

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**SESSION 1999**

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**HOUSE BILL 320\***

Short Title: Current Operations Appropriations Act/AB.

(Public)

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Sponsors: Representatives Easterling, Hardaway, and Redwine (Primary Sponsors).

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Referred to: Appropriations.

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March 4, 1999

**A BILL TO BE ENTITLED**

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

The General Assembly of North Carolina enacts:

**INTRODUCTION**

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

**TITLE OF ACT**

Section 2. This act shall be known as the "Current Operations Appropriations Act of 1999".

## PART I. CURRENT OPERATIONS/GENERAL FUND

Section 3. Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated are made for the biennium ending June 30, 2001, according to the following schedule:

<u>Current Operations - General Fund</u>	<u>1999-2000</u>	<u>2000-2001</u>
General Assembly	\$ 35,695,575	\$ 39,518,408
Judicial Department	337,613,191	340,135,574
Office of the Governor		
01. Office of the Governor	5,317,042	5,335,850
02. Office of State Budget and Management	4,167,118	4,268,782
03. Office of State Planning	2,147,099	2,147,099
04. Housing Finance	2,300,000	2,300,000
Office of Juvenile Justice	139,362,976	142,954,868
Office of the Lieutenant Governor	640,485	640,485
Department of Secretary of State	6,284,106	6,196,606
Department of State Auditor	11,656,492	11,656,492
Department of State Treasurer		
01. State Treasurer	7,220,452	7,220,452
02. Special Contribution	12,294,780	12,294,780
Department of Public Instruction	5,110,110,914	5,217,044,499
Department of Justice	72,243,100	71,491,703
Department of Agriculture and Consumer Services	53,561,243	53,518,018
Department of Labor	16,377,025	16,377,025
Department of Insurance		
01. Insurance	21,473,947	21,484,721
02. Direct Appropriation	4,500,000	4,500,000

1			
2	Department of Administration	60,114,571	60,379,118
3			
4	Office of State Controller	10,798,673	10,804,420
5			
6	Department of Transportation	20,273,881	15,434,165
7			
8	Department of Environment and		
9	Natural Resources	164,382,835	171,587,758
10			
11	Office of Administrative Hearings	2,687,664	2,721,970
12			
13	Rules Review Commission	317,343	309,326
14			
15	Department of Health and Human Services		
16	01. DHHS - Administration and Support	88,887,130	89,706,803
17	02. Division of Aging	29,742,117	29,742,117
18	03. Division of Child Development	306,641,553	393,679,493
19	04. Division of Services for the		
20	Deaf and Hard of Hearing	30,919,083	31,551,949
21	05. Division of Social Services	166,345,920	178,029,175
22	06. Division of Medical Assistance	1,387,825,766	1,537,393,785
23	07. Division of Services		
24	for the Blind	17,124,688	17,116,851
25	08. Division of Mental Health,		
26	Developmental Disabilities, and		
27	Substance Abuse Services	604,096,546	601,854,542
28	09. Division of Facility Services	13,023,597	14,154,302
29	10. Division of Vocational		
30	Rehabilitation Services	35,603,999	36,818,515
31	11. Division of Public Health	130,695,883	132,338,759
32	12. North Carolina Health Choice	23,992,346	25,509,475
33	Total Department of Health		
34	and Human Services	2,834,898,628	3,087,895,766
35			
36	Department of Correction	901,841,772	895,737,930
37			
38	Department of Commerce		
39	01. Commerce	39,966,085	39,986,167
40	02. State Aid to Nonstate		
41	Entities	15,796,251	15,796,251
42			
43	Department of Revenue	79,323,125	76,604,182

1				
2	Department of Cultural Resources			
3	01. Cultural Resources	57,117,617	58,012,004	
4	02. Roanoke Island Commission	1,826,157	1,826,157	
5				
6	Department of Crime Control			
7	and Public Safety		35,321,574	35,497,624
8				
9	University of North Carolina - Board			
10	of Governors			
11	01. General Administration	41,898,523	42,286,513	
12	02. University Institutional			
13	Programs	64,873,289	59,873,289	
14	03. Related Educational Programs	81,357,156	81,396,395	
15	04. University of North Carolina			
16	at Chapel Hill			
17	a. Academic Affairs	178,251,413	178,466,780	
18	b. Health Affairs	145,644,409	146,571,909	
19	c. Area Health Education			
20	Centers	44,204,579	44,226,821	
21	05. North Carolina State University			
22	at Raleigh			
23	a. Academic Affairs	237,158,643	236,735,298	
24	b. Agricultural Research Service	45,901,566	45,652,502	
25	c. Agricultural Extension Service	36,257,350	36,151,109	
26	06. University of North Carolina at			
27	Greensboro	79,410,872	79,443,712	
28	07. University of North Carolina at			
29	Charlotte	83,584,827	83,786,430	
30	08. University of North Carolina at			
31	Asheville	22,143,243	22,172,413	
32	09. University of North Carolina at			
33	Wilmington	50,209,852	50,576,067	
34	10. East Carolina University			
35	a. Academic Affairs	102,099,822	102,215,063	
36	b. Division of Health Affairs	44,331,650	44,329,544	
37	11. North Carolina Agricultural and			
38	Technical State University	53,794,211	53,760,947	
39	12. Western Carolina University	47,638,513	47,777,332	
40	13. Appalachian State University	72,554,778	74,434,861	
41	14. The University of North			
42	Carolina at Pembroke	20,601,057	20,555,785	
43	15. Winston-Salem State University	24,206,035	24,268,772	

1	16.	Elizabeth City State			
2		University	19,497,350	19,439,900	
3	17.	Fayetteville State University	26,123,151	26,143,151	
4	18.	North Carolina Central			
5		University	39,500,572	39,246,311	
6	19.	North Carolina School of the			
7		Arts	14,709,745	14,783,973	
8	20.	North Carolina School of			
9		Science and Mathematics	10,391,245	10,432,372	
10	21.	UNC Hospitals at Chapel Hill	39,090,862	41,782,610	
11	Total University of North Carolina		1,625,434,713		1,626,519,859
12					
13	Department of Community Colleges		578,273,819		578,111,639
14					
15	State Board of Elections		3,159,660		3,159,660
16					
17	Contingency and Emergency		1,125,000		1,125,000
18					
19	Welfare Reform		412,503		412,503
20					
21	Reserve for Compensation Increase		477,151,547		776,663,043
22					
23	Reserve for Compensation Bonus			17,358,550	-
24					
25	Reserve for Salary Adjustments			3,944,303	
26				4,444,303	
27					
28	Special Appropriations			3,080,000	
29				3,080,000	
30					
31	Reserve for Consolidated Mail Services			(1,000,000)	
32				(1,500,000)	
33					
34	Reserve for Positions Vacated by Retirement			(12,709,439)	
35				(12,709,439)	
36					
37	Reserve for State Health Plan			100,000,000	
38				125,000,000	
39					
40	Debt Service				
41	01.	Debt Service	195,982,430	294,596,050	
42	02.	Federal	1,155,948	1,155,948	
43					

1 GRAND TOTAL CURRENT OPERATIONS  
 2 GENERAL FUND \$ 13,061,000,755 \$  
 3 13,831,736,766  
 4

5 **PART II. CURRENT OPERATIONS/HIGHWAY FUND**  
 6

7 Section 4. Appropriations from the Highway Fund of the State for the  
 8 maintenance and operation of the Department of Transportation, and for other purposes  
 9 as enumerated, are made for the biennium ending June 30, 2001, according to the  
 10 following schedule:

		<u>1999-2000</u>	<u>2000-2001</u>
<u>Current Operations - Highway Fund</u>			
Department of Transportation			
01.	Administration	\$ 64,405,831	\$ 64,409,242
02.	Division of Highways		
a.	Administration and Operations	36,776,534	36,795,820
b.	State Construction		
(01)	Primary Construction	-	-
(02)	Secondary Construction	84,777,000	87,710,000
(03)	Urban Construction	14,000,000	14,000,000
(04)	Access and Public		
	Service Roads	2,000,000	2,000,000
(05)	Discretionary Fund	10,000,000	10,000,000
(06)	Spot Safety Improvements	9,100,000	9,100,000
(07)	Motor Carrier Safety	897,172	897,172
c.	State Funds to Match Federal Highway Aid		
(01)	Planning Survey and		
	Highway Planning Research	2,959,649	2,959,649
d.	State Maintenance		
(01)	Primary	114,393,724	114,393,724
(02)	Secondary	195,247,571	195,247,571
(03)	Urban	37,475,926	37,475,926
(04)	Contract Resurfacing	114,952,248	114,952,248
e.	Ferry Operations	18,174,622	18,174,622
03.	Division of Motor Vehicles	92,933,577	92,987,232
04.	Governor's Highway Safety Program	338,121	338,121
05.	State Aid to Municipalities	84,777,000	87,710,000
06.	State Aid for Public Transportation	31,046,921	34,846,921
07.	Salary Adjustments for Highway		
	Fund Employees	200,000	200,000
08.	Reserve to Correct Occupational		
	Safety and Health Conditions	425,000	425,000
09.	State Aid to Railroads	23,400,000	25,900,000

1	10.	Stormwater Discharge Permit	500,000	500,000	
2	11.	Minority Contractor Development	150,000	150,000	
3	12.	DMV Pay Equity	3,390,708	3,390,708	
4	13.	State Fire Protection Grant	150,000	150,000	
5	14.	Reserve for Compensation Increases	27,668,715	25,668,715	
6	15.	DMV Vehicle Seizure	29,182,291,82		
7	16.	State Health Plan	5,000,000	7,000,000	
8	17.	Reserve for General Maintenance	22,319,167	24,681,850	
9	18.	Deferred Equipment Purchases(6,000,000)	-		
10	19.	Additional Administration Transfer	(8,000,000)	(8,000,000)	
11	20.	Administrative Cost Reduction(9,000,000)	-		

12  
13 **Appropriations for Other State Agencies**

14	01.	Department of Crime Control and			
15		Public Safety	\$ 121,285,445	\$121,745,269	
16	02.	Department of Agriculture			
17		and Consumer Services	3,421,496	3,339,686	
18	03.	Department of Revenue	2,765,685	2,765,685	
19	04.	Department of Environment and Natural			
20		Resources-LUST Trust Fund	6,582,819	7,044,629	
21	05.	Department of Health and Human			
22		Services - Chemical Test Program	419,644	419,644	
23	06.	Global TransPark	1,000,000	1,000,000	
24	07.	Department of Public Instruction	25,926,243	26,201,384	
25	08.	State Treasurer	13,600,000	13,800,000	

26 **GRAND TOTAL CURRENT OPERATIONS -**  
 27 **HIGHWAY FUND** \$1,149,490,000 \$1,180,410,000

28  
29 **PART III. HIGHWAY TRUST FUND**

30  
31 Section 5. Appropriations from the Highway Trust Fund are made for the  
 32 fiscal biennium ending June 30, 2001, according to the following schedule:

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

## PART IV. GENERAL FUND AVAILABILITY STATEMENT

## BUDGET REFORM STATEMENTS

Section 6. The General Fund and availability used in developing the 1999-2001 budget is as shown below:

		1999-2000 (In Millions)	2000-2001 (In Millions)
(1)	Composition of the 1999-2001 beginning availability:		
	a. Revenue collections in 1998-99 in excess of authorized estimates	\$238.0	\$ -
	b. Unexpended appropriations during 1998-99	75.3	-
	Subtotal	<u>313.3</u>	-
	c. Transfer to Savings Reserve \$40.4 \$ -		
	d. Transfer to Reserve for Repair and Renovations	150.0	-
	e. Transfer to Clean Water Management Reserve	<u>30.0</u>	-
	Ending Fund Balance \$92.9 \$ -		
(2)	Beginning Unrestricted Fund Balance	\$92.9	\$ -
	Revenues Existing Tax Structure	\$12,255.6	\$12,995.9
	Nontax Revenues 523.7 550.5		
	Transfer from Highway Trust Fund	170.0 170.0	
	Disproportionate Share Receipts	105.0 105.0	
	Highway Fund Transfer <u>13.6</u> <u>13.8</u>		
	Total Availability	\$13,160.8	13,835.2

## PART V. GENERAL PROVISIONS

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

Section 7. There is appropriated out of the cash balances, federal receipts, and departmental receipts available to each department, sufficient amounts to carry on authorized activities included under each department's operations. All these cash balances, federal receipts, and departmental receipts shall be expended and reported in accordance with provisions of the Executive Budget Act except as otherwise provided by



1 statute. The Director of the Budget shall develop necessary budget controls, regulations,  
2 and systems to ensure that these funds and other State funds subject to the Executive  
3 Budget Act may not be spent in a manner which would cause a deficit in expenditures.

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

## 10 11 **INSURANCE AND FIDELITY BONDS**

12  
13 Section 8. All insurance and all official fidelity and surety bonds authorized  
14 for the several departments, institutions, and agencies shall be effected and placed by the  
15 Insurance Department, and the cost of placement shall be paid by the affected  
16 department, institution, or agency with the approval of the Insurance Commissioner.

## 17 18 **AUTHORIZED TRANSFERS**

19  
20 Section 9. The Director of the Budget may transfer to General Fund budget  
21 codes from the General Fund Salary Adjustment Reserves appropriations, and may  
22 transfer to Highway Fund budget codes from the Highway Fund Salary Adjustment  
23 Reserve appropriation, amounts required to support approved salary adjustments made  
24 necessary by difficulties in recruiting and holding qualified employees in State  
25 government.

26 Any remaining appropriations for legislative salary increases not required for  
27 that purpose may be used to supplement the Salary Adjustment Fund. These funds shall  
28 first be used to provide reclassifications of those positions already approved by the Office  
29 of State Personnel.

## 30 31 **EXPENDITURES OF FUNDS IN RESERVES LIMITED**

32  
33 Section 10. All funds appropriated by this act into reserves may be expended  
34 only for the purposes for which the reserves were established, except as otherwise  
35 provided.

36  
37 Section 11. Each private, nonprofit entity eligible to receive State funds, either  
38 by General Assembly appropriation, or by grant, loan, or other allocation from a State  
39 agency, before funds may be disbursed to the entity, shall file with the disbursing agency  
40 a notarized copy of that entity's policy addressing conflicts of interest that may arise  
41 involving the entity's management employees and the members of its board of directors  
42 or other governing body. The policy shall address situations where any of these  
43 individuals may directly or indirectly benefit, except as the entity's employees or

1 members of the board or other governing body, from the entity's disbursing of State  
2 funds, and shall include actions to be taken by the entity or the individual, or both, to  
3 avoid conflicts of interest and the appearance of impropriety.

## 4 5 **PART VI. PUBLIC EDUCATION**

### 6 7 **CHARTER SCHOOL ADVISORY COMMITTEE**

8  
9 Section 12. The State Board of Education may spend up to fifty thousand  
10 dollars (\$50,000) each year from State Aid to Local School Administrative Units for the  
11 1999-2000 and 2000-2001 fiscal years to continue support of a charter school advisory  
12 committee.

### 13 14 **LITIGATION RESERVE**

15  
16 Section 13.(a) Funds in the State Board of Education's Litigation Reserve that are  
17 not expended or encumbered on June 30, 1999, shall not revert on July 1, 1999, but shall  
18 remain available for expenditure until June 30, 2000.

19 Section 13.(b) Subsection (a) of this section becomes effective June 30, 1999.

20 Section 13.(c) The State Board of Education may expend up to five hundred  
21 thousand dollars (\$500,000) for the 1999-2000 fiscal year from unexpended funds for  
22 certified employees' salaries to pay expenses related to pending litigation.

### 23 24 **EXCEPTIONAL CHILDREN**

25  
26 Section 14. To the extent that funds appropriated for exceptional children  
27 other than academically gifted children are adequate to do so, the State Board of  
28 Education may allocate the excess of these funds to provide services for severely disabled  
29 children in school units and in group homes.

### 30 31 **ALTERNATIVE SCHOOLS/AT-RISK STUDENTS**

32  
33 Section 15. The State Board of Education may use up to two hundred  
34 thousand dollars (\$200,000) of the funds in the Alternative Schools/At-Risk Students  
35 allotment each year for the 1999-2000 and for the 2000-2001 fiscal years to:

36 (1) Implement G.S. 115C-12(24), and

37 (2) Conduct studies of alternative schools and access to alternative schools,  
38 as required by Senate Bill 1260 as enacted by the 1998 Regular Session  
39 of the 1997 General Assembly.

### 40 41 **UNIFORM EDUCATION REPORTING SYSTEM (UERS)/STUDENT** 42 **INFORMATION MANAGEMENT SYSTEM (SIMS) FUNDS** 43

1 Section 16. Funds appropriated for the Uniform Education Reporting System  
2 and the Student Information Management System shall not revert at the end of the 1999-  
3 2000 and 2000-2001 fiscal years but shall remain available until expended.  
4

### 5 **THREE BY THREE INITIATIVE**

6

7 Section 17.(a) Funds appropriated for the 1999-2001 fiscal biennium for the Three  
8 By Three Initiative, an extension of the ABC's and the NC HELPS (North Carolina  
9 Helping Education in Low Performing Schools) efforts, are directed toward ensuring that  
10 every student is performing at or above grade level in reading and mathematics by the  
11 end of the third grade as measured by the State end-of-grade tests. Funds in the amount  
12 of seven million seven hundred ninety-one thousand eight hundred two dollars  
13 (\$7,791,802) for each year of the 1999-2001 biennium are for the purpose of providing  
14 extended learning opportunities for K-3 underachieving students before and after school,  
15 on Saturdays, and other times as arranged by the school and/or LEA. These funds will be  
16 used to pay teachers to provide individualized instruction through such activities as  
17 Saturday academics and after-school tutoring, and for additional days of work outside of  
18 the 220 paid days in the school calendar. These days should be cooperatively planned by  
19 the principal and the faculty.

20 Section 17.(b) The principal of a school receiving funding through the Three By  
21 Three Initiative, in consultation with the faculty and the site-based management team,  
22 shall incorporate plans for expending funds allocated in this section in the NC HELPS  
23 plan to improve the school. The plan shall be consistent with the plan adopted by the  
24 local board of education pursuant to G.S. 115C-105.37. The plan shall be submitted to  
25 the local superintendent and approved by the local board prior to submission to the State  
26 Board of Education. The plan shall be revised annually.

