

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003**

H

2

**HOUSE BILL 1414
Committee Substitute Favorable 6/7/04**

Short Title: 2004 Appropriations Act.

(Public)

Sponsors:

Referred to:

May 12, 2004

A BILL TO BE ENTITLED

AN ACT TO MODIFY THE CURRENT OPERATIONS AND CAPITAL
APPROPRIATIONS ACT OF 2003 AND TO MAKE OTHER CHANGES IN THE
BUDGET OPERATIONS OF THE STATE.

The General Assembly of North Carolina enacts:

PART I. INTRODUCTION AND TITLE OF ACT

Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
Owens, Wright

INTRODUCTION

SECTION 1.1. 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.

Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
Owens, Wright

TITLE OF ACT

SECTION 1.2. This act shall be known as "The Current Operations and
Capital Improvements Appropriations Act of 2004."

PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
Owens, Wright

CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

1 **SECTION 2.1.(a)** Appropriations from the General Fund of the State for the
2 maintenance of the State departments, institutions, and agencies, and for other purposes
3 as enumerated are adjusted for the fiscal year ending June 30, 2005, according to the
4 schedule that follows. Amounts set out in brackets are reductions from General Fund
5 appropriations for the 2004-2005 fiscal year.

6
7 **Current Operations – General Fund** **2004-2005**

8
9 **EDUCATION**

10
11 Community Colleges System Office 28,407,571

12
13 Department of Public Instruction 127,395,755

14
15 University of North Carolina System 46,548,176

16
17 **HEALTH AND HUMAN SERVICES**

18
19 Department of Health and Human Services

20 Office of the Secretary (7,440,839)

21 Division of Aging 3,681,000

22 Division of Blind Services/Deaf/HH (30,000)

23 Division of Child Development 1,925,000

24 Division of Education Services 10,873

25 Division of Facility Services (450,000)

26 Division of Medical Assistance (81,879,913)

27 Division of Mental Health (10,713,000)

28 Division of Public Health 4,696,000

29 Division of Social Services (5,011,948)

30 Division of Vocation Rehabilitation (1,479,294)

31 Total (96,692,121)

32
33 **NATURAL AND ECONOMIC RESOURCES**

34
35 Department of Agriculture and Consumer Services 75,538

36
37 Department of Commerce

38 Commerce 1,161,000

39 Commerce State-Aid 1,750,000

40 NC Biotechnology Center 5,000,000

41 Rural Economic Development Center 144,000

42
43 Department of Environment and Natural Resources

44 Environment and Natural Resources (218,339)

1		
2	Department of Labor	364,216
3		
4	JUSTICE AND PUBLIC SAFETY	
5		
6	Department of Correction	(11,444,276)
7		
8	Department of Crime Control and Public Safety	3,414,793
9		
10	Judicial Department	7,760,075
11	Judicial Department – Indigent Defense	10,500,000
12		
13	Department of Justice	361,923
14		
15	Department of Juvenile Justice and Delinquency Prevention	2,326,114
16		
17	GENERAL GOVERNMENT	
18		
19	Department of Administration	2,448,330
20		
21	Office of Administrative Hearings	90,476
22		
23	Department of State Auditor	(200,000)
24		
25	Office of State Controller	(99,429)
26		
27	Department of Cultural Resources	
28	Cultural Resources	5,622,311
29	Roanoke Island Commission	(32,731)
30		
31	State Board of Elections	1,472,412
32		
33	General Assembly	(779,579)
34		
35	Office of the Governor	
36	Office of the Governor	(99,037)
37	Office of State Budget and Management	148,427
38	OSBM – Reserve for Special Appropriations	350,000
39		
40	Department of Insurance	
41	Insurance	4,062,654
42	Insurance – Volunteer Safety Workers' Compensation	(1,734,000)
43		
44	Office of Lieutenant Governor	0

1		
2	Department of Revenue	(2,161,737)
3		
4	Rules Review Commission	(3,185)
5		
6	Department of Secretary of State	(110,389)
7		
8	Department of State Treasurer	
9	State Treasurer	424,708
10	State Treasurer – Retirement for Fire and Rescue Squad Workers	370,000
11		
12	TRANSPORTATION	
13		
14	Department of Transportation	(228,056)
15		
16	RESERVES, ADJUSTMENTS AND DEBT SERVICE	
17		
18	Reserve for Compensation Increases	237,900,000
19		
20	State Health Plan Reserve	(7,800,000)
21		
22	Escheats Fund Repayment – Global Transpark	19,654,487
23		
24	Retirement System Payback	16,000,000
25		
26	Salary Adjustment Fund	(376,576)
27		
28	Job Development Incentive Grants Reserve	4,000,000
29		
30	Senate Bill 100 Compliance	(11,813,949)
31		
32	Mental Health, Developmental Disabilities and	
33	Substance Abuse Services Trust Fund	8,500,000
34		
35	Debt Service	
36	General Debt Service	(83,648,480)
37	Federal Reimbursement	460,432
38		
39	TOTAL CURRENT OPERATIONS – GENERAL FUND	320,024,666

40
41 **GENERAL FUND AVAILABILITY STATEMENT**

42 **SECTION 2.2.(a)** The General Fund availability used in adjusting the
43 2004-2005 budget is shown below:

44 **2004-2005**

1	Unappropriated Balance from FY 2003-2004	145,664,254
2	Emergency Appropriation	(24,100,000)
3	Projected Reversions from FY 2003-2004	198,300,000
4	Projected Overcollections from FY 2003-2004	150,000,000
5	Beginning Unreserved Credit Balance	469,864,254
6		
7	Credit to Savings Reserve Account	(117,466,064)
8	Credit to Repairs and Renovation Reserve Account	(100,000,000)
9		
10	Adjusted Beginning Unreserved Credit Balance	252,398,190
11		
12	Revenues Based on Existing Tax Structure	14,716,866,500
13		
14	Nontax Revenues	
15	Investment Income	86,020,000
16	Judicial Fees	136,730,000
17	Disproportionate Share	100,000,000
18	Insurance	53,900,000
19	Other Nontax Revenues	261,517,607
20	Highway Trust Fund Transfer	242,586,830
21	Highway Fund Transfer	16,166,400
22	Subtotal Nontax Revenues	896,920,837
23		
24	Total General Fund Availability	15,866,185,527
25		
26	Adjustments to Availability: 2004 Session	
27		
28	Internal Revenue Code Conformity	(2,600,000)
29	Tobacco Payments Decline-Tobacco Trust Fund	(5,000,000)
30	Tobacco Payments Decline-Health and Wellness Trust Fund	(5,000,000)
31	Adjustment to 911 Wireless Fund	(3,720,573)
32	Reserve for Tax Law Revisions	(2,950,000)
33	Transfer from Fire Safety Loan Fund	250,000
34	Transfer from Veteran's Home Trust Fund	500,000
35	Transfer from Information Technology Services Internal Service Fund	2,180,000
36	Subtotal Adjustments to Availability: 2004 Session	(16,340,573)
37		
38	Revised General Fund Availability for 2004-2005 Fiscal Year	15,849,844,954
39		
40	Less: Total General Fund Appropriations	
41	for 2004-2005 Fiscal Year	15,849,844,954
42		
43	SECTION 2.2.(b) Subsections 2.2(b), 2.2(c), 2.2(f), and 2.2(h) of S.L.	
44	2003-284 read as rewritten:	

1 **"SECTION 2.2.(b)** Notwithstanding G.S. 143-16.4(a2), of the funds credited to the
2 Tobacco Trust Account from the Master Settlement Agreement pursuant to Section 6(2)
3 of S.L. 1999-2 during the ~~2003-2004 and 2004-2005 fiscal years,~~ fiscal year, the sum of
4 ~~forty million dollars (\$40,000,000)~~ thirty-five million dollars (\$35,000,000) shall be
5 transferred from the Department of Agriculture and Consumer Services, Budget Code
6 23703 (Tobacco Trust Fund), to the State Controller to be deposited in Nontax Budget
7 Code 19978 (Intra State Transfers) to support General Fund appropriations for the
8 ~~2003-2004 and 2004-2005 fiscal years.~~ year.

9 **"SECTION 2.2.(c)** Notwithstanding G.S. 143-16.4(a1), of the funds credited to the
10 Health Trust Account from the Master Settlement Agreement pursuant to Section 6(2)
11 of S.L. 1999-2 during the ~~2003-2004 and 2004-2005 fiscal years,~~ year, the sum of
12 twenty million dollars (\$20,000,000) that would otherwise be deposited in the Fund
13 Reserve established by G.S. 147-86.30(c) and five million (\$5,000,000) of the funds
14 that are not reserved pursuant to G.S. 147-86.30(c) shall be transferred from the
15 Department of State Treasurer, Budget Code 23460 (Health and Wellness Trust Fund),
16 to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State
17 Transfers) to support General Fund appropriations for the ~~2003-2004 and 2004-2005~~
18 ~~fiscal years.~~ year.

19 Notwithstanding G.S. 143-16.4(a1) and G.S. 147-86.30, of the funds credited to the
20 Health Trust Account from the Master Settlement Agreement pursuant to Section 6(2)
21 of S.L. 1999-2 during the 2004-2005 fiscal year, the sum of twenty million dollars
22 (\$20,000,000) shall be transferred from the Department of State Treasurer, Budget Code
23 23460 (Health and Wellness Trust Fund), to the State Controller to be deposited in
24 Nontax Budget Code 19978 (Intra State Transfers) to support General Fund
25 appropriations for the 2004-2005 fiscal year. Any funds remaining after the transfer to
26 the General Fund, shall be deposited in the Nonreserve Fund, not to exceed a total
27 deposit of twenty million dollars (\$20,000,000). If the total amount deposited to the
28 Nonreserve Fund equals twenty million dollars (\$20,000,000) and there are additional
29 remaining funds, then those funds shall be deposited in the Reserve Fund.

30 It is the intent of the General Assembly that the transfer of funds to the General Fund
31 shall have first priority, over both the Nonreserve Fund and the Reserve Fund. It is the
32 further intent of the General Assembly that any funds remaining after the transfer to the
33 General Assembly shall not be divided equally between the Nonreserve Fund and the
34 Reserve Fund, but that the Nonreserve Fund shall have priority over the Reserve Fund.

35 **"SECTION 2.2.(f)** Notwithstanding G.S. 143-15.2 and G.S. 143-15.3A, the State
36 Controller shall transfer ~~fifteen million dollars (\$15,000,000)~~ one hundred million
37 dollars (\$100,000,000) from the unreserved credit balance to the Repairs and
38 Renovations Reserve Account on June 30, ~~2003-2004.~~ This subsection becomes
39 effective June 30, 2003-2004.

40 **"SECTION 2.2.(h)** Notwithstanding the provisions of G.S. 62A-22(c), 62A-24(d),
41 62A-25, and 62A-26, the following shall be transferred from Wireless Fund created in
42 G.S. 62A-22(c) to the State Controller to be deposited in Nontax Budget Code 19978
43 (Intra State Transfers) to support General Fund appropriations for the 2003-2005 fiscal
44 biennium: (i) all service charges remitted to the Wireless Fund during the 2003-2004

1 fiscal year; and (ii) the sum of ~~twenty five million dollars (\$25,000,000)~~ twenty-one
 2 million two hundred seventy-nine thousand four hundred twenty-seven dollars
 3 (\$21,279,427) from the services charges remitted to the Wireless Fund during the
 4 2004-2005 fiscal year."

5
 6 **PART III. CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND**

7
 8 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
 9 Owens, Wright

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

11 **SECTION 3.1.** Appropriations from the Highway Fund of the State for the
 12 maintenance and operation of the Department of Transportation, and for other purposes
 13 as enumerated are made for the fiscal year ending June 30, 2005, according to the
 14 schedule that follows. Amounts set out in brackets are reductions from Highway Fund
 15 appropriations for the 2004-2005 fiscal year.

