ratio studies" means sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).
- (4) "State adjusted property tax base per student" means the sum of all county adjusted property tax bases divided by the total number of students in average daily membership who reside within the State.
- (4a) "Supplant" means to decrease local per student current expense appropriations from one fiscal year to the next fiscal year.
- (5) "Weighted average of the three most recent annual sales assessment ratio studies" means the weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued during the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

Section 8.6.(e) Reports. -- The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to May 1, 2000, on the results of its analysis of whether counties supplanted funds.

Section 8.6.(f) Use of Funds. -- Local boards of education shall use at least twenty percent (20%) of the funds they receive pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades 3-8.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

**FUNDS FOR NATIONAL BOARD FOR PROFESSIONAL TEACHING STANDARDS**

Section 8.7.(a) Funds appropriated to the Department of Public Instruction in this act shall be used to pay for the National Board for Professional Teaching Standards (NBPTS) participation fee and for up to three days of approved paid leave for teachers participating in the NBPTS program during the 1999-2000 school year and the 2000-

2001 fiscal year for State-paid teachers who (i) have completed three years of teaching in North Carolina schools operated by local boards of education, the Department of Health and Human Services, the Department of Correction, or The University of North Carolina, or affiliated with The University of North Carolina, prior to application for NBPTS certification, and (ii) have not previously received State funds for participating in any certification area in the NBPTS program. Teachers participating in the program shall take paid leave only with the approval of their supervisors.

A teacher for whom the State pays the participation fee (i) who does not complete the process or (ii) who completes the process but does not teach in a North Carolina public school for at least one year after completing the process, shall repay the certification fee to the State. Repayment is not required if the process is not completed or the teacher fails to teach for one year due to the death or disability of the teacher or other extenuating circumstances as may be recognized by the State Board.

Section 8.7.(b) The State Board shall adopt policies and guidelines to implement this section.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

**FUNDS TO IMPLEMENT THE ABCs OF PUBLIC EDUCATION PROGRAM**

Section 8.8.(a) Of the funds appropriated to State Aid to Local School Administrative Units, the State Board of Education shall provide incentive funding for schools that meet or exceed the projected levels of improvement in student performance, in accordance with the ABCs of Public Education Program. In accordance with State Board of Education policy, incentive awards in schools that achieve higher than expected improvements may be up to: (i) one thousand five hundred dollars (\$1,500) for each teacher and for certified personnel; and (ii) five hundred dollars (\$500.00) for each teacher assistant. In accordance with State Board of Education policy, incentive awards in schools that meet the expected improvements may be up to: (i) seven hundred fifty dollars (\$750.00) for each teacher and for certified personnel; and (ii) three hundred seventy-five dollars (\$375.00) for each teacher assistant.

Section 8.8.(b) The State Board of Education may use funds appropriated to State Aid to Local School Administrative Units for assistance teams to low-performing schools.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

**SUBSTITUTE TEACHERS**

Section 8.9. If the average number of days teachers are absent in a local school administrative unit is higher than the statewide average, the local board of education shall

determine the reasons unit average is high and shall develop a plan for decreasing the unit average.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

**LIMITED ENGLISH PROFICIENCY**

Section 8.10.(a) The State Board of Education shall develop guidelines for identifying and providing services to students with limited proficiency in the English language.

The State Board shall allocate these funds to local school administrative units and to charter schools under a formula that takes into account the average percentage of students in the units or the charters over the past three years who have limited English proficiency. If data for the prior three years are not available, the State Board shall use the most recent reliable data. The State Board shall allocate funds to a unit or a charter school only if (i) average daily membership of the unit or the charter school includes at least 20 students with limited English proficiency or (ii) students with limited English proficiency comprise at least two and one-half percent (2 1/2%) of the average daily membership of the unit or charter school. No unit or charter school shall receive funds for more than ten and six-tenths percent (10.6%) of its average daily membership.

Local school administrative units shall use funds allocated to them to pay for classroom teachers, teacher assistants, textbooks, classroom materials/instructional supplies/equipment, and staff development for students with limited English proficiency.

A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds.

Section 8.10.(b) The State Board of Education shall survey local school administrative units to determine whether schools are able to recruit and retain ESL certified teachers. The State Board shall provide the results of this survey to the Joint Legislative Education Oversight Committee prior to March 1, 2000.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

**DRIVERS EDUCATION FUNDS DO NOT REVERT/DRIVING EDUCATION CERTIFICATES**

Section 8.11.(a) The State Board of Education may use funds appropriated for drivers education for the 1999-2000 fiscal year and for the 2000-2001 fiscal year for driving eligibility certificates.

Section 8.11.(b) This section becomes effective June 30, 1999.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

### **TEACHING FELLOWS ADMINISTRATIVE COSTS**

Section 8.12. G.S. 115C-363.23A(f) reads as rewritten:

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

The Public School Forum, as administrator for the Teaching Fellows Program, may use up to one hundred fifty thousand dollars (\$150,000) annually from the fund balance for costs associated with administration of the Teaching Fellows Program. These funds are in addition to funds required for collection costs related to loan repayments."

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

### **TEACHER SALARY SCHEDULES**

Section 8.13.(a) Effective for the 1999-2000 school year, the Director of the Budget may transfer from the Reserve for Compensation Increase for the 1999-2000 fiscal year funds necessary to implement the teacher salary schedule set out in subsection (b) of this section, including funds for the employer's retirement and social security contributions and funds for annual longevity payments at one percent (1%) of base salary for 10 to 14 years of State service, one and one-half percent (1.5%) of base salary for 15 to 19 years of State service, two percent (2%) of base salary for 20 to 24 years of State service, and four and one-half percent (4.5%) of base salary for 25 or more years of State service, commencing July 1, 1999, for all teachers whose salaries are supported from the State's General Fund. These funds shall be allocated to individuals according to rules adopted by the State Board of Education. The longevity payment shall be paid in a lump sum once a year.

Section 8.13.(b) For the 1999-2000 school year, the following monthly salary schedules shall apply to certified personnel of the public schools who are classified as teachers. The schedule contains 30 steps with each step corresponding to one year of teaching experience.

1999-2000 Monthly Salary Schedule

"A"Teachers



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Years of Experience	"A" Teachers	NBPTS Certification
0	\$2,405	N/A
1	\$2,447	N/A
2	\$2,490	N/A
3	\$2,668	\$2,988
4	\$2,824	\$3,162
5	\$2,951	\$3,305
6	\$3,052	\$3,418
7	\$3,099	\$3,470
8	\$3,147	\$3,524
9	\$3,196	\$3,579
10	\$3,245	\$3,634
11	\$3,294	\$3,689
12	\$3,344	\$3,745
13	\$3,396	\$3,803
14	\$3,449	\$3,862
15	\$3,503	\$3,923
16	\$3,558	\$3,984
17	\$3,614	\$4,047
18	\$3,671	\$4,111
19	\$3,729	\$4,176
20	\$3,789	\$4,243
21	\$3,850	\$4,312
22	\$3,913	\$4,382
23	\$3,976	\$4,453
24	\$4,040	\$4,524
25	\$4,105	\$4,597
26	\$4,172	\$4,672
27	\$4,241	\$4,749
28	\$4,311	\$4,828
29+	\$4,382	\$4,907

1999-2000 Monthly Salary Schedule  
 "G" Teachers

Years of Experience	"G" Teachers	NBPTS Certification
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0	\$2,555	N/A
1	\$2,600	N/A
2	\$2,646	N/A
3	\$2,835	\$3,175
4	\$3,001	\$3,361
5	\$3,135	\$3,511
6	\$3,243	\$3,632
7	\$3,293	\$3,688
8	\$3,344	\$3,745
9	\$3,396	\$3,803
10	\$3,448	\$3,861
11	\$3,500	\$3,920
12	\$3,553	\$3,979
13	\$3,608	\$4,040
14	\$3,665	\$4,104
15	\$3,722	\$4,168
16	\$3,780	\$4,233
17	\$3,840	\$4,300
18	\$3,900	\$4,368
19	\$3,962	\$4,437
20	\$4,026	\$4,509
21	\$4,091	\$4,581
22	\$4,158	\$4,656
23	\$4,225	\$4,732
24	\$4,293	\$4,808
25	\$4,362	\$4,885
26	\$4,433	\$4,964
27	\$4,506	\$5,046
28	\$4,580	\$5,129
29+	\$4,656	\$5,214

Section 8.13.(b1) Certified public school teachers with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "G"teachers. Certified public school teachers with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred

fifty-three dollars (\$253.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "G"teachers.

Section 8.13.(c) Effective for the 1999-2000 school year, the first step of the salary schedule for school psychologists shall be equivalent to Step 5, corresponding to five years of experience, on the salary schedule established in this section for certified personnel of the public schools who are classified as "G"teachers. Certified psychologists shall be placed on the salary schedule at an appropriate step based on their years of experience. Certified psychologists shall receive longevity payments based on years of State service in the same manner as teachers.

Certified psychologists with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided for certified psychologists. Certified psychologists with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the compensation provided for certified psychologists.

Section 8.13.(d) Effective for the 1999-2000 school year, speech pathologists who are certified as speech pathologists at the masters degree level and audiologists who are certified as audiologists at the masters degree level and who are employed in the public schools as speech and language specialists and audiologists shall be paid on the school psychologist salary schedule.

Speech pathologists and audiologists with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided for speech pathologists and audiologists. Speech pathologists and audiologists with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the compensation provided for speech pathologists and audiologists.

Section 8.13.(e) Certified school nurses who are employed in the public schools as nurses shall be paid on the "G"salary schedule.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

### **SCHOOL-BASED ADMINISTRATOR SALARIES**

Section 8.14.(a) Funds appropriated to the Reserve for Compensation Increase shall be used for the implementation of the salary schedule for school-based administrators as provided in this section. These funds shall be used for State-paid employees only.

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Section 8.14.(b) The salary schedule for school-based administrators shall apply only to principals and assistant principals. The salary schedule for the 1999-2000 fiscal year, commencing July 1, 1999, is as follows:

1999-2000

Principal and Assistant Principal Salary Schedules

Classification

1 Yrs. of Exp	1 Assist Principal	2 Prin I (0-10) (11-21)	3 Prin II (22-32)	4 Prin III (33-43)	5 Prin IV (44-54)	Prin V
4	\$3,031	--	--	--	--	--
5	\$3,166	--	--	--	--	--
6	\$3,275	--	--	--	--	--
7	\$3,326	--	--	--	--	--
8	\$3,377	\$3,377	--	--	--	--
9	\$3,430	\$3,430	--	--	--	--
10	\$3,482	\$3,482	\$3,535	--	--	--
11	\$3,535	\$3,535	\$3,589	--	--	--
12	\$3,589	\$3,589	\$3,644	\$3,702	--	--
13	\$3,644	\$3,644	\$3,702	\$3,759	\$3,818	--
14	\$3,702	\$3,702	\$3,759	\$3,818	\$3,878	\$3,939
15	\$3,759	\$3,759	\$3,818	\$3,878	\$3,939	\$4,002
16	\$3,818	\$3,818	\$3,878	\$3,939	\$4,002	\$4,066
17	\$3,878	\$3,878	\$3,939	\$4,002	\$4,066	\$4,132
18	\$3,939	\$3,939	\$4,002	\$4,066	\$4,132	\$4,200
19	\$4,002	\$4,002	\$4,066	\$4,132	\$4,200	\$4,267
20	\$4,066	\$4,066	\$4,132	\$4,200	\$4,267	\$4,336
21	\$4,132	\$4,132	\$4,200	\$4,267	\$4,336	\$4,406
22	\$4,200	\$4,200	\$4,267	\$4,336	\$4,406	\$4,477
23	\$4,267	\$4,267	\$4,336	\$4,406	\$4,477	\$4,551
24	\$4,336	\$4,336	\$4,406	\$4,477	\$4,551	\$4,626
25	\$4,406	\$4,406	\$4,477	\$4,551	\$4,626	\$4,703
26	\$4,477	\$4,477	\$4,551	\$4,626	\$4,703	\$4,797
27	\$4,551	\$4,551	\$4,626	\$4,703	\$4,797	\$4,893
28	\$4,626	\$4,626	\$4,703	\$4,797	\$4,893	\$4,991

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29	\$4,703	\$4,703	\$4,797	\$4,893	\$4,991	\$5,091
30	\$4,797	\$4,797	\$4,893	\$4,991	\$5,091	\$5,193
31	\$4,893	\$4,893	\$4,991	\$5,091	\$5,193	\$5,297
32		\$4,991	\$5,091	\$5,193	\$5,297	\$5,403
33			\$5,193	\$5,297	\$5,403	\$5,511
34			\$5,297	\$5,403	\$5,511	\$5,621
35				\$5,511	\$5,621	\$5,733
36				\$5,621	\$5,733	\$5,848
37					\$5,848	\$5,965
38						\$6,084
39						
40						
41						

1999-2000  
 Principal and Assistant Principal Salary Schedules

Classification

6 Yrs. of Exp	7 Prin VI (55-65)	9 Prin VII (66-100)	Prin VIII (101+)
4	--	--	--
5	--	--	--
6	--	--	--
7	--	--	--
8	--	--	--
9	--	--	--
10	--	--	--
11	--	--	--
12	--	--	--
13	--	--	--
14	--	--	--
15	--	--	--
16	\$4,132	--	--
17	\$4,200	\$4,336	--
18	\$4,267	\$4,406	\$4,477

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19	\$4,336	\$4,477	\$4,551
20	\$4,406	\$4,551	\$4,626
21	\$4,477	\$4,626	\$4,703
22	\$4,551	\$4,703	\$4,797
23	\$4,626	\$4,797	\$4,893
24	\$4,703	\$4,893	\$4,991
25	\$4,797	\$4,991	\$5,091
26	\$4,893	\$5,091	\$5,193
27	\$4,991	\$5,193	\$5,297
28	\$5,091	\$5,297	\$5,403
29	\$5,193	\$5,403	\$5,511
30	\$5,297	\$5,511	\$5,621
31	\$5,403	\$5,621	\$5,733
32	\$5,511	\$5,733	\$5,848
33	\$5,621	\$5,848	\$5,965
34	\$5,733	\$5,965	\$6,084
35	\$5,848	\$6,084	\$6,206
36	\$5,965	\$6,206	\$6,330
37	\$6,084	\$6,330	\$6,457
38	\$6,206	\$6,457	\$6,586
39	\$6,330	\$6,586	\$6,718
40	\$6,457	\$6,718	\$6,852
41		\$6,852	\$6,989

Section 8.14.(c) The appropriate classification for placement of principals and assistant principals on the salary schedule, except for principals in alternative schools, shall be determined in accordance with the following schedule:

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

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

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

Section 8.14.(d) A principal shall be placed on the step on the salary schedule that reflects total number of years of experience as a certificated employee of the public schools and an additional step for every three years of experience as a principal.

Section 8.14.(e) For the 1999-2000 fiscal year, a principal or assistant principal shall be placed on the appropriate step plus one percent (1%) if:

- (1) The employee's school met or exceeded the projected levels of improvement in student performance for the 1997-98 fiscal year, in accordance with the ABCs of Public Education Program; or
- (2) The local board of education found in 1997-98 that the employee's school met objectively measurable goals set by the local board of education for maintaining a safe and orderly school; or
- (3) The employee's school met or exceeded the projected levels of improvement in student performance for the 1998-99 fiscal year, in accordance with the ABCs of Public Education Program; or
- (4) The local board of education found in 1998-99 that the employee's school met objectively measurable goals set by the local board of education for maintaining a safe and orderly school.

The principal or assistant principal shall be placed on the appropriate step plus an additional one percent (1%) for meeting each additional condition set out in subdivisions (1) through (4). Under no circumstance shall placement of a principal or assistant principal be higher than four percent (4%) above the appropriate step on the salary schedule.

Section 8.14.(f) For the 1999-2000 fiscal year, a principal or assistant principal shall receive a lump-sum payment of:

- (1) One percent (1%) of his or her State-paid salary if the employee's school meets or exceeds the projected levels of improvement in student performance for the 1999-2000 fiscal year, in accordance with the ABCs of Public Education Program.
- (2) One percent (1%) of his or her State-paid salary if the local board of education finds that the employee's school has met the 1999-2000 goals of the local plan for maintaining a safe and orderly school.

The principal or assistant principal shall receive a lump-sum payment of two percent (2%) if the conditions set out in both subdivisions (1) and (2) are satisfied.

The lump sum shall be paid as determined by guidelines adopted by the State Board. Except as provided in subsection (l) of this section, placement on the salary schedule in the following year shall be based upon these increases.

Section 8.14.(g) Principals and assistant principals with certification based on academic preparation at the six-year degree level shall be paid a salary supplement of one hundred twenty-six dollars (\$126.00) per month and at the doctoral degree level shall be paid a salary supplement of two hundred fifty-three dollars (\$253.00) per month.

Section 8.14.(h) There shall be no State requirement that superintendents in each local school unit shall receive in State-paid salary at least one percent (1%) more than the highest paid principal receives in State salary in that school unit: Provided, however, the additional State-paid salary a superintendent who was employed by a local school administrative unit for the 1992-93 fiscal year received because of that requirement shall not be reduced because of this subsection for subsequent fiscal years that the superintendent is employed by that local school administrative unit so long as the superintendent is entitled to at least that amount of additional State-paid salary under the rules in effect for the 1992-93 fiscal year.

Section 8.14.(i) Longevity pay for principals and assistant principals shall be as provided for State employees under the State Personnel Act.

Section 8.14.(j)

- (1) If a principal is reassigned to a higher job classification because the principal is transferred to a school within a local school administrative unit with a larger number of State-allotted teachers, the principal shall be placed on the salary schedule as if the principal had served the principal's entire career as a principal at the higher job classification.
- (2) If a principal is reassigned to a lower job classification because the principal is transferred to a school within a local school administrative unit with a smaller number of State-allotted teachers, the principal shall be placed on the salary schedule as if the principal had served the principal's entire career as a principal at the lower job classification.

This subdivision applies to all transfers on or after the effective date of this section, except transfers in school systems that have been created, or will be created, by merging two or more school systems. Transfers in these merged systems are exempt from the provisions of this subdivision for one calendar year following the date of the merger.

Section 8.14.(k) Participants in an approved full-time masters in school administration program shall receive up to a 10-month stipend at the beginning salary of an assistant principal during the internship period of the masters program. Certification of eligible full-time interns shall be supplied to the Department of Public Instruction by the Principal's Fellow Program or a school of education where the intern participates in a full-time masters in school administration.



Section 8.14.(1) During the 1999-2000 fiscal year, the placement on the salary schedule of an administrator with a one-year provisional assistant principal's certificate shall be at the entry-level salary for an assistant principal or the appropriate step on the teacher salary schedule, whichever is higher. Lump-sum payments received pursuant to subsection (f) of this section shall not be considered in placing the employee on the salary schedule in subsequent years that the employee is employed under either a provisional or a full certificate.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

### **SCHOOL CENTRAL OFFICE SALARIES**

Section 8.15.(a) The following monthly salary ranges apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 1999-2000 fiscal year, beginning July 1, 1999:

- (1) School Administrator I: \$2,932 - \$5,003
- (2) School Administrator II: \$3,112 - \$5,310
- (3) School Administrator III: \$3,303 - \$5,636
- (4) School Administrator IV: \$3,436 - \$5,863
- (5) School Administrator V: \$3,574 - \$6,101
- (6) School Administrator VI: \$3,792 - \$6,475
- (7) School Administrator VII: \$3,945 - \$6,737

The local board of education shall determine the appropriate category and placement for each assistant superintendent, associate superintendent, director/coordinator, supervisor, or finance officer within the salary ranges and within funds appropriated by the General Assembly for central office administrators and superintendents. The category in which an employee is placed shall be included in the contract of any employee hired on or after July 1, 1999.

Section 8.15.(b) The following monthly salary ranges apply to public school superintendents for the 1999-2000 fiscal year, beginning July 1, 1999:

- (1) Superintendent I (Up to 2,500 ADM): \$4,187 - \$7,150
- (2) Superintendent II (2,501 - 5,000 ADM): \$4,445 - \$7,585
- (3) Superintendent III (5,001 - 10,000 ADM): \$4,716 - \$8,050
- (4) Superintendent IV (10,001 - 25,000 ADM): \$5,005 - \$8,542
- (5) Superintendent V (Over 25,000 ADM): \$5,312 - \$9,066

The local board of education shall determine the appropriate category and placement for the superintendent based on the average daily membership of the local school administrative unit and within funds appropriated by the General Assembly for central office administrators and superintendents.

Notwithstanding the provisions of this subsection, a local board of education may pay an amount in excess of the applicable range to a superintendent who is entitled to receive the higher amount under Section 8.14 of this act.

Section 8.15.(c) Longevity pay for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers shall be as provided for State employees under the State Personnel Act.

Section 8.15.(d) Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided for pursuant to this section. Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the compensation provided for under this section.

Section 8.15.(e) The State Board shall not permit local school administrative units to transfer State funds from other funding categories for salaries for public school central office administrators.

Section 8.15.(f) The Director of the Budget shall transfer from the Reserve for Compensation Increase created in this act for fiscal year 1999-2000, beginning July 1, 1999, funds necessary to provide an average annual salary increase of three percent (3%), including funds for the employer's retirement and social security contributions, commencing July 1, 1999, for all permanent full-time personnel paid from the Central Office Allotment. The State Board of Education shall allocate these funds to local school administrative units. The local boards of education shall establish guidelines for providing their salary increases to these personnel.

Section 8.15.(g) Any person who was employed on July 1, 1999, as a permanent public school employee whose salary is set by or under this section shall receive a compensation bonus, payable at the end of the first pay period, of one hundred twenty-five dollars (\$125.00). For permanent part-time employees, the compensation bonus provided by this section shall be adjusted pro rata. Notwithstanding G.S. 135-1(7a), the compensation bonus provided by this section is not compensation under Article 1 of Chapter 135 of the General Statutes, the Teachers' and State Employees' Retirement System.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

**NONCERTIFIED PERSONNEL SALARY FUNDS/TEACHER ASSISTANT SALARY FUNDS**

Section 8.16.(a) The Director of the Budget may transfer from the Reserve for Compensation Increase created in this act for fiscal year 1999-2000, commencing July 1, 1999, funds necessary to provide a salary increase of three percent (3%), including funds for the employer's retirement and social security contributions, commencing July 1, 1999, for all noncertified public school employees whose salaries are supported from the State's General Fund. Local boards of education shall increase the rates of pay for all such employees who were employed during fiscal year 1998-99 and who continue their employment for fiscal year 1999-2000 by at least three percent (3%), commencing July 1, 1999. These funds shall not be used for any purpose other than for the salary increases and necessary employer contributions provided by this section.

The State Board of Education may enact or create salary ranges for noncertified personnel to support increases of three percent (3%) for the 1999-2000 fiscal year.

Section 8.16.(b) Effective July 1, 1999, any person who was employed on the first day of the 1999-2000 school year as a permanent public school employee whose salary is set by or under this section shall receive a compensation bonus, payable at the end of the employee's first pay period, of one hundred twenty-five dollars (\$125.00). For permanent part-time employees, the compensation bonus provided by this section shall be adjusted pro rata.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

### **STUDENT ACCOUNTABILITY STANDARDS**

Section 8.17. Funds appropriated for the 1999-2001 fiscal biennium for Student Accountability Standards shall be used to assist students in performing at or above grade level in reading and mathematics in grades 3-8 as measured by the State's end-of-grade tests. The State Board of Education shall allocate these funds to local school administrative units based on the number of students who score at Level I or Level II on either reading or mathematics end-of-grade tests in grades 3-8. Funds in this allocation category shall be spent only to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades 3-8 and shall not be transferred to other allocation categories or otherwise used for other purposes. Except as otherwise provided by law, local boards of education may transfer other funds available to them into this allocation category.

The principal of a school receiving these funds, in consultation with the faculty and the site-based management team, shall incorporate plans for expending these funds to improve the performance of students.

Continuation budget funds previously appropriated for NC Helps and for the middle school pilot project shall be transferred to this allocation category.

Local boards of education are encouraged to use federal funds such as Goals 2000 and Title I Comprehensive School Reform Development Funds and to examine the use of State funds to ensure that every student is performing at or above grade level in reading and mathematics.

The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to the convening of the 2000 Regular Session of the General Assembly on the implementation of this section. The report may include recommendations regarding the transfer of other funds into this allocation category.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

**APPROPRIATION OF FUNDS FROM STATE LITERARY FUND**

Section 8.18. There is appropriated from the State Literary Fund to the Department of Public Instruction the sum of two million five hundred thousand dollars (\$2,500,000) for the 1999-2000 fiscal year for aid to local school administrative units.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

**TRANSFER FROM UNEMPLOYMENT RESERVE FUND**

Section 8.19. The State Board of Education shall transfer the sum of eight hundred fifty thousand dollars (\$850,000) from the Unemployment Reserve Fund to the General Fund in the 1999-2000 fiscal year. Of the funds appropriated in Section 2 of this act to the Department of Public Instruction, the sum of eight hundred fifty thousand dollars (\$850,000) in fiscal year 1999-2000 is to be used as a part of State Aid to Local School Administrative Units. These funds are intended to provide educational programs similar to the State and federal programs that comprise the unemployment reserve.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

**HIGH SCHOOL EXIT EXAMS**

Section 8.20. Of the funds appropriated to State Aid to Local School Administrative Units, the State Board of Education may use up to two million dollars (\$2,000,000) for the 1999-2000 fiscal year to develop a high school exit examination.

The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to the expenditure of these funds.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

**CENTRAL OFFICE ADMINISTRATOR SALARY STUDY**

Section 8.21. The Joint Legislative Education Oversight Committee shall study the issue of salaries for school central office to provide full funding of the central office funding and the need to provide additional funding for this purpose. The Department of Public Instruction shall provide to the Committee all information and data requested to perform the study. The Committee shall report the results of this study to the General Assembly prior to the convening of the 2000 Regular Session of the General Assembly.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

**MENTOR PROGRAM STUDY**

Section 8.22. The State Board of Education shall study the mentor program for teachers with initial certification. In the course of the study the State Board of Education shall consider:

- (1) Whether there is sufficient release time for the mentor and the teacher with initial certification to work together;
- (2) Whether the mentor and the teacher with initial certification are in the same school and are teaching in the same grade level and area of certification; and
- (3) The level of satisfaction with the program of mentors and initially certified teachers participating in the program.

The State Board of Education shall report the results of the study to the Joint Legislative Education Oversight Committee prior to the convening of the 2000 Regular Session of the General Assembly.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

**NEED FOR SCHOOL NURSES/STUDY**

Section 8.23. The Joint Legislative Education Oversight Committee shall examine the need for additional nurses in the public schools. If the Committee finds that additional nurses are necessary, the Committee shall forward the results of the study to the nonprofit corporation created pursuant to subparagraph VI.A.1 of the Consent Decree and Final Judgment entered in that action of 98 CVS 14377 on December 21, 1998, and approved by the General Assembly in S.L. 1999-2.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

**STUDY OF SCHOOL TRANSPORTATION FOR CHILDREN WITH SPECIAL NEEDS**

Section 8.24. The State Board of Education shall study the issue of school transportation for children with special needs. In the course of the study, the State Board shall consider the difficulty local school administrative units are having in meeting the length of school day requirements for these children. The State Board shall report the results of the study and its recommendations to the Joint Legislative Education Oversight Committee prior to January 1, 2000.

The State Board of Education may spend up to fifty thousand dollars (\$50,000) from funds appropriated for public school transportation to perform this study.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

**STRENGTHEN ALTERNATIVE SCHOOLS/ALTERNATIVE LEARNING PROGRAMS**

Section 8.25.(a) G.S. 115C-47(32a) reads as rewritten:

**"§ 115C-47. Powers and duties generally.**

In addition to the powers and duties designated in G.S. 115C-36, local boards of education shall have the power or duty:

- ...
- (32a) To Establish Alternative Learning Programs and Develop Policies and Guidelines for Alternative Learning Programs. Guidelines. ~~Local boards~~ Each local board of education are encouraged to shall establish at least one alternative school or alternative learning programs. If these programs are established, local boards of education program and shall adopt guidelines for assigning students to them. These guidelines shall include (i) a description of the programs and services to be provided, (ii) a process for ensuring that an assignment is appropriate for the student and that the student's parents are involved in the decision, and (iii) strategies for providing alternative learning programs, when feasible and appropriate, for students who are subject to long-term suspension or expulsion. In developing these guidelines, local boards are encouraged to shall consider the State Board's policies and guidelines developed under G.S. 115C-12(24). Upon adoption of policies and guidelines under this subdivision, local boards are encouraged to incorporate them in their safe school plans developed under G.S. 115C-105.47.

Local boards shall adopt policies that prohibit a superintendent from assigning to an alternative school or an alternative learning program any professional public school employee who has received within the last three years a rating on a formal evaluation that is less than above standard."

Section 8.25.(b) Funding allotments in the Public School Fund shall be allocated as follows:

**Existing Funding Allotments**

At-Risk Student Services/  
Alternative Schools.

**New Funding Allotments**

(1) At-Risk Student Services  
(2) Alternative Schools/  
Alternative Learning Programs.

The State Board may continue to use the existing allotment formula for At-Risk Student Services/Alternative Schools. For the 1999-2000 school year and thereafter the State Board shall allocate seventy-five percent (75%) of the allotted funds for At-Risk Student Services and twenty-five percent (25%) of the allotted funds for Alternative Schools/Alternative Learning Programs.

Section 8.25.(c) G.S. 115C-105.25(b)(4) reads are rewritten:

" (4) Funds allocated for children with special needs, for students with limited English proficiency, and for driver's education shall not be transferred. Funds allocated for alternative schools/alternative learning programs shall not be transferred unless the local board obtains a waiver under G.S. 115C-105.26(c1). If the board obtains a waiver, it may transfer the funds only for at-risk student services."

Section 8.25.(d) G.S. 115C-105.25(b) is amended by adding a new subdivision to read:

" (9) State funds allocated for at-risk student services may be transferred only for expenditures for alternative schools/alternative learning programs."

Section 8.25.(e) G.S. 115C-105.26 is amended by adding a new subsection to read:

" (c1) The State Board also may grant requests received from local boards for waivers of State laws, rules, or policies that require that each local school administrative unit provide at least one alternative school or at least one alternative learning program."

Section 8.25.(f) G.S. 115C-12(24) reads as rewritten:

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

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

...

(24) Duty to Develop Policies and Guidelines for Alternative Schools and Alternative Learning Programs, Provide Technical Assistance on Implementation of Programs, and Evaluate Programs. -- The State Board of Education shall adopt guidelines for assigning students to

alternative learning programs. These guidelines shall include (i) a description of the programs and services that are recommended to be provided in alternative learning programs and (ii) a process for ensuring that an assignment is appropriate for the student and that the student's parents are involved in the decision. The State Board also shall adopt policies that define what constitutes an alternative school and an alternative learning program.

The State Board of Education shall provide technical support to local school administrative units to assist them in developing and implementing alternative schools and alternative learning programs.

The State Board of Education shall also adopt ~~guidelines~~ policies to require that local school administrative units shall ~~use (i) the teachers allocated for students assigned to alternative learning programs pursuant to the regular teacher allotment and (ii) the teachers allocated for students assigned to alternative learning programs only to serve the needs of these students.~~ pay for all teaching positions in an alternative school or an alternative learning program from the classroom teachers allotment and shall use the Alternative Schools/Alternative Learning Programs allotment to supplement those programs.

The State Board shall evaluate the effectiveness of alternative schools, alternative learning programs ~~and, in its discretion, of any other and all programs funded from the Alternative Schools/At-Risk-At-Risk Student Services allotment.~~ Local school administrative units shall report to the State Board of Education on how funds in the Alternative ~~Schools/At-Risk-Schools/Alternative Learning Programs and the At-Risk Student Services~~ allotment allotments are spent and shall otherwise cooperate with the State Board of Education in evaluating the alternative schools and alternative learning programs."

Section 8.25.(g) The provisions in subsection (a) of this section that amend G.S. 115C-47(32a) to require at least one alternative school or alternative learning program in each local school administrative unit become effective July 1, 2000. The remainder of this section becomes effective July 1, 1999.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine, Adams, Berry, Howard, McAllister

### **EXPAND SCHOOL BREAKFAST PROGRAM**

Section 8.26.(a) The State Board of Education shall expand the school breakfast program to all students in kindergarten, prior to the beginning of the 2000-2001 school year. Any school that serves kindergarten students is eligible to receive funds under the program for the 1999-2000 fiscal year for those students. Schools participating in the program shall provide breakfast, without charge, to all kindergarten students.



If these funds are not adequate to expand the program to all students in schools that elect to participate for the 1999-2000 school year, the Board of Education shall give priority to schools with a high concentration of children who qualify for free or reduced price lunches.

Section 8.26.(b) This section becomes effective January 1, 2000.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

**WILLIE M. FUNDS/STATE AID TO LOCAL SCHOOL ADMINISTRATIVE UNITS**

Section 8.27. Funds appropriated to State Aid to Local School Administrative Units to provide services to Willie M. class members shall be spent only to provide services that are required by State and federal law to (i) children with special needs who were identified as members of the class at the time of dissolution of the class, and (ii) other children with special needs.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

**CHARTER SCHOOLS/ADM REDUCTION**

Section 8.28.(a) If the projected average daily membership of schools other than charter schools in a county school administrative unit with 3,000 or fewer students is decreased by more than four percent (4%) due to projected shifts of enrollment to charter schools, the State Board of Education may use funds appropriated to State Aid to Local School Administrative Units for the 1999-2000 fiscal year to reduce the loss of funds to the schools other than charter schools in the unit to a maximum of four percent (4%). This section applies to the 1999-2000 fiscal year only.

Section 8.28.(b) The State Board of Education shall study the impact of charter schools on local school administrative units with an average daily membership of less than 3,000 students. The State Board of Education shall report the results of the study to the Joint Legislative Education Oversight Committee prior to the convening of the 2000 Regular Session of the General Assembly.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

**PAYROLL DEDUCTION CLARIFICATION**

Section 8.29.(a) G.S. 143-3.3(g) reads as rewritten:

"(g) Payroll Deduction for Payments ~~to~~for Certain Employees' Associations Allowed. -- An employee of the State or any of its institutions, departments, bureaus, agencies or commissions, or any of its local boards of education or community colleges,

who is a member of a domiciled employees' association that has at least 2,000 members, the majority of whom are employees of the State or public school employees, may authorize, in writing, the periodic deduction each payroll period from the employee's salary or wages a designated ~~lump-sum~~ or sums to be paid ~~to~~ for the employees' association. The authorization shall remain in effect until revoked by the employee. A plan of payroll deductions pursuant to this subsection for employees of the State and other association members shall become void if the employees' association engages in collective bargaining with the State, any political subdivision of the State, or any local school administrative unit. This subsection does not apply to county or municipal governments or any local governmental unit, except for local boards of education."

Section 8.29.(b) G.S. 135-18.8 reads as rewritten:

**"§ 135-18.8. Deduction for payments ~~to~~ for certain employees' associations allowed.**

Any member who is a member of a domiciled employees' association that has at least 2,000 members, the majority of whom are employees of the State or public school employees, may authorize, in writing, the periodic deduction from the member's retirement benefits a designated ~~lump-sum~~ or sums to be paid ~~to~~ for the employees' association. The authorization shall remain in effect until revoked by the member. A plan of deductions pursuant to this section shall become void if the employees' association engages in collective bargaining with the State, any political subdivision of the State, or any local school administrative unit."

Section 8.29.(c) Subsection (b) of this section becomes effective January 1, 2000, and applies to retirement benefits paid on or after that date. Subsection (a) of this section becomes effective January 1, 2000.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

**TEXTBOOK COMMISSION MEMBERSHIP EXPANSION**

Section 8.30.(a) G.S. 115C-87 reads as rewritten:

**"§ 115C-87. Appointment of Textbook Commission.**

Shortly after assuming office, the Governor shall appoint a Textbook Commission of ~~14~~ 23 members who shall hold office for four years, or until their successors are appointed and qualified. The members of the Commission shall be appointed by the Governor upon recommendation of the Superintendent. Six of these members shall be teachers or principals in ~~the elementary grades;~~ grades K-5; five shall be teachers or principals in ~~the high school grades;~~ one shall be a superintendent of a local school administrative unit; grades 6-8; four shall be superintendents, teachers, or principals in grades 9-12; one ~~three~~ shall be ~~the parent of an elementary student, grades K-6,~~ parents of students in grades K-5 at the time of appointment; ~~and one shall be the parent of a high school student, grades 7-12,~~ three shall be parents of students in grades 6-8 at the time of

~~appointment.~~ appointment; and two shall be parents of students in grades 9-12 at the time of appointment. The Governor shall fill all vacancies by appointment for the unexpired term. The Commission shall elect a chairman, subject to the approval of the Superintendent. The Commission shall meet four times a year or at the call of the chair. The members shall be entitled to compensation for each day spent on the work of the Commission as approved by the Board and to reimbursement for travel and subsistence expense incurred in the performance of their duties at the rates specified in G.S. 138-5(a). ~~Such compensation~~ Compensation shall be paid from funds available to the State Board of Education."

Section 8.30.(b) G.S. 115C-88 reads as rewritten:

**"§ 115C-88. Commission to evaluate textbooks offered for adoption.**

~~(a) The members of the Commission who are teachers, principals or the parent of students~~ Commission shall evaluate all textbooks offered for adoption.

Each proposed textbook shall be read by at least one expert certified in the discipline for which the textbook would be used. The Commission may use external experts if no commission member or advisory committee member qualifies as an expert certified in a particular discipline.

The Commission may consider any review of a proposed textbook by other experts certified in the discipline who are not involved in the textbook adoption process. However, these reviews may not substitute for the direct examination of the proposed textbook by a Commission member, an advisory committee member, or any other expert retained by the Commission.

~~(b) Each member shall examine carefully and file a written evaluation of each textbook offered for adoption~~ proposed textbook for which the member is responsible.

The evaluation report shall give special consideration to the suitability of the textbook to the instructional level for which it is offered, the content or subject matter, whether the textbook is aligned with the Standard Course of Study, and other criteria prescribed by the Board.

Each evaluation report shall be signed by the member making the report and filed with the Board not later than a day fixed by the Board when the call for adoption is made."

Section 8.30.(c) This section becomes effective January 1, 2000. Notwithstanding G.S. 115C-87, the additional members appointed to the Textbook Commission under this section shall hold office until the new Governor takes office in 2001 and their successors are appointed and qualified.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

**STUDIES BY EDUCATION OVERSIGHT COMMITTEE**

Section 8.31.(a) The Joint Legislative Education Oversight Committee shall review information and reports provided by the State Board of Education and shall conduct any further study the Committee deems necessary regarding the establishment of a teacher assistant salary schedule. The Committee also may study the issue of differentiated high school diplomas. The Committee may report any findings and recommendations to the General Assembly prior to the convening of the 2000 Regular Session of the 1999 General Assembly, or prior to the convening of the 2001 General Assembly.

Section 8.31.(b) The State Board of Education shall not approve a differentiated diploma plan until after the plan is approved by the General Assembly.

Requested by: Representatives Moore, Easterling, Hardaway, Redwine

**TEACHER ASSISTANT SALARY STUDY**

Section 8.32.(a) The State Board of Education shall study the cost and feasibility of implementing a salary schedule for teacher assistants that provides for an average teacher assistant salary that is fifty-six percent (56%) of the daily pay rate of an entry-level teacher with an "A" certificate. The salary schedule would have steps based on years of experience and local boards should place teacher assistants on the schedule and would advance them on the salary schedule according to their years of experience.

In the course of the study, the State Board of Education shall collect information from every local school administrative unit on the years of experience of their teacher assistants as teachers or teacher assistants in public or private schools.

Section 8.32.(b) The State Board of Community Colleges and the State Board of Education shall study the feasibility of a plan for the certification of teacher assistants. The plan should provide for:

- (1) A program curriculum that is appropriate to ensure that teacher assistants contribute to student achievement;
- (2) A certificate program that includes requirements for a one-year certificate, a two-year associate certificate, and a baccalaureate certificate with additional education courses; and
- (3) A compensation plan for teacher assistants that is based on the certificate-level attained and years of experience.

Section 8.32.(c) The State Board of Education shall study the cost and feasibility of giving teachers who previously worked as teacher assistants one year of credit on the teacher salary schedule for every two years they worked as teacher assistants.

Section 8.32.(d) The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to April 1, 2000, on the studies set out in this section.

## **PART IX. COMMUNITY COLLEGES**

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

### **EMPLOYMENT OF COMMUNITY COLLEGE FACULTY/STUDY**

Section 9. The State Board of Community Colleges shall contract with an outside consultant to study the issue of whether the Community College System should employ faculty members for less than 12 months instead of on a 12-month basis since the Community College System now operates on a semester system instead of a quarter system. The consultant also shall consider how much additional supplemental funding for summer term would be required if the Community College System employed faculty members for less than 12 months and needed to employ a portion of the faculty for the summer term.

The State Board shall use funds from the State Board Reserve to implement this section.

The State Board shall report to the Joint Legislative Appropriations Subcommittees on Education and the Fiscal Research Division prior to April 30, 2000, on the results of this study. It is the intent of the General Assembly, in considering the results of this study and other recommendations regarding community college faculty salaries, to provide for changes in the salary of community college faculty that result in an enhancement of salary for community college faculty.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Moore, Easterling, Hardaway, Redwine

### **COOPERATIVE HIGH SCHOOL EDUCATION PROGRAM ACCOUNTABILITY**

Section 9.1. Section 10.7 of the Current Operations Appropriations and Capital Improvement Appropriations Act of 1998 directed the State Board of Community Colleges and the State Board of Education to create a joint task force to study the existing policies for cooperative high school education programs and to recommend changes necessary to improve the programs' success and accountability. Section 10.7 further directed the Boards to report their findings and recommendations to the Joint Legislative Education Oversight Committee and the Fiscal Research Division prior to March 1, 1999.

The General Assembly finds that the study submitted by the Boards inadequately addressed the concerns of the General Assembly; therefore, the General Assembly hereby requests that the Boards jointly reconsider existing policies for cooperative high school education programs. The General Assembly further requests that the Boards make a preliminary report to the Joint Legislative Education Oversight

Committee and the Fiscal Research Division prior to November 15, 1999, and a final report prior to April 15, 2000. The report shall include findings and recommendations that will enable the State to achieve the goal of the General Assembly to increase the number of qualified high school students participating in cooperative high school education programs that are provided by local community colleges. These programs should be cost-effective programs and should not duplicate high school Advanced Placement courses that are currently being offered or that could feasibly be offered. These programs should provide additional higher education opportunities for qualified high school students while minimizing overlapping costs to the State for public schools and community colleges.

After submission of the final report, the Joint Legislative Education Oversight Committee shall review the report and the success, or lack thereof, of this cooperative program. In the event the Committee finds that the report inadequately addresses the existing policies for cooperative high school education programs, or that there is an inadequate level of coordination between the high school, and community colleges, the Committee shall make a recommendation to the General Assembly as to how much, if any, downward adjustment should be made in appropriations to the respective agencies for failure to adequately develop and implement this program. This downward adjustment would be recommended due to the fact that this study, and the implementation thereof, is anticipated to be funded and implemented from current personnel and resources, and failure to adequately implement the program signifies a misuse of resources for which a downward adjustment in appropriations should be made.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

### **IMPLEMENTATION OF PERFORMANCE BUDGETING**

Section 9.2.(a) It is the intent of the General Assembly that the the State Board of Community Colleges implement the findings of the consultant's Phase IV Funding Study Report, prepared by the State Board and submitted to the Education Appropriations Subcommittee, on performance budgeting; therefore, Chapter 115D of the General Statutes is amended by adding a new section to read:

#### **"§ 115D-31.3. Performance budgeting.**

(a) The State Board of Community Colleges shall create new accountability measures and performance standards to be used for performance budgeting for the Community College System. The results of a survey may be used as a performance standard only if the survey is statistically valid. The State Board of Community Colleges shall review annually the accountability measures and performance standards to ensure that they are appropriate for use in performance budgeting.

(b) Notwithstanding any other provision of law, the State Board shall authorize each institution meeting the new performance standards to carryforward funds remaining in its budget at the end of each fiscal year in an amount not to exceed two percent (2%) of the State funds allocated to the institution for that fiscal year. The funds carried forward shall be used for the purchase of equipment and initial program start-up costs excluding regular faculty salaries. These funds shall not be used for continuing salary increases or for other obligations beyond the fiscal year into which they were carried forward. These funds shall be encumbered within 12 months of the fiscal year into which they were carried forward.

(c) The five required performance measures are (i) progress of basic skills students, (ii) passing rate for licensure and certification examinations, (iii) goal completion of program completers, (iv) employment status of graduates, and (v) performance of students who transfer to the university system. Colleges may choose one other performance measure from the list contained in the State Board's Phase 4 Funding Formula Study, which was presented to the Joint Legislative Education Oversight Committee. Successful performance on each of the six performance measures shall allow a college to retain and carry forward up to one-third of one percent (1/3 of 1%) of its final fiscal year General Fund appropriations into the next fiscal year.

(d) Each college shall publish its performance on these six measures in its catalog each year beginning with the 2001 academic year."

Section 9.2.(b) The State Board of Community Colleges shall report to the Joint Legislative Education Oversight Committee and to the Fiscal Research Division prior to March 1, on an annual basis, on the implementation of this provision.

Section 9.2.(c) This section becomes effective July 1, 1999. The State Board of Community Colleges shall authorize institutions meeting the new performance standards to carry forward funds from the 2000-2001 fiscal year to the 2001-2002 fiscal year and at the end of subsequent fiscal years.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

### **OVER-REALIZED TUITION AND FEE RECEIPTS TRANSFERRED TO THE EQUIPMENT RESERVE FUND**

Section 9.3.(a) G.S. 115D-31 is amended by adding a new subsection to read:

"(e) If receipts for community college tuition and fees exceed the amount certified in General Fund Codes at the end of a fiscal year, the State Board of Community Colleges shall transfer the amount of receipts and fees above those budgeted to the Equipment Reserve Fund."

Section 9.3.(b) If receipts for community college tuition and fees exceed the amount certified in General Fund Codes at the end of the 1998-99 fiscal year, the State Board of Community Colleges shall transfer the amount of receipts and fees above those budgeted to the Equipment Reserve Fund.

Section 9.3.(c) Section 9.3.(b) becomes effective June 30, 1999.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

### **FINANCIAL ASSISTANCE FOR COMMUNITY COLLEGE STUDENTS**

Section 9.4.(a) Of the funds appropriated to the Community Colleges System Office for the 1999-2001 fiscal biennium, the sum of five million dollars (\$5,000,000) for the 1999-2000 fiscal year and the sum of five million dollars (\$5,000,000) for the 2000-2001 fiscal year shall be used to provide the largest financial need-based student assistance program in the history of the North Carolina Community College System.

Students must apply for federal Pell Grants to be eligible for this program. It is the intent of the General Assembly that the Community College System make these financial aid funds available to the neediest students who are not eligible for other financial aid programs that fully cover the required educational expenses of these students. The State Board may use some of these funds as short-term loans to students who anticipate receiving the federal HOPE or Lifetime Learning Tax Credits.

The State Board of Community Colleges shall adopt rules and policies for the disbursement of the need-based financial assistance. The State Board may contract with the State Education Assistance Authority for administration of these financial assistance funds. These funds shall not revert at the end of each fiscal year but shall remain available until expended for need-based financial assistance.

Section 9.4.(b) The State Board of Community Colleges shall ensure that at least one counselor is available at each college to inform students about federal programs and funds available to assist community college students including, but not limited to, Pell Grants and HOPE and Lifetime Learning Tax Credits and to actively encourage students to utilize these federal programs and funds.

Section 9.4.(c) G.S. 115D-40 is repealed.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

### **COMMUNITY COLLEGE FUNDING FLEXIBILITY**

Section 9.5. A local community college may use all State funds allocated to it, except for Literacy Funds and Funds for New and Expanding Industries, for any authorized purpose that is consistent with the college's Institutional Effectiveness Plan. Each local community college shall include in its Institutional Effectiveness Plan a



section on how funding flexibility allows the college to meet the demands of the local community and to maintain a presence in all previously funded categorical programs.

The State Board may examine new State Aid allocation options that more closely align the allocation and expenditure of State appropriated resources.

Funds appropriated for salary increases shall be used only for salary increases and necessary employer contributions.

The General Assembly recognizes that the Community College System has been required to transfer funds from the faculty salary line item in the funding formula during prior fiscal years to make up shortfalls in instructional and administrative support and in other cost items. To enable the Community College System to pay respectable faculty salaries and at the same time maintain the quality of the instructional programs, the General Assembly is providing an additional eight million dollars (\$8,000,000) in expansion funds for instructional and administrative support and an additional ten million dollars (\$10,000,000) in expansion funds for other cost items. It is the intent of the General Assembly that no transfers be made from the formula salary line item and that faculty salary funds be used to enhance full-time and part-time faculty salaries and, where appropriate, to move part-time faculty members to full-time faculty status. Therefore, transfers made in college budgets from faculty salaries to other purposes shall be made only after public notice and notice to the faculty. No more than one percent (1%) systemwide may be transferred from faculty salaries without the approval of the State Board of Community Colleges. The State Board shall report on any such transfers above one percent (1%) systemwide to the Joint Legislative Commission on Governmental Operations at its next meeting.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

#### **STATE BOARD RESERVE ALLOCATIONS**

Section 9.6.(a) The State Board of Community Colleges shall use funds from the State Board Reserve in the amount of one hundred thousand dollars (\$100,000) for each fiscal year to assist small rural low-wealth community colleges with operation and maintenance of plant costs if they need to assist new or expanding industries in their service delivery areas.

Section 9.6.(b) The State Board of Community Colleges shall use funds from the State Board Reserve in the amount of forty thousand dollars (\$40,000) for the 1999-2000 fiscal year to support the recruitment activities of the North Carolina Industries for Technical Education (NCITE). NCITE recruits students to community colleges with Heavy Equipment and Transportation Technology Programs in an effort to revitalize those programs.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Owens, Easterling, Hardaway, Redwine

**PERMIT TRANSFERS OF FUNDS TO THE NEW AND EXPANDING INDUSTRY TRAINING PROGRAM**

Section 9.7. The General Assembly finds that the New and Expanding Industry Training Program:

- (1) Assists companies creating new jobs in North Carolina by providing training for new employees;
- (2) Provides customized training to new or prospective employees in specific job skills needed by new or expanding industries; and
- (3) Supports local, regional, and State economic development goals by offering entry-level training at no cost to companies that are creating new jobs in the State.

The General Assembly further finds that due to the extraordinary growth of new and expanding industry in the State, funds appropriated to the Program may be inadequate to meet demand for Program services during the 1999-2000 fiscal year; therefore, notwithstanding G.S. 143-16.3, G.S. 143-23, or any other provision of law, the Director of the Budget may, after consultation with the Joint Legislative Commission on Governmental Operations, transfer funds from any agency or program funded from the General Fund to the New and Expanding Industry Training Program to supplement the needs of this Program during the 1999-2000 fiscal year.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Moore, Easterling, Hardaway, Redwine

**ADULT EDUCATION PROGRAM/REVIEW**

Section 9.8. The State Board of Community Colleges shall review the Adult High School Program to determine the extent to which the Program is aligned with recent public school reforms including course content standards, end-of-course tests, appropriate aspects of the high school accountability system, publication of test results, and high school exit exams that will be implemented by 2003. After completion of this review, the Board shall direct and advise local colleges on steps necessary to ensure that the Program is adequately aligned with recent public school reforms.

The Board shall report to the Joint Legislative Education Oversight Committee prior to April 15, 2000, on the implementation of this section.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

**MANAGEMENT INFORMATION SYSTEM FUNDS**

Section 9.9.(a) Funds appropriated for the Community College System Office Management Information System shall not revert at the end of the 1999-2000 and 2000-2001 fiscal years but shall remain available until expended.

Section 9.9.(b) This section becomes effective June 30, 1999.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Gillespie, Thompson, Buchanan, Easterling, Hardaway, Redwine

**EXTEND COMMUNITY COLLEGE BOND MATCH DEADLINE**

Section 9.10.(a) Section 6(b)IV of Chapter 542 of the 1993 Session Laws, as added by Section 4 of Chapter 515 of the 1995 Session Laws and rewritten by Section 10(a) of S.L. 1998-212, reads as rewritten:

"IV. If the State Board of Community Colleges determines that a community college has not met the matching requirements of G.S. 115D-31(a)(1) by July 1, ~~1999, 2000~~, with respect to a capital improvement project for which bond proceeds are allocated in subdivision I or pursuant to subdivision II of this subsection, the Board shall certify that fact to the State Treasurer by October 1, ~~1999, 2000~~. All of these bond proceeds with respect to which the Board certifies that the matching requirement has not been met by July 1, ~~1999, 2000~~, shall be placed by the State Treasurer in a special account within the Community Colleges Bond Fund and shall be used for making grants to community colleges. Bond proceeds in the special account shall be allocated among the community colleges in accordance with the following conditions:

- (1) The State Board of Community Colleges shall generate, by October 1, ~~1999, 2000~~, a priority ranking of legitimate community college capital improvement needs using a formula based on objective meaningful factors relevant to capital needs, including space to population ratio, population served ratio, capacity enrollment ratio, local to State and vocational education ratios, type of project, and readiness to implement.
- (2) The State Board of Community Colleges shall provide the State Treasurer a projected allocation of the proceeds in the special account in accordance with this priority ranking, except that:
  - a. No projected allocation shall be made for a community college that the Board certified in accordance with this subdivision IV had failed to meet a matching requirement.
  - b. No more than four million dollars (\$4,000,000) shall be allocated to a single community college.
  - c. Funds shall not be allocated for more than one project per community college.
- (3) The proceeds of grants made from bond proceeds in the special account shall be allocated and expended for paying the cost of community

college capital improvements in accordance with this allocation by the State Board of Community Colleges, to the extent and as provided in this act. The Director of the Budget is empowered, when the Director of the Budget determines it is in the best interest of the State and the North Carolina Community College System to do so, and if the cost of a particular project is less than the projected allocation, to use the excess funds to increase the size of that project or increase the size of any other project itemized in this section, or to increase the amount allocated to a particular community college within the aggregate amount of funds available under this section. The Director of the Budget shall consult with the Advisory Budget Commission and the Joint Legislative Commission on Governmental Operations before making these changes."

Section 9.10.(b) This section becomes effective June 30, 1999.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

**EMPLOYMENT SECURITY COMMISSION TRAINING AND EMPLOYMENT ACCOUNT FUNDS**

Section 9.11.(a) Contingent upon enactment of House Bill 275, 1999 General Assembly, there is appropriated from the Employment Security Commission Training and Employment Account created in G.S. 96-6.1, as enacted by House Bill 275, 1999 General Assembly, to the Community Colleges System Office the sum of twenty-two million dollars (\$22,000,000) for the 1999-2000 fiscal year and the sum of fifty-six million five hundred thousand dollars (\$56,500,000) for the 2000-2001 fiscal year. These funds shall be used as follows:

	<u>1999-2000</u>	<u>2000-2001</u>
1. Nonreverting Equipment, Technology, and MIS Reserve	\$12,000,000	\$42,500,000
2. Nonreverting Start-Up Fund for Regional and Cooperative Initiatives	\$ 2,000,000	\$ 2,000,000
3. New and Expanding Industry Training Program	\$ 7,000,000	\$10,000,000
4. Enhanced Focused Industrial		

Training Programs \$ 1,000,000 \$ 2,000,000

TOTAL: \$22,000,000 \$56,500,000

Funds allocated for the Nonreverting Start-Up Fund for Regional and Cooperative Initiatives shall be used for community college projects that foster regional cooperation among community colleges, between public schools and community colleges, and between universities and community colleges.

Section 9.11.(b) Contingent upon enactment of House Bill 275, 1999 General Assembly, there is appropriated from the Employment Security Commission Training and Employment Account created in G.S. 96-6.1, as enacted by House Bill 275, 1999 General Assembly, to the Employment Security Commission the sum of five million five hundred thousand dollars (\$5,500,000) for the 1999-2000 fiscal year and the sum of fourteen million one hundred thousand dollars (\$14,100,000) for the 2000-2001 fiscal year for the costs of collecting and administering the new training and reemployment contribution and for enhanced reemployment services.

Section 9.11.(c) To the extent that the State receives more in the Employment Security Commission Training and Employment Account than the funds appropriated in subsections (a) and (b) of this section:

- (1) Eighty percent (80%) of these funds are hereby appropriated for the 1999-2000 fiscal year and the 2000-2001 fiscal year to the Community Colleges System Office for the purposes set out in subsection (a) of this section and the State Board of Community Colleges may allocate the additional funds for those purposes; and
- (2) Twenty percent (20%) of these funds are hereby appropriated to the Employment Security Commission for the 1999-2000 fiscal year and the 2000-2001 fiscal year, and it may allocate the additional funds for those purposes.

Section 9.11.(d) Funds appropriated in this section shall be used for nonrecurring expenses only and shall not obligate the State financially in future fiscal years. Funds appropriated in this section shall not be used to supplant funds from other sources.

Section 9.11.(e) The Community Colleges System Office and the Employment Security Commission shall report to the Joint Legislative Education Oversight Committee prior to May 1, 2000, on proposed expenditures of these funds and prior to May 1 of subsequent years on actual expenditures.

Section 9.11.(f) The Community Colleges System Office and the Employment Security Commission shall jointly develop a list of options for delivering workforce training more efficiently and more effectively. These options shall include one-stop job placement and career centers. The Community Colleges System Office and

the Employment Security Commission shall report on these options to the Joint Legislative Education Oversight Committee prior to May 1, 2000.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

**CLARIFICATION OF CERTAIN 1998 COMMUNITY COLLEGE APPROPRIATIONS**

Section 9.12. Notwithstanding G.S. 115D-31 or any other provision of law, no non-State match is required for funds appropriated in S.L. 1998-212 for community college capital projects or for community college matching scholarship endowment funds.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

**COMMUNITY COLLEGE RESERVE FUNDS DO NOT REVERT**

Section 9.13.(a) Funds appropriated to the Anson-Union Community College Reserve in S.L. 1998-212 shall not revert at the end of the fiscal year but shall remain available for expenditure by the new community college.

Section 9.13.(b) This section becomes effective June 30, 1999.

**PART X. UNIVERSITIES**

Requested by: Representatives Rogers, Boyd-McIntyre, Oldham, Easterling, Hardaway, Redwine

**AID TO STUDENTS ATTENDING PRIVATE COLLEGES PROCEDURE**

Section 10.(a) Funds appropriated in this act to the Board of Governors of The University of North Carolina for aid to private colleges shall be disbursed in accordance with the provisions of G.S. 116-19, 116-21, and 116-22. These funds shall provide up to nine hundred seventy-five dollars (\$975.00) per full-time equivalent North Carolina undergraduate student enrolled at a private institution as of October 1, 1999, for the 1999-2000 fiscal year and up to nine hundred seventy-five dollars (\$975.00) per full-time equivalent North Carolina undergraduate student enrolled at a private institution as of October 1, 2000, for the 2000-2001 fiscal year.

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

Section 10.(b) In addition to any funds appropriated pursuant to G.S. 116-19 and in addition to all other financial assistance made available to private educational institutions located within the State, or to students attending these institutions, there is granted to each full-time North Carolina undergraduate student attending an approved institution as defined in G.S. 116-22, a sum, not to exceed one thousand six hundred seventy-five dollars (\$1,675) for the 1999-2000 academic year and one thousand six hundred seventy-five dollars (\$1,675) for the 2000-2001 academic year, which shall be distributed to the student as hereinafter provided.

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

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

In the event there are not sufficient funds to provide each eligible student with a full grant:

- (1) The Board of Governors of The University of North Carolina, with the approval of the Office of State Budget and Management, may transfer available funds to meet the needs of the programs provided by subsections (a) and (b) of this section; and
- (2) Each eligible student shall receive a pro rata share of funds then available for the remainder of the academic year within the fiscal period covered by the current appropriation.

Any remaining funds shall revert to the General Fund.

Section 10.(c) Expenditures made pursuant to this section may be used only for secular educational purposes at nonprofit institutions of higher learning. Expenditures made pursuant to this section shall not be used for any student who:

- (1) Is incarcerated in a State or federal correctional facility for committing a Class A, B, B1, or B2 felony; or

- (2) Is incarcerated in a State or federal correctional facility for committing a Class C through I felony and is not eligible for parole or release within 10 years.

Section 10.(d) The State Education Assistance Authority shall document the number of full-time equivalent North Carolina undergraduate students that are enrolled in off-campus programs and the State funds collected by each institution pursuant to G.S. 116-19 for those students. The State Education Assistance Authority shall also document the number of scholarships and the amount of the scholarships that are awarded under G.S. 116-19 to students enrolled in off-campus programs. An "off-campus program" is any program offered for degree credit away from the institution's main permanent campus.