27 The State Board of Education shall allocate funds in this section on the basis of  
28 additional days for State-paid teachers at the school.

29 Section 17.(c) The State Board of Education is encouraged to use federal funds  
30 such as Goals 2000 to assist K-3 students to reach the goals of this initiative.  
31

### 32 **ASSISTANT PRINCIPALS**

33

34 Section 18. Of the funds appropriated in this act, the salary differential  
35 between assistant principals and teachers shall be increased from one percent (1%) to two  
36 percent (2%) on the principal/assistant principal salary schedule effective July 1, 1999.  
37

## 38 **PART VII. COMMUNITY COLLEGES**

### 39 **FUNDS TO REWARD EXCELLENCE IN COMMUNITY COLLEGE** 40 **TEACHING** 41 42

1 Section 19. Of funds appropriated in this act, the State Board of Community  
2 Colleges shall distribute, in accordance with State Board policies, a salary increase for  
3 teaching faculty members to be given to those who have demonstrated excellence in  
4 teaching. These funds shall not be used for any purpose other than for salary increases  
5 and necessary employee contributions provided by this section.  
6

### 7 **COMMUNITY COLLEGE FUNDING FLEXIBILITY**

8

9 Section 20. A local community college may use all State funds allocated to it,  
10 except for Literacy Funds and Funds for New and Expanding Industries, for any  
11 authorized purpose that is consistent with the college's Institutional Effectiveness Plan.  
12 Each local community college shall submit an Institutional Effectiveness Plan that  
13 indicates to the State Board of Community Colleges how the college will use this funding  
14 flexibility to meet the demands of the local community and maintain a presence in all  
15 previously funded categorical programs.  
16

## 17 **PART VIII. COLLEGES AND UNIVERSITIES**

18

### 19 **AID TO STUDENTS ATTENDING PRIVATE COLLEGES PROCEDURE**

20

21 Section 21.(a) Funds appropriated in this act to the Board of Governors of The  
22 University of North Carolina for aid to private colleges shall be disbursed in accordance  
23 with the provisions of G.S. 116-19, 116-21, and 116-22. These funds shall provide up to  
24 one thousand fifty dollars (\$1,050) per full-time equivalent North Carolina undergraduate  
25 student enrolled at a private institution as of October 1 each year.

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

32 Section 21.(b) In addition to any funds appropriated pursuant to G.S. 116-19 and in  
33 addition to all other financial assistance made available to private educational institutions  
34 located within the State, or to students attending these institutions, there is granted to  
35 each full-time North Carolina undergraduate student attending an approved institution as  
36 defined in G.S. 116-22, a sum, not to exceed one thousand seven hundred fifty dollars  
37 (\$1,750) per academic year, which shall be distributed to the student as hereinafter  
38 provided.

39 The tuition grants provided for in this section shall be administered by the  
40 State Education Assistance Authority pursuant to rules adopted by the State Education  
41 Assistance Authority not inconsistent with this section. The State Education Assistance  
42 Authority shall not approve any grant until it receives proper certification from an  
43 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 such  
2 times as it shall prescribe the grant to the approved institution on behalf, and to the credit,  
3 of the student.

4 In the event a student on whose behalf a grant has been paid is not enrolled and  
5 carrying a minimum academic load as of the tenth classroom day following the beginning  
6 of the school term for which the grant was paid, the institution shall refund the full  
7 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 the behalf of the students.

11 In the event there are not sufficient funds to provide each eligible student with  
12 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 period  
19 covered by the current appropriation.

20 Any remaining funds shall revert to the General Fund.

21 Section 21.(c) Expenditures made pursuant to this section may be used only for  
22 secular educational purposes at nonprofit institutions of higher learning. Expenditures  
23 made pursuant to this section shall not be used for any student who:

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

26 (2) Is incarcerated in a State or federal correctional facility for committing a  
27 Class C through I felony and is not eligible for parole or release within  
28 10 years.

29 Section 21.(d) The State Education Assistance Authority shall document the  
30 number of full-time equivalent North Carolina undergraduate students that are enrolled in  
31 off-campus programs and the State funds collected by each institution pursuant to G.S.  
32 116-19 for those students. The State Education Assistance Authority shall also document  
33 the number of scholarships and the amount of the scholarships that are awarded under  
34 G.S. 116-19 to students enrolled in off-campus programs. An "off-campus program" is  
35 any program offered for degree credit away from the institution's main, permanent  
36 campus.

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

40  
41 **AID TO PRIVATE COLLEGES/LEGISLATIVE TUITION GRANT**  
42 **LIMITATIONS**  
43

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

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

10 Section 22.(b) Any member of the armed services as defined in G.S. 116-143.3(a),  
11 abiding in this State incident to active military duty, who does not qualify as a resident  
12 for tuition purposes as defined under G.S. 116-143.1, is eligible for a Legislative Tuition  
13 Grant pursuant to this section if the member is enrolled as a full-time student. The  
14 member's Legislative Tuition Grant shall not exceed the cost of tuition less any tuition  
15 assistance paid by the member's employer.

#### 16 17 **WAKE FOREST AND DUKE MEDICAL SCHOOLS ASSISTANCE/FUNDING** 18 **FORMULA**

19  
20 Section 23.(a) Funds appropriated in this act to the Board of Governors of The  
21 University of North Carolina for continuation of financial assistance to the medical  
22 schools of Duke University and Wake Forest University shall be disbursed on  
23 certifications of the respective schools of medicine that show the number of North  
24 Carolina residents as first-year, second-year, third-year, and fourth-year students in the  
25 medical school as of November 1, 1999, and November 1, 2000. Disbursement to Wake  
26 Forest University shall be made in the amount of eight thousand dollars (\$8,000) for each  
27 medical student who is a North Carolina resident, one thousand dollars (\$1,000) of which  
28 shall be placed by the school in a fund to be used to provide financial aid to needy North  
29 Carolina students who are enrolled in the medical school. The maximum aid given to any  
30 student from this fund in a given year may not exceed the amount of the difference in  
31 tuition and academic fees charged by the school and those charged at the School of  
32 Medicine at the University of North Carolina at Chapel Hill.

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

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

11           Section 23.(b) If the funds appropriated in this act to the Board of Governors of The  
12 University of North Carolina for continuation of financial assistance to the medical  
13 schools of Duke University and Wake Forest University are insufficient to cover the  
14 enrolled students in accordance with this section, then the Board of Governors may  
15 transfer unused funds from other programs in the Related Educational Programs budget  
16 code to cover the extra students.

## 17 18 **REWARDING TEACHING EXCELLENCE**

19  
20           Section 24. Funds appropriated in this act for the Rewarding Teaching  
21 Excellence Program shall be distributed according to guidelines established by The  
22 University of North Carolina Board of Governors. These funds shall not be used for any  
23 purpose other than for salary increases and necessary employer contributions provided by  
24 this section.

## 25 26 **PART IX. DEPARTMENT OF ADMINISTRATION**

### 27 28 **PARKING REVENUE**

29  
30           Section 25. The Secretary of Administration may use funds from parking  
31 revenue that are in excess of parking system expense requirements to fund the fifteen  
32 dollar (\$15.00) per month subsidies for vanpools and transit passes.

## 33 34 **GOVERNOR'S ADVOCACY COUNCIL FOR PERSONS WITH DISABILITIES**

35  
36           Section 26. The Department of Health and Human Services shall continue to  
37 provide the current office space for the four regional offices of the Governor's Advocacy  
38 Council for Persons with Disabilities or office space that is comparable to that now used  
39 by the Council.

## 40 41 **PART X. DEPARTMENT OF TRANSPORTATION**

42

**GLOBAL TRANSPARK AUTHORITY TO REIMBURSE HIGHWAY FUND FROM FEDERAL SOURCES**

Section 27. When funds are provided from the Highway Fund to the Global TransPark Authority for environmental impact statements or assessments and the Global TransPark Authority applies for and receives reimbursement for those expenses from federal sources up to one million eight hundred thousand dollars (\$1,800,000), the federal reimbursements shall be paid over by the Global TransPark Authority into the Highway Fund within 30 days of receipt. These funds shall be allocated to State-funded maintenance appropriations in the manner approved by the Board of Transportation.

**AIRCRAFT AND FERRY ACQUISITIONS**

Section 28. Before approving the purchase of an aircraft from the Equipment Fund or a ferry in a Transportation Improvement Program, the Board of Transportation shall prepare an estimate of the operational costs and capital costs associated with the addition of the aircraft or ferry and shall report those additional costs to the General Assembly pursuant to G.S. 136-12(b) and to the Joint Legislative Commission on Governmental Operations.

**HIGHWAY FUND ALLOCATIONS BY CONTROLLER**

Section 29. The Controller of the Department of Transportation shall allocate at the beginning of each fiscal year from the various appropriations made to the Department of Transportation in this act, Titles:

State Construction

State Funds to Match Federal Highway Aid

State Maintenance

Ferry Operations,

sufficient funds to eliminate all overdrafts on State maintenance and construction projects, and these allocations may not be diverted to other purposes.

**CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS**

Section 30. The General Assembly authorizes and certifies anticipated revenues of the Highway Fund as follows:

For Fiscal Year 2001-2002 \$1,228.9 Million

For Fiscal Year 2002-2003 \$1,271.4 Million

For Fiscal Year 2003-2004 \$1,308.1 Million

For Fiscal Year 2004-2005 \$1,346.0 Million



1 Section 31. The General Assembly authorizes and certifies anticipated  
2 revenues of the Highway Trust Fund as follows:

3	For Fiscal Year 2001-2002	\$937.6 Million
4	For Fiscal Year 2002-2003	\$972.4 Million
5	For Fiscal Year 2003-2004	\$1,006.7 Million
6	For Fiscal Year 2004-2005	\$1,036.9 Million

### 8 **HIGHWAY FUND LIMITATIONS ON OVEREXPENDITURES**

9  
10 Section 32.(a) Overexpenditures from Section 4 of this act may be made by  
11 authorization of the Director of the Budget, Titles:

12 State Construction Primary Construction  
13 State Construction Urban Construction  
14 Spot Safety Construction  
15 State Construction Access and Public Service Roads  
16 State Funds to Match Federal Highway Aid  
17 State Maintenance  
18 Ferry Operations,

19 provided that there are corresponding underexpenditures from these same Titles.  
20 Overexpenditures or underexpenditures in any Titles may not vary by more than ten  
21 percent (10%) without prior consultation with the Advisory Budget Commission.  
22 Written reports covering overexpenditures or underexpenditures of more than ten percent  
23 (10%) shall be made to the Joint Legislative Highway Oversight Committee. The reports  
24 shall be delivered to the Director of the Fiscal Research Division not less than 96 hours  
25 prior to the beginning of the Commission's full meeting.

26 Section 32.(b) Overexpenditures from Section 4 of this act, Titles:

27 State Construction Primary Construction  
28 State Construction Urban Construction  
29 Spot Safety Construction  
30 State Construction Access and Public Service Roads  
31 State Funds to Match Federal Highway Aid  
32 State Maintenance  
33 Ferry Operations,

34 for the purpose of providing additional positions shall be approved by the Director of the  
35 Budget and shall be reported on a quarterly basis to the Joint Legislative Highway  
36 Oversight Committee and to the Fiscal Research Division.

### 37 38 **RESURFACED ROADS MAY BE WIDENED**

39  
40 Section 33. Of the contract maintenance resurfacing program funds  
41 appropriated in this act to the Department of Transportation, an amount not to exceed  
42 fifteen percent (15%) of the Board of Transportation's allocation of these funds may be  
43 used for widening existing narrow pavements that are scheduled for resurfacing.

1  
2 **HIGHWAY FUND ADJUSTMENTS TO REFLECT ACTUAL REVENUE**  
3

4           Section 34. Any unreserved credit balance in the Highway Fund on June 30 of  
5 each of the fiscal years of this biennium shall support appropriations in the succeeding  
6 fiscal year. If all of the balance is not needed for these appropriations, the Director of the  
7 Budget may use the remaining excess to establish a reserve for access and public roads, a  
8 reserve for unforeseen happening of a state of affairs requiring prompt action as provided  
9 by G.S. 136-44.1, and other required reserves. If all of the remaining excess is not used  
10 to establish these reserves, the remainder shall be allocated to the State-funded  
11 maintenance appropriations in the manner approved by the Board of Transportation. The  
12 Board of Transportation shall report monthly to the Joint Legislative Highway Oversight  
13 Committee and the Fiscal Research Division about the use of the reserve for highway and  
14 maintenance.

15  
16 **DEPARTMENT OF TRANSPORTATION EXEMPTION FROM GENERAL**  
17 **STATUTES FOR EXPERIMENTAL PROJECT-CONGESTION**  
18 **MANAGEMENT**  
19

20           Section 35. The Department of Transportation may enter into a design-build-  
21 warrant contract to develop, with Federal Highway Administration participation under  
22 The 1991 Intermodal Surface Transportation Efficiency Act, Title VI, Part B, Sections  
23 6051-6059, a "Congestion Avoidance and Reduction for Autos and Trucks  
24 (CARAT)"system of traffic management for the greater Charlotte-Mecklenburg urban  
25 areas. Notwithstanding any other provision of law, contractors, contractors' employees,  
26 and Department of Transportation employees involved in this project only do not have to  
27 be licensed by occupational licensing boards as "license"and "occupational licensing  
28 board"are defined in G.S. 93B-1 and for the purpose of entering into contracts, the  
29 Department of Transportation is exempted from the provisions of the following General  
30 Statutes: G.S. 136-28.1, 143-52, 143-53, 143-58, 143-128, and 143-129. These statutory  
31 exemptions are limited and available only to the extent necessary to comply with federal  
32 rules, regulations, and policies for completion of this project.

33           The Department of Transportation shall report quarterly to the Joint Legislative  
34 Highway Oversight Committee on its efforts to enter into a design-build-warrant contract  
35 and to award and construct the project. The report shall include, but not be limited to, the  
36 number of types of firms bidding on the project, special qualifications of the firms  
37 bidding, and the effect statutory exemptions might have had on the award and  
38 construction of the project and the receipt of federal discretionary funding for the project.  
39

40 **ALLOCATION OF FUNDS FOR DRIVER TRAINING**  
41

1 Section 36. In allocating funds for driver training, the State Board of  
2 Education shall consider the needs of small and low-wealth local school administrative  
3 units.

4  
5 **PART XI. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

6  
7 **SERVICES FOR CHILDREN WITH ASSAULTIVE AND VIOLENT BEHAVIOR**

8  
9 Section 37.(a) Legislative Findings. The General Assembly finds:

- 10 (1) That there is a need in North Carolina to provide appropriate treatment  
11 and education programs to children under the age of 18 who suffer from  
12 emotional, mental, or neurological handicaps accompanied by violent or  
13 assaultive behavior.
- 14 (2) That children meeting these criterias are defined in G.S. 122C-3 (13a) as  
15 Eligible Assaultive and Violent Children; and
- 16 (3) That these children have a need for a variety of services, in addition to  
17 those normally provided, that may include, but are not limited to,  
18 residential treatment services, educational services, and independent  
19 living arrangements.

20 Section 37.(b) Funds appropriated by the General Assembly to the Department of  
21 Health and Human Services for serving Eligible Assaultive and Violent Children  
22 (EAVC) shall be expended only for programs serving Eligible Assaultive and Violent  
23 Children including evaluations of potential EAVC clients. The Department shall  
24 reallocate these funds among services to EAVC clients during the year as it deems  
25 advisable in order to use the funds efficiently in providing appropriate services to EAVC  
26 clients.

27 Section 37.(c) Funds for Department of Public Instruction. – Funds appropriated to  
28 the Department of Public Instruction in this act for EAVC clients are to establish a  
29 supplemental reserve fund to serve Eligible Assaultive and Violent Children. These  
30 funds shall be allocated by the State Board of Education to the local education agencies  
31 to serve those EAVC clients who were not included in the regular average daily  
32 membership and the census of children with special needs, and to provide the additional  
33 program costs which exceed the per pupil allocation from the State Public School Fund  
34 and other State and federal funds for children with special needs.

35 Section 37.(d) The Department of Health and Human Services shall continue to  
36 implement its prospective unit-cost reimbursement system and shall ensure that unit-cost  
37 rates reflect reasonable costs by conducting service type rate comparisons budget reviews  
38 as may be necessary, and based upon these reviews and comparisons, the Department  
39 shall reduce and/or cap rates to programs which are significantly higher than those rates  
40 paid to other programs for the same service. Any exception to this requirement shall be  
41 approved by the Director of the Division of Mental Health, Developmental Disabilities,  
42 and Substance Abuse Services, and shall be reported in the Department's annual joint

1 report to the Governor and the General Assembly and in any periodic report the  
2 Department may make to the Joint Legislative Commission on Governmental Operations.

3 Section 37.(e) The Department of Health and Human Services and the  
4 Department of Public Education shall submit, by May 1 of each fiscal year, a joint report  
5 to the Governor and the General Assembly on the progress achieved in EAVC clients.  
6 The report shall include the following unduplicated data for each area program/authority;  
7 (i) the number of children for whom application is made for EAVC eligibility; (ii) the  
8 number of children actually determined to be eligible in each area program/authority; (iii)  
9 the number of children served EAVC clients in each area program/authority; (iv) the  
10 number of children who remain unserved or for whom additional services are needed in  
11 order to be determined to be appropriately served; (v) the types and locations of treatment  
12 and education services provided to EAVC clients; (vi) the cost of services, by type, to  
13 EAVC clients and the maximum and minimum rates paid to providers for each service;  
14 (vii) the number of cases whose treatment costs were in excess of one hundred fifty  
15 percent (150%) of the average annual per client expenditure; (viii) information on the  
16 impact of treatment and education services on EAVC clients; (ix) an explanation of, and  
17 justification for, any waiver of departmental rules that affect the program; and (x) the  
18 total State funds expended, by program, on EAVC clients, other than those funds  
19 specifically appropriated for the programs and services.

