

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001**

S

4

**SENATE BILL 1005
Appropriations/Base Budget Committee Substitute Adopted 5/28/01
Appropriations/Base Budget Committee Substitute No. 2 Adopted 5/29/01
Third Edition Engrossed 5/31/01
House Committee Substitute Favorable 6/26/01**

Short Title: The Appropriations Act of 2001.

(Public)

Sponsors:

Referred to:

April 5, 2001

1 A BILL TO BE ENTITLED
2 AN ACT TO MAKE BASE BUDGET APPROPRIATIONS FOR CURRENT
3 OPERATIONS OF STATE DEPARTMENTS, INSTITUTIONS, AND
4 AGENCIES, AND FOR OTHER PURPOSES.

5 The General Assembly of North Carolina enacts:

6
7 **PART I. INTRODUCTION AND TITLE OF ACT**

8
9 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

10 **INTRODUCTION**

11 **SECTION 1.1.** The appropriations made in this act are for maximum
12 amounts necessary to provide the services and accomplish the purposes described in the
13 budget. Savings shall be effected where the total amounts appropriated are not required
14 to perform these services and accomplish these purposes and, except as allowed by the
15 Executive Budget Act, or this act, the savings shall revert to the appropriate fund at the
16 end of each fiscal year.

17
18 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

19 **TITLE OF ACT**

20 **SECTION 1.2.** This act shall be known as the "Current Operations and
21 Capital Improvements Appropriations Act of 2001."

22
23 **PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND**

24
25 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

26 **CURRENT OPERATIONS AND EXPANSION/GENERAL FUND**

27 **SECTION 2.1.** Appropriations from the General Fund of the State for the
28 maintenance of the State departments, institutions, and agencies, and for other purposes
29 as enumerated are made for the biennium ending June 30, 2003, according to the
30 following schedule:

31 Current Operations - General Fund	2001-2002	2002-2003
32		
33 EDUCATION		
34 Community Colleges System Office	\$650,511,683	\$650,511,683
35		
36 Department of Public Instruction	5,877,926,964	5,927,594,010

1			
2	University of North Carolina - Board of Governors		
3	Appalachian State University	85,569,473	85,832,474
4	East Carolina University		
5	Academic Affairs	121,199,265	122,462,333
6	Health Affairs	46,244,924	46,244,925
7	Elizabeth City State University	21,735,417	21,735,417
8	Fayetteville State University	30,918,568	30,918,568
9	North Carolina Agricultural and		
10	Technical University	59,749,183	59,749,183
11	North Carolina Central University	44,557,545	44,557,546
12	North Carolina School of the Arts	16,474,087	16,747,706
13	North Carolina State University		
14	Academic Affairs	266,318,643	266,803,594
15	Agricultural Extension Service	37,584,776	37,584,776
16	Agricultural Research Service	46,891,919	46,865,806
17	University of North Carolina at Asheville	25,580,238	25,736,337
18	University of North Carolina at Chapel Hill		
19	Academic Affairs	199,933,615	200,443,117
20	Health Affairs	154,802,003	156,782,219
21	Area Health Education Centers	46,072,336	46,072,336
22	University of North Carolina at Charlotte	96,039,882	96,511,110
23	University of North Carolina at Greensboro	93,617,445	93,694,770
24	University of North Carolina at Pembroke	24,689,033	24,630,348
25	University of North Carolina at Wilmington	59,821,472	60,172,855
26	Western Carolina University	52,094,143	52,362,403
27	Winston-Salem State University	28,207,075	28,630,664
28	General Administration	43,052,753	44,048,177
29	University Institutional Programs	42,204,602	42,214,602
30	Related Educational Programs	103,637,912	103,637,912
31	North Carolina School of Science		
32	and Mathematics	11,487,156	11,839,342
33	UNC Hospitals at Chapel Hill	38,587,322	38,587,322
34	Total	\$1,797,080,787	\$1,804,865,842

HEALTH AND HUMAN SERVICES

35			
36	HEALTH AND HUMAN SERVICES		
37			
38	Department of Health and Human Services		
39	Office of the Secretary	47,011,912	46,911,912
40	Division of Aging	29,519,886	29,519,886
41	Division of Child Development	289,558,396	289,558,396
42	Division of Education Services	69,940,433	69,940,433
43	Division of Public Health	109,613,077	107,312,801
44	Division of Social Services	192,262,288	198,335,582
45	Division of Medical Assistance	1,989,421,813	2,261,450,549
46	NC Health Choice	32,987,142	37,487,142
47	Division of Blind Services/Deaf	10,184,019	10,184,019
48	Division of Mental Health	581,548,722	581,548,722
49	Division of Facility Services	15,281,564	15,476,831
50	Division of Vocational Rehabilitation	42,468,956	41,768,956
51	Total	\$3,409,798,208	\$3,689,495,229

NATURAL AND ECONOMIC RESOURCES

1			
2	Department of Agriculture and Consumer Services	55,545,270	55,194,468
3			
4	Department of Commerce		
5	Commerce	45,395,692	44,315,050
6	Commerce State-Aid	7,700,000	5,200,000
7	NC Biotechnology Center	5,270,468	6,270,468
8	Rural Economic Development Center	4,470,777	5,470,471
9			
10	Department of Environment and Natural Resources		
11	Environment and Natural Resources	158,306,149	157,833,822
12	Clean Water Management Trust Fund	20,000,000	20,000,000
13			
14	Office of the Governor - Housing Finance Agency	5,300,000	5,300,000
15			
16	Department of Labor	16,023,147	15,992,906
17			
18	JUSTICE AND PUBLIC SAFETY		
19			
20	Department of Correction	932,115,439	939,576,495
21			
22	Department of Crime Control and Public Safety	31,999,903	28,726,357
23			
24	Judicial Department	305,410,586	305,358,520
25	Judicial Department - Indigent Defense	71,635,967	71,635,967
26			
27	Department of Justice	72,955,782	73,528,600
28			
29	Department of Juvenile Justice		
30	and Delinquency Prevention	141,276,263	143,030,250
31			
32	GENERAL GOVERNMENT		
33			
34	Department of Administration	60,765,033	59,740,890
35			
36	Office of Administrative Hearings	2,795,155	2,795,155
37			
38	Department of State Auditor	11,864,673	11,864,673
39			
40	Office of State Controller	11,523,868	11,523,868
41			
42	Department of Cultural Resources		
43	Cultural Resources	60,638,520	59,763,520
44	Roanoke Island Commission	1,859,463	1,859,463
45			
46	State Board of Elections	3,186,269	3,186,269
47			
48	General Assembly	39,081,724	39,553,848
49			
50	Office of the Governor		
51	Office of the Governor	5,452,905	5,452,905
52	Office of State Budget and Management	5,283,596	4,933,066
53	Mapping and Surveying	1,187,845	1,187,845

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

1	Reserve for Special Appropriations	3,435,000	3,080,000
2			
3	Department of Insurance		
4	Insurance	23,579,288	23,129,288
5	Insurance – Volunteer Safety Workers' Compensation	2,000,000	2,500,000
6			
7	Office of Lieutenant Governor	669,545	669,545
8			
9	Department of Revenue	77,563,436	77,955,704
10			
11	Rules Review Commission	325,795	325,795
12			
13	Department of Secretary of State	8,649,507	8,554,507
14			
15	Department of State Treasurer		
16	State Treasurer	2,830,600	2,830,600
17	State Treasurer – Retirement for Fire and Rescue		
18	Squad Workers	10,301,897	12,379,780
19			
20	TRANSPORTATION		
21			
22	Department of Transportation	10,030,000	13,393,341
23			
24	RESERVES AND DEBT SERVICE		
25			
26	Contingency and Emergency Fund	5,000,000	5,000,000
27			
28	Reserve for Compensation Increases	193,842,000	193,842,000
29			
30	Reserve for Salary Adjustments	500,000	500,000
31			
32	Reserve for State Health Plan	150,000,000	200,000,000
33			
34	Teachers' and State Employees'		
35	Retirement Rate Adjustment	(239,568,180)	(239,568,180)
36			
37	Judicial Retirement Rate Adjustment	(2,265,000)	(2,265,000)
38			
39	Hurricane Floyd Reserve Fund		150,629,172
40			
41	Reserve to Implement HIPPA	10,000,000	
42			
43	Mental Health System Reform Reserve	7,525,675	
44			
45	Information Technology Rate Adjustment	(4,000,000)	(4,000,000)
46			
47	Payroll Turnover Adjustment	(52,000,000)	(52,000,000)
48			
49	Debt Service		
50	General Debt Service	250,822,092	352,266,860
51	Federal Reimbursement	1,155,948	1,155,948
52			
53	GRAND TOTAL CURRENT OPERATIONS –		

1 recovery according to the purposes, procedures, and requirements provided in S.L.
2 1999-463 (Extra Session).

3 **SECTION 2.2.(d)** Effective July 1, 2001, cash balances remaining in special
4 funds on June 30, 2001, shall be transferred to the State Controller to be deposited in
5 Nontax Budget Code 19978 (Intra State Transfers) according to the schedule that
6 follows. These funds shall be used to support General Fund appropriations for the
7 2001-2002 fiscal year.

9 Fund	10 Amount Transferred
11 Department of Agriculture and Consumer Services	
12 Budget Code 23701, Fund Code 2201 (Warehouse	
13 Investment Fund)	\$500,000
14	
15 Department of Environment and Natural Resources	
16	
17 Budget Code 24300, Fund Code 2106 (DEH - Sleep Products)	46,437
18 Budget Code 24300, Fund Code 2331 (DAQ - Air Permits)	77,889
19 Budget Code 24300, Fund Code 2735 (DLR - Sedimentation Fees)	148,562
20 Budget Code 24300, Fund Code 2620 (DLR - Land Env Controls)	111,261
21 Budget Code 24300, Fund Code 2740 (DLR - Dam Safety Account)	18,522
22 Budget Code 64305, Fund Code 6372 (DWM - Inactive Hazardous Sites	
23 Cleanup)	499,263
24 Budget Code 64305, Fund Code 6373 (DWM - Emergency Response	
25 Fund)	49,771
26 Budget Code 24300, Fund Code 2341 (DWQ - Water Permits)	371,682
27 Budget Code 64306, Fund Code 6341 (DWQ - WW Treatment	
28 Maintenance & Repair)	43,256
29 Budget Code 24300, Fund Code 2335 (DWQ - Lab Certification Fees)	16,371
30 Budget Code 24300, Fund Code 2130 (DWQ - Well Construction Fund)	18,134
31 Budget Code 24300, Fund Code 2310 (DWQ - Oil Pollution Control)	8,170
32 Budget Code 24303, Fund Code 2980 (DWQ - Wetlands Restoration)	3,400,000
33	
34 Department of Commerce	
35 Budget Code 24610, Fund Code 2431 (International Trade Show Fund)	75,000
36	
37 Department of Correction	
38 Budget Code 24502 (Inmate Canteen/Welfare Fund)	380,000
39	

40 **SECTION 2.2.(e)** Effective October 1, 2001, the sum of one million two
41 hundred thousand dollars (\$1,200,000) shall be transferred from the Department of
42 Administration, Budget Code 74100, Fund Code 7211 (Motor Fleet Management) to the
43 State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers) to
44 support General Fund appropriations for the 2001-2002 fiscal year.

45 Effective April 1, 2002, the sum of two million dollars (\$2,000,000) shall be
46 transferred from the Department of Administration, Budget Code 74100, Fund Code
47 7211 (Motor Fleet Management) to the State Controller to be deposited in Nontax
48 Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for
49 the 2001-2002 fiscal year.

50 **SECTION 2.2.(f)** The transfer of cash from Department of Correction,
51 Budget Code 74500, Fund Code 7100 (Prison Enterprises) to Nontax Budget Code
52 19978 (Intra State Transfers) shall be increased by one million dollars (\$1,000,000),
53 effective July 1, 2001, for the 2001-2002 fiscal year.

1 The transfer of cash from Department of Correction, Budget Code 74500,
2 Fund Code 7100 (Prison Enterprises) to Nontax Budget Code 19978 (Intra State
3 Transfers) shall be increased by five hundred thousand dollars (\$500,000), effective
4 July 1, 2002, for the 2002-2003 fiscal year and for subsequent fiscal years.

5 **SECTION 2.2.(g)** Notwithstanding G.S. 143-15.2 and G.S. 143-15.3, for the
6 2000-2001 fiscal year only, funds shall not be reserved to the Savings Reserve Account,
7 and the State Controller shall not transfer funds from the unreserved credit balance to
8 the Savings Reserve Account on June 30, 2001. For the 2001-2002 fiscal year, the State
9 Controller shall credit the sum of one hundred twenty-five million dollars
10 (\$125,000,000) to the Savings Reserve Account. This is not an "appropriation made by
11 law", as that phrase is used in Article V, Section 7(2) of the North Carolina
12 Constitution.

13 This subsection becomes effective June 30, 2001.

14 **SECTION 2.2.(h)** Notwithstanding G.S. 143-15.3B(a) for the 2001-2003
15 fiscal biennium only, the appropriation to the Clean Water Management Trust Fund for
16 the 2001-2002 fiscal year is only twenty million dollars (\$20,000,000) as provided by
17 this act and is only twenty million dollars (\$20,000,000) for the 2002-2003 fiscal year as
18 provided by this act. The funds appropriated by this act to the Clean Water
19 Management Trust Fund shall be used as provided by G.S. 143-15.3B(b).

20 **SECTION 2.2.(i)** Effective November 1, 2001, the sum of three million
21 dollars (\$3,000,000) shall be transferred from the Office of Information Technology
22 Services, Budget Code 74660, Fund Code 7100 to the State Controller to be deposited
23 in Nontax Budget Code 19978 (Intra State Transfers) to support General Fund
24 appropriations for the 2001-2002 fiscal year.

25 Effective February 1, 2002, the sum of four million dollars (\$4,000,000) shall
26 be transferred from the Office of Information Technology Services, Budget Code
27 74660, Fund Code 7100 to the State Controller to be deposited in Nontax Budget Code
28 19978 (Intra State Transfers) to support General Fund appropriations for the 2001-2002
29 fiscal year.

30 **SECTION 2.2.(j)** Notwithstanding the provisions of G.S. 105-187.19(b),
31 effective for taxes levied during the 2001-2002 fiscal year, the Secretary of Revenue
32 shall credit to the General Fund the net tax proceeds that G.S. 105-187.19(b) directs the
33 Secretary to credit to the Scrap Tire Disposal Account.

34 Notwithstanding the provisions of G.S. 105-187.24 effective for taxes levied
35 during the 2001-2002 fiscal year, the Secretary of Revenue shall credit to the General
36 Fund the net tax proceeds that G.S. 105-187.24 directs the Secretary to credit to the
37 White Goods Management Account.

38 39 **PART III. CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND**

40
41 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

42 **CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND**

43 **SECTION 3.1.** Appropriations from the Highway Fund of the State for the
44 maintenance and operation of the Department of Transportation, and for other purposes
45 as enumerated, are made for the biennium ending June 30, 2003, according to the
46 following schedule:

47	48 Current Operations - Highway Fund	49 2001-2002	50 2002-2003
51	(1) Transportation admin. (84210)	\$69,195,895	\$69,195,895
52	(2) Transportation operations (84220)	28,801,650	28,801,650
53	(3) Transportation programs (84230) State construction		

1	Primary	-	-
2	Secondary	87,462,000	89,387,000
3	Urban	14,000,000	14,000,000
4	Public access	2,000,000	2,000,000
5	Spot safety	9,100,000	9,100,000
6	Contingency	12,000,000	10,000,000
7	Federal aid match	5,212,266	5,212,266
8	Maintenance	585,841,175	575,818,204
9	Asphalt plant/OSHA	425,000	425,000
10	Capital	1,634,000	
11	Ferry operations	19,747,132	19,747,132
12	Aid to municipalities	87,462,000	89,387,000
13	Rail	31,095,000	10,575,000
14	Public transit	62,178,682	61,794,456
15	Airports	3,000,000	
16	(4) Governor's highway safety (84240)	266,693	266,693
17	(5) Transportation regulation (84260)	98,654,012	98,649,802
18	(6) Reserves and transfers (84270)	200,584,495	205,158,048
19			
20	GRAND TOTAL CURRENT OPERATIONS		
21	AND EXPANSION	\$1,318,660,000	\$1,289,518,146
22			

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

HIGHWAY FUND AVAILABILITY STATEMENT

SECTION 3.2. The Highway Fund availability used in developing the 2001-2003 biennial budget is shown below:

Highway Fund Budget Reform Statement	2001-2002	2002-2003	
30	Beginning Credit Balance	\$ 14,860,000	-
31	Estimated Revenue	1,303,280,000	\$1,311,720,000
32	Additional Reversions	520,000	-
33			
34	Total Highway Fund Availability	\$1,318,660,000	\$1,311,720,000

PART IV. HIGHWAY TRUST FUND APPROPRIATIONS

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

SECTION 4.1. Appropriations from the Highway Trust 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, 2003, according to the following schedule:

Current Operations - Highway Trust Fund	2001-2002	2002-2003	
46	Intrastate System	\$464,295,516	\$489,403,290
47	Urban Loops	187,741,771	197,894,308
48	Aid to Municipalities	48,715,429	51,349,821
49	Total for Secondary Roads	83,827,858	87,445,392
50	Program Administration	34,142,426	36,181,189
51	Transfer to General Fund	170,000,000	170,000,000

GRAND TOTAL CURRENT OPERATIONS

1 **AND EXPANSION** \$988,723,000 \$1,032,274,000

2
3 **PART V. BLOCK GRANTS**

4
5 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
6 Thompson

7 **DHHS BLOCK GRANTS**

8 **SECTION 5.1.(a)** Appropriations from federal block grant funds are made
9 for the fiscal year ending June 30, 2002, according to the following schedule:

10
11 **COMMUNITY SERVICES BLOCK GRANT**

12
13 01. Community Action Agencies \$ 14,160,375
14
15 02. Limited Purpose Agencies 979,017
16
17 03. Department of Health and Human Services
18 to administer and monitor
19 the activities of the
20 Community Services Block Grant 500,000

21
22 **TOTAL COMMUNITY SERVICES BLOCK GRANT** \$ 15,639,392

23
24 **SOCIAL SERVICES BLOCK GRANT**

25
26 01. County departments of social services \$ 27,395,663
27 (Transfer from TANF - \$4,500,000)
28
29 02. Allocation for in-home services provided
30 by county departments of
31 social services 2,101,113
32
33 03. Division of Mental Health, Developmental
34 Disabilities, and Substance Abuse Services 3,234,601
35
36 04. Division of Services for the Blind 3,105,711
37
38 05. Division of Facility Services 426,836
39
40 06. Division of Aging - Home and Community
41 Care Block Grant 1,840,234
42
43 07. Child Care Subsidies 3,000,000
44
45 08. Division of Vocational Rehabilitation -
46 United Cerebral Palsy 71,484
47
48 09. State administration 1,693,368
49
50 10. Child Medical Evaluation Program 238,321
51
52 11. Adult day care services 2,155,301
53

1	12.	Comprehensive Treatment Services Program	606,364
2			
3			
4	13.	Transfer to Preventive Health Services Block Grant for emergency medical services	213,128
5			
6			
7	14.	Transfer to Preventive Health Services Block Grant for HIV/AIDS Prevention Activities	606,364
8			
9			
10	15.	Department of Administration for the N.C. State Commission of Indian Affairs In-Home Services Program for the Elderly	203,198
11			
12			
13			
14	16.	Division of Vocational Rehabilitation - Easter Seals Society	116,779
15			
16			
17	17.	UNC-CH CARES Program for training and consultation services	247,920
18			
19			
20	18.	Office of the Secretary - Office of Economic Opportunity for N.C. Senior Citizens' Federation for outreach services to low-income elderly persons	41,302
21			
22			
23			
24			
25	19.	Transfer from TANF Block Grant for Division of Social Services - Child Caring Agencies	1,500,000
26			
27			
28			
29	20.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services - Developmentally Disabled Waiting List for services	5,000,000
30			
31			
32			
33			
34	21.	Transfer to Maternal and Child Health Block Grant for Newborn Screenings	90,611
35			
36			
37	TOTAL SOCIAL SERVICES BLOCK GRANT		\$ 53,888,298
38			
39	LOW-INCOME ENERGY BLOCK GRANT		
40			
41	01.	Energy Assistance Programs	\$ 8,092,113
42			
43	02.	Crisis Intervention	5,795,825
44			
45	03.	Administration	1,984,934
46			
47	04.	Weatherization Program	2,684,116
48			
49	05.	Department of Administration - N.C. State Commission of Indian Affairs	39,765
50			
51			
52	06.	Heating Air Repair and Replacement Program	1,252,588
53			

1	TOTAL LOW-INCOME ENERGY BLOCK GRANT	\$ 19,849,342
2		
3	MENTAL HEALTH SERVICES BLOCK GRANT	
4		
5	01. Provision of community-based	
6	services in accordance with the	
7	Mental Health Study Commission's	
8	Adult Severe and Persistently	
9	Mentally Ill Plan	\$ 5,192,826
10		
11	02. Provision of community-based	
12	services to children	2,378,540
13		
14	03. Establish Child Residential	
15	Treatment Services Program	1,500,000
16		
17	04. Administration	783,911
18		
19	TOTAL MENTAL HEALTH SERVICES BLOCK GRANT	\$ 9,855,277
20		
21	SUBSTANCE ABUSE PREVENTION	
22	AND TREATMENT BLOCK GRANT	
23		
24	01. Provision of community-based	
25	alcohol and drug abuse services,	
26	tuberculosis services, and services	
27	provided by the Alcohol and Drug Abuse	
28	Treatment Centers	\$ 14,501,711
29		
30	02. Continuation of services for	
31	pregnant women and women	
32	with dependent children	6,007,303
33		
34	03. Continuation of services to	
35	IV drug abusers and others at risk	
36	for HIV diseases	5,209,934
37		
38	04. Provision of services to children	
39	and adolescents	6,839,190
40		
41	05. Juvenile Services - Family Focus	774,414
42		
43	06. Child Residential Treatment	
44	Services Program	700,000
45		
46	07. Administration	2,423,049
47		
48	TOTAL SUBSTANCE ABUSE PREVENTION	
49	AND TREATMENT BLOCK GRANT	\$ 36,455,601
50		
51	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	
52		
53	01. Child care subsidies	\$148,343,839

1		
2	02.	Quality and availability initiatives
3		17,259,661
4	03.	Administrative expenses
5		6,550,000
6	04.	Transfer from TANF Block Grant for
7		child care subsidies
8		76,675,000
9	TOTAL CHILD CARE AND DEVELOPMENT FUND	
10	BLOCK GRANT	
11		\$248,828,500
12	TEMPORARY ASSISTANCE TO NEEDY FAMILIES	
13	(TANF) BLOCK GRANT	
14		
15	01.	Work First Cash Assistance
16		\$114,181,958
17	02.	Work First County Block Grants
18		92,018,855
19	03.	Transfer to the Child Care and
20		Development Fund Block Grant
21		for child care subsidies
22		76,675,000
23	04.	Allocation to the Division of Mental
24		Health, Developmental Disabilities, and
25		Substance Abuse Services for Work First
26		substance abuse screening, diagnostic, and
27		support treatment services and drug testing
28		3,500,000
29	05.	Cash Assistance Reserve
30		9,347,631
31	06.	Allocation to the Division of Social
32		Services for staff development
33		500,000
34	07.	Reduction of out-of-wedlock births
35		1,600,000
36	08.	Substance Abuse Services for Juveniles
37		1,182,280
38	09.	Special Children Adoption Fund
39		2,811,687
40	10.	Business Process Reengineering
41		Project Reserve
42		3,000,000
43	11.	Work First Job Retention – NC Rural
44		Center (\$300,000)
45		Work Central Career Advancement
46		Center (\$500,000)
47		800,000
48	12.	Allocation to the Division of Public Health
49		for teen pregnancy prevention
50		2,239,261
51	13.	Transfer to Social Services Block Grant
52		for Child Caring Agencies
53		1,500,000

1	14.	Child Care Subsidies for TANF Recipients	26,621,241
2			
3	15.	Work First Housing Initiative	3,000,000
4			
5	16.	Allocation to the Division of Social	
6		Services for Domestic Violence	
7		Prevention and Awareness	1,000,000
8			
9	17.	County Child Protective Services,	
10		Foster Care, and Adoption Workers	2,727,550
11			
12	18.	Intensive Family Preservation Program	2,000,000
13			
14	19.	Work First/Boys and Girls Clubs	1,000,000
15			
16	20.	Transfer to Social Services Block Grant for	
17		County Departments of Social Services for	
18		Children's Services	4,500,000
19			
20	21.	Support Our Students – Department of	
21		Juvenile Justice and Delinquency	
22		Prevention	2,750,674
23			
24	22.	Residential Substance Abuse Services	
25		for Women With Children	5,000,000
26			
27	23.	Domestic Violence Services	
28		for Work First Families	2,000,000
29			
30	24.	After-School Services for	
31		At-Risk Children	3,000,000
32			
33	25.	Division of Social Services -	
34		Administration	500,000
35			
36	26.	Child Welfare workers and services for	
37		local departments of social services	7,654,841
38			
39	27.	Child Welfare Training	2,000,000
40			
41	TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES		
42	(TANF) BLOCK GRANT		\$373,110,978
43			
44	MATERNAL AND CHILD HEALTH BLOCK GRANT		
45			
46	01.	Healthy Mothers/Healthy Children	
47		Block Grants to Local Health	
48		Departments	9,838,074
49			
50	02.	High-Risk Maternity Clinic Services,	
51		Perinatal Education and Training,	
52		Childhood Injury Prevention,	
53		Public Information and Education,	

1	Technical Assistance to Local Health	
2	Departments, and Duke University Medical	
3	Center Contract for Universal Newborn	
4	Screening Services	2,102,713
5		
6	03. Services to Children With Special Health	
7	Care Needs	5,078,647
8		
9	TOTAL MATERNAL AND CHILD	
10	HEALTH BLOCK GRANT	\$ 17,019,434
11		
12	PREVENTIVE HEALTH SERVICES BLOCK GRANT	
13		
14	01. Statewide Health Promotion Programs	\$3,061,182
15		
16	02. Dental Services/Fluoridation	100,800
17		
18	03. Rape Crisis/Victims' Services	
19	Program - Council for Women	190,134
20		
21	04. Rape Prevention and Education	
22	Program - Division of Public	
23	Health and Council for Women	1,139,869
24		
25	05. Transfer from Social Services	
26	Block Grant -	
27	HIV/AIDS Prevention Activities	606,364
28		
29	06. Transfer from Social Services	
30	Block Grant -	
31	Emergency Medical Services	213,128
32		
33	07. Office of Minority Health	159,459
34		
35	08. Administrative Costs	108,546
36		
37	TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT	\$5,579,482
38		

39 **SECTION 5.1.(b)** Decreases in Federal Fund Availability. – If the United
40 States Congress reduces federal fund availability in the Social Services Block Grant
41 below the amounts appropriated in this section, then the Department of Health and
42 Human Services shall allocate these decreases giving priority first to those direct
43 services mandated by State or federal law, then to those programs providing direct
44 services that have demonstrated effectiveness in meeting the federally and
45 State-mandated services goals established for the Social Services Block Grant. The
46 Department shall not include transfers from TANF for specified purposes in any
47 calculations of reductions to the Social Services Block Grant.

48 If the United States Congress reduces the amount of TANF funds below the
49 amounts appropriated in this section after the effective date of this act, then the
50 Department shall allocate the decrease in funds after considering any underutilization of
51 the budget and the effectiveness of the current level of services. Any TANF Block
52 Grant fund changes shall be reported to the Senate Appropriations Committee on Health

1 and Human Services, the House of Representatives Appropriations Subcommittee on
2 Health and Human Services, and the Fiscal Research Division.

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

7 **SECTION 5.1.(c)** Increases in Federal Fund Availability. – Any block grant
8 funds appropriated by the United States Congress in addition to the funds specified in
9 this act shall be expended by the Department of Health and Human Services, with the
10 approval of the Office of State Budget and Management, provided the resultant
11 increases are in accordance with federal block grant requirements and are within the
12 scope of the block grant plan approved by the General Assembly.

13 **SECTION 5.1.(d)** Changes to the budgeted allocations to the block grants
14 appropriated in this act and new allocations from the block grants not specified in this
15 act shall be submitted to the Joint Legislative Commission on Governmental Operations
16 for review prior to the change and shall be reported immediately to the Senate
17 Appropriations Committee on Health and Human Services, the House of
18 Representatives Appropriations Subcommittee on Health and Human Services, and the
19 Fiscal Research Division.

20 **SECTION 5.1.(e)** The Department of Health and Human Services may
21 allow no-cost contract extensions for up to six months for nongovernmental grant
22 recipients under the TANF Block Grant.

23 **SECTION 5.1.(f)** Limitations on Preventive Health Services Block Grant
24 Funds. – Twenty-five percent (25%) of funds allocated for Rape Prevention and Rape
25 Education shall be allocated as grants to nonprofit organizations to provide rape
26 prevention and education programs targeted for middle, junior high, and high school
27 students.

28 If federal funds are received under the Maternal and Child Health Block
29 Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42
30 U.S.C. § 710), for the 2001-2002 fiscal year, then those funds shall be transferred to the
31 State Board of Education to be administered by the Department of Public Instruction.
32 The Department of Public Instruction shall use the funds to establish an Abstinence
33 Until Marriage Education Program and shall delegate to one or more persons the
34 responsibility of implementing the program and G.S. 115C-81(e1)(4). The Department
35 of Public Instruction shall carefully and strictly follow federal guidelines in
36 implementing and administering the abstinence education grant funds.

37 **SECTION 5.1.(g)** The Department of Health and Human Services, Division
38 of Social Services, shall do the following:

- 39 (1) Continue the current evaluation of the Work First Program to assess
40 former recipients' earnings, barriers to advancement to economic
41 self-sufficiency, utilization of community support services, and other
42 longitudinal employment data. Assessment periods shall include six
43 and 18 months following closure of the case.
- 44 (2) Continue the current evaluation of the Work First Program to profile
45 the State's child-only caseload to include indicators of economic and
46 social well-being, academic and behavioral performance, demographic
47 data, description of living arrangements including length of placement
48 out of the home, social and other human services provided to families,
49 and other information needed to assess the needs of the child-only
50 Work First Family Assistance clients and families.
- 51 (3) Continue the current evaluation to profile clients and families
52 exempted from federal and State work participation requirements. The

1 evaluation shall include an assessment of the client and family needs
2 including why clients and families have been exempted.

3 The Department of Health and Human Services shall make a report on its
4 progress in complying with this subsection to the Senate Appropriations Committee on
5 Health and Human Services, the House of Representatives Appropriations
6 Subcommittee on Health and Human Services, and the Fiscal Research Division no later
7 than September 30, 2001, and shall make a final report no later than September 30,
8 2002.

9 **SECTION 5.1.(h)** The sum of two million eight hundred eleven thousand
10 six hundred eighty-seven dollars (\$2,811,687) appropriated in this section in the TANF
11 Block Grant to the Department of Health and Human Services, Special Children
12 Adoption Fund, for the 2001-2002 fiscal year shall be used to implement this
13 subsection. The Division of Social Services, in consultation with the North Carolina
14 Association of County Directors of Social Services and representatives of licensed
15 private adoption agencies, shall develop guidelines for the awarding of funds to licensed
16 public and private adoption agencies upon the adoption of children described in G.S.
17 108A-50 and in foster care. Payments received from the Special Children Adoption
18 Fund by participating agencies shall be used exclusively to enhance the adoption
19 services program. No local match shall be required as a condition for receipt of these
20 funds.

21 **SECTION 5.1.(i)** The sum of one million five hundred thousand dollars
22 (\$1,500,000) appropriated in this act in the TANF Block Grant and transferred to the
23 Social Services Block Grant to the Department of Health and Human Services, Division
24 of Social Services, for child caring agencies for the 2001-2002 fiscal year shall be
25 allocated to the State Private Child Caring Agencies Fund. These funds shall be
26 combined with all other funds allocated to the State Private Child Caring Agencies Fund
27 for the reimbursement of the State's portion of the cost of care for the placement of
28 certain children by the county departments of social services who are not eligible for
29 federal IV-E funds. These funds shall not be used to match other federal funds.

30 **SECTION 5.1.(j)** The sum of three hundred thousand dollars (\$300,000)
31 appropriated in this section to the Department of Health and Human Services in the
32 Child Care and Development Fund Block Grant shall be used to develop and implement
33 a Medical Child Care Pilot open to children throughout the State.

34 **SECTION 5.1.(k)** The sum of one million dollars (\$1,000,000) appropriated
35 in this section to the Department of Health and Human Services in the TANF Block
36 Grant for Boys and Girls Clubs shall be used to make grants for approved programs.
37 The Department of Health and Human Services, in accordance with federal regulations
38 for the use of TANF Block Grant funds, shall administer a grant program to award
39 funds to the Boys and Girls Clubs across the State in order to implement programs that
40 improve the motivation, performance, and self-esteem of youths and to implement other
41 initiatives that would be expected to reduce school dropout and teen pregnancy rates.
42 The Department shall encourage and facilitate collaboration between the Boys and Girls
43 Clubs and Support Our Students, Communities in Schools, and similar programs to
44 submit joint applications for the funds if appropriate.

45 **SECTION 5.1.(l)** Payment for subsidized child care services provided with
46 federal TANF funds shall comply with all regulations and policies issued by the
47 Division of Child Development for the subsidized child care program.

48 **SECTION 5.1.(m)** The sum of three million dollars (\$3,000,000)
49 appropriated in this section in the TANF Block Grant to the Department of Health and
50 Human Services, Division of Social Services, for the Work First Housing Initiative shall
51 be used to provide direct housing support to Work First clients. Direct housing support
52 includes using funds for rental assistance, loans, moving expenses, and other financial
53 assistance. No more than ten percent (10%) of these funds may be used for

1 administration. These funds may be used for counseling or similar services only if it is
2 demonstrated that those services are not otherwise available in the community.

3 **SECTION 5.1.(n)** The sum of five hundred thousand dollars (\$500,000)
4 appropriated in this section in the TANF Block Grant to the Department of Health and
5 Human Services, Division of Social Services, for the 2001-2002 fiscal year shall be
6 used to support administration of TANF-funded programs.

7 **SECTION 5.1.(o)** The sum of five million dollars (\$5,000,000) appropriated
8 in this section in the TANF Block Grant to the Department of Health and Human
9 Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse
10 Services, for the 2001-2002 fiscal year shall be used to provide regional residential
11 substance abuse treatment and services for women with children. The Department of
12 Health and Human Services, the Division of Social Services, and the Division of Mental
13 Health, Developmental Disabilities, and Substance Abuse Services, in consultation with
14 local departments of social services, area mental health programs, and other State and
15 local agencies or organizations, shall coordinate this effort in order to facilitate the
16 expansion of regionally based substance abuse services for women with children. These
17 services shall be culturally appropriate and designed for the unique needs of TANF
18 women with children.

19 In order to expedite the expansion of these services, the Secretary of the
20 Department of Health and Human Services may enter into contracts with service
21 providers.

22 The Department of Health and Human Services, the Division of Social
23 Services, and the Division of Mental Health, Developmental Disabilities, and Substance
24 Abuse Services, shall report on their progress in complying with this subsection no later
25 than October 1, 2001, and March 1, 2002, to the Senate Appropriations Committee on
26 Health and Human Services, the House of Representatives Appropriations
27 Subcommittee on Health and Human Services, and the Fiscal Research Division. These
28 reports shall include all of the following:

- 29 (1) The number and location of additional beds created.
- 30 (2) The types of facilities established.
- 31 (3) The delineation of roles and responsibilities at the State and local
32 levels.
- 33 (4) Demographics of the women served, the number of women served,
34 and the cost per client.
- 35 (5) Demographics of the children served, the number of children served,
36 and the services provided.
- 37 (6) Job placement services provided to women.
- 38 (7) A plan for follow-up and evaluation of services provided with an
39 emphasis on outcomes.
- 40 (8) Barriers identified to the successful implementation of the expansion.
- 41 (9) Identification of other resources needed to appropriately and
42 efficiently provide services to Work First recipients.
- 43 (10) Other information as requested.

44 **SECTION 5.1.(p)** The sum of two million seven hundred fifty thousand six
45 hundred seventy-four dollars (\$2,750,674) appropriated in this section in the TANF
46 Block Grant to the Department of Health and Human Services and transferred to the
47 Department of Juvenile Justice and Delinquency Prevention for the 2001-2002 fiscal
48 year shall be used to support the existing Support Our Students Program and to expand
49 the Program statewide, focusing on low-income communities in unserved areas. These
50 funds shall not be used for administration of the program.

51 **SECTION 5.1.(q)** The sum of two million dollars (\$2,000,000) appropriated
52 under this section in the TANF Block Grant to the Department of Health and Human
53 Services, Division of Social Services, for the 2001-2002 fiscal year shall be used to

1 provide domestic violence services to Work First recipients. These funds shall be used
2 to provide domestic violence counseling, support, and other direct services to clients.
3 These funds shall not be used to establish new domestic violence shelters, for
4 State-level administration, or to facilitate lobbying efforts.

5 Each county department of social services and the local domestic violence
6 shelter program serving the county shall jointly develop a plan for utilizing these funds.
7 The plan shall include the services to be provided and the manner in which the services
8 shall be delivered. The county plan shall be signed by the county social services director
9 or the director's designee and the domestic violence program director or the director's
10 designee and submitted to the Division of Social Services by October 1, 2001. The
11 Division of Social Services, in consultation with the Council for Women, shall review
12 the county plans and shall provide consultation and technical assistance to the
13 departments of social services and local domestic violence shelter programs, if needed.

14 The Division of Social Services shall allocate these funds to county
15 departments of social services according to the following formula: (i) each county shall
16 receive a base allocation of ten thousand dollars (\$10,000) and (ii) each county shall
17 receive an allocation of the remaining funds based on the county's proportion of the
18 statewide total of the Work First caseload as of July 1, 2001, and the county's proportion
19 of the statewide total of the individuals receiving domestic violence services from
20 programs funded by the Council for Women as of July 1, 2001. The Division of Social
21 Services may reallocate unspent funds to counties that submit a written request for
22 additional funds.

23 The Department of Health and Human Services shall report on the uses of
24 these funds no later than March 1, 2002, to the Senate Appropriations Committee on
25 Health and Human Services, the House of Representatives Appropriations
26 Subcommittee on Health and Human Services, and the Fiscal Research Division.

27 **SECTION 5.1.(r)** The sum of two million two hundred thirty-nine thousand
28 two hundred sixty-one dollars (\$2,239,261) appropriated in this section in the TANF
29 Block Grant to the Department of Health and Human Services, Division of Public
30 Health, for the 2001-2002 fiscal year for adolescent pregnancy prevention shall be used
31 in accordance with this subsection.

32 The Department of Health and Human Services shall administer the
33 adolescent pregnancy prevention programs and the adolescent parenting programs
34 pursuant to the provisions of this subsection.

35 The programs shall include primary prevention efforts, secondary prevention
36 efforts, and special initiatives.

37 The Commission for Health Services may adopt rules necessary to implement
38 the programs.

39 State-level administrative costs for programs shall not exceed ten percent
40 (10%) of the total funds.

41 In awarding grants, the Department of Health and Human Services shall
42 target counties with the highest teen pregnancy rates, increasingly higher rates, high
43 rates within demographic subgroups, or greatest need for parenting programs. Grants
44 will be awarded on an annual basis.

45 Programs are not required to provide a cash match for these funds; however,
46 the Department may require an in-kind match.

47 Local adolescent pregnancy prevention councils are encouraged but not
48 required for program funding. State funds shall not be used for these activities.

49 The Department shall maintain the adolescent pregnancy prevention and
50 adolescent parenting program database created for the program via contract and shall
51 not continue to contract for database management, development, or analysis. Of the
52 funds appropriated to the Department in this act, the Department shall not spend more
53 than twenty-five thousand dollars (\$25,000) to transition the database from the

1 contractor to the Department. The Department shall continue to collect and manage
2 program data in order to conduct longitudinal studies in the future. Notwithstanding any
3 other provision of law, the Department shall not continue to have the
4 behavioral/attitudinal evaluation completed annually for all programs.

5 Of funds appropriated to the Department of Health and Human Services, the
6 Department shall not spend more than twenty-five thousand dollars (\$25,000) to
7 complete the longitudinal adolescent parenting program evaluation. The Department
8 shall not contract for additional evaluations or assessments of the adolescent pregnancy
9 prevention program or the adolescent parenting program during the 2001-2002 fiscal
10 year.

11 The Department of Health and Human Services shall plan an outcome-based
12 evaluation of the adolescent pregnancy prevention programs. In doing so, the
13 Department shall address how to properly evaluate all programs and may issue a request
14 for proposals to select an organization that has expertise in this area to assist with this
15 evaluation.

16 The Department shall report on activities conducted pursuant to this
17 subsection to the Senate Appropriations Committee on Health and Human Services, the
18 House of Representatives Appropriations Subcommittee on Health and Human
19 Services, and the Fiscal Research Division by March 1, 2002.

20 **SECTION 5.1.(s)** The sum of three million dollars (\$3,000,000)
21 appropriated in this section in the TANF Block Grant to the Department of Health and
22 Human Services, Division of Social Services, shall be used to expand after-school
23 programs and services for at-risk children. The Department shall develop and
24 implement a grant program to award grants to community-based programs that
25 demonstrate the ability to reach children at risk of teen pregnancy and school dropout.
26 The Department shall award grants to community-based organizations that demonstrate
27 the ability to develop and implement linkages with local departments of social services,
28 area mental health programs, schools, and other human services programs in order to
29 provide support services and assistance to the child and family. These funds may be
30 used to establish one position within the Division of Social Services to coordinate
31 at-risk after-school programs and shall not be used for other State administration. The
32 Department shall report no later than March 1, 2002, on its progress in complying with
33 this section to the Senate Appropriations Committee on Health and Human Services, the
34 House of Representatives Subcommittee on Health and Human Services, and the Fiscal
35 Research Division.

36 **SECTION 5.1.(t)** The sum of seven million six hundred fifty-four thousand
37 eight hundred forty-one dollars (\$7,654,841) appropriated in this section in the TANF
38 Block Grant to the Department of Health and Human Services, Division of Social
39 Services, for the 2001-2002 fiscal year for Child Welfare Improvements shall be
40 allocated to the county departments of social services for hiring or contracting staff to
41 investigate and provide services in Child Protective Services cases; to provide foster
42 care and support services; to recruit, train, license, and support prospective foster and
43 adoptive families; and to provide interstate and post-adoption services for eligible
44 families.

45 **SECTION 5.1.(u)** The sum of one million five hundred thousand dollars
46 (\$1,500,000) appropriated in this section in the Mental Health Block Grant to the
47 Department of Health and Human Services, Division of Mental Health, Developmental
48 Disabilities, and Substance Abuse Services, for the 2001-2002 fiscal year and the sum
49 of seven hundred thousand dollars (\$700,000) appropriated in this section in the
50 Substance Abuse Prevention and Treatment Block Grant to the Department of Health
51 and Human Services, Division of Mental Health, Developmental Disabilities, and
52 Substance Abuse Services, for the 2001-2002 fiscal year shall be used to continue a

1 Comprehensive Treatment Services Program in accordance with Section 21.60 of this
2 act.

3 **SECTION 5.1.(v)** The sum of two million dollars (\$2,000,000) appropriated
4 in this section in the TANF Block Grant to the Department of Health and Human
5 Services, Division of Social Services, for fiscal year 2001-2002 shall be used to support
6 various child welfare training projects as follows:

7 (1) Provide a regional training center in southeastern North Carolina.

8 (2) Support the Masters Degree in Social Work/Baccalaureate Degree in
9 Social Work Collaborative.

10 (3) Provide training for residential child care facilities.

11 (4) Provide for various other child welfare training initiatives.

12 **SECTION 5.1.(w)** The sum of nine million three hundred forty-seven
13 thousand six hundred thirty-one dollars (\$9,347,631) appropriated in this section in the
14 TANF Block Grant to the Department of Health and Human Services for a Cash
15 Assistance Reserve may only be used for cash assistance payment if the funds
16 appropriated in this act for cash assistance payments are not sufficient to pay Work First
17 cash assistance in the 2001-2002 fiscal year. Prior to the use of these funds, the Office
18 of State Budget and Management shall review all proposals for expenditure of these
19 funds in order to ensure compliance with this subsection.

20 **SECTION 5.1.(x)** The sum of three million dollars (\$3,000,000)
21 appropriated in this section in the TANF Block Grant to the Department of Health and
22 Human Services for a Business Process Reengineering Project Reserve may only be
23 used for the project if funds appropriated in this act for Business Process Reengineering
24 are not sufficient to continue the project through the 2001-2002 fiscal year. Prior to the
25 use of these funds, the Office of State Budget and Management shall review all
26 proposals for expenditure of these funds in order to ensure compliance with this
27 subsection.

28 **SECTION 5.1.(y)** If funds appropriated through the Child Care and
29 Development Fund Block Grant for any program cannot be obligated or spent in that
30 program within the obligation or liquidation periods allowed by the federal grants, the
31 Department may move funds to child care subsidies unless otherwise prohibited by
32 federal requirements of the grant, in order to use the federal funds fully.

33 **SECTION 5.1.(z)** The sum of one million dollars (\$1,000,000) appropriated
34 under this section in the TANF Block Grant to the Department of Health and Human
35 Services, Division of Social Services, for the 2001-2002 fiscal year for Domestic
36 Violence Prevention and Awareness shall be used for grants to support initiatives by
37 local domestic violence programs to prevent domestic violence. Prevention activities
38 shall include efforts to reach under-served populations and shall be culturally sensitive
39 and multilingual. The Department shall award grants to community-based
40 organizations that demonstrate the ability to collaborate and coordinate services with
41 other local human services agencies and organizations in order to serve children and
42 families where domestic violence has occurred or is occurring. The Department shall
43 report on the use of these funds no later than May 1, 2002, to the Senate Appropriations
44 Committee on Health and Human Services, the House of Representatives
45 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
46 Division.

47 **SECTION 5.1.(aa)** The sum of six hundred six thousand three hundred
48 sixty-four dollars (\$606,364) appropriated in this section in the Social Services Block
49 Grant and transferred to the Preventive Health Service Block Grant to the Department
50 of Health and Human Services for the 2001-2002 fiscal year for HIV/AIDS Prevention
51 Activities shall be used to create a position in the Office of the Secretary and to enhance
52 activities for HIV/AIDS awareness and education. The position shall be responsible for
53 all planning, programming, and budgeting for compliance with HIV/AIDS Prevention

1 Initiative, Section 21.18D of this act. These prevention activities shall be targeted to the
 2 general public and programs identified in HIV/AIDS Prevention Initiative, Section
 3 21.18D of this act, and shall not be used to augment the current grant programs that
 4 target high-risk populations through the community-based organizations.

5
 6 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,
 7 Thompson

8 **NER BLOCK GRANT FUNDS**

9 **SECTION 5.2.(a)** Appropriations from federal block grant funds are made
 10 for the fiscal year ending June 30, 2002, according to the following schedule:

11 **COMMUNITY DEVELOPMENT BLOCK GRANT**

12		
13		
14	01. State Administration	\$1,000,000
15		
16	02. Urgent Needs and Contingency	1,000,000
17		
18	03. Scattered Site Housing	13,200,000
19		
20	04. Economic Development	8,710,000
21		
22	05. Community Revitalization	13,500,000
23		
24	06. State Technical Assistance	450,000
25		
26	07. Housing Development	2,000,000
27		
28	08. Infrastructure	5,140,000
29		

30 **TOTAL COMMUNITY DEVELOPMENT**
 31 **BLOCK GRANT - 2002 Program Year** \$45,000,000

32
 33 **SECTION 5.2.(b)** Decreases in Federal Fund Availability. – Decreases in
 34 federal fund availability for the Community Development Block Grants. – If federal
 35 funds are reduced below the amounts specified above after the effective date of this act,
 36 then every program in each of these federal block grants shall be reduced by the same
 37 percentage as the reduction in federal funds.

38 **SECTION 5.2.(c)** Increases in Federal Fund Availability for Community
 39 Development Block Grant. – Any block grant funds appropriated by the Congress of the
 40 United States in addition to the funds specified in this section shall be expended as
 41 follows: Each program category under the Community Development Block Grant shall
 42 be increased by the same percentage as the increase in federal funds.

43 **SECTION 5.2.(d)** Limitations on Community Development Block Grant
 44 Funds. – Of the funds appropriated in this section for the Community Development
 45 Block Grant, the following shall be allocated in each category for each program year: up
 46 to one million dollars (\$1,000,000) may be used for State administration; up to one
 47 million dollars (\$1,000,000) may be used for Urgent Needs and Contingency; up to
 48 thirteen million two hundred thousand dollars (\$13,200,000) may be used for Scattered
 49 Site Housing; up to eight million seven hundred ten thousand dollars (\$8,710,000) may
 50 be used for Economic Development; not less than thirteen million five hundred
 51 thousand dollars (\$13,500,000) shall be used for Community Revitalization; up to four
 52 hundred fifty thousand dollars (\$450,000) may be used for State Technical Assistance;
 53 up to two million dollars (\$2,000,000) may be used for Housing Development; up to

1 five million one hundred forty thousand dollars (\$5,140,000) may be used for
2 Infrastructure. If federal block grant funds are reduced or increased by the Congress of
3 the United States after the effective date of this act, then these reductions or increases
4 shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

5 **SECTION 5.2.(e)** Increase Capacity for Nonprofit Organizations. –
6 Assistance to nonprofit organizations to increase their capacity to carry out
7 CDBG-eligible activities in partnership with units of local government is an eligible
8 activity under any program category in accordance with federal regulations. Capacity
9 building grants may be made from funds available within program categories, program
10 income, or unobligated funds.

11 **SECTION 5.2.(f)** Study. – The Department of Commerce shall study the
12 development of a training program designed to provide a minimum level of knowledge
13 and skills for Community Development Block Grant administrators. In conducting the
14 study, the Department shall consult the North Carolina League of Municipalities, the
15 North Carolina Association of County Commissioners, the North Carolina Community
16 Development Association, and the Institute of Government at the University of North
17 Carolina at Chapel Hill. The Department may use unencumbered and unspent State
18 Technical Assistance funds from previous program years to conduct the study. The
19 Department shall report its findings to the House and Senate Appropriations
20 Subcommittees on Natural and Economic Resources and the Fiscal Research Division
21 by February 1, 2002.

22 23 **PART VI. GENERAL PROVISIONS**

24
25 Requested by: Representatives Easterling, Oldham, Redwine, Thompson
26 **SPECIAL FUNDS, FEDERAL FUNDS, DEPARTMENTAL RECEIPTS, AND**
27 **CASH BALANCES/AUTHORIZATION FOR EXPENDITURES**

28 **SECTION 6.1.(a)** There is appropriated out of the cash balances, federal
29 receipts, and departmental receipts available to each department, sufficient amounts to
30 carry on authorized activities included under each department's operations. All these
31 cash balances, federal receipts, and departmental receipts shall be expended and
32 reported in accordance with provisions of the Executive Budget Act, except as
33 otherwise provided by statute, and shall be expended at the level of service authorized
34 by the General Assembly. If the receipts, other than gifts and grants that are
35 unanticipated and are for a specific purpose only, collected in a fiscal year by an
36 institution, department, or agency exceed the receipts certified for it in General Fund
37 Codes or Highway Fund Codes, then the Director of the Budget shall decrease the
38 amount he allots to that institution, department, or agency from appropriations from that
39 Fund by the amount of the excess, unless the Director of the Budget finds that the
40 appropriations from the Fund are necessary to maintain the function that generated the
41 receipts at the level anticipated in the certified Budget Codes for that Fund.

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

- 45 (1) As provided in G.S. 116-30.1, 116-30.2, 116-30.3, 116-30.4; or
- 46 (2) If the Director of the Budget finds that the new permanent employee
47 positions are necessary to maintain the function that generated the
48 receipts at the level anticipated in the certified budget codes for that
49 Fund. The Director of the Budget shall notify the President Pro
50 Tempore of the Senate, the Speaker of the House of Representatives,
51 the chairmen of the appropriations committees of the Senate and the
52 House of Representatives, and the Fiscal Research Division of the
53 Legislative Services Office that he intends to make such a finding at

1 least 10 days before he makes the finding. The notification shall set out
2 the reason the positions are necessary to maintain the function.

3 The Office of State Budget and Management shall report to the Joint
4 Legislative Commission on Governmental Operations and to the Fiscal Research
5 Division of the Legislative Services Office within 30 days after the end of each quarter
6 the General Fund Codes or Highway Fund Codes that did not result in a corresponding
7 reduced allotment from appropriations from that Fund.

8 **SECTION 6.1.(b)** There is appropriated from the Reserve for
9 Reimbursements to Local Governments and Shared Tax Revenues for each fiscal year
10 an amount equal to the amount of the distributions required by law to be made from that
11 reserve for that fiscal year.

12 **SECTION 6.1.(c)** The Director of the Budget shall develop necessary
13 budget controls, regulations, and systems to ensure that these funds and other State
14 funds subject to the Executive Budget Act are not spent in a manner that would cause a
15 deficit in expenditures.

16
17 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

18 **INSURANCE AND FIDELITY BONDS**

19 **SECTION 6.2.** All insurance and all official fidelity and surety bonds
20 authorized for the several departments, institutions, and agencies shall be effected and
21 placed by the Department of Insurance, and the cost of placement shall be paid by the
22 affected department, institution, or agency with the approval of the Commissioner of
23 Insurance.

24
25 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

26 **CONTINGENCY AND EMERGENCY FUND ALLOCATIONS**

27 **SECTION 6.3.(a)** Funds in the amount of five million dollars (\$5,000,000)
28 for the 2001-2002 fiscal year and five million dollars (\$5,000,000) for the 2002-2003
29 fiscal year are appropriated in this act to the Contingency and Emergency Fund. Of the
30 funds:

- 31 (1) The sum of three million eight hundred seventy-five thousand dollars
32 (\$3,875,000) for the 2001-2002 fiscal year and the sum of three
33 million eight hundred seventy-five thousand dollars (\$3,875,000) for
34 the 2002-2003 fiscal year shall be used only to respond to an
35 unanticipated disaster such as a fire, hurricane, or tornado;
- 36 (2) The sum of nine hundred thousand dollars (\$900,000) for the
37 2001-2002 fiscal year and the sum of nine hundred thousand dollars
38 (900,000) for the 2002-2003 fiscal year shall be used only (i) for the
39 purposes set out in subdivision (1) of this subsection, (ii) as required
40 by a court, Industrial Commission, or administrative hearing officer's
41 order or award, or (iii) to match unanticipated federal funds; and
- 42 (3) The sum of two hundred twenty-five thousand dollars (\$225,000) for
43 the 2001-2002 fiscal year and the sum of two hundred twenty-five
44 thousand dollars (\$225,000) for the 2002-2003 fiscal year shall be used
45 for the purposes set out in subdivisions (1) and (2) of this subsection or
46 for other allocations from the Contingency and Emergency Fund.

47 **SECTION 6.3.(b)** Funds appropriated to the Contingency and Emergency
48 Fund shall not be used to lease office space unless the expenditure is for a purpose set
49 out in subdivisions (1) or (2) of subsection (a) of this section.

50
51 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

52 **AUTHORIZED TRANSFERS FROM SALARY ADJUSTMENT RESERVES**

1 **SECTION 6.4.** The Director of the Budget may transfer to General Fund
2 budget codes from the General Fund Salary Adjustment Reserves appropriation and
3 may transfer to Highway Fund budget codes from the Highway Fund Salary Adjustment
4 Reserve appropriation, amounts required to support approved salary adjustments made
5 necessary by difficulties in recruiting and holding qualified employees in State
6 government. The funds may be transferred only when salary reserve funds in individual
7 operating budgets are not available.

8 The Director of the Budget shall report to the Fiscal Research Division prior
9 to approving salary adjustments and transferring funds pursuant to this section.

10 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

11 **EXPENDITURES OF FUNDS IN RESERVES LIMITED**

12 **SECTION 6.5.** All funds appropriated by this act into reserves may be
13 expended only for the purposes for which the reserves were established.

14 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

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

16 **SECTION 6.6.** Each private, nonprofit entity eligible to receive State funds,
17 either by General Assembly appropriation, or by grant, loan, or other allocation from a
18 State agency, before funds may be disbursed to the entity, shall file with the disbursing
19 agency a notarized copy of that entity's policy addressing conflicts of interest that may
20 arise involving the entity's management employees and the members of its board of
21 directors or other governing body. The policy shall address situations in which any of
22 these individuals may directly or indirectly benefit, except as the entity's employees or
23 members of the board or other governing body, from the entity's disbursing of State
24 funds, and shall include actions to be taken by the entity or the individual, or both, to
25 avoid conflicts of interest and the appearance of impropriety.

26 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

27 **DISBURSEMENTS TO NONPROFITS**

28 **SECTION 6.7.** G.S. 143-26 reads as rewritten:

29 **"§ 143-26. Director to have discretion as to manner of paying annual**
30 **appropriations.**

31 (a) ~~Unless otherwise provided, Except as provided in subsection (b) of this~~
32 ~~section or as otherwise provided by law, it shall be discretionary with the Director of the~~
33 ~~Budget whether any annual appropriation shall be paid in monthly, quarterly or~~
34 ~~semiannual installments or in a single payment.~~

35 (b) ~~Except as otherwise provided by law, an annual appropriation of one hundred~~
36 ~~thousand dollars (\$100,000) or less to or for the use of a nonprofit corporation shall be~~
37 ~~paid in a single annual payment. An annual appropriation of more than one hundred~~
38 ~~thousand dollars (\$100,000) to or for the use of a nonprofit corporation shall be paid in~~
39 ~~quarterly or monthly installments, in the discretion of the Director of the Budget."~~

40 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

41 **BUDGETING OF PILOT PROGRAMS**

42 **SECTION 6.8.(a)** Any program designated by the General Assembly as
43 experimental, model, or pilot shall be shown as a separate budget item and shall be
44 considered as an expansion item until a succeeding General Assembly reapproves it.

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

47 **SECTION 6.8.(b)** The Governor shall submit to the General Assembly with
48 his proposed budget a report of which items in the proposed budget are subject to the
49 provisions of this section.
50
51
52
53

1
2 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

3 **APPROPRIATIONS EFFICIENCY REVIEW**

4 **SECTION 6.9.** The Appropriations Committees of the Senate and House of
5 Representatives shall convene at least once a month during the interim period between
6 the 2001 General Assembly and the 2002 Regular Session of the 2001 General
7 Assembly to study the structure, duties, and functions of the various agencies and
8 programs of State government. The review by the Appropriations Committees shall
9 focus on ways to ensure that State government functions efficiently and to generate cost
10 savings to the citizens of the State. The Appropriations Committees shall apply
11 zero-base budgeting principles in evaluating the fiscal functions and funding needs of
12 State agencies. The Appropriations Committees shall consider the recommendations of
13 the Governor's Efficiency Commission and shall evaluate the feasibility of
14 consolidating, eliminating, transferring, or privatizing certain State programs,
15 operations, or entities where there is duplication of services or functions or where the
16 functions being performed are not cost-effective.

17
18 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

19 **LIMITATIONS ON AGENCY LEGISLATIVE LIAISON**

20 **SECTION 6.10.** Article 9A of Chapter 120 of the General Statutes is
21 amended by adding the following new section to read:

22 **"§ 120-47.12. Limitations on agency legislative liaisons.**

23 No principal State department may use State funds to contract with persons who are
24 not employed by the State to serve as legislative liaisons or otherwise lobby the General
25 Assembly."

26
27 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

28 **RESERVE TO IMPLEMENT THE HEALTH INSURANCE PORTABILITY**
29 **AND ACCOUNTABILITY ACT (HIPAA)**

30 **SECTION 6.11.(a)** Funds in the amount of ten million dollars (\$10,000,000)
31 are appropriated in this act to the Reserve to Implement HIPAA. This reserve shall be
32 located in the Office of State Budget and Management.

33 **SECTION 6.11.(b)** The federal Health Insurance Portability and
34 Accountability Act (HIPAA) was enacted in 1996 and set many goals for the health care
35 industry. The act's primary purpose is to protect health insurance coverage for workers
36 and their families when workers change or lose jobs. This new protection requires major
37 administrative changes for health care programs. The most comprehensive changes
38 include: (i) moving from paper-based transactions to electronic transactions, (ii)
39 establishing national identifiers for providers, payers, and employers, and (iii)
40 upgrading security and privacy of health care information. Failure to implement
41 HIPAA requirements may result in denied or delayed reimbursements and severe civil
42 and criminal penalties.

43 **SECTION 6.11.(c)** The Office of State Budget and Management, in
44 consultation with the State Chief Information Officer and the Secretary of Health and
45 Human Services, shall develop a strategic plan to implement the requirements outlined
46 in HIPAA. Specifically, the plan shall:

- 47 (1) Identify and document all requirements outlined in the federal HIPAA
48 legislation as they relate to State agencies;
- 49 (2) Include an assessment of the State's existing administrative systems,
50 policies, and information technology systems, as they relate to the
51 requirements of HIPAA;
- 52 (3) Include a timeline for implementing all necessary administrative,
53 policy, and technology changes to ensure compliance; and

- 1 (4) Provide a detailed cost and cash flow analysis for each State agency
 2 subject to compliance. The analysis shall include personnel
 3 requirements, information technology equipment needs, and other
 4 operating and start-up expenses needed to implement HIPAA
 5 requirements.

6 **SECTION 6.11.(d)** The Office of State Budget and Management shall report
 7 on the strategic plan developed pursuant to this section to the Chairs of the Senate and
 8 House of Representatives Appropriations Committees, the Chairs of the Senate and
 9 House of Representatives Appropriations Subcommittees on Information Technology,
 10 the Joint Legislative Commission on Governmental Operations, and the Fiscal Research
 11 Division by October 1, 2001.

12 **SECTION 6.11.(e)** Funds spent to implement this section shall not exceed
 13 one million five hundred thousand dollars (\$1,500,000) until the Office of State Budget
 14 and Management reports to the Chairs of the Senate and House of Representatives
 15 Appropriations Committees, the Chairs of the Senate and House of Representatives
 16 Appropriations Subcommittees on Information Technology, the Joint Legislative
 17 Commission on Governmental Operations, and the Fiscal Research Division on actual
 18 and proposed expenditures and actual and projected monthly cash requirements for the
 19 2001-2002 fiscal year and beyond. After making this report, the Office of State Budget
 20 and Management shall report quarterly on its progress in implementing this section to
 21 the Chairs of the Senate and House of Representatives Appropriations Committees, the
 22 Chairs of the Senate and House of Representatives Appropriations Subcommittees on
 23 Information Technology, the Joint Legislative Commission on Governmental
 24 Operations, and the Fiscal Research Division.

25
 26 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
 27 Thompson

28 **ATTORNEY GENERAL REPORTING OF PENDING LAWSUITS**

29 **SECTION 6.13.(a)** Article 1 of Chapter 114 is amended by adding a new
 30 section to read:

31 **"§ 114-2.6. Attorney General to report on pending lawsuits in which State is a**
 32 **party.**

33 By April 1 and October 1 of each year, the Attorney General shall submit a written
 34 report to the Chairs of the Joint Legislative Commission on Governmental Operations,
 35 the Chairs of the Appropriations Committees of the Senate and House of
 36 Representatives, the Chairs of the Finance Committees of the Senate and House of
 37 Representatives, and the Fiscal Research Division of the Legislative Services Office on
 38 all pending lawsuits against the State and the status of those lawsuits. In addition, the
 39 Attorney General shall submit a written report to the Joint Legislative Commission on
 40 Governmental Operations, the Chairs of the Appropriations Committees of the Senate
 41 and House of Representatives, the Chairs of the Finance Committees of the Senate and
 42 House of Representatives, and the Fiscal Research Division of the Legislative Services
 43 Office within 30 days of a final judgment that orders the State to pay the sum of one
 44 million dollars (\$1,000,000) or more."

45 **SECTION 6.13.(b)** This section becomes effective April 1, 2002.

46
 47 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

48 **PRIVATE LICENSE PLATES ON PUBLICLY OWNED MOTOR VEHICLES**

49 **SECTION 6.14.(a)** Pursuant to the provisions of G.S. 14-250, for the
 50 2001-2003 fiscal biennium, the General Assembly authorizes the use of private license
 51 tags on State-owned motor vehicles only for the State Highway Patrol and for the
 52 following:

53 Department	Exemption Category	Number
---------------	--------------------	--------

1			
2	Motor Vehicles	License and Theft	97
3	Justice	SBI Agents	277
4	Correction	Probation/Parole Surveillance	
5		Officers (intensive	
6		probation)	25
7	Crime Control and		
8	Public Safety	ALE Officers	92
9	Revenue		24
10	Capitol Area		
11	Police		2
12	Wildlife Resources		
13	Commission	Wildlife Enforcement Officers	12.

14 **SECTION 6.14.(b)** The 92 ALE vehicles authorized by this section to use
 15 private license tags shall be distributed as follows:

- 16 (1) 54 among Agent I officers;
- 17 (2) 20 among Agent II officers;
- 18 (3) 1 to the Deputy Director;
- 19 (4) 12 to the District Offices/Extra Vehicles; and
- 20 (5) 5 to the Director, to be distributed at the Director's discretion.

21 **SECTION 6.14.(c)** Except as provided in this section, all State-owned motor
 22 vehicles shall bear permanent registration plates issued under G.S. 20-84.

23 **SECTION 6.14.(d)** G.S. 14-250 reads as rewritten:

24 "**§ 14-250. Publicly owned vehicle to be marked.**

25 It shall be the duty of the executive head of every department of the State
 26 government, and of any county, or of any institution or agency of the State, to have
 27 painted on every motor vehicle owned by the State, or by any county, or by any
 28 institution or agency of the State, a statement that such car belongs to the State or to
 29 some county, or institution or agency of the State. Provided, however, that no
 30 automobile used by any municipal or county officer or municipal or county official for
 31 the purpose of transporting, apprehending or arresting persons charged with violations
 32 of the laws of the State of North Carolina, shall be required to be lettered. Provided,
 33 further, that in lieu of the above method of marking motor vehicles owned by any
 34 agency or department of the State government, it shall be deemed a compliance with the
 35 law if such vehicles have imprinted on the license tags thereof, above the license
 36 number, the words "State Owned" and that such vehicles have affixed to the front
 37 thereof a plate with the statement "State Owned". Provided, further, that in lieu of the
 38 above method of marking vehicles owned by any county, it shall be deemed a
 39 compliance with the law if such vehicles have painted or affixed on the side thereof a
 40 circle not less than eight inches in diameter showing a replica of the seal of such county.
 41 Provided, further, that no county-owned motor vehicle used for transporting day or
 42 residential facility clients of area mental health, developmental disabilities, and
 43 substance abuse authorities established under Article 4 of Chapter 122C of the General
 44 Statutes shall be required to be lettered; provided, further, notwithstanding this sentence,
 45 each vehicle shall bear the distinctive permanent registration plate pursuant to G.S.
 46 20-84. Provided, further, that in lieu of the above method of marking vehicles owned by
 47 the State and permanently assigned to members of the Council of State, it shall be
 48 deemed a compliance with the law if such vehicles have imprinted on the license tags
 49 thereof the license number assigned to the appropriate member of the Council of State
 50 pursuant to ~~G.S. 20-81(4)~~;G.S. 20-79.5, a member of the Council of State shall not be
 51 assessed any registration fee if he elects to have a State-owned motor vehicle assigned
 52 to him designated by his official plate number.

1 The General Assembly recognizes the need to allow the limited use of private
2 license plates on publicly owned vehicles, and may authorize exemptions from the
3 provisions of this section for each fiscal year. Each agency shall submit requests for
4 private tags to the Division of Motor Fleet Management of the Department of
5 Administration. The Division shall report the requests to the Appropriations
6 Committees of the General Assembly by June 1. The total number of private license
7 plates authorized by the General Assembly for each agency is inclusive of all
8 confidential license plates issued to the agency pursuant to G.S. 20-56 and all fictitious
9 license plates issued to the agency pursuant to G.S. 20-39(g) and G.S. 20-39(h).

10 For purposes of this section, the term "private license plate" refers to a license plate
11 that would normally be issued to a private party and therefore lacks any markings
12 indicating that it has been assigned to a publicly owned vehicle. "Confidential" license
13 plates are a specialized form of private license plate for which a confidential registration
14 has been authorized under G.S. 20-56. "Fictitious" license plates are a specialized form
15 of private license plate for which a fictitious registration has been issued under G.S. 20-
16 39(g) or G.S. 20-39(h)."

17 **SECTION 6.14.(e)** G.S. 20-39 reads as rewritten:

18 **"§ 20-39. Administering and enforcing laws; rules and regulations; agents, etc.;**
19 **seal; fees; licenses and plates for undercover officers.**

20 (a) The Commissioner is hereby vested with the power and is charged with the
21 duty of administering and enforcing the provisions of this Article and of all laws
22 regulating the operation of vehicles or the use of the highways, the enforcement or
23 administration of which is now or hereafter vested in the Division.

24 (b) The Commissioner is hereby authorized to adopt and enforce such rules and
25 regulations as may be necessary to carry out the provisions of this Article and any other
26 laws the enforcement and administration of which are vested in the Division.

27 (c) The Commissioner is authorized to designate and appoint such agents, field
28 deputies, and clerks as may be necessary to carry out the provisions of this Article.

29 (d) The Commissioner shall adopt an official seal for the use of the Division.

30 (e) The Commissioner is authorized to cooperate with and provide assistance to
31 the Environmental Management Commission, or appropriate local government officials,
32 and to develop, adopt, and ensure enforcement of necessary rules and regulations,
33 regarding programs of motor vehicle emissions inspection/maintenance required for
34 areas in which ambient air pollutant concentrations exceed National Ambient Air
35 Quality Standards.

36 (f) The Commissioner is authorized to charge and collect the following fees for
37 the verification of equipment to be used on motor vehicles or to be sold in North
38 Carolina, when that approval is required pursuant to this Chapter:

39 (1) When a federal standard has been established, the fee shall be equal to
40 the cost of verifying compliance with the applicable federal standard;
41 or

42 (2) When no federal standard has been established, the fee shall be equal
43 to the cost of verifying compliance with the applicable State standard.
44 Any motor vehicle manufacturer or distributor who is required to
45 certify his products under the National Traffic and Motor Vehicle
46 Safety Act of 1966, as from time to time amended, may satisfy the
47 provisions of this section by submitting an annual written certification
48 to the Commissioner attesting to the compliance of his vehicles with
49 applicable federal requirements. Failure to comply with the
50 certification requirement or failure to meet the federal standards will
51 subject the manufacturer or distributor to the fee requirements of this
52 subsection.

1 (g) The Commissioner, notwithstanding any other provision of this Chapter, but
2 subject to the limitations on private license plates established by the General Assembly
3 under G.S. 14-250, may lawfully to the extent necessary provide law-enforcement
4 officers of the Division on special undercover assignments with motor vehicle operator's
5 licenses and motor vehicle registration plates under assumed names using false or
6 fictitious addresses. The Commissioner shall be responsible for the request for issuance
7 and use thereof. The Commissioner may direct the immediate return of any operator's
8 license or registration plate issued pursuant to this section.

9 (h) The Commissioner, notwithstanding any other provision of this Chapter, but
10 subject to the limitations on private license plates established by the General Assembly
11 under G.S. 14-250, may lawfully and to the extent necessary, provide local, State or
12 federal law-enforcement officers on special undercover assignments with motor vehicle
13 drivers licenses and motor vehicle registration plates under assumed names using false
14 or fictitious addresses. Such registration plates shall only be used on publicly owned or
15 leased ~~vehicles.~~ vehicles and shall not be used on privately owned vehicles under any
16 circumstances. Requests for these licenses and registration plates shall be made to the
17 Commissioner by the head of the local, State or federal law-enforcement agency and be
18 accompanied by approval in writing from the Director of the State Bureau of
19 Investigation upon a specific finding by the Director that the request is justified and
20 necessary. The Director shall keep a record of all such licenses, registration plates,
21 assumed names, false or fictitious addresses, and law-enforcement officers using the
22 licenses or registration plates, and shall request the immediate return of any license or
23 registration plate that is no longer necessary. Licenses and registration plates provided
24 under this subsection shall expire six months after initial issuance or subsequent
25 validation after the request for extension has been approved in writing by the Director of
26 the State Bureau of Investigation. The head of the local, State or federal
27 law-enforcement agency shall be responsible for the use of the licenses and registration
28 plates and shall return them immediately to the Commissioner for cancellation upon
29 either (i) their expiration, (ii) request of the Director of the State Bureau of
30 Investigation, or (iii) request of the Commissioner. Failure to return a license or
31 registration plates issued pursuant to this subsection shall be punished as a Class 2
32 misdemeanor. At no time shall the number of valid licenses and registration plates
33 issued under this act exceed one hundred twenty-five, and those issued shall be strictly
34 monitored by the Director. All of the private registration plates issued to special agents
35 of the State Bureau of Investigation under the Department of Justice and to alcohol law
36 enforcement agents under the Department of Crime Control and Public Safety, pursuant
37 to G.S. 14-250, may be fictitious plates and shall not be counted in the total number of
38 fictitious plates authorized by this subsection.

39 (i) Notwithstanding the requirements of G.S. 20-7.1 and G.S. 20-67(a), the
40 Commissioner may correct the address records of drivers license and registration plate
41 holders as shown in the files of the Division to that shown on notices and renewal cards
42 returned to the Division with new addresses provided by the United States Postal
43 Service.

44 (j) The Commissioner shall administer the issuance of private plates to State-
45 owned vehicles under the provisions of G.S. 14-250, G.S. 20-56, and subsections (g)
46 and (h) of this section to ensure that the limitations placed on the issuance of private
47 license plates by the General Assembly are complied with, that confidential and
48 fictitious license plates are not used on private vehicles, that confidential plates are
49 issued only to those persons whose personal safety is demonstrably at risk, and that all
50 other laws governing the issuance of private license plates are strictly complied with."

51 **SECTION 6.14.(f)** G.S. 20-56 reads as rewritten:

52 "**§ 20-56. Registration indexes.**

1 (a) The Division shall file each application received, and when satisfied as to the
2 genuineness and regularity thereof, and that the applicant is entitled to register such
3 vehicle and to the issuance of a certificate of title, shall register the vehicle therein
4 described and keep a record thereof as follows:

- 5 (1) Under a distinctive registration number assigned to the vehicle;
- 6 (2) Alphabetically, under the name of the owner;
- 7 (3) Under the motor number or any other identifying number of the
8 vehicle; and
- 9 (4) In the discretion of the Division, in any other manner it may deem
10 advisable.

11 (b) The Division ~~shall~~ may maintain a separate registration file for vehicles
12 bearing private tags which are owned or leased for use by individuals who comply with
13 the provisions of this subsection and who are in the following categories:

- 14 (1) Members of federal, State, and local law enforcement agencies if the
15 vehicles are used for the purpose of transporting, apprehending, or
16 arresting persons charged with violations of the laws of the United
17 States or the State of North Carolina;
- 18 (2) Agents for the Internal Revenue Service;
- 19 (3) Public officials.

20 Individuals in the aforementioned categories ~~must provide satisfactory evidence~~
21 shall demonstrate to the Commissioner Director of the State Bureau of Investigation that
22 their personal safety is at risk. risk and provide details supporting that claim. The fact
23 that a person is a law enforcement officer is not sufficient by itself to establish that the
24 person's safety is at risk. The Commissioner shall adopt strict verification procedures to
25 ensure the integrity of the registration system. This file shall be confidential for the use
26 of the Division.

27 Upon the annual renewal of the registration of a vehicle for which a confidential file
28 has been established under this section, the information placed in that file shall lose its
29 confidential status unless the Commissioner is supplied with information demonstrating
30 that the person's safety remains at risk at the time of renewal.

31 Private tags issued pursuant to this section are subject to the limitations on private
32 license plates established by the General Assembly under G.S. 14-250 and shall not be
33 placed on privately owned vehicles under any circumstances. The number of
34 confidential license plates issued under this section shall not exceed 500 at any time
35 unless the Commissioner finds that exceptional circumstances exist that justify
36 exceeding that number."

37 **SECTION 6.14.(g)** The Division of Motor Vehicles shall report to the Joint
38 Legislative Commission on Governmental Operations by January 1 and July 1 of each
39 year on the number of private plates issued to State-owned vehicles. The report shall
40 show the total number of private plates issued to each agency, the total number of
41 confidential plates issued to each agency, the total number of fictitious plates issued to
42 each agency, and any additional information necessary for an assessment of the agency's
43 compliance with G.S. 14-250.

44
45 Requested by: Representatives Easterling, Oldham, Redwine, Thompson
46 **FUND SALARIES AND RELATED EMPLOYER CONTRIBUTIONS AT LESS**
47 **THAN 100% OF BUDGETED REQUIREMENTS**

48 **SECTION 6.15.(a)** The purpose of the Payroll Turnover Adjustment
49 reduction set out in Section 2.1 of this act is to adjust the amount of funds appropriated
50 to the General Fund for State-paid salaries and wages to more accurately reflect actual
51 salary and wage requirements for full-time and part-time State-paid personnel. The
52 Office of State Budget and Management shall allocate to State departments and
53 agencies funds necessary to support salaries and wages and related employer

1 contributions for social security and retirement at an average rate of ninety-eight and
2 one-half percent (98.5%) of budgeted requirements for salaries and related employer
3 contributions. The provisions of this subsection do not apply to salary and related
4 employer contributions funded by the State for the Public School System and the North
5 Carolina Community Colleges System.

6 **SECTION 6.15.(b)** The provisions of G.S. 143-23 shall not apply to
7 overexpenditures of funds other than salary funds that are necessary to implement this
8 section. Funds other than salary funds shall not be used to offset expenditures of salary
9 funds for new personnel positions or to reclassify or otherwise increase the salary of
10 existing employees.

11
12 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

13 **EXTEND THE COMMISSION TO ADDRESS SMART GROWTH, GROWTH**
14 **MANAGEMENT, AND DEVELOPMENT ISSUES**

15 **SECTION 6.16.** Section 16.7(g) of S.L.1999-237 reads as rewritten:

16 "Section 16.7.(g) Report. – The Commission shall submit an interim report to the
17 2000 Regular Session of the 1999 General Assembly and shall submit a final report of
18 its findings and recommendations by ~~January 15, 2001~~, September 1, 2001, to the
19 General Assembly, the Governor, and the citizens of the State. The report may include
20 recommendations to (i) enact and implement a program of comprehensive planning,
21 supportive infrastructure development, and growth management and (ii) address the
22 issue of continued oversight of growth and development in the State, including whether
23 a permanent commission should be established. The Commission shall terminate upon
24 filing its final report."

25
26 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

27 **MASTERS LEVEL INTERNSHIPS IN STATE AGENCIES**

28 **SECTION 6.17.** Each State department, agency, and institution may
29 establish paid internships for recent graduates of in-State Masters of Public
30 Administration and Masters of Public Policy programs in an effort to attract and retain
31 qualified State employees.

32
33 Requested by: Representative Easterling, Oldham, Redwine, Thompson

34 **APPLICATION OF TORT CLAIMS ACT TO BUS DRIVERS**

35 **SECTION 6.18.(a)** G.S. 143-300.1(d) reads as rewritten:

36 "(d) Except as otherwise provided in this subsection, the ~~The~~ Attorney General
37 ~~may may, upon the request of an employee or former employee,~~ defend any civil action
38 brought against the driver, transportation safety assistant, or monitor of a public school
39 bus or school transportation service vehicle or school bus maintenance mechanic when
40 the driver or mechanic is employed and paid by the local school administrative unit,
41 when the monitor is acting in accordance with G.S. 115C-245(d), when the
42 transportation safety assistant is acting in accordance with G.S. 115C-245(e), or when
43 the driver is an unpaid school bus driver trainee under the supervision of an authorized
44 employee of the Department of Transportation, Division of Motor Vehicles, or an
45 authorized employee of a county or city board of education or administrative unit. The
46 Attorney General may afford this defense through the use of a member of his staff or, in
47 his discretion, employ private counsel. The Attorney General is authorized to pay any
48 judgment rendered in the civil action not to exceed the limit provided under the Tort
49 Claims Act. The funds necessary to cover the first one hundred fifty thousand dollars
50 (\$150,000) of liability per claim shall be made available from funds appropriated to the
51 State Board of Education. The balance of any liability owed shall be paid in accordance
52 with G.S. 143-299.4. The Attorney General may compromise and settle any claim
53 covered by this section to the extent that he finds the same to be valid, up to the limit

1 provided in the Tort Claims Act, provided that the authority granted in this subsection
2 shall be limited to only those claims that would be within the jurisdiction of the
3 Industrial Commission under the Tort Claims Act.

4 The Attorney General shall refuse to provide for the defense of a civil action or
5 proceeding brought against an employee or former employee on the grounds set out in
6 G.S. 143-300.4."

7 **SECTION 6.18.(b)** Of the funds appropriated to the State Board of
8 Education in Section 2 of this act, the sum of two hundred fifty thousand dollars
9 (\$250,000) for the 2001-2002 fiscal year and the sum of two hundred fifty thousand
10 dollars (\$250,000) for the 2002-2003 fiscal year shall be used to implement subsection
11 (a) of this section.

12 **PART VII. DEPARTMENT OF ADMINISTRATION**

13 Requested by: Representatives Jeffus, Sherrill, Walend, Easterling, Oldham,
14 Redwine, Thompson

15 **VETERANS' SCHOLARSHIP PROGRAM**

16 **SECTION 7.1.(a)** G.S. 165-20(3) reads as rewritten:

17 **"§ 165-20. Definitions.**

18 As used in this Article the terms defined in this section shall have the following
19 meaning:

20
21
22
23 (3) "Child" means a ~~person~~ person: (i) who is a domiciliary of North
24 Carolina and is a resident of North Carolina when applying for a
25 scholarship, (ii) who is a senior in high school or its equivalent and
26 who will graduate at the end of the academic year or a person who has
27 completed high school or its equivalent prior to receipt of a scholarship
28 as may be awarded under this Article, equivalent, (iii) who has
29 complied with the requirements of the Selective Service System, if
30 applicable, and (iv) who further meets one of the following
31 requirements:

- 32 a. A person whose veteran parent was a legal resident of North
33 Carolina at the time of said veteran's entrance into that period of
34 service in the armed forces during which eligibility is
35 established under G.S. 165-22.
- 36 b. A veteran's child who was born in North Carolina and has lived
37 in North Carolina continuously since birth. Provided, that the
38 requirement in the preceding sentence as to birth in North
39 Carolina may be waived by the Department of Administration if
40 it is shown to the satisfaction of the Department that the child's
41 mother was a native-born resident of North Carolina and was
42 such resident at the time of her marriage to the veteran and was
43 outside the State temporarily at the time of the child's birth,
44 following which the child was returned to North Carolina
45 within a reasonable period of time where said child has since
46 lived continuously.
- 47 c. A person meeting either of the requirements set forth in
48 subdivision (3)a or b above, and who was legally adopted by
49 the veteran prior to said person's reaching the age of 15 years."

50 **SECTION 7.1.(b)** G.S. 165-21 reads as rewritten:

51 **"§ 165-21. Scholarship.**

52 (a) A scholarship granted pursuant to this Article shall consist of the following
53 benefits in either a State or private educational institution:

- 1 (1) With respect to State educational institutions, unless expressly limited
- 2 elsewhere in this Article, a scholarship shall consist of:
- 3 a. Tuition,
- 4 b. A reasonable board allowance,
- 5 c. A reasonable room allowance,
- 6 d. Matriculation and other institutional fees required to be paid as
- 7 a condition to remaining in said institution and pursuing the
- 8 course of study selected, excluding charges or fees for books,
- 9 supplies, tools and clothing.
- 10 (2) With respect to private educational institutions, a scholarship shall
- 11 consist of a monetary allowance as prescribed in G.S. 165-22.1(d).
- 12 (3) Only one scholarship may be granted pursuant to this Article with
- 13 respect to each child and it shall not extend for a longer period than
- 14 four academic years, which years, however, need not be consecutive.
- 15 (4) No educational assistance shall be afforded a child under this Article
- 16 after the end of a 10-year period beginning on the date the scholarship
- 17 is first awarded. Those persons who have been granted a scholarship
- 18 under this Article prior to the effective date of this act shall be entitled
- 19 to the remainder of their period of scholarship eligibility if used prior
- 20 to August 1, 1999. Whenever a child is enrolled in an educational
- 21 institution and the period of entitlement ends while enrolled in a term,
- 22 quarter or semester, such period shall be extended to the end of such
- 23 term, quarter or semester, but not beyond the entitlement limitation of
- 24 four academic years.

25 (b) If a child is awarded a scholarship under this Article and the child is a senior
 26 in high school or its equivalent, then the scholarship shall be awarded pending the
 27 graduation of the child."

28
 29 Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine,
 30 Thompson, Gibson

31 **MODIFICATIONS TO THE STATE EMPLOYEE INCENTIVE BONUS**
 32 **PROGRAM**

33 **SECTION 7.2.(a)** G.S. 143-340(1) reads as rewritten:

34 "(1) To establish the State Employee Incentive Bonus Program pursuant to
 35 Article 36A of this Chapter, with the authority to adopt all rules
 36 necessary to implement the program. The Secretary shall serve ex
 37 officio on all program committees and shall designate an executive
 38 secretary to administer the program."

39 **SECTION 7.2.(b)** G.S. 143-345.20 reads as rewritten:

40 **"§ 143-345.20. Definitions.**

41 The following definitions apply in this Article:

- 42 (1) Baseline reversion. – The two-year historical average of reversions by
- 43 a State department, agency, or institution.
- 44 (2) ~~Employing unit. – Any of the following:~~
- 45 a. ~~The principal Council of State office or department enumerated~~
- 46 ~~in G.S. 143A-11 for which a State employee works.~~
- 47 b. ~~The principal State department enumerated in G.S. 143B-6 for~~
- 48 ~~which a State employee works.~~
- 49 c. ~~The constituent institution of The University of North Carolina~~
- 50 ~~or the General Administration of The University of North~~
- 51 ~~Carolina for which a State employee works.~~
- 52 d. ~~The local school administrative unit for which a State employee~~
- 53 ~~works.~~

1 e. ~~The board, commission, or agency and its staff for which a~~
 2 ~~State employee works, if that agency is not organizationally~~
 3 ~~housed in any of the other offices, departments, or institutions~~
 4 ~~listed in this subdivision.~~

5 (2a) Participating agency. – Any State department, agency, or institution, or
 6 any local school administrative unit that employs State employees
 7 eligible to participate in the State Employee Incentive Bonus Program.
 8 The term includes the North Carolina Community Colleges System,
 9 The University of North Carolina and its constituent institutions, and
 10 charter schools. The term does not include federal or local government
 11 agencies.

12 (2b) SEIBP. – Acronym for the State Employee Incentive Bonus Program.

13 (3) State employee. – Any of the following:

- 14 a. A person who is a contributing member of the Teachers' and
 15 State Employees' Retirement System of North Carolina, the
 16 Consolidated Judicial Retirement System of North Carolina, or
 17 the Optional Program.
 18 b. A person who receives wages from the State as a part-time or
 19 temporary worker, but is not otherwise a contributing member
 20 of one of the retirement programs listed in sub-subdivision a. of
 21 this subdivision."

22 **SECTION 7.2.(c) G.S. 143-345.21 reads as rewritten:**

23 **"§ 143-345.21. State employee incentive bonus.**

24 (a) A State employee or team of State employees may receive an incentive bonus
 25 or bonuses in reward for suggestions or innovations resulting in monetary savings to the
 26 State, increased revenues to the State, or improved quality of services delivered to the
 27 public.

28 (b) ~~In addition to any bonuses paid directly to individual State employees, a~~
 29 ~~portion of the cost savings associated with any savings realized from permanent~~
 30 ~~efficiencies implemented pursuant to this Article may be contributed to a reserve fund~~
 31 ~~for State employee performance bonuses. Funds for State employee incentive bonuses~~
 32 ~~shall only come from savings including reversions above the baseline reversion of the~~
 33 ~~employing State department, agency, or institution.~~

34 (b1) The amount of savings generated by suggestions and innovations shall be
 35 determined after a 12-month period of implementation. No incentive bonus shall be paid
 36 prior to the expiration of 12 months, and payment may be delayed further as reasonably
 37 required to ensure that a complete cost implementation cycle is evaluated fully.

38 (c) ~~Savings generated by suggestions and innovations shall be determined at the~~
 39 ~~end of the fiscal year in which the suggestion or innovation is implemented or the~~
 40 ~~determination may be carried over for one full fiscal year after implementation before~~
 41 ~~making an award if the actual savings cannot be verified before the end of the fiscal~~
 42 ~~year. Any savings are to be calculated using the actual expenditures for a program,~~
 43 ~~activity, or service compared to the budgeted amount for the same, if an amount has~~
 44 ~~been budgeted for the program, activity, or service. The savings calculation shall~~
 45 ~~include the amount of any reversions in excess of the baseline reversion. The savings or~~
 46 ~~revenue increases realized from any suggestion or innovation implemented for less than~~
 47 ~~one full fiscal year shall be annualized. Any savings realized through the State~~
 48 ~~Employee Incentive Bonus Program shall be weighed against continued service to the~~
 49 ~~public-public and the assurance that there is not a negative impact on State programs.~~

50 (d) If a suggestion or innovation affects a program, activity, or service for which
 51 no separate budgeted amount has been made, the State Coordinator, in conjunction with
 52 the agency evaluator or agency fiscal officer, or both for that suggestion or innovation,
 53 shall determine the budgetary impact of the suggestion or innovation.

1 (e) Federal and local government funds and corporate and foundation grant funds
2 are excluded from the SEIBP.

3 (f) The Department of Administration shall establish the SEIBP reserve fund in
4 which all savings for all suggestions shall be deposited as earned. Each participating
5 agency shall be responsible for transferring savings to the SEIBP reserve fund. The
6 funds may be encumbered as needed to ensure payment to the General Fund, to the
7 suggester, and for distribution as required by G.S. 143-345.22. The Department of
8 Administration shall provide the SEIBP reserve fund summary at the close of each
9 fiscal year to the Office of State Budget and Management and to the participating
10 agencies. The Office of State Budget and Management shall have oversight
11 responsibility for ensuring that the required reversions and transfers are made to the
12 General Fund, and that all encumbered funds are accounted for and paid as required by
13 law.

14 (g) No distribution of suggester awards shall occur until reversion requirements
15 to the General Fund are met and distributions as required by G.S. 143-345.22 are
16 satisfied and verified by the Office of State Budget and Management. When all of the
17 requirements of G.S. 143-345.22 are fulfilled, the Department of Administration shall
18 transfer to the suggester's agency funds required to award the suggester. The suggester's
19 agency shall make the suggestion award and ensure that all taxes and withholding
20 requirements are met.

21 (h) Implementation costs may be prorated over a maximum of three years for
22 suggestions or innovations that are capital intensive, involve leading-edge technology,
23 or involve unconventional processes that require longer than 12 months for
24 implementation. The amount of the average annual savings minus the average annual
25 implementation cost shall be used as the basis for the agency to recommend a suggester
26 award. The State Review Committee shall consult the Office of State Budget and
27 Management to make the final award determination in these cases.

28 (i) There is established in the Department of Administration a nonreverting fund
29 to be administered by the Office of State Personnel for the training and education of
30 permanent State employees to address specific mission critical needs and objectives.
31 Funds shall be credited from the SEIBP to the fund as provided by this Article."

32 **SECTION 7.2.(d)** G.S. 143-345.22 reads as rewritten:

33 "**§ 143-345.22. Allocation of incentive bonus funds; nonmonetary recognition.**

34 (a) If a State employee's suggestion or innovation results in a monetary savings
35 or increased revenue to the State, the funds saved or increased shall be distributed
36 according to the following scale or subject to guidelines as set forth by the funding
37 source:

38 (1) Twenty percent (20%) of the annualized savings or increased
39 revenues, up to a maximum of twenty thousand dollars (\$20,000) for
40 any one State employee, to constitute gainsharing. If a team of State
41 employees is the suggester, the bonus provided in this subdivision
42 shall be divided equally among the team members, except that no team
43 member ~~may shall~~ receive in excess of twenty thousand dollars
44 (\$20,000), nor ~~may shall~~ the team receive an aggregate amount in
45 excess of one hundred thousand dollars (\$100,000). These funds shall
46 not revert.

47 (2) ~~Thirty percent (30%) for all current employees in the work unit, as~~
48 ~~designated by the agency head, of the employing unit of the~~
49 ~~suggester, allocated as follows:~~

50 a. Ten percent (10%) to the implementing agency for nonrecurring
51 budget items to be used (i) by the implementing agency to
52 provide equipment, supplies, training, and limited but
53 appropriate recognition for the division, section, or group

1 responsible for the implementation of the cost-saving measure
2 and (ii) to meet other similar needs within the agency.

3 b. Ten percent (10%) to the Department of Administration for
4 augmenting funding for the management and administration of
5 the SEIBP. These funds shall not revert.

6 c. Ten percent (10%) to the State employee education and training
7 fund administered by the Office of State Personnel under G.S.
8 143-342.21(i). These funds shall not revert.

9 (3) The remainder to the General Fund for nonrecurring budget items.

10 (a1) Of the pool of funds identified in subsection (a) of this section, only the
11 General Fund appropriations shall be subject to reversion, except during declared
12 budget emergencies. Under nonemergency budget conditions, SEIBP funds arising from
13 savings at The University of North Carolina, the North Carolina Community Colleges
14 System, the Highway Trust Fund, enterprise funds, and receipt-supported organizations
15 shall be exempt from the General Fund reversion requirements.

16 (b) The budget of a State agency shall not be reduced in the following fiscal year
17 by an amount similar to the monetary savings or increased revenues realized by the
18 State Employee Incentive Bonus Program. The agency budget shall be reduced in
19 subsequent years only if structural or organizational changes are made that warrant the
20 reductions, including the transfer of responsibility for an activity or service to another
21 agency or the elimination of some function of State government.

22 (c) If a suggestion or innovation results in improved quality of services to the
23 public or to other State agencies, departments, and institutions, but not in monetary
24 savings to the State, the suggester shall receive a nonmonetary award in the form of a
25 certificate, leave with pay, or other similar recognition."

26 **SECTION 7.2.(e)** G.S. 143-345.23 reads as rewritten:

27 **"§ 143-345.23. Suggestion and review process; role of agency coordinator and**
28 **agency evaluator.**

29 (a) The process for a State employee or team of State employees to submit a
30 cost-saving or revenue-increasing proposal shall begin ~~by~~ with the employee or team of
31 employees submitting the suggestion or innovation to an agency ~~coordinator designated~~
32 ~~by the State department, agency, or institution impacted by the suggestion or~~
33 ~~innovation.~~ coordinator. The agency coordinator, in conjunction with an agency
34 evaluator, shall review the suggestion or innovation for submission to the State Review
35 Committee established in ~~G.S. 143-345.14.~~ G.S. 143-345.24.

36 (b) An agency coordinator shall be appointed by the head of each participating
37 agency to serve as liaison between the agency, the suggester, the agency evaluator, and
38 the SEIBP office. The duties of the agency coordinator shall include:

39 (1) Serving as an information source and maintaining sufficient forms
40 necessary to submit suggestions.