The State Education Assistance Authority shall include in its annual report to the Joint Legislative Education Oversight Committee the information it has compiled and its findings regarding this program.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

**AID TO PRIVATE COLLEGES/LEGISLATIVE TUITION GRANT LIMITATIONS**

Section 10.1.(a) No Legislative Tuition Grant funds shall be expended for a program at an off-campus site of a private institution, as defined in G.S. 116-22(1), established after May 15, 1987, unless (i) the private institution offering the program has previously notified and secured agreement from other private institutions operating degree programs in the county in which the off-campus program is located or operating in the counties adjacent to that county or (ii) the degree program is neither available nor planned in the county with the off-campus site or in the counties adjacent to that county.

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

Section 10.1.(b) Any member of the armed services, as defined in G.S. 116-143.3(a), abiding in this State incident to active military duty, who does not qualify as a resident for tuition purposes, as defined under G.S. 116-143.1, is eligible for a legislative tuition grant pursuant to this section if the member is enrolled as a full-time student. The member's legislative tuition grant shall not exceed the cost of tuition less any tuition assistance paid by the member's employer.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

**WAKE FOREST AND DUKE MEDICAL SCHOOLS ASSISTANCE/FUNDING FORMULA**



Section 10.2.(a) Funds appropriated in this act to the Board of Governors of The University of North Carolina for continuation of financial assistance to the medical schools of Duke University and Wake Forest University shall be disbursed on certifications of the respective schools of medicine that show the number of North Carolina residents as first-year, second-year, third-year, and fourth-year students in the medical school as of November 1, 1999, and November 1, 2000. Disbursement to Wake Forest University shall be made in the amount of eight thousand dollars (\$8,000) for each medical student who is a North Carolina resident, one thousand dollars (\$1,000) of which shall be placed by the school in a fund to be used to provide financial aid to needy North Carolina students who are enrolled in the medical school. The maximum aid given to any student from this fund in a given year may not exceed the amount of the difference in tuition and academic fees charged by the school and those charged at the School of Medicine at the University of North Carolina at Chapel Hill.

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

The Board of Governors shall establish the criteria for determining the eligibility for financial aid of needy North Carolina students who are enrolled in the medical schools and shall review the grants or awards to eligible students. The Board of Governors shall adopt rules for determining which students are residents of North Carolina for the purposes of these programs. The Board shall also make any regulations as necessary to ensure that these funds are used directly for instruction in the medical programs of the schools and not for religious or other nonpublic purposes. The Board shall encourage the two schools to orient students toward primary care, consistent with the directives of G.S. 143-613(a). The two schools shall supply information necessary for the Board to comply with G.S. 143-613(d).

Section 10.2.(b) If the funds appropriated in this act to the Board of Governors of The University of North Carolina for continuation of financial assistance to the medical schools of Duke University and Wake Forest University are insufficient to cover the enrolled students in accordance with this section, then the Board of Governors may transfer unused funds from other programs in the Related Educational Programs budget code to cover the extra students.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

**REWARDING TEACHING EXCELLENCE PROGRAM FUNDS**

Section 10.3. Funds appropriated in this act for the Rewarding Teaching Excellence Program shall be distributed according to guidelines established by the Board of Governors of The University of North Carolina. These funds shall not be used for any purpose other than for salary increases and necessary employer contributions provided by this section.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

**MARINE SCIENCES RESEARCH COMMITTEE FUNDS**

Section 10.4.(a) There is established the Marine Sciences Research Organization Planning Committee. The Committee is charged with recommending an organizational and funding structure to effectively ensure cooperative efforts among North Carolina institutions involved in marine science research. The Committee shall consider all options that will lead to realization of North Carolina's potential in marine science and preservation of its coastal resources. The Committee shall also consider all of the following:

- (1) Physical facilities and their utilization;
- (2) Research funding sources;
- (3) Methods of setting research priorities;
- (4) Incentives to strengthen cooperation among various State entities; and
- (5) Organizational changes.

Section 10.4.(b) The Committee shall consist of the Chancellors of East Carolina University, North Carolina State University, the University of North Carolina at Chapel Hill, the University of North Carolina at Wilmington, and three persons selected by the Chancellors who are knowledgeable in the field of marine science research. If any other constituent institution becomes involved in marine science research, then the Chancellor of that university shall also be included as a member of the Committee. Vacancies shall be filled in the same manner as the original selections. The Committee shall be chaired by the Chancellor of the University of North Carolina at Wilmington.

Section 10.4.(c) The Marine Sciences Research Organization Planning Committee shall report its recommendations to the General Assembly by March 1, 2000. The Committee shall dissolve upon submission of its report.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

## UNC INCENTIVE FUNDING

Section 10.5.(a) Effective July 1, 1999, subsection (b) of Section 11 of S.L. 1998-212 is repealed.

Section 10.5.(b) G.S. 116-30.3 reads as rewritten:

### "§ 116-30.3. Reversions.

(a) Of the General Fund current operations appropriations credit balance remaining at the end of each fiscal year in each budget code of a special responsibility constituent institution, except for the budget code of the Area Health Education Centers of the University of North Carolina at Chapel Hill, any amount greater than two percent (2%) of the General Fund appropriation for that fiscal year may be carried forward by the institution to the next fiscal year and may be used for one-time expenditures that will not impose additional financial obligations on the State. Of the General Fund current operations appropriations credit balance remaining in the budget code of the Area Health Education Centers of the University of North Carolina at Chapel Hill, any amount greater than one percent (1%) of the General Fund appropriation for that fiscal year may be carried forward in that budget code to the next fiscal year and may be used for one-time expenditures that will not impose additional financial obligations on the State. However, the amount carried forward under this section shall not exceed two and one-half percent (2 1/2%) of the General Fund appropriation. The Director of the Budget, under the authority set forth in G.S. 143-25, shall establish the General Fund current operations credit balance remaining in each budget code of each institution.

(b) An institution shall cease to be a special responsibility constituent institution under the following circumstances:

- (1) An institution, other than the Area Health Education Centers of the University of North Carolina, does not revert at least two percent (2%) of its General Fund current operations credit balance remaining in each budget code of that institution, or
- (2) The Area Health Education Centers of the University of North Carolina at Chapel Hill does not revert at least one percent (1%) of its General Fund current operations credit balance remaining in its budget code.

However, if the Board of Governors finds that the low reversion rate is due to adverse and unforeseen conditions, the Board may allow the institution to remain a special responsibility constituent institution for one year to come into conformity with this section. The Board may make this exception only one time for any special responsibility constituent institution, and shall report these exceptions to the Joint Legislative Commission on Governmental Operations.

(c) Repealed by Session Laws 1998-212, s. 11(a).

(d) For fiscal year ~~1998-99~~, 1999-2000, the reversions required in subsections (a) and (b) of this section shall be available to each special responsibility constituent institution

of The University of North Carolina. One-half of those funds shall be used for ~~technology infrastructure development in accordance with the Board of Governors' Plan for Technology Development.~~ Those funds may be used as partial funding for multicampus contracts if so directed by the Board of Governors, but the amount spent on each Special Responsibility Constituent Institution's campus shall be at least the equivalent of one percent (1%) of that institution's General Fund operating appropriation for fiscal year 1998-99. funding nonrecurring items in the expansion budget appropriated to the Board of Governors of The University of North Carolina for fiscal year 1999-2000. The Board of Governors may direct the use of these funds for fiscal year 1999-2000. The funds shall not be used to support positions. Each special responsibility constituent institution shall report annually to the Board of Governors regarding how the institution spent the funds made available under this section."

Section 10.5.(c) Effective July 1, 2000, G.S. 116-30.3, as amended by subsection (b) of this section, reads as rewritten:

**"§ 116-30.3. Reversions.**

(a) ~~Of the General Fund current operations appropriations credit balance remaining at the end of each fiscal year in each budget code of a special responsibility constituent institution, except for the budget code of the Area Health Education Centers of the University of North Carolina at Chapel Hill, any amount greater than two percent (2%) of the General Fund appropriation for that fiscal year may be carried forward by the institution to the next fiscal year and may be used for one-time expenditures that will not impose additional financial obligations on the State. Of the General Fund current operations appropriations credit balance remaining in the budget code of the Area Health Education Centers of the University of North Carolina at Chapel Hill, any amount greater than one percent (1%) of the General Fund appropriation for that fiscal year may be carried forward in that budget code to the next fiscal year and may be used for one-time expenditures that will not impose additional financial obligations on the State. However, the amount carried forward under this section shall not exceed two and one-half percent (2 1/2%) of the General Fund appropriation. The Director of the Budget, under the authority set forth in G.S. 143-25, shall establish the General Fund current operations credit balance remaining in each budget code of each institution.~~

(b) ~~An institution shall cease to be a special responsibility constituent institution under the following circumstances:~~

- ~~(1) An institution, other than the Area Health Education Centers of the University of North Carolina, does not revert at least two percent (2%) of its General Fund current operations credit balance remaining in each budget code of that institution, or~~

- (2) ~~The Area Health Education Centers of the University of North Carolina at Chapel Hill does not revert at least one percent (1%) of its General Fund current operations credit balance remaining in its budget code.~~

~~However, if the Board of Governors finds that the low reversion rate is due to adverse and unforeseen conditions, the Board may allow the institution to remain a special responsibility constituent institution for one year to come into conformity with this section. The Board may make this exception only one time for any special responsibility constituent institution, and shall report these exceptions to the Joint Legislative Commission on Governmental Operations.~~

(c) ~~Repealed by Session Laws 1998-212, s. 11(a).~~

(d) ~~For fiscal year 1999-2000, the reversions required in subsections (a) and (b) of this section shall be available to each special responsibility constituent institution of The University of North Carolina. One half of those funds shall be used for funding non-recurring items in the expansion budget appropriated to the Board of Governors of The University of North Carolina for fiscal year 1999-2000. The Board of Governors may direct the use of these funds for fiscal year 1999-2000. The funds shall not be used to support positions. Each special responsibility constituent institution shall report annually to the Board of Governors regarding how the institution spent the funds made available under this section."~~

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

#### **SCHOLARSHIP FUND BALANCES**

Section 10.6. Fund balances remaining in the Social Workers' Education Loan Fund shall be transferred to the Nursing Scholars Program fund balance to implement the reductions in appropriations for scholarships in the 1999-2000 fiscal year.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

#### **EAST CAROLINA UNIVERSITY MEDICAL SCHOOL**

Section 10.7. East Carolina University shall transfer two million dollars (\$2,000,000) from the East Carolina University Medicare Reimbursement Trust Fund (26066) established by G.S. 116-36.6 to the East Carolina University School of Medicine General Fund operating fund (16066) for current expenses for fiscal year 1999-2000.

Requested by: Representatives Hardaway, Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

#### **UNC ENROLLMENT PLANNING**

Section 10.8.(a) The University of North Carolina faces an increase in student enrollment of 48,000 students over the next 10 years, primarily at the undergraduate level. The Board of Governors of The University of North Carolina has adopted plans for meeting this large increase. These plans call for 10 constituent institutions to enroll a larger share of the new enrollments. Of these 10 institutions, seven currently have underutilized capacity. These seven schools (Elizabeth City State University, Fayetteville State University, North Carolina Agricultural and Technical State University, North Carolina Central University, the University of North Carolina at Pembroke, Western Carolina University, and Winston-Salem State University) are expected to grow by twenty percent (20%) by fall, 2003.

Section 10.8.(b) Of the funds appropriated to the Board of Governors of The University of North Carolina for a "Strategic Initiatives Reserve", for the 1999-2000 fiscal year, the sum of two million dollars (\$2,000,000) of the reserve shall be used to perform campus assessments and develop enrollment growth plans for the seven constituent institutions designated as growing twenty percent (20%) by fall, 2003 in the Board of Governors' enrollment plan. The Board of Governors shall report to the Joint Legislative Education Oversight Committee by April 15, 2000, on the use of the funds and on any additional needs identified by the plans.

Section 10.8.(c) Of the funds appropriated to the Board of Governors of The University of North Carolina, the sum of three million dollars (\$3,000,000) in continuing operating funds shall be allocated to carry out the Board of Governors' plans for those campuses planning for rapid enrollment growth whose current enrollment is less than 5,000 full-time equivalent (FTE) students. The intent for this allocation is to promote greater operating efficiencies through budget flexibility for those constituent institutions lacking sufficient size to provide for economies of scale.

Section 10.8.(d) Of the funds appropriated to the Board of Governors of The University of North Carolina, the sum of three million dollars (\$3,000,000) in continuing operating funds shall be allocated for improvement of faculty instruction at the seven campuses targeted for major enrollment growth. The improvements shall be based on plans approved by the Board of Governors for hiring of new faculty, salary improvements, faculty development, or other initiatives that will improve instruction for students, especially undergraduate students. The Board of Governors shall report to the Joint Legislative Education Oversight Committee by April 15, 2000, on the allocation and proposed use of these funds.

Section 10.8.(e) Of the funds appropriated to the Board of Governors of The University of North Carolina, the sum of two million dollars (\$2,000,000) in continuing operating funds shall be allocated for the enhancement of development offices at the smaller institutions. The goal of this funding is to increase the ability of these institutions

to raise funds from the private sector and enhance the institutions' abilities to leverage State and other resources with private donations.

Section 10.8.(f) Of the funds appropriated to the Board of Governors of The University of North Carolina, the sum of one million dollars (\$1,000,000) in continuing operating funds shall be allocated to further develop facilities management support for the smaller campuses facing rapid growth and having greater than average needs for renovation and repair of existing facilities. Funds may be allocated directly to the institutions needing assistance or may be dedicated to providing the assistance needed by other methods. The Board of Governors shall report to the Joint Legislative Education Oversight Committee on the allocation and use of these funds by April 15, 2000.

Section 10.8.(g) Of the funds appropriated by this act to the Board of Governors of The University of North Carolina, the sum of one million dollars (\$1,000,000) shall be used on a continuing basis by the Board of Governors to prevent reductions in faculty positions for the seven growth constituent institutions identified in subsection (a) of this section if these institutions are projected to have budget reductions based on current enrollment estimates.

The Board of Governors shall report to the Joint Legislative Education Oversight Committee by December 15 of each year on enrollment planning, current and anticipated growth, and management of capacity to meet the demands for higher education in North Carolina. These reports shall continue through December 2005.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

#### **GRADUATE TUITION REMISSION**

Section 10.9. Of the funds appropriated by this act to the Board of Governors of The University of North Carolina the sum of three million five hundred thousand dollars (\$3,500,000) shall be allocated to campuses having graduate programs and students eligible for graduate tuition remission or resident graduate tuition awards. None of these funds may be allocated to the Research I institutions.

Requested by: Representatives Redwine, Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway

#### **UNC-WILMINGTON RETAIN LAND SALE PROCEEDS**

Section 10.10. The University of North Carolina at Wilmington may retain the proceeds from the sale of real property which is the site of the old Marine Science Center near Wrightsville Beach to use for the completion and equipping of the new Marine Science Center currently under construction.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

**EXPLANATION OF FEDERAL TAX CREDITS AVAILABLE FOR EDUCATIONAL PURPOSES**

Section 10.11. Each constituent institution of The University of North Carolina shall provide to students and their families a brief, clear explanation of federal tax credits (the HOPE and Lifelong Learning Credits) that are available for educational purposes. The explanation shall include the limitations of the credits as well as examples of the potential benefits under certain tax situations. The constituent institution shall provide the tax credit information to the student and the student's parents when the institution notifies each of the amount of tuition and fees paid for a calendar year.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

**NORTH CAROLINA PROGRESS BOARD**

Section 10.12.(a)Part 2A of Article 9 of Chapter 143B of the General Statutes reads as rewritten:

"Part 2A. North Carolina Progress Board.

**"§ 143B-372.1. North Carolina Progress Board.**

(a) ~~There~~The North Carolina Progress Board is established within the Department of Administration the North Carolina Progress Board established. The Board shall be located administratively in the ~~Department of Administration~~Board of Governors of The University of North Carolina and is located at North Carolina State University,but shall exercise all its prescribed statutory powers independently of the ~~Department of Administration.~~Board of Governors.

(b) The North Carolina Progress Board shall consist of ~~14~~ 21 members of statewide prominence as follows:

- (1) The Governor, ex officio;
- (2) ~~Seven~~Eight persons appointed by the Governor, none of whom shall be State employees or officers;
- (3) ~~Three~~Four persons appointed by the Speaker of the House of Representatives; and Representatives, one of whom shall be a member of the House of Representatives;
- (4) ~~Three~~Four persons appointed by the President Pro Tempore of the ~~Senate.~~Senate, one of whom shall be a member of the Senate; and
- (5) Four persons appointed by the North Carolina Progress Board.

(c) The Governor shall be chair of the North Carolina Progress Board. The Governor shall appoint a vice-chair from among the membership of the North Carolina



Progress Board to serve at the pleasure of the Governor. The North Carolina Progress Board may elect such other officers as it sees fit.

(d) The North Carolina Progress Board shall meet at least twice annually on the call of the chair or as additionally provided by the North Carolina Progress Board. A quorum is ~~eight~~ 11 members of the Board. Members may not send designees to board meetings, nor may they vote by proxy.

(e) ~~Initial Board~~ appointments shall be for terms to begin ~~July 1, 1995~~ July 1, 1999, with subsequent appointments to be made as terms expire or resignations occur. Of the Governor's appointments, ~~four~~ two shall be for one-year terms, ~~two~~ shall be for two-year ~~terms~~ terms, ~~two~~ shall be for three-year terms, and ~~three~~ two shall be for four-year terms. Of the appointments made by the Speaker of the House of ~~Representatives and Representatives,~~ the President Pro Tempore of the Senate, and the North Carolina Progress Board, one member appointed by each shall be appointed for a one-year term, one member appointed by each shall be appointed~~one shall be~~ for a two-year ~~term~~ term, one member appointed by each shall be appointed for a three-year term, and two shall be ~~one member appointed by each shall be appointed~~ for a four-year term. As terms expire, successors shall be appointed for four-year terms.

(f) No member may be appointed to more than two consecutive terms. A member of the House of Representatives appointed by the Speaker of the House vacates membership on the North Carolina Progress Board when that person is no longer a member of the House of Representatives, except that if that person is in office at the expiration of the term of office in the House of Representatives but has not been elected to the next term, that person shall continue to serve until the convening of the regular session. A member of the Senate appointed by the President Pro Tempore of the Senate vacates membership on the North Carolina Progress Board when that person is no longer a member of the Senate, except that if that person is in office at the expiration of the term of office in the Senate but has not been elected to the next term, that person shall continue to serve until the convening of the regular session.

**"§ 143B-372.2. Responsibilities.**

(a) The General Assembly notes that the Commission for a Competitive North Carolina developed goals in the following categories:

- (1) Healthy Children and Families;
- (2) Quality Education for All;
- (3) A High Performance Workforce;
- (4) A Prosperous Economy;
- (5) A Sustainable Environment;
- (6) Technology and Infrastructure Development;
- (7) Safe and Vibrant Communities; and
- (8) Active Citizenship/Accountable Government.

The Commission for a Competitive North Carolina adopted a report which established major goals and ways to measure progress toward these goals.

(a1) The General Assembly finds that the North Carolina Progress Board developed a report that focused on four of the Commission's recommended topics and issued 16 major targets for 2010. The objectives of the targets are to drive the State toward (i) a more expansive vision of education and environmental protection, (ii) strengthening families, and (iii) bringing more people into the economic mainstream.

(b) The General Assembly finds that:

- (1) The North Carolina economy of the future can provide unparalleled opportunity while maintaining North Carolina's traditional values, if the State pursues the future with clarity of purpose and perseverance;
- (2) The North Carolina economy is in the midst of a massive transition created by technological changes, global competition, and new production practices; and
- (3) In order to maintain employment opportunities, increase income levels, reduce poverty, and generate the public revenues necessary to provide public services, North Carolina must increasingly rely on an economy which adds value to its natural and human resources and provides a diverse mix of products.

(c) The North Carolina Progress Board shall:

- (1) Encourage the discussion and understanding of critical global and national social and economic trends that will affect North Carolina in the coming decades;
- (2) Examine the report of the Commission for a Competitive North ~~Carolina;~~ Carolina and the 1997 report of the North Carolina Progress Board to the General Assembly;
- (3) Track the eight issue areas set out in subsection (a) of this section; section and the objectives set out in subsection (a1) of this section and other issues identified by the Progress Board. The Progress Board may, upon vote of the Board, add to those issues identified by its predecessor Commission and Board;
- (4) Hold public hearings and other methods of public ~~participation~~ participation, including educational and outreach programs, to secure the views of citizens on priority goals for North ~~Carolina;~~ Carolina and to disseminate findings and recommendations to policymakers;
- (5) Formulate and submit to North Carolinians a report every five years, beginning 2001, that updates the 20- to 30-year vision for North Carolina and that describes and explains a vision for North Carolina's progress over the next 20 to 30 years;

- (6) Submit a report to the 1997 Regular Session of the General Assembly prior to its convening, convening the regular session every odd-numbered year, which reports on social and economic trends and issues specific targets and milestones to accomplish its mission;
  - (7) Recommend how the targets and milestones can be applied to increase the accountability of government to the people of this State; ~~and~~
  - (8) Report periodically to the people of North Carolina on progress toward meeting goals, targets, and ~~milestones.~~ milestones;
  - (9) Undertake new and ongoing policy research and benchmarking studies;
  - (10) Publish and distribute periodic reports on policies, performance improvement, and best practices for meeting the long-term goals for the State; and
  - (11) May apply for and accept gifts or grants.
- (d) The Regular Session of the General Assembly shall further define the mission of the North Carolina Progress Board in continuing its work.
- (e) The General Assembly, after adopting the initial set of goals and measures as proposed or amended, may alter the goals and measures.

**"§ 143B-372.3. Staff.**

- (a) ~~The North Carolina Progress Board may hire an executive director, who may be dismissed by the North Carolina Progress Board. The Chancellor of North Carolina State University shall appoint an Executive Director who shall serve at the pleasure of the Chancellor. The Executive Director shall report to the North Carolina Progress Board and the Chancellor. The Executive Director shall hire or contract with support staff and may dismiss them.~~ staff, who shall work at the pleasure of the Executive Director.
- (b) ~~There may be an Executive Staff Committee to assist the North Carolina Progress Board which shall consist of the Executive Director, if hired, the State Budget Officer, the State Planning Officer, and the Director of Fiscal Research.~~
- (c) ~~The State Budget Office and the State Planning Office shall also provide staff support to the North Carolina Progress Board. The Office of State Budget and Management and the Office of State Planning shall also provide support, information, reports, and other assistance to the North Carolina Progress Board as requested."~~

Section 10.12.(b) Funds appropriated for the 1998-99 fiscal year in S.L. 1998-212 for operating support of the North Carolina Progress Board to the Department of Commerce that are unexpended as of June 30, 1999, shall not revert but shall be transferred to North Carolina State University to support the operations of the North Carolina Progress Board. This section is effective June 30, 1999.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

## UNC OVERHEAD RECEIPTS

Section 10.13. Effective July 1, 1999, all overhead receipts earned by constituent institutions of The University of North Carolina shall be retained at the campus earning the receipts.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

## UNC GENERAL ADMINISTRATION FLEXIBILITY

Section 10.14.(a)G.S. 116-30.3 is amended by adding a new subsection to read:

" (e) Notwithstanding G.S. 143-18, of the General Fund current operations appropriations credit balance remaining in Budget Code 16010 of the Office of General Administration of The University of North Carolina, any amount of the General Fund appropriation for that fiscal year may be carried forward in that budget code to the next fiscal year and may be used for one-time expenditures that will not impose additional financial obligations on the State. However, the amount carried forward under this subsection shall not exceed two and one-half percent (2 1/2%) of the General Fund appropriation. The Director of the Budget, under the authority set forth in G.S. 143-25, shall establish the General Fund current operations credit balance remaining in Budget Code 16010 of the Office of General Administration of The University of North Carolina. The funds shall not be used to support positions."

Section 10.14.(b) G.S. 116-14 reads as rewritten:

### "§ 116-14. President and staff.

(a) The Board shall elect a President of the University of North Carolina. ~~He~~The President shall be the chief administrative officer of the University.

(b) The President shall be assisted by such professional staff members as may be deemed necessary to carry out the provisions of this Article, who shall be elected by the Board on nomination of the President. The Board shall fix the compensation of the staff members it elects. These staff members shall include a senior vice-president and such other vice-presidents and officers as may be deemed desirable. Provision shall be made for persons of high competence and strong professional experience in such areas as academic affairs, public service programs, business and financial affairs, institutional studies and long-range planning, student affairs, research, legal affairs, health affairs and institutional development, and for State and federal programs administered by the Board. In addition, the President shall be assisted by such other employees as may be needed to carry out the provisions of this Article, who shall be subject to the provisions of Chapter 126 of the General Statutes. The staff complement shall be established by the Board on recommendation of the President to insure that there are persons on the staff who have the professional competence and experience to carry out the duties assigned and to insure

that there are persons on the staff who are familiar with the problems and capabilities of all of the principal types of institutions represented in the system. Subject to approval by the Board, the President may establish and abolish employment positions within the staff complement authorized by this subsection in the manner of and under the conditions prescribed by G.S. 116-30.4 for special responsibility constituent institutions.

(b1) The President shall receive General Fund appropriations made by the General Assembly for continuing operations of The University of North Carolina that are administered by the President and the President's staff complement established pursuant to G.S. 116-14(b) in the form of a single sum to Budget Code 16010 of The University of North Carolina in the manner and under the conditions prescribed by G.S. 116-30.2. The President, with respect to the foregoing appropriations, shall have the same duties and responsibilities that are prescribed by G.S. 116-30.2 for the Chancellor of a special responsibility constituent institution. The President may establish procedures for transferring funds from Budget Code 16010 to the constituent institutions for nonrecurring expenditures. The President may identify funds for capital improvement projects from Budget Code 16010, and the capital improvement projects may be established following the procedures set out in in G.S. 143-18.1.

(b2) The President, in consultation with the State Auditor and the Director of the Office of State Personnel, shall ascertain that the management staff and internal financial controls are in place and continue in place to successfully administer the additional authority authorized under G.S. 116-14(b1) and G.S. 116-30.3(e). All actions taken by the President pursuant to G.S. 116-14(b1) and G.S. 116-30.3(e) are subject to audit by the State Auditor.

(c) The President, with the approval of the Board, shall appoint an advisory committee composed of representative presidents of the private colleges and universities and may appoint such additional advisory committees as are deemed necessary or desirable."

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Hardaway, Redwine

### **UNC NEW DEGREE PROGRAM FUNDS**

Section 10.16. Of the funds appropriated to the Board of Governors of The University of North Carolina for the 1999-2000 and the 2000-2001 fiscal years, the sum of one million three hundred forty thousand dollars (\$1,340,000) is to be used for new program development. For the 1999-2000 fiscal year the Board shall allocate these funds to support newly authorized programs at East Carolina University, Elizabeth City State University, North Carolina Agricultural and Technical State University, North Carolina State University, the University of North Carolina at Charlotte, and Winston-Salem State University.

## **PART XI. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

### **SUBPART 1. ADMINISTRATION**

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine  
**RECODIFICATION OF ADMINISTRATIVE RULES**

Section 11. The Codifier of Rules may reorganize Titles 10 and 15A of the North Carolina Administrative Code to reflect the recent reorganization of the Department of Health and Human Services and the Department of Environment and Natural Resources. The reorganization of the Code may include replacing Title 10 with a new Title 10A if desirable for clarity. The Codifier of Rules may make changes in the text of the affected rules to reflect changes in organizational structure of the Department of Health and Human Services and the Department of Environment and Natural Resources. So long as the changes in text do not change the substance of the rules, the reorganization by the Codifier is exempt from the requirements of Chapter 150B of the General Statutes and does not require the review or approval of the Rules Review Commission.

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine  
**PRESCRIPTION DRUG ASSISTANCE PROGRAM STUDY**

Section 11.1.(a) The Department of Health and Human Services shall work with the Fiscal Research Division of the Legislative Services Office to develop a proposal for a prescription drug assistance program. The purpose of the program shall be to serve low-income elderly and disabled persons who are not eligible for Medicaid and who need prescription drugs to treat a condition which, if left untreated, could result in the person's admission to a nursing facility or otherwise qualifying for Medicaid. The Department shall utilize the expertise of the Prescription Drug Work Group which authored "A Study of Options for Making Prescription Drugs More Affordable for Older Adults" to complete the analysis necessary for developing the proposal. In developing the proposal the Department shall do the following:

- (1) Identify health conditions that need prescription drug treatment and, if not treated, that can lead to nursing home admission or otherwise qualifying the person for Medicaid;
- (2) Identify the group of low-income elderly and disabled persons in most need of assistance;
- (3) Estimate the number of persons potentially eligible for assistance under the program;
- (4) Identify appropriate limitations on levels of assistance;

- (5) Estimate the cost of providing drug assistance and the cost of administering the program;
- (6) Review similar programs in other states;
- (7) Develop a simple and cost-effective system for administering a drug assistance program;
- (8) Develop a timetable for program implementation; and
- (9) Conduct other activities that will assist in the development of the proposal.

Section 11.1.(b) Not later than May 1, 2000, the Department shall report to the 1999 General Assembly, Regular Session 2000, with a complete proposal for a prescription drug assistance program. The report shall include several options for consideration by the General Assembly.

Requested by: Representatives Earle, Nye, Cansler, Easterling, Hardaway, Redwine, Baddour

#### **STUDY ON TRAUMATIC BRAIN INJURY**

Section 11.2. The Department of Health and Human Services shall study the following:

- (1) The long-range costs of treating and caring for persons with Traumatic Brain Injury; and
- (2) The feasibility and cost to the State of obtaining a Home and Community-Based Medicaid Waiver to provide Medicaid services to 100 individuals with Traumatic Brain Injury and for administrative support to manage the waiver.

The Department shall report the results of its study to the House of Representatives Appropriations Subcommittee on Health and Human Services and the Senate Appropriations Committee on Human Resources by May 1, 2000.

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

#### **DHHS EMPLOYEES/IN KIND MATCH**

Section 11.3. G.S. 143B-139.4 reads as rewritten:

**"§ 143B-139.4. Department of Health and Human Services; authority to assist private nonprofit ~~foundations.~~ organizations.**

(a)The Secretary of the Department of Health and Human Services may allow employees of the Department or provide other appropriate services to assist any private nonprofit ~~foundation~~ organization which works directly with services or programs of the Department and whose sole purpose is to support the services and programs of the Department. A Department employee shall be allowed to work with a ~~foundation~~ an

organization no more than twenty hours in any one month. These services are not subject to the provisions of Chapter 150B of the General Statutes.

(b) The board of directors of each private, nonprofit ~~foundation~~ organization shall secure and pay for the services of the State Auditor's Office or employ a certified public accountant to conduct an annual audit of the financial accounts of the ~~foundation~~ organization. The board of directors shall transmit to the Secretary of the Department a copy of the annual financial audit report of the private nonprofit ~~foundation~~ organization.

(c) Notwithstanding the limitations of subsection (a) of this section, the Secretary of the Department of Health and Human Services may assign employees of the Office of Rural Health and Resource Development to serve as in-kind match to nonprofit organizations working to establish health care programs that will improve health care access while controlling costs."

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

#### **ESTABLISHMENT OF DIVISION OF EDUCATION SERVICES**

Section 11.4.(a) Notwithstanding any other provision of law, the Secretary of the Department of Health and Human Services shall create a Division of Education Services to manage the Governor Morehead School and the three residential schools for the deaf. The Secretary may include in this new Division any or all of the schools and educational programs currently managed by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services.

The purpose of creating a Division of Education Services is to focus management attention and resources on the following:

- (1) Improving student academic and postsecondary outcomes.
- (2) Increasing staff development and training.
- (3) Achieving administrative consistency and access to expert support services across campuses.
- (4) Strengthening collaborative relationships with local education agencies and with the State Board of Education.

The Department's goals and plans for this new Division shall be consistent with the recommendations proposed by the Department in its report entitled, "Program Review of Disability Services," dated April 14, 1999.

The Division of Education Services shall be led by a Superintendent of Education Services. The Superintendent shall have a strong background in public education. The Superintendent shall implement a support team of managers and specialists at the division-level which will include, at a minimum, individual managers responsible for business management services, clinical services, and early intervention services.



The Secretary shall make a progress report on the establishment and staffing of the Division of Education Services to the Senate Appropriations Committee on Human Resources, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division no later than April 1, 2000.

The Secretary shall continue to review, evaluate, and recommend opportunities for improving the utilization of campus resources for the benefit of special needs children statewide, including the possibilities for year-round schooling and postsecondary transitional programming. The Secretary shall report the results of this review to the Senate Appropriations Committee on Human Resources and the House of Representatives Appropriations Subcommittee on Health and Human Services no later than April 1, 2000. The State Board of Education and the Superintendents of the local education agencies in which the residential schools are located shall cooperate in this effort.

Section 11.4.(b) G.S. 143B-216.33(a)(2) is repealed.

Section 11.4.(c) The Secretary of the Department of Health and Human Services shall evaluate opportunities, within the limits of existing law, for reorganizing the administration and delivery of the Department's services to visually impaired, deaf and hard of hearing, and vocational rehabilitation clients. The goals of this evaluation shall be to improve services to clients and to maximize the use of existing resources for the benefit of clients served. The Secretary shall report any reorganization resulting from this evaluation to the Senate Appropriations Committee on Human Resources and the House of Representatives Appropriations Subcommittee on Health and Human Services no later than April 1, 2000. Any reorganization under this subsection shall be within the limits of existing law.

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine  
**ABCs PLAN IN DHHS SCHOOLS**

Section. 11.5.(a) The Department of Health and Human Services shall retain any unobligated portion of the nonrecurring funds appropriated by the 1997 General Assembly, 1998 Regular Session, to implement the ABCs Plan in the Governor Morehead School and the Schools for the Deaf.

Section. 11.5.(b) This section becomes effective June 30, 1999.

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine  
**PROCEDURE FOR AWARD OF HUMAN SERVICES GRANTS**

Section 11.6. Of the funds appropriated in this act to the Department of Health and Human Services the sum of four million dollars (\$4,000,000) for the 1999-2000 fiscal year shall be used for grants for programs that provide services to older adults, adults with disabilities, at-risk children, and youth and families.

In awarding grants, the Secretary shall consider the merits of the program, the benefit to the State and local communities of the program, and the cost of the program.

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

**NONMEDICAID REIMBURSEMENT CHANGES**

Section 11.7. Providers of medical services under the various State programs, other than Medicaid, offering medical care to citizens of the State shall be reimbursed at rates no more than those under the North Carolina Medical Assistance Program. Hospitals that provide psychiatric inpatient care for multiply diagnosed adults who were identified as members of the Thomas S. class at the time of dissolution of the class, and other multiply diagnosed adults may be paid an additional incentive payment not to exceed fifteen percent (15%) of their regular daily per diem reimbursement.

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

Notwithstanding the provisions of paragraph one, the Department of Health and Human Services may negotiate with providers of medical services under the various Department of Health and Human Services programs, other than Medicaid, for rates as close as possible to Medicaid rates for the following purposes: contracts or agreements for medical services and purchases of medical equipment and other medical supplies. These negotiated rates are allowable only to meet the medical needs of its non-Medicaid eligible patients, residents, and clients who require such services which cannot be provided when limited to the Medicaid rate.

Maximum net family annual income eligibility standards for services in these programs shall be as follows:

<u>Family Size</u>	<u>Medical Eye Care Adults</u>	<u>All Rehabilitation</u>	<u>Other</u>
1 \$ 4,860	\$ 8,364	\$ 4,200	
2 5,940	10,944	5,300	
3 6,204	13,500	6,400	
4 7,284	16,092	7,500	
5 7,821	18,648	7,900	
6 8,220	21,228	8,300	
7 8,772	21,708	8,800	
8 9,312	22,220	9,300	

The eligibility level for children in the Medical Eye Care Program in the Division of Services for the Blind shall be one hundred percent (100%) of the federal poverty guidelines, as revised annually by the United States Department of Health and Human Services and in effect on July 1 of each fiscal year. The eligibility level for adults in the Atypical Antipsychotic Medication Program in the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services shall be one hundred twenty-five percent (125%) of the federal poverty guidelines, as revised annually by the United States Department of Health and Human Services and in effect on July 1 of each fiscal year. Additionally, those adults enrolled in the Atypical Antipsychotic Medication Program who become gainfully employed may continue to be eligible to receive State support, in decreasing amounts, for the purchase of atypical antipsychotic medication and related services up to three hundred percent (300%) of the poverty level.

State financial participation in the Atypical Antipsychotic Medication Program for those enrollees who become gainfully employed is as follows:

<u>Income State Participation</u> (% of poverty)		<u>Client Participation</u>
0-125%	100%	0%
126-140%	90%	10%
141-160%	80%	20%
161-180%	70%	30%
181-200%	60%	40%
201-220%	50%	50%
221-240%	40%	60%
241-260%	30%	70%
261-280%	20%	80%
281-300%	10%	90%
301%-over	0%	100%.

The Department of Health and Human Services shall contract at, or as close as possible to, Medicaid rates for medical services provided to residents of State facilities of the Department.

## **SUBPART 2. MEDICAL ASSISTANCE**

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

### **AUTHORIZATION TO EXPAND TRANSITIONAL MEDICAID**

Section 11.8. Effective no earlier than October 1, 1999, the Department of Health and Human Services shall expand transitional Medicaid benefits for Work First families, including parents, from 12 months to 24 months. The Department shall structure the expansion in a way that maximizes the federal fund share in transitional Medicaid for 24 months. The Department shall apply for federal approval or waiver, as necessary, to effectuate the expansion required in this section.

Requested by: Representatives Earle, Nye, Alexander, Easterling, Hardaway, Redwine  
**ADDITIONAL DENTAL BENEFITS UNDER HEALTH INSURANCE PROGRAM FOR CHILDREN**

Section 11.9. G.S. 108A-70.21(b)(1) reads as rewritten:

" (1) Dental: Oral examinations, teeth cleaning, and scaling twice during a 12-month period, full mouth X rays once every 60 months, supplemental bitewing X rays showing the back of the teeth once during a 12-month period, fluoride applications ~~once~~ twice during a 12-month period, sealants, simple extractions, therapeutic pulpotomies, prefabricated stainless steel crowns, and routine fillings of amalgam or other tooth-colored filling material to restore diseased teeth. No benefits are to be provided for services under this subsection that are not performed by or upon the direction of a dentist, doctor, or other professional provider approved by the Plan nor for services and materials that do not meet the standards accepted by the American Dental Association."

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine  
**ALLOCATION OF G.S. 143-23.2 MEDICAID FUNDS**

Section 11.10.(a) Of the funds transferred to the Department of Health and Human Services for Medicaid programs pursuant to G.S. 143-23.2, the sum of eighty-four million dollars (\$84,000,000) for the 1999-2000 fiscal year and the sum of twenty-nine million dollars (\$29,000,000) for the 2000-2001 fiscal year shall be allocated as prescribed by G.S. 143-23.2(b) for Medicaid programs. Notwithstanding the prescription in G.S. 143-23.2(b) that these funds not reduce State general revenue funding, these funds shall replace the reduction in general revenue funding effected in this act.

Section 11.10.(b) G.S. 143-23.2(b) reads as rewritten:

" (b) Contributed funds shall be subject to the Department of Health and Human Services administrative control and shall be allocated only as specifically as provided in the current operations appropriations act, except such contributions shall not reduce State general revenue funding. At the end of any fiscal year, the unobligated balance of any

such funds shall not revert to the General Fund, but shall be reappropriated for these purposes in the next fiscal year."

Requested by: Representatives Nye, Earle, Easterling, Hardaway, Redwine  
**STUDY INCREASE IN RESOURCE LIMITS FOR AGED, BLIND, DISABLED PERSONS TO QUALIFY FOR MEDICAID**

Section 11.11. The Department of Health and Human Services shall conduct a study of the feasibility and cost to triple the amount of the resource limits for aged, blind, and disabled persons to qualify for Medicaid. The Department shall report the results of its study to members of the House Appropriations Subcommittee on Health and Human Services and the members of the Senate Appropriations Committee on Human Resources not later than May 1, 2000.

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine  
**MEDICAID ANTICIPATED CHANGES**

Section 11.12.(a) Funds appropriated in this act for services provided in accordance with Title XIX of the Social Security Act (Medicaid) are for both the categorically needy and the medically needy. Funds appropriated for these services shall be expended in accordance with the following schedule of services and payment bases. All services and payments are subject to the language at the end of this subsection.

Services and payment bases:

- (1) Hospital-Inpatient - Payment for hospital inpatient services will be prescribed in the State Plan as established by the Department of Health and Human Services.
- (2) Hospital-Outpatient - Eighty percent (80%) of allowable costs or a prospective reimbursement plan as established by the Department of Health and Human Services.
- (3) Nursing Facilities - Payment for nursing facility services will be prescribed in the State Plan as established by the Department of Health and Human Services. Nursing facilities providing services to Medicaid recipients who also qualify for Medicare, must be enrolled in the Medicare program as a condition of participation in the Medicaid program. State facilities are not subject to the requirement to enroll in the Medicare program.
- (4) Intermediate Care Facilities for the Mentally Retarded - As prescribed in the State Plan as established by the Department of Health and Human Services.
- (5) Drugs - Drug costs as allowed by federal regulations plus a professional services fee per month excluding refills for the same drug or generic

equivalent during the same month. Reimbursement shall be available for up to six prescriptions per recipient, per month, including refills. Payments for drugs are subject to the provisions of subsection (h) of this section and to the provisions at the end of subsection (a) of this section, or in accordance with the State Plan adopted by the Department of Health and Human Services consistent with federal reimbursement regulations. Payment of the professional services fee shall be made in accordance with the State Plan adopted by the Department of Health and Human Services, consistent with federal reimbursement regulations. The professional services fee shall be five dollars and sixty cents (\$5.60) per prescription. Adjustments to the professional services fee shall be established by the General Assembly.

- (6) Physicians, Chiropractors, Podiatrists, Optometrists, Dentists, Certified Nurse Midwife Services - Fee schedules as developed by the Department of Health and Human Services. Payments for dental services are subject to the provisions of subsection (g) of this section.
- (7) Community Alternative Program, EPSDT Screens - Payment to be made in accordance with rate schedule developed by the Department of Health and Human Services.
- (8) Home Health and Related Services, Private Duty Nursing, Clinic Services, Prepaid Health Plans, Durable Medical Equipment - Payment to be made according to reimbursement plans developed by the Department of Health and Human Services.
- (9) Medicare Buy-In - Social Security Administration premium.
- (10) Ambulance Services - Uniform fee schedules as developed by the Department of Health and Human Services.
- (11) Hearing Aids - Actual cost plus a dispensing fee.
- (12) Rural Health Clinic Services - Provider-based, reasonable cost; nonprovider-based, single-cost reimbursement rate per clinic visit.
- (13) Family Planning - Negotiated rate for local health departments. For other providers - see specific services, for instance, hospitals, physicians.
- (14) Independent Laboratory and X-Ray Services - Uniform fee schedules as developed by the Department of Health and Human Services.
- (15) Optical Supplies - One hundred percent (100%) of reasonable wholesale cost of materials.
- (16) Ambulatory Surgical Centers - Payment as prescribed in the reimbursement plan established by the Department of Health and Human Services.

- (17) Medicare Crossover Claims - An amount up to the actual coinsurance or deductible or both, in accordance with the State Plan, as approved by the Department of Health and Human Services.
- (18) Physical Therapy and Speech Therapy - Services limited to EPSDT eligible children. Payments are to be made only to qualified providers at rates negotiated by the Department of Health and Human Services.
- (19) Personal Care Services - Payment in accordance with the State Plan approved by the Department of Health and Human Services.
- (20) Case Management Services - Reimbursement in accordance with the availability of funds to be transferred within the Department of Health and Human Services.
- (21) Hospice - Services may be provided in accordance with the State Plan developed by the Department of Health and Human Services.
- (22) Other Mental Health Services - Unless otherwise covered by this section, coverage is limited to agencies meeting the requirements of the rules established by the Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services, and reimbursement is made in accordance with a State Plan developed by the Department of Health and Human Services not to exceed the upper limits established in federal regulations.
- (23) Medically Necessary Prosthetics or Orthotics for EPSDT Eligible Children - Reimbursement in accordance with the State Plan approved by the Department of Health and Human Services.
- (24) Health Insurance Premiums - Payments to be made in accordance with the State Plan adopted by the Department of Health and Human Services consistent with federal regulations.
- (25) Medical Care/Other Remedial Care - Services not covered elsewhere in this section include related services in schools; health professional services provided outside the clinic setting to meet maternal and infant health goals; and services to meet federal EPSDT mandates. Services addressed by this paragraph are limited to those prescribed in the State Plan as established by the Department of Health and Human Services. Except for related services in schools, providers of these services shall be certified as meeting program standards of the Department of Health and Human Services, Division of Women's and Children's Health.
- (26) Pregnancy Related Services - Covered services for pregnant women shall include nutritional counseling, psychosocial counseling, and predelivery and postpartum home visits by maternity care coordinators and public health nurses.

Services and payment bases may be changed with the approval of the Director of the Budget.

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

Section 11.12.(b) Allocation of Nonfederal Cost of Medicaid. The State shall pay eighty-five percent (85%); the county shall pay fifteen percent (15%) of the nonfederal costs of all applicable services listed in this section.

Section 11.12.(c) Copayment for Medicaid Services. The Department of Health and Human Services may establish copayment up to the maximum permitted by federal law and regulation.

Section 11.12.(d) Medicaid and Work First Family Assistance, Income Eligibility Standards. The maximum net family annual income eligibility standards for Medicaid and Work First Family Assistance and the Standard of Need for Work First Family Assistance shall be as follows:

Categorically Needy Medically Needy

WFFA\*

<u>Level</u>	<u>Family Standard</u>	<u>Families and</u>	<u>Size</u>	<u>of Need</u>	<u>Children</u>	<u>Income</u>
	<u>AA, AB, AD*</u>					
1	\$ 4,344	\$ 2,172				\$ 2,900
2	5,664	2,832				3,800
3	6,528	3,264				4,400
4	7,128	3,564				4,800
5			7,776	3,888	5,200	
6	8,376	4,188				5,600
7	8,952	4,476				6,000
8	9,256	4,680	6,300			

\*Work First Family Assistance (WFFA); Aid to the Aged (AA); Aid to the Blind (AB); and Aid to the Disabled (AD).



The payment level for Work First Family Assistance shall be fifty percent (50%) of the standard of need.

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

Section 11.12.(e) The Department of Health and Human Services, Division of Medical Assistance, shall provide Medicaid coverage to all elderly, blind, and disabled people who have incomes equal to or less than one hundred percent (100%) of the federal poverty guidelines, as revised each April 1.

Section 11.12.(f) ICF and ICF/MR Work Incentive Allowances. The Department of Health and Human Services may provide an incentive allowance to Medicaid-eligible recipients of ICF and ICF/MR facilities who are regularly engaged in work activities as part of their developmental plan and for whom retention of additional income contributes to their achievement of independence. The State funds required to match the federal funds that are required by these allowances shall be provided from savings within the Medicaid budget or from other unbudgeted funds available to the Department. The incentive allowances may be as follows:

Monthly Net Wages Monthly Incentive Allowance

\$1.00 to \$100.99	Up to \$50.00
\$101.00 - \$200.99	\$80.00
\$201.00 to \$300.99	\$130.00
\$301.00 and greater	\$212.00.

Section 11.12.(g) Dental Coverage Limits. Dental services shall be provided on a restricted basis in accordance with rules adopted by the Department to implement this subsection.

Section 11.12.(h) Dispensing of Generic Drugs. Notwithstanding G.S. 90-85.27 through G.S. 90-85.31, under the Medical Assistance Program (Title XIX of the Social Security Act) a prescription order for a drug designated by a trade or brand name shall be considered to be an order for the drug by its established or generic name, except when the prescriber personally indicates, either orally or in the prescriber's own handwriting on the prescription order, 'dispense as written' or words of similar meaning. Generic drugs, when available in the pharmacy, shall be dispensed at a lower cost to the Medical Assistance Program rather than trade or brand name drugs, subject to the prescriber's 'dispense as written' order as noted above.

As used in this subsection 'brand name' means the proprietary name the manufacturer places upon a drug product or on its container, label, or wrapping at the

time of packaging; and 'established name' has the same meaning as in section 502(e)(3) of the Federal Food, Drug, and Cosmetic Act as amended, 21 U.S.C. § 352(e)(3).

Section 11.12.(i) Exceptions to Service Limitations, Eligibility Requirements, and Payments. Service limitations, eligibility requirements, and payments bases in this section may be waived by the Department of Health and Human Services, with the approval of the Director of the Budget, to allow the Department to carry out pilot programs for prepaid health plans, managed care plans, or community-based services programs in accordance with plans approved by the United States Department of Health and Human Services, or when the Department determines that such a waiver will result in a reduction in the total Medicaid costs for the recipient.

Section 11.12.(j) Volume Purchase Plans and Single Source Procurement. The Department of Health and Human Services, Division of Medical Assistance, may, subject to the approval of a change in the State Medicaid Plan, contract for services, medical equipment, supplies, and appliances by implementation of volume purchase plans, single source procurement, or other similar processes in order to improve cost containment.

Section 11.12.(k) Cost Containment Programs. The Department of Health and Human Services, Division of Medical Assistance, may undertake cost containment programs including preadmissions to hospitals and prior approval for certain outpatient surgeries before they may be performed in an inpatient setting.

Section 11.12.(l) For all Medicaid eligibility classifications for which the federal poverty level is used as an income limit for eligibility determination, the income limits will be updated each April 1 immediately following publication of federal poverty guidelines.

Section 11.12.(m) The Department of Health and Human Services shall provide Medicaid to 19-, 20-, and 21-year olds in accordance with federal rules and regulations.

Section 11.12.(n) The Department of Health and Human Services shall provide coverage to pregnant women and to children according to the following schedule:

- (1) Pregnant women with incomes equal to or less than one hundred eighty-five percent (185%) of the federal poverty guidelines as revised each April 1 shall be covered for Medicaid benefits.
- (2) Infants under the age of 1 with family incomes equal to or less than one hundred eighty-five percent (185%) of the federal poverty guidelines as revised each April 1 shall be covered for Medicaid benefits.
- (3) Children aged 1 through 5 with family incomes equal to or less than one hundred thirty-three percent (133%) of the federal poverty guidelines as revised each April 1 shall be covered for Medicaid benefits.

- (4) Children aged 6 through 18 with family incomes equal to or less than the federal poverty guidelines as revised each April 1 shall be covered for Medicaid benefits.
- (5) The Department of Health and Human Services shall provide Medicaid coverage for adoptive children with special or rehabilitative needs regardless of the adoptive family's income.

Services to pregnant women eligible under this subsection continue throughout the pregnancy but include only those related to pregnancy and to those other conditions determined by the Department as conditions that may complicate pregnancy. In order to reduce county administrative costs and to expedite the provision of medical services to pregnant women, to infants, and to children described in subdivisions (3) and (4) of this subsection, no resources test shall be applied.

Section 11.12.(o) Medicaid enrollment of categorically needy families with children shall be continuous for one year without regard to changes in income or assets.

Section 11.12.(p) The Department of Health and Human Services shall submit a monthly status report on expenditures for acute care and long-term care services to the Fiscal Research Division and to the Office of State Budget and Management. This report shall include an analysis of budgeted versus actual expenditures for eligibles by category and for long-term care beds. In addition, the Department shall revise the program's projected spending for the current fiscal year and the estimated spending for the subsequent fiscal year on a quarterly basis. Reports for the preceding month shall be forwarded to the Fiscal Research Division and to the Office of State Budget and Management no later than the third Thursday of the month.

Section 11.12.(q) The Division of Medical Assistance, Department of Health and Human Services, may provide incentives to counties that successfully recover fraudulently spent Medicaid funds by sharing State savings with counties responsible for the recovery of the fraudulently spent funds.

Section 11.12.(r) If first approved by the Office of State Budget and Management, the Division of Medical Assistance, Department of Health and Human Services, may use funds that are identified to support the cost of development and acquisition of equipment and software through contractual means to improve and enhance information systems that provide management information and claims processing.

Section 11.12.(s) The Division of Medical Assistance, Department of Health and Human Services, may administer Medicaid estate recovery mandated by the Omnibus Budget Reconciliation Act of 1993, (OBRA 1993), 42 U.S.C. § 1396p(b), and G.S. 108-70.5 using temporary rules pending approval of final rules promulgated pursuant to Chapter 150B of the General Statutes.

Section 11.12.(t) The Department of Health and Human Services may adopt temporary rules according to the procedures established in G.S. 150B-21.1 when it finds that these rules are necessary to maximize receipt of federal funds, to reduce Medicaid expenditures, and to reduce fraud and abuse. Prior to the filing of these temporary rules with the Office of Administrative Hearings, the Department shall consult with the Office of State Budget and Management on the possible fiscal impact of the temporary rule and its effect on State appropriations and local governments.

Section 11.12.(u) The Department shall report to the Fiscal Research Division of the Legislative Services Office and to the House of Representatives Appropriations Subcommittee on Health and Human Services and the Senate Appropriations Committee on Human Resources or the Joint Legislative Health Care Oversight Committee on any change it anticipates making in the Medicaid program that impacts the type or level of service, reimbursement methods, or waivers, any of which require a change in the State Plan or other approval by the Health Care Financing Administration. The reports shall be provided at the same time they are submitted to HCFA for approval.

Section 11.12.(v) If the Department of Health and Human Services obtains a Medicaid waiver to implement two long-term care pilot projects, then the Department shall report the particulars of the waiver, the pilot projects, and the status of implementation to members of the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Human Resources, and the Study Commission on Aging within 30 days of receiving the waiver. The Department shall not expand the pilot project beyond the two initial pilots without first reporting the proposed expansion to the members of the House of Representatives Appropriations Subcommittee on Health and Human Services and the Senate Appropriations Committee on Human Resources.

Section 11.12.(w) The Department of Health and Human Services shall study the effect of subsection (o) of this section on both the Medicaid program and the Health Insurance Program for Children. The Department shall make an interim report on the results of this study to the members of the House of Representatives Appropriations Subcommittee on Health and Human Services and the Senate Appropriations Committee on Human Resources by October 1, 1999, and shall make a final report by January 1, 2000.

Requested by: Representatives Earle, Nye, Gillespie, Easterling, Hardaway, Redwine  
**DEPARTMENTAL STUDY/MEDICAID COVERAGE FOR MEDICALLY NECESSARY PROSTHETICS OR ORTHOTICS**

Section 11.13. The Department of Health and Human Services shall study providing Medicaid coverage for medically necessary prosthetics or orthotics for Medicaid eligible persons age 21 and older. The Department shall report its findings and

recommendations, including the cost of providing these benefits, to the members of the House Appropriations Subcommittee on Health and Human Services and the Senate Appropriations Committee on Human Resources not later than May 1, 2000.

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

**DENTIST PARTICIPATION IN MEDICAID**

Section 11.14. The Joint Legislative Health Care Oversight Committee shall review the report of the North Carolina Institute of Medicine's Task Force on Dental Care Access and other reports and information pertinent to access to dental care and shall consider the findings and recommendations of these reports. The Committee shall report its recommendations resulting from this review to the House Appropriations Subcommittee on Health and Human Services and the Senate Appropriations Committee on Human Resources not later than May 1, 2000.

**SUBPART 3. AGING**

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

**SENIOR CENTER OUTREACH**

Section 11.15.(a) Funds appropriated to the Department of Health and Human Services, Division of Aging, for the 1999-2001 fiscal biennium, shall be used by the Division of Aging to enhance senior center programs as follows:

- (1) To expand the outreach capacity of senior centers to reach unserved or underserved areas; or
- (2) To provide start-up funds for new senior centers.

All of these funds shall be allocated by October 1 of each fiscal year.

Section 11.15.(b) Prior to funds being allocated pursuant to this section for start-up funds for a new senior center, the board of commissioners of the county in which the new center will be located shall:

- (1) Formally endorse the need for a center;
- (2) Formally agree on the sponsoring agency for the center; and
- (3) Make a formal commitment to use local funds to support the ongoing operation of the center.

Section 11.15.(c) State funding shall not exceed ninety percent (90%) of reimbursable costs.

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

**FUNDS FOR ALZHEIMER'S ASSOCIATION CHAPTERS IN NC**

Section 11.16. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Aging, the sum of one hundred fifty thousand

dollars (\$150,000) for the 1999-2000 fiscal year and the sum of one hundred fifty thousand dollars (\$150,000) for the 2000-2001 fiscal year shall be allocated among the three chapters of the Alzheimer's Association, as follows:

- (1) \$50,000 in each fiscal year for the Western Alzheimer's Chapter;
- (2) \$50,000 in each fiscal year for the Southern Piedmont Alzheimer's Chapter; and
- (3) \$50,000 in each fiscal year for the Eastern Alzheimer's Chapter.

Before funds may be allocated to any chapter under this section, the chapter shall submit to the Division of Aging, for its approval, a plan for the use of these funds.

#### **SUBPART 4. FACILITY SERVICES**

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

##### **FIRE PROTECTION FUND**

Section 11.17. G.S. 122A-5.13 is amended by adding a new subsection to read:

"(c) Proceeds from the Fire Protection Fund, not to exceed ten thousand dollars (\$10,000) annually, may be used to provide staff support to the North Carolina Housing Finance Agency for loan processing under this section and to the Department of Health and Human Services for review and approval of fire protection plans and inspection of fire protection systems."

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

##### **TRANSFER BINGO PROGRAM TO CRIME CONTROL AND PUBLIC SAFETY**

Section 11.18. The Bingo Program in the Department of Health and Human Services, Division of Facility Services, and all functions, powers, duties, and obligations vested in the Department of Health and Human Services for the Bingo Program, are transferred to and vested in the Department of Crime Control and Public Safety by a Type I transfer, as defined in G.S. 143A-6.

Requested by: Representatives Earle, Nye, Cansler, Easterling, Hardaway, Redwine

##### **ADULT CARE HOME BED VACANCIES/EXTENSION**

Section 11.19. Section 11.69(b) of S.L. 1997-443, as amended by Section 12.16C(a) of S.L. 1998-212, reads as rewritten:

"(b) Effective until ~~August 26, 1999~~, September 30, 2000, the Department of Health and Human Services shall not approve the addition of any adult care home beds for any type home or facility in the State, except as follows:

- (1) Plans submitted for approval prior to May 18, 1997, may continue to be processed for approval;

- (2) Plans submitted for approval subsequent to May 18, 1997, may be processed for approval if the individual or organization submitting the plan demonstrates to the Department that on or before August 25, 1997, the individual or organization purchased real property, entered into a contract to purchase or obtain an option to purchase real property, entered into a binding real property lease arrangement, or has otherwise made a binding financial commitment for the purpose of establishing or expanding an adult care home facility. An owner of real property who entered into a contract prior to August 25, 1997, for the sale of an existing building together with land zoned for the development of not more than 50 adult care home beds with a proposed purchaser who failed to consummate the transaction may, after August 25, 1997, sell the property to another purchaser and the Department may process and approve plans submitted by the purchaser for the development of not more than 50 adult care home beds. It shall be the responsibility of the applicant to establish, to the satisfaction of the Department, that any of these conditions have been met;
- (3) Adult care home beds in facilities for the developmentally disabled with six beds or less which are or would be licensed under G.S. 131D or G.S. 122C may continue to be approved;
- (4) If the Department determines that the vacancy rate of available adult care home beds in a county is fifteen percent (15%) or less of the total number of available beds in the county as of August 26, 1997, and no new beds have been approved or licensed in the county or plans submitted for approval in accordance with subdivision (1) or (2) of this section which would raise the vacancy rate above fifteen percent (15%) in the county, then the Department may accept and approve the addition of beds in that county; or
- (5) If a county board of commissioners determines that a substantial need exists for the addition of adult care home beds in that county, the board of commissioners may request that a specified number of additional beds be licensed for development in their county. In making their determination, the board of commissioners shall give consideration to meeting the needs of Special Assistance clients. The Department may approve licensure of the additional beds from the first facility that files for licensure and subsequently meets the licensure requirements."

Requested by: Representatives Earle, Nye, Cansler, Easterling, Hardaway, Redwine

**PLAN FOR ACCREDITATION OF ADULT CARE HOMES AND ASSISTED LIVING FACILITIES**

Section 11.20. The Department of Health and Human Services shall study and develop a plan and criteria for accreditation of adult care homes and assisted living facilities. The plan shall provide for enhanced payments to adult care homes and assisted living facilities which meet accreditation criteria.

The Department shall report the findings and recommendations of its study, including the plan developed, to the Joint Legislative Health Care Oversight Committee and to the North Carolina Study Commission on Aging no later than April 1, 2000.