20 Section 37.(f) From existing funds available to it, the Department of Health  
21 and Human Services shall continue to monitor and document individual clients' progress  
22 through the continuum of services. Standardized measures of functioning shall be  
23 administered periodically to each EAVC client and the information generated from these  
24 measures shall be used to assess client progress and program effectiveness.

25 Section 37.(g) The Departments of Health and Human Services and Public  
26 Instruction shall provide periodic reports of expenditures and program effectiveness on  
27 behalf of EAVC clients to the Fiscal Research Division. As part of these reports, the  
28 Departments shall explain measures they have taken to control and reduce program  
29 expenditures.

30 Section 37.(h) To ensure that EAVC clients are appropriately served, no State  
31 funds shall be expended on placement and services for EAVC clients except:

- 32 (1) Funds specifically appropriated by the General Assembly for the  
33 placement and services of EAVC clients and
- 34 (2) Funds for placement and services for which EAVC clients are otherwise  
35 eligible. This limitation shall not preclude the use of unexpended Willie  
36 M. funds from prior fiscal years to cover current or future needs of the  
37 Willie M. program subject to approval by the Director of the Budget.  
38 These Willie M. expenditures shall not be subject to the requirements of  
39 G.S. 143-18.

40 Section 37.(i) Notwithstanding any other provision of law, if the Department  
41 of Health and Human Services determines that a local program is not providing  
42 appropriate services to Eligible Assaultive and Violent Children the Department may

1 ensure the provision of these services through contracts with public or private agencies or  
2 by direct operation by the Department of these programs.

3  
4 **THOMAS S.**

5  
6 Section 38.(a) Funds appropriated to the Department of  
7 Health and Human Services in this act for the 1999-2000 and  
8 the 2000-2001 fiscal years for members of the Thomas S.  
9 Class as identified in Thomas S. et al. v. Bruton, [Thomas  
10 S.C-C-82-0418M (Western District)], shall be expended only  
11 for programs serving Thomas S. Class members or for  
12 services for those clients who are:

- 13 (1) Adults with mental retardation, or who have been treated as if they had  
14 mental retardation, who were admitted to a State psychiatric hospital on  
15 or after March 22, 1984, and who are included on the Division of  
16 Mental Health, Developmental Disabilities, and Substance Abuse  
17 Services' official list of prospective Class members;  
18 (2) Adults with mental retardation who have a documented history of State  
19 psychiatric hospital admissions regardless of admission date and who,  
20 without funding support, have a good probability of being readmitted to  
21 a State psychiatric hospital;  
22 (3) Adults with mental retardation who have never been admitted to a State  
23 psychiatric hospital but who have a documented history of behavior  
24 determined to be of danger to self or others that results in referrals for  
25 inpatient psychiatric treatment and who, without funding support, have a  
26 good probability of being admitted to a State psychiatric hospital; or  
27 (4) Adults who are included on the Division of Mental Health,  
28 Developmental Disabilities, and Substance Abuse Services' official list  
29 of prospective Class members and have yet to be confirmed as Class  
30 members, who currently reside in the community, and who have a good  
31 probability of being admitted to a facility licensed as 'home for the aged  
32 and disabled'.

33 No more than five percent (5%) of the funds appropriated in this act for the  
34 Thomas S. program shall be used for clients meeting the criteria set out in subdivision  
35 (2), (3), or (4) of this subsection.

36 Section 38.(b) To ensure that Thomas S. Class members are appropriately served,  
37 no State funds shall be expended on placement and services for Thomas S. Class  
38 members except:

- 39 (1) Funds specifically appropriated by the General Assembly for the  
40 placement and services of Thomas S. Class members; and  
41 (2) Funds for placement and services for which Thomas S. Class members  
42 are otherwise eligible.

1 Section 38.(b1) Thomas S. Funds may be expended to support services for  
2 Thomas S. Class members in adult care homes when the service needs of individual Class  
3 members in these homes cannot be met via the established maximum adult care home  
4 rate.

5 Section 38.(c) The Department of Health and Human Services shall continue to  
6 implement a prospective unit-cost reimbursement system and shall ensure that unit-cost  
7 rates reflect reasonable costs by conducting cost center service type rate comparisons and  
8 cost center line item budget reviews as may be necessary.

9 Section 38.(d) Reporting requirements. The Department of Health and Human  
10 Services shall submit by April 1 of each fiscal year a report to the General Assembly on  
11 the progress achieved in serving members and prospective members of the Thomas S.  
12 Class. The report shall include the following:

- 13 (1) The number of Thomas S. clients confirmed as Class members;
- 14 (2) The number of individuals identified as prospective Class members;
- 15 (3) The number of Class members or prospective Class members added in  
16 the proceeding 12 months due to their admission to a State psychiatric  
17 hospital;
- 18 (4) A description of the types of treatment services provided to Class  
19 members; and
- 20 (5) An analysis of the use of funds appropriated for the Class.

21 Section 38.(e) Notwithstanding any other provision of law, if the Department  
22 of Health and Human Services determines that a local program is not providing  
23 minimally adequate services to members of the class identified in Thomas S. et al. v.  
24 Burton, [Thomas S. C-C-82-0418M (Western District)], or does not show a willingness  
25 to do so, the Department may ensure the provision of these services through contracts  
26 with public or private agencies or by direct operation by the Department of such  
27 programs.

## 28

### 29 MIXED BEVERAGE TAX FOR AREA MENTAL HEALTH PROGRAMS

30

31 Section 39. Funds received by the Department of Health and Human Services  
32 from the tax levied on mixed beverages under G.S. 18B-804(b)(8) shall be expended by  
33 the Department of Health and Human Services as prescribed by G.S. 18B-805(h). These  
34 funds shall be allocated to the area mental health programs for substance abuse services  
35 based on need and in accordance with an area program's annual Memorandum of  
36 Agreement.

### 37

### 38 PHYSICIAN SERVICES

39

40 Section 40. With the approval of the Office of State Budget and Management,  
41 the Department of Health and Human Services may use funds appropriated in this act for  
42 across-the-board salary increases and performance pay to offset similar increases in the  
43 costs of contracting with private and independent universities for the provision of

1 physician services to clients in facilities operated by the Division of Mental Health,  
2 Developmental Disabilities, and Substance Abuse Services. This offsetting shall be done  
3 in the same manner as is currently done with constituent institutions of The University of  
4 North Carolina.

#### 6 **PRIVATE AGENCY UNIFORM COST-FINDING REQUIREMENT**

8 Section 41. To ensure uniformity in rates charged to area programs and funded  
9 with State allocated resources, the Division of Mental Health, Developmental  
10 Disabilities, and Substance Abuse Services of the Department of Health and Human  
11 Services may require a private agency that provides services under contract with two or  
12 more area programs, except for hospital services that have an established Medicaid rate,  
13 to complete an agency-wide uniform cost finding in accordance with G.S. 122C-143.2(a)  
14 and G.S. 122C-147.2. The resulting cost shall be the maximum included for the private  
15 agency in the contracting area program's unit-cost finding.

#### 17 **NONSUPPLANTING OF MENTAL HEALTH, DEVELOPMENTAL 18 DISABILITIES, AND SUBSTANCE ABUSE FUNDS**

20 Section 42. The Department of Health and Human Services shall ensure that  
21 counties do not reduce county appropriations and expenditures for area mental health,  
22 developmental disabilities, and substance abuse authorities because the authorities have  
23 received additional State appropriations for services.

#### 25 **CLIENT SERVICES MONITORING**

27 Section 43. The Department of Health and Human Services, Division of  
28 Mental Health, Developmental Disabilities, and Substance Abuse Services shall utilize a  
29 system of monitoring and control for client services. This system shall ascertain whether  
30 services are provided in a timely manner. Notwithstanding any other provisions of law,  
31 the Division shall withhold area mental health agencies' administrative funds until  
32 services are provided in a timely manner.

#### 34 **TRANSFERS OF CERTAIN FUNDS AUTHORIZED**

36 Section 44. In order to assure maximum utilization of funds in county  
37 departments of social services, county or district health agencies, and area mental health,  
38 developmental disabilities and substance abuse authorities, the Director of the Budget is  
39 authorized to transfer excess funds appropriated to a specific service, program, or fund  
40 whether specified service in a block grant plan or General Fund appropriation, into  
41 another service, program, or fund for local services within the budget of the respective  
42 State agency.

**LIABILITY INSURANCE**

Section 45. The Department of Health and Human Services and the Department of Correction may provide medical liability coverage not to exceed one million dollars (\$1,000,000) on behalf of employees of the Department licensed to practice medicine or dentistry and on behalf of physicians in all residency training programs from The University of North Carolina who are in training at institutions operated by the Department of Health and Human Services. This coverage may include commercial insurance or self-insurance and shall cover these individuals for their acts or omissions only while they are engaged in providing medical and dental services pursuant to their State employment or training.

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

The coverage provided pursuant to this section shall not require any additional appropriations and shall not apply to any individual providing contractual service to the Department of Health and Human Services or the Department of Correction, with the exception that coverage may include physicians in all residency training programs from The University of North Carolina who are in training at institutions operated by the Department of Health and Human Services.

**LIMITATION ON USE OF SPECIAL ALZHEIMER'S UNITS**

Section 46. The Special Alzheimer's Unit established in Wilson by funds appropriated in Chapter 507 of the 1995 Session Laws and the Special Alzheimer's Unit in Black Mountain shall serve only those clients who cannot be served by a similar private facility.

**MEDICAID**

Section 47A.(a) Funds appropriated in this Title for services provided in accordance with Title XIX of the Social Security Act (Medicaid) are for both the categorically needy and the medically needy. Funds appropriated for these services shall be expended in accordance with the following schedule of services and payment bases. All services and payments are subject to the language at the end of this subsection.

Services and payment bases:

- (1) Hospital-Inpatient - Payment for hospital inpatient services will be prescribed in the State Plan as established by the Department of Health and Human Services. Administrative days for any period of hospitalization shall be limited to a maximum of three days.



- 1 (2) Hospital-Outpatient - Eighty percent (80%) of allowable costs or a  
2 prospective reimbursement plan as established by the Department of  
3 Health and Human Services.
- 4 (3) Nursing Facilities - Payment for nursing facility services will be  
5 prescribed in the State Plan as established by the Department of Health  
6 and Human Services. Nursing facilities providing services to Medicaid  
7 recipients who also qualify for Medicare, must be enrolled in the  
8 Medicare program as a condition of participation in the Medicaid  
9 program. State facilities are not subject to the requirement to enroll in  
10 the Medicare program.
- 11 (4) Intermediate Care Facilities for the Mentally Retarded - As prescribed  
12 in the State Plan as established by the Department of Health and Human  
13 Services.
- 14 (5) Drugs - Drug costs as allowed by federal regulations plus a professional  
15 services fee per month excluding refills for the same drug or generic  
16 equivalent during the same month. Reimbursement shall be available  
17 for up to six prescriptions per recipient, per month, including refills.  
18 Payments for drugs are subject to the provisions of subsection (f) of this  
19 section and to the provisions at the end of subsection (a) of this section,  
20 or in accordance with the State Plan adopted by the Department of  
21 Health and Human Services consistent with federal reimbursement  
22 regulations. Payment of the professional services fee shall be made in  
23 accordance with the plan adopted by the Department of Health and  
24 Human Services, consistent with federal reimbursement regulations.  
25 The professional services fee shall be five dollars and sixty cents  
26 (\$5.60) per prescription. Adjustments to the professional services fee  
27 shall be established by the General Assembly.
- 28 (6) Physicians, Chiropractors, Podiatrists, Optometrists, Dentists, Certified  
29 Nurse Midwife Services - Fee schedules as developed by the  
30 Department of Health and Human Services. Payments for dental  
31 services are subject to the provisions of subsection (g) of this section.
- 32 (7) Community Alternative Program, EPSDT Screens - Payment to be  
33 made in accordance with rate schedule developed by the Department of  
34 Health and Human Services.
- 35 (8) Home Health and Related Services, Private Duty Nursing, Clinic  
36 Services, Prepaid Health Plans, Durable Medical Equipment - Payment  
37 to be made according to reimbursement plans developed by the  
38 Department of Health and Human Services.
- 39 (9) Medicare Buy-In - Social Security Administration premium.
- 40 (10) Ambulance Services - Uniform fee schedules as developed by the  
41 Department of Health and Human Services.
- 42 (11) Hearing Aids - Actual cost plus a dispensing fee.

- 1 (12) Rural Health Clinic Services - Provider based - reasonable cost;  
2 nonprovider based - single cost reimbursement rate per clinic visit.
- 3 (13) Family Planning - Negotiated rate for local health departments. For  
4 other providers - see specific services, for instance, hospitals,  
5 physicians.
- 6 (14) Independent Laboratory and X-Ray Services - Uniform fee schedules as  
7 developed by the Department of Health and Human Services.
- 8 (15) Optical Supplies - One hundred percent (100%) of reasonable wholesale  
9 cost of materials.
- 10 (16) Ambulatory Surgical Centers - Payment as prescribed in the  
11 reimbursement plan established by the Department of Health and  
12 Human Services.
- 13 (17) Medicare Crossover Claims - An amount up to the actual coinsurance or  
14 deductible or both, in accordance with the Plan, as approved by the  
15 Department of Health and Human Services.
- 16 (18) Physical Therapy and Speech Therapy - Services limited to EPSDT  
17 eligible children. Payments are to be made only to qualified providers  
18 at rates negotiated by the Department of Health and Human Services.
- 19 (19) Personal Care Services - Payment in accordance with Plan approved by  
20 the Department of Health and Human Services.
- 21 (20) Case Management Services - Reimbursement in accordance with the  
22 availability of funds to be transferred within the Department of Health  
23 and Human Services.
- 24 (21) Hospice - Services may be provided in accordance with Plan developed  
25 by the Department of Health and Human Services.
- 26 (22) Other Mental Health Services - Unless otherwise covered by this  
27 section, coverage is limited to agencies meeting the requirements of the  
28 rules established by the Commission for Mental Health, Developmental  
29 Disabilities, and Substance Abuse Services, and reimbursement is made  
30 in accordance with a Plan developed by the Department of Health and  
31 Human Services not to exceed the upper limits established in federal  
32 regulations.
- 33 (23) Medically Necessary Prosthetics or Orthotics for EPSDT Eligible  
34 Children - Reimbursement in accordance with Plan approved by the  
35 Department of Health and Human Services.
- 36 (24) Health Insurance Premiums - Payments to be made in accordance with  
37 the Plan adopted by the Department of Health and Human Services  
38 consistent with federal regulations.
- 39 (25) Medical Care/Other Remedial Care - Services not covered elsewhere in  
40 this section include related services in schools; health professional  
41 services provided outside the clinic setting to meet maternal and infant  
42 health goals; and services to meet federal EPSDT mandates. Services  
43 addressed by this paragraph are limited to those prescribed in the State

Plan as established by the Department of Health and Human Services. Providers of these services must be certified as meeting program standards of the Department of Health and Human Services.

(26) Pregnancy Related Services - Covered services for pregnant women shall include nutritional counseling, psychosocial counseling, and predelivery and postpartum home visits by maternity care coordinators and public health nurses.

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

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

Section 47A.(b) Allocation of Nonfederal Cost of Medicaid. The State shall pay eighty-five (85%); the county shall pay fifteen percent (15%) of the nonfederal costs of all applicable services listed in this section.

Section 47A.(c) Co-payment for Medicaid Services. The Department of Health and Human Services may establish co-payment up to the maximum permitted by federal law and regulation.

Section 47A.(d) Medicaid and Work First Family Assistance Eligibility Standards. The maximum net family annual income eligibility standards for Medicaid and the Standard of Need for Work First Family Assistance shall be as follows:

<u>Categorically Needy</u>			<u>Medically Needy</u>			
<u>Family Size</u>	<u>Standard of Need</u>	<u>WFFA Payment Level*</u>	<u>AA, AB, AD*1</u>			
2,900			\$ 4,344	\$ 2,172	\$	
2	5,664	2,8323,800				
3	6,528	3,2644,400				
4	7,128	3,5644,800	5 7,776	3,888	5,200	
6	8,376	4,1885,600				
7	8,952	4,4766,000				
8	9,256	4,6806,300				

\*(WFFA) Work First Family Assistance; 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.

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

3           Section 47A.(e) All Elderly Blind and Disabled Persons who receive  
4 Supplemental Security Income are eligible for Medicaid coverage.

5           Section 47A.(f) ICF and ICF/MR Work Incentive Allowances. The  
6 Department of Health and Human Services may provide an incentive allowance to  
7 Medicaid eligible recipients of ICF and ICF/MR facilities who are regularly engaged in  
8 work activities as part of their developmental plan and for whom retention of additional  
9 income contributes to their achievement of independence. The State funds required to  
10 match the federal funds that are required by these allowances shall be provided from  
11 savings within the Medicaid budget or from other unbudgeted funds available to the  
12 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

19  
20           Section 47A.(g) Dental Coverage Limits. Dental services shall be provided on  
21 a restricted basis in accordance with rules adopted by the Department to implement this  
22 subsection.

23           Section 47A.(h) Dispensing of Generic Drugs. Notwithstanding G.S. 90-  
24 85.27 through G.S. 90-85.31, under the Medical Assistance Program (Title XIX of the  
25 Social Security Act) a prescription order for a drug designated by a trade or brand name  
26 shall be considered to be an order for the drug by its established or generic name, except  
27 when the prescriber personally indicates, either orally or in his own handwriting on the  
28 prescription order, "dispense as written" or words of similar meaning. Generic drugs,  
29 when available in the pharmacy, shall be dispensed at a lower cost to the Medical  
30 Assistance Program rather than trade or brand name drugs, subject to the prescriber's  
31 "dispense as written" order as noted above.

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

36           Section 47A.(i) Exceptions to Service Limitations, Eligibility Requirements,  
37 and Payments. Service limitations, eligibility requirements, and payments, and payments  
38 bases in this section may be waived by the Department of Health and Human Services,  
39 with the approval of the Director of the Budget, to allow the Department to carry out pilot  
40 programs for prepaid health plans, managed care plans, or community based services  
41 programs in accordance with plans approved by the United States Department of Health  
42 and Human Services, or when the Department determines that such a waiver will result in  
43 a reduction in the total Medicaid costs for the recipient.