Current Operations – Highway Fund	2004-2005
Transportation Administration	\$ 1,227,072
Operations	–
Match for Federal Aid	–
Construction Program:	
State Secondary System	410,000
State Urban System	–
Discretionary Funds	5,000,000
Spot Safety Improvements	–
Access and Public Service Roads	–
Maintenance	32,559,191
Capital Improvements	–
Ferry Operations	–
State Aid to Municipalities	410,000
State Aid to Railroads	–
State Aid for Public Transportation	563,521
Asphalt Plant Cleanup	–
Governor's Highway Safety Program	–
Division of Motor Vehicles	2,405,121
Appropriations to Other State Agencies	(569,511)
Reserves and Transfers	17,370,191
Total	\$59,375,585

39
 40 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
 41 Owens, Wright

42 **HIGHWAY FUND AVAILABILITY STATEMENT**

1 **SECTION 3.2.** The Highway Fund appropriations availability used in
2 developing modifications to the 2004-2005 Highway Fund budget contained in this act
3 is shown below.

4	5	6	7	8	9	10	11	12
	Highway Fund Budget Reform Statement						2004-2005	
	Beginning Credit Balance							–
	Estimated Revenue						\$ 1,390,900,000	
	Estimated Reversions							–
	Total Highway Fund Availability						\$ 1,390,900,000	

13 **PART IV. HIGHWAY TRUST FUND APPROPRIATIONS**

14
15 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
16 Owens, Wright

17 **HIGHWAY TRUST FUND APPROPRIATIONS**

18 **SECTION 4.1.** Appropriations from the Highway Trust Fund of the State for
19 the maintenance and operation of the Department of Transportation and for other
20 purposes as enumerated are made for the fiscal year ending June 30, 2005, according to
21 the schedule that follows. Amounts set out in brackets are reductions from Highway
22 Trust Fund appropriations for the 2004-2005 fiscal year.

23	24	25	26	27	28	29	30	31	32	33	34	35
	Current Operations – Highway Trust Fund										2004-2005	
	Intrastate System										(15,851,965)	
	Urban Loops										(6,409,875)	
	Aid to Municipalities										(1,663,241)	
	Secondary Roads										(640,670)	
	Administrative Expense										(439,736)	
	Leaking Underground Storage Tank Fund										13,500,000	
	Transfer to General Fund										(66,513)	
	GRAND TOTAL CURRENT OPERATIONS AND											
	EXPANSION										(11,572,000)	

36 **PART V. BLOCK GRANTS**

37
38 Requested by: Representative Nye

39 **DHHS BLOCK GRANTS**

40 **SECTION 5.1.(a)** Appropriations from federal block grant funds are made
41 for the fiscal year ending June 30, 2005, according to the following schedule:

42
43 **COMMUNITY SERVICES BLOCK GRANT**

1	01.	Community Action Agencies	\$ 15,266,973
2			
3	02.	Limited Purpose Agencies	848,165
4			
5	03.	NC Interagency Council for Homeless	
6		Programs	262,472
7			
8	04.	Department of Health and Human Services	
9		to administer and monitor	
10		the activities of the	
11		Community Services Block Grant	848,165
12			
13	TOTAL COMMUNITY SERVICES BLOCK GRANT		\$ 17,225,775
14			
15	SOCIAL SERVICES BLOCK GRANT		
16			
17	01.	County departments of social services	\$ 28,868,189
18		(Transfer from TANF – \$4,500,000)	
19			
20	02.	Allocation for in-home services provided	
21		by county departments of	
22		social services	2,101,113
23			
24	03.	Division of Services for the Blind	3,105,711
25			
26	04.	Division of Facility Services	426,836
27			
28	05.	Division of Aging – Home and Community	
29		Care Block Grant	1,840,234
30			
31	06.	Child Care Subsidies	6,269,309
32			
33	07.	Division of Vocational Rehabilitation –	
34		United Cerebral Palsy	71,484
35			
36	08.	State administration	1,693,368
37			
38	09.	Child Medical Evaluation Program	238,321
39			
40	10.	Adult day care services	2,155,301
41			
42	11.	Comprehensive Treatment Services	
43		Program	422,003
44			

1	12.	Department of Administration	
2		for the N.C. State Commission of Indian Affairs	
3		In-Home Services Program for the Elderly	203,198
4			
5	13.	Division of Vocational Rehabilitation Services –	
6		Easter Seals Society	116,779
7			
8	14.	UNC-CH CARES Program for training and	
9		consultation services	247,920
10			
11	15.	Office of the Secretary – Office of Economic	
12		Opportunity for N.C. Senior Citizens'	
13		Federation for outreach services to	
14		low-income elderly persons	41,302
15			
16	16.	Division of Social Services – Child	
17		Caring Agencies	1,500,000
18			
19	17.	Division of Mental Health, Developmental Disabilities, and	
20		Substance Abuse Services – Developmentally Disabled	
21		Waiting List for services	5,000,000
22			
23	18.	Transfer to Preventive Health Services Block	
24		Grant for HIV/AIDS education, counseling, and	
25		testing	145,819
26			
27	19.	Division of Facility Services –	
28		Mental Health Licensure	213,128
29			
30	20.	Division of Mental Health, Developmental Disabilities,	
31		and Substance Abuse Services	3,234,601
32			
33	TOTAL SOCIAL SERVICES BLOCK GRANT		\$ 57,894,616
34			
35	LOW-INCOME ENERGY BLOCK GRANT		
36			
37	01.	Energy Assistance Programs	\$ 12,775,323
38			
39	02.	Crisis Intervention	9,192,927
40			
41	03.	Administration	2,957,339
42			
43	04.	Weatherization Program	4,212,740
44			

1	05.	Department of Administration –	
2		N.C. State Commission of Indian Affairs	54,840
3			
4	06.	Heating Air Repair and Replacement Program	1,966,153
5			
6		TOTAL LOW-INCOME ENERGY BLOCK GRANT	\$ 31,159,322
7			
8		MENTAL HEALTH SERVICES BLOCK GRANT	
9			
10	01.	Provision of community-based	
11		services for severe and persistently	
12		mentally ill adults	\$ 6,307,035
13			
14	02.	Provision of community-based	
15		services to children	3,921,991
16			
17	03.	Comprehensive Treatment Services	
18		Program for Children	1,500,000
19			
20	04.	Administration	568,911
21			
22		TOTAL MENTAL HEALTH SERVICES BLOCK GRANT	\$ 12,297,937
23			
24		SUBSTANCE ABUSE PREVENTION	
25		AND TREATMENT BLOCK GRANT	
26			
27	01.	Provision of community-based	
28		alcohol and drug abuse services,	
29		tuberculosis services, and services	
30		provided by the Alcohol and Drug Abuse	
31		Treatment Centers	\$ 20,441,082
32			
33	02.	Continuation of services for	
34		pregnant women and women	
35		with dependent children	8,069,524
36			
37	03.	Continuation of services to	
38		IV drug abusers and others at risk	
39		for HIV diseases	4,816,378
40			
41	04.	Child Substance Abuse Prevention	5,835,701
42			
43	05.	Provision of services to children	
44		and adolescents	4,940,500

1		
2	06. Juvenile Services – Family Focus	851,156
3		
4	07. Allocation to the Division of Public Health	
5	for HIV/STD Risk Reduction Projects	383,980
6		
7	08. Allocation to the Division of Public Health	
8	for HIV/STD Prevention by County Health	
9	Departments	209,576
10		
11	09. Allocation to the Division of Public Health	
12	for the Maternal and Child Health Hotline	37,779
13		
14	10. Administration	2,596,307
15		
16	TOTAL SUBSTANCE ABUSE PREVENTION	
17	AND TREATMENT BLOCK GRANT	\$ 48,181,983
18		
19	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	
20		
21	01. Child care subsidies	\$154,163,120
22		
23	02. Quality and availability initiatives	17,764,577
24		
25	03. Administrative expenses	7,163,654
26		
27	04. Transfer from TANF Block Grant for	
28	child care subsidies	81,292,880
29		
30	TOTAL CHILD CARE AND DEVELOPMENT FUND	
31	BLOCK GRANT	\$260,384,231
32		
33	TEMPORARY ASSISTANCE TO NEEDY FAMILIES	
34	(TANF) BLOCK GRANT	
35		
36	01. Work First Cash Assistance	\$119,841,508
37		
38	02. Work First County Block Grants	94,653,315
39		
40	03. Transfer to the Child Care and	
41	Development Fund Block Grant	
42	for child care subsidies	81,292,880
43		
44	04. Child Care Subsidies for TANF Recipients	33,512,238

1			
2	05.	Child Welfare Workers for local DSS	11,452,391
3			
4	06.	Transfer to Social Services Block Grant for	
5		County Departments of Social Services for	
6		Children's Services	4,500,000
7			
8	07.	Support Our Students – Department of	
9		Juvenile Justice and Delinquency	
10		Prevention	3,521,056
11			
12	08.	Domestic Violence Services	
13		for Work First Families	1,200,000
14			
15	09.	After-School Services for	
16		At-Risk Children	2,249,642
17		YWCA Central Carolinas	
18		Youth Development Programs \$176,000	
19			
20	10.	Division of Social Services –	
21		Administration	400,000
22			
23	11.	Child Welfare Training	2,550,000
24			
25	12.	TANF Automation Projects	592,500
26			
27	13.	Boys and Girls Clubs	1,000,000
28			
29	14.	Work Central Career Advancement Center	550,000
30			
31	15.	WCH-Teen Pregnancy Prevention	1,000,000
32			
33	16.	Transfer to Social Services Block Grant for Child Caring	
34		Institutions	1,500,000
35			
36	17.	Special Children's Adoption Fund	3,000,000
37			
38	18.	NC Fast Implementation	2,717,298
39			
40	19.	Maternity Homes	838,000
41			
42	20.	Individual Development Accounts	180,000
43			
44	21.	Reduction of Out-of-Wedlock Births	1,000,000

1		
2	22.	After-School Programs for At-Risk
3		Youths in Middle Schools
4		1,000,000
5	TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES	
6	(TANF) BLOCK GRANT	
7		\$368,550,828
8	MATERNAL AND CHILD HEALTH BLOCK GRANT	
9		
10	01.	Healthy Mothers/Healthy Children
11		Block Grants to Local Health
12		Departments
13		9,565,205
14	02.	High-Risk Maternity Clinic Services,
15		Perinatal Education and Training,
16		Childhood Injury Prevention,
17		Public Information and Education, and
18		Technical Assistance to Local Health
19		Departments
20		2,207,273
21	03.	Adolescent Pregnancy Prevention Coalition of NC
22		150,000
23	04.	Office of Minority Health
24		159,000
25	05.	Services to Children With Special Health
26		Care Needs
27		4,280,987
28	06.	School Health Nurse Initiative
29		School Health Nurse Initiative Reserve 2005-2006
30		3,250,000
31		3,250,000
32	07.	Administration and Program Support
33		2,434,303
34	TOTAL MATERNAL AND CHILD	
35	HEALTH BLOCK GRANT	
36		\$ 25,296,768
37	PREVENTIVE HEALTH SERVICES BLOCK GRANT	
38	01.	Statewide Health Promotion Programs
39		\$2,810,294
40	02.	Rape Crisis/Victims' Services
41		Program – Council for Women
42		197,112
43	03.	Transfer from Social Services
44		Block Grant – HIV/AIDS education,

1	counseling, and testing	145,819
2		
3	04. Administration and Program Support	661,092
4		
5	05. Osteoporosis Task Force Operating Costs	150,000
6		
7	TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT	\$3,964,317

GENERAL PROVISIONS

SECTION 5.1.(b) Information to be included in Block Grant Plans. – The Department of Health and Human Services shall submit a separate plan for each Block Grant received and administered by the Department and each plan shall include the following:

- (1) A delineation of the proposed allocations by program or activity, including State and federal match requirements.
- (2) A delineation of the proposed State and local administrative expenditures.
- (3) An identification of all positions not previously funded through the Block Grant, including permanent, temporary, and time-limited positions.
- (4) A comparison of the proposed allocations by program or activity with two prior years' program and activity budgets and two prior years' actual program or activity expenditures.
- (5) A projection of current year expenditures by program or activity.
- (6) A projection of federal Block Grant funds available, including unspent federal funds from the current and prior fiscal years.