**SUBPART 5. SOCIAL SERVICES**

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

**SPECIAL ASSISTANCE DEMONSTRATION PROJECT**

Section 11.21. The Department of Health and Human Services may use funds from the existing State/County Special Assistance for Adults budget to provide Special Assistance payments to eligible individuals in in-home living arrangements. These payments may be made for up to 400 individuals participating in the two long-term care demonstration projects sponsored by the Department. These payments may be made for up to a two-year period beginning July 1, 1999, and ending June 30, 2001. To the maximum extent possible, the Department shall consider geographic balance in the dispersion of payments to individuals across the State. The Department shall make an interim report to the cochairs of the House of Representatives Appropriations Subcommittee on Health and Human Services and the Chair of the Senate Appropriations Committee on Human Resources by June 30, 2000, and a final report by October 1, 2001.

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

**ADULT CARE HOMES REIMBURSEMENT RATE/ADULT CARE HOMES ALLOCATION OF NONFEDERAL COST OF MEDICAID PAYMENTS/STAFFING GRANT**

Section 11.22.(a) The eligibility of Special Assistance recipients residing in adult care homes on August 1, 1995, shall not be affected by an income reduction in the Special Assistance eligibility criteria resulting from adoption of the Rate Setting Methodology Report and Related Services, providing these recipients are otherwise eligible. The maximum monthly rate for these residents in adult care home facilities shall be one thousand two hundred thirty-one dollars (\$1,231) per month per resident.

Section 11.22.(b) Effective August 1, 1995, the State shall pay fifty percent (50%) and the county shall pay fifty percent (50%) of the nonfederal costs of Medicaid services paid to adult care home facilities. As Medicaid personal care



requirements increase due to increases in inflation and the number of eligibles, the county matching share shall be capped until it equals fifteen percent (15%) of the nonfederal Medicaid personal care requirements.

Section 11.22.(c) Effective October 1, 1998, the maximum monthly rate for residents in adult care home facilities shall be nine hundred fifty-six dollars (\$956.00) per month per resident.

Section 11.22.(d) Effective October 1, 1999, the maximum monthly rate for residents in adult care home facilities shall be nine hundred eighty-two dollars (\$982.00) per month per resident.

Section 11.22.(e) Effective October 1, 2000, the maximum monthly rate for residents in adult care home facilities shall be one thousand sixteen dollars (\$1,016) per month per resident.

Section 11.22.(f) Of the funds appropriated in this act to the Department of Health and Human Services, the sum of two million dollars (\$2,000,000) for the 1999-2000 fiscal year and the sum of five hundred thousand dollars (\$500,000) for July through September of the 2000-2001 fiscal year, shall be used by the Department for staffing grants for adult care homes as authorized under this subsection. These funds shall be matched equally by county funds. Effective January 1, 1999, grants shall be awarded to those adult care homes that are required to add staff or that have added staff in order to comply with the increase in third shift staffing requirements under G.S. 131D-4.3(a)(5), from eight hours of aide duty per 50 or fewer residents to eight hours of aide duty per 30 or fewer residents. The Department shall determine eligibility for these grants based upon factors which shall include:

- (1) Licensed capacity as of August 1, 1998,
- (2) Occupancy rate, and
- (3) Percentage of residents receiving State and county special assistance of the total residents in the adult care home.

Adult care homes that receive staffing grants under this subsection shall provide documentation to the Department showing that the home has complied with staffing ratios established under G.S. 131D-4.3(a)(5). An adult care home that receives grant funds under this subsection and is found by the Department not to have complied with staffing requirements of G.S. 131D-4.3(a)(5) shall refund to the Department a prorated share of the staffing grant funds received by the adult care home. The Department shall incorporate the staffing grants authorized under this subsection into the existing Special Assistance payment methodology or the Medicaid Personal Care Services reimbursement methodology effective October 1, 2000.

Section 11.22.(g) Effective January 1, 2000, the Department of Health and Human Services may transfer funds from the State/County Special Assistance program to support expansion of Medicaid Personal Care Services for residents of adult care homes.

Section 11.22.(h) Effective January 1, 2000, the State shall pay fifty percent (50%) and the county shall pay fifty percent (50%) of the nonfederal share of new levels of Medicaid Personal Care Services paid to adult care homes. Effective July 1, 2001, the State shall pay fifty-seven percent (57%) and each county shall pay forty-three percent (43%) of the nonfederal share of new levels of Medicaid Personal Care Services paid to adult care homes. Each year thereafter, the State share of the nonfederal cost will increase by seven percent (7%) until the county share equals fifteen percent (15%) of the nonfederal share of new levels of Medicaid Personal Care Services.

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

**FOSTER CARE ASSISTANCE PAYMENTS**

Section 11.23. The maximum rates for State participation in the foster care assistance program are established on a graduated scale as follows:

- (1) \$315.00 per child per month for children aged birth through 5;
- (2) \$365.00 per child per month for children aged 6 through 12; and
- (3) \$415.00 per child per month for children aged 13 through 18.

Of these amounts, fifteen dollars (\$15.00) is a special needs allowance for the child.

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

**ADOPTION ASSISTANCE PAYMENTS**

Section 11.24. The maximum rates for State participation in the adoption assistance program are established on a graduated scale as follows:

- (1) \$315.00 per child per month for children aged birth through five;
- (2) \$365.00 per child per month for children aged six through 12; and
- (3) \$415.00 per child per month for children aged 13 through 18.

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

**AUTHORIZED ADDITIONAL USE OF HIV FOSTER CARE AND ADOPTIVE FAMILY FUNDS**

Section 11.25.(a) In addition to providing board payments to foster and adoptive families of HIV-infected children, as prescribed in Chapter 324 of the 1995 Session Laws, any additional funds remaining that were appropriated for this purpose shall be used to provide medical training in avoiding HIV transmission in the home.

Section 11.25.(b) The maximum rates for State participation in HIV foster care and adoption assistance are established on a graduated scale as follows:

- (1) \$800.00 per month per child with indeterminate HIV status;
- (2) \$1,000 per month per child confirmed HIV-infected, asymptomatic;
- (3) \$1,200 per month per child confirmed HIV-infected, symptomatic; and
- (4) \$1,600 per month per child terminally ill with complex care needs.

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

**CHILD PROTECTIVE SERVICES**

Section 11.26.(a) The funds appropriated in this act to the Department of Health and Human Services, Division of Social Services, for the 1999-2001 fiscal biennium for Child Protective Services shall be allocated to county departments of social services based upon a formula which takes into consideration the number of Child Protective Services cases and the number of Child Protective Services workers and supervisors necessary to meet recommended standards adopted by the North Carolina Association of County Directors of Social Services.

Section 11.26.(b) Funds allocated under subsection (a) of this section shall be used by county departments of social services for carrying out investigative assessments of child abuse or neglect or for providing protective or preventive services in cases in which the department confirms abuse, neglect, or dependency.

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

**CHILD WELFARE SYSTEM PILOTS**

Section 11.27.(a) The Department of Health and Human Services, Division of Social Services, shall develop a plan, working with local departments of social services, to implement a dual response system of child protection in no fewer than two and no more than five demonstration areas in this State. The plan should provide for the pilots to implement dual response systems in which:

- (1) Local child protective services and law enforcement work together as coinvestigators in serious abuse cases; and
- (2) Local departments of social services respond to reports of child abuse or neglect with a family assessment and services approach.

Section 11.27.(b) The Department of Health and Human Services shall plan for the development of data collection processes that would enable the General Assembly to assess the impact of these pilots on:

- (1) Child safety;
- (2) Timeliness of response;
- (3) Timeliness of services;
- (4) Coordination of local human services;
- (5) Cost-effectiveness;
- (6) Any other related issues.

Section 11.27.(c) The Department of Health and Human Services may proceed to implement the pilot dual response systems if non-State funds are identified for this purpose.

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

**CHILD WELFARE SYSTEM IMPROVEMENTS**

Section 11.28.(a) The Division of Social Services, Department of Health and Human Services, shall report semiannually to the members of the Senate Appropriations Committee on Human Resources, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on the activities of the State Child Fatality Review Team and shall provide a final report to the Senate Appropriations Committee on Human Resources and the House of Representatives Appropriations Subcommittee on Health and Human Services no later than April 1, 2000, including recommendations for changes in the statewide child protection system.

Section 11.28.(b) Subsection (d) of Section 11.57 of S.L. 1997-443, as amended by Section 12.22 of S.L. 1998-212, reads as rewritten:

" (d) Notwithstanding G.S. 131D-10.6A, the Division of Social Services shall establish training requirements for child welfare services staff initially hired on and after January 1, 1998. The minimum training requirements established by the Division shall be as follows:

- (1) Child welfare services workers must complete a minimum of 72 hours of preservice training before assuming direct client contact responsibilities;
- (2) Child protective services workers must complete a minimum of 18 hours of additional training that the Division determines is necessary to adequately meet training needs;
- (3) Foster care and adoption social workers must complete a minimum of 39 hours of additional training that the Division determines is necessary to adequately meet training needs;
- (4) Child Welfare Services supervisors must complete a minimum of 72 hours of preservice training before assuming supervisory responsibilities, and a minimum of 54 hours of additional training that the Division determines is necessary to adequately meet training needs; and
- (5) Child welfare services staff must complete 24 hours of continuing education annually thereafter.

The Division of Social Services may grant an exception in whole or in part to the minimum 72 hours of preservice training for child welfare workers who satisfactorily complete or are enrolled in a masters or bachelors degree program after July 1, 1999, from an accredited North Carolina social work program pursuant to the Council on Social Work Education. The program's curricula must cover the specific preservice training requirements as established by the Division.

The Division of Social Services shall ensure that training opportunities are available for county departments of social services and consolidated human services agencies to meet the training requirements of this subsection.

This subsection shall continue in effect until explicitly repealed."

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

**LIMITATIONS ON STATE ABORTION FUND**

Section 11.29. The limitations on funding of the performance of abortion established in Section 23.27 of Chapter 324 of the 1995 Session Laws, as amended by Section 23.8A of Chapter 507 of the 1995 Session Laws, apply to the 1999-2000 and 2000-2001 fiscal years.

Requested by: Representatives Redwine, Earle, Nye, Easterling, Hardaway

**CHILD CARING INSTITUTION RULES EFFECTIVE**

Section 11.30. Notwithstanding G.S. 150B-21.3(b), Administrative Rules 10 NCAC 41S and 41T, adopted by the Social Services Commission on January 13, 1999, and approved by the Rules Review Commission on February 18, 1999, and Administrative Rules 10 NCAC 41E, 41G, and 41R, repealed by the Social Services Commission on January 13, 1999, and approved by the Rules Review Commission on February 18, 1999, become effective July 1, 1999.

**SUBPART 6. MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES**

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

**PHYSICIAN SERVICES**

Section 11.32. With the approval of the Office of State Budget and Management, the Department of Health and Human Services may use funds appropriated in this act for across-the-board salary increases and performance pay to offset similar increases in the costs of contracting with private and independent universities for the provision of physician services to clients in facilities operated by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services. This offsetting shall be done in the same manner as is currently done with constituent institutions of The University of North Carolina.

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

**LIABILITY INSURANCE**

Section 11.33. The Secretary of the Department of Health and Human Services, the Secretary of the Department of Environment and Natural Resources, and the

Secretary of the Department of Correction may provide medical liability coverage not to exceed one million dollars (\$1,000,000) per incident on behalf of employees of the Departments licensed to practice medicine or dentistry, all licensed physicians who are faculty members of The University of North Carolina who work on contract for the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services for incidents that occur in Division programs, and on behalf of physicians in all residency training programs from The University of North Carolina who are in training at institutions operated by the Department of Health and Human Services. This coverage may include commercial insurance or self-insurance and shall cover these individuals for their acts or omissions only while they are engaged in providing medical and dental services pursuant to their State employment or training.

The coverage provided under this section shall not cover any individual for any act or omission that the individual knows or reasonably should know constitutes a violation of the applicable criminal laws of any state or the United States, or that arises out of any sexual, fraudulent, criminal, or malicious act, or out of any act amounting to willful or wanton negligence.

The coverage provided pursuant to this section shall not require any additional appropriations and shall not apply to any individual providing contractual service to the Department of Health and Human Services, the Department of Environment and Natural Resources, or the Department of Correction, with the exception that coverage may include physicians in all residency training programs from The University of North Carolina who are in training at institutions operated by the Department of Health and Human Services and licensed physicians who are faculty members of The University of North Carolina who work for the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services.

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

**PRIVATE AGENCY UNIFORM COST FINDING REQUIREMENT**

Section 11.34. To ensure uniformity in rates charged to area programs and funded with State-allocated resources, the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services of the Department of Health and Human Services may require a private agency that provides services under contract with two or more area programs, except for hospital services that have an established Medicaid rate, to complete an agency-wide uniform cost finding in accordance with G.S. 122C-143.2(a) and G.S. 122C-147.2. The resulting cost shall be the maximum included for the private agency in the contracting area program's unit cost finding.

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

**FUNDS TO REDUCE WAITING LIST FOR SERVICES FOR DEVELOPMENTALLY DISABLED PERSONS**

Section 11.35. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of six million dollars (\$6,000,000) for the 1999-2000 fiscal year shall be used to provide family support services to developmentally disabled individuals who are not eligible for the Medicaid Community Alternative Program for Mentally Retarded/Developmentally Disabled persons and who are on the Department's waiting list for services.

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine  
**STUDY OF STATE PSYCHIATRIC HOSPITALS/AREA MENTAL HEALTH PROGRAMS**

Section 11.36. In accordance with Section 12.35A of S.L. 1998-212, the State Auditor shall make the following reports to the members of the Senate Appropriations Committee on Human Resources and the House of Representatives Appropriations Subcommittee on Health and Human Services:

- (1) Final report on the study of State psychiatric hospitals not later than December 1, 1999, and
- (2) Second interim report on the study of the area mental health programs not later than November 1, 1999, and a final report not later than April 1, 2000.

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine  
**BUTNER COMMUNITY LAND RESERVATION**

Section 11.37. The Department of Health and Human Services shall reserve and dedicate the following described land for the construction of a Community Building and related facilities to serve the Butner Reservation:

"Approximately 2 acres, on the east side it borders Central Avenue with a line running along the Wallace Bradshur property on the north back to the tree line next to the ADATC. From there it follows the tree line south and west to and including the softball field. From the softball field it turns east to the State Employees Credit Union and follows the Credit Union property on the south side back to Central Avenue."

This land shall be reserved and dedicated for the project which shall be funded with contributions from Granville County, contributions from the residents of the Butner Reservation, the use of cablevision franchise rebate funds received by the Department of Health and Human Services on behalf of the Butner Reservation, and other public and private sources.

The Butner Planning Council shall advise the Secretary of Health and Human Services, through resolutions adopted by the Council, regarding the use of this reserved and dedicated land, the construction of the Community Building, and the expenditure of the cablevision franchise rebate funds.

The Department of Health and Human Services shall reserve and dedicate the above described property for the above described purposes until the time, if any, that a permanent local government is established on the Butner Reservation at which time the land shall be transferred to the local government.

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

**MENTAL HEALTH FUNDS FOR CRISIS SERVICES**

Section 11.38. Purposes for which funds are appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the development of local crisis services shall include, but not be limited to, meeting the short-term crisis needs of mentally retarded children determined by the Division to need crisis services. The Division shall pursue the use of available State resources and services for these children, including mental retardation centers, for short-term crisis treatment for appropriate minors, as determined by the Division.

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

**MENTAL HEALTH RESERVE FOR MEDICAID MATCH**

Section 11.39.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 1999-2000 fiscal year, the Department shall transfer to the Mental Health Restricted Reserve not more than the amount of actual expenditures for Medicaid payments for the 1998-99 fiscal year for services provided by area mental health authorities, plus the estimated amount needed to match Medicaid payments for the former Carolina Alternatives Programs. The Department shall not transfer from area program allocations funds to cover Medicaid payment expenditures that exceed the amount of funds in the Reserve for the 1999-2000 fiscal year.

Section 11.39.(b) Any nonfederal increases in the cost of Medicaid services provided by area mental health authorities will be borne in equal parts by the State and county funding entity until the county share reaches fifteen percent (15%) of the nonfederal share.

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

**USE OF WILLIE M./THOMAS S. FUNDS**



Section 11.40.(a) Funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 1999-2000 fiscal year and the 2000-2001 fiscal year to provide services required by State and federal law to Willie M. class members shall be used to:

- (1) Maintain existing services to children with special needs who were identified as members of the class at the time of dissolution of the class, and
- (2) Provide services to violent and assaultive children and other children at risk for institutionalization.

Not later than May 1, 2000, the Department shall report to the members of the House Appropriations Subcommittee on Health and Human Services and the Senate Appropriations Committee on Human Resources on its efforts to transition the formerly court-mandated Willie M. program into the larger mental health disability service areas in order to maximize the efficient and effective use of the funds while also maintaining services to former class members. The report shall include information on the Department's progress in complying with this section and the Department's proposed plans for maximizing the use of these funds in the future.

Section 11.40.(b) Funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 1999-2000 fiscal year and the 2000-2001 fiscal year to provide services to Thomas S. class members required by State and federal law shall be used to provide services to multiply diagnosed adults who were identified as members of the class at the time of dissolution of the class, and other multiply diagnosed adults. Not later than May 1, 2000, the Department shall report to members of the House Appropriations Subcommittee on Health and Human Services and the Senate Appropriations Committee on Human Resources on its efforts to maximize the efficient and effective use of the funds while also maintaining services to former class members. The report shall specifically address the following:

- (1) Positive clinical, functional, and personal outcomes for consumers;
- (2) Positive systems outcomes;
- (3) Identification and elimination of redundant, inefficient, or unnecessary process-oriented tasks;
- (4) Single-stream funding;
- (5) Use of Medicaid waivers;
- (6) Elimination of barriers to full access to community and treatment services; and

- (7) Improved mechanisms for supporting consumers with multiple or challenging disabilities in the areas of education, housing, employment, and other supports needed for long-term stability in the community.

The report shall also include the status of development and implementation of cost-containment measures required under Section 11.37(a) of S.L. 1997-443, as amended by Section 12.30 of S.L. 1998-212, and any other related cost-containment measures developed by the Department.

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine  
**AUTHORITY TO ACCESS CASH RESERVES OF DMH/DD/SAS AREA PROGRAM FOUNDATIONS FOR REIMBURSEMENT FOR DISALLOWED EXPENDITURES**

Section 11.41. Part 2 of Article 4 of Chapter 122C of the General Statutes is amended by adding the following new section to read:

**"§ 122C-123A. Area authority reimbursement to State for disallowed expenditures.**

Any funds or part thereof of an area authority that are transferred by the area authority to any entity including a firm, partnership, corporation, company, association, joint stock association, agency, or nonprofit private foundation shall be subject to reimbursement by the area authority to the State when expenditures of the area authority are disallowed pursuant to a State or federal audit."

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine  
**EARLY INTERVENTION SERVICES**

Section 11.42.(a) Of the funds appropriated in this act to the Department of Health and Human Services, the sum of two hundred three thousand dollars (\$203,000) for the 1999-2000 fiscal year and the sum of six hundred ten thousand dollars (\$610,000) for the 2000-2001 fiscal year shall be used to implement two recommendations from the Interagency Coordinating Council's "Study on Early Intervention Services for Children Ages Birth to Five Years," dated March 1999. The Department of Health and Human Services, the Department of Public Instruction, and The University of North Carolina's Division TEACCH (Treatment and Education of Autistic and other Communications Handicapped Children and Adults), shall participate jointly, in collaboration with the Interagency Coordinating Council, in the planning, design, and implementation of the following provisions:

- (1) Of the funds allocated by this subsection, the sum of seventy-eight thousand dollars (\$78,000) in the 1999-2000 fiscal year and the sum of one hundred ten thousand dollars (\$110,000) in the 2000-2001 fiscal year shall be used to plan, design, and implement an integrated,

interagency database for children with or at risk for disabilities who receive early intervention services. The purpose of the database is to:

- a. Assist in identifying gaps in services;
- b. Project and plan for future service needs;
- c. Improve the quality and accessibility of services; and
- d. Document outcomes of early intervention services.

This database shall be compatible with the State Board of Education's new Student Information Management System. These agencies shall initiate use of the database in a pilot program in at least one community by July 1, 2000, and shall evaluate this pilot for statewide implementation by July 1, 2001. The agencies shall submit a progress report by April 1, 2000, to the Senate Appropriations Committee on Human Resources, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

- (2) Of the funds allocated by this subsection, the sum of one hundred twenty-five thousand dollars (\$125,000) in fiscal year 1999-2000 and the sum of five hundred thousand dollars (\$500,000) in fiscal year 2000-2001 shall be used to plan for and implement regional transdisciplinary teams to provide training, technical assistance, and other support services to existing early intervention agencies and providers. The teams will maintain expertise on low incidence populations, such as children with visual and hearing impairments, autism, and child mental health needs. These agencies shall implement a pilot program establishing a regional transdisciplinary team no later than March 2000. These agencies shall submit an interim report by March 15, 2000, and a final plan for statewide implementation of the transdisciplinary teams by March 15, 2001, to the Senate Appropriations Committee on Human Resources, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Section 11.42.(b) The North Carolina Schools for the Deaf and other agencies providing early intervention services to children from birth through five years of age shall implement procedures to ensure that:

- (1) Parents of children newly identified with hearing loss and determined to be eligible for services are informed of the services available to them through Beginnings for Parents of Hearing Impaired Children, Inc.; and
- (2) Beginnings for Parents of Hearing Impaired Children, Inc., with the consent of parents, is notified of these children in a timely and appropriate manner.

## **SUBPART 7. CHILD DEVELOPMENT**

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

### **CHILD CARE ALLOCATION FORMULA**

Section 11.43.(a) To simplify current child care allocation methodology and more equitably distribute State child care funds, the Department of Health and Human Services shall apply the following allocation formula to all noncategorical federal and State child care funds used to pay the costs of necessary child care for minor children of needy families:

- (1) One-third of budgeted funds shall be distributed according to the county's population in relation to the total population of the State;
- (2) One-third of the budgeted funds shall be distributed according to the number of children under 6 years of age in a county who are living in families whose income is below the State poverty level in relation to the total number of children under 6 years of age in the State in families whose income is below the poverty level; and
- (3) One-third of budgeted funds shall be distributed according to the number of working mothers with children under 6 years of age in a county in relation to the total number of working mothers with children under 6 years of age in the State.

Section 11.43.(b) A county's initial allocation shall not be less than that county's total expenditures for both FSA and non-FSA child care in fiscal year 1995-96.

Section 11.43.(c) The Department of Health and Human Services may re-allocate child care subsidy funds in order to meet the child care needs of low income families.

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

### **CHILD CARE FUNDS MATCHING REQUIREMENT**

Section 11.44. No local matching funds may be required by the Department of Health and Human Services as a condition of any locality's receiving any State child care funds appropriated by this act unless federal law requires such a match. This shall not prohibit any locality from spending local funds for child care services.

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

### **CHILD CARE REVOLVING LOAN FUND**

Section 11.45. Notwithstanding any law to the contrary, funds budgeted for the Child Care Revolving Loan Fund may be transferred to and invested by the financial institution contracted to operate the Fund. The principal and any income to the Fund may be used to make loans, reduce loan interest to borrowers, serve as collateral for

borrowers, pay the contractor's cost of operating the Fund, or to pay the Department's cost of administering the program.

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

**CHILD CARE MARKET RATE FUNDS**

Section 11.46. The sum of three million three hundred thousand dollars (\$3,300,000) appropriated to the Division of Social Services in this act shall be transferred to the Division of Child Development to fund the nonfederal share of the child care market rate increase.

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

**CHILD CARE SUBSIDIES**

Section 11.47.(a) The maximum gross annual income for initial eligibility, adjusted biennially, for subsidized child care services shall be seventy-five percent (75%) of the State median income, adjusted for family size.

Section 11.47.(b) Fees for families who are required to share in the cost of care shall be established based on a percent of gross family income and adjusted for family size. Fees shall be determined as follows:

FAMILY SIZE	PERCENT OF GROSS FAMILY INCOME
1-3	9%
4-5	8%
6 or more	7%

Section. 11.47.(c) Payments for the purchase of child care services for low-income children shall be in accordance with the following requirements:

- (1) Religious sponsored child care facilities operating pursuant to G.S. 110-106 and licensed child care centers and homes that meet the minimum licensing standards that are participating in the subsidized child care program shall be paid the county market rate or the rate they charge privately paying parents, whichever is lower.
- (2) Licensed child care centers and homes that are receiving a higher rate than the market rates that will be implemented with this provision shall continue to receive that higher rate for a period of three years from the effective date of this section.
- (3) Licensed child care centers and homes with two or more stars may receive a higher payment rate per child per month as follows: two stars - \$14, three stars - \$17, four stars - \$20, and five stars - \$23.
- (4) Nonlicensed homes shall receive 50% of the county market rate or the rate they charge privately paying parents; whichever is lower.

- (5) Maximum payment rates shall also be calculated periodically by the Division of Child Development for transportation to and from child care provided by the child care provider, individual transporter, or transportation agency and for fees charged by providers to parents. These payment rates shall be based upon information collected by market rate surveys.

Section 11.47.(d) Provision of payment rates for child care providers in counties who do not have at least 75 children in each age group for center-based and home-based care are as follows:

- (1) Payment rates shall be set at the statewide market rate for licensed child care centers and homes.
- (2) If it can be demonstrated that the application of the statewide market rate to a county with fewer than 75 children in each age group is lower than the county market rate and would inhibit the ability of the county to purchase child care for low-income children, then the county market rate may be applied.

Section 11.47.(e) A market rate shall be calculated for child care centers and homes that meet minimum licensing standards for each county and for each age group or age category of enrollees and shall be representative of fees charged to unsubsidized privately paying parents for each age group of enrollees within the county. The Division of Child Development shall also calculate a statewide market rate for each age category. The Division of Child Development may also calculate regional market rates for each age group and age category.

Section 11.47.(f) Facilities licensed pursuant to Article 7 of Chapter 110 of the General Statutes and facilities operated pursuant to G.S. 110-106 may participate in the program that provides for the purchase of care in child care facilities for minor children of needy families. No separate licensing requirements shall be used to select facilities to participate. In addition, child care facilities shall be required to meet any additional applicable requirements of federal law or regulations. Child care arrangements exempt from State regulation pursuant to Article 7 of Chapter 110 of the General Statutes shall meet the requirements established by other State law and by the Social Services Commission.

County departments of social services or other local contracting agencies shall not use a provider's failure to comply with requirements in addition to those specified in this subsection as a condition for reducing the provider's subsidized child care rate.

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine  
**EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES**

Section 11.48.(a)G.S. 143B-168.12(a)(1), as amended by Section 24 of S.L. 1999-84, reads as rewritten:

- " (1) The North Carolina Partnership shall have a Board of Directors consisting of the following 25 members:
- a. The Secretary of Health and Human Services, ex officio, or the Secretary's designee;
  - b. Repealed by Session Laws 1997, c. 443, s. 11A.105.
  - c. The Superintendent of Public Instruction, ex officio, or the Superintendent's designee;
  - d. The President of the Community Colleges System, ex officio, or the President's designee;
  - e. Three members of the public, including one child care provider, one other who is a parent, and one other who is a board chair of a local partnership serving on the North Carolina Partnership local partnership advisory committee, appointed by the General Assembly upon recommendation of the President Pro Tempore of the Senate;
  - f. Three members of the public, including one who is a parent, one other who is a representative of the faith community, and one other who is a board chair of a local partnership serving on the North Carolina Partnership local partnership advisory committee, appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives;
  - g. Twelve members, appointed by the Governor. Three of these 12 members shall be members of the party other than the Governor's party, appointed by the Governor. Seven of these 12 members shall be appointed as follows: one who is a child care provider, one other who is a pediatrician, one other who is a health care provider, one other who is a parent, one other who is a member of the business community, one other who is a member representing a philanthropic agency, and one other who is an early childhood educator;
  - h. Repealed by Session Laws 1998-212, s. 12.37B(a).
  - h1. The Chair of the North Carolina Partnership Board shall be appointed by the Governor;
  - i. Repealed by Session Laws 1998-212, s. 12.37B(a).
  - j. One member of the public appointed by the General Assembly upon recommendation of the Majority Leader of the Senate;

- k. One member of the public appointed by the General Assembly upon recommendation of the Majority Leader of the House of Representatives;
- l. One member of the public appointed by the General Assembly upon recommendation of the Minority Leader of the Senate; and
- m. One member of the public appointed by the General Assembly upon recommendation of the Minority Leader of the House of Representatives.

All members appointed to succeed the initial members and members appointed thereafter shall be appointed for three-year terms. Members may succeed themselves.

All appointed board members shall avoid conflicts of interests and the appearance of impropriety. Should instances arise when a conflict may be perceived, any individual who may benefit directly or indirectly from the North Carolina Partnership's disbursement of funds shall abstain from participating in any decision or deliberations by the North Carolina Partnership regarding the disbursement of funds.

All ex officio members are voting members. Each ex officio member may be represented by a designee. These designees shall be voting members. No members of the General Assembly shall serve as members.

The North Carolina Partnership may establish a nominating committee and, in making their recommendations of members to be appointed by the General Assembly or by the Governor, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Majority Leader of the Senate, the Majority Leader of the House of Representatives, the Minority Leader of the Senate, the Minority Leader of the House of Representatives, and the Governor shall consult with and consider the recommendations of this nominating committee.

The North Carolina Partnership may establish a policy on members' attendance, which policy shall include provisions for reporting absences of at least three meetings immediately to the appropriate appointing authority.

Members who miss more than three consecutive meetings without excuse or members who vacate their membership shall be replaced by the appropriate appointing authority, and the replacing member shall serve either until the General Assembly and the Governor can appoint a successor or until the replaced member's term expires, whichever is earlier.

The North Carolina Partnership shall establish a policy on membership of the local board, which policy shall include the requirement that all local board ~~members~~members, other than any member appointed because of a position held by that individual, be residents of the county or the partnership region they are representing. Within these requirements for local board membership, the North Carolina Partnership shall allow



local partnerships that are regional to have flexibility in the composition of their boards so that all counties in the region have adequate representation.

All appointed local board members shall avoid conflicts of interests and the appearance of impropriety. Should instances arise when a conflict may be perceived, any individual who may benefit directly or indirectly from the partnership's disbursement of funds shall abstain from participating in any decision or deliberations by the partnership regarding the disbursement of funds."

Section 11.48.(b) The General Assembly finds that it is essential to continue developing comprehensive programs that provide high quality early childhood education and development services locally for children and their families. The General Assembly intends to expand the Early Childhood Education and Development Initiatives Program (the "Program") in a manner which ensures quality assurance and performance-based accountability for the Program.

Section 11.48.(c) Notwithstanding any provision of Part 10B of Article 3 of Chapter 143B of the General Statutes or any other provision of law or policy, the Department of Health and Human Services and the North Carolina Partnership for Children, Inc., jointly shall continue to implement the recommendations contained in the Smart Start Performance Audit prepared pursuant to Section 27A(1)b. of Chapter 324 of the 1995 Session Laws, as modified by Section 24.29 of Chapter 18 of the Session Laws, Second Extra Session 1996. The North Carolina Partnership for Children, Inc., shall continue to report quarterly to the Joint Legislative Commission on Governmental Operations on its progress toward full implementation of the modified audit recommendations.

Section 11.48.(d) The Joint Legislative Commission on Governmental Operations shall, consistent with current law, continue to be the legislative oversight body for the Program. The President Pro Tempore of the Senate and the Speaker of the House of Representatives may appoint a subcommittee of the Joint Legislative Commission on Governmental Operations to carry out this function. This subcommittee may conduct all initial reviews of plans, reports, and budgets relating to the Program and shall make recommendations to the Joint Legislative Commission on Governmental Operations.

Section 11.48.(e) Administrative costs shall be equivalent to, on an average statewide basis for all local partnerships, not more than eight percent (8%) of the total statewide allocation to all local partnerships. What counts as administrative costs shall be as defined in the Smart Start Performance Audit.

Section 11.48.(f) Any local partnership, before receiving State funds, shall be required annually to submit a plan and budget for State funds for appropriate programs to the North Carolina Partnership for Children, Inc., and the Joint Legislative Commission on Governmental Operations. State funds to implement the programs shall not be

allocated to a local partnership until the program plan is approved by the North Carolina Partnership for Children, Inc.

Section 11.48.(g) The North Carolina Partnership for Children, Inc., and all local partnerships shall use competitive bidding practices in contracting for goods and services on contract amounts as follows:

- (1) For amounts of five thousand dollars (\$5,000) or less, the procedures specified by a written policy to be developed by the Board of Directors of the North Carolina Partnership for Children, Inc.;
- (2) For amounts greater than five thousand dollars (\$5,000) but less than fifteen thousand dollars (\$15,000), three written quotes;
- (3) For amounts of fifteen thousand dollars (\$15,000) or more but less than forty thousand dollars (\$40,000), a request for proposal process; and
- (4) For amounts of forty thousand dollars (\$40,000) or more, request for proposal process and advertising in a major newspaper.

Section 11.48.(h) The role of the North Carolina Partnership for Children, Inc., shall continue to be expanded to incorporate all the aspects of the new role determined for the Partnership in the Smart Start Performance Audit recommendations and to provide technical assistance to local partnerships, assess outcome goals for children and families, ensure that statewide goals and legislative guidelines are being met, help establish policies and outcome measures, obtain non-State resources for early childhood and family services, and document and verify the cumulative contributions received by the partnerships.

Section 11.48.(i) The North Carolina Partnership for Children, Inc., and all local partnerships shall, in the aggregate, be required to match no less than fifty percent (50%) of the total amount budgeted for the Program in each fiscal year of the biennium as follows: contributions of cash equal to at least ten percent (10%) and in-kind donated resources equal to no more than ten percent (10%) for a total match requirement of twenty percent (20%) for each fiscal year. Only in-kind contributions that are quantifiable, as determined in the Smart Start Performance Audit, shall be applied to the in-kind match requirement. Expenses, including both those paid by cash and in-kind contributions, incurred by other participating non-State entities contracting with the North Carolina Partnership for Children, Inc., or the local partnerships, also may be considered resources available to meet the required private match. In order to qualify to meet the required private match, the expenses shall:

- (1) Be verifiable from the contractor's records;
- (2) If in-kind, be quantifiable in accordance with generally accepted accounting principles for nonprofit organizations;
- (3) Not include expenses funded by State funds;

- (4) Be supplemental to and not supplant preexisting resources for related program activities;
- (5) Be incurred as a direct result of the Early Childhood Initiatives Program and be necessary and reasonable for the proper and efficient accomplishment of the Program's objectives;
- (6) Be otherwise allowable under federal or State law;
- (7) Be required and described in the contractual agreements approved by the North Carolina Partnership for Children, Inc., or the local partnership; and
- (8) Be reported to the North Carolina Partnership for Children, Inc., or the local partnership by the contractor in the same manner as reimbursable expenses.

The North Carolina Partnership for Children, Inc., shall establish uniform guidelines and reporting format for local partnerships to document the qualifying expenses occurring at the contractor level. Local partnerships shall monitor qualifying expenses to ensure they have occurred and meet the requirements prescribed in this subsection.

Failure to obtain a twenty percent (20%) match by May 1 of each fiscal year shall result in a dollar-for-dollar reduction in the appropriation for the Program for the next fiscal year. The North Carolina Partnership for Children, Inc., shall be responsible for compiling information on the private cash and in-kind contributions into a report that is submitted to the Joint Legislative Commission on Governmental Operations in a format that allows verification by the Department of Revenue. The same match requirements shall apply to any expansion funds appropriated by the General Assembly.

Section 11.48.(j) Counties participating in the Program may use the county's allocation of State and federal child care funds to subsidize child care according to the county's Early Childhood Education and Development Initiatives Plan as approved by the North Carolina Partnership for Children, Inc. The use of federal funds shall be consistent with the appropriate federal regulations. Child care providers shall, at a minimum, comply with the applicable requirements for State licensure or registration pursuant to Article 7 of Chapter 110 of the General Statutes, with other applicable requirements of State law or rule, including rules adopted for nonregistered child care by the Social Services Commission, and with applicable federal regulations.

Section 11.48.(k) The Department of Health and Human Services shall continue to implement the performance-based evaluation system.

Section 11.48.(l) The Frank Porter Graham Child Development Center shall continue its evaluation of the Program. Notwithstanding any policy to the contrary, the Frank Porter Graham Child Development Center may use any method legally available to it to track children who are participating or who have participated in any Early

Childhood Education and Development Initiative in order to carry out its ongoing evaluation of the Program.

Section 11.48.(m) There is allocated from the funds appropriated to the Department of Health and Human Services, Division of Child Development, in this act, the sum of fifty-nine million five hundred thousand dollars (\$59,500,000) for the 1999-2000 fiscal year and the sum of seventy-eight million nine hundred twenty-eight thousand eight hundred twenty-six dollars (\$78,928,826) for the 2000-2001 fiscal year to be used as follows:

- (1) The sum of fifty-eight million dollars (\$58,000,000) in the 1999-2000 fiscal year and the sum of seventy-eight million nine hundred twenty-eight thousand eight hundred twenty-six dollars (\$78,928,826) in the 2000-2001 fiscal year shall be used to administer and deliver services in all 100 counties. These funds may be used as financial incentives to encourage regionalization at the local level and to complete development of contracting and accounting systems at the local level. Any funds used to encourage regionalization or to complete development of contracting and accounting systems at the local level shall not be included in computations affecting the administrative cost limitations under subsection (e) of this section.
- (2) The North Carolina Partnership for Children, Inc., may use the sum of one million five hundred thousand dollars (\$1,500,000) in the 1999-2000 fiscal year to assist local partnerships in their efforts to develop local collaboration.

Section 11.48.(n) Of the funds appropriated to the Department of Health and Human Services for the Program for the 1999-2001 biennium, the Frank Porter Graham Child Development Center shall receive the sum of one million fifteen thousand dollars (\$1,015,000) in the 1999-2000 fiscal year and the sum of one million fifteen thousand dollars (\$1,015,000) in the 2000-2001 fiscal year.

## **SUBPART 8. VOCATIONAL REHABILITATION**

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine  
**REIMBURSEMENT AND COMPENSATION OF MEMBERS OF THE NORTH CAROLINA VOCATIONAL REHABILITATION ADVISORY COUNCIL, THE STATEWIDE INDEPENDENT LIVING COUNCIL, AND THE COMMISSION FOR THE BLIND**

Section 11.49. G.S. 138-5(a) reads as rewritten:

" (a) Except as provided in subsections (c) and (f) of this section, members of State boards, commissions, committees and councils which operate from funds deposited with the State Treasurer shall be compensated for their services at the following rates:

- (1) Compensation—Except as otherwise provided by this subdivision, compensation at the rate of fifteen dollars (\$15.00) per diem for each day of service;—service. Members of the North Carolina Vocational Rehabilitation Advisory Council, the Statewide Independent Living Council, and the Commission for the Blind who are unemployed or who shall forfeit wages from other employment to attend council or commission meetings or to perform related duties, may receive compensation not to exceed fifty dollars (\$50.00) per diem for attending these meetings or performing related duties, as authorized by sections 105 and 705 of the Rehabilitation Act of 1973, P.L. 102-569, 42 U.S.C. § 701, et seq., as amended.
- (2) Reimbursement of subsistence expenses at the rates allowed to State officers and employees by subdivision (3) of G.S. 138-6(a).
- (3) Reimbursement of travel expenses at the rates allowed to State officers and employees by subdivisions (1) and (2) of G.S. 138-6(a).
- (4) For convention registration fees, the actual amount expended, as shown by receipt."

## **SUBPART 9. DEAF AND HARD OF HEARING SERVICES**

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

### **FAMILY SUPPORT/DEAF AND HARD OF HEARING SERVICES CONTRACT**

Section 11.50. Of the funds appropriated in this act to the Division of Services for the Deaf and the Hard of Hearing, Department of Health and Human Services, for family support services, the sum of five hundred three thousand two hundred thirty-eight dollars (\$503,238) for the 1999-2000 fiscal year and the sum of five hundred three thousand two hundred thirty-eight dollars (\$503,238) for the 2000-2001 fiscal year shall be used to contract with a private, nonprofit corporation licensed to do business in North Carolina to perform those services, including family support and advocacy services as well as technical assistance to professionals who work with families of hearing-impaired children aged birth to 21 years.

## **SUBPART 10. SERVICES FOR THE BLIND**

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

### **SERVICES FOR BLIND/EXTENDED SERVICE PROVIDER POSITIONS**

Section 11.51. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Services for the Blind, the sum of two hundred fifty thousand dollars (\$250,000) in each fiscal year of the 1999-2001 biennium shall be used to maintain extended service provider positions at local, nonprofit-supported employment programs.

### **SUBPART 11. PUBLIC HEALTH**

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

#### **IMMUNIZATION PROGRAM RESTITUTION POLICY**

Section 11.52. In implementing the restitution procedures adopted pursuant to Section 12.52(d) of S.L. 1998-212, the Department of Health and Human Services shall require restitution from immunization program providers under the following circumstances:

- (1) When vaccine in the provider's inventory has expired due to the provider's negligence and unreasonable failure to properly rotate the inventory.
- (2) When vaccine in the provider's inventory has become spoiled or unstable due to the provider's negligence and unreasonable failure to properly handle or store the vaccine.

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

#### **IMMUNIZATION PROGRAM FUNDING**

Section 11.53.(a)Of the funds appropriated to the Department of Health and Human Services for the 1999-2001 fiscal biennium for childhood immunization programs for positions, operating support, equipment, and pharmaceuticals, the sum of up to one million dollars (\$1,000,000) each fiscal year may be used for projects and activities that are also designed to increase childhood immunization rates in North Carolina. These projects and activities shall include the following:

- (1) Outreach efforts at the State and local levels to improve service delivery of vaccines. Outreach efforts may include educational seminars, media advertising, support services to parents to enable children to be transported to clinics, longer operating hours for clinics, and mobile vaccine units; and
- (2) Continued development of an automated immunization registry.

Section 11.53.(b) Funds authorized to be used for immunization efforts under subsection (a) of this section shall not be used to fund additional State positions in the Department of Health and Human Services.

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

**INTENSIVE HOME VISITATION PROGRAM FOR CHILDREN**

Section 11.54.(a) Notwithstanding G.S. 143-15C, there is appropriated from the Work First Reserve Fund to the Department of Health and Human Services the sum of nine hundred forty-five thousand dollars (\$945,000) for the 1999-2000 fiscal year. These funds shall be used to match federal funds in the Intensive Home Visitation Program for Children.

Section 11.54.(b) Not later than April 1, 2000, the Department of Health and Human Services shall report to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Human Resources, and the Fiscal Research Division on the following:

- (1) Preliminary maternal outcome data, including adequacy of prenatal care, breast feeding, return to school or work, use of contraception, occurrence of repeat pregnancy, substance abuse, domestic violence, parenting knowledge, parenting satisfaction, and use of government programs;
- (2) Preliminary child outcome data, including birth weight and gestational age, quality of the home environment, home safety, reported and substantiated episodes of child abuse or neglect, episodes of injury and ingestions, and hospitalizations;
- (3) Evidence of the efficacy of the Linkages Model when compared to the Healthy Families Model and the traditional Olds Model and, to the extent evidence is available, to the targeted population at large; and
- (4) The progress that has been made in implementing intensive home visitation programs in participating counties, including information on the number of families being served and the extent to which county programs rely upon Medicaid to sustain themselves.

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

**AIDS DRUG ASSISTANCE PROGRAM (ADAP)**

Section 11.55.(a) The Department of Health and Human Services shall develop and implement a cost-containment plan for the purpose of serving additional clients of the AIDS Drug Assistance Program (ADAP). In developing the Plan, the Department shall do the following:

- (1) Explore the feasibility of obtaining a Medicaid expansion waiver;
- (2) Estimate the potential cost savings to the State of participating in the 340B Drug Pricing Program by studying various ways of adhering to program requirements while also realizing cost savings;

- (3) Examine, for possible adoption, ADAP and other similar program cost-saving strategies in other states, including, but not limited to, restrictive formularies, prescription limitations, insurance continuity, and insurance purchasing programs, and biannual or quarterly reauthorizations; and
- (4) Conduct other activities that will assist in the development of a viable plan.

Section 11.55.(b) The Department shall implement cost-containment programs or mechanisms, other than the current pharmaceutical rebates approach, by July 1, 1999, and shall report to the members of the Senate Appropriations Committee on Human Resources, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division not later than May 15, 2000, on the following:

- (1) The realized and projected savings;
- (2) Findings from subdivisions (1), (2), and (3) of subsection (a) of this section; and
- (3) Recommendations for legislative action.

Section 11.55.(c) Savings realized through cost-containment measures shall be used to serve additional ADAP participants in each fiscal year. Funds not expended for authorized program costs shall revert to the General Fund.

Section 11.55.(d) The Department shall also develop a comprehensive information system on AIDS/HIV clients receiving services from the State. This system shall include information on program usage patterns of ADAP participants, including, but not limited to, frequency of prescription purchases, and types of medications prescribed. The Department shall also develop a plan for promoting patient adherence to physician treatment recommendations. In developing the plan, the Department shall identify ways of obtaining information without interfering with physician-patient confidentiality. The Department shall report on this plan to the members of the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Human Resources, and the Fiscal Research Division not later than May 15, 2000.

Section 11.55.(e) For the 1999-2000 fiscal year, HIV-positive individuals with incomes at or below one hundred twenty-five percent (125%) of the federal poverty level are eligible for participation in ADAP. Notwithstanding any other provision of law, eligibility for participation in ADAP during the 1999-2000 fiscal year shall not be extended to individuals with incomes above one hundred twenty-five percent (125%) of the federal poverty level. All individuals who are eligible for participation in ADAP shall be served by the Department of Health and Human Services. If sufficient funds are not available from funds allocated to ADAP, the Department of Health and Human



Services shall transfer available funds from other programs within the Department to meet the funding needs of ADAP.

Section 11.55.(f) The Department of Health and Human Services shall study the estimated participation rates and costs if eligibility for participation in ADAP were raised to two hundred percent (200%) or to two hundred fifty percent (250%) of the federal poverty level. The Department of Health and Human Services shall report the findings of this study to the Senate Appropriations Committee on Human Resources, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division not later than May 15, 2000.

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

**HIV/STD PREVENTION SERVICES/EVALUATION AND ACCOUNTABILITY OF GRANTEES**

Section 11.56.(a) The Department of Health and Human Services, Division of Epidemiology, shall continue the practice of contracting with community-based organizations, local health departments, and other entities to provide services to high-risk individuals. Contracts shall require quarterly reports to the Department on the entity's use of funds, number of clients served under the contract, details on program expenditures, and any other information needed by the Department to enable it to evaluate the efficiency and effectiveness of the entity's use of funds and provision of services. Entities under contract with the Department shall provide to the Department, at least annually, a copy of the entity's financial statement and most recent audit report.

Section 11.56.(b) If the entity with which the Department of Health and Human Services contracts in accordance with subsection (a) of this section is a nonprofit organization, then the entity shall also provide the same quarterly report to the appropriate local health department for information purposes only.

Section 11.56.(c) The Department of Health and Human Services shall adopt standards for the annual evaluation and certification of entities with which the Department contracts under this section. The evaluation and certification standards shall provide sanctions, including discontinuing of funding, for an entity's failure to comply with DHHS standards and State law. The Department shall adopt the standards not later than July 1, 1999, and the standards shall apply to contracts entered into on and after January 1, 2000.

Section 11.56.(d) The Department of Health and Human Services shall report to the House of Representatives Appropriations Subcommittee on Health and Human Services and the Senate Appropriations Committee on Human Resources no later than July 1, 1999, on the standards adopted, on entities currently under contract with the Department, and on those entities' experience in providing effective and efficient services under contract with the Department.

Section 11.56.(e)Effective January 1, 2000, the Department of Health and Human Services shall not allocate HIV Prevention Funds to any entity unless the entity has met the certification standards adopted by the Department.

Requested by: Representatives Earle, Nye, Justus, Easterling, Hardaway, Redwine  
**EXTEND HEART DISEASE AND STROKE PREVENTION TASK FORCE**

Section 11.57. Subsections (l) and (m) of Section 26.9 of Chapter 507 of the 1995 Session Laws, as amended by Section 15.25 of S.L. 1997-443, read as rewritten:

" (l) The Task Force shall submit to the Governor and to the General Assembly a preliminary report by January 1, 1996; an interim report within the first week of the convening of the 1997 General Assembly; a second interim report within the first week of the convening of the 1997 General Assembly, Regular Session 1998; a third interim report within the first week of the convening of the 1999 General Assembly, a fourth interim report within the first week of the convening of the 2000 General Assembly; a fifth interim report within the first week of the convening of the 2001 General Assembly,and a final report by June 30, 1999-2001. The reports shall address the Plan, actions and resources needed to fully implement the Plan, and progress in achieving implementation of the Plan to reduce the occurrence of and burden from heart disease and stroke in North Carolina. The reports shall include an accounting of funds expended and anticipated funding needs for full implementation of recommended plans and programs.

(m) Upon submission of its final report to the Governor and the 1999 2001 General Assembly, the Task Force shall expire."

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine  
**OSTEOPOROSIS PROGRAM FUNDS**

Section 11.58.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, the sum of one hundred thousand dollars (\$100,000) for the 1999-2000 fiscal year shall be allocated for the continuing work of the Osteoporosis Task Force established by Section 15.32 of S.L. 1997-443.

Section 11.58.(b) The Task Force shall submit a progress report to members of the House of Representatives Appropriations Subcommittee on Health and Human Services and the Senate Appropriations Committee on Human Resources, the Governor, and the Fiscal Research Division not later than April 1, 2000. The progress report shall address:

- (1) Progress being made in fulfilling the duties of the Task Force and in developing the Osteoporosis Prevention Plan,
- (2) The anticipated time frame for completion of the Prevention Plan, and

- (3) Recommended strategies or actions to reduce the occurrence of and burdens suffered from osteoporosis by citizens of this State.

The Task Force shall submit its final report to the 1999 General Assembly, the Governor, and the Fiscal Research Division not later than October 1, 2000.

Section 11.58.(c) Subsection (m) of Section 15.32 of S.L. 1997-443 reads as rewritten:

"(m) Upon submission of its final report to the Governor and the 1999 General Assembly, Regular Session 2000, the Task Force shall expire."

Requested by: Representatives Earle, Nye, Hardaway, Easterling, Redwine

**CANCER CONTROL ADVISORY COMMITTEE FUNDS**

Section 11.59. Of the funds appropriated to the Department of Health and Human Services, Division of Public Health, for the Advisory Committee on Cancer Coordination and Control, a portion shall be used for prostate cancer control activities.

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

**PUBLIC HEALTH PREVENTION ACTIVITIES REPORT**

Section 11.60.(a) By April 15, 2000, and more frequently as requested, the Department of Health and Human Services, Division of Public Health, shall report on the activities of each of the following:

- (1) Children's Vision Screening Program of Prevent Blindness, Inc.;
- (2) North Carolina Healthy Start Foundation; and
- (3) Adolescent Pregnancy Prevention Coalition of North Carolina.

Section 11.60.(b) The report shall include the following information for each of the organizations named in subsection (a) of this section:

- (1) How organization initiatives singularly or in concert with other programs, contribute to the Department's overall goal of reducing teen pregnancy and infant mortality, and addressing vision problems of children in North Carolina. This information shall also include data and research that supports the approach the Department has taken in achieving its goal;
- (2) Output data demonstrating the effects of the organization's activities;
- (3) State fiscal year 1998-99 program objectives and activities;
- (4) State fiscal year 1998-99 itemized expenditures and fund sources;
- (5) State fiscal year 1999-2000 planned objectives, activities, and accomplishments; and
- (6) State fiscal year 1999-2000 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through April 15, 2000.

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

**COMMUNICABLE DISEASE CONTROL AID TO COUNTIES FLEXIBILITY**

Section. 11.61.(a) For the 1999-2000 and 2000-2001 fiscal years, the Department of Health and Human Services may combine and allocate funds appropriated for Aid to Counties in the Acute Communicable Disease Control Fund, the Tuberculosis Control Fund, and the Sexually Transmitted Disease Control Fund into one Acute Communicable Disease Control Aid to Counties Grant. Communicable Disease Aid to Counties funding to local health departments and other authorized recipients will be based on a general communicable disease formula to be developed by the Department of Health and Human Services.

Section 11.61.(b) The Department of Health and Human Services, in conjunction with local health departments, will maintain a system to monitor and identify Aid to Counties communicable disease expenditures by each communicable disease group.

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

**TRANSFER FUNDS DESIGNATED FOR THE CHEMICAL ALCOHOL TESTING PROGRAM**

Section 11.62.(a) The Administrative Office of the Courts shall transfer all funds collected under G.S. 20-16.5(j) that are designated for the chemical alcohol testing program to the Department of Health and Human Services on a monthly basis.

Section 11.62.(b) Any funds collected under G.S. 20-16.5(j) that are designated for the chemical alcohol testing program of the Department of Health and Human Services and are not needed for that program shall be transferred annually to the Governor's Highway Safety program for grants to local law enforcement agencies for training and enforcement of the laws on driving while impaired. The Governor's Highway Safety Program shall expend funds transferred to it under this section within 13 months of receipt of the funds. Amounts received by the Governor's Highway Safety Program shall not revert until the June 30 following the 13-month period.

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

**HEALTHY MOTHERS/HEALTHY CHILDREN GRANT PROGRAM**

Section 11.63.(a) The Department of Health and Human Services may initiate a Healthy Mothers/Healthy Children Grant Program in up to eight local health departments. The Department may consolidate federal Maternal and Child Health Block Grant funds and State funds appropriated for the Maternal Health, Women's Preventive Health, Child Health, Child Service Coordination and Immunization programs into a Healthy Mothers/Healthy Children Grant Program for each participating local health

department. Local health departments participating in the Healthy Mothers/Healthy Children Grant Program may use grant funds to do any of the following:

- (1) Improve the health status of women of childbearing age by expanding preventive health services and reducing and/or controlling health risk factors.
- (2) Reduce infant mortality and morbidity by preventing high-risk pregnancies, improving the health status of women before pregnancy, improving access to prenatal care, reducing prematurity, and improving survival rates of preterm and other high-risk infants.
- (3) Reduce mortality and morbidity among children and youth by reducing the incidence of communicable disease and other preventable conditions, the occurrence and severity of injuries, the incidence of genetic disorders, and the incidence of chronic illnesses and developmental disabilities.
- (4) Enhance the health and functional status of children and youth with chronic handicapping conditions by reducing the severity of the conditions through the provision of early identification, diagnosis, treatment, and care coordination services.

Section 11.63.(b) The Department shall not include federal categorical funds, competitive special project funds, and funds for regionalized services in grant funds awarded to local health departments under the Healthy Mothers/Healthy Children Grant Program.

Section 11.63.(c) The Department shall require participating local health departments to identify and report expenditures by program in order to monitor and track the use of Healthy Mothers/Healthy Children Grant Program funds to meet federal and State reporting requirements. In addition, the Department shall require local health departments to report on the administrative, programmatic, and health outcome benefits which are realized by providing localities greater flexibility.

Section 11.63.(d) The Department shall report to members of the House of Representatives Appropriations Subcommittee on Health and Human Services and the Senate Appropriations Committee on Human Resources on the implementation of the Healthy Mothers/Healthy Children Grant Program not later than April 1, 2000.

Requested by: Representatives Earle, Nye, Easterling, Hardaway, Redwine

**PREVENTIVE HEALTH PROGRAM PLAN**

Section 11.64. The Department of Health and Human Services shall develop a plan to reduce duplication among preventive health programs and initiatives, focusing on task forces, advisory committees, local health departments, and other entities supported

by and within the Chronic Disease Prevention and Control Section of the Division of Public Health. In developing the plan, the Department shall do the following:

- (1) Examine the goals of each program or initiative to identify areas of commonality and differences;
- (2) Explore alternative ways of organizing the Section to achieve greater efficiency and effectiveness.

The Department shall report on the development of its plan to members of the House of Representatives Appropriations Subcommittee on Health and Human Services and the Senate Appropriations Committee on Human Resources, and the Fiscal Research Division not later than April 1, 2000.

## **PART XII. HOUSING FINANCE AGENCY**

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

### **HOME PROGRAM MATCHING FUNDS**

Section 12.(a) Funds appropriated in this act to the Housing Finance Agency for the federal HOME Program shall be used to match federal funds appropriated for the HOME Program. In allocating State funds appropriated to match federal HOME Program funds, the Agency shall give priority to HOME Program projects, as follows:

- (1) First priority to projects that are located in counties designated as Tier One, Tier Two, or Tier Three Enterprise Counties under G.S. 105-129.3; and
- (2) Second priority to projects that benefit persons and families whose incomes are fifty percent (50%) or less of the median family income for the local area, with adjustments for family size, according to the latest figures available from the United States Department of Housing and Urban Development.

The Housing Finance Agency shall report to the Joint Legislative Commission on Governmental Operations by April 1 of each year concerning the status of the HOME Program and shall include in the report information on priorities met, types of activities funded, and types of activities not funded.

Section 12.(b) If the United States Congress changes the HOME Program such that matching funds are not required for a given program year, then the Agency shall not spend the matching funds appropriated under this act for that program year.

Section 12.(c) Funds appropriated in this act to match federal HOME Program funds shall not revert to the General Fund on June 30, 2000, or on June 30, 2001.

## **PART XIII. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES**

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine  
**STATE BUDGET STUDY OF AGRICULTURAL LOANS AND GRANTS PROGRAM**

Section 13.1. The Office of State Budget and Management shall study all private and public farm loans and grants programs available throughout the State, including those available through the Department of Agriculture and Consumer Services, under Article 2 of Chapter 137 of the General Statutes and under Chapter 122D of the General Statutes, to determine the effectiveness and efficiency of each of these programs, whether any duplication exists among any of these programs, and whether any consolidation of any of these programs is warranted. No later than May 1, 2000, the Office of State Budget and Management shall report its findings and any recommendations to the Fiscal Research Division.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine  
**ASSISTANCE FOR SMALL, FAMILY FARMS**

Section 13.2. Of the funds appropriated in this act to the Department of Agriculture and Consumer Services for the 1999-2000 fiscal year, the sum of fifty thousand dollars (\$50,000) shall be used to provide assistance to farmers who operate small, family farms. By March 1, 2000, the Department shall report to the Joint Legislative Commission on Governmental Operations, the Appropriations Subcommittees on Natural and Economic Resources in both the House of Representatives and the Senate, and the Fiscal Research Division on the use of these funds, including the number and geographic location of the small, family farms assisted through this allocation of funds, the type of assistance provided, and any other information or indicators that demonstrate the overall impact of this allocation of funds.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine  
**GUIDELINES FOR GRANTS FOR LOCAL AGRICULTURAL FAIRS**

Section 13.3. The Department of Agriculture and Consumer Services shall adopt guidelines for the disbursement of funds appropriated to the Department for grants for local agricultural fairs.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine  
**SOUTHERN DAIRY COMPACT COMMISSION FUNDS**

Section 13.4.(a) Of the funds appropriated in this act to the Department of Agriculture and Consumer Services, the sum of five hundred thousand dollars (\$500,000) for the 1999-2000 fiscal year shall be credited to a nonreverting reserve within the Department of Agriculture and Consumer Services for the start-up costs of the Southern

Dairy Compact Commission, to be established pursuant to Section 4 of Article III of the Southern Dairy Compact, as set forth in G.S. 106-810, and the initial costs of administration and enforcement of the Southern Dairy Compact.

Section 13.4.(b) The Director of the Budget shall make no disbursements from the reserve established in subsection (a) of this section to the Southern Dairy Compact Commission unless Congress ratifies legislation authorizing the operation of the Southern Dairy Compact, and the State of North Carolina and the Southern Dairy Compact Commission enter into a contract, approved by the Attorney General and the Commissioner of Agriculture, that contains all of the following provisions:

- (1) That the administrative headquarters of the Southern Dairy Compact Commission shall be located within this State.
- (2) That all funds disbursed from the reserve to the Southern Dairy Compact Commission shall be repaid to the State, plus interest at an amount to be agreed upon by the parties, from revenue pledged by the Commission, assessments collected by the Commission, or the reserve of the Commission, in accordance with a repayment schedule to be agreed upon by the parties.
- (3) That the Southern Dairy Compact Commission shall issue notes to the State of North Carolina in the amount of the funds disbursed from the reserve under this section.
- (4) That, prior to each disbursement, the Southern Dairy Compact Commission shall itemize the needs of the Commission to be served by the requested disbursement and an itemized list showing how the most recent disbursement was spent.

Section 13.4.(c) The contract under this section shall not contain any provision that prevents another participating state, as defined in Section 2 of the Southern Dairy Compact as set forth in G.S. 106-810, from providing some or all of the start-up costs of the Southern Dairy Compact Commission or its initial costs of administration and enforcement of the Southern Dairy Compact.

Section 13.4.(d) All sums repaid to the State pursuant to the contract under this section shall be credited to the General Fund.

Section 13.4.(e) Any funds not disbursed from the reserve under this section by the end of the term of years provided in the contract under this section shall revert at the end of that fiscal year.