1 Section 47A.(j) Volume Purchase Plans and Single Source Procurement. The  
2 Department of Health and Human Services, Division of Medical Assistance, may, subject  
3 to the approval of a change in the State Medicaid Plan, contract for services, medical  
4 equipment, supplies, and appliances by implementation of volume purchase plans, single  
5 source procurement or other similar processes in order to improve cost containment.

6 Section 47A.(k) Cost Containment Programs. The Department of Health and  
7 Human Services, division of Medical Assistance, may undertake cost containment  
8 programs including preadmissions to hospitals and prior approval for certain outpatient  
9 surgeries before they may be performed in an inpatient setting.

10 Section 47A.(l) For all Medicaid eligibility classifications for which the  
11 federal poverty level is used as an income limit for eligibility determination, the income  
12 limits will be updated each April 1 immediately following publication of federal poverty  
13 guidelines.

14 Section 47A.(m) The Department of Health and Human Services shall provide  
15 Medicaid to 19, 20, and 21 year olds in accordance with federal rules and regulations.

16 Section 47A.(n) The Department of Health and Human Services shall provide  
17 coverage to pregnant women and children according to the following schedule:

- 18 (1) Pregnant women with incomes equal to or less than one hundred eighty-  
19 five percent (185%) of the federal poverty guidelines as revised each  
20 April 1 shall be covered for Medicaid benefits. Medicaid enrollment of  
21 categorically needy families with children shall be continuous for one  
22 year without regard to changes in income or assets.
- 23 (2) Infants under the age of 1 with family incomes equal to or less than one  
24 hundred eighty-five percent (185%) of the federal poverty guidelines as  
25 revised each April 1 shall be covered for Medicaid benefits.
- 26 (3) children aged 1 through 5 with family incomes equal to or less than one  
27 hundred thirty-three percent (133%) of the federal poverty guidelines as  
28 revised each April 1 shall be covered for Medicaid benefits.
- 29 (4) Children aged 6 through 18 with family incomes equal to or less than  
30 the federal poverty guidelines as revised each April 1 shall be covered  
31 for Medicaid benefits.
- 32 (5) The Department of Health and Human Services shall provide Medicaid  
33 coverage for adoptive children with special or rehabilitative needs  
34 regardless of the adoptive family's income.

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

41 Section 47A.(o) The Department of Health and Human Services, Division of  
42 Medical Assistance, shall provide Medicaid coverage to all elderly and disabled people

1 who have incomes equal to or less than one hundred percent (100%) of the federal  
2 poverty guidelines, as revised each April 1.

3 Section 47A.(p) The Department of Health and Human Services may use  
4 Medicaid funds budgeted from program services to support the cost of administrative  
5 activities to the extent that these administrative activities produce a net savings in  
6 services requirements. Administrative initiatives funded by this section shall be first  
7 approved by the Office of State Budget and Management.

8 Section 47A.(q) The Department of Health and Human Services shall submit a  
9 monthly status report on expenditures for acute care and long-term care services to the  
10 Fiscal Research Division and to the Office of State Budget and Management. This report  
11 shall include an analysis of budgeted versus actual experience for eligibles by category  
12 and for long-term care beds. In addition, the Department shall revise the program's  
13 projected spending for the current fiscal year and the estimated spending for the  
14 subsequent fiscal year on a quarterly basis. Reports for the preceding month shall be  
15 forwarded to the Fiscal Research Division and to the Office of State Budget and  
16 Management no later than the third Thursday of the month.

17 Section 47A.(r) The Division of Medical Assistance, Department of Health  
18 and Human Services, may provide incentives to counties that successfully recover  
19 fraudulently spent Medicaid funds by sharing State savings with counties responsible for  
20 the recovery of the fraudulently spent funds.

21 Section 47A.(s) If first approved by the Office of State Budget and  
22 Management, the Division of Medical Assistance, Department of Health and Human  
23 Services, may use funds that are identified to support the cost of development and  
24 acquisition of equipment and software through contractual means to improve and  
25 enhance information systems that provide management information and claims  
26 processing.

27 Section 47A.(t) The Division of Medical Assistance, Department of Health  
28 and Human Services, may administer Medicaid estate recovery mandated by the  
29 Omnibus Budget Reconciliation Act of 1993, (OBRA 1993), 42 U.S.C. § 1396p(b), and  
30 G.S. 108-70.5 using temporary rules pending approval of final rules promulgated  
31 pursuant to Chapter 150B of the General Statutes.

32 Section 47A.(u) The Department of Health and Human Services may adopt  
33 temporary rules according to the procedures established in G.S. 150B-21.1 when it finds  
34 that such rules are necessary to maximize receipt of federal funds, to reduce Medicaid  
35 expenditures, and to reduce fraud and abuse. Prior to the filing of these temporary rules  
36 with the Office of Administrative Hearings, the Department shall consult with the Office  
37 of State Budget and Management on the possible fiscal impact of the temporary rule and  
38 its effect on state appropriations and local governments.

### 39 40 **ALLOCATION OF G.S. 143-23.2 MEDICAID FUNDS**

41  
42 Section 47B. Of the funds transferred to the Department of Health and Human  
43 Services for Medicaid programs pursuant to G.S. 143-23.2, forty-four million dollars

1 (\$44,000,000) shall be allocated in 1999-2000 fiscal year and twenty-nine million dollars  
2 (\$29,000,000) shall be allocated in 2000-2001 fiscal year as prescribed by G.S.  
3 143.23.2(b) for Medicaid programs. Notwithstanding the prescription in G.S. 143-23.2(b)  
4 that these funds not reduce State general revenue funding, these funds shall replace the  
5 forty-four million dollar (\$44,000,000) reduction in general revenue funding for 1999-  
6 2000 fiscal year, and the twenty-nine million dollar (\$29,000,000) reduction in general  
7 revenue funding for 2000-2001 fiscal year effected in this act.  
8

#### 9 **DISPOSITION OF DISPROPORTIONATE SHARE RECEIPT CHANGE**

10  
11 Section 47C.(a) Disproportionate share receipts reserved at the end of the 1998-99  
12 fiscal year shall be deposited with the Department of State Treasurer as a nontax revenue  
13 for the 1999-2000 fiscal year.

14 Section 47C.(b) For the 1999-2000 fiscal year, as it receives funds associated  
15 with Disproportionate Share Payments from the State hospitals, the Department of Health  
16 and Human Services, Division of Medical Assistance, shall deposit up to one hundred  
17 five million dollars (\$105,000,000) of these Disproportionate Share Payments to the  
18 Department of State Treasurer for deposit as nontax revenues.

19 Any Disproportionate Share Payments collected in excess of the one hundred  
20 five million dollars (\$105,000,000) shall be reserved by the State Treasurer for future  
21 appropriations.  
22

#### 23 **NONMEDICAID REIMBURSEMENT**

24  
25 Section 48. Providers of medical services under the various State programs,  
26 other than Medicaid, offering medical care to citizens of the State shall be reimbursed at  
27 rates no more than those under the North Carolina Medical Assistance Program.  
28 Hospitals that provide psychiatric inpatient care for Thomas S. Class members or adults  
29 with mental retardation and mental illness may be paid an additional incentive payment  
30 not to exceed fifteen percent (15%) of their regular daily per diem reimbursement.

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

37 Notwithstanding the provisions of paragraph one, the Department of Health  
38 and Human Services may negotiate with providers of medical services under the various  
39 Department of Health and Human Services programs, other than Medicaid, for rates as  
40 close as possible to Medicaid rates for the following purposes: contracts or agreements  
41 for medical services and purchases of medical equipment and other medical supplies.  
42 These negotiated rates are allowable only to meet the medical needs of its non-Medicaid

1 eligible patients, residents, and clients who require such services which cannot be  
 2 provided when limited to the Medicaid rate.

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

Family Size	Medical Eye		All	
	Care Adults	Rehabilitation		Other
1	\$4,860		\$ 8,364	\$ 4,200
2	5,940		10,944	5,300
3	6,204		13,500	6,400
4	7,284		16,092	7,500
5	7,824		18,648	7,900
6	8,220		21,228	8,300
7	8,772		21,708	8,800
8	9,312		22,220	9,300

16  
 17 The eligibility level for children in the Medical Eye Care Program in the  
 18 Division of Services for the Blind and for adults in the Atypical Antipsychotic  
 19 Medication Program in the Division of Mental Health, Developmental Disabilities, and  
 20 Substance Abuse Services shall be one hundred percent (100%) of the federal poverty  
 21 guidelines, as revised annually by the United States Department of Health and Human  
 22 Services and in effect on July 1 of each fiscal year. Additionally, those adults enrolled in  
 23 the Atypical Antipsychotic Medication Program who become gainfully employed may  
 24 continue to be eligible to receive State support, in decreasing amounts, for the purchase  
 25 of atypical antipsychotic medication and related services up to three hundred percent  
 26 (300%) of the poverty level. State financial participation in the Atypical Antipsychotic  
 27 Medication Program for these enrollees who become gainfully employed is as follows:

<u>Income</u> (% of poverty)	<u>State Participation</u>	<u>Client Participation</u>
0-100%	100%	0%
101-120%	95%	5%
121-140%	85%	15%
141-160%	75%	25%
161-180%	65%	35%
181-200%	55%	45%
201-220%	45%	55%
221-240%	35%	65%
241-260%	25%	75%
261-280%	15%	85%
281-300%	5%	95%
301%-over	0%	100%



1  
2 The Department of Health and Human Services shall contract at, or as close as possible  
3 to, Medicaid rates for medical services provided to residents of State facilities of the  
4 Department.

5  
6 **ADULT CARE HOMES REIMBURSEMENT RATE/ADULT CARE HOMES**  
7 **ALLOCATION OF NONFEDERAL COST OF MEDICAID**  
8 **PAYMENTS/STAFFING GRANT**

9  
10 Section 49.(a) The eligibility of Special Assistance recipients residing in adult care  
11 homes on August 1, 1995, shall not be affected by an income reduction in the Special  
12 Assistance eligibility criteria resulting from adoption of the Rate Setting Methodology  
13 Report and Related Services, providing these recipients are otherwise eligible. The  
14 maximum monthly rate for these residents in adult care home facilities shall be nine  
15 hundred seventy-five dollars (\$975.00) per month for ambulatory residents and one  
16 thousand seventeen dollars (\$1,017) per month for semiambulatory residents.

17 Section 49.(b) Effective August 1, 1995, the State shall pay fifty percent (50%) and  
18 the county shall pay fifty percent (50%) of the nonfederal costs of Medicaid services paid  
19 to adult care home facilities. As Medicaid personal care requirements increase, the  
20 county matching share shall be capped until it equals fifteen percent (15%) of the  
21 nonfederal Medicaid personal care requirements.

22 Section 49.(c) Effective October 1, 1998, the maximum monthly rate for residents  
23 in adult care home facilities shall be nine hundred fifty-six dollars (\$956.00) per month  
24 per resident.

25 Section 49.(d) Effective October 1, 1999, the maximum monthly rate for residents  
26 in adult care home facilities shall be nine hundred eighty-five dollars (\$985.00) per  
27 month per resident.

28 Section 49.(e) Effective October 1, 2000, the maximum monthly rate for  
29 residents in adult care home facilities shall be one thousand thirty dollars (\$1,030) per  
30 month per resident.

31 Section 49.(f) Of the funds appropriated in this act to the Department of  
32 Health and Human Services, the sum of two million dollars (\$2,000,000) for the 1999-  
33 2000 fiscal year and the sum of five hundred thousand dollars (\$500,000) for July  
34 through September of the 2000-2001 fiscal year shall be used by the Department for  
35 staffing grants for adult care homes as authorized under this subsection. These funds  
36 shall be matched equally by county funds. Effective January 1, 1999, grants shall be  
37 awarded to those adult care homes that are required to add staff or that have added staff  
38 in order to comply with the increase in third-shift staffing requirements under G.S. 131D-  
39 4.3(a)(5), from eight hours of aide duty per 50 or fewer residents to eight hours of aide  
40 duty per 30 or fewer residents, as enacted under subsection (a) of this section. The  
41 Department shall determine eligibility for these grants based upon factors which shall  
42 include:

- 43 (1) Licensed capacity as of August 1, 1998,

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

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

### 13 14 **ADOPTION SUBSIDY**

15  
16           Section 50. The maximum rates for State participation in the adoption  
17 assistance program are established on a graduated scale as follows:

- 18           (1)    \$315.00 per child per month for children aged birth through 5;  
19           (2)    \$365.00 per child per month for children aged 6 through 12; and  
20           (3)    \$415.00 per child per month for children aged 13 through 18.

### 21 22 **FOSTER CARE**

23  
24           Section 51. The maximum rates for State participation in the foster care  
25 assistance program are established on a graduated scale as follows:

- 26           (1)    \$315.00 per child per month for children aged birth through 5;  
27           (2)    \$365.00 per child per month for children aged 6 through 12; and  
28           (3)    \$415.00 per child per month for children aged 13 through 18.

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

### 30 31 **CLARIFICATION OF AUTHORIZED ADDITIONAL USE OF HIV FOSTER** 32 **CARE AND ADOPTIVE FAMILY FUNDS**

33  
34           Section 52.(a) In addition to providing board payments to foster and adoptive  
35 families of HIV-infected children as prescribed in Chapter 324 of the 1995 Session Laws,  
36 any additional funds remaining that were appropriated in Chapter 324 of the 1995  
37 Session Laws for this purpose shall be used as follows:

- 38           (1)    To provide medical training in avoiding HIV transmission in the home;  
39           and  
40           (2)    To provide funds to support positions in the Department of Health and  
41           Human Services for the eastern part of North Carolina to enable the  
42           case-managing of families with HIV-infected children so that the  
43           children and the parents get access to medical care and so that child

1 protective services issues are addressed rapidly and effectively. The  
2 three positions shall be medically based and located:

- 3 a. One in the northeast, covering Northampton, Hertford, Halifax,  
4 Gates, Chowan, Perquimans, Pasquotank, Camden, Currituck,  
5 Bertie, Wilson, Edgecombe, and Nash Counties;  
6 b. One in the central east, covering Martin, Pitt, Washington,  
7 Tyrrell, Dare, Hyde, Beaufort, Jones, Greene, Craven, and  
8 Pamlico Counties; and  
9 c. One in the southeast, covering New Hanover, Robeson,  
10 Brunswick, Carteret, Onslow, Lenoir, Pender, Duplin, Bladen,  
11 and Columbus Counties.

12 Section 52.(b) The maximum rates for State participation in HIV foster care and  
13 adoptions assistance are established on a graduated scale as follows:

- 14 (1) \$800.00 per month per child with indeterminate HIV status;  
15 (2) \$1,000 per month per child confirmed HIV-infected, asymptomatic;  
16 (3) \$1,200 per month per child confirmed HIV-infected, symptomatic; and  
17 (4) \$1,600 per month per child terminally ill with complex care needs.  
18

## 19 SENIOR CENTER OUTREACH

20

21 Section 53.(a) Funds appropriated to the Department of Health and Human  
22 Services, Division of Aging, for the 1999-2001 fiscal biennium shall be used by the  
23 Division of Aging to enhance senior center programs as follows:

- 24 (1) To test "satellite" services provided by existing senior centers to  
25 unserved or underserved areas; or  
26 (2) To provide start-up funds for new senior centers.  
27 All of these funds shall be allocated by October 1 of each fiscal year.

28 Section 53.(b) Prior to funds being allocated pursuant to this section for start-up  
29 funds for a new senior center, the county commissioners of the county in which the new  
30 center will be located shall:

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

35 Section 53.(c) State funding shall not exceed ninety percent (90%) of reimbursable  
36 costs.  
37

## 38 DAY CARE ALLOCATION FORMULA

39

40 Section 54.(a) To simplify current day care allocation methodology and more  
41 equitably distribute State day care funds, the Department of Health and Human Services  
42 shall apply the following allocation formula to all noncategorical federal and State day

1 care funds used to pay the costs of necessary day care for minor children of needy  
2 families:

- 3 (1) One-third of budgeted funds shall be distributed according to the  
4 county's population in relation to the total population of the State;  
5 (2) One-third of the budgeted funds shall be distributed according to the  
6 number of children under 6 years of age in a county who are living in  
7 families whose income is below the State poverty level in relation to the  
8 total number of children under 6 in the State in families whose income  
9 is below the poverty level; and  
10 (3) One-third of budgeted funds shall be distributed according to the  
11 number of working mothers with children under 6 years of age in a  
12 county in relation to the total number of working mothers with children  
13 under 6 in the State.

14 Section 54.(b) A county's initial allocation shall not be less than that county's total  
15 expenditures for child care in fiscal year 1995-96.

#### 16 17 **DAY CARE FUNDS MATCHING REQUIREMENT**

18  
19 Section 55. No local matching funds may be required by the Department of  
20 Health and Human Services as a condition of any locality's receiving any State day care  
21 funds appropriated by this act unless federal law requires such a match.  
22

#### 23 **CHILD DAY CARE REVOLVING LOAN FUND**

24  
25 Section 56. Notwithstanding any law to the contrary, funds budgeted for the  
26 Child Day Care Revolving Loan Fund may be transferred to and invested by the financial  
27 institution contracted to operate the Fund. The principal and any income to the Fund may  
28 be used to make loans, reduce loan interest to borrowers, serve as collateral for  
29 borrowers, pay the contractor's cost of operating the Fund, or to pay the Department's  
30 cost of administering the program.  
31

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

33  
34 Section 57. Notwithstanding the limitation of G.S. 143B-139.4, the Secretary  
35 of the Department of Health and Human Services may assign employees of the Office of  
36 Rural Health Development to serve as an in-kind match to nonprofit corporations  
37 working to establish health care programs that will improve health care access while  
38 controlling costs.  
39

#### 40 **CHILD DAY CARE SUBSIDIES**

1 Section 58.(a) The maximum gross annual income for initial eligibility, adjusted  
2 biennially, for subsidized child care services shall be seventy-five percent (75%) of the  
3 State median income, adjusted for family size.