41 (2) ~~Responsibility for presenting,~~ Presenting, in conjunction with the
42 agency evaluator, the ~~plan of implementation for a suggestion or~~
43 ~~innovation.~~ recommendation for an award to the State Review
44 Committee.

45 (3) ~~Working in conjunction with the agency evaluator designated by the~~
46 ~~Agency Coordinator for to process a particular suggestion or~~
47 ~~innovation.~~ innovation within 180 days, except when there are
48 extenuating circumstances.

49 An agency may have more than one coordinator if required to provide sufficient
50 services to State employees.

51 (c) An agency evaluator shall be designated by the management of the
52 implementing agency to evaluate one or more suggestions. The duties of an agency
53 evaluator shall include:

- 1 (1) ~~Reviewing~~ Receiving from the agency coordinator and reviewing
2 within 90 days, when possible, the feasibility and effectiveness of
3 cost-saving or revenue-increasing measures suggested by State
4 employees.
- 5 (2) Being knowledgeable of the subject program, activity, or service.
- 6 (3) Determining, in conjunction with the agency fiscal officer, the
7 budgetary impact of a suggestion or innovation.
- 8 (4) Judging impartially both the positive and negative effects of a
9 suggestion or innovation on the current functions of the subject
10 program, activity, or service.

11 ~~The specific assignments of the agency evaluator shall be determined by the agency~~
12 ~~coordinator.~~

13 (d) ~~The State Coordinator~~ executive secretary shall be responsible for general
14 oversight and coordination of the State Employee Incentive Bonus Program. The State
15 ~~Coordinator~~ coordinator shall be a ~~State~~ an employee working in of the Department of
16 Administration. The State coordinator shall be responsible for day-to-day SEIBP
17 program management and administration of the technical aspects of the program. The
18 State coordinator shall be an ex officio voting member of the State Review Committee."

19 **SECTION 7.2.(f)** G.S. 143-345.24 reads as rewritten:

20 "**§ 143-345.24. Incentive Bonus Review Committee.**

21 (a) The Incentive Bonus Review Committee, hereinafter "State Review
22 Committee", shall consist of nine members, as follows:

- 23 (1) The State Coordinator.
- 24 (2) A representative of the Office of State Budget and Management.
- 25 (3) A representative of the Office of State Personnel.
- 26 (4) A representative of The University of North Carolina.
- 27 (5) A representative of the Department of Justice.
- 28 (6) A representative of the Department of Labor.
- 29 (7) One State employee appointed by the Speaker of the House of
30 Representatives.
- 31 (8) One State employee appointed by the President Pro Tempore of the
32 Senate.
- 33 (9) One State employee appointed by the Governor upon the
34 recommendation of the State Employees Association of North
35 Carolina, Inc.

36 (b) The duties of the State Review Committee shall include:

- 37 (1) ~~Responsibility for receiving~~ Receiving from the various agency
38 coordinators recommendations on suggestion and innovation
39 implementation plans suggestions and innovations.
- 40 (2) Determining the impact of a suggestion or innovation on State
41 government services by judging the monetary savings, increased
42 revenues, or improved quality of services generated by a suggestion or
43 innovation.
- 44 (3) Ensuring that the State employee incentive bonus process does not
45 result in a negative impact on services provided to taxpayers by State
46 government.

47 (c) All administrative, management, clerical, and other functions and services
48 required by the State Review Committee shall be supplied by the Department of
49 Administration. The Department of Administration and the State Review Committee
50 shall report annually to the Joint Legislative Commission on Governmental Operations
51 on the administration of the State Employee Incentive Bonus Program."

52 **SECTION 7.2.(g)** G.S. 143-345.25 reads as rewritten:

1 **"§ 143-345.25. ~~Effect~~ Innovations deemed property of the State; effect of decisions**
 2 **regarding bonuses.**

3 (a) All suggestions or innovations submitted by State employees pursuant to this
 4 Article are the property of the ~~State~~ State, and all related intellectual property rights
 5 shall be assigned to the State. By January 1, 2002, the Office of State Personnel shall
 6 establish a policy regarding intellectual property rights that arise from the SEIBP.

7 (b) Decisions regarding the award of bonuses by the agency coordinator and the
 8 State Review Committee are final and are not subject to review under the contested case
 9 procedures of Chapter 150B of the General Statutes."

10 **SECTION 7.2.(h)** This section becomes effective July 1, 2001, and applies
 11 to State employee suggestions and innovations approved or awarded on or after that
 12 date.

13
 14 Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine,
 15 Thompson

16 **STUDY OF MOTOR FLEET MANAGEMENT**

17 **SECTION 7.3.** The Office of State Budget and Management shall study the
 18 operations of the State motor fleet management system and shall consider the feasibility
 19 of privatizing the function. The Office of State Budget and Management shall report
 20 the results of this study to the 2002 Regular Session of the 2001 General Assembly.

21
 22 Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine,
 23 Thompson

24 **MOTOR POOL OPERATIONS AND ASSIGNMENT OF VEHICLES**

25 **SECTION 7.4.** G.S. 143-341(8)(i) reads as rewritten:

26 **"§ 143-341. Powers and duties of Department.**

27 The Department of Administration has the following powers and duties:

28
 29 (8) General Services:

30
 31 i. To establish and operate a central motor pool and such
 32 subsidiary related facilities as the Secretary may deem
 33 necessary, and to that end:

34
 35 4. To maintain, store, repair, dispose of, and replace
 36 state-owned motor vehicles under the control of the
 37 Department. The Department shall ensure that
 38 state-owned vehicles are not normally replaced until they
 39 have been driven for ~~90,000~~ 110,000 miles or more.

40 5. Upon proper requisition, proper showing of need for use
 41 on State business only, and proper showing of proof that
 42 all persons who will be driving the motor vehicle have
 43 valid drivers' licenses, to assign economically suitable
 44 transportation, either on a temporary or permanent basis,
 45 to any State employee or agency. An agency assigned a
 46 motor vehicle may not allow a person to operate that
 47 motor vehicle unless that person displays to the agency
 48 and allows the agency to copy that person's valid driver's
 49 license. Notwithstanding G.S. 20-30(6), persons or
 50 agencies requesting assignment of motor vehicles may
 51 photostat or otherwise reproduce drivers' licenses for
 52 purposes of complying with this subpart.

1 As used in this subpart, "economically suitable
2 transportation" means the most cost-effective standard
3 vehicle in the State motor fleet, unless special towing
4 provisions are required by the ~~employee or~~ agency. The
5 Department may not assign any employee or agency a
6 motor vehicle that is not economically suitable. The
7 Department shall not approve requests for vehicle
8 assignment or reassignment when the purpose of that
9 assignment or reassignment is to provide any employee
10 with a newer or lower mileage vehicle because of his or
11 her rank, management authority, or length of service or
12 because of any non-job-related reason. The Department
13 shall not assign "special use" vehicles, such as
14 four-wheel drive vehicles or law enforcement vehicles,
15 to any agency or individual except upon written
16 justification, verified by historical data, and accepted by
17 the Secretary. The Department may provide law
18 enforcement vehicles only to those agencies which have
19 statutory pursuit authority."
20

21 Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine,
22 Thompson

23 STUDY STATE CAPITOL SECURITY SERVICES

24 **SECTION 7.5.** The Legislative Research Commission shall study the
25 provision of security services in the State Capitol area. The Commission shall report its
26 recommendations to the 2001 General Assembly no later than its reconvening in 2002.
27

28 Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine,
29 Thompson

30 TRANSFER BOARD OF SCIENCE AND TECHNOLOGY

31 **SECTION 7.6.** The statutory authority, power, duties, functions, records,
32 personnel, property, unexpended balances of appropriations, allocations, or other funds,
33 including the functions of budgeting and purchasing, of the North Carolina Board of
34 Science and Technology, as established in G.S. 143B-426.30, are transferred to the
35 Department of Commerce. Part 27 of Article 9 of Chapter 143B of the General Statutes
36 is recodified as Part 18 of Article 10 of Chapter 143B of the General Statutes and the
37 Revisor of Statutes shall substitute the term "Commerce" for the term "Administration"
38 everywhere that term appears in Part 18 of Article 10 of Chapter 143B of the General
39 Statutes.
40

41 Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine,
42 Thompson

43 DOMESTIC VIOLENCE COMMISSION STAFFING

44 **SECTION 7.7.** G.S. 143B-394.15 is amended by adding a new subsection to
45 read:

46 "(1) Staffing. – The Secretary of the Department of Administration shall be
47 responsible for staffing the Commission. To that end, the Secretary shall, at a minimum,
48 assign an employee to serve as a Deputy Director within the North Carolina Council for
49 Women whose primary duties shall be to staff the Commission. The person assigned as
50 Deputy Director shall have the education, experience, and any other qualifications
51 necessary for the position."
52

53 PART VIII. OFFICE OF ADMINISTRATIVE HEARINGS

1
2 Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine,
3 Thompson

4 **OFFICE OF ADMINISTRATIVE HEARINGS RECLASSIFICATION OF**
5 **POSITIONS**

6 **SECTION 8.1.** The Office of Administrative Hearings shall reclassify
7 positions in the Rules Division, Civil Rights Division, Hearings Division, and
8 Administration Division of the Office of Administrative Hearings in accordance with
9 the findings and recommendations of the Office of State Personnel submitted to the
10 General Assembly on January 30, 2001.

11
12 **PART IX. OFFICE OF THE STATE AUDITOR**

13
14 Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine,
15 Thompson

16 **ELECTRONIC DISTRIBUTION OF AUDITOR'S REPORTS**

17 **SECTION 9.1.(a)** G.S. 147-64.6(c) reads as rewritten:

18 "(c) The Auditor shall be responsible for the following acts and activities:

19
20 ~~...~~
21 (12) The Auditor shall provide ~~in a written statement a report~~ to the
22 Governor and Attorney General, and other appropriate officials, of
23 such facts as are in his possession which pertain to the apparent
24 violation of penal statutes or apparent instances of malfeasance,
25 misfeasance, or nonfeasance by an officer or employee.

26 ~~...~~
27 (14) The Auditor shall ~~provide copies of each audit report to notify~~ the
28 General Assembly, the Governor, the Chief Executive Officer of each
29 agency audited, and other persons as the Auditor deems ~~appropriate.~~
30 appropriate that an audit report has been published, its subject and title,
31 and the locations, including State libraries, at which the report is
32 available. The Auditor shall then distribute copies of the report only to
33 those who request a report. The copies shall be in written or electronic
34 form, as requested. He shall also file a copy of the audit report in the
35 Auditor's office, which will be a permanent public record; Provided,
36 nothing in this subsection shall be construed as authorizing or
37 permitting the publication of information whose disclosure is
38 otherwise prohibited by law.

39 ~~....~~
40 **SECTION 9.1.(b)** G.S. 147-64.5(a) reads as rewritten:

41 "(a) Joint Legislative Commission on Governmental Operations. – The Auditor
42 shall furnish copies of any and all audits only when requested by the Joint Legislative
43 Commission on Governmental Operations. The copies shall be in written or electronic
44 form, as requested. Accordingly, the Auditor shall, upon request by the chairmen,
45 appear before the Commission to present findings and answer questions concerning the
46 results of these audits. The Commission is hereby authorized to use these audit findings
47 in its inquiries concerning the operations of State agencies and is empowered to require
48 agency heads to advise the Commission of actions taken or to be taken on any
49 recommendations made in the report or explain the reasons for not taking action."

50 **PART X. OFFICE OF THE STATE CONTROLLER**

51
52 Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine,
53 Thompson

OVERPAYMENTS AUDIT

SECTION 10.1.(a) During the 2001-2002 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.

SECTION 10.1.(b) For the 2001-2002 fiscal year, two hundred thousand dollars (\$200,000) of the funds transferred from the Special Reserve Account 24172 shall be used by the Office of the State Controller for data processing, debt collection, or e-commerce costs.

SECTION 10.1.(c) All funds available in the Special Reserve Account 24172 on July 1, 2001, are transferred to the General Fund on that date.

SECTION 10.1.(d) Any unobligated funds in the Special Reserve Account 24172 that are realized above the allowance in subsection (b) of this section are subject to appropriation by the General Assembly in the 2002 Regular Session of the 2001 General Assembly.

SECTION 10.1.(e) The State Controller shall report quarterly 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.

PART XI. DEPARTMENT OF CULTURAL RESOURCES

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

COMPLETION OF THE INFORMATION TECHNOLOGY EXPANSION PROJECT AND THE INFORMATION RESOURCE MANAGEMENT COMMISSION PROJECT CERTIFICATION

SECTION 11.1. Of the funds appropriated to the Department of Cultural Resources, the sum of fifty thousand dollars (\$50,000) shall be used to complete the planning for the Information Technology Expansion Project and the Information Resource Management Commission (IRMC) Project Certification. The Department shall not expend any additional funds for information technology expansion prior to review of the IRMC Project Certification by the Joint Select Committee on Information Technology. The results of the IRMC Project Certification shall be presented to the Joint Select Committee on Information Technology no later than December 31, 2001.

PART XII. OFFICE OF THE GOVERNOR

Requested by: Representatives Jeffus, Sherrill, Baddour, Easterling, Oldham, Redwine, Thompson

ADVISORY COMMISSION ON MILITARY AFFAIRS

SECTION 12.1. The General Statutes are amended by adding a new Chapter to read:

"Chapter 127C.

"Advisory Commission on Military Affairs.

§ 127C-1. Creation of the North Carolina Advisory Commission on Military Affairs.

There is created in the Office of the Governor the North Carolina Advisory Commission on Military Affairs to advise the Governor and the Secretary of Commerce on protecting the existing military infrastructure in this State and to promote new military missions and economic opportunities for the State and its citizens.

§ 127C-2. Membership.

1 (a) The North Carolina Advisory Commission on Military Affairs shall consist of
2 21 voting members, who shall serve on the Executive Committee, and nine nonvoting,
3 ex officio members who shall serve by reason of their positions.

4 (b) The Executive Committee shall be appointed as follows:

5 (1) Three members appointed by the Speaker of the House of
6 Representatives, one of whom shall be a member of a recognized
7 veterans' organization.

8 (2) Three members appointed by the President Pro Tempore of the Senate,
9 one of whom shall be a member of a recognized veterans' organization.

10 (3) Fifteen members appointed by the Governor, consisting of:

11 a. Three representatives from the Jacksonville community.

12 b. Three representatives from the Havelock community.

13 c. Three representatives from the Goldsboro community.

14 d. Three representatives from the Fayetteville community.

15 e. Three public members from across the State.

16 (c) The following members shall serve ex officio:

17 (1) Secretary of Crime Control and Public Safety, or a designee.

18 (2) Secretary of Commerce, or a designee.

19 (3) Commanding General 18th Airborne Corps, Fort Bragg.

20 (4) Commanding General Marine Corps Base, Camp Lejeune.

21 (5) Commanding General Marine Corps Air Station, Cherry Point.

22 (6) Commander 4th FW, Seymour Johnson Air Force Base.

23 (7) Commander 43rd Airlift Wing, Pope Air Force Base.

24 (8) Commander of the U.S. Coast Guard Support Center, Elizabeth City.

25 (9) Adjutant General of the North Carolina National Guard.

26 (d) The Executive Committee appointed pursuant to subsection (b) of this section
27 shall choose a Chairman and four Vice-Chairmen from amongst its membership.

28 **"§ 127C-3. Military Advisor.**

29 The Military Advisor within the Office of the Governor shall serve as the
30 administrative head of the Commission and be responsible for the operations and
31 normal business activities of the Commission, with oversight by the Executive
32 Committee.

33 **"§ 127C-4. Purposes.**

34 The Commission shall have the following responsibilities and duties:

35 (1) Advise the Governor and Secretary of Commerce on how to strengthen
36 the State's relationship with the military to protect the installations of
37 this State from the results of any future defense budget cuts or military
38 downsizing by providing a sound infrastructure, affordable housing,
39 and affordable education for military members and their families,
40 working to be viewed by national military leaders as the most military-
41 friendly State in the nation.

42 (2) Develop a strategic plan to provide initiatives to support the long-term
43 viability and prosperity of the military of this State that shall include,
44 at least:

45 a. A comprehensive Economic Impact Study of Military Activities
46 in North Carolina to be conducted by the North Carolina State
47 University Department of Economics and the East Carolina
48 University Office of Regional Development.

49 b. A Strengths/Weaknesses/Opportunities/Threats (SWOT)
50 Analysis conducted by a professional strategic planning group
51 on the current status of the military in North Carolina.

52 (3) Study ways to improve educational opportunities for military
53 personnel in North Carolina.

- 1 (4) Assist in coordinating the State's interests in future activities of the
- 2 Department of Defense.
- 3 (5) Promote initiatives to improve the quality of life for military personnel
- 4 in this State."

6 Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine,
7 Thompson

8 **ELIMINATE STATE PLANNING UNIT AND RENAME BUDGET OFFICE**

9 **SECTION 12.2.(a)** G.S. 143-10.3, 143-10.4, 143-10.5, and 143-10.6 are
10 repealed.

11 **SECTION 12.2.(b)** The phrase "Office of State Budget, Planning, and
12 Management" is deleted and replaced by the phrase "Office of State Budget and
13 Management" wherever it occurs in each of the following General Statutes:

- 14 G.S. 7A-101. Compensation.
- 15 G.S. 7A-113. Bookkeeping and accounting systems equipment.
- 16 G.S. 18B-1009. In-stand sales.
- 17 G.S. 20-7. Issuance and renewal of drivers licenses.
- 18 G.S. 47-30. Plats and subdivisions; mapping requirements.
- 19 G.S. 58-6-25. Insurance regulatory charge.
- 20 G.S. 58-85A-1. Creation of Fund; allocation to local fire districts and
21 political subdivisions of the State.
- 22 G.S. 62A-25. Use of funds.
- 23 G.S. 96-4. Administration.
- 24 G.S. 96-32. Common follow-up information management system
25 created.
- 26 G.S. 96-35. Reports on common follow-up system activities.
- 27 G.S. 97-80. Rules and regulations; subpoena of witnesses;
28 examination of books and records; depositions; costs.
- 29 G.S. 105-130.5. Adjustments to federal taxable income in determining
30 State net income.
- 31 G.S. 105-134.6. Adjustments to taxable income.
- 32 G.S. 105-262. Rules.
- 33 G.S. 108A-27.8. Standard Program Counties – Duties of Department.
- 34 G.S. 115C-457.1. Creation of Fund; administration.
- 35 G.S. 115C-457.2. Remittance of moneys to the Fund.
- 36 G.S. 115C-457.3. Transfer of funds to the State School Technology
37 Fund.
- 38 G.S. 115C-546.1. Creation of Fund; administration.
- 39 G.S. 115D-31. State financial support of institutions.
- 40 G.S. 116-220. Establishment and administration of self-insurance
41 trust funds; rules and regulations; defense of actions
42 against covered persons; application of § 143-300.6.
- 43 G.S. 120-30.45. Fiscal note on legislation.
- 44 G.S. 120-30.49. Compiling federal mandates; annual report.
- 45 G.S. 120-36.8. Certification of legislation required by federal law.
- 46 G.S. 120-131.1. Requests from legislative employees for assistance in
47 the preparation of fiscal notes.
- 48 G.S. 120-166. Additional criteria; nearness to another municipality.
- 49 G.S. 122A-16. Oversight by committees of General Assembly;
50 annual reports.
- 51 G.S. 122C-112. Powers and duties of the Secretary.
- 52 G.S. 122C-185. Application of funds belonging to State facilities.

1	G.S. 131D-4.2.	Adult care homes; family care homes; annual cost reports; exemptions; enforcement.
2		
3	G.S. 131E-13.	Lease or sale of hospital facilities to or from for-profit or nonprofit corporations or other business entities by municipalities and hospital authorities.
4		
5		
6	G.S. 135-39.3.	Oversight team.
7	G.S. 138-6.	Travel allowances of State officers and employees.
8	G.S. 138-8.	Moving expenses of State employees.
9	G.S. 143-1.	Scope and definitions.
10	G.S. 143-2.	Purposes.
11	G.S. 143-3.5.	Coordination of statistics; fiscal analysis required for any bill proposed by a State agency that affects the budget.
12		
13		
14	G.S. 143-4.	(For applicability see note) Advisory Budget Commission.
15		
16	G.S. 143-6.	Information from departments and agencies asking State aid.
17		
18	G.S. 143-6.1.	Report on use of State funds by non-State entities.
19	G.S. 143-10.1A.	Same – Continuation and expansion costs.
20	G.S. 143-10.2.	Limit on number of State employees.
21	G.S. 143-10.3.	Strategic planning process.
22	G.S. 143-10.4.	Departmental operations plans.
23	G.S. 143-10.5.	Development of performance measures for major programs.
24		
25	G.S. 143-10.7.	Review of department forms and reports.
26	G.S. 143-12.1.	Vending facilities.
27	G.S. 143-15.4.	General Fund operating budget size limited.
28	G.S. 143-19.	Help for Director.
29	G.S. 143-20.1.	Annual financial statements.
30	G.S. 143-27.	Appropriations to educational, charitable and correctional institutions are in addition to receipts by them.
31		
32		
33	G.S. 143-28.1.	Highway Fund appropriation.
34	G.S. 143-31.1.	Study and review of plans and specifications for building, improvement, etc., projects.
35		
36	G.S. 143-34.2.	Information as to requests for nonstate funds for projects imposing obligation on State; statement of participation in contracts, etc., for nonstate funds; limiting clause required in certain contracts or grants.
37		
38		
39		
40	G.S. 143-34.41.	Legislative intent; purpose.
41	G.S. 143-34.43.	Capital improvement needs criteria.
42	G.S. 143-34.44.	Agency capital improvement needs estimates.
43	G.S. 143-138.	North Carolina State Building Code.
44	G.S. 143-215.94P.	Groundwater Protection Loan Fund.
45	G.S. 143-299.4.	Payment of State excess liability.
46	G.S. 143-345.24.	Incentive Bonus Review Committee.
47	G.S. 143B-133.1.	Powers of Commission.
48	G.S. 143B-336.1.	Special Zoo Fund.
49	G.S. 143B-372.3.	Staff.
50	G.S. 143B-426.39.	Powers and duties of the State Controller.
51	G.S. 146-30.	Application of net proceeds.
52	G.S. 147-33.78.	Information Resource Management Commission.

1	G.S. 147-33.87.	Financial reporting and accountability for
2		information technology investments and
3		expenditures.
4	G.S. 147-86.22.	Statewide accounts receivable program.
5	G.S. 150B-21.	Agency must designate rule-making coordinator;
6		duties of coordinator.
7	G.S. 150B-21.4.	Fiscal notes on rules.
8	G.S. 150B-21.9.	Standards and timetable for review by Commission.
9	G.S. 150B-21.28.	Role of the Office of State Budget and Management.
10	G.S. 153A-230.1.	Definitions.
11	G.S. 153A-230.2.	Creation of Satellite Jail/Work Release Unit Fund.
12	G.S. 153A-230.5.	Satellite jails/work release units built with non-State
13		funds.
14	G.S. 159I-25.	Disbursement.
15	G.S. 159I-28.	Rules.
16	G.S. 159I-29.	Annual reports to Joint Legislative Commission on
17		Governmental Operations.
18	G.S. 160A-486.	Estimates of population.
19	G.S. 163-132.5.	Cooperation of State and local agencies.

20 **SECTION 12.2.(c)** G.S. 147-33.85(b) reads as rewritten:

21 "(b) The Office shall coordinate with the ~~Office of State Budget, Planning, and~~
 22 ~~Management~~ Office of State Budget and Management to integrate agency strategic and
 23 business planning, technology planning and budgeting, and project expenditure
 24 processes into the Office's information technology portfolio-based management. The
 25 Office shall provide recommendations for agency annual budget requests for
 26 information technology investments, projects, and initiatives to the ~~Office of State~~
 27 ~~Budget, Planning, and Management~~ Office of State Budget and Management."
 28

29 PART XIII. OFFICE OF STATE PERSONNEL

30
 31 Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine,
 32 Thompson

33 ABOLISH OFFICE OF STATE PERSONNEL PREPARE PROGRAM

34 **SECTION 13.1.** The General Assembly encourages the Department of State
 35 Treasurer to include the model of the PREPARE program in its current delivery of
 36 retirement services. The PREPARE program in the Office of State Personnel is
 37 abolished.
 38

39 PART XIV. GENERAL GOVERNMENT

40
 41 Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine,
 42 Thompson

43 USE OF INTERNET FOR AGENCY PUBLICATIONS

44 **SECTION 14.1.(a)** Each of the State agencies listed in subsection (b) of this
 45 section shall review its printing and publication requirements and schedules and develop
 46 a plan to reduce the cost of printing, publishing, and distributing agency information
 47 and materials, including documents, reports, and other publications by using computer
 48 technology and the Internet, in particular, to distribute information and materials to the
 49 public. In developing the plan, each State agency shall review the statutory and
 50 regulatory requirements of the agency with regard to publishing and distributing
 51 information to the public and make recommendations on any statutory revisions needed
 52 to publish and distribute agency information over the Internet or by other
 53 computer-related means. Each agency shall submit a written report to the Fiscal

1 Research Division of the General Assembly by April 1, 2002, outlining the required
 2 information and the recurring adjustments in the agency budget.

3 **SECTION 14.1.(b)** This section applies to the Office of the Governor, the
 4 Office of the Lieutenant Governor, the Department of Administration, the Office of the
 5 State Auditor, the Office of State Budget and Management, the Board of Elections, the
 6 Department of Insurance, the Office of the Secretary of State, the Office of the State
 7 Treasurer, the Office of Administrative Hearings, the Office of the State Controller, the
 8 Department of Cultural Resources, the General Assembly, the Office of State Personnel,
 9 the Department of Revenue, and the Rules Review Commission.

10
 11 **PART XIV-A. GENERAL ASSEMBLY**

12
 13 Requested by: Representatives Jeffus, Sherrill, Tolson, Easterling, Oldham,
 14 Redwine, Thompson

15 **REDUCE JOURNAL PRINTING/SESSION LAWS TECHNICAL**
 16 **CORRECTIONS**

17 **SECTION 14A.1.** G.S. 147-45 reads as rewritten:

18 "**§ 147-45. Distribution of copies of State publications.**

19 The Secretary of State shall, at the State's expense, as soon as possible after
 20 publication, provide such number of copies of the Session Laws and Senate and House
 21 Journals to federal, State, and local governmental officials, departments and agencies,
 22 and to educational institutions of instruction and exchange use, as is set out in the table
 23 below: below. These publications shall be made available in hardbound and electronic
 24 format. Each agency or institution entitled to more than one copy in the table below
 25 shall receive only one of the copies in hardbound format with the remainder in
 26 electronic format, unless such agency or institution requests additional hardbound
 27 copies by August 1. The Principal Clerks of the House of Representatives and Senate, in
 28 consultation with the Secretary of State, shall determine the total number of volumes to
 29 be printed each year.

Agency or Institution	Session Laws	Assembly Journals
Governor, Office of the	3 2	2
<u>Office of State Budget and Management</u>	1	0
Lieutenant Governor, Office of the	1	1
Secretary of State, Department of the	3	3
Auditor, Department of the State	3 1	1 0
Treasurer, Department of the State	3	1
Local Government Commission	2	0
State Board of Education	1	0
Department of Public Instruction	3 2	1
Controller	1	0
Technical Assistance Centers	1 ea.	0
Department of Community Colleges		
<u>Community Colleges System Office</u>	3 1	1
Justice, Department of		
Office of the Attorney General	25 5	3 2
Budget Bureau (Administration)	1	0
Property Control (Administration)	1	1
State Bureau of Investigation	1	0
Agriculture and Consumer Services,		
Department of	3 1	1
Labor, Department of	5 4	1

1	Insurance, Department of	<u>5</u> 2	1
2	Administration, Department of	1	1
3	Budget Bureau	2	1
4	Controller	1	0
5	Property Control	1	0
6	Purchase and Contract	2	0
7	Policy and Development	1	0
8	Veterans Affairs Commission	1	0
9	Environment and Natural Resources,		
10	Department of	6	0
11	Wildlife Resources Commission	2	0
12	Revenue, Department of	5	1
13	Health and Human Services, Department of	<u>6</u> 1	0
14	Mental Health, Developmental Disabilities,		
15	and Substance Abuse Services,		
16	Division of	1	0
17	Social Services, Division of	3	0
18	Facilities Facility Services, Division of	1	0
19	Hospitals and Institutions	1 ea.	0
20	Juvenile Justice and Delinquency		
21	Prevention, Department of	3	0
22	Transportation, Department of	1	0
23	Board of Transportation	3	0
24	Motor Vehicles, Division of	1	0
25	Commerce, Department of	1 0	0
26	Economic Development, Division of	2	0
27	State Ports Authority	1	0
28	Alcoholic Beverage Control Commission,		
29	North Carolina	2	0
30	Banking Commission	<u>2</u> 1	0
31	Utilities Commission	8 3	1
32	Industrial Commission	<u>7</u> 1	0
33	Labor Force Development Council	1	0
34	Milk Commission	5	0
35	Employment Security Commission	1	1
36	Correction, Department of	1	0
37	Department of Correction	2	0
38	<u>Post-Release Supervision and Parole Commission</u>	<u>2</u> 1	0
39	State Prison	1	0
40	Correctional Institutions	1 ea.	0
41	Cultural Resources, Department of	1 0	0
42	Archives and History, Division of	<u>5</u> 3	1
43	State Library	5	5
44	Publications Division	1	1
45	Crime Control and Public Safety, Department of	<u>2</u> 1	1
46	North Carolina Crime Commission	1	0
47	Adjutant General	2	0
48	Elections, State Board of	<u>2</u> 1	0
49	Office of Administrative Hearings	<u>2</u> 1	0
50	State Personnel Commission	1	0
51	Office of State Personnel	1	1
52	Legislative Branch		
53	State Senators	1 ea.	1 ea.

1	State Representatives	1 ea.	1 ea.
2	Principal Clerk – Senate	1	1
3	Principal Clerk – House	1	1
4	Reading Clerk – Senate	1	<u>1 0</u>
5	Reading Clerk – House	1	<u>1 0</u>
6	Sergeant at Arms – House	1	<u>1 0</u>
7	Sergeant at Arms – Senate	1	<u>1 0</u>
8	Enrolling Clerk	1	0
9	Engrossing Clerk	1	0
10	Indexer of the Laws	1	0
11	Legislative Building Library	35	<u>15 7</u>
12	Judicial System		
13	Justices of the Supreme Court	1 ea.	1 ea.
14	Judges of the Court of Appeals	1 ea.	1 ea.
15	Judges of the Superior Court	1 ea.	0
16	Emergency and Special Judges of the		
17	Superior Court	1 ea.	0
18	District Court Judges	1 ea.	0
19	District Attorneys	1 ea.	0
20	Clerk of the Supreme Court	1	1
21	Clerk of the Court of Appeals	1	1
22	Administrative Office of the Courts	<u>4 3</u>	1
23	Supreme Court Library AS MANY AS REQUESTED	<u>16</u>	<u>3</u>
24	Colleges and Universities		
25	The University of North Carolina System		
26	Administrative Offices	3	0
27	University of North Carolina,		
28	Chapel Hill	<u>65 33</u>	<u>25 9</u>
29	University of North Carolina,		
30	Charlotte	<u>3 2</u>	1
31	University of North Carolina,		
32	Greensboro	<u>3 1</u>	1
33	University of North Carolina,		
34	Asheville	2	1
35	University of North Carolina,		
36	Wilmington	<u>2 1</u>	1
37	North Carolina State University,		
38	Raleigh	<u>5 1</u>	<u>3 1</u>
39	Appalachian State University	2	1
40	East Carolina University	<u>3 1</u>	<u>2 1</u>
41	Elizabeth City State University	2	1
42	Fayetteville State University	<u>2 1</u>	1
43	North Carolina Agricultural and		
44	Technical University	2	1
45	North Carolina Central University	<u>5 1</u>	<u>5 1</u>
46	Western Carolina University	<u>2 1</u>	1
47	University of North Carolina,		
48	Pembroke	2	1
49	Winston-Salem State University	2	1
50	North Carolina School of the Arts	1	1
51	Private Institutions		
52	Duke University	<u>6 4</u>	<u>6 3</u>
53	Davidson College	<u>3 1</u>	<u>2 1</u>

1	Wake Forest University	5	5
2	Lenoir Rhyne College	1	1
3	Elon College University	1	1
4	Guilford College	1	1
5	Campbell University	5 2	5 2
6	Wingate College University	1	1
7	Pfeiffer College	1	1
8	Barber Scotia College	1	1
9	Barton College	1	1
10	Shaw University	1	1
11	St. Augustine's College	1	1
12	Johnson C. Smith University	1	1
13	Belmont Abbey College	1	1
14	Bennett College	1	1
15	Catawba College	1	1
16	Gardner-Webb College University	1	1
17	Greensboro College	1	1
18	High Point University	1	1
19	Livingstone College	1	1
20	Mars Hill College	1	1
21	Meredith College	1	1
22	Methodist College	1	1
23	North Carolina Wesleyan College	1	1
24	Peace College	1	0
25	Queens College	1	1
26	Sacred Heart College	1	1
27	St. Andrews Presbyterian College	1	1
28	Salem College	1	1
29	Warren Wilson College	1	1
30	County and Local Officials		
31	Clerks of the Superior Court	1 ea.	1 ea.
32	Register of Deeds	1 ea.	1 ea. 0
33	Federal, Out-of-State and Foreign		
34	Secretary to the President	1	0
35	Secretary of State	1	1
36	Secretary of Defense	1	0
37	Secretary of Agriculture	1	0
38	Secretary of the Interior	1	0
39	Secretary of Labor	1	1 0
40	Secretary of Commerce	1	1 0
41	Secretary of the Treasury	1	0
42	Secretary of Health, Education and		
43	Welfare Health and Human Services	1	0
44	Secretary of Housing and Urban		
45	Development	1	0
46	Secretary of Transportation	1	0
47	Attorney General	1	0
48	Postmaster General <u>United States Postal Service</u>	1	0
49	Bureau of Census	1	0
50	Bureau of Public Roads	1	0
51	Department of Justice	1	0
52	Department of Internal Revenue <u>Internal</u>		
53	<u>Revenue Service</u>	1	0

1	Veterans' Administration Department of		
2	Veterans Affairs	1	0
3	Farm Credit Administration	1	0
4	Securities and Exchange Commission	1	0
5	Social Security Board	1	0
6	Environmental Protection Agency	1	0
7	Library of Congress	8	2
8	Federal Judges resident in North		
9	Carolina	1 ea.	0
10	Federal District Attorneys resident in		
11	North Carolina	1 ea.	0
12	Marshal of the United States		
13	Supreme Court	1	0
14	Federal Clerks of Court resident in		
15	North Carolina	1 ea.	0
16	Supreme Court Library exchange list	1 ea.	0

17
18 One copy of the Session Laws shall be furnished the head of any department of State
19 government created in the future.

20 State agencies, institutions, etc., not found in or covered by this list may, upon
21 written request from their respective department head to the Secretary of State, and
22 upon the discretion of the Secretary of State as to need, be issued copies of the Session
23 Laws on a permanent loan basis with the understanding that should said copies be
24 needed they will be recalled.

25 State Senators and State Representatives are entitled to the Journal of a house only if
26 requested in writing to the Principal Clerk of that house no later than August 1 of the
27 year of the Journal."

28
29 **PART XIV-B. STATE BOARD OF ELECTIONS**

30
31 Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine,
32 Thompson, Baddour, Nesbitt

33 **EARLY VOTING FUNDS/GRANTS**

34 **SECTION 14B.1.(a)** The State Board of Elections shall make grants as
35 specified in subsection (b) of this section to certain counties that provided additional
36 one-stop absentee voting sites in the 2000 General Election at locations other than the
37 county board of elections office or the county courthouse. The funds for such grants
38 shall come from funds previously appropriated, but not granted, to the State Board of
39 Elections by S.L. 2000-136, for grants to counties to provide additional one-stop
40 absentee voting sites. Under no circumstances shall any new grants by the State Board,
41 under this act, be funded by any new appropriations. No other grants from funds
42 previously appropriated, but not granted, to the State Board of Elections by S.L.
43 2000-136, for grants to counties to provide additional one-stop absentee voting shall be
44 made other than those specified in subsection (b) of this section. Any funds from the
45 fiscal year 2000-2001 appropriation remaining on June 30, 2001, shall not revert to the
46 General Fund until the grant awards are made.

47 **SECTION 14B.1.(b)** The State Board of Elections shall make grants to the
48 following county boards of elections in the amounts specified:

- 49 (1) Buncombe in the amount of fifteen thousand dollars (\$15,000).
- 50 (2) Chatham in the amount of five thousand dollars (\$5,000).
- 51 (3) Durham in the amount of ten thousand dollars (\$10,000).
- 52 (4) Edgecombe in the amount of five thousand dollars (\$5,000).
- 53 (5) Lenoir in the amount of ten thousand dollars (\$10,000).

- 1 (6) Orange in the amount of five thousand dollars (\$5,000).
2 (7) Wake in the amount of ten thousand dollars (\$10,000).
3

4 PART XIV-C. DEPARTMENT OF STATE TREASURER

5
6 Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine,
7 Thompson

8 INVESTMENT AND BANKING DIVISION OF DEPARTMENT OF STATE 9 TREASURER/RECEIPT SUPPORTED

10 SECTION 14C.1.(a) G.S. 147-68.1 reads as rewritten:

11 "§ 147-68.1. Banking operations.

12 The cost of administration, management, and operations of the banking operations of
13 the Department of State Treasurer shall be apportioned equitably among the funds and
14 programs using these services, and the costs so apportioned shall be deposited with the
15 State Treasurer as a ~~general fund nontax revenue~~ receipt to the budget of the
16 Department of State Treasurer. ~~The cost of administration, management and operations~~
17 ~~of the banking operations of the Department of State Treasurer shall be covered by an~~
18 ~~appropriation to the State Treasurer for this purpose in the Current Operations~~
19 ~~Appropriations Act."~~

20 SECTION 14C.1.(b) G.S. 147-69.3(f) reads as rewritten:

21 "(f) The cost of administration, management, and operation of investment
22 programs established pursuant to this section shall be apportioned equitably among the
23 programs in such manner as may be prescribed by the State Treasurer, such costs to be
24 paid from each program, and to the extent not otherwise chargeable directly to the
25 income or assets of the specific investment program or pooled investment vehicle, shall
26 be deposited with the State Treasurer as a ~~General Fund nontax revenue~~ receipt to the
27 budget of the State Treasurer. ~~The cost of administration, management, and operation of~~
28 ~~investment programs established pursuant to this section and not directly paid from the~~
29 ~~income or assets of such program shall be covered by an appropriation to the State~~
30 ~~Treasurer for this purpose in the Current Operations Appropriations Act."~~

32 PART XIV-D. DEPARTMENT OF REVENUE

33
34 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

35 PROJECT COLLECT TAX

36 SECTION 14D.1. Funds appropriated to the Department of Revenue for
37 Project Collect Tax shall be transferred to a separate Fund Code in the Department's
38 budget.
39

40 PART XV. INFORMATION TECHNOLOGY

41
42 Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine,
43 Thompson

44 STATE AGENCIES TO REPORT ON INTELLECTUAL PROPERTY

45 SECTION 15.1.(a) Prior to the transfer of any patentable intellectual
46 property or the release of any State grants or loans to non-State entities for purposes
47 related to the development of patentable intellectual property, each State department,
48 agency, institution, or other entity of the State shall prepare a written evaluation of the
49 following matters:

- 50 (1) If the proposed or pending transaction involves the transfer of
51 patentable intellectual property developed by State employees within
52 the scope of their employment:

- 1 a. The nature of the State's interest in the patentable intellectual
2 property.
3 b. The potential value of the State's interest in the patentable
4 intellectual property.
5 c. How to best protect the State's interest in the patentable
6 intellectual property, as appropriate.
7 (2) If the proposed or pending transaction involves the release of State
8 grants or loans to a non-State entity for purposes related to the
9 development of patentable intellectual property, the extent to which
10 the release or the use of the State grants or loans for purposes related
11 to the development of patentable intellectual property may affect the
12 public purpose of the State financial aid to the non-State entity.

13 Each State agency engaging in transfers of patentable intellectual property or
14 the release of State grants or loans subject to this subsection shall, immediately upon the
15 completion of the written evaluation required by this section, forward a copy of the
16 written evaluation to the Governor, the Joint Legislative Commission on Governmental
17 Operations, and the Chairs of the House of Representatives Science and Technology
18 Committee and the Senate Information Technology Committee.

19 **SECTION 15.1.(b)** The provisions of subsection (a) of this section do not
20 apply to The University of North Carolina and its constituent institutions, or to the
21 North Carolina Community Colleges System, or to employees of these respective
22 institutions who are subject to the intellectual property and inventor policies of the
23 institutions employing them.

24
25 Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine,
26 Thompson

27 SECURITY STANDARDS FOR STATE INFORMATION TECHNOLOGY

28 **SECTION 15.2.(a)** G.S. 147-33.81 reads as rewritten:

29 "§ 147-33.81. Definitions.

30 As used in this Article:

- 31 (1) "Distributed information technology assets" means hardware,
32 software, and communications equipment not classified as traditional
33 mainframe-based items, including personal computers, local area
34 networks (LANs), servers, mobile computers, peripheral equipment,
35 and other related hardware and software items.
36 (2) "Information technology" means electronic data processing goods and
37 ~~services and services,~~ telecommunications goods and services, security
38 goods and services, microprocessors, software, information
39 processing, office systems, any services related to the foregoing, and
40 consulting or other services for design or redesign of information
41 technology supporting business processes.
42 (3) "Information technology enterprise management" means a method for
43 managing distributed information technology assets from acquisition
44 through retirement so that total ownership costs (purchase, operation,
45 maintenance, disposal, etc.) are minimized while maximum benefits
46 are realized.
47 (4) "Information technology portfolio management" means a
48 business-based approach for analyzing and ranking potential
49 technology investments and selecting those investments that are the
50 most cost-effective in supporting the strategic business and program
51 objectives of the agency.
52 (5) "Office" means the Office of Information Technology Services as
53 established in this Article.

1 (6) "State agency" means any department, institution, commission,
2 committee, board, division, bureau, office, officer, or official of the
3 State. The term does not include any State entity excluded from
4 coverage under this Article by G.S. 147-33.80, unless otherwise
5 expressly provided."

6 **SECTION 15.2.(b)** G.S. 147-33.82 reads as rewritten:

7 **"§ 147-33.82. Powers and duties of the State Chief Information Officer and the**
8 **Office of Information Technology Services.**

9 (a) The Office of Information Technology Services shall:

- 10 (1) Procure all information technology for State agencies, as provided in
11 Part 4 of this Article.
- 12 (2) Submit for approval of the Information Resources Management
13 Commission all rates and fees for common, shared State
14 government-wide technology services provided by the Office.
- 15 (3) Submit for approval of the Information Resources Management
16 Commission recommended State government-wide, enterprise-level
17 policies for information technology.
- 18 (4) Develop standards, procedures, and processes to implement policies
19 approved by the Information Resources Management Commission.
- 20 (5) Assure that State agencies implement and manage information
21 technology portfolio-based management of State information
22 technology resources, in accordance with the direction set by the State
23 Chief Information Officer.
- 24 (6) Assure that State agencies implement and manage information
25 technology enterprise management efforts of State government, in
26 accordance with the direction set by the State Chief Information
27 Officer.
- 28 (7) Provide recommendations to the Information Resources Management
29 Commission for its biennial technology strategy and to develop State
30 government-wide technology initiatives to be approved by the
31 Information Resources Management Commission.
- 32 (8) Develop a project management, quality assurance, and architectural
33 review process that adheres to the Information Resources Management
34 Commission's certification program and portfolio-based management
35 initiative.
- 36 (9) Establish and utilize the Information Technology Management
37 Advisory Council to consist of representatives from other State
38 agencies to advise the Office on information technology business
39 management and technology matters.

40 (b) Notwithstanding any other provision of law, local governmental entities may
41 use the information technology programs, services, or contracts offered by the Office,
42 including information technology procurement, in accordance with the statutes, policies,
43 and rules of the Office. For purposes of this subsection, "local governmental entities"
44 includes local school administrative units, as defined in G.S. 115C-5, and community
45 colleges. Local governmental entities are not required to comply with otherwise
46 applicable competitive bidding requirements when using contracts established by the
47 Office. Any other State entities may also use the information technology programs,
48 services, or contracts offered by the Office, including information technology
49 procurement, in accordance with the statutes, policies, and rules of the Office.

50 (c) The State Chief Information Officer shall establish an enterprise-wide set of
51 standards for information technology security to maximize the functionality, security,
52 and interoperability of the State's distributed information technology assets, including
53 communications and encryption technologies. As part of this function, the State Chief

1 Information Officer shall review periodically existing security standards and practices in
2 place among the various State agencies to determine whether those standards and
3 practices meet enterprise-wide security and encryption requirements. The State Chief
4 Information Officer may assume the direct responsibility of providing for the
5 information technology security of any State agency that fails to adhere to security
6 standards adopted pursuant to this section. Any actions taken by the State Chief
7 Information Officer under this subsection shall be reported to the Information Resources
8 Management Commission at its next scheduled meeting.

9 (d) Notwithstanding G.S. 143-48.3 or any other provision of law, and except as
10 otherwise provided by this subsection, all information technology security purchased
11 using State funds, or for use by a State agency or in a State facility, shall be subject to
12 approval by the State Chief Information Officer in accordance with security standards
13 adopted under this section.

14 (1) If the legislative branch, the judicial branch, The University of North
15 Carolina and its constituent institutions, local school administrative
16 units as defined by G.S. 115C-5, or the North Carolina Community
17 Colleges System develop their own security standards, taking into
18 consideration the mission and functions of that entity, that are
19 comparable to or exceed those set by the State Chief Information
20 Officer under this section, then these entities may elect to be governed
21 by their own respective security standards, and approval of the State
22 Chief Information Officer shall not be required before the purchase of
23 information technology security. The State Chief Information Officer
24 shall consult with the legislative branch, the judicial branch, The
25 University of North Carolina and its constituent institutions, local
26 school administrative units, and the North Carolina Community
27 Colleges System in reviewing the security standards adopted by those
28 entities.

29 (2) If the State Chief Information Officer certifies that a State agency has
30 developed security standards that meet or exceed those set under this
31 section, then the agency may elect to be governed by its own security
32 standards, and approval of the State Chief Information Officer shall
33 not be required before the purchase of information technology
34 security. This certification by the State Chief Information Officer is
35 subject to annual renewal and may be revoked by the State Chief
36 Information Officer at any time that a State agency's standards no
37 longer exceed those set under this section.

38 (e) The State Chief Information Officer shall submit the enterprise-wide set of
39 standards for the State's information technology security to the Information Resources
40 Management Commission for approval. The Information Resources Management
41 Commission shall report approval of the standards to the Joint Legislative Commission
42 on Governmental Operations prior to implementation of the standards. The State Chief
43 Information Officer shall review and revise the standards at least annually, and the
44 revisions shall be subject to approval by the Information Resources Management
45 Commission, with the Commission reporting to the Joint Legislative Commission on
46 Governmental Operations on the revisions.

47 (f) The head of each State agency shall cooperate with the State Chief
48 Information Officer in the discharge of his or her duties by:

49 (1) Providing the full details of the agency's information technology and
50 operational requirements.

51 (2) Providing comprehensive information concerning the information
52 technology security employed to protect the agency's information
53 technology.

1 (3) Forecasting the parameters of the agency's projected future
2 information technology security needs and capabilities.

3 (4) Designating an agency liaison in the information technology area to
4 coordinate with the State Chief Information Officer.

5 The information provided by State agencies to the State Chief Information Officer under
6 this subsection is protected from public disclosure pursuant to G.S. 132-6.1(c)."

7 **SECTION 15.2.(c)** G.S. 147-64.6(c) is amended by adding a new
8 subdivision to read:

9 "(18) The Auditor shall, after consultation and in coordination with the State
10 Chief Information Officer, assess, confirm, and report on the security
11 practices of information technology systems. If an agency has adopted
12 standards pursuant to G.S. 147-33.82(d)(1) or (2), the audit shall be in
13 accordance with those standards. The Auditor's assessment of
14 information security practices shall include an assessment of network
15 vulnerability. The Auditor may conduct network penetration or any
16 similar procedure as the Auditor may deem necessary. The Auditor
17 may investigate reported information technology security breaches,
18 cyber attacks, and cyber fraud in State government. The Auditor shall
19 issue public reports on the general results of the reviews undertaken
20 pursuant to this subdivision, but may provide agencies with detailed
21 reports of the security issues identified pursuant to this subdivision
22 which shall not be disclosed as provided in G.S. 132-6.1(c). For the
23 purposes of this subdivision only, the Auditor is exempt from the
24 provisions of Article 3 of Chapter 143 of the General Statutes in
25 retaining contractors."

26 **SECTION 15.2.(d)** This section is effective when it becomes law.

27
28 Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine,
29 Thompson

30 **EXECUTIVE BUDGET ACT INFORMATION TECHNOLOGY PROVISIONS**

31 **SECTION 15.3.(a)** G.S. 143-6 is amended by adding a new subsection to
32 read:

33 "(b2) Any department, bureau, division, officer, board, commission, institution, or
34 other State agency or undertaking desiring to request financial aid from the State for the
35 purpose of acquiring or maintaining information technology as defined by G.S. 147-
36 33.81(2) shall, before making the request for State financial aid, submit to the State
37 Chief Information Officer (CIO) a statement of its needs in terms of information
38 technology and other related requirements, and shall furnish the CIO with any
39 additional information requested by the CIO. The CIO shall then review the statement
40 of needs submitted by the requesting department, bureau, division, officer, board,
41 commission, institution, or other State agency or undertaking and perform additional
42 analysis, as necessary, to comply with G.S. 147-33.82. All requests for financial aid for
43 the purpose of acquiring or maintaining information technology shall be accompanied
44 by a certification from the CIO deeming the request for financial aid to be consistent
45 with Article 3D of Chapter 147 of the General Statutes. The CIO shall make
46 recommendations to the Governor regarding the merits of requests for financial aid for
47 the purpose of acquiring or maintaining information technology. This subsection shall
48 not apply to requests for appropriations of less than one hundred thousand dollars
49 (\$100,000)."

50 **SECTION 15.3.(b)** G.S. 143-7 reads as rewritten:

51 "**§ 143-7. Itemized statements and forms; exemptions from G.S. 147- 64.6(c)(10).**

52 (a) The statements and estimates required under G.S. 143-6 shall be itemized in
53 accordance with the budget classification adopted by the State Controller, and upon

1 forms prescribed by the Director, and shall be approved and certified by the respective
2 heads or responsible officer of each department, bureau, board, commission, institution,
3 or agency submitting same. Official estimate blanks which shall be used in making
4 these reports shall be furnished by the Director of the Budget.

5 (b) The budget classification adopted by the State Controller and the forms
6 prescribed by the Director shall include budget account codes relating specifically to
7 information technology to allow reliable and meaningful analysis of information
8 technology funding and expenditures throughout State government."
9

10 Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine,
11 Thompson

12 **COMPUTER NETWORKING COSTS/TELECOMMUNICATIONS SERVICE**
13 **BILLING FOR STATE AGENCIES**

14 **SECTION 15.4.(a)** The Office of the State Controller, the Office of State
15 Budget and Management, and the Office of Information Technology Services shall
16 adopt a common definition for computer networking costs. The definition shall include
17 a specific and detailed list of the separate components that comprise overall networking
18 costs. These agencies shall define a process to capture all such costs without
19 redundancy.

20 **SECTION 15.4.(b)** The Office of the State Controller, the Office of State
21 Budget and Management, and the Office of Information Technology Services shall
22 complete the definition by September 1, 2001. By December 1, 2001, the agencies shall
23 provide an interim report to the Joint Select Committee on Information Technology and
24 to the Chairs of the House of Representatives Appropriations Subcommittee on
25 Information Technology and the Senate Appropriations Committee on Information
26 Technology on the process to capture networking costs, with a final report by May 1,
27 2002.

28 **SECTION 15.4.(c)** The Office of State Personnel, in conjunction with the
29 Office of Information Technology Services, shall devise a mechanism for identifying,
30 by specific industry-relevant categories, State information technology positions across
31 all relevant classifications in State government employment. By December 1, 2001, the
32 Office of State Personnel shall report its plan to identify State information technology
33 personnel to the Joint Select Committee on Information Technology and to the Chairs of
34 the House of Representatives Appropriations Subcommittee on Information Technology
35 and the Senate Appropriations Committee on Information Technology.

36 **SECTION 15.4.(d)** The Office of Information Technology Services shall
37 accurately identify and present State agencies with detailed information on the cost of
38 ITS Services for telecommunications data and video services. The bill should clearly
39 indicate the usage and the rate for the service.
40

41 Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine,
42 Thompson

43 **STUDY STATE AGENCY USE OF CONTRACTORS FOR INFORMATION**
44 **TECHNOLOGY**

45 **SECTION 15.5.(a)** The Office of State Personnel, the Office of Information
46 Technology Services, the Office of State Budget and Management, and the Office of the
47 State Controller shall study the issue of State-agency use of information technology
48 contractors. The study shall report on the number of contractors currently in use by
49 State agencies, the duration of the working period for individual contractors, and the
50 length of the contracts. The purpose of the contracts should be clearly identified. The
51 unit and actual costs of the contracts should be clearly identified.

52 **SECTION 15.5.(b)** The Office of State Personnel shall identify the results of
53 market analyses comparing State information technology workers with private sector

1 information technology workers. The Office shall review its current classification
2 scheme for IT workers to determine its adequacy for capturing the range of IT activities
3 within State government.

4 **SECTION 15.5.(c)** The study report should recommend the most
5 appropriate use of contractors (i.e., for discrete projects) and the most appropriate use of
6 permanent employee (i.e., for ongoing activities such as LAN/WAN management.) In
7 cases where the study indicates that permanent employees are best suited for a given
8 task or activity, the Office of State Personnel is directed to identify effective
9 mechanisms for recruiting and retaining employees.

10 **SECTION 15.5.(d)** By April 1, 2002, the study group shall report its
11 findings and recommendations to the Joint Legislative Commission on Governmental
12 Operations and to the Joint Select Committee on Information Technology.

13 **SECTION 15.5.(e)** The study shall also compare the costs of outsourcing
14 discrete functions and activities versus performing those activities with State
15 government employees or contractors working for State agencies.

16 **SECTION 15.5.(f)** G.S. 143-23 is amended by adding a new subsection to
17 read:

18 "(a5) Notwithstanding any other provision of this section, a department, institution,
19 or other spending agency of the State may, with the approval of the Director of the
20 Budget, increase the amount of funds available for salaries, wages, and related expenses
21 in connection with the hiring and retention of State employees to work in information
22 technology positions, provided that there is a corresponding reduction in recurring
23 funds, at a minimum, in the expenditures line item for purchased contractual services
24 related to information technology. Departments and entities of State government shall
25 employ the mechanism provided for in this section exclusively to maximize cost savings
26 to the State for information technology services."

27
28 Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine,
29 Thompson

30 **PROCUREMENT CARD PROGRAM**

31 **SECTION 15.6.(a)** Section 20.3 of S.L. 1998-212, Section 24 of S.L.
32 1999-237, and Section 21.3 of S.L. 2000-67 are repealed.

33 **SECTION 15.6.(b)** G.S. 143-49 is amended by adding a new subdivision to
34 read:

35 "(8) To establish and maintain a procurement card program for use by State
36 agencies, community colleges, constituent institutions of The
37 University of North Carolina, and local school administrative units.
38 The Secretary may adopt temporary rules for the implementation and
39 operation of the program in accordance with the payment policies of
40 the State Controller and the Office of Information Technology
41 Services. Prior to implementing the program, the Secretary shall
42 consult with the State Controller, UNC General Administration, the
43 Community Colleges System Office, and the Department of Public
44 Instruction. When the statewide electronic procurement service is
45 made available for goods and contractual services, all orders made
46 pursuant to this subdivision exceeding two hundred fifty dollars
47 (\$250.00) shall be issued electronically through the statewide
48 electronic procurement service. The Secretary may periodically adjust
49 the order limit set under this subdivision after consulting with the State
50 Controller and the Office of Information Technology Services."

51 **SECTION 15.6.(c)** This section is effective when it becomes law.
52

1 Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine,
2 Thompson

3 **NORTH CAROLINA INFORMATION HIGHWAY SITES**

4 **SECTION 15.7.(a)** Of the funds available in the Office of Information
5 Technology Services operating cash, the sum of three million twenty-four thousand one
6 hundred eighty-five dollars (\$3,024,185) shall be used for the 2001-2002 fiscal year to
7 fund North Carolina Information Highway (NCIH) sites that received funding from ITS
8 operating cash during the 2000-2001 fiscal year. In consultation with NCIH sites, the
9 Department of Public Instruction, the Community Colleges System Office, and other
10 site-affiliated State offices, the Office of Information Technology Services shall take
11 appropriate action to ensure that the funds are efficiently utilized.

12 **SECTION 15.7.(b)** The Joint House of Representatives and Senate
13 Appropriations Subcommittees on Education shall review the use of the North Carolina
14 Information Highway and recommend a mechanism for funding the sites beyond the
15 2001-2002 fiscal year.

16
17 Requested by: Representatives Tolson, Tucker

18 **REDUCTION IN EXPENDITURES BASED ON ITS RATE REDUCTIONS**

19 **SECTION 15.8.** The Office of State Budget and Management shall
20 administer reductions in the Telephone (532811), Telecommunications Data (532812),
21 and Computer Data Processing (532821) expenditure accounts in an amount equal to
22 four million dollars (\$4,000,000) of General Fund appropriations through the allotment
23 system established in G.S. 143-17. The reductions in expenditures shall be based on a
24 percentage reduction in the rates for telephone/telecommunications and computer data
25 processing services provided by the Office of Information Technology Services.

26 The Office of Information Technology Services shall have flexibility in
27 establishing the rate reductions based upon a clear showing of cost reductions achieved
28 through operational efficiencies or cost reductions achieved through less costly
29 contractual arrangements. Based upon the rate reductions established by the Office of
30 Information Technology Services, the Office of State Budget and Management shall
31 have flexibility in allocating the reduction amounts among the Telephone (532811),
32 Telecommunications Data (532812), and Computer Data Processing (532821)
33 expenditure accounts. During Fiscal Years 2001-2002 and 2002-2003 allotments to each
34 spending agency shall be reduced by a percentage of the General Fund amounts
35 appropriated to that agency for telephone/telecommunications and computer data
36 processing services.

37 The Office of State Budget and Management shall coordinate the rate
38 reductions and agency expenditure accounts reductions to ensure that expenditure
39 reductions match rate reductions. The Office of Information Technology Services shall
40 report the rate reductions to the Information Resources Management Commission, the
41 Chairs of the House of Representatives and Senate Appropriations Committees, the
42 Chairs of the Joint Appropriations Subcommittee on Information Technology, and to the
43 Fiscal Research Division within 30 days of the certification of the 2001-2003 biennial
44 budget.

45 **PART XVI. HOUSING FINANCE AGENCY**

46
47
48 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,
49 Thompson

50 **HOME PROGRAM MATCHING FUNDS**

51 **SECTION 16.1.(a)** Funds appropriated in this act to the Housing Finance
52 Agency for the federal HOME Program shall be used to match federal funds
53 appropriated for the HOME Program. In allocating State funds appropriated to match

1 federal HOME Program funds, the Agency shall give priority to HOME Program
2 projects, as follows:

- 3 (1) First priority to projects that are located in counties designated as Tier
4 One, Tier Two, or Tier Three Enterprise Counties under G.S.
5 105-129.3; and
6 (2) Second priority to projects that benefit persons and families whose
7 incomes are fifty percent (50%) or less of the median family income
8 for the local area, with adjustments for family size, according to the
9 latest figures available from the United States Department of Housing
10 and Urban Development.

11 The Housing Finance Agency shall report to the Joint Legislative
12 Commission on Governmental Operations by April 1 of each year concerning the status
13 of the HOME Program and shall include in the report information on priorities met,
14 types of activities funded, and types of activities not funded.

15 **SECTION 16.1.(b)** If the United States Congress changes the HOME
16 Program such that matching funds are not required for a given program year, then the
17 Agency shall not spend the matching funds appropriated under this act for that program
18 year.

19 **SECTION 16.1.(c)** Funds appropriated in this act to match federal HOME
20 Program funds shall not revert to the General Fund on June 30, 2002, or on June 30,
21 2003.

22 **PART XVII. DEPARTMENT OF AGRICULTURE AND CONSUMER** 23 **SERVICES**

24 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,
25 Thompson

26 **AUTHORIZE PROMOTION OF NC FARM PRODUCTS AT REST AREAS** 27 **AND WELCOME CENTERS**

28 **SECTION 17.1.** Article 6D of Chapter 136 of the General Statutes is
29 amended by adding a new section to read:

30 **"§ 136-89.59A. Promotion of North Carolina farm products at rest areas and**
31 **welcome centers.**

32 Subject to the approval of the Department, the Department of Agriculture and
33 Consumer Services may distribute promotional materials and free samples of North
34 Carolina farm products at rest areas and welcome centers located on controlled-access
35 facilities and operated by the State for the purpose of promoting North Carolina farm
36 products."
37
38
39

40 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,
41 Thompson

42 **TRANSFER RURAL REHABILITATION CORPORATION TO** 43 **AGRICULTURAL FINANCE AUTHORITY**

44 **SECTION 17.2.(a)** G.S. 143A-63 reads as rewritten:

45 **"§ 143A-63. North Carolina Rural Rehabilitation Corporation; transfer.**

46 The North Carolina Rural Rehabilitation Corporation, and board of directors, as
47 contained in Chapter 137 of the General Statutes and the laws of this State, is hereby
48 transferred by a ~~Type II~~ Type I transfer to the North Carolina Agricultural Finance
49 Authority in the Department of Agriculture and Consumer Services."

50 **SECTION 17.2.(b)** Article 2 of Chapter 137 of the General Statutes is
51 repealed.

52 **SECTION 17.2.(c)** No later than January 15, 2002, the North Carolina
53 Agricultural Finance Authority shall report to the Joint Legislative Commission on

1 Governmental Operations, the Appropriations Subcommittees on Natural and Economic
2 Resources in both the Senate and the House of Representatives, and the Fiscal Research
3 Division on the status of the transfer required under this section. This report shall
4 include any statutory changes that are needed to implement the transfer required under
5 this section.

6
7 Requested by: Representatives Fox, Owens, Mitchell, Easterling, Oldham,
8 Redwine, Thompson

9 **FARMLAND PRESERVATION FUNDS**

10 **SECTION 17.3.** The sum of two hundred fifty thousand dollars (\$250,000)
11 appropriated in this act to the Department of Agriculture and Consumer Services for the
12 North Carolina Farmland Preservation Trust Fund established in G.S. 106-744 shall be
13 used to continue the purposes for which the Fund was established.

14 15 **PART XVIII. DEPARTMENT OF LABOR**

16
17 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,
18 Thompson

19 **LABOR DEPARTMENT/ ELEVATOR INSPECTION FEE RECEIPTS**

20 **SECTION 18.1.(a)** Of the receipts appropriated by this act to the
21 Department of Labor, the Department shall allocate increased elevator and amusement
22 device inspection fee receipts for the 2001-2002 fiscal year and the 2002-2003 fiscal
23 year to support the Elevator and Amusement Device Bureau. There shall be a reduction
24 of at least two hundred sixty-two thousand two hundred sixty-one dollars (\$262,261) in
25 General Fund appropriations to the Department for the 2001-2002 fiscal year and a
26 reduction of at least nine hundred sixty-eight thousand eight hundred twenty-three
27 dollars (\$968,823) for the 2002-2003 fiscal year.

28 **SECTION 18.1.(b)** The allocations provided for in subsection (a) of this
29 section shall be made only if Senate Bill 897, House Bill 1430, House Bill 1057, or
30 other substantially similar legislation of the 2001 General Assembly becomes law.

31 **SECTION 18.1.(c)** The reductions in General Fund allocations provided for
32 in subsection (a) of this section are instead of the reductions recommended by the
33 Governor for the 2001-2003 biennium that would have been contained in the
34 Appropriations Act of 2001 and are as follows:

- 35 (1) One hundred fifty-five thousand thirty-nine dollars (\$155,039)
36 recurring reductions in operating efficiencies, specifically in the areas
37 of equipment, software, library resources, and overtime pay.
- 38 (2) Ninety-three thousand nine hundred-sixty-one dollars (\$93,961)
39 recurring reduction to offset the budgeting of indirect cost receipts.

40 **SECTION 18.1.(d)** If Senate Bill 897, House Bill 1430, House Bill 1057, or
41 other substantially similar legislation becomes law and the receipts are greater than two
42 hundred sixty-two thousand two hundred sixty-one dollars (\$262,261) for the
43 2001-2002 fiscal year and nine hundred sixty-eight thousand eight hundred twenty-three
44 dollars (\$968,823) for the 2002-2003 fiscal year, the Director of the Budget shall reduce
45 appropriations to the Department of Labor as provided in G.S. 143-25.

46 47 **PART XIX. DEPARTMENT OF ENVIRONMENT AND NATURAL** 48 **RESOURCES**

49
50 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,
51 Thompson

52 **STATEWIDE BEAVER DAMAGE CONTROL PROGRAM FUNDS**

SECTION 19.1. Of the funds appropriated in this act to the Wildlife Resources Commission, the sum of five hundred thousand dollars (\$500,000) for the 2001-2002 fiscal year and the sum of five hundred thousand dollars (\$500,000) for the 2002-2003 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.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

GRASSROOTS SCIENCE PROGRAM

SECTION 19.2. 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 two hundred four thousand five hundred twenty dollars (\$3,204,520) for fiscal year 2001-2002 and the sum of three million two hundred four thousand five hundred twenty dollars (\$3,204,520) for fiscal year 2002-2003 are allocated as grants-in-aid for each fiscal year as follows:

	2001-2002	2002-2003
Aurora Fossil Museum	\$58,298	\$58,298
Cape Fear Museum	\$201,103	\$201,103
Catawba Science Center	\$161,968	\$161,968
Colburn Gem and Mineral Museum, Inc.	\$70,274	\$70,274
Discovery Place	\$667,632	\$667,632
Granville County Museum Commission, Inc. - Harris Gallery	\$60,978	\$60,978
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	\$151,963	\$151,963
Imagination Station	\$92,584	\$92,584
Iredell County Children's Museum	\$57,927	\$57,927
Museum of Coastal Carolina	\$63,437	\$63,437
Natural Science Center of Greensboro	\$240,852	\$240,852
North Carolina Museum of Life and Science	\$426,141	\$426,141
Rocky Mount Children's Museum	\$86,921	\$86,921
Schiele Museum of Natural History	\$333,578	\$333,578
Sci Works Science Center and Environmental Park of Forsyth County	\$172,528	\$172,528
Western North Carolina Nature Center	\$158,336	\$158,336
Highlands Biological Station	\$50,000	\$50,000
Carolina Raptor Center	\$50,000	\$50,000
Fascinate-U	\$50,000	\$50,000
Wilmington Children's Museum	\$50,000	\$50,000
Total	\$3,204,520	\$3,204,520

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

TERMS FOR MEMBERS OF THE NORTH CAROLINA PARKS AND RECREATION AUTHORITY

SECTION 19.3.(a) G.S. 143B-313.2(b) reads as rewritten:

1 "(b) Terms. – Members shall serve ~~two-year terms~~ staggered terms of office of
2 ~~three years~~. Members shall serve no more than two ~~full two-year terms~~ consecutive
3 ~~three-year terms~~. After serving two consecutive three-year terms, a member is not
4 ~~eligible for appointment to the Authority for at least one year after the expiration date of~~
5 ~~that member's most recent term~~. Upon the expiration of a ~~two-year three-year term~~, a
6 member may continue to serve until a successor is appointed and duly qualified as
7 provided by G.S. 128-7. ~~The term of members appointed under odd numbered~~
8 ~~subdivisions of subsection (a) of this section shall expire on 30 June of odd numbered~~
9 ~~years. The term of members appointed under even numbered subdivisions of subsection~~
10 ~~(a) of this section shall expire on 30 June of even numbered years.~~ The terms of
11 members appointed under subdivision (1), (5), (7), or (9) of subsection (a) of this
12 section shall expire on July 1 of years that are evenly divisible by three. The terms of
13 members appointed under subdivision (2), (4), (8), or (11) of subsection (a) of this
14 section shall expire on July 1 of years that follow by one year those years that are
15 evenly divisible by three. The terms of members appointed under subdivision (3), (6), or
16 (10) of subsection (a) of this section shall expire on July 1 of years that precede by one
17 year those years that are evenly divisible by three."

18 **SECTION 19.3.(b)** In order to alter the length of the staggered terms from
19 two years to three years for the North Carolina Parks and Recreation Authority and to
20 provide for an orderly transition in membership of the Authority as specified in G.S.
21 143B-313.2, as amended by subsection (a) of this section, notwithstanding G.S.
22 143B-313.2(b), as amended by subsection (a) of this section, the following apply:

- 23 (1) John D. Runkle shall serve in the position established by G.S.
24 143B-313.2(a)(1) until July 1, 2001.
- 25 (2) Wendell Begley shall serve in the position established by G.S.
26 143B-313.2(a)(2) until July 1, 2002.
- 27 (3) Jonathon B. Howes shall serve in the position established by G.S.
28 143B-313.2(a)(3) until July 1, 2003.
- 29 (4) Ron Kincaid shall serve in the position established by G.S.
30 143B-313.2(a)(4) until July 1, 2002.
- 31 (5) Russell Robinson III shall serve in the position established by G.S.
32 143B-313.2(a)(5) until July 1, 2001.
- 33 (6) Roy Alexander shall serve in the position established by G.S.
34 143B-313.2(a)(6) until July 1, 2003.
- 35 (7) Kenneth Sadler shall serve in the position established by G.S.
36 143B-313.2(a)(7) until July 1, 2001.
- 37 (8) Leslie Anderson shall serve in the position established by G.S.
38 143B-313.2(a)(8) until July 1, 2002.
- 39 (9) Troy Boyd shall serve in the position established by G.S.
40 143B-313.2(a)(9) until July 1, 2001.
- 41 (10) Harriet L. Farrior shall serve in the position established by G.S.
42 143B-313.2(a)(10) until July 1, 2003.
- 43 (11) Eddie Holbrook shall serve in the position established by G.S.
44 143B-313.2(a)(11) until July 1, 2002.

45
46 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,
47 Thompson

48 **RECEIPTS FOR NC ZOOLOGICAL PARK ADMISSION FEE INCREASE TO**
49 **BE USED FOR MARKETING PURPOSES**

50 **SECTION 19.4.** Subject to the approval of the Secretary of Environment
51 and Natural Resources, up to four hundred thousand dollars (\$400,000) of the receipts
52 from the increase in admission fees to the North Carolina Zoological Park for the
53 2001-2002 fiscal year and up to four hundred thousand dollars (\$400,000) of those

1 receipts for the 2002-2003 fiscal year may be used for marketing activities related to
 2 promoting the North Carolina Zoological Park.
 3

4 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,
 5 Thompson

6 **NORTH CAROLINA WATER QUALITY WORKGROUP**
 7 **INITIATIVE/RIVERNET MONITORING SYSTEM PILOT**
 8 **PROGRAM/RESEARCH FUNDS**

9 **SECTION 19.5.** Article 21 of Chapter 143 of the General Statutes is
 10 amended by adding a new section to read:

11 **"§ 143-215.8D. North Carolina Water Quality Workgroup; Rivernet.**

12 (a) The Department of Environment and Natural Resources and North Carolina
 13 State University shall jointly establish the North Carolina Water Quality Workgroup.
 14 The Workgroup shall work collaboratively with the appropriate divisions of the
 15 Department of Environment and Natural Resources and North Carolina State
 16 University, the Scientific Advisory Council on Water Resources and Coastal Fisheries
 17 Management, the Environmental Management Commission, and the Environmental
 18 Review Commission to identify the scientific and State agency databases that can be
 19 used to formulate public policy regarding the State's water quality, evaluate those
 20 databases to determine the information gaps in those databases, and establish the
 21 priorities for obtaining the information lacking in those databases. The Workgroup shall
 22 have the following duties:

- 23 (1) To address specifically the ongoing need of evaluation, synthesis, and
 24 presentation of current scientific knowledge that can be used to
 25 formulate public policy on water quality issues.
- 26 (2) To identify knowledge gaps in the current understanding of water
 27 quality problems and fill these gaps with appropriate research projects.
- 28 (3) To maintain a web-based water quality data distribution site.
- 29 (4) To organize and evaluate existing scientific and State agency water
 30 quality databases.
- 31 (5) To prioritize recognized knowledge gaps in water quality issues for
 32 immediate funding.

33 (b) The North Carolina Water Quality Workgroup shall be composed of no more
 34 than 15 members. Those members shall be jointly appointed by the Chancellor of North
 35 Carolina State University and the Secretary of Environment and Natural Resources. Any
 36 person appointed as a member of the Workgroup shall be knowledgeable in one of the
 37 following areas:

- 38 (1) Water Quality Assessment, Water Quality Monitoring, and Water
 39 Quality Permitting.
- 40 (2) Nutrient Management.
- 41 (3) Water Pollution Control.
- 42 (4) Waste Management.
- 43 (5) Groundwater Resources.
- 44 (6) Stream Hydrology.
- 45 (7) Aquatic Biology.
- 46 (8) Environmental Education and Web-Based Data Dissemination.

47 (c) North Carolina State University shall provide meeting facilities for the North
 48 Carolina Water Quality Workgroup as requested by the Chair.

49 (d) The members of the North Carolina Water Quality Workgroup shall elect a
 50 Chair. The Chair shall call meetings of the Workgroup and set the meeting agenda.

51 (e) The Chair of the North Carolina Water Quality Workgroup shall report each
 52 year by January 30 to the Scientific Advisory Council on Water Resources and Coastal
 53 Fisheries Management, to the Environmental Review Commission, to the Cochairs of

1 the House of Representatives and Senate Appropriations Subcommittees on Natural
2 and Economic Resources, and to the Chancellor of North Carolina State University or
3 the Chancellor's designee on the previous year's activities, findings, and
4 recommendations of the North Carolina Water Quality Workgroup.

5 (f) The North Carolina Water Quality Workgroup shall develop a water quality
6 monitoring system to be known as Rivernet that effectively uses the combined resources
7 of North Carolina State University and State agencies. The Rivernet system shall be
8 designed to implement advances in monitoring technology and information
9 management systems with web-based data dissemination in the waters that are impaired
10 based on the criteria of the State's basinwide water quality management plans. Water
11 quality and nutrient parameters shall be continuously monitored at each station, and the
12 data shall be sent back to a centralized computer server.

13 The Rivernet system shall be coordinated with related data collection and
14 monitoring activities of the Department of Environment and Natural Resources, the
15 Water Resources Research Institute, the North Carolina Water Quality Workgroup, and
16 other research efforts pursued by academic institutions or State government entities. If
17 the North Carolina Water Quality Workgroup chooses to employ a technology for
18 which there are testing procedure guidelines promulgated by the United States
19 Environmental Protection Agency, the American Public Health Association, the
20 American Water Works Association, or the Water Environment Federation then the
21 testing procedures shall comply with the appropriate guidelines. If the North Carolina
22 Water Quality Workgroup chooses to employ a technology for which there are no
23 testing procedure guidelines promulgated by any of the groups cited in this subsection,
24 then the North Carolina Water Quality Workgroup may establish testing procedure
25 guidelines.

26 The Rivernet system shall also have the capabilities to trigger alarms and notify the
27 appropriate member of the Workgroup when monitoring stations exceed defined limits
28 indicating a spill or a significant water quality or nutrient measurement event, which
29 then can be comprehensively analyzed."

30
31 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,
32 Thompson

33 CONTINUE ONE-STOP PERMIT ASSISTANCE PILOT PROGRAM

34 **SECTION 19.6.(a)** The Department of Environment and Natural Resources
35 shall continue the one-stop environmental permit application assistance and tracking
36 system pilot project established under Section 13.7 of S.L. 2000-67 during the
37 2001-2003 fiscal biennium. It is the intent of the General Assembly that the
38 Department of Environment and Natural Resources expand this pilot program to a
39 statewide program effective in all of the Department's regional offices if the resources
40 are available to do so during the 2001-2003 fiscal biennium. The provisions of Section
41 13.7(a) through (d) of S.L. 2000-67 apply to the pilot program under this section.

42 **SECTION 19.6.(b)** The Department of Environment and Natural Resources
43 shall report to the Appropriations Subcommittees on Natural and Economic Resources
44 in both the Senate and the House of Representatives, the Fiscal Research Division, and
45 the Environmental Review Commission no later than April 1, 2002, and again no later
46 than April 1, 2003, regarding the results of the pilot project continued under this section.
47 This report shall include the number of environmental permits in the pilot project that
48 took more than 90 days to issue or deny; the types of permits those were; the reasons for
49 the extended processing time of those permits; how the time within which the permit
50 was actually issued or denied compared with the projected time frame provided to the
51 applicant by the Department; based on the data gathered in the pilot project, any
52 recommendations regarding what the permit time frames should be for all major permits

1 issued by the Department; and to what extent, if any, the program has been expanded to
2 a statewide program under this section.

3 **SECTION 19.6.(c)** The Department of Environment and Natural Resources
4 may adopt temporary rules to implement this section.

5
6 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,
7 Thompson

8 **DIVISION OF RADIATION PROTECTION SELF-SUFFICIENCY PLAN**

9 **SECTION 19.7.** The Department of Environment and Natural Resources
10 shall develop a plan to make the Division of Radiation Protection of the Department of
11 Environment and Natural Resources self-supporting within two years. The Department
12 of Environment and Natural Resources shall report the details of this plan to the
13 Appropriations Subcommittees on Natural and Economic Resources in both the Senate
14 and the House of Representatives no later than January 15, 2002.

15
16 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,
17 Thompson

18 **DENR TO STUDY FEASIBILITY OF TRANSFERRING SEDIMENTATION**
19 **PROGRAM TO LOCAL GOVERNMENTS**

20 **SECTION 19.8.** The Department of Environment and Natural Resources
21 shall study the feasibility of transferring the program within the Department of
22 Environment and Natural Resources under the Sedimentation Pollution Control Act of
23 1973, Article 4 of Chapter 113A of the General Statutes, to local governments. The
24 Department of Environment and Natural Resources shall consider the economic impact
25 that the proposed transfer would have on local governments, any savings that would be
26 generated for the State by the proposed transfer, and any statutory changes that would
27 be needed to implement such a transfer. The Department of Environment and Natural
28 Resources shall report its findings and recommendations, including legislative
29 proposals, to the Appropriations Subcommittees on Natural and Economic Resources in
30 both the Senate and the House of Representatives no later than April 1, 2002.

31
32 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,
33 Thompson

34 **SUBMERGED LANDS PROGRAM/SECRETARY DESIGNATE PROGRAM**
35 **MANAGER**

36 **SECTION 19.9.** The Secretary of Environment and Natural Resources shall
37 designate from existing staff within the Department of Environment and Natural
38 Resources a staff position to be responsible for managing the Submerged Lands
39 Program. By August 1, 2001, the Secretary shall report to both the Senate and House of
40 Representatives Cochairs of the Appropriations Subcommittees on Natural and
41 Economic Resources what position will manage the Program.

42
43 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,
44 Thompson

45 **DENR RECLASSIFICATION OF SENIOR FIELD OFFICER POSITIONS**
46 **REPORT**

47 **SECTION 19.10.** The Department of Environment and Natural Resources
48 shall report to the Senate and House of Representatives Cochairs of the full
49 Appropriations Committee, and to the Senate and House of Representatives Cochairs of
50 the Natural and Economic Resources Appropriations Subcommittees by October 1,
51 2001, on the Department's reclassification of its regional office managers as directed by
52 Section 26.12 of S.L. 1995-324. The report shall include the following: the location
53 and title of the four remaining positions, a description of the duties and responsibilities

1 assigned to each position, a description of the day-to-day activities of each of the
2 positions, an explanation of the purposes each of the positions serve, an explanation of
3 how the positions benefit the Department, and a description of the role that the positions
4 play in each of the respective communities and regions in which the positions are
5 located.

6
7 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,
8 Thompson

9 **DENR STUDY OF ENVIRONMENTAL PERMITTING PROCESS**

10 **SECTION 19.11.(a)** The Department of Environment and Natural
11 Resources shall study the State Water Quality Certification (Section 401 of the Clean
12 Water Act, 33 U.S.C. § 1341) and National Pollutant Discharge Elimination System
13 (NPDES) wastewater discharge permitting processes in the Division of Water Quality,
14 the Coastal Area Management Act (CAMA) permitting process in the Division of
15 Coastal Management, and the sedimentation and erosion control plan approval process
16 in the Division of Land Resources. The study shall at a minimum include the following:

- 17 (1) A description of how the permitting and approval process currently
18 works.
- 19 (2) The number and types of permits and plan approvals issued by each of
20 these Divisions.
- 21 (3) The time frame within which each of the types of permits or plan
22 approvals is issued.
- 23 (4) The adequacy of existing staff levels to complete the issuance of
24 permits and plan approvals in a timely manner.
- 25 (5) Whether duplication in the permitting and plan approval process exists
26 between the regional office and the central office staff.
- 27 (6) Efficiencies to be gained from delegation of authority to regional
28 offices.
- 29 (7) Efficiencies to be gained from issuing more general permits.
- 30 (8) The amount of revenue generated by the permits and retained as
31 departmental receipts.
- 32 (9) Any other information or issue deemed relevant by the Fiscal Research
33 Division to provide an accurate analysis of the issues.

34 **SECTION 19.11.(b)** In conducting this study, the Department shall record
35 its tracking of the permits and plan approvals and the statistical data regarding those in a
36 format that is easily accessible and usable for fiscal analysis by the Fiscal Research
37 Division.

38 **SECTION 19.11.(c)** The Department shall make a report with its findings
39 and recommendations to the Senate and House of Representatives Cochairs of the full
40 Appropriations Committee and to the Senate and House of Representatives Cochairs of
41 the Natural and Economic Resources Appropriations Subcommittees on ways to
42 improve, expedite, or simplify the permitting process no later than March 10, 2002.

43
44 Requested by: Representatives Fox, Owens, Baker, Easterling, Oldham, Redwine,
45 Thompson

46 **REALLOCATE TOWN FORK CREEK FUNDS**

47 **SECTION 19.12.(a)** Section 15.11(a) of S.L. 1997-443, as amended by
48 Section 15.3 of S.L. 1999-237, Section 13.5 of S.L. 2000-67, and Section 90(e) of S.L.
49 2000-140, reads as rewritten:

50 "(a) The funds placed in a reserve account in the Department of Environment,
51 Health, and Natural Resources pursuant to Section 26.3(c) of Chapter 507 of the 1995
52 Session Laws shall not revert until June 30, ~~2001-2003~~. Those funds are reallocated as
53 follows:

- 1 (1) ~~Five hundred four thousand five hundred sixty-four thousand six~~
2 ~~hundred eighty~~ dollars ~~(\$504,560)–(\$541,680)~~ to the Stokes County
3 Water and Sewer Authority, Inc., for the Germanton Water Project.
4 (2) ~~Nine hundred thirty thousand six hundred eighty~~ dollars ~~(\$930,680)~~
5 ~~Eight hundred ninety-three thousand five hundred sixty~~ dollars
6 ~~(\$893,560)~~ to the Stokes County Water and Sewer Authority, Inc., for
7 the Walnut Cove/Industrial Site Connection Project. Any funds under
8 this subdivision not necessary for this project are reallocated to the
9 project listed under subdivision (3) of this subsection upon the written
10 finding of the Stokes County Water and Sewer Authority, Inc.
11 (3) Eighty thousand dollars (\$80,000) to the Stokes County Water and
12 Sewer Authority, Inc., for the Dan River Project.
13 (4) Thirty thousand dollars (\$30,000) to the Department of Environment,
14 Health, and Natural Resources for the Limestone Creek small
15 watershed project in Duplin County.
16 (5) Three hundred forty thousand six hundred forty dollars (\$340,640) to
17 the Department of Environment, Health, and Natural Resources for the
18 Deep Creek small watershed project in Yadkin County."

19 **SECTION 19.12.(b)** This section becomes effective June 30, 2001.
20

21 Requested by: Representatives Fox, Owens, Warwick, Easterling, Oldham,
22 Redwine, Thompson

23 **FAIR GEOGRAPHIC REPRESENTATION IN APPOINTMENTS TO THE**
24 **ENVIRONMENTAL MANAGEMENT COMMISSION**

25 **SECTION 19.13.(a)** G.S. 143B-282 is amended by adding a new subsection
26 to read:

27 "(e) In appointing the members of the Commission, the appointing authorities
28 shall make every effort to ensure fair geographic representation of the Commission."

29 **SECTION 19.13.(b)** This section is effective when it becomes law and
30 applies to appointments made on or after that date.
31

32 Requested by: Representatives Fox, Owens

33 **DENR POSITION FOR SCRAP TIRE PROGRAM**

34 **SECTION 19.14.** Notwithstanding the provisions of G.S. 130A-309.63, the
35 Department of Environment and Natural Resources may use funds in the Scrap Tire
36 Disposal Account that, pursuant to G.S. 130A-309.63(d), are to be used for the cleanup
37 of scrap tire collection sites, to maintain and support a position for the 2001-2002 fiscal
38 year and for the 2002-2003 fiscal year to provide regulatory assistance to local
39 governments to develop programs to prevent scrap tires from outside the State from
40 being presented for free disposal and to complete the cleanup of nuisance tire collection
41 sites.
42

43 **PART XX. DEPARTMENT OF COMMERCE**
44

45 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,
46 Thompson

47 **TOURISM PROMOTION FUNDS**

48 **SECTION 20.1.** Funds appropriated in this act to the Department of
49 Commerce for tourism promotion grants shall be allocated according to per capita
50 income, unemployment, and population growth in an effort to direct funds to counties
51 most in need in terms of lowest per capita income, highest unemployment, and slowest
52 population growth, in the following manner:

- 1 (1) Counties 1 through 20 are each eligible to receive a maximum grant of
2 seven thousand five hundred dollars (\$7,500) for each fiscal year,
3 provided these funds are matched on the basis of one non-State dollar
4 for every four State dollars.
- 5 (2) Counties 21 through 50 are each eligible to receive a maximum grant
6 of three thousand five hundred dollars (\$3,500) for two of the next
7 three fiscal years, provided these funds are matched on the basis of one
8 non-State dollar for every three State dollars.
- 9 (3) Counties 51 through 100 are each eligible to receive a maximum grant
10 of three thousand five hundred dollars (\$3,500) for alternating fiscal
11 years, beginning with the 1991-92 fiscal year, provided these funds are
12 matched on the basis of four non-State dollars for every State dollar.
13

14 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,
15 Thompson

16 **INDUSTRIAL RECRUITMENT COMPETITIVE FUND**

17 **SECTION 20.3.(a)** Funds appropriated in this act to the Department of
18 Commerce for the Industrial Recruitment Competitive Fund shall be used to continue
19 the Fund. The purpose of the Fund is to provide financial assistance to those businesses
20 or industries deemed by the Governor to be vital to a healthy and growing State
21 economy and that are making significant efforts to establish or expand in North
22 Carolina. Moneys allocated from the Fund shall be used for the following purposes:

- 23 (1) Installation or purchase of equipment;
24 (2) Structural repairs, improvements, or renovations of existing buildings
25 to be used for expansion; and
26 (3) Construction of or improvements to new or existing water, sewer, gas
27 or electric utility distribution lines, or equipment for existing
28 buildings.

29 Moneys may also be used for construction of or improvements to new or
30 existing water, sewer, gas or electric utility distribution lines, or equipment to serve new
31 or proposed industrial buildings used for manufacturing and industrial operations. The
32 Governor shall adopt guidelines and procedures for the commitment of moneys from the
33 Fund.

34 **SECTION 20.3.(b)** The Department of Commerce shall report on or before
35 October 1, 2001, and quarterly thereafter to the Joint Legislative Commission on
36 Governmental Operations and to the Fiscal Research Division on the commitment,
37 allocation, and use of funds allocated from the Industrial Recruitment Competitive
38 Fund.
39

40 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,
41 Thompson

42 **ABOLISH CENTER FOR ENTREPRENEURSHIP AND TECHNOLOGY**

43 **SECTION 20.4.(a)** Effective July 1, 2001, the Center for Entrepreneurship
44 and Technology (hereinafter Center) in the Department of Commerce (hereinafter
45 Department) is abolished.

46 **SECTION 20.4.(b)** The Department shall not carryforward any
47 unencumbered State funds for the Center to the 2001-2002 fiscal year. This subsection
48 becomes effective June 30, 2001.
49

50 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,
51 Thompson

1 **COMMERCE STUDY/ CONSOLIDATE BUSINESS AND INDUSTRY**
2 **DIVISION REGIONAL OFFICES AND REGIONAL ECONOMIC**
3 **DEVELOPMENT COMMISSIONS**

4 **SECTION 20.5.** The Department of Commerce (hereinafter Department)
5 shall study the feasibility of consolidating each of the Business and Industry Division
6 regional offices (hereinafter B&I) with a Regional Economic Development Commission
7 (hereinafter Commission) office. In considering whether consolidation is feasible and
8 would better advance the goals of both the B&I and the Commissions, the Department
9 shall do at least the following:

- 10 (1) Evaluate the degree to which existing shared offices in Asheville,
11 Edenton, Greensboro, and Research Triangle Park differ in
12 organization, budget, and performance from the B&I offices in
13 Charlotte, Greenville, and Fayetteville that do not share office space
14 with Commissions.
- 15 (2) Evaluate the extent to which B&I staff responsibilities in each B&I
16 office duplicate those performed by the Commission staff in their
17 region regardless of whether the offices are shared or separate.
- 18 (3) Evaluate the extent to which existing B&I offices in Lenoir and
19 Bryson City add value cost-effectively to the service provided by the
20 Asheville office. In particular, the Department shall consider how the
21 same level of service might be provided if the Lenoir and Bryson City
22 offices were eliminated or merged into the Asheville office.
- 23 (4) Estimate any costs that would result from closing B&I offices in
24 Charlotte, Greenville, and Fayetteville and consolidating them with
25 Commissions in Charlotte, Kinston, and Elizabethtown, respectively.
26 The Department shall also estimate any costs that would result from
27 closing B&I offices in Lenoir and Bryson City and consolidating them
28 with the Asheville office.
- 29 (5) Identify whether the actions described in subdivision (4) of this section
30 would produce any net savings and, if affirmative, identify the sources
31 of the savings. The Department shall document whether all current
32 B&I regional staff would remain essential to program function if the
33 closings and consolidations described in subdivision (4) of this section
34 were carried out.

35 The Department shall report its findings and recommendations, including any
36 estimates of efficiencies and cost savings that may be produced by consolidating the
37 Charlotte, Greenville, and Fayetteville B&I regional offices with Commissions and
38 consolidating the Lenoir and Bryson City offices with the existing shared office in
39 Asheville, to the House of Representatives and Senate Appropriations Subcommittees
40 on Natural and Economic Resources by January 15, 2002.

41
42 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,
43 Thompson

44 **WORKER TRAINING TRUST FUND APPROPRIATIONS**

45 **SECTION 20.6.(a)** There is appropriated from the Worker Training Trust
46 Fund to the Employment Security Commission of North Carolina the sum of five
47 million nine hundred thirty thousand sixteen dollars (\$5,930,016) for the 2001-2002
48 fiscal year for the operation of local offices.

49 **SECTION 20.6.(b)** Notwithstanding the provisions of G.S. 96-5(f), there is
50 appropriated from the Worker Training Trust Fund to the following agencies the
51 following sums for the 2001-2002 fiscal year for the following purposes:

- 52 (1) Two million one hundred sixty-six thousand forty-seven dollars
53 (\$2,166,047) for the 2001-2002 fiscal year to the Department of

- 1 Commerce, Division of Employment and Training, for the
2 Employment and Training Grant Program;
- 3 (2) Nine hundred forty-one thousand seven hundred sixty dollars
4 (\$941,760) for the 2001-2002 fiscal year to the Department of Labor
5 for customized training of the unemployed and the working poor for
6 specific jobs needed by employers through the Department's Bureau
7 for Training Initiatives;
- 8 (3) One million six hundred forty-four thousand three hundred twelve
9 dollars (\$1,644,312) for the 2001-2002 fiscal year to the Community
10 Colleges System Office to continue the Focused Industrial Training
11 Program;
- 12 (4) Two hundred eleven thousand eight hundred ninety-six dollars
13 (\$211,896) for the 2001-2002 fiscal year to the Employment Security
14 Commission for the State Occupational Information Coordinating
15 Committee to develop and operate an interagency system to track
16 former participants in State education and training programs;
- 17 (5) Three hundred seventy-six thousand seven hundred four dollars
18 (\$376,704) for the 2001-2002 fiscal year to the Community Colleges
19 System Office for a training program in entrepreneurial skills to be
20 operated by North Carolina REAL Enterprises;
- 21 (6) Fifty-six thousand five hundred six dollars (\$56,506) for the
22 2001-2002 fiscal year to the Employment Security Commission to
23 maintain compliance with Chapter 96 of the General Statutes, which
24 directs the Commission to employ the Common Follow-Up
25 Management Information System to evaluate the effectiveness of the
26 State's job training, education, and placement programs; and
- 27 (7) Nine hundred forty-one thousand seven hundred sixty dollars
28 (\$941,760) for the 2001-2002 fiscal year to the Department of Labor to
29 continue the Apprenticeship Program.
30

31 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,
32 Thompson

33 BIOTECHNOLOGY CENTER

34 **SECTION 20.7.(a)** The North Carolina Biotechnology Center shall
35 recapture funds spent in support of successful research and development efforts in the
36 for-profit private sector.

37 **SECTION 20.7.(b)** The North Carolina Biotechnology Center shall provide
38 funding for biotechnology, biomedical, and related bioscience applications under its
39 Business and Science Technology Programs.

40 **SECTION 20.7.(c)** The North Carolina Biotechnology Center shall:

- 41 (1) By January 15, 2002, and more frequently as requested, report to the
42 Joint Legislative Commission on Governmental Operations and the
43 Fiscal Research Division the following information:
- 44 a. State fiscal year 2000-2001 program activities, objectives, and
45 accomplishments;
- 46 b. State fiscal year 2000-2001 itemized expenditures and fund
47 sources;
- 48 c. State fiscal year 2001-2002 planned activities, objectives, and
49 accomplishments including actual results through December 31,
50 2001; and
- 51 d. State fiscal year 2001-2002 estimated itemized expenditures
52 and fund sources including actual expenditures and fund
53 sources through December 31, 2001;

- 1 (2) By January 15, 2003, and more frequently as requested, report to the
2 Joint Legislative Commission on Governmental Operations and the
3 Fiscal Research Division the following information:
4 a. State fiscal year 2001-2002 program activities, objectives, and
5 accomplishments;
6 b. State fiscal year 2001-2002 itemized expenditures and fund
7 sources;
8 c. State fiscal year 2002-2003 planned activities, objectives, and
9 accomplishments including actual results through December 31,
10 2002; and
11 d. State fiscal year 2002-2003 estimated itemized expenditures
12 and fund sources including actual expenditures and fund
13 sources through December 31, 2002; and
14 (3) Provide to the Fiscal Research Division a copy of the organization's
15 annual audited financial statement within 30 days of issuance of the
16 statement.