Section 13.4.(f) Upon the failure of Congress to ratify legislation authorizing the operation of the Southern Dairy Compact by June 30, 2001, all funds in the reserve shall revert to the General Fund.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine



### **LOAN PROGRAM FOR SMALL, FAMILY-OWNED FARMS**

Section 13.5.(a) The funds appropriated in this act to the North Carolina Rural Rehabilitation Corporation within the Department of Agriculture and Consumer Services for the 1999-2000 fiscal year shall be used to make loans to those farmers of small, family-owned farms having financial difficulty as shown by their inability to obtain affordable conventional loans from other sources.

Section 13.5.(b) The term of the loans under subsection (a) of this section shall not exceed 20 years. These loans shall be provided in accordance with the lending requirements of the North Carolina Rural Rehabilitation Corporation pursuant to Article 2 of Chapter 137 of the General Statutes.

Section 13.5.(c) The Department of Agriculture and Consumer Services shall adopt rules to implement this section.

Section 13.5.(d) Subsection (b) of Section 13.8 of S.L. 1998-212 is repealed.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

### **MANDATORY EQUINE INFECTIOUS ANEMIA TESTING FUNDS**

Section 13.6.(a) No later than October 1, 1999, the Board of Agriculture shall adopt rules pursuant to its authority under G.S. 106-405.17 to provide for the mandatory testing of equines for equine infectious anemia prior to sale or prior to exhibition or assembly at public stables or other public places.

Section 13.6.(b) Funds appropriated in this act to the Department of Agriculture and Consumer Services for the 1999-2000 fiscal year and for the 2000-2001 fiscal year shall be used for the costs of enforcing the mandatory testing program under subsection (a) of this section.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

### **INCREASE GRAPE GROWERS FUNDS**

Section 13.7. G.S. 105-113.81A reads as rewritten:

**"§ 105-113.81A. Distribution of part of wine taxes attributable to North Carolina wine.**

The Secretary shall on a quarterly basis credit to the Department of Agriculture and Consumer Services ninety-four percent (94%) of the net proceeds of the excise tax collected on unfortified wine bottled in North Carolina during the previous quarter and ninety-five percent (95%) of the net proceeds of the excise tax collected on fortified wine bottled in North Carolina during the previous quarter, except that the amount credited to the Department of Agriculture and Consumer Services under this section shall not exceed ~~one hundred fifty thousand dollars (\$150,000)~~ one hundred seventy-five thousand dollars (\$175,000) per fiscal year. The Department of Agriculture and Consumer Services shall allocate the funds received under this section to the North Carolina Grape Growers

Council to be used to promote the North Carolina grape and wine industry and to contract for research and development services to improve viticultural and enological practices in North Carolina. Any funds credited to the Department of Agriculture and Consumer Services under this section that are not expended by June 30 of any fiscal year may not revert to the General Fund, but shall remain available to the Department for the uses set forth in this section."

#### **PART XIV. DEPARTMENT OF LABOR**

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine  
**DEPARTMENT OF LABOR/BUDGET OVER-REALIZED INDIRECT COST RECEIPTS**

Section 14. The Department of Labor may budget over-realized indirect cost receipts up to two hundred thousand dollars (\$200,000) in the 1999-2000 fiscal year and up to three hundred thousand dollars (\$300,000) in the 2000-2001 fiscal year to fund departmental technology needs.

Requested by: Representatives Earle, Fox, Owens, Easterling, Hardaway, Redwine  
**YOUTH EMPLOYMENT CERTIFICATES**

Section 14.1. G.S. 95-25.5(a) reads as rewritten:

" (a) No youth under 18 years of age shall be employed by any employer in any occupation without a youth employment certificate unless specifically exempted. The Commissioner of Labor shall prescribe regulations for youths and employers concerning the issuance, maintenance and revocation of certificates. Certificates will be issued, subject to review by the Department of Labor, by county directors of social services and such of their designees as are approved by the Commissioner; provided, the Commissioner may ~~by regulation require that the Department of Labor issue certificates for occupations with unusual or unique characteristics.~~ also issue certificates, both directly and electronically."

#### **PART XV. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES**

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine  
**SPECIAL RESERVE FUNDS FOR FOREST SEEDLING PROGRAM/BLADEN LAKES STATE FOREST**

Section 15. G.S. 113-36 reads as rewritten:

**"§ 113-36. Applications of proceeds from sale of products.**

(a) Application of Proceeds Generally. -- Except as provided in ~~subsection (b) of this section,~~ all money received from the sale of wood, timber, minerals, or other products

from the State forests shall be paid into the State treasury and to the credit of the Department; and such money shall be expended in carrying out the purposes of this Article and of forestry in general, under the direction of the Secretary.

(b) Tree Cone and Seed Purchase Fund. -- A percentage of the money obtained from the sale of seedlings and remaining unobligated at the end of a fiscal year, shall be placed in a special, continuing and nonreverting Tree Cone and Seed Purchase Fund under the control and direction of the Secretary. The percentage of the sales placed in the fund shall not exceed ten percent (10%). At the beginning of each fiscal year, the Secretary shall select the percentage for the upcoming fiscal year depending upon the anticipated costs of tree cones and seeds which the department must purchase. Money in this fund shall not be allowed to accumulate in excess of the amount needed to purchase a four-year supply of tree cones and seed, and shall be used for no purpose other than the purchase of tree cones and seeds.

(c) Forest Seedling Nursery Program Fund. -- The Forest Seedling Nursery Program Fund is created within the Department of Environment and Natural Resources, Division of Forest Resources, as a special revenue fund. Except as provided in subsection (b) of this section, this Fund shall consist of receipts from the sale of seed and seedlings as authorized in G.S. 113-35 and any gifts, bequests, or grants for the benefit of this Fund. No General Fund appropriations shall be credited to this Fund. Any balance remaining in this Fund at the end of any fiscal year shall not revert. The Department may use this Fund only to develop, improve, repair, maintain, operate, or otherwise invest in the Forest Seedling Nursery Program.

(d) Bladen Lakes State Forest Fund. -- The Bladen Lakes State Forest Fund is created within the Department of Environment and Natural Resources, Division of Forest Resources, as a special revenue fund. This Fund shall consist of receipts from the sale of forest products from Bladen Lakes State Forest as authorized in G.S. 113-35 and any gifts, bequests, or grants for the benefit of this Fund. No General Fund appropriations shall be credited to this Fund. Any balance remaining in this Fund at the end of any fiscal year shall not revert. The Department may use this Fund only to develop, improve, repair, maintain, operate, or otherwise invest in the Bladen Lakes State Forest."

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

#### **STATEWIDE BEAVER DAMAGE CONTROL PROGRAM FUNDS**

Section 15.1.(a) Of the funds appropriated in this act to the Wildlife Resources Commission, the sum of five hundred thousand dollars (\$500,000) for the 1999-2000 fiscal year and the sum of five hundred thousand dollars (\$500,000) for the 2000-2001 fiscal year shall be used to provide the State share necessary to support the beaver damage control program established in G.S. 113-291.10, provided the sum of at least

twenty-five thousand dollars (\$25,000) in federal funds is available each fiscal year of the biennium to provide the federal share.

Section 15.1.(b) G.S. 113-291.10(a) reads as rewritten:

" (a) There is established the Beaver Damage Control Advisory Board. The Board shall consist of nine members, as follows:

- (1) The Executive Director of the North Carolina Wildlife Resources Commission, or his designee, who shall serve as chair;
- (2) The Commissioner of Agriculture and Consumer Services, or a designee;
- (3) The Director of the Division of Forest Resources of the Department of Environment and Natural Resources, or a designee;
- (4) The Director of the Soil and Water Conservation Division of the Department of Environment and Natural Resources, or a designee;
- (5) The Director of the North Carolina Cooperative Extension Service, or a designee;
- (6) The Secretary of Transportation, or a designee;
- (7) The State Director of the ~~Animal Damage Control~~ Wildlife Services Division of the Animal and Plant Health Inspection Service, U.S. Department of Agriculture, or a designee;
- (8) The President of the North Carolina Farm Bureau Federation, Inc., or a designee, representing private landowners; and
- (9) A representative of the North Carolina Forestry Association."

Section 15.1.(c) G.S. 113-291.10(c) reads as rewritten:

" (c) The Wildlife Resources Commission shall implement the program, and may enter a cooperative agreement with the ~~Animal Damage Control~~ Wildlife Services Division of the Animal and Plant Health Inspection Service, United States Department of Agriculture, to accomplish the program."

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

**GRASSROOTS SCIENCE PROGRAM**

Section 15.2. Of the funds appropriated in this act to the Department of Environment and Natural Resources for the Grassroots Science Program, the sum of three million six hundred seventy thousand dollars (\$3,670,000) for fiscal year 1999-2000 and the sum of three million four hundred twenty thousand dollars (\$3,420,000) for fiscal year 2000-2001 are allocated as grant-in-aid for each fiscal year as follows:

	1999-2000	2000-2001
Aurora Fossil Museum	\$64,066	\$64,066

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Cape Fear Museum	\$203,944	\$203,944
Catawba Science Center	\$179,172	\$179,172
Colburn Gem and Mineral Museum, Inc.	\$63,942	\$63,942
Discovery Place	\$776,577	\$776,577
Granville County Museum Commission, Inc. - Harris Gallery	\$54,420	\$54,420
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	\$210,860	\$210,860
Imagination Station	\$108,202	\$108,202
Iredell County Children's Museum	\$56,243	\$56,243
Museum of Coastal Carolina	\$318,274	\$68,274
Natural Science Center of Greensboro	\$321,802	\$321,802
North Carolina Museum of Life and Science	\$465,240	\$465,240
Rocky Mount Children's Museum	\$98,007	\$98,007
Schiele Museum of Natural History	\$381,489	\$381,489
Sci Works Science Center and Environmental Park of Forsyth County	\$247,501	\$247,501
Western North Carolina Nature Center	\$120,261	\$120,261
Total	\$3,670,000	\$3,420,000

Requested by: Representatives Baker, Easterling, Hardaway, Redwine

**TOWN FORK CREEK SOIL CONSERVATION PROJECT**

Section 15.3.(a) Section 15.11 of S.L. 1997-443 reads as rewritten:

"Section 15.11. (a) The funds placed in a reserve account in the Department of Environment, Health, and Natural Resources pursuant to Section 26.3(c) of Chapter 507 of the 1995 Session Laws shall not revert until June 30, ~~1999~~2001. Those funds are reallocated as follows:

- (1) Five hundred four thousand five hundred sixty dollars (\$504,560) to the Stokes County Water and Sewer Authority, Inc., for the Germanton Water Project.
- (2) Nine hundred thirty thousand six hundred eighty dollars (\$930,680) to the Stokes County Water and Sewer Authority, Inc., for the Madison Connection Project.
- (3) Eighty thousand dollars (\$80,000) to the Stokes County Water and Sewer Authority, Inc., for the Dan River Project.

- (4) Thirty thousand dollars (\$30,000) to the Department of Environment, Health, and Natural Resources for the Limestone Creek small watershed project in Duplin County.
- (5) Three hundred forty thousand six hundred forty dollars (\$340,640) to the Department of Environment, Health, and Natural Resources for the Deep Creek small watershed project in Yadkin County.

(b) The Department of Environment, Health, and Natural Resources and the Stokes County Water and Sewer Authority, Inc., shall report by October 1 and March 1 of each fiscal year to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division of the General Assembly, and the Office of State Budget and Management regarding the use of the funds reallocated by this section. Each report shall include all of the following:

- (1) The estimated cost of each project.
- (2) The date that work on each project began or is expected to begin.
- (3) The date that work on each project was completed or is expected to be completed.
- (4) The actual cost of each project."

Section 15.3.(b) This section becomes effective June 30, 1999.

Requested by: Representatives Fox, Owens, Baker, Easterling, Hardaway, Redwine  
**MEADOW BRANCH WATER PROJECT AND DEEP CREEK  
PROJECT/EXTEND REVERSION DATE**

Section 15.4.(a) Section 107(b) of Chapter 561 of the 1993 Session Laws as rewritten by Section 26.1 of Chapter 507 of the 1995 Session Laws and Section 15.46 of S.L. 1997-443 reads as rewritten:

" (b) Where the actual costs are different from the estimated costs under subsection (a) of this section, the Department may adjust the allocations among projects as needed. If any projects listed in subsection (a) of this section are delayed and the budgeted State funds cannot be used during the 1993-94 fiscal year, or if the projects listed in subsection (a) of this section are accomplished at a lower cost, the Department may use the resulting fund availability to fund:

- (1) Corps of Engineers project feasibility studies, or
- (2) Corps of Engineers projects whose schedules have advanced and require State matching funds in fiscal year 1993-94, or
- (3) State-local Water Resources Development Projects.

Funds, except those allocated in subdivisions (a)(14), (15), (16), and (17) of this section, not expended or encumbered for these purposes shall revert to the General Fund at the end of the 1994-95 fiscal year. The funds allocated in subdivisions (a)(14), and (16) of

this section shall not revert until June 30, 1997. The funds allocated in subdivisions (15) and (17) of this section shall not revert until June 30, ~~1999, 2001.~~"

Section 15.4.(b) Subsection (b) of Section 27.12 of Chapter 507 of the 1995 Session Laws reads as rewritten:

" (b) Where the actual costs are different from the estimated costs under subsection (a) of this section, the Department may adjust the allocations among projects as needed. If any projects listed in subsection (a) of this section are delayed and the budgeted State funds cannot be used during the 1995-96 fiscal year, or if the projects listed in subsection (a) of this section are accomplished at a lower cost, the Department may use the resulting fund availability to fund any of the following:

- (1) Corps of Engineers project feasibility studies.
- (2) Corps of Engineers projects whose schedules have advanced and require State matching funds in fiscal year 1995-96.
- (3) State-local Water Resources Development Projects.
- (4) Soil Conservation Projects whose schedules have advanced and require State matching funds in fiscal year 1995-96.

~~Funds~~ Funds, except those allocated in subdivision (a)(12) of this section, not expended or encumbered for these purposes shall revert to the General Fund at the end of the 1996-97 fiscal year. The funds allocated in subdivision (a)(12) of this section shall not revert until June 30, 2001."

Section 15.4.(c) Subsection (b) of Section 34.7 of S.L. 1997-443 reads as rewritten:

" (b) Where the actual costs are different from the estimated costs under subsection (a) of this section, the Department may adjust the allocations among projects as needed. If any projects listed in subsection (a) of this section are delayed and the budgeted State funds cannot be used during the 1997-98 fiscal year, or if the projects listed in subsection (a) of this section are accomplished at a lower cost, the Department may use the resulting fund availability to fund any of the following:

- (1) Corps of Engineers project feasibility studies.
- (2) Corps of Engineers projects whose schedules have advanced and require State matching funds in fiscal year 1997-98.
- (3) State-local Water Resources Development Projects.

~~Funds~~ Funds, except those allocated in subdivision (a)(18) of this section, not expended or encumbered for these purposes shall revert to the General Fund at the end of the 1998-99 fiscal year. The funds allocated in subdivision (a)(18) of this section shall not revert until June 30, 2001."

Section 15.4.(d) This section becomes effective June 30, 1999.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

**NER INTERIM STUDY OF DENR ORGANIZATION**

Section 15.5. During the interim between the Session of the 1999 General Assembly and the 2000 Regular Session of the 1999 General Assembly, the Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives shall study the current organization of the Department of Environment and Natural Resources to determine its effectiveness and efficiency and shall report any recommendations, including any legislative proposals, to the 2000 Regular Session of the 1999 General Assembly no later than May 1, 2000. The Appropriations Subcommittees on Natural and Economic Resources in both the House of Representatives and the Senate may obtain assistance from any resources outside the General Assembly that the Subcommittees determine are needed to adequately perform their study.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

**SUPERFUND PROGRAM/INACTIVE HAZARDOUS SITES FUNDS**

Section 15.6.(a) The Department of Environment and Natural Resources may use available funds, with the approval of the Office of State Budget and Management, to provide the ten percent (10%) cost share required for Superfund cleanups on the National Priority List sites, to pay the operating and maintenance costs associated with these Superfund cleanups, and for the cleanup of priority inactive hazardous substance or waste disposal sites under Part 3 of Article 9 of Chapter 130A of the General Statutes. These funds may be in addition to those appropriated for this purpose.

Section 15.6.(b) The Department of Environment and Natural Resources and the Office of State Budget and Management shall report to the Environmental Review Commission and the Joint Legislative Commission on Governmental Operations the amount and the source of the funds used pursuant to subsection (a) of this section within 30 days of the expenditure of these funds.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

**FUNDS FOR VOLUNTARY REMEDIAL ACTIONS**

Section 15.7.(a) During the 1999-2001 fiscal biennium, the Secretary of Environment and Natural Resources may contribute from the Inactive Hazardous Sites Cleanup Fund up to ten percent (10%) of the cost each fiscal year, not to exceed fifty thousand dollars (\$50,000) per site, of implementing a voluntary remedial action program at up to three high-priority sites that substantially endanger public health or the environment.

Section 15.7.(b) No later than April 1 of each year of the 1999-2001 fiscal biennium, the Department of Environment and Natural Resources shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division.



Each report shall contain the location of the sites for which a voluntary remedial action program was implemented under subsection (a) of this section, the rationale for the State contributing to the cost of that remedial action, and the amount of the contribution made from the Inactive Hazardous Sites Cleanup Fund.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

**DENR POSITION FOR SCRAP TIRE PROGRAM**

Section 15.8. Notwithstanding the provisions of G.S. 130A-309.63, the Department of Environment and Natural Resources may use funds in the Scrap Tire Disposal Account that, pursuant to G.S. 130A-309.63(d), are to be used for the cleanup of scrap tire collection sites to maintain and support a position for the 1999-2000 fiscal year and for the 2000-2001 fiscal year to provide regulatory assistance to local governments to develop programs to prevent scrap tires from outside the State from being presented for free disposal and to complete the cleanup of nuisance tire collection sites.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

**POLLUTION PREVENTION AND ENVIRONMENTAL ASSISTANCE TO SMALL BUSINESSES WITH NEED**

Section 15.9. The Division of Pollution Prevention and Environmental Assistance of the Department of Environment and Natural Resources shall, to the extent feasible, give greatest priority to small businesses that can demonstrate financial need when the Division of Pollution Prevention and Environmental Assistance awards grants or otherwise provides technical or financial assistance.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

**DENR STUDY ONE-STOP PERMIT PROCESS**

Section 15.10. The Department of Environment and Natural Resources shall study the feasibility and benefits of implementing a one-stop permit system to improve coordination within the Department with respect to processing environmental permit applications, communication with the regulated community, and regulatory compliance. The Department shall consider the State of New Jersey's ONE STOP program, which uses a project team composed of permitting, compliance, and enforcement staff to review the permit application, as a model. No later than February 15, 2000, the Department shall report to the Environmental Review Commission, the Joint Legislative Commission on Governmental Operations, the Appropriations Subcommittees on Natural and Economic Resources in both the House of Representatives and the Senate, and the Fiscal Research Division on their findings and recommendations.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

**REPEAL DUPLICATE REPORTING REQUIREMENT FOR CLEAN WATER MANAGEMENT TRUST FUND**

Section 15.11. G.S. 113-145.6(i) is repealed.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

**ENVIRONMENTAL EDUCATION GRANTS**

Section 15.12.(a) Of the two hundred thousand dollars (\$200,000) appropriated in this act to the Department of Environment and Natural Resources for the 1999-2000 fiscal year for environmental education grants, up to fifty thousand dollars (\$50,000) may be used by the Department for the 1999-2000 fiscal year for the costs of administering the environmental education grants. The remainder of these funds shall be used to provide grants to promote environmental education throughout the State. Grants under this section may be awarded to:

- (1) Schools, community organizations, and environmental education centers for the development of environmental education library collections; or
- (2) School groups for field trips to environmental education centers across the State, provided the activities of the field trip are correlated with the Department of Public Instruction's curriculum objectives.

Section 15.12.(b) The Department of Environment and Natural Resources shall report to the Joint Legislative Commission on Governmental Operations, the Environmental Review Commission, and the Fiscal Research Division by January 1, 2000, and again by July 1, 2000, on the grant program. The report shall include a list of amounts awarded and project descriptions for each grant recipient.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

**PARTNERSHIP FOR THE SOUNDS**

Section 15.13.(a) Subject to subsection (c) of this section, the Partnership for the Sounds, Inc., shall, no later than January 15, 2000, submit a report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division that provides the following information:

- (1) Program activities, objectives, and accomplishments for the 1998-99 fiscal year;
- (2) Itemized expenditures and fund sources for the 1998-99 fiscal year;
- (3) Planned activities, objectives, and accomplishments for the 1999-2000 fiscal year, including actual results through December 31, 1999; and
- (4) Estimated itemized expenditures and fund sources for the 1999-2000 fiscal year, including actual expenditures and fund sources through December 31, 1999.

Section 15.13.(b) Subject to subsection (c) of this section, the Partnership for the Sounds, Inc., shall, no later than January 15, 2001, submit a report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division that provides the following information:

- (1) Program activities, objectives, and accomplishments for the 1999-2000 fiscal year;
- (2) Itemized expenditures and fund sources for the 1999-2000 fiscal year;
- (3) Planned activities, objectives, and accomplishments for the 2000-2001 fiscal year, including actual results through December 31, 2000; and
- (4) Estimated itemized expenditures and fund sources for the 2000-2001 fiscal year, including actual expenditures and fund sources through December 31, 2000.

Section 15.13.(c) The Partnership for the Sounds, Inc., shall provide additional reports to the Joint Legislative Commission on Governmental Operations or the Fiscal Research Division upon request.

Section 15.13.(d) The Partnership for the Sounds, Inc., shall provide a copy of its annual audited financial statement to the Fiscal Research Division within 30 days of issuing the financial statement.

Requested by: Representatives Owens, Fox, Easterling, Hardaway, Redwine  
**NORTH CAROLINA WATER QUALITY WORKGROUP  
INITIATIVE/RIVERNET MONITORING SYSTEM PILOT  
PROGRAM/RESEARCH FUNDS**

Section 15.14.(a) The Department of Environment and Natural Resources and North Carolina State University shall jointly establish the North Carolina Water Quality Workgroup. The Workgroup shall work collaboratively with the appropriate divisions of the Department of Environment and Natural Resources and North Carolina State University, the Scientific Advisory Council on Water Resources and Coastal Fisheries Management, the Environmental Management Commission, and the Environmental Review Commission to identify the scientific and State agency databases that can be used to formulate public policy regarding the State's water quality, evaluate those databases to determine the information gaps in those databases, and establish the priorities for obtaining the information lacking in those databases. The Workgroup shall have the following duties:

- (1) To address specifically the ongoing need of evaluation, synthesis, and presentation of current scientific knowledge that can be used to formulate public policy on water quality issues.
- (2) To identify knowledge gaps in the current understanding of water quality problems and fill these gaps with appropriate research projects.

- (3) To maintain a web-based water quality data distribution site.
- (4) To organize and evaluate existing scientific and State agency water quality databases.
- (5) To prioritize recognized knowledge gaps in water quality issues for immediate funding.

Section 15.14.(b) The North Carolina Water Quality Workgroup shall be composed of no more than 15 members. Those members shall be jointly appointed by the Chancellor of North Carolina State University and the Secretary of Environment and Natural Resources. Any person appointed as a member of the Workgroup shall be knowledgeable in one of the following areas:

- (1) Water Quality Assessment, Water Quality Monitoring and Permitting.
- (2) Nutrient Management.
- (3) Water Pollution Control.
- (4) Waste Management.
- (5) Groundwater Resources.
- (6) Stream Hydrology.
- (7) Aquatic Biology.
- (8) Environmental Education and Web-Based Data Dissemination.

Section 15.14.(c) North Carolina State University shall provide meeting facilities for the North Carolina Water Quality Workgroup as requested by the Chair.

Section 15.14.(d) The members of the North Carolina Water Quality Workgroup shall elect a Chair. The Chair shall call meetings of the Workgroup and set the meeting agenda.

Section 15.14.(e) The Chair of the North Carolina Water Quality Workgroup shall report each year by January 30 to the Scientific Advisory Council on Water Resources and Coastal Fisheries Management, to the Environmental Review Commission, to the Cochairs of the House of Representatives and Senate Appropriations Subcommittees on Natural and Economic Resources, and to the Chancellor of North Carolina State University or the Chancellor's designee on the previous year's activities, findings, and recommendations of the North Carolina Water Quality Workgroup.

Section 15.14.(f) The North Carolina Water Quality Workgroup shall develop a water quality monitoring system to be known as Rivernet that effectively uses the combined resources of North Carolina State University and State agencies. The Rivernet system shall be designed to implement advances in monitoring technology and information management systems with web-based data dissemination in the waters that are impaired based on the criteria of the State's basinwide water quality management plans. Water quality parameters shall be continuously monitored at each station, and the data shall be sent back to a centralized computer server.

The Rivernet system shall be designed and managed so that the data is collected and analyzed in accordance with the guidelines establishing test procedures for the analysis of pollutants promulgated by the United States Environmental Protection Agency and set out in 40 Code of Federal Regulations Part 136 (July 1, 1998 Edition). Test procedures not covered by these guidelines shall conform to the guidelines adopted by the American Public Health Association, the American Water Works Association, and the Water Environment Federation, as published in the publication entitled "Standard Methods for the Examination of Water and Wastewater"(20th Edition). The Rivernet system shall be coordinated with related data collection and monitoring activities of the Department of Environment and Natural Resources, the Water Resources Research Institute, the North Carolina Water Quality Workgroup, and other research efforts pursued by academic institutions or State government entities to assure that duplication of effort is avoided and maximum efficiency is achieved.

The Rivernet system shall also have the capabilities to trigger alarms and notify the appropriate member of the Workgroup when monitoring stations exceed defined limits indicating a spill or a significant water quality event, which then can be comprehensively analyzed.

Section 15.14.(g) For the 1999-2001 biennium, the North Carolina Water Quality Workgroup shall select as a pilot project site an area of impaired waters within one of the State's river basins based on criteria of the State's basinwide water quality management plans and shall implement a Rivernet monitoring system pilot project in those waters.

Section 15.14.(h) Of the funds appropriated by this act to the Department of Environment and Natural Resources, the sum of one million one hundred fifty thousand dollars (\$1,150,000) for the 1999-2000 fiscal year and the sum of six hundred fifty thousand dollars (\$650,000) for the 2000-2001 fiscal year shall be used to implement this section. Those funds shall be allocated as follows:

- (1) \$275,000 shall be transferred for the 1999-2000 fiscal year and \$275,000 for the 2000-2001 fiscal year to the Board of Governors of The University of North Carolina for North Carolina State University to use for operating costs of the Rivernet monitoring system and pilot project including personnel to maintain the system, archive, and disseminate the data.
- (2) \$500,000 for the 1999-2000 fiscal year only shall be transferred to the Board of Governors of The University of North Carolina to be used by North Carolina State University for the purchase of monitoring equipment, installation of the data transfer network, and for the installation of the computer hardware and software to archive the data and sustain the web-based data system.

- (3) \$375,000 for the 1999-2000 fiscal year and \$375,000 for the 2000-2001 fiscal year shall be held in a reserve fund to be administered by the Scientific Advisory Council on Water Resources and Coastal Fisheries Management. Monies in the fund shall be used only for research projects recommended by the North Carolina Water Quality Workgroup. The Workgroup shall consider only new studies that promote collaborative work among the Department of Environment and Natural Resources, North Carolina State University, the University of North Carolina at Wilmington, East Carolina University, Western Carolina University, and the University of North Carolina at Chapel Hill to collectively close knowledge policy gaps with regard to the State's water quality.

## **PART XVI. DEPARTMENT OF COMMERCE**

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

### **DEPARTMENT OF COMMERCE BUDGET REVISIONS**

Section 16. The Department of Commerce, in consultation with and upon approval of the Office of State Budget and Management, shall make the necessary revisions to its budget to ensure that positions and related operating funds are budgeted in the appropriate fund codes of the divisions to which the positions are assigned and the operating expenses support. These revisions should result in a departmental budget that accurately reflects the Department's organizational structure and lines of management. The budget revisions shall be submitted to and approved by the Office of State Budget and Management not later than January 1, 2000. The Department of Commerce shall submit to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division a progress report no later than October 15, 1999, and a final report no later than January 15, 2000, on all budget revisions made to implement this section.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

### **WANCHESE SEAFOOD INDUSTRIAL PARK FUNDS**

Section 16.1. Of the funds appropriated in this act to the Department of Commerce for the Wanchese Seafood Industrial Park, the sum of one hundred twenty-one thousand one hundred twenty dollars (\$121,120) for the 1999-2000 fiscal year and the sum of one hundred twenty-one thousand one hundred twenty dollars (\$121,120) for the 2000-2001 fiscal year may be expended by the North Carolina Seafood Industrial Park Authority for operations, maintenance, repair, and capital improvements in

accordance with Article 23C of Chapter 113 of the General Statutes, in addition to funds available to the Authority for these purposes.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

**INDUSTRIAL RECRUITMENT COMPETITIVE FUND**

Section 16.2.(a) Funds appropriated in this act to the Department of Commerce for the Industrial Recruitment Competitive Fund shall be used to continue the Fund. The purpose of the Fund is to provide financial assistance to those businesses or industries deemed by the Governor to be vital to a healthy and growing State economy and that are making significant efforts to establish or expand in North Carolina. Monies allocated from the Fund shall be used for the following purposes:

- (1) Installation or purchase of equipment;
- (2) Structural repairs, improvements, or renovations of existing buildings to be used for expansion; and
- (3) Construction of or improvements to new or existing water, sewer, gas or electric utility distribution lines, or equipment for existing buildings.

Monies may also be used for construction of or improvements to new or existing water, sewer, gas or electric utility distribution lines, or equipment to serve new or proposed industrial buildings used for manufacturing and industrial operations. The Governor shall adopt guidelines and procedures for the commitment of monies from the Fund.

Section 16.2.(b) The Department of Commerce shall report on or before October 1, 1999, and quarterly thereafter to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division on the commitment, allocation, and use of funds allocated from the Industrial Recruitment Competitive Fund.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

**REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS**

Section 16.3.(a) Funds appropriated in this act to the Department of Commerce for regional economic development commissions shall be allocated to the following commissions in accordance with subsection (b) of this section: Western North Carolina Regional Economic Development Commission, Research Triangle Regional Commission, Southeastern North Carolina Regional Economic Development Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional Economic Development Commission, Global TransPark Development Commission, and Carolinas Partnership, Inc.

Section 16.3.(b) Funds appropriated pursuant to subsection (a) of this section shall be allocated to each regional economic development commission as follows:

- (1) First, the Department shall establish each commission's allocation by determining the sum of allocations to each county that is a member of that commission. Each county's allocation shall be determined by dividing the county's enterprise factor by the sum of the enterprise factors for eligible counties and multiplying the resulting percentage by the amount of the appropriation. As used in this subdivision, the term "enterprise factor" means a county's enterprise factor as calculated under G.S. 105-129.3;
- (2) Next, the Department shall subtract from funds allocated to the Global TransPark Development Zone the sum of two hundred forty thousand three hundred fifty dollars (\$240,350) in each fiscal year, which sum represents the interest earnings in each fiscal year on the estimated balance of seven million five hundred thousand dollars (\$7,500,000) appropriated to the Global TransPark Development Zone in Section 6 of Chapter 561 of the 1993 Session Laws; and
- (3) Next, the Department shall redistribute the sum of two hundred forty thousand three hundred fifty dollars (\$240,350) in each fiscal year to the seven regional economic development commissions named in subsection (a) of this section. Each commission's share of this redistribution shall be determined according to the enterprise factor formula set out in subdivision (1) of this subsection. This redistribution shall be in addition to each commission's allocation determined under subdivision (1) of this subsection.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

**REGIONAL COMMISSION REPORTS**

Section 16.4.(a) Each regional economic development commission receiving a grant-in-aid from the Department of Commerce shall:

- (1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce the following information:
  - a. State fiscal year 1998-99 program activities, objectives, and accomplishments;
  - b. State fiscal year 1998-99 itemized expenditures and fund sources;
  - c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments as specified in subdivisions (b)(1) through



- (b)(6) of this section including actual results through December 31, 1999;
  - d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999.
- (2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce the following information:
- a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
  - b. State fiscal year 1999-2000 itemized expenditures and fund sources;
  - c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments as specified in subdivisions (b)(1) through (b)(6) of this section including actual results through December 31, 2000;
  - d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000.
- (3) Provide to the Fiscal Research Division and the Department of Commerce a copy of its annual audited financial statement within 30 days of issuance of the statement.

Section 16.4.(b) Each regional economic development commission receiving a grant-in-aid from the Department of Commerce in each fiscal year of the 1999-2001 biennium shall by the 25th day of the month following the end of a fiscal quarter, report to the Department of Commerce the following information for the most recent completed fiscal quarter:

- (1) The number of and description of marketing outreach events including trade shows, recruitment missions, and related activities;
- (2) The number of jobs saved;
- (3) The amount of investment and number of jobs created by the direct efforts of a commission;
- (4) Initiatives undertaken to establish certified sites and shell buildings;
- (5) The number of referrals or leads handled that were generated by the Department of Commerce;
- (6) The number and listing of available sites and buildings within the region served by a commission;
- (7) A listing of major accomplishments.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

**REPEAL STATUTORY REPORTING REQUIREMENTS FOR REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS**

Section 16.5.(a) G.S. 158-8.1(e) reads as rewritten:

"(e) In addition to the powers and duties granted to economic development commissions in this Article, the Western North Carolina Regional Economic Development Commission shall:

- (1) Survey Western North Carolina and determine the assets, liabilities, and resources that the region contributes to the economic development process.
- (2) Develop and evaluate alternatives for Western North Carolina economic development.
- (3) Develop a preferred economic development plan for the region and establish strategies for implementing the plan.
- (4) Coordinate activities with and enter into contracts with any nonprofit corporation created to assist the Commission in carrying out its powers and duties.
- ~~(5) Report to the General Assembly by March 31 each year on the work of the Commission."~~

Section 16.5.(b) G.S. 158-8.2(f) reads as rewritten:

"(f) In addition to the powers and duties granted to economic development commissions in this Article, the Northeastern North Carolina Regional Economic Development Commission shall:

- (1) Adopt and implement an economic development program, with the assistance of the economic development advisory board, as follows:
  - a. Survey northeastern North Carolina and determine the assets, liabilities, and resources that the region contributes to the economic development process;
  - b. Enhance economic development activities that use the area's natural resources;
  - c. Develop and evaluate alternatives for northeastern North Carolina economic development;
  - d. Develop a preferred economic development plan for the region and establish strategies for implementing the plan;
  - e. Conduct feasibility studies to determine the nature and placement of economic developments for maximum economic impact;
  - f. Identify potential sites for economic development; and

- g. Carry out other activities to develop and promote economic development;
- (2) Adopt and implement a tourism development program, with the advice and assistance of the tourism advisory board, as follows:
  - a. Adopt, implement, and update a water-based tourism development strategy;
  - b. Provide assistance to developers with requirements for tourism development, as deemed necessary by the Commission;
  - c. Conduct feasibility studies to determine the nature and placement of tourism developments for maximum economic impact;
  - d. Identify sites for tourism development; and
  - e. Carry out other activities to develop and promote water-based tourism; and
- (3) Coordinate activities with and enter into contracts with any nonprofit corporation created to assist the Commission in carrying out its powers and ~~duties; and duties.~~
- (4) ~~Report to the General Assembly by March 31 each year on the work of the Commission."~~

Section 16.5.(c) G.S. 158-8.3(e) reads as rewritten:

"(e) In addition to the powers and duties granted to economic development commissions in this Article, the Southeastern North Carolina Regional Economic Development Commission shall:

- (1) Survey southeastern North Carolina and determine the assets, liabilities, and resources that the region contributes to the economic development process;
- (2) Develop and evaluate alternatives for southeastern North Carolina economic development;
- (3) Develop a preferred economic development plan for the region and establish strategies for implementing the plan; and
- (4) Coordinate activities with and enter into contracts with any nonprofit corporation created to assist the Commission in carrying out its powers and ~~duties; and duties.~~
- (5) ~~Report to the General Assembly by March 31 each year on the work of the Commission."~~

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine  
**MODIFY NORTHEAST REGIONAL ECONOMIC DEVELOPMENT COMMISSION**

Section 16.6.(a) G.S. 158-8.2 reads as rewritten:

**"§ 158-8.2. Creation of Northeastern North Carolina Regional Economic Development Commission.**

(a) There is created the Northeastern North Carolina Regional Economic Development Commission to facilitate economic development ~~and tourism development~~ in Beaufort, Bertie, Camden, Chowan, Currituck, Dare, Gates, Halifax, Hertford, Hyde, Martin, Northampton, Pasquotank, Perquimans, Tyrrell, and Washington Counties, and any other county assigned to the Commission by the Department of Commerce as authorized by law. The Commission shall be located administratively in the Department of Commerce but shall exercise its statutory powers and duties independently of the Department of Commerce. Funds appropriated for the Commission by the General Assembly shall be disbursed directly to the Commission at the beginning of each fiscal year.

(b) The Commission shall consist of 18 appointed members and ~~two~~ one ex officio ~~members, member, as follows: provided below.~~ Each appointed member shall be an experienced business person who resides for most of the year in one or more of the counties that are members of the Commission.

- (1) Six members shall be appointed by the ~~Governor, including one developer of northeastern North Carolina, one banker, one county commissioner from Camden, Currituck, Pasquotank, or Perquimans Counties, or from the county or counties assigned to the Commission by the Department of Commerce as authorized by law, and one county commissioner from Beaufort, Bertie, Chowan, or Martin Counties, or from the county or counties assigned to the Commission by the Department of Commerce as authorized by law.~~ Governor.
- (2) Six members shall be appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate in accordance with G.S. ~~120-121, including one developer of northeastern North Carolina, one banker, and one county commissioner from Dare, Hyde, Tyrrell, or Washington Counties.~~ 120-121.
- (3) Six members shall be appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives in accordance with G.S. ~~120-121, including one developer of northeastern North Carolina, one banker, and one county commissioner from Halifax, Hertford, Gates, or Northampton Counties.~~ 120-121.
- (4) The Secretary of Commerce, or a designee.
- (5) ~~The Secretary of Cultural Resources, or a designee.~~

Any person appointed to the Commission ~~in a categorical appointment as~~ who is also a county commissioner may hold ~~such~~ that office in addition to the offices permitted by

G.S. 128-1.1. The appointing authorities are encouraged to discuss and coordinate their appointments in an effort to ensure as many counties served by the Commission are represented among the membership of the Commission.

~~(c) The appointing authority shall designate two of the initial appointees pursuant to subdivision (b)(1), one of the initial appointees pursuant to subdivision (b)(2), two of the initial appointees pursuant to subdivision (b)(3), and two of the initial appointees pursuant to subdivision (b)(4) to serve for terms ending June 30, 1995; the remainder of the initial appointees shall serve for terms ending June 30, 1997. Their successors shall serve for four year terms ending on June 30 quadrennially thereafter. All members shall serve staggered two-year terms ending on June 30 biennially.~~

(d) Any appointment to fill a vacancy on the Commission shall be for the balance of the unexpired term. Vacancies in appointments made by the General Assembly shall be in accordance with G.S. 120-122.

(d1) The initial meeting shall be called by the Secretary of the Department of Commerce. The Commission shall meet no less than quarterly.

~~(e) The Commission shall appoint an economic development advisory board made up of no more than seven members to advise and assist the Commission in adopting and implementing an economic development program. The Commission shall also appoint a tourism advisory board made up of no more than seven members to advise and assist the Commission in adopting and implementing a tourism development program. Members of the Commission may serve on these advisory boards. elect annually from among its membership a four-member executive committee consisting of a chair, a vice-chair, a secretary, and a treasurer. Members shall serve one-year terms on the executive committee. The executive committee shall meet no less than quarterly.~~

(f) In addition to the powers and duties granted to economic development commissions in this Article, the Northeastern North Carolina Regional Economic Development Commission shall:

- (1) Adopt and implement an economic development program, with the assistance of the economic development advisory board, as follows:
  - a. Survey northeastern North Carolina and determine the assets, liabilities, and resources that the region contributes to the economic development process;
  - b. Enhance economic development activities that use the area's natural resources;
  - c. Develop and evaluate alternatives for northeastern North Carolina economic development;
  - d. Develop a preferred economic development plan for the region and establish strategies for implementing the plan;

- e. Conduct feasibility studies to determine the nature and placement of economic developments for maximum economic impact;
  - f. Identify potential sites for economic development; and
  - g. Carry out other activities to develop and promote economic ~~development; development.~~
- (2) ~~Adopt and implement a tourism development program, with the advice and assistance of the tourism advisory board, as follows:~~
- a. ~~Adopt, implement, and update a water based tourism development strategy;~~
  - b. ~~Provide assistance to developers with requirements for tourism development, as deemed necessary by the Commission;~~
  - e. ~~Conduct feasibility studies to determine the nature and placement of tourism developments for maximum economic impact;~~
  - d. ~~Identify sites for tourism development; and~~
  - e. ~~Carry out other activities to develop and promote water based tourism;~~
- (3) Coordinate activities with and enter into contracts with any nonprofit corporation created to assist the Commission in carrying out its powers and ~~duties; and duties.~~
- (4) Report to the General Assembly by March 31 each year on the work of the Commission.

(g) Within the limits of funds available, the Commission may hire and fix the compensation of any personnel necessary to its operations, contract with consultants for any services as it may require, and contract with the State of North Carolina or the federal government, or any agency or department thereof, for any services as may be provided by those agencies. The Commission shall hire an employee to serve as president and chief executive officer. The Commission may carry out the provisions of any contracts it may enter.

Within the limits of funds available, the Commission may lease, rent, purchase, or otherwise obtain suitable quarters and office space for its staff, and may lease, rent, or purchase necessary furniture, fixtures, and other equipment.

(h) Members of the Commission who are State employees shall receive travel expenses as provided in G.S. 138-6. Other Commission members shall receive per diem of one hundred dollars (\$100.00) a day for each day of service when the Commission meets and shall be reimbursed for travel and subsistence as provided in G.S. 138-5. ~~The Commission may adopt policies authorizing additional per diem of one hundred dollars (\$100.00) a day for non State employee members' additional days of service including~~

~~Commission subcommittee meetings or other Commission activities, plus reimbursement for related travel and subsistence as provided in G.S. 138-5. Members of the advisory boards who are State employees shall receive travel expenses as provided in G.S. 138-6 for participating in meetings and other official activities authorized by the Commission. Other members of the advisory boards shall receive per diem and travel expenses as provided in G.S. 138-5 for participating in meetings and other official activities authorized by the Commission."~~

Section 16.6.(b) The Northeastern North Carolina Regional Economic Development Commission shall make the transition from the former membership to the new membership provided in this section as follows:

- (1) The present executive committee shall serve until a new executive committee is elected.
- (2) The Governor and the General Assembly shall make the appointments provided in G.S. 158-8.2(b)(1) through (3) for terms beginning July 1, 1999. Each appointing authority shall designate one-half of the appointees to serve initial terms of three years and shall designate the remaining appointees to serve two-year terms. Their successors shall serve two-year terms.
- (3) On the date the members of the Commission appointed pursuant to this section take office, the terms of all current members of the Commission appointed before the effective date of this act expire.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine  
**LEGISLATIVE RESEARCH COMMISSION TO STUDY LOCAL GROWTH PLANNING AND MANAGEMENT POLICIES AND INCENTIVES**

Section 16.7. Of the funds appropriated in this act to the Department of Commerce, the sum of two hundred thousand dollars (\$200,000) for the 1999-2000 fiscal year shall be transferred to the General Assembly to be used by the Legislative Research Commission to study local growth planning and management policies and incentives, including the provisions of House Bill 1468, 1999 Regular Session, First Edition.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine  
**MARKETING OF GLOBAL TRANSPARK**

Section 16.8.(a) Section 15.2 of S.L. 1998-212 is repealed.

Section 16.8.(b) Of the funds appropriated in this act to the Department of Commerce, the sum of one hundred seventy-two thousand thirty-six dollars (\$172,036) for the 1999-2000 fiscal year and the sum of one hundred seventy-two thousand thirty-six dollars (\$172,036) for the 2000-2001 fiscal year shall be transferred to the Global TransPark Authority to market the Global TransPark.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

**PETROLEUM OVERCHARGE ATTORNEYS' FEES**

Section 16.9.(a) Unless prohibited by federal law, rule, or regulation, or preexisting settlement agreement, no later than October 1, 1989, the North Carolina Attorney General shall direct the withdrawal of all funds received in the cases of United States v. Exxon and Stripper Well that are held in accounts or reserves located out-of-state for payment of attorneys' fees and reasonable expenses incurred in connection with oil overcharge litigation authorized by the Attorney General. The Attorney General shall deposit these funds, and all funds to be received from Petroleum Overcharge Funds in the future for attorneys' fees and reasonable expenses, into the Special Reserve for Oil Overcharge Funds.

Section 16.9.(b) All attorneys' fees and reasonable expenses incurred in connection with oil overcharge litigation shall be paid by the State Treasurer from Petroleum Overcharge Funds that have been received by this State and deposited into the Special Reserve for Oil Overcharge Funds.

Section 16.9.(c) Notwithstanding any other provision of law, the Attorney General may authorize the payment of attorneys' fees and reasonable expenses from the Special Reserve for Oil Overcharge Funds without further action of the General Assembly, and funds are hereby appropriated from the Special Reserve for Oil Overcharge Funds for the 1999-2000 fiscal year and for the 2000-2001 fiscal year for that purpose.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

**PETROLEUM OVERCHARGE FUNDS ALLOCATION**

Section 16.10.(a) Any funds remaining in the Special Reserve for Oil Overcharge Funds on and after June 30, 1999, may be expended only as authorized by the General Assembly. All interest or income accruing from all deposits or investments of cash balances shall be credited to the Special Reserve Oil Overcharge Funds.

Section 16.10.(b) The Department of Commerce shall do the following:

- (1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
  - a. A description of program activities, objectives, and accomplishments supported with petroleum overcharge funds for the State fiscal year 1998-99;
  - b. An itemized list of the actual expenditures from each of the petroleum overcharge accounts for each of the activities supported with petroleum overcharge funds for the State fiscal



- year 1998-99, including any expenditures for administrative costs;
  - c. A list of the cash balances remaining in each of the petroleum overcharge accounts at the end of the State fiscal year 1998-99, including the amount of funds which are obligated; and
  - d. A description of planned activities, objectives, and accomplishments, including the amount of petroleum overcharge funds budgeted for each activity for State fiscal year 1999-2000.
- (2) By January 15, 2001, and more frequently if requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
- a. A description of program activities, objectives, and accomplishments supported with petroleum overcharge funds for the State fiscal year 1999-2000;
  - b. An itemized list of the actual expenditures from each of the petroleum overcharge accounts for each of the activities supported with petroleum overcharge funds for the State fiscal year 1999-2000, including any expenditures for administrative costs;
  - c. A list of the cash balances remaining in each of the petroleum overcharge accounts at the end of the State fiscal year 1999-2000, including the amount of funds which are obligated; and
  - d. A description of planned activities, objectives, and accomplishments, including the amount of petroleum overcharge funds budgeted for each activity for State fiscal year 2000-2001.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine  
**NER INTERIM STUDY OF ENERGY DIVISION OF DEPARTMENT OF COMMERCE**

Section 16.11. During the interim between the Session of the 1999 General Assembly and the 2000 Regular Session of the 1999 General Assembly, the House of Representatives Appropriations Subcommittee on Natural and Economic Resources and the Senate Appropriations Committee on Natural and Economic Resources shall study the current organization and responsibilities of the Division of Energy of the Department of Commerce to determine its effectiveness and efficiency in managing the State's energy programs and administering Petroleum Overcharge funds, and shall report any recommendations, including legislative proposals, to the 2000 Regular Session of the

1999 General Assembly no later than May 1, 2000. In conducting the study the committees may obtain assistance from any resources outside the General Assembly that the committees determine are needed to adequately perform the study.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine  
**SPECIAL EMPLOYMENT SECURITY ADMINISTRATION FUND**

Section 16.12.(a) Notwithstanding G.S. 96-5(c), there is appropriated from the Special Employment Security Administration Fund to the Employment Security Commission of North Carolina, the sum of two million dollars (\$2,000,000) for the 1999-2000 fiscal year and the sum of two million dollars (\$2,000,000) for the 2000-2001 fiscal year for administration of the Employment Services and Unemployment Insurance Programs.

Section 16.12.(b) Supplemental federal funds or other additional funds received by the Employment Security Commission for similar purposes shall be expended prior to the expenditure of funds appropriated by this section.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine  
**AUTHORIZATION TO EXPEND REED ACT FUNDS**

Section 16.13. Of the funds credited to and held in this State's account in the Unemployment Trust Fund by the Secretary of the Treasury of the United States pursuant to and in accordance with section 903 of the Social Security Act, the Employment Security Commission of North Carolina may expend the sum of five hundred twenty-five thousand one hundred twenty-three dollars (\$525,123) for the 1999-2000 fiscal year for automation purposes.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine  
**WORKER TRAINING TRUST FUND APPROPRIATIONS**

Section 16.14.(a) There is appropriated from the Worker Training Trust Fund to the Employment Security Commission of North Carolina the sum of six million two hundred ninety-six thousand seven hundred forty dollars (\$6,296,740) for the 1999-2000 fiscal year for the operation of local offices and the sum of six million two hundred ninety-six thousand seven hundred forty dollars (\$6,296,740) for the 2000-2001 fiscal year for the operation of local offices.

Section 16.14.(b) Notwithstanding the provisions of G.S. 96-5(f), there is appropriated from the Worker Training Trust Fund to the following agencies the following sums for the 1999-2000 and the 2000-2001 fiscal years for the following purposes:

- (1) \$2,400,000 for the 1999-2000 fiscal year and \$2,400,000 for the 2000-2001 fiscal year to the Department of Commerce, Division of

- Employment and Training, for the Employment and Training Grant Program;
- (2) \$1,000,000 for the 1999-2000 fiscal year and \$1,000,000 for the 2000-2001 fiscal year to the Department of Labor for customized training of the unemployed and the working poor for specific jobs needed by employers through the Department's Bureau for Training Initiatives;
  - (3) \$2,046,000 for the 1999-2000 fiscal year and \$1,746,000 for the 2000-2001 fiscal year to the Department of Community Colleges to continue the Focused Industrial Training Program;
  - (4) \$225,000 for the 1999-2000 fiscal year and \$225,000 for the 2000-2001 fiscal year to the Employment Security Commission for the State Occupational Information Coordinating Committee to develop and operate an interagency system to track former participants in State education and training programs;
  - (5) \$400,000 for the 1999-2000 fiscal year and \$400,000 for the 2000-2001 fiscal year to the Department of Community Colleges for a training program in entrepreneurial skills to be operated by North Carolina REAL Enterprises;
  - (6) \$60,000 for the 1999-2000 fiscal year and \$60,000 for the 2000-2001 fiscal year to the Office of State Budget and Management to maintain compliance with Chapter 96 of the General Statutes, which directs the Office of State Budget and Management to employ the Common Follow-Up Management Information System to evaluate the effectiveness of the State's job training, education, and placement programs; and
  - (7) \$1,000,000 for the 1999-2000 fiscal year and \$1,000,000 for the 2000-2001 fiscal year to the Department of Labor to expand the Apprenticeship Program. It is intended that the appropriation of funds in this subdivision will result in the Department of Labor serving a benchmark performance level of 10,000 adult and youth apprentices by the year 2000 and maintained or improved thereafter.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

**WORKFORCE DEVELOPMENT COMMISSION**

Section 16.15.(a) Part 3A of Article 10 of Chapter 143B of the General Statutes is repealed.

Section 16.15.(b) Article 10 of Chapter 143B of the General Statutes is amended by adding a new Part to read:

"Part 3B. Workforce Development.

**"§ 143B-438.10. Commission on Workforce Development.**

(a) Creation and Duties. -- There is created within the Department of Commerce the North Carolina Commission on Workforce Development. The Commission shall have the following powers and duties:

- (1) To develop strategies to produce a skilled, competitive workforce that meets the needs of the State's changing economy.
- (2) To advise the Governor, the General Assembly, State and local agencies, and the business sector regarding policies and programs to enhance the State's workforce.
- (3) To coordinate and develop strategies for cooperation between the academic, governmental, and business sectors.
- (4) To establish, develop, and provide ongoing oversight of the 'One-Stop Delivery System' for employment and training services in the State.
- (5) To develop a unified State plan for workforce training and development.
- (6) To review the plans and programs of agencies, boards, and organizations operating federally funded or State-funded workforce development programs for effectiveness, duplication, fiscal accountability, and coordination.
- (7) To develop and continuously improve performance measures to assess the effectiveness of workforce training and employment in the State.
- (8) To submit to the Governor and to the General Assembly by April 1, 2000, and biennially thereafter, a comprehensive Workforce Development Plan that shall include at least the following:
  - a. Goals and objectives for the biennium.
  - b. An assessment of current workforce programs and policies.
  - c. An assessment of the delivery of employment and training services to special populations, such as youth and dislocated workers.
  - d. Recommendations for policy, program, or funding changes.
- (9) To serve as the State's Workforce Investment Board for purposes of the federal Workforce Investment Act of 1998.

(b) Membership; Terms. -- The Commission on Workforce Development shall consist of 38 members appointed as follows:

- (1) By virtue of their offices, the following department and agency heads or their respective designees shall serve on the Commission: the Secretary of the Department of Health and Human Services, the Chair of the Employment Security Commission, the Superintendent of Public Instruction, the President of the Community Colleges System Office,

the Commissioner of the Department of Labor, and the Secretary of the Department of Commerce.

(2) The Governor shall appoint 32 members as follows:

- a. Six members representing public, postsecondary, and vocational education.
- b. Two members representing community-based organizations.
- c. Six members representing labor.
- d. Eighteen members representing business and industry.

(3) The terms of the members appointed by the Governor shall be for four years.

(c) Appointment of Chair; Meetings. -- The Governor shall appoint the Chair of the Commission from among the business and industry members, and that person shall serve at the pleasure of the Governor. The Commission shall meet at least quarterly upon the call of the Chair.

(d) Staff; Funding. -- The clerical and professional staff to the Commission shall be provided by the Department of Commerce. Funding for the Commission shall derive from State and federal resources as allowable and from the partner agencies to the Commission. Members of the Commission shall receive necessary travel and subsistence in accordance with State law.

**"§ 143B-438.11. Local Workforce Development Boards.**

(a) Duties. -- Local Workforce Development Boards shall have the following powers and duties:

- (1) To develop policy and act as the governing body for local workforce development.
- (2) To provide planning, oversight, and evaluation of local workforce development programs, including the local One-Stop Delivery System.
- (3) To provide advice regarding workforce policy and programs to local elected officials, employers, education and employment training agencies, and citizens.
- (4) To develop a local plan in coordination with the appropriate community partners to address the workforce development needs of the service area.
- (5) To develop linkages with economic development efforts and activities in the service area and promote cooperation and coordination among public organizations, education agencies, and private businesses.
- (6) To review local agency plans and grant applications for workforce development programs for coordination and achievement of local goals and needs.

(7) To serve as the Workforce Investment Board for the designated substate area for the purpose of the federal Workforce Investment Act of 1998.

(b) Members. -- Members of local Workforce Development Boards shall be appointed by local elected officials in accordance with criteria established by the Governor and with provisions of the federal Workforce Investment Act. The local Workforce Development Boards shall have a majority of business members and shall also include representation of workforce and education providers, labor organizations, community-based organizations, and economic development boards as determined by local elected officials. The Chairs of the local Workforce Development Boards shall be selected from among the business members.

**"§ 143B-438.12. Federal Program Administration.**

(a) Federal Workforce Investment Act. -- In accordance with the federal Workforce Investment Act, the Commission on Workforce Development shall develop a Five-Year Strategic Plan to be submitted to the U.S. Secretary of Labor. The Strategic Plan shall describe the workforce development activities to be undertaken in the State to implement the federal Workforce Investment Act and how special populations shall be served.

(b) Other Workforce Grant Applications. -- The Commission on Workforce Development may submit grant applications for workforce development initiatives and may manage the initiatives and demonstration projects.

**"§ 143B-438.13. Employment and Training Grant Program.**

(a) Employment and Training Grant Program. -- There is established in the Department of Commerce, Division of Employment and Training, an Employment and Training Grant Program. Grant funds shall be allocated to local Workforce Development Boards for the purposes of enabling recipient agencies to implement local employment and training programs in accordance with existing resources, local needs, local goals, and selected training occupations. The State program of workforce performance standards shall be used to measure grant program outcomes.

(b) Use of Grant Funds. -- Local agencies may use funds received under this section for the purpose of providing services, such as training, education, placement, and supportive services. Local agencies may use grant funds to provide services only to individuals who are (i) 18 years of age or older and meet the federal Workforce Investment Act, title I adult eligibility definitions, or meet the federal Workforce Investment Act, title I dislocated worker eligibility definitions, or (ii) incumbent workers with annual family incomes at or below two hundred percent (200%) of poverty guidelines established by the federal Department of Health and Human Services.

(c) Allocation of Grants. -- The Department of Commerce may reserve and allocate up to ten percent (10%) of the funds available to the Employment and Training Grant Program for State and local administrative costs to implement the Program. The

Division of Employment and Training shall allocate employment and training grant funds to local Workforce Development Boards serving federal Workforce Investment Act local workforce investment areas based on the following formula:

- (1) One-half of the funds shall be allocated on the basis of the relative share of the local workforce investment area's share of federal Workforce Investment Act, title I adult funds as compared to the total of all local areas adult shares under the federal Workforce Investment Act, title I.
  - (2) One-half of the funds shall be allocated on the basis of the relative share of the local workforce investment area's share of federal Workforce Investment Act, title I dislocated worker funds as compared to the total of all local areas dislocated worker shares under the federal Workforce Investment Act, title I.
  - (3) Local workforce investment area adult and dislocated shares shall be calculated using the current year's allocations to local areas under the federal Workforce Investment Act, title I.
- (d) Reports and Coordination. -- The Department of Commerce shall report quarterly to the Governor and to the Speaker of the House of Representatives and the President Pro Tempore of the Senate on the North Carolina Employment and Training Grant Program. The Department shall also provide a copy of these quarterly reports to the North Carolina Commission on Workforce Development.
- (e) Nonreverting Funds. -- Funds appropriated to the Department of Commerce for the Employment and Training Grant Program that are not expended at the end of the fiscal year shall not revert to the General Fund, but shall remain available to the Department for the purposes established in this section."

Section 16.15.(c)The Commission on Workforce Preparedness appointed in accordance with Executive Order #4 of March 10, 1993, shall continue to serve as the State's Commission on Workforce Development until January 1, 2001, or until appointments to the North Carolina Commission on Workforce Development created by this section are made consistent with the provisions of G.S. 143B-438.10, whichever comes first.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine  
**TOURISM PROMOTION FUNDS**

Section 16.16. Funds appropriated in this act to the Department of Commerce for tourism promotion grants shall be allocated according to per capita income, unemployment, and population growth in an effort to direct funds to counties most in need in terms of lowest per capita income, highest unemployment, and slowest population growth, in the following manner:

- (1) Counties 1 through 20 are each eligible to receive a maximum grant of seven thousand five hundred dollars (\$7,500) for each fiscal year, provided these funds are matched on the basis of one non-State dollar (\$1.00) for every four State dollars (\$4.00).
- (2) Counties 21 through 50 are each eligible to receive a maximum grant of three thousand five hundred dollars (\$3,500) for two of the next three fiscal years, provided these funds are matched on the basis of one non-State dollar (\$1.00) for every three State dollars (\$3.00).
- (3) Counties 51 through 100 are each eligible to receive a maximum grant of three thousand five hundred dollars (\$3,500) for alternating fiscal years, beginning with the 1991-92 fiscal year, provided these funds are matched on the basis of four non-State dollars (\$4.00) for every State dollar (\$1.00).

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

**RURAL TOURISM DEVELOPMENT FUNDS**

Section 16.17. Of the funds appropriated in this act to the Department of Commerce for the 1999-2000 fiscal year, the sum of three hundred thousand dollars (\$300,000) shall be used for the Rural Tourism Development Grant Program. The Department shall establish and implement this Program to provide grants to local governments and nonprofit organizations to encourage the development of new tourism projects and activities in rural areas of the State. The Department shall develop procedures for the administration and distribution of funds allocated to the Rural Tourism Development Program under the following guidelines:

- (1) Eligible organizations shall make application under procedures established by the Department;
- (2) Eligible organizations shall be nonprofit tourism-related organizations located in the State's rural regions;
- (3) Priority shall be given to eligible organizations that have significant involvement of travel and tourism-related businesses;
- (4) Priority shall be given to eligible organizations serving economically distressed rural counties;
- (5) Priority shall be given to eligible organizations that match funds; and
- (6) Funds shall not be used for renting or purchasing land or buildings, or for financing debt.