4 Section 58.(b) Parents who receive child care subsidy to work, look for work,  
5 attend work-related training or education activities, or meet the special developmental  
6 needs of their children shall share in the cost of child care. No fees shall be charged to  
7 the client when child day care services are provided to the individuals in the following  
8 circumstances:

- 9 (1) When children are receiving day care services in conjunction with  
10 protective services as described in 10 NCAC 35E.0106, up to a  
11 maximum of 12 months from the time protective services are initiated;  
12 (2) When day care services are provided as a support to a child receiving  
13 Child Welfare Services as described in the North Carolina Division of  
14 Social Services Family Services Manual, Volume 1, Chapter II; or  
15 (3) When a child with no income is living with someone other than the  
16 child's biological or adoptive parent or is living with someone who does  
17 not have court-ordered responsibility.

18 Section 58.(c) Fees shall be established based on a percent of gross family income  
19 and adjusted for family size. Fees shall be determined as follows:

20

<u>Family Size</u>	<u>Percent of Gross Family Income</u>
1 - 3	9%
4 - 5	8%
6 or more	7%

25

26 Local departments of social services shall apply this new fee schedule to  
27 recipients at the next eligibility review on or after the effective date of this section.

28 Section 58.(d) Rules for the monthly schedule of payments for the purchase of day  
29 care services for low-income children shall be established by the Social Services  
30 Commission pursuant to G.S. 143-153(8)a., in accordance with the following  
31 requirements:

- 32 (1) For day care facilities, as defined in G.S. 110-86(3), in which fewer than  
33 fifty percent (50%) of the enrollees are subsidized by State or federal  
34 funds, the State shall continue to pay the same fee paid by private  
35 paying parents for a child in the same age group in the same facility.  
36 (2) The monthly schedule of payments for the purchase of child day care  
37 services for low-income children from providers who have fifty percent  
38 (50%) or more children receiving child care subsidized with State or  
39 federal funds include:  
40 a. Provision of payment rates for child care that are tied to the  
41 providers regulatory status as follows:

- 1 1. Registered homes and "A"licensed centers receive the  
2 market rate or the rate they charge their private paying  
3 parents, whichever is lower;
  - 4 2. "AA"licensed centers receive one hundred ten percent  
5 (110%) of the market rate or the rate they charge private  
6 paying parents, whichever is lower; and
  - 7 3. Unregistered providers receive fifty percent (50%) of the  
8 market rate or the rate they charge their private paying  
9 parents, whichever is lower.
- 10 b. Provision of payment rates for child care providers in counties  
11 who do not have at least 75 children in each age group for center-  
12 based and home-based care as follows:
- 13 1. Payment rates shall be set at the statewide market rate for  
14 registered homes and "A"licensed centers.
  - 15 2. If it can be demonstrated that the application of the  
16 statewide market rate to a county with fewer than 75  
17 children in each age group is lower than the county market  
18 rate and would inhibit the ability of the county to purchase  
19 child care for low-income children, then the county  
20 market rate may be applied.

21 Section 58.(e) Payment rates described in subdivision (2) of subsection (d) of  
22 this section shall be applied to all licensed child care centers, including Head Start Wrap  
23 Around, that have fifty percent (50%) or more of enrolled children receiving child care  
24 subsidies, and to registered family child care homes and unregulated providers that enroll  
25 subsidized children.

26 Section 58.(f) A market rate shall be calculated for facilities and homes for  
27 each county and for each age group or age category of enrollees and shall be  
28 representative of fees charged to private paying parents for each age group of enrollees  
29 within the county. The Division shall also calculate a statewide market rate for each age  
30 category. The Division may also calculate regional market rates for each age group and  
31 age category.

32 Section 58.(g) Facilities licensed pursuant to Article 7 of Chapter 110 of the  
33 General Statutes may participate in the program that provides for the purchase of care in  
34 day care facilities for minor children of needy families. No separate licensing  
35 requirements shall be used to select facilities to participate. In addition, day care  
36 facilities shall be required to meet any additional applicable requirements of federal law  
37 or regulations.

38 Day care homes as defined in G.S. 110-86(4) from which the State purchases  
39 day care services shall meet the standards established by the Child Day Care Commission  
40 pursuant to G.S. 110-101 and G.S. 110-105.1 and any additional requirements of State  
41 law or federal law or regulations. Child care arrangements exempt from State regulation  
42 pursuant to Article 7 of Chapter 110 of the General Statutes shall meet the requirements  
43 established by other State law(s) and by the Social Services Commission.

1 County departments of social services or other local contracting agencies shall  
2 not use a provider's failure to comply with requirements in addition to those specified in  
3 this subsection as a condition for reducing the provider's subsidized child day care rate.  
4

#### 5 **SALARIES, FEES, AND ALLOWANCE**

6

7 Section 59. Notwithstanding G.S. 138-5(a)(1), those members of the North  
8 Carolina Vocational Rehabilitation Advisory Council, the Statewide Independent Living  
9 Council, and the Commission for the Blind, who are unemployed or who must forfeit  
10 wages from other employment to attend council or commission meetings or to perform  
11 related duties, may receive compensation not to exceed fifty dollars (\$50.00) a day for  
12 attending these meetings or for performing related duties, as authorized in sections 105  
13 and 705 of P.L. 102-569, the Rehabilitation Act of 1973, 42 U.S.C. § 701, et al., as  
14 amended. This compensation is instead of the compensation specified in G.S. 138-  
15 5(a)(1). Reimbursement for subsistence and travel expenses is as specified in G.S. 138-5.  
16

#### 17 **CHILD PROTECTIVE SERVICES**

18

19 Section 60.(a) The funds appropriated in this act to the Department of Health and  
20 Human Services, Division of Social Services, for the 1999-2001 fiscal biennium for  
21 Child Protective Services shall be allocated to county departments of social services  
22 based upon a formula which takes into consideration the number of Child Protective  
23 Services cases in the county and the number of Child Protective Services workers  
24 necessary to meet recommended standards adopted by the North Carolina Association of  
25 County Directors of Social Services.

26 Section 60.(b) Funds allocated under subsection (a) of this section shall be used by  
27 county departments for carrying out investigations of reports of child abuse or neglect or  
28 for providing protective or preventive services in which the department confirms abuse,  
29 neglect, or dependency.

30 Section 60.(c) The Division of Social Services, Department of Health and Human  
31 Services, shall establish criteria and guidelines to ensure that the allocations to county  
32 departments of social services are used in accordance with this section and that available  
33 Federal Emergency Assistance funds for Child Protective Services are maximized.

34 Section 60.(d) As long as Federal Emergency Assistance funds are available,  
35 counties shall use these federal funds, State Child Protective Services appropriations, and  
36 county funds to provide Child Protective Services.  
37

#### 38 **FIRE PROTECTION REVOLVING LOAN FUND**

39

40 Section 61. Proceeds from the Fire Protection Revolving Loan Fund,  
41 established pursuant to G.S. 122A-5.13, may be used to provide staff support to the North  
42 Carolina Housing Finance Agency for loan processing and to the Department of Health

1 and Human Services for review and approval of fire protection plans and inspection of  
2 fire protection systems.

### 3 4 **FEDERAL ABSTINENCE EDUCATION FUNDS**

5  
6 Section 62. If federal funds are received under the Maternal and Child Health  
7 Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42  
8 U.S.C. § 710), for the 1999-2000 or the 2000-2001 fiscal year, or both, then those funds  
9 shall be transferred to the State Board of Education to be administered by the Department  
10 of Public Instruction. The Department shall use the funds to establish an Abstinence  
11 Until Marriage Education Program and shall delegate to one or more persons the  
12 responsibility of implementing the program and G.S. 115C-81(e1)(4). The Department  
13 shall carefully and strictly follow federal guidelines in implementing and administering  
14 the abstinence education grant funds.

### 15 16 **WIC PROGRAM FUNDS**

17  
18 Section 63. Of the funds appropriated to the Department of Health and Human  
19 Services for the Women, Infants, and Children (WIC) Program, the sum of one million  
20 two hundred eighty thousand dollars (\$1,280,000) for the 1999-2000 fiscal year and the  
21 sum of one million two hundred eighty thousand dollars (\$1,280,000) for the fiscal year  
22 2000-2001 shall, if sufficient federal food funds are available, be used for the WIC  
23 Program as follows:

- 24 (1) Not more than \$500,000 in each fiscal year shall be used to establish  
25 new WIC Programs in Head Start or other private or public nonprofit  
26 agencies to serve additional mothers, infants, and children. The  
27 Department shall utilize these funds for local program operations  
28 including staff to provide eligibility determination, nutrition education,  
29 and health care referrals. In selecting the new WIC Programs, the  
30 Department shall consider accessibility to the target population  
31 including location and hours of operation.
- 32 (2) Not more than \$250,000 in each fiscal year shall be used to renovate  
33 facilities of existing programs where space constraints limit program  
34 expansion, and to fund rental costs in areas where accessible donated  
35 space is not available. In selecting the facilities, the Department shall  
36 consider accessibility to the target population including location and  
37 extended hours of operation. In determining whether to fund rental of  
38 space, the Department shall ensure that options for using donated  
39 accessible space have been considered. Not more than \$75,000 of funds  
40 allocated under this subdivision for each fiscal year shall be used for  
41 rental of space.



- 1 (3) Not more than \$300,000 in each fiscal year shall be used to purchase  
2 physician-prescribed special formulas and nutritional supplements for  
3 infants, children, and women.
- 4 (4) Not more than \$180,000 in each fiscal year shall be used to provide the  
5 required State match to the WIC farmers' market project.
- 6 (5) Not more than \$50,000 in each fiscal year shall be used for the purpose  
7 of establishing and maintaining a Public Health Nutritionist Internship  
8 Program.

9 If sufficient federal food funds are not available, then funds appropriated for  
10 the WIC Program under this section shall be used to supplement federal food funds and  
11 any balance in funds remaining after the supplemental use shall be used in accordance  
12 with subdivisions (1) through (5) of this section.

### 13 14 IMMUNIZATION PROGRAM FUNDING

15  
16 Section 64.(a) Of the funds appropriated to the Department of Health and Human  
17 Services for the 1999-2001 fiscal biennium for childhood immunization programs for  
18 positions, operating support, equipment, and pharmaceuticals, the sum of up to one  
19 million dollars (\$1,000,000) each fiscal year may be used for projects and activities that  
20 are also designed to increase childhood immunization rates in North Carolina. These  
21 projects and activities shall include the following:

- 22 (1) Outreach efforts at the State and local levels to improve service delivery  
23 of vaccines. Outreach efforts may include educational seminars, media  
24 advertising, support services to parents to enable children to be  
25 transported to clinics, longer operating hours for clinics, and mobile  
26 vaccine units; and
- 27 (2) Continued development of an automated immunization registry.

28 Section 64.(b) Funds authorized to be used for immunization efforts under  
29 subsection (a) of this section shall not be used to fund additional State positions in the  
30 Department of Health and Human Services.

### 31 32 EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES 33 QUALITY ASSURANCE/ACCOUNTABILITY

34  
35 Section 65. There is allocated from the funds appropriated to the Department  
36 of Health and Human Services, Division of Child Development, in this act, the sum of  
37 eighty-one million three hundred seventy-one thousand eight hundred twenty-six dollars  
38 (\$81,371,826) for the 1999-2000 fiscal year and the sum of one hundred sixty-eight  
39 million four hundred nine thousand seven hundred sixty-six dollars (\$168,409,766) for  
40 the 2000-2001 fiscal year to be used as follows:

- 41 (1) The sum of \$78,928,826 in the 1999-2000 fiscal year and the sum of  
42 \$164,780,766 in the 2000-2001 fiscal year shall be used to administer  
43 and deliver services in all 100 counties.

- 1 (2) The North Carolina Partnership for Children, Inc., shall receive an  
2 additional \$154,000 in the 2000-2001 fiscal year for the State-level  
3 administration of the Program.
- 4 (3) The North Carolina Partnership for Children, Inc., may use the sum of  
5 \$1,500,000 in fiscal year 1999-2000 and \$1,250,000 in the 2000-2001  
6 fiscal year to assist local partnerships in their efforts to develop local  
7 collaboration.
- 8 (4) The Department of Health and Human Services shall receive \$750,000  
9 in nonrecurring funds in the 2000-2001 fiscal year to conduct a  
10 statewide needs and resources assessment.

11 Of the funds appropriated to the Department of Health and Human Services for  
12 the Program for the 1999-2001 biennium, the Frank Porter Graham Child Development  
13 Center shall receive the sum of one million fifteen thousand dollars (\$1,015,000) in fiscal  
14 year 1999-2000 and one million one hundred forty-seven thousand dollars (\$1,147,000)  
15 in the 2000-2001 fiscal year.

## 16 17 **MATCH REQUIREMENTS FOR MEDICAID SERVICES**

18  
19 Section 66. The Department of Health and Human Services will continue to  
20 administer the matching funds for public Mental Health Services reimbursed by the  
21 Medicaid program. Growth in the nonfederal share of the Medicaid budget for Mental  
22 Health Services will be borne equally by the State and county/local entity until the  
23 county/local entity share totals fifteen percent (15%) of the nonfederal share of the  
24 Medicaid budget for public Mental Health services.

## 25 26 **ELIMINATE STATE EMPLOYEES REPORT**

27  
28 Section 67. G.S. 108A-27.10(b) is repealed.

## 29 30 **PART XII. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES**

### 31 32 **ESTABLISH RENTAL RATES AND FEES**

33  
34 Section 68. Subject to the provisions of Chapter 146 of the General Statutes,  
35 the Board of Agriculture may adopt a schedule of rental rates and related fees and  
36 charges for the use of farmers' markets, agricultural centers, and other facilities operated  
37 by the Department of Agriculture and Consumer Services. Such rates, fees, and charges  
38 shall not be considered a "rule" as defined in G.S. 150B-2.

### 39 40 **AGRICULTURAL FEES AND CHARGES**

41  
42 Section 69. G.S. 106-6.1 is repealed.

**PART XIII. DEPARTMENT OF COMMERCE****UTILITIES REGULATORY FEE**

Section 70.(a) The percentage rate to be used in calculating the public utility regulatory fee under G.S. 62-302(b)(2) is nine-hundredths percent (0.09%) of each public utility's North Carolina jurisdictional revenues earned during each quarter that begins on or after July 1, 1999.

Section 70.(b) Section 70 of this act becomes effective July 1, 1999.

**WORKER TRAINING TRUST FUND APPROPRIATIONS**

Section 71.(a) There is appropriated from the Worker Training Trust Fund to the Employment Security Commission of North Carolina the sum of six million two hundred ninety-six thousand seven hundred forty dollars (\$6,296,740) for the 1999-2000 fiscal year for the operation of local offices and the sum of six million two hundred ninety-six thousand seven hundred forty dollars (\$6,296,740) for the 2000-2001 fiscal year for the operation of local offices.

Section 71.(b) Notwithstanding the provisions of G.S. 96-5(f), there is appropriated from the Worker Training Trust Fund to the following agencies the following sums for the 1999-2000 and the 2000-2001 fiscal years for the following purposes:

- (1) \$2,400,000 for the 1999-2000 fiscal year and \$2,400,000 for the 2000-2001 fiscal year to the Department of Commerce, Division of Employment and Training, for the Employment and Training Grant Program;
- (2) \$1,000,000 for the 1999-2000 fiscal year and \$1,000,000 for the 2000-2001 fiscal year to the Department of Labor for customized training of the unemployed and the working poor for specific jobs needed by employers through the Department's Bureau for Training Initiatives;
- (3) \$1,746,000 for the 1999-2000 fiscal year and \$1,746,000 for the 2000-2001 fiscal year to the Department of Community Colleges to continue the Focused Industrial Training Program;
- (4) \$225,000 for the 1999-2000 fiscal year and \$225,000 for the 2000-2001 fiscal year to the Employment Security Commission for the State Occupational Information Coordinating Committee to develop and operate an interagency system to track former participants in State education and training programs;
- (5) \$400,000 for the 1999-2000 fiscal year and \$400,000 for the 2000-2001 fiscal year to the Department of Community Colleges for a training program in entrepreneurial skills to be operated by North Carolina REAL Enterprises;
- (6) \$60,000 for the 1999-2000 fiscal year and \$60,000 for the 2000-2001 fiscal year to the Office of State Budget and Management to maintain

1 compliance with Chapter 96 of the General Statutes, which directs the  
2 Office of State Budget and Management to employ the Common  
3 Follow-Up Management Information System to evaluate the  
4 effectiveness of the State's job training, education, and placement  
5 programs; and

- 6 (7) \$1,000,000 for the 1999-2000 fiscal year and \$1,000,000 for the 2000-  
7 2001 fiscal year to the Department of Labor to expand the  
8 Apprenticeship Program. It is intended that the appropriation of funds in  
9 this subdivision will result in the Department of Labor serving a  
10 benchmark performance level of 10,000 adult and youth apprentices by  
11 the year 2000 and maintained or improved thereafter.  
12

### 13 SPECIAL EMPLOYMENT SECURITY ADMINISTRATION FUND

14  
15 Section 72.(a) Notwithstanding G.S. 96-5(c), there is appropriated from the Special  
16 Employment Security Administration Fund to the Employment Security Commission of  
17 North Carolina, the sum of two million dollars (\$2,000,000) for the 1999-2000 fiscal year  
18 and the sum of two million dollars (\$2,000,000) for the 2000-2001 fiscal year for  
19 administration of the Employment Services and Unemployment Insurance Programs.

20 Section 72.(b) Supplemental federal funds or other additional funds received by the  
21 Employment Security Commission for similar purposes shall be expended prior to the  
22 expenditure of funds appropriated by this section.  
23

### 24 PETROLEUM OVERCHARGE FUNDS ALLOCATION

25  
26 Section 73.(a) The funds and interest thereon received  
27 from the case of the United States v. Exxon are deposited  
28 in the Special Reserve for Oil Overcharge Funds. There is  
29 appropriated from the Special Reserve to the Department of  
30 Commerce the sum of one million two hundred thousand  
31 dollars (\$1,200,000) for the 1999-2000 fiscal year and the  
32 sum of one million two hundred thousand dollars  
33 (\$1,200,000) for the 2000-2001 fiscal year to be used for  
34 projects under the State Energy Efficiency Programs.