17 **SECTION 20.7.(d)** The North Carolina Biotechnology Center shall provide
18 a report containing detailed budget, personnel, and salary information to the Office of
19 State Budget and Management and to the Fiscal Research Division in the same manner
20 as State departments and agencies in preparation for biennium budget requests.

21 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,
22 Thompson

23 **BIOTECHNOLOGY CENTER/TECHNOLOGICAL DEVELOPMENT**
24 **AUTHORITY, INC., PROFIT SHARING WITH STATE**

25 **SECTION 20.8.(a)** Prior to receiving any General Fund disbursements for
26 the 2001-2003 biennium, the North Carolina Biotechnology Center (hereinafter Center)
27 and the North Carolina Technological Development Authority, Inc., (hereinafter
28 Authority) must each enter into a memorandum of understanding with the Attorney
29 General's Office in which they commit to do all of the following:

- 30 (1) Work with the Attorney General's Office to craft a legal agreement
31 that specifies the manner in which any profits from investments made
32 with State funds shall be shared with the State.
33 (2) Negotiate the terms of the legal agreement in good faith.
34 (3) Submit the proposed legal agreement to the Joint Legislative
35 Commission on Governmental Operations for review by January 15,
36 2002.
37 (4) Execute the legal agreement no later than 30 days after it is presented
38 to the Joint Legislative Commission on Governmental Operations.

39 **SECTION 20.8.(b)** The Attorney General's Office shall consult with the
40 Fiscal Research Division in crafting the memorandum of understanding and the legal
41 agreement described in subsection (a) of this section.

42 **SECTION 20.8.(c)** The Center and the Authority shall submit a copy of the
43 memorandum of understanding to the Fiscal Research Division prior to receiving any
44 General Fund disbursements for the 2001-2003 biennium and shall submit a copy of the
45 proposed legal agreement to the Division by January 15, 2002.
46

47 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,
48 Thompson

49 **NORTH CAROLINA TECHNOLOGICAL DEVELOPMENT AUTHORITY,**
50 **INC./YADKIN/PEE DEE LAKES PROJECTS, INC./NORTH CAROLINA**
51 **REAL ENTERPRISES/WORLD TRADE CENTER NORTH CAROLINA**
52 **REPORTING REQUIREMENTS**
53

1 **SECTION 20.9.(a)** The North Carolina Technological Development
2 Authority, Inc., (TDA), Yadkin/Pee Dee Lakes Project, Inc., North Carolina REAL
3 Enterprises, and World Trade Center North Carolina shall do the following:

- 4 (1) By January 15, 2002, and more frequently as requested, report to the
5 Joint Legislative Commission on Governmental Operations and the
6 Fiscal Research Division the following information:
7 a. State fiscal year 2001-2002 program activities, objectives, and
8 accomplishments;
9 b. State fiscal year 2001-2002 itemized expenditures and fund
10 sources;
11 c. State fiscal year 2002-2003 planned activities, objectives, and
12 accomplishments including actual results through December 31,
13 2001; and
14 d. State fiscal year 2002-2003 estimated itemized expenditures
15 and fund sources including actual expenditures and fund
16 sources through December 31, 2001.
17 (2) Provide to the Fiscal Research Division a copy of the organization's
18 annual audited financial statement within 30 days of issuance of the
19 statement.

20 **SECTION 20.9.(b)** Fourth quarter allotments shall not be released to TDA,
21 North Carolina REAL Enterprises, or World Trade Center North Carolina until each
22 entity satisfies its reporting requirement for January 15, 2002.

23
24 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,
25 Thompson

26 **REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS**

27 **SECTION 20.10.(a)** Funds appropriated in this act to the Department of
28 Commerce for regional economic development commissions shall be allocated to the
29 following commissions in accordance with subsection (b) of this section: Western North
30 Carolina Regional Economic Development Commission, Research Triangle Regional
31 Commission, Southeastern North Carolina Regional Economic Development
32 Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional
33 Economic Development Commission, Global TransPark Development Commission,
34 and Carolinas Partnership, Inc.

35 **SECTION 20.10.(b)** Funds appropriated pursuant to subsection (a) of this
36 section shall be allocated to each regional economic development commission as
37 follows:

- 38 (1) First, the Department shall establish each commission's allocation by
39 determining the sum of allocations to each county that is a member of
40 that commission. Each county's allocation shall be determined by
41 dividing the county's enterprise factor by the sum of the enterprise
42 factors for eligible counties and multiplying the resulting percentage
43 by the amount of the appropriation. As used in this subdivision, the
44 term "enterprise factor" means a county's enterprise factor as
45 calculated under G.S. 105-129.3;
46 (2) Next, the Department shall subtract from funds allocated to the Global
47 TransPark Development Zone the sum of two hundred four thousand
48 four hundred thirty-three dollars (\$204,433) in each fiscal year, which
49 sum represents the interest earnings in each fiscal year on the
50 estimated balance of seven million five hundred thousand dollars
51 (\$7,500,000) appropriated to the Global TransPark Development Zone
52 in Section 6 of Chapter 561 of the 1993 Session Laws; and

- 1 (3) Next, the Department shall redistribute the sum of two hundred four
 2 thousand four hundred thirty-three dollars (\$204,433) in each fiscal
 3 year to the seven regional economic development commissions named
 4 in subsection (a) of this section. Each commission's share of this
 5 redistribution shall be determined according to the enterprise factor
 6 formula set out in subdivision (1) of this subsection. This
 7 redistribution shall be in addition to each commission's allocation
 8 determined under subdivision (1) of this subsection.
 9

10 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,
 11 Thompson

12 REGIONAL COMMISSION REPORTS

13 **SECTION 20.11.(a)** Each regional economic development commission
 14 receiving a grant-in-aid from the Department of Commerce shall:

- 15 (1) By January 15, 2002, and more frequently as requested, report to the
 16 Joint Legislative Commission on Governmental Operations, the Fiscal
 17 Research Division, and the Department of Commerce the following
 18 information:
 19 a. State fiscal year 2000-2001 program activities, objectives, and
 20 accomplishments;
 21 b. State fiscal year 2000-2001 itemized expenditures and fund
 22 sources;
 23 c. State fiscal year 2001-2002 planned activities, objectives, and
 24 accomplishments as specified in subdivisions (b)(1) through
 25 (b)(6) of this section including actual results through December
 26 31, 2001;
 27 d. State fiscal year 2001-2002 estimated itemized expenditures
 28 and fund sources including actual expenditures and fund
 29 sources through December 31, 2001.
 30 (2) By January 15, 2003, and more frequently as requested, report to the
 31 Joint Legislative Commission on Governmental Operations, the Fiscal
 32 Research Division, and the Department of Commerce the following
 33 information:
 34 a. State fiscal year 2001-2002 program activities, objectives, and
 35 accomplishments;
 36 b. State fiscal year 2001-2002 itemized expenditures and fund
 37 sources;
 38 c. State fiscal year 2002-2003 planned activities, objectives, and
 39 accomplishments as specified in subdivisions (b)(1) through
 40 (b)(6) of this section including actual results through December
 41 31, 2002;
 42 d. State fiscal year 2002-2003 estimated itemized expenditures
 43 and fund sources including actual expenditures and fund
 44 sources through December 31, 2002.
 45 (3) Provide to the Fiscal Research Division and the Department of
 46 Commerce a copy of its annual audited financial statement within 30
 47 days of issuance of the statement.

48 **SECTION 20.11.(b)** Each regional economic development commission
 49 receiving a grant-in-aid from the Department of Commerce in each fiscal year of the
 50 2001-2003 biennium shall by January 15 of each fiscal year report to the Department of
 51 Commerce the following information for the most recently completed fiscal year:

- 52 (1) The number of and description of marketing outreach events including
 53 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, Oldham, Redwine, Thompson

COUNCIL OF GOVERNMENT FUNDS

SECTION 20.12.(a) Of the funds appropriated in this act to the Department of Commerce, nine hundred thirty-five thousand dollars (\$935,000) for the 2001-2002 fiscal year and nine hundred thirty-five thousand dollars (\$935,000) for the 2002-2003 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 20.12.(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 20.12.(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 20.12.(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 20.12.(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 20.12.(f) Each council of government or lead regional organization shall do the following:

- (1) By January 15, 2002, 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 2000-2001 program activities, objectives, and accomplishments;
 - b. State fiscal year 2000-2001 itemized expenditures and fund sources;

- 1 c. State fiscal year 2001-2002 planned activities, objectives, and
- 2 accomplishments, including actual results through December
- 3 31, 2001; and
- 4 d. State fiscal year 2001-2002 estimated itemized expenditures
- 5 and fund sources, including actual expenditures and fund
- 6 sources through December 31, 2001;
- 7 (2) By January 15, 2003, and more frequently as requested, report to the
- 8 Joint Legislative Commission on Governmental Operations and the
- 9 Fiscal Research Division the following information:
- 10 a. State fiscal year 2001-2002 program activities, objectives, and
- 11 accomplishments;
- 12 b. State fiscal year 2001-2002 itemized expenditures and fund
- 13 sources;
- 14 c. State fiscal year 2002-2003 planned activities, objectives, and
- 15 accomplishments, including actual results through December
- 16 31, 2002; and
- 17 d. State fiscal year 2002-2003 estimated itemized expenditures
- 18 and fund sources, including actual expenditures and fund
- 19 sources through December 31, 2002; and
- 20 (3) Provide to the Fiscal Research Division a copy of the organization's
- 21 annual audited financial statement within 30 days of issuance of the
- 22 statement.
- 23

24 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,

25 Thompson

26 **GLOBAL TRANSPARK DEVELOPMENT COMMISSION MEMBERSHIP**

27 **CHANGES**

28 **SECTION 20.13.(a)** G.S. 158-35(a) reads as rewritten:

29 "(a) Commission Membership. – The governing body of the Zone is the Global

30 TransPark Development Commission. The members of the Commission must be

31 residents of the Zone and shall be appointed as follows:

- 32 (1) The board of commissioners of each county participating in the Zone
- 33 shall appoint three voting members, one of whom shall be a minority
- 34 person as defined in G.S. 143-128(f)(2) and one of whom may be a
- 35 member of the board of commissioners.
- 36 (2) The ~~Authority-Commission~~ shall appoint at least three but no more
- 37 than seven voting members. By the appointment of these members, the
- 38 ~~Authority-Commission~~ shall ensure that the voting membership of the
- 39 Commission includes at least seven women and seven members of a
- 40 racial minority described in G.S. 143-128(f)(2). The ~~Authority~~
- 41 ~~Commission~~ shall appoint the fewest number of members necessary to
- 42 achieve these minimums.
- 43 (3) Four nonvoting members shall be appointed as follows:
- 44 a. One appointed by the Chancellor of East Carolina University to
- 45 represent the University.
- 46 b. One appointed by a majority vote of the presidents of the
- 47 community colleges located in the Zone, to represent the
- 48 community colleges.
- 49 c. One appointed by the chair of the State Ports Authority, to
- 50 represent the sea ports of the State.
- 51 d. One member of the board of directors of the Global TransPark
- 52 Foundation, Inc., appointed by that board."

53 **SECTION 20.13.(b)** G.S. 158-35(c) reads as rewritten:

1 "(c) Removal; Vacancies. – A member of the Commission may be removed with
2 or without cause by the appointing body. In addition, a majority of the Commission
3 members may, by majority vote, remove a member of the Commission if that member
4 does not attend at least three-quarters of the regularly scheduled meetings of the
5 Commission during any consecutive 12-month period of service of that member on the
6 Commission, except that absences excused by the Commission due to serious medical
7 or family circumstances shall not be considered. If the Commission votes to remove a
8 member under this subsection, the vacancy shall be filled in the same manner as the
9 original appointment. Appointments to fill vacancies shall be made for the remainder of
10 the unexpired term by the respective appointing authority. All members shall serve until
11 their successors are appointed and qualified, unless removed from office."
12

13 Requested by: Representatives Fox, Owens, Hunter, Easterling, Oldham,
14 Redwine, Thompson

15 **NONPROFIT REPORTING REQUIREMENTS**

16 **SECTION 20.14.(a)** The N.C. Institute for Minority Economic
17 Development, Inc., Land Loss Prevention Project, North Carolina Coalition of Farm and
18 Rural Families, Inc., North Carolina Minority Support Center, North Carolina
19 Community Development Initiative, Inc., North Carolina Association of Community
20 Development Corporations, Inc., and Partnership for the Sounds, Inc., shall do the
21 following:

- 22 (1) By January 15, 2002, and more frequently as requested, report to the
23 Joint Legislative Commission on Governmental Operations and the
24 Fiscal Research Division the following information:
 - 25 a. State fiscal year 2000-2001 program activities, objectives, and
26 accomplishments;
 - 27 b. State fiscal year 2000-2001 itemized expenditures and fund
28 sources;
 - 29 c. State fiscal year 2001-2002 planned activities, objectives, and
30 accomplishments including actual results through December 31,
31 2001; and
 - 32 d. State fiscal year 2001-2002 estimated itemized expenditures
33 and fund sources including actual expenditures and fund
34 sources through December 31, 2001;
- 35 (2) By January 15, 2003, and more frequently as requested, report to the
36 Joint Legislative Commission on Governmental Operations and the
37 Fiscal Research Division the following information:
 - 38 a. State fiscal year 2001-2002 program activities, objectives, and
39 accomplishments;
 - 40 b. State fiscal year 2001-2002 itemized expenditures and fund
41 sources;
 - 42 c. State fiscal year 2002-2003 planned activities, objectives, and
43 accomplishments including actual results through December 31,
44 2002; and
 - 45 d. State fiscal year 2002-2003 estimated itemized expenditures
46 and fund sources including actual expenditures and fund
47 sources through December 31, 2002; and
- 48 (3) Provide to the Fiscal Research Division a copy of the organization's
49 annual audited financial statement within 30 days of issuance of the
50 statement.

51 **SECTION 20.14.(b)** No funds appropriated under this act shall be released
52 to a nonprofit organization listed in subsection (a) of this section until the organization
53 has satisfied the reporting requirement for January 15, 2001. Fourth quarter allotments

1 shall not be released to any nonprofit organization that does not satisfy the reporting
 2 requirements for January 15, 2002, or January 15, 2003.

3
 4 Requested by: Representatives Fox, Owens, Hunter, Easterling, Oldham,
 5 Redwine, Thompson

6 **RURAL ECONOMIC DEVELOPMENT CENTER**

7 **SECTION 20.15.(a)** Of the funds appropriated in this act to the Rural
 8 Economic Development Center, Inc., the sum of one million eight hundred eighteen
 9 thousand four hundred seventy-one dollars (\$1,818,471) for the 2001-2002 fiscal year
 10 and the sum of one million eight hundred eighteen thousand four hundred seventy-one
 11 dollars (\$1,818,471) for the 2002-2003 fiscal year shall be allocated as follows:

	2001-2002 FY	2002-2003 FY
14 Research and Demonstration Grants	\$444,000	\$444,000
15 Technical Assistance and Center		
16 Administration of Research		
17 and Demonstration Grants	444,471	444,471
18 Center Administration, Oversight,		
19 and Other Programs	455,000	455,000
20 Administration of Clean Water/ 21 Natural Gas Critical Needs		
22 Bond Act of 1998	199,722	199,722
23 Additional Administration of Supplemental		
24 Funding Program	138,278	138,278
25 Administration of Capacity Building		
26 Assistance Program (1998 Bond Act)	137,000	137,000.

27 **SECTION 20.15.(b)** The Rural Economic Development Center, Inc., shall
 28 provide a report containing detailed budget, personnel, and salary information to the
 29 Office of State Budget and Management in the same manner as State departments and
 30 agencies in preparation for biennium budget requests.

31 **SECTION 20.15.(c)** Not more than fifty percent (50%) of the interest earned
 32 on State funds appropriated to the Rural Economic Development Center, Inc., may be
 33 used by the Center for administrative purposes, including salaries and fringe benefits.

34 **SECTION 20.15.(d)** For purposes of this section, the term "community
 35 development corporation" means a nonprofit corporation:

- 36 (1) Chartered pursuant to Chapter 55A of the General Statutes;
- 37 (2) Tax-exempt pursuant to section 501(c)(3) of the Internal Revenue
 38 Code of 1986;
- 39 (3) Whose primary mission is to develop and improve low-income
 40 communities and neighborhoods through economic and related
 41 development;
- 42 (4) Whose activities and decisions are initiated, managed, and controlled
 43 by the constituents of those local communities; and
- 44 (5) Whose primary function is to act as deal-maker and packager of
 45 projects and activities that will increase their constituencies'
 46 opportunities to become owners, managers, and producers of small
 47 businesses, affordable housing, and jobs designed to produce positive
 48 cash flow and curb blight in the targeted community.

49 **SECTION 20.15.(e)** Of the funds appropriated in this act to the Rural
 50 Economic Development Center, Inc., the sum of three million two hundred fifty-two
 51 thousand dollars (\$3,252,000) for the 2001-2002 fiscal year and the sum of three million
 52 two hundred fifty-two thousand dollars (\$3,252,000) for the 2002-2003 fiscal year shall
 53 be allocated as follows:

- 1 (1) \$1,124,000 in each fiscal year for community development grants to
2 support development projects and activities within the State's minority
3 communities. Any community development corporation as defined in
4 this section is eligible to apply for funds. The Rural Economic
5 Development Center, Inc., shall establish performance-based criteria
6 for determining which community development corporation will
7 receive a grant and the grant amount. The Rural Economic
8 Development Center, Inc., shall allocate these funds as follows:
9 a. \$837,720 in each fiscal year for direct grants to the local
10 community development corporations that have previously
11 received State funds for this purpose to support operations and
12 project activities;
13 b. \$236,280 in each fiscal year for direct grants to local
14 community development corporations that have not previously
15 received State funds; and
16 c. \$50,000 in each fiscal year to the Rural Economic Development
17 Center, Inc., to be used to cover expenses in administering this
18 section.
- 19 (2) \$234,000 in each fiscal year to the Microenterprise Loan Program to
20 support the loan fund and operations of the Program; and
- 21 (3) \$1,644,000 in each fiscal year shall be used for a program to provide
22 supplemental funding for matching requirements for projects and
23 activities authorized under this subdivision. The Center shall allocate
24 these funds as follows:
25 a. \$1,244,000 in each fiscal year to make grants to local
26 governments and nonprofit corporations to provide funds
27 necessary to match federal grants or other grants for:
28 1. Necessary economic development projects and activities
29 in economically distressed areas;
30 2. Necessary water and sewer projects and activities in
31 economically distressed communities to address health
32 or environmental quality problems except that funds
33 shall not be expended for the repair or replacement of
34 low-pressure pipe wastewater systems. If a grant is
35 awarded under this sub-subdivision, then the grant shall
36 be matched on a dollar- for-dollar basis in the amount of
37 the grant awarded; or
38 3. Projects that demonstrate alternative water and waste
39 management processes for local governments. Special
40 consideration should be given to cost-effectiveness,
41 efficacy, management efficiency, and the ability of the
42 demonstration project to be replicated.
- 43 b. \$400,000 in each fiscal year to make grants to local
44 governments and nonprofit corporations to provide funds
45 necessary to match federal grants or other grants related to
46 water, sewer, or business development projects.
- 47 (4) \$250,000 in each fiscal year for the Agricultural Advancement
48 Consortium. These funds shall be placed in a reserve and allocated as
49 follows:
50 a. \$75,000 in each fiscal year for operating expenses associated
51 with the Consortium; and
52 b. \$175,000 in each fiscal year for research initiatives funded by
53 the Consortium.

1 The Consortium shall facilitate discussions among interested parties
2 and shall develop recommendations to improve the State's economic
3 development through farming and agricultural interests.

4 The grant recipients in this subsection shall be selected on the basis of need.

5 **SECTION 20.15.(f)** For the 2001-2002 fiscal year only, the Office of State
6 Budget and Management shall reduce the funds appropriated in this act to the Rural
7 Economic Development Center, Inc., by an amount of nine hundred ninety-nine
8 thousand six hundred ninety-four dollars (\$999,694). The Center shall compensate for
9 this reduction by using available cash balances from the Child Care Loan Fund in the
10 amount of four hundred ninety-nine thousand six hundred ninety-four dollars
11 (\$499,694) and the amount of five hundred thousand dollars (\$500,000) from other cash
12 reserves on hand.

13 **SECTION 20.15.(g)** The Rural Economic Development Center, Inc., shall:

- 14 (1) By January 15, 2002, and more frequently as requested, report to the
15 Joint Legislative Commission on Governmental Operations and the
16 Fiscal Research Division the following information:
17 a. State fiscal year 2000-2001 program activities, objectives, and
18 accomplishments;
19 b. State fiscal year 2000-2001 itemized expenditures and fund
20 sources;
21 c. State fiscal year 2001-2002 planned activities, objectives, and
22 accomplishments including actual results through December 31,
23 2001; and
24 d. State fiscal year 2001-2002 estimated itemized expenditures
25 and fund sources including actual expenditures and fund
26 sources through December 31, 2001.
- 27 (2) By January 15, 2003, and more frequently as requested, report to the
28 Joint Legislative Commission on Governmental Operations and the
29 Fiscal Research Division the following information:
30 a. State fiscal year 2001-2002 program activities, objectives, and
31 accomplishments;
32 b. State fiscal year 2001-2002 itemized expenditures and fund
33 sources;
34 c. State fiscal year 2002-2003 planned activities, objectives, and
35 accomplishments including actual results through December 31,
36 2002; and
37 d. State fiscal year 2002-2003 estimated itemized expenditures
38 and fund sources including actual expenditures and fund
39 sources through December 31, 2002.
- 40 (3) Provide to the Fiscal Research Division a copy of each grant
41 recipient's annual audited financial statement within 30 days of
42 issuance of the statement.

43
44 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,
45 Thompson

46 **OPPORTUNITIES INDUSTRIALIZATION CENTER FUNDS**

47 **SECTION 20.16.(a)** Of the funds appropriated in this act to the Rural
48 Economic Development Center, Inc., the sum of four hundred thousand dollars
49 (\$400,000) for the 2001-2002 fiscal year and the sum of four hundred thousand dollars
50 (\$400,000) for the 2002-2003 fiscal year shall be allocated as follows:

- 51 (1) \$100,000 in each fiscal year to the Opportunities Industrialization
52 Center of Wilson, Inc., for its ongoing job training programs;

- 1 (2) \$100,000 in each fiscal year to the Opportunities Industrialization
 2 Center, Inc., in Rocky Mount, for its ongoing job training programs;
 3 (3) \$100,000 in each fiscal year to the Opportunities Industrialization
 4 Centers Kinston and Lenoir County, North Carolina, Inc.; and
 5 (4) \$100,000 in each fiscal year to the Opportunities Industrialization
 6 Center of Elizabeth City, Inc.

7 **SECTION 20.16.(b)** For each of the Opportunities Industrialization Centers
 8 receiving funds pursuant to subsection (a) of this section, the Rural Economic
 9 Development Center, Inc., shall:

- 10 (1) By January 15, 2002, and more frequently as requested, report to the
 11 Joint Legislative Commission on Governmental Operations and the
 12 Fiscal Research Division the following information:
 13 a. State fiscal year 2000-2001 program activities, objectives, and
 14 accomplishments;
 15 b. State fiscal year 2000-2001 itemized expenditures and fund
 16 sources;
 17 c. State fiscal year 2001-2002 planned activities, objectives, and
 18 accomplishments, including actual results through December
 19 31, 2001; and
 20 d. State fiscal year 2001-2002 estimated itemized expenditures
 21 and fund sources, including actual expenditures and fund
 22 sources through December 31, 2001.
 23 (2) By January 15, 2003, and more frequently as requested, report to the
 24 Joint Legislative Commission on Governmental Operations and the
 25 Fiscal Research Division the following information:
 26 a. State fiscal year 2001-2002 program activities, objectives, and
 27 accomplishments;
 28 b. State fiscal year 2001-2002 itemized expenditures and fund
 29 sources;
 30 c. State fiscal year 2002-2003 planned activities, objectives, and
 31 accomplishments, including actual results through December
 32 31, 2002; and
 33 d. State fiscal year 2002-2003 estimated itemized expenditures
 34 and fund sources, including actual expenditures and fund
 35 sources through December 31, 2002.
 36 (3) Provide to the Fiscal Research Division a copy of the annual audited
 37 financial statements of the Opportunities Industrialization Centers
 38 funded by this act within 30 days of issuance of the statement.
 39

40 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,
 41 Thompson

42 **TRANSFER COMMON FOLLOW-UP EVALUATION FROM OSBPM TO ESC**

43 **SECTION 20.17.(a)** G.S. 96-32 reads as rewritten:

44 **"§ 96-32. Common follow-up information management system created.**

45 (a) The Employment Security Commission of North Carolina shall develop,
 46 implement, and maintain a common follow-up information management system for
 47 tracking the employment status of current and former participants in State job training,
 48 education, and placement programs. The system shall provide for the automated
 49 collection, organization, dissemination, and analysis of data obtained from State-funded
 50 programs that provide job training and education and job placement services to program
 51 participants. In developing the system, the ESC shall ensure that data and information
 52 collected from State agencies is confidential, not open for general public inspection, and

1 maintained and disseminated in a manner that protects the identity of individual persons
2 from general public disclosure.

3 (b) ~~The ESC in consultation with the Office of State Budget, Planning, and~~
4 ~~Management shall adopt procedures and guidelines for the development and~~
5 ~~implementation of the CFS authorized under this section.~~

6 (c) ~~Based on data collected under the CFS, the Office of State Budget, Planning,~~
7 ~~and Management ESC shall evaluate the effectiveness of job training, education, and~~
8 ~~placement programs to determine if specific program goals and objectives are attained,~~
9 ~~to determine placement and completion rates for each program, and to make~~
10 ~~recommendations regarding the continuation of State funding for programs evaluated.~~
11 ~~The ESC shall provide to the Office of State Budget, Planning, and Management data~~
12 ~~collected under the CFS in a manner and with the frequency necessary for the Office of~~
13 ~~State Budget, Planning, and Management to conduct the evaluation required under this~~
14 ~~subsection. The ESC shall consult with the Office of State Budget, Planning, and~~
15 ~~Management to determine the most efficient and effective method for providing to the~~
16 ~~Office of State Budget, Planning, and Management data collected under the CFS. The~~
17 ~~Office of State Budget, Planning, and Management shall maintain the same levels of~~
18 ~~confidentiality with respect to CFS data received from the ESC as is required of the~~
19 ~~ESC under this Article."~~

20 **SECTION 20.17.(b)** G.S. 96-35 reads as rewritten:

21 **"§ 96-35. Reports on common follow-up system activities.**

22 (a) The Employment Security Commission of North Carolina shall present
23 annually by May 1 to the General Assembly and to the Governor a report of CFS
24 activities for the preceding calendar year. The report shall include information on and
25 evaluation of job training, education, and placement programs for which data was
26 reported by State and local agencies subject to this Article. Evaluation of the programs
27 shall be on the basis of fiscal year data.

28 (b) ~~The Office of State Budget, Planning, and Management ESC shall report to~~
29 ~~the Governor and to the General Assembly upon the convening of each biennial session,~~
30 ~~its evaluation of and recommendations regarding job training, education, and placement~~
31 ~~programs for which data was provided to the CFS."~~

32
33 Requested by: Representatives Fox, Owens, Redwine, Easterling, Oldham,
34 Thompson

35 **ESC TO EXPEND REED ACT FUNDS**

36 **SECTION 20.18.** Of the funds credited to and held in this State's account in
37 the Unemployment Trust Fund by the Secretary of the Treasury of the United States
38 pursuant to and in accordance with section 903 of the Social Security Act, the
39 Employment Security Commission of North Carolina may expend the sum of two
40 million one hundred thirty-six thousand seven hundred forty-six dollars (\$2,136,746) for
41 the 2001-2002 fiscal year for unemployment insurance administration.

42
43 Requested by: Representatives Fox, Owens, Insko, Easterling, Oldham, Redwine,
44 Thompson

45 **NORTH CAROLINA GLOBAL CENTER FUNDS**

46 **SECTION 20.19.** Of the funds appropriated to the Office of State Budget
47 and Management in Section 34.1 of Chapter 769 of the 1993 Session Laws for planning
48 of the North Carolina Center for World Languages and Cultures, Inc., now known as the
49 North Carolina Global Center (hereinafter Center), up to three hundred thousand dollars
50 (\$300,000) shall be used for general operating purposes of the Center.

51
52 Requested by: Representatives Fox, Owens, Smith, Easterling, Oldham, Redwine

53 **RESTORE NAME OF ABC COMPLEX**

1 **SECTION 20.20.** The sign designating the North Carolina ABC
2 Commission Office & Warehouse Complex, which is located at 3322 Garner Road in
3 Raleigh, shall be restored to its original designation of "The Marvin L. Speight, Jr.
4 North Carolina ABC Commission Office & Warehouse Complex".

5
6 **PART XXI. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

7
8 **SUBPART 1. CENTRAL ADMINISTRATION**

9
10 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
11 Thompson

12 **DHHS REGIONAL OFFICES**

13 **SECTION 21.1.(a)** The Department of Health and Human Services shall
14 consolidate its regional, district, field, and satellite offices located throughout the State.
15 The Department shall implement these consolidations no later than June 30, 2002. The
16 Department shall provide the following information:

- 17 (1) An inventory of all its regional, district, field, and satellite offices
18 located throughout the State before the consolidation required in this
19 section. This inventory shall include the purpose of the office (direct
20 services or central location for field staff), the number of staff assigned
21 to the office, the cost of operating the office, and information on
22 whether the office is co-located or located near another regional,
23 district, field, or satellite office;
- 24 (2) An inventory of all its regional, district, field, and satellite offices
25 located throughout the State after the consolidation required in this
26 section is completed. This inventory shall include the purpose of the
27 office (direct services or central location for field staff), the number of
28 staff assigned to the office, the cost of operating the office, and
29 information on whether the office is co-located or located near another
30 regional, district, field, or satellite office;
- 31 (3) An inventory of all offices located in Wake County. This inventory
32 shall include the purpose of the office, the number of staff assigned to
33 the office, the cost of operating the office, information on whether the
34 office is co-located or located near another related office, and
35 information on whether the office could be moved to another area of
36 the State;
- 37 (4) A report on the anticipated impact of the consolidation required by this
38 section on the delivery of services;
- 39 (5) A report on the use of technology to comply with the consolidation
40 required under this section to increase the number of staff working
41 from their homes or other locations; and
- 42 (6) A report on the anticipated cost savings, efficiencies in the use of State
43 staff and resources, and improved delivery of services resulting from
44 the consolidation required under this section.

45 **SECTION 21.1.(b)** The Department of Health and Human Services shall
46 provide an interim report on the activities required under this section by January 1,
47 2002, and a final report by July 1, 2002. The interim and final reports shall be provided
48 to the Senate Appropriations Committee on Health and Human Services, the House of
49 Representatives Appropriations Subcommittee on Health and Human Services, and the
50 Fiscal Research Division.

51
52 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
53 Thompson

CENTRALIZE CRIMINAL RECORD CHECK FUNCTIONS

SECTION 21.2. The Department of Health and Human Services shall centralize all activities throughout the Department relating to the coordination and processing of criminal record checks required by law. The centralization shall include the transfer of positions, corresponding State appropriations, federal funds, and other funds. The Department shall report on the centralization of criminal record check activities to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division not later than January 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

PRESCRIPTION DRUG ASSISTANCE PROGRAM MANAGEMENT

SECTION 21.3.(a) The Department of Health and Human Services shall implement the following recommendations of the "North Carolina Medicaid Benefit Study", May 1, 2001, to improve the management of prescription drug assistance programs operated by the Department, including programs in the Divisions of Public Health, Mental Health, Developmental Disabilities, and Substance Abuse Services, Services for the Blind, and Vocational Rehabilitation:

- (1) Dispensing of generic drugs. Notwithstanding G.S. 90-85.27 through G.S. 90-85.31, under all prescription drug assistance programs operated by the Department of Health and Human Services, and except as otherwise provided in this subsection for atypical antipsychotic drugs and drugs listed in the narrow therapeutic drug index, 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 has determined, at the time the drug is prescribed, that the brand name drug is medically necessary and has written on the prescription order the phrase "medically necessary". 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. As used in this subdivision, "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).
- (2) Limit the supplies of prescription drugs to 34-day supplies for some or all drugs.

Notwithstanding subdivision (1) of this subsection, an initial prescription order for an atypical antipsychotic drug or a drug listed in the narrow therapeutic drug index that does not contain the phrase "medically necessary" shall be considered an order for the drug by its established or generic name, except that the pharmacy shall not substitute a generic or established name prescription drug for subsequent brand or trade name prescription orders of the same prescription drug without explicit oral or written approval of the prescriber given at the time the order is filled.

SECTION 21.3.(b) The Department shall consider other drug utilization management activities for all prescription drug assistance programs operated by the Department as follows:

- (1) Prior authorization program to manage high-cost name brand drugs.
- (2) Maximum allowable pricing.
- (3) Contracting with a pharmacy benefits manager to implement more extensive prospective drug utilization review.

1 **SECTION 21.3.(c)** The Department shall report on the activities conducted
2 under this section to the Senate Appropriations Committee on Health and Human
3 Services, the House of Representatives Appropriations Subcommittee on Health and
4 Human Services, and the Fiscal Research Division no later than January 1, 2002.

5
6 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
7 Thompson

8 **TOLL-FREE PHONE LINE INVENTORY AND CONSOLIDATION**

9 **SECTION 21.5.(a)** The Department of Health and Human Services shall
10 determine the feasibility of combining all Department-operated and contracted toll-free
11 (1-8xx) phone lines to create efficiencies. An inventory of all resource telephone lines
12 throughout Divisions of the Department shall be conducted and an evaluation completed
13 of potential savings in combining these phone lines. In conducting the inventory, the
14 Department shall identify the following:

- 15 (1) Title and purpose of the phone line.
- 16 (2) Type of information provided to callers.
- 17 (3) Budget of the operations.
- 18 (4) Number of staff (phone agents, other).
- 19 (5) Number of calls received annually to each phone line.
- 20 (6) Contracts.

21 The Department shall project costs for the new combined phone line and prepare a
22 comprehensive cost-benefit analysis on the new consolidated plan compared with
23 current services.

24 **SECTION 21.5.(b)** The Department shall submit a progress report on the
25 feasibility study to the Senate Appropriations Committee on Health and Human
26 Services, the House of Representatives Appropriations Subcommittee on Health and
27 Human Services, the Senate Appropriations Committee on Information Technology,
28 and the House of Representatives Appropriations Subcommittee on Information
29 Technology no later than October 1, 2001, and a final report by April 1, 2002.

30
31 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
32 Thompson

33 **COORDINATION OF ACCESS TO PHARMACEUTICAL COMPANY**
34 **PRESCRIPTION DRUG PROGRAMS**

35 **SECTION 21.6.(a)** Of the funds appropriated in this act to the Department
36 of Health and Human Services, Division of Public Health, the sum of two hundred
37 thousand dollars (\$200,000) for the 2001-2002 fiscal year and the sum of two hundred
38 thousand dollars (\$200,000) for the 2002-2003 fiscal year shall be used to assist eligible
39 individuals in obtaining prescription drugs at no cost or for a nominal fee through
40 pharmaceutical company programs or initiatives. Coordination of access shall be
41 provided through a central location that maintains documentation of an individual's
42 eligibility provided by the individual and prescription orders from the individual's
43 physician to facilitate the provision of no-cost or nominal cost drugs under the
44 pharmaceutical company program. The coordination of access shall be implemented in a
45 way that encourages physician, patient, and pharmacy participation by reducing
46 time-consuming procedural requirements. The Department may contract with a private
47 nonprofit organization to coordinate access as provided under this section.

48 **SECTION 21.6.(b)** The coordination of access effort under this section shall
49 coordinate with other prescription drug assistance programs throughout the Department
50 including the AIDS Drug Assistance Program and the Prescription Drug Assistance
51 Program in identifying program participants.

52 **SECTION 21.6.(c)** The Department shall work with pharmaceutical
53 companies in obtaining access to company applications for assistance and making those

1 applications available to the general public. The Department shall ensure that
2 pharmaceutical company programs are registered with the Department and shall obtain
3 the application forms of each pharmaceutical program.

4 **SECTION 21.6.(d)** The Department shall report on the implementation of
5 this section on October 1, 2001, April 1, 2002, and October 1, 2002, to the Senate
6 Appropriations Committee on Health and Human Services, the House of
7 Representatives Appropriations Subcommittee on Health and Human Services, and the
8 Fiscal Research Division.

9
10 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
11 Thompson

12 **ADULT CARE HOME REIMBURSEMENT RATES IMPLEMENTATION**
13 **PLAN**

14 **SECTION 21.7.(a)** The Department of Health and Human Services may
15 implement all of the recommendations in the March 2001 performance audit report,
16 "Adult Care Home Reimbursement Rates", conducted by the Department of State
17 Auditor, except for the recommendation pertaining to review of the rate methodology
18 for adult care homes.

19 **SECTION 21.7.(b)** The Fiscal Research Division, through the Legislative
20 Services Office, in consultation with the Department of Health and Human Services,
21 shall issue a Request For Proposal (RFP) and contract for an independent consultant
22 with extensive expertise in rate-setting for public and private entities to develop a new
23 rate methodology for establishing reimbursements for adult care homes. The final report
24 of the independent consultant shall be presented to the General Assembly not later than
25 June 1, 2002.

26
27 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
28 Thompson

29 **LONG-TERM CARE CONTINUUM OF CARE**

30 **SECTION 21.9.(a)** The Department of Health and Human Services shall, in
31 cooperation with other appropriate State and local agencies and representatives of
32 consumer and provider organizations, develop a system that provides a continuum of
33 long-term care for elderly and disabled individuals and their families. The Department
34 shall define the system of long-term care services to include:

- 35 (1) A structure and means for screening, assessment, and care
36 management across settings of care;
- 37 (2) A process to determine outcome measures for care;
- 38 (3) An integrated data system to track expenditures, consumer
39 characteristics, and consumer outcomes;
- 40 (4) Relationships between the Department and the State's universities to
41 provide policy analysis and program evaluation support for the
42 development of long-term care system reforms;
- 43 (5) An implementation plan that addresses testing of models, reviewing
44 existing models, evaluation of components, and steps needed to
45 achieve development of a coordinated system; and
- 46 (6) Provision for consumer, provider, and agency input into the system
47 design and implementation development.

48 **SECTION 21.9.(b)** Notwithstanding Section 11.7A(a) of S.L. 1999-237, as
49 amended by Section 11.4(b) of S.L. 2000-67, if non-State funds from within the
50 Department can be identified, the Department may, with the approval of the Office of
51 State Budget and Management, proceed to:

- 1 (1) Implement the initial phase of a comprehensive data system that tracks
2 long-term care expenditures, services, consumer profiles, and
3 consumer preferences; and
4 (2) Develop a system of statewide long-term care services coordination
5 and case management to minimize administrative costs, improve
6 access to services, and minimize obstacles to the delivery of long-term
7 care services to people in need.

8 **SECTION 21.9.(c)** Not later than April 15, 2002, the Department shall
9 submit a progress report to the Senate Appropriations Committee on Health and Human
10 Services, the House of Representatives Appropriations Subcommittee on Health and
11 Human Services, and the North Carolina Study Commission on Aging, on the
12 development of the system required under this section.

13
14 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
15 Thompson

16 **RECODIFICATION OF ADMINISTRATIVE RULES**

17 **SECTION 21.10.** The Codifier of Rules may continue the process of
18 reorganizing Titles 10 and 15A of the North Carolina Administrative Code to reflect the
19 recent reorganization of the Department of Health and Human Services and the
20 Department of Environment and Natural Resources. The reorganization of the Code
21 may include replacing Title 10 with a new Title 10A if desirable for clarity. The
22 Codifier of Rules may make changes in the text of the affected rules to reflect changes
23 in organizational structure of the Department of Health and Human Services and the
24 Department of Environment and Natural Resources. So long as the changes in text do
25 not change the substance of the rules, the reorganization by the Codifier is exempt from
26 the requirements of Chapter 150B of the General Statutes and does not require the
27 review or approval of the Rules Review Commission.

28
29 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
30 Thompson

31 **TRANSFER OF CERTAIN FUNDS AUTHORIZED**

32 **SECTION 21.11.** Article 1 of Chapter 143 of the General Statutes is
33 amended by adding the following new section to read:
34 "**§ 143-23.3. Transfer of certain funds authorized.**

35 In order to assure maximum utilization of funds in county departments of social
36 services, county or district health agencies, and area mental health, developmental
37 disabilities, and substance abuse services authorities, the Director of the Budget may
38 transfer excess funds appropriated to a specific service, program, or fund, whether
39 specified service in a block grant plan or General Fund appropriation, into another
40 service, program, or fund for local services within the budget of the respective State
41 agency."

42
43 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
44 Thompson

45 **PHYSICIAN SERVICES**

46 **SECTION 21.12.** With the approval of the Office of State Budget and
47 Management, the Department of Health and Human Services may use funds
48 appropriated in this act for across-the-board salary increases and performance pay to
49 offset similar increases in the costs of contracting with private and independent
50 universities for the provision of physician services to clients in facilities operated by the
51 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services.
52 This offsetting shall be done in the same manner as is currently done with constituent
53 institutions of The University of North Carolina.

1
2 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine

3 **ELIMINATE JOINT LEGISLATIVE PUBLIC ASSISTANCE COMMISSION**

4 **SECTION 21.13.(a)** G.S. 120-225 is repealed.

5 **SECTION 21.13.(b)** G.S. 108A-27.2(12) reads as rewritten:

6 "**§ 108A-27.2. General duties of the Department.**

7 The Department shall have the following general duties with respect to the Work
8 First Program:

9
10 ..(12) Report to the ~~Joint Legislative Public Assistance Commission and the~~
11 ~~members of the Senate Appropriations Committee on Health and~~
12 ~~Human Resources Services~~ and the House of Representatives
13 ~~Appropriations Subcommittee on Health and Human Resources~~
14 ~~Services~~ the counties which have requested ~~Electing status, status;~~
15 ~~provide copies of the proposed Electing County Plans to the Joint~~
16 ~~Legislative Public Assistance Commission and the members of the~~
17 ~~Senate Appropriations Committee on Health and Human Resources~~
18 ~~Services~~ and the House of Representatives Appropriations
19 ~~Subcommittee on Health and Human Resources Services;~~ and make
20 recommendations to the ~~Joint Legislative Public Assistance~~
21 ~~Commission, the members of the Senate Appropriations Committee on~~
22 ~~Health and Human Resources Services~~ and the House of
23 ~~Representatives Appropriations Subcommittee on Health and Human~~
24 ~~Resources, and the General Assembly Services~~ on which of the
25 proposed Electing County Plans ensure compliance with federal and
26 State laws, rules, and regulations and are consistent with the overall
27 purposes and goals for the Work First Program; and".

28 **SECTION 21.13.(c)** G.S. 108A-27.9(d) reads as rewritten:

29 "(d) The section of the State Plan proposing the terms of the Work First Program
30 in Electing Counties shall be based upon the aggregate of the Electing County Plans and
31 shall include the following:

- 32 (1) Allocations of federal and State funds for Electing Counties in the
33 Work First Program including block grants to counties and the
34 allocation of funding for administration not to exceed the federally
35 established limitations on the use of federal TANF funds and the limits
36 imposed under this Article;
- 37 (2) Maintenance of effort and levels of State and county funding for
38 Electing Counties in the Work First Program;
- 39 (3) Federal eligibility requirements and a description of the eligibility
40 requirements and benefit calculation in each Electing County; and
- 41 (4) A description of the federal, State, and each Electing County's
42 financial participation in the Work First Program.

43 The Department may modify the section in the State Plan regarding Electing
44 Counties once a biennium or except as necessary to reflect any modifications made by
45 an Electing County. Any changes to the section of the State Plan regarding Electing
46 Counties shall be reported to the ~~Joint Legislative Public Assistance Commission at the~~
47 ~~next meeting of the Commission following the changes and to the General Assembly~~
48 ~~during the next session~~ Senate Appropriations Committee on Health and Human
49 Services, the House of Representatives Appropriations Subcommittee on Health and
50 Human Services, and the Fiscal Research Division within one month following the
51 changes."

52 **SECTION 21.13.(d)** G.S. 108A-29(r) reads as rewritten:

1 "(r) Each county's Job Service Employer Committee or Workforce Development
2 Board shall continue the study of the working poor, titled "NC WORKS", in their
3 respective counties and shall include the following in the study:

- 4 (1) Determination of the extent to which current labor market participation
5 enables individuals and families to earn the amount of disposable
6 income necessary to meet their basic needs;
- 7 (2) Determination of how many North Carolinians work and earn wages
8 below one hundred fifty percent (150%) of the Federal Poverty
9 Guideline and study trends in the size and demographic profiles of this
10 underemployed group within the respective county;
- 11 (3) Examination of job market factors that contribute to any changes in the
12 composition and numbers of the working poor including, but not
13 limited to, shifts from manufacturing to service, from full-time to
14 part-time work, from permanent to temporary or their contingent
15 employment;
- 16 (4) Consideration and determination of the respective responsibilities of
17 the public and private sectors in ensuring that working families and
18 individuals have disposable income adequate to meet their basic needs;
- 19 (5) Evaluation of the effectiveness of the unemployment insurance system
20 in meeting the needs of low-wage workers when they become
21 unemployed;
- 22 (6) Examination of the efficacy of a State-earned income tax credit that
23 would enable working families to meet the requirements of the basic
24 needs budget;
- 25 (7) Examination of the wages, benefits, and protections available to
26 part-time and temporary workers, leased employees, independent
27 contractors, and other contingent workers as compared to regular
28 full-time workers;
- 29 (8) Solicitation, receipt, and acceptance of grants or other funds from any
30 person or entity and enter into agreements with respect to these grants
31 or other funds regarding the undertaking of studies or plans necessary
32 to carry out the purposes of the committee; and
- 33 (9) A request of any necessary data from either public or private entities
34 that relate to the needs of the committee or board.

35 Each committee or board shall prepare and submit a report on the finding for the
36 county which it represents by May 1 of each year to the ~~Joint Legislative Public~~
37 ~~Assistance Commission, the Senate Appropriations Committee on Health and Human~~
38 ~~Resources, Services, the House of Representatives Appropriations Subcommittee on~~
39 ~~Health and Human Resources, Services, the Senate Appropriations Committee on~~
40 ~~Natural and Economic Resources, and the House of Representatives Appropriations~~
41 ~~Subcommittee on Natural and Economic Resources."~~

42 **SECTION 21.13.(e)** Unless specifically amended by another subsection of
43 this section, the phrase "Joint Legislative Public Assistance Commission" is deleted and
44 replaced by the phrase "Senate Appropriations Committee on Health and Human
45 Services and the House of Representatives Appropriations Subcommittee on Health and
46 Human Services" whenever it occurs in each of the following sections of the General
47 Statutes:

- | | |
|-------------------|---|
| 48 G.S. 108A-27 | Authorization and description of Work First
49 Program; Work First Program changes; designation
50 of Electing and Standard Program Counties. |
| 51 G.S. 108A-27.2 | General Duties of the Department. |
| 52 G.S. 108A-27.9 | State Plan. |

1 G.S. 108A-29 First Stop Employment Assistance; priority for
 2 employment services.
 3 G.S. 114-40 Inspector General.
 4

5 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
 6 Thompson

7 **ESTABLISH OFFICE OF POLICY AND PLANNING**

8 **SECTION 21.14.(a)** It is the intent of the General Assembly that the
 9 Department of Health and Human Services provide coordinated policy development and
 10 strategic planning for the State's health and human services systems. The Department is
 11 directed to establish an Office of Policy and Planning within the Office of the Secretary
 12 from existing resources across the Department. The Director of the Office of Policy and
 13 Planning shall report directly to the Secretary and shall have the following
 14 responsibilities:

- 15 (1) Coordinate the development of departmental policies, plans, and rules,
 16 in consultation with the Divisions of the Department.
- 17 (2) Development of a departmental process for the development and
 18 implementation of new policies, plans, and rules.
- 19 (3) Development of a departmental process for the review of existing
 20 policies, plans, and rules to ensure that departmental policies, plans,
 21 and rules are relevant.
- 22 (4) Coordination and review of all departmental policies before
 23 dissemination to ensure that all policies are well-coordinated within
 24 and across all programs.
- 25 (5) Implementation of ongoing strategic planning that integrates budget,
 26 personnel, and resources with the mission and operational goals of the
 27 Department.
- 28 (6) Review, disseminate, monitor, and evaluate best practice models.

29 **SECTION 21.14.(b)** Under the direction of the Secretary of Health and
 30 Human Services, the Director of the Office of Policy and Planning shall have the
 31 authority to direct Divisions, offices, and programs within the Department to conduct
 32 periodic reviews of policies, plans, and rules and shall advise the Secretary when it is
 33 determined to be appropriate or necessary to modify, amend, and repeal departmental
 34 policies, plans, and rules. All policy and management positions within the Office of
 35 Policy and Planning are exempt positions as that term is defined in G.S. 126-5.

36 **SECTION 21.14.(c)** The Department shall report on the establishment of the
 37 Office of Policy and Planning to the members of the Senate Appropriations Committee
 38 on Health and Human Services, the House of Representatives Appropriations
 39 Subcommittee on Health and Human Services, and the Fiscal Research Division by
 40 January 1, 2002.

41
 42 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
 43 Thompson

44 **COUNTY HEALTH AND HUMAN SERVICES BUDGET GUIDANCE**

45 **SECTION 21.16.** G.S. 108A-88 reads as rewritten:

46 "**§ 108A-88. Determination of State and county financial participation.**

47 Before February 15 of each year, the Secretary shall notify the county board of
 48 commissioners, the county manager, the director of social services—services, and the
 49 director of public health of each county of the amount of State and federal moneys
 50 estimated to be available, as best can be determined, to that county for programs of
 51 public assistance, social ~~services—services,~~ public health, and related administrative
 52 costs, as well as the percentage of county participation expected to be required for the
 53 budget for the succeeding fiscal year. In odd-numbered years, in making such

1 notification, the Secretary shall notify the counties of any changes in funding levels,
2 formulas, or programs relating to public assistance and public health proposed by the
3 Governor to the General Assembly in the proposed budget and budget report submitted
4 under the Executive Budget Act. Counties shall be notified of additional changes in the
5 proposed budget of the Governor and the Advisory Budget Commission that are made
6 by the General Assembly or the United States Congress subsequent to the February 15
7 estimates."
8

9 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
10 Thompson

11 **INFORMATION TECHNOLOGY PROJECT CONTRACTS**

12 **SECTION 21.17.(a)** Notwithstanding any other provision of law to the
13 contrary, the Department of Health and Human Services may establish special
14 time-limited positions in the Division of Information Research Management for an
15 information technology project to maximize efficiencies in the preparation for and
16 implementation of federal requirements of the medical records privacy standards under
17 the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Positions
18 established are not permanent positions, not subject to the State Personnel Act under
19 G.S. 126-1.1, and not subject to the State salary schedule.

20 **SECTION 21.17.(b)** Positions established pursuant to this section may
21 commence no earlier than July 1, 2001, and shall expire June 30, 2003.
22

23 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
24 Thompson

25 **USE OF SAVINGS REALIZED FROM ELIMINATION OF POSITIONS**

26 **SECTION 21.18.** Savings in non-State funds realized from the elimination
27 of positions in the Department of Health and Human Services shall be reallocated by the
28 Department for direct services in the program where the position was eliminated, except
29 in programs where State funds are used to draw down federal funds.
30

31 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
32 Thompson

33 **CENTRALIZED CONTRACTS UNIT**

34 **SECTION 21.18B.** The Department of Health and Human Services shall
35 create a Contracts Unit for the centralization of all departmental contracts and
36 contracting functions. The centralization shall include the transfer of positions,
37 corresponding State appropriations, federal funds, and other funds. The Department
38 shall develop consistent policies and procedures for the development and execution of
39 contracts.
40

41 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
42 Thompson

43 **FAMILY SUPPORT SERVICES**

44 **SECTION 21.18C.** The Department of Health and Human Services shall
45 coordinate all family support contracts and activities across divisions. This coordination
46 shall address duplication, cost efficiency, and effectiveness and shall ensure compliance
47 with federal requirements while maximizing State and federal resources.
48

49 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
50 Thompson, Wright

51 **HIV/AIDS PREVENTION INITIATIVE**

52 **SECTION 21.18D.(a)** It is the intention of the General Assembly to focus
53 current resources and activities to strengthen and enhance prevention and intervention

1 programs directed at the reduction of HIV/AIDS. The Department shall coordinate
2 efforts to enhance awareness, education, and outreach with the North Carolina AIDS
3 Advisory Council, North Carolina Minority Health Advisory Council, representatives of
4 faith communities, representatives of nonprofit agencies, and other State agencies.

5 **SECTION 21.18D.(b)** The Department of Health and Human Services shall
6 coordinate the following education, awareness, and outreach campaigns to comply with
7 subsection (a):

- 8 (1) Division of Social Services programs and services:
 - 9 a. Domestic Violence Prevention and Awareness.
10 b. Domestic Violence Services for Work First Families.
11 c. After School Services for At Risk Children.12 d. Work First Boys/Girls Clubs.
- 13 (2) Division of Mental Health, Developmental Disabilities, and Substance
14 Abuse Services programs and services:
 - 15 a. Substance Abuse Services for Juveniles.
16 b. Residential Substance Abuse Services for Women and
17 Children.
- 18 (3) Division of Public Health programs and services:
 - 19 a. Teen Pregnancy Prevention Activities.
20 b. Out-of-Wedlock Births.
- 21 c. School Health Program.22 d. High-Risk Maternity Clinic Services.23 e. Perinatal Education and Training.24 f. Public Information and Education.25 g. Technical Assistance to Local Health Departments.
- 26 (4) Other divisions, services, and programs:
 - 27 a. Family Support Services.
28 b. Family Resource Centers.
- 29 c. Independent Living Services.30 d. Residential schools and facilities.31 e. Other programs, services, or contracts that provide education
-
- 32 and awareness services to children and families.

33 **SECTION 21.18D.(c)** Other State agencies, including the Department of
34 Public Instruction, the Department of Juvenile Justice and Delinquency Prevention, and
35 the Department of Administration, shall ensure that after-school programs incorporate
36 developmentally appropriate HIV/AIDS education, awareness, and outreach
37 information into their programs.

38 **SECTION 21.18D.(d)** The Department shall report on the implementation
39 of this section on March 15, 2002, to the Senate Appropriations Committee on Health
40 and Human Services, the House of Representatives Appropriations Subcommittee on
41 Health and Human Services, and the Fiscal Research Division.

42
43 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
44 Thompson

45 **OFFICE OF ECONOMIC OPPORTUNITY**

46 **SECTION 21.18E.** The Office of Economic Opportunity is transferred from
47 the Office of the Secretary to the Division of Social Services of the Department of
48 Health and Human Services. The transfer shall include the budget and all programmatic
49 functions of the Office of Economic Opportunity, including positions, corresponding
50 State appropriations, federal funds, and other funds to the Division of Social Services.

51
52 Requested by: Representatives Nesbitt, Russell

53 **DHHS SUPPORT TO LOCAL GOVERNMENTS**

1 **SECTION 21.18G.** It is the intent of the General Assembly that the
2 Department of Health and Human Services continue to provide human resources
3 assistance to local governments that were previously provided by the Regional
4 Personnel Offices notwithstanding the loss of related positions.

5
6 **SUBPART 2. MEDICAL ASSISTANCE**

7
8 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
9 Thompson

10 **MEDICAID PROGRAM**

11 **SECTION 21.19.(a)** Funds appropriated in this act for services provided in
12 accordance with Title XIX of the Social Security Act (Medicaid) are for both the
13 categorically needy and the medically needy. Funds appropriated for these services shall
14 be expended in accordance with the following schedule of services and payment bases.
15 All services and payments are subject to the language at the end of this subsection.

16 Services and payment bases:

- 17 (1) Hospital-Inpatient – Payment for hospital inpatient services will be
18 prescribed in the State Plan as established by the Department of Health
19 and Human Services.
- 20 (2) Hospital-Outpatient – Eighty percent (80%) of allowable costs or a
21 prospective reimbursement plan as established by the Department of
22 Health and Human Services.
- 23 (3) Nursing Facilities – Payment for nursing facility services will be
24 prescribed in the State Plan as established by the Department of Health
25 and Human Services. Nursing facilities providing services to Medicaid
26 recipients who also qualify for Medicare must be enrolled in the
27 Medicare program as a condition of participation in the Medicaid
28 program. State facilities are not subject to the requirement to enroll in
29 the Medicare program.
- 30 (4) Intermediate Care Facilities for the Mentally Retarded – As prescribed
31 in the State Plan as established by the Department of Health and
32 Human Services.
- 33 (5) Drugs – Drug costs as allowed by federal regulations plus a
34 professional services fee per month excluding refills for the same drug
35 or generic equivalent during the same month. Reimbursement shall be
36 available for up to six prescriptions per recipient, per month, including
37 refills. Payments for drugs are subject to the provisions of subsection
38 (h) of this section and to the provisions at the end of subsection (a) of
39 this section, or in accordance with the State Plan adopted by the
40 Department of Health and Human Services consistent with federal
41 reimbursement regulations. Payment of the professional services fee
42 shall be made in accordance with the State Plan adopted by the
43 Department of Health and Human Services, consistent with federal
44 reimbursement regulations. The professional services fee shall be five
45 dollars (\$5.00) per prescription. Adjustments to the professional
46 services fee shall be established by the General Assembly.
- 47 (6) Physicians, Chiropractors, Podiatrists, Optometrists, Dentists, Certified
48 Nurse Midwife Services, Nurse Practitioners – Fee schedules as
49 developed by the Department of Health and Human Services.
50 Payments for dental services are subject to the provisions of subsection
51 (g) of this section. Payment for physician and other practitioner
52 services shall be the lesser of one hundred percent (100%) of the

- 1 current Medicare payment amount or the Medicare payment amount in
2 effect on January 1, 2001.
- 3 (7) Community Alternative Program, EPSDT Screens – Payment to be
4 made in accordance with rate schedule developed by the Department
5 of Health and Human Services.
- 6 (8) Home Health and Related Services, Private Duty Nursing, Clinic
7 Services, Prepaid Health Plans, Durable Medical Equipment –
8 Payment to be made according to reimbursement plans developed by
9 the Department of Health and Human Services.
- 10 (9) Medicare Buy-In – Social Security Administration premium.
- 11 (10) Ambulance Services – Uniform fee schedules as developed by the
12 Department of Health and Human Services. Public ambulance
13 providers will be reimbursed at cost.
- 14 (11) Hearing Aids – Actual cost plus a dispensing fee.
- 15 (12) Rural Health Clinic Services – Provider-based, reasonable cost;
16 nonprovider-based, single-cost reimbursement rate per clinic visit.
- 17 (13) Family Planning – Negotiated rate for local health departments. For
18 other providers, see specific services, for instance, hospitals,
19 physicians.
- 20 (14) Independent Laboratory and X-Ray Services – Uniform fee schedules
21 as developed by the Department of Health and Human Services.
- 22 (15) Optical Supplies – One hundred percent (100%) of reasonable
23 wholesale cost of materials.
- 24 (16) Ambulatory Surgical Centers – Payment as prescribed in the
25 reimbursement plan established by the Department of Health and
26 Human Services.
- 27 (17) Medicare Crossover Claims – An amount up to the actual coinsurance
28 or deductible or both, in accordance with the State Plan, as approved
29 by the Department of Health and Human Services.
- 30 (18) Physical Therapy and Speech Therapy – Services limited to EPSDT
31 eligible children. Payments are to be made only to qualified providers
32 at rates negotiated by the Department of Health and Human Services.
33 Physical therapy (including occupational therapy) and speech therapy
34 services are subject to prior approval and utilization review.
- 35 (19) Personal Care Services – Payment in accordance with the State Plan
36 approved by the Department of Health and Human Services.
- 37 (20) Case Management Services – Reimbursement in accordance with the
38 availability of funds to be transferred within the Department of Health
39 and Human Services.
- 40 (21) Hospice – Services may be provided in accordance with the State Plan
41 developed by the Department of Health and Human Services.
- 42 (22) Other Mental Health Services – Unless otherwise covered by this
43 section, coverage is limited to:
- 44 a. Services as defined by the Division of Mental Health,
45 Developmental Disabilities, and Substance Abuse Services and
46 approved by the Health Care Financing Administration when
47 provided in agencies meeting the requirements of the rules
48 established by the Commission for Mental Health,
49 Developmental Disabilities, and Substance Abuse Services, and
50 reimbursement is made in accordance with a State Plan
51 developed by the Department of Health and Human Services
52 not to exceed the upper limits established in federal regulations,
53 and

- 1 b. For children eligible for EPSDT services:
2 1. Licensed or certified psychologists, licensed clinical
3 social workers, certified clinical nurse specialists in
4 psychiatric mental health advanced practice, and nurse
5 practitioners certified as clinical nurse specialists in
6 psychiatric mental health advanced practice, when
7 Medicaid-eligible children are referred by the Carolina
8 ACCESS primary care physician or the area mental
9 health program, and
10 2. Institutional providers of residential services as defined
11 by the Division of Mental Health, Developmental
12 Disabilities, and Substance Abuse Services and approved
13 by the Health Care Financing Administration for
14 children and Psychiatric Residential Treatment Facility
15 services that meet federal and State requirements as
16 defined by the Department.

- 17 Notwithstanding G.S. 150B-121.1(a), the Department of Health and
18 Human Services may adopt temporary rules in accordance with
19 Chapter 150B of the General Statutes further defining the
20 qualifications of providers and referral procedures in order to
21 implement this subdivision. Coverage policy for services defined by
22 the Division of Mental Health, Developmental Disabilities, and
23 Substance Abuse Services under paragraphs a. and b.2 of this
24 subdivision shall be established by the Division of Medical Assistance.
25 (23) Medically Necessary Prosthetics or Orthotics for EPSDT Eligible
26 Children – Reimbursement in accordance with the State Plan approved
27 by the Department of Health and Human Services.
28 (24) Health Insurance Premiums – Payments to be made in accordance with
29 the State Plan adopted by the Department of Health and Human
30 Services consistent with federal regulations.
31 (25) Medical Care/Other Remedial Care – Services not covered elsewhere
32 in this section include related services in schools; health professional
33 services provided outside the clinic setting to meet maternal and infant
34 health goals; and services to meet federal EPSDT mandates. Services
35 addressed by this paragraph are limited to those prescribed in the State
36 Plan as established by the Department of Health and Human Services.
37 (26) Pregnancy Related Services – Covered services for pregnant women
38 shall include nutritional counseling, psychosocial counseling, and
39 predelivery and postpartum home visits by maternity care coordinators
40 and public health nurses.

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

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

SECTION 21.19.(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 21.19.(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 21.19.(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:

Family Size	<u>Categorically Needy</u>	<u>Medically Needy</u>	
	<u>WFFA*</u> Standard of Need	Families and Children Income Level	<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 21.19.(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 21.19.(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:

<u>Monthly Net Wages</u>	<u>Monthly Incentive Allowance</u>
\$1.00 to \$100.99	Up to \$50.00
\$101.00 to \$200.99	\$80.00
\$201.00 to \$300.99	\$130.00
\$301.00 and greater	\$212.00.

SECTION 21.19.(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.

1 **SECTION 21.19.(h)** Dispensing of Generic Drugs. – Notwithstanding G.S.
2 90-85.27 through G.S. 90-85.31, or any other law to the contrary, under the Medical
3 Assistance Program (Title XIX of the Social Security Act), and except as otherwise
4 provided in this subsection for atypical antipsychotic drugs and drugs listed in the
5 narrow therapeutic index, a prescription order for a drug designated by a trade or brand
6 name shall be considered to be an order for the drug by its established or generic name,
7 except when the prescriber has determined, at the time the drug is prescribed, that the
8 brand name drug is medically necessary and has written on the prescription order the
9 phrase "medically necessary". An initial prescription order for an atypical antipsychotic
10 drug or a drug listed in the narrow therapeutic drug index that does not contain the
11 phrase "medically necessary" shall be considered an order for the drug by its established
12 or generic name, except that a pharmacy shall not substitute a generic or established
13 name prescription drug for subsequent brand or trade name prescription orders of the
14 same prescription drug without explicit oral or written approval of the prescriber given
15 at the time the order is filled. Generic drugs, when available in the pharmacy, shall be
16 dispensed at a lower cost to the Medical Assistance Program rather than trade or brand
17 name drugs. As used in this subsection, "brand name" means the proprietary name the
18 manufacturer places upon a drug product or on its container, label, or wrapping at the
19 time of packaging; and "established name" has the same meaning as in section 502(e)(3)
20 of the Federal Food, Drug, and Cosmetic Act as amended, 21 U.S.C. § 352(e)(3).

21 **SECTION 21.19.(i)** Exceptions to Service Limitations, Eligibility
22 Requirements, and Payments. – Service limitations, eligibility requirements, and
23 payments bases in this section may be waived by the Department of Health and Human
24 Services, with the approval of the Director of the Budget, to allow the Department to
25 carry out pilot programs for prepaid health plans, managed care plans, or
26 community-based services programs in accordance with plans approved by the United
27 States Department of Health and Human Services, or when the Department determines
28 that such a waiver will result in a reduction in the total Medicaid costs for the recipient.
29 The Department of Health and Human Services may proceed with planning and
30 development work on the Program of All-Inclusive Care for the Elderly.

31 **SECTION 21.19.(j)** Volume Purchase Plans and Single Source
32 Procurement. – The Department of Health and Human Services, Division of Medical
33 Assistance, may, subject to the approval of a change in the State Medicaid Plan,
34 contract for services, medical equipment, supplies, and appliances by implementation of
35 volume purchase plans, single source procurement, or other similar processes in order to
36 improve cost containment.

37 **SECTION 21.19.(k)** Cost-Containment Programs. – The Department of
38 Health and Human Services, Division of Medical Assistance, may undertake cost
39 containment programs, including preadmissions to hospitals and prior approval for
40 certain outpatient surgeries before they may be performed in an inpatient setting.

41 **SECTION 21.19.(l)** For all Medicaid eligibility classifications for which the
42 federal poverty level is used as an income limit for eligibility determination, the income
43 limits will be updated each April 1 immediately following publication of federal poverty
44 guidelines.

45 **SECTION 21.19.(m)** The Department of Health and Human Services shall
46 provide Medicaid to 19-, 20-, and 21-year olds in accordance with federal rules and
47 regulations.

48 **SECTION 21.19.(n)** The Department of Health and Human Services shall
49 provide coverage to pregnant women and to children according to the following
50 schedule:

- 51 (1) Pregnant women with incomes equal to or less than one hundred
52 eighty-five percent (185%) of the federal poverty guidelines as revised
53 each April 1 shall be covered for Medicaid benefits.

- 1 (2) Infants under the age of 1 with family incomes equal to or less than
2 one hundred eighty-five percent (185%) of the federal poverty
3 guidelines as revised each April 1 shall be covered for Medicaid
4 benefits.
5 (3) Children aged 1 through 5 with family incomes equal to or less than
6 one hundred thirty-three percent (133%) of the federal poverty
7 guidelines as revised each April 1 shall be covered for Medicaid
8 benefits.
9 (4) Children aged 6 through 18 with family incomes equal to or less than
10 the federal poverty guidelines as revised each April 1 shall be covered
11 for Medicaid benefits.
12 (5) The Department of Health and Human Services shall provide Medicaid
13 coverage for adoptive children with special or rehabilitative needs
14 regardless of the adoptive family's income.

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

21 **SECTION 21.19.(o)** Medicaid enrollment of categorically needy families
22 with children shall be continuous for one year without regard to changes in income or
23 assets.

24 **SECTION 21.19.(p)** The Department shall disregard earned income for
25 recipients who would otherwise lose Medicaid eligibility under section 1931 of Title
26 XIX of the Social Security Act due to earnings. This disregard shall be applied for a
27 maximum of 12 consecutive months.

28 **SECTION 21.19.(q)** The Department of Health and Human Services shall
29 submit a quarterly status report on expenditures for acute care and long-term care
30 services to the Fiscal Research Division and to the Office of State Budget and
31 Management. This report shall include an analysis of budgeted versus actual
32 expenditures for eligibles by category and for long-term care beds. In addition, the
33 Department shall revise the program's projected spending for the current fiscal year and
34 the estimated spending for the subsequent fiscal year on a quarterly basis. The quarterly
35 expenditure report and the revised forecast shall be forwarded to the Fiscal Research
36 Division and to the Office of State Budget and Management no later than the third
37 Thursday of the month following the end of each quarter.

38 **SECTION 21.19.(r)** The Division of Medical Assistance, Department of
39 Health and Human Services, may provide incentives to counties that successfully
40 recover fraudulently spent Medicaid funds by sharing State savings with counties
41 responsible for the recovery of the fraudulently spent funds.

42 **SECTION 21.19.(s)** If first approved by the Office of State Budget and
43 Management, the Division of Medical Assistance, Department of Health and Human
44 Services, may use funds that are identified to support the cost of development and
45 acquisition of equipment and software through contractual means to improve and
46 enhance information systems that provide management information and claims
47 processing.

48 **SECTION 21.19.(t)** The Department of Health and Human Services may
49 adopt temporary rules according to the procedures established in G.S. 150B-21.1 when
50 it finds that these rules are necessary to maximize receipt of federal funds, to reduce
51 Medicaid expenditures, and to reduce fraud and abuse. Prior to the filing of these
52 temporary rules with the Office of Administrative Hearings, the Department shall

1 consult with the Office of State Budget and Management on the possible fiscal impact
2 of the temporary rule and its effect on State appropriations and local governments.

3 **SECTION 21.19.(u)** The Department shall report to the Fiscal Research
4 Division of the Legislative Services Office and to the House of Representatives
5 Appropriations Subcommittee on Health and Human Services and the Senate
6 Appropriations Committee on Health and Human Services or the Joint Legislative
7 Health Care Oversight Committee on any change it anticipates making in the Medicaid
8 program that impacts the type or level of service, reimbursement methods, or waivers,
9 any of which require a change in the State Plan or other approval by the Health Care
10 Financing Administration. The reports shall be provided at the same time they are
11 submitted to HCFA for approval.

12 **SECTION 21.19.(v)** Upon approval of a demonstration waiver by the Health
13 Care Financing Administration, the Department of Health and Human Services may
14 provide Medicaid coverage for family planning services to men and women of
15 child-bearing age with family incomes equal to or less than one hundred eighty-five
16 percent (185%) of the federal poverty level. Coverage shall be contingent upon federal
17 approval of the waiver and shall begin no earlier than January 1, 2001.

18 **SECTION 21.19.(w)** The Department of Health and Human Services,
19 Division of Medical Assistance, shall use the latest audited cost reporting data available
20 when establishing Medicaid provider rates or when making changes to the
21 reimbursement methodology.

22
23 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
24 Thompson

25 **MEDICAID DEFINITION OF MEDICAL NECESSITY EXEMPT FROM RULE**
26 **MAKING UNDER APA; DETERMINATION OF MEDICAL NECESSITY**

27 **SECTION 21.20.(a)** The Department of Health and Human Services shall
28 adopt a definition and application of "medical necessity" for the State Medicaid
29 Program that is consistent with current references to national standards of care. In order
30 to promote consistency among providers and ensure that medical necessity criteria are
31 uniformly applied to beneficiaries throughout the State, the determination of "medical
32 necessity" shall be made by Department staff or other utilization review contractors.
33 Adoption of and amendments to the definition and application of "medical necessity"
34 under the State Medicaid Program are exempt from rule-making requirements of
35 Chapter 150B of the General Statutes. The Department shall notify in writing all
36 Medicaid providers in the State of all proposed amendments to the definition and
37 application of "medical necessity". Notice shall be given 30 days prior to the adoption
38 of the amended definition or application and shall include the text of the proposed
39 amended definition or application. The Department shall make available to providers
40 and other interested persons upon request the most recently adopted definition and
41 application of "medical necessity".

42 **SECTION 21.20.(b)** G.S. 150B-1(d) reads as rewritten:

43 "(d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to
44 the following:

- 45 (1) The Commission.
- 46 (2) Repealed by Session Laws 2000-189, s. 14, effective July 1, 2000.
- 47 (3) The North Carolina Hazardous Waste Management Commission in
48 administering the provisions of G.S. 130B-13 and G.S. 130B-14.
- 49 (4) The Department of Revenue, with respect to the notice and hearing
50 requirements contained in Part 2 of Article 2A.
- 51 (5) The North Carolina Global TransPark Authority with respect to the
52 acquisition, construction, operation, or use, including fees or charges,
53 of any portion of a cargo airport complex.

- 1 (6) The Department of Correction, with respect to matters relating solely
2 to persons in its custody or under its supervision, including prisoners,
3 probationers, and parolees.
4 (7) The North Carolina Teachers' and State Employees' Comprehensive
5 Major Medical Plan in administering the provisions of Parts 2 and 3 of
6 Article 3 of Chapter 135 of the General Statutes.
7 (8) The Department of Health and Human Services in defining and
8 applying 'medical necessity' under the State Medicaid Program."
9

10 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
11 Thompson

12 COUNTY MEDICAID COST-SHARE

13 **SECTION 21.21.(a)** Effective July 1, 2000, the county share of the cost of
14 Medicaid services currently and previously provided by area mental health authorities
15 shall be increased incrementally each fiscal year until the county share reaches fifteen
16 percent (15%) of the nonfederal share by State fiscal year 2009-2010.

17 **SECTION 21.21.(b)** Effective July 1, 2000, the county share of the cost of
18 Medicaid Personal Care Services paid to adult care homes shall be decreased
19 incrementally each fiscal year until the county share reaches fifteen percent (15%) of
20 the nonfederal share by State fiscal year 2009-2010.

21
22 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
23 Thompson, Nesbitt, Baddour

24 NC HEALTH CHOICE

25 **SECTION 21.22.(a)** The total amount of State funds expended for the
26 Health Insurance Program for Children (NC Health Choice) in the 2001-2002 fiscal year
27 and the 2002-2003 fiscal year shall not exceed the amount of State funds appropriated to
28 match federal funds for the Program for the 2001-2002 fiscal year and the 2002-2003
29 fiscal year. The Department shall manage Program enrollment in a way that maximizes
30 the number of children served within existing funds.

31 **SECTION 21.22.(b)** G.S. 108A-70.18 reads as rewritten:

32 "§ 108A-70.18. Definitions.

33 As used in this Part, unless the context clearly requires otherwise, the term:

- 34 (1) 'Comprehensive health coverage' means creditable health coverage as
35 defined under Title XXI.
36 (2) 'Family income' has the same meaning as used in determining
37 eligibility for the Medical Assistance Program.
38 (3) 'FPL' or 'federal poverty level' means the federal poverty guidelines
39 established by the United States Department of Health and Human
40 Services, as revised each April 1.
41 (4) 'Medical Assistance Program' means the State Medical Assistance
42 Program established under Part 6 of Article 2 of Chapter 108A of the
43 General Statutes.
44 (5) 'Program' means The Health Insurance Program for Children
45 established in this Part.
46 (6) 'State Plan' means the State Child Health Plan for the State Children's
47 Health Insurance Program established under Title XXI.
48 (7) 'Title XXI' means Title XXI of the Social Security Act, as added by
49 Pub. L. 105-33, 111 Stat. 552, codified in scattered sections of 42
50 U.S.C. (1997).
51 (8) 'Uninsured' means the applicant for Program benefits is not covered
52 under any private or employer-sponsored comprehensive health
53 insurance plan on the date of enrollment. and was not covered under

1 ~~any private or employer sponsored comprehensive health insurance~~
 2 ~~plan for 60 days immediately preceding the date of application. The~~
 3 ~~waiting periods required under this subdivision shall be waived if:~~

- 4 a. ~~The child has been enrolled in Medicaid and has lost Medicaid~~
 5 ~~eligibility;~~
 6 b. ~~The child has lost health care benefits due to cessation of a~~
 7 ~~nonprofit organization program that provides health care~~
 8 ~~benefits to low income children;~~
 9 c. ~~The child has lost employer sponsored comprehensive health~~
 10 ~~care coverage due to termination of employment, cessation by~~
 11 ~~the employer of employer sponsored health coverage, or~~
 12 ~~cessation of the employer's business; or~~
 13 d. ~~Health insurance benefits available to the family of a special~~
 14 ~~needs child have been terminated due to a long term disability~~
 15 ~~or a substantial reduction in or limitation of lifetime medical~~
 16 ~~benefits or benefit category. As used in this paragraph, "special~~
 17 ~~needs child" has the definition applied in G.S. 108A-70.23(a)."~~

18
 19 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
 20 Thompson

21 **DISPOSITION OF DISPROPORTIONATE SHARE RECEIPT CHANGE**

22 **SECTION 21.23.(a)** Disproportionate share receipts reserved at the end of
 23 the 2001-2002 fiscal year shall be deposited with the Department of State Treasurer as
 24 nontax revenue for the 2001-2002 fiscal year.

25 **SECTION 21.23.(b)** For the 2001-2002 fiscal year, as it receives funds
 26 associated with Disproportionate Share Payments from State hospitals, the Department
 27 of Health and Human Services, Division of Medical Assistance, shall deposit up to one
 28 hundred seven million dollars (\$107,000,000) of these Disproportionate Share Payments
 29 to the Department of State Treasurer for deposit as nontax revenue. Any
 30 Disproportionate Share Payments collected in excess of the one hundred seven million
 31 dollars (\$107,000,000) shall be reserved by the State Treasurer for future
 32 appropriations.
 33

34 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
 35 Thompson

36 **MEDICAID COST CONTAINMENT AND GROWTH REDUCTION**

37 **SECTION 21.24.(a)** The Department of Health and Human Services,
 38 Division of Medical Assistance, shall contain Medicaid Program costs by reducing the
 39 rate of growth of the Medicaid Program, except for the rate of growth in the number of
 40 persons eligible for Medicaid. The Department shall develop and implement a plan to
 41 reduce the rate of growth in total expenditures for payments for medical services for
 42 fiscal year 2002-2003 to eight percent (8%) or less of the total expenditures for the
 43 2001-2002 fiscal year, excluding the rate of growth associated with eligibles.

44 **SECTION 21.24.(b)** In addition to findings and recommendations in the
 45 "North Carolina Medicaid Benefit Study", May 1, 2001, the Department of Health and
 46 Human Services may also consider the following actions to reduce the rate of growth in
 47 the Medicaid Program:

- 48 (1) Changes in methods of reimbursement;
 49 (2) Changes in the method of determining or limiting inflation factors, or
 50 both;
 51 (3) Recalibration of existing methods of reimbursement; and
 52 (4) Contracting for services.

1 **SECTION 21.24.(c)** As part of any efforts to contain Medicaid program
2 costs, the Department of Health and Human Services, Division of Medical Assistance,
3 shall establish reimbursement rates that will allow efficient Medicaid providers to
4 comply with certification requirements, licensure rules, or other mandated quality or
5 safety standards.

6 **SECTION 21.24.(d)** The Department shall report on its plans to reduce the
7 rate of growth in the State Medicaid Program not later than October 1, 2001. The
8 Department shall submit the report to the Senate Appropriations Committee on Health
9 and Human Services, the House of Representatives Appropriations Subcommittee on
10 Health and Human Services, and the Fiscal Research Division.

11 **SECTION 21.24.(e)** The Department shall not change medical policy
12 affecting the amount, sufficiency, duration, and scope of health care services and who
13 may provide services until the Division of Medical Assistance has prepared a five-year
14 fiscal analysis documenting the increased cost of the proposed change in medical policy
15 and submitted it for Departmental review. If the fiscal impact indicated by the fiscal
16 analysis for any proposed medical policy change exceeds three million dollars
17 (\$3,000,000) in total requirements for a given fiscal year, then the Department shall
18 submit the proposed policy change with the fiscal analysis to the Office of State Budget
19 and Management and the Fiscal Research Division.

20
21 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
22 Thompson

23 **MEDICAID COST-CONTAINMENT RESERVE**

24 **SECTION 21.25.** Of the funds appropriated in this act to the Department of
25 Health and Human Services for the 2001-2003 fiscal biennium, the sum of one million
26 dollars (\$1,000,000) for each year of the 2001-2003 fiscal biennium shall be placed in a
27 Reserve for Medicaid Cost Containment. Funds in the Reserve shall be used to support
28 activities that will contain the cost of the Medicaid Program including contracting for
29 services or hiring additional staff. Medicaid cost-containment activities may include
30 prospective reimbursement methods, incentive-based reimbursement methods, service
31 limits, prior authorization of services, periodic medical necessity reviews, revised
32 medical necessity criteria, service provision in the least costly settings, and other
33 cost-containment related activities. Funds shall not be expended from the Reserve until
34 the Office of State Budget and Management has approved a proposal for the
35 expenditure submitted by the Department. Proposals for expenditures from the Reserve
36 shall include the cost of implementing the cost-containment activity and documentation
37 on the amount of savings expected to be realized from the cost-containment activity.
38 The Department shall submit a copy of proposals for expenditures from the Reserve to
39 the Fiscal Research Division.

40
41 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
42 Thompson

43 **MEDICAID PROGRAM MANAGEMENT**

44 **SECTION 21.26.(a)** The Department of Health and Human Services shall
45 consider the findings and recommendations in the "North Carolina Medicaid Benefit
46 Study", May 1, 2001, and shall target the following in considering whether and to what
47 extent to implement recommendations:

- 48 (1) Reduction in the fragmentation in the medical benefit policy-making
49 process.
- 50 (2) Improvement in the use of data and medical literature in the
51 decision-making process.
- 52 (3) Improvement in the coordination of care and utilization review
53 process.

1 (4) Strengthening of program integrity controls.

2 **SECTION 21.26.(b)** The Department shall implement a pharmacy
3 management plan considering the recommendations of the "North Carolina Medicaid
4 Benefit Study" to achieve anticipated cost savings of fourteen million dollars
5 (\$14,000,000) in the 2001-2002 fiscal year and twenty-six million five hundred
6 thousand dollars (\$26,500,000) in the 2002-2003 fiscal year. The pharmacy
7 management plan may include the following activities:

- 8 (1) Establishing a prior authorization program to manage utilization of
9 high-cost brand name drugs.
10 (2) Limiting prescription drugs to a 34-day supply for some or all drugs.
11 (3) Developing physician prescribing practice profiles and other
12 educational tools to enable physicians to better manage their
13 prescriptions.
14 (4) Establishing therapeutic limits based on appropriate dosage or usage
15 standards.
16 (5) Encouraging use of generic drugs, using incentives such as differential
17 dispensing fees or differential co-payments.
18 (6) Using maximum allowable pricing.
19 (7) Contracting with a pharmacy benefits manager to implement more
20 extensive drug utilization review.
21 (8) Studying the impact of eliminating the six prescription drug monthly
22 limit combined with a more rigorous prior authorization program to
23 ensure cost decisions are made based on evidenced-based clinical
24 guidelines.
25 (9) Expanding disease management initiatives.
26 (10) Working with ACCESS physicians to develop and implement drug
27 utilization management initiatives.
28 (11) If cost-effective, expanding Medicaid drug coverage to include
29 selected over-the-counter medications.

30 **SECTION 21.26.(c)** The Department shall report on all of the activities
31 conducted under this section to the Senate Appropriations Committee on Health and
32 Human Services, the House of Representatives Appropriations Subcommittee on Health
33 and Human Services, and the Fiscal Research Division not later than January 1, 2002.

34
35 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
36 Thompson

37 **CAROLINA ACCESS PROGRAM IMPROVEMENTS**

38 **SECTION 21.27.** The Department of Health and Human Services shall
39 improve efficiencies and effectiveness in the Carolina ACCESS program by redesigning
40 program operations to reflect the program goals of the ACCESS II and ACCESS III
41 programs. Strategies for improving efficiencies and effectiveness may include such
42 activities as:

- 43 (1) Accelerating conversion of ACCESS I to ACCESS II and III.
44 (2) Establishing cost-reduction targets for ACCESS II and III partnerships.
45 (3) Considering reimbursement mechanisms that will enable providers to
46 share in the savings realized by exceeding cost-reduction targets.
47 (4) Enhancing automatic linkages between patients and their primary care
48 providers during Medicaid eligibility determination.
49 (5) Improving the referral process to prevent abuse or inappropriate use of
50 primary care provider's authorization number.

51
52 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
53 Thompson

STUDY OPTIONAL SERVICES UNDER MEDICAID PROGRAM

SECTION 21.28.(a) The Department of Health and Human Services shall study all of the optional services provided under the State Medical Assistance Program. In conducting the study, the Department shall consider the analysis and recommendations of the "North Carolina Medicaid Benefit Study", May 1, 2001, and shall conduct an analysis of each optional service. The analysis shall include consideration of cost containment achieved by reduction in or elimination of the service, and the impact the reduction or elimination will have on client needs and other services.

SECTION 21.28.(b) The Department shall report its findings and recommendations to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division not later than April 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

TBI MEDICAID WAIVER

SECTION 21.28A. The Department of Health and Human Services shall develop and seek approval from the Health Care Financing Administration for a Home and Community-Based Medicaid Waiver for individuals with traumatic brain injury. If the waiver is granted, the Department shall not implement the waiver unless the implementation is approved and enacted by the General Assembly and funds are appropriated for that purpose. The Department shall report the status of the waiver to the House of Representatives Appropriations Subcommittee on Health and Human Services and the Senate Appropriations Committee on Health and Human Services on October 1, 2001, and March 1, 2002. The report shall include the amount of funds needed to implement the waiver. Nothing in this section obligates the General Assembly to appropriate funds to implement a Medicaid waiver granted by the federal government for the purposes stated in this section.

SUBPART 3. AGING

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

SPECIAL ASSISTANCE DEMONSTRATION PROJECT

SECTION 21.29.(a) Section 11.21 of S.L. 1999-237, as amended by Section 11.13 of S.L. 2000-67, reads as rewritten:

"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~~1,000 individuals. These payments may be made for up to a two-year period beginning July 1, 2000, and ending June 30, 2002. An individual enrolled in the Special Assistance demonstration on June 30, 2002, who remains continuously eligible may receive payments through June 30, 2003. Individuals enrolled in the Special Assistance demonstration project shall receive the same payment amount as received by recipients of Special Assistance who are residents of adult care homes. 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 Committee, the cochairs of the House of Representatives Appropriations Subcommittee on Health and Human Services and the cochairs of the Senate Appropriations Committee, the Chair of the Senate Appropriations Committee on Human Resources by June 30, 2001, and a final report by October 1, 2002. This report shall include the following information:

- 1 (1) A description of cost savings that could occur by allowing individuals
2 eligible for State/County Special Assistance the option of remaining in
3 the home.
- 4 (2) Which activities of daily living or other need criteria are reliable
5 indicators for identifying individuals with the greatest need for income
6 supplements for in-home living arrangements.
- 7 (3) How much case management is needed and which types of individuals
8 are most in need of case management.
- 9 (4) The geographic location of individuals receiving payments under this
10 section.
- 11 (5) A description of the services purchased with these payments.
- 12 (6) A description of the income levels of individuals who receive
13 payments under this section and the impact on the Medicaid program.
- 14 (7) Findings and recommendations as to the feasibility of continuing or
15 expanding the demonstration program."

16 **SECTION 21.29.(b)** The Department of Health and Human Services shall
17 apply for a Section 1115 Medicaid Waiver to provide medical assistance to individuals
18 living in their own home who are receiving supplemental State/County special
19 assistance payments on a pilot basis rather than statewide. Individuals eligible for
20 supplemental payments under the waiver shall be those individuals whose income
21 exceeds one hundred percent (100%) of the federal poverty level and who would
22 otherwise qualify for State/County Special Assistance as a resident of an adult care
23 home. The waiver shall be designed to enable eligible recipients to remain at home, to
24 receive the same payment amount as adult care home residents receiving State/County
25 Special Assistance, and to qualify for Medicaid. If the waiver is granted, the
26 Department shall not implement the waiver unless the implementation is approved and
27 enacted by the General Assembly and funds are appropriated for that purpose. The
28 Department shall report the status of the waiver to the House of Representatives
29 Appropriations Subcommittee on Health and Human Services, the Senate
30 Appropriations Committee on Health and Human Services on October 1, 2001, and
31 March 1, 2002. The report shall include the amount of funds needed to implement the
32 waiver. Nothing in this section obligates the General Assembly to appropriate funds to
33 implement a Medicaid waiver granted by the federal government for the purposes stated
34 in this section.

35
36 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
37 Thompson

38 SENIOR CENTER OUTREACH

39 **SECTION 21.30.(a)** Funds appropriated to the Department of Health and
40 Human Services, Division of Aging, for the 2001-2003 fiscal biennium shall be used by
41 the Division of Aging to enhance senior center programs as follows:

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

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

46 **SECTION 21.30.(b)** Prior to funds being allocated pursuant to this section
47 for start-up funds for a new senior center, the board of commissioners of the county in
48 which the new center will be located shall:

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

1 **SECTION 21.30.(c)** State funding shall not exceed ninety percent (90%) of
2 reimbursable costs.

3
4 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
5 Thompson

6 **FUNDS FOR ALZHEIMER'S ASSOCIATION CHAPTERS IN NORTH**
7 **CAROLINA**

8 **SECTION 21.31.** Of the funds appropriated in this act to the Department of
9 Health and Human Services, Division of Aging, the sum of one hundred fifty thousand
10 dollars (\$150,000) for the 2001-2002 fiscal year and the sum of one hundred fifty
11 thousand dollars (\$150,000) for the 2002-2003 fiscal year shall be allocated as follows:

12 (1) \$75,000 in each fiscal year for the Western Carolina Alzheimer's
13 Chapter; and

14 (2) \$75,000 in each fiscal year for the Eastern NC Alzheimer's Chapter.

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

17
18 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
19 Thompson

20 **AREA AGENCIES ON AGING COST SAVINGS STUDY; REDUCTION IN**
21 **NUMBER OF AGENCIES; FUNDS**

22 **SECTION 21.32.(a)** The Department of Health and Human Services shall
23 conduct a study to determine cost savings to be realized and increased efficiencies to be
24 gained by reducing the number of Area Agencies on Aging from 17 to not more than 13
25 and not fewer than 11. In conducting the study, the Department shall collect data to
26 determine the amount of the reduction in administrative costs, direct costs, and indirect
27 costs, and shall calculate the reduction based on maintaining the amount and quality of
28 services provided. The Department shall do a cost-benefit analysis of each option for the
29 reduction in the number of agencies, e.g., analysis for reducing to 13, analysis for
30 reducing to 12, etc. The Department shall report the results of its study to the Senate
31 Appropriations Committee on Health and Human Services, the House of
32 Representatives Appropriations Subcommittee on Health and Human Services, and the
33 Fiscal Research Division not later than March 1, 2002.

34 **SECTION 21.32.(b)** Of the funds appropriated in this act to the Department
35 of Health and Human Services, the sum of seven hundred thousand dollars (\$700,000)
36 for the 2001-2002 fiscal year shall be allocated equally among each of the Area
37 Agencies on Aging. These funds shall be used for planning, coordination, and
38 operational activities that enhance each agency's ability to provide services, information,
39 and education to consumers, and to better meet the data and technical assistance needs
40 of providers, local planning committees, and local governments.

41
42 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
43 Thompson

44 **DIVISION OF AGING CONSOLIDATION OF SECTIONS**

45 **SECTION 21.33.** The Department of Health and Human Services, Division
46 of Aging, shall reduce layers of management and streamline operations by consolidating
47 the Planning and Information and the Budget and Information sections. The Division
48 shall transfer positions, corresponding State appropriations, federal funds, and any other
49 relevant funds. The Department shall allocate savings in non-State funds realized from
50 the reduction in positions to direct services such as Ombudsman services, home
51 delivered meals, and personal care services. In allocating these funds, the Department
52 shall give priority to those direct services for which there are clients waiting for
53 services.

1
2 **SUBPART 4. SOCIAL SERVICES**
3

4 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
5 Thompson

6 **ADULT CARE HOME RESIDENT ASSESSMENT SERVICES**

7 **SECTION 21.35.** Funds appropriated in this act to the Department of Health
8 and Human Services, Division of Social Services, for adult care home positions in the
9 Department and in county departments of social services shall be used for personnel
10 trained in the medical and social needs of older adults and disabled persons in adult care
11 homes to evaluate individuals requesting State/County Special Assistance to pay for
12 care in adult care homes. One of the functions of these personnel shall be to develop
13 and collect data on the appropriate level of care and placement in the long-term care
14 system, including identifying individuals who pose a risk to other residents and who
15 may need further mental health assessment and treatment. These personnel shall also
16 provide technical assistance to adult care homes on how to conduct functional
17 assessments and develop care plans and shall assist in monitoring the Special Assistance
18 Demonstration Project.
19

20 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
21 Thompson

22 **QUALITY CRITERIA FOR LONG-TERM CARE**

23 **SECTION 21.36.** The Department of Health and Human Services, in
24 conjunction with the North Carolina Institute of Medicine, shall continue a special work
25 group to develop criterion-based indicators for the monitoring of quality of care in
26 North Carolina nursing homes, adult care homes, assisted living facilities, and home
27 health care programs. The Institute of Medicine and the Department of Health and
28 Human Services shall work together to implement these criteria for the monitoring of
29 long-term care in the State and pursue options for the use of these criteria in lieu of
30 current HCFA-mandated standards for surveying North Carolina nursing homes under
31 the federal Medicaid and Medicare programs.
32

33 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine

34 **LIMITATIONS ON STATE ABORTION FUND**

35 **SECTION 21.38.** The limitations on funding of the performance of abortion
36 established in Section 23.27 of Chapter 324 of the 1995 Session Laws, as amended by
37 Section 23.8A of Chapter 507 of the 1995 Session Laws, apply to the 2001-2002 and
38 2002-2003 fiscal years.
39

40 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
41 Thompson

42 **SPECIAL CHILDREN ADOPTION FUND**

43 **SECTION 21.40.(a)** Of the funds appropriated to the Department of Health
44 and Human Services in this act, the sum of one million one hundred thousand dollars
45 (\$1,100,000) shall be used to support the Special Children Adoption Fund for each year
46 of the 2001-2003 fiscal biennium. The Division of Social Services, in consultation with
47 the North Carolina Association of County Directors of Social Services and
48 representatives of licensed private adoption agencies, shall develop guidelines for the
49 awarding of funds to licensed public and private adoption agencies upon the adoption of
50 children described in G.S. 108A-50 and in foster care. Payments received from the
51 Special Children Adoption Fund by participating agencies shall be used exclusively to
52 enhance the adoption services. No local match shall be required as a condition for
53 receipt of these funds. In accordance with State rules for allowable costs, the Special

1 Children Adoption Fund may be used for post-adoption services for families whose
2 incomes exceed two hundred percent (200%) of the federal poverty level.

3 **SECTION 21.40.(b)** Of the total funds appropriated for the Special Children
4 Adoption Fund, each year one million dollars (\$1,000,000) shall be reserved for
5 payment to participating private adoption agencies. If the funds reserved in this
6 subsection for payments to private adoption agencies have not been spent on or before
7 March 31, 2002, the Division of Social Services may reallocate those funds, in
8 accordance with this section, to other participating adoption agencies.

9
10 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
11 Thompson

12 **FOSTER CARE AND ADOPTION ASSISTANCE PAYMENTS**

13 **SECTION 21.41.(a)** The maximum rates for State participation in the foster
14 care assistance program are established on a graduated scale as follows:

- 15 (1) \$315.00 per child per month for children aged birth through 5;
- 16 (2) \$365.00 per child per month for children aged 6 through 12; and
- 17 (3) \$415.00 per child per month for children aged 13 through 18.