No recipient or new tourism project shall receive a total of more than fifty thousand dollars (\$50,000) of these grant funds for the 1999-2000 fiscal year.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine



**CREDIT ENHANCEMENT FOR TOURISM DEVELOPMENT PROJECTS**

Section 16.18.(a) The Department of State Treasurer and the Department of Commerce shall jointly develop legislative proposals for credit enhancement for tourism development projects in rural counties of the State. The credit enhancement may be in the form of State revenue bonds, other State debt, State loan guarantees, or other mechanisms. The proposals shall be designed to provide incentives for tourism development that would be similar or comparable to existing tax-exempt, industrial revenue bonds available for manufacturing projects. In developing the proposals, the two Departments shall examine credit enhancement mechanisms employed in other states.

Section 16.18.(b) The two Departments shall jointly report their findings and recommendations to the Joint Legislative Commission on Governmental Operations by May 1, 2000. Each legislative proposal shall be accompanied by draft legislation and by a fiscal estimate of its cost to the General Fund.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

**HERITAGE TOURISM FUNDS**

Section 16.19.(a) Of the funds remaining in the General Fund operating budget of the Department of Commerce as of June 30, 1999, the sum of one hundred thirty-nine thousand two hundred thirty-three dollars (\$139,233) shall not revert and shall be reallocated by the Department to the following Heritage Tourism locations:

- (1) Newbold-White House \$ 40,138.
- (2) Hope Plantation 30,249.
- (3) Historic Murfreesboro 29,624.
- (4) Smoky Mountain Host 39,222.

Section 16.19.(b) This section becomes effective June 30, 1999.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

**CENTER FOR ENTREPRENEURSHIP AND TECHNOLOGY REPORT**

Section 16.20. The Center for Entrepreneurship and Technology, a Division of the Department of Commerce, shall do the following:

- (1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
  - a. State fiscal year 1998-99 program activities, objectives, and accomplishments;
  - b. State fiscal year 1998-99 itemized expenditures and fund sources;

- c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and
  - d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999; and
- (2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
- a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
  - b. State fiscal year 1999-2000 itemized expenditures and fund sources;
  - c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and
  - d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

**NC REAL ENTERPRISES REPORTING**

Section 16.21. NC REAL Enterprises shall do the following:

- (1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
- a. State fiscal year 1998-99 program activities, objectives, and accomplishments;
  - b. State fiscal year 1998-99 itemized expenditures and fund sources;
  - c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and
  - d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999;
- (2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

- a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
  - b. State fiscal year 1999-2000 itemized expenditures and fund sources;
  - c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments, including actual results through December 31, 2000; and
  - d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2000; and
- (3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine  
**BIOTECHNOLOGY CENTER**

Section 16.22.(a) The North Carolina Biotechnology Center shall recapture funds spent in support of successful research and development efforts in the for-profit private sector.

Section 16.22.(b) The North Carolina Biotechnology Center shall provide funding for biotechnology, biomedical, and related bioscience applications under its Business and Science Technology Programs.

Section 16.22.(c) The North Carolina Biotechnology Center shall:

- (1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
  - a. State fiscal year 1998-99 program activities, objectives, and accomplishments;
  - b. State fiscal year 1998-99 itemized expenditures and fund sources;
  - c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and
  - d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999;
- (2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

- a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
  - b. State fiscal year 1999-2000 itemized expenditures and fund sources;
  - c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and
  - d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000; and
- (3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

Section 16.22.(d) The North Carolina Biotechnology Center shall provide a report containing detailed budget, personnel, and salary information to the Office of State Budget and Management and to the Fiscal Research Division in the same manner as State departments and agencies in preparation for biennium budget requests.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

**BIOTECHNOLOGY FUNDS FOR MINORITY UNIVERSITIES**

Section 16.23. Of the funds appropriated in this act from the General Fund to the North Carolina Biotechnology Center, the sum of one million dollars (\$1,000,000) for the 1999-2000 fiscal year and the sum of one million dollars (\$1,000,000) for the 2000-2001 fiscal year shall be used to continue the special biotechnology program initiative for North Carolina's Public Historically Black Colleges and Universities and the University of North Carolina at Pembroke. This program initiative is a means to get more funds to these institutions of higher education in the short run to help them develop their biotechnology programs and a means to develop a mechanism to improve these institutions' capacity over the long term. The Center's special initiative shall, at a minimum, provide for:

- (1) A range of program activities, including grants, designed to enhance the existing strengths and capabilities of the University of North Carolina at Pembroke and North Carolina's Public Historically Black Colleges and Universities;
- (2) A Facilities and Infrastructure Review Committee to advise the Center on major program elements and priority projects that would be most helpful to these institutions; and

- (3) A Program Advisory Panel with representation from these institutions to advise and make recommendations to the Center's President and Board of Directors on funding proposals under this initiative.

The Center shall report on its biotechnology program grants to universities to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on or before March 1 of each fiscal year, and more frequently as requested by the Commission. These reports shall include the current number of enrollments and the capacity of enrollments in the biotechnology program in each of the universities, the number of faculty in the biotechnology program in each of the universities, whether and to what extent the enrollments, capacity, and number of faculty have changed in the last three academic years in the biotechnology program in each of the universities, how the funds allocated by this section are being used in each of the universities, and any other information that indicates whether these grants are accomplishing their purpose.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

**TECHNOLOGICAL DEVELOPMENT AUTHORITY REPORT**

Section 16.24. The Technological Development Authority, Inc., shall do the following:

- (1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
  - a. State fiscal year 1998-99 program activities, objectives, and accomplishments;
  - b. State fiscal year 1998-99 itemized expenditures and fund sources;
  - c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and
  - d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999; and
- (2) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

**FUNDS FOR TECHNOLOGICAL DEVELOPMENT AUTHORITY, INC., WET LAB AND OFFICE CONSTRUCTION DO NOT REVERT**

Section 16.25.(a) Funds in the amount of five hundred thousand dollars (\$500,000) appropriated in S.L. 1998-212 for the 1998-99 fiscal year to the Department of Commerce and held in a reserve pursuant to Section 15.9 of S.L. 1998-212 for the North Carolina Technological Development Authority, Inc., shall not revert on June 30, 1999. The use of these funds is not limited to construction of wet lab space and additional office space at the First Flight Venture Center. These funds may be used to cover part of the cost of constructing wet lab space and office space or for entrepreneurial support and infrastructure elsewhere in the State.

Section 16.25.(b) This section becomes effective June 30, 1999.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

**INDUSTRIAL DEVELOPMENT FUND/LOCAL MATCH**

Section 16.26. Local governments requesting financial assistance from the Industrial Development Fund shall demonstrate to the satisfaction of the Department of Commerce that it would be an economic hardship for the local government to match State assistance from the Fund with local funds. The Department shall develop guidelines for determining hardship.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

**COUNCIL OF GOVERNMENT FUNDS**

Section 16.27.(a) Of the funds appropriated in this act to the Department of Commerce, nine hundred ninety thousand dollars (\$990,000) for the 1999-2000 fiscal year and nine hundred ninety thousand dollars (\$990,000) for the 2000-2001 fiscal year shall only be used as provided by this section. Each regional council of government or lead regional organization is allocated up to fifty-five thousand dollars (\$55,000) for each fiscal year, with the actual amount calculated as provided in subsection (b) of this section.

Section 16.27.(b) The funds shall be allocated as follows: A share of the maximum fifty-five thousand dollars (\$55,000) each fiscal year shall be allocated to each county and smaller city based on the most recent annual estimate of the Office of State Planning of the population of that county (less the population of any larger city within that county) or smaller city, divided by the sum of the total population of the region (less the population of larger cities within that region) and the total population of the region living in smaller cities. Those funds shall be paid to the regional council of government for the region in which that city or county is located upon receipt by the Department of Commerce of a resolution of the governing board of the county or city requesting release of the funds. If any city or county does not so request payment of funds by June 30 of a State fiscal year, that share of the allocation for that fiscal year shall revert to the General Fund.

Section 16.27.(c) A regional council of government may use funds appropriated by this section only to assist local governments in grant applications, economic development, community development, support of local industrial development activities, and other activities as deemed appropriate by the member governments.

Section 16.27.(d) Funds appropriated by this section shall not be used for payment of dues or assessments by the member governments and shall not supplant funds appropriated by the member governments.

Section 16.27.(e) As used in this section, "Larger City" means an incorporated city with a population of 50,000 or over. "Smaller City" means any other incorporated city.

Section 16.27.(f) Each council of government or lead regional organization shall do the following:

- (1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
  - a. State fiscal year 1998-99 program activities, objectives, and accomplishments;
  - b. State fiscal year 1998-99 itemized expenditures and fund sources;
  - c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments, including actual results through December 31, 1999; and
  - d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 1999;
- (2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
  - a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
  - b. State fiscal year 1999-2000 itemized expenditures and fund sources;
  - c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments, including actual results through December 31, 2000; and
  - d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2000; and

- (3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

**WORLD TRADE CENTER NORTH CAROLINA REPORT**

Section 16.28. World Trade Center North Carolina shall do the following:

- (1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
  - a. State fiscal year 1998-99 program activities, objectives, and accomplishments;
  - b. State fiscal year 1998-99 itemized expenditures and fund sources;
  - c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and
  - d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999;
- (2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
  - a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
  - b. State fiscal year 1999-2000 itemized expenditures and fund sources;
  - c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and
  - d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000; and
- (3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine



**N.C. INSTITUTE FOR MINORITY ECONOMIC DEVELOPMENT, INC.,  
REPORT**

Section 16.29. The N.C. Institute for Minority Economic Development, Inc., shall do the following:

- (1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
  - a. State fiscal year 1998-99 program activities, objectives, and accomplishments;
  - b. State fiscal year 1998-99 itemized expenditures and fund sources;
  - c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and
  - d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999;
- (2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
  - a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
  - b. State fiscal year 1999-2000 itemized expenditures and fund sources;
  - c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and
  - d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000; and
- (3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

**THE LAND LOSS PREVENTION PROJECT REPORT**

Section 16.30. The Land Loss Prevention Project shall do the following:

- (1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
  - a. State fiscal year 1998-99 program activities, objectives, and accomplishments;
  - b. State fiscal year 1998-99 itemized expenditures and fund sources;
  - c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and
  - d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999;
- (2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
  - a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
  - b. State fiscal year 1999-2000 itemized expenditures and fund sources;
  - c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and
  - d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000; and
- (3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine  
**NORTH CAROLINA COALITION OF FARM AND RURAL FAMILIES, INC.,  
REPORT**

Section 16.31. The North Carolina Coalition of Farm and Rural Families, Inc., shall do the following:

- (1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

- a. State fiscal year 1998-99 program activities, objectives, and accomplishments;
  - b. State fiscal year 1998-99 itemized expenditures and fund sources;
  - c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and
  - d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999;
- (2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
- a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
  - b. State fiscal year 1999-2000 itemized expenditures and fund sources;
  - c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and
  - d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000; and
- (3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

**NORTH CAROLINA MINORITY SUPPORT CENTER REPORT**

Section 16.32. The North Carolina Minority Support Center shall do the following:

- (1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
  - a. State fiscal year 1998-99 program activities, objectives, and accomplishments;
  - b. State fiscal year 1998-99 itemized expenditures and fund sources;

- c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and
  - d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999;
- (2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
- a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
  - b. State fiscal year 1999-2000 itemized expenditures and fund sources;
  - c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and
  - d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000; and
- (3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine  
**NORTH CAROLINA COMMUNITY DEVELOPMENT INITIATIVE, INC.,  
REPORT**

Section 16.33. The North Carolina Community Development Initiative, Inc., shall do the following:

- (1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
- a. State fiscal year 1998-99 program activities, objectives, and accomplishments;
  - b. State fiscal year 1998-99 itemized expenditures and fund sources;
  - c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments, including actual results through December 31, 1999; and

- d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 1999;
- (2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
  - a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
  - b. State fiscal year 1999-2000 itemized expenditures and fund sources;
  - c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments, including actual results through December 31, 2000; and
  - d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2000; and
- (3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine  
**NORTH CAROLINA ASSOCIATION OF COMMUNITY DEVELOPMENT CORPORATIONS, INC., REPORT**

Section 16.34. The North Carolina Association of Community Development Corporations, Inc., shall do the following:

- (1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
  - a. State fiscal year 1998-99 program activities, objectives, and accomplishments;
  - b. State fiscal year 1998-99 itemized expenditures and fund sources;
  - c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments, including actual results through December 31, 1999; and
  - d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 1999;

- (2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
  - a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
  - b. State fiscal year 1999-2000 itemized expenditures and fund sources;
  - c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments, including actual results through December 31, 2000; and
  - d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2000; and
- (3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

**RURAL ECONOMIC DEVELOPMENT CENTER**

Section 16.35.(a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of one million four hundred seventy thousand dollars (\$1,470,000) for the 1999-2000 fiscal year and the sum of one million four hundred seventy thousand dollars (\$1,470,000) for the 2000-2001 fiscal year shall be allocated as follows:

	<u>1999-2000 FY</u>	<u>2000-2001 FY</u>
Research and Demonstration Grants	\$475,864	\$475,864
Technical Assistance and Center Administration of Research and Demonstration Grants	444,136	444,136
Center Administration, Oversight, and Other Programs	350,000	350,000
Administration of Clean Water/ Natural Gas Critical Needs		
Bond Act of 1998	200,000	200,000.

Section 16.35.(b) The Rural Economic Development Center, Inc., shall provide a report containing detailed budget, personnel, and salary information to the Office of State Budget and Management in the same manner as State departments and agencies in preparation for biennium budget requests.

Section 16.35.(c) Not more than fifty percent (50%) of the interest earned on State funds appropriated to the Rural Economic Development Center, Inc., may be used by the Center for administrative purposes, including salaries and fringe benefits.

Section 16.35.(d) For purposes of this section, the term "community development corporation" means a nonprofit corporation:

- (1) Chartered pursuant to Chapter 55A of the General Statutes;
- (2) Tax-exempt pursuant to section 501(c)(3) of the Internal Revenue Code of 1986;
- (3) Whose primary mission is to develop and improve low-income communities and neighborhoods through economic and related development;
- (4) Whose activities and decisions are initiated, managed, and controlled by the constituents of those local communities; and
- (5) Whose primary function is to act as deal-maker and packager of projects and activities that will increase their constituencies' opportunities to become owners, managers, and producers of small businesses, affordable housing, and jobs designed to produce positive cash flow and curb blight in the targeted community.

Section 16.35.(e) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of five million four hundred thousand dollars (\$5,400,000) for the 1999-2000 fiscal year and the sum of two million four hundred thousand dollars (\$2,400,000) for the 2000-2001 fiscal year shall be allocated as follows:

- (1) \$1,200,000 in each fiscal year for community development grants to support development projects and activities within the State's minority communities. Any community development corporation as defined in this section is eligible to apply for funds. The Rural Economic Development Center, Inc., shall establish performance-based criteria for determining which community development corporation will receive a grant and the grant amount. The Rural Economic Development Center, Inc., shall allocate these funds as follows:
  - a. \$900,000 in each fiscal year for direct grants to the local community development corporations that have previously received State funds for this purpose to support operations and project activities;
  - b. \$250,000 in each fiscal year for direct grants to local community development corporations that have not previously received State funds; and

- c. \$50,000 in each fiscal year to the Rural Economic Development Center, Inc., to be used to cover expenses in administering this section.
- (2) \$250,000 in each fiscal year to the Microenterprise Loan Program to support the loan fund and operations of the Program; and
- (3) \$2,450,000 for the 1999-2000 fiscal year and \$950,000 for the 2000-2001 fiscal year shall be used for a program to provide supplemental funding for matching requirements for projects and activities authorized under this subdivision. The Center shall use these funds to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants for:
  - a. Necessary economic development projects and activities in economically distressed areas;
  - b. Necessary water and sewer projects and activities in economically distressed communities to address health or environmental quality problems except that funds shall not be expended for the repair or replacement of low pressure pipe wastewater systems. If a grant is awarded under this sub-subdivision, then the grant shall be matched on a dollar- for-dollar basis in the amount of the grant awarded; or
  - c. Projects that demonstrate alternative water and waste management processes for local governments. Special consideration should be given to cost-effectiveness, efficacy, management efficiency, and the ability of the demonstration project to be replicated.
- (4) \$1,500,000 for the 1999-2000 fiscal year to the Capacity Building Assistance Program. Funds shall be used to pay all or a portion of the costs for providing technical and financial assistance to rural, low-wealth local government units and nonprofit corporations initiating needed water and sewer projects that support the growth and development of rural areas.

The grant recipients in this subsection shall be selected on the basis of need.

Section 16.35.(f) The Rural Economic Development Center, Inc., shall:

- (1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
  - a. State fiscal year 1998-99 program activities, objectives, and accomplishments;



- b. State fiscal year 1998-99 itemized expenditures and fund sources;
  - c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments including actual results through December 31, 1999; and
  - d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1999.
- (2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
- a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
  - b. State fiscal year 1999-2000 itemized expenditures and fund sources;
  - c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and
  - d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000.
- (3) Provide to the Fiscal Research Division a copy of each grant recipient's annual audited financial statement within 30 days of issuance of the statement.

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine

**OPPORTUNITIES INDUSTRIALIZATION CENTER FUNDS**

Section 16.36.(a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of four hundred thousand dollars (\$400,000) for the 1999-2000 fiscal year and the sum of four hundred thousand dollars (\$400,000) for the 2000-2001 fiscal year shall be allocated as follows:

- (1) \$100,000 in each fiscal year to the Opportunities Industrialization Center of Wilson, Inc., for its ongoing job training programs;
- (2) \$100,000 in each fiscal year to Opportunities Industrialization Center, Inc., in Rocky Mount, for its ongoing job training programs;
- (3) \$100,000 in each fiscal year to the Opportunities Industrialization Center of Lenoir, Greene, and Jones Counties; and
- (4) \$100,000 in each fiscal year to the Opportunities Industrialization Center of Elizabeth City, Inc.

Section 16.36.(a1) Funds allocated by the Rural Economic Development Center, Inc., to the Pitt-Greenville Opportunities Industrialization Center, Inc., for the 1998-99 fiscal year that are unencumbered and unexpended on June 30, 1999, shall be reallocated in equal amounts to the Opportunities Industrialization Center of Wilson, Inc., and the Opportunities Industrialization Center, Inc., in Rocky Mount. These funds shall be in addition to funds allocated in subsection (a) of this section.

Section 16.36.(b) For each of the Opportunities Industrialization Centers receiving funds pursuant to subsection (a) of this section, the Rural Economic Development Center, Inc., shall:

- (1) By January 15, 2000, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
  - a. State fiscal year 1998-99 program activities, objectives, and accomplishments;
  - b. State fiscal year 1998-99 itemized expenditures and fund sources;
  - c. State fiscal year 1999-2000 planned activities, objectives, and accomplishments, including actual results through December 31, 1999;
  - d. State fiscal year 1999-2000 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 1999.
- (2) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
  - a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
  - b. State fiscal year 1999-2000 itemized expenditures and fund sources;
  - c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments, including actual results through December 31, 2000;
  - d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2000.
- (3) Provide to the Fiscal Research Division a copy of the annual audited financial statements of the Opportunities Industrialization Centers funded by this act within 30 days of issuance of the statement.

## **PART XVII. JUDICIAL DEPARTMENT**

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

### **TRANSFER OF EQUIPMENT AND SUPPLY FUNDS**

Section 17. Funds appropriated to the Judicial Department in the 1999-2001 biennium for equipment and supplies shall be certified in a reserve account. The Administrative Office of the Courts shall have the authority to transfer these funds to the appropriate programs and between programs as the equipment priorities and supply consumptions occur during the operating year. These funds shall not be expended for any other purpose. The Administrative Office of the Courts shall make quarterly reports on transfers made pursuant to this section to the Joint Legislative Commission on Governmental Operations and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

### **N.C. STATE BAR FUNDS**

Section 17.1.(a) Of the funds appropriated in the continuation budget as a grant-in-aid to the North Carolina State Bar for the 1999-2001 fiscal biennium, the North Carolina State Bar may in its discretion use up to the sum of two hundred fifty thousand dollars (\$250,000) for the 1999-2000 fiscal year and up to the sum of two hundred fifty thousand dollars (\$250,000) for the 2000-2001 fiscal year to contract with the Center for Death Penalty Litigation to provide training, consultation, brief banking, and other assistance to attorneys representing indigent capital defendants.

Section 17.1.(b) Of the recurring funds appropriated in the expansion budget as a grant-in-aid to the North Carolina State Bar for the 1999-2001 fiscal biennium, the North Carolina State Bar may in its discretion use up to the sum of three hundred forty thousand dollars (\$340,000) for the 1999-2000 fiscal year and up to the sum of three hundred forty thousand dollars (\$340,000) for the 2000-2001 fiscal year to contract with the Center for Death Penalty Litigation to provide training, consultation, brief banking, and other assistance to attorneys representing indigent capital defendants.

Requested by: Representatives Nesbitt, Easterling, Hardaway, Redwine

### **PISGAH LEGAL SERVICES FUNDS**

Section 17.1A. Notwithstanding the provisions of G.S. 7A-474.4, the North Carolina State Bar shall allocate to Pisgah Legal Services that share of State funds that would otherwise have been provided through Legal Services of North Carolina, Inc., to

Appalachian Legal Services to serve eligible clients in Buncombe, Henderson, Madison, Polk, Rutherford, and Transylvania Counties.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

**INDIGENT PERSONS' ATTORNEY FEE FUND**

Section 17.2.(a) Effective July 1, 1999, the Administrative Office of the Courts shall each year of the 1999-2001 biennium reserve funds for adult, juvenile, and guardian ad litem cases from the Indigent Persons' Attorney Fee Fund. These funds shall be allotted to each judicial district in which the superior and district courts are coterminous, and otherwise by county, according to the caseload of indigent persons who were not represented by the public defender in the districts or counties during 1998-99 and 1999-2000, respectively. The remaining available funds in the Indigent Persons' Attorney Fee Fund shall be budgeted for capital cases and for transcripts, professional examinations, expert witness fees, and other supporting services.

The Administrative Office of the Courts shall notify all senior resident superior court judges, all chief district court judges, and the clerk of superior court within the district or county immediately after the allotment is made and shall provide a monthly report on the status of the allotment for the district or county.

The senior resident superior court judge and the chief district court judge of each district or county shall ask all judges holding court within the district or county: (i) to take into consideration the amount of money allotted at the beginning of the fiscal year and the amount of money remaining in the allotment when they award counsel fees to attorneys of indigent persons, and (ii) to make an effort to award fees equally and justly for legal services provided. The clerk of superior court for each county shall ensure that all judges holding court within the county receive this request from the senior resident superior court judge and the chief district court judge.

Section 17.2.(b) If the funds allotted pursuant to subsection (a) of this section are depleted in a district or county prior to the end of the fiscal year, the Administrative Office of the Courts shall allot any available funds from the reserve fund specified in subsection (a) or from unanticipated receipts. However, if necessary and appropriate due to unusual and unanticipated circumstances occurring in the current year, the Administrative Office of the Courts may allocate available funds to a district or county in a manner calculated to result in the reasonably fair distribution of remaining funds.

Section 17.2.(c) If funds allocated in subsections (a) and (b) of this section are depleted in a district or county prior to the end of the fiscal year, the Administrative Office of the Courts shall allot available funds from the Public Defender program.

Section 17.2.(d) If the funds allotted pursuant to subsections (a), (b), and (c) of this section are depleted in a district or county prior to the end of the fiscal year, the

Administrative Office of the Courts is authorized to transfer funds between districts or counties only if the Administrative Office of the Courts determines that the funds transferred will not be needed to meet the obligations incurred by the Indigent Persons' Attorney Fee Fund for the county or district from which the funds are transferred for the fiscal year.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

**REPORT ON COMMUNITY MEDIATION CENTERS**

Section 17.3.(a) All community mediation centers currently receiving State funds shall report annually to the Judicial Department on the program's funding and activities, including:

- (1) Types of dispute settlement services provided;
- (2) Clients receiving each type of dispute settlement service;
- (3) Number and type of referrals received, cases actually mediated, cases resolved in mediation, and total clients served in the cases mediated;
- (4) Total program funding and funding sources;
- (5) Itemization of the use of funds, including operating expenses and personnel;
- (6) Itemization of the use of State funds appropriated to the center;
- (7) Level of volunteer activity; and
- (8) Identification of future service demands and budget requirements.

The Judicial Department shall compile and summarize the information provided pursuant to this subsection and shall provide the information to the Chairs of the House and Senate Appropriations Committees and the Chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety by February 1 of each year.

Section 17.3.(b) A community mediation center requesting State funds for the first time shall provide the General Assembly with the information enumerated in subsection (a) of this section, or projections where historical data are not available, as well as a detailed statement justifying the need for State funding.

Section 17.3.(c) Each community mediation center receiving State funds for the first time shall document in the information provided pursuant to G.S. 7A-346.1 that, after the second year of receiving State funds, at least ten percent (10%) of total funding comes from non-State sources.

Section 17.3.(d) Each community mediation center receiving State funds for the third, fourth, or fifth year shall document that at least twenty percent (20%) of total funding comes from non-State sources.

Section 17.3.(e) Each community mediation center receiving State funds for six or more years shall document that at least fifty percent (50%) of total funding comes from non-State sources.

Section 17.3.(f) Each community mediation center currently receiving State funds that has achieved a funding level from non-State sources greater than that provided for that center by subsection (c), (d), or (e) of this section shall make a good faith effort to maintain that level of funding.

Section 17.3.(g) The percentage that State funds comprise of the total funding of each community mediation center shall be determined at the conclusion of each fiscal year with the information provided pursuant to G.S. 7A-346.1 and is intended as a funding ratio and not a matching funds requirement. Community mediation centers may include the market value of donated office space, utilities, and professional legal and accounting services in determining total funding.

Section 17.3.(h) A community mediation center having difficulty meeting the funding ratio provided for that center by subsection (c), (d), or (e) of this section may request a waiver or special consideration through the Administrative Office of the Courts for consideration by the Senate and House Appropriations Subcommittees on Justice and Public Safety.

Section 17.3.(i) The provisions of G.S. 143-31.4 do not apply to community mediation centers receiving State funds.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

**AUTHORIZE ADDITIONAL MAGISTRATES**

Section 17.4. G.S. 7A-133(c) reads as rewritten:

"(c) Each county shall have the numbers of magistrates and additional seats of district court, as set forth in the following table:

Additional County	Magistrates Min.-Max.		Seats of Court
Camden	1	<del>2</del> <u>3</u>	
Chowan	2	3	
Currituck	1	4	
Dare	3	8	
Gates	2	3	
Pasquotank	3	5	
Perquimans	2	3	

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**GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 1999**  
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Martin	5	8	
Beaufort	4	8	
Tyrrell	1	3	
Hyde	2	4	
Washington	3	4	
Pitt	10	12	Farmville
Ayden			
Craven	7	10	Havelock
Pamlico	2	4	
Carteret	5	8	
Sampson	6	8	
Duplin	9	11	
Jones	2	3	
Onslow	8	14	
New Hanover	6	11	
Pender	4	6	
Halifax	9	14	Roanoke
Rapids,			
Scotland Neck			
Northampton	5	7	
Bertie	4	6	
Hertford	5	6	
Nash	7	10	Rocky Mount
Edgecombe	4	7	Rocky Mount
Wilson	4	7	
Wayne	5	12	Mount Olive
Greene	2	4	
Lenoir	4	10	La Grange
Granville	3	7	
Vance	3	6	
Warren	3	4	
Franklin	3	7	
Person	3	4	
Caswell	2	5	
Wake	12	20	Apex,
Wendell,			
Fuquay-			
Varina,			
Wake Forest			

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Harnett	7	11	Dunn
Johnston	10	12	Benson,
Clayton,			
Selma			
Lee	4	6	
Cumberland	10	<del>18</del> <u>19</u>	
Bladen	4	6	
Brunswick	4	8	
Columbus	6	9	Tabor City
Durham	8	13	
Alamance	7	10	Burlington
Orange	4	11	Chapel Hill
Chatham	3	8	Siler City
Scotland	3	5	
Hoke	4	5	
Robeson	8	16	Fairmont,
Maxton,			
Pembroke,			
Red Springs,			
Rowland,			
St. Pauls			
Rockingham	4	9	Reidsville,
Eden,			
Madison			
Stokes	2	5	
Surry	5	9	Mt. Airy
Guilford	20	26	High Point
Cabarrus	5	9	Kannapolis
Montgomery	2	4	
Randolph	5	10	Liberty
Rowan	5	10	
Stanly	5	6	
Union	4	<del>6</del> <u>7</u>	
Anson	4	5	
Richmond	5	6	Hamlet
Moore	5	8	Southern
Pines			
Forsyth	3	15	Kernersville
Alexander	2	3	



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Davidson	7	10	Thomasville
Davie	2	3	
Iredell	4	9	Mooreville
Alleghany	1	2	
Ashe	3	4	
Wilkes	4	6	
Yadkin	3	5	
Avery	3	5	
Madison	4	5	
Mitchell	3	4	
Watauga	4	6	
Yancey	2	4	
Burke	4	7	
Caldwell	4	7	
Catawba	6	10	Hickory
Mecklenburg	15	27	
Gaston	11	22	
Cleveland	5	8	
Lincoln	4	7	
Buncombe	6	15	
Henderson	4	7	
McDowell	3	5	
Polk	3	4	
Rutherford	6	8	
Transylvania	2	4	
Cherokee	3	4	
Clay	1	2	
Graham	2	3	
Haywood	5	7	Canton
Jackson	3	4	
Macon	3	4	
Swain	2	3."	

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

**ASSISTANT PUBLIC DEFENDERS**

Section 17.5. From funds appropriated to the Indigent Persons' Attorney Fee Fund for the 1999-2001 biennium, the Administrative Office of the Courts may use up to one hundred sixty-one thousand four hundred forty-eight dollars (\$161,448) for the 1999-

2000 fiscal year and up to two hundred eighty-four thousand eight hundred forty dollars (\$284,840) for salaries, benefits, equipment, and related expenses to establish up to four new assistant public defender positions.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

**ADDITIONAL DISTRICT COURT JUDGES**

Section 17.6.(a) G.S. 7A-133(a) reads as rewritten:

" (a) Each district court district shall have the numbers of judges as set forth in the following table:

District	Judges	County
1	4	Camden
Chowan		
		Currituck
		Dare
		Gates
		Pasquotank
		Perquimans
2	<u>34</u>	Martin
		Beaufort
		Tyrrell
		Hyde
		Washington
3A	5	Pitt
3B	5	Craven
		Pamlico
		Carteret
4	<u>78</u>	Sampson
		Duplin
		Jones
		Onslow
5	<u>67</u>	New Hanover
		Pender
6A	2	Halifax
6B	3	Northampton
		Bertie

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	Hertford	
7	7	Nash
Edgecombe		
	Wilson	
8	6	Wayne
	Greene	
	Lenoir	
9	4	Granville
	(part of Vance see subsection (b))	
	Franklin	
9A	2	Person
	Caswell	
9B	1	Warren
	(part of Vance see subsection (b))	
10	13	Wake
11	7	Harnett
	Johnston	
	Lee	
12	9	Cumberland
13	<del>5</del> <u>6</u>	Bladen
	Brunswick	
	Columbus	
14	6	Durham
15A	<del>3</del> <u>4</u>	Alamance
15B	4	Orange
	Chatham	
16A	3	Scotland
	Hoke	
16B	5	Robeson
17A	2	Rockingham
17B	3	Stokes
	Surry	
18	<del>11</del> <u>12</u>	Guilford
19A	3	Cabarrus
19B	6	Montgomery
	Moore	
	Randolph	

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19C	4	Rowan
20	7	Stanly
	Union	
	Anson	
	Richmond	
21	8	Forsyth
22	8	Alexander
	Davidson	
	Davie	
	Iredell	
23	4	Alleghany
	Ashe	
	Wilkes	
	Yadkin	
24	4	Avery
	Madison	
	Mitchell	
	Watauga	
	Yancey	
25	8	Burke
	Caldwell	
	Catawba	
26	<del>15</del> <u>16</u>	Mecklenburg
27A	<u>56</u>	Gaston
27B	4	Cleveland
	Lincoln	
28	5	Buncombe
29	6	Henderson
	McDowell	
	Polk	
	Rutherford	
	Transylvania	
30	<u>45</u>	Cherokee
	Clay	
	Graham	
	Haywood	
	Jackson	
	Macon	
	Swain."	

Section 17.6.(b) The Governor shall appoint additional district court judges for District Court Districts 2, 4, 5, 13, 15A, 18, 26, 27A, and 30 as authorized by subsection (a) of this section. Those judges' successors shall be elected in the 2002 election for four-year terms commencing on the first Monday in December 2002.

Section 17.6.(c) Subsection (a) of this section becomes effective January 1, 2000, as to any district in which no county is subject to section 5 of the Voting Rights Act of 1965. As to any district in which any county is subject to section 5 of the Voting Rights Act of 1965, subsection (a) becomes effective January 1, 2000, or 15 days after the date upon which that subsection is approved under section 5 of the Voting Rights Act, whichever is later.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

#### **BAD CHECK PROGRAM**

Section 17.7.(a) Subsection (e) of Section 18.22 of S.L. 1997-443, as amended by Section 16.3 of S.L. 1998-212, reads as rewritten:

" (e) This section becomes effective October 1, ~~1997, and expires June 30, 1999.~~  
1997."

Section 17.7.(b) Subsection (d) of Section 18.22 of S.L. 1997-443, as amended by Section 16.3 of S.L. 1998-212, reads as rewritten:

" (d) This act applies only to Brunswick, Bladen, Columbus, Durham, New Hanover, Pender, Rockingham, and Wake Counties."

Section 17.7.(c) The Administrative Office of the Courts shall report by April 1 of each year to the Chairs of the Senate and House Appropriations Committees and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety on the implementation of the bad check collection programs in Columbus, Durham, Rockingham, and Wake Counties and the establishment of such programs in Bladen, Brunswick, New Hanover, and Pender Counties, including their effectiveness in assisting the recipients of worthless checks in obtaining restitution and the amount of time saved in prosecuting worthless check cases.

Section 17.7.(d) Subsection (a) of this section becomes effective June 30, 1999.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

#### **ADDITIONAL ASSISTANT DISTRICT ATTORNEYS**

Section 17.8.(a) G.S. 7A-60(a1) reads as rewritten:

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" (a1) The counties of the State are organized into prosecutorial districts, and each district has the counties and the number of full-time assistant district attorneys set forth in the following table:

	No. of Full-Time		
Prosecutorial	District	Counties	Asst. District Attorneys
	1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	9
	2	Beaufort, Hyde, Martin, Tyrrell, Washington	5
	3A	Pitt	9
	3B	Carteret, Craven, Pamlico	10
	4	Duplin, Jones, Onslow, Sampson	14
	5	New Hanover, Pender	<del>13</del> <u>14</u>
	6A	Halifax	4
	6B	Bertie, Hertford,	4
Northampton	7	Edgecombe, Nash, Wilson	15
	8	Greene, Lenoir, Wayne	11
	9	Franklin, Granville, Vance, Warren	10
	9A	Person, Caswell	4
10	Wake	<del>28</del> <u>30</u>	
	11	Harnett, Johnston, Lee	14
	12	Cumberland	<del>17</del> <u>18</u>
	13	Bladen, Brunswick, Columbus	<del>9</del> <u>10</u>
	14	Durham	13
	15A	Alamance	<del>7</del> <u>8</u>
	15B	Orange, Chatham	7
	16A	Scotland, Hoke	5
	16B	Robeson	9
	17A	Rockingham	5
	17B	Stokes, Surry	5
	18	Guilford	26
	19A	Cabarrus	<del>5</del> <u>6</u>
	19B	Montgomery, Moore, Randolph	11

19C	Rowan	5
20	Anson, Richmond, Stanly, Union	14
21	Forsyth	17
22	Alexander, Davidson, Davie, Iredell	16
23	Alleghany, Ashe, Wilkes, Yadkin	5
24	Avery, Madison, Mitchell, Watauga, Yancey	4
25	Burke, Caldwell, Catawba	14
26	Mecklenburg	<del>32</del> <u>33</u>
27A	Gaston	12
27B	Cleveland, Lincoln	8
28	Buncombe	10
29	Henderson, McDowell, Polk, Rutherford, Transylvania	11
30	Cherokee, Clay, Graham, Haywood, Jackson, Macon, Swain."	8

Section 17.8.(b) This section becomes effective January 1, 2000.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

**ADDITIONAL INVESTIGATORIAL ASSISTANTS**

Section 17.9. G.S. 7A-69 reads as rewritten:

**"§ 7A-69. Investigatorial assistants.**

The district attorney in prosecutorial districts 1, 3B, 4, 5,6B, 7, 8, ~~10~~,11, 12, 13, 14, 15A, 15B, 18, 19B, 20, 21, 22,24, 25, 26, 27A, 27B, 28, 29, and 30 is entitled to one investigatorial assistant and the district attorney in prosecutorial district 10 is entitled to two investigatorial assistants,to be appointed by the district attorney and to serve at his pleasure.

It shall be the duty of the investigatorial assistant to investigate cases preparatory to trial and to perform such other duties as may be assigned by the district attorney. The investigatorial assistant is entitled to reimbursement for his subsistence and travel expenses to the same extent as State employees generally."

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

**DISTRICT COURT VACANCIES IN DISTRICTS 9 AND 9B**

Section 17.10. G.S. 7A-142 reads as rewritten:

**"§ 7A-142. Vacancies in office.**

A vacancy in the office of district judge shall be filled for the unexpired term by appointment of the Governor from nominations submitted by the bar of the judicial district as defined in ~~G.S. 84-19~~G.S. 84-19, except that in judicial District 9, when vacancies occur in District Court District 9 or 9B, only those members who reside in the district court district shall participate in the selection of the nominees. If the district court district is comprised of counties in more than one judicial district, the nominees shall be submitted jointly by the bars of those judicial districts, but only those members who reside in the district court district shall participate in the selection of the nominees. If the district court judge was elected as the nominee of a political party, then the district bar shall submit to the Governor the names of three persons who are residents of the district court district who are duly authorized to practice law in the district and who are members of the same political party as the vacating judge; provided that if there are not three persons who are available, the bar shall submit the names of two persons who meet the qualifications of this sentence. Within 60 days after the district bar submits nominations for a vacancy, the Governor shall appoint to fill the vacancy. If the Governor fails to appoint a district bar nominee within 60 days, then the district bar nominee who received the highest number of votes from the district bar shall fill the vacancy. If the district bar fails to submit nominations within 30 days from the date the vacancy occurs, the Governor may appoint to fill the vacancy without waiting for nominations."

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

**EXTEND INDIGENT FUND STUDY COMMISSION/STUDY PUBLIC DEFENDER PROGRAMS**

Section 17.11. Subsection (b) of Section 16.5 of S.L. 1998-212 reads as rewritten:

"(b) The Commission shall study methods for improving the management and accountability of funds being expended to provide counsel to indigent defendants without compromising the quality of legal representation mandated by State and federal law. In conducting its study, the Commission shall:

- (1) Evaluate the current procedures for determining the indigency of defendants and recommend any possible improvements in those procedures;



- (2) Determine whether sufficient information is available when evaluating compensation requests from assigned private counsel and expert witnesses;
- (3) Assess the effectiveness of the current management structure for the Indigent Persons' Attorney Fee Fund and outline any additional standards or guidelines that could be implemented to allow for greater accountability of the funds being expended;
- (4) Evaluate whether establishing an Indigent Defense Council to oversee the State's expenditure of funds on a district, regional, or Statewide basis would make the functioning of the Indigent Persons' Attorney Fee Fund more efficient and economical;
- (5) Evaluate the effectiveness of existing methods of providing legal representation to indigent defendants, including the use of public defenders, appointed counsel, and contract lawyers;
- (6) Review methods used by other states to provide legal representation to indigent defendants;
- (7) Assess the potential effectiveness of distributing funds in other ways, including the hiring of contract attorneys on a retainer basis and the expansion of public defender programs; ~~and~~
- (8) Outline additional suggestions that would improve the provision of legal representation to indigent ~~defendants~~. defendants; and
- (9) Evaluate the report on the efficiency and cost-effectiveness of the public defender program provided to the Commission pursuant to Section 16.1 of S.L. 1998-212, and recommend any improvements to public defender programs or the expansion of public defender programs to additional districts, based upon the content of that report.

The Administrative Office of the Courts shall assign professional and clerical staff to assist in the work of the Commission. The Commission shall report its findings and recommendations to the Chairs of the Senate and House Appropriations Committees and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety no later than ~~May 1, 1999~~. May 1, 2000. The report shall include a cost analysis demonstrating the additional personnel and equipment necessary to implement the Commission's recommendations. The report shall also include any legislation necessary to implement the Commission's recommendations."

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

**ADD SPECIAL SUPERIOR COURT JUDGES/ADD SUPERIOR COURT JUDGE  
IN DISTRICT 22**

Section 17.12.(a) G.S. 7A-45.1 is amended by adding a new subsection to read:

"(a4) Effective October 1, 1999, the Governor may appoint four special superior court judges to serve terms expiring five years from the date that each judge takes office. Successors to the special superior court judges appointed pursuant to this subsection shall be appointed to five-year terms. A special judge takes the same oath of office and is subject to the same requirements and disabilities as are or may be prescribed by law for regular judges of the superior court, save the requirement of residence in a particular district."

Section 17.12.(b) G.S. 7A-41(a) reads as rewritten:

"(a) The counties of the State are organized into judicial divisions and superior court districts, and each superior court district has the counties, and the number of regular resident superior court judges set forth in the following table, and for districts of less than a whole county, as set out in subsection (b) of this section:

Superior Judicial Division	Court District	Counties	No. of Resident Judges
First	1	Camden, Chowan,	2
		Currituck, Dare, Gates, Pasquotank, Perquimans	
	2	Beaufort, Hyde,	1
		Martin, Tyrrell, Washington	
4B	3A	Pitt	2
	3B	Carteret, Craven,	2
		Pamlico	
	4A	Duplin, Jones,	1
		Sampson	
	5	Onslow	1
Pender	6A	Halifax	1
	6B	Bertie, Hertford,	1
		Northampton	
	7A	Nash	1
7B	(part of Wilson,		1

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	part of Edgecombe, see subsection (b))		
	7C	(part of Wilson,	1
	part of Edgecombe, see subsection (b))		
	8A	Lenoir and Greene	1
	8B	Wayne	1
Second	9	Franklin, Granville, Vance, Warren	2
	9A	Person, Caswell	1
	10A	(part of Wake,	2
	see subsection (b))		
	10B	(part of Wake,	2
	see subsection (b))		
	10C	(part of Wake,	1
	see subsection (b))		
	10D	(part of Wake,	1
	see subsection (b))		
	11A	Harnett,	1
	Lee		
	11B	Johnston	1
	12A	(part of Cumberland,	1
	see subsection (b))		
	12B	(part of Cumberland,	1
	see subsection (b))		
	12C	(part of Cumberland,	2
	see subsection (b))		
	13	Bladen, Brunswick,	2
	Columbus		
	14A	(part of Durham,	1
	see subsection (b))		
	14B	(part of Durham,	3
	see subsection (b))		
	15A	Alamance	2
	15B	Orange, Chatham	1
16A	Scotland, Hoke		1
	16B	Robeson	2
Third	17A	Rockingham	2
	17B	Stokes, Surry	2

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	18A	(part of Guilford,	1
	see subsection (b))		
	18B	(part of Guilford,	1
	see subsection (b))		
	18C	(part of Guilford,	1
	see subsection (b))		
	18D	(part of Guilford,	1
	see subsection (b))		
	18E	(part of Guilford,	1
	see subsection (b))		
	19A	Cabarrus	1
	19B	Montgomery, Moore,	2
	Randolph		
	19C	Rowan	1
	20A	Anson,	1
	Richmond		
20B	Stanly, Union	2	
21A	(part of Forsyth,		1
	see subsection (b))		
	21B	(part of Forsyth,	1
	see subsection (b))		
	21C	(part of Forsyth,	1
	see subsection (b))		
	21D	(part of Forsyth,	1
	see subsection (b))		
	22	Alexander, Davidson,	<del>2</del> <u>3</u>
	Davie, Iredell		
	23	Alleghany, Ashe,	1
	Wilkes, Yadkin		
Fourth	24	Avery, Madison,	1
	Mitchell,		
	Watauga, Yancey		
	25A	Burke, Caldwell	2
25B	Catawba	2	
	26A	(part of Mecklenburg,	2
	see subsection (b))		
	26B	(part of Mecklenburg,	2
	see subsection (b))		
	26C	(part of Mecklenburg,	2

	see subsection (b))		
	27A	Gaston	2
	27B	Cleveland, Lincoln	2
	28	Buncombe	2
	29	Henderson,	2
	McDowell, Polk, Rutherford, Transylvania		
30A	Cherokee, Clay, Graham, Macon, Swain		1
	30B	Haywood, Jackson	1".

Section 17.12.(c) The Governor shall appoint a superior court judge for the additional judgeship in Superior Court District 22 as authorized by subsection (b) of this section. The successor to that judge shall be elected in the 2000 general election to serve the remainder of the unexpired term expiring December 31, 2002, in order to provide for unstaggered terms for multiple judgeships in the same district.

Section 17.12.(d) This section becomes effective October 1, 1999.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

### **CAPITAL CASE PROGRAM**

Section 17.13.(a) The Administrative Office of the Courts shall establish a capital case program to be incorporated into the Office of the Appellate Defender to provide assistance to districts experiencing difficulty in locating qualified private counsel to handle capital cases.

Section 17.13.(b) The Administrative Office of the Courts may use up to the sum of three hundred fifty-eight thousand one hundred three dollars (\$358,103) from the Indigent Persons' Attorney Fee Fund for the 1999-2000 fiscal year and the sum of three hundred ninety-six thousand eight hundred forty-five dollars (\$396,845) for the 2000-2001 fiscal year for salaries, benefits, and related expenses to establish three assistant public defender positions and one investigator to work specifically on capital cases.

Section 17.13.(c) The Administrative Office of the Courts shall report to the Chairs of the Senate and House Appropriations Committees and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety by March 1 of each year on the effectiveness of the program, including information on which districts have received assistance, the average cost per defendant served, and an estimate of the savings to be realized in using this program rather than privately assigned counsel.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

**DRUG TREATMENT COURT FUNDS SHALL NOT REVERT**

Section 17.14.(a) Funds appropriated to the Judicial Department for the 1998-99 fiscal year for drug treatment courts shall not revert at the end of the fiscal year but shall remain available to the Department during the 1999-2000 fiscal year to be used for that purpose.

Section 17.14.(b) This section becomes effective June 30, 1999.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

**COURT INFORMATION TECHNOLOGY FUND**

Section 17.15.(a) G.S. 7A-343 reads as rewritten:

**"§ 7A-343. Duties of Director.**

The Director is the Administrative Officer of the Courts, and his duties include the following:

- (1) Collect and compile statistical data and other information on the judicial and financial operation of the courts and on the operation of other offices directly related to and serving the courts;
- (2) Determine the state of the dockets and evaluate the practices and procedures of the courts, and make recommendations concerning the number of judges, district attorneys, and magistrates required for the efficient administration of justice;
- (3) Prescribe uniform administrative and business methods, systems, forms and records to be used in the offices of the clerks of superior court;
- (4) Prepare and submit budget estimates of State appropriations necessary for the maintenance and operation of the Judicial Department, and authorize expenditures from funds appropriated for these purposes;
- (5) Investigate, make recommendations concerning, and assist in the securing of adequate physical accommodations for the General Court of Justice;
- (6) Procure, distribute, exchange, transfer, and assign such equipment, books, forms and supplies as are to be acquired with State funds for the General Court of Justice;
- (7) Make recommendations for the improvement of the operations of the Judicial Department;

- (8) Prepare and submit an annual report on the work of the Judicial Department to the Chief Justice, and transmit a copy to each member of the General Assembly;
- (9) Assist the Chief Justice in performing his duties relating to the transfer of district court judges for temporary or specialized duty; ~~and~~
- (9a) Establish and operate systems and services that provide electronic transaction processing and access to court information systems pursuant to G.S. 7A-343.2; and
- (10) Perform such additional duties and exercise such additional powers as may be prescribed by statute or assigned by the Chief Justice."

Section 17.15.(b) Article 29 of Chapter 7A of the General Statutes is amended by adding a new section to read:

**"§ 7A-343.2. Court Information Technology Fund.**

The Court Information Technology Fund is established within the Judicial Department as a nonreverting, interest-bearing special revenue account. Accordingly, revenue in the Fund at the end of a fiscal year does not revert and interest and other investment income earned by the Fund shall be credited to it. All moneys collected by the Director pursuant to G.S. 7A-109(d) shall be remitted to the State Treasurer and held in this Fund. Moneys in the Fund shall be used to supplement funds otherwise available to the Judicial Department for court information technology needs. The Director shall report by March 1 of each year to the Joint Legislative Commission on Governmental Operations, the Chairs of the Senate and House Appropriations Committees, and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety on all moneys collected and deposited in the Fund and on the proposed expenditure of those funds collected during the preceding calendar year."

Section 17.15.(c)G.S. 7A-109(d) reads as rewritten:

" (d) In order to facilitate public access to court records, except where public access is prohibited by law, the Director may enter into one or more nonexclusive contracts under reasonable cost recovery terms with third parties to provide remote electronic access to the records by the public. Costs recovered pursuant to this subsection shall be remitted to the State Treasurer to be held in the Court Information Technology Fund established in G.S. 7A-343.2."

Requested by: Representatives Culpepper, Kinney, McCrary, Alexander, Easterling, Hardaway, Redwine, Baddour

**EDUCATIONAL PROGRAM FOR PARENTS WHO ARE PARTIES TO A CUSTODY OR VISITATION ACTION**

Section 17.16.(a)The Administrative Office of the Courts shall establish a program to educate and sensitize separated or divorcing couples with children about the

needs of their children during and after the separation and divorce process. The program shall be administered as part of the family court pilot program established by Section 25 of S.L. 1998-202. Program development shall include the following:

- (1) An educational course that parties to a custody or visitation action may attend voluntarily or if ordered by the court. The course should be designed to inform attendees of the impact of their separation, custody, or visitation action on:
  - a. The children,
  - b. The parents' relationship with one another,
  - c. The family's relationship, and
  - d. The couple's financial responsibilities for the children;

The course should provide information to attendees on resources available in the community to help them address these issues;

- (2) An administrative plan for the implementation of the program in all judicial districts with a family court pilot program; the administrative plan shall include:
  - a. Provisions to ensure the program will be financially self-sustaining in each district,
  - b. Estimates of reasonable fees that attendees would be charged, and a method for waiving such fees in cases of severe financial hardship,
  - c. Methods for evaluating the courses to ensure effectiveness, and for certifying attendance,
  - d. How the program will be implemented at the local level, and
  - e. Other administrative matters identified by the Administrative Office of the Courts as necessary for effective and efficient program implementation;
- (3) Identification of course providers with whom the Administrative Office of the Courts would contract to make courses available at reasonable times and for reasonable fees, and to ensure that courses will be available with sufficient regularity to meet the needs of the judicial district in which the program is offered; and
- (4) Other matters considered by the Administrative Office of the Courts to be important program components.

The Administrative Office of the Courts shall ensure that the program is operational in all judicial districts with a family court pilot program established pursuant to Section 25 of S.L. 1998-202 no later than January 1, 2000.



Section 17.16.(b) The Administrative Office of the Courts shall ensure involvement and input into the development of the program by persons who have experience in assisting families through and after the divorcing process.

Section 17.16.(c) The court shall order participation in this educational course if it finds that significant parental conflict has adversely affected the children and that the children's best interests would be served by the party or parties' participation in the course.

Section 17.16.(d) The Administrative Office of the Courts shall report to the General Assembly not later than March 1, 2001, on the program developed pursuant to this section. The Administrative Office of the Courts shall make an interim report on the program developed pursuant to this section to the General Assembly as part of its report on the family court pilot program established by Section 25 of S.L. 1998-202. These reports shall include the following:

- (1) Progress made on the implementation of the targeted pilot districts and recommendations for the expansion of the program to other districts;
- (2) The amount of State funds that will be necessary for the Administrative Office of the Courts to supervise and oversee program operation;
- (3) Legislation that may be needed to facilitate program implementation and operation; and
- (4) Other recommendations the Administrative Office of the Courts considers appropriate.

## **PART XVIII. DEPARTMENT OF CORRECTION**

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

### **MODIFICATION OF FUNDING FORMULA FOR THE NORTH CAROLINA STATE-COUNTY CRIMINAL JUSTICE PARTNERSHIP ACT/STATUS REPORT ON CRIMINAL JUSTICE PARTNERSHIP PROGRAM**

Section 18.(a) Notwithstanding the funding formula set forth in G.S. 143B-273.15, appropriations made to the Department of Correction through the North Carolina State-County Criminal Justice Partnership Act for the 1999-2000 fiscal year shall be distributed to the counties as specified in G.S. 143B-273.15(2) only, and not as discretionary funds. The Department may also use funds from the State-County Criminal Justice Partnership Account in order to maintain the counties' allocations of nine million six hundred thousand dollars (\$9,600,000) as provided in previous fiscal years.

Section 18.(b) Appropriations not claimed or expended by the counties during the 1999-2000 fiscal year shall be distributed as specified in G.S. 143B-273.15(1). A single county may apply for discretionary funds under G.S. 143B-273.15(1) for a

residential program that serves offenders from other counties; in order for those other counties to assign offenders to such a program, those counties shall include a residential component in an approved partnership plan.

Section 18.(c) The Department of Correction may not deny funds to a county to support both a residential program and a day reporting center if the Department of Correction determines that the county has a demonstrated need and a fully-developed plan for each type of sanction.

Section 18.(d) The Department of Correction shall report by February 1, 2000, to the Chairs of the Senate and House Appropriations Committees, the Senate and House Appropriations Subcommittees on Justice and Public Safety, and the Joint Legislative Corrections and Crime Control Oversight Committee on the status of the Criminal Justice Partnership Program. The report shall include the following information:

- (1) The amount of funds carried over from the 1998-99 fiscal year to the 1999-2000 fiscal year;
- (2) The dollar amount and purpose of grants awarded to counties as discretionary grants for 1999-2000;
- (3) Any counties the Department anticipates will submit requests for new implementation grants;
- (4) The number of counties submitting offender participation data via the electronic reporting system;
- (5) An analysis of offender participation data received during 1999-2000; and
- (6) An update on efforts to ensure that all counties make use of the electronic reporting system.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

**POST-RELEASE SUPERVISION AND PAROLE COMMISSION/REPORT ON STAFFING REORGANIZATION AND REDUCTION**

Section 18.1. The Post-Release Supervision and Parole Commission shall report by March 1, 2000, to the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety on an updated transition plan for implementing staff reductions through the 2002-2003 fiscal year, including a minimum ten percent (10%) reduction in staff positions in the 2000-2001 fiscal year over the 1999-2000 fiscal year.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

## **REDUCE MEMBERSHIP ON POST-RELEASE SUPERVISION AND PAROLE COMMISSION**

Section 18.2.(a) G.S. 143B-267 reads as rewritten:

**"§ 143B-267. Post-Release Supervision and Parole Commission -- members; selection; removal; chairman; compensation; quorum; services.**

The Post-Release Supervision and Parole Commission shall consist of ~~five~~ three full-time members. The ~~five~~ three full-time members shall be appointed by the Governor from persons whose recognized ability, training, experience, and character qualify them for service on the Commission. The terms of office of the five members presently serving on the Commission shall expire on ~~June 30, 1993~~ June 30, 1999. ~~The terms of three members appointed effective July 1, 1993, shall be for three years. The terms of two members appointed effective July 1, 1993, shall be for four years. The term of one of the members appointed effective July 1, 1999, shall be for one year. The term of one of the members appointed effective July 1, 1999, shall be for two years. The term of one of the members appointed effective July 1, 1999, shall be for three years.~~ Thereafter, the terms of office of persons appointed by the Governor as members of the Commission shall be for four years or until their successors are appointed and qualify. Any appointment to fill a vacancy on the Commission created by the resignation, removal, death or disability of a full-time member shall be for the balance of the unexpired term only.

The Governor shall have the authority to remove any member of the Commission from office for misfeasance, malfeasance or nonfeasance, pursuant to the provisions of G.S. 143B-13. The Governor shall designate a full-time member of the Commission to serve as chairman of the Commission at the pleasure of the Governor.

~~With regard to the transaction of the business of the Commission the following procedure shall be followed: The chairman shall designate panels of two voting Commission members and shall designate a third commissioner to serve as an alternate member of a panel. Insofar as practicable, the chairman shall assign the members to panels in such fashion that each commissioner sits a substantially equal number of times with each other commissioner. Whenever any matter of business, such as the granting, denying, revoking or rescinding of parole, or the authorization of work release privileges to a prisoner, shall come before the Commission for consideration and action, the chairman shall refer such matter to a panel. Action may be taken by concurring vote of the two sitting panel members. If there is not a concurring vote of the two panel members, the matter will be referred to the alternate member who shall cast the deciding vote. However, no person serving a sentence of life imprisonment shall be granted parole or work release privileges except by majority vote of the full Commission. The granting, denying, revoking, or rescinding of parole, the authorization of work-release privileges to~~

a prisoner, or any other matters of business coming before the Commission for consideration and action shall be decided by majority vote of the full Commission.

The full-time members of the Commission shall receive the salary fixed by the General Assembly in the Current Operations Appropriations Act and shall receive necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-6.

All clerical and other services required by the Commission shall be supplied by the Secretary of Correction."

Section 18.2.(b) This section becomes effective June 30, 1999.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

#### **HOME AS DUTY STATION PILOT PROGRAM**

Section 18.3. The Department of Correction shall report by April 1, 2000, to the Chairs of the Senate and House Appropriations Committees and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety on the Home As Duty Station pilot program in Cleveland and New Hanover Counties. The report shall provide (i) information on the impact of the pilot on expenditures for office and vehicle leases including an analysis of charges for vehicle miles not driven; (ii) data on the frequency of officers in the pilots being required to report directly from home to locations in the community outside of normally assigned working hours; and (iii) the projected impact of extending the pilot program to additional districts, including office, vehicle, and equipment costs.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

#### **REPORT ON HARRIET'S HOUSE**

Section 18.4. Funds appropriated in this act to the Department of Correction to support the programs of Harriet's House may be used for program operating costs, the purchase of equipment, and the rental of real property. Harriet's House shall report by September 1 and March 1 of each year to the Joint Legislative Commission on Governmental Operations on the expenditure of State appropriations and on the effectiveness of the program, including information on the number of clients served and the number of clients who successfully complete the Harriet's House program.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

#### **REPORT ON SUMMIT HOUSE**

Section 18.5. Summit House shall report by September 1 and March 1 of each year to the Joint Legislative Commission on Governmental Operations on the expenditure of State appropriations and on the effectiveness of the program, including information on the number of clients served, the number of clients who have their probation revoked, and the number of clients who successfully complete the program while housed at Summit House.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

**REPORT ON WOMEN AT RISK**

Section 18.6. Women at Risk shall report by September 1 and March 1 of each year to the Joint Legislative Commission on Governmental Operations on the expenditure of State funds and on the effectiveness of the program, including information on the number of clients served, the number of clients who have had their probation revoked, and the number of clients who have successfully completed the program.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

**FEDERAL GRANT REPORTING**

Section 18.7. The Department of Correction, the Department of Justice, the Department of Crime Control and Public Safety, the Judicial Department, and the Office of Juvenile Justice shall report by September 1 and March 1 of each year to the Joint Legislative Commission on Governmental Operations, the Chairs of the Senate and House Appropriations Committees, and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety on federal grant funds received or preapproved for receipt by those departments. The report shall include information on the amount of grant funds received or preapproved for receipt by each department, the use of the funds, the State match expended to receive the funds, and the period to be covered by each grant. If the department intends to continue the program beyond the end of the grant period, the department shall report on the proposed method for continuing the funding of the program at the end of the grant period. Each department shall also report on any information it may have indicating that the State will be requested to provide future funding for a program presently supported by a local grant.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

**EXEMPTION FROM LICENSURE AND CERTIFICATE OF NEED**

Section 18.8.(a) Inpatient chemical dependency or substance abuse facilities that provide services exclusively to inmates of the Department of Correction shall be

exempt from licensure by the Department of Health and Human Services under Chapter 122C of the General Statutes. If an inpatient chemical dependency or substance abuse facility provides services both to inmates of the Department of Correction and to members of the general public, the portion of the facility that serves inmates shall be exempt from licensure.