35 Section 73.(b) There is appropriated from funds and interest thereon received from  
36 the United States Department of Energy's Stripper Well Litigation (MDL378) that remain  
37 in the Special Reserve for Oil Overcharge Funds to the Department of Commerce the  
38 sum of one million eight hundred thousand dollars (\$1,800,000) for the 1999-2000 fiscal  
39 year and the sum of one million eight hundred thousand dollars (\$1,800,000) for the  
40 2000-2001 fiscal year to be allocated for the Residential Energy Conservation Assistance  
41 Programs (RECAP).

42 Section 73.(c) The funds and interest thereon received from the Diamond  
43 Shamrock Settlement that remain in a reserve in the Office of State Budget and

1 Management for the Department of Commerce to administer the petroleum overcharge  
2 funds pursuant to Section 112 of Chapter 830 of the 1987 Session Laws shall continue to  
3 be available to the Department of Commerce on an as-needed basis.  
4

#### 5 **PETROLEUM OVERCHARGE ATTORNEYS' FEES**

6  
7 Section 74.(a) Unless prohibited by federal law, rule,  
8 or regulation or preexisting settlement agreement, no later  
9 than October 1, 1989, the North Carolina Attorney General  
10 shall direct the withdrawal of all funds received in the  
11 cases of United States v. Exxon and Stripper Well that are  
12 held in accounts or reserves located out-of-state for  
13 payment of attorneys' fees and reasonable expenses incurred  
14 in connection with oil overcharge litigation authorized by  
15 the Attorney General. The Attorney General shall deposit  
16 these funds, and all funds to be received from Petroleum  
17 Overcharge Funds in the future for attorneys' fees and  
18 reasonable expenses, into the Special Reserve for Oil  
19 Overcharge Funds.

20 Section 74.(b) All attorneys' fees and reasonable expenses incurred in connection  
21 with oil overcharge litigation shall be paid by the State Treasurer from Petroleum  
22 Overcharge Funds that have been received by this State and deposited into the Special  
23 Reserve for Oil Overcharge Funds.

24 Section 74.(c) Notwithstanding any other provision of law, the Attorney General  
25 may authorize the payment of attorneys' fees and reasonable expenses from the Special  
26 Reserve for Oil Overcharge Funds without further action of the General Assembly, and  
27 funds are hereby appropriated from the Special Reserve for Oil Overcharge Funds for the  
28 1999-2000 fiscal year and for the 2000-2001 fiscal year for that purpose.  
29

#### 30 **INDUSTRIAL DEVELOPMENT FUND/LOCAL MATCH**

31  
32 Section 75. G.S. 143B-437.01(a) is amended by adding a new subdivision to  
33 read:

34 "(5) Local governments requesting financial assistance from the Industrial  
35 Development Fund shall demonstrate to the satisfaction of the  
36 Department that it would be an economic hardship for the local  
37 government to match State assistance from the Fund with local funds.  
38 The Department shall develop guidelines for determining hardship."  
39

#### 40 **DEPARTMENT OF COMMERCE BUDGET FLEXIBILITY**

41  
42 Section 76. Notwithstanding G.S. 143-23 and G.S. 143-27 or any other  
43 provision of law, the Department of Commerce may transfer funds and budget receipts

1 within the following divisions: business and industry, international trade and tourism,  
2 film, and sports development. Any unexpended appropriation for the fiscal year may be  
3 carried forward by the Department to the next fiscal year and may be used for one-time  
4 expenditures within these divisions that will not impose additional financial obligations  
5 on the State.

#### 6 7 **WANCHESE SEAFOOD INDUSTRIAL PARK FUNDS**

8  
9 Section 77. Of the funds appropriated in this act to the Department of  
10 Commerce for the Wanchese Seafood Industrial Park, the sum of one hundred twenty-  
11 one thousand one hundred twenty dollars (\$121,120) for the 1999-2000 fiscal year and  
12 the sum of one hundred twenty-one thousand one hundred twenty dollars (\$121,120) for  
13 the 2000-2001 fiscal year may be expended by the North Carolina Seafood Industrial  
14 Park Authority for operations, maintenance, repair, and capital improvements in  
15 accordance with Article 23C of Chapter 113 of the General Statutes, in addition to funds  
16 available to the Authority for these purposes.

### 17 18 **PART XIV. DEPARTMENT OF ENVIRONMENT AND NATURAL** 19 **RESOURCES**

#### 20 21 **FUNDS FOR VOLUNTARY REMEDIAL ACTIONS**

22  
23 Section 78.(a) During the 1999-2001 fiscal biennium, the Secretary of the  
24 Department of Environment and Natural Resources may contribute from the Inactive  
25 Hazardous Sites Cleanup Fund up to ten percent (10%) of the cost each fiscal year, not to  
26 exceed fifty thousand dollars (\$50,000) per site, of implementing a voluntary remedial  
27 action program at up to three high-priority sites that substantially endanger public health  
28 or the environment.

29 Section 78.(b) No later than April 1 of each year of the 1999-2001 fiscal biennium,  
30 the Department of Environment and Natural Resources shall report to the General  
31 Assembly. Each report shall contain the location of the sites for which a voluntary  
32 remedial action program was implemented under subsection (a) of this section, the  
33 rationale for the State contributing to the cost of that remedial action, and the amount of  
34 the contribution made from the Inactive Hazardous Sites Cleanup Fund.

#### 35 36 **SUPERFUND PROGRAM FUNDS**

37  
38 Section 79. The Department of Environment and Natural Resources may use  
39 available funds, with the approval of the Office of State Budget and Management, in  
40 order to provide the ten percent (10%) cost share required for Superfund cleanups on the  
41 National Priority List sites. These funds may be in addition to those appropriated for this  
42 purpose.

**WASTE REDUCTION ASSISTANCE TO SMALL BUSINESSES WITH NEED**

Section 80. The Office of Waste Reduction shall, to the extent feasible, give greatest priority to small businesses that can demonstrate financial need when the Office of Waste Reduction awards grants or otherwise provides technical or financial assistance.

**GRASSROOTS SCIENCE PROGRAM**

Section 81. Of the funds appropriated in this act to the Department of Environment and Natural Resources for the Grassroots Science Program, the sum of six hundred thirty-five thousand dollars (\$635,000) for fiscal year 1999-2000 and the sum of six hundred thirty-five thousand dollars (\$635,000) for fiscal year 2000-2001 are allocated as grant-in-aid for each fiscal year as follows:

Catawba Science Center	\$50,000
Discovery Place	\$50,000
Imagination Station	\$50,000
North Carolina Museum of Life and Science	\$50,000
Rocky Mount Children's Museum	\$50,000
Schiele Museum of Natural History	\$50,000
Sci Works Science Center and Environmental Park of Forsyth County	\$50,000
Natural Science Center of Greensboro	\$50,000
Western North Carolina Nature Center	\$50,000
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	\$35,000
Cape Fear Museum	\$50,000
Museum of Coastal Carolina	\$50,000
Iredell County Children's Museum	\$50,000

**PART XV. DEPARTMENT OF CULTURAL RESOURCES****DEPARTMENT OF CULTURAL RESOURCES MAY RETAIN HISTORICAL PUBLICATIONS RECEIPTS**

Section 82. The Historical Publications Section, Division of Archives and History, Department of Cultural Resources, may retain the receipts, including over-realized receipts, from the sale of its publications during each year of the 1999-2001 biennium. The receipts from the sale of those publications retained by the Historical Publications Section shall not revert but shall be used to reprint the publications.

**MUSEUM OF HISTORY RESTAURANT**

1 Section 83. The Secretary of Cultural Resources shall designate the North  
2 Carolina Museum of History Associates, Inc., as the appropriate organization to contract  
3 to provide restaurant services for the North Carolina Museum of History, as provided in  
4 subdivision (17) of G.S. 121-4. The North Carolina Museum of History Associates, Inc.,  
5 shall negotiate a contract based upon the amount of monthly rent and a percentage of  
6 gross receipts. The North Carolina Museum of History Associates, Inc., shall submit to  
7 the Joint Legislative Commission on Governmental Operations and the House and Senate  
8 Appropriations Subcommittee on General Government by June 30 of each fiscal year a  
9 report which shall include (i) an operations report, (ii) a profit and loss statement, and  
10 (iii) an analysis of how profits have been expended or reserved to support programs and  
11 projects of the North Carolina Museum of History.

## 12 13 **PART XVI. DEPARTMENT OF CORRECTION**

### 14 15 **MODIFICATION OF FUNDING FORMULA FOR THE NORTH CAROLINA** 16 **STATE-COUNTY CRIMINAL JUSTICE PARTNERSHIP ACT**

17  
18 Section 84. Notwithstanding the funding formula set forth in G.S. 143B-  
19 273.15, appropriations made to the Department of Correction through the North Carolina  
20 State-County Criminal Justice Partnership Act for the 1999-2001 biennium shall be  
21 distributed to the counties as specified in G.S. 143B-273.15(2) only, and not as  
22 discretionary funds. The Department may also use funds from the State-County Criminal  
23 Justice Partnership Account in order to maintain the counties' allocations of nine million  
24 six hundred thousand dollars (\$9,600,000) as provided in previous fiscal years.  
25 Appropriations not claimed or expended by the counties during the 1999-2001 biennium  
26 shall be distributed as specified in G.S. 143B-273.15(1).

### 27 28 **FUNDING OF PRISON ROAD SQUADS**

29  
30 Section 85. Notwithstanding any other provision of law, the Department of  
31 Transportation shall reimburse the Department of Correction for the direct costs of  
32 inmate road squads on a cost basis, as provided for in G.S. 148-26.5.

## 33 34 **TITLE VII. FUNDS/REPORT**

35  
36 Section 86. The Department of Correction may use funds available to the  
37 Department during the 1999-2001 fiscal biennium for payment to claimants as part of the  
38 settlement of the Title VII lawsuit over the recruitment, hiring, and promotion of females  
39 in the Department. The Department shall report on any settlement to the Chairs of the  
40 Joint Legislative Corrections and Crime Control Oversight Committee.

### 41 42 **EMPLOYMENT, EDUCATION, AND TRAINING STANDARDS FOR** 43 **EMPLOYEES OF DEPARTMENT OF CORRECTION**



1  
2 Section 87.(a) Effective July 1, 1999, the employees of the Department of  
3 Correction are no longer subject to the authority of the Criminal Justice Education  
4 Training and Standards Commission or the Criminal Justice Standards Division of the  
5 Department of Justice for any purposes. The Department of Correction is given the  
6 authority to establish an independent, five-member Board, to issue professional  
7 certifications to the employees of the Department of Correction. The Board selections  
8 shall be made as follows: one each to be appointed by the Secretary from  
9 recommendations made by the North Carolina Correctional Association, the North  
10 Carolina Probation/Parole Association, the Director of the Division of Prisons, and the  
11 Director of Community Corrections. The Secretary shall appoint a Chair for the Board.  
12 The Board shall have the powers to establish minimum education, experience, and  
13 training standards, and to deny, suspend, or revoke a certification for failure to meet the  
14 requirements of, or comply with, standards and rules adopted for this purpose, consistent  
15 with G.S. 126, for designated employees within the Department of Correction. The  
16 Board shall work with the Secretary of the Department of Correction in the establishment  
17 of standards and rules for professional certification. Notwithstanding any other provision  
18 of law, this section shall not restrict or revoke in any way the powers, duties, and benefits  
19 of the employees of the Department of Correction.

20 Section 87.(b) The Department of Correction may in accordance with existing  
21 general statutes use funds appropriated to the department to establish and maintain  
22 administrative support staff for this program.  
23

#### 24 **FEDERAL GRANT MATCHING FUNDS**

25

26 Section 88. Notwithstanding the provisions of G.S. 148-2, the Department of  
27 Correction may use up to the sum of eight hundred seventy-five thousand dollars  
28 (\$875,000) from funds available to the Department to provide the State match needed in  
29 order to receive federal grant funds. The Department shall report to the Chairs of the  
30 Joint Legislative Corrections and Crime Control Oversight Committees, on the grants to  
31 be matched using these funds.  
32

#### 33 **PRIVATE PRISON CONTRACTS**

34

35 Section 89. The Department of Correction may use funds available if  
36 necessary to make a needed modification of the terms of the contracts for the leasing and  
37 operation of one or both of the two private confinement facilities in Pamlico and  
38 Avery/Mitchell. Prior to taking actions or obligating funds as authorized by this section,  
39 the Department of Correction shall report to the Joint Legislative Corrections and Crime  
40 Control Oversight Committee on the justification for using available funds to modify the  
41 contracts.  
42

#### 43 **PILOT PROGRAMS TO OPERATE EFFICIENTLY**

1  
2 Section 90. In determining the cost-effectiveness of the pilot programs at  
3 Alamance Correctional Center and Union Correctional Center, the Department of  
4 Correction shall compare the costs of the pilot programs to the average daily inmate cost  
5 of similar security units and to units which are operating the most efficiently in the prison  
6 system.

#### 7 8 **EXEMPTION FROM LICENSURE AND CERTIFICATE OF NEED**

9  
10 Section 91.(a) Inpatient chemical dependency or substance abuse facilities that  
11 provide services exclusively to inmates of the Department of Correction shall be exempt  
12 from licensure by the Department of Human Resources under Chapter 122C of the  
13 General Statutes. If an inpatient chemical dependency or substance abuse facility  
14 provides services both to inmates of the Department of Correction and to members of the  
15 general public, the portion of the facility that serves inmates shall be exempt from  
16 licensure.

17 Section 91.(b) Any person who contracts to provide inpatient chemical dependency  
18 or substance abuse services to inmates of the Department of Correction may construct  
19 and operate a new chemical dependency or substance abuse facility for that purpose  
20 without first obtaining a certificate of need from the Department of Human Resources  
21 pursuant to Article 9 of Chapter 131E of the General Statutes. However, a new facility or  
22 addition developed for that purpose without a certificate of need shall not be licensed  
23 pursuant to Chapter 122C of the General Statutes and shall not admit anyone other than  
24 inmates unless the owner or operator first obtains a certificate of need.

25 Section 91.(c) This section applies to existing facilities, as well as future facilities  
26 contracting with the Department of Correction.

#### 27 28 **REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL** 29 **COSTS FOR INMATES, PAROLEES, AND POST-RELEASE SUPERVISEES** 30 **AWAITING TRANSFER TO STATE PRISON SYSTEM**

31  
32 Section 92. G.S. 148-29 reads as rewritten:

33 **"§ 148-29. Transportation of convicts to prison; reimbursement to counties;**  
34 **sheriff's expense affidavit.**

35 (a) The sheriff having in charge any prisoner to be taken to the State prison system  
36 shall send the prisoner to the custody of the Department of Correction within five days  
37 after sentencing and the disposal of all pending charges against the prisoner, if no appeal  
38 has been taken. Beginning on the sixth day after ~~sentencing and disposal of all pending~~  
39 ~~charges against the prisoner~~ the Division of Prisons has been notified by the sheriff that a  
40 prisoner is ready for transfer and the division has informed the sheriff that the prisoner is  
41 backlogged for transfer and continuing through the day the prisoner is received by the  
42 Division of Prisons, the Department of Correction shall pay the county:

- 1 (1) A standard sum set by the General Assembly in its appropriations acts  
2 for the cost of providing food, clothing, personal items, supervision, and  
3 necessary ordinary medical services to the prisoner awaiting transfer to  
4 the State prison system; and
- 5 (2) Extraordinary medical costs, as defined in G.S. 148-32.1(a), incurred by  
6 prisoners awaiting transfer to the State prison system.
- 7 (b) The sheriff having in charge any parolee or post-release supervisee to be taken  
8 to the State prison system shall send the prisoner to the custody of the Department of  
9 Correction within five days after ~~preliminary hearing held under G.S. 15A-1368.6(b) or~~  
10 ~~G.S. 15A-1376(b). Beginning on the sixth day after the hearing and continuing through~~  
11 the day the prisoner is received by the Division of Prisons, the Division of Prisons has  
12 been notified by the sheriff that a prisoner is ready for transfer and the Division has  
13 informed the sheriff that the prisoner is backlogged for transfer and continuing through  
14 the day the prisoner is received by the Division, the Department of Correction shall pay  
15 the county:
- 16 (1) A standard sum set by the General Assembly in its appropriations acts  
17 for the cost of providing food, clothing, personal items, supervision, and  
18 necessary ordinary medical services to the parolee or post-release  
19 supervisee awaiting transfer to the State prison system; and
- 20 (2) Extraordinary medical costs, as defined in G.S. 148-32.1(a), incurred by  
21 parolees or post-release supervisees awaiting transfer to the State prison  
22 system.
- 23 (c) The sheriff shall file with the board of commissioners of his county a copy of  
24 his affidavit as to necessary guard, together with a copy of his itemized account of  
25 expenses, both certified to by him as true copies of those on file in his office."  
26

## 27 **FUNDING FOR HOUSING INMATES IN COUNTY JAILS AWAITING** 28 **TRANSFER TO THE STATE PRISON SYSTEM**

29  
30 Section 93. The Department of Correction may use funds appropriated to the  
31 Department for the 1999-2001 biennium to pay the sum of forty dollars (\$40.00) per day  
32 as reimbursement to counties for the cost of housing convicted inmates and parolees and  
33 post-release supervisees awaiting transfer to the State prison system, as provided in G.S.  
34 148-29. The Department shall report quarterly to the Chairs of the Joint Legislative  
35 Corrections and Crime Control Oversight Committee on the expenditure of funds to  
36 reimburse counties for prisoners awaiting transfer.  
37

## 38 **INMATES TO WEAR UNIFORMS AS DESIGNATED BY THE SECRETARY OF** 39 **CORRECTION**

40  
41 Section 94. The Secretary of the Department of Correction has the authority to  
42 designate the uniforms for inmates confined in the Division of Prisons. Further, all

1 inmates (working outside prison facilities) will wear uniforms consistent with the  
2 Division of Prisons classification policies and procedures.

### 4 **AUTHORITY TO SEEK RECOVERY OF DAMAGES FROM THIRD PARTIES**

6 Section 95. G.S 148-19 is amended by adding a new subsection to read:

7 "(e) The Secretary of the Department of Correction shall have the authority to seek  
8 recovery of costs or damages incurred by the Department from persons when an offender  
9 is injured and such costs or damages are attributable to the person from whom recovery is  
10 sought."