SECTION 5.1.(c) Changes in Federal Fund Availability. – If the United States Congress reduces or increases the federal fund availability for any of the Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this section, the Department shall allocate the increase or decrease proportionally across the program and activity appropriations identified for that Block Grant in this section. In allocating a decrease in federal fund availability, the Department shall not eliminate the funding for a program or activity appropriated in this section. In allocating an increase in federal fund availability, the Department shall not propose funding for new programs or activities not appropriated in this section or increase administrative expenditures.

Prior to allocating the change in federal fund availability, the proposed allocation must be approved by the Office of State Budget and Management. If the Department adjusts the allocation of any Block Grant due to changes in federal fund availability, then a report shall be made to the Joint Legislative Committee on Governmental Operations, the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division.

1 **SECTION 5.1.(d)** All changes to the budgeted allocations to the Block
2 Grants administered by the Department of Health and Human Services that are not
3 specifically addressed in this section shall be approved by the Office of State Budget
4 and Management and a report shall be submitted to the Joint Legislative Commission on
5 Governmental Operations for review prior to implementing the changes. All changes to
6 the budgeted allocations to the Block Grant shall be reported immediately to the House
7 of Representatives Appropriations Subcommittee on Health and Human Services, the
8 Senate Appropriations Committee on Health and Human Services, and the Fiscal
9 Research Division.

10 **SECTION 5.1.(e)** The Department of Health and Human Services shall
11 develop a monitoring and oversight plan for all recipients, both public and private, and
12 sub-recipients of the federal Block Grant funding. The plan shall be modeled after the
13 Department's performance contracting initiative and include the following:

- 14 (1) Performance standards for recipients.
- 15 (2) Financial audit standards for non-State entities equivalent to the
16 requirements in G.S. 143-6.1 for non-State entities receiving State
17 funds.
- 18 (3) Means for collecting performance data from recipients.
- 19 (4) Any other information necessary for monitoring and overseeing the
20 use of Block Grant funding.

21 The Department shall provide the plan to the Fiscal Research Division by January 1,
22 2005.

23 **SECTION 5.1.(f)** The Department of Health and Human Services shall
24 report to the House of Representatives Appropriations Subcommittee on Health and
25 Human Services, the Senate Appropriations Committee on Health and Human Services,
26 and the Fiscal Research Division on positions funded from federal Block Grants. The
27 report shall include the following for each Block Grant:

- 28 (1) All State positions currently funded through the Block Grant,
29 including permanent, temporary, and time-limited positions.
- 30 (2) Budgeted salary and fringe benefits for each position.
- 31 (3) Block Grant expenditures for each position.

32 The report shall be submitted no later than December 1, 2004.

33 **LOW INCOME HOME ENERGY ASSISTANCE PROGRAM**

34 **SECTION 5.1.(g)** Additional funds received for the Low Income Home
35 Energy Assistance Program (LIHEAP) may be allocated for Energy Assistance
36 Payments or Crisis Intervention Payments without prior consultation with the Joint
37 Legislative Commission on Governmental Operations. Additional funds received shall
38 be reported to the Joint Legislative Commission on Governmental Operations and the
39 Fiscal Research Division upon notification of the award. The Department of Health and
40 Human Services shall not allocate funds for any activities, including increasing
41 administration, other than assistance payments, without prior consultation with the Joint
42 Legislative Commission on Governmental Operations.

43 **COMMUNITY SERVICE BLOCK GRANT**

1 **SECTION 5.1.(h)** The Department of Health and Human Services shall
2 report to the House of Representatives Appropriations Subcommittee on Health and
3 Human Services, the Senate Appropriations Committee on Health and Human Services,
4 and the Fiscal Research Division on the activities and expenditures of the North
5 Carolina Inter-Agency Council for Coordinating Homeless Programs no later than April
6 1, 2005.

7 **MENTAL HEALTH BLOCK GRANT**

8 **SECTION 5.1.(i)** The sum of one million five hundred thousand dollars
9 (\$1,500,000) appropriated in this section in the Mental Health Block Grant to the
10 Department of Health and Human Services, Division of Mental Health, Developmental
11 Disabilities, and Substance Abuse Services, for the 2004-2005 fiscal year and the sum
12 of four hundred twenty-two thousand three dollars (\$422,003) appropriated in this
13 section in the Social Services Block Grant to the Department of Health and Human
14 Services, Division of Social Services, for the 2004-2005 fiscal year shall be used to
15 continue a Comprehensive Treatment Services Program for Children in accordance with
16 Section 21.60 of S.L. 2001-424, as amended.

17 **SECTION 5.1.(j)** The Department of Health and Human Services shall
18 contract with the University of North Carolina at Chapel Hill for the purpose of
19 providing psychology student stipends in the amount of fifty thousand dollars (\$50,000)
20 for the 2004-2005 fiscal year. Twenty-five thousand dollars (\$25,000) of this contract
21 shall be paid from the Mental Health Block Grant.

22 **CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

23 **SECTION 5.1.(k)** The sum of four hundred thousand dollars (\$400,000)
24 appropriated in this section to the Department of Health and Human Services in the
25 Child Care and Development Fund Block Grant shall be used for the continued
26 operations of the Medical Child Care Pilot.

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

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

35 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT**
36 **(TANF)**

37 **SECTION 5.1.(n)** The sum of four hundred thousand dollars (\$400,000)
38 appropriated in this section in the TANF Block Grant to the Department of Health and
39 Human Services, Division of Social Services, for the 2004-2005 fiscal year shall be
40 used to support administration of TANF-funded programs.

41 **SECTION 5.1.(o)** The sum of three million five hundred twenty-one
42 thousand fifty-six dollars (\$3,521,056) appropriated in this section in the TANF Block
43 Grant to the Department of Health and Human Services and transferred to the
44 Department of Juvenile Justice and Delinquency Prevention for the 2004-2005 fiscal

1 year shall be used to support the existing Support Our Students Program and to expand
2 the Program statewide, focusing on low-income communities in unserved areas. These
3 funds shall not be used for administration of the Program.

4 **SECTION 5.1.(p)** The sum of one million two hundred thousand dollars
5 (\$1,200,000) appropriated under this section in the TANF Block Grant to the
6 Department of Health and Human Services, Division of Social Services, for the
7 2004-2005 fiscal year shall be used to provide domestic violence services to Work First
8 recipients. These funds shall be used to provide domestic violence counseling, support,
9 and other direct services to clients. These funds shall not be used to establish new
10 domestic violence shelters or to facilitate lobbying efforts. The Division of Social
11 Services may use up to seventy-five thousand dollars (\$75,000) in TANF funds to
12 support one administrative position within the Division of Social Services to implement
13 this subsection.

14 Each county department of social services and the local domestic violence
15 shelter program serving the county shall jointly develop a plan for utilizing these funds.
16 The plan shall include the services to be provided and the manner in which the services
17 shall be delivered. The county plan shall be signed by the county social services director
18 or the director's designee and the domestic violence program director or the director's
19 designee and submitted to the Division of Social Services by December 1, 2004. The
20 Division of Social Services, in consultation with the Council for Women, shall review
21 the county plans and shall provide consultation and technical assistance to the
22 departments of social services and local domestic violence shelter programs, if needed.

23 The Division of Social Services shall allocate these funds to county
24 departments of social services according to the following formula: (i) each county shall
25 receive a base allocation of five thousand dollars (\$5,000); and (ii) each county shall
26 receive an allocation of the remaining funds based on the county's proportion of the
27 statewide total of the Work First caseload as of July 1, 2004, and the county's proportion
28 of the statewide total of the individuals receiving domestic violence services from
29 programs funded by the Council for Women as of July 1, 2004. The Division of Social
30 Services may reallocate unspent funds to counties that submit a written request for
31 additional funds.

32 The Department of Health and Human Services shall report on the uses of
33 these funds no later than March 1, 2005, to the House of Representatives Appropriations
34 Subcommittee on Health and Human Services, the Senate Appropriations Committee on
35 Health and Human Services, and the Fiscal Research Division.

36 **SECTION 5.1.(q)** The sum of two million two hundred forty-nine thousand
37 six hundred forty-two dollars (\$2,249,642) appropriated in this section in the TANF
38 Block Grant to the Department of Health and Human Services, Division of Social
39 Services, shall be used to expand after-school programs and services for at-risk children.
40 The Department shall develop and implement a grant program to award grants to
41 community-based programs that demonstrate the ability to reach children at risk of teen
42 pregnancy and school dropout. The Department shall award grants to community-based
43 organizations that demonstrate the ability to develop and implement linkages with local
44 departments of social services, area mental health programs, schools, and other human

1 services programs in order to provide support services and assistance to the child and
2 family. These funds may be used to fund one position within the Division of Social
3 Services to coordinate at-risk after-school programs and shall not be used for other State
4 administration. The Department shall report no later than March 1, 2005, on its progress
5 in complying with this section to the House of Representatives Appropriations
6 Subcommittee on Health and Human Services, the Senate Committee on Health and
7 Human Services, and the Fiscal Research Division.

8 **SECTION 5.1.(r)** The sum of eleven million four hundred fifty-two
9 thousand three hundred ninety-one dollars (\$11,452,391) appropriated in this section in
10 the TANF Block Grant to the Department of Health and Human Services, Division of
11 Social Services, for the 2004-2005 fiscal year for Child Welfare Improvements shall be
12 allocated to the county departments of social services for hiring or contracting staff to
13 investigate and provide services in Child Protective Services.

14 **SECTION 5.1.(s)** The sum of two million five hundred fifty thousand
15 dollars (\$2,550,000) appropriated in this section in the TANF Block Grant to the
16 Department of Health and Human Services, Division of Social Services, for fiscal year
17 2004-2005 shall be used to support various child welfare training projects as follows:

- 18 (1) Provide a regional training center in southeastern North Carolina.
- 19 (2) Support the Masters Degree in Social Work/Baccalaureate Degree in
20 Social Work Collaborative.
- 21 (3) Provide training for residential child care facilities.
- 22 (4) Provide for various other child welfare training initiatives.

23 **SECTION 5.1.(t)** The sum of eight hundred thirty-eight thousand dollars
24 (\$838,000) appropriated in this section in the TANF Block Grant to the Department of
25 Health and Human Services shall be used to purchase services at maternity homes
26 throughout the State.

27 **SECTION 5.1.(u)** The sum of three million dollars (\$3,000,000)
28 appropriated in this section in the TANF Block Grant to the Department of Health and
29 Human Services, Special Children Adoption Fund, for the 2004-2005 fiscal year shall
30 be used to implement this subsection. The Division of Social Services, in consultation
31 with the North Carolina Association of County Directors of Social Services and
32 representatives of licensed private adoption agencies, shall develop guidelines for the
33 awarding of funds to licensed public and private adoption agencies upon the adoption of
34 children described in G.S. 108A-50 and in foster care. Payments received from the
35 Special Children Adoption Fund by participating agencies shall be used exclusively to
36 enhance the adoption services program. No local match shall be required as a condition
37 for receipt of these funds.

38 **SECTION 5.1.(v)** The sum of one million five hundred thousand dollars
39 (\$1,500,000) appropriated in this act in the TANF Block Grant and transferred to the
40 Social Services Block Grant to the Department of Health and Human Services, Division
41 of Social Services, for child caring agencies for the 2004-2005 fiscal year shall be
42 allocated to the State Private Child Caring Agencies Fund. These funds shall be
43 combined with all other funds allocated to the State Private Child Caring Agencies Fund
44 for the reimbursement of the State's portion of the cost of care for the placement of

1 certain children by the county departments of social services who are not eligible for
2 federal IV-E funds. These funds shall not be used to match other federal funds.

3 **SECTION 5.1.(w)** The sum of one million dollars (\$1,000,000) appropriated
4 in this section to the Department of Health and Human Services in the TANF Block
5 Grant for Boys and Girls Clubs shall be used to make grants for approved programs.
6 The Department of Health and Human Services, in accordance with federal regulations
7 for the use of TANF Block Grant funds, shall administer a grant program to award
8 funds to the Boys and Girls Clubs across the State in order to implement programs that
9 improve the motivation, performance, and self-esteem of youths and to implement other
10 initiatives that would be expected to reduce school dropout and teen pregnancy rates.
11 The Department shall encourage and facilitate collaboration between the Boys and Girls
12 Clubs and Support Our Students, Communities in Schools, and similar programs to
13 submit joint applications for the funds if appropriate.