Section 18.8.(b) Any person who contracts to provide inpatient chemical dependency or substance abuse services to inmates of the Department of Correction may construct and operate a new chemical dependency or substance abuse facility for that purpose without first obtaining a certificate of need from the Department of Health and Human Services pursuant to Article 9 of Chapter 131E of the General Statutes. However, a new facility or addition developed for that purpose without a certificate of need shall not be licensed pursuant to Chapter 122C of the General Statutes and shall not admit anyone other than inmates unless the owner or operator first obtains a certificate of need.

Section 18.8.(c) This section applies to existing facilities, as well as future facilities contracting with the Department of Correction.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

**LIMIT USE OF OPERATIONAL FUNDS**

Section 18.9. Funds appropriated in this act to the Department of Correction for operational costs for additional facilities shall be used for personnel and operating expenses set forth in the budget approved by the General Assembly in this act. These funds shall not be expended for any other purpose, except as provided for in this act, and shall not be expended for additional prison personnel positions until the new facilities are within 90 days of projected completion, except for certain management, security, and support positions necessary to prepare the facility for opening, as authorized in the budget approved by the General Assembly.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

**REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL COSTS FOR INMATES, PAROLEES, AND POST-RELEASE SUPERVISEES AWAITING TRANSFER TO STATE PRISON SYSTEM**

Section 18.10.(a)The Department of Correction may use funds appropriated to the Department for the 1999-2000 fiscal year to pay the sum of forty dollars (\$40.00) per day as reimbursement to counties for the cost of housing convicted inmates and parolees and post-release supervisees awaiting transfer to the State prison system, as provided in G.S. 148-29. The Department shall report quarterly to the Joint Legislative Commission

on Governmental Operations, the Joint Legislative Corrections and Crime Control Oversight Committee, the Chairs of the Senate and House Appropriations Committees, and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety on the expenditure of funds to reimburse counties for prisoners awaiting transfer and on its progress in reducing the jail backlog.

Section 18.10.(b) G.S. 148-29 reads as rewritten:

**"§ 148-29. Transportation of convicts to prison; reimbursement to counties; sheriff's expense affidavit.**

(a) The sheriff having in charge any prisoner to be taken to the State prison system shall send the prisoner to the custody of the Department of Correction ~~within five days~~ after sentencing and the disposal of all pending charges against the prisoner, if no appeal has been taken. Beginning on the sixth day after sentencing and disposal of all pending charges against the prisoner day after the Division of Prisons has been notified by the sheriff that a prisoner is ready for transfer and the Division has informed the sheriff that bedspace is not available for that prisoner, and continuing through the day the prisoner is received by the Division of Prisons, the Department of Correction shall pay the county:

- (1) A standard sum set by the General Assembly in its appropriations acts for the cost of providing food, clothing, personal items, supervision, and necessary ordinary medical services to the prisoner awaiting transfer to the State prison system; and
- (2) Extraordinary medical costs, as defined in G.S. 148-32.1(a), incurred by prisoners awaiting transfer to the State prison system.

If the Division of Prisons determines that bedspace is not available for a prisoner after the sheriff has notified the Division that the prisoner is ready for transfer, reimbursement under this subsection shall be made beginning on the day after the sheriff gave the notification.

(b) The sheriff having in charge any parolee or post-release supervisee to be taken to the State prison system shall send the prisoner to the custody of the Department of Correction ~~within five days~~ after preliminary hearing held under G.S. 15A-1368.6(b) or G.S. 15A-1376(b). Beginning on the sixth day after the hearing day after the Division of Prisons has been notified by the sheriff that a prisoner is ready for transfer and the Division has informed the sheriff that bedspace is not available for that prisoner, and continuing through the day the prisoner is received by the Division of Prisons, the Department of Correction shall pay the county:

- (1) A standard sum set by the General Assembly in its appropriations acts for the cost of providing food, clothing, personal items, supervision, and necessary ordinary medical services to the parolee or post-release supervisee awaiting transfer to the State prison system; and

- (2) Extraordinary medical costs, as defined in G.S. 148-32.1(a), incurred by parolees or post-release supervisees awaiting transfer to the State prison system.

If the Division of Prisons determines that bedspace is not available for a prisoner after the sheriff has notified the Division that the prisoner is ready for transfer, reimbursement under this subsection shall be made beginning on the day after the sheriff gave the notification.

(c) The sheriff shall file with the board of commissioners of his county a copy of his affidavit as to necessary guard, together with a copy of his itemized account of expenses, both certified to by him as true copies of those on file in his office."

Section 18.10.(c)Chapter 7A of the General Statutes is amended by adding a new section to read:

**"§ 7A-109.3. Delivery of commitment order.**

(a) Whenever the district court sentences a person to imprisonment and commitment to the custody of the Department of Correction pursuant to G.S. 15A-1352, the clerk of superior court shall furnish the sheriff with the signed order of commitment within 48 hours of the issuance of the sentence.

(b) Whenever the superior court sentences a person to imprisonment and commitment to the custody of the Department of Correction pursuant to G.S. 15A-1352, the clerk of superior court shall furnish the sheriff with the signed order of commitment within 72 hours of the issuance of the sentence."

Section 18.10.(d) This section becomes effective October 1, 1999.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

**USE OF FACILITIES CLOSED UNDER GPAC**

Section 18.11. In conjunction with the closing of small expensive prison units recommended for consolidation by the Government Performance Audit Committee, the Department of Correction shall consult with the county or municipality in which the unit is located, with the elected State and local officials, and with State agencies about the possibility of converting that unit to other use. The Department may also consult with any private for-profit or nonprofit firm about the possibility of converting the unit to other use. In developing a proposal for future use of each unit, the Department shall give priority to converting the unit to other criminal justice use. Consistent with existing law and the future needs of the Department of Correction, the State may provide for the transfer or the lease of any of these units to counties, municipalities, State agencies, or private firms wishing to convert them to other use. The Department of Correction may also consider converting some of the units recommended for closing from medium security to minimum security, where that conversion would be cost-effective. A prison



unit under lease to a county pursuant to the provisions of this section for use as a jail is exempt for the period of the lease from any of the minimum standards adopted by the Secretary of Health and Human Services pursuant to G.S. 153A-221 for the housing of adult prisoners that would subject the unit to greater standards than those required of a unit of the State prison system.

Prior to any transfer or lease of these units, the Department of Correction shall report on the terms of the proposed transfer or lease to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Corrections and Crime Control Oversight Committee. The Department of Correction shall also provide quarterly summary reports to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Corrections and Crime Control Oversight Committee on the conversion of these units to other use and on all leases or transfers entered into pursuant to this section.

Requested by: Representatives Mitchell, Easterling, Hardaway, Redwine

**SITE FOR NEW CLOSE CUSTODY PRISON**

Section 18.11A. In determining site locations for proposed new close custody prison facilities, the Department of Correction shall consider Alexander and Iredell Counties for the site of the proposed new close custody prison in Western North Carolina.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

**INMATE COSTS**

Section 18.12.(a) The Department of Correction shall provide a progress report by April 1, 2000, to the Joint Legislative Commission on Governmental Operations, the Chairs of the House and Senate Appropriations Committees, and the Chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety on its implementation of the recommendations made by the Office of State Budget and Management on the provision of food and health care to inmates pursuant to the study directed by Section 17.8 of S.L. 1998-212. The report shall identify specific areas in which cost savings can be achieved through the more efficient delivery of services.

Section 18.12.(b) If the cost of providing food and health care to inmates housed in the Division of Prisons is anticipated to exceed the continuation budget amounts provided for that purpose in this act, the Department of Correction shall report the reasons for the anticipated cost increase and the source of funds the Department intends to use to cover those additional needs to the Joint Legislative Commission on Governmental Operations, the Chairs of the House and Senate Appropriations

Committees, and the Chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

**TITLE VII FUNDS/REPORT**

Section 18.13. The Department of Correction may use funds available to the Department during the 1999-2001 biennium for payment to claimants as part of the settlement of the Title VII lawsuit over the recruitment, hiring, and promotion of females in the Department. Prior to final settlement of the lawsuit, the Department shall report on the proposed settlement to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Corrections and Crime Control Oversight Committee, and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

**CRIMINAL JUSTICE EDUCATION AND TRAINING STANDARDS COMMISSION/SPECIAL COMMITTEE TO REWRITE STANDARDS, CODE, AND POLICY PROCEDURES FOR EMPLOYMENT OF CERTIFIED POSITIONS IN THE DEPARTMENT OF CORRECTION**

Section 18.14. The Criminal Justice Education and Training Standards Commission shall appoint a special committee to study and rewrite the necessary standards, administrative code provisions, and policies and procedures relating to the employment of certified positions in the Department of Correction and develop a new certification system for those officers that reflects the impact and statutory requirements of Chapters 126 and 17C of the General Statutes.

The Chair of the Criminal Justice Education and Training Standards Commission and the Chair of the special committee appointed pursuant to this section shall report to the Joint Legislative Corrections and Crime Control Oversight Committee by March 1, 2000, on the progress of the special committee.

The proposed new certification system shall be presented to the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety by the convening of the 2000 Regular Session of the 1999 General Assembly.

Upon approval of the Criminal Justice Education and Training Standards Commission, the new certification system shall be implemented no later than July 1, 2000.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

**FEDERAL GRANT MATCHING FUNDS**

Section 18.15. Notwithstanding the provisions of G.S. 148-2, the Department of Correction may use up to the sum of six hundred fifty thousand dollars (\$650,000) from funds available to the Department to provide the State match needed in order to receive federal grant funds. Prior to using funds for this purpose, the Department shall report to the Chairs of the Appropriations Subcommittees on Justice and Public Safety and the Joint Legislative Commission on Governmental Operations on the grants to be matched using these funds.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

**PRIVATE PRISON CONTRACTS**

Section 18.16. If the Department of Correction determines, in consultation with the Attorney General's office, the Office of State Budget and Management, and the Corrections Corporation of America, that it is appropriate to make a significant modification of the financial terms of the contracts for the leasing and operation of one or both of the two private confinement facilities in Pamlico and Avery/Mitchell Counties, the Department may use funds available to the Department for the 1999-2001 biennium to modify the lease contract and the operating agreement as necessary. Prior to taking actions or obligating funds as authorized by this section, the Department of Correction shall report to the Joint Legislative Commission on Governmental Operations, the Chairs of the Senate and House Appropriations Committees, and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine, Allred

**PILOTS TO DETERMINE COST-EFFECTIVENESS OF PLACING ALL INMATES ON WORK-RELEASE**

Section 18.17. Section 17.25 of S.L. 1998-212 reads as rewritten:  
"Section 17.25. (a) The Department of Correction shall establish a pilot program for determining the benefits of work-release prison units by placing all eligible inmates in the Alamance Correctional Center on work release to the extent possible. The Department shall provide a progress report on this pilot program to the Chairs of the Senate and House Appropriations Committees and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety by June 30, 2000. The Department shall provide a final report to the Chairs of the House and Senate Appropriations Committees and the Chairs of the House and Senate Appropriations

Subcommittees on Justice and Public Safety by March 1, ~~1999~~, 2001, on the cost-effectiveness of the program.

(b) The Department of Correction shall establish a pilot program for determining the benefits of work-release prison units by placing all eligible inmates in the Union Correctional Center, except those needed for Department of Transportation road squads, on work release to the extent possible. The Department shall provide a progress report on this pilot program to the Chairs of the Senate and House Appropriations Committees and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety by June 30, 2000. The Department shall provide a final report to the Chairs of the House and Senate Appropriations Committees and the Chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety by March 1, ~~1999~~, 2001, on the cost-effectiveness of the program."

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

#### **REPORT ON PROBATION AND PAROLE CASELOADS**

Section 18.18. The Department of Correction shall report by March 1, 2000, to the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety and the Joint Legislative Corrections and Crime Control Oversight Committee on caseload averages for probation and parole officers. The report shall include:

- (1) Data on current caseload averages for Probation Parole Officer I, Probation Parole Officer II, and Probation Parole Officer III positions;
- (2) An analysis of the optimal caseloads for these new officer classifications;
- (3) An assessment of the role of surveillance officers; and
- (4) Projected impact of the new officer classifications and procedures on the operating and equipment expenditures of the Division of Community Correction.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

#### **PROPOSED STANDARDS FOR PRIVATE PRISONS FOR OUT-OF-STATE INMATES**

Section 18.19.(a) Subsection (b) of Section 19.17 of S.L. 1997-443, as amended by subsection (b) of Section 17.23 of S.L. 1998-212, reads as rewritten:

"(b) The Department of Correction, in cooperation with the Department of Justice, Department of Insurance, and Office of State Construction, shall establish proposed standards for any private correctional facilities in this State that are used to confine inmates from a jurisdiction other than North Carolina, a political subdivision of North

Carolina, or the federal government. These standards shall include provisions for all such facilities to:

- (1) Meet minimum responsibility and insurance standards and may provide for the posting of surety bonds;
- (2) Meet or exceed all standards applicable to the State prison system, particularly those standards relating to inmate care and treatment;
- (3) Provide for the transfer or return of all inmates to the jurisdiction in which the inmates were originally convicted prior to release of the inmates;
- (4) Permit officials of the State of North Carolina to conduct periodic inspections of all such facilities; and
- (5) Meet any other standards the departments deem advisable.

The Department of Correction shall provide a final report on these proposed standards to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Corrections and Crime Control Oversight Committee, and the Chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety by March 15, ~~1999-2000~~, and shall provide a progress report on the development of these standards to the Joint Legislative Corrections and Crime Control Oversight Committee by November 1, 1999. The report shall include a recommendation on the appropriate regulatory agency or agencies to enforce these standards and on the necessary enforcement authority to be vested in that agency or agencies. The report shall also include a draft of legislation necessary to enact the proposed standards and regulatory authority.

The Department of Correction shall also consult with the Department of Justice on the appropriateness of the penalty provided for in G.S. 14-256.1, enacted in subsection (a) of this section, and on the implications of convicting inmates already serving sentences imposed by other jurisdictions in private prisons located in North Carolina. The Department of Correction shall include the conclusions reached during its consultation with the Department of Justice in the report required by this section."

Section 18.19.(b) Subsection (c) of Section 19.17 of S.L. 1997-443, as amended by subsection (c) of Section 17.23 of S.L. 1998-212, reads as rewritten:

"(c) No municipality, county, or private entity may authorize, construct, own, or operate any type of correctional facility for the confinement of inmates from any jurisdiction other than North Carolina, a political subdivision of North Carolina, or the federal government until the Department of Correction has developed proposed standards for such private correctional facilities pursuant to ~~subsection (b) of this section~~ Section 19.17 of S.L. 1997-443, as amended, and the General Assembly has acted upon those standards. No private confinement facility authorized under G.S. 148-37(g) that receives payment from this State for the housing of State prisoners may contain inmates from any

jurisdiction other than North Carolina or a political subdivision of North Carolina without the written consent of the Secretary of Correction."

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

### **CLOSE SECURITY PRISONS**

Section 18.20.(a) G.S. 148-37 is amended by adding a new subsection to read:

" (b1) The Secretary of Correction may enter contracts with private for-profit or nonprofit firms for the construction of close security correctional facilities totaling up to 3,000 cells to be operated by the Department pursuant to a lease that contains a schedule for purchase of the facilities over a period of up to 20 years. The Secretary may issue a request for proposals for the construction of such facilities in accordance with plans and specifications developed by the Department and reviewed by the Office of State Construction.

The Secretary of Correction, in consultation with the Chairs of the Joint Legislative Corrections and Crime Control Oversight Committee and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety, shall make recommendations to the Department of Administration on the final award decision. The Department of Administration shall make the final award decision, and the contract shall then be subject to the approval of the Council of State after consultation with the Joint Legislative Commission on Governmental Operations.

Contracts made under the authority of this subsection shall provide that the Department of Correction shall furnish the plans and specifications for these correctional facilities to the Office of State Construction for its review and that the Office of State Construction shall inspect and review each project during construction to ensure that the project is suitable for use as a correctional facility and for future acquisition by the State."

Section 18.20.(b) The Department of Correction shall provide a status report to the Joint Legislative Commission on Governmental Operations by May 1, 2000, on the development of the request for proposals and the award-making process, including a summary of the major requirements anticipated in the request for proposals. After the contract has been awarded, the Department shall report to the Joint Legislative Commission on Governmental Operations by May 1 of each year on the progress of the project, including the estimated completion dates and the estimated cost of operating correctional facilities constructed pursuant to this section.

### **PART XIX. DEPARTMENT OF JUSTICE**

Requested by: Representatives Redwine, Culpepper, Kinney, McCrary, Easterling, Hardaway

### **REPEAL SETTLEMENT RESERVE FUND**

Section 19.(a) G.S. 143-16.5 is repealed.

Section 19.(b) G.S. 114-2.5 reads as rewritten:

#### **"§ 114-2.5. Attorney General to report payment of public monies pursuant to settlement agreements and final court orders.**

(a) ~~The~~ Prior to the disbursement of funds received by the State or a State agency pursuant to a settlement agreement or final order or judgment of the court where the amount of funds received exceeds seventy-five thousand dollars (\$75,000), the Attorney General shall report to the Joint Legislative Commission on Governmental Operations and the Chairs of the Appropriations Subcommittees on Justice and Public Safety of the Senate and House of Representatives on the payments received by the State or a State agency pursuant to a settlement agreement or final order or judgment of the court and deposited to the Public Settlement Reserve Fund in accordance with G.S. 143-16.5. The Attorney General shall also report on the terms or conditions of payment and of any disbursements set forth in the agreement or order. The Attorney General shall submit a written report to the Fiscal Research Division of the General Assembly.

(b) This section only applies to executed settlement agreements and final orders or judgments of the court and shall in no way affect the authority of the Attorney General to negotiate the settlement of cases in which the State or a State department, agency, institution, or officer is a party."

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

### **LIMITS ON COMPUTER SYSTEM UPGRADE**

Section 19.1. Any major new computer system or major computer system upgrade for the Judicial Department, the Department of Correction, the Department of Justice, the Department of Crime Control and Public Safety, or the Office of Juvenile Justice to be funded all or in part from the Continuation Budget, shall be reported to the Joint Legislative Commission on Governmental Operations, to the Chairs of the Senate and House of Representatives Appropriations Committees, to the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety, and to any standing committee on information technology appointed by the Senate or House of Representatives before the department or office enters into any contractual agreement. A major computer system upgrade includes any proposed enhancement, modification, or capacity increase to the computing and telecommunications infrastructure or to program applications where the total cost is anticipated to exceed five hundred thousand dollars (\$500,000). This report is to be made jointly by the Information Resource Management Commission, the Office of State Budget and Management, and the requesting department or office.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

**CRIMINAL JUSTICE INFORMATION NETWORK REPORT**

Section 19.2. The Criminal Justice Information Network Governing Board created pursuant to Section 23.3 of Chapter 18 of the Session Laws of the 1996 Second Extra Session shall report by March 1, 2000, to the Chairs of the Senate and House Appropriations Committees, the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety, and the Fiscal Research Division of the General Assembly on:

- (1) The operations of the Board, including the Board's progress in developing data-sharing standards in cooperation with State and local agencies and the estimated time of completion of the standards;
- (2) The operating budget of the Board, the expenditures of the Board as of the date of the report, and the amount of funds in reserve for the operation of the Board; and
- (3) A long-term strategic plan and cost analysis for statewide implementation of the Criminal Justice Information Network. For each component of the Network, the initial cost estimate of the component, the amount of funds spent to date on the component, the source of funds for expenditures to date, and a timetable for completion of that component, including additional resources needed at each point.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

**USE OF SEIZED AND FORFEITED PROPERTY TRANSFERRED TO STATE LAW ENFORCEMENT AGENCIES BY THE FEDERAL GOVERNMENT**

Section 19.3.(a) Assets transferred to the Department of Justice during the 1999-2001 biennium pursuant to 19 U.S.C. § 1616a shall be credited to the budget of the Department and shall result in an increase of law enforcement resources for the Department. Assets transferred to the Department of Crime Control and Public Safety during the 1999-2001 biennium pursuant to 19 U.S.C. § 1616a shall be credited to the budget of the Department and shall result in an increase of law enforcement resources for the Department. The Departments of Justice and Crime Control and Public Safety shall report to the Joint Legislative Commission on Governmental Operations upon receipt of the assets and, before using the assets, shall report on the intended use of the assets and the departmental priorities on which the assets may be expended, except during the 1999-2000 fiscal year, the Department of Justice may:



- (1) Use an amount not to exceed the sum of twenty-five thousand dollars (\$25,000) of the funds to extend the lease of space in the Town of Salemburg for training for the State Bureau of Investigation; and
- (2) Use an amount not to exceed the sum of fifty thousand dollars (\$50,000) of the funds to lease space for its technical operations unit, storage of its equipment and vehicles, and command post vehicle.

Section 19.3.(b) The General Assembly finds that the use of assets transferred pursuant to 19 U.S.C. § 1616a for new personnel positions, new projects, the acquisition of real property, repair of buildings where the repair includes structural change, and construction of or additions to buildings may result in additional expenses for the State in future fiscal periods. Therefore, the Department of Justice and the Department of Crime Control and Public Safety are prohibited from using these assets for such purposes without the prior approval of the General Assembly.

Section 19.3.(c) Nothing in this section prohibits North Carolina law enforcement agencies from receiving funds from the United States Department of Justice pursuant to 19 U.S.C. § 1616a.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

**PRIVATE PROTECTIVE SERVICES AND ALARM SYSTEMS LICENSING BOARDS PAY FOR USE OF STATE FACILITIES AND SERVICES**

Section 19.4. The Private Protective Services and Alarm Systems Licensing Boards shall pay the appropriate State agency for the use of physical facilities and services provided to those boards by the State.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

**CERTAIN LITIGATION EXPENSES TO BE PAID BY CLIENTS**

Section 19.5. Client departments, agencies, and boards shall reimburse the Department of Justice for reasonable court fees, attorney travel and subsistence costs, and other costs directly related to litigation in which the Department of Justice is representing the department, agency, or board.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

**REIMBURSEMENT FOR UNC BOARD OF GOVERNORS LEGAL REPRESENTATION**

Section 19.6. The Department of Justice shall be reimbursed by the Board of Governors of The University of North Carolina for two Attorney III positions to provide legal representation to The University of North Carolina system.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

**EXEMPT JUSTICE ACADEMY FROM THE UMSTEAD ACT**

Section 19.7. G.S. 66-58(b) is amended by adding a new subdivision to read:  
" (19) The North Carolina Justice Academy."

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

**STUDY FEE ADJUSTMENT FOR CRIMINAL RECORDS CHECKS**

Section 19.8. The Office of State Budget and Management, in consultation with the Department of Justice, shall study the feasibility of adjusting the fees charged for criminal records checks conducted by the Division of Criminal Information of the Department of Justice as a result of the increase in receipts from criminal records checks. The study shall include an assessment of the Division's operational, personnel, and overhead costs related to providing criminal records checks and how those costs have changed since the 1995-96 fiscal year. The Office of State Budget and Management shall report its findings and recommendations to the Chairs of the Senate and House Appropriations Committees, the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety, and the Fiscal Research Division of the General Assembly on or before March 1, 2000.

**PART XX. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY**

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

**LEGISLATIVE REVIEW OF DRUG LAW ENFORCEMENT AND OTHER GRANTS**

Section 20.(a) Section 1303(4) of the Omnibus Crime Control and Safe Streets Act of 1968 provides that the State application for Drug Law Enforcement Grants is subject to review by the State legislature or its designated body. Therefore, the Governor's Crime Commission of the Department of Crime Control and Public Safety shall report on the State application for grants under the State and Local Law Enforcement Assistance Act of 1986, Part M of the Omnibus Crime Control and Safe Streets Act of 1968 as enacted by Subtitle K of P.L. 99-570, the Anti-Drug Abuse Act of 1986, to the Senate and House Appropriations Subcommittees on Justice and Public

Safety when the General Assembly is in session. When the General Assembly is not in session, the Governor's Crime Commission shall report on the State application to the Joint Legislative Commission on Governmental Operations.

Section 20.(b) Unless a State statute provides a different forum for review, when a federal law or regulation provides that an individual State application for a grant shall be reviewed by the State legislature or its designated body and at the time of the review the General Assembly is not in session, that application shall be reviewed by the Joint Legislative Commission on Governmental Operations.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

### **VICTIMS ASSISTANCE NETWORK FUNDS**

Section 20.1.(a) Of the funds appropriated in this act to the Department of Crime Control and Public Safety, the sum of one hundred fifty thousand dollars (\$150,000) for the 1999-2000 fiscal year and the sum of one hundred fifty thousand dollars (\$150,000) for the 2000-2001 fiscal year shall be used to support the Victims Assistance Network. These funds shall be used by the Victims Assistance Network to perform the following functions under the direction of and as required by the Department of Crime Control and Public Safety:

- (1) Conduct surveys and gather data on crime victims and their needs;
- (2) Act as a clearinghouse for crime victims' services;
- (3) Provide an automated crime victims' bulletin board for subscribers;
- (4) Coordinate and support the activities of other crime victims' advocacy groups;
- (5) Identify training needs of crime victims' services providers and criminal justice personnel and coordinate training efforts for those persons; and
- (6) Provide other services as identified by the Governor's Crime Commission or the Department of Crime Control and Public Safety.

Section 20.1.(b) The Department of Crime Control and Public Safety shall report on the expenditure of funds allocated pursuant to this section for the Victims Assistance Network. The Department shall also report on the Network's efforts to gather data on crime victims and their needs, act as a clearinghouse for crime victims' services, provide an automated crime victims' bulletin board for subscribers, coordinate and support activities of other crime victims' advocacy groups, identify the training needs of crime victims' services providers and criminal justice personnel, and coordinate training for these personnel. The Department shall submit its report to the Chairs of the Appropriations Subcommittees on Justice and Public Safety of the Senate and House of Representatives by December 1 of each year of the biennium.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

**REPORT ON CRIME VICTIMS COMPENSATION FUND**

Section 20.2. G.S. 15B-21 reads as rewritten:

**"§ 15B-21. Annual report.**

The Commission ~~shall~~ shall, by March 15 each year, prepare and transmit ~~annually~~ to the Governor and the General Assembly a report of its ~~activities~~ activities in the prior fiscal year and the current fiscal year to date. The report shall ~~include~~ include:

- (1) ~~the~~ The number of claims filed, filed;
- (2) ~~the~~ The number of awards made, made;
- (3) ~~the~~ The amount of each award, award;
- (4) ~~a~~ A statistical summary of claims denied and awards made, made;
- (5) ~~and the~~ The administrative costs of the Commission, including the compensation of ~~commissioners~~ commissioners;
- (6) The current unencumbered balance of the North Carolina Crime Victims Compensation Fund;
- (7) The amount of funds carried over from the prior fiscal year;
- (8) The amount of funds received in the prior fiscal year from the Department of Correction and from the compensation fund established pursuant to the Victims Crime Act of 1984, 42 U.S.C. § 10601, et seq.; and
- (9) The amount of funds expected to be received in the current fiscal year, as well as the amount actually received in the current fiscal year on the date of the report, from the Department of Correction and from the compensation fund established pursuant to the Victims Crime Act of 1984, 42 U.S.C. § 10601, et seq.

The Attorney General and State Auditor shall assist the Commission in the preparation of the report required by this section."

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

**TECHNICAL CHANGES TO BOXING COMMISSION LAW**

Section 20.3.(a) G.S. 143-652(f) reads as rewritten:

" (f) Staff Assistance. -- The Secretary of Crime Control and Public Safety shall hire a person to serve as Executive Director of the Commission and shall provide staff assistance to the Executive Director. The Executive Director shall enforce this ~~Article through the Division of Alcohol Law Enforcement~~ Article through the Department of Crime Control and Public Safety. If necessary, the Executive Director may train and contract with independent contractors for the purpose of regulating and monitoring

events, issuing licenses, collecting fees, and enforcing rules of the Commission. The Executive Director may initiate and review criminal background checks on persons requesting to work as independent contractors for the Commission or persons applying to be licensed by the Commission."

Section 20.3.(b) G.S. 143-654(c) reads as rewritten:

" (c) Surety Bond. -- An applicant for a promoter's license must submit, in addition to any other forms, documents, or exhibits requested by the Commission, a surety bond payable to the Commission for the benefit of any person injured or damaged by (i) the promoter's failure to comply with any provision of this Article or any rules adopted by the Commission or (ii) the promoter's failure to fulfill the obligations of any contract ~~between or among licensees~~ related to the holding of a boxing event. The surety bond shall be issued in an amount to be no less than five thousand dollars (\$5,000). The amount of the surety bond shall be negotiable upon the sole discretion of the Commission. All surety bonds shall be upon forms approved by the Secretary of Crime Control and Public Safety and supplied by the Commission."

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

#### **ANNUAL EVALUATION OF THE TARHEEL CHALLENGE PROGRAM**

Section 20.4. The Department of Crime Control and Public Safety shall report to the Chairs of the House and Senate Appropriations Committees and the Chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety by April 1 of each year on the operations and effectiveness of the National Guard Tarheel Challenge Program. The report should evaluate the program's effectiveness as an intervention method for preventing juveniles from becoming undisciplined or delinquent. The report shall also evaluate the Program's role in improving individual skills and employment potential for participants and shall include:

- (1) The source of referrals for individuals participating in the Program;
- (2) The summary of types of actions or offenses committed by the participants of the Program;
- (3) An analysis outlining the cost of providing services for each participant, including a breakdown of all expenditures related to the administration and operation of the Program and the education and treatment of the Program participants;
- (4) The number of individuals who successfully complete the Program; and
- (5) The number of participants who commit offenses after completing the Program.

#### **PART XXI. OFFICE OF JUVENILE JUSTICE**

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

**ANNUAL EVALUATION OF JUVENILE JUSTICE COMMUNITY PROGRAMS AND MULTIPURPOSE GROUP HOMES**

Section 21.(a) Section 11.51 of S.L. 1997-443 is repealed.

Section 21.(b) The Office of Juvenile Justice shall conduct an evaluation of wilderness camp programs, the Governor's One-on-One Programs, the On Track Program established in S.L. 1998-202, the Guard Response Alternate Sentencing Program established in S.L. 1998-202, and multipurpose group homes. In conducting the evaluation, the Office shall consider whether participation in each program results in a reduction of court involvement among juveniles. The Office shall also identify whether the programs are achieving the goals and objectives of the Juvenile Justice Act, S.L. 1998-202. The Office shall report the results of the evaluation to the Chairs of the House and Senate Appropriations Committees and the Chairs of the Subcommittees of Justice and Public Safety of the House and Senate Appropriations Committees by March 1 of each year.

Requested by: Representatives Easterling, Culpepper, Kinney, McCrary, Hardaway, Redwine

**SECURE GROUP HOME FOR FEMALE OFFENDERS**

Section 21.1. Funds in the amount of one million one hundred twenty-seven thousand eight hundred fifty dollars (\$1,127,850) appropriated in S.L. 1998-212 to the Department of Health and Human Services and reallocated to the Office of Juvenile Justice for construction of beds for female offenders at Gatling Detention Center shall be reallocated to construct an eight-bed secure group home for female offenders in Mecklenburg County and to upgrade the Gatling Detention Center to meet fire marshal standards.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

**JUVENILE CRIME PREVENTION COUNCIL PARTICIPATION**

Section 21.2. Each county in which local programs receive Juvenile Crime Prevention Council grant funds from the Office of Juvenile Justice shall certify annually through its local council to the Office of Juvenile Justice that funds received are not used to duplicate or supplant other programs within the county.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

### **S.O.S. ADMINISTRATIVE COST LIMITS**

Section 21.3. Of the funds appropriated to the Office of Juvenile Justice in this act, not more than four hundred fifty thousand dollars (\$450,000) for the 1999-2000 fiscal year and not more than four hundred fifty thousand dollars (\$450,000) for the 2000-2001 fiscal year may be used to administer the S.O.S. Program, to provide technical assistance to applicants and to local S.O.S. programs, and to evaluate the local S.O.S. programs. The Office may contract with appropriate public or nonprofit agencies to provide the technical assistance, including training and related services.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

### **STUDY STAFFING AT TRAINING SCHOOLS AND DETENTION CENTERS**

Section 21.4. Of the funds appropriated in this act to the Office of Juvenile Justice for the 1999-2000 fiscal year, the Office may use up to seventy-five thousand dollars (\$75,000) to contract with consultants for a study of staffing in training schools and detention centers. The study shall consider the appropriate staffing patterns for the juvenile population of training schools and detention centers as a result of the goals and objectives for those facilities set forth in S.L. 1998-202, the Juvenile Justice Act. The study shall consider whether:

- (1) Training schools and detention centers are staffed with the appropriate number of custodial staff and staff that administers treatment, education, and counseling to juveniles housed in the facilities;
- (2) Staff of the training schools and detention centers has the appropriate classification, training, and experience to provide juveniles housed in the facilities with the required treatment and guidance; and
- (3) Salary levels for current or proposed position classifications are appropriate.

The study shall include a review of the appropriate staffing patterns on each shift, the impact of previous or potential lawsuits or liability issues on staffing levels and types, an analysis of the current guidelines on staffing ratios, the accuracy of the staffing relief formula, and the effectiveness of the current systems for scheduling staff workdays and days off. The consultant shall consult with the Fiscal Research Division of the General Assembly and the Office of Juvenile Justice in developing the study objectives and a work plan.

The final product shall include a report that addresses the issues stated in this section and a staffing plan by shift for each training school and detention center.

The Office of Juvenile Justice shall report the results and recommendations of the study to the Chairs of the House and Senate Appropriations Committees and the

Chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety on or before April 1, 2000.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

**LOCAL GRANT REPORTING**

Section 21.5. On or before October 1, 1999, and by May 1 each year thereafter, the Office of Juvenile Justice shall submit to the Joint Legislative Commission on Governmental Operations and the Appropriations Committees of the Senate and House of Representatives a list of the recipients of the grants awarded, or preapproved for award, from funds appropriated to the Office for local grants. The list shall include for each recipient the amount of the grant awarded, the membership of the local committee or council administering the award funds on the local level, and a short description of the local services, programs, or projects that will receive funds. The list shall also identify any programs that received grant funds at one time but for which funding has been eliminated by the Office of Juvenile Justice. A written copy of the list and other information regarding the projects shall also be sent to the Fiscal Research Division of the General Assembly.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

**FUNDS FOR FAMILY COURTS, SUBSTANCE ABUSE PREVENTION, AND MULTIPURPOSE GROUP HOMES SHALL NOT REVERT**

Section 21.6.(a) Funds appropriated to the Department of Health and Human Services for the 1998-1999 fiscal year and transferred to the Office of Juvenile Justice for the Substance Abuse Prevention Plan and the operation of multipurpose group homes shall not revert but shall remain available to the Office of Juvenile Justice for the 1999-2000 fiscal year.

Section 21.6.(b) Funds appropriated in S.L. 1998-212 for the family court pilot programs established in S.L. 1998-202 shall not revert but shall remain available to the Administrative Office of the Courts for the 1999-2000 fiscal year.

Section 21.6.(c) This section becomes effective June 30, 1999.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

**TRANSFER OF POSITIONS FROM THE DEPARTMENT OF CORRECTION AND THE ADMINISTRATIVE OFFICE OF THE COURTS TO THE OFFICE OF JUVENILE JUSTICE**



Section 21.7.(a) The Department of Correction is authorized to transfer the following administrative positions and their funding to the Office of Juvenile Justice to provide administrative support for the Office of Juvenile Justice:

- (1) Executive Director-Criminal Justice Partnership Act: Position number 4550-0000-000-061.
- (2) Accountant III: Position number 4520-0005-0002-050.
- (3) Administrative Secretary III: Position number 4550-0000-0000-081.

Section 21.7.(b) The Administrative Office of the Courts is authorized to transfer the research and planning administrator position, position number 2203-1110-1150-543, to the Office of Juvenile Justice.

Section 21.7.(c) The transfers authorized pursuant to this section become effective July 1, 1999.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

#### **JUVENILE JUSTICE INFORMATION SYSTEM REPORT**

Section 21.8. The Criminal Justice Information Network Governing Board created pursuant to Section 23.3 of Chapter 18 of the Session Laws of the 1996 Second Extra Session shall annually evaluate the status of the juvenile justice information system created pursuant to the juvenile justice information plan established by S.L. 1998-202. The Criminal Justice Information Network Governing Board shall consult with the Department of Justice and the Office of Juvenile Justice in evaluating the system and in developing the report. The evaluation shall include a review of the progress or status of the development of:

- (1) Each phase of the plan that is mandated to create the system pursuant to S.L. 1998-202;
- (2) Identification of management information that will be collected and tracked; and
- (3) Identification of the State agency programs that will be part of the system.

The evaluation shall also (i) identify all expenditures to date, including the source of funding and the purpose of the expenditures, and (ii) provide an updated estimate of the short- and long-range cost of the system.

The Criminal Justice Information Network shall report by April 1 each year to the Chairs of the House and Senate Appropriations Committees and to the Fiscal Research Division of the General Assembly on the status of the juvenile justice information system and on any findings, recommendations, and legislative proposals related to the plan.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

**PROGRAMS AND FUNDS TRANSFERRED TO THE OFFICE OF JUVENILE JUSTICE**

Section 21.9.(a) Program responsibility and funding for Project Challenge North Carolina, Inc., the teen court programs funded through the budget of the Administrative Office of the Courts, and the Juvenile Assessment Center Project of District Court District 12 are hereby transferred from the Judicial Department to the Office of Juvenile Justice.

Section 21.9.(b) Project Challenge North Carolina, Inc., shall report to the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety by November 1 and May 1 of each year on the operation and the effectiveness of its program in providing alternative dispositions and services to juveniles who have been adjudicated delinquent or undisciplined. The report shall include information on the source of referrals for juveniles, the types of offenses committed by juveniles participating in the program, the amount of time those juveniles spend in the program, the number of juveniles who successfully complete the program, and the number of juveniles who commit additional offenses after completing the program.

Requested by: Representatives Hardaway, Culpepper, Kinney, McCrary, Easterling, Redwine

**FUNDS FOR LOCAL ORGANIZATIONS OF THE BOYS AND GIRLS CLUB**

Section 21.10.(a) Of the funds appropriated in this act to the Office of Juvenile Justice for the 1999-2000 fiscal year, the sum of five hundred thousand dollars (\$500,000) shall be used to establish a pilot program to grant funds to local organizations of the Boys and Girls Club pursuant to subsection (b) of this section.

Section 21.10.(b) The Office of Juvenile Justice shall develop a pilot program that grants funds to the local organizations of the Boys and Girls Club in the 10 counties with the highest rate of training school commitments in the 1997-98 fiscal year. The local organization shall provide funds to match the State funds granted pursuant to this section. In developing the program, the Office shall establish criteria for receiving a grant pursuant to this section and shall develop a funding strategy to encourage local organizations to provide resources and services to meet the physical, emotional, and educational needs of juveniles who are at risk of becoming delinquent or undisciplined, and to provide resources and services to their families. The Office shall consider requiring local organizations that receive grant funds pursuant to this section to:

- (1) Encourage juveniles to become involved in community programs that instill in juveniles pride in their communities and that help juveniles

develop self-respect and the skills needed for them to be productive, responsible members of their communities;

- (2) Coordinate with the local schools and State and local law enforcement to educate juveniles regarding the justice system and to promote respect for authority and an appreciation of societal laws and mores; and
- (3) Provide guidance to and positive role models for juveniles.

Section 21.10.(c) The Office of Juvenile Justice shall report by April 1, 2000, to the Joint Legislative Commission on Governmental Operations, the Chairs of the House and Senate Appropriations Committees, and the Chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety on the expenditure of State appropriations and on the operations and the effectiveness of the program, including information on the number of juveniles served.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

#### **STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS**

Section 21.11. Funds appropriated in this act to the Office of Juvenile Justice for the 1999-2000 fiscal year may be used as matching funds for the Juvenile Accountability Incentive Block Grants. If North Carolina receives Juvenile Accountability Incentive Block Grants, or a notice of funds to be awarded, the Office of State Budget and Management and the Governor's Crime Commission of the Department of Crime Control and Public Safety shall consult with the Office of Juvenile Justice regarding the criteria for awarding federal funds. The Office of State Budget and Management and the Governor's Crime Commission shall report to the Appropriations Committees of the Senate and House of Representatives and the Joint Legislative Commission on Governmental Operations prior to allocation of the federal funds. The report shall identify the amount of funds to be received for the 1999-2000 fiscal year, the amount of funds anticipated for the 2000-2001 fiscal year, and the allocation of funds by program and purpose.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

#### **REPORT ON SITE SELECTION OF TRAINING SCHOOL AND DETENTION BEDS**

Section 21.12. The Office of Juvenile Justice shall report to the Joint Legislative Commission on Governmental Operations prior to finalizing site selection for training school beds and detention beds for which funds are appropriated in this act and training school or detention beds to be built with federal funds. Consideration shall be given to the renovation of existing GPAC units for new training school and detention

beds. In selecting sites, the Office shall consider the need for additional beds in the particular area of the State.

Requested by: Representatives Redwine, Wright, Easterling, Hardaway

**ESTABLISH A PILOT PROGRAM FOR A MULTIFUNCTIONAL JUVENILE FACILITY**

Section 21.13.(a) Establishment of Pilot Program and Authorization to Contract. -- If the Office of Juvenile Justice determines that it would most economically and effectively promote the purposes served by the Office, it shall establish a pilot program in Eastern North Carolina to provide juveniles involved in the juvenile justice system with custodial and program services, intermediate dispositional alternatives, and community program services in one multifunctional juvenile facility. In establishing the pilot, the Office shall contract, as provided by law, with a private for-profit or nonprofit firm for the construction and operation of a multifunctional juvenile facility totaling up to 100 beds, which provides custodial, rehabilitation, and treatment services, including substance abuse and sex offender services, to juveniles involved in the juvenile justice system. The facility shall be constructed in accordance with plans and specifications developed by the Office of Juvenile Justice, the Department of Administration, and the Department of Health and Human Services. The facility shall be able to be retrofitted within three to four months to provide the State with either training school beds or detention beds.

If local interest and commitment by surrounding communities exist, the facility shall have the capacity to provide community-based programs, including day reporting centers, transitional group homes, emergency shelter care, alternative education programs, and outpatient family counseling and substance abuse treatment.

Section 21.13.(b) Term of Contract. -- Any contract entered under the authority of this section shall be for a period not to exceed 10 years and shall be renewable from time to time for a period not to exceed 10 years.

Section 21.13.(c) Awarding of Contract. -- The Director of the Office of Juvenile Justice, in consultation with the Chairs of the Appropriations Committees of the Senate and House of Representatives, shall make recommendations to the State Purchasing Officer on the final award decision. The State Purchasing Officer shall make the final award decision, and the contract shall then be subject to the approval of the Council of State after consultation with the Joint Legislative Commission on Governmental Operations.

Section 21.13.(d) Option to Purchase. -- The contract made under the authority of this section may provide the State with an option to purchase the facility according to a purchase schedule determined by the Office of Juvenile Justice in consultation with the State Property Office of the Department of Administration.

Section 21.13.(e) State Overview of Construction. -- The contract made under the authority of this section shall state that plans and specifications for private facilities shall be furnished to and reviewed by the Office of State Construction. The Office of State Construction shall inspect and review the project during construction to ensure that the project is suitable for habitation and to determine whether the project would be suitable for future acquisition by the State.

The private facility authorized under this section shall be designed, built, and operated in accordance with applicable State laws, court orders, fire safety codes, and local regulations, policies, and procedures of the Office of Juvenile Justice, and all State laws applicable to juvenile facilities. The Director of the Office of Juvenile Justice and the Secretary of the Department of Health and Human Services shall review and approve the design and construction of the facility before housing juvenile offenders in the facility.

Section 21.13.(f) Liability Insurance. -- The contract authorized pursuant to this section shall require a minimum of ten million dollars (\$10,000,000) of occurrence-based liability insurance and shall hold the State harmless and provide reimbursement for all liability arising out of actions caused by operations and employees of the private facility.

Section 21.13.(g) Training of Employees. -- Custodial officials employed by a private facility are agents of the Director of the Office of Juvenile Justice and shall comply with existing statutes, rules, policies, and procedures that govern the custody and care of juveniles under the supervision of the Office. The private entity with which the Office contracts under this section shall have written disciplinary and grievance policies approved by the Office of Juvenile Justice. The persons employed by the private entity operating the facility shall receive training substantially the same as the training provided to employees of the Office of Juvenile Justice performing the same duties. Notwithstanding subsection (e) of this section, G.S. 115C-325 does not apply to employees of the private facility providing educational services.

Section 21.13.(h) State Authority Over Offenders. -- The Office of Juvenile Justice may, in the discretion of the Director, provide services to and house juveniles who are involved in the North Carolina juvenile justice system in a facility constructed and operated by a private entity. Juvenile offenders housed in private facilities shall be governed by the State laws applicable to juvenile offenders housed in State facilities, including educational requirements mandated by State and federal law.

Section 21.13.(i) Report. -- The Office of Juvenile Justice shall make a written report no later than March 1, 2000, on the status of the pilot program and shall evaluate the program annually and report on the findings of the evaluations by March 1, 2001, and January 1, 2002. The reports shall be submitted to the Chairs of the Appropriations

Committees of the Senate and House of Representatives and the Joint Legislative Commission on Governmental Operations.

Section 21.13.(j) Appropriation. -- Of the funds appropriated in this act to the Office of Juvenile Justice, the sum of two million five hundred thousand dollars (\$2,500,000) for the 2000-2001 fiscal year shall be used to purchase custodial, rehabilitation, treatment, and program services, as provided in G.S. 147-33.41, to implement this section.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Hardaway, Redwine

**CAREER STATUS FOR FORMER JUDICIAL EMPLOYEES TRANSFERRED TO THE OFFICE OF JUVENILE JUSTICE**

Section 21.14. For the purposes of Chapter 126 of the General Statutes, employees in positions transferred from the Judicial Department to the Office of Juvenile Justice during the 1998-99 fiscal year or as provided for in this act, and who have been continuously employed by the State prior to the date of transfer, shall receive credit for those months of service. Upon 24 months of continuous employment in a permanent position with the State, an employee under this section shall become a career State employee.

**PART XXII. GENERAL ASSEMBLY**

Requested by: Representatives Tolson, Easterling, Hardaway, Redwine

**JOINT SELECT COMMITTEE ON INFORMATION TECHNOLOGY**

Section 22.(a) Chapter 120 of the General Statutes is amended by adding the following new Article to read:

"ARTICLE 26.

"Joint Select Committee on Information Technology.

"§ 120-230. Creation and purpose of the Joint Select Committee on Information Technology.

There is established the Joint Select Committee on Information Technology. The Committee shall review current information technology that impacts public policy, including electronic data processing and telecommunications, software technology, and information processing. The goals and objectives of the Committee shall be to develop electronic commerce in the State and to coordinate the use of information technology by State agencies in a manner that assures that the citizens of the State receive quality services from all State agencies and that the needs of the citizens are met in an efficient and effective manner.

"§ 120-231. Committee duties; reports.

- (a) The Joint Select Committee on Information Technology may:
- (1) Evaluate the current technological infrastructure of State government and information systems use and needs in State government and determine potential demands for additional information staff, equipment, software, data communications, and consulting services in State government during the next 10 years. The evaluation may include an assessment of ways technological infrastructure and information systems use may be leveraged to improve State efficiency and services to the citizens of the State, including an enterprise-wide infrastructure and data architecture.
  - (2) Evaluate information technology governance, policy and management practices, including policies and practices related to personnel and acquisition issues, on both a statewide and project level.
  - (3) Study, evaluate, and recommend changes to the North Carolina General Statutes relating to electronic commerce.
  - (4) Study, evaluate, and recommend action regarding reports received by the Committee.

(b) The Committee may consult with the Information Resource Management Commission on statewide technology strategies and initiatives and review all legislative proposals and other recommendations of the Information Resource Management Commission.

(c) The Committee shall report by March 1 of each year to the Appropriations Committees of the Senate and the House of Representatives concerning the Committee's activities and findings and any recommendations for statutory changes.

**"§ 120-232. Committee membership; terms; organization; vacancies.**

- (a) The Committee shall consist of 14 members as follows:
- (1) Four members of the Senate at the time of their appointment, appointed by the President Pro Tempore of the Senate.
  - (2) Four members of the House of Representatives at the time of their appointment, appointed by the Speaker of the House of Representatives.
  - (3) Three members of the public, appointed by the President Pro Tempore of the Senate.
  - (4) Three members of the public, appointed by the Speaker of the House of Representatives.

The members appointed to the Committee from the public shall be chosen from among individuals who have the ability and commitment to promote and fulfill the purposes of the Committee, including individuals who have expertise in the field of computer technology or commercial transactions.

(b) Members of the Committee shall serve terms of two years beginning on August 15 of each odd-numbered year, with no prohibition against being reappointed, except initial appointments shall be for terms as follows:

- (1) The public members shall serve terms of three years.
- (2) The members who are members of the General Assembly shall serve terms of two years.

Initial terms shall commence on August 15, 1999.

(c) Members who are elected officials may complete a term of service on the Committee even if they do not seek reelection or are not reelected, but resignation or removal from service constitutes resignation or removal from service on the Committee.

(d) The President Pro Tempore of the Senate and the Speaker of the House of Representatives shall each select a legislative member from their appointees to serve as cochair of the Committee.

(e) The Committee shall meet at least once a quarter and may meet at other times upon the call of the cochairs. A majority of the members of the Committee shall constitute a quorum for the transaction of business. The affirmative vote of a majority of the members present at meetings of the Committee shall be necessary for action to be taken by the Committee.

(f) All members shall serve at the will of their appointing officer. A member continues to serve until the member's successor is appointed. A vacancy shall be filled within 30 days by the officer who made the original appointment.

**"§ 120-233. Assistance; per diem; subsistence; and travel allowances.**

(a) The Committee may contract for consulting services as provided by G.S. 120-32.02. Upon approval of the Legislative Services Commission, the Legislative Services Officer shall assign professional and clerical staff to assist in the work of the Committee. The professional staff shall include the appropriate staff from the Fiscal Research, Research, Legislative Drafting, and Information Systems Divisions of the Legislative Services Office of the General Assembly. Clerical staff shall be furnished to the Committee through the offices of the Senate and the House of Representatives Supervisors of Clerks. The expenses of employment of the clerical staff shall be borne by the Committee. The Committee may meet in the Legislative Building or the Legislative Office Building upon the approval of the Legislative Services Commission.

(b) Members of the Committee shall receive per diem, subsistence, and travel allowances as follows:

- (1) Committee members who are members of the General Assembly, at the rate established in G.S. 120-3.1.
- (2) Committee members who are officials or employees of the State or of local government agencies, at the rate established in G.S. 138-6.
- (3) All other Committee members, at the rate established in G.S. 138-5.



**"§ 120-234. Committee authority.**

The Committee may obtain information and data from all State officers, agents, agencies, and departments, while in discharge of its duties, under G.S. 120-19, as if it were a committee of the General Assembly. The provisions of G.S. 120-19.1 through G.S. 120-19.4 shall apply to the proceedings of the Committee as if it were a committee of the General Assembly. Any cost of providing information to the Committee not covered by G.S. 120-19.3 may be reimbursed by the Committee from funds appropriated to it for its continuing study.

**"§ 120-235. Committee subcommittees; noncommittee membership.**

The Committee cochairs may establish subcommittees for the purpose of making special studies pursuant to its duties, and may appoint noncommittee members to serve on each subcommittee as resource persons. Resource persons shall be voting members of the subcommittee and shall receive subsistence and travel expenses in accordance with G.S. 138-5 and G.S. 138-6."

Section 22.(b) Of the funds appropriated in this act to the General Assembly the sum of fifty thousand dollars (\$50,000) for the 1999-2000 fiscal year shall be allocated by the Legislative Services Commission to implement this act.

**PART XXIII. DEPARTMENT OF STATE TREASURER**

Requested by: Representatives Jeffus, Wainwright, Easterling, Hardaway, Redwine  
**DUES DEDUCTION FOR RETIREE ORGANIZATIONS AUTHORIZED**

Section 23. G.S. 135-18.8 reads as rewritten:

**"§ 135-18.8. Deduction for payments to certain employees' associations allowed.**

Any member who is a member of a domiciled employees' or retirees' association that has at least 2,000 members, the majority of whom are active or retired employees of the State or public school employees, may authorize, in writing, the periodic deduction from the member's retirement benefits a designated lump sum to be paid to the employees' or retirees' association. The authorization shall remain in effect until revoked by the member. A plan of deductions pursuant to this section shall become void if the employees' or retirees' association engages in collective bargaining with the State, any political subdivision of the State, or any local school administrative unit."

**PART XXIV. DEPARTMENT OF ADMINISTRATION**

Requested by: Representatives Jeffus, Wainwright, Easterling, Hardaway, Redwine  
**PROCUREMENT CARD PILOT PROGRAM EXTENSION/SAVINGS**

Section 24.(a) Section 20.3(a) of S.L. 1998-212 reads as rewritten:

"Section 20.3. (a) Except as provided by this section, no State agency, community college, constituent institution of The University of North Carolina, or local school administrative unit may use procurement cards for the purchase of equipment or supplies before ~~March 31, 1999.~~ August 1, 2000."

Section 24.(b) The Department of Administration, Division of Purchase and Contract, and the Office of State Budget and Management shall develop a system for identifying the savings realized by governmental entities by the use of the Procurement Card Pilot Program. Each entity participating in the pilot program shall identify these savings and report on the amount and nature of these savings on a quarterly basis to the Office of State Budget and Management and to the Fiscal Research Division of the General Assembly.

Section 24.(c) Section 24.(a) becomes effective March 30, 1999.

Requested by: Representatives Jeffus, Wainwright, Easterling, Hardaway, Redwine  
**COST-BENEFIT ANALYSIS OF CONSTRUCTING STATE FACILITIES  
INSTEAD OF LEASING PROPERTY FOR STATE OPERATIONS**

Section 24.1. The State Property Office and the State Construction Office, in consultation with the Office of State Budget and Management, shall conduct a cost benefit analysis of constructing new State-owned facilities instead of leasing property for State government operations. The analysis shall consider:

- (1) Factors relating to the cost of State-owned facilities including (i) the cost and availability of land, (ii) design, planning, and construction costs in Raleigh and throughout the State, (iii) projected ongoing operation and maintenance costs, and (iv) projected repairs and renovation costs; and
- (2) Factors relating to the cost of leased space including (i) lease rates within Raleigh and throughout the State, (ii) availability of property for lease within Raleigh and throughout the State, taking into account the various types of space needed by State agencies including office, laboratory, warehouse, storage, conference and meeting space, and other types of property, (iii) renewal options and costs, (iv) utility, janitorial, and other operating expenses, and (v) relocation expenses, including moving and upfit expenses.

The State Property Office and the State Construction Office shall report on the results of the cost-benefit analysis to the Joint Legislative Commission on Governmental Operations prior to March 30, 2000.

Requested by: Representatives Jeffus, Wainwright, Easterling, Hardaway, Redwine  
**ESTABLISH DOMESTIC VIOLENCE COMMISSION**

Section 24.2.(a) Of the funds appropriated in this act to the Department of Administration for the 1999-2000 fiscal year, the sum of one hundred fifty thousand dollars (\$150,000) shall be used for an executive director, an administrative assistant, and operating costs of the Domestic Violence Commission.

Section 24.2.(b) Article 9 of Chapter 143B of the General Statutes is amended by adding a new Part to read:

"Part 10C. Domestic Violence Commission.

**"§ 143B-394.15. Commission established; purpose; membership; transaction of business.**

(a) Establishment. -- There is established the Domestic Violence Commission. The Commission shall be located within the Department of Administration for organizational, budgetary, and administrative purposes.

(b) Purpose. -- The purpose of the Commission is to assess statewide needs related to domestic violence and to assure that necessary services, policies, and programs are provided to those in need.

(c) Membership. -- The Commission shall consist of 33 members, who reflect the geographic and cultural regions of the State, as follows:

- (1) Seven persons appointed by the Governor, one of whom is a clerk of superior court; one of whom is an academician who is knowledgeable about domestic violence trends and treatment; one of whom is a member of the medical community; one of whom is a United States Attorney for the State of North Carolina or that person's designee; one of whom is a member of the North Carolina Bar Association who has studied domestic violence issues; one of whom is a representative of a local victims' assistance program; and one of whom is a member of the North Carolina Coalition Against Domestic Violence.
- (2) Seven persons appointed by the General Assembly, upon recommendation of the President Pro Tempore of the Senate, one of whom is a member of the Senate; one of whom is a district court judge; one of whom is a district attorney or assistant district attorney; one of whom is a representative of the law enforcement community with specialized knowledge of domestic violence issues; one of whom is a county manager; one of whom is a representative of a community legal services agency who works with domestic violence victims; and one of whom is a representative of the linguistic and cultural minority communities.
- (3) Seven persons appointed by the General Assembly, upon recommendation of the Speaker of the House of Representatives, one of whom is a member of the House of Representatives; one of whom is a

magistrate; one of whom is a member of the business community; one of whom is a district court judge; one of whom is a representative of a local victims' assistance program; one of whom is a representative of the law enforcement community with specialized knowledge of domestic violence issues; and one of whom is a representative of the linguistic and cultural minority communities.

(4) The following persons or their designees, ex officio:

- a. The Governor.
- b. The Lieutenant Governor.
- c. The Attorney General.
- d. The Secretary of the Department of Administration.
- e. The Secretary of the Department of Crime Control and Public Safety.
- f. The Superintendent of Public Instruction.
- g. The Secretary of the Department of Correction.
- h. The Secretary of the Department of Health and Human Services.
- i. The Director of the Office of State Personnel.
- j. The Executive Director of the North Carolina Council for Women.
- k. The Director of the Institute of Government.
- l. The Chairman of the Governor's Crime Commission.

(d) Terms. -- Members shall serve for two-year terms, with no prohibition against being reappointed, except initial appointments shall be for terms as follows:

- (1) The Governor shall initially appoint four members for terms of two years and three members for terms of three years.
- (2) The President Pro Tempore of the Senate shall initially appoint four members for terms of two years and three members for terms of three years.
- (3) The Speaker of the House of Representatives shall initially appoint four members for terms of two years and three members for terms of three years.

Initial terms shall commence on September 1, 1999.

(e) Chair. -- The chair shall be appointed biennially by the Governor from among the membership of the Commission. The initial term shall commence on September 1, 1999.

(f) Vacancies. -- A vacancy in the Commission or as chair of the Commission resulting from the resignation of a member or otherwise shall be filled in the same

manner in which the original appointment was made, and the term shall be for the balance of the unexpired term.

(g) Compensation. -- The Commission members shall receive no salary as a result of serving on the Commission but shall receive per diem, subsistence, and travel expenses in accordance with the provisions of G.S. 120-3.1, 138-5, and 138-6, as applicable. When approved by the Commission, members may be reimbursed for subsistence and travel expenses in excess of the statutory amount.

(h) Removal. -- Members may be removed in accordance with G.S. 143B-13 as if that section applied to this Article.

(i) Meetings. -- The chair shall convene the Commission. Meetings shall be held as often as necessary, but not less than four times a year.

(j) Quorum. -- A majority of the members of the Commission shall constitute a quorum for the transaction of business. The affirmative vote of a majority of the members present at meetings of the Commission shall be necessary for action to be taken by the Commission.

(k) Office Space. -- The Department of Administration shall provide office space in Raleigh for use as offices by the Domestic Violence Commission, and the Department of Administration shall receive no reimbursement from the Commission for the use of the property during the life of the Commission.

**"§ 143B-394.16. Powers and duties of the Commission; reports.**

(a) Powers and Duties. -- The Commission shall have the following powers and duties:

- (1) As recommended in the January 15, 1999, final report of the Governor's Task Force on Domestic Violence, to develop and recommend to the General Assembly the 'Safe Families Act' and to promote adequate funding to promote victim safety and accountability of perpetrators.
- (2) To develop and recommend domestic violence training initiatives for law enforcement and judicial personnel and for all persons who provide treatment and services to domestic violence victims.
- (3) To develop training initiatives for and make recommendations and provide information and advice to State agencies in the areas of child protection, education, employer/employee relations, criminal justice, and subsidized housing.
- (4) To provide information and advice to any private entities that request assistance in providing services and support to domestic violence victims.
- (5) To design, coordinate, and oversee a statewide public awareness campaign.

- (6) To design and coordinate improved data collection efforts for domestic violence crimes and acts in the State.
- (7) To research, develop, and recommend proposals of how best to meet the needs of domestic violence victims and to prevent domestic violence in the State.

(b) Report. -- The Commission shall report its findings and recommendations, including any legislative or administrative proposals, to the General Assembly no later than April 1 each year."

Section 24.2.(c) If it recommends the adoption in North Carolina of a "Safe Families Act", the Domestic Violence Commission shall report its legislative proposal to the General Assembly on or before April 1, 2000.