### 12 **EXPAND INMATE CONSTRUCTION PROGRAM**

14 Section 96. The Department of Correction is authorized in accordance with  
15 existing general statutes to use funds appropriated to the Department to expand the  
16 inmate construction program. The Department shall report quarterly to the Chairs of the  
17 Joint Legislative Corrections and Crime Control Oversight Committee on the inmate  
18 construction program.

### 20 **FINANCE CORRECTION ENTERPRISE PROJECTS**

22 Section 97. The Department of Correction may finance construction and  
23 capital needs projects of Correction Enterprises with funds available to the Department  
24 from gifts, grants, receipts, self-liquidating indebtedness, or other funds, or any  
25 combination of such funds.

26 The State Treasurer may enter into or negotiate a note with an acceptable bank  
27 or trust company in lieu of issuing bonds for the financing of capital projects. The terms  
28 and conditions or any note of this nature shall be in accordance with the terms and  
29 conditions surrounding issuance of bonds.

### 31 **REMOVE CAP ON PRIVATE PRISON BEDS**

33 Section 98. G.S. 148-37(g) reads as rewritten:

34 "(g) The Secretary of Correction may contract with private for-profit or nonprofit  
35 firms for the provision and operation of ~~four or more~~ confinement facilities ~~totaling up to~~  
36 ~~2,000 beds~~ in the State to house State prisoners when to do so would most economically  
37 and effectively promote the purposes served by the Department of Correction. ~~This~~  
38 ~~2,000 bed limitation shall not apply to the 500 beds in private substance abuse treatment~~  
39 ~~centers authorized by the General Assembly prior to July 1, 1995.~~ Whenever the  
40 Department of Correction determines that new prison facilities are required in addition to  
41 existing and planned facilities, the Department may contract for any remaining beds  
42 authorized by this section before constructing State-operated facilities.

1 Contracts entered under the authority of this subsection shall be for a period not to  
2 exceed 10 years, shall be renewable from time to time for a period not to exceed 10 years.  
3 The Secretary of Correction shall enter contracts under this subsection only if funds are  
4 appropriated for this purpose by the General Assembly. Contracts entered under the  
5 authority of this subsection may be subject to any requirements for the location of the  
6 confinement facilities set forth by the General Assembly in appropriating those funds.

7 Once the Department has made a determination to contract for additional private  
8 prison beds, it shall issue a request for proposals within 30 days of the decision. The  
9 request for proposals shall require bids to be submitted within two months, and the  
10 Department shall award contracts at the earliest practicable date after the submission of  
11 bids. The Secretary of Correction, in consultation with the Chairs of the Joint Legislative  
12 Corrections and Crime Control Oversight Committee and the Chairs of the House and  
13 Senate Appropriations Subcommittees on Justice and Public Safety, shall make  
14 recommendations to the State Purchasing Officer on the final award decision. The State  
15 Purchasing Officer shall make the final award decision, and the contract shall then be  
16 subject to the approval of the Council of State after consultation with the Joint Legislative  
17 Commission on Governmental Operations.

18 Contracts made under the authority of this subsection may provide the State with an  
19 option to purchase the confinement facility or may provide for the purchase of the  
20 confinement facility by the State. Contracts made under the authority of this subsection  
21 shall state that plans and specifications for private confinement facilities shall be  
22 furnished to and reviewed by the Office of State Construction. The Office of State  
23 Construction shall inspect and review each project during construction to ensure that the  
24 project is suitable for habitation and to determine whether the project would be suitable  
25 for future acquisition by the State. All contracts for the housing of State prisoners in  
26 private confinement facilities shall require a minimum of ten million dollars  
27 (\$10,000,000) of occurrence-based liability insurance and shall hold the State harmless  
28 and provide reimbursement for all liability arising out of actions caused by operations  
29 and employees of the private confinement facility.

30 Prisoners housed in private confinement facilities pursuant to this subsection shall  
31 remain subject to the rules adopted for the conduct of persons committed to the State  
32 prison system. The Secretary of Correction may review and approve the design and  
33 construction of private confinement facilities before housing State prisoners in these  
34 facilities. The rules regarding good time, gain time, and earned credits, discipline,  
35 classification, extension of the limits of confinement, transfers, housing arrangements,  
36 and eligibility for parole shall apply to inmates housed in private confinement facilities  
37 pursuant to this subsection. The operators of private confinement facilities may adopt any  
38 other rules as may be necessary for the operation of those facilities with the written  
39 approval of the Secretary of Correction. Custodial officials employed by a private  
40 confinement facility are agents of the Secretary of Correction and may use those  
41 procedures for use of force authorized by the Secretary of Correction to defend  
42 themselves, to enforce the observance of discipline in compliance with confinement  
43 facility rules, to secure the person of a prisoner, and to prevent escape. Private firms

1 under this subsection shall employ inmate disciplinary and grievance policies of the  
2 North Carolina Department of Correction."

3  
4 **PART XVII. OFFICE OF JUVENILE JUSTICE**

5  
6 **SAVE OUR STUDENTS AND FAMILY RESOURCE CENTER GRANT**  
7 **PROGRAMS ADMINISTRATIVE COST LIMITS**

8  
9 Section 99.(a) Of the funds appropriated to the Office of Juvenile Justice in this act,  
10 not more than three hundred fifty thousand dollars (\$350,000) for each year of the 1999-  
11 2001 fiscal biennium may be used to administer the Save Our Students program, to  
12 provide technical assistance to applicants and to local Save Our Students programs, and  
13 to evaluate the local Save Our Students programs. The Department may contract with  
14 appropriate public or nonprofit agencies to provide the technical assistance, including  
15 training and related services.

16 Section 99.(b) Of the funds appropriated in this act to the Department of Health and  
17 Human Services for the Family Resource Center Grant program, the Department may use  
18 up to two hundred fifty thousand dollars (\$250,000) in each fiscal year of the 1999-2001  
19 fiscal biennium to administer the program.

20  
21 **CHANGE THE DUE DATE OF THE SUPPORT OUR STUDENTS ANNUAL**  
22 **REPORT TO THE GOVERNOR AND GENERAL ASSEMBLY**

23  
24 Section 100. G.S. 143B-152.7 reads as rewritten:

25 **"§ 143B-152.7. Program evaluation; reporting requirements.**

26 (a) ~~The Department of Health and Human Services Office of Juvenile Justice shall~~  
27 ~~develop and implement an evaluation system that will assess the efficiency and~~  
28 ~~effectiveness of the S.O.S. Program. The Department Office shall design this system to:~~

- 29 (1) ~~Provide information to the Department Office and to the General~~  
30 ~~Assembly on how to improve and refine the programs;~~  
31 (1a) ~~Develop information for dissemination to potential grant applicants on~~  
32 ~~the design of programs that experience has shown are likely to be~~  
33 ~~successful;~~  
34 (2) ~~Enable the Department Office and the General Assembly to assess the~~  
35 ~~overall quality, efficiency, and impact of the existing programs;~~  
36 (3) ~~Enable the Department Office and the General Assembly to determine~~  
37 ~~whether to modify the S.O.S. Program; and~~  
38 (4) ~~Provide a detailed fiscal analysis of how State funds for these programs~~  
39 ~~were used.~~

40 (b) ~~The Department Office shall report to the General Assembly and the Joint~~  
41 ~~Legislative Commission on Governmental Operations by May 15, 1994, on its progress~~  
42 ~~in developing the evaluation system and in developing and implementing the program. It~~  
43 ~~shall report prior to February 1, 1995, on the evaluation system developed by the~~

1 ~~Department Office~~ and on program implementation. The ~~Department Office~~ shall present  
2 an annual report on ~~October 1, 1995, and annually thereafter February 1~~ to the General  
3 Assembly and to the Joint Legislative Commission on Governmental Operations on the  
4 implementation of the program and the results of the program evaluation.

5 The ~~Department Office~~ shall also report annually to the Joint Legislative Commission  
6 on Governmental Operations and to the Governor on the implementation of the S.O.S.  
7 Program.

8 (c) A local 501(c)(3) entity or consortium that receives a grant under this Part shall  
9 report by August 1 of each year to the ~~Department Office~~ on the implementation of the  
10 program. This report shall demonstrate the extent to which the local S.O.S. Program has  
11 met the local needs, goals, and anticipated outcomes as set forth in the grant  
12 applications."

## 13 14 **PART XVIII. SALARIES AND BENEFITS**

### 15 16 **SALARY INCREASES/SALARY-RELATED CONTRIBUTIONS**

17  
18 Section 101.(a) The Director of the Budget may budget funds appropriated in  
19 Sections 3 and 4 of this act for the purpose of providing compensation increases to public  
20 school employees, community college institutional personnel, and all other permanent  
21 State employees. Increases shall be granted equating to three percent (3%) funding of  
22 current salaries.

23 Section 101.(b) Required employer salary-related contributions for employees whose  
24 salaries are paid from department, office, institution, or agency receipts shall be paid  
25 from the same source as the source of the employees' salary. If an employee's salary is  
26 paid in part from the General Fund or Highway Fund and in part from department, office,  
27 institution, or agency receipts, required employer salary-related contributions may be  
28 paid from the General Fund or Highway Fund only to the extent of the proportionate part  
29 paid from the General Fund or Highway Fund in support of the salary of the employee,  
30 and the remainder of the employer's requirements shall be paid from the source that  
31 supplies the remainder of the employee's salary.

32 Section 101.(c) The State's employer contribution rates budgeted for retirement and  
33 related benefits as percentage of covered salaries for the 1999-2000 and 2000-2001 fiscal  
34 years are (i) ten and eighty-three hundredths percent (10.83%) - Teachers and State  
35 Employees; (ii) fifteen and eighty-three hundredths percent (15.83%) - State Law  
36 Enforcement Officers; (iii) nine and thirty-six hundredths percent (9.36%) - University  
37 Employees' Optional Retirement System; (iv) twenty-two and sixty-five hundredths  
38 percent (22.65%) - Consolidated Judicial Retirement System; and (v) twenty four and  
39 fifty-eight hundredths percent (24.58%) - Legislative Retirement System. Each of the  
40 foregoing contribution rates includes two percent (2.0%) for hospital and medical  
41 benefits. The rate for State Law Enforcement Officers, includes five percent (5%) for the  
42 Supplements Retirement Income Plan. The rates for Teachers and State Employees, State

1 Law Enforcement Officers and for the University Employees' Optional Retirement  
 2 Program includes fifty-two hundredths percent (0.52%) for the Disability Income Plan.

3  
 4 **GOVERNOR AND COUNCIL OF STATE**

5  
 6 Section 102.(a) Effective July 1, 1999, G.S. 147-11(a) reads as rewritten:

7 "(a) The salary of the Governor shall be one hundred ~~ten-thirteen~~ thousand ~~three-six~~  
 8 hundred ~~forty-six-fifty-six~~ dollars (~~\$110,346~~)(~~\$113,656~~) annually, payable monthly."

9 Section 102.(b) The annual salaries for the members of the Council of State, payable  
 10 monthly, for the 1999-2000 fiscal year beginning July 1, 1999, are:

<u>Council</u>	of	<u>State</u>
<u>Annual Salary</u>		
Lieutenant		Governor
\$100,310		
Attorney General		
100,310		
Secretary of State		
100,310		
State Treasurer		
100,310		
State Auditor		
100,310		
Superintendent of Public Instruction		
100,310		
Commissioner of Agriculture and Consumer Services		
100,310		
Insurance Commissioner		
100,310		
Labor Commissioner		
100,310		

33  
 34 **NONELECTED DEPARTMENT HEADS/SALARY INCREASES**

35  
 36 Section 103. In accordance with G.S. 143B-9, the maximum annual salaries,  
 37 payable monthly, for the nonelected heads of the principal State departments for the  
 38 1999-2000 and 2000-2001 fiscal years are:

<u>Nonelected</u>	<u>Department</u>	<u>Heads</u>
<u>Annual Salary</u>		



1 Secretary of Administration  
 2 \$98,003  
 3 Secretary of Correction  
 4 98,003  
 5 Secretary of Crime Control and Public Safety  
 6 98,003  
 7 Secretary of Cultural Resources  
 8 98,003  
 9 Secretary of Commerce  
 10 98,003  
 11 Secretary of Environment and Natural Resources  
 12 98,003  
 13 Secretary of Health and Human Services  
 14 98,003  
 15 Secretary of Revenue  
 16 98,003  
 17 Secretary of Transportation  
 18 98,003

**CERTAIN EXECUTIVE BRANCH OFFICIALS/SALARY INCREASES**

21  
 22 Section 104. The annual salaries, payable monthly, for the 1999-2000 and  
 23 2000-2001 fiscal years for the following executive branch officials are:

<u>Executive Branch Officials</u>	<u>Annual Salary</u>
27 Chairman, Alcoholic Beverage Control Commission	\$ 89,200
28 State Controller	124,835
29 Commissioner of Motor Vehicles	89,200
30 Commissioner of Banks	100,310
31 Chairman, Employment Security Commission	124,677
32 State Personnel Director	98,003
33 Chairman, Parole Commission	81,450
34 Members of the Parole Commission	75,198
35 Chairman, Utilities Commission	111,713
36 Members of the Utilities Commission	100,310
37 Executive Director, Agency for Public Telecommunications	75,198
38 General Manager, Ports Railway Commission	67,903
39 Director, Museum of Art	91,401
40 Executive Director, Wildlife Resources Commission	76,988
41 Executive Director, North Carolina Housing	
42 Finance Agency	110,394
43 Executive Director, North Carolina Agricultural	

1 Finance Authority 86,823

2  
3 **JUDICIAL BRANCH OFFICIALS/SALARY INCREASE**

4  
5 Section 105.(a) The annual salaries, payable monthly, for specified judicial branch  
6 officials for the 1999-2000 and 2000-2001 fiscal years are:

<u>Judicial</u> <u>Annual Salary</u>	<u>Branch</u>				<u>Officials</u>	
Chief \$113,656	Justice,	Supreme		Court		
Associate 110,687	Justice,	Supreme		Court		
Chief 107,919	Judge,	Court	of		Appeals	
Judge, 106,075	Court		of		Appeals	
Judge, 103,193	Senior	Regular	Resident	Superior	Court	
Judge, 100,310	Superior				Court	
Chief 91,086	Judge,		District		Court	
Judge, 88,204	District				Court	
District 92,931	Attorney					
Administrative 103,193	Officer		of the		Courts	
Assistant 86,658	Administrative	Officer		of the		Courts
Public 92,931	Defender					

35  
36 Section 105.(b) The district attorney or public defender of a judicial district, with the  
37 approval of the Administrative Officer of the Courts, shall set the salaries of assistant  
38 district attorneys or assistant public defenders, respectively, in that district such that the  
39 average salaries of assistant district attorneys or assistant public defenders in that district  
40 do not exceed fifty-seven thousand one hundred sixty-five dollars (\$57,165), and the  
41 minimum salary of any assistant district attorney or assistant public defender is at least  
42 twenty-nine thousand one hundred eighty-four dollars (\$29,184) effective July 1, 1999.

1 Section 105.(c) The salaries in effect for fiscal year 1999-2000 for permanent, full-  
 2 time employees of the Judicial Department, except for those whose salaries are itemized  
 3 in this Part, shall be increased by three percent (3%), commencing July 1, 1999.

4 Section 105.(d) The salaries in effect for fiscal year 1999-2000 for all permanent,  
 5 part-time employees of the Judicial Department shall be increased on and after July 1,  
 6 1999, by pro rata amounts of the three percent (3%).

7  
 8 **CLERK OF SUPERIOR COURT SALARY INCREASE**

9  
 10 Section 106. Effective July 1, 1999, G.S. 7A-101(a) reads as rewritten:

11 "(a) The clerk of superior court is a full-time employee of the State and shall  
 12 receive an annual salary, payable in equal monthly installments, based on the population  
 13 of the county as determined in subsection (a1) of this section, according to the following  
 14 schedule:

15 Population	Annual Salary	Less than 100,000
16 \$64,556	\$66,493	
17 100,000 to 149,999	<del>72,515</del>	
18 <u>74,690</u>		
19 150,000 to 249,999	<del>80,474</del>	
20 <u>82,888</u>		
21 250,000 and above	<del>88,433.</del>	
22 <u>91,086.</u>		

23  
 24 The salary schedule in this subsection is intended to represent the following  
 25 percentage of the salary of a chief district court judge:

27 Population	Annual Salary
28 Less than 100,000	73%
29 100,000 to 149,999	82%
30 150,000 to 249,999	91%
31 250,000 and above	100%.

32  
 33 When a county changes from one population group to another, the salary of the clerk  
 34 shall be changed, on July 1 of the fiscal year for which the change is reported, to the  
 35 salary appropriate for the new population group, except that the salary of an incumbent  
 36 clerk shall not be decreased by any change in population group during his continuance in  
 37 office."

38  
 39 **ASSISTANT AND DEPUTY CLERKS OF COURT/SALARY INCREASE**

40  
 41 Section 107. Effective July 1, 1999, G.S. 7A-102(c1) reads as rewritten:

"(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the following minimum and maximum rates:

Assistant Clerks and Head Bookkeeper	Annual	SalaryMinimum
	<del>\$24,122</del>	<u>\$24,846</u>
Maximum <del>42,710</del>	<u>43,991</u>	
Deputy Clerks	Annual	SalaryMinimum
	<del>\$19,286</del>	<u>\$19,865</u>
Maximum <del>32,899</del>	<u>33,886</u>	

## MAGISTRATES/SALARY INCREASES

Section 108. Effective July 1, 1999, magistrates shall receive salary increases in the amount of three percent (3%), except that any person entitled to a step increase pursuant to G.S. 7A-171.1 for the 1999-2000 fiscal year shall not receive the three percent (3%) increase provided by this section.