14 **SECTION 5.1.(x)** The sum of one million dollars (\$1,000,000) appropriated
15 in this section to the Department of Health and Human Services, Division of Social
16 Services, in the TANF Block Grant shall be used to expand after-school programs for
17 at-risk children attending middle school. The Department shall develop and implement a
18 grant program to award funds to community-based programs demonstrating the capacity
19 to reach children at risk of teen pregnancy and school dropout. These funds shall not be
20 used for training or administration at the State level. All funds shall be distributed to
21 community-based programs, focusing on those communities where similar programs do
22 not exist in middle schools. The Department shall report to the House of
23 Representatives Appropriations Subcommittee on Health and Human Services, the
24 Senate Appropriations Committee on Health and Human Services, and the Fiscal
25 Research Division on its progress in complying with this subsection no later than May
26 1, 2005.

27 **SECTION 5.1.(y)** The sum of one hundred eighty thousand dollars
28 (\$180,000) appropriated in this section in the TANF Block Grant to the Department of
29 Health and Human Services for the 2004-2005 fiscal year shall be used for Individual
30 Development Accounts (IDA) for TANF-eligible individuals. The Social Services
31 Commission shall adopt rules for the implementation of this subsection. The
32 Department shall report to the House of Representatives Appropriations Subcommittee
33 on Health and Human Services, the Senate Appropriations Committee on Health and
34 Human Services, and the Fiscal Research Division on the implementation of the
35 program and the use of the funds no later than May 1, 2005.

36 **SECTION 5.1.(z)** The sum of five hundred fifty thousand dollars (\$550,000)
37 appropriated in this section to the Department of Health and Human Services in the
38 TANF Block Grant shall be transferred to Work Central, Inc. Work Central, Inc., shall
39 report on the number of people served and the services received as a result of the receipt
40 of funds. The report shall contain expenditure data, including the amount of funds used
41 for administration and direct training. The report shall also include the number of people
42 who have been employed as a direct result of services provided by Work Central, Inc.,
43 including the length of employment in the new position. The Department of Health and
44 Human Services shall evaluate the program and ensure that services provided are not

1 duplicative of local employment security commissions in the nine counties served by
2 Work Central, Inc. The evaluation report shall be submitted to the House of
3 Representatives Appropriations Subcommittee on Health and Human Services, the
4 Senate Appropriations Committee on Health and Human Services, and the Fiscal
5 Research Division no later than May 1, 2005.

6 **SECTION 5.1.(aa)** The sum of two million seven hundred seventeen
7 thousand two hundred ninety-eight dollars (\$2,717,298) in this section appropriated to
8 the Department of Health and Human Services in the TANF Block Grant shall be used
9 to implement the component of N.C. Fast that specifically deals with the creation and
10 implementation of a statewide automated child welfare information system. The
11 statewide system shall be implemented in compliance with federal regulations in order
12 to avoid any potential payback of funds due to noncompliance. The Department of
13 Health and Human Services shall report on its compliance with this subsection to the
14 House of Representatives Appropriations Subcommittee on Health and Human
15 Services, the Senate Appropriations Committee on Health and Human Services, and the
16 Fiscal Research Division no later than January 1, 2005.

17 **MATERNAL AND CHILD HEALTH BLOCK GRANT**

18 **SECTION 5.1.(bb)** If federal funds are received under the Maternal and
19 Child Health Block Grant for abstinence education, pursuant to section 912 of Public
20 Law 104-193 (42 U.S.C. § 710), for the 2004-2005 fiscal year, then those funds shall be
21 transferred to the State Board of Education to be administered by the Department of
22 Public Instruction. The Department of Public Instruction shall use the funds to establish
23 an Abstinence Until Marriage Education Program and shall delegate to one or more
24 persons the responsibility of implementing the program and G.S. 115C-81(e1)(4). The
25 Department of Public Instruction shall carefully and strictly follow federal guidelines in
26 implementing and administering the abstinence education grant funds.

27 **SECTION 5.1.(cc)** The Department of Health and Human Services shall
28 ensure that there will be follow-up testing in the Newborn Screening Program.

29 **SECTION 5.1.(dd)** Of the funds budgeted in the Maternal and Child Health
30 Block Grant, six million five hundred thousand dollars (\$6,500,000) shall be used for a
31 school nurse funding initiative. Of these funds, the sum of three million two hundred
32 fifty thousand dollars (\$3,250,000) shall be allocated for the 2004-2005 fiscal year, and
33 the sum of three million two hundred fifty thousand dollars (\$3,250,000) shall be placed
34 in a reserve for the 2005-2006 fiscal year. The Department of Health and Human
35 Services, Division of Public Health, in conjunction with the Department of Public
36 Instruction, shall provide funds to communities to hire school nurses. The program will
37 fund approximately 65 time-limited nurses over a two-year period.

38 The Department of Health and Human Services and the Department of Public
39 Instruction shall form a committee to select a limited number of communities where
40 school nurses are most needed to receive these grants. The criteria shall include
41 determining the areas in the greatest need for school nurses with the greatest inability to
42 pay for these nurses. Among other criteria, the committee shall consider: (i) the current
43 nurse-to-student ratio; (ii) the economic status of the community; and (iii) the health
44 needs of area children.

1 There shall be no supplanting of local or Title I funds with these block grant
 2 funds. Communities shall maintain their current level of effort and funding for school
 3 nurses. No block grant funds shall be used for funding nurses for State agencies. All
 4 funding shall be used for direct services.

5 The Department of Health and Human Services shall report on the use of
 6 funds allocated under this section by December 1, 2004, to the House of
 7 Representatives Appropriations Subcommittee on Health and Human Services, the
 8 Senate Appropriations Committee on Health and Human Services, and the Fiscal
 9 Research Division.

10
 11 Requested by: Representatives Fox, West

12 **NER BLOCK GRANTS**

13 **SECTION 5.2.(a)** Appropriations from federal block grant funds are made
 14 for fiscal year ending June 30, 2005, according to the following schedule:

15
 16 **COMMUNITY DEVELOPMENT BLOCK GRANT**

17		
18	01. State Administration	\$ 1,000,000
19		
20	02. Urgent Needs and Contingency	50,000
21		
22	03. Scattered Site Housing	13,200,000
23		
24	04. Economic Development	10,960,000
25		
26	05. Community Revitalization	12,200,000
27		
28	06. State Technical Assistance	450,000
29		
30	07. Housing Development	2,000,000
31		
32	08. Infrastructure	5,140,000
33		

34 **TOTAL COMMUNITY DEVELOPMENT**

35 **BLOCK GRANT – 2005 Program Year** \$ 45,000,000

36
 37 **SECTION 5.2.(b)** Decreases in Federal Fund Availability. – If federal funds
 38 are reduced below the amounts specified above after the effective date of this act, then
 39 every program in each of these federal block grants shall be reduced by the same
 40 percentage as the reduction in federal funds.

41 **SECTION 5.2.(c)** Increases in Federal Fund Availability for Community
 42 Development Block Grant. – Any block grant funds appropriated by the Congress of the
 43 United States in addition to the funds specified in this section shall be expended as

1 follows: each program category under the Community Development Block Grant shall
2 be increased by the same percentage as the increase in federal funds.

3 **SECTION 5.2.(d)** Limitations on Community Development Block Grant
4 Funds. – Of the funds appropriated in this section for the Community Development
5 Block Grant, the following shall be allocated in each category for each program year: up
6 to one million dollars (\$1,000,000) may be used for State Administration; not less than
7 fifty thousand dollars (\$50,000) may be used for Urgent Needs and Contingency; up to
8 thirteen million two hundred dollars (\$13,200,000) may be used for Scattered Site
9 Housing; up to ten million nine hundred sixty thousand dollars (\$10,960,000) may be
10 used for Economic Development, including Urban Redevelopment Grants and Small
11 Business or Entrepreneurial Assistance; not less than twelve million two hundred
12 thousand dollars (\$12,200,000) shall be used for Community Revitalization; up to four
13 hundred fifty thousand (\$450,000) may be used for State Technical Assistance; up to
14 two million dollars (\$2,000,000) may be used for Housing Development; up to five
15 million one hundred forty thousand dollars (\$5,140,000) may be used for Infrastructure.
16 If federal block grant funds are reduced or increased by the Congress of the United
17 States after the effective date of this act, then these reductions or increases shall be
18 allocated in accordance with subsection (b) or (c) of this section, as applicable.

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

25 **SECTION 5.2.(f)** Department of Commerce Demonstration Grants in
26 Partnership with Rural Economic Development Center, Inc. – The Department of
27 Commerce, in partnership with the Rural Economic Development Center, Inc., shall
28 award up to two million two hundred fifty thousand dollars (\$2,250,000) in
29 demonstration grants to local governments in very distressed rural areas of the State.
30 These grants shall be used to address critical infrastructure and entrepreneurial needs
31 and to provide small business assistance.

32 33 **PART VI. GENERAL PROVISIONS**

34
35 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
36 Owens, Wright

37 **PREFERENCE GIVEN TO AMERICAN MADE PRODUCTS**

38 **SECTION 6.1.** Article 3 of Chapter 143 of the General Statutes is amended
39 by adding the following new section:

40 **"§ 143-59.1A. Preference given to products made in United States.**

41 If the Secretary of Administration or State agency cannot give preference to North
42 Carolina products or services as provided in G.S. 143-59, the Secretary or State agency
43 shall give preference as far as may be practicable to products or services manufactured
44 or produced in the United States. Provided, however, that in giving such preference no

1 sacrifice or loss in price or quality shall be permitted; and provided further, that
2 preference in all cases shall be given to surplus products or articles produced and
3 manufactured by other State departments, institutions, or agencies which are available
4 for distribution."

5
6 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
7 Owens, Wright

8 **RULES REVIEW COMMISSION TRANSFERRED TO OFFICE OF**
9 **ADMINISTRATIVE HEARINGS; AUTHORIZATION FOR RULES**
10 **REVIEW COMMISSION TO OBTAIN OUTSIDE COUNSEL**

11 **SECTION 6.2.(a)** All personnel and equipment presently assigned to the
12 Rules Review Commission for the purpose of carrying out Article 2A of Chapter 150B
13 of the General Statutes, are transferred to the Office of Administrative Hearings by a
14 Type I transfer as defined by G.S. 143A-6(a). The Chief Administrative Law Judge
15 shall be responsible for the hiring of the Director and other staff of the Rules Review
16 Commission.

17 **SECTION 6.2.(b)** G.S. 143B-30.1 reads as rewritten:

18 **"§ 143B-30.1. Rules Review Commission created.**

19 (a) The Rules Review Commission is created. The Commission shall consist of
20 10 members to be appointed by the General Assembly, five upon the recommendation
21 of the President Pro Tempore of the Senate, and five upon the recommendation of the
22 Speaker of the House of Representatives. These appointments shall be made in
23 accordance with G.S. 120-121, and vacancies in these appointments shall be filled in
24 accordance with G.S. 120-122. Except as provided in subsection (b) of this section, all
25 appointees shall serve two-year terms.

26 (b) In 1990, two of the appointments made by the General Assembly upon the
27 recommendation of the President of the Senate shall expire June 30, 1991, and two shall
28 expire June 30, 1992. In 1990, two of the appointments made by the General Assembly
29 upon the recommendation of the Speaker of the House of Representatives shall expire
30 June 30, 1992, and two shall expire June 30, 1993. Subsequent terms shall be for two
31 years.

32 (c) Any appointment to fill a vacancy on the Commission created by the
33 resignation, dismissal, ineligibility, death, or disability of any member shall be for the
34 balance of the unexpired term. The chairman shall be elected by the Commission, and
35 he shall designate the times and places at which the Commission shall meet. The
36 Commission shall meet at least once a month. A quorum of the Commission shall
37 consist of six members of the Commission. ~~The Commission is an independent agency~~
38 ~~under Article III, Section 11 of the Constitution.~~ The Chief Administrative Law Judge,
39 Office of Administrative Hearings, shall be responsible for the hiring and supervision of
40 the Director and staff to the Commission.