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

20 **SECTION 21.41.(b)** The maximum rates for State participation in the
21 adoption assistance program are established on a graduated scale as follows:

- 22 (1) \$315.00 per child per month for children aged birth through 5;
- 23 (2) \$365.00 per child per month for children aged 6 through 12; and
- 24 (3) \$415.00 per child per month for children aged 13 through 18.

25 **SECTION 21.41.(c)** In addition to providing board payments to foster and
26 adoptive families of HIV-infected children, as prescribed in Section 23.28 of Chapter
27 324 of the 1995 Session Laws, any additional funds remaining that were appropriated
28 for this purpose shall be used to provide medical training in avoiding HIV transmission
29 in the home.

30 **SECTION 21.41.(d)** The maximum rates for State participation in HIV
31 foster care and adoption assistance are established on a graduated scale as follows:

- 32 (1) \$800.00 per month per child with indeterminate HIV status;
- 33 (2) \$1,000 per month per child confirmed HIV-infected, asymptomatic;
- 34 (3) \$1,200 per month per child confirmed HIV-infected, symptomatic; and
- 35 (4) \$1,600 per month per child terminally ill with complex care needs.

36
37 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
38 Thompson

39 **SPECIAL NEEDS ADOPTIONS INCENTIVE FUND**

40 **SECTION 21.42.(a)** There is created a Special Needs Adoptions Incentive
41 Fund to provide financial assistance to facilitate the adoption of certain children residing
42 in licensed foster care homes, effective January 1, 2001. These funds shall be used to
43 remove financial barriers to the adoption of these children and shall be available to
44 foster care families who adopt children with special needs as defined by the Social
45 Services Commission. These funds shall be matched by county funds.

46 **SECTION 21.42.(b)** This program shall not constitute an entitlement and is
47 subject to the availability of funds.

48 **SECTION 21.42.(c)** The Social Services Commission shall adopt rules to
49 implement the provisions of this section.

50 **SECTION 21.42.(d)** The Department of Health and Human Services shall
51 report on the use of these funds no later than April 1, 2002, to the Senate Appropriations
52 Committee on Health and Human Services, the House of Representatives

1 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
2 Division.

3
4 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
5 Thompson

6 STATE/COUNTY SPECIAL ASSISTANCE

7 **SECTION 21.44.(a)** The eligibility of Special Assistance recipients residing
8 in adult care homes on August 1, 1995, shall not be affected by an income reduction in
9 the Special Assistance eligibility criteria resulting from adoption of the Rate Setting
10 Methodology Report and Related Services, providing these recipients are otherwise
11 eligible. The maximum monthly rate for these residents in adult care home facilities
12 shall be one thousand two hundred thirty-one dollars (\$1,231) per month per resident.

13 **SECTION 21.44.(b)** The maximum monthly rate for residents in adult care
14 home facilities shall be one thousand sixty-two dollars (\$1,062) per month per resident
15 through September 30, 2001.

16 **SECTION 21.44.(c)** Effective October 1, 2001, the maximum monthly rate
17 for residents in adult care home facilities shall be one thousand eighty-four dollars
18 (\$1,084) per month per resident.

19
20 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
21 Thompson

22 CHILD WELFARE SYSTEM PILOTS

23 **SECTION 21.46.(a)** The Department of Health and Human Services,
24 Division of Social Services, shall develop a plan, working with local departments of
25 social services, to implement an alternative response system of child protection in no
26 fewer than two and no more than 10 demonstration areas in this State. The plan should
27 provide for the pilots to implement an alternative response system in which local
28 departments of social services utilize family assessment tools and family support
29 principles when responding to selected reports of suspected child neglect.

30 **SECTION 21.46.(b)** The Department of Health and Human Services shall
31 develop data collection processes that would enable the General Assembly to assess the
32 impact of these pilots on the following:

- 33 (1) Child safety.
- 34 (2) Timeliness of response.
- 35 (3) Timeliness of service.
- 36 (4) Coordination of local human services.
- 37 (5) Cost-effectiveness.
- 38 (6) Any other related issues.

39 **SECTION 21.46.(c)** The Department of Health and Human Services may
40 proceed to implement this pilot program if non-State funds are identified for this
41 purpose.

42
43 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
44 Thompson

45 STATE ADULT DAY CARE FUND

46 **SECTION 21.47.** The Department of Health and Human Services, Division
47 of Aging, shall implement changes in its methodology currently used for allocating
48 slots. The new allocation shall be implemented January 1, 2002, and shall ensure the
49 Fund will serve new clients. Not later than January 1, 2002, the Department of Health
50 and Human Services, Division of Aging, shall report to the Senate Appropriations
51 Committee on Health and Human Services, the House of Representatives
52 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
53 Division the new allocation methodology. The report shall include all of the changes

1 made in the new allocation and an estimate of the number of new clients served. The
2 allocation of all slots paid for with State Adult Day Care Funds shall be distributed
3 equitably among service providers and shall eliminate the funding of unused slots.
4

5 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
6 Thompson

7 **REORGANIZATION OF DIVISION OF SOCIAL SERVICES**

8 **SECTION 21.49.** The Department of Health and Human Services, Division
9 of Social Services shall reduce layers of management and streamline operations in
10 accordance with the following:

- 11 (1) Consolidate the Resource and Information Management Section and
12 Budget Operations Section including the elimination of one section
13 chief position. The Division of Social Services shall further
14 consolidate to address low staff-to-supervisor ratios. All positions and
15 corresponding State appropriations, federal funds, and other funds in
16 these two sections shall be consolidated.
- 17 (2) Consolidate the Program Integrity, Economic Independence Services,
18 and Local Support Branches into one branch within the Economic
19 Independence Section. The Division of Social Services shall further
20 consolidate to address low staff-to-supervisor ratios. All positions and
21 corresponding State appropriations, federal funds, and other funds
22 shall be consolidated.
- 23 (3) Eliminate the Local Support Section including all positions and
24 corresponding State appropriations, federal funds, and other funds.
- 25 (4) Eliminate the Program Development Branch including the
26 corresponding position and State appropriations, federal funds, and
27 other funds.
28

29 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
30 Thompson

31 **REPEAL RECIPIENT IDENTIFICATION SYSTEM**

32 **SECTION 21.52.** G.S. 108A-24(1a) and G.S. 108A-25.1 are repealed.
33

34 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
35 Thompson

36 **CHILD SUPPORT PILOT PROGRAM/ENHANCED STANDARDS**

37 **SECTION 21.53.(a)** It is the intent of the General Assembly to increase the
38 productivity and enhance the performance of child support enforcement offices
39 statewide.

40 **SECTION 21.53.(b)** The Department of Health and Human Services, Office
41 of the Controller, and the Division of Social Services shall immediately develop and
42 implement performance enhancement strategies focusing on improved efficiency and
43 effectiveness across the State and shall develop and implement at least one privatization
44 pilot which tests the feasibility of privatizing State-operated local child support
45 enforcement operations.

46 **SECTION 21.53.(c)** The Department of Health and Human Services shall
47 develop and implement performance standards for each of the State and county child
48 support enforcement offices across the State. In development of these performance
49 standards, the Department of Health and Human Services shall evaluate other private
50 and public child support models and national standards as well as other successful
51 collections models. These performance standards shall include the following:

- 52 (1) Cost per collections.
- 53 (2) Consumer satisfaction.

- (3) Paternity establishments.
- (4) Administrative costs.
- (5) Orders established.
- (6) Collections on arrearages.
- (7) Location of absent parents.
- (8) Other related performance measures.

The Department of Health and Human Services shall monitor the performance of each office and shall implement a system of reporting which allows each local office to review its performance as well as the performance of other local offices. The Department of Health and Human Services shall publish an annual performance report that shall include the statewide and local office performance of each child support office.

SECTION 21.53.(d) The Department of Health and Human Services shall develop and implement a program to reward its child support enforcement offices for exemplary performance.

SECTION 21.53.(e) The Department of Health and Human Services shall report on its progress in complying with the provisions of this section to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division. The Department shall make interim reports no later than September 1, 2001, and January 15, 2002, and a final report no later than May 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

ADULT CARE HOME MODEL FOR COMMUNITY-BASED SERVICES

SECTION 21.54.(a) In keeping with the United States Supreme Court Decision in Olmstead vs. L.C. & E.W. and with State policy to provide appropriate services to clients in the least restrictive and most appropriate environment, the Department of Health and Human Services shall develop a model project for delivering community-based mental health, developmental disabilities, and substance abuse housing and services through adult care homes that have excess capacity. The model shall be designed for implementation on a pilot basis and shall address the following:

- (1) Services that will be provided by the facility or under contract with the facility, including assistance with daily medication.
- (2) Access of clients to mental health, developmental disabilities, and substance abuse services provided in the community, including transportation to services outside of the client's residence in the adult care home facility.
- (3) Physical plant additions or changes necessary to provide for independent living of residents.
- (4) Methods for assuring quality of services, resident safety, and cost-effectiveness.
- (5) Consistency with the Department's Olmstead plan, other policies on community-integration, and disability plans adopted by the State.

SECTION 21.54.(b) The Department shall submit a progress report on the development of the model to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on or before January 1, 2002, and a final report on March 1, 2002. The report shall address the following:

- (1) The proposed time and location for implementation of the pilot.
- (2) Proposed number of residents to be placed and services to be provided directly by the facility or under contract with the facility.

- 1 (3) Method for evaluating the pilot, including services provided, on a
2 regular basis.
3 (4) A description of the living environment for each resident and a
4 comparison of how the living environment compares to that of other
5 residents in the adult care home.
6 (5) Changes to State law necessary to implement the pilot.
7 (6) Projected cost to the State for pilot and statewide implementation.
8

9 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
10 Thompson

11 **TANF CASH ASSISTANCE FLEXIBILITY; STUDY MAINTENANCE OF**
12 **EFFORT**

13 **SECTION 21.54B.(a)** Notwithstanding G.S. 108A-27.11, the Department of
14 Health and Human Services may adjust Temporary Assistance for Needy Families
15 (TANF) allocations for the 2001-2002 fiscal year for electing counties to ensure that
16 counties have an adequate amount of federal funds for Work First cash assistance
17 payments.

18 **SECTION 21.54B.(b)** The Department of Health and Human Services shall,
19 in consultation with the North Carolina Association of County Commissioners and the
20 North Carolina Social Services Consortium, study the maintenance of effort provisions
21 of G.S. 108A-27.11 and G.S. 108A-27.12 and other TANF State and federal funding
22 requirements in order to evaluate the ongoing fiscal impact of these requirements on the
23 State, counties, and the Work First program. The Department shall report its findings
24 and recommendations to the House of Representatives Appropriations Subcommittee on
25 Health and Human Services, the Senate Appropriations Committee on Health and
26 Human Services, and the Fiscal Research Division not later than March 1, 2002.
27

28 **SUBPART 5. MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND**
29 **SUBSTANCE ABUSE SERVICES**

30
31 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
32 Thompson

33 **LIABILITY INSURANCE**

34 **SECTION 21.55.** The Secretary of the Department of Health and Human
35 Services, the Secretary of the Department of Environment and Natural Resources, and
36 the Secretary of the Department of Correction may provide medical liability coverage
37 not to exceed one million dollars (\$1,000,000) per incident on behalf of employees of
38 the Departments licensed to practice medicine or dentistry, all licensed physicians who
39 are faculty members of The University of North Carolina who work on contract for the
40 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services
41 for incidents that occur in Division programs, and on behalf of physicians in all
42 residency training programs from The University of North Carolina who are in training
43 at institutions operated by the Department of Health and Human Services. This
44 coverage may include commercial insurance or self-insurance and shall cover these
45 individuals for their acts or omissions only while they are engaged in providing medical
46 and dental services pursuant to their State employment or training.

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

52 The coverage provided pursuant to this section shall not require any
53 additional appropriations and shall not apply to any individual providing contractual

1 service to the Department of Health and Human Services, the Department of
2 Environment and Natural Resources, or the Department of Correction, with the
3 exception that coverage may include physicians in all residency training programs from
4 The University of North Carolina who are in training at institutions operated by the
5 Department of Health and Human Services and licensed physicians who are faculty
6 members of The University of North Carolina who work for the Division of Mental
7 Health, Developmental Disabilities, and Substance Abuse Services.

8
9 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
10 Thompson

11 PRIVATE AGENCY UNIFORM COST-FINDING REQUIREMENT

12 **SECTION 21.56.** To ensure uniformity in rates charged to area programs
13 and funded with State-allocated resources, the Division of Mental Health,
14 Developmental Disabilities, and Substance Abuse Services of the Department of Health
15 and Human Services may require a private agency that provides services under contract
16 with two or more area programs, except for hospital services that have an established
17 Medicaid rate, to complete an agency-wide uniform cost finding in accordance with
18 G.S. 122C-143.2(a) and G.S. 122C-147.2. The resulting cost shall be the maximum
19 included for the private agency in the contracting area program's unit cost finding.

20
21 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
22 Thompson

23 BUTNER COMMUNITY LAND RESERVATION

24 **SECTION 21.57.** The Department of Health and Human Services shall
25 reserve and dedicate the following described land for the construction of a Community
26 Building and related facilities to serve the Butner Reservation:

27 "Approximately 2 acres, on the east side it borders Central Avenue with a line
28 running along the Wallace Bradshur property on the north back to the tree line next to
29 the ADATC. From there it follows the tree line south and west to and including the
30 softball field. From the softball field it turns east to the State Employees Credit Union
31 and follows the Credit Union property on the south side back to Central Avenue."

32 This land shall be reserved and dedicated for the project which shall be
33 funded with contributions from Granville County, contributions from the residents of
34 the Butner Reservation, the use of cablevision franchise rebate funds received by the
35 Department of Health and Human Services on behalf of the Butner Reservation, and
36 other public and private sources.

37
38 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
39 Thompson

40 MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE 41 ABUSE SERVICES RESERVE FOR SYSTEM REFORM AND OLMSTEAD 42 DECISION

43 **SECTION 21.58.(a)** There is created in the Office of State Budget and
44 Management the Mental Health, Developmental Disabilities, and Substance Abuse
45 Services Reserve for System Reform and Olmstead. The purposes of the Reserve are
46 to:

- 47 (1) Provide start-up funds for programs and services that provide
48 community alternatives for individuals currently residing in the State's
49 mental health, developmental disabilities, and substance abuse services
50 institutions.
- 51 (2) Facilitate the State's compliance with the United States Supreme Court
52 decision in Olmstead vs. L.C. and E.W.

(3) Facilitate reform of the mental health, developmental disabilities, and substance abuse services system.

SECTION 21.58.(b) Funds appropriated to the Reserve created in subsection (a) of this section shall be used to:

(1) Pay one-time expenditures that will not impose additional financial obligations on the State, and

(2) Establish or expand community-based services if sufficient recurring funds can be identified within the Department from funds currently budgeted for mental health, developmental disabilities, and substance abuse services, area mental health programs, or local government.

SECTION 21.58.(e) Before allocating funds from the Reserve, the Director of the Budget shall certify that the planned uses of the funds are in compliance with this section and do not constitute or will not create an ongoing financial obligation to the State.

SECTION 21.58.(d) Funds in the Mental Health, Developmental Disabilities, and Substance Abuse Services Reserve for System Reform and Olmstead shall not revert to the General Fund but shall remain in the Reserve to be used as authorized in this section.

SECTION 21.58.(e) The Department of Health and Human Services shall report prior to the allocation of these funds to the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division on any actions taken under this section.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

NONMEDICAID REIMBURSEMENT CHANGES

SECTION 21.59. 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.

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

1	4	7,284	16,092	7,500
2	5	7,821	18,648	7,900
3	6	8,220	21,228	8,300
4	7	8,772	21,708	8,800
5	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 fifty percent (150%) 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</u> (% of poverty)	<u>State Participation</u>	<u>Client Participation</u>
0-150%	100%	0%
151-200%	75%	25%
201-250%	50%	50%
251-300%	25%	75%
300% and 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.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

COMPREHENSIVE TREATMENT SERVICES PROGRAM

SECTION 21.60.(a) The Department of Health and Human Services shall establish the Comprehensive Treatment Services Program for children at risk for institutionalization or other out-of-home placement. The Program shall be implemented by the Department in consultation with the Department of Juvenile Justice and Delinquency Prevention, the Department of Public Instruction, and other affected State agencies. The purpose of the Program is to provide appropriate and medically necessary residential and nonresidential treatment alternatives for children at risk of institutionalization or other out-of-home placement. Program funds shall be targeted for non-Medicaid eligible children. Program funds may also be used to expand a system-of-care approach for services to children and their families statewide. The program shall include the following:

- (1) Behavioral health screening for all children at risk of institutionalization or other out-of-home placement.
- (2) Appropriate and medically necessary residential and nonresidential services for deaf children.
- (3) Appropriate and medically necessary residential and nonresidential treatment services including placements for sexually aggressive youth.

- 1 (4) Appropriate and medically necessary residential and nonresidential
2 treatment services including placements for youths needing substance
3 abuse treatment services and children with serious emotional
4 disturbances.
- 5 (5) Multidisciplinary case management services, as needed.
- 6 (6) A system of utilization review specific to the nature and design of the
7 Program.
- 8 (7) Mechanisms to ensure that children are not placed in department of
9 social services custody for the purpose of obtaining mental health
10 residential treatment services.
- 11 (8) Mechanisms to maximize current State and local funds and to expand
12 use of Medicaid funds to accomplish the intent of this Program.
- 13 (9) Other appropriate components to accomplish the Program's purpose.
- 14 (10) The Secretary of the Department of Health and Human Services may
15 enter into contracts with residential service providers.

16 **SECTION 21.60.(b)** In order to ensure that children at risk for
17 institutionalization or other out-of-home placement are appropriately served by the
18 mental health, developmental disabilities, and substance abuse services system, the
19 Department of Health and Human Services, Division of Mental Health, Developmental
20 Disabilities, and Substance Abuse Services, shall do the following with respect to
21 services provided to these children:

- 22 (1) Provide only those treatment services that are medically necessary.
- 23 (2) Implement utilization review of services provided.
- 24 (3) Adopt the following guiding principles for the provision of services:
 - 25 a. Service delivery system must be outcome-oriented and
26 evaluation-based.
 - 27 b. Services should be delivered as close as possible to the child's
28 home.
 - 29 c. Services selected should be those that are most efficient in
30 terms of cost and effectiveness.
 - 31 d. Services should not be provided solely for the convenience of
32 the provider or the client.
 - 33 e. Families and consumers should be involved in decision making
34 throughout treatment planning and delivery.
- 35 (4) Implement all of the following cost-reduction strategies:
 - 36 a. Preauthorization for all services except emergency services.
 - 37 b. Levels of care to assist in the development of treatment plans.
 - 38 c. Clinically appropriate services.
 - 39 d. Not later than May 1, 2002, State review of individualized
40 service plans for former Willie M. class members and for other
41 children whose individual service plan exceeds one hundred
42 thousand dollars (\$100,000) to ensure that service plans focus
43 on delivery of appropriate services rather than optimal
44 treatment and habilitation plans.

45 **SECTION 21.60.(c)** The Department shall collaborate with other affected
46 State agencies such as the Department of Juvenile Justice and Delinquency Prevention,
47 the Department of Public Instruction, the Administrative Office of the Courts, and with
48 local departments of social services, area mental health programs, and local education
49 agencies to eliminate cost shifting and facilitate cost-sharing among these governmental
50 agencies with respect to the treatment and placement services.

51 **SECTION 21.60.(d)** The Department shall not allocate funds appropriated
52 for Program services until a Memorandum of Agreement has been executed between the
53 Department of Health and Human Services, the Department of Public Instruction, and

1 other affected State agencies. The Memorandum of Agreement shall address
2 specifically the roles and responsibilities of the various departmental divisions and
3 affected State agencies involved in the administration, financing, care, and placement of
4 children at risk of institutionalization or other out-of-home placement. The Department
5 shall not allocate funds appropriated in this act for the Program until Memoranda of
6 Agreement between local departments of social services, area mental health programs,
7 local education agencies, and the Administrative Office of the Courts and the
8 Department of Juvenile Justice and Delinquency Prevention, as appropriate, are
9 executed to effectuate the purpose of the Program. The Memoranda of Agreement shall
10 address issues pertinent to local implementation of the Program.

11 **SECTION 21.60.(e)** Notwithstanding any other provision of law to the
12 contrary, services under the Comprehensive Treatment Services Program are not an
13 entitlement for non-Medicaid eligible children served by the Program.

14 **SECTION 21.60.(f)** Of the funds appropriated in this act for the
15 Comprehensive Treatment Services Program, the Department of Health and Human
16 Services shall establish a reserve of three percent (3%) to ensure availability of these
17 funds to address specialized needs for children with unique or highly complex
18 problems.

19 **SECTION 21.60.(g)** The Department of Health and Human Services, in
20 conjunction with the Department of Juvenile Justice and Delinquency Prevention, the
21 Department of Public Instruction, and other affected agencies, shall report on the
22 following Program information:

- 23 (1) The number and other demographic information of children served.
- 24 (2) The amount and source of funds expended to implement the Program.
- 25 (3) Information regarding the number of children screened, specific
26 placement of children, and treatment needs of children served.
- 27 (4) The average length of stay in residential treatment, transition, and
28 return to home.
- 29 (5) The number of children diverted from institutions or other out-of-home
30 placements such as training schools and State psychiatric hospitals and
31 a description of the services provided.
- 32 (6) Recommendations on other areas of the Program that need to be
33 improved.
- 34 (7) Other information relevant to successful implementation of the
35 Program.

36 **SECTION 21.60.(h)** The Department shall submit an interim report on
37 December 1, 2001, on the implementation of this section and a final report not later than
38 April 1, 2002, to the House of Representatives Appropriations Subcommittee on Health
39 and Human Services, the Senate Appropriations Committee on Health and Human
40 Services, and the Fiscal Research Division.

41
42 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
43 Thompson

44 **MENTAL RETARDATION CENTER TRANSITION PLAN**

45 **SECTION 21.62.(a)** In keeping with the United States Supreme Court
46 Decision in Olmstead vs. L.C. & E.W. and State policy to provide appropriate services
47 to clients in the least restrictive and most appropriate environment, the Department of
48 Health and Human Services shall develop and implement a plan for the transfer of
49 residents of State mental retardation centers, if appropriate, as follows:

- 50 (1) Transfer those residents of the centers that need institutional services
51 to a private intermediate care facility for the mentally retarded.
- 52 (2) Transition to community programs and services those residents of the
53 center that may be appropriately served in the community.

1 The Department shall develop a transition plan for moving each resident of the mental
2 retardation center to the community-based services and supports, if appropriate. The
3 transition plan shall be developed in consultation with the resident and the resident's
4 family or guardian.

5 **SECTION 21.62.(b)** The Department may use funds from the Reserve for
6 Mental Health Reform to facilitate the transition of residents into alternative
7 community-based services as required under subsection (a) of this section.
8 Nonrecurring savings realized from implementation of the plan required under
9 subsection (a) of this section shall be deposited to the Reserve for Mental Health
10 Reform to be used to facilitate the transition of clients into appropriate community-
11 based services and supports in accordance with Section 21.58 of this act. Recurring
12 savings realized through implementation of this section shall be retained by the
13 Department of Health and Human Services, Division of Mental Health, Developmental
14 Disabilities, and Substance Abuse Services (i) for implementation of subsection (a)(1)
15 and (2) of this section, and (ii) to support the recurring costs of additional community-
16 based placements from Division facilities in accordance with Olmstead vs. L.C. & E.W.

17 **SECTION 21.62.(c)** On or before January 1, 2002, and again on or before
18 May 1, 2002, and May 1, 2003, the Department shall report to the Joint Legislative
19 Commission on Governmental Operations, the Senate Appropriations Committee on
20 Health and Human Services, the House of Representatives Appropriations
21 Subcommittee on Health and Human Services, and the Fiscal Research Division on its
22 progress in implementing this section.

23 **SECTION 21.62.(d)** The Department shall not close one or more State
24 mental retardation centers unless and until the closure is enacted by the General
25 Assembly.

26
27 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
28 Thompson

29 **DOROTHEA DIX HOSPITAL**

30 **SECTION 21.63.(a)** In keeping with the United States Supreme Court
31 decision in Olmstead vs. L.C. & E.W. and State policy to provide appropriate services
32 to clients in the least restrictive and most appropriate environment, the Department of
33 Health and Human Services shall develop and implement a plan for the construction of
34 a replacement facility for Dorothea Dix Hospital in accordance with subsection (d) of
35 this section, and for the transition of patients to the new facility, to the community, or to
36 other long-term care facilities, as appropriate. The goal of the State Hospital Plan is to
37 develop mechanisms and identify resources needed to enable current patients and their
38 families to continue to receive the necessary services and supports based on the
39 following guiding principles:

- 40 (1) Individuals shall be provided acute psychiatric care in non-State
41 facilities when appropriate.
- 42 (2) Individuals shall be provided acute psychiatric care in State facilities
43 only when non-State facilities are unavailable.
- 44 (3) Individuals shall receive evidenced-based psychiatric services and care
45 that are cost-efficient.
- 46 (4) The State shall minimize cost shifting to other State and local facilities
47 or institutions.

48 **SECTION 21.63.(b)** The Department of Health and Human Services shall
49 conduct an analysis of the individual patient service needs and shall develop and
50 implement an individual transition plan for each patient in the hospital. The State shall
51 ensure that transition plans for placement of and services to individuals who are patients
52 of Dorothea Dix Hospital take into consideration the availability of appropriate
53 alternative placements based on the needs of the patient and within resources available

1 for the mental health, developmental disabilities, and substance abuse services system.
2 In developing each plan, the Department shall consult with the patient and the patient's
3 family or other legal representative.

4 **SECTION 21.63.(c)** In accordance with the plan established in subsections
5 (a) and (b) of this section, any nonrecurring savings in State appropriations that result
6 from reductions in beds or services shall be placed in the Reserve for Mental Health
7 System Reform. These funds shall be used to facilitate the transition of clients into
8 appropriate community-based services and supports in accordance with Section 21.58 of
9 this act. Recurring savings realized through implementation of this section shall be
10 retained by the Department of Health and Human Services, Division of Mental Health,
11 Developmental Disabilities, and Substance Abuse Services (i) for implementation of
12 subsections (a) and (b) of this section, and (ii) to support the recurring costs of
13 additional community-based placements from Division facilities in accordance with
14 Olmstead vs. L.C. & E.W.

15 **SECTION 21.63.(d)** The Secretary of the Department of Health and Human
16 Services shall, in consultation with the Department of Administration, plan for the
17 construction of a psychiatric hospital on the campus of Dorothea Dix Hospital to replace
18 Dorothea Dix Hospital and to provide acute psychiatric treatment services for citizens of
19 the State. In developing this plan, the Secretary, in consultation with the Department of
20 State Treasurer and the Department of Administration, shall identify and recommend
21 the most cost-effective means to finance construction of the new State hospital. The
22 Department shall also take into consideration the findings and recommendations of the
23 Government Performance Audit Committee (GPAC), December 1992, MGT America
24 Report of 1998, and the Report of the Department of State Auditor, April 1, 2000. The
25 Department of Health and Human Services shall provide a progress report on December
26 1, 2001, and a final report not later than April 1, 2002, to the Joint Legislative
27 Commission on Governmental Operations, the Senate Appropriations Committee on
28 Health and Human Services, the House of Representatives Appropriations
29 Subcommittee on Health and Human Services, and the Fiscal Research Division.

30 **SECTION 21.63.(e)** The Department of Health and Human Services shall
31 submit reports on the status of implementation of this section to the Joint Legislative
32 Commission on Governmental Operations, the Senate Appropriations Committee on
33 Health and Human Services, the House Appropriations Subcommittee on Health and
34 Human Services, and the Fiscal Research Division. These reports shall be submitted on
35 October 1, 2001, February 1, 2002, and May 1, 2002.

36
37 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
38 Thompson

39 **REORGANIZATION OF DIVISION OF MENTAL HEALTH,
40 DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES**

41 **SECTION 21.64.(a)** The Department of Health and Human Services,
42 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services
43 shall reduce layers of management and duplication of services in accordance with the
44 following:

- 45 (1) Eliminate the Hospitals Services Section, including positions and
46 corresponding State appropriations, federal funds, and other funds. The
47 administration, planning, and coordination of all adult mental health
48 services and programs shall be consolidated within an existing section
49 in the Division of Mental Health, Developmental Disabilities, and
50 Substance Abuse Services.
- 51 (2) Eliminate the Mental Retardation/Mental Illness Transition Branch
52 within the Developmental Disabilities Section, including positions,
53 corresponding State appropriations, federal funds and other funds.

- 1 (3) Consolidate within one section all positions and corresponding State
2 appropriations, federal funds, and other funds for financial, budgetary,
3 information technology, and other administrative support functions in
4 order to create one administrative and budgetary support section within
5 the Division.

6 **SECTION 21.64.(b)** The Department of Health and Human Services,
7 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services
8 shall study the feasibility of consolidating its staff, responsibilities, and resources
9 around the functional areas of need of its clients regardless of disability. These
10 functional areas shall include housing services and supports, supported employment,
11 local crisis services, and capacity development.

12 **SECTION 21.64.(c)** The Department of Health and Human Services shall
13 report to the Senate Appropriations Committee on Health and Human Services, the
14 House of Representatives Appropriations Subcommittee on Health and Human
15 Services, and the Fiscal Research Division on its progress in complying with this
16 section. The progress reports shall be submitted on or before September 1, 2001, and
17 December 1, 2001. The final report shall be submitted on or before April 15, 2002.

18
19 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
20 Thompson

21 **REDUCE ADMINISTRATIVE COSTS OF AREA MENTAL HEALTH,
22 DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE
23 AUTHORITIES**

24 **SECTION 21.65.(a)** Area mental health, developmental disabilities, and
25 substance abuse authorities or counties administering mental health, developmental
26 disabilities, and substance abuse services shall develop and implement plans to reduce
27 local administrative costs. The plans shall be developed in accordance with guidelines
28 adopted by the Secretary, in consultation with the Local Government Commission and
29 the North Carolina Association of County Commissioners, and in accordance with the
30 following:

- 31 (1) For the 2001-2002 fiscal year, administrative costs for:
32 a. Area mental health, developmental disabilities, and substance
33 abuse services programs shall not exceed fifteen percent (15%).
34 b. Counties administering mental health, developmental
35 disabilities, and substance abuse services through a county
36 program shall not exceed fifteen percent (15%).
37 (2) For the 2002-2003 fiscal year, administrative costs for:
38 a. Area mental health, developmental disabilities, and substance
39 abuse services programs shall not exceed thirteen percent
40 (13%).
41 b. Counties administering mental health, developmental
42 disabilities, and substance abuse services through a county
43 program shall not exceed thirteen percent (13%).

44 **SECTION 21.65.(b)** The Department of Health and Human Services shall
45 report its progress in complying with this section not later than October 1, 2001, January
46 1, 2002, and April 15, 2002. The reports shall be submitted to the Senate
47 Appropriations Committee on Health and Human Services, the House of
48 Representatives Appropriations Subcommittee on Health and Human Services, and the
49 Fiscal Research Division and shall include:

- 50 (1) A description of the process used and the participants involved in
51 complying with subsection (a) of this section.
52 (2) The guidelines developed under subsection (a) of this section.

- 1 (3) A description of local compliance initiatives and efforts including
 2 program or function consolidation.
 3 (4) A list of area programs at or below the targeted thirteen percent (13%)
 4 for the 2000-2001 fiscal year.
 5 (5) Projected savings in administrative costs as a result of implementation
 6 of the targeted limits required under this section.
 7

8 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
 9 Thompson

10 SERVICES TO MULTIPLY DIAGNOSED ADULTS

11 **SECTION 21.66.(a)** In order to ensure that multiply diagnosed adults are
 12 appropriately served by the mental health, developmental disabilities, and substance
 13 abuse services system, the Department of Health and Human Services, Division of
 14 Mental Health, Developmental Disabilities, and Substance Abuse Services, shall do the
 15 following with respect to services provided to these adults:

- 16 (1) Implement the following guiding principles for the provision of
 17 services:
 18 a. Service delivery system must be outcome oriented and
 19 evaluation based.
 20 b. Services should be delivered as close as possible to the
 21 consumer's home.
 22 c. Services selected should be those that are most efficient in
 23 terms of cost and effectiveness.
 24 d. Services should not be provided solely for the convenience of
 25 the provider or the client.
 26 e. Families and consumers should be involved in decision making
 27 throughout treatment planning and delivery; and
 28 (2) Provide those treatment services that are medically necessary.
 29 (3) Implement utilization review of services provided.

30 **SECTION 21.66.(b)** The Department of Health and Human Services shall
 31 implement all of the following cost-reduction strategies:

- 32 (1) Preauthorization for all services except emergency services.
 33 (2) Criteria for determining medical necessity.
 34 (3) Clinically appropriate services.
 35 (4) Not later than May 1, 2002, conduct a State review of (i)
 36 individualized service plans for former Thomas S. class members and
 37 for adults whose service plan exceeds one hundred thousand dollars
 38 (\$100,000) to ensure that service plans focus on delivery of
 39 appropriate services rather than optimal treatment and habilitation
 40 plans, and (ii) staffing patterns of residential services.

41 **SECTION 21.66.(c)** No State funds shall be used for the purchase of
 42 single-family or other residential dwellings to house multiply diagnosed adults.

43 **SECTION 21.66.(d)** The Department shall submit a progress report on
 44 implementation of this section not later than February 1, 2001, and a final report not
 45 later than May 1, 2002, to the Senate Appropriations Committee on Health and Human
 46 Services, the House of Representatives Appropriations Subcommittee on Health and
 47 Human Services, and the Fiscal Research Division.
 48

49 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
 50 Thompson

51 DOWNSIZING OF MENTAL RETARDATION CENTERS

52 **SECTION 21.67.(a)** In accordance with the Department of Health and
 53 Human Services' plan for downsizing the State's regional mental retardation facilities by

1 four percent (4%) each year, the Department shall implement cost-containment and
2 reduction strategies to ensure the corresponding financial and staff downsizing of each
3 facility. The Department shall manage the client population of the mental retardation
4 centers in order to ensure that placements for ICF/MR level of care shall be made in
5 non-State facilities. Admissions to State ICF/MR facilities are permitted only as a last
6 resort and only upon approval of the Department. The corresponding budgets for each
7 of the State mental retardation centers shall be reduced, and positions shall be
8 eliminated as the census of each facility decreases. At no time shall mental retardation
9 center positions be transferred to other units within a facility or assigned nondirect care
10 activities such as outreach.

11 **SECTION 21.67.(a1)** Any savings in State appropriations in excess of two
12 million nine hundred thousand dollars (\$2,900,000) in each year of the 2001-2003 fiscal
13 biennium that result from reductions in beds or services shall be applied as follows:

- 14 (1) Nonrecurring savings shall be placed in the Reserve for Mental Health
15 System Reform and shall be used to facilitate the transition of clients
16 into appropriate community-based services and support in accordance
17 with Section 21.58 of this act, and
- 18 (2) Recurring savings realized through implementation of this section
19 shall be retained by the Department of Health and Human Services,
20 Division of Mental Health, Developmental Disabilities, and Substance
21 Abuse Services to support the recurring costs of additional
22 community-based placements from Division facilities in accordance
23 with Olmstead vs. L.C. & E.W. In determining the savings in this
24 section, savings shall include all savings realized from the downsizing
25 of the State mental retardation centers including both the savings in
26 direct State appropriations in the budgets of the State mental
27 retardation centers as well as the savings in the State matching portion
28 of reduced Medicaid payments associated with downsizing.

29 **SECTION 21.67.(b)** The Department of Health and Human Services shall
30 report on its progress in complying with this section to the Senate Appropriations
31 Committee on Health and Human Services, the House of Representatives
32 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
33 Division. Progress reports shall be submitted no later than September 1, 2001, and
34 January 15, 2002, and a final report submitted not later than May 1, 2002.

35
36 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
37 Thompson

38 **STATE PSYCHIATRIC HOSPITALS BED ALLOCATION PLAN**

39 **SECTION 21.68A.** The Department of Health and Human Services shall
40 develop and implement a plan that provides for the allocation of State psychiatric
41 hospital beds among counties served by the State's regional psychiatric hospitals. The
42 Plan shall incorporate policies that take into consideration State and county fiscal
43 responsibilities and capacity, cost efficiency, and the principles and guidance embodied
44 in the Olmstead vs. L.C. & E.W. decision. The Department shall report on the
45 implementation of this section to the House of Representatives Appropriations
46 Subcommittee on Health and Human Services, the Senate Appropriations Committee on
47 Health and Human Services, and the Fiscal Research Division, on October 1, 2001, and
48 on March 1, 2002.

50 **SUBPART 6. CHILD DEVELOPMENT**

51
52 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
53 Thompson

CHILD CARE ALLOCATION FORMULA

SECTION 21.69.(a) The Department of Health and Human Services shall allocate child care subsidy funds to pay the costs of necessary child care for minor children of needy families. The mandatory thirty percent (30%) Smart Start subsidy allocation under G.S. 143B-168.15(g) shall constitute the base amount for each county's child care subsidy allocation. The Department of Health and Human Services shall apply the following formula to all noncategorical federal and State child care funds, including the aggregate mandatory thirty percent (30%) Smart Start subsidy allocation:

- (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 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.
- (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 21.69.(b) After the application of the formula in subsection (a) of this section, the Department shall identify that portion of each county's formula allotment that is comprised of the county's mandatory Smart Start allotment. The balance of the county's formula allotment will be non-Smart Start federal and State subsidy funds.

SECTION 21.69.(c) A county's initial allocation shall not be less than the grand total of that county's total expenditures for both FSA and non-FSA child care in fiscal year 1995-96 plus the county's mandatory Smart Start allotment for the year for which the initial allocation is being prepared.

SECTION 21.69.(d) The Department of Health and Human Services may reallocate unused child care subsidy funds in order to meet the child care needs of low-income families.

SECTION 21.69.(e) The Department of Health and Human Services, in consultation with the North Carolina Partnership for Children, Inc., the North Carolina Association of County Commissioners, and representatives of private for-profit and private not-for-profit child care providers, shall study the current methodology and process used to allocate all child care subsidy funds to assess the effectiveness of the methodology and process in meeting the needs of North Carolina's low-income working families. The Department shall report its findings and recommendations to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division no later than April 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CHILD CARE FUNDS MATCHING REQUIREMENT

SECTION 21.70. 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, Oldham, Redwine, Thompson

CHILD CARE REVOLVING LOAN

1 **SECTION 21.71.** Notwithstanding any law to the contrary, funds budgeted
2 for the Child Care Revolving Loan Fund may be transferred to and invested by the
3 financial institution contracted to operate the Fund. The principal and any income to the
4 Fund may be used to make loans, reduce loan interest to borrowers, serve as collateral
5 for borrowers, pay the contractor's cost of operating the Fund, or to pay the
6 Department's cost of administering the program.

7
8 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
9 Thompson

10 **EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES**

11 **SECTION 21.72.(a)** Administrative costs shall be equivalent to, on an
12 average statewide basis for all local partnerships, not more than eight percent (8%) of
13 the total statewide allocation to all local partnerships. What counts as administrative
14 costs shall be as defined in the Smart Start Performance Audit.

15 **SECTION 21.72.(b)** The North Carolina Partnership for Children, Inc., and
16 all local partnerships shall use competitive bidding practices in contracting for goods
17 and services on contract amounts as follows:

- 18 (1) For amounts of five thousand dollars (\$5,000) or less, the procedures
19 specified by a written policy to be developed by the Board of Directors
20 of the North Carolina Partnership for Children, Inc.;
- 21 (2) For amounts greater than five thousand dollars (\$5,000) but less than
22 fifteen thousand dollars (\$15,000), three written quotes;
- 23 (3) For amounts of fifteen thousand dollars (\$15,000) or more but less
24 than forty thousand dollars (\$40,000), a request for proposal process;
25 and
- 26 (4) For amounts of forty thousand dollars (\$40,000) or more, request for
27 proposal process and advertising in a major newspaper.

28 **SECTION 21.72.(c)** The North Carolina Partnership for Children, Inc., and
29 all local partnerships shall, in the aggregate, be required to match no less than fifty
30 percent (50%) of the total amount budgeted for the Program in each fiscal year of the
31 biennium as follows: contributions of cash equal to at least fifteen percent (15%) and
32 in-kind donated resources equal to no more than five percent (5%) for a total match
33 requirement of twenty percent (20%) for each fiscal year. The North Carolina
34 Partnership for Children, Inc., may carryforward any amount in excess of the required
35 match for a fiscal year in order to meet the match requirement of the succeeding fiscal
36 year. Only in-kind contributions that are quantifiable shall be applied to the in-kind
37 match requirement. Volunteer services may be treated as an in-kind contribution for the
38 purpose of the match requirement of this subsection. Volunteer services that qualify as
39 professional services shall be valued at the fair market value of those services. All other
40 volunteer service hours shall be valued at the statewide average wage rate as calculated
41 from data compiled by the Employment Security Commission in the Employment and
42 Wages in North Carolina Annual Report for the most recent period for which data are
43 available. Expenses, including both those paid by cash and in-kind contributions,
44 incurred by other participating non-State entities contracting with the North Carolina
45 Partnership for Children, Inc., or the local partnerships, also may be considered
46 resources available to meet the required private match. In order to qualify to meet the
47 required private match, the expenses shall:

- 48 (1) Be verifiable from the contractor's records;
- 49 (2) If in-kind, other than volunteer services, be quantifiable in accordance
50 with generally accepted accounting principles for nonprofit
51 organizations;
- 52 (3) Not include expenses funded by State funds;

- 1 (4) Be supplemental to and not supplant preexisting resources for related
- 2 program activities;
- 3 (5) Be incurred as a direct result of the Early Childhood Initiatives
- 4 Program and be necessary and reasonable for the proper and efficient
- 5 accomplishment of the Program's objectives;
- 6 (6) Be otherwise allowable under federal or State law;
- 7 (7) Be required and described in the contractual agreements approved by
- 8 the North Carolina Partnership for Children, Inc., or the local
- 9 partnership; and
- 10 (8) Be reported to the North Carolina Partnership for Children, Inc., or the
- 11 local partnership by the contractor in the same manner as reimbursable
- 12 expenses.

13 The North Carolina Partnership for Children, Inc., shall establish uniform
 14 guidelines and reporting format for local partnerships to document the qualifying
 15 expenses occurring at the contractor level. Local partnerships shall monitor qualifying
 16 expenses to ensure they have occurred and meet the requirements prescribed in this
 17 subsection.

18 Failure to obtain a twenty percent (20%) match by June 30 of each fiscal year
 19 shall result in a dollar-for-dollar reduction in the appropriation for the Program for a
 20 subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall be
 21 responsible for compiling information on the private cash and in-kind contributions into
 22 a report that is submitted to the Joint Legislative Commission on Governmental
 23 Operations in a format that allows verification by the Department of Revenue. The same
 24 match requirements shall apply to any expansion funds appropriated by the General
 25 Assembly.

26 **SECTION 21.72.(d)** Counties participating in the Program may use the
 27 county's allocation of State and federal child care funds to subsidize child care
 28 according to the county's Early Childhood Education and Development Initiatives Plan
 29 as approved by the North Carolina Partnership for Children, Inc. The use of federal
 30 funds shall be consistent with the appropriate federal regulations. Child care providers
 31 shall, at a minimum, comply with the applicable requirements for State licensure
 32 pursuant to Article 7 of Chapter 110 of the General Statutes, with other applicable
 33 requirements of State law or rule, including rules adopted for nonlicensed child care by
 34 the Social Services Commission, and with applicable federal regulations.

35 **SECTION 21.72.(e)** The Department of Health and Human Services shall
 36 continue to implement the performance-based evaluation system.

37
 38 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
 39 Thompson

40 **CHILD CARE SUBSIDY RATES**

41 **SECTION 21.73.(a)** G.S. 110-109 is repealed.

42 **SECTION 21.73.(b)** Subsection (d) of Section 11.27 of S.L. 2000-67 is
 43 repealed.

44 **SECTION 21.73.(c)** The maximum gross annual income for initial
 45 eligibility, adjusted biennially, for subsidized child care services shall be seventy-five
 46 percent (75%) of the State median income, adjusted for family size.

47 **SECTION 21.73.(d)** Fees for families who are required to share in the cost
 48 of care shall be established based on a percent of gross family income and adjusted for
 49 family size. Effective October 1, 2001, fees shall be determined as follows:

50 FAMILY SIZE	PERCENT OF GROSS FAMILY INCOME
51 1-3	10%
52 4-5	9%
53 6 or more	8%.

1 **SECTION 21.73.(e)** On or before September 30, 2001, payments for the
2 purchase of child care services for low-income children shall be the same as would have
3 resulted under Section 11.27 of S.L. 2000-67. Effective October 1, 2001, payments for
4 the purchase of child care services for low-income children shall be in accordance with
5 the following requirements:

- 6 (1) Religious-sponsored child care facilities operating pursuant to G.S.
7 110-106 and licensed child care centers and homes that meet the
8 minimum licensing standards that are participating in the subsidized
9 child care program shall be paid the one-star county market rate or the
10 rate they charge privately paying parents, whichever is lower.
- 11 (2) Religious-sponsored child care facilities operating pursuant to G.S.
12 110-106 and licensed child care centers and homes that are receiving a
13 higher rate than the market rates that will be implemented with this
14 provision shall continue to receive that higher rate until September 30,
15 2002.
- 16 (3) Licensed child care centers and homes with two or more stars shall
17 receive the market rate for that rated license level for that age group or
18 the rate they charge privately paying parents, whichever is lower.
- 19 (4) Nonlicensed homes shall receive fifty percent (50%) of the county
20 market rate or the rate they charge privately paying parents, whichever
21 is lower.
- 22 (5) Maximum payment rates shall also be calculated periodically by the
23 Division of Child Development for transportation to and from child
24 care provided by the child care provider, individual transporter, or
25 transportation agency, and for fees charged by providers to parents.
26 These payment rates shall be based upon information collected by
27 market rate surveys.

28 **SECTION 21.73.(f)** Provision of payment rates for child care providers in
29 counties that do not have at least 75 children in each age group for center-based and
30 home-based care are as follows:

- 31 (1) Payment rates shall be set at the statewide market rate for licensed
32 child care centers and homes.
- 33 (2) If it can be demonstrated that the application of the statewide market
34 rate to a county with fewer than 75 children in each age group is lower
35 than the regional market rate and would inhibit the ability of the
36 county to purchase child care for low-income children, then the
37 regional market rate may be applied.

38 **SECTION 21.73.(g)** A market rate shall be calculated for child care centers
39 and homes at each rated license level for each county and for each age group or age
40 category of enrollees and shall be representative of fees charged to unsubsidized
41 privately paying parents for each age group of enrollees within the county. The
42 Division of Child Development shall also calculate a statewide rate and regional market
43 rates for each rated license level for each age category.

44 **SECTION 21.73.(h)** Facilities licensed pursuant to Article 7 of Chapter 110
45 of the General Statutes and facilities operated pursuant to G.S. 110-106 may participate
46 in the program that provides for the purchase of care in child care facilities for minor
47 children of needy families. No separate licensing requirements shall be used to select
48 facilities to participate. In addition, child care facilities shall be required to meet any
49 additional applicable requirements of federal law or regulations. Child care
50 arrangements exempt from State regulation pursuant to Article 7 of Chapter 110 of the
51 General Statutes shall meet the requirements established by other State law and by the
52 Social Services Commission.

1 County departments of social services or other local contracting agencies
2 shall not use a provider's failure to comply with requirements in addition to those
3 specified in this subsection as a condition for reducing the provider's subsidized child
4 care rate.

5 **SECTION 21.73.(i)** Payment for subsidized child care services provided
6 with Work First Block Grant funds shall comply with all regulations and policies issued
7 by the Division of Child Development for the subsidized child care program.

8 **SECTION 21.73.(j)** Noncitizen families who reside in this State legally
9 shall be eligible for child care subsidies if all other conditions of eligibility are met. If
10 all other conditions of eligibility are met, noncitizen families who reside in this State
11 illegally shall be eligible for child care subsidies only if at least one of the following
12 conditions is met:

- 13 (1) The child for whom a child care subsidy is sought is receiving child
14 protective services or foster care services.
- 15 (2) The child for whom a child care subsidy is sought is developmentally
16 delayed or at risk of being developmentally delayed.
- 17 (3) The child for whom a child care subsidy is sought is a citizen of the
18 United States.

19
20 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
21 Thompson

22 **DIVISION OF CHILD DEVELOPMENT REORGANIZATION**

23 **SECTION 21.74.** The Department of Health and Human Services, Division
24 of Child Development shall reduce layers of management and streamline operations in
25 accordance with the following:

- 26 (1) Eliminate the Workforce Support and Consumer Outreach Section,
27 including positions and corresponding State appropriations, federal
28 funds, and other funds. Except that the Workforce Support, Criminal
29 Records Checks, and the Work Force Unit-Quality Improvement Units
30 shall be transferred to the Administration Section, including positions
31 and corresponding State appropriations, federal funds, and other funds.
- 32 (2) Eliminate the Program Integrity and Quality Assurance Section
33 including positions and corresponding State appropriations, federal
34 funds, and other funds.
- 35 (3) Eliminate the Research and Policy Unit including positions and
36 corresponding State appropriations, federal funds, and other funds.

37
38 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
39 Thompson

40 **EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES** 41 **ENHANCEMENTS**

42 **SECTION 21.75.(a)** The North Carolina Partnership for Children, Inc., and
43 the Department of Health and Human Services shall immediately develop and
44 implement the following:

- 45 (1) Policies to ensure Early Childhood Education and Development
46 Initiatives funds are allocated to child care programs, providers, and
47 services that serve low-income children.
- 48 (2) Policies to ensure the allocation of all State funds for one-time quality
49 improvement initiatives to the neediest child care providers with
50 priority given from the lowest licensure rating to the highest.
- 51 (3) Policies to ensure the elimination of local duplication and increased
52 efficiency in the administration of child care subsidy funds, unless
53 local partnerships in collaboration with County Departments of Social

1 Services can demonstrate to the Department a more efficient and
2 effective plan for administration of child care subsidy no later than
3 January 1, 2002, including the following:

- 4 a. The Department and the Partnership shall ensure that not more
5 than one administrative entity per county administers child care
6 subsidy funds.
 - 7 b. The Department, in consultation with the local partnerships and
8 counties, shall contract with the most efficient and effective
9 entity to administer subsidy funds.
 - 10 c. At no time shall the Department and a local partnership allow
11 the duplicative administration of State child care subsidy funds
12 through subcontracts.
- 13 (4) Policies and procedures to ensure the unduplicated compilation of
14 children served through State child care subsidy funds.
 - 15 (5) Policies and procedures to ensure the timely, accurate, and consistent
16 reporting of information on local child care subsidy waiting lists
17 statewide.

18 **SECTION 21.75.(b)** In consultation with the Department of Public
19 Instruction and the North Carolina Partnership for Children, Inc., the Department of
20 Health and Human Services shall develop and implement policies and procedures to
21 ensure that local partnerships that allocate funds to child care providers receiving State
22 and federal child care funds plan and coordinate with their local education agencies the
23 following:

- 24 (1) Preschool curriculum development and selection.
- 25 (2) Kindergarten transition activities.
- 26 (3) Other activities needed to ensure that children transitioning from child
27 care settings to kindergarten enter school ready to succeed.

28 **SECTION 21.75.(c)** The Department of Health and Human Services, in
29 consultation with the North Carolina Partnership for Children, Inc., and the Office of
30 State Budget and Management, shall develop a separate NCPC, Early Childhood
31 Education and Development Initiative Program budget, within the Division of Child
32 Development fund code for the purpose of segregating all expenditures related to the
33 administration and operation of the statewide Smart Start program.

34 **SECTION 21.75.(d)** The Department of Health and Human Services and the
35 North Carolina Partnership for Children, Inc., shall ensure that the allocation of funds
36 for Early Childhood Education and Development Initiatives for State fiscal year
37 2001-2002 shall be administered and distributed in the following manner:

- 38 (1) The North Carolina Partnership for Children, Inc., shall develop a
39 policy to allocate the reduction of funds for Early Childhood
40 Education and Development Initiatives for the 2001-2002 fiscal year.
- 41 (2) The North Carolina Partnership for Children, Inc., administration shall
42 be reduced by seven percent (7%) from the 2000-2001 fiscal year
43 level.
- 44 (3) The Department of Health and Human Services, Division of Child
45 Development, Smart Start administration shall be reduced by ten
46 percent (10%) from the 2000-2001 fiscal year level.
- 47 (4) Capital expenditures and playground equipment expenditures are
48 prohibited for fiscal year 2001-2002. For the purposes of this section,
49 "capital expenditures" means expenditures for capital improvements as
50 defined in G.S. 143-34.40.

51 **SECTION 21.75.(e)** The allocation of fiscal year 2000-2001 State
52 carryforward funds is prohibited, and all fiscal year 2000-2001 unspent funds shall
53 revert to the General Fund.

1 **SECTION 21.75.(f)** For the 2001-2002 fiscal year, the North Carolina
2 Partnership for Children, Inc., shall not approve local partnership plans that allocate
3 State funds to child care providers for one-time quality improvement initiatives in the
4 following circumstances:

- 5 (1) Child care facilities with licensure of four or five stars, unless the
6 expenditure of funds is to expand capacity for low-income children.
- 7 (2) Child care facilities that do not accept child care subsidy funds.
- 8 (3) Child care facilities that previously received quality improvement
9 grants whose quality initiatives failed to increase licensure.

10 **SECTION 21.75.(g)** G.S. 143B-168.15(f) is repealed.

11 **SECTION 21.75.(h)** G.S. 143B-168.12(a)(9) is repealed.

12 **SECTION 21.75.(i)** G.S. 143B-168.13(a)(6) reads as rewritten:

13 "(a) The Department shall:

- 14 ...
- 15 (6) Annually update its funding formula, in collaboration with the North
16 Carolina Partnership for Children, Inc., using the most recent data
17 available. These amounts ~~shall~~ may serve as the basis for determining
18 "full funding" amounts for each local partnership."

19 **SECTION 21.75.(j)** Notwithstanding the funding formula in G.S.
20 143B-168.13(a)(6), the State, in consultation with the North Carolina Partnership for
21 Children, Inc., shall evaluate the feasibility of developing a revised funding formula
22 which takes into consideration all relevant funding used by the State, local human
23 services agencies and programs, and local partnerships to provide services and
24 assistance to children under age five and their families. These funds shall include the
25 Early Intervention Preschool Program, Health Choice, and Family Resource Centers, as
26 well as other State and local services and programs funded with State funds, federal
27 funds, local funds, and other resources.

28
29 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
30 Thompson

31 **EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES** 32 **EVALUATION**

33 **SECTION 21.76.** Of the funds appropriated to the Department of Health and
34 Human Services, Division of Child Development, for the 2001-2002 fiscal year for the
35 evaluation of the Early Childhood Education and Development Initiatives, no more than
36 five hundred thousand dollars (\$500,000) may be used for evaluation of the Initiatives.
37 The funds shall be used as follows:

- 38 (1) Evaluation of the Early Childhood Education and Development
39 Initiatives, including the ongoing review of quality child care efforts
40 and child care providers' progress in preparing children to be ready to
41 enter school and succeed.
- 42 (2) Continuation of technical assistance to local partnerships in data
43 collection and evaluation.
- 44 (3) No more than five percent (5%) shall be used for the contractor's
45 administrative overhead.

46
47 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Baddour

48 **DEVELOPMENT OF MORE AT FOUR PILOT PROGRAM**

49 **SECTION 21.76A.(a)** Of the funds appropriated to the Department of
50 Health and Human Services, the sum of six million four hundred fifty-six thousand five
51 hundred dollars (\$6,456,500) in each year of the 2001-2003 fiscal biennium shall be
52 used to develop and implement "More At Four", a voluntary prekindergarten pilot
53 program for at-risk four-year-olds. The Department of Health and Human Services, in

1 consultation with the Department of Public Instruction, shall develop "More At Four"
2 for four-year-old children in North Carolina to ensure that all children have an
3 opportunity to succeed in kindergarten.

4 **SECTION 21.76A.(b)** The Department of Health and Human Services and
5 the Department of Public Instruction shall establish the "More At Four" Pre-K Task
6 Force to oversee development and implementation of the pilot program. The
7 membership shall include:

- 8 (1) Parents of at-risk children.
- 9 (2) Representatives with expertise in early childhood development.
- 10 (3) Classroom teachers who are certified in early childhood education.
- 11 (4) Representatives of the private not-for-profit and for-profit child care
12 providers in North Carolina.
- 13 (5) Employees of the Department of Health and Human Services who are
14 knowledgeable in the areas of early childhood development, current
15 State and federally funded efforts in child development, and providing
16 child care.
- 17 (6) Representatives of local Smart Start partnerships.
- 18 (7) Representatives of local school administrative units.
- 19 (8) Representatives of Head Start prekindergarten programs in North
20 Carolina.
- 21 (9) Employees of the Department of Public Instruction.

22 **SECTION 21.76A.(c)** The Department of Health and Human Services and
23 the Department of Public Instruction, under the guidance of the Task Force, shall
24 develop and implement the "More At Four" pilot prekindergarten program for at-risk
25 four-year-olds who are at risk of failure in kindergarten. The pilot shall be distributed
26 geographically to ensure adequate representation of the diverse areas of the State,
27 including underserved areas. The goal of the program shall be to provide quality
28 prekindergarten services in order to enhance kindergarten readiness for these children.
29 The program shall be consistent with standards and assessments established jointly by
30 the Department of Health and Human Services, the Department of Public Instruction,
31 and the Task Force and may consider the "More At Four" Pre-K Task Force
32 Recommendations. The program shall include:

- 33 (1) A process and system for identifying children at risk of academic
34 failure.
- 35 (2) A process and system for identifying children who have never been
36 served in a formal early education program such as child care, public
37 or private preschool, Head Start, Early Head Start, early intervention
38 programs or other such programs, who demonstrate educational needs
39 on the basis of a prekindergarten assessment, and who are eligible to
40 enter kindergarten the next school year.
- 41 (3) A curriculum or several curricula that are recommended by the Task
42 Force. The Task Force may consider curricula used by established
43 prekindergarten programs such as WINGS, Bright Beginnings, and
44 others. These curricula shall (i) focus primarily on oral language and
45 emergent literacy, (ii) engage children through key experiences and
46 provide background knowledge requisite for formal learning and
47 successful reading in the early elementary years, (iii) involve active
48 learning, (iv) promote measurable kindergarten language-readiness
49 skills that focus on emergent literacy and mathematical skills, and (v)
50 develop skills that will prepare children emotionally and socially for
51 kindergarten.
- 52 (4) An emphasis on ongoing family involvement with the prekindergarten
53 program.

- 1 (5) Evaluation of child progress through pre- and post-assessment of
2 children as well as ongoing assessment of the children by teachers.
- 3 (6) Guidelines for a system to reimburse local school boards and systems,
4 private child care providers, and other entities willing to establish and
5 provide prekindergarten programs to serve at-risk children. A process
6 and system for reimbursing providers that builds upon the existing
7 child care subsidy reimbursement system.
- 8 (7) A system built upon existing local school boards and systems, private
9 child care providers, and other entities who demonstrate the ability to
10 establish or expand prekindergarten capacity.
- 11 (8) A quality-control system. Participating providers shall comply with
12 standards and guidelines as established by the Department of Health
13 and Human Services, the Department of Public Instruction, and the
14 Task Force. The Department may use the child care rating system to
15 assist in determining program participation.
- 16 (9) Standards for minimum teacher qualifications. A portion of the
17 classroom sites initially funded shall have at least one teacher who is
18 certified or provisionally certified in birth to kindergarten education.
- 19 (10) A local contribution. Programs must demonstrate that they are
20 accessing resources other than "More At Four".
- 21 (11) A system of accountability.
- 22 (12) Collaboration with State agencies and other organizations. The
23 Department of Health and Human Services, the Department of Public
24 Instruction, and the Task Force shall collaborate with State agencies
25 and other organizations such as the North Carolina Partnership for
26 Children, Inc., in the design and implementation of the pilot.
- 27 (13) Consideration of the reallocation of existing funds. In order to
28 maximize current funding and resources, the Department of Health and
29 Human Services, the Department of Public Instruction, and the Task
30 Force shall consider the reallocation of existing funds from State and
31 local programs that provide prekindergarten related care and services.
- 32 (14) Recommendations for long-term organizational placement and
33 administration of the program.

34 **SECTION 21.76A.(d)** In development of the "More At Four" pilot, the
35 Department of Health and Human Services, in consultation with the Department of
36 Public Instruction and the Task Force, shall:

- 37 (1) Contract with an independent research organization, outside the
38 Department of Health and Human Services and the Department of
39 Public Instruction, with proven expertise in evaluation of
40 prekindergarten programs, for the design of an evaluation component.
41 The evaluation component shall facilitate longitudinal review of the
42 program and child-specific outcomes to include, at a minimum,
43 participants' readiness for kindergarten, percentage of participants
44 scoring at or above grade level on the third grade end-of-grade test,
45 and high school graduation rates.
- 46 (2) Collaborate in the development of a system to collect and maintain
47 child-specific information to provide for the long-term evaluation of
48 the pilot. The system shall be developed in a manner which builds
49 upon existing State and local systems and which facilitate the interface
50 with the N.C. Student Information Management System.

51 **SECTION 21.76A.(e)** State funds appropriated under this act for the "More
52 At Four" pilot program shall not supplant current expenditures by counties, local

1 partnerships, or other recipients of State and federal funds, allocated and expended on
2 behalf of young children.

3 **SECTION 21.76A.(f)** In order to maximize and coordinate funding for
4 prekindergarten programs for four-year-olds with demonstrated educational needs, the
5 Department of Health and Human Services, the Department of Public Instruction, and
6 the Task Force shall identify and make recommendations on the reallocation of funds
7 from existing State and local programs providing prekindergarten related care and
8 services, including child care subsidies. All potential funding sources, including federal
9 as well as State-funded efforts, shall be identified.

10 **SECTION 21.76A.(g)** The Department of Health and Human Services, the
11 Department of Public Instruction, and the Task Force shall report by January 1, 2002,
12 and May 1, 2002, to the Joint Legislative Commission on Governmental Operations, the
13 Joint Legislative Education Oversight Committee, the Senate Appropriations
14 Committee on Health and Human Services, and the House of Representatives
15 Appropriations Subcommittee on Health and Human Services on the progress in
16 complying with the act. A final report along with recommendations for changes or
17 expansion of the program shall be presented to the 2003 General Assembly.

18 19 **SUBPART 7. SERVICES FOR THE BLIND**

20
21 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
22 Thompson

23 **CONSOLIDATION AND TRANSFER OF PROGRAM FUNDS IN THE** 24 **DIVISION OF SERVICES FOR THE BLIND**

25 **SECTION 21.77.** The Division of Services for the Blind may consolidate
26 the operating budgets for the Medical Eye Care Program and the Independent Living
27 Services Program. The Division shall continue to provide all services currently
28 provided by the Medical Eye Care Program and the Independent Living Services
29 Program.

30 31 **SUBPART 8. VOCATIONAL REHABILITATION**

32
33 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
34 Thompson

35 **ELIGIBILITY FOR VOCATIONAL REHABILITATION AND INDEPENDENT** 36 **LIVING SERVICES**

37 **SECTION 21.78.(a)** The Department of Health and Human Services shall
38 compare the income eligibility standards for Vocational Rehabilitation and Independent
39 Living Services to the income eligibility standards for Vocational Rehabilitation and
40 Independent Living Services in other states.

41 **SECTION 21.78.(b)** The Department of Health and Human Services shall
42 develop a plan for maximizing resources for Independent Living Services to ensure that
43 services are targeted to the most financially needy persons.

44 **SECTION 21.78.(c)** The Department of Health and Human Services shall
45 develop a plan for maximizing resources for Vocational Rehabilitation Services to
46 ensure services are provided for low-income persons, the developmentally disabled, and
47 Work First recipients who otherwise qualify for Vocational Rehabilitation Services.

48 **SECTION 21.78.(d)** The Department of Health and Human Services shall
49 report on the activities required by this section no later than March 1, 2002, to the
50 Senate Appropriations Committee on Health and Human Services, the House of
51 Representatives Appropriations Subcommittee on Health and Human Services, and the
52 Fiscal Research Division.

53

SUBPART 9. EARLY INTERVENTION AND EDUCATION

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

MAXIMIZATION OF RECEIPTS FOR EARLY INTERVENTION PROGRAMS

SECTION 21.79. The Department of Health and Human Services, Division of Public Health, area mental health, developmental disabilities, and substance abuse services programs, and local health departments shall maximize receipts for the evaluation and services provided by the Developmental Evaluation Centers and through Early Intervention programs. The Division shall maximize receipts from Health Choice, Medicaid, and other third-party payers. All receipts collected shall remain within the Division and shall be used to offset appropriations for operations of the Developmental Evaluation Centers and Early Intervention services.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CREATE OFFICE OF EDUCATION SERVICES

SECTION 21.80.(a) G.S. 143B-146.22 is repealed.

SECTION 21.80.(b) The Division of Early Intervention and Education is dissolved and an Office of Education Services is created within the Department of Health and Human Services. The purpose of this office is to manage the Schools for the Deaf, the Governor Morehead School for the Blind, and their preschool components. The Office shall have a Superintendent and appropriate staff to manage these schools. The purpose of the Office is to improve student academic and postsecondary outcomes and to strengthen collaborative relationships with local education agencies and with the State Board of Education.

SECTION 21.80.(c) The Early Intervention program, including all positions and the corresponding State appropriations, federal funds, and other funds that were in the Early Intervention program as of January 1, 2001, are transferred from the Division of Early Intervention and Education to the Division of Public Health, Women's and Children's Health Section.

SECTION 21.80.(d) The Developmental Evaluation Centers, including all positions and the corresponding State appropriations, federal funds, and other funds, are transferred from the Division of Early Intervention and Education to the Division of Public Health, Women's and Children's Health Section.

SECTION 21.80.(e) The Governor Morehead School preschool program, including all positions and the corresponding State appropriations, federal funds, and other funds, is transferred from the Division of Early Intervention and Education to the Governor Morehead School.

SECTION 21.80.(f) The Department of Health and Human Services shall make the necessary organization changes effective immediately and the budget adjustments by October 1, 2001.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CLOSURE OF CENTRAL NORTH CAROLINA SCHOOL FOR THE DEAF AT GREENSBORO

SECTION 21.81.(a) G.S. 143B-146.21(b) and (c) read as rewritten:

"(b) The Secretary of Health and Human Services shall adopt policies and offer training opportunities to ensure that personnel who provide direct services to children in the ~~three~~ State schools for the deaf become proficient in sign language within two years of their initial date of employment or within two years of the effective date of this act,

1 whichever occurs later. This subsection shall not apply to preschool personnel in any
2 oral, auditory, or cued speech preschool.

3 (c) The Department of Public Instruction, the Board of Governors of The
4 University of North Carolina, and the State Board of Community Colleges shall offer
5 and communicate the availability of professional development opportunities, including
6 those to improve sign language skills, to the personnel assigned to the State's residential
7 schools, particularly the Governor Morehead School and the ~~three~~ schools for the deaf."

8 **SECTION 21.81.(b)** G.S. 143B-216.40 reads as rewritten:

9 "**§ 143B-216.40. Establishment; operations.**

10 There are established, and there shall be maintained, the following schools for the
11 deaf: the Eastern North Carolina School for the Deaf at Wilson (~~K-12~~); ~~the Central~~
12 ~~North Carolina School for the Deaf at Greensboro (K-8),(K-12)~~ and the North Carolina
13 School for the Deaf at Morganton (K-12). The Department of Health and Human
14 Services shall be responsible for the operation and maintenance of the schools.

15 The Board of Directors of the North Carolina Schools for the Deaf shall advise the
16 Department and shall adopt rules and regulations concerning the schools as provided in
17 G.S. 115C-124 and 143B-173."

18 **SECTION 21.81.(c)** G.S. 143B-146.2(a) reads as rewritten:

19 "(a) The Governor Morehead School and the ~~three~~ schools for the deaf shall
20 participate in the ABC's Program. The Secretary, in consultation with the General
21 Assembly and the State Board, may designate other residential schools that must
22 participate in the ABC's Program. The primary goal of the ABC's Program is to improve
23 student performance. The Program is based upon an accountability, recognition,
24 assistance, and intervention process in order to hold each participating school, its
25 superintendent, and the instructional personnel accountable for improved student
26 performance in that school."

27 **SECTION 21.81.(d)** G.S. 143B-216.32(a) reads as rewritten:

28 "(a) The Council for the Deaf and the Hard of Hearing shall consist of 23
29 members. Fifteen members shall be members appointed by the Governor. Three
30 members appointed by the Governor shall be persons who are deaf and three members
31 shall be persons who are hard of hearing. One appointment shall be an educator who
32 trains deaf education teachers and one appointment shall be an audiologist licensed
33 under Article 22 of Chapter 90 of the General Statutes. Three appointments shall be
34 parents of deaf or hard of hearing children including one parent of a student in a
35 residential school; one parent of a student in a preschool program; and one parent of a
36 student in a mainstream education program, with ~~each~~ at least one parent coming from a
37 ~~different~~ each region of the ~~three~~ North Carolina schools for the deaf regions. One
38 member appointed by the Governor shall be recommended by the President of the North
39 Carolina Association of the Deaf; one member shall be recommended by the President
40 of the North Carolina Pediatric Society; one member shall be recommended by the
41 President of the North Carolina Registry of Interpreters for the Deaf; and one member
42 shall be nominated by the Superintendent of Public Instruction. One member shall be
43 appointed from the House of Representatives by the Speaker of the House of
44 Representatives and one member shall be appointed from the Senate by the President
45 Pro Tempore of the Senate. The Secretary of Health and Human Services shall appoint
46 six members as follows: one from the Division of Vocational Rehabilitation, one from
47 the Division of Aging, one from the Division of Mental Health, Developmental
48 Disabilities, and Substance Abuse Services, one from the Division of Social Services,
49 one from a North Carolina Chapter of SHHH (Self Help for the Hard of Hearing), and
50 one from SPEAK (Statewide Parents' Education and Advocacy for Kids)."

51
52 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
53 Thompson

RESIDENTIAL SCHOOLS FOR THE DEAF

SECTION 21.82.(a) The Department of Health and Human Services shall assess the educational needs of the current students at the North Carolina School for the Deaf in Morganton and the Eastern North Carolina School for the Deaf in Wilson. In doing so, the Department shall identify resources needed to educate these children within the public school system or the North Carolina Schools for the Deaf and prepare an educational plan for each student. The Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the Office of Education Services, and the Department of Public Instruction shall work together in the development of these plans for students.

SECTION 21.82.(b) The Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the Office of Education Services, and the Department of Public Instruction shall develop a plan for those children who are seriously emotionally disturbed and prepare plans to place them in appropriate settings.

SECTION 21.82.(c) The Department of Health and Human Services shall report on or before March 15, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on the activities under this section.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

PRESCHOOL PROGRAMS FOR THE DEAF

SECTION 21.83. Effective October 1, 2001, the Department of Health and Human Services shall transition the children at the State-operated preschool programs for the deaf to other preschool services. The State-operated preschool sites shall cease to operate after that date. The Department of Health and Human Services, the Division of Public Health, the Office of Education Services, the Division of Child Development, and the Department of Public Instruction shall develop a transition plan for the appropriate placement of the children located at these preschool sites. The transition plan shall include an assessment of the available resources to meet the needs of the children.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

EARLY INTERVENTION PILOTS

SECTION 21.84.(a) The Department of Health and Human Services, Division of Public Health shall not expand the Student Information Management System pilot program statewide during the 2001-2002 fiscal year. The Department shall maintain, evaluate, and improve the three pilot projects implemented in the 2000-2001 fiscal year, and provide a report on the status of the system to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division by October 1, 2001. The report shall include the status of the operations of the database, a plan for statewide expansion, and the costs associated with the expansion.

SECTION 21.84.(b) The Department of Health and Human Services shall not expand the regional interdisciplinary pilots during the 2001-2002 fiscal year.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

EVALUATION OF EARLY INTERVENTION SYSTEM

SECTION 21.85.(a) The Department of Health and Human Services, Division of Public Health, shall determine the reasons why children are waiting for

1 evaluation services provided by the Developmental Evaluation Centers. The Division
2 shall develop an action plan to reduce the waiting period for evaluation services.

3 **SECTION 21.85.(b)** The Department of Health and Human Services,
4 Division of Public Health, shall determine the reasons why children and their families
5 are waiting for services that follow the evaluation process. The Division shall identify
6 the specific services that children are waiting for and develop a plan to address the
7 waiting period.

8 **SECTION 21.85.(c)** The Department of Health and Human Services,
9 Division of Public Health, shall assess ways in which to create efficiencies among the
10 therapies that are provided within the Early Intervention Program, Children With
11 Special Health Services program, and other programs. The Division shall also evaluate
12 ways to combine early intervention services provided by the Developmental Evaluation
13 Centers, regional therapists, local health departments, and area mental health,
14 developmental disabilities, and substance abuse authorities to gain efficiencies.

15 **SECTION 21.85.(d)** Not later than December 1, 2001, the Department of
16 Health and Human Services shall report to the Senate Appropriations Committee on
17 Health and Human Services, the House of Representatives Appropriations
18 Subcommittee on Health and Human Services, and the Fiscal Research Division on the
19 assessment and plans of action for all of the above.

20 21 **SUBPART 10. PUBLIC HEALTH**

22
23 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
24 Thompson

25 **IMMUNIZATION PROGRAM RESTITUTION POLICY**

26 **SECTION 21.86.** Part 2 of Article 6 of Chapter 130A of the General
27 Statutes is amended by adding the following new section to read:

28 "**§ 130A-158. Restitution required when vaccine spoiled due to provider negligence.**
29 Immunization program providers shall be liable for restitution to the State for the
30 cost of replacement vaccine when vaccine in the provider's inventory has become
31 spoiled or unstable due to the provider's negligence and unreasonable failure to properly
32 handle or store the vaccine."

33
34 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
35 Thompson

36 **IMMUNIZATION PROGRAM FUNDING**

37 **SECTION 21.87.(a)** Of the funds appropriated in this act to the Department
38 of Health and Human Services for childhood immunization programs for positions,
39 operating support, equipment, and pharmaceuticals, the sum of up to one million dollars
40 (\$1,000,000) for the 2001-2002 fiscal year and the sum of one million dollars
41 (\$1,000,000) for the 2002-2003 fiscal year may be used for projects and activities that
42 are also designed to increase childhood immunization rates in North Carolina. These
43 projects and activities shall include the following:

- 44 (1) Outreach efforts at the State and local levels to improve service
45 delivery of vaccines. Outreach efforts may include educational
46 seminars, media advertising, support services to parents to enable
47 children to be transported to clinics, longer operating hours for clinics,
48 and mobile vaccine units; and
- 49 (2) Continued development of an automated immunization registry.

50 **SECTION 21.87.(b)** Funds authorized to be used for immunization efforts
51 under subsection (a) of this section shall not be used to fund additional State positions
52 in the Department of Health and Human Services or contracts, except for contracts to

1 develop an automated immunization registry or with local health departments for
2 outreach.

3
4 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
5 Thompson

6 **PRESCRIPTION DRUG ASSISTANCE PROGRAM**

7 **SECTION 21.88.** Of the funds appropriated in this act to the Department of
8 Health and Human Services, the sum of five hundred thousand dollars (\$500,000) for
9 the 2001-2002 fiscal year and the sum of five hundred thousand dollars (\$500,000) for
10 the 2002-2003 fiscal year shall be used to pay the cost of outpatient prescription drugs
11 for persons:

- 12 (1) Over the age of 65 years and not eligible for full Medicaid benefits;
- 13 (2) Whose income is not more than one hundred fifty percent (150%) of
14 the federal poverty level; and
- 15 (3) Who have been diagnosed with cardiovascular disease or diabetes.

16 These funds shall be used to pay the cost of outpatient prescription drugs for the
17 treatment of cardiovascular disease or diabetes. Payment shall be not more than the
18 Medicaid cost including rebates. The Department shall develop criteria to maximize the
19 efficient and effective distribution of these drugs.

20
21 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
22 Thompson

23 **ADOLESCENT PREGNANCY PREVENTION INITIATIVES**

24 **SECTION 21.89.(a)** The title of Part 6 of Article 5 of Chapter 130A of the
25 General Statutes reads as rewritten:

26 "Part 6. Adolescent Pregnancy ~~Prevention Projects~~.Prevention."

27 **SECTION 21.89.(b)** G.S. 130A-131.15 is repealed.

28 **SECTION 21.89.(c)** The Department of Health and Human Services shall
29 administer the adolescent pregnancy prevention programs and the adolescent parenting
30 programs pursuant to the provisions of this section.

31 **SECTION 21.89.(d)** The programs shall include primary prevention efforts,
32 secondary prevention efforts, and special initiatives.

33 **SECTION 21.89.(e)** The Commission for Health Services may adopt rules
34 necessary to implement the programs.

35 **SECTION 21.89.(f)** State-level administrative costs for programs shall not
36 exceed ten percent (10%) of the total funds.

37 **SECTION 21.89.(g)** In awarding grants, the Department of Health and
38 Human Services shall target counties with the highest teen pregnancy rates, increasingly
39 higher rates, high rates within demographic subgroups, or greatest need for parenting
40 programs. Grants will be awarded on an annual basis.

41 **SECTION 21.89.(h)** Programs are not required to provide a cash match for
42 these funds; however, the Department may require an in-kind match.

43 **SECTION 21.89.(i)** Local adolescent pregnancy prevention councils are
44 encouraged but not required for program funding. State funds shall not be used for
45 these activities.

46
47 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
48 Thompson, Wright

49 **AIDS DRUG ASSISTANCE PROGRAM (ADAP)**

50 **SECTION 21.90.(a)** The Department shall develop a comprehensive
51 information management system on AIDS/HIV clients receiving services from the
52 State. The Department may use up to fifty thousand dollars (\$50,000) of the funds
53 appropriated in this act to implement this information management system. This

1 information management system shall be patterned after the information management
2 system used by the Prescription Drug Assistance Program, shall provide instantaneous
3 internal access to information, and shall include information on the following:

- 4 (1) Program usage patterns of ADAP participants, including, but not
5 limited to, frequency of prescription purchases, types of medications
6 prescribed, and the cost of prescribed medications on a monthly basis.
- 7 (2) Demographics of participants in the program, including the age,
8 gender, race, ethnicity, and county of residence of participants.

9 The Department shall also develop a plan for promoting patient adherence to
10 physician treatment recommendations. In developing the plan, the Department shall
11 identify ways of obtaining information without interfering with physician-patient
12 confidentiality. The Department shall report on this plan to the members of the House of
13 Representatives Appropriations Subcommittee on Health and Human Services, the
14 Senate Appropriations Committee on Health and Human Services, and the Fiscal
15 Research Division not later than May 1, 2002.

16 **SECTION 21.90.(b)** For the 2001-2002 fiscal year and for the 2002-2003
17 fiscal year, HIV-positive individuals with incomes at or below one hundred twenty-five
18 percent (125%) of the federal poverty level are eligible for participation in ADAP.
19 Eligibility for participation in ADAP may be extended to individuals with incomes up to
20 one hundred fifty percent (150%) of the federal poverty level only after the Office of
21 State Budget and Management certifies in writing that the Department has developed an
22 information management system pursuant to subsection (a) of this section. Until the
23 Office of State Budget and Management makes this certification, eligibility for
24 participation in ADAP during the 2001-2003 fiscal biennium shall not be extended to
25 individuals with incomes above one hundred twenty-five percent (125%) of the federal
26 poverty level. Following six months of increased eligibility at one hundred fifty percent
27 (150%) of the federal poverty level, eligibility for participation in ADAP shall be
28 extended to individuals with incomes up to one hundred seventy-five percent (175%) of
29 the federal poverty level for the remainder of the 2001-2002 fiscal year. Beginning July
30 1, 2002, eligibility for participation in the ADAP shall be extended to individuals with
31 incomes up to two hundred percent (200%) of the federal poverty level.

32 **SECTION 21.90.(c)** The Department of Health and Human Services shall
33 make an interim report on ADAP program utilization by January 1, 2002, and a final
34 report on ADAP program utilization and a report on the findings from a study on ways
35 to improve HIV/AIDS prevention and care programs by April 30, 2002, to the Senate
36 Appropriations Committee on Health and Human Services, the House of
37 Representatives Appropriations Subcommittee on Health and Human Services, and the
38 Fiscal Research Division on ADAP. The reports shall include the following:

- 39 (1) ADAP program utilization:
 - 40 a. Monthly data on total cumulative AIDS/HIV cases reported in
41 North Carolina.
 - 42 b. Monthly data on the number of individuals who have applied to
43 participate in ADAP that have been determined to be ineligible.
 - 44 c. Monthly data on the income level of participants in ADAP and
45 of individuals who have applied to participate in ADAP who
46 have been determined to be ineligible.
 - 47 d. Monthly data on fiscal year-to-date expenditures of ADAP. The
48 interim report shall contain monthly data on the calendar
49 year-to-date expenditures of ADAP.
 - 50 e. An update on the status of the information management system.
 - 51 f. Monthly data on ADAP usage patterns and demographics of
52 participants in ADAP.
 - 53 g. Fiscal year-to-date budget information.

(2) HIV/AIDS prevention and care:

- a. Ways to improve the efficiency of current HIV/AIDS prevention and care programs to ensure that current available funds are put to the optimal use. This study shall include an analysis of the changing demographics of the HIV/AIDS epidemic to ensure that prevention funds are targeted at population subgroups most at risk.
- b. A review of prevention programs operated by other states or localities that are not currently offered by this State. This review shall include a study of the effectiveness of the programs, any barriers to offering the programs in this State, an estimate of the costs involved with offering these programs, and ways in which a specific program might be adapted to meet the needs of this State.
- c. Any other matter the Department finds relevant to the issue.

SECTION 21.90.(d) The Department of Health and Human Services shall revise its policy regarding determination of eligibility to require all applications for participation in ADAP to be reviewed for eligibility determination by the Purchase of Medical Care Unit of the Program Benefits and Payment Section of the Office of the Controller of the Department of Health and Human Services. The Department shall track all applications for participation in ADAP in order to make the reports required under subsection (c) of this section. This policy applies to all applications made in physician offices or other settings.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

DIVISION OF PUBLIC HEALTH REORGANIZATION

SECTION 21.91.(a) The Department of Health and Human Services shall reduce layers of management and streamline operations by creating a Section of Financial Management and Support. The Department shall consolidate all budgeting, purchasing, contract oversight, and computer networking personnel into this section. The Department shall transfer all positions, corresponding State appropriations, federal funds, and other related funds into this section. At no time shall the Department allow the Division of Public Health to maintain nonprogram positions within the other sections of the Division.

SECTION 21.91.(b) The Department shall establish a new permanent full-time position in the Division of Public Health for Local Health Services section chief. The Department shall not contract for this position.

SECTION 21.91.(c) Not later than October 1, 2001, the Department shall report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on the reorganization activities required under this section.

Requested by: Representatives Earle, Nye, Insko, Easterling, Oldham, Redwine, Thompson

DIVISION OF PUBLIC HEALTH NURSE CONSULTANT AND PUBLIC HEALTH EDUCATOR CONSOLIDATION

SECTION 21.91A.(a) The Department shall evaluate in partnership with local health departments, all nurse consultant positions across the Division of Public Health to determine the need for generalist or specialty consultation and the best organizational location with the Division to support this technical assistance. Based on

1 these findings, the Department shall transfer corresponding State appropriations, federal
2 funds, and any other related funds in the Division to support these services.

3 **SECTION 21.91A.(b)** The Department shall evaluate in consultation with
4 local health departments, all health educator positions across the Division to determine
5 the need for generalist or specialty consultation and the best organizational location
6 within the Department. Based on these findings, the Department shall transfer
7 corresponding State appropriations, federal funds, and any other related funds in the
8 Division to support these services.

9
10 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
11 Thompson

12 STATE LABORATORY

13 **SECTION 21.92.(a)** The Department of Health and Human Services, Office
14 of the Controller, shall develop a five-year equipment replacement schedule for the
15 State Laboratory. The purpose of the schedule is to have an objective plan for medical
16 laboratory equipment replacement to plan for current and future years' budget
17 requirements.

18 **SECTION 21.92.(b)** The Department shall assess the various services that
19 the State Laboratory provides and address the feasibility of contracting for additional
20 services. The Department shall prepare a cost-benefit analysis of providing services
21 in-house versus contracting out for services.

22 **SECTION 21.92.(c)** The Department shall assess the current fees and fee
23 methodology for laboratory services to determine if fees are set at the appropriate levels.
24 The Department shall identify new ways to set fees that incorporate the fully allocated
25 cost of laboratory equipment and the full costs of operations. The Department may
26 implement a revised fee schedule to reflect the full cost of operations including
27 equipment replacement.

28 **SECTION 21.92.(d)** Not later than March 1, 2002, the Department of Health
29 and Human Services shall report to the Senate Appropriations Committee on Health and
30 Human Services, the House of Representatives Appropriations Subcommittee on Health
31 and Human Services, and the Fiscal Research Division on the implementation of this
32 section.

33
34 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
35 Thompson

36 ENHANCEMENT OF STATE CENTER FOR HEALTH STATISTICS

37 **SECTION 21.93.(a)** The State Center for Health Statistics is transferred to
38 the Office of the Secretary of the Department of Health and Human Services and is
39 renamed the "Center for Health and Human Services Statistics and Information." The
40 purpose of the Center is to provide primary statistical analyses and information for the
41 Department, members of the public, and support of all of the Divisions of the
42 Department. The Center shall collect, compile, manage, and report data for the public
43 and the Department. The Secretary shall transfer all information management, database
44 management, and other related positions from throughout the divisions, except for the
45 Division of Information Resource Management and other systems management
46 personnel, and shall transfer corresponding State appropriations, federal funds, and
47 other funds to establish and expand the Center. The Department shall do the following:

- 48 (1) Determine the feasibility of transferring existing database contracts to
49 the Center. All future statistical analyses and information projects will
50 be first made available to the Center for the right of first refusal.
- 51 (2) Determine the feasibility of creating a unit in the Center to more
52 efficiently and effectively manage database and information contracts
53 for the entire Department.

- 1 (3) Consult with the Center in planning any management information
2 systems.
3 (4) Evaluate the feasibility of operating the center as an internal service
4 fund budget.

5 The Department shall submit a progress report to the Senate Appropriations Committee
6 on Health and Human Services, the House of Representatives Appropriations
7 Subcommittee on Health and Human Services, and the Fiscal Research Division on the
8 implementation of this section no later than October 1, 2001, and a final report on
9 March 1, 2002. The report shall include an assessment of the current statistical analysis
10 functions for each Division and determine the resources (staff and appropriations) that
11 would be suitable for transfer into the Center. The inventory shall include an assessment
12 of all current contracts for database management, data collection, and analyses, and
13 shall determine the total amount of funds currently involved with these efforts. The final
14 report shall include an implementation plan for carrying out the provisions of this
15 section.

16 **SECTION 21.93.(b)** Article 15 of Chapter 130A of the General Statutes
17 reads as rewritten:

18 "Article 15.

19 "~~State Center for Health Statistics and Human Services Statistics and Information.~~

20 "**§ 130A-371. State Center for Health and Human Services Statistics and**
21 **Information established.**

22 ~~A State~~ The Center for Health and Human Services Statistics and Information is
23 established within the Department. The purpose of the Center for Health and Human
24 Services Statistics and Information is to provide primary statistical analysis and
25 information for health and human services, members of the public, and support for all
26 Divisions of the Department.

27 "**§ 130A-372. Definitions.**

28 The following definitions shall apply throughout this Article:

- 29 (1) 'Health data' means information relating to the health status of
30 individuals, the availability of health resources and services, and the
31 use and cost of these resources and services. The term shall not include
32 vital records registered under the provisions of Article 4 of this
33 Chapter.
34 (2) 'Medical records' means health data relating to the diagnosis or
35 treatment of physical or mental ailments of individuals. "

36 "**§ 130A-373. Authority and duties.**

37 (a) ~~The State~~ Center for Health and Human Services Statistics and Information is
38 authorized to:

- 39 (1) Collect, maintain and analyze health data on:
40 a. The extent, nature and impact of illness and disability on the
41 population of the State;
42 b. The determinants of health and health hazards;
43 c. Health resources, including the extent of available work power
44 and resources;
45 d. Utilization of health care;
46 e. Health care costs and financing; and
47 f. Other health or health-related matters; and
48 (2) Undertake and support research, demonstrations and evaluations
49 respecting new or improved methods for obtaining data.

50 (b) ~~The State~~ Center for Health and Human Services Statistics and Information
51 may collect health data on behalf of other governmental or nonprofit organizations.

52 (c) ~~The State~~ Center for Health and Human Services Statistics and Information
53 shall collect data only on a voluntary basis except when there is specific legal authority

1 to compel mandatory reporting of the health data. In collecting health data on a
2 voluntary basis, the ~~State~~ Center for Health and Human Services Statistics and
3 Information shall give the person a statement in writing:

4 (1) That the data is being collected on a voluntary basis and that the
5 person is not required to respond; and

6 (2) The purposes for which the health data is being collected.

7 (d) Subject to the provisions of G.S. 130A-374, the ~~State~~ Center for Health and
8 Human Services Statistics and Information may share health data with other persons,
9 agencies and organizations.

10 (e) The ~~State~~ Center for Health and Human Services Statistics and Information
11 shall:

12 (1) Take necessary action to assure that statistics developed under this
13 Article are of high quality, timely and comprehensive, as well as
14 specific and adequately analyzed and indexed; and

15 (2) Publish, make available and disseminate statistics on as wide a basis as
16 practical.

17 (f) The ~~State~~ Center for Health and Human Services Statistics and Information
18 shall coordinate health data activities within the State in order to eliminate unnecessary
19 duplication of data collection and to maximize the usefulness of data collected by:

20 (1) Participating with State and local agencies in the design and
21 implementation of a cooperative system for producing comparable and
22 uniform health information and statistics at the State and local levels;
23 and

24 (2) Undertaking and supporting research, development, demonstration and
25 evaluation respecting the cooperative system.

26 "**§ 130A-374. Security of health data.**

27 (a) Medical records of individual patients shall be confidential and shall not be
28 public records open to inspection. The ~~State~~ Center for Health and Human Services
29 Statistics and Information may disclose medical records of individual patients which
30 identify the individual described in the record only if:

31 (1) The individual described in the medical record has authorized the
32 disclosure; or

33 (2) The disclosure is for bona fide research purposes. The Commission
34 shall adopt rules providing for the use of the medical records for
35 research purposes.

36 (b) The ~~State~~ Center for Health and Human Services Statistics and Information
37 shall take appropriate measures to protect the security of health data collected by the
38 Center, including:

39 (1) Limiting the access to health data to authorized individuals who have
40 received training in the handling of this data;

41 (2) Designating a person to be responsible for physical security; and

42 (3) Developing and implementing a system for monitoring security."

43 **SECTION 21.93.(c)** The Secretary shall review the requirements of the
44 medical records privacy regulations under the Health Insurance Portability and
45 Accountability Act of 1996 (HIPAA) to avoid duplication of effort in complying with
46 that Act and this section.

47
48 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
49 Thompson

50 **PUBLIC HEALTH PREVENTION ACTIVITIES REPORT**

51 **SECTION 21.94.** The Department of Health and Human Services, Division
52 of Public Health, shall conduct an inventory of its activities in the prevention of infant
53 mortality and birth defects. The Department shall conduct a comprehensive assessment

1 of these activities to identify all in-house activities and contracted activities and shall
2 include the following:

- 3 (1) Program or service title and description;
- 4 (2) Number of clients served, if applicable;
- 5 (3) State appropriations, federal funds, and other funds involved with the
6 program or service; and
- 7 (4) To the extent possible include Smart Start health programs and
8 services, and identify other nonprofit organizations' activities.

9 The Department shall report on the information required under this section to
10 the Senate Appropriations Committee on Health and Human Services, the House of
11 Representatives Appropriations Subcommittee on Health and Human Services, and the
12 Fiscal Research Division by March 1, 2002.

13
14 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
15 Thompson

16 HEART DISEASE AND STROKE PREVENTION TASK FORCE

17 **SECTION 21.95.** The Heart Disease and Stroke Prevention Task Force,
18 created in subsection (l) of Section 26.9 of Chapter 507 of the 1995 Session Laws, as
19 amended, shall submit to the Governor and the General Assembly a sixth interim report
20 within the first week of the convening of the 2001 General Assembly, 2002 Regular
21 Session, and a seventh interim report within the first week of the convening of the 2003
22 General Assembly. Notwithstanding Section 11.57 of S.L. 1999-237, the Task Force
23 shall submit a final report by June 30, 2003, and, upon submission of its final report to
24 the Governor and the General Assembly, the Task Force shall expire.

25
26 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
27 Thompson

28 NEWBORN HEARING SCREENING PROGRAM REPORT

29 **SECTION 21.96.** The Department of Health and Human Services shall
30 report the following information on the newborn hearing screening program:

- 31 (1) Unduplicated number of infants screened.
- 32 (2) Number of infants who failed the second hearing screening.
- 33 (3) Number of infants receiving the diagnostic evaluation.
- 34 (4) Number and types of services provided.
- 35 (5) Number and types of follow-up services provided to children.

36 The Department shall submit the report not later than May 1, 2002, to the Senate
37 Appropriations Committee on Health and Human Services, the House of
38 Representatives Appropriations Subcommittee on Health and Human Services, and the
39 Fiscal Research Division.

40
41 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
42 Thompson

43 INTENSIVE HOME VISITING

44 **SECTION 21.97.(a)** The Department of Health and Human Services,
45 Division of Public Health, shall not contract for evaluation or technical assistance for
46 the Intensive Home Visiting Program during the 2001-2002 fiscal year. The Division
47 shall continue to collect and manage data collected by nurses and visitors on program
48 activities. The Division shall collect the necessary information on participants to allow
49 future tracking of these participants and facilitate a future longitudinal study for the
50 purposes of determining program effectiveness.

51 **SECTION 21.97.(b)** The Division shall require in-home visitors to collect
52 data on program participants as a condition of participation. This requirement shall
53 include six-month periodic assessments and completion of the questionnaires. The

1 Department shall ensure that the collection, maintenance, use, and disclosure of data
2 complies with applicable State and federal law protecting privacy of health and other
3 individual information. By April 1, 2002, the Division shall report to the Senate
4 Appropriations Committee on Health and Human Services and the House of
5 Representatives Appropriations Subcommittee on Health and Human Services on the
6 following items:

- 7 (1) Number of clients/families enrolled per county.
- 8 (2) Attrition and reasons why families leave the program.
- 9 (3) Average number of home visits per month.
- 10 (4) Average time involved per home visit.
- 11 (5) Baseline family characteristics.
- 12 (6) Health behaviors.
- 13 (7) Perinatal and birth outcomes.
- 14 (8) Other relevant outcome information.

15 All program information shall include the identification of the model used in order to
16 compare these models in the future.

17
18 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
19 Thompson

20 **CONTRACTUAL SERVICES LIMITATION**

21 **SECTION 21.99.(a)** The Department shall maintain the adolescent
22 pregnancy prevention and adolescent parenting program database created for the
23 program via contract and shall not continue to contract for database management,
24 development, or analysis. Of the funds appropriated to the Department in this act, the
25 Department shall not spend more than twenty-five thousand dollars (\$25,000) to
26 transition the database from the contractor to the Department. The Department shall
27 continue to collect and manage program data in order to conduct longitudinal studies in
28 the future. Notwithstanding any other provision of law, the Department shall not
29 continue to have the behavioral/attitudinal evaluation completed annually for all
30 programs.