Requested by: Representatives Jeffus, Wainwright, Easterling, Hardaway, Redwine  
**CONSOLIDATED MAIL SERVICE FACILITY/SAVINGS RESERVE**

Section 24.3. The Office of State Budget and Management shall identify all savings resulting from the establishment of the Consolidated Mail Service Facility under the management of the Department of Administration. All savings in excess of the one million dollars (\$1,000,000) included in the Governor's recommended budget adjustments for the 1999-2000 fiscal year and the one million five hundred thousand dollars (\$1,500,000) included in the Governor's recommended budget adjustments for the 2000-2001 fiscal year shall be placed in a special reserve in the Office of State Budget and Management. The funds in this reserve shall be spent only as authorized by the General Assembly.

The Department of Administration and the Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations on the changes in positions resulting from the establishment of the Consolidated Mail Service Facility. The report shall include (i) a list of positions that were transferred from other agencies, (ii) the salary for each such position prior to and subsequent to the transfer and whether the employee was transferred with the position, (iii) the number and type of new positions created including the salary, and (iv) the number and type of positions that were abolished, including the salaries and the status of the employees in the positions. The Department of Administration and the Office of State Budget and Management shall also report on the expenditures, including any capital expenditures, related to the establishment of the Consolidated Mail Service Facility. The reports on positions and expenditures shall be made prior to January 1, 2000.

## **PART XXV. OFFICE OF STATE CONTROLLER**

Requested by: Representatives Jeffus, Wainwright, Easterling, Hardaway, Redwine

**EXTEND PILOT PROGRAM ON REPORTING ON COLLECTION OF BAD DEBTS BY STATE AGENCIES**

Section 25.(a) In addition to its review under Section 26 of S.L. 1998-212, the Office of State Controller shall conduct a review of other material accounts receivable related to the type of bad debt in order to determine actions taken to collect and the likelihood of the debt being collected, and to identify specific problem areas and additional bad debt volume that may support the implementation of a Bad Debt Collection Clearinghouse Pilot Program.

Section 25.(b) The Office of State Controller shall establish a procedure by which State agencies or institutions with a material amount of accounts receivable shall report on collection of bad debts. The pilot program is intended to concentrate on agencies that have a large amount of bad debts, in order to determine the extent to which those debts may be better collected both in those agencies and in the whole of State government.

Section 25.(c) The Office of State Controller shall study the feasibility of establishing a one-year Bad Debt Collection Clearinghouse Pilot Program. The study shall be restricted to approximately one hundred million dollars (\$100,000,000) in bad debts representing appropriate types of accounts receivable. The study shall address the use of one or more private collection agencies and whether the potential pilot should be administered jointly by the Department of Revenue and the Office of State Controller. The study shall also address local government participation in the pilot program.

Section 25.(d) The Office of State Controller shall report the results of the extended pilot study to the General Assembly not later than May 1, 2000, along with recommendations on changes in law or procedure to better collect the bad debts including the feasibility of implementing a Bad Debt Collection Clearinghouse Pilot Program.

Requested by: Representatives Jeffus, Wainwright, Easterling, Hardaway, Redwine  
**NCAS SUPPORT, AR/OVERPAYMENTS PROJECT**

Section 25.1.(a) During the 1999-2000 fiscal year there is transferred from the Special Reserve Account 24172 to the Office of the State Controller, the sum of two million five hundred thousand dollars (\$2,500,000) for the 1999-2000 fiscal year. Receipts generated by the collection of inadvertent overpayments by State agencies to vendors as a result of pricing errors, neglected rebates and discounts, miscalculated freight charges, unclaimed refunds, erroneously paid excise taxes, and related errors as required by G.S. 147-86.22(c) are to be deposited in the Special Reserve Account 24172. These funds are to be used to cover expenditures for the following:

- (1) For the 1999-2000 fiscal year, five hundred fifty thousand dollars (\$550,000) of the funds transferred from the Special Reserve Account shall be used for data processing costs.

- (2) Functional and technical contractual services to continue the efforts related to the implementation of best business practices associated with accounts receivable processing and bad debt collection, as required by G.S. 147-86.22(a).
- (3) Functional and technical contractual services and related software to develop and implement electronic commerce business initiatives.

Section 25.1.(b) No funds shall be allocated or expended for any of the purposes listed in subdivision (2) or (3) of subsection (a) of this section until all funds have been expended under subdivision (1) of that subsection.

Section 25.1.(c) The Office of the State Controller may not obligate more funds than are generated from the revenue of the Overpayments Project to support either the NCAS or the new accounts receivable projects.

Section 25.1.(d) Any unobligated funds in the Special Reserve Account are subject to appropriation by the General Assembly in the 2000 Short Session.

Section 25.1.(e) The State Controller shall report monthly to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the revenue deposited into the Special Reserve Account, and the disbursement of that revenue for items listed in subsection (a) of this section.

## **PART XXVI. DEPARTMENT OF CULTURAL RESOURCES**

Requested by: Representatives Jeffus, Wainwright, Easterling, Hardaway, Redwine

### **A.A. CUNNINGHAM AIR MUSEUM**

Section 26.(a) Funds appropriated to the A.A. Cunningham Air Museum Foundation, Inc., shall not revert at the end of the 1998-99 fiscal year but shall remain available for expenditure by the City of Havelock for the display of aircraft and other memorabilia reflecting the history of the United States Marine Corps. The expenditure of these funds is not subject to a matching requirement.

Section 26.(b) This section becomes effective June 30, 1999.

Requested by: Representatives Jeffus, Wainwright, Easterling, Hardaway, Redwine

### **MARITIME MUSEUM**

Section 26.1.(a) Chapter 121 of the General Statutes is amended by adding a new section to read:

**"§ 121-7.2. Maritime museum; branch museum.**

The Department of Cultural Resources shall assume from the Southport Maritime Museum, Inc., the administration of the Southport Maritime Museum in Brunswick County and shall operate it as a branch of the North Carolina Maritime Museum."



Section 26.1.(b) This section is effective only if the Southport Maritime Museum, Inc., transfers and conveys to the State all its assets.

Requested by: Representatives Jeffus, Wainwright, Easterling, Hardaway, Redwine  
**PROCEDURE FOR AWARD OF CULTURAL RESOURCES GRANTS**

Section 26.2. Of the funds appropriated to the Department of Cultural Resources, the sum of eight million dollars (\$8,000,000) for the 1999-2000 fiscal year shall be used for grants to nonprofit organizations or local governmental entities throughout the State for cultural, historical, or artistic organizations, for cultural, historical, or artistic projects, and for museums.

In awarding grants, the Secretary shall consider the merits of the project, the cultural, historical, or artistic significance of the project, the benefit to the State and local communities of the project, and the cost of the project. These grants are not subject to review by the Historical Commission. Grants shall be limited to amounts of one hundred thousand dollars (\$100,000) or less per project.

Requested by: Representatives Jeffus, Wainwright, Easterling, Hardaway, Redwine  
**DEPARTMENT OF CULTURAL RESOURCES MAY RETAIN HISTORICAL PUBLICATIONS RECEIPTS**

Section 26.3. The Historical Publications Section, Division of Archives and History, Department of Cultural Resources, may retain the receipts, including over-realized receipts, from the sale of its publications during each year of the 1999-2001 biennium. The receipts from the sale of those publications retained by the Historical Publications Section shall not revert but shall be used to reprint the publications.

Requested by: Representatives Jeffus, Wainwright, Easterling, Hardaway, Redwine, Baddour

**GRASSROOTS ARTS PROGRAM**

Section 26.4. Of the funds appropriated to the Division of Arts Council, Department of Cultural Resources, for the Grassroots Arts Program, the sum of one hundred thousand dollars (\$100,000) for the 1999-2000 fiscal year shall be allocated equally among the 100 counties for grassroots arts programs. The remaining funds shall be distributed in compliance with G.S. 143B-122.

Requested by: Representatives Jeffus, Wainwright, Easterling, Hardaway, Redwine  
**STUDY USE OF INTERNET FOR AGENCY PUBLICATIONS**

Section 26.5.(a) Each of the State agencies listed in subsection (b) of this section shall review its printing and publication requirements and schedules and develop a plan to reduce the cost of printing, publishing, and distributing agency information and

materials, including documents, reports, and other publications by using computer technology and the internet, in particular, to distribute information and materials to the public. In developing the plan, each State agency shall review the statutory and regulatory requirements of the agency with regard to publishing and distributing information to the public and make recommendations on any statutory revisions needed to publish and distribute agency information over the internet or by other computer-related means. Each agency shall submit a written report to the Fiscal Research Division of the General Assembly by April 1, 2000.

Section 26.5.(b) This section applies to the the Office of the Governor, the Office of the Lieutenant Governor, the Department of Administration, the Office of the State Auditor, the Board of Elections, the Department of Insurance, the Office of the Secretary of State, the Office of the Treasurer, the Office of Administrative Hearings, the Office of the State Controller, the Department of Cultural Resources, the General Assembly, the Office of State Personnel, the Department of Revenue, and the Rules Review Commission.

## **PART XXVII. DEPARTMENT OF TRANSPORTATION**

Requested by: Representatives Crawford, Cole, Easterling, Hardaway, Redwine  
**CASH-FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND  
APPROPRIATIONS**

Section 27.(a) The General Assembly authorizes and certifies anticipated revenues of the Highway Fund as follows:

FY 2001-2002	\$1,237.2 million
FY 2002-2003	\$1,280.0 million
FY 2003-2004	\$1,317.0 million
FY 2004-2005	\$1,359.6 million

The General Assembly authorizes and certifies anticipated revenues of the Highway Trust Fund as follows:

FY 2001-2002	\$940.2 million
FY 2002-2003	\$975.2 million
FY 2003-2004	\$1,009.5 million
FY 2004-2005	\$1,045.3 million.

Section 27.(b) Section 27.4 of S.L. 1998-212 is repealed.

Requested by: Representatives Crawford, Cole, Easterling, Hardaway, Redwine  
**DISCONTINUE BOND RETIREMENT TRANSFER FROM HIGHWAY FUND  
TO HIGHWAY TRUST FUND FOR BIENNIUM**

Section 27.1. G.S. 136-176(a)(4) and G.S. 136-183 are suspended from July 1, 1999, to June 30, 2001.

Requested by: Representatives Crawford, Cole, Easterling, Hardaway, Redwine  
**BLUE RIBBON TRANSPORTATION FINANCE STUDY COMMISSION**

Section 27.2.(a) Commission Established. -- There is established a Blue Ribbon Transportation Finance Study Commission.

Section 27.2.(b) Membership. -- The Commission shall be composed of 15 members as follows:

- (1) Four members of the House of Representatives appointed by the Speaker of the House of Representatives.
- (2) Four members of the Senate appointed by the President Pro Tempore of the Senate.
- (3) Three members of the public appointed by the Governor, none of whom shall be State officials, and two of whom shall have expertise in transportation matters.
- (4) Two members of the public appointed by the Speaker of the House of Representatives, one of whom shall be a municipal-elected official, and one of whom shall have experience in business and transportation matters.
- (5) Two members of the public appointed by the President Pro Tempore of the Senate, one of whom shall be an elected county official, and one of whom shall have experience in business and transportation matters.

Any persons appointed pursuant to Section 27.15 of S.L. 1998-212 shall continue as members of this Study Commission.

Section 27.2.(c) Secretary of Transportation. -- The Commission shall invite the Secretary of Transportation to attend each meeting of the Commission and encourage his participation in the Commission's deliberations.

Section 27.2.(d) Duties of Commission. -- The Commission shall study the following matters related to transportation finance:

- (1) The Highway Trust Fund Act of 1989. -- The Commission shall review the current law and recommend any revisions that may be necessary, based on the 10-year history of the fund and the current transportation needs of the State.
- (2) Current revenue sources. -- The Commission shall review all current revenue sources that support State transportation programs and recommend changes, additions, or deletions based on projected needs for the next 25 years.

- (3) Transportation system maintenance. -- The Commission shall review current financing of transportation system maintenance and recommend changes to accommodate maintenance of new construction and increased traffic volume.
- (4) Public transportation. -- The Commission shall evaluate funding public transportation with dedicated sources of funds. The Commission's recommendation shall include specific sources and amounts of any dedicated funds, if recommended.
- (5) Highway Fund transfers. -- Transfers from the Highway Fund to other State agencies, including whether or not those funds would more appropriately come from the General Fund.
- (6) Other transportation financing issues. -- The Commission may study any other transportation finance-related issue approved by the cochairs or recommended by the Secretary of Transportation and approved by the cochairs.

Section 27.2.(e) Vacancies. -- Any vacancy on the Commission shall be filled by the appointing authority.

Section 27.2.(f) Cochairs. -- Cochairs of the Commission shall be designated by the Speaker of the House of Representatives and the President Pro Tempore of the Senate from among their respective appointees. The Commission shall meet upon the call of the chairs. A quorum of the Commission shall be eight members.

Section 27.2.(g) Expenses of Members. -- Members of the Commission shall receive per diem, subsistence, and travel allowances in accordance with G.S. 120-3.1, 138-5, or 138-6, as appropriate.

Section 27.2.(h) Staff. -- Adequate staff shall be provided to the Commission by the Legislative Services Office.

Section 27.2.(i) Consultants. -- The Commission may hire consultants to assist with the study. Before expending any funds for a consultant, the Commission shall report to the Joint Legislative Commission on Governmental Operations on the consultant selected, the work products to be provided by the consultant, and the cost of the contract, including an itemization of the cost components.

Section 27.2.(j) Meetings During Legislative Session. -- The Commission may meet during a regular or extra session of the General Assembly, subject to approval of the Speaker of the House of Representatives and the President Pro Tempore of the Senate.

Section 27.2.(k) Meeting Location. -- The Commission shall meet at various locations around the State in order to promote greater public participation in its deliberations. The Legislative Services Commission shall grant adequate meeting space to the Commission in the State Legislative Building or the Legislative Office Building.

Section 27.2.(l) Report. -- The Commission shall submit an interim report to the Joint Legislative Transportation Oversight Committee on or before June 1, 2000. The Commission shall submit a final report to the Joint Legislative Transportation Oversight Committee by March 1, 2001. Upon the filing of its final report, the Commission shall terminate.

Section 27.2.(m) Appropriation. -- From appropriations to the General Assembly, the Legislative Services Commission may allocate up to two hundred thousand dollars (\$200,000) for the expenses of the Commission.

Requested by: Representatives Crawford, Cole, Easterling, Hardaway, Redwine  
**DESIGN-BUILD TRANSPORTATION CONSTRUCTION CONTRACTS  
AUTHORIZED**

Section 27.3. Notwithstanding any other provision of law, the Board of Transportation may award up to three contracts annually for construction of transportation projects on a design-build basis. These contracts may be awarded after a determination by the Department of Transportation that delivery of the projects must be expedited and that it is not in the public interest to comply with normal design and construction contracting procedures. Prior to the award of a design-build contract, the Secretary of Transportation shall report to the Joint Legislative Transportation Oversight Committee and to the Joint Legislative Commission on Governmental Operations on the nature and scope of the project and the reasons an award on a design-build basis will best serve the public interest.

Requested by: Representatives Crawford, Cole, Easterling, Hardaway, Redwine  
**USE OF RECYCLED ROAD MATERIALS IN ROAD MAINTENANCE**

Section 27.4. G.S. 136-28.8 reads as rewritten:

**"§ 136-28.8. Use of recycled materials in construction.**

(a) It is the intent of the General Assembly that the Department of Transportation continue to expand its use of recycled materials in its construction and maintenance programs.

(b) The General Assembly declares it to be in the public interest to find alternative ways to use certain recycled materials that currently are part of the solid waste stream and that contribute to problems of declining space in landfills. ~~To the extent economically practicable, the Department shall use:~~ The Department shall, consistent with economic feasibility and applicable engineering and environmental quality standards, use:

- (1) Rubber from tires in road pavements, subbase materials, or other appropriate ~~applications; and applications.~~
- (2) Recycled materials for guard rail posts, right-of-way fence posts, and sign ~~supports-supports.~~

(3) Recycling technology, including but not limited to hot and cold in-place recycling, in road and highway maintenance.  
~~so long as these materials meet all appropriate engineering standards.~~

(c) As a part of its scheduled projects, the Department shall conduct additional research, which may include demonstration projects, on the use of recycled materials in ~~construction.~~ construction and maintenance.

(d) The Department shall review and revise existing bid procedures and specifications to eliminate any procedures and specifications that explicitly discriminate against recycled materials in ~~construction.~~ construction and maintenance, except where the procedures and specifications are necessary to protect the health, safety, and welfare of the people of this State.

(e) The Department shall review and revise its bid procedures and specifications on a continuing basis to encourage the use of recycled materials in construction and maintenance and shall, to the extent economically practicable, require the use of recycled materials.

(f) All agencies shall cooperate with the Department in carrying out the provisions of this section.

(g) On or before October 1 of each year, the Department shall report to the Division of Pollution Prevention and Environmental Assistance of the Department of Environment and Natural Resources as to the amounts and types of recycled materials that were specified or used in contracts that were entered into during the previous fiscal year. On or before December 1 of each year, the Division of Pollution Prevention and Environmental Assistance shall prepare a summary of this report and submit the summary to the ~~Joint Legislative Commission on Governmental Operations and Operations,~~ the Joint Legislative Transportation Oversight Committee, and the Environmental Review Commission.

(h) The Department, in consultation with the Department of Environment and Natural Resources, shall determine minimum content standards for recycled materials.

(i) This section is broadly applicable to all procurements by the Department if the quality of the product is consistent with the requirements of the bid specifications.

(j) The Department may adopt rules to implement this section."

Requested by: Representatives Crawford, Cole, Easterling, Hardaway, Redwine  
**DEPARTMENT OF TRANSPORTATION TO REPORT ON DELAYED ROAD CONSTRUCTION**

Section 27.5. The Department of Transportation shall study the reasons that road construction is delayed in North Carolina. Among the other issues that the Department should study and make recommendations on are:

- (1) The inability to obtain environmental permits and historical permits in a timely or expedited manner.
- (2) Cooperation between the Department of Transportation and other agencies involved in the permitting process.
- (3) Problems in acquiring needed rights-of-way for road construction.
- (4) Delays in planning and design that are related to public participation and other mandated notices and hearings, and other issues.

For each of the above issues, the Department shall report on the nature of the problem and make recommendations on how the problem will be addressed. The report shall include specific goals and performance measures to be used to determine the success in implementing these recommendations.

The Department of Transportation shall report its findings and recommendations to the November 1999 meeting of the Joint Legislative Transportation Oversight Committee and to the Fiscal Research Division and to the November 1999 meeting of the Joint Legislative Commission on Governmental Operations.

Requested by: Representatives Crawford, Cole, Easterling, Hardaway, Redwine

**DEPARTMENT OF TRANSPORTATION TO REPORT ON HIGHWAY CONSTRUCTION FINANCING**

Section 27.6. The Department of Transportation shall study the various financing options available for increasing the pace of highway construction. Among the other issues that the Department should study and make recommendations on are:

- (1) Cash-flow financing allowed under the General Statutes.
- (2) Advanced federal funding.
- (3) Proceeds from highway construction bonds.
- (4) Grant Anticipation Revenue Vehicles.
- (5) Toll roads.

The study of cash-flow financing shall include an analysis of how this financing option can be integrated into the management of the Transportation Improvement Program. The Department shall report its findings and make recommendations based on those findings to the December 1999 meeting of the Joint Legislative Transportation Oversight Committee, to the Fiscal Research Division, and to the Blue Ribbon Transportation Finance Study Commission.

Requested by: Representatives Crawford, Cole, Easterling, Hardaway, Redwine

**SIMPLIFY TRANSPORTATION IMPROVEMENT PROGRAM DATABASE**

Section 27.7. The Department of Transportation shall redesign and modify its Transportation Improvement Program (TIP) database to make it more accessible, easier to understand, and easier to use. The Department shall consult with the Fiscal Research

Division prior to redesigning the system and shall make a written report on suggested design changes to the Joint Legislative Transportation Oversight Committee by March 31, 2000. The Department shall implement these changes no later than October 1, 2000.

Requested by: Representatives Crawford, Cole, Easterling, Hardaway, Redwine  
**SUBDIVISION ROAD ACCEPTANCE AND MAINTENANCE STUDY**

Section 27.8. The Joint Legislative Transportation Oversight Committee shall study the proposed and ratified legislation and the policies for accepting and maintaining subdivision roads and streets that do and do not meet the standards adopted by the Board of Transportation and cited in G.S. 136-102.6. The Joint Legislative Transportation Oversight Committee may file an interim report with the 2000 Session of the General Assembly and shall file a final report with the 2001 Session of the General Assembly on this subject.

Requested by: Representatives Crawford, Cole, Allred, Easterling, Hardaway, Redwine  
**DISCLOSURE OF PERSONAL INFORMATION IN MOTOR VEHICLE RECORDS**

Section 27.9.(a) Section 17.1 of Chapter 23 of the 1998 Session Laws, as amended by Section 27.18(a) of Chapter 212 of the 1998 Session Laws, is repealed.

Section 27.9.(b) G.S. 20-43.1 reads as rewritten:

**"§ 20-43.1. Disclosure of personal information in motor vehicle records.**

(a) The Division shall disclose personal information contained in motor vehicle records in accordance with the federal Driver's Privacy Protection Act of 1994, as amended, 18 U.S.C. §§ 2721, et seq.

(b) As authorized in 18 U.S.C. § 2721, the Division shall not disclose personal information for the purposes specified in 18 U.S.C. § 2721(b)(11). ~~The Division shall establish procedures to disclose personal information for the purposes and in the manner described in 18 U.S.C. § 2721(b)(12) for titles and applications for leased vehicles issued on and after July 1, 1998.~~

(c) The Division shall not disclose personal information for the purposes specified in 18 U.S.C. § 2721(b)(12) unless the Division receives prior written permission from the person about whom the information is requested."

Requested by: Representatives Crawford, Cole, Easterling, Hardaway, Redwine  
**FUNDS FOR RAIL SERVICE TO WESTERN NORTH CAROLINA REVERT**

Section 27.10. Of the funds appropriated to the Department of Transportation for fiscal year 1998-99 to operate rail service and to improve stations in Western North Carolina, five million two hundred thousand dollars (\$5,200,000) shall revert on June 30, 1999.



Requested by: Representatives Crawford, Cole, Easterling, Hardaway, Redwine

**NORTH CAROLINA RAILROAD DIVIDENDS**

Section 27.11.(a) Notwithstanding G.S. 136-16.6(a), up to ten million dollars (\$10,000,000) of the annual dividends of the North Carolina Railroad received by the State during the 1999-2000 fiscal year may be used to upgrade tracks in Eastern North Carolina, and any additional dividends shall be placed in a reserve and remain unencumbered and unexpended until appropriated by the General Assembly.

Section 27.11.(b) Subsection (c) of Section 32.30 of S.L. 1997-443 reads as rewritten:

" (c) Notwithstanding G.S. 147-69.1, if a majority of the outstanding shares held by shareholders other than the State are represented in person or by proxy at a North Carolina Railroad Company shareholder meeting where a plan for merger between the Beaufort and Morehead Railroad Company and the North Carolina Railroad Company is approved, then the State Treasurer shall invest on a one-time basis up to sixty-one million dollars (\$61,000,000) from the reserve account created in subsection (b) of this section in obligations of the Beaufort and Morehead Railroad Company or any successor company. This investment shall be an interest-bearing demand note and shall be in a form prescribed by the State Treasurer. The loan is not subject to repayment of principal or interest prior to action of the ~~1999~~ 2000 Session of the General Assembly. The Director of the Budget shall recommend to the ~~1999~~ 2000 Session of the General Assembly, by February 1, ~~1999~~, 2000, a plan for the repayment of the loan."

Requested by: Representatives Crawford, Cole, Easterling, Hardaway, Redwine

**FEDERAL FUNDS FOR PUBLIC TRANSPORTATION IMPROVEMENTS**

Section 27.12. To the extent allowable by federal law, the Department of Transportation shall use ten million dollars (\$10,000,000) of federal highway funds during each year of the 1999-2001 biennium for improvements to public transportation and rail.

The Department of Transportation shall report to the Joint Legislative Transportation Oversight Committee on the use of these funds prior to expending them.

Requested by: Representatives Crawford, Cole, Easterling, Hardaway, Redwine

**SPENDING PUBLIC TRANSPORTATION AND RAIL DIVISION FUNDS**

Section 27.13. Funds appropriated in this act to the Department of Transportation for the Public Transportation Division and the Rail Division are to be used only as set forth in the budget approved by the General Assembly in this act. These funds shall not be expended for any other purpose, except as provided for in this act.

This provision does not affect the use of the continuing public transportation appropriation pursuant to G.S. 136-16.8 and the continuing rail appropriation pursuant to G.S. 136-16.6.

Of the funds appropriated for public transportation in fiscal year 1999-2000:

- (1) Thirteen million forty-six thousand nine hundred twenty-one dollars (\$13,046,921) shall be budgeted for urban and regional maintenance assistance (Object Code 6701)
- (2) Four million six hundred thousand dollars (\$4,600,000) shall be budgeted for statewide grant match (Object Code 6702)
- (3) Five million dollars (\$5,000,000) shall be budgeted for assistance for the elderly and disabled (Object Code 6703)
- (4) Three million three hundred fifty thousand dollars (\$3,350,000) shall be budgeted for rural capital (Object Code 6704)
- (5) One million seven hundred fifty thousand dollars \$1,750,000 shall be budgeted for Work First and transitional employment (Object Code 6705)
- (6) One million five hundred thousand dollars (\$1,500,000) shall be budgeted for rural, intercity, facility, and technology (Object Code 6706)
- (7) Seven million dollars (\$7,000,000) shall be budgeted for regional new start and capital (Object Code 6707).

Of the funds appropriated for public transportation in fiscal year 2000-2001:

- (1) Eight million one hundred forty-six thousand nine hundred twenty-one dollars (\$8,146,921) shall be budgeted for urban and regional maintenance assistance (Object Code 6701)
- (2) Four million six hundred thousand dollars (\$4,600,000) shall be budgeted for statewide grant match (Object Code 6702)
- (3) Five million (\$5,000,000) shall be budgeted for assistance for the elderly and disabled (Object Code 6703)
- (4) Three million fifty thousand dollars (\$3,050,000) shall be budgeted for rural capital (Object Code 6704)
- (5) One million seven hundred fifty thousand dollars (\$1,750,000) shall be budgeted for Work First and transitional employment (Object Code 6705)
- (6) One million five hundred thousand dollars (\$1,500,000) shall be budgeted for rural, intercity, facility, and technology (Object Code 6706)
- (7) Seven million dollars (\$7,000,000) shall be budgeted for regional new start and capital (Object Code 6707).

Requested by: Representatives Crawford, Cole, Nesbitt, Easterling, Hardaway, Redwine

**WESTERN NORTH CAROLINA RAILROAD STATIONS**

Section 27.13A. Of the funds appropriated for public transportation and rail, the Department of Transportation may use up to one million dollars (\$1,000,000) in each year of the 1999-2001 biennium for train stations in Western North Carolina.

Requested by: Representatives Crawford, Cole, Easterling, Hardaway, Redwine

**OVERREALIZED HIGHWAY TRUST FUND REVENUES TO MOVE DIVISION 3 HEADQUARTERS, MAINTENANCE, AND PUBLIC TRANSPORTATION AND RAIL USES**

Section 27.14. Of the overrealized Highway Trust Fund revenues from the 1998-99 fiscal year:

- (1) The Department of Transportation may use up to six million dollars (\$6,000,000) to pay the capital costs required to relocate the Division 3 headquarters complex in Wilmington, North Carolina, which must be moved to make way for construction of the Smith Creek Parkway.
- (2) Any remaining funds shall be transferred as follows:
  - a. Eighty percent (80%) to the maintenance budget in the Highway Fund.
  - b. Two and ninety-two hundredths percent (2.92%) for rural capital projects in the budget of the Public Transportation Division (Object Code 6704).
  - c. One and twenty-five hundredths percent (1.25%) for Work First and transitional employment projects in the budget of the Public Transportation Division (Object Code 6705).
  - d. Fifteen and eighty-three hundredths percent (15.83%) for match to improve travel time between Raleigh and Charlotte in the budget of the Rail Division (Object Code 6407).

The funds transferred pursuant to subdivision (2) of this section shall be allocated, encumbered, or expended, as appropriate, during the 1999-2000 fiscal year.

Requested by: Representatives Crawford, Cole, Easterling, Hardaway, Redwine

**USE OF GLOBAL TRANSPARK AUTHORITY FUNDS**

Section 27.15. The Global TransPark Authority's funds shall be used for:

- (1) Matching federal construction funds.
- (2) Developmental and operational activities related to the Kinston Regional Jetport and the Global TransPark Education and Training Center.

- (3) Project marketing and industrial development activities.

Requested by: Representatives Baddour, Easterling, Hardaway, Redwine

**GLOBAL TRANSPARK OBLIGATIONS MATURITY DATES EXTENDED**

Section 27.16. G.S. 147-69.2(b)(11) reads as rewritten:

- " (11) With respect to assets of the Escheat Fund, obligations of the North Carolina Global TransPark Authority authorized by G.S. 63A-4(a)(22), not to exceed twenty-five million dollars (\$25,000,000), that have a final maturity not later than September 1, ~~1999~~2004. The obligations shall bear interest at the rate set by the State Treasurer. No commitment to purchase obligations may be made pursuant to this subdivision after September 1, 1993, and no obligations may be purchased after September 1, 1994. In the event of a loss to the Escheat Fund by reason of an investment made pursuant to this subdivision, it is the intention of the General Assembly to hold the Escheat Fund harmless from ~~any such~~the loss by appropriating to ~~such~~the Escheat Fund funds equivalent to ~~such~~the loss."

Requested by: Representatives Crawford, Cole, Easterling, Hardaway, Redwine

**ENFORCEMENT AGENCY STRUCTURE STUDY COMMITTEE**

Section 27.17. There is created a Law Enforcement Agency Structure Study Commission, an independent study commission, to study the history and structure of the Enforcement Section of the Division of Motor Vehicles and the Highway Patrol Division of the Department of Crime Control and Public Safety.

The Commission shall study the history of these State motor vehicle enforcement agencies and how their structures and functions developed. The Commission shall analyze the structures and functions for efficiency and make recommendations for restructuring or reassignment of functions, as appropriate.

The Commission shall have 10 members. The membership of the Commission shall be three Senators and one representative from the Department of Crime Control and Public Safety appointed by the President Pro Tempore of the Senate and three members of the House of Representatives and one representative of the Division of Motor Vehicles appointed by the Speaker of the House of Representatives. The Secretary of Crime Control and Public Safety and the Commissioner of Motor Vehicles shall serve as ex officio members of the Commission. One Senator and one member of the House of Representatives shall be chosen by the appointing officials as Cochairs of the Commission. Members of the Commission shall receive subsistence and travel allowances in accordance with G.S. 120-3.1 or G.S. 138-5, as appropriate.

The Commission may submit an interim report and shall submit a final report by February 1, 2001.

The Commission shall terminate upon the issuance of its final report.

Requested by: Representatives Crawford, Cole, Easterling, Hardaway, Redwine  
**SMALL URBAN CONSTRUCTION DISCRETIONARY FUNDS**

Section 27.18. Of the funds appropriated in this act to the Department of Transportation:

- (1) \$14,000,000 shall be allocated in each fiscal year for small urban construction projects. These funds shall be allocated equally in each fiscal year of the biennium among the 14 Highway Divisions for the small urban construction program for small urban construction projects that are located within the area covered by a one-mile radius of the municipal corporate limits.
- (2) \$10,000,000 shall be used statewide for rural or small urban highway improvements, industrial access roads, and spot safety projects as approved by the Secretary of the Department of Transportation.

None of these funds used for rural secondary road construction are subject to the county allocation formula as provided in G.S. 136-44.5.

These funds are not subject to G.S. 136-44.7.

The Department of Transportation shall report to the members of the General Assembly on projects funded pursuant to this section in each member's district prior to the Board of Transportation's action. The Department shall make a quarterly comprehensive report on the use of these funds to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division.

Requested by: Representatives Crawford, Cole, Easterling, Hardaway, Redwine  
**AMENDMENT TO THE TRANSPORTATION EQUITY FORMULA TO EXEMPT FEDERAL DISCRETIONARY FUNDING**

Section 27.19. G.S. 136-17.2A(a) reads as rewritten:

" (a) Funds expended for the Intrastate System projects listed in G.S. 136-179 and both State and federal-aid funds expended under the Transportation Improvement Program, other than funds expended on an urban loop project listed in ~~G.S. 136-180~~, G.S. 136-180 and funds received through competitive awards or discretionary grants through federal appropriations either for local governments, transportation authorities, transit authorities, or the Department, shall be distributed throughout the State in accordance with this section.

For purposes of this distribution, the counties of the State are grouped into seven distribution regions as follows:

- (1) Distribution Region A consists of the following counties: Bertie, Camden, Chowan, Currituck, Dare, Edgecombe, Gates, Halifax, Hertford, Hyde, Johnston, Martin, Nash, Northampton, Pasquotank, Perquimans, Tyrrell, Washington, Wayne, and Wilson.
- (2) Distribution Region B consists of the following counties: Beaufort, Brunswick, Carteret, Craven, Duplin, Greene, Jones, Lenoir, New Hanover, Onslow, Pamlico, Pender, Pitt, and Sampson.
- (3) Distribution Region C consists of the following counties: Bladen, Columbus, Cumberland, Durham, Franklin, Granville, Harnett, Person, Robeson, Vance, Wake, and Warren.
- (4) Distribution Region D consists of the following counties: Alamance, Caswell, Davidson, Davie, Forsyth, Guilford, Orange, Rockingham, Rowan, and Stokes.
- (5) Distribution Region E consists of the following counties: Anson, Cabarrus, Chatham, Hoke, Lee, Mecklenburg, Montgomery, Moore, Randolph, Richmond, Scotland, Stanly, and Union.
- (6) Distribution Region F consists of the following counties: Alexander, Alleghany, Ashe, Avery, Caldwell, Catawba, Cleveland, Gaston, Iredell, Lincoln, Surry, Watauga, Wilkes, and Yadkin.
- (7) Distribution Region G consists of the following counties: Buncombe, Burke, Cherokee, Clay, Graham, Haywood, Henderson, Jackson, Macon, Madison, McDowell, Mitchell, Polk, Rutherford, Swain, Transylvania, and Yancey."

Requested by: Representatives Crawford, Cole, Easterling, Hardaway, Redwine  
**EQUITY ALLOCATION DISTRIBUTION STUDY AND REPORT**

Section 27.20.(a)G.S. 136-17.2A is amended by adding a new subsection to read:

" (h) On or before December 1, 1999, the Secretary shall submit to the General Assembly a report of allocations, obligations, and actual yearly expenditures for each distribution region, covering fiscal years 1989-90 through 1997-98. On or before December 1, 2000, and every two years thereafter, the Secretary shall submit to the General Assembly a report of allocations and actual expenditures for the preceding two fiscal years. At any time in which the report indicates that allocations and expenditures by distribution region do not comply with the provisions of subsection (d) of this section, the Secretary shall also submit a plan to correct the imbalance."

Section 27.20.(b) In addition, the Secretary shall study and report to the General Assembly by December 1, 2000, on proposals for:

- (1) Transportation spending for economic development.

- (2) Transportation spending for roads of statewide importance.
- (3) Methods to accommodate these spending proposals in the equity formula.

Requested by: Representatives Crawford, Cole, Easterling, Hardaway, Redwine  
**MEDIUM CUSTODY ROAD CREW COMPENSATION**

Section 27.21.(a) Of funds appropriated to the Department of Transportation by this act, seven million dollars (\$7,000,000) per year shall be used by the Department to reimburse the Department of Correction during the 1999-2001 biennium for costs authorized by G.S. 148-26.5 for reimbursement for highway-related labor performed by medium custody prisoners. The Department of Transportation may use funds appropriated by this act to pay requested reimbursements submitted by the Department of Correction over and above the seven million dollars (\$7,000,000), but those reimbursement requests shall be subject to negotiations among the Department of Transportation, the Department of Correction, and the Office of State Budget and Management prior to payment by the Department of Transportation.

Section 27.21.(b) It is the express intent of the General Assembly that all future reimbursements for highway-related labor performed by medium custody prisoners shall be subject to negotiations among the Department of Transportation, the Department of Correction, and the Office of State Budget and Management prior to payment by the Department of Transportation and that the Governor's budget shall recommend the amount and source of funding.

Requested by: Representatives Bowie, Easterling, Hardaway, Redwine  
**REPEAL ANNUAL TRANSFER OF HIGHWAY USE TAX FROM HIGHWAY TRUST FUND TO GENERAL FUND**

Section 27.22.(a) G.S. 105-187.9 reads as rewritten:

**"§ 105-187.9. Disposition of tax proceeds.**

Taxes collected under this Article at the rate of eight percent (8%) shall be credited to the General Fund. Taxes collected under this Article at the rate of three percent (3%) shall be credited to the North Carolina Highway Trust Fund. ~~In each fiscal year the State Treasurer shall transfer the sum of one hundred seventy million dollars (\$170,000,000) of the taxes deposited in the Trust Fund to the General Fund. The transfer of funds authorized by this section may be made by transferring one fourth of the amount at the end of each quarter in the fiscal year or by transferring the full amount annually on July 1 of each fiscal year, subject to the availability of revenue.~~

Section 27.22.(b) G.S. 136-176 is amended by adding a new subsection to read:

" (e) The Department of Transportation shall annually use one hundred seventy million dollars (\$170,000,000) of the funds deposited in the Trust Fund pursuant to subdivision (a)(2) of this section for highway maintenance purposes."

Section 27.22.(c) This section becomes effective July 1, 2001.

Requested by: Representatives Dockham, Easterling, Hardaway, Redwine

**GLOBAL TRANSPARK AUTHORITY TO REPORT ON FUTURE PLANS AND PERFORMANCE MEASURES**

Section 27.23. The Global TransPark Authority shall report to the Joint Legislative Transportation Oversight Committee on its strategic and business plans for the years 2000 through 2010. The report shall include specific interim goals and performance measures to be used to determine the success in implementing these plans. The report shall be submitted on or before February 1, 2000, to the Joint Legislative Transportation Oversight Committee.

**PART XXVIII. SALARIES AND BENEFITS**

Requested by: Representatives Easterling, Hardaway, Redwine

**GOVERNOR AND COUNCIL OF STATE**

Section 28.(a) Effective July 1, 1999, G.S. 147-11(a) reads as rewritten:

" (a) The salary of the Governor shall be one hundred ~~ten~~ thirteen thousand ~~three~~ six hundred ~~forty~~ six ~~hundred~~ sixty ~~six~~ six dollars (~~\$110,346~~) (\$113,656) annually, payable monthly."

Section 28.(b) The annual salaries for the members of the Council of State, payable monthly, for the 1999-2000 fiscal year beginning July 1, 1999, are:

<u>Council</u>	<u>of</u>	<u>State</u>
<u>Annual Salary</u>		
Lieutenant		Governor
\$100,310		
Attorney General		
100,310		
Secretary of State		
100,310		
State Treasurer		
100,310		
State Auditor		
100,310		



Superintendent of Public Instruction  
 100,310  
 Commissioner of Agriculture and Consumer Services  
 100,310  
 Insurance Commissioner  
 100,310  
 Labor Commissioner  
 100,310

Requested by: Representatives Easterling, Hardaway, Redwine  
**NONELECTED DEPARTMENT HEADS/SALARY INCREASES**

Section 28.1. In accordance with G.S. 143B-9, the maximum annual salaries, payable monthly, for the nonelected heads of the principal State departments for the 1999-2000 and 2000-2001 fiscal years are:

<u>Nonelected</u>	<u>Department</u>					<u>Heads</u>
<u>Annual Salary</u>						
Secretary \$98,003	of					Administration
Secretary 98,003	of					Correction
Secretary 98,003	of	Crime	Control	and	Public	Safety
Secretary 98,003	of					Cultural Resources
Secretary 98,003	of					Commerce
Secretary 98,003	of	Environment	and		Natural	Resources
Secretary 98,003	of	Health	and		Human	Services
Secretary 98,003	of					Revenue
Secretary 98,003	of					Transportation

Requested by: Representatives Easterling, Hardaway, Redwine  
**CERTAIN EXECUTIVE BRANCH OFFICIALS/SALARY INCREASES**

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**GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 1999**  
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Section 28.2. The annual salaries, payable monthly, for the 1999-2000 and 2000-2001 fiscal years for the following executive branch officials are:

<u>Executive Branch Officials</u>	<u>Annual Salary</u>
Chairman, Alcoholic Beverage Control Commission	\$ 89,200
State Controller	124,835
Commissioner of Motor Vehicles	89,200
Commissioner of Banks	100,310
Chairman, Employment Security Commission	124,677
State Personnel Director	98,003
Chairman, Parole Commission	81,450
Members of the Parole Commission	75,198
Chairman, Utilities Commission	111,713
Members of the Utilities Commission	100,310
Executive Director, Agency for Public Telecommunications	75,198
General Manager, Ports Railway Commission	67,903
Director, Museum of Art	91,401
Executive Director, North Carolina Housing Finance Agency	110,394
Executive Director, North Carolina Agricultural Finance Authority	86,823

Requested by: Representatives Easterling, Hardaway, Redwine

**JUDICIAL BRANCH OFFICIALS/SALARY INCREASES**

Section 28.3.(a) The annual salaries, payable monthly, for specified judicial branch officials for the 1999-2000 and 2000-2001 fiscal years are:

<u>Judicial</u>	<u>Branch</u>	<u>Officials</u>
<u>Annual Salary</u>		
Chief \$113,656	Justice,	Supreme Court
Associate 110,687	Justice,	Supreme Court
Chief 107,919	Judge,	Court of Appeals

Judge, 106,075		Court		of		Appeals
Judge, 103,193	Senior	Regular	Resident	Superior		Court
Judge, 100,310			Superior			Court
Chief 91,086		Judge,		District		Court
Judge, 88,204			District			Court
District 92,931						Attorney
Administrative 103,193		Officer		of	the	Courts
Assistant 86,658	Administrative		Officer	of	the	Courts
Public 92,931						Defender

Section 28.3.(b) The district attorney or public defender of a judicial district, with the approval of the Administrative Officer of the Courts, shall set the salaries of assistant district attorneys or assistant public defenders, respectively, in that district such that the average salaries of assistant district attorneys or assistant public defenders in that district do not exceed fifty-seven thousand one hundred sixty-five dollars (\$57,165), and the minimum salary of any assistant district attorney or assistant public defender is at least twenty-nine thousand one hundred eighty-four dollars (\$29,184) effective July 1, 1999.

Section 28.3.(c) The salaries in effect for fiscal year 1999-2000 for permanent, full-time employees of the Judicial Department, except for those whose salaries are itemized in this Part, shall be increased by three percent (3%), commencing July 1, 1999.

Section 28.3.(d) The salaries in effect for fiscal year 1999-2000 for all permanent, part-time employees of the Judicial Department shall be increased on and after July 1, 1999, by pro rata amounts of the three percent (3%).

Requested by: Representatives Easterling, Hardaway, Redwine

**CLERK OF SUPERIOR COURT/SALARY INCREASES**

Section 28.4. Effective July 1, 1999, G.S. 7A-101(a) reads as rewritten:

" (a) The clerk of superior court is a full-time employee of the State and shall receive an annual salary, payable in equal monthly installments, based on the population

of the county as determined in subsection (a1) of this section, according to the following schedule:

Population	Annual Salary
Less than 100,000 <u>\$66,493</u>	\$64,556
100,000 to 149,999 <u>74,690</u>	<del>72,515</del>
150,000 to 249,999 <u>82,888</u>	<del>80,474</del>
250,000 and above <u>91,086.</u>	<del>88,433.</del>

The salary schedule in this subsection is intended to represent the following percentage of the salary of a chief district court judge:

Population	Annual Salary
Less than 100,000	73%
100,000 to 149,999	82%
150,000 to 249,999	91%
250,000 and above	100%.

When a county changes from one population group to another, the salary of the clerk shall be changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate for the new population group, except that the salary of an incumbent clerk shall not be decreased by any change in population group during his continuance in office."

Requested by: Representatives Easterling, Hardaway, Redwine  
**ASSISTANT AND DEPUTY CLERKS OF COURT/SALARY INCREASES**

Section 28.5. Effective July 1, 1999, G.S. 7A-102(c1) reads as rewritten:

" (c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the following minimum and maximum rates:

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum <u>\$24,846</u>	<del>\$24,122</del>

Maximum	42,710
<u>43,991</u>	
Deputy Clerks	Annual Salary
Minimum	<del>\$19,286</del>
<u>\$19,865</u>	
Maximum	<del>32,899.</del>
<u>33,886."</u>	

Requested by: Representatives Easterling, Hardaway, Redwine  
**MAGISTRATES SALARY INCREASES/SUNSET REPEAL**

Section 28.6.(a) Section 7.13(c) of Chapter 769 of the 1993 Session Laws is repealed.

Section 28.6.(b) Effective July 1, 1999, G.S. 7A-171.1 reads as rewritten:

**"§ 7A-171.1. Duty hours, salary, and travel expenses within county.**

(a) The Administrative Officer of the Courts, after consultation with the chief district judge and pursuant to the following provisions, shall set an annual salary for each magistrate.

- (1) A full-time magistrate shall be paid the annual salary indicated in the table set out in this subdivision. A full-time magistrate is a magistrate who is assigned to work an average of not less than 40 hours a week during the term of office. The Administrative Officer of the Courts shall designate whether a magistrate is full-time. Initial appointment shall be at the entry rate. A magistrate's salary shall increase to the next step every two years on the anniversary of the date the magistrate was originally appointed for increases to Steps 1 through 3, and every four years on the anniversary of the date the magistrate was originally appointed for increases to Steps 4 through 6.

Table of Salaries of Full-Time Magistrates

Step Level	Annual Salary
Entry Rate	<del>\$24,471</del>
<u>\$25,205</u>	
Step 1	<del>26,927</del>
<u>27,735</u>	
Step 2	<del>29,600</del>
<u>30,488</u>	

<u>33,491</u>	Step 3	<del>32,516</del>
<u>36,782</u>	Step 4	<del>35,711</del>
<u>40,399</u>	Step 5	<del>39,922</del>
<u>44,375.</u>	Step 6	<del>43,083.</del>

- (2) A part-time magistrate is a magistrate who is assigned to work an average of less than 40 hours of work a week during the term, except that no magistrate shall be assigned an average of less than 10 hours of work a week during the term. A part-time magistrate is included, in accordance with G.S. 7A-170, under the provisions of G.S. 135-1(10) and G.S. 135-40.2(a). The Administrative Officer of the Courts designates whether a magistrate is a part-time magistrate. A part-time magistrate shall receive an annual salary based on the following formula: The average number of hours a week that a part-time magistrate is assigned work during the term shall be multiplied by the annual salary payable to a full-time magistrate who has the same number of years of service prior to the beginning of that term as does the part-time magistrate and the product of that multiplication shall be divided by the number 40. The quotient shall be the annual salary payable to that part-time magistrate.
- (3) Notwithstanding any other provision of this subsection, an individual who, when initially appointed as a full-time magistrate, is licensed to practice law in North Carolina, shall receive the annual salary provided in the Table in subdivision (1) of this subsection for Step 4. This magistrate's salary shall increase to the next step every four years on the anniversary of the date the magistrate was originally appointed. An individual who, when initially appointed as a part-time magistrate, is licensed to practice law in North Carolina, shall be paid an annual salary based on that for Step 4 and determined according to the formula in subdivision (2) of this subsection. This magistrate's salary shall increase to the next step every four years on the anniversary of the date the magistrate was originally appointed. The salary of a full-time magistrate who acquires a license to practice law in North Carolina while holding the office of magistrate and who at the time of acquiring the license is receiving a salary at a level lower than Step 4 shall be adjusted to Step 4

and, thereafter, shall advance in accordance with the Table's schedule. The salary of a part-time magistrate who acquires a license to practice law in North Carolina while holding the office of magistrate and who at the time of acquiring the license is receiving an annual salary as determined by subdivision (2) of this subsection based on a salary level lower than Step 4 shall be adjusted to a salary based on Step 4 in the Table and, thereafter, shall advance in accordance with the provision in subdivision (2) of this subsection.

(a1) Notwithstanding subsection (a) of this section, the following salary provisions apply to individuals who were serving as magistrates on June 30, 1994:

- (1) The salaries of magistrates who on June 30, 1994, were paid at a salary level of less than five years of service under the table in effect that date shall be as follows:

<u>Less than 1 year of service</u>	<u>\$19,866</u>
1 or more but less than 3 years of service	<del>20,279</del> - <u>20,887</u>
3 or more but less than 5 years of service	<del>22,373</del> - <u>23,044</u> .

Upon completion of five years of service, those magistrates shall receive the salary set as the Entry Rate in the table in subsection (a).

- (2) The salaries of magistrates who on June 30, 1994, were paid at a salary level of five or more years of service shall be based on the rates set out in subsection (a) as follows:

Salary Salary Level on June 30, 1994	Level on
July 1, 1994	
5 or more but less than 7 years of service	Entry Rate
7 or more but less than 9 years of service	Step 1
9 or more but less than 11 years of service	Step 2
11 or more years of service	Step 3.

Thereafter, their salaries shall be set in accordance with the provisions in subsection (a).

- (3) The salaries of magistrates who are licensed to practice law in North Carolina shall be adjusted to the annual salary provided in the table in subsection (a) as Step 4, and, thereafter, their salaries shall be set in accordance with the provisions in subsection (a).
- (4) The salaries of 'part-time magistrates' shall be set under the formula set out in subdivision (2) of subsection (a) but according to the rates set out in this subsection.

(a2) The Administrative Officer of the Courts shall provide magistrates with longevity pay at the same rates as are provided by the State to its employees subject to the State Personnel Act.

(b) Notwithstanding G.S. 138-6, a magistrate may not be reimbursed by the State for travel expenses incurred on official business within the county in which the magistrate resides."

Requested by: Representatives Easterling, Hardaway, Redwine

**GENERAL ASSEMBLY PRINCIPAL CLERKS**

Section 28.7. Effective July 1, 1999, G.S. 120-37(c) reads as rewritten:

" (c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled to other benefits available to permanent legislative employees and shall be paid an annual salary of eighty-one thousand six hundred ninety-six ~~eighty-four thousand one hundred forty-seven~~ dollars ~~(\$81,696)~~ (\$84,147) payable monthly. The Legislative Services Commission shall review the salary of the principal clerks prior to submission of the proposed operating budget of the General Assembly to the Governor and Advisory Budget Commission and shall make appropriate recommendations for changes in those salaries. Any changes enacted by the General Assembly shall be by amendment to this paragraph."

Requested by: Representatives Easterling, Hardaway, Redwine

**SERGEANT-AT-ARMS AND READING CLERKS**

Section 28.8. Effective July 1, 1999, G.S. 120-37(b) reads as rewritten:

" (b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary of ~~two hundred sixty-six~~ two hundred seventy-four dollars ~~(\$266.00)~~ (\$274.00) per week plus subsistence at the same daily rate provided for members of the General Assembly, plus mileage at the rate provided for members of the General Assembly for one round trip only from their homes to Raleigh and return. The sergeants-at-arms shall serve during sessions of the General Assembly and at such time prior to the convening of, and subsequent to adjournment or recess of, sessions as may be authorized by the Legislative Services Commission. The reading clerks shall serve during sessions only."



Requested by: Representatives Easterling, Hardaway, Redwine

**LEGISLATIVE EMPLOYEES**

Section 28.9. The Legislative Administrative Officer shall increase the salaries of nonelected employees of the General Assembly in effect for fiscal year 1998-99 by three percent (3%). Nothing in this act limits any of the provisions of G.S. 120-32.

Requested by: Representatives Easterling, Hardaway, Redwine

**AGENCY TEACHER SUPPLEMENT**

Section 28.10. The Director of the Budget shall transfer from the Reserve for Compensation Increase in this act for fiscal year 1999-2000 funds necessary to provide statewide teacher supplements for State agency teachers who are paid on the teacher salary schedule as set out in Section 8.13 of this act based on five percent (5%) of their salaries.

Requested by: Representatives Easterling, Hardaway, Redwine

**COMMUNITY COLLEGES PERSONNEL/SALARY INCREASES**

Section 28.11. The Director of the Budget shall transfer from the Reserve for Compensation Increase, created in this act for fiscal year 1999-2000, funds to the Department of Community Colleges necessary to provide an average annual salary increase of three percent (3%), including funds for the employer's retirement and social security contributions, commencing July 1, 1999, for all permanent full-time community college institutional personnel supported by State funds. The State Board of Community Colleges shall establish guidelines for providing their salary increases to community college institutional personnel. Salary funds shall be used to provide an average annual salary increase of three percent (3%) to all full-time employees and part-time employees on a pro rata basis.

Requested by: Representatives Easterling, Hardaway, Redwine

**UNIVERSITY OF NORTH CAROLINA SYSTEM/EPA SALARY INCREASES**

Section 28.12.(a)The Director of the Budget shall transfer to the Board of Governors of The University of North Carolina sufficient funds from the Reserve for Compensation Increase, created in this act for fiscal year 1999-2000, to provide an annual average salary increase of three percent (3%), including funds for the employer's retirement and social security contributions, commencing July 1, 1999, for all employees of The University of North Carolina, as well as employees other than teachers of the North Carolina School of Science and Mathematics, supported by State funds and whose salaries are exempt from the State Personnel Act (EPA). These funds shall be allocated to individuals according to the rules adopted by the Board of Governors, or the Board of Trustees of the North Carolina School of Science and Mathematics, as appropriate, and

may not be used for any purpose other than for salary increases and necessary employer contributions provided by this section.

Section 28.12.(b) The Director of the Budget shall transfer to the Board of Governors of The University of North Carolina sufficient funds from the Reserve for Compensation Increase, created in this act for fiscal biennium 1999-2001, to provide an annual average salary increase of seven and one-half percent (7.5%) in 1999-2000, including funds for the employer's retirement and social security contributions, commencing July 1, 1999, and July 1, 2000, for all teaching employees of the North Carolina School of Science and Mathematics supported by State funds and whose salaries are exempt from the State Personnel Act (EPA). These funds shall be allocated to individuals according to the rules adopted by the Board of Trustees of the North Carolina School of Science and Mathematics and may not be used for any purpose other than for salary increases and necessary employer contributions provided by this section.

Requested by: Representatives Easterling, Hardaway, Redwine

**COMPENSATION BONUS/STATE EMPLOYEES**

Section 28.13.(a) Any person:

- (1) Whose salary is set: (i) pursuant to the State Personnel Act; or (ii) by or under this act, other than Sections 28, 28.1, 28.2, 28.3(a), and 28.4; and
- (2) Who was, on July 1, 1999, a permanent officer or permanent employee shall receive, payable for the last pay date in July, 1999, a compensation bonus of one hundred twenty-five dollars (\$125.00) except that:
  - a. The compensation bonus for persons subject to Section 28.11 of this act shall be an average of one hundred twenty-five dollars (\$125.00) and shall be allocated in accordance with guidelines adopted by the State Board of Community Colleges, except for teaching faculty at the community colleges.
  - b. The compensation bonus for persons subject to Section 28.12 of this act shall be an average of one hundred twenty-five dollars (\$125.00) and shall be allocated to individuals according to the rules adopted by the Board of Governors, or the Board of Trustees of the North Carolina School of Science and Mathematics, except for teaching faculty of the UNC System as appropriate.
  - c. The guidelines and rules adopted under sub-subdivisions a. and b. of this subdivision may cover employees of those institutions whose first day of employment for the 1999-2000 academic year came after July 1, 1999.

Section 28.13.(b) For permanent part-time employees, the compensation bonus provided by this section shall be adjusted pro rata.

Section 28.13.(c) The Director of the Budget shall transfer from the Reserve for Compensation Bonus provided by this act sufficient funds to implement this section.

Section 28.13.(d) Notwithstanding G.S. 135-1(7a), the compensation bonus provided by this section is not compensation under Article 1 of Chapter 135 of the General Statutes, the Teachers' and State Employees' Retirement System. The compensation bonus awarded by this section shall not be administered under G.S. 126-7.

Requested by: Representatives Easterling, Hardaway, Redwine

**MOST STATE EMPLOYEES**

Section 28.14.(a) The salaries in effect June 30, 1999, of all permanent full-time State employees whose salaries are set in accordance with the State Personnel Act, and who are paid from the General Fund or the Highway Fund shall be increased, on or after July 1, 1999, unless otherwise provided by this act, pursuant to the Comprehensive Compensation System set forth in G.S. 126-7 and rules adopted by the State Personnel Commission as follows:

- (1) Career growth recognition awards in the amount of two percent (2%); and
- (2) A cost-of-living adjustment in the amount of one percent (1%).

Notwithstanding G.S. 126-7(c)(4a), any permanent full-time State employee whose salary is set in accordance with the State Personnel Act and whose salary is at the top of the salary range or within two percent (2%) of the top of the salary range shall receive a one-time bonus of two percent (2%) less the career growth recognition award the employee receives. The employee shall receive the career growth bonus at the time the employee is eligible for the career growth recognition award, but not earlier than July 1, 1999.

Section 28.14.(b) Except as otherwise provided in this act, salaries in effect June 30, 1999, for permanent full-time State officials and persons in exempt positions that are recommended by the Governor or the Governor and the Advisory Budget Commission and set by the General Assembly shall be increased by three percent (3%) commencing July 1, 1999.

Section 28.14.(c) The salaries in effect June 30, 1999, for all permanent part-time State employees shall be increased on and after July 1, 1999, by pro rata amounts of the salary increases provided for permanent full-time employees covered under subsection (a) of this section.

Section 28.14.(d) The Director of the Budget may allocate out of special operating funds or from other sources of the employing agency, except tax revenues, sufficient funds to allow a salary increase on and after July 1, 1999, in accordance with

subsection (a), (b), or (c) of this section, including funds for the employer's retirement and social security contributions, of the permanent full-time and part-time employees of the agency.

Section 28.14.(e) Within regular Executive Budget Act procedures as limited by this act, all State agencies and departments may increase on an equitable basis the rate of pay of temporary and permanent hourly State employees, subject to availability of funds in the particular agency or department, by pro rata amounts of the three percent (3%) salary increase provided for permanent full-time employees covered by the provisions of subsection (a) of this section, commencing July 1, 1999.

Requested by: Representatives Easterling, Hardaway, Redwine

**ALL STATE-SUPPORTED PERSONNEL**

Section 28.15.(a) Salaries and related benefits for positions that are funded partially from the General Fund or Highway Fund and partially from sources other than the General Fund or Highway Fund shall be increased from the General Fund or Highway Fund appropriation only to the extent of the proportionate part of the salaries paid from the General Fund or Highway Fund.

Section 28.15.(b) The granting of the salary increases under this act does not affect the status of eligibility for salary increments for which employees may be eligible unless otherwise required by this act.

Section 28.15.(c) The salary increases provided in this act are to be effective July 1, 1999, do not apply to persons separated from State service due to resignation, dismissal, reduction in force, death, or retirement, or whose last workday is prior to July 1, 1999.

Payroll checks issued to employees after July 1, 1999, which represent payment of services provided prior to July 1, 1999, shall not be eligible for salary increases provided for in this act. This subsection shall apply to all employees, subject to or exempt from the State Personnel Act, paid from State funds, including public schools, community colleges, and The University of North Carolina.

Section 28.15.(d) The Director of the Budget shall transfer from the Reserve for Compensation Increase in this act for fiscal year 1999-2000 all funds necessary for the salary increases provided by this act, including funds for the employer's retirement and social security contributions.

Section 28.15.(e) Nothing in this act authorizes the transfer of funds between the General Fund and the Highway Fund for salary increases.

Requested by: Representatives Easterling, Hardaway, Redwine

**SALARY ADJUSTMENT FUND**

Section 28.16. Any remaining appropriations for legislative salary increases not required for that purpose may be used to supplement the Salary Adjustment Fund. These funds shall first be used to provide reclassifications of those positions already approved by the Office of State Personnel. Of these funds, up to the sum of sixty thousand dollars (\$60,000) shall be earmarked for the Department of Cultural Resources to reclassify security guard positions in the Museum of History and at State historic sites. Allotment of salary adjustment funds by the Office of State Budget and Management to the Department of Cultural Resources is contingent upon the issuance of a classification study by the Office of State Personnel that validates salary adjustment needs for existing security guard personnel in the Museum of History and at State historic sites. The Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations prior to the allocation of salary adjustment funds for any State agency.

Requested by: Representatives Easterling, Hardaway, Redwine

**TEMPORARY SALES TAX TRANSFER FOR WILDLIFE RESOURCES COMMISSION SALARY INCREASES**

Section 28.17. For the 1999-2000 and 2000-2001 fiscal years, the Secretary of Revenue shall transfer at the end of each quarter from the State sales and use tax net collections received by the Department of Revenue under Article 5 of Chapter 105 of the General Statutes to the State Treasurer for the Wildlife Resources Fund to fund the cost of any legislative salary increase for employees of the Wildlife Resources Commission.