41 (d) Members of the Commission who are not officers or employees of the State
42 shall receive compensation of two hundred dollars (\$200.00) for each day or part of a
43 day of service plus reimbursement for travel and subsistence expenses at the rates
44 specified in G.S. 138-5. Members of the Commission who are officers or employees of

1 the State shall receive reimbursement for travel and subsistence at the rate set out in
2 G.S. 138-6.

3 (e) Any other provision of the General Statutes notwithstanding, the appointment
4 of employees of the Commission shall be made by the ~~Commission~~Chief
5 Administrative Law Judge, Office of Administrative Hearings. Nothing in this Article
6 shall be construed to exempt employees of the Commission from the State Personnel
7 Act.

8 (f) The Commission shall prescribe procedures and forms to be used in
9 submitting rules to the Commission for review. The Commission may have computer
10 access to the North Carolina Administrative Code to enable the Commission and its
11 staff to view and copy rules in the Code."

12 **SECTION 6.2.(c)** The Rules Review Commission may hire outside counsel,
13 the expenses to be paid from the Reserve Fund. Outside counsel for the Rules Review
14 Commission shall be selected by the Chief Administrative Law Judge, Office of
15 Administrative Hearings.

16 **SECTION 6.2.(d)** Subsection (a) of this section becomes effective October
17 1, 2004. The remainder of this section becomes effective July 1, 2004.

18
19 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
20 Owens, Wright

21 **EXTEND LOCAL GOVERNMENT HOLD HARMLESS**

22 **SECTION 6.3.** G.S. 105-521 reads as rewritten:

23 "**§ 105-521. Transitional local government hold harmless.**

24 (a) Definitions. – The following definitions apply in this section:

- 25 (1) Local government. – A county or municipality that received a
26 distribution of local sales taxes in the most recent fiscal year for which
27 a local sales tax share has been calculated.
- 28 (2) Local sales tax share. – A local government's percentage share of the
29 two-cent (2¢) sales taxes distributed during the most recent fiscal year
30 for which data are available.
- 31 (3) Repealed reimbursement amount. – The total amount a local
32 government would have been entitled to receive during the 2002-2003
33 fiscal year under G.S. 105-164.44C, 105-275.1, 105-275.2,
34 105-277.001, and 105-277.1A, if the Governor had not withheld any
35 distributions under those sections.
- 36 (4) Two-cent (2¢) sales taxes. – The first one-cent (1¢) sales and use tax
37 authorized in Article 39 of this Chapter and in Chapter 1096 of the
38 1967 Session Laws, the first one-half cent (1/2¢) local sales and use
39 tax authorized in Article 40 of this Chapter, and the second one-half
40 cent (1/2¢) local sales and use tax authorized in Article 42 of this
41 Chapter.

42 (b) Distributions. – On or before August 15, 2003, and every August 15 through
43 August 15, 2004, 2012, the Secretary must multiply each local government's local sales
44 tax share by the estimated amount that all local governments would be expected to

1 receive during the current fiscal year under G.S. 105-520 if every county levied the tax
2 under this Article for the year. If the resulting amount is less than one hundred percent
3 (100%) of the local government's repealed reimbursement amount, the Secretary must
4 pay the local government the difference, but not less than one hundred dollars
5 (\$100.00).

6 On or before May 1, 2003, and every May 1 through May 1, 2004,2012, the
7 Department of Revenue and the Fiscal Research Division of the General Assembly must
8 each submit to the Secretary and to the General Assembly a final projection of the
9 estimated amount that all local governments would be expected to receive during the
10 upcoming fiscal year under G.S. 105-520 if every county levied the tax under this
11 Article for the fiscal year. If, after May 1 and before a distribution is made, a law is
12 enacted that would affect the projection, an updated projection must be submitted as
13 soon as practicable. If the Secretary does not use the lower of the two final projections
14 to make the calculation required by this subsection, the Secretary must report the
15 reasons for this decision to the Joint Legislative Commission on Governmental
16 Operations within 60 days after receiving the projections.

17 (c) Source of Funds. – The Secretary must draw the funds distributed under this
18 section from sales and use tax collections under Article 5 of this Chapter.

19 (d) Reports. – The Secretary must report to the Revenue Laws Study Committee
20 by January 31, 2004, and each January 31 through January 31, 2005,2013, the amount
21 distributed under this section for the current fiscal year."
22

23 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
24 Owens, Wright

25 **LEGISLATIVE COMMISSION ON STATE PROPERTY/STATE PROPERTY**
26 **OFFICE DUTIES**

27 **SECTION 6.4.(a)** Chapter 120 of the General Statutes is amended by adding
28 a new Article to read:

29 "Article 30.

30 "Legislative Commission on State Property.

31 **"§ 120-261. Commission established; purpose and powers.**

32 (a) The purpose of the Commission on State Property (Commission) is to
33 identify State-owned real property that is suitable for sale on the private market and to
34 make recommendations to the General Assembly, to the Governor, and to the Council
35 of State concerning the disposition of State property suitable for sale. The Commission
36 shall involve realtors, real estate appraisers, and other knowledgeable persons in
37 determining its recommendations. In particular, the Commission shall adopt guidelines
38 to assure the participation of realtors in identifying State real property suitable for sale.
39 In the course of its work, the Commission shall:

- 40 (1) First, give notice to each licensed realtor in the State that the
41 Commission will receive recommendations from realtors on State real
42 property that is suitable for sale.

- 1 (2) Next, adopt guidelines to encourage realtors across the State to
2 examine the State's real property inventory to ascertain which
3 properties are suitable for sale.
- 4 (3) Include in its recommendations to the Governor and Council of State
5 the names and addresses of the realtors who identified the State real
6 property suitable for sale.
- 7 (4) Give priority to conducting regional public hearings to receive
8 recommendations from realtors and the general public.
- 9 (b) The Commission shall consist of 15 members as follows:
- 10 (1) The Speakers of the House of Representatives, or their respective
11 designees.
- 12 (2) The President Pro Tempore of the Senate, or designee.
- 13 (3) Four members of the Senate at the time of their appointment,
14 appointed by the President Pro Tempore of the Senate. At least two
15 appointees shall be members of the Senate Appropriations Committee.
- 16 (4) Four members of the House of Representatives at the time of their
17 appointment, appointed by the Speaker of the House of
18 Representatives. At least two appointees shall be members of the
19 House of Representatives Appropriations Committee.
- 20 (5) Two members of the public, appointed by the President Pro Tempore
21 of the Senate.
- 22 (6) Two members of the public, appointed by the Speaker of the House of
23 Representatives.
- 24 (7) At least two members shall be realtors and at least two members shall
25 be real estate appraisers.

26 The members appointed to the Commission from the public shall be chosen from
27 among individuals who have the ability and commitment to promote and fulfill the
28 purposes of the Commission, including individuals who have expertise in the fields of
29 real estate, property development, and other related fields.

30 (c) Members of the Commission shall serve terms of two years beginning on
31 August 15 of each odd-numbered year, with no prohibition against being reappointed,
32 except initial appointments shall be for terms as follows:

33 (1) The public members shall serve terms of three years.

34 (2) The members who are members of the General Assembly shall serve
35 terms of two years.

36 Initial terms shall commence on August 15, 2004.

37 (d) Members who are elected officials may complete a term of service on the
38 Commission even if they do not seek reelection or are not reelected, but resignation or
39 removal from service constitutes resignation or removal from service on the
40 Commission.

41 (e) The President Pro Tempore of the Senate and the Speaker of the House of
42 Representatives shall each select a legislative member from their appointees to serve as
43 cochair of the Commission.

1 (f) The Commission shall meet at least once a quarter and may meet at other
2 times upon the call of the cochairs. A majority of the members of the Commission shall
3 constitute a quorum for the transaction of business. The affirmative vote of a majority of
4 the members present at meetings of the Commission shall be necessary for action to be
5 taken by the Commission.

6 (g) All members shall serve at the will of their appointing authority. A member
7 continues to serve until the member's successor is appointed. A vacancy shall be filled
8 within 30 days by the appointing authority that made the original appointment.

9 (h) The Commission cochairs may establish subcommittees for the purpose of
10 making special studies pursuant to its duties and may appoint non-Commission
11 members to serve on each subcommittee as resource persons. Resource persons shall be
12 voting members of the subcommittee and shall receive subsistence and travel expenses
13 in accordance with G.S. 138-5 and G.S. 138-6.

14 **"§ 120-262. Assistance; per diem; subsistence; and travel allowances.**

15 (a) The Commission may contract for consulting services as provided by
16 G.S. 120-32.02. Upon approval of the Legislative Services Commission, the Legislative
17 Services Officer shall assign professional and clerical staff to assist in the work of the
18 Commission. The professional staff shall include the appropriate staff from the Fiscal
19 Research, Research, Legislative Drafting, and Information Systems Divisions of the
20 Legislative Services Office of the General Assembly. Clerical staff shall be furnished to
21 the Commission through the offices of the Senate and the House of Representatives
22 Supervisors of Clerks. The expenses of employment of the clerical staff shall be borne
23 by the Commission. The Commission may meet in the Legislative Building or the
24 Legislative Office Building upon the approval of the Legislative Services Commission.

25 (b) Members of the Commission shall receive per diem, subsistence, and travel
26 allowances as follows:

27 (1) Commission members who are members of the General Assembly, at
28 the rate established in G.S. 120-3.1.

29 (2) Commission members who are officials or employees of the State or of
30 local government agencies, at the rate established in G.S. 138-6.

31 (3) All other Commission members, at the rate established in G.S. 138-5.

32 **"§ 120-263. Commission reports.**

33 The Commission shall submit annual reports to the General Assembly, to the
34 Governor, and to the Council of State on or before the convening of the regular session
35 of the General Assembly each year. The Commission may submit interim reports at any
36 time it deems appropriate.

37 **"§ 120-264. Commission authority.**

38 (a) The Commission has the authority to obtain information and data from all
39 State officers, agents, agencies, and departments, while in discharge of its duties,
40 pursuant to G.S. 120-19, as if it were a committee of the General Assembly.

41 (b) The Department of Administration, State Property Office, shall provide
42 quarterly written reports to the Commission on the status of State property negotiations
43 and transactions and shall provide promptly any other information requested by the
44 Commission."

1 **SECTION 6.4.(b)** The initial appointments to the Legislative Commission
2 on State Property shall be made by August 15, 2004. The initial members shall serve for
3 a period of one year, with the initial terms expiring August 15, 2005.

4 **SECTION 6.4.(c)** Article 7 of Chapter 146 of the General Statutes is
5 amended by adding a new section to read:

6 **§ 146-29.1. Licensed realtor; compensation.**

7 Notwithstanding any other provision of this Chapter, the Department of
8 Administration shall retain the services of the licensed realtor responsible for making a
9 recommendation for the sale of State property under G.S. 120-261 when the property
10 identified by the realtor is placed on the private market. Compensation shall be awarded
11 for the realtor's services in accordance with Article 1 of Chapter 93A of the General
12 Statutes and the rules of the North Carolina Real Estate Commission."

13
14 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
15 Owens, Wright

16 **CHANGE EFFECTIVE DATE – PRIVATE PLATES ON PUBLIC VEHICLES**

17 **SECTION 6.5.(a)** The introductory language to Section 6.14(b) of S.L.
18 2001-424, as amended by Section 6.5(a) of S.L. 2003-284, reads as rewritten:

19 "**SECTION 6.14.(b)** Effective ~~October 1, 2004~~, May 1, 2005, G.S. 20-39.1(b), as
20 enacted in subsection (a) of this section, reads as rewritten:"

21 **SECTION 6.5.(b)** Section 6.14(h) of S.L. 2001-424, as amended by Section
22 6.5(b) of S.L. 2003-284, reads as rewritten:

23 "**SECTION 6.14.(h)** Subsection (b) of this section becomes effective ~~October 1,~~
24 ~~2004.~~ May 1, 2005. Except as provided in subsection (c) of this section, the remainder
25 of this section is effective when it becomes law."