31 **SECTION 21.99.(b)** Of funds appropriated to the Department of Health and
32 Human Services, the Department shall not spend more than twenty-five thousand
33 dollars (\$25,000) to complete the longitudinal adolescent parenting program evaluation.
34 The Department shall not contract for additional evaluations or assessments of the
35 adolescent pregnancy prevention program or the adolescent parenting program during
36 the 2001-2002 fiscal year.

37 **SECTION 21.99.(c)** The Department of Health and Human Services shall
38 plan an outcome-based evaluation of the adolescent pregnancy prevention programs and
39 shall continue to collect data.

40 **SECTION 21.99.(d)** The Department shall report on activities conducted
41 pursuant to this section to the Senate Appropriations Committee on Health and Human
42 Services, the House of Representatives Appropriations Subcommittee on Health and
43 Human Services, and the Fiscal Research Division by March 1, 2002.

44
45 Requested by: Representatives Earle, Nye, Redwine, Easterling, Oldham,
46 Thompson

47 **PRESCRIPTION DRUG INITIATIVES GRANT FUNDS**

48 **SECTION 21.100.** The Health and Wellness Trust Fund Commission shall,
49 as it develops criteria for awarding grants under Article 6C of Chapter 147 of the
50 General Statutes, include criteria that will enable programs and initiatives addressing the
51 need to expand access to prescription drugs to North Carolina senior and disabled
52 citizens to receive grants from the Fund. In making the grants, the Commission shall
53 consider, and coordinate with, the availability of any federal funds allocated to North

1 Carolina pursuant to any federal initiative to provide financial assistance to senior and
2 disabled citizens for the cost of prescription drugs.

3 In making its annual report to the Joint Legislative Commission on
4 Governmental Operations and to the chairs of the Joint Legislative Health Care
5 Oversight Committee regarding the implementation of that Article, the chair of the
6 Health and Wellness Trust Fund Commission shall report on the programs and
7 initiatives to expand access to prescription drugs to senior and disabled citizens that
8 were funded by the Trust Fund. The report shall include the amount of funds disbursed
9 for programs and initiatives to expand access to prescription drugs to senior and
10 disabled citizens and the success of those programs and initiatives towards helping
11 senior and disabled citizens obtain prescription drugs.

12 **PART XXII. JUDICIAL DEPARTMENT**

13 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
14 Thompson

15 **TRANSFER OF EQUIPMENT AND SUPPLY FUNDS**

16 **SECTION 22.1.** Funds appropriated to the Judicial Department in the
17 2001-2003 biennium for equipment and supplies shall be certified in a reserve account.
18 The Administrative Office of the Courts may transfer these funds to the appropriate
19 programs and between programs as the equipment priorities and supply consumptions
20 occur during the operating year. These funds shall not be expended for any other
21 purpose.
22

23 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
24 Thompson

25 **REPORT ON COMMUNITY MEDIATION CENTERS**

26 **SECTION 22.2.** Article 5 of Chapter 7A of the General Statutes is amended
27 by adding a new section to read:

28 **"§ 7A-38.6. Report on community mediation centers.**

29 (a) All community mediation centers currently receiving State funds shall report
30 annually to the Mediation Network of North Carolina on the program's funding and
31 activities, including:

- 32 (1) Types of dispute settlement services provided;
- 33 (2) Clients receiving each type of dispute settlement service;
- 34 (3) Number and type of referrals received, cases actually mediated, cases
35 resolved in mediation, and total clients served in the cases mediated;
- 36 (4) Total program funding and funding sources;
- 37 (5) Itemization of the use of funds, including operating expenses and
38 personnel;
- 39 (6) Itemization of the use of State funds appropriated to the center;
- 40 (7) Level of volunteer activity; and
- 41 (8) Identification of future service demands and budget requirements.

42 The Mediation Network of North Carolina shall compile and summarize the
43 information provided pursuant to this subsection and shall provide the information to
44 the Chairs of the House of Representatives and Senate Appropriations Committees and
45 the Chairs of the House of Representatives and Senate Appropriations Subcommittees
46 on Justice and Public Safety by February 1 of each year.

47 (b) A community mediation center requesting State funds for the first time shall
48 provide the General Assembly with the information enumerated in subsection (a) of this
49 section, or projections where historical data are not available, as well as a detailed
50 statement justifying the need for State funding.
51
52

1 (c) Each community mediation center receiving State funds for the first time
2 shall document in the information provided pursuant to this section that, after the second
3 year of receiving State funds, at least ten percent (10%) of total funding comes from
4 non-State sources.

5 (d) Each community mediation center receiving State funds for the third, fourth,
6 or fifth year shall document that at least twenty percent (20%) of total funding comes
7 from non-State sources.

8 (e) Each community mediation center receiving State funds for six or more years
9 shall document that at least fifty percent (50%) of total funding comes from non-State
10 sources.

11 (f) Each community mediation center currently receiving State funds that has
12 achieved a funding level from non-State sources greater than that provided for that
13 center by subsection (c), (d), or (e) of this section shall make a good faith effort to
14 maintain that level of funding.

15 (g) The percentage that State funds comprise of the total funding of each
16 community mediation center shall be determined at the conclusion of each fiscal year
17 with the information provided pursuant to this section and is intended as a funding ratio
18 and not a matching funds requirement. Community mediation centers may include the
19 market value of donated office space, utilities, and professional legal and accounting
20 services in determining total funding.

21 (h) A community mediation center having difficulty meeting the funding ratio
22 provided for that center by subsection (c), (d), or (e) of this section may request a
23 waiver or special consideration through the Mediation Network of North Carolina for
24 consideration by the Senate and House of Representatives Appropriations
25 Subcommittees on Justice and Public Safety.

26 (i) The provisions of G.S. 143-31.4 do not apply to community mediation
27 centers receiving State funds.

28 (j) Each community mediation center receiving State funds shall function as, or
29 as part of, a nonprofit organization or local government entity. A community mediation
30 center functioning as a nonprofit organization shall have a governing board of directors
31 that consists of a significant number of citizens from the surrounding community. State
32 funds may not be used for indirect costs associated with contracts between the
33 community mediation center and another entity for the provision of management or
34 related services."

35
36 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
37 Thompson

38 **SENTENCING SERVICES REPORT**

39 **SECTION 22.3.** The Judicial Department shall report to the Chairs of the
40 Senate and House of Representatives Appropriations Committees and the Chairs of the
41 Senate and House Appropriations Subcommittees on Justice and Public Safety by April
42 1, 2002, on the effectiveness of the Sentencing Services Program under structured
43 sentencing and the criminal case docketing system. The report shall include:

- 44 (1) Data on the number of plans prepared, the recommendations included
45 in those plans, the actual sentences imposed in those cases, and an
46 analysis of the extent to which judges impose sentences using
47 recommendations from plans;
- 48 (2) Data on the number of plans initiated but not presented to the court,
49 including the reason the plan was not completed or presented; and
- 50 (3) The results of a survey on the impact of sentencing plans on judicial
51 decisions, to be conducted by the Research, Planning, and Budget
52 Development Section of the Judicial Department or another entity
53 separate from the Sentencing Services Program. The survey shall

include superior court judges, district attorneys, public defenders, and defense attorneys.

Requested by: Representatives Culpepper, Haire, Thompson, Easterling, Oldham, Redwine

ELIMINATE VACANT SUPERIOR COURT JUDGESHIP IN DISTRICT 4B/ADD SUPERIOR COURT JUDGESHIP IN DISTRICT 24

SECTION 22.4.(a) 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:

Judicial Division	Superior Court District	Counties	No. of Resident Judges
First	1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	2
First	2	Beaufort, Hyde, Martin, Tyrrell, Washington	1
First	3A	Pitt	2
Second	3B	Carteret, Craven, Pamlico	2
Second	4A	Duplin, Jones, Sampson	1
Second	4B	Onslow	$\frac{2}{3}$
Second	5	New Hanover, Pender	3
First	6A	Halifax	1
First	6B	Bertie, Hertford, Northampton	1
First	7A	Nash	1
First	7B	(part of Wilson, part of Edgecombe, see subsection (b))	1
First	7C	(part of Wilson, part of Edgecombe, see subsection (b))	1
Second	8A	Lenoir and Greene	1
Second	8B	Wayne	1
Third	9	Franklin, Granville, Vance, Warren	2
Third	9A	Person, Caswell	1
Third	10A	(part of Wake, see subsection (b))	2
Third	10B	(part of Wake, see subsection (b))	2
Third	10C	(part of Wake, see subsection (b))	1

1	Third	10D	(part of Wake, see subsection (b))	1
2				
3	Fourth	11A	Harnett, Lee	1
4				
5	Fourth	11B	Johnston	1
6	Fourth	12A	(part of Cumberland, see subsection (b))	1
7				
8	Fourth	12B	(part of Cumberland, see subsection (b))	1
9				
10	Fourth	12C	(part of Cumberland, see subsection (b))	2
11				
12	Fourth	13	Bladen, Brunswick, Columbus	2
13				
14	Third	14A	(part of Durham, see subsection (b))	1
15				
16	Third	14B	(part of Durham, see subsection (b))	3
17				
18	Third	15A	Alamance	2
19	Third	15B	Orange, Chatham	1
20	Fourth	16A	Scotland, Hoke	1
21	Fourth	16B	Robeson	2
22	Fifth	17A	Rockingham	2
23	Fifth	17B	Stokes, Surry	2
24	Fifth	18A	(part of Guilford, see subsection (b))	1
25				
26	Fifth	18B	(part of Guilford, see subsection (b))	1
27				
28	Fifth	18C	(part of Guilford, see subsection (b))	1
29				
30	Fifth	18D	(part of Guilford, see subsection (b))	1
31				
32	Fifth	18E	(part of Guilford, see subsection (b))	1
33				
34	Sixth	19A	Cabarrus	1
35	Fifth	19B1	(part of Montgomery, part of Moore, part of Randolph see subsection (b))	1
36				
37				
38				
39	Fifth	19B2	(part of Montgomery, part of Moore, part of Randolph see subsection (b))	1
40				
41				
42				
43	Sixth	19C	Rowan	1
44	Sixth	20A	Anson, Richmond	1
45				
46	Sixth	20B	Stanly, Union	2
47	Fifth	21A	(part of Forsyth, see subsection (b))	1
48				
49	Fifth	21B	(part of Forsyth, see subsection (b))	1
50				
51	Fifth	21C	(part of Forsyth, see subsection (b))	1
52				
53	Fifth	21D	(part of Forsyth,	1

1			see subsection (b))	
2	Sixth	22	Alexander, Davidson,	3
3			Davie, Iredell	
4	Fifth	23	Alleghany, Ashe,	1
5			Wilkes, Yadkin	
6	Eighth	24	Avery, Madison,	4 2
7			Mitchell,	
8			Watauga, Yancey	
9	Seventh	25A	Burke, Caldwell	2
10	Seventh	25B	Catawba	2
11	Seventh	26A	(part of Mecklenburg,	2
12			see subsection (b))	
13	Seventh	26B	(part of Mecklenburg,	2
14			see subsection (b))	
15	Seventh	26C	(part of Mecklenburg,	2
16			see subsection (b))	
17	Seventh	27A	Gaston	2
18	Seventh	27B	Cleveland, Lincoln	2
19	Eighth	28	Buncombe	2
20	Eighth	29	Henderson,	2
21			McDowell, Polk,	
22			Rutherford,	
23			Transylvania	
24	Eighth	30A	Cherokee, Clay,	1
25			Graham, Macon,	
26			Swain	
27	Eighth	30B	Haywood, Jackson	1."

SECTION 22.4.(b) The Governor shall appoint a superior court judge for the additional judgeship in Superior Court District 24 as authorized by subsection (a) of this section to serve a term expiring December 31, 2002. The successor to that judge shall be elected in the 2002 general election to serve a term expiring December 31, 2010.

SECTION 22.4.(c) This section becomes effective October 1, 2001.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

BUSINESS COURT

SECTION 22.5. The Administrative Office of the Courts shall report to the Chairs of the Senate and House of Representatives Appropriations Committees and the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety by April 1 of each year on the activities of the North Carolina Business Court, including the number of cases heard by the court and the number of court sessions held outside of Superior Court District 18.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

ELIMINATE UNNECESSARY OR OBSOLETE REPORTS

SECTION 22.6.(a) G.S. 7A-348 reads as rewritten:

"§ 7A-348. **Training and supervision of assistants for administrative and victim and witness services.**

Pursuant to the provisions of G.S. 7A-413, the Conference of District Attorneys shall:

- 1 (1) Assist in establishing uniform statewide training for assistants for
 2 administrative and victim and witness services; and
 3 (2) Assist in the implementation and supervision of this ~~program; and~~
 4 ~~program.~~
 5 (3) ~~With the Director of the Administrative Office of the Courts, report~~
 6 ~~annually to the Joint Legislative Commission on Governmental~~
 7 ~~Operations on the implementation and effectiveness of this act,~~
 8 ~~beginning on or before February 1, 1987."~~

9 **SECTION 22.6.(b)** G.S. 143-170.4 reads as rewritten:

10 **"§ 143-170.4. Administrative Office of the Courts; publications procedures**
 11 **manual; reports.**

12 Not later than June 1, 1990, the Administrative Office of the Courts, after review of
 13 the Department of Administration's state publications procedures guidelines and after
 14 consultation with the State Librarian and State Auditor, shall adopt (i) a publications
 15 procedures manual for public documents, other than the official reports of the North
 16 Carolina Supreme Court and the North Carolina Court of Appeals and official forms
 17 published by the Administrative Office of the Courts pursuant to G.S. 7A-343, that
 18 addresses the elements of publication production described in G.S. 143-170.2 and (ii) an
 19 administrative review and approval process to ensure appropriate review and approval
 20 of its public documents. The initial guidelines and the administrative review and
 21 approval process shall be reported to the Joint Legislative Commission on
 22 Governmental Operations by January 1, 1991, and revisions thereto shall be reported to
 23 the Joint Legislative Commission on Governmental Operations within six months of
 24 adoption. January 1, 1991."

25 **SECTION 22.6.(c)** G.S. 143-589 reads as rewritten:

26 **"§ 143-589. Legislative and judicial branch safety and health programs.**

27 The Legislative Services Commission and the Administrative Office of the Courts
 28 are authorized to separately establish safety and health programs for their employees.
 29 ~~The Administrative Office of the Courts shall report annually to the Joint Legislative~~
 30 ~~Commission on Governmental Operations on its safety and health activities with respect~~
 31 ~~to its program."~~

32
 33 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
 34 Thompson

35 **COLLECTION OF WORTHLESS CHECKS FUND**

36 **SECTION 22.7.** Notwithstanding the provisions of G.S. 7A-308(c), the
 37 Judicial Department may use any balance remaining in the Collection of Worthless
 38 Checks Fund on June 30, 2001, for the purchase or repair of office or information
 39 technology equipment during the 2001-2002 fiscal year. Prior to using any funds under
 40 this section, the Judicial Department shall report to the Joint Legislative Commission on
 41 Governmental Operations and the Chairs of the Senate and House of Representatives
 42 Appropriations Subcommittees on Information Technology on the equipment to be
 43 purchased or repaired and the reasons for the purchases.

44
 45 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
 46 Thompson

47 **TRANSFER OF FUNDS TO OFFICE OF INDIGENT DEFENSE SERVICES**

48 **SECTION 22.9.** In the event that requirements for payments to assigned
 49 counsel exceed available funds in the Office of Indigent Defense Services during the
 50 2001-2002 fiscal year, the Judicial Department shall transfer to the Office of Indigent
 51 Defense Services up to the sum of one million five hundred thousand dollars
 52 (\$1,500,000) in funds available to pay those additional amounts. The Office of Indigent
 53 Defense Services and the Judicial Department shall report to the Joint Legislative

1 Commission on Governmental Operations prior to any transfer of funds authorized by
2 this section.
3

4 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine
5 **NORTH CAROLINA STATE BAR FUNDS**

6 **SECTION 22.10.** Of the funds appropriated in the continuation budget as a
7 grant-in-aid to the North Carolina State Bar for the 2001-2003 biennium, the North
8 Carolina State Bar may in its discretion use up to the sum of five hundred ninety
9 thousand dollars (\$590,000) for the 2001-2002 fiscal year and up to the sum of five
10 hundred ninety thousand dollars (\$590,000) for the 2002-2003 fiscal year to contract
11 with the Center for Death Penalty Litigation to provide training, consultation, brief
12 banking, and other assistance to attorneys representing indigent capital defendants.
13

14 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
15 Thompson

16 **ASSISTANT PUBLIC DEFENDER LONGEVITY/OFFICE OF INDIGENT**
17 **DEFENSE SERVICES CORRECTIONS**

18 **SECTION 22.11.(a)** Section 49 of S.L. 2000-144 reads as rewritten:

19 "Section 49. Except as otherwise provided in this Part, this act becomes effective
20 July 1, 2001. G.S. 7A-498, 7A-498.1, 7A-498.2, 7A-498.4, 7A-498.5, and 7A-498.6,
21 and 7A-498.7(g), as enacted in Section 1 of this act, and Section 13 of this act are
22 effective when they become law; however, except as otherwise provided in this Part, no
23 rules, standards, or other regulations issued by the Commission on Indigent Defense
24 Services, and no decisions regarding the actual delivery of services shall take effect
25 prior to July 1, 2001, and all authority over the expenditure of funds shall remain with
26 the Director of the Administrative Office of the Courts prior to that date. The
27 Commission shall be responsible for the expenditure of funds for all cases pending on or
28 after July 1, 2001."
29

30 **SECTION 22.11.(b)** Section 13 of S.L. 2000-144 reads as rewritten:

31 "Section 13. Effective when this act becomes law, G.S. 7A-467(d) is repealed.
32 Effective July 1, 2001, G.S. 7A-459, 7A-465, 7A-466, 7A-467, 7A-467(a), 7A-467(b),
33 7A-467(c), 7A-467(e), 7A-467(f), 7A-467(g), 7A-469, 7A-470, 7A-471, 7A-486,
34 7A-486.1, 7A-486.2, 7A-486.3, 7A-486.4, 7A-486.5, 7A-486.6, and 7A-486.7 are
35 repealed."

36 **SECTION 22.11.(c)** G.S. 7A-498.7 is amended by adding three new
37 subsections to read:

38 "(i) A public defender may apply to the Director of the Office of Indigent
39 Defense Services to enter into contracts with local governments for the provision by the
40 State of services of temporary assistant public defenders pursuant to G.S. 153A-212.1 or
41 G.S. 160A-289.1.

42 "(j) The Director of the Office of Indigent Defense Services may provide
43 assistance requested pursuant to subsection (i) of this section only upon a showing by
44 the requesting public defender, supported by facts, that the overwhelming public interest
45 warrants the use of additional resources for the speedy disposition of cases involving
46 drug offenses, domestic violence, or other offenses involving a threat to public safety.

47 "(k) The terms of any contract entered into with local governments pursuant to
48 subsection (i) of this section shall be fixed by the Director of the Office of Indigent
49 Defense Services in each case. Nothing in this section shall be construed to obligate the
50 General Assembly to make any appropriation to implement the provisions of this
51 section or to obligate the Office of Indigent Defense Services to provide the
52 administrative costs of establishing or maintaining the positions or services provided for
under this section. Further, nothing in this section shall be construed to obligate the

1 Office of Indigent Defense Services to maintain positions or services initially provided
2 for under this section."

3 **SECTION 22.11.(d)** G.S. 153A-212.1 reads as rewritten:

4 **"§ 153A-212.1. Resources to protect the public.**

5 Subject to the requirements of G.S. 7A-41, 7A-44.1, 7A-64, 7A-102, 7A-133, and
6 ~~7A-467~~, 7A-498.7, a county may appropriate funds under contract with the State for the
7 provision of services for the speedy disposition of cases involving drug offenses,
8 domestic violence, or other offenses involving threats to public safety. Nothing in this
9 section shall be construed to obligate the General Assembly to make any appropriation
10 to implement the provisions of this section. Further, nothing in this section shall be
11 construed to obligate the Administrative Office of the Courts or the Office of Indigent
12 Defense Services to maintain positions or services initially provided for under this
13 section."

14 **SECTION 22.11.(e)** G.S. 160A-289.1 reads as rewritten:

15 **"§ 160A-289.1. Resources to protect the public.**

16 Subject to the requirements of G.S. 7A-41, 7A-44.1, 7A-64, 7A-102, 7A-133, and
17 ~~7A-467~~, 7A-498.7, a city may appropriate funds under contract with the State for the
18 provision of services for the speedy disposition of cases involving drug offenses,
19 domestic violence, or other offenses involving threats to public safety. Nothing in this
20 section shall be construed to obligate the General Assembly to make any appropriation
21 to implement the provisions of this section. Further, nothing in this section shall be
22 construed to obligate the Administrative Office of the Courts or the Office of Indigent
23 Defense Services to maintain positions or services initially provided for under this
24 section."

25 **SECTION 22.11.(f)** Subsection (h) of Section 15.4 of S.L. 2000-67 reads as
26 rewritten:

27 "Section 15.4.(h) The Administrative Office of the Courts and the Office of Indigent
28 Defense Services shall report by March 1 of each year to the Chairs of the House of
29 Representatives and Senate Appropriations Committees, to the Chairs of the House of
30 Representatives Subcommittee on Justice and Public Safety, and to the Chairs of the
31 Senate Appropriations Committee on Justice and Public Safety on contracts entered into
32 with local governments for the provision of the services of assistant district attorneys,
33 assistant public defenders, judicial secretaries, and employees in the office of the Clerk
34 of Superior Court. The report shall include the number of applications made to the
35 Administrative Office of the Courts or the Office of Indigent Defense Services for these
36 contracts, the number of contracts entered for provision of these positions, and the
37 dollar amounts of each contract."
38

39 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
40 Thompson

41 **OFFICE OF INDIGENT DEFENSE SERVICES REPORT**

42 **SECTION 22.12.** The Office of Indigent Defense Services shall report to the
43 Chairs of the Senate and House of Representatives Appropriations Committees and the
44 Chairs of the Senate and House Representatives Appropriations Subcommittees on
45 Justice and Public Safety by March 1 of each year on:

- 46 (1) The volume and cost of cases handled in each district by assigned
47 counsel or public defenders;
- 48 (2) Actions taken by the Office to improve the cost-effectiveness and
49 quality of indigent defense, including the capital case program;
- 50 (3) Plans for changes in rules, standards, or regulations in the upcoming
51 year; and

(4) Any recommended changes in law or funding procedures that would assist the Office in improving the management of funds expended for indigent defense services.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson
ASSISTANT PUBLIC DEFENDERS/PUBLIC DEFENDER OFFICE PERSONNEL

SECTION 22.13.(a) From funds appropriated to the Indigent Persons' Attorney Fee Fund for the 2001-2003 biennium, the Office of Indigent Defense Services may use up to the sum of four hundred seventy-seven thousand seven hundred sixty-eight dollars (\$477,768) for the 2001-2002 fiscal year and up to the sum of four hundred forty-six thousand eight hundred twenty dollars (\$446,820) for the 2002-2003 fiscal year for salaries, benefits, equipment, and related expenses to establish up to six new assistant public defender positions in statewide programs or districts with existing public defender programs.

SECTION 22.13.(b) From funds appropriated to the Indigent Persons' Attorney Fee Fund for the 2001-2003 biennium, the Office of Indigent Defense Services may use up to the sum of two hundred eighty-three thousand five hundred seventy-five dollars (\$283,575) for the 2001-2002 fiscal year and up to the sum of two hundred fifty-six thousand three hundred ten dollars (\$256,310) for the 2002-2003 fiscal year for salaries, benefits, equipment, and related expenses to establish up to five new legal assistant, paralegal, investigator, or administrative assistant positions in statewide programs or districts with existing public defender programs.

SECTION 22.13.(c) Prior to establishing any new positions under this section, the Office of Indigent Defense Services shall report to the Joint Legislative Commission on Governmental Operations on the positions to be established and the locations of those positions.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson
PISGAH LEGAL SERVICES FUNDS

SECTION 22.15. 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, Haire, Easterling, Oldham, Redwine, Thompson
AUTHORIZE ADDITIONAL MAGISTRATES

SECTION 22.16. 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:

County	Magistrates Min.-Max.	Additional Seats of Court
Camden	1 3	
Chowan	2 3	
Currituck	1 4	
Dare	3 8	

1	Gates	2	3	
2	Pasquotank	3	5	
3	Perquimans	2	4	
4	Martin	5	8	
5	Beaufort	4	8	
6	Tyrrell	1	3	
7	Hyde	2	4	
8	Washington	3	4	
9	Pitt	10	12	Farmville
10				Ayden
11	Craven	7	10	Havelock
12	Pamlico	2	4	
13	Carteret	5	8	
14	Sampson	6	8	
15	Duplin	9	11	
16	Jones	2	3	
17	Onslow	8	14	
18	New Hanover	6	11	
19	Pender	4	6	
20	Halifax	9	14	Roanoke
21				Rapids,
22				Scotland Neck
23	Northampton	5	7	
24	Bertie	4	6	
25	Hertford	5	7	
26	Nash	7	10	Rocky Mount
27	Edgecombe	4	7	Rocky Mount
28	Wilson	4	7	
29	Wayne	5	12	Mount Olive
30	Greene	2	4	
31	Lenoir	4	10	La Grange
32	Granville	3	7	
33	Vance	3	6	
34	Warren	3	5	
35	Franklin	3	7	
36	Person	3	4	
37	Caswell	2	5	
38	Wake	12	21	Apex,
39				Wendell,
40				Fuquay-
41				Varina,
42				Wake Forest
43	Harnett	7	11	Dunn
44	Johnston	10	12	Benson,
45				Clayton,
46				Selma
47	Lee	4	6	
48	Cumberland	10	19	
49	Bladen	4	6	
50	Brunswick	4	9 <u>10</u>	
51	Columbus	6	9 <u>10</u>	Tabor City
52	Durham	8	13	
53	Alamance	7	11	Burlington

1	Orange	4	11	Chapel Hill
2	Chatham	3	9	Siler City
3	Scotland	3	5	
4	Hoke	4	5	
5	Robeson	8	16	Fairmont,
6				Maxton,
7				Pembroke,
8				Red Springs,
9				Rowland,
10				St. Pauls
11	Rockingham	4	9	Reidsville,
12				Eden,
13				Madison
14	Stokes	2	5	
15	Surry	5	9	Mt. Airy
16	Guilford	20	27	High Point
17	Cabarrus	5	9	Kannapolis
18	Montgomery	2	4	
19	Randolph	5	10	Liberty
20	Rowan	5	10	
21	Stanly	5	6	
22	Union	4	7	
23	Anson	4	6	
24	Richmond	5	6	Hamlet
25	Moore	5	8	Southern
26				Pines
27	Forsyth	3	15	Kernersville
28	Alexander	2	4	
29	Davidson	7	10	Thomasville
30	Davie	2	3	
31	Iredell	4	9	Mooresville
32	Alleghany	1	2	
33	Ashe	3	4	
34	Wilkes	4	6	
35	Yadkin	3	5	
36	Avery	3	5	
37	Madison	4	5	
38	Mitchell	3	4	
39	Watauga	4	6	
40	Yancey	2	4	
41	Burke	4	7	
42	Caldwell	4	7	
43	Catawba	6	10	Hickory
44	Mecklenburg	15	28	
45	Gaston	11	22	
46	Cleveland	5	8	
47	Lincoln	4	7	
48	Buncombe	6	15	
49	Henderson	4	7	
50	McDowell	3	6	
51	Polk	3	4	
52	Rutherford	6	8	
53	Transylvania	2	4	

1	Cherokee	3	4
2	Clay	1	2
3	Graham	2	3
4	Haywood	5	7
5	Jackson	3	5
6	Macon	3	4
7	Swain	2	3."

Canton

8
9 Requested by: Representative Hensley

10 **ADD DISTRICT COURT JUDGESHIP IN DISTRICT COURT DISTRICT 10**

11 **SECTION 22.17.(a)** G.S. 7A-133(a) reads as rewritten:

12 "(a) Each district court district shall have the numbers of judges as set forth in the
13 following table:

14	District	Judges	County
15			
16			
17	1	5	Camden
18			Chowan
19			Currituck
20			Dare
21			Gates
22			Pasquotank
23			Perquimans
24	2	4	Martin
25			Beaufort
26			Tyrrell
27			Hyde
28			Washington
29	3A	5	Pitt
30	3B	5	Craven
31			Pamlico
32			Carteret
33	4	8	Sampson
34			Duplin
35			Jones
36			Onslow
37	5	7	New Hanover
38			Pender
39	6A	2	Halifax
40	6B	3	Northampton
41			Bertie
42			Hertford
43	7	7	Nash
44			Edgecombe
45			Wilson
46	8	6	Wayne
47			Greene
48			Lenoir
49	9	4	Granville
50			(part of Vance
51			see subsection (b))
52			Franklin
53	9A	2	Person

1			Caswell
2	9B	2	Warren
3			(part of Vance
4			see subsection (b))
5	10	14 <u>15</u>	Wake
6	11	8	Harnett
7			Johnston
8			Lee
9	12	9	Cumberland
10	13	6	Bladen
11			Brunswick
12			Columbus
13	14	6	Durham
14	15A	4	Alamance
15	15B	4	Orange
16			Chatham
17	16A	3	Scotland
18			Hoke
19	16B	5	Robeson
20	17A	3	Rockingham
21	17B	3	Stokes
22			Surry
23	18	12	Guilford
24	19A	4	Cabarrus
25	19B	6	Montgomery
26			Moore
27			Randolph
28	19C	4	Rowan
29	20	7	Stanly
30			Union
31			Anson
32			Richmond
33	21	8	Forsyth
34	22	9	Alexander
35			Davidson
36			Davie
37			Iredell
38	23	4	Alleghany
39			Ashe
40			Wilkes
41			Yadkin
42	24	4	Avery
43			Madison
44			Mitchell
45			Watauga
46			Yancey
47	25	8	Burke
48			Caldwell
49			Catawba
50	26	17	Mecklenburg
51	27A	6	Gaston
52	27B	4	Cleveland
53			Lincoln

1	28	6	Buncombe
2	29	6	Henderson
3			McDowell
4			Polk
5			Rutherford
6			Transylvania
7	30	5	Cherokee
8			Clay
9			Graham
10			Haywood
11			Jackson
12			Macon
13			Swain."

14 **SECTION 22.17.(b)** The Governor shall appoint the additional district court
15 judge for District Court District 10 authorized by subsection (a) of this section. The
16 judge's successor shall be elected in the 2004 election for a four-year term commencing
17 on the first Monday in December 2004.

18 **SECTION 22.17.(c)** This section becomes effective December 1, 2001.

19
20 **PART XXIII. DEPARTMENT OF JUSTICE**

21
22 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
23 Thompson

24 **USE OF SEIZED AND FORFEITED PROPERTY TRANSFERRED TO STATE**
25 **LAW ENFORCEMENT AGENCIES BY THE FEDERAL GOVERNMENT**

26 **SECTION 23.1.(a)** Assets transferred to the Department of Justice during
27 the 2001-2003 biennium pursuant to 19 U.S.C. § 1616a shall be credited to the budget
28 of the Department and shall result in an increase of law enforcement resources for the
29 Department. Assets transferred to the Department of Crime Control and Public Safety
30 during the 2001-2003 biennium pursuant to 19 U.S.C. § 1616a shall be credited to the
31 budget of the Department and shall result in an increase of law enforcement resources
32 for the Department. The Departments of Justice, Correction, and Crime Control and
33 Public Safety shall report to the Joint Legislative Commission on Governmental
34 Operations upon receipt of the assets and, before using the assets, shall report on the
35 intended use of the assets and the departmental priorities on which the assets may be
36 expended.

37 **SECTION 23.1.(b)** The General Assembly finds that the use of assets
38 transferred pursuant to 19 U.S.C. § 1616a for new personnel positions, new projects, the
39 acquisition of real property, repair of buildings where the repair includes structural
40 change, and construction of or additions to buildings may result in additional expenses
41 for the State in future fiscal periods. Therefore, the Department of Justice, the
42 Department of Correction, and the Department of Crime Control and Public Safety are
43 prohibited from using these assets for such purposes without the prior approval of the
44 General Assembly.

45 **SECTION 23.1.(c)** Nothing in this section prohibits North Carolina law
46 enforcement agencies from receiving funds from the United States Department of
47 Justice pursuant to 19 U.S.C. § 1616a.

48
49 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
50 Thompson

51 **PRIVATE PROTECTIVE SERVICES AND ALARM SYSTEMS LICENSING**
52 **BOARDS PAY FOR USE OF STATE FACILITIES AND SERVICES**

1 **SECTION 23.2.** The Private Protective Services and Alarm Systems
2 Licensing Boards shall pay the appropriate State agency for the use of physical facilities
3 and services provided to those boards by the State.

4
5 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
6 Thompson

7 **CERTAIN LITIGATION EXPENSES TO BE PAID BY CLIENTS**

8 **SECTION 23.3.** Client departments, agencies, and boards shall reimburse
9 the Department of Justice for reasonable court fees, attorney travel and subsistence
10 costs, and other costs directly related to litigation in which the Department of Justice is
11 representing the department, agency, or board.

12
13 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
14 Thompson

15 **REIMBURSEMENT FOR UNC BOARD OF GOVERNORS LEGAL**
16 **REPRESENTATION**

17 **SECTION 23.4.** The Department of Justice shall be reimbursed by the
18 Board of Governors of The University of North Carolina for two Attorney III positions
19 to provide legal representation to The University of North Carolina System.

20
21 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
22 Thompson

23 **REPORT ON CRIMINAL RECORDS CHECKS CONDUCTED FOR**
24 **CONCEALED HANDGUN PERMITS/STUDY FEE ADJUSTMENT FOR**
25 **CRIMINAL RECORDS CHECKS**

26 **SECTION 23.5.(a)** The Department of Justice shall report by January 15
27 each year to the Joint Legislative Commission on Governmental Operations, the Chairs
28 of the Senate and House Appropriations Committees, and the Chairs of the Senate and
29 House Appropriations Subcommittees on Justice and Public Safety on the receipts, costs
30 for, and number of criminal records checks performed in connection with applications
31 for concealed weapons permits. The report by the Department of Justice shall also
32 include information on the number of applications received and approved for firearms
33 safety courses.

34 **SECTION 23.5.(b)** The Office of State Budget and Management, in
35 consultation with the Department of Justice, shall study the feasibility of adjusting the
36 fees charged for criminal records checks conducted by the Division of Criminal
37 Information of the Department of Justice as a result of the increase in receipts from
38 criminal records checks. The study shall include an assessment of the Division's
39 operational, personnel, and overhead costs related to providing criminal records checks
40 and how those costs have changed since the 1998-99 fiscal year. The Office of State
41 Budget and Management shall report its findings and recommendations to the Chairs of
42 the Senate and House of Representatives Appropriations Committees, the Chairs of the
43 Senate and House of Representatives Appropriations Subcommittees on Justice and
44 Public Safety, and the Fiscal Research Division of the General Assembly on or before
45 March 1, 2002.

46
47 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
48 Thompson

49 **CRIMINAL JUSTICE INFORMATION NETWORK REPORT/ADD**
50 **REPRESENTATIVE FROM THE DEPARTMENT OF JUVENILE JUSTICE**
51 **AND DELINQUENCY PREVENTION TO THE BOARD**

52 **SECTION 23.6.(a)** The Criminal Justice Information Network Governing
53 Board established pursuant to G.S. 143-661 shall report by April 1, 2002, to the Chairs

1 of the Senate and House of Representatives Appropriations Committees, the Chairs of
2 the Senate and House of Representatives Appropriations Subcommittees on Justice and
3 Public Safety, and the Fiscal Research Division of the General Assembly on:

- 4 (1) The operating budget of the Board, the expenditures of the Board as of
5 the date of the report, and the amount of funds in reserve for the
6 operation of the Board; and
- 7 (2) A long-term strategic plan and cost analysis for statewide
8 implementation of the Criminal Justice Information Network. For each
9 component of the Network, the initial cost estimate of the component,
10 the amount of funds spent to date on the component, the source of
11 funds for expenditures to date, and a timetable for completion of that
12 component, including additional resources needed at each point.

13 **SECTION 23.6.(b)** G.S. 143-661(b) reads as rewritten:

14 "(b) The Board shall consist of ~~19~~²⁰ members, appointed as follows:

- 15 (1) ~~Three~~^{Four} members appointed by the Governor, including one
16 member who is a director or employee of a State correction agency for
17 a term to begin September 1, 1996 and to expire on June 30, 1997, one
18 member who is an employee of the North Carolina Department of
19 Crime Control and Public Safety for a term beginning September 1,
20 1996 and to expire on June 30, 1997, ~~and one member selected from~~
21 ~~the North Carolina Association of Chiefs of Police for a term to begin~~
22 ~~September 1, 1996 and to expire on June 30, 1999.~~ June 30, 1999, and
23 one member who is an employee of the Department of Juvenile Justice
24 and Delinquency Prevention.
- 25 (2) Six members appointed by the General Assembly in accordance with
26 G.S. 120-121, as follows:
 - 27 a. Three members recommended by the President Pro Tempore of
28 the Senate, including two members of the general public for
29 terms to begin on September 1, 1996, and to expire on June 30,
30 1997, and one member selected from the North Carolina
31 League of Municipalities who is a member of, or an employee
32 working directly for, the governing board of a North Carolina
33 municipality for a term to begin on September 1, 1996 and to
34 expire on June 30, 1999; and
 - 35 b. Three members recommended by the Speaker of the House of
36 Representatives, including two members of the general public
37 for terms to begin on September 1, 1996, and to expire on June
38 30, 1999, and one member selected from the North Carolina
39 Association of County Commissioners who is a member of, or
40 an employee working directly for, the governing board of a
41 North Carolina county for a term to begin on September 1,
42 1996, and to expire on June 30, 1997.
- 43 (3) Two members appointed by the Attorney General, including one
44 member who is an employee of the Attorney General for a term to
45 begin on September 1, 1996, and to expire on June 30, 1997, and one
46 member from the North Carolina Sheriffs' Association for a term to
47 begin on September 1, 1996, and to expire on June 30, 1999.
- 48 (4) Six members appointed by the Chief Justice of the North Carolina
49 Supreme Court, as follows:
 - 50 a. The Director of the Administrative Office of the Courts, or an
51 employee of the Administrative Office of the Courts, for a term
52 beginning July 1, 1997, and expiring June 30, 2001.

- 1 b. One member who is a district attorney or an assistant district
2 attorney upon the recommendation of the Conference of District
3 Attorneys of North Carolina, for a term beginning July 1, 1998,
4 and expiring June 30, 1999.
- 5 c. Two members who are superior court or district court judges for
6 terms beginning July 1, 1998, and expiring June 30, 2001.
- 7 d. One member who is a magistrate upon the recommendation of
8 the North Carolina Magistrates' Association, for a term
9 beginning July 1, 1998, and expiring June 30, 1999.
- 10 e. One member who is a clerk of superior court upon the
11 recommendation of the North Carolina Association of Clerks of
12 Superior Court, for a term beginning July 1, 1998, and expiring
13 June 30, 1999.
- 14 (5) One member appointed by the Chair of the Information Resource
15 Management Commission, who is the Chair or a member of that
16 Commission, for a term to begin on September 1, 1996, and to expire
17 on June 30, 1999.
- 18 (6) One member appointed by the President of the North Carolina Chapter
19 of the Association of Public Communications Officials International,
20 who is an active member of the Association, for a term to begin on
21 September 1, 1996, and to expire on June 30, 1999.

22 The respective appointing authorities are encouraged to appoint persons having a
23 background in and familiarity with criminal information systems and networks
24 generally and with the criminal information needs and capacities of the constituency
25 from which the member is appointed.

26 As the initial terms expire, subsequent members of the Board shall be appointed to
27 serve four-year terms. At the end of a term, a member shall continue to serve on the
28 Board until a successor is appointed. A member who is appointed after a term is begun
29 serves only for the remainder of the term and until a successor is appointed. Any
30 vacancy in the membership of the Board shall be filled by the same appointing authority
31 that made the appointment, except that vacancies among members appointed by the
32 General Assembly shall be filled in accordance with G.S. 120-122."

34 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
35 Thompson

36 **DRUG EDUCATION PROGRAM TRAINING/REVIEW**

37 **SECTION 23.9.(a)** The State Bureau of Investigation shall collaborate with
38 the Criminal Justice Standards Division of the Department of Justice in administering of
39 the Drug Abuse Resistance Education (DARE) program.

40 **SECTION 23.9.(b)** The Juvenile Justice Institute at North Carolina Central
41 University shall review DARE and other drug education efforts in North Carolina to
42 identify an effective model for drug education. The Juvenile Justice Institute shall
43 report the results of its review to the Joint Legislative Education Oversight Committee,
44 the Justice and Public Safety Subcommittee of the Joint Legislative Commission on
45 Governmental Operations, and the Fiscal Research Division by April 1, 2002.

47 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
48 Thompson

49 **ABOLISH OFFICE OF INSPECTOR GENERAL**

50 **SECTION 23.10.** Effective January 1, 2002, Article 6 of Chapter 114 of the
51 General Statutes, G.S. 114-40 through G.S. 114-42, is repealed.

52

1 **PART XXIV. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY**
2 **PREVENTION**
3

4 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
5 Thompson

6 **S.O.S. ADMINISTRATIVE COST LIMITS AND REPEAL CONFERENCE**
7 **REQUIREMENT**

8 **SECTION 24.1.(a)** Of the funds appropriated to the Department of Juvenile
9 Justice and Delinquency Prevention in this act, not more than five hundred fifty
10 thousand dollars (\$550,000) for the 2001-2002 fiscal year and not more than five
11 hundred fifty thousand dollars (\$550,000) for the 2002-2003 fiscal year may be used to
12 administer the S.O.S. Program, to provide technical assistance to applicants and to local
13 S.O.S. programs, and to evaluate the local S.O.S. programs. The Department may
14 contract with appropriate public or nonprofit agencies to provide the technical
15 assistance, including training and related services.

16 **SECTION 24.1.(b)** G.S. 143B-152.3(1) is repealed.
17

18 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
19 Thompson

20 **JUVENILE CRIME PREVENTION COUNCIL GRANT REPORTING,**
21 **CERTIFICATION, AND FUNDING OF RESEARCH-BASED PROGRAMS**

22 **SECTION 24.2.(a)** On or before May 1 each year, the Department of
23 Juvenile Justice and Delinquency Prevention shall submit to the Joint Legislative
24 Commission on Governmental Operations and the Appropriations Committees of the
25 Senate and House of Representatives a list of the recipients of the grants awarded, or
26 preapproved for award, from funds appropriated to the Department for local Juvenile
27 Crime Prevention Council grants. The list shall include for each recipient the amount of
28 the grant awarded, the membership of the local committee or council administering the
29 award funds on the local level, and a short description of the local services, programs, or
30 projects that will receive funds. The list shall also identify any programs that received
31 grant funds at one time but for which funding has been eliminated by the Department of
32 Juvenile Justice and Delinquency Prevention. A written copy of the list and other
33 information regarding the projects shall also be sent to the Fiscal Research Division of
34 the General Assembly.

35 **SECTION 24.2.(b)** Each county in which local programs receive Juvenile
36 Crime Prevention Council grant funds from the Department of Juvenile Justice and
37 Delinquency Prevention shall certify annually through its local council to the
38 Department that funds received are not used to duplicate or supplant other programs
39 within the county.

40 **SECTION 24.2.(c)** The General Assembly recognizes the importance of
41 evaluation and outcome measurements of the programs serving adjudicated juvenile
42 offenders in order to ensure the cost-effective use of Juvenile Crime Prevention Council
43 grant funds. The Department of Juvenile Justice and Delinquency Prevention shall
44 establish and implement a system to collect and report on information and data
45 regarding the expenditures and impact of the Juvenile Crime Prevention Council
46 formula grant funds used by the individual counties to serve juveniles who have been
47 adjudicated delinquent or who have been diverted for delinquent offenses.

48 The Department of Juvenile Justice and Delinquency Prevention, in
49 consultation with the North Carolina Sentencing Commission, the Governor's Crime
50 Commission, and the Juvenile Justice Institute, shall develop standards for measuring
51 the effectiveness of programs that receive Juvenile Crime Prevention Council grant
52 funds and that serve juveniles who have been adjudicated delinquent or who have been

1 diverted for delinquent offenses. The standards shall include methods for measuring
2 success factors following intervention, including those factors that:

- 3 (1) Reduce the use of alcohol or controlled substances.
- 4 (2) Reduce subsequent complaints.
- 5 (3) Reduce violations of terms of community supervision.
- 6 (4) Reduce convictions for subsequent offenses.
- 7 (5) Fulfill restitution to victims.
- 8 (6) Increase parental accountability.

9 The Department of Juvenile Justice and Delinquency Prevention shall report
10 to the Chairs of the Appropriations Committees of the Senate and House of
11 Representatives, the Chairs of the Joint Legislative Corrections, Crime Control, and
12 Juvenile Justice Oversight Committee, and the Fiscal Research Division no later than
13 April 1, 2002, on the progress of the establishment of the system mandated by this
14 section. The system shall be implemented no later than June 30, 2003.

15 After June 30, 2003, on or before April 1 each year, the Department of
16 Juvenile Justice and Delinquency Prevention shall report to the Chairs of the
17 Appropriations Committees of the Senate and House of Representatives and the Chairs
18 of the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight
19 Committee on the following:

- 20 (1) The number of diverted and adjudicated juveniles served.
- 21 (2) The specific methods used by the Juvenile Crime Prevention Councils
22 to determine services, programs, and intervention strategies most
23 likely to change behaviors of juvenile offenders.
- 24 (3) The total cost for each funded program, including the cost per juvenile
25 and the essential elements of the program.
- 26 (4) An assessment of the extent to which programs funded by Juvenile
27 Crime Prevention Council grants:
 - 28 a. Are compatible with research that shows prevention and early
29 intervention strategies that are effective with juvenile offenders.
 - 30 b. Are outcome-based in that the grantee describes what outcomes
31 will be achieved or what outcomes have already been achieved.
 - 32 c. Include an evaluation component.
 - 33 d. Have a demonstrable impact on success factors.

34
35 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
36 Thompson

37 **REPORTS ON CERTAIN PROGRAMS**

38 **SECTION 24.3.(a)** Project Challenge North Carolina, Inc., shall report to
39 the Chairs of the Senate and House of Representatives Appropriations Subcommittees
40 on Justice and Public Safety by April 1 each year on the operation and the effectiveness
41 of its program in providing alternative dispositions and services to juveniles who have
42 been adjudicated delinquent or undisciplined. The report shall include information on
43 the source of referrals for juveniles, the types of offenses committed by juveniles
44 participating in the program, the amount of time those juveniles spend in the program,
45 the number of juveniles who successfully complete the program, and the number of
46 juveniles who commit additional offenses after completing the program.

47 **SECTION 24.3.(b)** The Department of Juvenile Justice and Delinquency
48 Prevention shall report to the Chairs of the Senate and House of Representatives
49 Appropriations Subcommittees on Justice and Public Safety on the effectiveness of the
50 Juvenile Assessment Center by April 1 each year. The report on the Juvenile
51 Assessment Center shall include information on the number of juveniles served and an
52 evaluation of the effectiveness of juvenile assessment plans and services provided as a
53 result of these plans.

1 **SECTION 24.3.(c)** Communities in Schools shall report to the Chairs of the
2 Senate and House of Representatives Appropriations Subcommittees on Justice and
3 Public Safety, the Joint Legislative Commission on Governmental Operations, the Joint
4 Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee, and
5 the Joint Legislative Education Oversight Committee by April 1 each year on the
6 operation and the effectiveness of its program. The report shall include information on
7 the number of children served, the number of volunteers used, the impact on the
8 children who have received services from Communities in Schools, and the operating
9 budget of Communities in Schools.

10
11 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
12 Thompson

13 **STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS**

14 **SECTION 24.4.** Funds appropriated in this act to the Department of Juvenile
15 Justice and Delinquency Prevention for the 2001-2002 fiscal year may be used as
16 matching funds for the Juvenile Accountability Incentive Block Grants. If North
17 Carolina receives Juvenile Accountability Incentive Block Grants, or a notice of funds
18 to be awarded, the Office of State Budget and Management and the Governor's Crime
19 Commission shall consult with the Department of Juvenile Justice and Delinquency
20 Prevention regarding the criteria for awarding federal funds. The Office of State Budget
21 and Management, the Governor's Crime Commission, and the Department of Juvenile
22 Justice and Delinquency Prevention shall report to the Appropriations Committees of
23 the Senate and House of Representatives and the Joint Legislative Commission on
24 Governmental Operations prior to allocation of the federal funds. The report shall
25 identify the amount of funds to be received for the 2001-2002 fiscal year, the amount of
26 funds anticipated for the 2002-2003 fiscal year, and the allocation of funds by program
27 and purpose.

28
29 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
30 Thompson

31 **ANNUAL EVALUATION OF COMMUNITY PROGRAMS**

32 **SECTION 24.5.** The Department of Juvenile Justice and Delinquency
33 Prevention shall conduct an evaluation of the Eckerd and Camp Woodson wilderness
34 camp programs, the teen court programs, the program that grants funds to the local
35 organizations of the Boys and Girls Clubs established pursuant to Section 21.10 of S.L.
36 1999-237, the Save Our Students program, the Governor's One-on-One Programs, and
37 multipurpose group homes. The teen court report shall include statistical information
38 on the number of juveniles served, the number and type of offenses considered by teen
39 courts, referral sources for teen courts, and the number of juveniles that become
40 court-involved after participation in teen courts. The report on the Boys and Girls Clubs
41 program shall include information on:

- 42 (1) The expenditure of State appropriations on the program;
- 43 (2) The operations and the effectiveness of the program; and
- 44 (3) The number of juveniles served under the program.

45 In conducting the evaluation of each of these programs, the Department shall
46 consider whether participation in each program results in a reduction of court
47 involvement among juveniles. The Department shall also identify whether the programs
48 are achieving the goals and objectives of the Juvenile Justice Act, S.L. 1998-202. The
49 Department shall report the results of the evaluation to the Chairs of the House of
50 Representatives and Senate Appropriations Committees and the Chairs of the
51 Subcommittees of Justice and Public Safety of the House of Representatives and Senate
52 Appropriations Committees by March 1 of each year.

53

1 Requested by: Representatives Culpepper, Haire , Easterling, Oldham, Redwine,
2 Thompson

3 **CONTINUE CUMBERLAND JUVENILE ASSESSMENT CENTER**

4 **SECTION 24.7.(a)** Section 18.21(b) of S.L. 1997-443, as amended by
5 Section 16.6 of S.L. 1998-212, reads as rewritten:

6 "(b) The Administrative Office of the Courts, in collaboration with the Chief
7 Court Counselor of District Court District 12, the Cumberland County Department of
8 Social Services, and the appropriate local school administrative units, shall develop and
9 implement a Juvenile Assessment Center Project in District Court District 12 to operate
10 from the effective date of this ~~act to June 30, 1999.~~ act. The purpose of the Project is to
11 facilitate efficient prevention and intervention service delivery to juveniles who are (i)
12 alleged to be delinquent or undisciplined and have been taken into custody or (ii) at risk
13 of becoming delinquent or undisciplined because they have behavioral problems and
14 have committed delinquent acts even though they have not been taken into custody. The
15 Project shall assist these juveniles by providing a centralized point of intake and
16 assessment for the juveniles, by addressing the educational, emotional, and physical
17 needs of the juveniles, and by providing juveniles with an atmosphere for learning
18 personal responsibility, self-respect, and respect for others. The Administrative Office
19 of the Courts shall consider the recommendations of the Juvenile Assessment Advisory
20 Board in developing and implementing the Project."

21 **SECTION 24.7.(b)** Section 18.21(d) of S.L. 1997-443, as amended by
22 Section 16.6 of S.L. 1998-212, reads as rewritten:

23 "(d) There is established the Juvenile Assessment Advisory Board to make
24 recommendations to the Administrative Office of the Courts regarding the development
25 and operations of the Project. The Board shall consist of 13 members, including:

- 26 (1) The director of the Department of Social Services of Cumberland
27 County, or the director's designee.
- 28 (2) A representative from the local mental health area authority of
29 Cumberland County.
- 30 (3) A member of the Cumberland County Board of Education.
- 31 (4) The sheriff of Cumberland County, or the sheriff's designee.
- 32 (5) The chief of police of the Fayetteville Police Department, or the
33 designee of the chief of police.
- 34 (6) A judge of District Court District 12.
- 35 (7) A juvenile court counselor from District Court District 12.
- 36 (8) The director of the Guardian Ad Litem program in Cumberland
37 County, or the director's designee.
- 38 (9) The director of the Health Department of Cumberland County, or the
39 director's designee.
- 40 (10) Two public members appointed by the Fayetteville City Council.
- 41 (11) Two public members appointed by the Board of County
42 Commissioners of Cumberland County.

43 The members of the Board shall, within 30 days after the initial appointment is
44 made, meet and elect one member as chair. The Board shall meet at least once a month
45 at the call of the ~~chair, and a quorum of the Board shall consist of a majority of its~~
46 ~~members.~~ chair. The Board of County Commissioners of Cumberland County shall
47 provide necessary clerical and professional assistance to the Board.

48 ~~Initial appointments shall be made by October 1, 1997, and all terms shall expire~~
49 ~~June 30, 1999."~~

50 **SECTION 24.7.(c)** The Juvenile Assessment Center Project shall continue
51 to do all of the following:

- 1 (1) Identify those juveniles who are alleged to be delinquent or
2 undisciplined or who are at risk of becoming delinquent or
3 undisciplined.
- 4 (2) Evaluate the educational, emotional, and physical needs of the
5 juveniles identified and determine whether the juveniles have
6 problems related to substance abuse, depression, or other emotional
7 conditions.
- 8 (3) Develop a collaborative interagency information network that will
9 speed appropriate law enforcement, juvenile court, and relevant
10 intervention responses for referred youth and their families.
- 11 (4) Develop in-depth and comprehensive assessment plans for the
12 juveniles identified that recommend appropriate treatment, counseling,
13 and disposition of the juveniles.
- 14 (5) Provide services to juveniles identified and their families through
15 collaboration with public and private resources, including local law
16 enforcement, parents' organizations, the faith community, and county
17 and community programs and organizations that provide substance
18 abuse treatment and child and family counseling.
- 19 (6) Maintain individual case files and keep statistical information used to
20 document services delivered and evaluate the progress of the program.

21 **SECTION 24.7.(d)** The Department of Juvenile Justice and Delinquency
22 Prevention shall evaluate the Project and report to the Joint Legislative Commission on
23 Governmental Operations and the Fiscal Research Division of the General Assembly by
24 October 1, 2002, on the operations of the Project. The report shall include
25 recommendations on whether the Project should be continued and, if so, the extent to
26 which it should be continued, why it should be continued, and the costs associated with
27 continuing the Project. If the Department recommends the Project should not be
28 continued, it shall provide the reasons for that recommendation.

29 **SECTION 24.7.(e)** Subsections (a), (b), and (e) of this section become
30 effective June 29, 1999. The remainder of this section becomes effective July 1, 2001.

31
32 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
33 Thompson

34 **TEEN COURT GUIDELINES CODIFIED**

35 **SECTION 24.8.** Article 12 of Chapter 143B of the General Statutes is
36 amended by adding a new section to read:

37 **"§ 143B-520. Teen court programs.**

38 (a) All teen court programs administered by the Department of Juvenile Justice
39 and Delinquency Prevention shall operate as community resources for the diversion of
40 juveniles pursuant to G.S. 7B-1706(c). A juvenile diverted to a teen court program shall
41 be tried by a jury of other juveniles, and, if the jury finds the juvenile has committed the
42 delinquent act, the jury may assign the juvenile to a rehabilitative measure or sanction,
43 including counseling, restitution, curfews, and community service.

44 Teen court programs may also operate as resources to the local school administrative
45 units to handle problems that develop at school but that have not been turned over to the
46 juvenile authorities.

47 (b) Teen court programs shall provide the Department of Juvenile Justice and
48 Delinquency Prevention with annual reports on the expenditure of funds of each year
49 and other relevant statistical data."

50
51 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
52 Thompson

53 **YOUTH DEVELOPMENT CENTER PLANS**

SECTION 24.9. Prior to closing any Youth Development Center or permanently closing individual housing units at any Center, the Department of Juvenile Justice and Delinquency Prevention shall develop a long-range plan for the operation of Youth Development Centers. The plan shall be presented to the Chairs of the Appropriations Subcommittees on Justice and Public Safety of the Senate and House of Representatives and the Chairs of the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee no later than March 1, 2002. The plan shall include:

- (1) Information and data on the current operations of the Centers.
- (2) Proposed or anticipated changes systemwide and at each Center in:
 - a. Characteristics of the juvenile offender population.
 - b. Education and other treatment programs.
 - c. Custody and security.
 - d. Staffing and management.
- (3) Any long-range capital plans for the construction of new or replacement Centers, including the estimated cost and information on the type of housing proposed, whether dormitory, group rooms, or individual rooms.
- (4) Any plans for the closing, renovation, expansion, or demolition of housing units at the current Centers as well as any proposed new housing units at these Centers.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

TRANSFER FUNDS AND POSITIONS TO THE DEPARTMENT OF HEALTH AND HUMAN SERVICES

SECTION 24.10.(a) Of the funds appropriated in this act to the Department of Juvenile Justice and Delinquency Prevention for the 2001-2003 biennium, the sum of two hundred forty-eight thousand four hundred thirty-five dollars (\$248,435) is transferred to the Department of Health and Human Services. Six police officer positions are transferred from the Department of Juvenile Justice and Delinquency Prevention to the Department of Health and Human Services. The funds and positions transferred pursuant to this section shall be used to provide security at the Black Mountain Center and at the Julian F. Keith Alcohol and Drug Abuse Treatment Center.

SECTION 24.10.(b) Section 37 of Chapter 24 of the Session Laws, 1994 Extra Session, is repealed.

PART XXV. DEPARTMENT OF CORRECTION

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine
EARNED TIME CREDIT FOR MEDICALLY AND PHYSICALLY UNFIT INMATES

SECTION 25.1.(a) G.S. 15A-1355 is amended by adding a new subsection to read:

"(d) Earned Time Credit for Medically and Physically Unfit Inmates. – Inmates in the custody of the Department of Correction who suffer from medical conditions or physical disabilities that prevent their assignment to work release or other rehabilitative activities may, consistent with rules of the Department of Correction, earn credit based upon good behavior or other criteria determined by the Department that may be used to reduce their maximum term of imprisonment as provided in G.S. 15A-1340.13(d) for felony sentences and in G.S. 15A-1340.20(d) for misdemeanor sentences."

SECTION 25.1.(b) This section is effective when it becomes law and applies to inmates serving sentences on or after that date.

1
2 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
3 Thompson

4 **FEDERAL GRANT REPORTING**

5 **SECTION 25.2.** The Department of Correction, the Department of Justice,
6 the Department of Crime Control and Public Safety, the Judicial Department, and the
7 Department of Juvenile Justice and Delinquency Prevention shall report by May 1 of
8 each year to the Joint Legislative Commission on Governmental Operations, the Chairs
9 of the Senate and House of Representatives Appropriations Committees, and the Chairs
10 of the Senate and House of Representatives Appropriations Subcommittees on Justice
11 and Public Safety on federal grant funds received or preapproved for receipt by those
12 departments. The report shall include information on the amount of grant funds
13 received or preapproved for receipt by each department, the use of the funds, the State
14 match expended to receive the funds, and the period to be covered by each grant. If the
15 department intends to continue the program beyond the end of the grant period, the
16 department shall report on the proposed method for continuing the funding of the
17 program at the end of the grant period. Each department shall also report on any
18 information it may have indicating that the State will be requested to provide future
19 funding for a program presently supported by a local grant.

20
21 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
22 Thompson

23 **LIMIT USE OF OPERATIONAL FUNDS**

24 **SECTION 25.3.** Funds appropriated in this act to the Department of
25 Correction for operational costs for additional facilities shall be used for personnel and
26 operating expenses set forth in the budget approved by the General Assembly in this act.
27 These funds shall not be expended for any other purpose, except as provided for in this
28 act, and shall not be expended for additional prison personnel positions until the new
29 facilities are within 120 days of projected completion, except for certain management,
30 security, and support positions necessary to prepare the facility for opening, as
31 authorized in the budget approved by the General Assembly.

32
33 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
34 Thompson

35 **REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY
36 MEDICAL COSTS FOR INMATES, PAROLEES, AND POST-RELEASE
37 SUPERVISEES AWAITING TRANSFER TO STATE PRISON SYSTEM**

38 **SECTION 25.4.** The Department of Correction may use funds appropriated
39 to the Department for the 2001-2002 fiscal year to pay the sum of forty dollars (\$40.00)
40 per day as reimbursement to counties for the cost of housing convicted inmates,
41 parolees, and post-release supervisees awaiting transfer to the State prison system, as
42 provided in G.S. 148-29. The Department shall report by December 1 and May 1 of
43 each year to the Joint Legislative Commission on Governmental Operations, the Joint
44 Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee, the
45 Chairs of the Senate and House of Representatives Appropriations Committees, and the
46 Chairs of the Senate and House of Representatives Appropriations Subcommittees on
47 Justice and Public Safety on the expenditure of funds to reimburse counties for
48 prisoners awaiting transfer and on its progress in reducing the jail backlog.

49
50 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
51 Thompson

52 **USE OF CLOSED PRISON FACILITIES**

1 **SECTION 25.5.** In conjunction with the closing of prison facilities,
2 including small expensive prison units recommended for consolidation by the
3 Government Performance Audit Committee, the Department of Correction shall consult
4 with the county or municipality in which the unit is located, with the elected State and
5 local officials, and with State agencies about the possibility of converting that unit to
6 other use. The Department may also consult with any private for-profit or nonprofit firm
7 about the possibility of converting the unit to other use. In developing a proposal for
8 future use of each unit, the Department shall give priority to converting the unit to other
9 criminal justice use. Consistent with existing law and the future needs of the
10 Department of Correction, the State may provide for the transfer or the lease of any of
11 these units to counties, municipalities, State agencies, or private firms wishing to
12 convert them to other use. The Department of Correction may also consider converting
13 some of the units recommended for closing from medium security to minimum security,
14 where that conversion would be cost-effective. A prison unit under lease to a county
15 pursuant to the provisions of this section for use as a jail is exempt for the period of the
16 lease from any of the minimum standards adopted by the Secretary of Health and
17 Human Services pursuant to G.S. 153A-221 for the housing of adult prisoners that
18 would subject the unit to greater standards than those required of a unit of the State
19 prison system.

20 Prior to any transfer or lease of these units, the Department of Correction
21 shall report on the terms of the proposed transfer or lease to the Joint Legislative
22 Commission on Governmental Operations and the Joint Legislative Corrections, Crime
23 Control, and Juvenile Justice Oversight Committee. The Department of Correction shall
24 also provide annual summary reports to the Joint Legislative Commission on
25 Governmental Operations and the Joint Legislative Corrections, Crime Control, and
26 Juvenile Justice Oversight Committee on the conversion of these units to other use and
27 on all leases or transfers entered into pursuant to this section.

28
29 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
30 Thompson

31 **INMATE COSTS/MEDICAL BUDGET FOR PRESCRIPTION DRUGS**

32 **SECTION 25.6.(a)** If the cost of providing food and health care to inmates
33 housed in the Division of Prisons is anticipated to exceed the continuation budget
34 amounts provided for that purpose in this act, the Department of Correction shall report
35 the reasons for the anticipated cost increase and the source of funds the Department
36 intends to use to cover those additional needs to the Joint Legislative Commission on
37 Governmental Operations, the Chairs of the House of Representatives and Senate
38 Appropriations Committees, and the Chairs of the House of Representatives and Senate
39 Appropriations Subcommittees on Justice and Public Safety.

40 **SECTION 25.6.(b)** Notwithstanding the provisions of G.S. 143-23(a2), the
41 Department of Correction may use funds available during the 2001-2002 fiscal year for
42 the purchase of prescription drugs for inmates if expenditures are projected to exceed
43 the Department's inmate medical continuation budget for prescription drugs. The
44 Department shall consult with the Joint Legislative Commission on Governmental
45 Operations prior to exceeding the continuation budget amount.

46 The Department of Administration, Purchase and Contract Division, and the
47 Department of Correction shall review the current statewide contract for purchase of
48 prescription drugs as it applies to the Department of Correction's purchases for inmates
49 to determine if the Department is receiving the lowest rate available and to determine
50 whether the Department should be authorized to issue a request for proposals for a
51 separate vendor or purchasing consortium for the provision of prescription drugs for
52 inmates. The Departments shall report on their findings to the Joint Legislative
53 Commission on Governmental Operations by February 1, 2002.

1
2 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
3 Thompson

4 **FEDERAL GRANT MATCHING FUNDS**

5 **SECTION 25.7.** Notwithstanding the provisions of G.S. 148-2, the
6 Department of Correction may use up to the sum of nine hundred thousand dollars
7 (\$900,000) from funds available to the Department to provide the State match needed in
8 order to receive federal grant funds. Prior to using funds for this purpose, the
9 Department shall report to the Chairs of the Senate and House of Representatives
10 Appropriations Subcommittees on Justice and Public Safety and the Joint Legislative
11 Commission on Governmental Operations on the grants to be matched using these
12 funds.

13
14 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
15 Thompson

16 **STRUCTURED SENTENCING STUDY**

17 **SECTION 25.8.(a)** In exercising its statutory responsibility under Article 4
18 of Chapter 164 of the General Statutes to monitor and review the criminal justice and
19 corrections system, the North Carolina Sentencing and Policy Advisory Commission
20 shall study and review the State's sentencing laws. Areas of review may include the
21 classification of offenses and offenders, the relationship of the sentence and the
22 sentence length to the offense, and the sentence dispositions available to judges. The
23 Commission shall also analyze the parole-eligible population in terms of offense
24 committed, sentence, and time served in comparison to structured sentencing inmates.
25 The Commission's recommendations should balance the need to ensure that sentencing
26 laws appropriately penalize offenders for the nature and degree of harm caused by the
27 offense with the need to consider the potential impact on correctional resources of the
28 growth in the prison population. These recommendations shall be consistent with the
29 purposes of sentencing as stated in G.S. 15A-1340.12.

30 **SECTION 25.8.(b)** The North Carolina Sentencing and Policy Advisory
31 Commission shall report its findings to the 2001 General Assembly no later than the
32 convening of the 2002 Regular Session of the 2001 General Assembly.

33
34 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
35 Thompson

36 **ENERGY FOR COMMITTED OFFENDERS/CONTRACT AND REPORT**

37 **SECTION 25.10.** The Department of Correction may continue to contract
38 with Energy for Committed Offenders, Inc., for the purchase of prison beds for
39 minimum security female inmates during the 2001-2003 biennium. Energy for
40 Committed Offenders, Inc., shall report by February 1 of each year to the Joint
41 Legislative Commission on Governmental Operations on the annual cost per inmate and
42 the average daily inmate population compared to bed capacity using the same
43 methodology as that used by the Department of Correction. Energy for Committed
44 Offenders, Inc., shall also provide information on the rearrest rate and the
45 return-to-prison rate for inmates participating in the program who are paroled or
46 released from prison.

47
48 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
49 Thompson

50 **MEDIUM CUSTODY ROAD CREW COMPENSATION**

51 **SECTION 25.11.(a)** Of funds appropriated to the Department of
52 Transportation by this act, the sum of ten million dollars (\$10,000,000) per year shall be
53 transferred by the Department to the Department of Correction during the 2001-2003

1 biennium for the actual costs of highway-related labor performed by medium-custody
2 prisoners, as authorized by G.S. 148-26.5. This transfer shall be made quarterly in the
3 amount of two million five hundred thousand dollars (\$2,500,000). The Department of
4 Transportation may use funds appropriated by this act to pay an additional amount
5 exceeding the ten million dollars (\$10,000,000), but those payments shall be subject to
6 negotiations among the Department of Transportation, the Department of Correction,
7 and the Office of State Budget and Management prior to payment by the Department of
8 Transportation.

9 **SECTION 25.11.(b)** The Department of Transportation shall transfer to the
10 Department of Correction the sum of one million eight hundred eleven thousand six
11 hundred twenty-eight dollars (\$1,811,628) between July 1 and August 31, 2001, in order
12 to fully comply with subsection (a) of Section 27.21 of S.L. 1999-237, which directed
13 the Department of Transportation to provide reimbursement during the 1999-2001
14 biennium for highway-related labor performed by medium-custody prisoners.

15 **SECTION 25.11.(c)** Subsection (b) of Section 27.21 of S.L. 1999-237 is
16 repealed.

17 **SECTION 25.11.(d)** The Department of Transportation and the Department
18 of Correction shall report to the Joint Legislative Corrections, Crime Control, and
19 Juvenile Justice Oversight Committee and the Joint Legislative Transportation
20 Oversight Committee by March 1, 2002, on road squad activity and the implementation
21 of the provisions of this section.

22
23 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
24 Thompson

25 **REDUCE SUMMIT HOUSE APPROPRIATION**

26 **SECTION 25.14.(a)** The General Fund appropriation to the Department of
27 Correction for Summit House, Inc., is reduced by the sum of one hundred thirty-nine
28 thousand six hundred fifty dollars (\$139,650) for each year of the 2001-2003 biennium.
29 This ten percent (10%) reduction in funding shall be accomplished by reducing
30 expenditures at the State office and not through reductions in funding to individual sites.

31 **SECTION 25.14.(b)** The Joint Legislative Corrections, Crime Control, and
32 Juvenile Justice Oversight Committee and the Fiscal Research Division shall review the
33 organizational structure and expenditures of Summit House, Inc., prior to the convening
34 of the 2002 Regular Session of the 2001 General Assembly to identify potential
35 modifications that would provide for more efficient operation of the program in future
36 fiscal years.

37
38 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
39 Thompson

40 **MODIFICATION OF FUNDING FORMULA FOR THE NORTH CAROLINA** 41 **STATE-COUNTY CRIMINAL JUSTICE PARTNERSHIP** 42 **FORMULA/UNEXPENDED BALANCE REVERSION**

43 **SECTION 25.16.(a)** G.S. 143B-273.15 reads as rewritten:

44 "§ 143B-273.15. **Funding formula.**

45 To determine the grant amount for which a county or counties may apply, the
46 granting authority shall apply the following formula:

47 (1) ~~Twenty percent (20%) of the total fiscal year appropriation plus any~~
48 ~~unspent or unclaimed funds in the Account shall be distributed in the~~
49 ~~discretion of the Secretary to encourage innovative efforts to develop~~
50 ~~multicounty projects; to encourage cooperation and collaboration~~
51 ~~among existing services and avoid duplication of efforts; to provide for~~
52 ~~technical assistance to the counties in the development of county plans~~
53 ~~and in the evaluation of programs funded under this Article; to~~

1 encourage the renovation of existing facilities; and to encourage
 2 innovative substance abuse programs.

3 (2) ~~Of the remaining eighty percent (80%) of the fiscal year appropriation,~~
 4 ~~a total funding amount will be set for each county based upon the~~
 5 ~~following variables:~~

6 a. (1) Twenty percent (20%) based on a fixed equal dollar amount for each
 7 county;

8 b. (2) Sixty percent (60%) based on the county share of the State population;
 9 and

10 e. (3) Twenty percent (20%) based on the supervised probation admissions
 11 rate for the county.

12 The sum of the amounts in ~~sub-subdivisions a., b., and c.~~ subdivisions (1), (2), and
 13 (3) is the total amount of the funding that a county may apply for under this subsection.

14 Grants to participating counties are for a period of one fiscal year with unobligated
 15 funds being returned to the Account at the end of the grant period. Funds are provided
 16 to participating counties on a reimbursement basis unless a county documents a need for
 17 an advance of grant funds."

18 **SECTION 25.16.(b)** Notwithstanding the provisions of G.S. 143B-273.5,
 19 the sum of one million dollars (\$1,000,000) of the unexpended cash balance of the
 20 State-County Criminal Justice Partnership Account shall revert to the General Fund on
 21 June 30, 2002, and the sum of one million dollars (\$1,000,000) of the unexpended cash
 22 balance of the State-County Criminal Justice Partnership Account shall revert to the
 23 General Fund on June 30, 2003.

24 **SECTION 25.16.(c)** The Department of Correction may not deny funds to a
 25 county to support both a residential program and a day reporting center if the
 26 Department of Correction determines that the county has a demonstrated need and a
 27 fully developed plan for each type of sanction.

28 **SECTION 25.16.(d)** The Department of Correction shall report by February
 29 1 of each year to the Chairs of the Senate and House of Representatives Appropriations
 30 Committees, the Senate and House of Representatives Appropriations Subcommittees
 31 on Justice and Public Safety, and the Joint Legislative Corrections, Crime Control, and
 32 Juvenile Justice Oversight Committee on the status of the Criminal Justice Partnership
 33 Program. The report shall include the following information:

34 (1) The amount of funds carried over from the prior fiscal year;

35 (2) The dollar amount and purpose of grants awarded to counties as
 36 discretionary grants for current fiscal year;

37 (3) Any counties the Department anticipates will submit requests for new
 38 implementation grants;

39 (4) An update on efforts to ensure that all counties make use of the
 40 electronic reporting system, including the number of counties
 41 submitting offender participation data via the system;

42 (5) An analysis of offender participation data received, including data on
 43 each program's utilization and capacity; and

44 (6) An analysis of comparable programs, prepared by the Research and
 45 Planning Division of the Department of Correction, and a summary of
 46 the reports prepared by county Criminal Justice Partnerships Advisory
 47 Boards.

48
 49 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
 50 Thompson

51 **POST-RELEASE SUPERVISION AND PAROLE COMMISSION /REPORT ON**
 52 **STAFFING REORGANIZATION AND REDUCTION**

1 **SECTION 25.17.** The Post-Release Supervision and Parole Commission
2 shall report by March 1 of each year to the Chairs of the Senate and House of
3 Representatives Appropriations Subcommittees on Justice and Public Safety on an
4 updated transition plan for implementing staff reductions through the 2002-2003 fiscal
5 year, including a minimum ten percent (10%) reduction in staff positions in the
6 2002-2003 fiscal year over the 2001-2002 fiscal year.

7
8 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
9 Thompson

10 **REPORTS ON NONPROFIT PROGRAMS**

11 **SECTION 25.18.(a)** Funds appropriated in this act to the Department of
12 Correction to support the programs of Harriet's House may be used for program
13 operating costs, the purchase of equipment, and the rental of real property. Harriet's
14 House shall report by February 1 of each year to the Joint Legislative Commission on
15 Governmental Operations on the expenditure of State appropriations and on the
16 effectiveness of the program, including information on the number of clients served and
17 the number of clients who successfully complete the Harriet's House program.

18 **SECTION 25.18.(b)** Summit House shall report by February 1 of each year
19 to the Joint Legislative Commission on Governmental Operations on the expenditure of
20 State appropriations and on the effectiveness of the program, including information on
21 the number of clients served, the number of clients who have their probation revoked,
22 and the number of clients who successfully complete the program while housed at
23 Summit House, Inc.

24 **SECTION 25.18.(c)** Women at Risk shall report by February 1 of each year
25 to the Joint Legislative Commission on Governmental Operations on the expenditure of
26 State funds and on the effectiveness of the program, including information on the
27 number of clients served, the number of clients who have had their probation revoked,
28 and the number of clients who have successfully completed the program.

29 **SECTION 25.18.(d)** The John Hyman Foundation shall report by February
30 1 of each year to the Joint Legislative Commission on Governmental Operations on the
31 expenditure of State funds and on the effectiveness of the program, including
32 information on the number of clients served, the number of clients who have had their
33 probation revoked, and the number of clients who have successfully completed the
34 program.

35
36 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
37 Thompson

38 **EXEMPTION FROM LICENSURE AND CERTIFICATE OF NEED**

39 **SECTION 25.19.(a)** Article 1 of Chapter 148 of the General Statutes is
40 amended by adding a new section to read:

41 **"§ 148-19.1. Exemption from licensure and certificate of need.**

42 (a) Inpatient chemical dependency or substance abuse facilities that provide
43 services exclusively to inmates of the Department of Correction shall be exempt from
44 licensure by the Department of Health and Human Services under Chapter 122C of the
45 General Statutes. If an inpatient chemical dependency or substance abuse facility
46 provides services both to inmates of the Department of Correction and to members of
47 the general public, the portion of the facility that serves inmates shall be exempt from
48 licensure.

49 (b) Any person who contracts to provide inpatient chemical dependency or
50 substance abuse services to inmates of the Department of Correction may construct and
51 operate a new chemical dependency or substance abuse facility for that purpose without
52 first obtaining a certificate of need from the Department of Health and Human Services
53 pursuant to Article 9 of Chapter 131E of the General Statutes. However, a new facility

1 or addition developed for that purpose without a certificate of need shall not be licensed
 2 pursuant to Chapter 122C of the General Statutes and shall not admit anyone other than
 3 inmates unless the owner or operator first obtains a certificate of need."

4 **SECTION 25.19.(b)** G.S. 122C-22(a) reads as rewritten:

5 "(a) The following are excluded from the provisions of this Article and are not
 6 required to obtain licensure under this Article:

- 7 (1) Physicians and psychologists engaged in private office practice;
- 8 (2) General hospitals licensed under Article 5 of Chapter 131E of the
 9 General Statutes, that operate special units for the mentally ill,
 10 developmentally disabled, or substance abusers;
- 11 (3) State and federally operated facilities;
- 12 (4) Adult care homes licensed under Chapter 131D of the General
 13 Statutes;
- 14 (5) Developmental child care centers licensed under Article 7 of Chapter
 15 110 of the General Statutes;
- 16 (6) Persons subject to licensure under rules of the Social Services
 17 Commission;
- 18 (7) Persons subject to rules and regulations of the Division of Vocational
 19 Rehabilitation Services; ~~and~~
- 20 (8) Facilities that provide occasional respite care for not more than two
 21 individuals at a time; provided that the primary purpose of the facility
 22 is other than as defined in ~~G.S. 122C-3(14)~~. G.S. 122C-3(14);
- 23 (9) Twenty-four-hour nonprofit facilities established for the purposes of
 24 shelter care and recovery from alcohol or other drug addiction through
 25 a 12-step, self-help, peer role modeling, and self-governance ~~approach~~
 26 approach; ~~and~~
- 27 (10) Inpatient chemical dependency or substance abuse facilities that
 28 provide services exclusively to inmates of the Department of
 29 Correction, as described in G.S. 148-19.1."

30 **SECTION 25.19.(c)** G.S. 131E-184 is amended by adding a new section to

31 read:

32 "(d) The Department shall exempt from certificate of need persons contracting to
 33 provide inpatient chemical dependency or substance abuse services to inmates of the
 34 Department of Correction, as described in G.S. 148-19.1."

35 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
 36 Thompson

38 **REPORT ON PROBATION AND PAROLE CASELOADS**

39 **SECTION 25.20.** The Department of Correction shall report by March 1 of
 40 each year to the Chairs of the Senate and House of Representatives Appropriations
 41 Subcommittees on Justice and Public Safety and the Joint Legislative Corrections,
 42 Crime Control, and Juvenile Justice Oversight Committee on caseload averages for
 43 probation and parole officers. The report shall include:

- 44 (1) Data on current caseload averages for Probation Parole Officer I,
 45 Probation Parole Officer II, and Probation Parole Officer III positions;
- 46 (2) An analysis of the optimal caseloads for these officer classifications;
 47 and
- 48 (3) An assessment of the role of surveillance officers.

49 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
 50 Thompson

52 **REPORT ON INMATES ELIGIBLE FOR PAROLE**

1 **SECTION 25.21.** The Post-Release Supervision and Parole Commission
2 shall provide quarterly reports to the Senate and House of Representatives
3 Appropriations Subcommittees on Justice and Public Safety and the Joint Legislative
4 Corrections, Crime Control, and Juvenile Justice Oversight Committee on inmates
5 eligible for parole. These reports shall include at least the following:

- 6 (1) The total number of Fair Sentencing and Pre-Fair Sentencing inmates
7 that were parole-eligible during the previous quarter and the total
8 number of those inmates that were paroled. The report should group
9 these inmates by offense type and custody classification;
- 10 (2) A list of all those inmates paroled or released by category of parole or
11 release, including each inmate's offense and custody classification at
12 the time of the parole or release;
- 13 (3) The average time served, by offense class, of Fair Sentencing and
14 Pre-Fair Sentencing inmates compared to inmates sentenced under
15 Structured Sentencing;
- 16 (4) The projected number of parole-eligible inmates to be paroled or
17 released by the end of the 2001-2002 fiscal year and by the end of the
18 2002-2003 fiscal year.

19
20 Requested by: Representatives Culpepper, Haire, Thompson, Easterling, Oldham,
21 Redwine

22 **IMPACT PROGRAM**

23 **SECTION 25.22.(a)** Of the funds appropriated to the Department of
24 Correction for the 2001-2003 biennium, the sum of four million eight hundred sixty-six
25 thousand seven hundred fifty-nine dollars (\$4,866,759) for the 2001-2002 fiscal year
26 and the sum of four million five hundred thousand nine hundred fifty-five dollars
27 (\$4,500,955) for the 2002-2003 fiscal year shall be used for residential programs for
28 probationers, including the IMPACT boot camp program. The Department of
29 Correction shall maintain a residential program with a community work component for
30 male offenders in both Hoffman and Morganton.

31 **SECTION 25.22.(b)** The Department of Correction shall report to the Chairs
32 of the House of Representatives and Senate Appropriations Subcommittees on Justice
33 and Public Safety and to the Joint Legislative Corrections, Crime Control, and Juvenile
34 Justice Oversight Committee by October 1, 2001, on plans to implement the reduction
35 in funding for the IMPACT program and any proposed modifications in the program
36 capacity or content. The report shall include revised capacity, positions to be eliminated,
37 revised staffing allocation, intended level of community service work, uses of any
38 vacated space, and proposed changes in the program for the 2001-2003 biennium. The
39 Department may also include any recommendations for additional residential programs
40 for offenders on probation that could be implemented within current funding.

41
42 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
43 Thompson

44 **CHARGES FOR INMATE HEALTH CARE**

45 **SECTION 25.23.(a)** Hospital facilities operated by constituent institutions
46 of The University of North Carolina providing health care services to inmates in the
47 custody of the Department of Correction shall charge the Department for those services
48 during the 2001-2002 fiscal year no more than:

- 49 (1) The rate of \$1,633 per day per inmate for treatment other than for
50 burns, trauma, and transplants; and
- 51 (2) The rates at which the Department was charged during the 2000-2001
52 fiscal year for treatment of burns, trauma, and transplants.

1 **SECTION 25.23.(b)** The Department of Correction, in consultation with the
2 Fiscal Research Division, shall study the rates charged by State and county hospitals for
3 providing health care to inmates in the custody of the Department and determine
4 methods of controlling the rate at which the Department is charged for those services in
5 the future. The Department shall report its findings and recommendations to the Chairs
6 of the Senate and House Appropriations Committees, the Chairs of the Senate and
7 House Appropriations Subcommittees on Justice and Public Safety, and the Joint
8 Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee by
9 April 1, 2002.

10
11 Requested by: Representatives Culpepper, Haire, Thompson, Easterling, Oldham,
12 Redwine

13 **SITES FOR CLOSE SECURITY PRISONS**

14 **SECTION 25.24.** The Council of State has approved the recommendation of
15 the Department of Administration and the Department of Correction for the construction
16 of two new close-custody correctional facilities to be lease-purchased by the State. In
17 response to that approval, the Department of Administration shall select Alexander and
18 Scotland Counties as the sites for those correctional facilities.

19 **PART XXVI. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY**

20
21
22 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
23 Thompson

24 **ANNUAL EVALUATION OF THE TARHEEL CHALLENGE PROGRAM**

25 **SECTION 26.2.** The Department of Crime Control and Public Safety shall
26 report to the Chairs of the House of Representatives and Senate Appropriations
27 Committees and the Chairs of the House of Representatives and Senate Appropriations
28 Subcommittees on Justice and Public Safety by April 1 of each year on the operations
29 and effectiveness of the National Guard Tarheel Challenge Program. The report should
30 evaluate the program's effectiveness as an intervention method for preventing juveniles
31 from becoming undisciplined or delinquent. The report shall also evaluate the
32 Program's role in improving individual skills and employment potential for participants
33 and shall include:

- 34 (1) The source of referrals for individuals participating in the Program;
- 35 (2) The summary of types of actions or offenses committed by the
36 participants of the Program;
- 37 (3) An analysis outlining the cost of providing services for each
38 participant, including a breakdown of all expenditures related to the
39 administration and operation of the Program and the education and
40 treatment of the Program participants;
- 41 (4) The number of individuals who successfully complete the Program;
42 and
- 43 (5) The number of participants who commit offenses after completing the
44 Program.

45
46 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
47 Thompson

48 **LEGISLATIVE REVIEW OF DRUG LAW ENFORCEMENT AND OTHER** 49 **GRANTS**

50 **SECTION 26.3.(a)** Section 1303(4) of the Omnibus Crime Control and Safe
51 Streets Act of 1968 provides that the State application for Drug Law Enforcement
52 Grants is subject to review by the State legislature or its designated body. Therefore, the
53 Governor's Crime Commission of the Department of Crime Control and Public Safety

1 shall report on the State application for grants under the State and Local Law
 2 Enforcement Assistance Act of 1986, Part M of the Omnibus Crime Control and Safe
 3 Streets Act of 1968 as enacted by Subtitle K of P.L. 99-570, the Anti-Drug Abuse Act
 4 of 1986, to the Senate and House of Representatives Appropriations Subcommittees on
 5 Justice and Public Safety when the General Assembly is in session. When the General
 6 Assembly is not in session, the Governor's Crime Commission shall report on the State
 7 application to the Joint Legislative Commission on Governmental Operations.

8 **SECTION 26.3.(b)** Unless a State statute provides a different forum for
 9 review, when a federal law or regulation provides that an individual State application
 10 for a grant shall be reviewed by the State legislature or its designated body and at the
 11 time of the review the General Assembly is not in session, that application shall be
 12 reviewed by the Joint Legislative Commission on Governmental Operations.

13
 14 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
 15 Thompson

16 **VICTIMS ASSISTANCE NETWORK REPORT**

17 **SECTION 26.4.** The Department of Crime Control and Public Safety shall
 18 report on the expenditure of funds allocated pursuant to this section for the Victims
 19 Assistance Network. The Department shall also report on the Network's efforts to
 20 gather data on crime victims and their needs, act as a clearinghouse for crime victims'
 21 services, provide an automated crime victims' bulletin board for subscribers, coordinate
 22 and support activities of other crime victims' advocacy groups, identify the training
 23 needs of crime victims' services providers and criminal justice personnel, and
 24 coordinate training for these personnel. The Department shall submit its report to the
 25 Chairs of the Appropriations Subcommittees on Justice and Public Safety of the Senate
 26 and House of Representatives by December 1 of each year of the biennium.

27
 28 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
 29 Thompson

30 **REVISE REPORT ON CRIME VICTIMS COMPENSATION FUND**

31 **SECTION 26.5.** G.S. 15B-21 reads as rewritten:

32 "**§ 15B-21. Annual report.**

33 The Commission shall, by March 15 each year, prepare and transmit to the Governor
 34 and the General Assembly a report of its activities in the prior fiscal year and the current
 35 fiscal year to date. The report shall include:

- 36 (1) The number of claims filed;
- 37 (2) The number of awards made;
- 38 (2a) The number of pending cases by year received;
- 39 (3) The amount of each award;
- 40 (4) A statistical summary of claims denied and awards made;
- 41 (5) The administrative costs of the Commission, including the
 42 compensation of commissioners;
- 43 (6) The current unencumbered balance of the North Carolina Crime
 44 Victims Compensation Fund;
- 45 (7) The amount of funds carried over from the prior fiscal year;
- 46 (8) The amount of funds received in the prior fiscal year from the
 47 Department of Correction and from the compensation fund established
 48 pursuant to the Victims Crime Act of 1984, 42 U.S.C. § 10601, et seq.;
- 49 and
- 50 (9) The amount of funds expected to be received in the current fiscal year,
 51 as well as the amount actually received in the current fiscal year on the
 52 date of the report, from the Department of Correction and from the

1 compensation fund established pursuant to the Victims Crime Act of
2 1984, 42 U.S.C. § 10601, et seq.

3 The Attorney General and State Auditor shall assist the Commission in the
4 preparation of the report required by this section."
5

6 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
7 Thompson

8 **BOXING COMMISSION REPORTS/FUNDS DO NOT REVERT**

9 **SECTION 26.7A.(a)** If Article 68 of Chapter 143 of the General Statutes is
10 recodified as Chapter 85D of the General Statutes by Section 7 of House Bill 232, 2001
11 Session, then Chapter 85D of the General Statutes is amended by adding a new section
12 to read:

13 **"§ 85D-12. Commission report.**

14 The North Carolina State Boxing Commission shall report by April 1 of each year to
15 Chairs of the Senate and House of Representatives Appropriations Subcommittees on
16 Justice and Public Safety, the Joint Legislative Commission on Governmental
17 Operations, and the Joint Legislative Corrections, Crime Control, and Juvenile Justice
18 Oversight Committee on the operations and budget of the Commission. The report shall
19 include information and data on the number of events regulated that year, the number of
20 persons licensed by the Commission, any civil or criminal sanctions or injunctions
21 issued, and the revenues and expenditures of the Commission."

22 **SECTION 26.7A.(b)** All receipts collected by the North Carolina State
23 Boxing Commission during the 2000-2001 fiscal year shall not revert, but shall remain
24 available to the Commission.

25 **SECTION 26.7A.(c)** Subsection (a) of this section becomes effective
26 January 1, 2002. The remainder of this section becomes effective June 30, 2001.
27

28 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
29 Thompson

30 **TRANSFER COMMUNITY SERVICE WORK PROGRAM AND TERMINATE** 31 **VACANT POSITIONS**

32 **SECTION 26.9.** The Secretary of the Department of Crime Control and
33 Public Safety and the Secretary of the Department of Correction shall collaborate to
34 develop a plan of reorganization in which the Community Service Work Program of the
35 Division of Victims and Justice Services of the Department of Crime Control and Public
36 Safety is merged with the Division of Community Corrections of the Department of
37 Correction. The merger of the Community Service Work Program with the Department
38 of Crime Control and Public Safety and the Department of Correction shall be effective
39 January 1, 2002, and shall have all the elements of a Type I transfer, as defined in G.S.
40 143A-6. All (i) statutory authority, powers, duties, and functions, including rule
41 making, budgeting, and purchasing, (ii) records, (iii) personnel, personnel positions, and
42 salaries, (iv) property, and (v) unexpended balances of appropriations, allocations,
43 reserves, support costs, and other funds of the Community Service Work Program of the
44 Division of Victims and Justice Services of the Department of Crime Control and Public
45 Safety shall be transferred to and vested in the Department of Correction.

46 As part of the plan of reorganization, the Secretary of Crime Control and
47 Public Safety and the Secretary of Correction shall identify 25 vacant positions to
48 terminate no later than January 1, 2002. The positions shall be identified from the four
49 regional managers and the 21 district managers in the area of community service work
50 and the judicial district managers and judicial division managers in the area of probation
51 and parole. In addition to the 25 vacant positions to terminate no later than January 1,
52 2002, the positions of Director of Victims and Justice Services and administrative
53 assistant shall cease to exist after January 1, 2002.

1 On or before October 1, 2001, the Secretary of Crime Control and Public
2 Safety and the Secretary of Correction shall report the plan of reorganization, including
3 the specific vacant positions to terminate, to the Chairs of the Senate and House of
4 Representatives Appropriations Committees, the Chairs of the Senate and House of
5 Representatives Appropriations Subcommittees on Justice and Public Safety, and the
6 Fiscal Research Division of the General Assembly.

7
8 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
9 Thompson

10 **TERMINATION OF CERTAIN ALE POSITIONS**

11 **SECTION 26.10.** Of the 10 remaining supervisor positions and the 12
12 assistant supervisor positions in the district offices of the Alcohol Law Enforcement
13 Division of the Department of Crime Control and Public Safety, four positions shall
14 terminate no later than June 30, 2002. The Department of Crime Control and Public
15 Safety shall identify the positions that will terminate pursuant to this section and shall
16 report to the Chairs of the Senate and House of Representatives Appropriations
17 Committees, the Chairs of the Senate and House of Representatives Appropriations
18 Subcommittees on Justice and Public Safety, and the Fiscal Research Division of the
19 General Assembly by May 1, 2002, on the positions identified by the Department
20 pursuant to this section.

21 **PART XXVII. DEPARTMENT OF TRANSPORTATION**

22
23
24 Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine,
25 Thompson

26 **REPEAL BOND RETIREMENT TRANSFER FROM HIGHWAY FUND TO** 27 **HIGHWAY TRUST FUND**

28 **SECTION 27.1.** G.S. 136-176(a)(4) and G.S. 136-183 are repealed.

29
30 Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine,
31 Thompson

32 **DESIGN-BUILD TRANSPORTATION CONSTRUCTION CONTRACTS** 33 **AUTHORIZED**

34 **SECTION 27.2.(a)** Chapter 136 of the General Statutes is amended by
35 adding a new section to read:

36 **"§ 136-28.11. Design-build construction of transportation projects.**

37 Notwithstanding any other provision of law, the Board of Transportation may award
38 up to three contracts annually for construction of transportation projects on a design-
39 build basis. These contracts may be awarded after a determination by the Department of
40 Transportation that delivery of the projects must be expedited and that it is not in the
41 public interest to comply with normal design and construction contracting procedures.
42 Prior to the award of a design-build contract, the Secretary of Transportation shall report
43 to the Joint Legislative Transportation Oversight Committee and to the Joint Legislative
44 Commission on Governmental Operations on the nature and scope of the project and the
45 reasons an award on a design-build basis will best serve the public interest."

46 **SECTION 27.2.(b)** The Department of Transportation shall report to the
47 Joint Legislative Transportation Oversight Committee on September 1, December 1,
48 and March 1 of each year on the status of all design-build projects.

49
50 Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine,
51 Thompson

52 **SMALL URBAN AND CONTINGENCY FUNDS**

1 **SECTION 27.3.** Of the funds appropriated in this act to the Department of
2 Transportation:

- 3 (1) \$14,000,000 shall be allocated in each fiscal year for small urban
4 construction projects. These funds shall be allocated equally in each
5 fiscal year of the biennium among the 14 Highway Divisions for the
6 small urban construction program for small construction projects that
7 are located within the area covered by a one-mile radius of the
8 municipal corporate limits.
9 (2) \$12,000,000 in fiscal year 2001-2002 and \$10,000,000 in fiscal year
10 2002-2003 shall be used statewide for rural or small urban highway
11 improvements and related transportation enhancements to public roads
12 and public facilities, industrial access roads, and spot safety projects as
13 approved by the Secretary of Transportation.

14 None of these funds used for rural secondary road construction are subject to
15 the county allocation formulas in G.S. 136-44.5(b) and (c).