Requested by: Representatives Easterling, Hardaway, Redwine, Fox, Owens, Carpenter

**WILDLIFE SALARY EQUITY**

Section 28.18.(a) The Office of State Personnel shall adjust the salaries of Wildlife Enforcement Officers of the Wildlife Resources Commission so that the average salary of Wildlife Enforcement Officers in any salary classification level is the same as the average salary of the members of the State Highway Patrol whose positions are classified at the same salary classification level. The salary of a Wildlife Enforcement Officer shall be individually adjusted based upon the current salary of the officer, the job classification title and salary level of the position in which the officer is employed, and the length of law enforcement service of the officer. No officer shall receive a salary adjustment if the officer's most recent performance appraisal is below satisfactory, and no officer's salary shall be raised above the maximum of the range for the position in which the officer is employed.

Section 28.18.(b) This section may be implemented only with funds available within the budget of the Wildlife Resources Commission. Authorized funding provided in Section 28.17 of this act shall not be used to implement this section.

Requested by: Representatives Easterling, Hardaway, Redwine

**LONGEVITY FOR ASSISTANT DISTRICT ATTORNEYS AND ASSISTANT PUBLIC DEFENDERS**

Section 28.19.(a)G.S. 7A-65(d) reads as rewritten:

" (d) In lieu of merit and other increment raises paid to regular State employees, an assistant district attorney shall receive as longevity pay an amount equal to four and eight-tenths percent (4.8%) of the annual salary set forth in the Current Operations Appropriations Act payable monthly after five years of service, nine and six-tenths percent (9.6%) after 10 years of service, ~~and~~ fourteen and four-tenths percent (14.4%) after 15 years of service, and nineteen and two-tenths percent (19.2%) after 20 years of service. "Service" means service as an assistant district attorney or as a district attorney."

Section 28.19.(b) G.S. 7A-467(d) reads as rewritten:

" (d) In lieu of merit and other increment raises paid to regular State employees, an assistant public defender shall receive as longevity pay an amount equal to four and eight-tenths percent (4.8%) of the annual salary set forth in the Current Operations Appropriations Act payable monthly after five years of service, nine and six-tenths percent (9.6%) after 10 years of service, ~~and~~ fourteen and four-tenths percent (14.4%) after 15 years of service, and nineteen and two-tenths percent (19.2%) after 20 years of service. "Service" means service as an assistant public defender."

Requested by: Representatives Easterling, Hardaway, Redwine

**TRAVEL RATES OF STATE EMPLOYEES**

Section 28.20. G.S. 138-6(a) reads as rewritten:

" (a) Travel on official business by the officers and employees of State departments, institutions and agencies which operate from funds deposited with the State Treasurer shall be reimbursed at the following rates:

- (1) For transportation by privately owned automobile, the business standard mileage rate set by the Internal Revenue Service per mile of travel and the actual cost of tolls paid. Any other law which sets a mileage rate by referring to the rate set herein, instead establishes a rate of twenty-five cents (25¢) per mile. No reimbursement shall be made for the use of a personal car in commuting from an employee's home to his duty station in connection with regularly scheduled work hours. Any designation of an employee's home as his duty station by a department head shall require prior approval by the Office of State Budget and Management on an annual basis.
- (2) For bus, railroad, Pullman, or other conveyance, actual fare.

- (3) For expenses incurred for subsistence, payment of eighty-one dollars (\$81.00) per day when traveling in-state or ninety-three dollars (\$93.00) per day when traveling out-of-state. Payment of sales tax, lodging tax, local tax, or service fees applied to the cost of lodging are to be paid in addition to the daily subsistence amount. The employee may exceed the part of the ceiling allocated for lodging without approval for overexpenditure provided that the total lodging and food reimbursement does not exceed the maximum provided by this subdivision. When travel involves less than a full day (24-hour period), a reasonable prorated amount shall be paid in accordance with regulations and criteria which shall be promulgated and published by the Director of the Budget. Reimbursement to State employees for lunches eaten while on official business may be made only in the following circumstances:
- a. When an overnight stay is required reimbursement is allowed while an employee is in travel status;
  - b. When the cost of the lunch is included as part of a registration fee for a formal congress, conference, assembly, or convocation, by whatever name called. Such assembly must involve the active participation of persons other than the employees of a single State department, institution, or agency and must be necessary for conducting official State business; or
  - c. When the State employee is a member of, or providing staff assistance to, a State board, commission, committee, or council which operates from funds deposited with the State Treasurer, and the lunch is preplanned as part of the meeting for the entire board, commission, committee, or council.
- (4) For convention registration fees not to exceed the actual amount expended as shown by a valid receipt or invoice.
- (5) Effective July 1, 2001, and effective July 1 of each odd-numbered year thereafter, the Director of the Budget shall revise the amounts of payment of subsistence per day when traveling in-State and out-of-state by an amount equal to the percentage increase in the Consumer Price Index for All Urban Consumers for the most recent 24-month period."

Requested by: Representatives Easterling, Hardaway, Redwine

**TRAVEL ALLOWANCE FOR MEMBERS OF THE UTILITIES COMMISSION**

Section 28.21.(a) G.S. 62-10 is amended by adding a new subsection to read:

" (h1) In addition to compensation for their services, each member of the Commission who lives at least 50 miles from the City of Raleigh shall be paid a weekly travel allowance for each week the member travels to the City of Raleigh from the member's home for business of the Commission. The allowance shall be calculated for each member by multiplying the actual round-trip mileage from that member's home to the City of Raleigh by the rate-per-mile which is the business standard mileage rate set by the Internal Revenue Service in Rev. Proc. 93-51, December 27, 1993."

Section 28.21.(b) G.S. 62-10(j) reads as rewritten:

" (j) ~~Members~~Except as provided in subsection (h1) of this section, members of the Commission shall be reimbursed for travel and subsistence expenses at the rates allowed to State officers and employees by G.S. 138-6(a)."

Requested by: Representatives Easterling, Hardaway, Redwine

#### **SALARY-RELATED CONTRIBUTIONS/EMPLOYERS**

Section 28.22.(a) Required employer salary-related contributions for employees whose salaries are paid from department, office, institution, or agency receipts shall be paid from the same source as the source of the employees' salaries. If an employee's salary is paid in part from the General Fund or Highway Fund and in part from department, office, institution, or agency receipts, required employer salary-related contributions may be paid from the General Fund or Highway Fund only to the extent of the proportionate part paid from the General Fund or Highway Fund in support of the salary of the employee, and the remainder of the employer's requirements shall be paid from the source that supplies the remainder of the employee's salary. The requirements of this section as to source of payment are also applicable to payments on behalf of the employee for hospital-medical benefits, longevity pay, unemployment compensation, accumulated leave, workers' compensation, severance pay, separation allowances, and applicable disability income and disability salary continuation benefits.

Section 28.22.(b) Effective July 1, 1999, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 1999-2000 fiscal year are (i) eight and eighty-three hundredths percent (8.83%) - Teachers and State Employees; (ii) thirteen and eighty-three hundredths percent (13.83%) - State Law Enforcement Officers; (iii) seven and thirty-six hundredths percent (7.36%) - University Employees' Optional Retirement Program; (iv) eighteen and fifty-eight hundredths percent (18.58%) - Consolidated Judicial Retirement System; and (v) twenty-one and seventy hundredths percent (21.70%) - Legislative Retirement System. The rate for State Law Enforcement Officers includes five percent (5%) for the Supplemental Retirement Income Plan. The rates for Teachers and State Employees, State Law Enforcement Officers, and for the University Employees' Optional Retirement Program include fifty-two hundredths percent (0.52%) for the Disability Income Plan.



Section 28.22.(c) Effective July 1, 2000, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2000-2001 fiscal year are (i) ten and eighty-three hundredths percent (10.83%) - Teachers and State Employees; (ii) fifteen and eighty-three hundredths percent (15.83%) - State Law Enforcement Officers; (iii) nine and thirty-six hundredths percent (9.36%) - University Employees' Optional Retirement Program; (iv) twenty and fifty-eight hundredths percent (20.58%) - Consolidated Judicial Retirement System; and (v) twenty-three and seventy-hundredths percent (23.70%) - Legislative Retirement System. Each of the foregoing contribution rates includes two percent (2%) for hospital and medical benefits. The rate for State Law Enforcement Officers includes five percent (5%) for the Supplemental Retirement Income Plan. The rates for Teachers and State Employees, State Law Enforcement Officers, and for the University Employees' Optional Retirement Program include fifty-two hundredths percent (0.52%) for the Disability Income Plan.

Section 28.22.(d) The General Assembly authorizes the Board of Trustees of the Consolidated Judicial Retirement System to adopt a fixed amortization period of nine years for purposes of the unfunded accrued liability for the Retirement System beginning with the valuation for December 31, 1998.

Section 28.22.(e) The maximum annual employer contributions, payable monthly, by the State for each covered employee or retiree for the 1999-2000 fiscal year to the Teachers' and State Employees' Comprehensive Major Medical Plan are: (i) Medicare-eligible employees and retirees - one thousand six hundred nineteen dollars (\$1,619), and (ii) Non-Medicare-eligible employees and retirees - two thousand one hundred twenty-six dollars (\$2,126).

Section 28.22.(f) The maximum annual employer contributions, payable monthly, by the State for each covered employee or retiree for the 2000-2001 fiscal year to the Teachers' and State Employees' Comprehensive Major Medical Plan are: (i) Medicare-eligible employees and retirees - one thousand seven hundred eighteen dollars (\$1,718); and (ii) Non-Medicare-eligible employees and retirees - two thousand two hundred fifty-six dollars (\$2,256).

Requested by: Representatives Easterling, Hardaway, Redwine, Michaux

**COST-OF-LIVING INCREASES FOR MEMBERS OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE CONSOLIDATED JUDICIAL RETIREMENT SYSTEM, THE LEGISLATIVE RETIREMENT SYSTEM, AND THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM**

Section 28.23.(a) G.S. 135-5 is amended by adding a new subsection to read:

" (fff) From and after July 1, 1999, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 1998, shall be increased

by two and three-tenths percent (2.3%) of the allowance payable on June 1, 1999, in accordance with G.S. 135-5(o). Furthermore, from and after July 1, 1999, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 1998, but before June 30, 1999, shall be increased by a prorated amount of two and three-tenths percent (2.3%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 1998, and June 30, 1999."

Section 28.23.(b) G.S. 135-65 is amended by adding a new subsection to read:

"(t) From and after July 1, 1999, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 1998, shall be increased by two and three-tenths percent (2.3%) of the allowance payable on June 1, 1999. Furthermore, from and after July 1, 1999, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 1998, but before June 30, 1999, shall be increased by a prorated amount of two and three-tenths percent (2.3%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 1998, and June 30, 1999."

Section 28.23.(c)G.S. 120-4.22A is amended by adding a new subsection to read:

"(n) In accordance with subsection (a) of this section, from and after July 1, 1999, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before January 1, 1999, shall be increased by two and three-tenths percent (2.3%) of the allowance payable on June 1, 1999. Furthermore, from and after July 1, 1999, the retirement allowance to or on account of beneficiaries whose retirement commenced after January 1, 1999, but before June 30, 1999, shall be increased by a prorated amount of two and three-tenths percent (2.3%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between January 1, 1999, and June 30, 1999."

Section 28.23.(d) G.S. 128-27 is amended by adding a new subsection to read:

"(ww) From and after July 1, 1999, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 1998, shall be increased by one percent (1.0%) of the allowance payable on June 1, 1999, in accordance with subsection (k) of this section. Furthermore, from and after July 1, 1999, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 1998, but before June 30, 1999, shall be increased by a prorated amount of one percent (1.0%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 1998, and June 30, 1999."

Requested by: Representatives Easterling, Hardaway, Redwine

**RETIREMENT SYSTEM TRANSFER**

Section 28.24.(a)G.S. 128-34 is amended by adding a new subsection to read:

" (d) The accumulated contributions and creditable service of any member whose service as an employee has been or is terminated other than by retirement or death and who, while still a member of this Retirement System, became or becomes a member, as defined in G.S. 135-53(11), of the Consolidated Judicial Retirement System for a period of five or more years may, upon application of the member, be transferred from this Retirement System to the Consolidated Judicial Retirement System. In order to effect the transfer of a member's creditable service from the Local Governmental Employees' Retirement System to the Consolidated Judicial Retirement System, there shall be transferred from the Local Governmental Employees' Retirement System to the Consolidated Judicial Retirement System the sum of (i) the accumulated contributions of the member credited in the annuity savings fund and (ii) the amount of reserve held in the Local Governmental Employees' Retirement System as a result of previous contributions by the employer on behalf of the transferring member."

Section 28.24.(b) G.S. 135-28.1 is amended by adding a new subsection to read:

" (f) Notwithstanding the provisions of subsections (a), (b), (c), (d), and (e) of this section, the accumulated contributions and creditable service of any member whose service as a teacher or employee has been or is terminated other than by retirement or death and who, while still a member of this Retirement System, became or becomes a member, as defined in G.S. 135-53(11), of the Consolidated Judicial Retirement System for a period of five or more years may, upon application of the member, be transferred from this Retirement System to the Consolidated Judicial Retirement System. In order to effect the transfer of a member's creditable service from the Teachers' and State Employees' Retirement System to the Consolidated Judicial Retirement System, there shall be transferred from the Teachers' and State Employees' Retirement System to the Consolidated Judicial Retirement System the sum of (i) the accumulated contributions of the member credited in the annuity savings fund and (ii) the amount of reserve held in the Teachers' and State Employees' Retirement System as a result of previous contributions by the employer on behalf of the transferring member."

Section 28.24.(c)G.S. 135-56 is amended by adding a new subsection to read:

" (f) The creditable service of a member who was a member of the Local Governmental Employees' Retirement System or the Teachers' and State Employees' Retirement System and whose accumulated contributions and reserves are transferred from that System to this System, includes service that was creditable in the Local Governmental Employees' Retirement System or the Teachers' and State Employees'

Retirement System, and membership service with those Retirement Systems is membership service with this Retirement System."

Section 28.24.(d) G.S. 135-58(a1) reads as rewritten:

" (a1) Any member who retires under the provisions of subsection (a) or subsection (c) of G.S. 135-57 on or after July 1, 1990, but before July 1, 1999, after he either has attained his 65th birthday or has completed 24 years or more of creditable service shall receive an annual retirement allowance, payable monthly, which shall commence on the effective date of his retirement and shall be continued on the first day of each month thereafter during his lifetime, the amount of which shall be computed as the sum of (1), (2), and (3) following, provided that in no event shall the annual allowance payable to any member be greater than an amount which, when added to the allowance, if any, to which he is entitled under the Teachers' and State Employees' Retirement System, the Legislative Retirement System or the North Carolina Local Governmental Employees' Retirement System (prior in any case to any reduction for early retirement or for an optional mode of payment) would total three-fourths of his final compensation:

- (1) Four and two-hundredths percent (4.02%) of his final compensation, multiplied by the number of years of his creditable service rendered as a justice of the Supreme Court or judge of the Court of Appeals;
- (2) Three and fifty-two hundredths percent (3.52%) of his final compensation, multiplied by the number of years of his creditable service rendered as a judge of the superior court or as administrative officer of the courts;
- (3) Three and two-hundredths percent (3.02%) of his final compensation, multiplied by the number of years of his creditable service rendered as a judge of the district court, district attorney, or clerk of superior court."

Section 28.24.(e)G.S. 135-58 is amended by adding a new subsection to read:

" (a2) Any member who retires under the provisions of G.S. 135-57(a) or G.S. 135-57(c) on or after July 1, 1999, after the member has either attained the member's 65th birthday or has completed 24 years or more of creditable service, shall receive an annual retirement allowance, payable monthly, which shall commence on the effective date of the member's retirement and shall be continued on the first day of each month thereafter during the member's lifetime, the amount of which shall be computed as the sum of the amounts in subdivisions (1), (2), (3), (4), and (5) following, provided that in no event shall the annual allowance payable to any member be greater than an amount which, when added to the allowance, if any, to which the member is entitled under the Teachers' and State Employees' Retirement System, the Legislative Retirement System, or the Local Governmental Employees' Retirement System (prior in any case to any reduction for early retirement or for an optional mode of payment) would total three-fourths of the member's final compensation:

- (1) Four and two-hundredths percent (4.02%) of the member's final compensation, multiplied by the number of years of creditable service rendered as a justice of the Supreme Court or judge of the Court of Appeals;
- (2) Three and fifty-two hundredths percent (3.52%) of the member's final compensation, multiplied by the number of years of creditable service rendered as a judge of the superior court or as Administrative Officer of the Courts;
- (3) Three and two-hundredths percent (3.02%) of the member's final compensation, multiplied by the number of years of creditable service, rendered as a judge of the district court, district attorney, or clerk of superior court;
- (4) A service retirement allowance computed in accordance with the service retirement provisions of Article 3 of Chapter 128 of the General Statutes using an average final compensation as defined in G.S. 135-53(2a) and creditable service equal to the number of years of the member's creditable service that was transferred from the Local Governmental Employees' Retirement System to this System as provided in G.S. 135-56; and
- (5) A service retirement allowance computed in accordance with the service retirement provisions of Article 1 of this Chapter using an average final compensation as defined in G.S. 135-53(2a) and creditable service equal to the number of years of the member's creditable service that was transferred from the Teachers' and State Employees' Retirement System to this System as provided in G.S. 135-56."

Section 28.24.(f) G.S. 135-53 is amended by adding a new subdivision to read:

- " (2a) "Average final compensation" shall mean the average annual compensation of a member during the 48 consecutive calendar months of membership service producing the highest such average."

Section 28.24.(g) G.S. 135-60(a) reads as rewritten:

" (a) Upon retirement for disability in accordance with G.S. 135-59, a member shall receive a disability retirement allowance computed and payable as provided for service retirement in G.S. ~~135-58(a)~~ 135-58(a2) except that the member's creditable service shall be taken as the creditable service he would have had had he continued in service to the earliest date he could have retired on an unreduced service retirement allowance as a member in the same division of the General Court of Justice in which he was serving on his disability retirement date."

Section 28.24.(h) Chapter 135 of the General Statutes is amended by adding a new section to read:

**"§ 135-70A. Transfer of members from the Local Governmental Employees' Retirement System or the Teachers' and State Employees' Retirement System.**

(a) The accumulated contributions, creditable service, and reserves, if any, of a former teacher or employee, as defined in G.S. 135-1(25), 135-1(10), and 128-21(10), respectively, who is a member of the Consolidated Judicial Retirement System for a period of five or more years may, upon application of the member, be transferred from the Local Governmental Employees' Retirement System or the Teachers' and State Employees' Retirement System to the Consolidated Judicial Retirement System. The accumulated contributions, creditable service, and reserves of any member whose service as a teacher or employee is terminated other than by retirement or death and who becomes a member of the Consolidated Judicial Retirement System may, upon application of the member, be transferred from the Local Governmental Employees' Retirement System or the Teachers' and State Employees' Retirement System to the Consolidated Judicial Retirement System. In order to effect the transfer of a member's creditable service from the Local Governmental Retirement System or the Teachers' and State Employees' Retirement System to the Consolidated Judicial Retirement System, the accumulated contributions of each member credited in the annuity savings fund in the Local Governmental Employees' Retirement System or the Teachers' and State Employees' Retirement System shall be transferred and credited to the annuity savings fund in the Consolidated Judicial Retirement System.

(b) The Board of Trustees shall effect such rules as it may deem necessary to administer the preceding subsection and to prevent any duplication of service credits or benefits that might otherwise occur."

Requested by: Representatives Easterling, Hardaway, Redwine, Fitch

**REPEAL RETIREMENT EXCLUSION**

Section 28.25. G.S. 135-72 reads as rewritten:

**~~"§ 135âStates courts.~~**

~~(a) Members who are appointed to serve as a judicial officer in the United States courts shall not be eligible for benefits under this Article while actively serving as a judicial officer in the United States courts.~~

~~(b) Should a retired former member be appointed to serve as a judicial officer in the United States courts or be in receipt of a retirement allowance from service as a judicial officer in the United States courts, his retirement allowance provided under the provisions of this Article shall be reduced so that the sum of his retirement allowance and the salary or retirement allowance from service as a judicial officer in the United States~~

~~courts does not exceed the salary for the office last held by the retired member in the General Court of Justice of North Carolina. Provided, however, that under no circumstances will the retired member's retirement allowance be reduced below the amount of his annuity resulting from his accumulated contributions."~~

Requested by: Representatives Easterling, Hardaway, Redwine, Jeffus  
**SCHOOL EMPLOYEE RETIREMENT CREDIT CHANGED**

Section 28.26.(a)G.S. 115C-302.1(c) reads as rewritten:

" (c) Vacation. -- Included within the 10-month term shall be annual vacation leave at the same rate provided for State employees, computed at one-twelfth of the annual rate for State employees for each month of employment. Local boards shall provide at least 10 days of annual vacation leave at a time when students are not scheduled to be in regular attendance. However, instructional personnel who do not require a substitute may use annual vacation leave on days that students are in attendance. Vocational and technical education teachers who are employed for 11 or 12 months may, with prior approval of the principal, work on annual vacation leave days designated in the school calendar and may use those annual vacation leave days during the eleventh or twelfth month of employment.

On a day that pupils are not required to attend school due to inclement weather, but employees are required to report for a workday, a teacher may elect not to report due to hazardous travel conditions and to take an annual vacation day or to make the day at a time agreed upon by the teacher and the teacher's immediate supervisor or principal. On a day that school is closed to employees and pupils due to inclement weather, a teacher shall work on the scheduled makeup day.

All vacation leave taken by the teacher will be upon the authorization of the teacher's immediate supervisor and under policies established by the local board of education. Annual vacation leave shall not be used to extend the term of employment.

~~Teachers may accumulate annual vacation leave days without any applicable maximum until June 30 of each year. In order that only 30 days of annual vacation leave carry forward to July 1, on June 30 of each year any teacher or other personnel paid on the teacher salary schedule who has accumulated more than 30 days of annual vacation leave shall:~~

- ~~(1) Convert to either sick leave or pay the excess accumulation that is the result of the teacher having to forfeit annual vacation leave in order to attend required workdays; and~~
- ~~(2) Convert to sick leave the remaining excess accumulation.~~

~~Local boards of education shall identify which days are accumulated due to the teacher forfeiting annual vacation leave in order to attend required workdays. Actual payment for excess accumulated annual vacation leave may be made after July 1.~~

~~Upon separation from service due to service retirement, resignation, dismissal, reduction in force, or death, an employee shall be paid in a lump sum for accumulated annual leave not to exceed a maximum of 30 days. In addition to the maximum of 30 days pay for accumulated annual leave, upon separation from service due to service retirement, any teacher or other personnel paid on the teacher salary schedule with more than 30 days of accumulated annual vacation leave may convert some or all of the excess accumulation to sick leave for creditable service towards retirement or pay if the excess accumulation is the result of the teacher having to forfeit annual vacation leave in order to attend required workdays. Local boards of education shall identify which days are accumulated due to the teacher forfeiting annual vacation leave in order to attend required workdays. Employees going onto term disability may exhaust annual leave rather than be paid in a lump sum.~~

Notwithstanding any provisions of this subsection to the contrary, no person shall be entitled to pay for any vacation day not earned by that person."

Section 28.26.(b) G.S. 115C-302.1 is amended by adding two new subsections to read:

" (c1) Conversion of Leave. -- Teachers may accumulate annual vacation leave days without any applicable maximum until June 30 of each year. In order that only 30 days of annual vacation leave carry forward to July 1, on June 30 of each year any teacher or other personnel paid on the teacher salary schedule who has accumulated more than 30 days of annual vacation leave shall:

- (1) Convert to either sick leave or to pay the excess accumulation that is the result of the teacher having to forfeit annual vacation leave in order to attend required workdays; and
- (2) Convert to sick leave the remaining excess accumulation.

Local boards of education shall identify which days are accumulated due to the teacher forfeiting annual vacation leave in order to attend required workdays. Actual payment for excess accumulated annual vacation leave may be made after July 1.

(c2) Conversion of Leave Upon Separation of Service. -- Upon separation from service due to service retirement, resignation, dismissal, reduction in force, or death, an employee shall be paid in a lump sum for accumulated annual vacation leave not to exceed a maximum of 30 days. Employees going onto term disability may exhaust annual leave rather than be paid in a lump sum.

Any teacher or other personnel paid on the teacher salary schedule who has more than 30 days of accumulated annual vacation leave at the time the person retires shall:

- (1) Convert to either sick leave or to pay the excess accumulation that is the result of the teacher having to forfeit annual vacation leave in order to attend required workdays; and



- (2) Convert to sick leave the remaining excess accumulation which may be used for creditable service at retirement in accordance with G.S. 135-4(e).

Local boards of education shall identify which days are accumulated due to the teacher forfeiting annual vacation leave in order to attend required workdays."

Section 28.26.(c)G.S. 115C-272(b)(2) reads as rewritten:

- " (2) Notwithstanding any provisions of this section to the contrary no person shall be entitled to pay for any vacation day not earned by that person. Vacation days shall not be used for extending the term of employment of individuals and shall not be cumulative from one fiscal year to another fiscal year: Provided, that superintendents may accumulate annual vacation leave days as follows: annual leave may be accumulated without any applicable maximum until June 30 of each year. On June 30 of each year, any superintendent with more than 30 days of accumulated leave shall have the excess accumulation converted to sick leave so that only 30 days are carried forward to July 1 of the same year. All vacation leave taken by the superintendent will be upon the authorization of his immediate supervisor and under policies established by the local board of education. An employee shall be paid in a lump sum for accumulated annual leave not to exceed a maximum of 240 hours or 30 days when separated from service due to resignation, dismissal, reduction in force, death, or service retirement. Upon separation from service due to service retirement, any annual vacation leave over 30 days will convert to sick leave and may be used for creditable service at retirement in accordance with G.S. 135-4(e). If the last day of terminal leave falls on the last workday in the month, payment shall be made for the remaining nonworkdays in that month. Employees retiring on disability retirement may exhaust annual leave rather than be paid in a lump sum. The provisions of this subdivision shall be accomplished without additional State and local funds being appropriated for this purpose. The State Board of Education shall adopt rules and regulations for the administration of this subdivision."

Section 28.26.(d) G.S. 115C-285(a)(2) reads as rewritten:

- " (2) Supervisors and classified principals paid on an hourly or other basis whether paid from State or from local funds may accumulate annual vacation leave days as follows: annual leave may be accumulated without any applicable maximum until June 30 of each year. On June 30 of each year, any supervisor or principals with more than 30 days

of accumulated leave shall have the excess accumulation converted to sick leave so that only 30 days are carried forward to July 1 of the same year. All vacation leave taken by the employee will be upon the authorization of his immediate supervisor and under policies established by the local board of education. An employee shall be paid in a lump sum for accumulated annual leave not to exceed a maximum of 240 hours or 30 days when separated from service due to resignation, dismissal, reduction in force, death, or service retirement. Upon separation from service due to service retirement, any annual vacation leave over 30 days will convert to sick leave and may be used for creditable service at retirement in accordance with G.S. 135-4(e). If the last day of terminal leave falls on the last workday in the month, payment shall be made for the remaining nonworkdays in that month. Employees retiring on disability retirement may exhaust annual leave rather than be paid in a lump sum. The provisions of this subdivision shall be accomplished without additional State and local funds being appropriated for this purpose. The State Board of Education shall adopt rules and regulations for the administration of this subdivision."

Section 28.26.(e)G.S. 115C-316(a)(3) reads as rewritten:

- " (3) Notwithstanding any provisions of this section to the contrary no person shall be entitled to pay for any vacation day not earned by that person. The first 10 days of annual leave earned by a 10- or 11-month employee during any fiscal year period shall be scheduled to be used in the school calendar adopted by the respective local boards of education. Vacation days shall not be used for extending the term of employment of individuals. Ten- or 11-month employees may accumulate annual vacation leave days as follows: annual leave may be accumulated without any applicable maximum until June 30 of each year. On June 30 of each year, any of these employees with more than 30 days of accumulated leave shall have the excess accumulation converted to sick leave so that only 30 days are carried forward to July 1 of the same year. All vacation leave taken by these employees shall be upon the authorization of their immediate supervisor and under policies established by the local board of education. Vacation leave for instructional personnel who do not require a substitute shall not be restricted to days that students are not in attendance. An employee shall be paid in a lump sum for accumulated annual leave not to exceed a maximum of 240 hours or 30 days when separated

from service due to resignation, dismissal, reduction in force, death or service retirement. Upon separation from service due to service retirement, any annual vacation leave over 30 days will convert to sick leave and may be used for creditable service at retirement in accordance with G.S. 135-4(e).If the last day of terminal leave falls on the last workday in the month, payment shall be made for the remaining nonworkdays in that month. Employees retiring on disability retirement may exhaust annual leave rather than be paid in a lump sum. The provisions of this subdivision shall be accomplished without additional State and local funds being appropriated for this purpose. The State Board of Education shall adopt rules and regulations for the administration of this subdivision."

Section 28.26.(f) G.S. 115C-316(a)(4) reads as rewritten:

" (4) Twelve-month school employees other than superintendents, supervisors and classified principals paid on an hourly or other basis whether paid from State or from local funds may accumulate annual vacation leave days as follows: annual leave may be accumulated without any applicable maximum until June 30 of each year. On June 30 of each year, any employee with more than 30 days of accumulated leave shall have the excess accumulation converted to sick leave so that only 30 days are carried forward to July 1 of the same year. All vacation leave taken by the employee will be upon the authorization of his immediate supervisor and under policies established by the local board of education. An employee shall be paid in a lump sum for accumulated annual leave not to exceed a maximum of 240 hours or 30 days when separated from service due to resignation, dismissal, reduction in force, death, or service retirement. Upon separation from service due to service retirement, any annual vacation leave over 30 days will convert to sick leave and may be used for creditable service at retirement in accordance with G.S. 135-4(e).If the last day of terminal leave falls on the last workday in the month, payment shall be made for the remaining nonworkdays in that month. Employees retiring on disability retirement may exhaust annual leave rather than be paid in a lump sum. The provisions of this subdivision shall be accomplished without additional State and local funds being appropriated for this purpose. The State Board of Education shall adopt rules and regulations for the administration of this subdivision."

Requested by: Representatives Easterling, Hardaway, Redwine, Insko

**FLEXIBLE BENEFITS PLAN**

Section 28.27.(a)Section 14(i) of Chapter 1044 of the 1991 Session Laws, as amended by Section 42 of Chapter 561 of the 1993 Session Laws, Section 7.28A of Chapter 769 of the 1993 Session Laws, and Section 33.20 of S.L. 1997-443 reads as rewritten:

" (i) Subsections (a) through (d) of this section are effective January 1, 1990. Subsections (e) through (h) of this section are effective January 1, 1991. ~~Subsections (a) through (h) of this section shall expire December 31, 1999.~~"

Section 28.27.(b) The Office of State Personnel and the third-party administrator of the NC Flex Plan shall furnish to the Fiscal Research Division such information as is requested concerning the administration of the plan, including, if requested, a list of the enrolled employees in the program along with their social security numbers, to the maximum extent permitted by federal law or federal regulation.

Requested by: Representatives Easterling, Hardaway, Redwine, Nesbitt

**STATE EMPLOYEE HEALTH BENEFIT PLAN/ENHANCED PRESCRIPTION DRUG BENEFITS**

Section 28.28.(a)G.S. 135-40.6(8)a. is repealed.

Section 28.28.(b) G.S. 135-40.5 is amended by adding the following new subsection to read:

" (g) Prescription Drugs. -- The Plan's allowable charges for prescription legend drugs to be used outside of a hospital or skilled nursing facility are ninety percent (90%) of the average wholesale price. A dispensing fee of six dollars (\$6.00) per prescription shall also be an allowable charge for qualified providers. The Plan will pay allowable charges for each outpatient prescription drug less a copayment to be paid by each covered individual equal to the following amounts: pharmacy charges up to ten dollars (\$10.00) for each generic prescription, fifteen dollars (\$15.00) for each branded prescription, and twenty dollars (\$20.00) for each branded prescription with a generic equivalent drug. Prescriptions shall be for no more than a 34-day supply for the purposes of the copayments paid by each covered individual. By accepting the copayments and any remaining allowable charges provided by this subsection, pharmacies shall not balance bill an individual covered by the Plan. A prescription legend drug is defined as an article the label of which, under the Federal Food, Drug, and Cosmetic Act, is required to bear the legend: 'Caution: Federal Law Prohibits Dispensing Without Prescription.' Such articles may not be sold to or purchased by the public without a prescription order. Benefits are provided for insulin even though a prescription is not required."

Section 28.28.(c)This section becomes effective January 1, 2000.

Requested by: Representatives Easterling, Hardaway, Redwine, Baddour

**STATE EMPLOYEE HEALTH BENEFIT PLAN/OPTIONAL PARTICIPATION  
BY FIREMEN, RESCUE SQUAD WORKERS, AND MEMBERS OF THE  
NATIONAL GUARD**

Section 28.29.(a) G.S. 135-40 is amended by adding a new subsection to read:

" (a1) The State of North Carolina deems it to be in the public interest for North Carolina firemen, rescue squad workers, and members of the national guard, and certain of their dependents, who are not eligible for any other type of comprehensive group health insurance or other comprehensive group health benefits, and who have been without any form of group health insurance or other comprehensive group health benefit coverage for at least six months, to be given the opportunity to participate in the benefits provided by the North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan. Coverage under the Plan shall be voluntary for eligible firemen, rescue squad workers, and members of the national guard who elect participation in the Plan for themselves and their eligible dependents."

Section 28.29.(b) G.S. 135-40.1(3) reads as rewritten:

" (3) Dependent Child. -- A natural, legally adopted, or foster child of the employee and/or spouse, unmarried, up to the first of the month following his or her 19th birthday, whether or not the child is living with the employee, as long as the employee is legally responsible for such child's maintenance and support. Dependent child shall also include any child under age 19 who has reached his or her 18th birthday, provided the employee was legally responsible for such child's maintenance and support on his or her 18th birthday.

A foster child is covered (i) if living in a regular parent-child relationship with the expectation that the employee will continue to rear the child into adulthood, (ii) if at the time of enrollment, or at the time a foster child relationship is established, whichever occurs first, the employee applies for coverage for such child and submits evidence of a bona fide foster child relationship, identifying the foster child by name and setting forth all relevant aspects of the relationship, (iii) if the Claims Processor accepts the foster child as a participant through a separate written document identifying the foster child by name and specifically recognizing the foster child relationship, and (iv) if at the time a claim is incurred, the foster child relationship, as identified by the employee, continues to exist. Children placed in a home by a welfare agency which obtains control of, and provides for maintenance of, the child(ren), are not eligible participants.

Coverage may be extended beyond the 19th birthday under the following conditions:

- a. If the dependent is a full-time student, between the ages of 19 and 26, who is pursuing a course of study that represents at

least the normal workload of a full-time student at a school or college accredited by the state of jurisdiction.

- b. The dependent is physically or mentally incapacitated to the extent that he or she is incapable of earning a living and (i) such handicap developed or began to develop before the dependent's 19th birthday, or (ii) such handicap developed or began to develop before the dependent's 26th birthday if the dependent was covered by the Plan in accordance with G.S. 135-40.1(3)a.

Dependent children of firemen, rescue squad workers, and members of the national guard are subject to the same terms and conditions as are other dependent children covered by this subdivision."

Section 28.29.(c)G.S. 135-40.1(6) reads as rewritten:

- " (6) Employing Unit. -- A North Carolina School System; Community College; State Department, Agency or Institution; Administrative Office of the Courts; or Association or Examining Board whose employees are eligible for membership in a State-Supported Retirement System. An employing unit also shall mean a charter school in accordance with Part 6A of Chapter 115C of the General Statutes whose board of directors elects to become a participating employer in the Plan under G.S. 135-40.3A. Bona fide fire departments, rescue or emergency medical service squads, and national guard units are deemed to be employing units for the purpose of providing benefits under this Article."

Section 28.29.(d) G.S. 135-40.1(7) reads as rewritten:

- " (7) Enrollment. -- New employees must enroll themselves and their dependents within 30 days from the date of employment or from first becoming eligible on a noncontributory basis. Coverage may become effective on the first day of the month following date of entry on payroll or on the first day of the following month. New employees not enrolling themselves and their dependents within 30 days, or not adding dependents when first eligible as provided herein may enroll on the first day of any month but will be subject to a 12-month waiting period for preexisting health conditions, except for employees who elect to change their coverage in accordance with rules established by the Executive Administrator and Board of Trustees for optional prepaid hospital and medical benefit plans. Children born to covered employees having coverage type (2), or (3), as outlined in G.S. 135-40.3(d) shall be automatically covered at the time of birth

without any waiting period for preexisting health conditions. Children born to covered employees having coverage type (1) shall be automatically covered at birth without any waiting period for preexisting health conditions so long as the Claims Processor receives notification within 30 days of the date of birth that the employee desires to change from coverage (1) to coverage type (2), or (3), provided that the employee pays any additional premium required by the coverage type selected retroactive to the first day of the month in which the child was born.

Newly acquired dependents (spouse/child) enrolled within 30 days of becoming an eligible dependent will not be subject to the 12-month waiting period for preexisting conditions. A dependent can become qualified due to marriage, adoption, entering a foster child relationship, due to the divorce of a dependent child or the death of the spouse of a dependent child, and at the beginning of each legislative session (applies only to enrolled legislators). Effective date for newly acquired dependents if application was made within the 30 days can be the first day of the following month. Effective date for an adopted child can be date of adoption, or date of placement in the adoptive parent's home, or the first of the month following the date of adoption or placement. Firemen, rescue squad workers, and members of the national guard, and their eligible dependents are subject to the same terms and conditions as are new employees and their dependents covered by this subdivision. Enrollments in these circumstances must occur within 30 days of eligibility to enroll."

Section 28.29.(e)G.S. 135-40.1 is amended by adding the following new subdivisions to read:

...

" (7c)

Firemen. -- Eligible firemen as defined by G.S. 58-86-25 who belong to a bona fide fire department as defined by G.S. 58-86-25 and who are not eligible for any type of comprehensive group health insurance or other comprehensive group health benefit coverage and who have been without any form of group health insurance or other comprehensive group health benefit coverage for at least six months. Firemen shall also include members of the North Carolina Firemen and Rescue Squad Workers' Pension Fund who are in receipt of a monthly pension, who are not eligible for any type of comprehensive group health insurance or other comprehensive group health benefit coverage, and who have been without any form of group health insurance or other comprehensive group health benefit coverage for at least six months. Comprehensive group

health insurance and other benefit coverage consists of inpatient and outpatient hospital and medical benefits, as well as other outpatient medical services, prescription drugs, medical supplies, and equipment that are generally available in the health insurance market. Comprehensive group health insurance and other benefit coverage includes Medicare benefits, CHAMPUS benefits, and other Uniformed Services benefits. North Carolina fire departments or their respective governing bodies shall certify the eligibility of their firemen to the Plan for their participation in its benefits prior to enrollment.

...  
(13b) National guard members. -- Members of the North Carolina army and air national guard who are not eligible for any type of comprehensive group health insurance or other comprehensive group health benefit coverage and who have been without any form of group health insurance or other comprehensive group health benefit coverage for at least six months. Members of the North Carolina army and air national guard include those who are actively serving in the national guard as well as former members of the national guard who have completed 20 or more years of service in the national guard but have not attained the minimum age to begin receipt of a uniformed service military retirement benefit. Comprehensive group health insurance and other benefit coverage consists of inpatient and outpatient hospital and medical benefits, as well as other outpatient medical services, prescription drugs, medical supplies, and equipment that are generally available in the health insurance market. Comprehensive group health insurance and other benefit coverage includes Medicare benefits, Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) benefits, and other Uniformed Services benefits. North Carolina national guard units shall certify the eligibility of their members to the Plan for their participation in its benefits prior to enrollment.

...  
(16a) Rescue squad workers. -- Eligible rescue squad workers as defined by the provisions of G.S. 58-86-30 who belong to a rescue or emergency medical services squad as defined by the same statute and who are not eligible for any type of comprehensive group health insurance or other comprehensive group health benefit coverage, and who have been without any form of group health insurance or other comprehensive



group health benefit coverage for at least six months. Rescue squad workers shall also include members of the North Carolina Firemen and Rescue Squad Workers' Pension Fund who are in receipt of a monthly pension, who are not eligible for any type of comprehensive group health insurance or other comprehensive group health benefit coverage, and who have been without any form of group health insurance or other comprehensive group health benefit coverage for at least six months. Comprehensive group health insurance and other benefit coverage consists of inpatient and outpatient hospital and medical benefits, as well as other outpatient medical services, prescription drugs, medical supplies, and equipment that are generally available in the health insurance market. Comprehensive group health insurance and other benefit coverage includes Medicare benefits, CHAMPUS benefits, and other Uniformed Services benefits. North Carolina rescue or emergency medical services squads or their respective governing bodies shall certify the eligibility of their rescue squad workers to the Plan for their participation in its benefits prior to enrollment."

Section 28.29.(f) G.S. 135-40.2(b) is amended by adding a new subdivision to read:

" (13) Firemen, rescue squad workers, and members of the national guard, their eligible spouses, and eligible dependent children."

Section 28.29.(g) G.S. 135-40.3 is amended by adding a new subsection to read:

" (f) Firemen, rescue squad workers, and members of the national guard are subject to the same terms and conditions of this section as are employees. Eligible dependents of firemen, rescue squad workers, and members of the national guard are subject to the same terms and conditions of this section as are dependents of employees."

Section 28.29.(h) G.S. 135-39.6A is amended by adding a new subsection to read:

" (d) In setting premiums for firemen, rescue squad workers, and members of the national guard, and their eligible dependents, the Executive Administrator and Board of Trustees shall establish rates separate from those affecting other members of the Plan. These separate premium rates shall include rate factors for incurred but unreported claim costs, for the effects of adverse selection from voluntary participation in the Plan, and for any other actuarially determined measures needed to protect the financial integrity of the Plan for the benefit of its served employees, retired employees, and their eligible dependents."

Section 28.29.(i) This section becomes effective July 1, 2000.

## **PART XXIX. GENERAL CAPITAL APPROPRIATIONS/PROVISIONS**

### **INTRODUCTION**

Section 29. The appropriations made by the 1999 General Assembly for capital improvements are for constructing, repairing, or renovating State buildings, utilities, and other capital facilities, for acquiring sites for them where necessary, and acquiring buildings and land for State government purposes.

### **CAPITAL APPROPRIATIONS/GENERAL FUND**

Section 29.1. Appropriations are made from the General Fund of the State for the 1999-2001 biennium for use by the State departments, institutions, and agencies to provide for capital improvement projects according to the following schedule:

Capital Improvements - General Fund	<u>1999-2000</u>
Department of Administration	
1. Indian Cultural Center Land Acquisition Reserve	\$ 250,000
Department of Agriculture and Consumer Services	
1. Multipurpose Building - Construction	4,750,000
2. Western NC Farmers Market - Expansion of Small Dealers Building	250,000
3. Vernon James Research and Extension Center - Phase II of the Headhouse-Greenhouse project	827,168
Department of Community Colleges	
1. Grants for Repairs and Renovations to be matched on a 1:1 basis	14,500,000
Department of Environment and Natural Resources	
1. Water Resources Development Projects	9,245,000
2. Museum of Natural Sciences - Facility upfit and exhibits	2,000,000
3. Reserve for Forestry Headquarters	2,000,000
4. Museum of Forestry - Capital Projects	250,000
Department of Health and Human Services	
1. Whitaker School - Construction	5,400,000

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2.	Eastern Vocational Rehab Facility Repairs and Renovations Supplemental Funding	2,000,000
Office of Juvenile Justice		
1.	Stonewall Jackson School - Demolition and removal of old homes	337,000
2.	Forsyth County Detention Center Grant-in-Aid	1,750,000
State Ports		
1.	Ports Authority - Continued Development of Facilities	3,000,000
University of North Carolina - Board of Governors		
1.	Focused Enrollment Growth Supplemental Repairs and Renovations Funding	20,000,000
<b>TOTAL CAPITAL IMPROVEMENTS - GENERAL FUND</b>		<b>\$66,559,168</b>

Requested by: Representatives Wright, Easterling, Hardaway, Redwine

**WATER RESOURCES DEVELOPMENT PROJECT FUNDS**

Section 29.2.(a) The Department of Environment and Natural Resources shall allocate the funds appropriated in this act for water resources development projects to the following projects whose costs are as indicated:

Name of Project		
(1)	Wilmington Harbor Deepening	\$5,700,000
(2)	B. Everett Jordan Lake Water Supply	100,000
(3)	Aquatic Plant Control Statewide and Lake Gaston	150,000
(4)	Manteo Shallowbag Bay Maintenance Dredging	350,000
(5)	Long Beach Sea Turtle Habitat Restoration	354,000
(6)	Lockwood Folly River Feasibility Study	300,000
(7)	Silver Lake Harbor (Ocracoke Island) Maintenance Dredging	160,000
(8)	State-Local Water Projects	750,000
a.	Mitchell River Stream Restoration (Surry County)	166,000
b.	Muddy Creek Stream Restoration (McDowell and Burke Counties)	50,000

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c.	Elk River Stream Restoration (Avery County)	35,000	
d.	Bethesda Road Drainage (Southern Pines, Moore County)	70,000	
e.	Artillery Road Drainage (Southern Pines, Moore County)	30,000	
f.	Bear Creek Water Management Project Supplement (Wayne County)	30,000	
g.	Flowers Cut Dredging (Pamlico County)	20,000	
h.	Pine Knoll Shores Access Dredging (Carteret County)	32,000	
i.	Town Creek Navigation (Brunswick County)	64,000	
j.	Town of River Bend Navigation Supplement (Craven County)	112,000	
k.	Other Stream Restoration Projects		141,000
(9)	Stumpy Point Bay Maintenance Dredging	240,000	
(10)	Cape Fear above Wilmington Dredging	100,000	
(11)	Moravian Creek Flood Control	96,000	
(12)	Neuse River Basin Flood Studies	100,000	
(13)	Wanchese Harbor Navigation	170,000	
(14)	Battery Island Bird Habitat Protection	205,000	
(15)	Prospective Feasibility Studies	200,000	
(16)	Planning Assistance to NC Communities	150,000	
(17)	Emergency Flood Control Projects	120,000	

Total \$9,245,000

Section 29.2.(b) Where the actual costs are different from the estimated costs under subsection (a) of this section, the Department may adjust the allocations among projects as needed. If any projects listed in subsection (a) of this section are delayed and the budgeted State funds cannot be used during the 1999-2000 fiscal year, or if the projects listed in subsection (a) of this section are accomplished at a lower cost, the Department may use the resulting fund availability to fund any of the following:

- (1) Corps of Engineers project feasibility studies.
- (2) Corps of Engineers projects whose schedules have advanced and require State matching funds in fiscal year 1999-2000.

- (3) State-local water resources development projects. Funds not expended or encumbered for these purposes shall revert to the General Fund at the end of the 2000-2001 fiscal year.

Section 29.2.(c) The Department shall make quarterly reports on the use of these funds to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Office of State Budget and Management. Each report shall include all of the following:

- (1) All projects listed in this section.
- (2) The estimated cost of each project.
- (3) The date that work on each project began or is expected to begin.
- (4) The date that work on each project was completed or is expected to be completed.
- (5) The actual cost of each project.

The quarterly reports shall also show those projects advanced in schedule, those projects delayed in schedule, and an estimate of the amount of funds expected to revert to the General Fund.

Requested by: Representatives Wright, Easterling, Hardaway, Redwine

**FORESTRY HEADQUARTERS IN SAMPSON AND MOORE COUNTIES/UNUSED CAPITAL APPROPRIATION**

Section 29.3. Any remaining funds from the seven hundred thousand dollars (\$700,000) appropriated during the 1998 Session of the General Assembly for the construction of forestry headquarters in Sampson and Moore Counties may be used to supplement projects previously appropriated by the General Assembly.

Requested by: Representatives Wright, Owens, Fox, Easterling, Hardaway, Redwine

**REALLOCATE SOUTHEASTERN FARMERS MARKET AND AGRICULTURAL CENTER FUNDS**

Section 29.4. Of the sum of five hundred thousand dollars (\$500,000) that was appropriated to the Department of Agriculture and Consumer Services for the 1998-99 fiscal year to provide for capital improvement projects in Section 29 of S.L. 1998-212 for continued development of the Southeastern Farmers Market and Agricultural Center, up to two hundred fifty thousand dollars (\$250,000) may be used for the construction of electronic message boards to inform the public of the location of, and events and available produce at, the Southeastern Farmers Market and Agricultural Center.

Requested by: Representatives Hardaway, Oldham, Boyd-McIntyre, Rogers, Wright, Easterling, Redwine

**UNC ENROLLMENT/CAPITAL**

Section 29.5. In this act the sum of twenty million dollars (\$20,000,000) in additional capital improvement funds for facilities' renovations and repairs is appropriated to the Board of Governors of The University of North Carolina. The Board of Governors shall allocate these funds among the constituent institutions that are expected to grow in enrollment by twenty percent (20%) by fall, 2003 and who had facility condition and quality index ratings below The University of North Carolina System average, as identified in the report to the Board of Governors "Building for the New Millennium: Volume I".

The funds shall be allocated to the campuses meeting the above criteria, with fifty percent (50%) of the funds allocated based on relative dollar needs for repairs and renovations, and fifty percent (50%) of the funds allocated based on the relative facility condition and quality indices of these campuses.

The Board of Governors shall report the proposed allocation to the Joint Legislative Commission on Governmental Operations.

Requested by: Representatives Wright, Easterling, Hardaway, Redwine

**UNC-CHARLOTTE CAPITAL FUNDS REALLOCATED**

Section 29.6. Funds in the amount of twelve million dollars (\$12,000,000) were appropriated for the 1998-99 fiscal year to the Board of Governors of The University of North Carolina for the University of North Carolina at Charlotte for capital projects. Of those funds appropriated in the 1998-99 fiscal year for capital projects at the University of North Carolina at Charlotte, the sum of two million five hundred thousand dollars (\$2,500,000) shall be used for advanced planning of the Science and Technology Building at the University of North Carolina at Charlotte, and the balance of those funds shall be used for site preparation and for construction of Phase 1 of the Humanities Building at the University of North Carolina at Charlotte.

Requested by: Representatives Wright, Easterling, Hardaway, Redwine

**PROCEDURES FOR DISBURSEMENT**

Section 29.7. The appropriations made by the 1999 General Assembly for capital improvements shall be disbursed for the purposes provided by this act. Expenditure of funds shall not be made by any State department, institution, or agency, until an allotment has been approved by the Governor as Director of the Budget. The allotment shall be approved only after full compliance with the Executive Budget Act, Article 1 of Chapter 143 of the General Statutes. Prior to the award of construction contracts for projects to be financed in whole or in part with self-liquidating appropriations, the Director of the Budget shall approve the elements of the method of financing of those projects including the source of funds, interest rate, and liquidation period. Provided, however, that if the Director of the Budget approves the method of

financing a project, the Director shall report that action to the Joint Legislative Commission on Governmental Operations at its next meeting.

Where direct capital improvement appropriations include the purpose of furnishing fixed and movable equipment for any project, those funds for equipment shall not be subject to transfer into construction accounts except as authorized by the Director of the Budget. The expenditure of funds for fixed and movable equipment and furnishings shall be reviewed and approved by the Director of the Budget prior to commitment of funds.

Capital improvement projects authorized by the 1999 General Assembly shall be completed, including fixed and movable equipment and furnishings, within the limits of the amounts of the direct or self-liquidating appropriations provided, except as otherwise provided in this act. Capital improvement projects authorized by the 1999 General Assembly for the design phase only shall be designed within the scope of the project as defined by the approved cost estimate filed with the Director of the Budget, including costs associated with site preparation, demolition, and movable and fixed equipment.

Requested by: Representatives Wright, Easterling, Hardaway, Redwine

**ENCUMBERED APPROPRIATIONS AND PROJECT RESERVE FUND**

Section 29.8. When each capital improvement project appropriated by the 1999 General Assembly, other than those projects under the Board of Governors of The University of North Carolina, is placed under a construction contract, direct appropriations shall be encumbered to include all costs for construction, design, investigation, administration, movable equipment, and a reasonable contingency. Unencumbered direct appropriations remaining in the project budget shall be placed in a project reserve fund credited to the Office of State Budget and Management. Funds in the project reserve may be used for emergency repair and renovation projects at State facilities with the approval of the Director of the Budget. The project reserve fund may be used, at the discretion of the Director of the Budget, to allow for award of contracts where bids exceed appropriated funds, if those projects supplemented were designed within the scope intended by the applicable appropriation or any authorized change in it, and if, in the opinion of the Director of the Budget, all means to award contracts within the appropriation were reasonably attempted. At the discretion of the Director of the Budget, any balances in the project reserve fund shall revert to the original source.

Requested by: Representatives Wright, Easterling, Hardaway, Redwine

**EXPENDITURE OF FUNDS FROM RESERVE FOR REPAIRS AND RENOVATIONS**

Section 29.9. Of the funds in the Reserve for Repairs and Renovations for the 1999-2000 fiscal year, forty-six percent (46%) shall be allocated to the Board of Governors of The University of North Carolina for repairs and renovations pursuant to G.S. 143-15.3A, in accordance with guidelines developed in The University of North Carolina Funding Allocation Model for Reserve for Repairs and Renovations, as approved by the Board of Governors of The University of North Carolina, and fifty-four percent (54%) shall be allocated to the Office of State Budget and Management for repairs and renovations pursuant to G.S. 143-15.3A.

Notwithstanding G.S. 143-15.3A, the Board of Governors may allocate funds for the repair and renovation of facilities not supported from the General Fund if the Board determines that sufficient funds are not available from other sources and that conditions warrant General Fund assistance. Any such finding shall be included in the Board's submission to the Joint Legislative Commission on Governmental Operations on the proposed allocation of funds.

The Board of Governors and the Office of State Budget and Management shall submit to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office, for their review, the proposed allocations of these funds. Subsequent changes in the proposed allocations shall be reported prior to expenditure to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office.

Requested by: Representatives Wright, Easterling, Hardaway, Redwine  
**CAPITAL IMPROVEMENT PROJECTS/SUPPLEMENTAL FUNDING  
APPROVAL/REPORTING REQUIREMENT**

Section 29.10. Each department receiving capital improvement appropriations from the Highway Fund under this act shall report quarterly to the Director of the Budget on the status of those capital projects. The reporting procedure to be followed shall be developed by the Director of the Budget.

Highway Fund capital improvement projects authorized in this act that have not been placed under contract for construction due to insufficient funds may be supplemented with funds identified by the Director of the Budget, provided:

- (1) That the project was designed and bid within the scope as authorized by the General Assembly;
- (2) That the funds to supplement the project are from the same source as authorized for the original project;
- (3) That the department to which the project was authorized has unsuccessfully pursued all statutory authorizations to award the contract; and



- (4) That the action be reported to the Fiscal Research Division of the Legislative Services Office.

Requested by: Representatives Wright, Easterling, Hardaway, Redwine

**PROJECT COST INCREASE**

Section 29.11. Upon the request of the administration of a State agency, department, or institution, the Director of the Budget may, when in the Director's opinion it is in the best interest of the State to do so, increase the cost of a capital improvement project. Provided, however, that if the Director of the Budget increases the cost of a project, the Director shall report that action to the Joint Legislative Commission on Governmental Operations at its next meeting. The increase may be funded from gifts, federal or private grants, special fund receipts, excess patient receipts above those budgeted at University of North Carolina Hospitals at Chapel Hill, or direct capital improvement appropriations to that department or institution.

Requested by: Representatives Wright, Easterling, Hardaway, Redwine

**NEW PROJECT AUTHORIZATION**

Section 29.12. Upon the request of the administration of any State agency, department, or institution, the Governor may authorize the construction of a capital improvement project not specifically authorized by the General Assembly if such project is to be funded by gifts, federal or private grants, special fund receipts, excess patient receipts above those budgeted at University of North Carolina Hospitals at Chapel Hill, or self-liquidating indebtedness. Provided, however, that if the Director of the Budget authorizes the construction of such a capital improvement project, the Director shall report that action to the Joint Legislative Commission on Governmental Operations at its next meeting.

Requested by: Representatives Wright, Easterling, Hardaway, Redwine

**ADVANCE PLANNING OF CAPITAL IMPROVEMENT PROJECTS**

Section 29.13. Funds that become available by gifts, excess patient receipts above those budgeted at University of North Carolina Hospitals at Chapel Hill, federal or private grants, receipts becoming a part of special funds by act of the General Assembly, or any other funds available to a State department or institution may be utilized for advance planning through the working drawing phase of capital improvement projects, upon approval of the Director of the Budget. The Director of the Budget may make allocations from the Advance Planning Fund for advance planning through the working drawing phase of capital improvement projects, except that this revolving fund shall not be utilized by the Board of Governors of The University of North Carolina or the State Board of Community Colleges.

Requested by: Representatives Wright, Easterling, Hardaway, Redwine

**APPROPRIATIONS LIMITS/REVERSION OR LAPSE**

Section 29.14. Except as permitted in previous sections of this act, the appropriations for capital improvements made by the 1999 General Assembly may be expended only for specific projects set out by the 1999 General Assembly and for no other purpose. Construction of all capital improvement projects enumerated by the 1999 General Assembly shall be commenced, or self-liquidating indebtedness with respect to them shall be incurred, within 12 months following the first day of the fiscal year in which the funds are available. If construction contracts on those projects have not been awarded or self-liquidating indebtedness has not been incurred within that period, the direct appropriation for those projects shall revert to the original source, and the self-liquidating appropriation shall lapse; except that direct appropriations may be placed in a reserve fund as authorized in this act. This deadline with respect to both direct and self-liquidating appropriations may be extended with the approval of the Director of the Budget up to an additional 12 months if circumstances and conditions warrant such extension.

**PART XXX. MISCELLANEOUS PROVISIONS**

Requested by: Representatives Easterling, Hardaway, Redwine

**EXECUTIVE BUDGET ACT APPLIES**

Section 30. The provisions of the Executive Budget Act, Chapter 143, Article 1 of the General Statutes, are reenacted and shall remain in full force and effect and are incorporated in this act by reference.

Requested by: Representatives Easterling, Hardaway, Redwine

**COMMITTEE REPORT**

Section 30.1.(a) The House Appropriations Committee Report on the Continuation, Expansion and Capital Budget, dated June 1, 1999, which was distributed in the House of Representatives and used to explain this act, shall indicate action by the General Assembly on this act and shall therefore be used to construe this act, as provided in G.S. 143-15 of the Executive Budget Act, and for these purposes shall be considered a part of this act and as such shall be printed as a part of the Session Laws.

Section 30.1.(b) The budget enacted by the General Assembly for the maintenance of the various departments, institutions, and other spending agencies of the State for the 1999-2001 fiscal biennium is a line item budget, in accordance with the Budget Code Structure and the State Accounting System Uniform Chart of Accounts set out in the Administrative Policies and Procedures Manual of the Office of the State

Controller. This budget includes the appropriations made from all sources including the General Fund, Highway Fund, special funds, cash balances, federal receipts, and departmental receipts.

The General Assembly amended the itemized budget requests submitted to the General Assembly by the Director of the Budget and the Advisory Budget Commission, in accordance with the steps that follow and the line item detail in the budget enacted by the General Assembly may be derived accordingly:

- (1) The reserve for debt service set out in the submitted budget was adjusted to meet actual requirements.
- (2) The base budget was adjusted in accordance with the base budget cuts and additions that were set out in the House Appropriations Committee Report on the Continuation, Expansion and Capital Budget, dated June 1, 1999, together with any accompanying correction sheets.
- (3) Transfers of funds supporting programs were made in accordance with the House Appropriations Committee Report on the Continuation, Expansion and Capital Budget, dated June 1, 1999, together with any accompanying correction sheets.

The budget enacted by the General Assembly shall also be interpreted in accordance with the special provisions in this act and in accordance with other appropriate legislation.

In the event that there is a conflict between the line item budget certified by the Director of the Budget and the budget enacted by the General Assembly, the budget enacted by the General Assembly shall prevail.

Requested by: Representatives Easterling, Hardaway, Redwine

**MOST TEXT APPLIES ONLY TO 1999-2001**

Section 30.2. Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 1999-2001 fiscal biennium, the textual provisions of this act apply only to funds appropriated for, and activities occurring during, the 1999-2001 fiscal biennium.

Requested by: Representatives Easterling, Hardaway, Redwine

**EFFECT OF HEADINGS**

Section 30.3. The headings to the parts and sections of this act are a convenience to the reader and are for reference only. The headings do not expand, limit, or define the text of this act, except for effective dates referring to a Part.

Requested by: Representatives Easterling, Hardaway, Redwine

**SEVERABILITY CLAUSE**

Section 30.4. If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part so declared to be unconstitutional or invalid.

Requested by: Representatives Easterling, Hardaway, Redwine

**EFFECTIVE DATE**

Section 30.5. Except as otherwise provided, this act becomes effective July 1, 1999.