26
27 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
28 Owens, Wright

29 **ESCHEAT FUND REPAYMENT**

30 **SECTION 6.6.** Funds appropriated in this act to the Reserve for Global
31 TransPark Debt Repayment shall be remitted to the State Treasurer for deposit in the
32 Escheat Fund on July 1, 2004. This deposit will satisfy the intent expressed by the
33 General Assembly in G.S. 147-69.2 to hold the Escheat Fund harmless from loss.

34
35 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
36 Owens, Wright

37 **VETERANS HOME TRUST FUND TRANSFER**

38 **SECTION 6.7.** Notwithstanding G.S. 165-48, five hundred thousand dollars
39 (\$500,000) of the cash balance remaining in the NC Veterans Home Trust Fund (Budget
40 Code 64106, Fund 6771) on July 1, 2004, shall be transferred to the State Controller to
41 be deposited in Nontax Budget Code 19978 (Intra State Transfers). These funds shall be
42 used to support the General Fund appropriation for the 2004-2005 fiscal year for the
43 start-up cost of the State Veterans Nursing Home in Salisbury.

1 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
2 Owens, Wright

3 **FIRE SAFETY LOAN FUND TRANSFER**

4 **SECTION 6.8.** Notwithstanding G.S. 116-44.8, two hundred fifty thousand
5 dollars (\$250,000) of the cash balance remaining in the Fire Safety Loan Fund (Budget
6 Code 63414, Fund 6510) on July 1, 2004, shall be transferred to the State Controller to
7 be deposited in Nontax Budget Code 19978 (Intra State Transfers). These funds shall be
8 used to support General Fund appropriations for the 2004-2005 fiscal year.

9
10 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
11 Owens, Wright

12 **ITS BUDGET TRANSFER**

13 **SECTION 6.9.** On July 1, 2004, the State Controller shall transfer two
14 million one hundred eighty thousand dollars (\$2,180,000) from Information Technology
15 Services Budget Code 74460, to Nontax Budget Code 19978 (Intra State Transfers) to
16 support General Fund appropriations for the 2004-2005 fiscal year.

17
18 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
19 Owens, Wright

20 **REPAIR AND RENOVATION RESERVE ALLOCATION**

21 **SECTION 6.10.** Of the funds in the Reserve for Repairs and Renovations
22 for the 2004-2005 fiscal year, forty-six percent (46%) shall be allocated to the Board of
23 Governors of The University of North Carolina for repairs and renovations pursuant to
24 G.S. 143-15.3A, in accordance with guidelines developed in The University of North
25 Carolina Funding Allocation Model for Reserve for Repairs and Renovations, as
26 approved by the Board of Governors of The University of North Carolina, and fifty-four
27 percent (54%) shall be allocated to the Office of State Budget and Management for
28 repairs and renovations pursuant to G.S. 143-15.3A.

29 Notwithstanding G.S. 143-15.3A, the Board of Governors may allocate funds
30 for the repair and renovation of facilities not supported from the General Fund if the
31 Board determines that sufficient funds are not available from other sources and that
32 conditions warrant General Fund assistance. Any such finding shall be included in the
33 Board's submission to the Joint Legislative Commission on Governmental Operations
34 on the proposed allocation of funds.

35 The Board of Governors and the Office of State Budget and Management
36 shall submit to the Joint Legislative Commission on Governmental Operations and to
37 the Fiscal Research Division of the Legislative Services Office, for their review, the
38 proposed allocations of these funds. Subsequent changes in the proposed allocations
39 shall be reported prior to expenditure to the Joint Legislative Commission on
40 Governmental Operations and to the Fiscal Research Division of the Legislative
41 Services Office.

42
43 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
44 Owens, Wright

DOROTHEA DIX PROPERTY MASTER PLAN

SECTION 6.11.(a) S.L. 2003-314 is amended by adding a new section to read:

"SECTION 3.4.(a1) The State Property Office, in consultation with the City of Raleigh shall develop a Master Plan for the Dorothea Dix Campus in the event all or part of the property is sold to a nongovernmental entity. The Master Plan shall be submitted to the Dorothea Dix Property Study Commission no later than April 1, 2005. The Commission shall review the Master Plan and shall make recommendations to the 2005 General Assembly.

In order to enhance communication and feedback regarding the planning process, an oversight committee shall be established to oversee the development of the Master Plan. The oversight committee shall consist of five members: three shall be appointed by the cochairs of the Dorothea Dix Property Study Commission; one shall be appointed by the Raleigh City Council; and one shall be appointed by the Wake County Board of Commissioners. The oversight committee shall terminate upon the submission of the Master Plan by the City to the Dorothea Dix Property Study Commission."

SECTION 6.11.(b) Section 3.4(a) of S.L. 2003-314 reads as rewritten:

"SECTION 3.4.(a) Dorothea Dix Hospital Property Study Commission. – If any of the State-owned real property encompassing the Dorothea Dix Hospital campus is no longer needed by Dorothea Dix Hospital and is not transferred to another State agency or agencies before the sale of any or all of the property to a nongovernmental entity, options for this sale shall be considered by the Dorothea Dix Hospital Property Study Commission. The Commission shall make recommendations on the options for sale of the property to the Joint Legislative Commission on Governmental Operations, the 2005 General Assembly, and the Appropriations Committees of the Senate and the House of Representatives before any sale of any or all parts of the property. The Commission terminates upon submission of its final report."

Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady, Owens, Wright

JDIG APPROPRIATION STRUCTURE

SECTION 6.12.(a) Article 1 of Chapter 143 is amended by adding a new section to read:

"§ 143-15.3E. JDIG Reserve Fund.

The State Controller shall establish a reserve in the General Fund to be known as the JDIG Reserve. Funds from the JDIG Reserve shall not be expended or transferred except in accordance with G.S. 143B-437.63."

SECTION 6.12.(b) Part 2G of Article 10 of Chapter 143B is amended by adding a new section to read:

"§ 143B-437.63. JDIG Special Revenue Fund.

(a) Establishment. – The JDIG Special Revenue Fund is established as a special reserve fund in the Department of Commerce.

1 (b) Funding. – The JDIG Special Revenue Fund shall receive moneys transferred
 2 from the JDIG Reserve created pursuant to G.S. 143-15.3E and shall be the source of
 3 funding for Job Development Investment Grant Program.

4 (c) Notwithstanding any other provision of law, grants made through the Job
 5 Development Investment Grant Program may be budgeted and funded on a cash flow
 6 basis. The Office of State Budget and Management shall periodically transfer funds
 7 from the JDIG Reserve to the JDIG Special Revenue Fund sufficient to satisfy grant
 8 obligations.

9 (d) Funds are hereby annually appropriated from the JDIG Special Revenue Fund
 10 in amounts adequate to meet the cash requirements of the Job Development Investment
 11 Grant Program."

12
 13 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
 14 Owens, Wright

15 **POTTERY HIGHWAY SIGNS**

16 **SECTION 6.13.** The Department of Transportation may not prohibit
 17 off-premises signs located on private property for potteries on the Pottery Highway
 18 (North Carolina Highway 705) in Moore and Randolph Counties.

19
 20 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
 21 Owens, Wright

22 **NO MEDIAN ON PART OF NC-64 IN RANDOLPH COUNTY**

23 **SECTION 6.14.** The Board of Transportation shall not approve contracts for
 24 the construction of a median, and the Department of Transportation shall not build a
 25 median on NC-64 between Third Street in Asheboro and the intersection of NC-64 and
 26 NC-42 highways.

27
 28 Requested by: Representative Moore

29 **DEPARTMENT OF TRANSPORTATION TO ERECT INFORMATIONAL**
 30 **SIGNS FOR HISTORIC DISTRICT IN THE CITY OF KINGS MOUNTAIN**

31 **SECTION 6.15.** The Department of Transportation shall erect appropriate
 32 informational signage on Interstate Highway 85 and US Highway 74 informing
 33 travelers of the Historic District in the City of Kings Mountain. These informational
 34 signs shall be designed by the Department in conjunction with governmental agencies of
 35 the City of Kings Mountain and Cleveland County.

36
 37 Requested by: Representative Allred

38 **NO ELECTED STATE OFFICIALS IN PUBLIC SERVICE ANNOUNCEMENTS**
 39 **PAID FOR BY STATE FUNDS, FEDERAL FUNDS, OR FUNDS RECEIVED**
 40 **FROM SETTLEMENT OF LITIGATION**

41 **SECTION 6.16.** No elected State official may appear in any radio or
 42 television public service announcement paid for by State funds, federal funds, or funds
 43 provided by litigation settlement, except during a state of disaster as defined by
 44 G.S. 166A-6."

PART VII. PUBLIC SCHOOLS

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

TEACHER SALARY SCHEDULES

SECTION 7.1.(a) Effective for the 2004-2005 school year, the Director of the Budget shall transfer from the Reserve for Experience Step Salary Increase for Teachers and Principals in Public Schools for the 2004-2005 fiscal year funds necessary to implement the teacher salary schedule set out in subsection (b) of this section, including funds for the employer's retirement and social security contributions and funds for annual longevity payments at one and one-half percent (1.5%) of base salary for 10 to 14 years of State service, two and twenty-five hundredths percent (2.25%) of base salary for 15 to 19 years of State service, three and twenty-five hundredths percent (3.25%) of base salary for 20 to 24 years of State service, and four and one-half percent (4.5%) of base salary for 25 or more years of State service, commencing July 1, 2004, for all teachers whose salaries are supported from the State's General Fund. These funds shall be allocated to individuals according to rules adopted by the State Board of Education. The longevity payment shall be paid in a lump sum once a year.

SECTION 7.1.(b) For the 2004-2005 school year, the following monthly salary schedules shall apply to certified personnel of the public schools who are classified as teachers. The schedule contains 30 steps with each step corresponding to one year of teaching experience.

2004-2005 Monthly Salary Schedule
"A" Teachers

<u>Years of Experience</u>	<u>"A" Teachers</u>	<u>NBPTS Certification</u>
0	\$2,538	N/A
1	\$2,580	N/A
2	\$2,624	N/A
3	\$2,778	\$3,111
4	\$2,919	\$3,268
5	\$3,051	\$3,417
6	\$3,180	\$3,562
7	\$3,282	\$3,676
8	\$3,331	\$3,731
9	\$3,379	\$3,784
10	\$3,429	\$3,840
11	\$3,478	\$3,895
12	\$3,529	\$3,952
13	\$3,579	\$4,008
14	\$3,632	\$4,068
15	\$3,685	\$4,128

1	16	\$3,741	\$4,190
2	17	\$3,796	\$4,251
3	18	\$3,853	\$4,315
4	19	\$3,911	\$4,381
5	20	\$3,970	\$4,446
6	21	\$4,031	\$4,514
7	22	\$4,092	\$4,584
8	23	\$4,157	\$4,655
9	24	\$4,221	\$4,728
10	25	\$4,285	\$4,800
11	26	\$4,352	\$4,874
12	27	\$4,420	\$4,951
13	28	\$4,489	\$5,028
14	29	\$4,561	\$5,108
15	30+	\$4,561	\$5,108

2004-2005 Monthly Salary Schedule
"M" Teachers

<u>Years of Experience</u>	<u>"M" Teachers</u>	<u>NBPTS Certification</u>
22	0	N/A
23	1	N/A
24	2	N/A
25	3	\$3,422
26	4	\$3,595
27	5	\$3,760
28	6	\$3,917
29	7	\$4,044
30	8	\$4,102
31	9	\$4,163
32	10	\$4,224
33	11	\$4,285
34	12	\$4,347
35	13	\$4,409
36	14	\$4,474
37	15	\$4,541
38	16	\$4,608
39	17	\$4,677
40	18	\$4,747
41	19	\$4,819
42	20	\$4,890
43	21	\$4,966
44	22	\$5,041

1	23	\$4,573	\$5,121
2	24	\$4,643	\$5,200
3	25	\$4,713	\$5,279
4	26	\$4,787	\$5,362
5	27	\$4,862	\$5,446
6	28	\$4,939	\$5,532
7	29	\$5,017	\$5,619
8	30+	\$5,017	\$5,619

9 **SECTION 7.1.(c)** Certified public school teachers with certification based
10 on academic preparation at the six-year degree level shall receive a salary supplement of
11 one hundred twenty-six dollars (\$126.00) per month in addition to the compensation
12 provided for certified personnel of the public schools who are classified as "M"
13 teachers. Certified public school teachers with certification based on academic
14 preparation at the doctoral degree level shall receive a salary supplement of two
15 hundred fifty-three dollars (\$253.00) per month in addition to the compensation
16 provided for certified personnel of the public schools who are classified as "M"
17 teachers.