16 These funds are not subject to G.S. 136-44.7.

17 The Department of Transportation shall report to the members of the General
18 Assembly on projects funded pursuant to this section in each member's district prior to
19 the Board of Transportation's action. The Department shall make a quarterly
20 comprehensive report on the use of these funds to the Joint Legislative Transportation
21 Oversight Committee and the Fiscal Research Division.

22
23 Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine,
24 Thompson

25 **CASH-FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND**
26 **APPROPRIATIONS**

27 **SECTION 27.4.(a)** The General Assembly authorizes and certifies
28 anticipated revenues of the Highway Fund as follows:

29	FY 2003-2004	\$1,334.6 million
30	FY 2004-2005	\$1,369.8 million
31	FY 2005-2006	\$1,406.1 million
32	FY 2006-2007	\$1,445.5 million

33 The General Assembly authorizes and certifies anticipated revenues of the
34 Highway Trust Fund as follows:

35	FY 2003-2004	\$1,127.6 million
36	FY 2004-2005	\$1,176.5 million
37	FY 2005-2006	\$1,226.8 million
38	FY 2006-2007	\$1,278.4 million

39 **SECTION 27.4.(b)** Section 25 of S.L. 2000-67 is repealed.

40
41 Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine,
42 Thompson

43 **WESTERN NORTH CAROLINA AMTRAK THRUWAY BUS SERVICE**
44 **OPERATIONS AND STATION RIGHT-OF-WAY ACQUISITION FUNDS**

45 **SECTION 27.5.** Of the funds appropriated in this act for passenger rail
46 service in Western North Carolina, the Department of Transportation may use these
47 funds for the following purposes:

- 48 (1) Up to two hundred thousand dollars (\$200,000) during the 2001-2002
49 fiscal year may be used to contract with Amtrak to provide thruway
50 bus service for Western North Carolina. These funds may only be used
51 for operations and may not be used for the purchase of equipment or
52 for making infrastructure improvements.

- 1 (2) Up to three hundred twenty thousand dollars (\$320,000) during the
2 2001-2002 fiscal year may be used to acquire right-of-way for stations
3 in the Town of Valdese and the City of Asheville.

4 The Department of Transportation shall report to the Joint Legislative
5 Transportation Oversight Committee by March 15, 2002, on the status of negotiations
6 with the Norfolk Southern Corporation on needed track improvements and on the status
7 of negotiations with local governments on local financial participation to provide
8 passenger rail service to Western North Carolina.

9 Five hundred twenty thousand dollars (\$520,000) of the remaining
10 unencumbered funds appropriated for the 1998-99 fiscal year for Western North
11 Carolina rail service shall revert.

12
13 Requested by: Representative Nesbitt

14 **DEPARTMENT OF TRANSPORTATION TO NEGOTIATE ON WESTERN**
15 **NORTH CAROLINA RAIL SERVICE**

16 **SECTION 27.5A.** The Department of Transportation shall negotiate with the
17 Norfolk Southern Corporation on use of the tracks to provide Western North Carolina
18 rail service. The Department may use the Reserve for Western North Carolina Rail
19 Service for track improvements necessary to implement rail service to Western North
20 Carolina. The Department shall report every six months, beginning on January 1, 2002,
21 to the Joint Legislative Commission on Governmental Operations on the progress of the
22 negotiations with the Norfolk Southern Corporation and the track improvements in
23 Western North Carolina and shall report, annually, to the General Assembly on these
24 matters.

25
26 Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham,
27 Redwine, Thompson

28 **HIGHWAY TRUST FUND STUDY COMMITTEE**

29 **SECTION 27.6.(a)** Study Committee Established. – There is established a
30 Highway Trust Fund Study Committee to report to the Joint Legislative Transportation
31 Oversight Committee.

32 **SECTION 27.6.(b)** Membership. – The Study Committee shall be
33 composed of 16 members as follows:

- 34 (1) The Chairs of the Joint Legislative Transportation Oversight
35 Committee.
36 (2) Four Representatives and three public members appointed by the
37 Speaker of the House of Representatives.
38 (3) Four Senators and three public members appointed by the President
39 Pro Tempore of the Senate.

40 The appointing authorities shall make each of their seven appointments from
41 a different Distribution Region, as defined in G.S. 136-17.2A(a), and their appointments
42 shall reflect the urban-rural diversity of the population of the State.

43 **SECTION 27.6.(c)** Duties of the Study Committee. – The Committee may
44 study all aspects of the Highway Trust Fund. The study shall include the examination of
45 all the following:

- 46 (1) The current status, cost estimates, and feasibility of Highway Trust
47 Fund projects currently listed in Article 14 of Chapter 136 of the
48 General Statutes.
49 (2) Unanticipated problems with the structure of the Highway Trust Fund.
50 (3) The gap between transportation funding structures and the actual
51 transportation needs of the State.
52 (4) Allocation issues raised by the structure of the transportation funding
53 equity distribution formula in G.S. 136-17.2A.

1 (5) The feasibility of altering the project eligibility requirements of the
2 Highway Trust Fund.

3 (6) The feasibility of altering the funding allocation structure of the
4 Highway Trust Fund.

5 (7) Any other issue related to the Highway Trust Fund or transportation
6 funding.

7 **SECTION 27.6.(d)** Vacancies. – The appointing authority shall fill any
8 vacancy on the Study Committee.

9 **SECTION 27.6.(e)** Cochairs. – Cochairs of the Study Committee shall be
10 the cochairs of the Joint Legislative Transportation Oversight Committee. The Study
11 Committee shall meet upon the call of the Chairs. A quorum of the Study Committee
12 shall be eight members.

13 **SECTION 27.6.(f)** Expenses of Members. – Members of the Study
14 Committee shall receive per diem, subsistence, and travel allowances in accordance
15 with G.S. 120-3.1, 138-5, or 138-6, as appropriate.

16 **SECTION 27.6.(g)** Staff. – The Legislative Services Office shall assign
17 professional and clerical staff to the assist the Study Committee in its work.

18 **SECTION 27.6.(h)** Consultants. – The Study Committee may hire
19 consultants to examine specific issues and subjects related to the study, in accordance
20 with G.S. 120-32.02.

21 **SECTION 27.6.(i)** Meetings During Legislative Session. – The Study
22 Committee may meet during a regular or extra session of the General Assembly, subject
23 to approval of the Speaker of the House of Representatives and the President Pro
24 Tempore of the Senate.

25 **SECTION 27.6.(j)** Meeting Location. – The Study Committee may meet at
26 various locations around the State in order to promote greater public participation in its
27 deliberations. The Legislative Services Commission shall grant adequate meeting space
28 to the Study Committee in the State Legislative Building or the Legislative Office
29 Building.

30 **SECTION 27.6.(k)** Report. – The report of the study shall be made to the
31 Joint Legislative Transportation Oversight Committee no later than April 1, 2002. Upon
32 the filing of its final report, the Study Committee shall terminate.

33 **SECTION 27.6.(l)** Funding. – The Study Committee shall be funded from
34 funds available to the Joint Legislative Transportation Oversight Committee, in
35 accordance with G.S. 120-70.52.

36
37 Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine,
38 Thompson

39 **CHARLOTTE DOWNTOWN INTERMODAL STATION**

40 **SECTION 27.7.** The Department of Transportation shall report to the Joint
41 Legislative Transportation Oversight Committee by February 15, 2002, on the status of
42 the development of the downtown intermodal station in Charlotte. The report shall
43 include (i) the total cost, projected schedule, and scope of the project, (ii) how the costs
44 of the project will be met, including the shares of the costs borne by: the State of North
45 Carolina, participating local governments, federal funds, the Norfolk Southern
46 Corporation, private funding, and any other sources of funds, and (iii) identification of
47 at least three parcels of land that could be purchased for the station.

48
49 Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine,
50 Thompson

51 **DIVISION 3 HEADQUARTERS COMPLEX FUNDS**

52 **SECTION 27.8.** The requirement in Section 27.14 of S.L. 1999-237 that the
53 Highway Fund reimburse the Highway Trust Fund by June 30, 2004, for the capital

1 costs required to relocate the Division 3 headquarters complex in Wilmington, North
2 Carolina, is rescinded.

3
4 Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham,
5 Redwine, Thompson

6 **DEPARTMENT OF TRANSPORTATION AUTHORIZED TO ACCEPT**
7 **ELECTRONIC BIDS**

8 **SECTION 27.9.(a)** G.S. 136-28.1 is amended by adding a new subsection to
9 read:

10 "(k) The Department of Transportation may accept bids under this section by
11 electronic means and may issue rules governing the acceptance of these bids. For
12 purposes of this subsection 'electronic means' is defined as means relating to technology
13 having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar
14 capabilities."

15 **SECTION 27.9.(b)** G.S. 136-28.1(a) reads as rewritten:

16 "(a) All contracts over eight hundred thousand dollars (\$800,000) that the
17 Department of Transportation may let for construction or repair necessary to carry out
18 the provisions of this Chapter shall be let to a responsible bidder after public advertising
19 under rules and regulations to be made and published by the Department of
20 Transportation. The right to reject any and all bids shall be reserved to the Board of
21 Transportation.

22 Contracts for construction or repair for federal aid projects entered into pursuant to
23 this section shall not contain the standardized contract clauses prescribed by 23 U.S.C. §
24 112(e) and 23 C.F.R. § 635.131(a) for differing site conditions, suspensions of work
25 ordered by the ~~engineer-engineer~~, or significant changes in the character of the work.
26 For those federal aid projects, the Department of Transportation shall use only the
27 contract provisions provided in the North Carolina Department of Transportation,
28 Standard Specifications for Roads and Structures, January 1, 1984, except as each may
29 be changed or provided for by rule adopted by the Board of Transportation in
30 accordance with the Administrative Procedure Act."

31
32 Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham,
33 Redwine, Thompson

34 **DEPARTMENT OF TRANSPORTATION AUTHORIZED TO ESTABLISH AN**
35 **ESCORT DRIVER CERTIFICATION PROGRAM/ISSUANCE OF INITIAL**
36 **IDENTIFICATION CARDS, LEARNER'S PERMITS, AND DRIVERS**
37 **LICENSES**

38 **SECTION 27.10.(a)** G.S. 20-119 is amended by adding a new subsection to
39 read:

40 "(f) The Department of Transportation shall issue rules to establish an escort
41 driver training and certification program for escort vehicles accompanying
42 oversize/overweight loads. Any driver operating a vehicle escorting an
43 oversize/overweight load shall meet any training requirements and obtain certification
44 under the rules issued pursuant to this subsection. These rules may provide for
45 reciprocity with other states having similar escort certification programs. Certification
46 credentials for the driver of an escort vehicle shall be carried in the vehicle and be
47 readily available for inspection by law enforcement personnel."

48 **SECTION 27.10.(b)** G.S. 20-7(b1) reads as rewritten:

49 "(b1) Application. – To obtain a drivers license from the Division, a person must
50 complete an application form provided by the Division, present at least two forms of
51 identification approved by the Commissioner, be a resident of this State, and
52 demonstrate his or her physical and mental ability to drive safely a motor vehicle
53 included in the class of license for which the person has applied. The Division may copy

1 the identification presented or hold it for a brief period of time to verify its authenticity.
 2 To obtain an endorsement, a person must demonstrate his or her physical and mental
 3 ability to drive safely the type of motor vehicle for which the endorsement is required.

4 The application form must request all of the following information, and it must
 5 contain the disclosures concerning the request for an applicant's social security number
 6 required by section 7 of the federal Privacy Act of 1974, Pub. L. No. 93-579:

- 7 (1) The applicant's full name.
- 8 (2) The applicant's mailing address and residence address.
- 9 (3) A physical description of the applicant, including the applicant's sex,
 10 height, eye color, and hair color.
- 11 (4) The applicant's date of birth.
- 12 (5) The applicant's social security number. The Division shall not issue a
 13 license to an applicant who fails to provide the applicant's social
 14 security number.
- 15 (6) The applicant's signature.

16 All initially issued identification cards, learner's permits, or drivers licenses shall be
 17 mailed to the address supplied by the applicant on the application, by first-class mail,
 18 within 10 days of the application date. The Division shall issue to applicants temporary
 19 identification cards, learner's permits, or drivers licenses valid for 15 days.

20 The notice that the initial identification card, learner's permit, or drivers license will
 21 be mailed to a successful applicant at the address the applicant supplied shall be
 22 prominently displayed at the local Division office in English and in Spanish."

23 **SECTION 27.10.(c)** The Division may use funds available during the
 24 2001-2002 fiscal year to pay any additional expenses resulting from the issuance of
 25 temporary initial identification cards, learner's permits, or drivers licenses and the
 26 subsequent mailing of those documents as required by subsection (b) of this section.

27
 28 Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham,
 29 Redwine, Thompson

30 **TRANSFER RESPONSIBILITIES OF GOVERNOR'S HIGHWAY SAFETY**
 31 **PROGRAM TO THE OFFICE OF THE SECRETARY OF**
 32 **TRANSPORTATION.**

33 **SECTION 27.11.(a)** G.S. 143B-360 reads as rewritten:

34 "**§ 143B-360. Powers and duties of Department and Secretary.**

35 The Department of Transportation is hereby empowered to contract ~~in~~ on behalf of
 36 the State with the government of the United States to the extent allowed by the laws of
 37 North Carolina for the purpose of securing the benefits available to this State under the
 38 Federal Highway Safety Act of 1966. To that end, the Secretary of Transportation shall
 39 coordinate, with the Governor's approval, the activities of any and all departments and
 40 agencies of the State and its subdivisions relating thereto.

41 All of the duties and responsibilities of the Governor's Highway Safety Program,
 42 established pursuant to this section, are transferred to the Office of the Secretary of
 43 Transportation."

44 **SECTION 27.11.(b)** This section becomes effective July 1, 2001.

45
 46 Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham,
 47 Redwine, Thompson

48 **DRIVERS LICENSE/MOTOR VEHICLE REGISTRATION SECTION**
 49 **CONSOLIDATION STUDY**

50 **SECTION 27.14.** The Department of Transportation shall study the
 51 consolidation and integration of the functions of the Driver License Section and the
 52 Vehicle Registration Section of the Division of Motor Vehicles to provide more
 53 accessible, efficient, and cost-effective service to the public. The Department of

1 Transportation shall report the results of this study to the Joint Legislative
2 Transportation Oversight Committee by March 1, 2002.

3
4 Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham,
5 Redwine, Thompson

6 **APPROPRIATION TO THE DEPARTMENT OF TRANSPORTATION TO**
7 **FUND AVIATION GRANTS**

8 **SECTION 27.15.** Notwithstanding the provisions of G.S. 136-16.4 for
9 determining the amount of continuing aviation appropriations, there is appropriated
10 from the General Fund to the Department of Transportation the sum of seven million
11 two hundred fifty thousand dollars (\$7,250,000) for the 2001-2002 fiscal year to fund
12 aviation grants.

13
14 Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham,
15 Redwine, Thompson

16 **DOT REGULATION OF THE TRANSIT OF MODULAR HOMES**

17 **SECTION 27.17.(a)** G.S. 20-356 reads as rewritten:

18 **"§ 20-356. Definitions.**

19 "Person" as used in this Article shall mean an individual, corporation, partnership,
20 association or any other business entity. The word "house" as used in this Article shall
21 mean a dwelling, building, or other structure in excess of 14 feet in ~~width~~ width;
22 provided that neither mobile homes, nor modular homes or portions thereof, are within
23 this definition when being transported from the manufacturer to the first set-up site. The
24 word "Department" as used in this Article shall mean the North Carolina Department of
25 Transportation."

26 **SECTION 27.17.(b)** G.S. 150B-21.1 is amended by adding a new
27 subsection to read:

28 "(a8) Notwithstanding the provisions of subsection (a) of this section, the
29 Secretary of Transportation may adopt temporary rules concerning the permitted height
30 of mobile and modular homes. After having the proposed temporary rule published in
31 the North Carolina Register and at least 30 days prior to adopting a temporary rule
32 pursuant to this subsection, the Secretary shall:

- 33 (1) Notify persons on its mailing list maintained pursuant to G.S. 150B-
34 21.2(d) and any other interested parties of its intent to adopt a
35 temporary rule.
36 (2) Accept oral and written comments on the proposed temporary rule.
37 (3) Hold at least one public hearing on the proposed temporary rule.

38 When the Secretary adopts a temporary rule pursuant to this subsection, the
39 Secretary must submit a reference to this subsection as the Secretary's statement of need
40 to the Codifier of Rules.

41 Notwithstanding any other provision of this Chapter, the Codifier of Rules shall
42 publish in the North Carolina Register a proposed temporary rule received from the
43 Secretary in accordance with this subsection."

44 **SECTION 27.17.(c)** Subsection (b) of this section expires on June 30, 2003.

45
46 Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham,
47 Redwine, Thompson

48 **AVIATION DIVISION STUDY THE TRANSFER OF THE GLOBAL**
49 **TRANSPARK AIRPORT**

50 **SECTION 27.19.** The Department of Transportation's Aviation Division
51 shall study the transfer of the Global TransPark airport fixed assets and operations from
52 the Global TransPark Authority to another appropriate entity. The Aviation Division

1 shall report the results of this study to the Joint Legislative Transportation Oversight
2 Committee by December 15, 2001.

3
4 Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham,
5 Redwine, Thompson

6 **STATE BOARD OF COMMUNITY COLLEGES TO STUDY TRANSFER OF**
7 **GLOBAL TRANSPARK EDUCATION AND TRAINING CENTER**

8 **SECTION 27.20.** The State Board of Community Colleges shall study the
9 transfer of the Education and Training Center from the Global TransPark Authority to
10 an appropriate public educational entity. The State Board of Community Colleges shall
11 report the results of the study to the Joint Legislative Transportation Oversight
12 Committee by December 15, 2001.

13
14 Requested by: Representatives Sutton, Easterling, Oldham, Redwine, Thompson

15 **CONTRACT AGENT RATE INCREASE**

16 **SECTION 27.21.** G.S. 20-63(h) reads as rewritten:

17 "(h) Commission Contracts for Issuance of Plates and Certificates. – All
18 registration plates, registration ~~certificates~~ certificates, and certificates of title issued by
19 the Division, outside of those issued from the Raleigh offices of the ~~said~~ Division and
20 those issued and handled through the United States mail, shall be issued insofar as
21 practicable and possible through commission contracts entered into by the Division for
22 the issuance of ~~such~~ the plates and certificates in localities throughout North Carolina
23 with persons, firms, corporations or governmental subdivisions of the State of North
24 ~~Carolina and the Carolina.~~ The Division shall make a reasonable effort in every locality,
25 except as ~~hereinbefore noted,~~ noted above, to enter into a commission contract for the
26 issuance of ~~such~~ the plates and certificates and a record of these efforts shall be
27 maintained in the Division. In the event the Division is unsuccessful in making
28 commission ~~contracts as hereinbefore set out~~ contracts, it shall ~~then~~ issue ~~said~~ the plates
29 and certificates through the regular employees of the Division. Whenever registration
30 plates, registration ~~certificates~~ certificates, and certificates of title are issued by the
31 Division through commission contract arrangements, the Division shall provide proper
32 supervision of ~~such~~ the distribution. ~~Commission contracts entered under this subsection~~
33 ~~shall provide for the payment of compensation for all transactions as set forth below.~~
34 Nothing contained in this subsection will allow or permit the operation of fewer outlets
35 in any county in this State than are now being operated.

36 Commission contracts entered into by the Division under this subsection shall
37 provide for the payment of compensation on a per transaction basis. The collection of
38 the highway use tax shall be considered a separate transaction for which one dollar and
39 twenty-seven cents (\$1.27) compensation shall be paid. The performance at the same
40 time of one or more of the remaining transactions listed in this subsection shall be
41 considered a single transaction for which one dollar and forty-three cents (\$1.43)
42 compensation shall be paid.

43 A transaction is any of the following activities:

- 44 (1) Issuance of a registration plate, a registration card, a registration
45 renewal sticker, or a certificate of title.
- 46 (2) Issuance of a handicapped placard or handicapped identification card.
- 47 (3) Acceptance of an application for a personalized registration plate.
- 48 (4) Acceptance of a surrendered registration plate, registration card, or
49 registration renewal sticker, or acceptance of an affidavit stating why a
50 person cannot surrender a registration plate, registration card, or
51 registration renewal sticker.
- 52 (5) Cancellation of a title because the vehicle has been junked.

- 1 (6) Acceptance of an application for, or issuance of, a refund for a fee or a
2 tax, other than the highway use tax.
3 (7) Receipt of the civil penalty imposed by G.S. 20-309 for a lapse in
4 financial responsibility or receipt of the restoration fee imposed by that
5 statute.
6 (8) Acceptance of a notice of failure to maintain financial responsibility
7 for a motor vehicle.
8 (8a) Collection of civil penalties imposed for violations of G.S. 20-183.8A.
9 (8b) Sale of one or more inspection stickers in a single transaction to a
10 licensed inspection station.
11 (9) Collection of the highway use tax.
12 (10) Acceptance of a temporary lien filing.

13 ~~Performance at the same time of any combination of the items that are listed within~~
14 ~~each subdivision or are listed within subdivisions (1) through (8b) of this section is a~~
15 ~~single transaction for which a dollar and thirty five cent (\$1.35) compensation shall be~~
16 ~~paid. Performance of the item listed in subdivision (9) of this subsection in combination~~
17 ~~with any other items listed in this subsection is a separate transaction for which a one~~
18 ~~dollar and twenty cent (\$1.20) compensation shall be paid."~~
19

20 Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham,
21 Redwine, Thompson

22 **ISSUANCE OF TEMPORARY RULES GOVERNING MINIMUM CRITERIA**
23 **TRANSPORTATION PROJECTS**

24 **SECTION 27.22.(a)** G.S. 150B-21.1(a6) reads as rewritten:

25 ~~"(a6) Reserved for future codification purposes. Notwithstanding the provisions of~~
26 ~~subsection (a) of this section, the Secretary of Transportation may adopt temporary rules~~
27 ~~pursuant to G.S. 113A-11(b) to establish a class of minimum criteria projects.~~

28 After having the proposed temporary rule published in the North Carolina Register,
29 and at least 30 days prior to adopting a temporary rule pursuant to this subsection, the
30 Secretary shall do all of the following:

- 31 (1) Notify persons on its mailing list, maintained pursuant to G.S. 150B-
32 21.2(d), and any other interested parties, of his intent to adopt a
33 temporary rule.
34 (2) Accept oral and written comments on the proposed temporary rule.
35 (3) Hold at least one public hearing on the proposed temporary rule.

36 When the Secretary adopts a temporary rule pursuant to this subsection, the Secretary
37 shall submit a reference to this subsection as the Secretary's statement of need to the
38 Codifier of Rules.

39 Notwithstanding any other provision of this Chapter, the Codifier of Rules shall
40 publish in the North Carolina Register a proposed temporary rule received from the
41 Secretary in accordance with this subsection."

42 **SECTION 27.22.(b)** Subsection (a) of this section expires on June 30, 2003.
43

44 Requested by: Representative Saunders

45 **DEPARTMENT OF TRANSPORTATION PRODUCTIVITY PILOT**
46 **PROGRAMS**

47 **SECTION 27.22A.** The Department of Transportation may establish two
48 pilot programs to test incentive pay for employees as a means for increasing efficiency
49 and productivity.

50 One of the pilot programs shall involve the highway resurfacing program
51 using road oil. Up to one-fourth of one percent (0.25%) of the budget allocation for this
52 program may be used to provide employee incentive payments.

1 The other pilot project may be selected by the Department of Transportation,
2 and up to twenty-five thousand dollars (\$25,000) may be used from existing budgets for
3 incentives.

4 Incentive payments shall be based on quantifiable measures and production
5 schedules determined prior to the implementation of the pilot programs that shall last no
6 more than two years.

7 The Department of Transportation shall report to the Joint Legislative
8 Transportation Oversight Committee on the pilot programs at least 30 days prior to their
9 implementation.

10
11 Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham,
12 Redwine, Thompson

13 **DEPARTMENT OF TRANSPORTATION CASH FLOW MANAGEMENT**

14 **SECTION 27.23.(a)** The Department of Transportation is directed to
15 reorganize its cash management procedures consistent with the March 2001 Joint
16 Legislative Transportation Oversight Committee Cash Management Study final report.

17 The Department is directed to:

- 18 (1) Utilize cash flow financing to the maximum extent possible to fund
19 highway construction projects, with the goal of reducing the combined
20 average daily cash balance of the Highway Trust Fund and the
21 Highway Fund to an amount equal to twelve percent (12%) of
22 combined estimate of the yearly receipts of the Funds, exclusive of
23 municipal aid funds.
- 24 (2) Establish necessary management controls to facilitate use of cash flow
25 financing, such as establishment of a financial planning committee,
26 development of a monthly financial report, establishment of
27 appropriate fund cash level targets, review of revenue forecasting
28 procedures, and reduction of accrued unbilled costs.
- 29 (3) Strengthen the project delivery process by reorganization of
30 preconstruction functions in order to expedite project delivery and
31 maximize use of cash flow financing of projects. The Department shall
32 designate one person responsible for project delivery, develop project
33 delivery reports, and continually assess which projects can be
34 accelerated using cash flow financing.
- 35 (4) Report quarterly for a period of two years, beginning in September
36 2001, to the Joint Legislative Transportation Oversight Committee on
37 its efforts to reorganize the cash management and project delivery
38 process and the results of those efforts.

39 **SECTION 27.23.(b)** Article 6A of Chapter 147 of the General Statutes is
40 amended by adding a new section to read:

41 **"§ 147-86.15. Cash Management of the Highway Fund and the Highway Trust**
42 **Fund.**

43 The State Treasurer may combine the balances of the Highway Fund and the
44 Highway Trust Fund for cash management purposes. The State Treasurer may make
45 short term loans between the Funds to accomplish the purposes of this section."

46 **SECTION 27.23.(c)** The Department of Transportation and the State
47 Treasurer are directed to jointly:

- 48 (1) Evaluate the recommendations of the March 2001 Joint Legislative
49 Transportation Oversight Committee Cash Management Study final
50 report concerning authorization for the State Treasurer to borrow funds
51 on a short term basis in order to allow the Department of
52 Transportation to maintain lower target cash balances and expedite
53 highway construction projects;

- 1 (2) Develop recommendations concerning short term borrowing for cash
2 management purposes, including any needed legislation; and
3 (3) Submit findings and recommendations to the Joint Legislative
4 Transportation Oversight Committee by February 1, 2002.

5 **SECTION 27.23.(d)** G.S. 136-176 is amended by adding a new subsection

6 to read:

7 "(a1) The Department may use two hundred million dollars (\$200,000,000) in fiscal
8 year 2001-2002 and one hundred fifty million dollars (\$150,000,000) in each fiscal year
9 2002-2003 and 2003-2004 of the cash balance of the Highway Trust Fund for the
10 following purposes:

- 11 (1) For primary route pavement preservation. – One hundred seventy
12 million dollars (\$170,000,000) in fiscal year 2001-2002, and one
13 hundred twenty million (\$120,000,000) in each of the fiscal years
14 2002-2003 and 2003-2004.
15 (2) For preliminary engineering costs not included in the current year
16 Transportation Improvement Plan. – Fifteen million dollars
17 (\$15,000,000) in each of the fiscal years 2001-2002, 2002-2003, and
18 2003-2004.
19 (3) For computerized traffic signal systems and signal optimization
20 projects. – Fifteen million dollars (\$15,000,000) in each of the fiscal
21 years 2001-2002, 2002-2003, and 2003-2004."

22 **SECTION 27.23.(e)** G.S. 136-176 is amended by adding a new subsection

23 to read:

24 "(a2) The Department shall certify to the Joint Legislative Transportation Oversight
25 Committee each year, on or before November 1, that use of the Highway Trust Fund
26 cash balances for these purposes will not adversely affect the delivery schedule of
27 Highway Trust Fund projects in the 2002-2008 Transportation Improvement Program."

28
29 Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham,
30 Redwine, Thompson

31 STATE TIRE RETREADING CONTRACT

32 **SECTION 27.24.** The Purchase and Contract Division of the Department of
33 Administration shall take steps to insure that the bid process for the State contract for
34 tire retreading is fair and open and that it complies with State purchasing laws.

35 Before soliciting bids, the Purchase and Contract Division shall:

- 36 (1) Research technologies for tire retreading and tire retread testing to
37 determine which technologies are most consistent with State needs and
38 safety requirements.
39 (2) Circulate proposed specifications for the retread tire contract to tire
40 retread vendors, tire retreading industry associations, and State users of
41 retread tires.
42 (3) Solicit comments and feedback from the entities listed in subdivision
43 (2) of this section.
44 (4) Provide a copy of the final specifications for the retread tire contract to
45 the Joint Legislative Transportation Oversight Committee at least six
46 weeks prior to soliciting bids.

47
48 Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham,
49 Redwine, Thompson

50 STATE HIGHWAY PATROL TO REPORT TO LEGISLATIVE OVERSIGHT 51 COMMITTEES ON BUDGETARY MATTERS

52 **SECTION 27.25.** The State Highway Patrol shall report to the Joint
53 Legislative Transportation Oversight Committee and to the Joint Legislative

1 Corrections, Crime Control, and Juvenile Justice Oversight Committee on its revenues,
2 expenditures, and other budget related matters. These financial reports shall be made in
3 writing to the cochairs of the oversight committees and to the Fiscal Research Division
4 by November 15, February 15, May 15, and August 15 of each year to be taken up, if
5 necessary, at the next meetings of the oversight committees following those dates.

6
7 Requested by: Representatives Cole, J. Crawford, Bowie, Nesbitt, Easterling,
8 Oldham, Redwine, Thompson

9 **LEGISLATIVE RESEARCH COMMISSION TO STUDY NONBETTERMENT**
10 **UTILITY RELOCATION COSTS IN HIGHWAY CONSTRUCTION**

11 **SECTION 27.26.** The Legislative Research Commission may study the issue
12 of nonbetterment utility relocation costs. As a part of its study, the LRC shall consider
13 all of the following:

- 14 (1) The current statutory procedure for allocation of relocation costs,
15 found in G.S. 136-27.1.
- 16 (2) The current population ceiling of 5,500 for municipalities to receive
17 utility relocation assistance from the Department of Transportation,
18 and the appropriateness of this ceiling.
- 19 (3) The history of exceptions to the general policy on the nonpayment by
20 the Department of Transportation for nonbetterment utility relocation
21 costs and the rationales for these exceptions.
- 22 (4) The development of a rational and equitable policy for the payment for
23 nonbetterment utility relocation costs.
- 24 (5) Any other issue related to nonbetterment utility relocation costs.

25
26 Requested by: Representatives Cole, J. Crawford, Bowie, Redwine, Easterling,
27 Oldham, Thompson

28 **DEPARTMENT OF TRANSPORTATION TO EVALUATE THE LOCATIONS**
29 **OF PROPOSED PUBLIC AND PRIVATE SCHOOLS TO ENHANCE**
30 **TRAFFIC OPERATIONS AND SAFETY**

31 **SECTION 27.27.** G.S. 136-18 reads as rewritten:

32 **"§ 136-18. Powers of Department of Transportation.**

33 The said Department of Transportation shall be vested with the following powers:

- 34
35 (29a) To coordinate with all public and private entities planning schools to
36 provide written recommendations and evaluations of driveway access
37 and traffic operational and safety impacts on the State highway system
38 resulting from the development of the proposed sites. All public and
39 private entities shall, upon acquiring land for a new school or prior to
40 beginning construction of a new school, relocating a school, or
41 expanding an existing school, coordinate with the Department to
42 obtain a written evaluation and written recommendations to ensure that
43 all proposed access points comply with the criteria in the current North
44 Carolina Department of Transportation 'Policy on Street and Driveway
45 Access'. The Department shall provide the written evaluation and
46 recommendations within a reasonable time, which shall not exceed 60
47 days. This subdivision shall not be construed to require the public or
48 private entities planning schools to meet the recommendations made
49 by the Department."

50
51 Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham,
52 Redwine, Thompson

REGIONAL PUBLIC TRANSPORTATION AUTHORITY CAPITAL RESERVE FUND ACCUMULATION

SECTION 27.28. G.S. 160A-613 is amended by adding a new subsection to read:

"(c) Notwithstanding any provision of G.S. 159-18, the Board of Trustees may accumulate moneys from any source authorized by this Article or by Article 50 of Chapter 105 of the General Statutes in a capital reserve fund for any authorized purpose of the Authority. Notwithstanding any provision of G.S. 159-19 or G.S. 159-22, the Board of Trustees may, by amendment to the resolution establishing a capital reserve fund, withdraw moneys accumulated in a fund for noncapital purposes if the capital outlay purpose for which the fund was created is no longer viable, as determined by a majority of the Board of Trustees. Except as otherwise provided in this subsection, the provisions of Part 2 of Article 3 of Chapter 159 of the General Statutes shall control the establishment of capital reserve funds by the Authority."

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

NORTH CAROLINA RAILROAD FUNDS

SECTION 27.29.(a) Of funds appropriated to the Department of Transportation Public Transportation Division for new start projects for fiscal year 2001-2002, up to one million dollars (\$1,000,000) shall be used by the Department for projects designated by the North Carolina Railroad Board of Directors.

SECTION 27.29.(b) Of funds appropriated to the Department of Transportation Rail Division for fiscal year 2001-2002, up to five million three hundred thousand dollars (\$5,300,000) shall be used by the Department for projects designated by the North Carolina Railroad Board of Directors.

PART XXVIII. PUBLIC SCHOOLS

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

LITIGATION RESERVE FUNDS DO NOT REVERT

SECTION 28.1.(a) Funds in the State Board of Education's Litigation Reserve that are not expended or encumbered on June 30, 2001, shall not revert on July 1, 2001, but shall remain available for expenditure until June 30, 2002.

SECTION 28.1.(b) Subsection (a) of this section becomes effective June 30, 2001.

SECTION 28.1.(c) The State Board of Education may expend up to five hundred thousand dollars (\$500,000) for the 2001-2002 fiscal year from unexpended funds for certified employees' salaries to pay expenses related to pending litigation.

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

CHILDREN WITH DISABILITIES

SECTION 28.2. The State Board of Education shall allocate funds for children with disabilities on the basis of two thousand six hundred sixty-two dollars and eighty-seven cents (\$2,662.87) per child for a maximum of 158,825 children for the 2001-2002 school year. Each local school administrative unit shall receive funds for the lesser of (i) all children who are identified as children with disabilities or (ii) twelve and five-tenths percent (12.5%) of the 2001-2002 allocated average daily membership in the local school administrative unit.

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

4
5 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
6 Oldham, Redwine, Thompson

7 **FUNDS FOR ACADEMICALLY GIFTED STUDENTS**

8 **SECTION 28.3.** The State Board of Education shall allocate funds for
9 academically or intellectually gifted children on the basis of eight hundred seventy-nine
10 dollars and ten cents (\$879.10) per child. A local school administrative unit shall
11 receive funds for a maximum of four percent (4%) of its 2001-2002 allocated average
12 daily membership, regardless of the number of children identified as academically or
13 intellectually gifted in the unit. The State Board shall allocate funds for no more than
14 52,042 children for the 2001-2002 school year.

15 The dollar amounts allocated under this section for academically or
16 intellectually gifted children shall also increase in accordance with legislative salary
17 increments for personnel who serve academically or intellectually gifted children.

18
19 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
20 Oldham, Redwine, Thompson

21 **AT-RISK STUDENT SERVICES/ALTERNATIVE SCHOOLS**

22 **SECTION 28.4.** The State Board of Education may use up to two hundred
23 thousand dollars (\$200,000) of the funds in the Alternative Schools/At-Risk Student
24 allotment each year for the 2001-2002 fiscal year and for the 2002-2003 fiscal year to
25 implement G.S. 115C-12(24).

26
27 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
28 Oldham, Redwine, Thompson

29 **UNIFORM EDUCATION REPORTING SYSTEM (UERS)**

30 **SECTION 28.5.(a)** Funds appropriated for the Uniform Education
31 Reporting System shall not revert at the end of the 2001-2002 and 2002-2003 fiscal
32 years, but shall remain available until expended.

33 **SECTION 28.5.(b)** This section becomes effective June 30, 2001.

34
35 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
36 Oldham, Redwine, Thompson

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

38 **SECTION 28.6.(a)** Funds for Supplemental Funding. – The General
39 Assembly finds that it is appropriate to provide supplemental funds in low-wealth
40 counties to allow those counties to enhance the instructional program and student
41 achievement; therefore, funds are appropriated to State Aid to Local School
42 Administrative Units for the 2001-2002 fiscal year and the 2002-2003 fiscal year to be
43 used for supplemental funds for schools.

44 **SECTION 28.6.(b)** Use of Funds for Supplemental Funding. – All funds
45 received pursuant to this section shall be used only (i) to provide instructional positions,
46 instructional support positions, teacher assistant positions, clerical positions, school
47 computer technicians, instructional supplies and equipment, staff development, and
48 textbooks, (ii) for salary supplements for instructional personnel and instructional
49 support personnel, and (iii) to pay up to ten thousand dollars (\$10,000) of the plant
50 operation contract cost charged by the Department of Public Instruction for services.

51 Local boards of education are encouraged to use at least twenty-five percent
52 (25%) of the funds received pursuant to this section to improve the academic
53 performance of children who are performing at Level I or II on either reading or

1 mathematics end-of-grade tests in grades 3-8 and children who are performing at Level
2 I or II on the writing tests in grades 4 and 7. Local boards of education shall report to
3 the State Board of Education on an annual basis on funds used for this purpose, and the
4 State Board shall report this information to the Joint Legislative Education Oversight
5 Committee. These reports shall specify how these funds were targeted and used to
6 implement specific improvement strategies of each local school administrative unit and
7 its schools, such as teacher recruitment, closing the achievement gap, improving student
8 accountability, addressing the needs of at-risk students, and establishing and
9 maintaining safe schools.

10 **SECTION 28.6.(c) Definitions.** – As used in this section:

- 11 (1) "Anticipated county property tax revenue availability" means the
12 county-adjusted property tax base multiplied by the effective State
13 average tax rate.
- 14 (2) "Anticipated total county revenue availability" means the sum of the:
15 a. Anticipated county property tax revenue availability,
16 b. Local sales and use taxes received by the county that are levied
17 under Chapter 1096 of the 1967 Session Laws or under
18 Subchapter VIII of Chapter 105 of the General Statutes,
19 c. Food stamp exemption reimbursement received by the county
20 under G.S. 105-164.44C,
21 d. Homestead exemption reimbursement received by the county
22 under G.S. 105-277.1A,
23 e. Inventory tax reimbursement received by the county under G.S.
24 105-275.1 and G.S. 105-277.001,
25 f. Intangibles tax distribution and reimbursement received by the
26 county under G.S. 105-275.2, and
27 g. Fines and forfeitures deposited in the county school fund for the
28 most recent year for which data are available.
- 29 (3) "Anticipated total county revenue availability per student" means the
30 anticipated total county revenue availability for the county divided by
31 the average daily membership of the county.
- 32 (4) "Anticipated State average revenue availability per student" means the
33 sum of all anticipated total county revenue availability divided by the
34 average daily membership for the State.
- 35 (5) "Average daily membership" means average daily membership as
36 defined in the North Carolina Public Schools Allotment Policy
37 Manual, adopted by the State Board of Education. If a county contains
38 only part of a local school administrative unit, the average daily
39 membership of that county includes all students who reside within the
40 county and attend that local school administrative unit.
- 41 (6) "County-adjusted property tax base" shall be computed as follows:
42 a. Subtract the present-use value of agricultural land, horticultural
43 land, and forestland in the county, as defined in G.S. 105-277.2,
44 from the total assessed real property valuation of the county,
45 b. Adjust the resulting amount by multiplying by a weighted
46 average of the three most recent annual sales assessment ratio
47 studies,
48 c. Add to the resulting amount the:
49 1. Present-use value of agricultural land, horticultural land,
50 and forestland, as defined in G.S. 105-277.2,
51 2. Value of property of public service companies,
52 determined in accordance with Article 23 of Chapter 105
53 of the General Statutes, and

- 1 3. Personal property value for the county.
2 (7) "County-adjusted property tax base per square mile" means the
3 county-adjusted property tax base divided by the number of square
4 miles of land area in the county.
5 (8) "County wealth as a percentage of State average wealth" shall be
6 computed as follows:
7 a. Compute the percentage that the county per capita income is of
8 the State per capita income and weight the resulting percentage
9 by a factor of five-tenths,
10 b. Compute the percentage that the anticipated total county
11 revenue availability per student is of the anticipated State
12 average revenue availability per student and weight the
13 resulting percentage by a factor of four-tenths,
14 c. Compute the percentage that the county-adjusted property tax
15 base per square mile is of the State-adjusted property tax base
16 per square mile and weight the resulting percentage by a factor
17 of one-tenth,
18 d. Add the three weighted percentages to derive the county wealth
19 as a percentage of the State average wealth.
20 (9) "Effective county tax rate" means the actual county tax rate multiplied
21 by a weighted average of the three most recent annual sales assessment
22 ratio studies.
23 (10) "Effective State average tax rate" means the average of effective
24 county tax rates for all counties.
25 (10a) "Local current expense funds" means the most recent county current
26 expense appropriations to public schools, as reported by local boards
27 of education in the audit report filed with the Secretary of the Local
28 Government Commission pursuant to G.S. 115C-447.
29 (11) "Per capita income" means the average for the most recent three years
30 for which data are available of the per capita income according to the
31 most recent report of the United States Department of Commerce,
32 Bureau of Economic Analysis, including any reported modifications
33 for prior years as outlined in the most recent report.
34 (12) "Sales assessment ratio studies" means sales assessment ratio studies
35 performed by the Department of Revenue under G.S. 105-289(h).
36 (13) "State average current expense appropriations per student" means the
37 most recent State total of county current expense appropriations to
38 public schools, as reported by local boards of education in the audit
39 report filed with the Secretary of the Local Government Commission
40 pursuant to G.S. 115C-447.
41 (14) "State average adjusted property tax base per square mile" means the
42 sum of the county-adjusted property tax bases for all counties divided
43 by the number of square miles of land area in the State.
44 (14a) "Supplant" means to decrease local per student current expense
45 appropriations from one fiscal year to the next fiscal year.
46 (15) "Weighted average of the three most recent annual sales assessment
47 ratio studies" means the weighted average of the three most recent
48 annual sales assessment ratio studies in the most recent years for which
49 county current expense appropriations and adjusted property tax
50 valuations are available. If real property in a county has been revalued
51 one year prior to the most recent sales assessment ratio study, a
52 weighted average of the two most recent sales assessment ratios shall
53 be used. If property has been revalued the year of the most recent sales

1 assessment ratio study, the sales assessment ratio for the year of
2 revaluation shall be used.

3 **SECTION 28.6.(d)** Eligibility for Funds. – Except as provided in subsection
4 (h) of this section, the State Board of Education shall allocate these funds to local school
5 administrative units located in whole or in part in counties in which the county wealth
6 as a percentage of the State average wealth is less than one hundred percent (100%).

7 **SECTION 28.6.(e)** Allocation of Funds. – Except as provided in subsection
8 (g) of this section, the amount received per average daily membership for a county shall
9 be the difference between the State average current expense appropriations per student
10 and the current expense appropriations per student that the county could provide given
11 the county's wealth and an average effort to fund public schools. (To derive the current
12 expense appropriations per student that the county could be able to provide given the
13 county's wealth and an average effort to fund public schools, multiply the county wealth
14 as a percentage of State average wealth by the State average current expense
15 appropriations per student.)

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

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

23 **SECTION 28.6.(f)** Formula for Distribution of Supplemental Funding
24 Pursuant to This Section Only. – The formula in this section is solely a basis for
25 distribution of supplemental funding for low-wealth counties and is not intended to
26 reflect any measure of the adequacy of the educational program or funding for public
27 schools. The formula is also not intended to reflect any commitment by the General
28 Assembly to appropriate any additional supplemental funds for low-wealth counties.

29 **SECTION 28.6.(g)** Minimum Effort Required. – Counties that had effective
30 tax rates in the 1996-97 fiscal year that were above the State average effective tax rate
31 but that had effective rates below the State average in the 1997-98 fiscal year or
32 thereafter shall receive reduced funding under this section. This reduction in funding
33 shall be determined by subtracting the amount that the county would have received
34 pursuant to Section 17.1(g) of Chapter 507 of the 1995 Session Laws from the amount
35 that the county would have received if qualified for full funding and multiplying the
36 difference by ten percent (10%). This method of calculating reduced funding shall
37 apply one time only.

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

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

47 **SECTION 28.6.(h)** Nonsupplant Requirement. – A county in which a local
48 school administrative unit receives funds under this section shall use the funds to
49 supplement local current expense funds and shall not supplant local current expense
50 funds. For the 2001-2003 fiscal biennium, the State Board of Education shall not
51 allocate funds under this section to a county found to have used these funds to supplant
52 local per student current expense funds. The State Board of Education shall make a

1 finding that a county has used these funds to supplant local current expense funds in the
2 prior year, or the year for which the most recent data are available, if:

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

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

12 **SECTION 28.6.(i)** Reports. – The State Board of Education shall report to
13 the Joint Legislative Education Oversight Committee prior to May 1, 2002, if it
14 determines that counties have supplanted funds.

15 **SECTION 28.6.(j)** Department of Revenue Reports. – The Department of
16 Revenue shall provide to the Department of Public Instruction a preliminary report for
17 the current fiscal year of the assessed value of the property tax base for each county
18 prior to March 1 of each year and a final report prior to May 1 of each year. The reports
19 shall include for each county the annual sales assessment ratio and the taxable values of
20 (i) total real property, (ii) the portion of total real property represented by the
21 present-use value of agricultural land, horticultural land, and forestland as defined in
22 G.S. 105-277.2, (iii) property of public service companies determined in accordance
23 with Article 23 of Chapter 105 of the General Statutes, and (iv) personal property.

24
25 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
26 Oldham, Redwine, Thompson

27 **SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING**

28 **SECTION 28.7.(a)** Funds for Small School Systems. – Except as provided
29 in subsection (b) of this section, the State Board of Education shall allocate funds
30 appropriated for small school system supplemental funding (i) to each county school
31 administrative unit with an average daily membership of fewer than 3,175 students and
32 (ii) to each county school administrative unit with an average daily membership of from
33 3,175 to 4,000 students if the county in which the local school administrative unit is
34 located has a county-adjusted property tax base per student that is below the
35 State-adjusted property tax base per student and if the total average daily membership of
36 all local school administrative units located within the county is from 3,175 to 4,000
37 students. The allocation formula shall:

- 38 (1) Round all fractions of positions to the next whole position.
- 39 (2) Provide five and one-half additional regular classroom teachers in
40 counties in which the average daily membership per square mile is
41 greater than four, and seven additional regular classroom teachers in
42 counties in which the average daily membership per square mile is
43 four or fewer.
- 44 (3) Provide additional program enhancement teachers adequate to offer
45 the standard course of study.
- 46 (4) Change the duty-free period allocation to one teacher assistant per 400
47 average daily membership.
- 48 (5) Provide a base for the consolidated funds allotment of at least four
49 hundred sixty-six thousand dollars (\$466,000) excluding textbooks.
- 50 (6) Allot vocational education funds for grade 6 as well as for grades 7-12.

51 If funds appropriated for each fiscal year for small school system
52 supplemental funding are not adequate to fund fully the program, the State Board of
53 Education shall reduce the amount allocated to each county school administrative unit

1 on a pro rata basis. This formula is solely a basis for distribution of supplemental
2 funding for certain county school administrative units and is not intended to reflect any
3 measure of the adequacy of the educational program or funding for public schools. The
4 formula is also not intended to reflect any commitment by the General Assembly to
5 appropriate any additional supplemental funds for such county administrative units.

6 **SECTION 28.7.(b)** Nonsupplant Requirement. – A county in which a local
7 school administrative unit receives funds under this section shall use the funds to
8 supplement local current expense funds and shall not supplant local current expense
9 funds. For the 2001-2003 fiscal biennium, the State Board of Education shall not
10 allocate funds under this section to a county found to have used these funds to supplant
11 local per student current expense funds. The State Board of Education shall make a
12 finding that a county has used these funds to supplant local current expense funds in the
13 prior year, or the year for which the most recent data are available, if:

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

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

23 **SECTION 28.7.(c)** Phase-Out Provisions. – If a local school administrative
24 unit becomes ineligible for funding under this formula solely because of an increase in
25 the county-adjusted property tax base per student of the county in which the local school
26 administrative unit is located, funding for that unit shall be phased out over a two-year
27 period. For the first year of ineligibility, the unit shall receive the same amount it
28 received for the prior fiscal year. For the second year of ineligibility, it shall receive
29 one-half of that amount.

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

34 **SECTION 28.7.(d)** Definitions. – As used in this section:

- 35 (1) "Average daily membership" means within two percent (2%) of the
36 average daily membership as defined in the North Carolina Public
37 Schools Allotment Policy Manual, adopted by the State Board of
38 Education.
- 39 (2) "County-adjusted property tax base per student" means the total
40 assessed property valuation for each county, adjusted using a weighted
41 average of the three most recent annual sales assessment ratio studies,
42 divided by the total number of students in average daily membership
43 who reside within the county.
- 44 (2a) "Local current expense funds" means the most recent county current
45 expense appropriations to public schools, as reported by local boards
46 of education in the audit report filed with the Secretary of the Local
47 Government Commission pursuant to G.S. 115C-447.
- 48 (3) "Sales assessment ratio studies" means sales assessment ratio studies
49 performed by the Department of Revenue under G.S. 105-289(h).
- 50 (4) "State adjusted property tax base per student" means the sum of all
51 county adjusted property tax bases divided by the total number of
52 students in average daily membership who reside within the State.

1 (4a) "Supplant" means to decrease local per student current expense
2 appropriations from one fiscal year to the next fiscal year.

3 (5) "Weighted average of the three most recent annual sales assessment
4 ratio studies" means the weighted average of the three most recent
5 annual sales assessment ratio studies in the most recent years for which
6 county current expense appropriations and adjusted property tax
7 valuations are available. If real property in a county has been revalued
8 one year prior to the most recent sales assessment ratio study, a
9 weighted average of the two most recent sales assessment ratios shall
10 be used. If property has been revalued during the year of the most
11 recent sales assessment ratio study, the sales assessment ratio for the
12 year of revaluation shall be used.

13 **SECTION 28.7.(e)** Reports. – The State Board of Education shall report to
14 the Joint Legislative Education Oversight Committee prior to May 1, 2002, if it
15 determines that counties have supplanted funds.

16 **SECTION 28.7.(f)** Use of Funds. – Local boards of education are
17 encouraged to use at least twenty percent (20%) of the funds they receive pursuant to
18 this section to improve the academic performance of children who are performing at
19 Level I or II on either reading or mathematics end-of-grade tests in grades 3-8 and
20 children who are performing at Level I or II on the writing tests in grades 4 and 7.
21 Local boards of education shall report to the State Board of Education on an annual
22 basis on funds used for this purpose and the State Board shall report this information to
23 the Joint Legislative Education Oversight Committee. These reports shall specify how
24 these funds were targeted and used to implement specific improvement strategies of
25 each local school administrative unit and its schools such as teacher recruitment, closing
26 the achievement gap, improving student accountability, addressing the needs of at-risk
27 students, and establishing and maintaining safe schools.

28
29 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
30 Oldham, Redwine, Thompson

31 **FUNDS TO IMPLEMENT THE ABCS OF PUBLIC EDUCATION PROGRAM**

32 **SECTION 28.8.(a)** The State Board of Education shall use funds
33 appropriated for State Aid to Local School Administrative Units for the 2001-2002
34 fiscal year to provide incentive funding for schools that met or exceeded the projected
35 levels of improvement in student performance during the 2000-2001 school year, in
36 accordance with the ABCs of Public Education Program. In accordance with State
37 Board of Education policy:

38 (1) Incentive awards in schools that achieve higher than expected
39 improvements may be up to:

- 40 a. One thousand five hundred dollars (\$1,500) for each teacher
41 and for certified personnel; and
42 b. Five hundred dollars (\$500.00) for each teacher assistant.

43 (2) Incentive awards in schools that meet the expected improvements may
44 be up to:

- 45 a. Seven hundred fifty dollars (\$750.00) for each teacher and for
46 certified personnel; and
47 b. Three hundred seventy-five dollars (\$375.00) for each teacher
48 assistant.

49 **SECTION 28.8.(b)** The State Board of Education may use funds
50 appropriated to State Aid to Local School Administrative Units for assistance teams to
51 low-performing schools.
52

1 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
2 Oldham, Redwine, Thompson

3 **STUDENTS WITH LIMITED ENGLISH PROFICIENCY**

4 **SECTION 28.9.(a)** The State Board of Education shall develop guidelines
5 for identifying and providing services to students with limited proficiency in the English
6 language.

7 The State Board shall allocate these funds to local school administrative units
8 and to charter schools under a formula that takes into account the average percentage of
9 students in the units or the charters over the past three years who have limited English
10 proficiency. The State Board shall allocate funds to a unit or a charter school only if (i)
11 average daily membership of the unit or the charter school includes at least 20 students
12 with limited English proficiency or (ii) students with limited English proficiency
13 comprise at least two and one-half percent (2 1/2%) of the average daily membership of
14 the unit or charter school. For the portion of the funds that is allocated on the basis of
15 the number of identified students, the maximum number of identified students for whom
16 a unit or charter school receives funds shall not exceed ten and six-tenths percent
17 (10.6%) of its average daily membership.

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

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

25 **SECTION 28.9.(b)** The Department of Public Instruction shall prepare a
26 current headcount of the number of students classified with limited English proficiency
27 by December 1 of each year.

28 Students in the head count shall be assessed at least once every three years to
29 determine their level of English proficiency. A student who scores "superior" on the
30 standard English language proficiency assessment instrument used in this State shall not
31 be included in the head count of students with limited English proficiency.

32
33 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
34 Oldham, Redwine, Thompson

35 **EXPENDITURES FOR DRIVING EDUCATION CERTIFICATES**

36 **SECTION 28.10.** The State Board of Education may use funds appropriated
37 for drivers education for the 2001-2002 fiscal year and for the 2002-2003 fiscal year for
38 driving eligibility certificates.

39
40 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
41 Oldham, Redwine, Thompson

42 **TEACHER SALARY SCHEDULES**

43 **SECTION 28.11.(a)** Effective for the 2001-2002 school year, the Director of
44 the Budget may transfer from the Reserve for Compensation Increases for the
45 2001-2002 fiscal year funds necessary to implement the teacher salary schedule set out
46 in subsection (b) of this section, including funds for the employer's retirement and social
47 security contributions and funds for annual longevity payments at one and one-half
48 percent (1.5%) of base salary for 10 to 14 years of State service, two and twenty-five
49 hundredths percent (2.25%) of base salary for 15 to 19 years of State service, three and
50 twenty-five hundredths percent (3.25%) of base salary for 20 to 24 years of State
51 service, and four and one-half percent (4.5%) of base salary for 25 or more years of
52 State service, commencing July 1, 2001, for all teachers whose salaries are supported
53 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 28.11.(b) For the 2001-2002 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.

**2001-2002 MONTHLY SALARY SCHEDULE
"A" TEACHERS**

Years of Experience	"A" Teachers	NBPTS Certification
0	\$2,525	N/A
1	\$2,567	N/A
2	\$2,611	N/A
3	\$2,764	\$3,096
4	\$2,904	\$3,252
5	\$3,036	\$3,400
6	\$3,164	\$3,544
7	\$3,266	\$3,658
8	\$3,314	\$3,712
9	\$3,362	\$3,765
10	\$3,412	\$3,821
11	\$3,461	\$3,876
12	\$3,511	\$3,932
13	\$3,561	\$3,988
14	\$3,614	\$4,048
15	\$3,667	\$4,107
16	\$3,722	\$4,169
17	\$3,777	\$4,230
18	\$3,834	\$4,294
19	\$3,892	\$4,359
20	\$3,950	\$4,424
21	\$4,011	\$4,492
22	\$4,072	\$4,561
23	\$4,136	\$4,632
24	\$4,200	\$4,704
25	\$4,264	\$4,776
26	\$4,330	\$4,850
27	\$4,398	\$4,926
28	\$4,467	\$5,003
29	\$4,538	\$5,083
30+	\$4,538	\$5,083

**2001-2002 MONTHLY SALARY SCHEDULE
"M" TEACHERS**

Years of Experience	"M" Teachers	NBPTS Certification
0	\$2,778	N/A
1	\$2,824	N/A

1	2	\$2,872	N/A
2	3	\$3,040	\$3,405
3	4	\$3,194	\$3,577
4	5	\$3,340	\$3,741
5	6	\$3,480	\$3,898
6	7	\$3,593	\$4,024
7	8	\$3,645	\$4,082
8	9	\$3,698	\$4,142
9	10	\$3,753	\$4,203
10	11	\$3,807	\$4,264
11	12	\$3,862	\$4,325
12	13	\$3,917	\$4,387
13	14	\$3,975	\$4,452
14	15	\$4,034	\$4,518
15	16	\$4,094	\$4,585
16	17	\$4,155	\$4,654
17	18	\$4,217	\$4,723
18	19	\$4,281	\$4,795
19	20	\$4,345	\$4,866
20	21	\$4,412	\$4,941
21	22	\$4,479	\$5,016
22	23	\$4,550	\$5,096
23	24	\$4,620	\$5,174
24	25	\$4,690	\$5,253
25	26	\$4,763	\$5,335
26	27	\$4,838	\$5,419
27	28	\$4,914	\$5,504
28	29	\$4,992	\$5,591
29	30+	\$4,992	\$5,591

SECTION 28.11.(c) 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 "M" 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 "M" teachers.

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

INSTRUCTIONAL SUPPORT PERSONNEL SALARY SCHEDULES

SECTION 28.12.(a) Effective for the 2001-2002 school year, the Director of the Budget may transfer from the Reserve for Compensation Increases for the 2001-2002 fiscal year funds necessary to implement the instructional support personnel 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 and one-half percent (1.5%) of base salary for 10 to 14 years of State service, two and twenty-five hundredths percent (2.25%) of base salary for 15 to 19 years of State service, three and twenty-five hundredths percent (3.25%) 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, 2001, for all instructional

1 support personnel whose salaries are supported from the State's General Fund. These
 2 funds shall be allocated to individuals according to rules adopted by the State Board of
 3 Education. The longevity payment shall be paid in a lump sum once a year.

4 **SECTION 28.12.(b)** For the 2001-2002 school year, the following monthly
 5 salary schedules shall apply to certified personnel of the public schools who are
 6 classified as instructional support personnel. The schedule contains 30 steps with each
 7 step corresponding to one year of experience as a certificated employee of the public
 8 schools.

9
 10 **2001-2002 MONTHLY SALARY SCHEDULE**
 11 **"A" INSTRUCTIONAL SUPPORT PERSONNEL**

12	13 Years of	"A" Instructional	NBPTS
14	Experience	Support Personnel	Certification
15			
16	0	\$2,525	N/A
17	1	\$2,567	N/A
18	2	\$2,611	N/A
19	3	\$2,764	\$3,096
20	4	\$2,904	\$3,252
21	5	\$3,036	\$3,400
22	6	\$3,164	\$3,544
23	7	\$3,266	\$3,658
24	8	\$3,314	\$3,712
25	9	\$3,362	\$3,765
26	10	\$3,412	\$3,821
27	11	\$3,461	\$3,876
28	12	\$3,511	\$3,932
29	13	\$3,561	\$3,988
30	14	\$3,614	\$4,048
31	15	\$3,667	\$4,107
32	16	\$3,722	\$4,169
33	17	\$3,777	\$4,230
34	18	\$3,834	\$4,294
35	19	\$3,892	\$4,359
36	20	\$3,950	\$4,424
37	21	\$4,011	\$4,492
38	22	\$4,072	\$4,561
39	23	\$4,136	\$4,632
40	24	\$4,200	\$4,704
41	25	\$4,264	\$4,776
42	26	\$4,330	\$4,850
43	27	\$4,398	\$4,926
44	28	\$4,467	\$5,003
45	29	\$4,538	\$5,083
46	30+	\$4,538	\$5,083

47
 48 **2001-2002 MONTHLY SALARY SCHEDULE**
 49 **"M" INSTRUCTIONAL SUPPORT PERSONNEL**

50	51 Years of	"M" Instructional	NBPTS
52	Experience	Support Personnel	Certification

1	0	\$2,778	N/A
2	1	\$2,824	N/A
3	2	\$2,872	N/A
4	3	\$3,040	\$3,405
5	4	\$3,194	\$3,577
6	5	\$3,340	\$3,741
7	6	\$3,480	\$3,898
8	7	\$3,593	\$4,024
9	8	\$3,645	\$4,082
10	9	\$3,698	\$4,142
11	10	\$3,753	\$4,203
12	11	\$3,807	\$4,264
13	12	\$3,862	\$4,325
14	13	\$3,917	\$4,387
15	14	\$3,975	\$4,452
16	15	\$4,034	\$4,518
17	16	\$4,094	\$4,585
18	17	\$4,155	\$4,654
19	18	\$4,217	\$4,723
20	19	\$4,281	\$4,795
21	20	\$4,345	\$4,866
22	21	\$4,412	\$4,941
23	22	\$4,479	\$5,016
24	23	\$4,550	\$5,096
25	24	\$4,620	\$5,174
26	25	\$4,690	\$5,253
27	26	\$4,763	\$5,335
28	27	\$4,838	\$5,419
29	28	\$4,914	\$5,504
30	29	\$4,992	\$5,591
31	30+	\$4,992	\$5,591

SECTION 28.12.(c) Certified public school instructional support personnel 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 "M" instructional support personnel. Certified public school instructional support personnel 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 "M" instructional support personnel.

SECTION 28.12.(d) Effective for the 2001-2002 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 "M" instructional support personnel. 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 instructional support personnel.

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

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

5 **SECTION 28.12.(e)** Effective for the 2001-2002 school year, speech
 6 pathologists who are certified as speech pathologists at the masters degree level and
 7 audiologists who are certified as audiologists at the masters degree level and who are
 8 employed in the public schools as speech and language specialists and audiologists shall
 9 be paid on the school psychologist salary schedule.

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

17 **SECTION 28.12.(f)** Certified school nurses who are employed in the public
 18 schools as nurses shall be paid on the "M" salary schedule.

19 **SECTION 28.12.(g)** G.S. 115C-325(a)(6) reads as rewritten:

20 "(a) Definition of Terms. – As used in this section unless the context requires
 21 otherwise:

- 22 ⋮
 23 (6) "Teacher" means a person who holds at least a current, not provisional
 24 or expired, Class A certificate or a regular, not provisional or expired,
 25 vocational certificate issued by the Department of Public Instruction;
 26 whose major responsibility is to teach or directly supervises teaching
 27 or who is classified by the State Board of Education or is paid either as
 28 a classroom ~~teacher;~~teacher or instructional support personnel; and
 29 who is employed to fill a full-time, permanent position."
 30

31 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
 32 Oldham, Redwine, Thompson

33 **SCHOOL ADMINISTRATOR SALARY SCHEDULES**

34 **SECTION 28.13.(a)** Funds appropriated to the Reserve for Compensation
 35 Increases shall be used for the implementation of the salary schedule for school-based
 36 administrators as provided in this section. These funds shall be used for State-paid
 37 employees only.

38 **SECTION 28.13.(b)** The base salary schedule for school-based
 39 administrators shall apply only to principals and assistant principals. The base salary
 40 schedule for the 2001-2002 fiscal year, commencing July 1, 2001, is as follows:

41
 42 **2001-2002**
 43 **PRINCIPAL AND ASSISTANT PRINCIPAL SALARY SCHEDULES**

44
 45 **CLASSIFICATION**

46

47 Yrs of	Assistant	Prin I	Prin II	Prin III	Prin IV
48 Exp	Principal	(0-10)	(11-21)	(22-32)	(33-43)
50 0-4	\$3,226	—	—	—	—
51 5	\$3,373	—	—	—	—
52 6	\$3,515	—	—	—	—
53 7	\$3,629	—	—	—	—

1	8	\$3,681	\$3,681	—	—	—
2	9	\$3,735	\$3,735	—	—	—
3	10	\$3,791	\$3,791	\$3,845	—	—
4	11	\$3,845	\$3,845	\$3,901	—	—
5	12	\$3,901	\$3,901	\$3,956	\$4,015	—
6	13	\$3,956	\$3,956	\$4,015	\$4,074	\$4,135
7	14	\$4,015	\$4,015	\$4,074	\$4,135	\$4,197
8	15	\$4,074	\$4,074	\$4,135	\$4,197	\$4,259
9	16	\$4,135	\$4,135	\$4,197	\$4,259	\$4,324
10	17	\$4,197	\$4,197	\$4,259	\$4,324	\$4,388
11	18	\$4,259	\$4,259	\$4,324	\$4,388	\$4,456
12	19	\$4,324	\$4,324	\$4,388	\$4,456	\$4,524
13	20	\$4,388	\$4,388	\$4,456	\$4,524	\$4,596
14	21	\$4,456	\$4,456	\$4,524	\$4,596	\$4,666
15	22	\$4,524	\$4,524	\$4,596	\$4,666	\$4,737
16	23	\$4,596	\$4,596	\$4,666	\$4,737	\$4,811
17	24	\$4,666	\$4,666	\$4,737	\$4,811	\$4,886
18	25	\$4,737	\$4,737	\$4,811	\$4,886	\$4,963
19	26	\$4,811	\$4,811	\$4,886	\$4,963	\$5,042
20	27	\$4,886	\$4,886	\$4,963	\$5,042	\$5,143
21	28	\$4,963	\$4,963	\$5,042	\$5,143	\$5,246
22	29	\$5,042	\$5,042	\$5,143	\$5,246	\$5,351
23	30	\$5,143	\$5,143	\$5,246	\$5,351	\$5,458
24	31	\$5,246	\$5,246	\$5,351	\$5,458	\$5,567
25	32	—	\$5,351	\$5,458	\$5,567	\$5,678
26	33	—	—	\$5,567	\$5,678	\$5,792
27	34	—	—	\$5,678	\$5,792	\$5,908
28	35	—	—	—	\$5,908	\$6,026
29	36	—	—	—	\$6,026	\$6,147
30	37	—	—	—	—	\$6,270

**2001-2002
PRINCIPAL AND ASSISTANT PRINCIPAL SALARY SCHEDULES**

CLASSIFICATION

Yrs of Exp	Prin V (44-54)	Prin VI (55-65)	Prin VII (66-100)	Prin VIII (101+)
14	\$4,259	—	—	—
15	\$4,324	—	—	—
16	\$4,388	\$4,456	—	—
17	\$4,456	\$4,524	\$4,666	—
18	\$4,524	\$4,596	\$4,737	\$4,811
19	\$4,596	\$4,666	\$4,811	\$4,886
20	\$4,666	\$4,737	\$4,886	\$4,963
21	\$4,737	\$4,811	\$4,963	\$5,042
22	\$4,811	\$4,886	\$5,042	\$5,143
23	\$4,886	\$4,963	\$5,143	\$5,246
24	\$4,963	\$5,042	\$5,246	\$5,351
25	\$5,042	\$5,143	\$5,351	\$5,458
26	\$5,143	\$5,246	\$5,458	\$5,567
27	\$5,246	\$5,351	\$5,567	\$5,678

1	28	\$5,351	\$5,458	\$5,678	\$5,792
2	29	\$5,458	\$5,567	\$5,792	\$5,908
3	30	\$5,567	\$5,678	\$5,908	\$6,026
4	31	\$5,678	\$5,792	\$6,026	\$6,147
5	32	\$5,792	\$5,908	\$6,147	\$6,270
6	33	\$5,908	\$6,026	\$6,270	\$6,395
7	34	\$6,026	\$6,147	\$6,395	\$6,523
8	35	\$6,147	\$6,270	\$6,523	\$6,653
9	36	\$6,270	\$6,395	\$6,653	\$6,786
10	37	\$6,395	\$6,523	\$6,786	\$6,922
11	38	\$6,523	\$6,653	\$6,922	\$7,060
12	39	—	\$6,786	\$7,060	\$7,201
13	40	—	\$6,922	\$7,201	\$7,345
14	41	—	—	\$7,345	\$7,492

SECTION 28.13.(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:

	Classification	Number of Teachers Supervised
19	Assistant Principal	
20	Principal I	Fewer than 11 Teachers
21	Principal II	11-21 Teachers
22	Principal III	22-32 Teachers
23	Principal IV	33-43 Teachers
24	Principal V	44-54 Teachers
25	Principal VI	55-65 Teachers
26	Principal VII	66-100 Teachers
27	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 28.13.(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. A principal or assistant principal shall also continue to receive any additional State-funded percentage increases earned for the 1997-1998, 1998-1999, and the 1999-2000 school year for improvement in student performance or maintaining a safe and orderly school.

SECTION 28.13.(e) 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 28.13.(f) 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

1 that the superintendent is employed by that local school administrative unit so long as
 2 the superintendent is entitled to at least that amount of additional State-paid salary under
 3 the rules in effect for the 1992-93 fiscal year.

4 **SECTION 28.13.(g)** Longevity pay for principals and assistant principals
 5 shall be as provided for State employees under the State Personnel Act.

6 **SECTION 28.13.(h)**

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

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

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

22 **SECTION 28.13.(i)** Participants in an approved full-time Masters in School
 23 Administration program shall receive up to a 10-month stipend at the beginning salary
 24 of an assistant principal during the internship period of the masters program.
 25 Certification of eligible full-time interns shall be supplied to the Department of Public
 26 Instruction by the Principal Fellows Program or a school of education where the intern
 27 participates in a full-time Masters in School Administration.

28 **SECTION 28.13.(j)** During the 2001-2002 fiscal year, the placement on the
 29 salary schedule of an administrator with a one-year provisional assistant principal's
 30 certificate shall be at the entry-level salary for an assistant principal or the appropriate
 31 step on the teacher salary schedule, whichever is higher.

32
 33 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
 34 Oldham, Redwine, Thompson

35 **CENTRAL OFFICE SALARIES**

36 **SECTION 28.14.(a)** The monthly salary ranges that follow apply to
 37 assistant superintendents, associate superintendents, directors/coordinators, supervisors,
 38 and finance officers for the 2001-2002 fiscal year, beginning July 1, 2001. The top of
 39 these ranges shall be increased by six hundred twenty-five dollars (\$625.00) annually
 40 for full-time employees.

41 School Administrator I	\$2,932	\$5,214
42 School Administrator II	\$3,112	\$5,534
43 School Administrator III	\$3,303	\$5,873
44 School Administrator IV	\$3,436	\$6,110
45 School Administrator V	\$3,574	\$6,358
46 School Administrator VI	\$3,792	\$6,747
47 School Administrator VII	\$3,945	\$7,020

48 The local board of education shall determine the appropriate category and
 49 placement for each assistant superintendent, associate superintendent,
 50 director/coordinator, supervisor, or finance officer within the salary ranges and within
 51 funds appropriated by the General Assembly for central office administrators and
 52 superintendents. The category in which an employee is placed shall be included in the
 53 contract of any employee hired on or after July 1, 2001.

1 **SECTION 28.14.(b)** The monthly salary ranges that follow apply to public
 2 school superintendents for the 2001-2002 fiscal year, beginning July 1, 2001. The top
 3 of these ranges shall be increased by six hundred twenty-five dollars (\$625.00) annually
 4 for full-time employees.

5	Superintendent I	\$4,187	\$7,451
6	Superintendent II	\$4,445	\$7,904
7	Superintendent III	\$4,716	\$8,389
8	Superintendent IV	\$5,005	\$8,901
9	Superintendent V	\$5,312	\$9,447

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

14 Notwithstanding the provisions of this subsection, a local board of education
 15 may pay an amount in excess of the applicable range to a superintendent who is entitled
 16 to receive the higher amount under Section 28.13(f) of this act.

17 **SECTION 28.14.(c)** Longevity pay for superintendents, assistant
 18 superintendents, associate superintendents, directors/coordinators, supervisors, and
 19 finance officers shall be as provided for State employees under the State Personnel Act.

20 **SECTION 28.14.(d)** Superintendents, assistant superintendents, associate
 21 superintendents, directors/coordinators, supervisors, and finance officers with
 22 certification based on academic preparation at the six-year degree level shall receive a
 23 salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to
 24 the compensation provided for pursuant to this section. Superintendents, assistant
 25 superintendents, associate superintendents, directors/coordinators, supervisors, and
 26 finance officers with certification based on academic preparation at the doctoral degree
 27 level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per
 28 month in addition to the compensation provided for under this section.

29 **SECTION 28.14.(e)** The State Board of Education shall not permit local
 30 school administrative units to transfer State funds from other funding categories for
 31 salaries for public school central office administrators.

32 **SECTION 28.14.(f)** The Director of the Budget shall transfer from the
 33 Reserve for Compensation Increases created in this act for fiscal year 2001-2002,
 34 beginning July 1, 2001, funds necessary to provide an average annual salary increase of
 35 six hundred twenty-five dollars (\$625.00), including funds for the employer's retirement
 36 and social security contributions, commencing July 1, 2001, for all permanent full-time
 37 personnel paid from the Central Office Allotment. The State Board of Education shall
 38 allocate these funds to local school administrative units. The local boards of education
 39 shall establish guidelines for providing their salary increases to these personnel.

40 **SECTION 28.14.(g)** The State Board of Education shall develop a new
 41 formula for allocating to local school administrative units funds appropriated for
 42 salaries for public school central office administrators for the 2002-2003 fiscal year.
 43 This formula shall not include a permanent hold-harmless provision for local school
 44 administrative units.

45
 46 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
 47 Oldham, Redwine, Thompson

48 **NONCERTIFIED PERSONNEL SALARIES**

49 **SECTION 28.15.(a)** The Director of the Budget may transfer from the
 50 Reserve for Compensation Increases created in this act for fiscal year 2001-2002,
 51 commencing July 1, 2001, funds necessary to provide a salary increase of six hundred
 52 twenty-five dollars (\$625.00), including funds for the employer's retirement and social

1 security contributions, commencing July 1, 2001, for all noncertified public school
2 employees whose salaries are supported from the State's General Fund.

3 **SECTION 28.15.(b)** Local boards of education shall increase the rates of
4 pay for all such employees who were employed for all or part of fiscal year 2000-2001
5 and who continue their employment for fiscal year 2001-2002 by at least six hundred
6 twenty-five dollars (\$625.00), commencing July 1, 2001. For part-time employees, the
7 pay increase shall be pro rata based on the number of hours worked.

8 **SECTION 28.15.(c)** These funds shall not be used for any purpose other
9 than for the salary increases and necessary employer contributions provided by this
10 section.

11 **SECTION 28.15.(d)** The State Board of Education may adopt salary ranges
12 for noncertified personnel to support increases of six hundred twenty-five dollars
13 (\$625.00) for the 2001-2002 fiscal year.

14
15 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
16 Oldham, Redwine, Thompson

17 HIGH SCHOOL EXIT EXAMS

18 **SECTION 28.16.** Of the funds appropriated to State Aid to Local School
19 Administrative Units, the State Board of Education may use up to three million dollars
20 (\$3,000,000) for the 2001-2002 fiscal year to:

- 21 (1) Continue to develop a high school exit examination;
- 22 (2) Purchase equipment for scoring tests, including the new computer
23 adaptive exam for eligible students with disabilities; and
- 24 (3) Revise the reading and writing assessments.

25
26 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
27 Oldham, Redwine, Thompson

28 FAIRNESS IN TESTING PROGRAM

29 **SECTION 28.17.(a)** The State Board of Education shall provide the Joint
30 Legislative Education Oversight Committee with a detailed analysis of the current
31 resources allocated to meet the needs of all students subject to the Statewide Student
32 Accountability Standards, and in addition, shall submit recommendations regarding
33 other resources that would best assist students in meeting these new standards.

34 **SECTION 28.17.(b)** G.S. 115C-288(a) reads as rewritten:

35 "(a) To Grade and Classify Pupils. – The principal shall have authority to grade
36 and classify ~~pupils except a pupils~~. In determining the appropriate grade for a pupil who
37 is already attending a public school, the principal shall consider the pupil's classroom
38 work and grades, the pupil's scores on standardized tests, and the best educational
39 interests of the pupil. The principal shall not make the decision solely on the basis of
40 standardized test scores. If a principal's decision to retain a child in the same grade is
41 partially based on the pupil's scores on standardized tests, those test scores shall be
42 verified as accurate.

43 A principal shall not require additional testing of a student entering a public school
44 from a school governed under Article 39 of this Chapter if test scores from a nationally
45 standardized test or nationally standardized equivalent measure that are adequate to
46 determine the appropriate placement of the child are available."

47 **SECTION 28.17.(c)** G.S. 115C-47 is amended by adding a new subdivision
48 to read:

49 "**§ 115C-47. Powers and duties generally.**

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

52 ...

1 (39) To Provide a Right to Appeal the Decision to Retain a Child. – If local
2 board policy requires that a child be retained at a grade level or that a
3 child attend summer school, based on the child's standardized test
4 scores, that local policy shall also provide the child's parent or
5 guardian the right to appeal the decision to that local board. The right
6 to appeal shall provide, at a minimum, for clear notice of the parent's
7 rights, the right to have an advocate present at the hearing, the right to
8 ask questions of school officials, the right to obtain records and
9 information from the school, and the right to present information and
10 evidence on behalf of the child."

11 **SECTION 28.17.(d)** The State Board of Education shall study the benefits
12 of providing students' parents or guardians with copies of tests administered to their
13 children under the Statewide Testing Program. The Board shall also consider the costs
14 of maintaining the integrity and reliability of the tests if such a policy is implemented.
15 The Board shall report the results of this study to the Joint Legislative Education
16 Oversight Committee by March 31, 2002.

17 **SECTION 28.17.(e)** Part 3 of Article 8B of Chapter 115C of the General
18 Statutes is amended by adding the following new section to read:

19 **"§ 115C-105.41. Students who have been placed at risk of academic failure;**
20 **personal education plans.**

21 Local school administrative units shall identify students in all grades who have been
22 placed at risk for academic failure and implement a personal education plan for
23 academic improvement with focused intervention and performance benchmarks.
24 Identification shall occur as early as can reasonably be done and can be based on grades,
25 observations, State assessments, and other factors that impact student performance that
26 teachers and administrators consider appropriate, without having to await the results of
27 end-of-grade or end-of-course tests. At the beginning of the school year, a personal
28 education plan shall be developed for any student not performing at least at grade level,
29 as identified by the State end-of-grade test. Focused intervention and accelerated
30 activities should include research-based best practices that meet the needs of students
31 and may include coaching, mentoring, tutoring, summer school, Saturday school, and
32 extended days. Local school administrative units shall provide these activities and
33 transportation free of charge to students. Parents should be included in the
34 implementation and ongoing review of personal education plans."

35 **SECTION 28.17.(f)** G.S. 115C-174.12(a) reads as rewritten:

36 ~~"(a) The State Board of Education shall review the tests being administered~~
37 ~~through State and local testing programs and shall select the tests that it believes are~~
38 ~~necessary to provide the best measures of the levels of academic achievement attained~~
39 ~~by students in various subject areas. The State Board of Education shall also establish~~
40 ~~policies and guidelines necessary for minimizing the time students spend taking tests~~
41 ~~administered through State and local testing programs and for otherwise carrying out the~~
42 ~~provisions of this Article. The State Board of Education's policies regarding the testing~~
43 ~~of children with disabilities shall (i) provide broad accommodations and alternate~~
44 ~~methods of assessment that are consistent with a child's individualized education~~
45 ~~program and Section 504 plans, (ii) prohibit the use of statewide tests as the sole~~
46 ~~determinant of decisions about a child's graduation or promotion, and (iii) provide~~
47 ~~parents with information about the Statewide Testing Program and options for students~~
48 ~~with disabilities. The State Board shall report its proposed policies and proposed~~
49 ~~changes in policies to the Joint Legislative Education Oversight Committee prior to~~
50 ~~adoption."~~

51 **SECTION 28.17.(g)** Schools shall devote no more than two days of
52 instructional time per year to the taking of practice tests that do not have the primary
53 purpose of assessing current student learning.

1 **SECTION 28.17.(h)** Students in a local school shall not be subject to field
2 tests or national tests during the two-week period preceding the administration of the
3 end-of-grade tests, end-of-course tests, or the school's regularly scheduled final exams.
4 No school shall participate in more than two field tests at any one grade level during a
5 school year.

6 **SECTION 28.17.(i)** The Joint Legislative Education Oversight Committee
7 shall study the State's testing program. As part of this study, the Committee shall
8 consider:

- 9 (1) The number of tests currently mandated at the State level and the
10 process and cost of developing, validating, and scoring them.
- 11 (2) The extent to which the provisions of the Excellent Schools Act
12 regarding testing have been implemented, and this shall be reported to
13 the General Assembly. In determining whether the State should
14 consider the use of nationally developed tests as a substitute for State-
15 developed testing, the Committee shall consider the testing provisions
16 of the Excellent Schools Act. In particular, the Committee shall
17 determine whether this use would (i) affect the ABCs Program, (ii)
18 adequately measure student achievement and performance, (iii)
19 provide more than minimum levels of achievement, (iv) provide a
20 better comparison to student achievement and performance in other
21 states, (v) be practical for high school courses or higher level courses,
22 (vi) reduce the need for field testing, and (vii) offer any cost savings to
23 the State.
- 24 (3) The number of grades in which State tests are given. The Committee
25 shall determine the necessity for testing all grades in third through
26 eighth grades, whether a reduction in the grades tested would affect the
27 receipt of federal money, and the extent to which a reduction would
28 impair the State's ability to identify schools under the ABCs Program.
- 29 (4) The high school courses for which State tests are given and whether
30 there is an appropriate distribution of tests across grades nine through
31 12 and that test an appropriate array of the minimum courses required
32 for admission to the constituent institutions of The University of North
33 Carolina. In addition, the Committee shall examine whether students
34 who take higher level courses and students in 12th grade are held
35 accountable for their academic growth and performance.
- 36 (5) The advantages and disadvantages of using a composite of
37 end-of-course tests or other tests such as the SAT, AP tests, or other
38 nationally standardized tests in high school rather than developing a
39 high school exit exam. If the Committee finds a high school exit exam
40 is preferable, then it shall determine whether it must be administered to
41 all students or limited to certain students, for example, those who don't
42 take the SAT or a certain number of courses for which there are
43 end-of-course tests.
- 44 (6) The extent to which additional testing, including field testing, practice
45 testing, and locally mandated testing, is occurring and whether this
46 should be limited or prohibited.
- 47 (7) Any other issue the Committee considers relevant.

48 The Committee shall report its findings and any recommendations, including
49 recommended legislation, to the 2002 Regular Session of the 2001 General Assembly.

50 **SECTION 28.17.(j)** The State Board of Education shall develop and report
51 to the Joint Legislative Education Oversight Committee on its objectives for the
52 Statewide Testing Program and on the implementation of that Program. The report shall
53 include:

- 1 (1) A statement of the relationship between these objectives and the tests
- 2 currently administered under the Program;
- 3 (2) An analysis of whether the current tests appropriately achieve these
- 4 objectives;
- 5 (3) A statement of any actions that may be needed to coordinate the
- 6 objectives and the tests more effectively; and
- 7 (4) Strategies for communicating the objectives of the Program, the tests
- 8 administered under the Program, and the relationship between these
- 9 objectives and tests to principals, teachers, parents, and students
- 10 throughout the State.

11 **SECTION 28.17.(k)** G.S. 115C-105.48 is amended by adding the following
 12 new subsection to read:

13 "(c) When a student is placed in an alternative school or an alternative learning
 14 program, the referring school shall continue to be held accountable under Part 3 of
 15 Article 8B of this Chapter for that student's educational performance and growth. The
 16 alternative school or school in which the alternative learning program is located may
 17 also be held accountable under Part 3 of Article 8B of this Chapter for that student's
 18 educational performance and growth."

19
 20 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
 21 Oldham, Redwine, Thompson

22 **PILOT PROGRAM AUTHORIZING THE USE OF MENTOR FUNDS FOR**
 23 **FULL-TIME MENTORS**

24 **SECTION 28.18.(a)** The State Board of Education shall establish a pilot
 25 program to permit the Charlotte-Mecklenburg School Administrative Unit, the Forsyth
 26 County School Administrative Unit, and the Wake County School Administrative Unit
 27 to use funds allocated for mentors for full-time mentors.

28 Funds allocated for mentors in these units shall be used only for teachers and
 29 instructional support personnel assigned to newly certified teachers, second-year
 30 teachers who were assigned mentors during the prior school year, or as authorized by
 31 Section 28.31 of this act, and entry-level instructional support personnel who have not
 32 previously been teachers. These funds shall be used only for:

- 33 (1) Salary supplements to teachers and instructional support personnel
- 34 who are serving as mentors. The amount of the salary supplement shall
- 35 not be based on the number of teachers or instructional support
- 36 personnel to whom the mentor is assigned; or
- 37 (2) Payments to teachers or instructional support personnel who are
- 38 employed solely to serve as mentors. An individual employed solely to
- 39 serve as a mentor shall receive a payment for each individual, up to 15
- 40 individuals, to whom the mentor is assigned. The amount of each such
- 41 payment shall be the same as the amount of the salary supplement for a
- 42 mentor.

43 **SECTION 28.18.(b)** The Charlotte-Mecklenburg Board of Education, the
 44 Forsyth County Board of Education, and the Wake County Board of Education shall
 45 report to the State Board of Education on an annual basis on the impact that the mentor
 46 program has had on retention of teachers. The State Board shall report on this
 47 information to the Joint Legislative Education Oversight Committee.

48
 49 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
 50 Oldham, Redwine, Thompson

51 **ADDITIONAL SUPPORT FOR INITIALLY CERTIFIED TEACHERS**

52 **SECTION 28.19.** The State Board of Education shall modify the
 53 Performance-Based Licensure Program to provide additional support for initially

1 certified teachers. Initially certified teachers shall receive up to three days of approved
2 paid leave during their second year of employment to work on their performance-based
3 products or to consult with their mentors. If teachers have not successfully completed
4 the performance-based requirements by their third year of employment, the teachers
5 shall receive up to three days of approved paid leave to complete all requirements.
6 Teachers participating in the program shall take paid leave only with the approval of
7 their supervisors.
8

9 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
10 Oldham, Redwine, Thompson

11 **PHASE IN ADM REDUCTIONS DUE TO CHARTER SCHOOLS**

12 **SECTION 28.20.(a)** If a local school administrative unit experiences a loss
13 in projected average daily membership of greater than five percent (5%) due to the
14 opening of a new charter school within the unit, the State Board of Education may use
15 funds from the Reserve for Average Daily Membership Adjustments to assure that the
16 funding loss to the local school administrative unit does not exceed five percent (5%) in
17 the first fiscal year of the charter school's operation.

18 The State Board of Education shall phase out this special allotment in
19 subsequent fiscal years by decreasing the amount of the special allotment each year by
20 the amount of the prior year's funding loss.

21 **SECTION 28.20.(b)** A local school administrative unit that received funds
22 for the 2000-2001 fiscal year pursuant to Section 8.5 of S.L. 2000-67 to reduce the loss
23 of funds due to shifts of enrollment to charter schools shall continue to receive funds for
24 the 2001-2002 fiscal year in the amount of one hundred percent (100%) of the
25 2000-2001 allotment and for the 2002-2003 fiscal year in the amount of fifty percent
26 (50%) of the 2000-2001 allotment.
27

28 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
29 Oldham, Redwine, Thompson

30 **MEDICAID OUTREACH**

31 **SECTION 28.21.** If a claim for Medicaid outreach reimbursement that was
32 submitted by a local school administrative unit and paid by a federal agency is later
33 found by that agency to be inappropriate, the Department of Public Instruction shall
34 request that the federal agency offset the overpaid amount against the next quarterly
35 reimbursement due to the local school administrative unit. If the federal agency does
36 not allow the offset, the Department of Public Instruction shall request repayment from
37 the local school administrative unit, as provided for in agreements between the
38 Department of Public Instruction and the local school administrative unit or, in the case
39 of a local interagency agreement, agreements among local school administrative units.
40 If the local school administrative unit that received the overpayment fails to repay the
41 overpaid moneys within the time permitted under such agreements, the Department of
42 Public Instruction may withhold the overpaid amount from State funds allocated for the
43 central office of the local school administrative unit.
44

45 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
46 Oldham, Redwine, Thompson

47 **FUNDS FOR NONINSTRUCTIONAL SUPPORT PERSONNEL MAY BE USED** 48 **FOR STAFF DEVELOPMENT**

49 **SECTION 28.22.** G.S. 115C-105.25(b) reads as rewritten:

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

52 (1) In accordance with a school improvement plan accepted under G.S.
53 115C-105.27, State funds allocated for teacher assistants may be

1 transferred only for personnel (i) to serve students only in kindergarten
2 through third grade, or (ii) to serve students primarily in kindergarten
3 through third grade when the personnel are assigned to an elementary
4 school to serve the whole school. Funds allocated for teacher assistants
5 may be transferred to reduce class size or to reduce the student-teacher
6 ratio in kindergarten through third grade so long as the affected teacher
7 assistant positions are not filled when the plan is amended or approved
8 by the building-level staff entitled to vote on the plan or the affected
9 teacher assistant positions are not expected to be filled on the date the
10 plan is to be implemented. Any State funds appropriated for teacher
11 assistants that were converted to certificated teachers before July 1,
12 1995, in accordance with Section 1 of Chapter 986 of the 1991 Session
13 Laws, as rewritten by Chapter 103 of the 1993 Session Laws, may
14 continue to be used for certificated teachers.

15 (2) In accordance with a school improvement plan accepted under G.S.
16 115C-105.27, (i) State funds allocated for classroom
17 materials/instructional supplies/equipment may be transferred only for
18 the purchase of textbooks; (ii) State funds allocated for textbooks may
19 be transferred only for the purchase of instructional supplies,
20 instructional equipment, or other classroom materials; and (iii) State
21 funds allocated for noninstructional support personnel may be
22 transferred only for teacher positions.

23 (2a) Up to three percent (3%) of State funds allocated for noninstructional
24 support personnel may be transferred for staff development.

25 (3) No funds shall be transferred into the central office allotment category.

26 (4) Funds allocated for children with special needs, for students with
27 limited English proficiency, and for driver's education shall not be
28 transferred.

29 (5) Funds allocated for classroom teachers may be transferred only for
30 teachers of exceptional children, for teachers of at-risk students, and
31 for authorized purposes under the textbooks allotment category and the
32 classroom materials/instructional supplies/equipment allotment
33 category.

34 (6) Funds allocated for vocational education may be transferred only in
35 accordance with any rules that the State Board of Education considers
36 appropriate to ensure compliance with federal regulations.

37 (7) Funds allocated for career development shall be used in accordance
38 with Section 17.3 of Chapter 324 of the 1995 Session Laws.

39 (8) Funds allocated for academically or intellectually gifted students may
40 be used only (i) for academically or intellectually gifted students; (ii)
41 to implement the plan developed under G.S. 115C-150.7; or (iii) in
42 accordance with an accepted school improvement plan, for any
43 purpose so long as that school demonstrates it is providing appropriate
44 services to academically or intellectually gifted students assigned to
45 that school in accordance with the local plan developed under G.S.
46 115C-150.7.

47 (9) Funds allocated in the Alternative Schools/At-Risk Student allotment
48 shall be spent only for alternative learning programs, at-risk students,
49 and school safety programs."
50

51 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
52 Oldham, Redwine, Thompson

53 **STUDY TEXTBOOK DISTRIBUTION SYSTEM**

1 **SECTION 28.24.** The State Board of Education shall contract for an
 2 analysis of the best and most efficient method to manage textbook distribution to the
 3 local schools. The Board shall prepare a Request for Proposals (RFP) outlining the
 4 scope of the analysis required and select a private consultant to perform the analysis.
 5 The analysis shall include such issues as the advisability of eliminating or restructuring
 6 the Textbook Commission to improve local control of textbooks, ways to minimize
 7 errors in textbooks, timely delivery of textbooks to schools, total costs to the local
 8 school systems of providing textbooks to school buildings, use of currently available
 9 technology in the process, pricing practices among the textbook publishing industry,
 10 and other issues the Board considers relevant to a comprehensive review of the system.

11 Prior to award of a contract, the State Board shall present the Request for
 12 Proposals to the Joint Legislative Education Oversight Committee for comment. The
 13 State Board shall report to the Joint Legislative Education Oversight Committee on the
 14 results of the consultant's analysis, including the Board's recommendations for changes
 15 in the current system. The Board shall make its final report to the Committee by April 1,
 16 2002.

17
 18 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
 19 Oldham, Redwine, Thompson

20 **ABOLISH THE NORTH CAROLINA STANDARDS BOARD FOR PUBLIC**
 21 **SCHOOL ADMINISTRATION**

22 **SECTION 28.25.(a)** G.S. 115C-290.2 reads as rewritten:

23 **"§ 115C-290.2. Definitions.**

24 The following definitions apply in this Article:

- 25 (1) Repealed by Session Laws 1995, c. 116, s. 1.
- 26 (2) Exam. – The North Carolina Public School Administrator Exam.
- 27 (3) School administrator. – Public school superintendents, deputy
 28 superintendents, associate superintendents, assistant superintendents,
 29 principals, and assistant principals.
- 30 (4) ~~Standards Board. – The North Carolina Standards Board for Public~~
 31 ~~School Administration."~~

32 **SECTION 28.25.(b)** G.S. 115C-290.3 is repealed.

33 **SECTION 28.25.(c)** G.S. 115C-290.4 is repealed.

34 **SECTION 28.25.(d)** G.S. 115C-290.5 reads as rewritten:

35 **"§ 115C-290.5. Powers and duties of the Board; development of the North**
 36 **Carolina Public School Administrator Exam.**

37 (a) ~~The Standards Board~~ State Board of Education shall administer this Article.
 38 In fulfilling this duty, the ~~Standards Board~~ shall:

- 39 (1) In accordance with subsection (c) of this section, develop and
 40 implement a North Carolina Public School Administrator Exam, based
 41 on the professional standards established by the Standards
 42 Board Exam.
- 43 (2) Establish and collect an application fee not to exceed fifty dollars
 44 (\$50.00). Fees collected under this Article shall be credited to the
 45 General Fund as nontax revenue.
- 46 (3) Review the educational achievements of an applicant to take the exam
 47 to determine whether the achievements meet the requirements set by
 48 G.S. 115C-290.7.
- 49 (4) ~~Notify the State Board of Education of the names and addresses of the~~
 50 ~~persons who passed the exam and are thereby recommended to be~~
 51 ~~certified as public school administrators by the State Board of~~
 52 ~~Education.~~

- 1 (5) Maintain accounts and records in accordance with the Executive
2 Budget Act, Article 1 of Chapter 143 of the General Statutes.
3 (6) Adopt rules in accordance with Chapter 150B of the General Statutes
4 to implement this Article.
5 (7) ~~Submit an annual report by December 1 of each year to the Joint
6 Legislative Education Oversight Committee of its activities during the
7 preceding year, together with any recommendations and findings
8 regarding improvement of the profession of public school
9 administration.~~

10 (b) ~~The Board may adopt a seal and affix it to any documents issued by the
11 Board.~~

12 (c) ~~The Standards Board shall submit its proposed exam to the State Board. The
13 State Board shall adopt or reject the proposal. The State Board shall not make any
14 substantive changes to any exam that it adopts. If the State Board rejects the proposal, it
15 shall state with specificity its reasons for rejection; the Standards Board then may
16 prepare another proposed exam and submit it to the State Board. If the State Board
17 rejects the proposed exam on its second submission, the State Board may develop and
18 adopt an exam by December 1, 1997. The General Assembly urges the State Board to
19 utilize the Standards Board's proposed exam to the maximum extent that it is consistent
20 with the State Board's policies if the State Board develops and adopts an exam. After an
21 exam has been adopted, the Standards Board may submit suggested changes to the State
22 Board for its approval."~~

23 **SECTION 28.25.(e)** G.S. 115C-290.6 reads as rewritten:

24 **"§ 115C-290.6. Application to the Standards Board, State Board of Education.**

25 An individual who seeks to be recommended by the Standards Board for
26 certification by the State Board of Education, shall file a written application with the
27 Standards Board. The application must be on a form provided by the Standards Board,
28 must State Board of Education. The application shall be accompanied by the required
29 application and exam fees established by the Standards Board, and must and shall
30 include any information required by the Standards Board."