## GENERAL ASSEMBLY PRINCIPAL CLERKS

Section 109. Effective July 1, 1999, G.S. 120-37(c) reads as rewritten:

"(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled to other benefits available to permanent legislative employees and shall be paid an annual salary of eighty-one thousand six hundred ninety-six thousand one hundred forty-seven dollars (~~\$81,696~~)(\$84,147) payable monthly. The Legislative Services Commission shall review the salary of the principal clerks prior to submission of the proposed operating budget of the General Assembly to the Governor and Advisory Budget Commission and shall make appropriate recommendations for changes in those salaries. Any changes enacted by the General Assembly shall be by amendment to this paragraph."

## SERGEANT-AT-ARMS AND READING CLERKS

Section 110. Effective July 1, 1999, G.S. 120-37(b) reads as rewritten:

"(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary of two hundred sixty-six (~~\$266.00~~)(\$274.00) per week plus subsistence at the same daily rate provided for members of the General Assembly, plus mileage at the rate provided for members of the General Assembly for one round trip only from their homes to Raleigh and return. The sergeants-at-arms shall serve during sessions of the General Assembly and at such time prior to the convening of, and subsequent to adjournment or recess of, sessions as may be authorized by the Legislative Services Commission. The reading clerks shall serve during sessions only."

## LEGISLATIVE EMPLOYEES

1  
2 Section 111. The Legislative Administrative Officer shall increase the salaries  
3 of nonelected employees of the General Assembly in effect for fiscal year 1998-99 by  
4 three percent. Nothing in this act limits any of the provisions of G.S. 120-32.

## 5 6 **TEACHER SALARY SCHEDULES**

7  
8 Section 112. Funds are appropriated to the Reserve for Compensation Increase  
9 to provide seven and one-half percent (7.5%) funding to increase compensation for  
10 education personnel paid from the teacher salary schedule for fiscal year 1999-2000 and  
11 approximately seven and six-tenths percent (7.6%) for fiscal year 2000-2001.

## 12 13 **SCHOOL-BASED ADMINISTRATOR SALARIES**

14  
15 Section 113. Funds appropriated to the Reserve for Compensation Increases  
16 shall be used in conjunction with the teacher salary schedule for school-based  
17 administrators.

## 18 19 **SCHOOL CENTRAL OFFICE SALARIES**

20  
21 Section 114.(a) The following monthly salary ranges apply to public school  
22 superintendents, assistant superintendents, associate superintendents,  
23 directors/coordinators, supervisors, and finance officers for the 1999-2000 fiscal year,  
24 beginning July 1, 1999:

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

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

38 Section 114.(b) The following monthly salary ranges apply to public school  
39 superintendents for the 1999-2000 fiscal year, beginning July 1, 1999:

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

1 (5) Superintendent V (Over 25,000 ADM): \$5,312 - \$9,066

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

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

9 Section 114.(c) Longevity pay for superintendents, assistant superintendents,  
10 associate superintendents, directors/coordinators, supervisors, and finance officers shall  
11 be as provided for State employees.

12 Section 114.(d) Superintendents, assistant superintendents, associate  
13 superintendents, directors/coordinators, supervisors, and finance officers with  
14 certification based on academic preparation at the six-year degree level shall receive a  
15 salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to  
16 the compensation provided for pursuant to this section. Superintendents, assistant  
17 superintendents, associate superintendents, directors/coordinators, supervisors, and  
18 finance officers with certification based on academic preparation at the doctoral degree  
19 level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per  
20 month in addition to the compensation provided for under this section.

21 Section 114.(e) The State Board shall not permit local school administrative  
22 units to transfer State funds from other funding categories for salaries for public school  
23 central office administrators.

24 Section 114.(f) The Director of the Budget shall transfer from the Reserve for  
25 Compensation Increase, created in this act for fiscal year 1999-2000, beginning July 1,  
26 1999, funds necessary to provide an average annual salary increase of three percent (3%),  
27 including funds for the employer's retirement and social security contributions,  
28 commencing July 1, 1999, for all permanent full-time personnel paid from the Central  
29 Office Allotment. The State Board of Education shall allocate these funds to local school  
30 administrative units. The local boards of education shall establish guidelines for  
31 providing their salary increases to these personnel.

### 32 33 **NONCERTIFIED PUBLIC SCHOOL EMPLOYEES' SALARY INCREASE**

34  
35 Section 115.(a) The Director of the Budget may transfer from the Reserve for  
36 Compensation Increase, created in this act for fiscal year 1999-2000, commencing July 1,  
37 1999, funds necessary to provide a salary increase of three percent (3%), including funds  
38 for the employer's retirement and social security contributions, for all noncertified public  
39 school employees, except school bus drivers, whose salaries are supported from the  
40 State's General Fund. These funds shall not be used for any purpose other than for the  
41 salary increases and necessary employer contributions provided by this subsection.

42 Section 115.(b) The fiscal year 1999-2000 pay rates adopted by local boards of  
43 education for school bus drivers shall be increased by at least three percent (3%), to the

1 extent that such rates of pay are supported by the allocation of State funds from the State  
2 Board of Education. Local boards of education shall increase the rates of pay for all  
3 school bus drivers who were employed during fiscal year 1998-99 and who continue their  
4 employment for fiscal year 1999-2000 by at least three percent (3%). The Director of the  
5 Budget may transfer from the Reserve for Compensation Increase created in this act for  
6 fiscal year beginning July 1, 1999, funds necessary to provide the salary increases for  
7 school bus drivers whose salaries are supported from the State's General Fund in  
8 accordance with the provisions of this subsection.

#### 10 **COMMUNITY COLLEGES PERSONNEL/SALARY INCREASES**

11  
12 Section 116. The Director of the Budget shall transfer from the Reserve for  
13 Compensation Increase, created in this act for fiscal year 1999-2000, funds to the  
14 Department of Community Colleges necessary to provide an average annual salary  
15 increase of three percent (3%), including funds for the employer's retirement and social  
16 security contributions, commencing July 1, 1999, for all permanent full-time community  
17 college institutional personnel supported by State funds. The State Board of Community  
18 Colleges shall establish guidelines for providing their salary increases to community  
19 college institutional personnel. Salary funds shall be used to provide an average annual  
20 salary increase of three percent (3%) to all full-time employees and part-time employees  
21 on a pro rata basis.

#### 23 **UNIVERSITY OF NORTH CAROLINA SYSTEM/EPA SALARY INCREASES**

24  
25 Section 117.(a) The Director of the Budget shall transfer to the Board of Governors  
26 of The University of North Carolina sufficient funds from the Reserve for Compensation  
27 Increase, created in this act for fiscal year 1999-2000, to provide an annual average salary  
28 increase of three percent (3%), including funds for the employer's retirement and social  
29 security contributions, commencing July 1, 1999, for all employees of The University of  
30 North Carolina, as well as employees other than teachers of the North Carolina School of  
31 Science and Mathematics, supported by State funds and whose salaries are exempt from  
32 the State Personnel Act (EPA). These funds shall be allocated to individuals according to  
33 the rules adopted by the Board of Governors, or the Board of Trustees of the North  
34 Carolina School of Science and Mathematics, as appropriate, and may not be used for any  
35 purpose other than for salary increases and necessary employer contributions provided by  
36 this section.

37 Section 117.(b) The Director of the Budget shall transfer to the Board of Governors  
38 of The University of North Carolina sufficient funds from the Reserve for Compensation  
39 Increase, created in this act for fiscal biennium 1999-2001, to provide an annual average  
40 salary increase of seven and one-half percent (7.5%) in 1999-2000 and seven and six-  
41 tenths percent (7.6%) in 2000-2001, including funds for the employer's retirement and  
42 social security contributions, commencing July 1, 1999, and July 1, 2000, for all teaching  
43 employees of the North Carolina School of Science and Mathematics supported by State

1 funds and whose salaries are exempt from the State Personnel Act (EPA). These funds  
2 shall be allocated to individuals according to the rules adopted by the Board of Trustees  
3 of the North Carolina School of Science and Mathematics and may not be used for any  
4 purpose other than for salary increases and necessary employer contributions provided by  
5 this section.

## 6 7 **COMPENSATION BONUS/STATE EMPLOYEES /SCHOOL PERSONNEL**

8  
9 Section 118.(a) Any person:

- 10 (1) Whose salary is set by or under this act, except for Public School  
11 employees paid off the Teacher or Principal/Assistant Principal salary  
12 schedules, other than Sections 102, 103, 104, 105(a), 106, 119(a), and  
13 119(c), 119(d), 119(e) except that the exclusion of those under 119(c),  
14 119(d), and 119(e) only applies to whose salaries are set by the State  
15 Personnel Act; and
- 16 (2) Who was, on July 1, 1999, a permanent officer or permanent employee  
17 shall receive not later than October of 1999 a compensation bonus of  
18 one-half percent (1/2%) except that:
- 19 a. The compensation bonus for persons subject to Section 116 of  
20 this act shall be an average of one-half percent (1/2%) per year  
21 and shall be allocated in accordance with guidelines adopted by  
22 the State Board of Community Colleges; except for teaching  
23 faculty at the community colleges.
- 24 b. The compensation bonus for persons subject to Section 117 of  
25 this act shall be an average of one-half percent (1/2%) per year  
26 and shall be allocated to individuals according to the rules  
27 adopted by the Board of Governors, or the Board of Trustees of  
28 the North Carolina School of Science and Mathematics, except  
29 for teaching faculty of the UNC System as appropriate.
- 30 c. The guidelines and rules adopted under sub-subdivisions a. and  
31 b. of this subdivision may cover employees of those institutions  
32 whose first day of employment for the 1999-2000 academic year  
33 came after July 1, 1999.

34 Section 118.(a1) Any person:

- 35 (1) Who did not receive a compensation bonus under subsection (a) of this  
36 section; and
- 37 (2) Who was employed on the first day of the 1999-2000 school year as a  
38 permanent public school employee whose salary is set by or under  
39 Sections 114 through 117 of this act shall receive in the fourth payroll  
40 period of the 1999-2000 school year a compensation bonus of one-half  
41 percent (1/2%) of the annual salary for that position.

42 Section 118.(b) The annual salary on which the percentage compensation bonus is  
43 based is the annual salary in effect during the pay period in which the bonus is paid.



1 Section 118.(c) The Director of the Budget shall transfer from the Reserve for  
2 Compensation Bonus provided by this act sufficient funds to implement this section.

### 3 4 **MOST STATE EMPLOYEES**

5  
6 Section 119.(a) The salaries in effect July 30, 1999, of all permanent full-time State  
7 employees whose salaries are set in accordance with the State Personnel Act, and who are  
8 paid from the General Fund or the Highway Fund shall be increased, on or after July 1,  
9 1999, unless otherwise provided by this act, pursuant to the Comprehensive  
10 Compensation System set forth in G.S. 126-7 and rules adopted by the State Personnel  
11 Commission as follows:

- 12 (1) Career growth recognition awards in the amount of two percent (2%);
- 13 (2) A cost-of-living adjustment in the amount of one percent (1%); and
- 14 (3) A performance bonus in the amount of one-half percent (1/2%).

15 Notwithstanding G.S. 126-7(4a), any permanent full-time State employee  
16 whose salary is set in accordance with the State Personnel Act and whose salary is at the  
17 top of the salary range or within two percent (2%) of the top of the salary range shall  
18 receive a one-time bonus of two percent (2%) less the career growth recognition award  
19 the employee receives. The employee shall receive the career growth bonus at the time  
20 the employee is eligible for the career growth recognition award, but not earlier than July  
21 1, 1999.

22 Section 119.(b) Except as otherwise provided in this act, salaries in effect June 30,  
23 1999, for permanent full-time State officials and persons in exempt positions that are  
24 recommended by the Governor or the Governor and the Advisory Budget Commission  
25 and set by the General Assembly shall be increased by three percent (3%) commencing  
26 July 1, 1999.

27 Section 119.(c) The salaries in effect June 30, 1999, for all permanent part-time  
28 State employees shall be increased on and after July 1, 1999, by pro rata amounts of the  
29 salary increases provided for permanent full-time employees covered under subsection  
30 (a) of this section.

31 Section 119.(d) The Director of the Budget may allocate out of special operating  
32 funds or from other sources of the employing agency, except tax revenues, sufficient  
33 funds to allow a salary increase on and after July 1, 1999, in accordance with subsection  
34 (a), (b), or (c) of this section, including funds for the employer's retirement and social  
35 security contributions, of the permanent full-time and part-time employees of the agency.

36 Section 119.(e) Within regular Executive Budget Act procedures as limited by  
37 this act, all State agencies and departments may increase on an equitable basis the rate of  
38 pay of temporary and permanent hourly State employees, subject to availability of funds  
39 in the particular agency or department, by pro rata amounts of the three percent (3%)  
40 salary increase provided for permanent full-time employees covered by the provisions of  
41 subsection (a) of this section, commencing July 1, 1999.

### 42 43 **ALL STATE-SUPPORTED PERSONNEL**

1  
2 Section 119A.(a) Salaries and related benefits for positions that are funded  
3 partially from the General Fund or Highway Fund and partially from sources other than  
4 the General Fund or Highway Fund shall be increased from the General Fund or Highway  
5 Fund appropriation only to the extent of the proportionate part of the salaries paid from  
6 the General Fund or Highway Fund.

7 Section 119A.(b) The granting of the salary increases under this act does not  
8 affect the status of eligibility for salary increments for which employees may be eligible  
9 unless otherwise required by this act.

10 Section 119A.(c) The salary increases provided in this act are to be effective  
11 July 1, 1999, do not apply to persons separated from State service due to resignation,  
12 dismissal, reduction in force, death, or retirement, whose last workday is prior to July  
13 1, 1999, or to employees involved in final written disciplinary procedures. The employee  
14 shall receive the increase on a current basis when the final written disciplinary procedure  
15 is resolved.

16 Payroll checks issued to employees after July 1, 1999, which represent  
17 payment of services provided prior to July 1, 1999, shall not be eligible for salary  
18 increases provided for in this act. This subsection shall apply to all employees, subject to  
19 or exempt from the State Personnel Act, paid from State funds, including public schools,  
20 community colleges, and The University of North Carolina.

21 Section 119A.(d) The Director of the Budget shall transfer from the Reserve  
22 for Compensation Increase in this act for fiscal year 1999-2000 all funds necessary for  
23 the salary increases provided by this act, including funds for the employer's retirement  
24 and social security contributions.

25 Section 119A.(e) Nothing in this act authorizes the transfer of funds between  
26 the General Fund and the Highway Fund for salary increases.

## 27 28 **PART XIX. MISCELLANEOUS PROVISIONS**

### 29 30 **TRAVEL RATES OF STATE EMPLOYEES**

31  
32 Section 120. G.S. 138-6(a) reads as rewritten:

33 "(a) Travel on official business by the officers and employees of State departments,  
34 institutions and agencies which operate from funds deposited with the State Treasurer  
35 shall be reimbursed at the following rates:

- 36 (1) For transportation by privately owned automobile, the business standard  
37 mileage rate set by the Internal Revenue Service per mile of travel and  
38 the actual cost of tolls paid. Any other law which sets a mileage rate by  
39 referring to the rate set herein, instead establishes a rate of twenty-five  
40 cents (25¢) per mile. No reimbursement shall be made for the use of a  
41 personal car in commuting from an employee's home to his duty station  
42 in connection with regularly scheduled work hours. Any designation of  
43 an employee's home as his duty station by a department head shall

1 require prior approval by the Office of State Budget and Management  
2 on an annual basis.

3 (2) For bus, railroad, Pullman, or other conveyance, actual fare.

4 (3) For expenses incurred for subsistence, payment of eighty-one dollars  
5 (\$81.00) per day when traveling in-state or ninety-three dollars (\$93.00)  
6 per day when traveling out-of-state. Payment of sales tax, lodging tax,  
7 local tax, or service fees applied to the cost of lodging are to be paid in  
8 addition to the daily subsistence amount. The employee may exceed the  
9 part of the ceiling allocated for lodging without approval for  
10 overexpenditure provided that the total lodging and food reimbursement  
11 does not exceed the maximum provided by this subdivision. When  
12 travel involves less than a full day (24-hour period), a reasonable  
13 prorated amount shall be paid in accordance with regulations and  
14 criteria which shall be promulgated and published by the Director of the  
15 Budget. Reimbursement to State employees for lunches eaten while on  
16 official business may be made only in the following circumstances:

17 a. When an overnight stay is required reimbursement is allowed  
18 while an employee is in travel status;

19 b. When the cost of the lunch is included as part of a registration fee  
20 for a formal congress, conference, assembly, or convocation, by  
21 whatever name called. Such assembly must involve the active  
22 participation of persons other than the employees of a single  
23 State department, institution, or agency and must be necessary  
24 for conducting official State business; or

25 c. When the State employee is a member of, or providing staff  
26 assistance to, a State board, commission, committee, or council  
27 which operates from funds deposited with the State Treasurer,  
28 and the lunch is preplanned as part of the meeting for the entire  
29 board, commission, committee, or council.

30 (4) For convention registration fees not to exceed the actual amount  
31 expended as shown by a valid receipt or invoice.

32 (5) Effective on July 1, 2001, and effective on July 1 of each odd-numbered  
33 year thereafter, the Director of the Budget shall revise the amounts of  
34 payment of subsistence per day when traveling in-State and out-of-state  
35 by an amount equal to the percentage increase in the Consumer Price  
36 Index for All Urban Consumers for the most recent 24-month period."

### 37 38 EFFECT OF HEADINGS

39  
40 Section 121. The headings to the Parts and sections of this act are a  
41 convenience to the reader and are for reference only. The headings do not expand, limit,  
42 or define the text of this act.

1 **MOST TEXT APPLIES ONLY TO 1999-2001**

2

3           Section 122. Except for statutory changes or other provisions that clearly  
4 indicate an intention to have effects beyond the 1999-2001 biennium, the textual  
5 provisions of this act shall apply only to funds appropriated for and activities occurring  
6 during the 1999-2001 biennium.

7

8 **SEVERABILITY CLAUSE**

9

10           Section 123. If any section or provision of this act is declared unconstitutional  
11 or invalid by the courts, it does not affect the validity of the act as a whole or any part  
12 other than the part so declared to be unconstitutional or invalid.

13

14 **EFFECTIVE DATE**

15

16           Section 124. Except as otherwise provided, this act becomes effective July 1,  
17 1999.