18 **SECTION 7.1.(d)** Effective for the 2004-2005 school year, the first step of
19 the salary schedule for school psychologists shall be equivalent to Step 5, corresponding
20 to five years of experience, on the salary schedule established in this section for
21 certified personnel of the public schools who are classified as "M" teachers. Certified
22 psychologists shall be placed on the salary schedule at an appropriate step based on their
23 years of experience. Certified psychologists shall receive longevity payments based on
24 years of State service in the same manner as teachers.

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

32 **SECTION 7.1.(e)** Effective for the 2004-2005 school year, speech
33 pathologists who are certified as speech pathologists at the masters degree level and
34 audiologists who are certified as audiologists at the masters degree level and who are
35 employed in the public schools as speech and language specialists and audiologists shall
36 be paid on the school psychologist salary schedule.

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

SECTION 7.1.(f) Certified school nurses who are employed in the public schools as nurses shall be paid on the "M" salary schedule.

SECTION 7.1.(g) As used in this section, the term "teacher" shall also include instructional support personnel.

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE

SECTION 7.2.(a) Effective for the 2004-2005 school year, the Director of the Budget shall transfer from the Reserve for Compensation Increase for the 2004-2005 fiscal year funds necessary to implement the salary schedule for school-based administrators as provided in this section. These funds shall be used for State-paid employees only.

SECTION 7.2.(b) The base salary schedule for school-based administrators shall apply only to principals and assistant principals. The base salary schedule for the 2004-2005 fiscal year, commencing July 1, 2004, is as follows:

2004-2005
Principal and Assistant Principal Salary Schedules
Classification

Yrs. of Exp	Assistant Principal	Prin I (0-10)	Prin II (11-21)	Prin III (22-32)	Prin IV (33-43)
0-4	\$3,242	-	-	-	-
5	\$3,390	-	-	-	-
6	\$3,533	-	-	-	-
7	\$3,647	-	-	-	-
8	\$3,699	\$3,699	-	-	-
9	\$3,754	\$3,754	-	-	-
10	\$3,810	\$3,810	\$3,864	-	-
11	\$3,864	\$3,864	\$3,921	-	-
12	\$3,921	\$3,921	\$3,976	\$4,035	-
13	\$3,976	\$3,976	\$4,035	\$4,094	\$4,156
14	\$4,035	\$4,035	\$4,094	\$4,156	\$4,218
15	\$4,094	\$4,094	\$4,156	\$4,218	\$4,280
16	\$4,156	\$4,156	\$4,218	\$4,280	\$4,346
17	\$4,218	\$4,218	\$4,280	\$4,346	\$4,410
18	\$4,280	\$4,280	\$4,346	\$4,410	\$4,478
19	\$4,346	\$4,346	\$4,410	\$4,478	\$4,547
20	\$4,410	\$4,410	\$4,478	\$4,547	\$4,619
21	\$4,478	\$4,478	\$4,547	\$4,619	\$4,689
22	\$4,547	\$4,547	\$4,619	\$4,689	\$4,761
23	\$4,619	\$4,619	\$4,689	\$4,761	\$4,835
24	\$4,689	\$4,689	\$4,761	\$4,835	\$4,910

1	25	\$4,761	\$4,761	\$4,835	\$4,910	\$4,988
2	26	\$4,835	\$4,835	\$4,910	\$4,988	\$5,067
3	27	\$4,910	\$4,910	\$4,988	\$5,067	\$5,169
4	28	\$4,988	\$4,988	\$5,067	\$5,169	\$5,272
5	29	\$5,067	\$5,067	\$5,169	\$5,272	\$5,378
6	30	\$5,169	\$5,169	\$5,272	\$5,378	\$5,485
7	31	\$5,272	\$5,272	\$5,378	\$5,485	\$5,595
8	32	-	\$5,378	\$5,485	\$5,595	\$5,706
9	33	-	-	\$5,595	\$5,706	\$5,821
10	34	-	-	\$5,706	\$5,821	\$5,938
11	35	-	-	-	\$5,938	\$6,056
12	36	-	-	-	\$6,056	\$6,178
13	37	-	-	-	-	\$6,301

2004-2005

Principal and Assistant Principal Salary Schedules
Classification

Yrs. of Exp	Prin V (44-54)	Prin VI (55-65)	Prin VII (66-100)	Prin VIII (101 +)
14	\$4,280	-	-	-
15	\$4,346	-	-	-
16	\$4,410	\$4,478	-	-
17	\$4,478	\$4,547	\$4,689	-
18	\$4,547	\$4,619	\$4,761	\$4,835
19	\$4,619	\$4,689	\$4,835	\$4,910
20	\$4,689	\$4,761	\$4,910	\$4,988
21	\$4,761	\$4,835	\$4,988	\$5,067
22	\$4,835	\$4,910	\$5,067	\$5,169
23	\$4,910	\$4,988	\$5,169	\$5,272
24	\$4,988	\$5,067	\$5,272	\$5,378
25	\$5,067	\$5,169	\$5,378	\$5,485
26	\$5,169	\$5,272	\$5,485	\$5,595
27	\$5,272	\$5,378	\$5,595	\$5,706
28	\$5,378	\$5,485	\$5,706	\$5,821
29	\$5,485	\$5,595	\$5,821	\$5,938
30	\$5,595	\$5,706	\$5,938	\$6,056
31	\$5,706	\$5,821	\$6,056	\$6,178
32	\$5,821	\$5,938	\$6,178	\$6,301
33	\$5,938	\$6,056	\$6,301	\$6,427
34	\$6,056	\$6,178	\$6,427	\$6,556
35	\$6,178	\$6,301	\$6,556	\$6,686
36	\$6,301	\$6,427	\$6,686	\$6,820

1	37	\$6,427	\$6,556	\$6,820	\$6,957
2	38	\$6,556	\$6,686	\$6,957	\$7,095
3	39	-	\$6,820	\$7,095	\$7,237
4	40	-	\$6,957	\$7,237	\$7,382
5	41	-	-	\$7,382	\$7,529

SECTION 7.2.(c) The appropriate classification for placement of principals and assistant principals on the salary schedule, except for principals in alternative schools, shall be determined in accordance with the following schedule:

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

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

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

SECTION 7.2.(d) A principal shall be placed on the step on the salary schedule that reflects total number of years of experience as a certificated employee of the public schools and an additional step for every three years of experience as a principal. A principal or assistant principal shall also continue to receive any additional State-funded percentage increases earned for the 1997-1998, 1998-1999, and 1999-2000 school years for improvement in student performance or maintaining a safe and orderly school.

SECTION 7.2.(e) Principals and assistant principals with certification based on academic preparation at the six-year degree level shall be paid a salary supplement of one hundred twenty-six dollars (\$126.00) per month and at the doctoral degree level shall be paid a salary supplement of two hundred fifty-three dollars (\$253.00) per month.

SECTION 7.2.(f) There shall be no State requirement that superintendents in each local school unit shall receive in State-paid salary at least one percent (1%) more than the highest paid principal receives in State salary in that school unit; provided, however, the additional State-paid salary a superintendent who was employed

1 by a local school administrative unit for the 1992-1993 fiscal year received because of
 2 that requirement shall not be reduced because of this subsection for subsequent fiscal
 3 years that the superintendent is employed by that local school administrative unit so
 4 long as the superintendent is entitled to at least that amount of additional State-paid
 5 salary under the rules in effect for the 1992-1993 fiscal year.

6 **SECTION 7.2.(g)** Longevity pay for principals and assistant principals shall
 7 be as provided for State employees under the State Personnel Act.

8 **SECTION 7.2.(h)**

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

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

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

24 **SECTION 7.2.(i)** Participants in an approved full-time masters in school
 25 administration program shall receive up to a 10-month stipend at the beginning salary of
 26 an assistant principal during the internship period of the masters program. For the
 27 2004-2005 fiscal year and subsequent fiscal years, the stipend shall not exceed the
 28 difference between the beginning salary of an assistant principal and any fellowship
 29 funds received by the intern as a full-time student, including awards of the Principal
 30 Fellows Program. The Principal Fellows Program or the school of education where the
 31 intern participates in a full-time masters in school administration program shall supply
 32 the Department of Public Instruction with certification of eligible full-time interns.

33 **SECTION 7.2.(j)** During the 2004-2005 fiscal year, the placement on the
 34 salary schedule of an administrator with a one-year provisional assistant principal's
 35 certificate shall be at the entry-level salary for an assistant principal or the appropriate
 36 step on the teacher salary schedule, whichever is higher.

37
 38 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

39 **CENTRAL OFFICE SALARIES**

40 **SECTION 7.3.(a)** The monthly salary ranges that follow apply to assistant
 41 superintendents, associate superintendents, directors/coordinators, supervisors, and
 42 finance officers for the 2004-2005 fiscal year, beginning July 1, 2004.

43	School Administrator I	\$2,932	\$6,266
44	School Administrator II	\$3,112	\$6,586

1	School Administrator III	\$3,303	\$6,925
2	School Administrator IV	\$3,436	\$7,162
3	School Administrator V	\$3,574	\$7,410
4	School Administrator VI	\$3,792	\$7,799
5	School Administrator VII	\$3,945	\$8,072

6 The local board of education shall determine the appropriate category and
 7 placement for each assistant superintendent, associate superintendent,
 8 director/coordinator, supervisor, or finance officer within the salary ranges and within
 9 funds appropriated by the General Assembly for central office administrators and
 10 superintendents. The category in which an employee is placed shall be included in the
 11 contract of any employee hired on or after July 1, 2004.

12 **SECTION 7.3.(b)** The monthly salary ranges that follow apply to public
 13 school superintendents for the 2004-2005 fiscal year, beginning July 1, 2004.

14	Superintendent I	\$4,187	\$8,503
15	Superintendent II	\$4,445	\$8,956
16	Superintendent III	\$4,716	\$9,441
17	Superintendent IV	\$5,005	\$9,953
18	Superintendent V	\$5,312	\$10,499

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

23 Notwithstanding the provisions of this subsection, a local board of education
 24 may pay an amount in excess of the applicable range to a superintendent who is entitled
 25 to receive the higher amount under Section 7.2.(f) of this act.

26 **SECTION 7.3.(c)** Longevity pay for superintendents, assistant
 27 superintendents, associate superintendents, directors/coordinators, supervisors, and
 28 finance officers shall be as provided for State employees under the State Personnel Act.

29 **SECTION 7.3.(d)** Superintendents, assistant superintendents, associate
 30 superintendents, directors/coordinators, supervisors, and finance officers with
 31 certification based on academic preparation at the six-year degree level shall receive a
 32 salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to
 33 the compensation provided pursuant to this section. Superintendents, assistant
 34 superintendents, associate superintendents, directors/coordinators, supervisors, and
 35 finance officers with certification based on academic preparation at the doctoral degree
 36 level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per
 37 month in addition to the compensation provided for under this section.

38 **SECTION 7.3.(e)** The State Board of Education shall not permit local
 39 school administrative units to transfer State funds from other funding categories for
 40 salaries for public school central office administrators.

41 **SECTION 7.3.(f)** The Director of the Budget shall transfer from the Reserve
 42 for Compensation Increases created in this act for fiscal year 2004-2005, commencing
 43 July 1, 2004, funds necessary to provide a salary increase of eighty-three dollars and
 44 thirty-four cents (\$83.34) per month, including funds for the employer's retirement and

1 social security contributions, commencing July 1, 2004, for all permanent personnel
2 paid from the Central Office Allotment. The State Board of Education shall allocate
3 these funds to local school administrative units. The local boards of education shall
4 establish guidelines for providing their salary increases to these personnel.

5 **SECTION 7.3.(g)** Notwithstanding any other provision of this section,
6 permanent full-time personnel shall not receive an annual increase of less than one
7 thousand dollars (\$1,000).