31 **SECTION 28.25.(f)** G.S. 115C-290.7 reads as rewritten:

32 **"§ 115C-290.7. Recommendation by the Standards Board, Qualifications for
33 certification.**

34 (a) ~~The Standards Board shall for certification by the State Board an individual
35 who submits a complete application to the Standards Board and satisfies all of the
36 following requirements:~~

37 (1) ~~Pays the application fee established by the Standards Board.~~

38 (2) ~~Repealed by Session Laws 1998-16, s. 1.~~

39 (3) ~~Has~~

40 (b) To qualify for certification as a school administrator, an individual must:

41 (1) Submit a complete application to the State Board.

42 (2) Pay the applicable fee.

43 (3) Have a bachelors bachelors degree from an accredited college or
44 accredited university and (i) has university.

45 (4) Either (i) have a graduate degree from a public school administration
46 program that meets the public school administrator program approval
47 standards set by the State Board of Education, or (ii) has have a
48 masters degree from an accredited college or accredited university and
49 has have completed by December 31, 1999, a public school
50 administration program that meets the public school administration
51 approval standards set by the State Board of Education. Education, and

52 (4) Passes

53 (5) Pass the exam adopted by the State Board.

1 ~~(b) The State Board of Education may not certify an individual as a public school~~
 2 ~~administrator unless it has received notice from the Standards Board that the person is~~
 3 ~~recommended by the Standards Board under this Article. The State Board may~~
 4 ~~designate initial certification as a license; advanced license. Advanced training may be~~
 5 ~~designated as a certified area of practice."~~

6 **SECTION 28.25.(g)** G.S. 115C-290.8 reads as rewritten:

7 "**§ 115C-290.8. Exemptions from requirements.**

8 (a) The requirements of this Article do not apply to a person who, at any time
 9 during the five years preceding January 1, 1998, obtained or renewed a State
 10 administrator/supervisor certificate.

11 (b) The State Board may adopt policies governing the requirements for the
 12 certification of individuals who hold a certificate issued in any other state that
 13 authorizes them to be employed as school administrators in that state. These policies
 14 may exempt some or all of these individuals from the requirements of this Article.

15 (c) A person who is exempt from the requirements of this Article but ~~applies to~~
 16 ~~the Standards Board for certification under this Article shall be subject to the Article."~~

17
 18 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
 19 Oldham, Redwine, Thompson

20 **GUIDELINES FOR CHARTER SCHOOL ENROLLMENT**

21 **SECTION 28.26.** G.S. 115C-238.29D(d) reads as rewritten:

22 "(d) The State Board of Education may grant the initial charter for a period not to
 23 exceed five years and may renew the charter upon the request of the chartering entity
 24 for subsequent periods not to exceed five years each. A material revision of the
 25 provisions of a charter application shall be made only upon the approval of the State
 26 Board of Education. ~~Beginning with the charter school's second year of operation and~~
 27 ~~annually thereafter, the State Board shall allow a charter school to increase its~~
 28 ~~enrollment by ten percent (10%) of the school's previous year's enrollment or as is~~
 29 ~~otherwise provided in the charter. This enrollment growth shall not be considered a~~
 30 ~~material revision of the charter application and shall not require the prior approval of the~~
 31 ~~State Board.~~

32 ~~An enrollment growth of greater than ten percent (10%) shall be considered a~~
 33 ~~material revision of the charter application. The State Board may approve an enrollment~~
 34 ~~growth of greater than ten percent (10%) only if the State Board finds that:~~

35 It shall not be considered a material revision of a charter application and shall not
 36 require the prior approval of the State Board for a charter school to increase its
 37 enrollment during the charter school's second year of operation and annually thereafter
 38 (i) by up to ten percent (10%) of the school's previous year's enrollment or (ii) in
 39 accordance with planned growth as authorized in the charter. Other enrollment growth
 40 shall be considered a material revision of the charter application, and the State Board
 41 may approve such additional enrollment growth of greater than ten percent (10%) only
 42 if the State Board finds that:

- 43 (1) The actual enrollment of the charter school is within ten percent (10%)
 44 of its maximum authorized enrollment;
- 45 (2) The charter school has commitments for ninety percent (90%) of the
 46 requested maximum growth;
- 47 (3) The board of education of the local school administrative unit in which
 48 the charter school is located has had an opportunity to be heard by the
 49 State Board of Education on any adverse impact the proposed growth
 50 would have on the unit's ability to provide a sound basic education to
 51 its students;
- 52 (4) The charter school is not currently identified as low-performing;

- 1 (5) The charter school meets generally accepted standards of fiscal
2 management; and
3 (6) It is otherwise appropriate to approve the enrollment growth."
4

5 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
6 Oldham, Redwine, Thompson

7 **CHARTER SCHOOL ADVISORY COMMITTEE/CHARTER SCHOOL**
8 **EVALUATION**

9 **SECTION 28.27.** The State Board of Education may spend up to fifty
10 thousand dollars (\$50,000) a year from State Aid to Local School Administrative Units
11 for the 2001-2002 and 2002-2003 fiscal years to continue support of a charter school
12 advisory committee and to continue to evaluate charter schools.
13

14 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
15 Oldham, Redwine, Thompson

16 **TEACHER ACADEMY**

17 **SECTION 28.28.(a)** G.S. 116-30.01(a) reads as rewritten:

18 "(a) The North Carolina Teacher Academy Board of Trustees shall establish a
19 statewide network of high quality, integrated, comprehensive, collaborative, and
20 substantial professional development for teachers, which shall be provided through
21 summer programs. This network shall include professional development programs that
22 focus on teaching strategies for teachers assigned to at-risk schools."
23

24 **SECTION 28.28.(b)** The State Board of Education shall specify professional
25 development programs for teachers assigned to smaller classes in kindergarten through
26 fifth grade. The Teacher Academy shall use at least ten percent (10%) of its budget for
27 the 2001-2002 fiscal year to deliver these programs to teachers.

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

30 **MODIFY LAW REGARDING CHILDREN WITH DISABILITIES**

31 **SECTION 28.29.(a)** Part 5 of Article 9 of Chapter 115C of the General
32 Statutes reads as rewritten:

33 "Part 5. Council on Educational Services for Exceptional Children.

34 **"§ 115C-121. Establishment; organization; powers and duties.**

35 (a) There is hereby established an Advisory Council to the State Board of
36 Education to be called the Council on Educational Services for Exceptional Children.

37 (b) The Council shall consist of 23 members to be appointed as follows: ~~five~~ four
38 ex officio members; two members one individual with a disability and one
39 representative of a private school appointed by the Governor; two members one member
40 of the Senate and one parent of a child with a disability appointed by the President Pro
41 Tempore; two members one member of the House of Representatives and one parent of
42 a child with a disability appointed by the Speaker of the House; and 12 13 members
43 appointed by the State Board of Education. Of those members of the Council appointed
44 by the State Board one member shall be selected from each congressional district within
45 the State, and the members so selected shall be composed of at least one person
46 representing each of the following: handicapped individuals, parents or guardians of
47 children with special needs, teachers of children with special needs, and State and local
48 education officials and administrators of programs for children with special needs. The
49 State Board shall appoint members who represent individuals with disabilities, teachers,
50 local school administrative units, institutions of higher education that prepare special
51 education and related services personnel, administrators of programs for children with
52 disabilities, charter schools, parents of children with disabilities, and vocational,
53 community, or business organizations concerned with the provision of transition

1 services. The majority of members on the Council shall be individuals with disabilities
2 or parents of children with disabilities. The Council shall designate a chairperson from
3 among its members. The designation of the chairperson is subject to the approval of the
4 State Board of Education. ~~The board shall promulgate rules or regulations~~ The Board
5 shall adopt rules to carry out this subsection.

6 Ex officio members of the Council shall be the following:

- 7 (1) ~~The Secretary of the Department of Health and Human Services or the~~
8 ~~Secretary's designee; designee.~~
- 9 (1a)(2) ~~A representative of the Department~~ The Secretary of Juvenile
10 Justice and Delinquency Prevention, appointed by the Governor;
11 Prevention or the Secretary's designee.
- 12 (2)(3) ~~The Secretary of the Department of Correction or the Secretary's~~
13 ~~designee; designee.~~
- 14 (3) ~~A representative from The University of North Carolina Planning~~
15 ~~Consortium for Children with Special Needs; and~~
- 16 (4) ~~The Superintendent of Public Instruction or the Superintendent's~~
17 ~~designee.~~

18 The term of appointment for all members except those appointed by the State Board
19 of Education ~~shall be for is~~ two years. The term for members appointed by the State
20 Board of Education ~~shall be for is~~ four years. No person shall serve more than two
21 consecutive four-year terms. ~~The initial term of office of the person appointed from the~~
22 ~~12th Congressional District shall commence on January 3, 1993, and expire on June 30,~~
23 ~~1996.~~

24 Each Council member shall serve without pay, but shall receive travel allowances
25 and per diem in the same amount provided for members of the North Carolina General
26 Assembly.

27 (c) The Council shall meet in offices provided by the Department of Public
28 Instruction on a date to be agreed upon by the members of the Council from meeting to
29 ~~meeting: Provided, however, that the meeting.~~ The Council shall meet no less than once
30 every three months. The Department of Public Instruction shall provide the necessary
31 secretarial and clerical staff and supplies to accomplish the objectives of the Council.

32 (d) ~~The duties of the Council shall be to:~~ Council shall:

- 33 (1) ~~Advise the Board with respect to unmet needs within the State in the~~
34 ~~education of children with special needs, as defined in this Chapter.~~
35 disabilities.
- 36 (2) ~~Comment publicly on rules and regulations~~ rules, policies, and
37 procedures proposed for issuance by the Board regarding special
38 education and related services and the procedures for issuing State and
39 federal funds for special education and related services. the education
40 of children with disabilities.
- 41 (3) ~~Assist the Board in developing and reporting such data and evaluations~~
42 ~~as may assist the Commissioner of Education in the performance of his~~
43 ~~duties under Part B, Education of the Handicapped Act, as amended by~~
44 ~~Public Law 94-142. evaluations and reporting on data to the Secretary~~
45 ~~of Education under the federal Individuals with Disabilities Education~~
46 ~~Act (IDEA), as amended.~~
47 (4) ~~Comment publicly on State special education plans developed~~
48 ~~pursuant to Public Law 94-142 and State law. Advise the State Board~~
49 ~~in developing corrective action plans to address findings identified in~~
50 ~~federal monitoring reports required under the federal Individuals with~~
51 ~~Disabilities Education Act (IDEA), as amended.~~
52 (5) Advise the State Board in developing and implementing policies
53 relating to the coordination of services for children with disabilities.

1 (6) Carry out any other responsibility as designated by federal law or the
2 State Board."

3 **SECTION 28.29.(b)** The Joint Legislative Education Oversight Committee,
4 in consultation with the Department of Public Instruction, shall examine the State laws
5 governing special education and related services for children with disabilities to identify
6 and recommend statutory changes needed to bring State law in conformity with recent
7 changes in the federal Individuals with Disabilities Education Act (IDEA). The
8 Committee shall report to the 2002 Regular Session of the 2001 General Assembly on
9 its recommended changes.

10
11 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
12 Oldham, Redwine, Thompson

13 **CLOSING THE ACHIEVEMENT GAP**

14 **SECTION 28.30.(a)** G.S. 115C-105.35 reads as rewritten:

15 "**§ 115C-105.35. Annual performance goals.**

16 The School-Based Management and Accountability Program shall (i) focus on
17 preparing children to read at grade level and to enjoy reading before they enter second
18 grade, (ii) focus on student performance in the basics of reading, mathematics, and
19 communications skills in elementary and middle schools, ~~(ii)~~ (iii) focus on student
20 performance in courses required for graduation and on other measures required by the
21 State Board in the high schools, and ~~(iii)~~ (iv) hold schools accountable for the
22 educational growth of their students. To those ends, the State Board shall design and
23 implement an accountability system that sets annual performance standards for each
24 school in the State in order to measure the growth in performance of the students in each
25 individual school. For purposes of this Article, beginning school year 2002-2003, the
26 Board shall include a 'closing the achievement gap' component in its measurement of
27 educational growth in student performance for each school. The 'closing the
28 achievement gap' component shall measure and compare the performance of each
29 subgroup in a school's population to ensure that all subgroups are meeting State
30 standards."

31 **SECTION 28.30.(b)** The State Board of Education shall report its plan to
32 include measurement of "closing the achievement gap" in educational growth in student
33 performance for each school to the Joint Legislative Education Oversight Committee by
34 September 1, 2001.

35 **SECTION 28.30.(c)** G.S. 115C-105.20(a) reads as rewritten:

36 "(a) The General Assembly believes that all children can learn. It is the intent of
37 the General Assembly that the mission of the public school community is to challenge
38 with high expectations each child to learn, to achieve, and to fulfill his or her potential.
39 To accomplish that mission, the public schools must prepare children to read at grade
40 level and to enjoy reading before they enter second grade. With ~~that mission~~ these facts
41 as its guide, the State Board of Education shall develop a School-Based Management
42 and Accountability Program. The primary goal of the Program shall be to improve
43 student performance."

44 **SECTION 28.30.(d)** G.S. 115C-105.27 is amended by adding a new
45 subdivision to read:

46 "(1a) Shall, if the school is an elementary school or other school that serves
47 students in kindergarten or first grade, include a plan for ensuring that
48 all children are prepared to read at grade level and to enjoy reading
49 before they enter second grade. This plan shall include the use of
50 assessment instruments to monitor students' progress in learning to
51 read."

52 **SECTION 28.30.(e)** Chapter 115C of the General Statutes is amended by
53 adding a new section to read:

1 **"§ 115C-105.37. Identification of schools in which kindergarten and first grade**
 2 **students are not being adequately prepared to read.**

3 (a) The State Board of Education shall design and implement a procedure to
 4 identify, on an annual basis, schools in which kindergarten and first grade students are
 5 not being adequately prepared to read and do not enjoy reading when they enter the
 6 second grade. Such schools are those at which more than five percent (5%) of the
 7 kindergarten students are not performing at grade level on assessments of readiness to
 8 read and/or first grade students are not performing at grade level on reading
 9 assessments.

10 (b) By July 10 of each year, each local school administrative unit shall do a
 11 preliminary analysis of assessment results to determine which of its schools the State
 12 Board may identify under this section, and whether any teachers are particularly
 13 effective or ineffective at teaching reading.

14 (c) Whenever a child is identified as making less than normal progress in
 15 reading, the parents or guardians shall be promptly notified of the specific need and the
 16 school's plan to address that need."

17 **SECTION 28.30.(f)** G.S. 115C-12 is amended by adding a new subdivision
 18 to read:

19 **"§ 115C-12. Powers and duties of the Board generally.**

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

- 25 ...
 26 (30) Duty to Adopt Model Guidelines and Policies for the Establishment of
 27 Local Task Forces on Closing the Academic Achievement Gap. – The
 28 State Board shall adopt a Model for local school administrative units to
 29 use as a guideline to establish local task forces on closing the academic
 30 achievement gap at the discretion of the local board. The purpose of
 31 each task force is to advise and work with its local board of education
 32 and administration on closing the gap in academic achievement and on
 33 developing a collaborative plan for achieving that goal. The State
 34 Board shall consider the recommendations of the Commission on
 35 Improving the Academic Achievement of Minority and At-Risk
 36 Students to the 2001 Session of the General Assembly in establishing
 37 its guidelines."

38 **SECTION 28.30.(g)** G.S. 115C-12(27) reads as rewritten:

39 **"§ 115C-12. Powers and duties of the Board generally.**

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

- 45 ...
 46 (27) Reporting Dropout Rates and Expelled Students. Rates, Suspensions,
 47 Expulsions, and Alternative Placements. – The State Board shall report
 48 annually to the Joint Legislative Education Oversight Committee and
 49 the Commission on Improving the Academic Achievement of Minority
 50 and At-Risk Students on the numbers of students who have dropped
 51 out of school, been suspended, been expelled, or been placed in an
 52 alternative program. The data shall be reported in a disaggregated
 53 manner and be readily available to the public. The State Board shall

1 not include students that have been expelled from school when
2 calculating the dropout rate. The Board shall maintain a separate
3 record of the number of students who are expelled from school."

4 **SECTION 28.30.(h)** Section 15.1(b) of S.L. 1999-395 reads as rewritten:

5 "(b) Initial appointments to the Commission shall be made before September 15,
6 1999. The first meeting of the Commission shall be held no later than October 15, 1999.
7 Terms on the Commission are for two years and begin on the convening of the General
8 Assembly in each odd-numbered year. Members may complete a term of service on the
9 Commission even if they do not seek reelection or are not reelected to the General
10 Assembly, but resignation or removal from service in the General Assembly constitutes
11 resignation or removal from service on the Commission."

12 **SECTION 28.30.(i)** Section 15.5 of S.L. 1999-395 reads as rewritten:

13 "~~Section 15.5. The Commission shall make an interim report of its findings and~~
14 ~~recommendations to the General Assembly not later than the convening of the 2000~~
15 ~~Regular Session of the 1999 General Assembly. The Commission shall submit to the~~
16 ~~General Assembly a final report of its findings and recommendations of this study not~~
17 ~~later than the convening of the 2001 General Assembly. The Commission shall make an~~
18 interim report to the Joint Legislative Education Oversight Committee and to the
19 General Assembly by April 1, 2002. The Commission shall submit a final report of its
20 findings and recommendations to the Joint Legislative Education Oversight Committee
21 and to the General Assembly by January 10, 2003. Upon filing its final report, the
22 Commission shall terminate."

23 **SECTION 28.30.(j)** The Commission, as reauthorized under this section,
24 shall, in addition to its other responsibilities, determine the extent to which additional
25 fiscal resources are needed to close the academic achievement gap and keep it closed.
26 The Commission shall report its findings under this subsection to the 2002 Regular
27 Session of the 2001 General Assembly.

28
29 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
30 Oldham, Redwine, Thompson

31 **CLARIFY LAW REGARDING MENTORS FOR SECOND-YEAR TEACHERS**

32 **SECTION 28.31.** State funds appropriated to provide mentors for teachers
33 during their second year of teaching may be used to provide mentors for teachers whose
34 first year of teaching was in a public school in North Carolina, a public school in
35 another state, a private school, or a charter school.

36
37 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
38 Oldham, Redwine, Thompson

39 **FUNDS FOR THE TESTING AND IMPLEMENTATION OF THE NEW** 40 **STUDENT INFORMATION SYSTEM**

41 **SECTION 28.32.** The State Board of Education may transfer up to one
42 million dollars (\$1,000,000) in funds appropriated for the Uniform Education Reporting
43 System for the 2001-2002 fiscal year to the Department of Public Instruction to lease or
44 purchase equipment necessary for the testing and implementation of NC WISE, the new
45 student information system in the public schools.

46
47 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
48 Oldham, Redwine, Thompson

49 **EXPENDITURE OF FUNDS TO IMPROVE STUDENT ACCOUNTABILITY**

50 **SECTION 28.33.(a)** Funds appropriated for the 2001-2002 fiscal year and
51 the 2002-2003 fiscal year for Student Accountability Standards shall be used to assist
52 students in performing at or above grade level in reading and mathematics in grades 3-8
53 as measured by the State's end-of-grade tests. The State Board of Education shall

1 allocate these funds to local school administrative units based on the number of students
2 who score at Level I or Level II on either reading or mathematics end-of-grade tests in
3 grades 3-8. Funds in this allocation category shall be used to improve the academic
4 performance of (i) students who are performing at Level I or II on either reading or
5 mathematics end-of-grade tests in grades 3-8 and (ii) students who are performing at
6 Level I or II on the writing tests in grades 4 and 7. These funds may also be used to
7 improve the academic performance of students who are performing at Level I or II on
8 the high school end-of-course tests. These funds shall not be transferred to other
9 allocation categories or otherwise used for other purposes. Except as otherwise
10 provided by law, local boards of education may transfer other funds available to them
11 into this allocation category.

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

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

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

21 These funds shall be allocated to local school administrative units for the
22 2001-2002 fiscal year within 30 days of the date this act becomes law.

23 **SECTION 28.33.(b)** Funds appropriated for Student Accountability
24 Standards shall not revert at the end of each fiscal year but shall remain available for
25 expenditure until August 31 of the subsequent fiscal year.

26
27 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
28 Oldham, Redwine, Thompson

29 **STUDY THE SALARIES OF SCHOOL FOOD SERVICE WORKERS AND**
30 **CUSTODIANS**

31 **SECTION 28.34.** The Joint Legislative Education Oversight Committee
32 shall study the salaries of food service workers and custodians employed by the public
33 schools. The Committee shall report its findings to the 2002 Regular Session of the
34 2001 General Assembly.

35
36 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
37 Oldham, Redwine, Thompson

38 **CHARACTER EDUCATION**

39 **SECTION 28.36.** The State Board of Education shall use funds appropriated
40 in this act for character education to develop a model character education curriculum for
41 the public schools. The Board may contract with an outside consultant to implement the
42 provisions of this act.

43
44 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
45 Oldham, Redwine, Thompson

46 **STUDY OF SALARY DIFFERENTIALS FOR INSTRUCTIONAL PERSONNEL**
47 **AND FOR INSTRUCTIONAL SUPPORT PERSONNEL**

48 **SECTION 28.37.(a)** The Joint Legislative Education Oversight Committee
49 shall study salary differentials for instructional personnel. In the course of the study, the
50 Committee shall consider the correlation between student performance and salary
51 differentials in the current teacher compensation system, including differentials based
52 on degrees, national certification, and years of service. The Committee shall report its

1 findings and recommendations to the 2002 Regular Session of the 2001 General
2 Assembly.

3 **SECTION 28.37.(b)** The Joint Legislative Education Oversight Committee
4 shall study salary differentials for instructional support personnel. In the course of the
5 study, the Committee shall consider salary differentials based on degrees and other
6 educational credentials, licensure or certification by State agencies, licensure or
7 certification by private entities, and other factors. The Committee shall report its
8 findings and recommendations to the 2002 Regular Session of the 2001 General
9 Assembly.

10
11 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
12 Oldham, Redwine, Thompson

13 **FLEXIBILITY TO IMPLEMENT BASE BUDGET REDUCTION**

14 **SECTION 28.38.** Notwithstanding any other provision of law, the
15 Department of Public Instruction may use salary reserve funds and other funds in the
16 Department's continuation budget to transfer and reclassify positions as necessary to
17 implement the base budget reductions for the 2001-2003 fiscal biennium.

18
19 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
20 Oldham, Redwine, Thompson

21 **NC WISEOWL WEB SITE**

22 **SECTION 28.40.(a)** The Department of Public Instruction shall use funds
23 appropriated to continue the subscriptions currently available on the Department's NC
24 WISEOWL web site for the 2001-2002 fiscal year. The Department of Public
25 Instruction shall work collaboratively with the Department of Cultural Resources' NC
26 LIVE Program to most efficiently use the funds appropriated and to facilitate the
27 process of accessing the subscriptions through the NC LIVE web site effective in fiscal
28 year 2002-2003.

29 **SECTION 28.40.(b)** The Department of Public Instruction and the
30 Department of Cultural Resources shall report the results of their collaboration and
31 recommendations to the Joint Information Technology Appropriations Subcommittee by
32 March 15, 2002. The Joint Information Technology Appropriations Subcommittee shall
33 review all North Carolina State Government Internet sites that are designed for children
34 and consider if the consolidation of resources or access is appropriate.

35
36 Requested by: Representative Russell, Easterling, Oldham, Redwine, Thompson

37 **OVERTIME FOR SCHOOL EMPLOYEES**

38 **SECTION 28.42.** If a person employed as both a teacher assistant and a
39 school bus driver works for a combined total of more than 40 hours per week, the
40 employee shall receive overtime compensation at a rate of one and a half times the
41 normal rate of pay. The appropriate number of hours shall be paid for teacher assistant
42 duties from the teacher assistant allotment, and the appropriate number of hours shall be
43 paid for bus driver duties from the transportation allotment. If agreed upon by both the
44 employer and the employee, up to 240 hours may be granted as compensatory time off
45 instead of overtime pay. Hours of compensatory time shall accrue at a rate of time and
46 a half. Overtime compensation, in the form of overtime pay or compensatory time,
47 shall be provided after 40 hours of work and shall not be waived by agreement between
48 the employer and employee.

49
50 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
51 Oldham, Redwine, Thompson

52 **FUNDS FOR TEACHER RECRUITMENT INITIATIVES**

1 **SECTION 28.43.** The State Board of Education may use up to two hundred
2 thousand dollars (\$200,000) of the funds appropriated for State Aid to Local School
3 Administrative Units for the 2001-2002 fiscal year and for the 2002-2003 fiscal year to
4 enable teachers who have received NBPTS certification or who have otherwise received
5 special recognition to advise the State Board of Education on teacher recruitment and
6 other strategic priorities of the State Board.

7
8 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
9 Oldham, Redwine, Thompson

10 **LIMITATION ON USE OF KINDERGARTEN FUNDS**

11 **SECTION 28.44.** Local school administrative units shall use teacher
12 positions allocated to reduce class size in kindergarten only to hire classroom teachers
13 for kindergarten.

14
15 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

16 **EXPLORNET AUDIT**

17 **SECTION 28.45.** The State Auditor shall audit ExplorNet, Incorporated, for
18 fiscal year 1999-2000 and fiscal year 2000-2001 under G.S. 143-6.1(f). No State funds
19 appropriated for distribution to ExplorNet, Incorporated, shall be disbursed until the
20 State Auditor and the Office of State Budget and Management certify that ExplorNet,
21 Incorporated, is capable of managing the funds in accordance with law and has
22 established adequate financial procedures and controls. A copy of the State Auditor's
23 report shall be sent to the Joint Legislative Education Oversight Committee and to the
24 Joint Legislative Commission on Governmental Operations.

25
26 **PART XXIX. HIGH PRIORITY SCHOOL ASSISTANCE AND**
27 **ACCOUNTABILITY**

28
29 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
30 Oldham, Redwine, Thompson

31 **IMMEDIATE ASSISTANCE TO THE HIGHEST PRIORITY ELEMENTARY**
32 **SCHOOLS**

33 **SECTION 29.1.** Of funds appropriated from the General Fund to State Aid
34 to Local School Administrative Units, the sum of ten million eight hundred seventy-six
35 thousand four hundred thirty-eight dollars (\$10,876,438) for the 2001-2002 fiscal year
36 and the sum of twelve million two hundred thirty-seven thousand nine hundred thirteen
37 dollars (\$12,237,913) for the 2002-2003 fiscal year shall be used to provide the State's
38 lowest-performing elementary schools with the tools needed to dramatically improve
39 student achievement. These funds shall be used for the 37 elementary schools at which,
40 for the 1999-2000 school year, over eighty percent (80%) of the students qualified for
41 free or reduced-price lunches and no more than fifty-five percent (55%) of the students
42 performed at or above grade level. Of these funds:

- 43 (1) The sum of \$8,062,603 for the 2001-2002 fiscal year and the sum of
44 \$8,062,603 for the 2002-2003 fiscal year shall be used to reduce class
45 size at each of these schools to ensure that no class in kindergarten
46 through third grade has more than 15 students;
47 (2) The sum of \$973,455 for the 2001-2002 fiscal year shall be used to
48 extend teachers' contracts at these schools by five days for staff
49 development, including staff development on methods to individualize
50 instruction in smaller classes, and preparation for the 2001-2002
51 school year and the sum of \$2,334,930 for the 2002-2003 fiscal year
52 shall be used to extend teachers' contracts for a total of 10 days,

- 1 including five additional days of instruction with related costs for other
2 than teachers salaries, for the 2002-2003 school year; and
3 (3) The sum of \$1,840,380 for the 2001-2002 fiscal year and the sum of
4 \$1,840,380 for the 2002-2003 fiscal year shall be used to provide one
5 additional instructional support position at each priority school.

6 Any teacher assistants displaced from jobs in these highest priority
7 elementary schools shall be given preferential consideration for vacant teacher assistant
8 positions at other schools in the local school administrative unit, provided their job
9 performance has been satisfactory.

10
11 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
12 Oldham, Redwine, Thompson

13 IMMEDIATE ACTIONS TO ADDRESS TEACHER SHORTAGE

14 **SECTION 29.2.(a)** Of the funds appropriated from the General Fund to
15 State Aid to Local School Administrative Units, the sum of two million five hundred
16 thousand dollars (\$2,500,000) for the 2001-2002 fiscal year and the sum of two million
17 five hundred thousand dollars (\$2,500,000) for the 2002-2003 fiscal year shall be used
18 to expand the pool of qualified teachers and to provide recruitment and retention
19 incentives to attract and retain high-quality teachers to low-performing schools and
20 schools with shortages of teachers in certain areas of certification. Of these funds:

- 21 (1) The sum of \$1,000,000 for the 2001-2002 fiscal year and the sum of
22 \$1,000,000 for the 2002-2003 fiscal year shall be used to provide
23 additional scholarship funds for teacher assistants taking courses that
24 are prerequisites for teacher certification programs; and
25 (2) The sum of \$1,500,000 for the 2001-2002 fiscal year and the sum of
26 \$1,500,000 for the 2002-2003 fiscal year shall be used to provide
27 annual bonuses of \$1,800 to teachers certified in and teaching in the
28 fields of mathematics, science, or special education at middle and high
29 schools with 80% or more of the students eligible for free or reduced
30 lunch or with 50% or more of students performing below grade level
31 in Algebra I and Biology. The bonus shall be paid monthly with
32 matching benefits. Teachers shall remain eligible for the bonuses so
33 long as they continue to teach in one of these disciplines at a school
34 that was eligible for the bonus program when the teacher first received
35 the bonus.

36 **SECTION 29.2.(b)** The Joint Legislative Education Oversight Committee
37 shall study the effectiveness of providing benefits to part-time teachers as a means to
38 recruit certified teachers back into the classroom. The Committee shall examine the
39 effectiveness of different methods of providing these benefits. The Committee shall
40 also examine the cost of the recruitment effort, including the cost of incorporating
41 existing part-time teachers into the plan. The Committee shall make a report to the
42 General Assembly by April 1, 2002.

43 **SECTION 29.2.(c)** The Joint Legislative Education Oversight Committee
44 shall study the potential effectiveness of increasing the size of the Teaching Fellows
45 Program to improve the supply of qualified teachers for the public schools. In its
46 analysis the Committee shall consider the retention of Teaching Fellows in the teaching
47 profession.

48
49 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
50 Oldham, Redwine, Thompson

51 COMPREHENSIVE ASSISTANCE TO CONTINUALLY LOW-PERFORMING 52 SCHOOLS

1 **SECTION 29.3.** Chapter 115C of the General Statutes is amended by adding
2 a new section to read:

3 **"§ 115C-105.37A. Continually low-performing schools; definition; assistance and**
4 **intervention; reassignment of students.**

5 (a) Definition of Continually Low-Performing Schools. – A continually low-
6 performing school is a school that has received State-mandated assistance and has been
7 designated by the State Board as low performing for at least two of three consecutive
8 years. If the State Board identifies a school as continually low performing, the school
9 improvement team at that school shall review its school improvement plan to ensure
10 consistency with the plan adopted pursuant to G.S. 115C- 105.38(3).

11 (b) Assistance to Schools That Are Low Performing for Two Years. – If a school
12 that has received State-mandated assistance is designated by the State Board as low
13 performing for two consecutive years or for two of three consecutive years, the State
14 Board shall provide a series of progressive assistance and intervention strategies to that
15 school. These strategies shall be designed to improve student achievement and to
16 maintain student achievement at appropriate levels and may include, to the extent that
17 funds are available for this purpose, assistance such as reductions in class size,
18 extension of teacher and assistant principal contracts, extension of the instructional year,
19 and grant-based assistance.

20 (c) Intervention in Schools That Are Low Performing for Three or More Years. –
21 The State Board of Education shall develop and implement a series of actions for
22 providing assistance and intervention to schools that have previously received State-
23 mandated assistance and have been designated by the State Board as low performing for
24 three or more consecutive years or for at least three out of four years. These actions
25 shall be the least intrusive actions that are consistent with the need to improve student
26 achievement at each such school and shall be adapted to the unique characteristics of
27 each such school and the effectiveness of other actions developed or implemented to
28 improve student achievement at each such school."

29
30 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
31 Oldham, Redwine, Thompson

32 **ADDITIONS TO THE LOCAL SUPERINTENDENT'S PLAN TO IMPROVE A**
33 **LOW-PERFORMING SCHOOL**

34 **SECTION 29.4.** G.S. 115C-105.37(a1) reads as rewritten:

35 "(a1) By July 10 of each year, each local school administrative unit shall do a
36 preliminary analysis of test results to determine which of its schools the State Board
37 may identify as low-performing under this section. The superintendent then shall
38 proceed under G.S. 115C-105.39. In addition, within 30 days of the initial identification
39 of a school as low-performing by the local school administrative unit or the State Board,
40 whichever occurs first, the superintendent shall submit to the local board a preliminary
41 plan for addressing the needs of that ~~school.~~ school, including how the superintendent
42 and other central office administrators will work with the school and monitor the
43 school's progress. Within 30 days of its receipt of this plan, the local board shall vote to
44 approve, modify, or reject this plan. Before the board makes this vote, it shall make the
45 plan available to the public, including the personnel assigned to that school and the
46 parents and guardians of the students who are assigned to the school, and shall allow for
47 written comments. The board shall submit the plan to the State Board within five days
48 of the board's vote. The State Board shall review the plan expeditiously and, if
49 appropriate, may offer recommendations to modify the plan. The local board shall
50 consider any recommendations made by the State Board."

51
52 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
53 Oldham, Redwine, Thompson

APPROPRIATIONS FOR CONTINUALLY LOW-PERFORMING SCHOOLS

SECTION 29.5. Of funds appropriated from the General Fund to State Aid to Local School Administrative Units, the sum of one million eight hundred seven thousand two hundred fifty-six dollars (\$1,807,256) for the 2001-2002 fiscal year and the sum of one million nine hundred eighty-six thousand six hundred ninety-one dollars (\$1,986,691) for the 2002-2003 fiscal year shall be used to provide the State's chronically low-performing schools with tools needed to dramatically improve student achievement. These funds shall be used to implement any of the following strategies at the schools that have not previously been implemented with State or other funds:

- (1) The sum of \$471,366 for the 2001-2002 fiscal year and the sum of \$471,366 for the 2002-2003 fiscal year shall be used to reduce class size at a continually low-performing school to ensure that the number of teachers allotted for students in grades four and five is one for every 17 students; and
- (2) The sum of \$1,207,595 for the 2001-2002 fiscal year and the sum of \$1,207,595 for the 2002-2003 fiscal year shall be used to reduce class size at a continually low-performing school to ensure that the number of teachers allotted in grades six through eight is one for every 17 students, and that the number of teachers allotted in grades nine through twelve is one for every 20 students; and
- (3a) The sum of \$128,295 for fiscal year 2001-2002 shall be used to extend teachers' contracts at these schools by five days for staff development, including methods to individualize instruction in smaller classes and preparation for the 2001-2002 school year. Of these funds, the sum of \$10,175 shall be used for the extension of contracts of the additional teachers in grades four and five provided in subdivision (1) of this section and the sum of \$118,120 shall be used for the extension of all teachers' contracts at continually low-performing middle and high schools for the 2001-2002 school year; and
- (3b) The sum of \$307,730 for fiscal year 2002-2003 shall be used to extend teachers' contracts for a total of 10 days, including five days of additional instruction with related costs for other than teachers' salaries for the 2002-2003 school year. Of these funds, the sum of \$24,405 shall be used for the extension of contracts of the additional teachers in grades four and five provided in subdivision (1) of this section and the sum of \$283,325 shall be used for the extension of all teachers' contracts at continually low-performing middle and high schools for the 2002-2003 school year.

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

EVALUATION OF INITIATIVES TO ASSIST HIGH-PRIORITY SCHOOLS

SECTION 29.6.(a) In order for the high-priority schools identified in Section 29.1 of this act to remain eligible for the additional resources provided in this section, the schools must meet the expected growth for each year and must achieve high growth for at least two out of three years, based on the State Board of Education's annual performance standards set for each school. No adjustment in the allotment of resources based on performance shall be made until the 2004-2005 school year.

SECTION 29.6.(b) All teaching positions allotted for students in high-priority schools and continually low-performing schools in those grades targeted for smaller class sizes shall be assigned to and teach in those grades and in those schools. In grades K-3 in high-priority schools and in grades K-5 in continually low-performing schools, the maximum class size shall be no more than one student

1 above the allotment ratio in that grade. The Department of Public Instruction shall
2 monitor class sizes at these schools at the end of the first month of school and report to
3 the State Board of Education on the actual class sizes in these schools. If the local
4 school administrative unit notifies the State Board of Education that they do not have
5 sufficient resources to adhere to the class size maximum requirements, the State Board
6 shall verify the accuracy of the request. If additional resources are determined
7 necessary, the State Board of Education may allocate additional teaching positions to
8 the unit from the Reserve for Average Daily Membership Adjustments.

9 **SECTION 29.6.(c)** Of funds appropriated from the General Fund to State
10 Aid to Local School Administrative Units, the sum of five hundred thousand dollars
11 (\$500,000) for fiscal year 2001-2002 and the sum of five hundred thousand dollars
12 (\$500,000) for fiscal year 2002-2003 shall be used by the State Board of Education to
13 contract with an outside organization to evaluate the initiatives set forth in this act.

14 The evaluation shall include:

- 15 (1) An assessment of the overall impact these initiatives have had on
16 student achievement;
- 17 (2) An assessment of the effectiveness of each individual initiative set
18 forth in this act in improving student achievement;
- 19 (3) An identification of changes in staffing patterns, instructional methods,
20 staff development, and parental involvement as a result of these
21 initiatives;
- 22 (4) An accounting of how funds and personnel resources made available
23 for these schools were utilized and the impact of varying patterns of
24 utilization on changes in student achievement; and
- 25 (5) Recommendations for the continuance and improvement of these
26 initiatives.

27 The State Board of Education shall make an initial report to the Joint
28 Legislative Education Oversight Committee regarding the results of this evaluation by
29 December 1, 2002, and annually thereafter. The State Board of Education shall submit
30 its recommendations for changes to these initiatives to the Committee at any time.

31
32 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
33 Oldham, Redwine, Thompson

34 **ALLOCATION OF FEDERAL FUNDS FOR PRIORITY SCHOOLS**

35 **SECTION 29.7.** The State Board of Education shall make every effort to
36 coordinate the use of State and federal funds to avoid duplication or overlap of services,
37 and to ensure that the benefits of smaller class sizes accrue to as many at-risk students
38 as possible.

39 **PART XXX. COMMUNITY COLLEGES**

40
41
42 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
43 Oldham, Redwine, Thompson

44 **COMMUNITY COLLEGE FUNDING FLEXIBILITY**

45 **SECTION 30.1.** A local community college may use all State funds
46 allocated to it, except for Literacy Funds and Funds for New and Expanding Industries,
47 for any authorized purpose that is consistent with the college's Institutional
48 Effectiveness Plan. Each local community college shall include in its Institutional
49 Effectiveness Plan a section on how funding flexibility allows the college to meet the
50 demands of the local community and to maintain a presence in all previously funded
51 categorical programs.

52 No more than two percent (2%) systemwide shall be transferred from faculty
53 salaries without the approval of the State Board of Community Colleges. The State

1 Board shall report on any such transfers above two percent (2%) systemwide to the Joint
2 Legislative Commission on Governmental Operations at its next meeting.

3
4 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
5 Oldham, Redwine, Thompson

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

8 **SECTION 30.2.** Notwithstanding G.S. 143-16.3, G.S. 143-23, or any other
9 provision of law, the Director of the Budget may, after consultation with the Joint
10 Legislative Commission on Governmental Operations, transfer funds from any agency
11 or program funded from the General Fund to the New and Expanding Industry Training
12 Program to supplement the needs of this Program during the 2001-2003 biennium.

13
14 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
15 Oldham, Redwine, Thompson

16 **REORGANIZATION OF THE HUMAN RESOURCES DEVELOPMENT**
17 **PROGRAM**

18 **SECTION 30.3.(a)** The State Board of Community Colleges shall establish
19 a committee to develop and recommend to the Board a core series of employability
20 skills training classes that should be coded in the Continuing Education Master Course
21 List as Human Resources Development.

22 **SECTION 30.3.(b)** The State Board of Community Colleges may waive
23 tuition and fees for enrollment in classes coded in the Continuing Education Master
24 Course List as Human Resources Development if the individual enrolling:

- 25 (1) Is unemployed;
- 26 (2) Has received notification of a pending layoff;
- 27 (3) Is working and is eligible for the Federal Earned Income Tax Credit
28 (FEITC); or
- 29 (4) Is working and earning wages at or below two hundred percent (200%)
30 of the federal poverty guidelines.

31 Individuals for whom tuition and fees are waived must sign a form adopted by the State
32 Board of Community Colleges verifying that they meet one of these criteria.

33 **SECTION 30.3.(c)** The State Board of Community Colleges shall study the
34 feasibility of integrating the delivery of human resources development services into the
35 framework of the JobLink Career Centers. The Board shall report its recommendations
36 to the Joint Legislative Education Oversight Committee by May 1, 2002.

37 **SECTION 30.3.(d)** The State Board of Community Colleges shall report to
38 the Joint Legislative Education Oversight Committee on its reorganization of the
39 Human Resources Development Program by January 1, 2003.

40 **SECTION 30.3.(e)** The State Board of Community Colleges may adopt
41 temporary rules to implement reorganization of the Human Resources Development
42 Program.

43
44 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
45 Oldham, Redwine, Thompson

46 **MANAGEMENT INFORMATION SYSTEM FUNDS**

47 **SECTION 30.4.** Funds appropriated for the Community Colleges System
48 Office Management Information System shall not revert at the end of the 2001-2002
49 and 2002-2003 fiscal years but shall remain available until expended.

50
51 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
52 Oldham, Redwine, Thompson

53 **EMPLOYMENT SECURITY COMMISSION FUNDS**

1 **SECTION 30.5.(a)** There is appropriated from the Employment Security
 2 Commission Training and Employment Account created in G.S. 96-6.1 to the North
 3 Carolina Community Colleges System Office the sum of twenty-eight million fifty-four
 4 thousand two hundred ninety-eight dollars (\$28,054,298) for the 2001-2002 fiscal year.
 5 These funds shall be used as follows:

	<u>2001-2002</u>
1. Equipment Funds	\$19,154,298
2. Regional and Cooperative Initiatives	400,000
3. New and Expanding Industry Training Programs	7,000,000
4. Focused Industrial Training Programs	<u>1,500,000</u>
TOTAL	<u>\$28,054,298</u>

16 Funds allocated for Equipment, New and Expanding Industry Training
 17 Programs, and Focused Industrial Training Programs shall be nonreverting.

18 Funds allocated for equipment shall be placed in the Equipment Reserve
 19 Fund and shall be allocated in accordance with the State Board's equipment allocation
 20 formula.

21 Funds allocated for Regional and Cooperative Initiatives shall be used for
 22 community college projects that foster regional cooperation among community colleges,
 23 public schools, universities, and private business and industry.

24 **SECTION 30.5.(b)** Of the funds appropriated by this act from the
 25 Employment Security Commission Training and Employment Account for Focused
 26 Industrial Training, the sum of two hundred fifty thousand dollars (\$250,000) is
 27 allocated for the 2001-2002 fiscal year to Catawba Valley Community College for the
 28 operation of the Hosiery Technology Center and the sum of two hundred fifty thousand
 29 dollars (\$250,000) for the 2001-2002 fiscal year is allocated to Guilford Technical
 30 Community College for the operation of the Piedmont Triad Center for Advanced
 31 Manufacturing.

32 **SECTION 30.5.(c)** There is appropriated from the Employment Security
 33 Commission Training and Employment Account created in G.S. 96-6.1 to the North
 34 Carolina Employment Security Commission the sum of seven million thirteen thousand
 35 five hundred seventy-four dollars (\$7,013,574) for the 2001-2002 fiscal year for the cost
 36 of collecting and administrating the training and reemployment contribution and for
 37 enhanced re-employment services.

38 **SECTION 30.5.(d).** To the extent that the State receives more in the
 39 Employment Security Commission Training and Employment Account than the funds
 40 appropriated in subsections (a) and (c) of this section:

41 (1) Eighty percent (80%) of these funds are hereby appropriated for the
 42 2001-2002 fiscal year to the Community Colleges System Office for
 43 the purposes set out in subsection (a) of this section and the State
 44 Board of Community Colleges may allocate the additional funds for
 45 those purposes; and

46 (2) Twenty percent (20%) of these funds are hereby appropriated to the Employment
 47 Security Commission for the 2001-2002 fiscal year, and it may allocate the additional
 48 funds for those purposes.

50 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
 51 Oldham, Redwine, Thompson

52 **MODIFY TERM OF COMMUNITY COLLEGE FACULTY CONTRACTS**

1 **SECTION 30.6.** The General Assembly finds that standardization of the
2 term of contracts with community college faculty members will provide the General
3 Assembly with the data necessary to make informed decisions regarding faculty salaries
4 and funding for the summer term. Therefore, the State Board of Community Colleges
5 shall require community colleges to convert all faculty contracts to nine-month
6 contracts covering the fall and spring semesters. Faculty members currently employed
7 for more than nine months shall be placed on supplemental contracts for the summer
8 term. These modifications in faculty contracts shall not change the salary of any faculty
9 member.

10 All faculty members employed after the date this act becomes law shall be
11 placed on nine-month contracts with supplemental contracts for the summer term.

12
13 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
14 Oldham, Redwine, Thompson

15 **REALIGNMENT OF ACCOUNTS FOR INSTITUTIONAL AND**
16 **ADMINISTRATIVE SUPPORT**

17 **SECTION 30.7.** In prior fiscal years, funds for Institutional and
18 Administrative Support in the following have been appropriated in four separate
19 accounts. Since these funds are allotted to community colleges on a formula basis, this
20 level of detail is unnecessary. Therefore, beginning with the 2001-2002 fiscal year,
21 State aid accounts 536938 through 536941 shall be consolidated into a single State aid
22 account for Institutional and Academic Support to match actual practice.

23
24 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
25 Oldham, Redwine, Thompson

26 **STUDY OF DISCREPANCIES IN FACULTY SALARIES**

27 **SECTION 30.8.** The Joint Legislative Education Oversight Committee shall
28 study discrepancies in community college faculty salaries. In the course of the study,
29 the Committee shall examine faculty salaries at various colleges to determine why
30 salaries at some colleges are above the State average while others are well below it.

31 The Committee shall report its findings to the 2002 Regular Session of the
32 2001 General Assembly.

33
34 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
35 Oldham, Redwine, Thompson

36 **STATE BOARD RESERVE ALLOCATIONS**

37 **SECTION 30.9.** The State Board of Community Colleges shall use funds
38 from the State Board Reserve in the amount of one hundred thousand dollars (\$100,000)
39 for each fiscal year to assist small rural low-wealth community colleges with operation
40 and maintenance of plant costs if they need to assist new or expanding industries in their
41 service delivery areas.

42
43 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
44 Oldham, Redwine, Thompson

45 **TRANSFER OF CASH BALANCES**

46 **SECTION 30.11.** The remaining cash balance on June 30, 2001, and any
47 interest credited to the account in the 2001-2002 fiscal year in the North Carolina
48 Community Colleges System Budget Code 66800, Fund Code 6101 DCC Scholarships,
49 shall be transferred to Budget Code 66800, Fund Code 6102 CCS Financial Assistance
50 to support Need Based Financial Aid programs.

51
52 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
53 Oldham, Redwine, Thompson

**ASHEVILLE-BUNCOMBE TECHNICAL COMMUNITY COLLEGE FUNDS
DO NOT REVERT**

SECTION 30.12.(a) Funds appropriated to Asheville-Buncombe Technical Community College in S.L. 1999-237 for its Small Business Center shall not revert at the end of the 2000-2001 fiscal year, but shall remain available for expenditure in the 2001-2002 fiscal year. These funds may be used for the capital facilities and operating expenses of the Small Business Center.

SECTION 30.12.(b) This section becomes effective June 30, 2001.

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

MAINTENANCE OF PLANT OPERATIONS

SECTION 30.13. G.S. 115D-31.2 reads as rewritten:

"§ 115D-31.2. Maintenance of plant.

Notwithstanding any provisions of law to the contrary, any community college that has an out-of-county student head count served on the main campus of the college in excess of fifty percent (50%) of the total student head count as defined by the State Board of Community Colleges, shall be provided funds for the purpose of "operations of plant". ~~These funds shall not exceed eighty five percent (85%) of the funds allocated to these colleges during the 1990-91 fiscal year for this purpose. Each college that qualifies for these funds shall receive a pro rata amount of the funds that are appropriated for this purpose."~~

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

FOCUSED INDUSTRIAL TRAINING PROGRAM

SECTION 30.15. Of the funds appropriated to the North Carolina Community Colleges System for the 2001-2003 fiscal biennium, the State Board of Community Colleges may use up to one hundred thousand dollars (\$100,000) each year to pay registration fees and material costs for Occupational Continuing Education or Focused Industrial Training safety courses provided to companies that (i) are eligible to participate in the Focused Industrial Training Program, (ii) have less than 150 employees, and (iii) are found by community college representatives and regional customized training directors to face challenges in paying these fees and costs.

These funds shall not be expended without the prior approval of the North Carolina Community Colleges System Office, Division of Economic and Workforce Development.

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

COMMUNITY COLLEGES SYSTEM OFFICE FLEXIBILITY

SECTION 30.16. G.S. 115D-3 is amended by designating the existing language as subsection (a) and by adding two new subsections to read as follows:

"(b) The State Board shall receive General Fund appropriations made by the General Assembly for the continuing operations of the North Carolina Community Colleges System Office that are administered by the President and the President's staff complement established pursuant to this section. The President, notwithstanding G.S. 143-23, and with respect to the foregoing appropriations, may move funds between budget purposes and may use up to ten percent (10%) from lapsed salary and fringe accounts for nonsalary purposes. The Community Colleges System Office (Budget Code 16800) may retain one hundred percent (100%) of its overhead receipts for nonrecurring expenditures that do not impose a continuing obligation upon the State. These retained overhead receipts shall not revert to the State's General Fund.

1 As used in this section, "indirect receipts" means indirect cost funds earned on
2 federal contracts and grants.

3 (c) The President, in consultation with the State Auditor and the Director of the
4 Office of State Personnel, shall ascertain that the management staff and internal
5 financial controls are in place and continue in place to successfully administer the
6 additional authority authorized herein. All actions taken by the President are subject to
7 audit by the State Auditor."
8

9 Requested by: Representative Thompson, Easterling, Oldham, Redwine

10 **HOME SCHOOLED HIGH SCHOOL STUDENTS MAY TAKE**
11 **DEVELOPMENTAL COURSES AT COMMUNITY COLLEGES**

12 **SECTION 30.17.** G.S. 115D-5 is amended by adding a new subsection to
13 read:

14 "(n) Individual high school students who are sixteen years old or older and who
15 attend a home school, as defined in G.S. 115C-563(a), may register as space is available
16 in developmental courses offered by a community college to prepare them for college-
17 level courses. Notwithstanding subsection (b) of this section and G.S. 115D-20(4),
18 community colleges shall charge tuition to individual students who are enrolled in a
19 developmental course under this subsection."
20

21 **PART XXXI. UNIVERSITIES**
22

23 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
24 Oldham, Redwine, Thompson

25 **AID TO PRIVATE COLLEGES**

26 **SECTION 31.1.(a)** Part 2 of Article 1 of Chapter 116 of the General Statutes
27 is amended by adding the following new sections to read:

28 **"§ 116-21.1. Financial aid for North Carolina students attending private**
29 **institutions of higher education in North Carolina.**

30 (a) Funds shall be appropriated each fiscal year in the Current Operations
31 Appropriations Act to the Board of Governors of The University of North Carolina for
32 aid to institutions and shall be disbursed in accordance with the provisions of G.S. 116-
33 19, 116-21, and 116-22.

34 (b) The funds appropriated in compliance with this section shall be placed in a
35 separate, identifiable account in each eligible institution's budget or chart of accounts.
36 All funds in the account shall be provided as scholarship funds for needy North Carolina
37 students during the fiscal year. Each student awarded a scholarship from this account
38 shall be notified of the source of the funds and of the amount of the award. Funds not
39 utilized under G.S. 116-19 shall be available for the tuition grant program as defined in
40 G.S. 116-21.2.

41 **"§ 116-21.2. Legislative tuition grants to aid students attending private institutions**
42 **of higher education.**

43 (a) In addition to any funds appropriated pursuant to G.S. 116-19 and in addition
44 to all other financial assistance made available to institutions, or to students attending
45 these institutions, there is granted to each full-time North Carolina undergraduate
46 student attending an approved institution as defined in G.S. 116-22, a sum, to be
47 determined by the General Assembly for each academic year which shall be distributed
48 to the student as provided by this subsection.

49 (b) The tuition grants provided for in this section shall be administered by the
50 State Education Assistance Authority pursuant to rules adopted by the State Education
51 Assistance Authority not inconsistent with this section. The State Education Assistance
52 Authority shall not approve any grant until it receives proper certification from an
53 approved institution that the student applying for the grant is an eligible student. Upon

1 receipt of the certification, the State Education Assistance Authority shall remit at the
2 times as it prescribes the grant to the approved institution on behalf, and to the credit, of
3 the student.

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

11 (d) In the event there are not sufficient funds to provide each eligible student
12 with a full grant:

13 (1) The Board of Governors of The University of North Carolina, with the
14 approval of the Office of State Budget and Management, may transfer
15 available funds to meet the needs of the programs provided by
16 subsections (a) and (b) of this section; and

17 (2) Each eligible student shall receive a pro rata share of funds then
18 available for the remainder of the academic year within the fiscal
19 period covered by the current appropriation.

20 (e) Any remaining funds shall revert to the General Fund.

21 (f) Expenditures made pursuant to this section may be used only for secular
22 educational purposes at institutions. Expenditures made pursuant to this section shall not
23 be used for any student who:

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

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

29 (g) The State Education Assistance Authority shall document the number of full-
30 time equivalent North Carolina undergraduate students that are enrolled in off-campus
31 programs and the State funds collected by each institution pursuant to G.S. 116-19 for
32 those students. The State Education Assistance Authority shall also document the
33 number of scholarships and the amount of the scholarships that are awarded under G.S.
34 116-19 to students enrolled in off-campus programs. An 'off-campus program' is any
35 program offered for degree credit away from the institution's main permanent campus.

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

39 **"§ 116-21.3. Legislative tuition grant limitations.**

40 (a) No legislative tuition grant funds shall be expended for a program at an off-
41 campus site of a private institution, as defined in G.S. 116-22(1), established after May
42 15, 1987, unless (i) the private institution offering the program has previously notified
43 and secured agreement from other private institutions operating degree programs in the
44 county in which the off-campus program is located or operating in the counties adjacent
45 to that county or (ii) the degree program is neither available nor planned in the county
46 with the off-campus site or in the counties adjacent to that county.

47 (b) For purposes of this section, an 'off-campus program' is any program offered
48 for degree credit away from the institution's main permanent campus.

49 (c) Any member of the armed services, as defined in G.S. 116-143.3(a), abiding
50 in this State incident to active military duty, who does not qualify as a resident for
51 tuition purposes, as defined under G.S. 116-143.1, is eligible for a legislative tuition
52 grant pursuant to this section if the member is enrolled as a full-time student. The

1 member's legislative tuition grant shall not exceed the cost of tuition less any tuition
2 assistance paid by the member's employer."

3 **SECTION 31.1.(b)** Funds are appropriated in this act to the Board of
4 Governors of The University of North Carolina to be allocated and disbursed as
5 provided by G.S. 116-19, 116-21, 116-21.1, and 116-22. These funds shall provide up
6 to one thousand one hundred dollars (\$1,100) per full-time equivalent North Carolina
7 undergraduate student enrolled at an institution as of October 1, 2001, for the
8 2001-2002 fiscal year and up to one thousand one hundred dollars (\$1,100) per full-time
9 equivalent North Carolina undergraduate student enrolled at an institution as of October
10 1, 2002, for the 2002-2003 fiscal year.

11 **SECTION 31.1.(c)** Funds appropriated in this act to the Board of Governors
12 of The University of North Carolina shall be allocated and disbursed for legislative
13 tuition grants in compliance with G.S. 116-21.2. The funds shall be allocated as
14 follows: to each full-time North Carolina undergraduate student a sum, not to exceed
15 one thousand eight hundred dollars (\$1,800) for the 2001-2002 academic year and one
16 thousand eight hundred dollars (\$1,800) for the 2002-2003 academic year.

17
18 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
19 Oldham, Redwine, Thompson

20 **ACADEMIC COMMON MARKET PILOT PROGRAM**

21 **SECTION 31.2.(a)** The Southern Regional Education Board currently
22 operates an Academic Common Market program. Under this program, qualified
23 students from participating states may apply to attend programs at public universities in
24 participating states that are not available in their home state's university system. North
25 Carolina's participation for graduate programs would provide a cost-effective means of
26 offering educational access for North Carolina residents. North Carolinians would be
27 able to attend graduate programs that are not available at The University of North
28 Carolina at reduced rates, and the State would avoid the cost associated with the
29 development of new academic programs.

30 **SECTION 31.2.(b)** The Board of Governors of The University of North
31 Carolina may establish a pilot program for participation in the Southern Regional
32 Education Board's Academic Common Market at the graduate program level. The
33 Board of Governors shall examine the graduate programs offered in The University of
34 North Carolina system and select for participation only those graduate programs that are
35 likely to be unique or are not commonly available in other Southern Regional Education
36 Board states. Out-of-state tuition shall be waived for students who are residents of other
37 Southern Regional Education Board states and who are participating in the Academic
38 Common Market program. If accepted into The University of North Carolina graduate
39 programs that are part of the Academic Common Market, these students shall pay
40 in-State tuition and shall be treated for all purposes of The University of North Carolina
41 as residents of North Carolina. Prior to the beginning of this pilot, the Board of
42 Governors shall submit its list of graduate programs selected to be a part of the pilot
43 program to the Joint Legislative Education Oversight Committee.

44 **SECTION 31.2.(c)** The pilot programs established under this section shall
45 terminate July 1, 2005. However, once a student is enrolled in The University of North
46 Carolina system under the Academic Common Market program, the student shall be
47 entitled to pay in-State tuition as long as the student is enrolled in that graduate
48 program. The Board of Governors shall report the success of the Academic Common
49 Market program to the Joint Legislative Education Oversight Committee by December
50 31, 2003, and by January 31, 2005, and the Committee may recommend changes, if any
51 are appropriate, to the pilot program at either of those times.
52

1 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
2 Oldham, Redwine, Thompson

3 **AID TO PRIVATE MEDICAL SCHOOLS/FUNDING FORMULA**

4 **SECTION 31.3.** Part 1 of Article 1 of Chapter 116 of the General Statutes is
5 amended by adding a new section to read:

6 "**§ 116-21.3. Private medical schools—assistance funding formula.**

7 (a) Funds shall be appropriated each year in the Current Operations
8 Appropriations Act to the Board of Governors of The University of North Carolina for
9 continuation of financial assistance to the medical schools of Duke University and
10 Wake Forest University. The funds shall be disbursed on certifications of the respective
11 schools of medicine that show the number of North Carolina residents as first-year,
12 second-year, third-year, and fourth-year students in the medical school as of the
13 appropriate fiscal year.

14 (b) Disbursement to Wake Forest University shall be made in the amount of eight
15 thousand dollars (\$8,000) for each medical student who is a North Carolina resident,
16 one thousand dollars (\$1,000) of which shall be placed by the school in a fund to be
17 used to provide financial aid to needy North Carolina students who are enrolled in the
18 medical school. The maximum aid given to any student from this fund in a given year
19 shall not exceed the amount of the difference in tuition and academic fees charged by
20 the school and those charged at the School of Medicine at the University of North
21 Carolina at Chapel Hill.

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

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

42 (e) If the funds appropriated in the Current Operations Appropriations Act to the
43 Board of Governors of The University of North Carolina for continuation of financial
44 assistance to the medical schools of Duke University and Wake Forest University are
45 insufficient to cover the enrolled students in accordance with this section, then the
46 Board of Governors may transfer unused funds from other programs in the Related
47 Educational Programs budget code to cover the extra students."

48
49 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
50 Oldham, Redwine, Thompson

51 **STUDY PROFESSIONAL DEVELOPMENT PROGRAMS FOR PUBLIC**
52 **SCHOOL PROFESSIONALS**

53 **SECTION 31.4.(a)** G.S. 115C-12(26) reads as rewritten:

1 **"§ 115C-12. Powers and duties of the Board generally.**

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

7
8 ~~...~~
9 (26) Duty to Monitor and Make Recommendations Regarding
10 Professional Development Programs. – The State Board of
11 Education, in collaboration with the Board of Governors of The
12 University of North Carolina, shall identify and make
13 recommendations regarding meaningful professional development
14 programs for professional public school employees. The programs
15 shall be aligned with State education goals and directed toward
16 improving student academic achievement. Education shall identify
17 State and local needs for professional development for professional
18 public school employees based upon the State's educational
19 priorities for improving student achievement. The State Board also
20 shall recommend strategies for addressing these needs. The
21 strategies must be research-based, proven in practice, and designed
22 for data-driven evaluation. The State Board shall report its findings
23 and recommendations to the Joint Legislative Education Oversight
24 Committee, the President Pro Tempore of the Senate, the Speaker
25 of the House of Representatives, and the Board of Governors of
26 The University of North Carolina prior to January 15, 2002, and
27 shall review, revise, and resubmit those findings and
28 recommendations annually thereafter. The State Board shall
29 annually evaluate and, after consultation with the Board of
30 Governors, make recommendations regarding professional
31 development programs based upon the reports submitted by the
32 Board of Governors under G.S. 116-11(12a). G.S. 116-11(12a) to
33 determine whether the programs for professional development
34 provided by the Center for School Leadership Development
35 address the State and local needs identified by the State Board and
36 whether the programs are using the strategies recommended by the
37 State Board. Prior to January 15th of each year, the State Board
38 shall report the results of its analysis to the Board of Governors and
39 to the Joint Legislative Education Oversight Committee.

40 ~~...~~

41 ~~...~~ SECTION 31.4.(b) G.S. 116-11(12a) reads as rewritten:

42 **"§ 116-11. Powers and duties generally.**

43 The powers and duties of the Board of Governors shall include the following:

44 ~~...~~
45 (12a) ~~The~~ Notwithstanding any other law, the Board of Governors of The
46 University of North Carolina shall implement, administer, and revise
47 programs for meaningful professional development for professional
48 public school employees based upon in accordance with the
49 evaluations and recommendations made by the State Board of
50 Education under G.S. 115C-12(26). The programs shall be aligned
51 with State education goals and directed toward improving student
52 academic achievement. The Board of Governors shall submit to the
53 State Board of Education an annual report evaluating the professional
development programs administered by the Board of Governors. The

1 Board of Governors shall submit to the State Board of Education an
2 annual written report that uses data to assess and evaluate the
3 effectiveness of the programs for professional development offered by
4 the Center for School Leadership Development. The report shall
5 clearly document how the programs address the State needs identified
6 by the State Board of Education and whether the programs are utilizing
7 the strategies recommended by the State Board. The Board of
8 Governors also shall submit this report to the Joint Legislative
9 Education Oversight Committee, the President Pro Tempore of the
10 Senate, and the Speaker of the House of Representatives prior to
11 September 15th of each year."

12 **SECTION 31.4.(c)** The Joint Legislative Education Oversight Committee
13 shall hire an independent consultant to study and make recommendations regarding
14 professional development for public school professionals in North Carolina. The
15 consultant shall study:

- 16 (1) The professional development programs administered under the UNC
17 Center for School Leadership Development with regard to their
18 mission, governance structure, efficiency, and objectively measurable
19 effectiveness in increasing student achievement.
- 20 (2) The feasibility and merits of consolidating and reducing the number of
21 professional development programs.
- 22 (3) The possibility of regionalizing professional development programs
23 and using a cooperative arrangement between higher educational
24 institutions and community colleges in a region to achieve the goal.
- 25 (4) The professional development support offered by the Department of
26 Public Instruction.
- 27 (5) The use of professional development funds allocated to local school
28 administrative units and individual schools.
- 29 (6) National research regarding effective methods for delivering
30 professional development that is shown to improve student
31 achievement.

32 The consultant shall report these findings to the Joint Legislative Education Oversight
33 Committee and also shall make recommendations regarding how existing State funds
34 should be utilized to provide effective and efficient professional development for public
35 school professionals.

36 **SECTION 31.4.(d)** The Joint Legislative Education Oversight Committee
37 shall review the consultant's findings and recommendations and shall submit to the 2002
38 Regular Session of the 2001 General Assembly recommendations to streamline,
39 reorganize, and improve the delivery of professional development for public school
40 professionals. The recommendations may address revisions to program governance and
41 mission, reallocation of funds, methods of program delivery, and methods to institute
42 ongoing program evaluation.

43 **SECTION 31.4.(e)** The Joint Legislative Education Oversight Committee
44 shall review the reports that are required to be made to the Committee. The purpose of
45 the review is to determine which reports must include information that is
46 research-based, proven in practice, and designed for data-driven research. The
47 Committee may make recommendations for changes in these reports based upon the
48 Committee's findings.

49
50 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
51 Oldham, Redwine, Thompson

52 **TEACHER ASSISTANT SCHOLARSHIP FUND**

1 **SECTION 31.5.(a)** Article 23 of Chapter 116 of the General Statutes is
2 amended by adding a new section to read:

3 **"§ 116-209.35. Teacher Assistant Scholarship Fund.**

4 (a) There is established the Teacher Assistant Scholarship Fund. The purpose of
5 the Fund is to provide scholarships to teacher assistants who are pursuing college
6 degrees to become teachers. The State Education Assistance Authority shall administer
7 the Fund.

8 (b) Criteria for awarding the scholarships shall be developed by the Board of
9 Governors of The University of North Carolina in consultation with the State Board of
10 Education and the State Board of Community Colleges and shall include all of the
11 following:

12 (1) An applicant shall be employed full time as a teacher assistant in North
13 Carolina.

14 (2) An applicant shall be enrolled in an accredited bachelors degree
15 program in an institution of higher education in North Carolina.

16 (3) An applicant shall be a resident of North Carolina. For purposes of this
17 section, residency shall be determined by the same standard as
18 residency for tuition purposes pursuant to G.S. 116-143.1.

19 (4) Any additional criteria that the Board of Governors considers
20 necessary to administer the Fund effectively, including all of the
21 following:

22 a. Consideration of the appropriate numbers of minority applicants
23 and applicants from diverse socioeconomic backgrounds to
24 receive scholarships pursuant to this section.

25 b. Consideration of the academic qualifications of the individuals
26 applying to receive funds.

27 c. Consideration of the commitment an individual applying to
28 receive funds demonstrates to the profession of teaching.

29 (c) The scholarships shall be available for part-time or full-time course work
30 through all off-campus or distance education teacher education programs.

31 (d) The Board of Governors of The University of North Carolina, the State Board
32 of Education, and the State Board of Community Colleges shall: (i) prepare a clear
33 written explanation of the Teacher Assistant Scholarship Fund and the information
34 regarding the availability and criteria for awarding the scholarships, and (ii) shall
35 provide that information to the appropriate counselors in each local school system and
36 shall charge those counselors to inform teacher assistants about the scholarships and to
37 encourage teacher assistants to apply for the scholarships.

38 (e) The Board of Governors of The University of North Carolina shall adopt
39 rules to implement this section.

40 (f) The Board of Governors of The University of North Carolina shall report to
41 the Joint Legislative Education Oversight Committee by March 1 each year regarding
42 the Fund and scholarships awarded from the Fund."

43 **SECTION 31.5.(b)** Of the funds appropriated by this Act to the Board of
44 Governors of The University of North Carolina the sum of one million dollars
45 (\$1,000,000) shall be allocated to the State Education Assistance Authority to
46 implement this section.

47
48 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
49 Oldham, Redwine, Thompson

50 **UNC BUDGET FLEXIBILITY/MUST HONOR BUDGET REDUCTIONS**

51 **SECTION 31.6.(a)** Notwithstanding G.S. 116-30.2 or G.S. 116-30.3, neither
52 the Office of General Administration of The University of North Carolina or any special

1 responsibility constituent institution shall expend or use any of the following funds to
2 modify the budget reductions imposed by this act:

- 3 (1) General Fund moneys appropriated by this act.
- 4 (2) General Fund current operations appropriations credit balances
5 remaining at the end of any fiscal year that are carried forward to the
6 next fiscal year.

7 **SECTION 31.6.(b)** Except as provided in subsection (a) of this section, G.S.
8 116-30.2 and G.S. 116-30.3 remain in full force and effect.
9

10 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
11 Oldham, Redwine, Thompson

12 **OFFER TEACHER EDUCATION PROGRAMS THROUGH DISTANCE**
13 **EDUCATION**

14 **SECTION 31.7.(a)** It is the intent of the General Assembly to make teacher
15 education programs easily accessible statewide through distance education. The
16 General Assembly finds that the "2 + 2" program is an excellent model for teacher
17 credential programs and encourages its use as a model.

18 **SECTION 31.7.(b)** To achieve the goal of encouraging the "2 + 2" program
19 as a model for teacher education programs and to make those model teacher education
20 programs available and easily accessible statewide, any teacher education program that
21 is offered by a constituent institution through distance education that does not require
22 campus residency is eligible for funds appropriated by this act for that purpose. The
23 Board of Governors shall determine the eligibility and amount of funds to be allocated
24 to a constituent institution pursuant to this section. The Board of Governors of The
25 University of North Carolina shall report to the Joint Legislative Education Oversight
26 Committee annually regarding the implementation of this section and the amount and
27 use of the funds allocated pursuant to this section.
28

29 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
30 Oldham, Redwine, Thompson

31 **SUBSTITUTION OF UNC-CH BOND PROJECTS**

32 **SECTION 31.9.** Pursuant to Section 2(b) of S.L. 2000-3, the General
33 Assembly finds that it is in the best interest of the State to substitute an Information
34 Technology Office Facility for the Comprehensive Renovation and Conversion for
35 Information Technology and Data Processing, both at the University of North Carolina
36 at Chapel Hill, as contained in Section 2(a) of S.L. 2000-3. Section 2(a) of S.L. 2000-3
37 is therefore amended in the portion under the University of North Carolina at Chapel
38 Hill, by adding "Information Technology Office Facility...\$9,170,000" and deleting
39 "Comprehensive Renovation and Conversion for Information Technology and Data
40 Processing...\$9,170,000".

41 Nothing in this section is intended to supersede any other requirement of law
42 or policy for approval of the substituted capital improvement project.
43

44 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
45 Oldham, Redwine, Thompson

46 **MASTERS ED. ADMINISTRATION AT A&T STATE, NCCU,**
47 **UNC-PEMBROKE/STUDY POSSIBLE PHARMACY SCHOOL AT**
48 **ECSU/STUDY POSSIBLE DENTISTRY SCHOOL AT ECU AND POSSIBLE**
49 **ENGINEERING SCHOOL AT ECU, WESTERN CAROLINA, AND UNC AT**
50 **ASHEVILLE**

51 **SECTION 31.10.(a)** G.S. 116-74.21(b) reads as rewritten:

52 "(b) No more than ~~nine~~ 12 school administrator programs shall be established
53 under the competitive proposal program. In selecting campus sites, the Board of

1 Governors shall be sensitive to the racial, cultural, and geographic diversity of the State.
2 Special priority shall be given to the following factors: (i) the historical background of
3 the institutions in training educators; (ii) the ability of the sites to serve the geographic
4 regions of the State, such as, the far west, the west, the triad, the piedmont, and the east;
5 and, (iii) whether the type of roads and terrain in a region make commuting difficult. A
6 school administrator program may provide for instruction at one or more campus sites."

7 **SECTION 31.10.(b)** The Board of Governors of The University of North
8 Carolina shall include the Master of School Administration program at North Carolina
9 Agricultural and Technical State University in Greensboro, North Carolina Central
10 University in Durham, and the University of North Carolina at Pembroke as three of the
11 12 school administrator programs established pursuant to G.S. 116-74.21. These three
12 programs shall be comparable in quality to the nine existing Master of School
13 Administration programs and shall be operated within existing funds.

14 **SECTION 31.10.(c)** The Board of Governors of The University of North
15 Carolina shall study the feasibility of establishing a School of Pharmacy at Elizabeth
16 City State University. The Board of Governors shall report its findings and
17 recommendations to the Joint Legislative Education Oversight Committee by April 1,
18 2002.

19 **SECTION 31.10.(d)** The Board of Governors of The University of North
20 Carolina shall study the feasibility of establishing a School of Dentistry and a School of
21 Engineering at East Carolina University. The Board shall also study the feasibility of
22 establishing a School of Engineering at the University of North Carolina at Asheville
23 and Western Carolina University.

24
25 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
26 Oldham, Redwine, Thompson

27 **PROGRESS BOARD**

28 **SECTION 31.12.(a)** G.S. 143B-372.1 reads as rewritten:

29 **"§ 143B-372.1. North Carolina Progress Board.**

30 (a) The North Carolina Progress Board is established. The Board shall be located
31 administratively in the Board of Governors of The University of North Carolina and ~~is~~
32 may be located at North Carolina State University, any constituent institution within
33 The University of North Carolina, or at any institution to which it is invited formally,
34 but shall exercise all its prescribed statutory powers independently of the Board of
35 Governors. Governors or the institution at which it resides.

36 (b) The North Carolina Progress Board shall consist of ~~24~~ 24 members of
37 statewide prominence as follows:

38 (1) The Governor, ex officio;

39 (2) Eight persons appointed by the Governor, none of whom shall be State
40 employees or officers;

41 (3) ~~Four~~ Five persons appointed by the Speaker of the House of
42 Representatives, ~~one two~~ of whom shall be ~~a member~~ members of the
43 House of Representatives;

44 (4) ~~Four~~ Five persons appointed by the President Pro Tempore of the
45 Senate, ~~one two~~ of whom shall be ~~a member~~ members of the Senate;
46 and

47 (5) ~~Four~~ Five persons appointed by the North Carolina Progress Board.

48 (c) The Governor shall be chair of the North Carolina Progress Board. The
49 Governor shall appoint a vice-chair from among the membership of the North Carolina
50 Progress Board to serve at the pleasure of the Governor. The North Carolina Progress
51 Board may elect such other officers as it sees fit.

52 (d) The North Carolina Progress Board shall meet at least twice annually on the
53 call of the chair or as additionally provided by the North Carolina Progress Board. A

1 quorum is ~~11~~ 12 members of the Board. Members may not send designees to board
2 meetings, nor may they vote by proxy.

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

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

24 **SECTION 31.12.(b)** G.S. 143B-372.2 reads as rewritten:

25 **"§ 143B-372.2. Responsibilities.**

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

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

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

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

43 (b) The General Assembly finds ~~that:~~ the following:

- 44 (1) The North Carolina economy of the future can provide unparalleled
45 opportunity while maintaining North Carolina's traditional values, if
46 the State pursues the future with clarity of purpose and ~~perseverance;~~
47 perseverance.
- 48 (2) The North Carolina economy is in the midst of a massive transition
49 created by technological changes, global competition, and new
50 production ~~practices;~~ and practices.
- 51 (3) In order to maintain employment opportunities, increase income
52 levels, reduce poverty, and generate the public revenues necessary to
53 provide public services, North Carolina must increasingly rely on an

- 1 economy which adds value to its natural and human resources and
 2 provides a diverse mix of products.
- 3 (4) Regional Progress Boards, modeled after the North Carolina Progress
 4 Board, should be encouraged, and to the extent practicable, funded
 5 from local sources, public and private, to ensure that the several
 6 regions of North Carolina describe a clear regional vision, with
 7 measures, targets, and methods for keeping track of progress toward
 8 that regional vision, and each forming a strategic alliance with the
 9 North Carolina Progress Board.
- 10 (c) The North Carolina Progress Board shall:
- 11 (1) ~~Encourage the a discussion and toward~~ Encourage a discussion and toward understanding of the critical
 12 ~~global global, national, statewide, regional, and local demographic,~~ global, national, statewide, regional, and local demographic,
 13 ~~social, economic, and environmental and trends and conditions that~~ social, economic, and environmental and trends and conditions that
 14 ~~exist or are emerging in North Carolina today, and how those issues~~ exist or are emerging in North Carolina today, and how those issues
 15 ~~will impact living in North Carolina in 10 to 20 years. national social~~ will impact living in North Carolina in 10 to 20 years. national social
 16 ~~and economic trends that will affect North Carolina in the coming~~ and economic trends that will affect North Carolina in the coming
 17 ~~decades;~~ decades;
- 18 (2) Examine the report of the Commission for a Competitive North
 19 Carolina and the 1997 and February 2000 reports of the North Carolina
 20 Progress Board to the General Assembly. ~~the 1997 report of the North~~
 21 Carolina Progress Board to the General Assembly;
- 22 (3) Track the eight issue areas set out in subsection (a) of this section and
 23 the objectives set out in subsection (a1) of this section and other issues
 24 identified by the Progress Board. The Progress Board may, upon vote
 25 of the Board, add to those issues identified by its predecessor
 26 Commission and ~~Board;~~ Board.
- 27 (4) Hold public hearings and other methods of public participation,
 28 including educational and outreach programs, to secure the views of
 29 citizens on priority goals for North Carolina and to disseminate
 30 findings and recommendations to ~~polymakers;~~ policymakers.
- 31 (5) Formulate and submit to North Carolinians a report every five years,
 32 beginning 2001, that updates the ~~20 10-~~ to ~~30 20-~~ year vision for North
 33 Carolina and that describes and explains a vision for North Carolina's
 34 progress over the next ~~2010 to 3020 years;~~ years.
- 35 (6) Submit a report to the General Assembly prior to its convening the
 36 regular session every odd-numbered year, which reports on
 37 ~~demographic, social and social, economic economic, or environmental~~
 38 trends and ~~issues recommends~~ specific targets and milestones to
 39 accomplish its ~~mission;~~ mission.
- 40 (7) ~~Recommend~~ Recommend, by reporting special legislative provisions,
 41 in draft form only, how ~~the~~ targets and milestones can be applied to
 42 increase ~~the~~ accountability of government to the people of this ~~State;~~
 43 State.
- 44 (8) Report periodically to the people of North Carolina on progress toward
 45 meeting goals, targets, and ~~milestones;~~ milestones, together with an
 46 assessment of the failure to meet the same and, where possible, an
 47 estimate of the potential costs associated with failure to act.
- 48 (9) Undertake new and ongoing policy research and benchmarking
 49 studies; ~~studies.~~
- 50 (10) Publish and distribute periodic reports on policies, performance
 51 improvement, and best practices for ~~meeting~~ achieving the ~~long-term~~
 52 long-term, strategic goals for the ~~State;~~ and State.

(11) May apply for and accept gifts or ~~grants.~~ grants or engage in consulting activities, or other contractual assignments, consistent with its mission, for which applicable staff or Board members may expect to receive reasonable fees and expenses in exchange for specific work products.

(d) ~~The Any~~ Regular Session of the General Assembly shall further define the mission of the North Carolina Progress Board in continuing its ~~work.~~ work and may from time to time, and to the extent practicable, request staff assistance from the Board to standing, select, or independent legislative study committees or commissions.

(e) The General Assembly, after adopting the initial set of goals and measures as proposed or amended, may alter the goals and measures."

SECTION 31.12.(c) G.S. 143B-372.3 reads as rewritten:

"**§ 143B-372.3. Staff.**

(a) ~~The Chancellor of North Carolina State University~~ Upon the recommendation of the Board, the Governor shall appoint an Executive Director who shall serve at the pleasure of the ~~Chancellor.~~ Board and the Governor but, for administrative purposes, shall report to the Board of Governors of The University of North Carolina. The Executive Director shall report to the North Carolina Progress Board and the ~~Chancellor.~~ Governor. The Executive Director shall hire or contract with support staff, who shall work at the pleasure of the Executive Director.

(b) The Office of State Budget, Planning, and Management shall also provide support, information, reports, and other assistance to the North Carolina Progress Board as requested.

(c) Repealed by Session Laws 1999-237, s. 10.12(a), effective June 30, 1999."

Requested by: Representative Cole

TRANSFER CHINQUA-PENN PLANTATION FUNDS

SECTION 31.13. All "Friends of Chinqua-Penn" funds and gift shop funds on deposit with The University of North Carolina shall be transferred to the Chinqua-Penn Foundation, Inc.

Requested by: Representative Creech

UNC BOARD OF GOVERNORS REPORT ON OVERHEAD RECEIPTS

SECTION 31.14. The Board of Governors of The University of North Carolina shall report to the Joint Legislative Education Oversight Committee by March 1, 2002, and annually thereafter, on the amount of overhead receipts for The University System and the use of those receipts.

PART XXXII. SALARIES AND EMPLOYEE BENEFITS

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

GOVERNOR AND COUNCIL OF STATE/NO SALARY INCREASES

SECTION 32.1.(a) For the 2001-2002 and 2002-2003 fiscal years, the salary of the Governor shall remain the amount set by G.S. 147-11(a).

SECTION 32.1.(b) Effective July 1, 2001, the annual salaries for the members of the Council of State, payable monthly, for the 2001-2002 and 2002-2003 fiscal years are:

Council of State	Annual Salary
Lieutenant Governor	\$104,523
Attorney General	104,523
Secretary of State	104,523
State Treasurer	104,523
State Auditor	104,523

1	Superintendent of Public Instruction	104,523
2	Agriculture Commissioner	104,523
3	Insurance Commissioner	104,523
4	Labor Commissioner	104,523

5
6 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

7 **NONELECTED DEPARTMENT HEAD/NO SALARY INCREASES**

8 **SECTION 32.2.** In accordance with G.S. 143B-9, the maximum annual
9 salaries, payable monthly, for the nonelected heads of the principal State departments
10 for the 2001-2002 and 2002-2003 fiscal years are:

11	Nonelected Department Heads	Annual Salary
12	Secretary of Administration	\$102,119
13	Secretary of Correction	102,119
14	Secretary of Crime Control and Public Safety	102,119
15	Secretary of Cultural Resources	102,119
16	Secretary of Commerce	102,119
17	Secretary of Environment and Natural Resources	102,119
18	Secretary of Health and Human Services	102,119
19	Secretary of Juvenile Justice and Delinquency Prevention	102,119
20	Secretary of Revenue	102,119
21	Secretary of Transportation	102,119

22
23 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

24 **CERTAIN EXECUTIVE BRANCH OFFICIALS/NO SALARY INCREASES**

25 **SECTION 32.3.** The annual salaries, payable monthly, for the 2001-2002
26 and 2002-2003 fiscal years for the following executive branch officials are:

27	Executive Branch Officials	Annual Salary
28	Chairman, Alcoholic Beverage Control Commission	\$92,946
29	State Controller	130,078
30	Commissioner of Motor Vehicles	92,946
31	Commissioner of Banks	104,523
32	Chairman, Employment Security Commission	129,913
33	State Personnel Director	102,119
34	Chairman, Parole Commission	84,871
35	Members of the Parole Commission	78,356
36	Chairman, Utilities Commission	116,405
37	Members of the Utilities Commission	104,523
38	Executive Director, Agency for Public Telecommunications	78,356
39	General Manager, Ports Railway Commission	70,755
40	Director, Museum of Art	95,240
41	Executive Director, North Carolina Housing Finance Agency	115,031
42	Executive Director, North Carolina Agricultural Finance Authority	90,470
43	State Chief Information Officer	130,000

44
45 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

46 **JUDICIAL BRANCH OFFICIALS/NO SALARY INCREASES**

47 **SECTION 32.4.(a)** The annual salaries, payable monthly, for specified
48 judicial branch officials for the 2001-2002 and 2002-2003 fiscal years are:

49	Judicial Branch Officials	Annual Salary
50	Chief Justice, Supreme Court	\$118,430
51	Associate Justice, Supreme Court	115,336
52	Chief Judge, Court of Appeals	112,452
53	Judge, Court of Appeals	110,530

1	Judge, Senior Regular Resident Superior Court	107,527
2	Judge, Superior Court	104,523
3	Chief Judge, District Court	94,912
4	Judge, District Court	91,909
5	Administrative Officer of the Courts	107,527
6	Assistant Administrative Officer of the Courts	98,216

7 **SECTION 32.4.(b)** The district attorney or public defender of a judicial
 8 district, with the approval of the Administrative Officer of the Courts or the
 9 Commission on Indigent Defense Services, respectively, shall set the salaries of
 10 assistant district attorneys or assistant public defenders, respectively, in that district such
 11 that the average salaries of assistant district attorneys or assistant public defenders in
 12 that district do not exceed sixty thousand one hundred ninety-one dollars (\$60,191), and
 13 the minimum salary of any assistant district attorney or assistant public defender is at
 14 least thirty-one thousand thirty-five dollars (\$31,035), effective July 1, 2001.

15 **SECTION 32.4.(c)** The salaries in effect for the 2001-2002 and 2002-2003
 16 fiscal years for permanent, full-time employees of the Judicial Department, except for
 17 those whose salaries are itemized in this Part, shall be increased by six hundred
 18 twenty-five dollars (\$625.00), effective July 1, 2001.

19
 20 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

21 **CLERK OF SUPERIOR COURT SALARY INCREASES**

22 **SECTION 32.5.** Effective July 1, 2001, G.S. 7A-101(a) reads as rewritten:

23 "(a) The clerk of superior court is a full-time employee of the State and shall
 24 receive an annual salary, payable in equal monthly installments, based on the population
 25 of the county as determined in subsection (a1) of this section, according to the following
 26 schedule:

27	Population	Annual Salary
28	Less than 100,000	\$69,286 \$69,911
29	100,000 to 149,999	77,827 78,452
30	150,000 to 249,999	86,369 86,994
31	250,000 and above	94,912 95,537

32 The salary schedule in this subsection is intended to represent the following
 33 approximate percentage of the salary of a chief district court judge:

34	Population	Annual Salary
35	Less than 100,000	73%
36	100,000 to 149,999	82%
37	150,000 to 249,999	91%
38	250,000 and above	100%.

39 When a county changes from one population group to another, the salary of the clerk
 40 shall be changed, on July 1 of the fiscal year for which the change is reported, to the
 41 salary appropriate for the new population group, except that the salary of an incumbent
 42 clerk shall not be decreased by any change in population group during his continuance
 43 in office."

44
 45 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

46 **ASSISTANT AND DEPUTY CLERKS OF COURT/SALARY INCREASE**

47 **SECTION 32.6.** Effective July 1, 2001, G.S. 7A-102(c1) reads as rewritten:

48 "(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time
 49 deputy clerk serving as head bookkeeper per county, shall be paid an annual salary
 50 subject to the following minimum and maximum rates:

51	Assistant Clerks and Head Bookkeeper	Annual Salary
52	Minimum	\$25,890 \$26,515
53	Maximum	45,839 46,464

Deputy Clerks	Annual Salary
Minimum	\$21,940\$22,565
Maximum	<u>35,309.35,934."</u>

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

MAGISTRATES' SALARY INCREASES

SECTION 32.7. Effective July 1, 2001, G.S. 7A-171.1 reads as rewritten:

"(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	\$26,264 \$26,889
Step 1	28,900 29,525
Step 2	31,764 32,393
Step 3	34,898 35,523
Step 4	38,327 38,952
Step 5	42,096 42,721
Step 6	46,239 46,864

(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:

Less than 1 year of service	\$20,700	\$21,325
1 or more but less than 3 years of service	<u>21,764</u>	<u>22,389</u>
3 or more but less than 5 years of service	<u>23,905</u>	<u>24,530</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 Level on June 30, 1994	Salary 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.

1 (b) Notwithstanding G.S. 138-6, a magistrate may not be reimbursed by the State
2 for travel expenses incurred on official business within the county in which the
3 magistrate resides."
4

5 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

6 **GENERAL ASSEMBLY PRINCIPAL CLERKS**

7 **SECTION 32.8.** Effective July 1, 2001, G.S. 120-37(c) reads as rewritten:

8 "(c) The principal clerks shall be full-time officers. Each principal clerk shall be
9 entitled to other benefits available to permanent legislative employees and shall be paid
10 an annual salary of ~~eighty seven thousand six hundred eighty one dollars (\$87,681)~~
11 eighty-eight thousand three hundred six dollars (\$88,306) payable monthly. The
12 Legislative Services Commission shall review the salary of the principal clerks prior to
13 submission of the proposed operating budget of the General Assembly to the Governor
14 and Advisory Budget Commission and shall make appropriate recommendations for
15 changes in those salaries. Any changes enacted by the General Assembly shall be by
16 amendment to this paragraph."
17

18 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

19 **SERGEANT-AT-ARMS AND READING CLERKS**

20 **SECTION 32.9.** Effective July 1, 2001, G.S. 120-37(b) reads as rewritten:

21 "(b) The sergeant-at-arms and the reading clerk in each house shall be paid a
22 salary of ~~two hundred eighty six dollars (\$286.00)~~ two hundred ninety-two dollars
23 (\$292.00) per week plus subsistence at the same daily rate provided for members of the
24 General Assembly, plus mileage at the rate provided for members of the General
25 Assembly for one round trip only from their homes to Raleigh and return. The
26 sergeants-at-arms shall serve during sessions of the General Assembly and at such time
27 prior to the convening of, and subsequent to adjournment or recess of, sessions as may
28 be authorized by the Legislative Services Commission. The reading clerks shall serve
29 during sessions only."
30

31 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

32 **LEGISLATIVE EMPLOYEES**

33 **SECTION 32.10.** The Legislative Services Officer shall increase the salaries
34 of nonelected employees of the General Assembly in effect for fiscal year 2000-2001 by
35 six hundred twenty-five dollars (\$625.00). Nothing in this act limits any of the
36 provisions of G.S. 120-32.
37

38 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

39 **COMMUNITY COLLEGES PERSONNEL/SALARY INCREASES**

40 **SECTION 32.11.** The Director of the Budget shall transfer from the Reserve
41 for Compensation Increases, created in this act for fiscal years 2001-2002 and
42 2002-2003, funds to the North Carolina Community Colleges System Office necessary
43 to provide an annual salary increase of six hundred twenty-five dollars (\$625.00)
44 including funds for the employer's retirement and social security contributions,
45 commencing July 1, 2001, for all permanent full-time community college institutional
46 personnel supported by State funds. Salary funds shall be used to provide an annual
47 salary increase of six hundred twenty-five dollars (\$625.00) to all full-time employees
48 and part-time employees on a pro rata basis.
49

50 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

51 **UNIVERSITY OF NORTH CAROLINA SYSTEM/EPA SALARY INCREASES**

52 **SECTION 32.12.(a)** The Director of the Budget shall transfer to the Board
53 of Governors of The University of North Carolina sufficient funds from the Reserve for

1 Compensation Increases, created in this act for fiscal years 2001-2002 and 2002-2003,
2 to provide an annual salary increase of six hundred twenty-five dollars (\$625.00),
3 including funds for the employer's retirement and social security contributions,
4 commencing July 1, 2001, for all employees of The University of North Carolina, as
5 well as employees other than teachers of the North Carolina School of Science and
6 Mathematics, supported by State funds and whose salaries are exempt from the State
7 Personnel Act (EPA). These funds may not be used for any purpose other than for
8 salary increases and necessary employer contributions provided by this section.

9 **SECTION 32.12.(b)** The Director of the Budget shall transfer to the Board
10 of Governors of The University of North Carolina sufficient funds from the Reserve for
11 Compensation Increases, created in this act for fiscal years 2001-2002 and 2002-2003,
12 to provide an annual salary increase of two and eighty-six hundredths percent (2.86%),
13 including funds for the employer's retirement and social security contributions,
14 commencing July 1, 2001, for all teaching employees of the North Carolina School of
15 Science and Mathematics, supported by State funds and whose salaries are exempt from
16 the State Personnel Act (EPA). These funds may not be used for any purpose other than
17 for salary increases and necessary employer contributions provided by this section.

18
19 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

20 **MOST STATE EMPLOYEES**

21 **SECTION 32.13.(a)** The salaries in effect June 30, 2001, of all permanent
22 full-time State employees whose salaries are set in accordance with the State Personnel
23 Act, and who are paid from the General Fund or the Highway Fund shall be increased,
24 on or after July 1, 2001, unless otherwise provided by this act, by six hundred
25 twenty-five dollars (\$625.00) per year.

26 **SECTION 32.13.(b)** Except as otherwise provided in this act, the fiscal year
27 2001-2002 salaries for permanent full-time State officials and persons in exempt
28 positions that are recommended by the Governor or the Governor and the Advisory
29 Budget Commission and set by the General Assembly shall be increased by six hundred
30 twenty-five dollars (\$625.00) per year, commencing July 1, 2001.

31 **SECTION 32.13.(c)** The salaries in effect for fiscal year 2001-2002 for all
32 permanent part-time State employees shall be increased on and after July 1, 2001, by
33 pro rata amounts of the six hundred twenty-five dollars (\$625.00) per year salary
34 increase provided for permanent full-time employees covered under subsection (a) of
35 this section.

36 **SECTION 32.13.(d)** The Director of the Budget may allocate out of special
37 operating funds or from other sources of the employing agency, except tax revenues,
38 sufficient funds to allow a salary increase, on and after July 1, 2001, in accordance with
39 subsection (a), (b), or (c) of this section including funds for the employer's retirement
40 and social security contributions, for the permanent full-time and part-time employees
41 of the agency, provided the employing agency elects to make available the necessary
42 funds.

43 **SECTION 32.13.(e)** Within regular Executive Budget Act procedures as
44 limited by this act, all State agencies and departments may increase on an equitable
45 basis the rate of pay of temporary and permanent hourly State employees, subject to
46 availability of funds in the particular agency or department, by pro rata amounts of the
47 six hundred twenty-five dollars (\$625.00) per year salary increase provided for
48 permanent full-time employees covered by the provisions of subsection (a) of this
49 section, commencing July 1, 2001.

50
51 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

52 **ALL STATE SUPPORTED PERSONNEL**

1 **SECTION 32.14.(a)** Salaries and related benefits for positions that are
2 funded partially from the General Fund or Highway Fund and partially from sources
3 other than the General Fund or Highway Fund shall be increased from the General Fund
4 or Highway Fund appropriation only to the extent of the proportionate part of the
5 salaries paid from the General Fund or Highway Fund.

6 **SECTION 32.14.(b)** The granting of the salary increases under this act does
7 not affect the status of eligibility for salary increments for which employees may be
8 eligible unless otherwise required by this act.

9 **SECTION 32.14.(c)** The salary increases provided in this act are to be
10 effective July 1, 2001, do not apply to persons separated from State service due to
11 resignation, dismissal, reduction in force, death, or retirement, or whose last workday is
12 prior to July 1, 2001.

13 Payroll checks issued to employees after July 1, 2001, which represent
14 payment of services provided prior to July 1, 2001, shall not be eligible for salary
15 increases provided for in this act. This subsection shall apply to all employees, subject
16 to or exempt from the State Personnel Act, paid from State funds, including public
17 schools, community colleges, and The University of North Carolina.

18 **SECTION 32.14.(d)** The Director of the Budget shall transfer from the
19 Reserve for Compensation Increases in this act for fiscal year 2001-2002 all funds
20 necessary for the salary increases provided by this act, including funds for the
21 employer's retirement and social security contributions.

22 **SECTION 32.14.(e)** Nothing in this act authorizes the transfer of funds
23 between the General Fund and the Highway Fund for salary increases.

24
25 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

26 **TEMPORARY SALES TAX TRANSFER FOR WILDLIFE RESOURCES**
27 **COMMISSION SALARIES**

28 **SECTION 32.15.** For the 2001-2002 and 2002-2003 fiscal years, the
29 Secretary of Revenue shall transfer at the end of each quarter from the State sales and
30 use tax net collections received by the Department of Revenue under Article 5 of
31 Chapter 105 of the General Statutes to the State Treasurer for the Wildlife Resources
32 Fund to fund the cost of any legislative salary increase for employees of the Wildlife
33 Resources Commission.

34
35 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

36 **CLEAN WATER MANAGEMENT TRUST FUND PERSONNEL**

37 **SECTION 32.16.(a)** G.S. 126-5(c1) is amended by adding a new
38 subdivision to read:

39 "(21) Employees of the Clean Water Management Trust Fund."

40 **SECTION 32.16.(b)** G.S. 113-145.7 reads as rewritten:

41 **"§ 113-145.7. Clean Water Management Trust Fund: Executive Director and staff.**

42 The Clean Water Management Trust Fund Board of Trustees, as soon as practicable
43 after its organization, shall select and appoint a competent person in accordance with
44 this section as Executive Director of the Clean Water Management Trust Fund Board of
45 Trustees. The Executive Director shall be charged with the supervision of all activities
46 under the jurisdiction of the Trustees and shall serve as the chief administrative officer
47 of the Trustees. Subject to the approval of the Trustees and the Director of the Budget,
48 the Executive Director may employ such clerical and other assistants as may be deemed
49 necessary.

50 The person selected as Executive Director shall have had training and experience in
51 conservation, protection, and management of surface water resources. The salary of the
52 Executive Director shall be fixed by the Trustees, and the Executive Director shall be
53 allowed travel and subsistence expenses in accordance with G.S. 138-6. The Executive

1 Director's salary and expenses shall be paid from the Fund. The term of office of the
2 Executive Director shall be at the pleasure of the Trustees.

3 These employees shall be exempt from the State Personnel Act, as provided in G.S.
4 126-5(c1)."

5
6 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

7 **SEVERANCE PAY/SALARY ADJUSTMENT FUND**

8 **SECTION 32.19.(a)** Funds from the Salary Adjustment Fund shall first be
9 used for severance wages for eligible separated employees.

10 **SECTION 32.19.(b)** The sum of up to five million dollars (\$5,000,000) of
11 any remaining appropriations for legislative salary increases not required for that
12 purpose may be used to supplement the Salary Adjustment Fund. These funds may be
13 used for reclassifications of positions already approved by the Office of State Personnel.
14 Any funds in excess of five million dollars (\$5,000,000) shall revert. The Office of
15 State Budget and Management shall report to the Joint Legislative Commission on
16 Governmental Operations prior to the allocation of salary adjustment funds for any State
17 agency.

18
19 Requested by: Representatives Wright, Redwine, Easterling, Oldham, Thompson

20 **STATE EMPLOYEE HEALTH PLAN CHANGES**

21 **SECTION 32.20.(a)** G.S. 135-40.1(2) reads as rewritten:

22 "(2) Deductible. – Deductible shall mean an amount of covered expenses
23 during a fiscal year which must be incurred after which benefits
24 (subject to the deductible) becomes payable. The deductible for an
25 employee, retired employee and/or his or her dependents shall be ~~two~~
26 ~~hundred fifty dollars (\$250.00)~~ three hundred fifty dollars (\$350.00)
27 for each fiscal year.

28 The deductible applies separately to each covered individual in
29 each fiscal year, subject to an aggregate maximum of ~~seven hundred~~
30 ~~fifty dollars (\$750.00)~~ one thousand fifty dollars (\$1,050) per ~~family~~
31 ~~(employee or retiree and his or her covered dependents)~~ employee and
32 child(ren) or employee and family coverage contract in any fiscal year.

33 If two or more family members are injured in the same accident
34 only one deductible is required for charges related to that accident
35 during the benefit period."

36 **SECTION 32.20.(b)** G.S. 135-40.4(a) reads as rewritten:

37 "(a) In the event a covered person, as a result of accidental bodily injury, disease
38 or pregnancy, incurs covered expenses, the Plan will pay benefits up to the amounts
39 described in G.S. 135-40.5 through G.S. 135-40.9.

40 The Plan is divided into two parts. The first part includes certain benefits which are
41 not subject to a deductible or coinsurance. The second part is a comprehensive plan and
42 includes those benefits which are subject to both a ~~two hundred fifty dollars~~
43 ~~(\$250.00)~~ three hundred fifty dollar (\$350.00) deductible for each covered individual to
44 an aggregate maximum of ~~seven hundred fifty dollars (\$750.00)~~ one thousand fifty
45 dollars (\$1,050) per ~~family~~ employee and child(ren) or employee and family coverage
46 contract and coinsurance of 80%/20%. There is a limit on out-of-pocket expenses under
47 the second part.

48 Notwithstanding the provisions of this Article, the Executive Administrator and
49 Board of Trustees of the Teachers' and State Employees' Comprehensive Major Medical
50 Plan may contract with providers of institutional and professional medical care and
51 services to established preferred provider networks. The Plan shall, however, honor a
52 Plan member's assignment of benefits under the Plan to a provider of health care
53 services that does not contract with the Plan. The design, adoption, and implementation

1 of such preferred provider contracts and networks are not subject to the requirements of
2 Chapter 143 of the General Statutes, provided that for any hospital preferred provider
3 network all hospitals will have an opportunity to contract with the Plan if they meet the
4 contract requirements. Any contract entered into between a hospital and the Plan shall
5 become effective as soon as practicable after the execution of the contract and, in any
6 event, not later than 10 calendar days after the hospital's delivery of the executed
7 contract to the Plan. The Executive Administrator and Board of Trustees shall, under the
8 provisions of G.S. 135-39.5(12), pursue such preferred provider contracts on a timely
9 basis and shall make reports as requested to the President of the Senate, the President
10 Pro Tempore of the Senate, the Speaker of the House of Representatives, and the
11 Committee on Employee Hospital and Medical Benefits on its progress in negotiating
12 such preferred provider contracts. The Executive Administrator and Board of Trustees
13 shall implement a refined diagnostic-related grouping or diagnostic-related
14 grouping-based reimbursement system for hospitals as soon as practicable, but no later
15 than January 1, 1995."

16 **SECTION 32.20.(c)** G.S. 135-40.5(d) is repealed.

17 **SECTION 32.20.(d)** G.S. 135-40.5(g) reads as rewritten:

18 "(g) Prescription Drugs. – The Plan's allowable charges for prescription legend
19 drugs to be used outside of a hospital or skilled nursing facility are to be determined by
20 the Plan's Executive Administrator and Board of Trustees. The Plan will pay allowable
21 charges for each outpatient prescription drug less a copayment to be paid by each
22 covered individual equal to the following amounts: pharmacy charges up to ten dollars
23 (\$10.00) for each generic prescription, ~~fifteen dollars (\$15.00)~~ twenty-five dollars
24 (\$25.00) for each branded prescription, and ~~twenty dollars (\$20.00)~~thirty-five dollars
25 (\$35.00) for each branded prescription with a generic equivalent drug, and ~~twenty-five~~
26 dollars (~~\$25.00~~)forty dollars (\$40.00) for each branded or generic prescription not on a
27 formulary used by the Plan. Allowable charges shall not be greater than a pharmacy's
28 usual and customary charge to the general public for a particular prescription.
29 Prescriptions shall be for no more than a 34-day supply for the purposes of the
30 copayments paid by each covered individual. By accepting the copayments and any
31 remaining allowable charges provided by this subsection, pharmacies shall not balance
32 bill an individual covered by the Plan. A prescription legend drug is defined as an article
33 the label of which, under the Federal Food, Drug, and Cosmetic Act, is required to bear
34 the legend: "Caution: Federal Law Prohibits Dispensing Without Prescription." Such
35 articles may not be sold to or purchased by the public without a prescription order.
36 Benefits are provided for insulin even though a prescription is not required. The Plan
37 may use a pharmacy benefit manager to help manage the Plan's outpatient prescription
38 drug coverage. In managing the Plan's outpatient prescription drug benefits, the Plan
39 and its pharmacy benefit manager shall not provide coverage for erectile dysfunction,
40 growth hormone, antiwrinkle, weight loss, and hair growth drugs unless such coverage
41 is medically necessary to the health of the member. The Plan and its pharmacy benefit
42 manager shall not provide coverage for growth hormone and weight loss drugs and
43 antifungal drugs for the treatment of nail fungus and botulinum toxin without approval
44 in advance by the pharmacy benefit manager. Any formulary used by the Plan's
45 Executive Administrator and pharmacy benefit manager shall be an open formulary.
46 Plan members shall not be assessed more than two thousand five hundred dollars
47 (\$2,500) per person per fiscal year in copayments required by this subsection."

48 **SECTION 32.20.(e)** The first paragraph of G.S. 135-40.6 reads as rewritten:

49 "The ~~following~~ benefits provided in this section are subject to a deductible of two
50 hundred fifty dollars (~~\$250.00~~) three hundred fifty dollars (\$350.00) per covered
51 individual to an aggregate maximum of ~~seven hundred fifty dollars (\$750.00)~~ one
52 thousand fifty dollars (\$1,050) per family employee and child(ren) or employee and
53 family coverage contract per fiscal year and are payable on the basis of eighty percent

1 (80%) by the Plan and twenty percent (20%) by the covered individual up to a
 2 maximum of one thousand dollars (~~\$1,000~~) five hundred dollars (\$1,500) out-of-pocket
 3 per fiscal year. The aggregate maximum out-of-pocket required of individuals
 4 covered by this section shall not be more than four thousand five hundred dollars
 5 (~~\$4,500~~) per employee and child(ren) or employee and family coverage contract per
 6 fiscal year."

7 **SECTION 32.20.(f)** G.S. 135-40.6(1)f. reads as rewritten:

8 "(1) In-Hospital Benefits. – The Plan pays in-hospital benefits for each
 9 single confinement, when charged by a hospital, for room
 10 accommodations, including bed, board and general nursing care, but
 11 not to exceed the charge for semiprivate room or ward
 12 accommodations, or the rate negotiated for the Plan. Under the DRG
 13 reimbursement system, the coinsurance shall be based on the lower of
 14 the DRG amount or charges.

15 The Plan will pay the following covered charges, when charged by
 16 a hospital, for each confinement.

17 ...

18 f. ~~Physical~~ Physical, speech, and occupational therapy."

19 **SECTION 32.20.(g)** G.S. 135-40.6(3) reads as rewritten:

20 "(3) Skilled Nursing Facility Benefits. – The Plan will pay benefits in a
 21 skilled nursing facility licensed under applicable State laws for not
 22 more than 100 days per fiscal year for the same reason, as follows:

23 After discharge from a hospital for which inpatient hospital
 24 benefits were provided by this Plan for a period of not less than three
 25 days, and treatment consistent with the same illness or condition for
 26 which the covered individual was hospitalized, the daily charges will
 27 be paid for room and board in a semiprivate room or any multibed unit
 28 up to the maximum benefit specified in subsection (1) of this section,
 29 less the days of care already provided for the same illness in a hospital.
 30 Plan allowances for total daily charges may be negotiated but will not
 31 exceed the daily semiprivate hospital room rate as determined by the
 32 Plan.

33 Credit will be allowed toward private room charges in an amount
 34 equal to the facility's most prevalent charge for semiprivate
 35 accommodations. Charges will also be paid for general nursing care
 36 and other services which would ordinarily be covered in a general
 37 hospital. In order to be eligible for these benefits, admission must
 38 occur within 14 days of discharge from the hospital.

39 In order to qualify for benefits provided by a skilled nursing
 40 facility, the following stipulations apply:

- 41 a. The services are medically required to be given on an inpatient
 42 basis because of the covered individual's need for medically
 43 necessary skilled nursing care on a continuing daily basis for
 44 any of the conditions for which he or she was receiving
 45 inpatient hospital services prior to transfer from a hospital to the
 46 skilled nursing facility or for a condition requiring such services
 47 which arose after such transfer and while he or she was still in
 48 the facility for treatment of the condition or conditions for
 49 which he or she was receiving inpatient hospital services,
 50 b. Only on prior referral by and so long as, the patient remains
 51 under the active care of an attending doctor and the patient
 52 requires continual hospital confinement without the care and
 53 treatment of the skilled nursing facility, and

1 c. Approved in advance by the Claims Processor.

2 For facilities not qualified for delivery of services covered by the
3 benefits of Title XVIII of the Social Security Act (Medicare), neither
4 the Plan nor any of its members shall be billed or held liable by such
5 facilities for charges that otherwise would be covered by Medicare."

6 **SECTION 32.20.(h)** G.S. 135-40.6(8)e. reads as rewritten:

7 "e. Prosthetic and Orthopedic Appliances and Durable Medical
8 Equipment: Appliances and equipment including corrective and
9 supportive devices such as artificial limbs and eyes,
10 wheelchairs, traction equipment, inhalation therapy and suction
11 machines, hospital beds, braces, orthopedic corsets and trusses,
12 not more than three hundred fifty dollars (\$350.00) for
13 therapeutic shoes for diabetes and other high-risk conditions,
14 and other prosthetic appliances or ambulatory apparatus which
15 are provided solely for the use of the participant. Eligible
16 charges include repair and replacement when medically
17 necessary. Benefits will be provided on a rental or purchase
18 basis at the sole discretion of the Claims Processor and
19 agreements to rent or purchase shall be between the Claims
20 Processor and the supplier of the appliance.

21 For the purposes of this subdivision, the term "durable
22 medical equipment" means standard equipment normally used
23 in an institutional setting which can withstand repeated use, is
24 primarily and customarily used to serve a medical purpose, is
25 generally not useful to a person in the absence of an illness or
26 injury and is appropriate for use in the home. Decisions of the
27 Claims Processor, the Executive Administrator and Board of
28 Trustees as to compliance with this definition and coverage
29 under the Plan shall be final."

30 **SECTION 32.20.(i)** G.S. 135-40.6(8)m. reads as rewritten:

31 "m. Cardiac Rehabilitation: Charges not to exceed ~~six hundred fifty~~
32 ~~dollars (\$650.00) the lesser of one thousand eight hundred~~
33 ~~dollars (\$1,800) or 90 days per fiscal year for cardiac testing~~
34 ~~and exercise therapy, when determined medically necessary by~~
35 ~~an attending physician and approved by the Claims Processor~~
36 ~~for patients with a medical history of myocardial infarction,~~
37 ~~angina pectoris, arrhythmias, cardiovascular surgery,~~
38 ~~hyperlipidemia, or hypertension, year. Coverage is limited to~~
39 ~~patients with Coronary Artery Bypass Graft (CABG),~~
40 ~~status/post myocardial infarction, Percutaneous Transluminar~~
41 ~~Coronary Angioplasty (PTCA) or stent, valve replacement,~~
42 ~~heart transplant, or chronic and disabling angina provided such~~
43 ~~charges are incurred services are provided within six months of~~
44 ~~the qualifying event and in a medically supervised facility fully~~
45 ~~certified by the North Carolina Department of Health and~~
46 ~~Human Services."~~

47 **SECTION 32.20.(j)** G.S. 135-40.6(9)f. reads as rewritten:

48 "(9) Limitations and Exclusions to Other Covered Charges. – No benefits
49 are available under this section of the Plan until full utilization is made
50 of similar benefits available under other sections of this Plan.

51 No benefits will be payable for:

52 ...

- f. Eyeglasses or other corrective lenses (except for cataract lenses certified as medically necessary for aphakia persons), hearing aids, braces for teeth, dental plates or bridges or other dental prostheses, air-conditioners, vaporizers, humidifiers, mattresses (other than as supplied with a hospital bed) and specially built shoes (other than attached to artificial limbs or orthopedic braces); braces, and other than therapeutic shoes for diabetes or other high-risk conditions);".

SECTION 32.20.(k) G.S. 135-40.6A(b) reads as rewritten:

"(b) The Executive Administrator and Board of Trustees may establish procedures to require prior medical approvals for the following services:

- (1) Skilled Nursing Facility ~~Care (after the initial 30 days);~~Care.
- (2) Private Duty ~~Nursing;~~Nursing.
- (3) Speech Therapy (unless rendered in an inpatient ~~hospital);~~hospital).
- (4) Physical Therapy (in the ~~home);~~home).
- (7) Surgical Procedures:
 - a. Blepharoplasties
 - b. Surgery for Hermaphroditism
 - c. Excision of Keloids
 - d. Reduction Mammoplasty
 - e. Morbid Obesity Surgery
 - f. Penile Prosthesis
 - g. Excision of Gynecomastia
 - h. Cochlear Implants
 - i. Revision of the Nasal Structure
 - j. Abdominoplasty
 - k. Fimbrioplasty
 - l. Tubotubal ~~Anastomosis.~~Anastomosis
 - m. Varicose Vein Surgery.
- (8) Subcutaneous injection of "filling" material (Example: zyderm, ~~silicone); and silicone).~~
- (8a) Botulinium toxin.
- (9) Suction Lipectomy.
- (10) Outpatient prescription drugs requiring prospective review under the Plan's pharmacy benefit management program.
- (11) Outpatient prescription drugs for growth hormone, weight loss, and antifungal drugs for the treatment of nail fungus."

SECTION 32.20.(l) G.S. 135-40.8 reads as rewritten:

"§ 135-40.8. Out-of-pocket expenditures.

(a) For the balance of any fiscal year after each eligible employee, retired employee, or dependent satisfies the cash deductible, the Plan pays eighty percent (80%) of the eligible expenses outlined in G.S. 135-40.6. ~~The covered individual is then responsible for the remaining twenty percent (20%) until one thousand dollars (\$1,000), in excess of the deductible, has been paid out of pocket. The remaining twenty percent (20%) is paid by the covered individual until one thousand five hundred dollars (\$1,500) per covered individual up to an aggregate of four thousand five hundred dollars (\$4,500) per employee and child(ren) or employee and family coverage contract per fiscal year in excess of the deductible has been paid out of pocket.~~ The Plan then pays one hundred percent (100%) of the remaining covered expenses.

(b) ~~Where a covered individual fails to obtain a second surgical opinion as required under the Plan, or where a covered individual elects to have a surgery performed that conflicts with a majority opinion of the rendered consultations that the surgery requiring a second or third surgical opinion is not necessary, the covered~~

1 individual shall be responsible for fifty percent (50%) of the eligible expenses,
2 provided, however, that no covered individual shall be required to pay, in addition to the
3 expenses in subsection (a) above out of pocket in excess of five hundred dollars
4 (\$500.00) per fiscal year.

5 (c) Notwithstanding any other provision of this Article, on the first day of each
6 confinement the Plan does not pay the first ~~seventy five dollars (\$75.00)~~ one hundred
7 dollars (\$100.00) of the room accommodation charge allowable under G.S. 135-40.6(1).
8 Any readmission within 60 days after discharge for the same reason shall be considered
9 the same confinement for the purpose of this subsection. The exclusion made under this
10 subsection shall not count toward the deductible nor toward the maximum amount of
11 coinsurance out-of-pocket costs.

12 (c1) Notwithstanding any other provision of this Article, the Plan does not pay the
13 first fifty dollars (\$50.00) of the facility fees and ancillary charges for allowable charges
14 exceeding five hundred dollars (\$500.00) per episode of care for hospital outpatient
15 departments and ambulatory surgical facilities under G.S. 135-40.6(4). Readmission
16 within 30 days after discharge for the same reason shall be considered the same episode
17 of care for the purpose of this subsection. The exclusion made under this subsection
18 shall not count toward the deductible nor toward the maximum amount of coinsurance
19 out-of-pocket costs.

20 (c2) Notwithstanding any other provision of this Article, the Plan does not pay the
21 first one hundred dollars (\$100.00) of allowable emergency room charges when
22 admission to a hospital pursuant to the emergency room use does not immediately
23 follow. This subsection shall apply only when less costly alternative means of
24 emergency medical care are reasonably available as determined by the Executive
25 Administrator and Board of Trustees. The exclusion made under this subsection shall
26 not count toward the deductible nor toward the maximum amount of coinsurance out-of-
27 pocket costs.

28 (c3) Notwithstanding any other provision of this Article, the Plan does not pay for
29 the first fifteen dollars (\$15.00) of allowable charges for each home, office, or skilled
30 nursing facility visit under the provisions of G.S. 135-40.6(7)a. and b., G.S. 135-
31 40.6(4), G.S. 135-40.6(8)e.(IV therapy), i., j., k., n., r., and s., and G.S. 135-40.5(e). The
32 copayment assessed by this subsection shall be assessed only once per person per
33 provider per day and shall not apply to laboratory, pathology, and radiology services.
34 The exclusion made under this subsection shall not count toward the deductible nor
35 toward the maximum amount of coinsurance out-of-pocket costs.

36 (d) Where a network of qualified preferred providers of inpatient and outpatient
37 hospital care is reasonably available for use by those individuals covered by the Plan,
38 use of providers outside of the preferred network shall be subject to a twenty percent
39 (20%) coinsurance rate up to five thousand dollars (\$5,000) per fiscal year per covered
40 individual up to an aggregate of fifteen thousand dollars (\$15,000) per employee and
41 child(ren) or employee and family coverage contract per fiscal year in addition to the
42 general coinsurance percentage and maximum fiscal year amount specified by G.S.
43 135-40.4 and G.S. 135-40.6."

44 **SECTION 32.20.(m)** G.S. 135-40.9 reads as rewritten:

45 "**§ 135-40.9. Maximum benefits.**

46 The maximum lifetime benefit for each covered individual ~~will be two million~~
47 ~~dollars (\$2,000,000).~~is unlimited."

48 **SECTION 32.20.(n)** G.S. 135-40.6(2)g. is repealed.

49 **SECTION 32.20.(o)** G.S. 135-40.6(7)a. reads as rewritten:

50 "(7) Medical Benefits. –

- 51 a. Services of Doctors. – The Plan pays the usual, reasonable and
52 customary charges for covered inpatient medical (nonsurgical)
53 services. Services are covered if the individual is

1 hospital-confined and is eligible for hospitalization benefits as
 2 described in this section. Benefits are provided for exactly the
 3 same number of days as the individual is entitled to under this
 4 section, except that medical benefits are provided on both the
 5 day of admission and the day of discharge.

6 In the event a covered individual is treated by two or more
 7 co-attending doctors during the same hospital confinement for a
 8 medical (nonsurgical) condition, benefits are limited to payment
 9 for services provided by the primary attending doctor, except
 10 where need is established for supplementary skills for treatment
 11 of separate and distinct diagnoses or conditions.

12 Home, office, and skilled nursing facility visits including (i)
 13 charges for injected medications, (ii) inpatient care by attending
 14 medical doctors, radiologists, pathologists, and consultants
 15 during such time as hospital benefits are paid under any section
 16 of this Plan, (iii) care in the outpatient department of a hospital,
 17 and (iv) administration of shock therapy (drug or electric)
 18 including the services of anesthesiologists provided on an office
 19 or hospital outpatient basis for treatment of acute psychotic
 20 reaction or severe depression. ~~The Plan does not cover the first~~
 21 ~~ten dollars (\$10.00) of allowable charges for each home, office,~~
 22 ~~or skilled nursing facility visit."~~

23 **SECTION 32.20.(p)** Effective January 1, 2002, G.S. 135-39.5(12) reads as

24 rewritten:

25 **"§ 135-39.5. Powers and duties of the Executive Administrator and Board of**
 26 **Trustees.**

27 The Executive Administrator and Board of Trustees of the Teachers' and State
 28 Employees' Comprehensive Major Medical Plan shall have the following powers and
 29 duties:

30
 31 "(12) Determining basis of payments to health care providers, including
 32 payments in accordance with G.S. 58-50-56. The Plan shall comply
 33 with G.S. 58-3-225."

34 **SECTION 32.20.(q)** G.S. 135-39.8 reads as rewritten:

35 **"§ 135-39.8. Rules and regulations.**

36 The Executive Administrator and Board of Trustees may issue rules and regulations
 37 to implement Parts 2, 3, 4, and 5 of this Article. The Executive Administrator and Board
 38 of Trustees shall provide to interested persons written notice and an opportunity to
 39 comment not later than 30 days prior to adopting, amending, or rescinding a rule or
 40 regulation, unless immediate adoption of the rule or regulation without notice is
 41 necessary in order to fully effectuate the purpose of the rule or regulation. Rules and
 42 regulations of the Board of Trustees shall remain in effect until amended or repealed by
 43 the Executive Administrator and Board of Trustees. The Executive Administrator and
 44 Board of Trustees shall provide a written description of the rules and regulations issued
 45 under this section to all employing units, all health benefit representatives, the oversight
 46 team provided for in G.S. 135-39.3, all relevant health care providers affected by a rule
 47 or regulation, and to any other ~~parties~~ persons requesting a written description and
 48 approved by the Executive Administrator and Board of Trustees to receive a description
 49 on a timely basis."

50 **SECTION 32.20.(r)** Not later than January 1, 2003, the Plan shall have
 51 developed a prospective payment system for the payment of hospital outpatient services
 52 and the services of ambulatory surgical facilities. In developing this prospective
 53 payment system, the Plan shall make use of the expertise of the North Carolina Hospital

1 Association, including any advisory committees of member hospitals that the
2 Association may name, and ambulatory surgical facilities in this State. In addition, not
3 later than January 1, 2003, the Plan shall have developed a medical fee schedule for the
4 payment of professional health care services. The fee schedule shall be developed with
5 the participation of the North Carolina Medical Society, the North Carolina Academy of
6 Family Physicians, and any other groups of professional medical service providers that
7 the Society may wish to include. Any prospective payment system for hospital
8 outpatient services and the services of ambulatory surgical facilities and a medical fee
9 schedule for the providers of professional medical services shall not be implemented by
10 the Plan before July 1, 2003.

11 **SECTION 32.20.(s)** Except as otherwise provided, this section becomes
12 effective July 1, 2001.
13

14 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

15 **SALARY-RELATED CONTRIBUTIONS/EMPLOYERS**

16 **SECTION 32.21.(a)** Required employer salary-related contributions for
17 employees whose salaries are paid from department, office, institution, or agency
18 receipts shall be paid from the same source as the source of the employees' salaries. If
19 an employee's salary is paid in part from the General Fund or Highway Fund and in part
20 from department, office, institution, or agency receipts, required employer salary-related
21 contributions may be paid from the General Fund or Highway Fund only to the extent of
22 the proportionate part paid from the General Fund or Highway Fund in support of the
23 salary of the employee, and the remainder of the employer's requirements shall be paid
24 from the source that supplies the remainder of the employee's salary. The requirements
25 of this section as to source of payment are also applicable to payments on behalf of the
26 employee for hospital-medical benefits, longevity pay, unemployment compensation,
27 accumulated leave, workers' compensation, severance pay, separation allowances, and
28 applicable disability income benefits.

29 **SECTION 32.21.(b)** The State's employer contribution rates budgeted for
30 retirement and related benefits as percentage of covered salaries for the 2001-2002
31 fiscal year and the 2002-2003 fiscal year are (i) five and two hundredths percent
32 (5.02%) - Teachers and State Employees; (ii) ten and two hundredths percent (10.02%)
33 - State Law Enforcement Officers; (iii) nine and seventy-one hundredths percent
34 (9.71%) - University Employees' Optional Retirement System; (iv) sixteen and forty
35 hundredths percent (16.40%) - Consolidated Judicial Retirement System; and (v)
36 twenty-five and fifty-five hundredths percent (25.55%) - Legislative Retirement
37 System. Each of the foregoing contribution rates includes two and thirty-five
38 hundredths percent (2.35%) for hospital and medical benefits. The rate for Teachers
39 and State Employees, State Law Enforcement Officers, and for the University
40 Employees' Optional Retirement Program includes fifty-two hundredths percent
41 (0.52%) for the Disability Income Plan. The rates for Teachers and State Employees
42 and State Law Enforcement Officers include sixteen-hundredths percent (0.16%) for the
43 Death Benefits Plan. The rate for State Law Enforcement Officers includes five percent
44 (5%) for Supplemental Retirement Income.

45 **SECTION 32.21.(c)** Notwithstanding any other provision of law, the Board
46 of Trustees of the Teachers' and State Employees' Retirement System shall adopt such
47 assumptions as necessary to remove the asset cap of seventy-seven percent (77%) of
48 market value and to allow for a five-year smooth market method of asset value.

49 **SECTION 32.21.(d)** The General Assembly directs the State Treasurer to
50 adopt a fixed amortization period of nine years for the purposes of the unfunded accrued
51 liability for the North Carolina National Guard Pension Fund.

52 **SECTION 32.21.(e)** The maximum annual employer contributions, payable
53 monthly, by the State for each covered employee or retiree for the 2001-2002 fiscal year

1 to the Teachers' and State Employees' Comprehensive Major Medical Plan are: (i)
2 Medicare-eligible employees and retirees - two thousand one hundred four dollars
3 (\$2,104), and (ii) non-Medicare-eligible employees and retirees - two thousand seven
4 hundred sixty-four dollars (\$2,764).

5 **SECTION 32.21.(f)** The maximum annual employer contributions, payable
6 monthly, by the State for each covered employee or retiree for the 2002-2003 fiscal year
7 to the Teachers' and State Employees' Comprehensive Major Medical Plan are: (i)
8 Medicare-eligible employees and retirees - two thousand two hundred thirty-three
9 dollars (\$2,233); and (ii) non-Medicare-eligible employees and retirees - two thousand
10 nine hundred thirty-three dollars (\$2,933).

11
12 Requested by: Representatives Easterling, Oldham, Redwine, Thompson
13 **PROVIDE COST-OF-LIVING INCREASES FOR RETIREES OF THE**
14 **TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE**
15 **JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE**
16 **RETIREMENT SYSTEM**

17 **SECTION 32.22.(a)** G.S. 135-5 is amended by adding a new subsection to
18 read:

19 "(iii) From and after July 1, 2001, the retirement allowance to or on account of
20 beneficiaries whose retirement commenced on or before July 1, 2000, shall be increased
21 by two percent (2%) of the allowance payable on June 1, 2001, in accordance with G.S.
22 135-5(o). Furthermore, from and after July 1, 2001, the retirement allowance to or on
23 account of beneficiaries whose retirement commenced after July 1, 2000, but before
24 June 30, 2001, shall be increased by a prorated amount of two percent (2%) of the
25 allowance payable as determined by the Board of Trustees based upon the number of
26 months that a retirement allowance was paid between July 1, 2000, and June 30, 2001."

27 **SECTION 32.22.(b)** G.S. 135-65 is amended by adding a new subsection to
28 read:

29 "(v) From and after July 1, 2001, the retirement allowance to or on account of
30 beneficiaries whose retirement commenced on or before July 1, 2000, shall be increased
31 by two percent (2%) of the allowance payable on June 1, 2001. Furthermore, from and
32 after July 1, 2001, the retirement allowance to or on account of beneficiaries whose
33 retirement commenced after July 1, 2000, but before June 30, 2001, shall be increased
34 by a prorated amount of two percent (2%) of the allowance payable as determined by
35 the Board of Trustees based upon the number of months that a retirement allowance was
36 paid between July 1, 2000, and June 30, 2001."

37 **SECTION 32.22.(c)** G.S. 120-4.22A is amended by adding a new subsection
38 to read:

39 "(p) In accordance with subsection (a) of this section, from and after July 1, 2001,
40 the retirement allowance to or on account of beneficiaries whose retirement commenced
41 on or before January 1, 2001, shall be increased by two percent (2%) of the allowance
42 payable on June 1, 2001. Furthermore, from and after July 1, 2001, the retirement
43 allowance to or on account of beneficiaries whose retirement commenced after January
44 1, 2001, but before June 30, 2001, shall be increased by a prorated amount of two
45 percent (2%) of the allowance payable as determined by the Board of Trustees based
46 upon the number of months that a retirement allowance was paid between January 1,
47 2001, and June 30, 2001."

48 **SECTION 32.22.(d)** G.S. 128-27 is amended by adding a new subsection to
49 read:

50 "(zz) From and after July 1, 2001, the retirement allowance to or on account of
51 beneficiaries whose retirement commenced on or before July 1, 2000, shall be increased
52 by two percent (2%) of the allowance payable on June 1, 2001, in accordance with
53 subsection (k) of this section. Furthermore, from and after July 1, 2001, the retirement

1 allowance to or on account of beneficiaries whose retirement commenced after July 1,
2 2000, but before June 30, 2001, shall be increased by a prorated amount of two percent
3 (2%) of the allowance payable as determined by the Board of Trustees based upon the
4 number of months that a retirement allowance was paid between July 1, 2000, and June
5 30, 2001."

6 **SECTION 32.22.(e)** This section becomes effective July 1, 2001.
7

8 Requested by: Representatives Easterling, Oldham, Redwine, Thompson, Tucker
9 **INCREASE LOCAL RETIREMENT BENEFITS**

10 **SECTION 32.23.(a)** G.S. 128-27(b18) reads as rewritten:

11 "(b18) Service Retirement Allowance of Member Retiring on or After July 1, ~~2000~~.
12 2000, but Before July 1, 2001. – Upon retirement from service in accordance with
13 subsection (a) or (a1) above, on or after July 1, 2000, but before July 1, 2001, a member
14 shall receive the following service retirement allowance:

15 (1) A member who is a law enforcement officer or an eligible former law
16 enforcement officer shall receive a service retirement allowance
17 computed as follows:

18 a. If the member's service retirement date occurs on or after his
19 55th birthday and completion of five years of creditable service
20 as a law enforcement officer, or after the completion of 30 years
21 of creditable service, the allowance shall be equal to one and
22 seventy-eight hundredths percent (1.78%) of his average final
23 compensation, multiplied by the number of years of his
24 creditable service.

25 b. If the member's service retirement date occurs on or after his
26 50th birthday and before his 55th birthday with 15 or more
27 years of creditable service as a law enforcement officer and
28 prior to the completion of 30 years of creditable service, his
29 retirement allowance shall be equal to the greater of:

30 1. The service retirement allowance payable under G.S.
31 128-27(b18)(1)a. reduced by one-third of one percent
32 (1/3 of 1%) thereof for each month by which his
33 retirement date precedes the first day of the month
34 coincident with or next following the month the member
35 would have attained his 55th birthday;

36 2. The service retirement allowance as computed under
37 G.S. 128-27(b18)(1)a. reduced by five percent (5%)
38 times the difference between 30 years and his creditable
39 service at retirement.

40 (2) A member who is not a law enforcement officer or an eligible former
41 law enforcement officer shall receive a service retirement allowance
42 computed as follows:

43 a. If the member's service retirement date occurs on or after his
44 65th birthday upon the completion of five years of creditable
45 service or after the completion of 30 years of creditable service
46 or on or after his 60th birthday upon the completion of 25 years
47 of creditable service, the allowance shall be equal to one and
48 seventy-eight hundredths percent (1.78%) of average final
49 compensation, multiplied by the number of years of creditable
50 service.

51 b. If the member's service retirement date occurs after his 60th
52 birthday and before his 65th birthday and prior to his
53 completion of 25 years or more of creditable service, his

1 retirement allowance shall be computed as in G.S.
 2 128-27(b18)(2)a. but shall be reduced by one-quarter of one
 3 percent (1/4 of 1%) thereof for each month by which his
 4 retirement date precedes the first day of the month coincident
 5 with or next following his 65th birthday.

6 c. If the member's early service retirement date occurs on or after
 7 his 50th birthday and before his 60th birthday and after
 8 completion of 20 years of creditable service but prior to the
 9 completion of 30 years of creditable service, his early service
 10 retirement allowance shall be equal to the greater of:

- 11 1. The service retirement allowance as computed under
 12 G.S. 128-27(b18)(2)a. but reduced by the sum of
 13 five-twelfths of one percent (5/12 of 1%) thereof for
 14 each month by which his retirement date precedes the
 15 first day of the month coincident with or next following
 16 the month the member would have attained his 60th
 17 birthday, plus one-quarter of one percent (1/4 of 1%)
 18 thereof for each month by which his 60th birthday
 19 precedes the first day of the month coincident with or
 20 next following his 65th birthday; or
- 21 2. The service retirement allowance as computed under
 22 G.S. 128-27(b18)(2)a. reduced by five percent (5%)
 23 times the difference between 30 years and his creditable
 24 service at retirement; or
- 25 3. If the member's creditable service commenced prior to
 26 July 1, 1995, the service retirement allowance equal to
 27 the actuarial equivalent of the allowance payable at the
 28 age of 60 years as computed in G.S. 128-27(b18)(2)b.

29 d. Notwithstanding the foregoing provisions, any member whose
 30 creditable service commenced prior to July 1, 1965, shall not
 31 receive less than the benefit provided by G.S. 128-27(b)."

32 **SECTION 32.23.(b)** G.S. 128-27 is amended by adding a new subsection to

33 read:

34 "(b19) Service Retirement Allowance of Member Retiring on or After July 1, 2001.
 35 – Upon retirement from service in accordance with subsection (a) or (a1) above, on or
 36 after July 1, 2001, a member shall receive the following service retirement allowance:

37 (1) A member who is a law enforcement officer or an eligible former law
 38 enforcement officer shall receive a service retirement allowance
 39 computed as follows:

40 a. If the member's service retirement date occurs on or after his
 41 55th birthday and completion of five years of creditable service
 42 as a law enforcement officer, or after the completion of 30 years
 43 of creditable service, the allowance shall be equal to one and
 44 eighty-one hundredths percent (1.81%) of his average final
 45 compensation, multiplied by the number of years of his
 46 creditable service.

47 b. If the member's service retirement date occurs on or after his
 48 50th birthday and before his 55th birthday with 15 or more
 49 years of creditable service as a law enforcement officer and
 50 prior to the completion of 30 years of creditable service, his
 51 retirement allowance shall be equal to the greater of:

- 52 1. The service retirement allowance payable under G.S.
 53 128-27(b19)(1)a. reduced by one-third of one percent

- 1 (1/3 of 1%) thereof for each month by which his
2 retirement date precedes the first day of the month
3 coincident with or next following the month the member
4 would have attained his 55th birthday;
- 5 2. The service retirement allowance as computed under
6 G.S. 128-27(b19)(1)a. reduced by five percent (5%)
7 times the difference between 30 years and his creditable
8 service at retirement.
- 9 (2) A member who is not a law enforcement officer or an eligible former
10 law enforcement officer shall receive a service retirement allowance
11 computed as follows:
- 12 a. If the member's service retirement date occurs on or after his
13 65th birthday upon the completion of five years of creditable
14 service or after the completion of 30 years of creditable service
15 or on or after his 60th birthday upon the completion of 25 years
16 of creditable service, the allowance shall be equal to one and
17 eighty-one hundredths percent (1.81%) of average final
18 compensation, multiplied by the number of years of creditable
19 service.
- 20 b. If the member's service retirement date occurs after his 60th
21 birthday and before his 65th birthday and prior to his
22 completion of 25 years or more of creditable service, his
23 retirement allowance shall be computed as in G.S. 128-
24 27(b19)(2)a. but shall be reduced by one-quarter of one percent
25 (1/4 of 1%) thereof for each month by which his retirement date
26 precedes the first day of the month coincident with or next
27 following his 65th birthday.
- 28 c. If the member's early service retirement date occurs on or after
29 his 50th birthday and before his 60th birthday and after
30 completion of 20 years of creditable service but prior to the
31 completion of 30 years of creditable service, his early service
32 retirement allowance shall be equal to the greater of:
- 33 1. The service retirement allowance as computed under
34 G.S. 128-27(b19)(2)a. but reduced by the sum of five-
35 twelfths of one percent (5/12 of 1%) thereof for each
36 month by which his retirement date precedes the first day
37 of the month coincident with or next following the
38 month the member would have attained his 60th
39 birthday, plus one-quarter of one percent (1/4 of 1%)
40 thereof for each month by which his 60th birthday
41 precedes the first day of the month coincident with or
42 next following his 65th birthday; or
- 43 2. The service retirement allowance as computed under
44 G.S. 128-27(b19)(2)a. reduced by five percent (5%)
45 times the difference between 30 years and his creditable
46 service at retirement; or
- 47 3. If the member's creditable service commenced prior to
48 July 1, 1995, the service retirement allowance equal to
49 the actuarial equivalent of the allowance payable at the
50 age of 60 years as computed in G.S. 128-27(b19)(2)b.
- 51 d. Notwithstanding the foregoing provisions, any member whose
52 creditable service commenced prior to July 1, 1965, shall not
53 receive less than the benefit provided by G.S. 128-27(b)."

SECTION 32.23.(c) G.S. 128-27(m) reads as rewritten:

"(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the principal beneficiary designated to receive a return of accumulated contributions shall have the right to elect to receive in lieu thereof the reduced retirement allowance provided by Option two of subsection (g) above computed by assuming that the member had retired on the first day of the month following the date of his death, provided that all three of the following conditions apply:

- (1) a. The member had attained such age and/or creditable service to be eligible to commence retirement with an early or service retirement allowance, or
- b. The member had obtained 20 years of creditable service in which case the retirement allowance shall be computed in accordance with ~~G.S. 128-27(b18)(1)b. or G.S. 128-27(b18)(2)c.~~, G.S. 128-27(b19)(1)b. or G.S. 128-27(b19)(2)c., notwithstanding the requirement of obtaining age 50.
- (2) The member had designated as the principal beneficiary to receive a return of his accumulated contributions one and only one person who is living at the time of his death.
- (3) The member had not instructed the Board of Trustees in writing that he did not wish the provisions of this subsection apply.

For the purpose of this benefit, a member is considered to be in service at the date of his death if his death occurs within 180 days from the last day of his actual service. The last day of actual service shall be determined as provided in subsection (l) of this section. Upon the death of a member in service, the surviving spouse may make all purchases for creditable service as provided for under this Chapter for which the member had made application in writing prior to the date of death, provided that the date of death occurred prior to or within 60 days after notification of the cost to make the purchase."

SECTION 32.23.(d) G.S. 128-27 is amended by adding a new subsection to

read:

"(zz) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 2001. – From and after July 1, 2001, the retirement allowance to or on account of beneficiaries on the retirement rolls as of June 1, 2001, shall be increased by one and seven-tenths percent (1.7%) of the allowance payable on June 1, 2001. This allowance shall be calculated on the allowance payable and in effect on June 30, 2001, so as not to be compounded on any other increase payable under subsection (k) of this section or otherwise granted by act of the 2001 General Assembly."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

OPTIONAL RETIREMENT PROGRAM STUDY COMMISSION

SECTION 32.24.(a) The Optional Retirement Program Study Commission is created. The Commission shall consist of 15 voting members as follows:

- (1) Four members of the House of Representatives to be appointed by the Speaker of the House of Representatives;
- (2) Four members of the Senate to be appointed by the President Pro Tempore of the Senate;
- (3) The State Treasurer or the State Treasurer's designee;
- (4) A member of the faculty of a constituent institution of The University of North Carolina, to be appointed by the Speaker of the House of Representatives;
- (5) An administrator at a constituent institution of The University of North Carolina, to be appointed by the President Pro Tempore of the Senate;

- 1 (6) A member of the faculty of a constituent institution of the North
2 Carolina Community Colleges System, to be appointed by the
3 President Pro Tempore of the Senate;
- 4 (7) An administrator at a constituent institution of the North Carolina
5 Community Colleges System, to be appointed by the Speaker of the
6 House of Representatives; and
- 7 (8) Two members, one of whom is a practicing actuary and one of whom
8 is the administrator of a private retirement system, to be appointed by
9 the Governor.

10 The Speaker of the House of Representatives and the President Pro Tempore
11 of the Senate shall each designate a cochair from the General Assembly membership
12 serving on the Commission. The Commission shall meet upon the call of the cochairs. A
13 majority of the Commission shall constitute a quorum for the transaction of business.

14 **SECTION 32.24.(b)** The Commission shall:

- 15 (1) Examine the feasibility and desirability of expanding eligibility under
16 the Optional Retirement System of The University of North Carolina
17 to include all university employees that are exempt from the State
18 Personnel Act; and
- 19 (2) Examine the feasibility and desirability of establishing an optional
20 retirement program for employees of the North Carolina Community
21 Colleges System.

22 In conducting these studies, the Commission shall work cooperatively with
23 the Retirement System Division of the Department of State Treasurer to obtain
24 information addressing issues such as the attraction and retention of faculty and staff at
25 the affected institutions and the actuarial impact of the potential changes in retirement
26 options.

27 **SECTION 32.24.(c)** The Commission may contract for consultant services
28 as provided by G.S. 120-32.02. Upon approval of the Legislative Services Commission,
29 the Legislative Services Officer shall assign professional and clerical staff to assist in
30 the work of the Commission. Clerical staff shall be furnished to the Commission
31 through the offices of the House of Representatives and Senate Supervisors of Clerks.
32 The Commission may meet in the Legislative Building or the Legislative Office
33 Building upon the approval of the Legislative Services Commission. The Commission,
34 while in the discharge of official duties, may exercise all the powers provided under the
35 provisions of G.S. 120-19 through G.S. 120-19.4, including the power to request all
36 officers, agents, agencies, and departments of the State to provide any information, data,
37 or documents within their possession, ascertainable from their records, or otherwise
38 available to them, and the power to subpoena witnesses. Members of the Commission
39 shall receive per diem, subsistence, and travel allowances as follows:

- 40 (1) Commission members who are members of the General Assembly at
41 the rate established in G.S. 120-3.1;
- 42 (2) Commission members who are officials or employees of the State or of
43 local government agencies at the rate established in G.S. 138-6; and
- 44 (3) All other Commission members at the rate established in G.S. 138-5.

45 **SECTION 32.24.(d)** The Commission shall report the results of its study
46 and its recommendations to the 2002 Regular Session of the 2001 General Assembly.
47 The Commission shall terminate upon filing its report.

48
49 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

50 **TO SHORTEN THE AMOUNT OF TIME RETIRED TEACHERS MUST BE**
51 **RETIRED BEFORE THEY RETURN TO WORK**

1 **SECTION 32.25.(a)** G.S. 135-3(8)c., as enacted by Section 28.24(a) of S.L.
2 1998-212, and rewritten by Section 67 of S.L. 1998-217 and by Section 8.24(a) of S.L.
3 2000-67, reads as rewritten:

4 " c. **(Effective until June 30, 2003)** Should a beneficiary who
5 retired on an early or service retirement allowance under this
6 Chapter be reemployed, or otherwise engaged to perform
7 services, by an employer participating in the Retirement System
8 on a part-time, temporary, interim, or on a fee-for-service basis,
9 whether contractual or otherwise, and if such beneficiary earns
10 an amount in any calendar year which exceeds fifty percent
11 (50%) of the reported compensation, excluding terminal
12 payments, during the 12 months of service preceding the
13 effective date of retirement, or twenty thousand dollars
14 (\$20,000), whichever is greater, as hereinafter indexed, then the
15 retirement allowance shall be suspended as of the first day of
16 the month following the month in which the reemployment
17 earnings exceed the amount above, for the balance of the
18 calendar year. The retirement allowance of the beneficiary shall
19 be reinstated as of January 1 of each year following suspension.
20 The amount that may be earned before suspension shall be
21 increased on January 1 of each year by the ratio of the
22 Consumer Price Index to the Index one year earlier, calculated
23 to the nearest tenth of a percent (1/10 of 1%).

24 The computation of postretirement earnings of a beneficiary
25 under this sub-subdivision, G.S. 135-3(8)c., who has been
26 retired at least ~~12~~four months and has not been employed in any
27 capacity, except as a substitute teacher, with a public school for
28 at least ~~12~~four months immediately preceding the effective date
29 of reemployment, shall not include earnings while the
30 beneficiary is employed to teach on a substitute, interim, or
31 permanent basis in a public school. The Department of Public
32 Instruction shall certify to the Retirement System that a
33 beneficiary is employed to teach by a local school
34 administrative unit under the provisions of this sub-subdivision
35 and as a retired teacher as the term is defined under the
36 provisions of G.S. 115C-325(a)(5a). Beneficiaries employed
37 under this sub-subdivision are not entitled to any benefits
38 otherwise provided under this Chapter as a result of this period
39 of employment."

40 **SECTION 32.25.(b)** G.S. 115C-325(a)(5a), as enacted by Section 28.24(b)
41 of S.L. 1998-212 and rewritten by Section 67.1(a) of S.L. 1998-217, reads as rewritten:

42 "(a) Definition of Terms. – As used in this section unless the context requires
43 otherwise:

44 ...
45 (5a) **(Effective until June 30, 2003)** "Retired teacher" means a beneficiary
46 of the Teachers' and State Employees' Retirement System of North
47 Carolina who has been retired at least ~~12~~four months, has not been
48 employed in any capacity, other than as a substitute teacher, with a
49 local board of education for at least ~~12~~four months, immediately
50 preceding the effective date of reemployment, is determined by a local
51 board of education to have had satisfactory performance during the last
52 year of employment by a local board of education, and who is
53 employed to teach as provided in G.S. 135-3(8)c. A retired teacher

1 shall be treated the same as a probationary teacher except that a retired
2 teacher is not eligible for career status."

3 **SECTION 32.25.(c)** This section becomes effective July 1, 2001, and
4 expires June 30, 2003.

5
6 Requested by: Representatives Easterling, Oldham, Redwine, Thompson, Gibson,
7 Pope, Russell

8 **REMOVE THE CAP ON SICK LEAVE CREDITABLE TO RETIREMENT FOR**
9 **MEMBERS OF THE TEACHERS' AND STATE EMPLOYEES'**
10 **RETIREMENT SYSTEM**

11 **SECTION 32.28.(a)** G.S. 135-4(e) reads as rewritten:

12 "(e) Creditable service at retirement on which the retirement allowance of a
13 member shall be based shall consist of the membership service rendered by him since he
14 last became a member, and also if he has a prior service certificate which is in full force
15 and effect, the amount of service certified on his prior service certificate; and if he has
16 sick leave standing to his credit upon retirement on or after July 1, 1971, one month of
17 credit for each 20 days or portion thereof ~~not to exceed 12 days of credit for each year~~
18 ~~of membership service or fraction thereof~~, but sick leave shall not be counted in
19 computing creditable service for the purpose of determining eligibility for disability
20 retirement or for a vested deferred allowance.

21 On and after July 1, 1971, a member whose account was closed on account of
22 absence from service under the provisions of G.S. 135-3(3) and who subsequently
23 returns to service for a period of five years, may thereafter repay in a lump sum the
24 amount withdrawn plus regular interest thereon from the date of withdrawal through the
25 year of repayment and thereby increase his creditable service by the amount of
26 creditable service lost when his account was closed.

27 On and after July 1, 1973, a member whose account in the North Carolina Local
28 Governmental Employees' Retirement System was closed on account of absence from
29 service under the provisions of G.S. 128-24(1a) and who subsequently became or
30 becomes a member of this System with credit for five years of service, may thereafter
31 repay in a lump sum the amount withdrawn from the North Carolina Local
32 Governmental Employees' Retirement System plus regular interest thereon from the
33 date of withdrawal through the year of repayment and thereby increase his creditable
34 service in this System by the amount of creditable service lost when his account was
35 closed.

36 On or after July 1, 1979, a member who has obtained 60 months of aggregate
37 service, or five years of membership service, as an employee of the North Carolina
38 General Assembly, except legislators, participants in the Legislative Intern Program and
39 pages, may make a lump sum payment together with interest, and an administrative fee
40 for such service, to the Teachers' and State Employees' Retirement System of an amount
41 equal to what he would have contributed had he been a member on his first day of
42 employment.

43 On and after January 1, 1985, the creditable service of a member who was a member
44 of the Law-Enforcement Officers' Retirement System at the time of the transfer of
45 law-enforcement officers employed by the State from that System to this Retirement
46 System and whose accumulated contributions are transferred from that System to this
47 Retirement System, shall include service that was creditable in the Law-Enforcement
48 Officers' Retirement System; and membership service with that System shall be
49 membership service with this Retirement System; provided, notwithstanding any
50 provision of this Article to the contrary, any inchoate or accrued rights of such a
51 member to purchase creditable service for military service, withdrawn service and prior
52 service under the rules and regulations of the Law-Enforcement Officers' Retirement

1 System shall not be diminished and may be purchased as creditable service with this
2 Retirement System under the same conditions which would have otherwise applied."

3 **SECTION 32.28.(b)** This section becomes effective July 1, 2001, and
4 applies to persons retiring on or after that date.
5

6 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

7 **SICK LEAVE/JUDICIAL RETIREMENT**

8 **SECTION 32.29.(a)** G.S. 135-58(a2) reads as rewritten:

9 "(a2) Any member who retires under the provisions of G.S. 135-57(a) or G.S.
10 135-57(c) on or after July 1, 1999, but before July 1, 2001, after the member has either
11 attained the member's 65th birthday or has completed 24 years or more of creditable
12 service, shall receive an annual retirement allowance, payable monthly, which shall
13 commence on the effective date of the member's retirement and shall be continued on
14 the first day of each month thereafter during the member's lifetime, the amount of which
15 shall be computed as the sum of the amounts in subdivisions (1), (2), (3), (4), and (5)
16 following, provided that in no event shall the annual allowance payable to any member
17 be greater than an amount which, when added to the allowance, if any, to which the
18 member is entitled under the Teachers' and State Employees' Retirement System, the
19 Legislative Retirement System, or the Local Governmental Employees' Retirement
20 System (prior in any case to any reduction for early retirement or for an optional mode
21 of payment) would total three-fourths of the member's final compensation:

- 22 (1) Four and two-hundredths percent (4.02%) of the member's final
23 compensation, multiplied by the number of years of creditable service
24 rendered as a justice of the Supreme Court or judge of the Court of
25 Appeals;
- 26 (2) Three and fifty-two hundredths percent (3.52%) of the member's final
27 compensation, multiplied by the number of years of creditable service
28 rendered as a judge of the superior court or as Administrative Officer
29 of the Courts;
- 30 (3) Three and two-hundredths percent (3.02%) of the member's final
31 compensation, multiplied by the number of years of creditable service,
32 rendered as a judge of the district court, district attorney, or clerk of
33 superior court;
- 34 (4) A service retirement allowance computed in accordance with the
35 service retirement provisions of Article 3 of Chapter 128 of the
36 General Statutes using an average final compensation as defined in
37 G.S. 135-53(2a) and creditable service equal to the number of years of
38 the member's creditable service that was transferred from the Local
39 Governmental Employees' Retirement System to this System as
40 provided in G.S. 135-56; and
- 41 (5) A service retirement allowance computed in accordance with the
42 service retirement provisions of Article 1 of this Chapter using an
43 average final compensation as defined in G.S. 135-53(2a) and
44 creditable service equal to the number of years of the member's
45 creditable service that was transferred from the Teachers' and State
46 Employees' Retirement System to this System as provided in G.S.
47 135-56."

48 **SECTION 32.29.(b)** G.S. 135-58 is amended by adding a new subsection to
49 read:

50 "(a3) Any member who retires under the provisions of G.S. 135-57(a) or G.S. 135-
51 57(c) on or after July 1, 2001, after the member has either attained the member's 65th
52 birthday or has completed 24 years or more of creditable service, shall receive an annual
53 retirement allowance, payable monthly, which shall commence on the effective date of

1 the member's retirement and shall be continued on the first day of each month thereafter
 2 during the member's lifetime, the amount of which shall be computed as the sum of the
 3 amounts in subdivisions (1), (2), (3), (4), and (5) following, provided that in no event
 4 shall the annual allowance payable to any member be greater than an amount which,
 5 when added to the allowance, if any, to which the member is entitled under the
 6 Teachers' and State Employees' Retirement System, the Legislative Retirement System,
 7 or the Local Governmental Employees' Retirement System (prior in any case to any
 8 reduction for early retirement or for an optional mode of payment) would total three-
 9 fourths of the member's final compensation:

- 10 (1) Four and two-hundredths percent (4.02%) of the member's final
 11 compensation, multiplied by the number of years of creditable service
 12 rendered as a justice of the Supreme Court or judge of the Court of
 13 Appeals;
 14 (2) Three and fifty-two hundredths percent (3.52%) of the member's final
 15 compensation, multiplied by the number of years of creditable service
 16 rendered as a judge of the superior court or as Administrative Officer
 17 of the Courts;
 18 (3) Three and two-hundredths percent (3.02%) of the member's final
 19 compensation, multiplied by the number of years of creditable service,
 20 rendered as a judge of the district court, district attorney, or clerk of
 21 superior court;
 22 (4) A service retirement allowance computed in accordance with the
 23 service retirement provisions of Article 3 of Chapter 128 of the
 24 General Statutes using an average final compensation as defined in
 25 G.S. 135-53(2a) and creditable service equal to the number of years of
 26 the member's creditable service that was transferred from the Local
 27 Governmental Employees' Retirement System to this System as
 28 provided in G.S. 135-56; and
 29 (5) A service retirement allowance computed in accordance with the
 30 service retirement provisions of Article 1 of this Chapter using an
 31 average final compensation as defined in G.S. 135-53(2a) and
 32 creditable service, including any sick leave standing to the credit of the
 33 member, equal to the number of years of the member's creditable
 34 service that was transferred from the Teachers' and State Employees'
 35 Retirement System to this System as provided in G.S. 135-56."
 36

37 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

38 **AMEND MEMBERSHIP REQUIREMENTS**

39 **SECTION 32.30.(a)** G.S. 120-4.11 reads as rewritten:

40 **"§ 120-4.11. Membership.**

41 The following members of the General Assembly and former members of the
 42 General Assembly are eligible for membership in the Retirement System, provided they
 43 are not contributing to nor are qualified to contribute to the North Carolina Teachers'
 44 and State Employees' Retirement System, the Local Governmental Employees'
 45 Retirement System, the Law Enforcement Officers' Retirement System or the
 46 Consolidated Judicial Retirement System of North Carolina: System:

- 47 (1) Members of the General Assembly who serve on and after June 15,
 48 1983; and
 49 (2) Former members of the General Assembly who served prior to June
 50 15, 1983; and
 51 a. Who elect to transfer current and future entitlements, or
 52 contributions, from the Legislative Retirement Fund established
 53 by Chapter 1269 of the 1969 Session Laws; or

b. Who have five or more years of service as a member of the General Assembly."

SECTION 32.30.(b) G.S. 120-4.21(c) reads as rewritten:

"(c) Limitations. – In no event shall any member receive a service retirement allowance greater than seventy-five percent (75%) of his 'highest annual salary' salary'. ~~nor shall he receive any service retirement allowance whatever while employed in a position that makes him a contributing member of any of the following retirement systems: The Teachers' and State Employees' Retirement System, the North Carolina Local Governmental Employees' Retirement System, or the Consolidated Judicial Retirement System. If he should become a member of any of these systems, payment of his service retirement allowance shall be suspended until he withdraws from membership in that system."~~

SECTION 32.30.(c) G.S. 120-4.22(d) reads as rewritten:

"(d) Limitations. – In no event shall any member receive a disability retirement allowance greater than seventy-five percent (75%) of his 'highest annual salary' salary'. ~~nor shall he receive any disability retirement allowance whatever while employed in a position that makes him a contributing member of any of the following retirement systems: The Teachers' and State Employees' Retirement System, the North Carolina Local Governmental Employees' Retirement System, the Law Enforcement Officers' Retirement System, the Uniform Judicial Retirement System of North Carolina, the Uniform Solicitorial Retirement System of North Carolina or the Uniform Clerks of Court Retirement System of North Carolina. If he should become a member of any of these systems payment of his disability retirement allowance shall be suspended until he withdraws from membership in that system."~~

SECTION 32.30.(d) This section is effective when it becomes law.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

DUES DEDUCTION FOR RETIREES

SECTION 32.31. Article 3 of Chapter 128 of the General Statutes is amended by adding a new section to read:

§ 128-38.3. Deduction for payment 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 employers as defined in G.S. 128-21(11), 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.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson, Nesbitt

ALLOW THE PURCHASE OF WITHDRAWAL SERVICE IN THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM

SECTION 32.32.(a) G.S. 135-4(k) reads as rewritten:

"(k) Notwithstanding any other provision of this Chapter, any person who withdrew his contributions in accordance with the provisions of G.S. 128-27(f) or G.S. 135-5(f) or the rules and regulations of the Law-Enforcement Officers' Retirement System and who subsequently returns to service may, upon completion of ~~10~~ five years of membership service, repay in a total lump sum any and all of the accumulated contributions previously withdrawn with sufficient interest added thereto to cover one half of the cost of providing such additional credit plus a fee to cover expense of handling which shall be determined by the Board of Trustees and receive credit for the service forfeited at time of withdrawal(s), provided that he left service prior to July 1,

1 ~~1974. interest compounded annually at the rate of six and one-half percent (6.5%) for~~
2 ~~each calendar year from the year of withdrawal to the year of repayment plus a fee to~~
3 ~~cover expense of handling which shall be determined by the Board of Trustees, and~~
4 ~~receive credit for the service forfeited at time of withdrawal. Any person who leaves~~
5 ~~service after June 30, 1974, and who withdraws his contributions in accordance with~~
6 ~~G.S. 128-27(f) or G.S. 135-5(f) or the rules and regulations of the Law Enforcement~~
7 ~~Officers' Retirement System and who subsequently returns to service may, upon~~
8 ~~completion of 10 years of membership service, repay in a total lump sum any and all of~~
9 ~~the accumulated contributions previously withdrawn with sufficient interest added~~
10 ~~thereto to cover the full cost of providing such additional credit plus a fee to cover~~
11 ~~expense of handling which shall be determined by the Board of Trustees and receive~~
12 ~~credit for the service forfeited at time of withdrawal(s). These provisions shall apply~~
13 ~~equally to retired members who had attained 10 five years of membership service prior~~
14 ~~to retirement. The retirement benefit shall be increased the month following the receipt~~
15 ~~of payment. The retirement benefit shall not include any benefit as a result of retirement~~
16 ~~adjustments or cost-of-living increases granted since the date of retirement. The~~
17 ~~retirement benefit will be calculated based in the accrual rate at the time of purchase.~~
18 ~~Cost as used in this subsection shall mean the amount of money required to provide~~
19 ~~additional retirement benefits based on service credit allowed at the time any adjustment~~
20 ~~to the service credit of a member is made.~~

21 Notwithstanding any provision to the contrary, a law enforcement officer who was
22 transferred from the Law Enforcement Officers' Retirement System to this Retirement
23 System pursuant to Article 12C of Chapter 143 of the General Statutes and withdrew his
24 accumulated contributions prior to January 1, 1985, in accordance with G.S. 128-27(f)
25 or G.S. 135-5(f) for non-law enforcement service and who has ~~10~~ five years or more of
26 membership service standing to his credit may repay in a total lump sum the
27 accumulated contributions previously withdrawn with sufficient interest added thereto
28 to cover one half the cost of providing such additional credits plus a fee to cover the
29 expense of handling which shall be determined by the Board of Trustees and receive
30 credit for the creditable service forfeited at the time of withdrawal. interest compounded
31 annually at the rate of six and one-half percent (6.5%) for each calendar year from the
32 year of withdrawal to the year of repayment plus a fee to cover expense of handling
33 which shall be determined by the Board of Trustees, and receive credit for the service
34 forfeited at time of withdrawal. The retirement benefit shall be increased the month
35 following the receipt of payment. The retirement benefit shall not include any benefit as
36 a result of retirement adjustments or cost-of-living increases granted since the date of
37 retirement. The retirement benefit will be calculated based in the accrual rate at the time
38 of purchase."

39 **SECTION 32.32.(b)** G.S. 135-4(m) reads as rewritten:

40 "(m) Notwithstanding any language to the contrary of any provision of this section,
41 or of any repealed provision of this section that was repealed with the inchoate and
42 accrued rights preserved, all repayments and purchases of service credits, allowed under
43 the provisions of this section or of any repealed provision of this section that was
44 repealed with inchoate and accrued rights preserved, must be made within three years
45 after the member first becomes eligible to make such repayments and purchases. Any
46 member who does not repay or purchase service credits within said three years after first
47 eligibility to make such repayments and purchases may, under the same conditions as
48 are otherwise required, repay or purchase service credits provided that the repayment or
49 purchase equals the full cost of the service credits calculated on the basis of the
50 assumptions used for purposes of the actuarial valuation of the system's liabilities and
51 shall take into account the additional retirement allowance arising on account of such
52 additional service credit commencing at the earliest age at which such member could
53 retire on an unreduced retirement allowance as determined by the Board of Trustees

1 upon the advice of the consulting actuary. Notwithstanding the foregoing provisions of
2 this subsection that provide for the purchase of service credits, the terms "full cost",
3 "full liability", and "full actuarial cost" include assumed annual post-retirement
4 allowance increases, as determined by the Board of Trustees, from the earliest age at
5 which a member could retire on an unreduced service allowance. Notwithstanding the
6 foregoing, on and after July 1, 2001, the provisions of this subsection shall not apply to
7 the repayment of contributions withdrawn pursuant to subsection (k) of this section."

8 **SECTION 32.32.(c)** G.S. 135-4(x) is repealed.

9 **SECTION 32.32.(d)** This section becomes effective July 1, 2001.

10
11 Requested by: Representative Grady

12 **ALLOW PAYMENT OF DEATH BENEFITS TO LEGAL REPRESENTATIVE**

13 **SECTION 32.33.(a)** G.S. 135-5(1) reads as rewritten:

14 "(1) Death Benefit Plan. – There is hereby created a Group Life Insurance Plan
15 (hereinafter called the "Plan") which is established as an employee welfare benefit plan
16 that is separate and apart from the Retirement System and under which the members of
17 the Retirement System shall participate and be eligible for group life insurance benefits.
18 Upon receipt of proof, satisfactory to the Board of Trustees in their capacity as trustees
19 under the Group Life Insurance Plan, of the death, in service, of a member who had
20 completed at least one full calendar year of membership in the Retirement System, there
21 shall be paid to such person as he shall have nominated by written designation duly
22 acknowledged and filed with the Board of Trustees, if such person is living at the time
23 of the member's death, otherwise to the member's legal representatives, a death benefit.
24 Such death benefit shall be equal to the greater of:

- 25 (1) The compensation on which contributions were made by the member
26 during the calendar year preceding the year in which his death occurs,
27 or
28 (2) The greatest compensation on which contributions were made by the
29 member during a 12-month period of service within the 24-month
30 period of service ending on the last day of the month preceding the
31 month in which his last day of actual service occurs;
32 (3), (4) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1049,
33 s. 2.

34 subject to a minimum of twenty-five thousand dollars (\$25,000) and to a maximum of
35 fifty thousand dollars (\$50,000). Such death benefit shall be payable apart and separate
36 from the payment of the member's accumulated contributions under the System on his
37 death pursuant to the provisions of subsection (f) of this section. For the purpose of the
38 Plan, a member shall be deemed to be in service at the date of his death if his death
39 occurs within 180 days from the last day of his actual service.

40 The death benefit provided in this subsection (1) shall not be payable,
41 notwithstanding the member's compliance with all the conditions set forth in the
42 preceding paragraph, if his death occurs

- 43 (1) After December 31, 1968 and after he has attained age 70; or
44 (2) After December 31, 1969 and after he has attained age 69; or
45 (3) After December 31, 1970 and after he has attained age 68; or
46 (4) After December 31, 1971 and after he has attained age 67; or
47 (5) After December 31, 1972 and after he has attained age 66; or
48 (6) After December 31, 1973 and after he has attained age 65; or
49 (7) After December 31, 1978, but before January 1, 1987, and after he has
50 attained age 70.

51 Notwithstanding the above provisions, the death benefit shall be payable on account
52 of the death of any member who died or dies on or after January 1, 1974, but before
53 January 1, 1979, after attaining age 65, if he or she had not yet attained age 65, if he or

1 she had not yet attained age 66, was at the time of death completing the work year for
2 those individuals under specific contract, or during the fiscal year for those individuals
3 not under specific contract, in which he or she attained 65, and otherwise met all
4 conditions for payment of the death benefit.

5 Notwithstanding the above provisions, the Board of Trustees may and is specifically
6 authorized to provide the death benefit according to the terms and conditions otherwise
7 appearing in this Plan in the form of group life insurance, either (i) by purchasing a
8 contract or contracts of group life insurance with any life insurance company or
9 companies licensed and authorized to transact business in this State for the purpose of
10 insuring the lives of members in service, or (ii) by establishing a separate trust fund
11 qualified under Section 501(c)(9) of the Internal Revenue Code of 1954, as amended,
12 for such purpose. To that end the Board of Trustees is authorized, empowered and
13 directed to investigate the desirability of utilizing group life insurance by either of the
14 foregoing methods for the purpose of providing the death benefit. If a separate trust
15 fund is established, it shall be operated in accordance with rules and regulations adopted
16 by the Board of Trustees and all investment earnings on the trust fund shall be credited
17 to such fund.

18 In administration of the death benefit the following shall apply:

- 19 (1) For the purpose of determining eligibility only, in this subsection
20 "calendar year" shall mean any period of 12 consecutive months or, if
21 less, the period covered by an annual contract of employment. For all
22 other purposes in this subsection "calendar year" shall mean the 12
23 months beginning January 1 and ending December 31.
- 24 (2) Last day of actual service shall be:
 - 25 a. When employment has been terminated, the last day the
26 member actually worked.
 - 27 b. When employment has not been terminated, the date on which
28 an absent member's sick and annual leave expire, unless he is
29 on approved leave of absence and is in service under the
30 provisions of G.S. 135-4(h).
- 31 (3) For a period when a member is on leave of absence, his status with
32 respect to the death benefit will be determined by the provisions of
33 G.S. 135-4(h).
- 34 (4) A member on leave of absence from his position as a teacher or State
35 employee for the purpose of serving as a member or officer of the
36 General Assembly shall be deemed to be in service during sessions of
37 the General Assembly and thereby covered by the provisions of the
38 death benefit. The amount of the death benefit for such member shall
39 be the equivalent of the salary to which the member would have been
40 entitled as a teacher or State employee during the 12-month period
41 immediately prior to the month in which death occurred, not to be less
42 than twenty-five thousand dollars (\$25,000) nor to exceed fifty
43 thousand dollars (\$50,000).

44 The provisions of the Retirement System pertaining to Administration, G.S. 135-6,
45 and management of funds, G.S. 135-7, are hereby made applicable to the Plan.

46 A member who is a beneficiary of the Disability Income Plan provided for in Article
47 6 of this Chapter shall be eligible for group life insurance benefits as provided in this
48 subsection, notwithstanding that the member is no longer an employee or teacher or that
49 the member's death occurs after the eligibility period after active service. The basis of
50 the death benefit payable hereunder shall be the higher of the death benefit computed as
51 above or a death benefit based on compensation used in computing the benefit payable
52 under G.S. 135-105 and G.S. 135-106, as may be adjusted for percentage post-disability
53 increases, all subject to the maximum dollar limitation as provided above. A member in

1 receipt of benefits from the Disability Income Plan under the provisions of G.S.
2 135-112 whose right to a benefit accrued under the former Disability Salary
3 Continuation Plan shall not be covered under the provisions of this paragraph.

4 Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this
5 subsection, of the death of a retired member of the Retirement System on or after July 1,
6 1988, but before January 1, 1999, there shall be paid a death benefit to the surviving
7 spouse of the deceased retired member or to the deceased retired member's legal
8 representative if not survived by a spouse; provided the retired member has elected,
9 when first eligible, to make, and has continuously made, in advance of his death
10 required contributions as determined by the Board of Trustees on a fully contributory
11 basis, through retirement allowance deductions or other methods adopted by the Board
12 of Trustees, to a group death benefit trust fund administered by the Board of Trustees
13 separate and apart from the Retirement System's Annuity Savings Fund and Pension
14 Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of
15 five thousand dollars (\$5,000) upon the completion of twenty-four months of
16 contributions required under this subsection. Should death occur before the completion
17 of twenty-four months of contributions required under this subsection, the deceased
18 retired member's surviving spouse or legal representative if not survived by a spouse
19 shall be paid the sum of the retired member's contributions required by this subsection
20 plus interest to be determined by the Board of Trustees.

21 Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this
22 subsection, of the death of a retired member of the Retirement System on or after
23 January 1, 1999, there shall be paid a death benefit to the surviving spouse of the
24 deceased retired member or to the deceased retired member's legal representative if not
25 survived by a spouse; provided the retired member has elected, when first eligible, to
26 make, and has continuously made, in advance of his death required contributions as
27 determined by the Board of Trustees on a fully contributory basis, through retirement
28 allowance deductions or other methods adopted by the Board of Trustees, to a group
29 death benefit trust fund administered by the Board of Trustees separate and apart from
30 the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. This
31 death benefit shall be a lump-sum payment in the amount of six thousand dollars
32 (\$6,000) upon the completion of 24 months of contributions required under this
33 subsection. Should death occur before the completion of 24 months of contributions
34 required under this subsection, the deceased retired member's surviving spouse or legal
35 representative if not survived by a spouse shall be paid the sum of the retired member's
36 contributions required by this subsection plus interest to be determined by the Board of
37 Trustees. Payment of this lump-sum amount shall be made to the deceased retired
38 member's surviving spouse or to the member's legal representative if the member is not
39 survived by a spouse, provided the deceased retired member had not, prior to the
40 member's death, instructed the Board of Trustees in writing that the member did not
41 want the lump-sum payment made to the member's surviving spouse, and that payment
42 should be paid to the member's legal representative as if the member were not survived
43 by a spouse."

44 **SECTION 32.33.(b)** G.S. 135-64(h) reads as rewritten:

45 "(h) Upon the death of a retired member on or after January 1, 1999, there shall be
46 paid a death benefit to the surviving spouse of a deceased retired member or to the
47 deceased retired member's legal representative if not survived by a spouse; provided the
48 retired member has elected, when first eligible, to make, and has continuously made, in
49 advance of his death required contributions as determined by the Board of Trustees on a
50 fully contributory basis, through retirement allowance deductions or other methods
51 adopted by the Board of Trustees, to a group death benefit trust fund administered by
52 the Board of Trustees separate and apart from the Retirement System's Annuity Savings
53 Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment

1 in the amount of six thousand dollars (\$6,000) upon the completion of 24 months of
2 contributions required under this subsection. Should death occur before the completion
3 of 24 months of contributions required under this subsection, the deceased retired
4 member's surviving spouse or legal representative if not survived by a spouse shall be
5 paid the sum of the retired member's contributions required by this subsection plus
6 interest to be determined by the Board of Trustees. Payment of this lump-sum amount
7 shall be made to the deceased retired member's surviving spouse, or to the member's
8 legal representative if the member is not survived by a spouse, provided the deceased
9 retired member had not, prior to the member's death, instructed the Board of Trustees in
10 writing that the member did not want the lump-sum payment made to the member's
11 surviving spouse, and that payment should be paid to the member's legal representative
12 as if the member were not survived by a spouse."

13 **SECTION 32.33.(c)** G.S. 128-27(1 3) reads as rewritten:

14 "(1 3) Death Benefit for Retired Members. – Upon receipt of proof, satisfactory to
15 the Board of Trustees in its capacity under this subsection, of the death of a retired
16 member of the Retirement System on or after January 1, 1999, there shall be paid a
17 death benefit to the surviving spouse of the deceased retired member or to the deceased
18 retired member's legal representative if not survived by a spouse; provided the retired
19 member has elected, when first eligible, to make, and has continuously made, in
20 advance of his death required contributions as determined by the Board of Trustees on a
21 fully contributory basis through retirement allowance deductions or other methods
22 adopted by the Board of Trustees, to a group death benefit trust fund administered by
23 the Board of Trustees separate and apart from the Retirement System's Annuity Savings
24 Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment
25 in the amount of six thousand dollars (\$6,000) upon the completion of 24 months of
26 contributions required under this subsection. Should death occur before the completion
27 of 24 months of contributions required under this subsection, the deceased retired
28 member's surviving spouse or legal representative if not survived by a spouse shall be
29 paid the sum of the retired member's contributions required by this subsection plus
30 interest to be determined by the Board of Trustees. Payment of this lump-sum amount
31 shall be made to the deceased retired member's surviving spouse or to the member's
32 legal representative if the member is not survived by a spouse, provided the deceased
33 retired member had not, prior to the member's death, instructed the Board of Trustees in
34 writing that the member did not want the lump-sum payment made to the member's
35 surviving spouse, and that payment should be paid to the member's legal representative
36 as if the member were not survived by a spouse."

37 **SECTION 32.33.(d)** G.S. 120-4.27 reads as rewritten:

38 "**§ 120-4.27. Death benefit.**

39 The designated beneficiary of a member who dies while in service after completing
40 one year of creditable service shall receive a lump-sum payment of an amount equal to
41 the deceased member's highest annual salary, to a maximum of fifteen thousand dollars
42 (\$15,000). For purposes of this death benefit "in service" means currently serving as a
43 member of the North Carolina General Assembly.

44 The death benefit provided by this section shall be designated a group life insurance
45 benefit payable under an employee welfare benefit plan that is separate and apart from
46 the Retirement System but under which the members of the Retirement System shall
47 participate and be eligible for group life insurance benefits. The Board of Trustees is
48 authorized to provide the death benefit in the form of group life insurance either by
49 purchasing a contract or contracts of group life insurance with any life insurance
50 company or companies licensed and authorized to transact business in the State of North
51 Carolina for the purpose of insuring the lives of qualified members in service, or by
52 establishing or affiliating with a separate trust fund qualified under Section 501(c)(9) of
53 the Internal Revenue Code of 1954, as amended.

1 Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a retired
2 member of the Retirement System or Retirement Fund on or after July 1, 1988, but
3 before January 1, 1999, there shall be paid a death benefit to the surviving spouse of a
4 deceased retired member, or to the deceased retired member's legal representative if not
5 survived by a spouse; provided the retired member has elected, when first eligible, to
6 make, and has continuously made, in advance of his death required contributions as
7 determined by the Retirement System on a fully contributory basis, through retirement
8 allowance deductions or other methods adopted by the Retirement System, to a group
9 death benefit trust fund administered by the Board of Trustees separate and apart from
10 the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. This
11 death benefit shall be a lump-sum payment in the amount of five thousand dollars
12 (\$5,000) upon the completion of twenty-four months of contributions required under
13 this subsection. Should death occur before the completion of twenty-four months of
14 contributions required under this subsection, the deceased retired member's surviving
15 spouse or legal representative if not survived by a spouse shall be paid the sum of the
16 retired member's contributions required by this subsection plus interest to be determined
17 by the Board of Trustees.

18 Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a retired
19 member of the Retirement System or Retirement Fund on or after January 1, 1999, there
20 shall be paid a death benefit to the surviving spouse of a deceased retired member, or to
21 the deceased retired member's legal representative if not survived by a spouse; provided
22 the retired member has elected, when first eligible, to make, and has continuously made,
23 in advance of his death required contributions as determined by the Retirement System
24 on a fully contributory basis, through retirement allowance deductions or other methods
25 adopted by the Retirement System, to a group death benefit trust fund administered by
26 the Board of Trustees separate and apart from the Retirement System's Annuity Savings
27 Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment
28 in the amount of six thousand dollars (\$6,000) upon the completion of 24 months of
29 contributions required under this subsection. Should death occur before the completion
30 of 24 months of contributions required under this subsection, the deceased retired
31 member's surviving spouse or legal representative if not survived by a spouse shall be
32 paid the sum of the retired member's contributions required by this subsection plus
33 interest to be determined by the Board of Trustees. Payment of this lump-sum amount
34 shall be made to the deceased retired member's surviving spouse or to the member's
35 legal representative if the member is not survived by a spouse, provided the deceased
36 retired member had not, prior to the member's death, instructed the Board of Trustees in
37 writing that the member did not want the lump-sum payment made to the member's
38 surviving spouse, and that payment should be paid to the member's legal representative
39 as if the member were not survived by a spouse."

40 **SECTION 32.33.(e)** This section becomes effective July 1, 2001.

41 **PART XXXIII. CAPITAL APPROPRIATIONS**

42 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

43 **GENERAL FUND CAPITAL APPROPRIATIONS/INTRODUCTION**

44 **SECTION 33.1.** The appropriations made by the 2001 General Assembly
45 for capital improvements are for constructing, repairing, or renovating State buildings,
46 utilities, and other capital facilities, for acquiring sites for them where necessary, and
47 acquiring buildings and land for State government purposes.

48 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

49 **CAPITAL APPROPRIATIONS/GENERAL FUND**

SECTION 33.2.(a) Appropriations are made from the General Fund of the State for the 2001-2002 fiscal year for use by the State departments, institutions, and agencies to provide for capital improvement projects according to the following schedule:

Capital Improvements - General Fund	2001-2002
Department of Environment and Natural Resources	\$32,936,000
Repairs and Renovations Reserve Account	100,000,000
TOTAL	\$132,936,000.

SECTION 33.2.(b) Notwithstanding G.S. 143-15.2 and G.S. 143-15.3A, for the 2000-2001 fiscal year only, funds shall not be reserved to the Repairs and Renovations Reserve Account, and the State Controller shall not transfer funds from the unreserved credit balance to the Repairs and Renovations Reserve Account on June 30, 2001.

This subsection becomes effective June 30, 2001.

TOTAL CAPITAL APPROPRIATION – GENERAL FUND

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

WATER RESOURCES DEVELOPMENT PROJECT FUNDS

SECTION 33.3.(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	2001-2002
(1) Wilmington Harbor Deepening	\$22,000,000
(2) Morehead City Harbor Maintenance	500,000
(3) Wilmington Harbor Maintenance	200,000
(4) Manteo (Shallowbag) Bay Channel Maintenance	2,500,000
(5) B. Everett Jordan Lake Water Supply	100,000
(6) John H. Kerr Reservoir Operations Evaluation	400,000
(7) Brunswick County Beaches Nourishment Supplement	927,000
(8) Wrightsville Beach Nourishment	518,000
(9) Dare County Beaches design	338,000
(10) Indian Beach – Salter Path Nourishment	900,000
(11) Bogue Banks Beach Protection Study	350,000
(12) Surf City/North Topsail Beach Protection Study	150,000
(13) West Onslow Beach Protection Re-analysis (Topsail Beach)	116,000
(14) Currituck Sound Water Management Study	200,000
(15) Deep Creek Yadkin County	500,000
(16) State Local Projects	2,000,000
a. Town of Washington Park Maple Branch Water Management, Beaufort County	3,000
b. Pungo River Snagging, Hyde County	22,000
c. Muddy Creek Stream Restoration, McDowell County	50,000

1	d. Town of Chadbourn Water Management,	
2	Columbus County	38,000
3	e. Perquimans River and Mill Creek Drainage,	
4	Perquimans County	38,000
5	f. Mitchell River Restoration, Surry County	111,875
6	g. Town of Candor Park Drainage, Montgomery	
7	County	18,000
8	h. Chowan River Restoration and Pembroke and	
9	Rocky Hock Creeks Drainage, Chowan County	67,000
10	i. Town of Pine Knoll Shores Westport Marina	
11	Maintenance Dredging, Carteret County	25,000
12	j. Town of Kenly Flood Control, Wilson and	
13	Johnston Counties	268,100
14	k. Southern Pines Drainage Improvements,	
15	Moore County	118,575
16	l. Other Projects	1,240,450
17	(17) Aquatic Weed Control Lake Gaston and Statewide	200,000
18	(18) Adkin Branch Flood Control	120,000
19	(19) Neuse River Basin Flood Control Feasibility Study	100,000
20	(20) Little Sugar Creek Restoration Projects	360,000
21	(21) Emergency Flood Control Projects	187,000
22	(22) Projected Feasibility Studies	120,000
23	(23) Planning Assistance to Communities	150,000
24		
25	Total	\$32,936,000

SECTION 33.3.(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 2001-2002 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 2001-2002.
- (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 2002-2003 fiscal year.

SECTION 33.3.(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.

SECTION 33.3.(d) Notwithstanding G.S. 143-23, if additional federal funds that require a State match are received for water resources projects or for beach

1 renourishment projects for the 2001-2002 fiscal year, the Director of the Budget may,
2 after consultation with the Joint Legislative Commission on Governmental Operations,
3 transfer funds from General Fund appropriations to match the federal funds.

4
5 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

6 **PROCEDURES FOR DISBURSEMENT OF CAPITAL FUNDS**

7 **SECTION 33.4.** The appropriations made by the 2001 General Assembly
8 for capital improvements shall be disbursed for the purposes provided by this act.
9 Expenditure of funds shall not be made by any State department, institution, or agency
10 until an allotment has been approved by the Governor as Director of the Budget. The
11 allotment shall be approved only after full compliance with the Executive Budget Act,
12 Article 1 of Chapter 143 of the General Statutes. Prior to the award of construction
13 contracts for projects to be financed in whole or in part with self-liquidating
14 appropriations, the Director of the Budget shall approve the elements of the method of
15 financing of those projects including the source of funds, interest rate, and liquidation
16 period. Provided, however, that if the Director of the Budget approves the method of
17 financing a project, the Director shall report that action to the Joint Legislative
18 Commission on Governmental Operations at its next meeting.

19 Where direct capital improvement appropriations include the purpose of
20 furnishing fixed and movable equipment for any project, those funds for equipment
21 shall not be subject to transfer into construction accounts except as authorized by the
22 Director of the Budget. The expenditure of funds for fixed and movable equipment and
23 furnishings shall be reviewed and approved by the Director of the Budget prior to
24 commitment of funds.

25 Capital improvement projects authorized by the 2001 General Assembly shall
26 be completed, including fixed and movable equipment and furnishings, within the limits
27 of the amounts of the direct or self-liquidating appropriations provided, except as
28 otherwise provided in this act. Capital improvement projects authorized by the 2001
29 General Assembly for the design phase only shall be designed within the scope of the
30 project as defined by the approved cost estimate filed with the Director of the Budget,
31 including costs associated with site preparation, demolition, and movable and fixed
32 equipment.

33
34 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

35 **ENCUMBERED APPROPRIATIONS AND PROJECT RESERVE FUNDS**

36 **SECTION 33.5.** When each capital improvement project appropriated by the
37 2001 General Assembly, other than those projects under the Board of Governors of The
38 University of North Carolina, is placed under a construction contract, direct
39 appropriations shall be encumbered to include all costs for construction, design,
40 investigation, administration, movable equipment, and a reasonable contingency.
41 Unencumbered direct appropriations remaining in the project budget shall be placed in a
42 project reserve fund credited to the Office of State Budget and Management. Funds in
43 the project reserve may be used for emergency repair and renovation projects at State
44 facilities with the approval of the Director of the Budget. The project reserve fund may
45 be used, at the discretion of the Director of the Budget, to allow for award of contracts
46 where bids exceed appropriated funds, if those projects supplemented were designed
47 within the scope intended by the applicable appropriation or any authorized change in it,
48 and if, in the opinion of the Director of the Budget, all means to award contracts within
49 the appropriation were reasonably attempted. At the discretion of the Director of the
50 Budget, any balances in the project reserve fund shall revert to the original source.

51
52 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

EXPENDITURES OF FUNDS FROM THE RESERVE FOR REPAIRS AND RENOVATIONS

SECTION 33.6. Of the funds in the Reserve for Repairs and Renovations for the 2001-2002 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 Easterling, Oldham, Redwine, Thompson

CAPITAL IMPROVEMENT PROJECTS/SUPPLEMENTAL FUNDING APPROVAL/REPORTING REQUIREMENT

SECTION 33.7. 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 Easterling, Oldham, Redwine, Thompson

PROJECT COST INCREASE

SECTION 33.8. 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

1 above those budgeted at the University of North Carolina Hospitals at Chapel Hill, or
2 direct capital improvement appropriations to that department or institution.

3
4 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

5 **NEW PROJECT AUTHORIZATION**

6 **SECTION 33.9.** Upon the request of the administration of any State agency,
7 department, or institution, the Director of the Budget may authorize the construction of
8 a capital improvement project not specifically authorized by the General Assembly if
9 such project is to be funded by gifts, federal or private grants, special fund receipts,
10 excess patient receipts above those budgeted at the University of North Carolina
11 Hospitals at Chapel Hill, or self-liquidating indebtedness. Prior to authorizing the
12 construction of a capital improvement project pursuant to this section, the Director shall
13 consult with the Joint Legislative Commission on Governmental Operations.

14
15 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

16 **ADVANCE PLANNING OF CAPITAL IMPROVEMENT PROJECTS**

17 **SECTION 33.10.** Funds that become available by gifts, excess patient
18 receipts above those budgeted at the University of North Carolina Hospitals at Chapel
19 Hill, federal or private grants, receipts becoming a part of special funds by act of the
20 General Assembly, or any other funds available to a State department or institution may
21 be utilized for advance planning through the working drawing phase of capital
22 improvement projects, upon approval of the Director of the Budget. The Director of the
23 Budget may make allocations from the Advance Planning Fund for advance planning
24 through the working drawing phase of capital improvement projects, except that this
25 revolving fund shall not be utilized by the Board of Governors of The University of
26 North Carolina or the State Board of Community Colleges.

27
28 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

29 **APPROPRIATIONS LIMITS/REVERSION OR LAPSE**

30 **SECTION 33.11.** Except as permitted in previous sections of this act, the
31 appropriations for capital improvements made by the 2001 General Assembly may be
32 expended only for specific projects set out by the 2001 General Assembly and for no
33 other purpose. Construction of all capital improvement projects enumerated by the
34 2001 General Assembly shall be commenced, or self-liquidating indebtedness with
35 respect to them shall be incurred, within 12 months following the first day of the fiscal
36 year in which the funds are available. If construction contracts on those projects have
37 not been awarded or self-liquidating indebtedness has not been incurred within that
38 period, the direct appropriation for those projects shall revert to the original source, and
39 the self-liquidating appropriation shall lapse; except that direct appropriations may be
40 placed in a reserve fund as authorized in this act. This deadline with respect to both
41 direct and self-liquidating appropriations may be extended with the approval of the
42 Director of the Budget up to an additional 12 months if circumstances and conditions
43 warrant such extension.

44
45 Requested by: Representative Miner

46 **SAMARKAND TIMBER SALE**

47 **SECTION 33.12.** The Department of Juvenile Justice and Delinquency
48 Prevention shall harvest and sell a portion of the timber on the real property at
49 Samarkand Youth Academy. Notwithstanding Chapter 146 of the General Statutes,
50 G.S. 66-58, and any other provision of law, the net proceeds derived from the sale of the
51 timber in an amount not to exceed two hundred fifty thousand dollars (\$250,000) shall
52 be deposited with the State Treasurer in a capital improvement and repair and
53 renovation account to the credit of the Department of Juvenile Justice and Delinquency

1 Prevention. The Department shall use the funds for major repair to the streets and
2 parking lots at the Samarkand Youth Academy and for additional street lighting and
3 repairs of buildings at the Academy.

4 The remainder of the net proceeds from the sale of the timber at Samarkand
5 Youth Academy, if any, shall revert to the General Fund.

6
7 **PART XXXIV. NOT APPLICABLE**

8
9 **PART XXXV. NOT APPLICABLE**

10
11 **PART XXXVI. MISCELLANEOUS PROVISIONS**

12
13 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

14 **EXECUTIVE BUDGET ACT APPLIES**

15 **SECTION 36.1.** The provisions of the Executive Budget Act, Chapter 143,
16 Article 1 of the General Statutes, are reenacted and shall remain in full force and effect
17 and are incorporated in this act by reference.

18
19 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

20 **COMMITTEE REPORT**

21 **SECTION 36.2.(a)** The House Appropriations Committee Report on the
22 Continuation, Expansion and Capital Budgets, dated June 25, 2001, which was
23 distributed in the Senate and House of Representatives and used to explain this act, shall
24 indicate action by the General Assembly on this act and shall therefore be used to
25 construe this act, as provided in G.S. 143-15 of the Executive Budget Act, and for these
26 purposes shall be considered a part of this act and as such shall be printed as a part of
27 the Session Laws.

28 **SECTION 36.2.(b)** The budget enacted by the General Assembly for the
29 maintenance of the various departments, institutions, and other spending agencies of the
30 State for the 2001-2003 fiscal biennium is a line item budget, in accordance with the
31 Budget Code Structure and the State Accounting System Uniform Chart of Accounts set
32 out in the Administrative Policies and Procedures Manual of the Office of the State
33 Controller. This budget includes the appropriations made from all sources including the
34 General Fund, Highway Fund, special funds, cash balances, federal receipts, and
35 departmental receipts.

36 The Director of the Budget submitted the itemized budget requests to the
37 General Assembly on March 12, 2001, in the document, "The North Carolina State
38 Budget, Summary of Recommendations for 2001-2003". The beginning appropriation
39 for the 2001-2002 fiscal year and the 2002-2003 fiscal year for the various departments,
40 institutions, and other spending agencies of the State is referenced in this document as
41 the recurring baseline budget. The recurring baseline budget was derived from the
42 December 31, 2000, authorized budget by applying adjustments for nonrecurring items,
43 building reserves, enrollment and entitlement changes, and transfers between budget
44 codes.

45 The General Assembly revised the recurring baseline budget for the
46 2001-2002 fiscal year and the 2002-2003 fiscal year submitted by the Director of the
47 Budget, in accordance with the steps that follow, and the line item detail in the budget
48 enacted by the General Assembly may be derived accordingly:

- 49 (1) The recurring baseline budget was revised in accordance with
50 reductions and additions that were set out in the House Appropriations
51 Committee Report on the Continuation, Expansion and Capital
52 Budget, dated June 25, 2001, together with any accompanying
53 correction sheets.

- 1 (2) Transfers of funds supporting programs were made in accordance with
2 the House Appropriations Committee Report on the Continuation,
3 Expansion and Capital Budget, dated June 25, 2001, together with any
4 accompanying correction sheets.

5 **SECTION 36.2.(c)** The budget enacted by the General Assembly shall also
6 be interpreted in accordance with the special provisions in this act and in accordance
7 with other appropriate legislation.

8 In the event that there is a conflict between the line item budget certified by
9 the Director of the Budget and the budget enacted by the General Assembly, the budget
10 enacted by the General Assembly shall prevail.

11 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

12 **MOST TEXT APPLIES ONLY TO THE 2001-2003 FISCAL BIENNIUM**

13 **SECTION 36.3.** Except for statutory changes or other provisions that clearly
14 indicate an intention to have effects beyond the 2001-2003 fiscal biennium, the textual
15 provisions of this act apply only to funds appropriated for, and activities occurring
16 during, the 2001-2003 fiscal biennium.

17 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

18 **EFFECT OF HEADINGS**

19 **SECTION 36.4.** The headings to the parts and sections of this act are a
20 convenience to the reader and are for reference only. The headings do not expand,
21 limit, or define the text of this act, except for effective dates referring to a Part.

22 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

23 **SEVERABILITY CLAUSE**

24 **SECTION 36.5.** If any section or provision of this act is declared
25 unconstitutional or invalid by the courts, it does not affect the validity of this act as a
26 whole or any part other than the part so declared to be unconstitutional or invalid.

27 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

28 **EFFECTIVE DATE**

29 **SECTION 36.6.** Except as otherwise provided, this act becomes effective
30 July 1, 2001.