8
9 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

10 **NONCERTIFIED PERSONNEL SALARY**

11 **SECTION 7.4.(a)** The Director of the Budget shall transfer from the
12 Reserve for Compensation Increases created in this act for fiscal year 2004-2005,
13 commencing July 1, 2004, funds necessary to provide a salary increase of eighty-three
14 dollars and thirty-four cents (\$83.34) per month, including funds for the employer's
15 retirement and social security contributions, commencing July 1, 2004, for all
16 noncertified public school employees whose salaries are supported from the State's
17 General Fund.

18 **SECTION 7.4.(b)** Local boards of education shall increase the rates of pay
19 for such employees who were employed for all or part of fiscal year 2003-2004 and who
20 continue their employment for fiscal year 2004-2005 by eighty-three dollars and
21 thirty-four cents (\$83.34) per month, commencing July 1, 2004. For part-time
22 employees, the pay increase shall be pro rata based on the number of hours worked.

23 **SECTION 7.4.(c)** These funds shall not be used for any purpose other than
24 for the salary increases and necessary employer contributions provided by this section.

25 **SECTION 7.4.(d)** The State Board of Education may adopt salary ranges for
26 noncertified personnel to support increases of eighty-three dollars and thirty-four cents
27 (\$83.34) per month for the 2004-2005 fiscal year.

28 **SECTION 7.4.(e)** Notwithstanding any other provision of this section,
29 permanent full-time personnel shall not receive an annual increase of less than one
30 thousand dollars (\$1,000).

31
32 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

33 **APPROPRIATIONS FOR CONTINUALLY LOW-PERFORMING SCHOOLS**

34 **SECTION 7.5.** Section 7.8 of S.L. 2003-284 reads as rewritten:

35 "**SECTION 7.8.** Of funds appropriated from the General Fund to State Aid to Local
36 School Administrative Units, the sum of one million nine hundred fifty-six thousand
37 one hundred fifteen dollars (\$1,956,115) for the 2003-2004 ~~and 2004-2005 fiscal years~~
38 fiscal year and the sum of six hundred two thousand nine hundred seventy-five dollars
39 (\$602,975) for the 2004-2005 fiscal year shall be used to provide the State's chronically
40 low-performing schools with tools needed to dramatically improve student achievement.
41 These funds shall be used to implement any of the following strategies at the schools
42 that have not previously been implemented with State or other funds:

- 43 (1) The sum of one million six hundred fifty-seven thousand three
44 hundred forty-five dollars (\$1,657,345) for the 2003-2004 ~~and~~

~~2004-2005 fiscal years~~ fiscal year and the sum of two hundred ninety-seven thousand four hundred six dollars (\$297,406) for the ~~2004-2005 fiscal year~~ shall be used to reduce class size at a continually low-performing school to ensure that the number of teachers allotted for students in grades four and five is one for every 17 students, and that the number of teachers allotted in grades six through eight is one for every 17 students, and that the number of teachers allotted in grades nine through twelve is one for every 20 students; and

(2) The sum of two hundred ninety-eight thousand seven hundred seventy dollars (\$298,770) for the 2003-2004 ~~and 2004-2005 fiscal years~~ fiscal year and the sum of three hundred five thousand five hundred sixty-nine dollars (\$305,569) for the 2004-2005 fiscal year shall be used to extend teachers' contracts for a total of 10 days, including five days of additional instruction with related costs for other than teachers' salaries for the 2003-2004 and 2004-2005 school years.

Notwithstanding any other provision of law, the State Board of Education may implement intervention strategies for the 2003-2004 and 2004-2005 school years that it deems appropriate."

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

CHILDREN WITH DISABILITIES

SECTION 7.6. The State Board of Education shall allocate funds for children with disabilities on the basis of two thousand seven hundred seventy-three dollars and ninety-six cents (\$2,773.96) per child for a maximum of 166,500 children for the 2004-2005 school year. Each local school administrative unit shall receive funds for the lesser of (i) all children who are identified as children with disabilities, or (ii) twelve and five-tenths percent (12.5%) of the 2004-2005 allocated average daily membership in the local school administrative unit.

The dollar amounts allocated under this section for children with disabilities shall also adjust in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve children with disabilities.

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

FUNDS FOR ACADEMICALLY GIFTED CHILDREN

SECTION 7.7. The State Board of Education shall allocate funds for academically or intellectually gifted children on the basis of nine hundred fourteen dollars and ninety-five cents (\$914.95) per child. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its 2004-2005 allocated average daily membership, regardless of the number of children identified as academically or intellectually gifted in the unit. The State Board shall allocate funds for no more than 54,762 children for the 2004-2005 school year.

The dollar amounts allocated under this section for academically or intellectually gifted children shall also adjust in accordance with legislative salary

1 increments, retirement rate adjustments, and health benefit adjustments for personnel
2 who serve academically or intellectually gifted children.

3
4 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

5 **LEA ASSISTANCE PROGRAM**

6 **SECTION 7.8.** Section 7.17 of S.L. 2003-284 reads as rewritten:

7 "**SECTION 7.17.** Of funds appropriated from the General Fund to State Aid to
8 Local School Administrative Units, the sum of five hundred thousand dollars
9 (\$500,000) for fiscal year 2003-2004 and the sum of five hundred thousand dollars
10 (\$500,000) for fiscal year 2004-2005 shall be used to provide assistance to the State's
11 low-performing Local School Administrative Units (LEAs) and to assist schools in
12 meeting adequate yearly progress in each subgroup identified in the No Child Left
13 Behind Act of 2001. The State Board of Education shall report to the Office of State
14 Budget and Management, the Fiscal Research Division, and the Joint Legislative
15 Education Oversight Committee on the expenditure of these funds by May 15, 2004,
16 and by December 15, 2005. The report shall contain: (i) the criteria for selecting LEAs
17 and schools to receive assistance, (ii) measurable goals and objectives for the assistance
18 program, (iii) an explanation of the assistance provided, (iv) findings from the
19 assistance program, (v) actual expenditures by category, (vi) recommendations for the
20 continuance of this program, and (vii) any other information the State Board deems
21 necessary."
22

23 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

24 **LOCAL EDUCATION AGENCY FLEXIBILITY**

25 **SECTION 7.9.** Section 7.23 of S.L. 2003-284 reads as rewritten:

26 "**SECTION 7.23.** Within 14 days of the date this act becomes law, the State Board
27 of Education shall notify each local school administrative unit of the amount the unit
28 must reduce from State General Fund ~~appropriations.~~ appropriations for the 2003-2004
29 fiscal year. Within 14 days of the date the Current Operations and Capital
30 Improvements Appropriations Act of 2004 becomes law, the State Board of Education
31 shall notify each local school administrative unit of the amount the unit must reduce
32 from State General Fund appropriations for the 2004-2005 fiscal year. The State Board
33 shall determine the amount of the reduction for each unit for each fiscal year on the
34 basis of average daily membership.

35 Each unit shall report to the Department of Public Instruction on the discretionary
36 budget reductions it has identified for the 2003-2004 fiscal year for the unit within 30
37 days of the date this act becomes law and ~~by September 1, 2004,~~ within 30 days of the
38 date the Current Operations and Capital Improvements Appropriations Act of 2004
39 becomes law for reductions for the 2004-2005 fiscal year. ~~No later than December 31,~~
40 ~~2003, the~~ The State Board of Education shall make a summary report to the Office of
41 State Budget and Management and the Fiscal Research Division on all reductions made
42 by the LEAs to achieve this reduction-reduction for the 2003-2004 fiscal year by
43 December 31, 2003, and for the 2004-2005 fiscal year by December 31, 2004.

1 For fiscal years 2003-2004 and 2004-2005, the General Assembly urges local school
2 administrators to make every effort to reduce spending whenever and wherever such
3 budget reductions are appropriate as long as the targeted reductions do not directly
4 impact classroom services or any services for students at risk or children with special
5 needs, including those services or supports that are called for in students' Personal
6 Education Plans (PEP) and/or Individual Education Plans (IEP). If reductions to the
7 allotment categories listed in this paragraph are necessary in order to meet the reduction
8 target, the local board of education shall submit an explanation of the anticipated impact
9 of the reductions to student services along with the budget reductions to the Department
10 of Public Instruction. ~~By August 15, 2004, for fiscal year 2005-2006 and subsequent~~
11 ~~fiscal years, the State Board of Education shall determine the changes to the allotment~~
12 ~~categories to make such reductions permanent. Notwithstanding other provisions of law,~~
13 ~~the State Board of Education has the authority to reduce the proposed funding level of~~
14 ~~any allotment category in the State Public School Fund or the Department of Public~~
15 ~~Instruction in order to carry out the requirements of this section to make changes to the~~
16 ~~proposed continuation budget for the 2005-2007 fiscal biennium. The changes proposed~~
17 ~~by the State Board of Education shall be subject to the approval of the General~~
18 ~~Assembly."~~

19
20 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

21 **REPLACEMENT SCHOOL BUSES FUNDS**

22 **SECTION 7.10.** Section 7.25(a) of S.L. 2003-284 reads as rewritten:

23 "**SECTION 7.25.(a)** Of the funds appropriated to the State Board of Education, the
24 Board may use up to fifteen million dollars (\$15,000,000) for the 2003-2004 fiscal year
25 and up to ~~forty seven million seven hundred fifty two thousand eight hundred thirteen~~
26 ~~dollars (\$47,752,813)~~ thirty-seven million two hundred thirty-nine thousand nine
27 hundred twelve dollars (\$37,239,912) for the 2004-2005 fiscal year for allotments to
28 local boards of education for replacement school buses under G.S. 115C-249(c) and (d).
29 In making these allotments, the State Board of Education may impose any of the
30 following conditions:

- 31 (1) The local board of education must use the funds only to make the first,
32 second, or third year's payment on a financing contract entered into
33 pursuant to G.S. 115C-528.
- 34 (2) The term of a financing contract entered into under this section shall
35 not exceed three years.
- 36 (3) The local board of education must purchase the buses only from
37 vendors selected by the State Board of Education and on terms
38 approved by the State Board of Education.
- 39 (4) The State Board of Education shall solicit bids for the direct purchase
40 of buses and for the purchasing of buses through financing. The State
41 Board of Education may solicit separate bids for financing if the Board
42 determines that multiple financing options are more cost-efficient.
- 43 (5) A bus financed pursuant to this section must meet all federal motor
44 vehicle safety regulations for school buses.

1 (6) Any other condition the State Board of Education considers
2 appropriate."

3
4 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

5 **K-2 ASSESSMENT**

6 **SECTION 7.11.** G.S.115C-174.11(a) reads as rewritten:

7 **"§ 115C-174.11. Components of the testing program.**

8 (a) Assessment Instruments for First and Second Grades. – The State Board of
9 Education shall adopt and provide to the local school administrative units
10 developmentally appropriate individualized assessment instruments consistent with the
11 Basic Education Program for the first and second grades, rather than standardized tests.
12 Local school administrative units may use these assessment instruments provided to
13 them by the State Board for first and second grade students, and shall not use
14 standardized tests. tests except as required as a condition of receiving a federal grant."

15
16 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

17 **EVALUATE VALIDITY OF ABC ACCOUNTABILITY SYSTEM**

18 **SECTION 7.12.(a)** G.S. 115C-105.35 reads as rewritten:

19 **"§ 115C-105.35. Annual performance goals.**

20 (a) The School-Based Management and Accountability Program shall (i) focus
21 on student performance in the basics of reading, mathematics, and communications
22 skills in elementary and middle schools, (ii) focus on student performance in courses
23 required for graduation and on other measures required by the State Board in the high
24 schools, and (iii) hold schools accountable for the educational growth of their students.
25 To those ends, the State Board shall design and implement an accountability system that
26 sets annual performance standards for each school in the State in order to measure the
27 growth in performance of the students in each individual school. At least once every
28 five years, the State Board shall evaluate the accountability system and modify the
29 testing standards to assure the standards reasonably reflect the level of performance
30 necessary to be successful at the next grade level or for more advanced study in the
31 content area. As part of this evaluation, the Board shall, where available, review the
32 historical trend data on student academic performance on State tests.

33 (b) For purposes of this Article, ~~beginning school year 2002-2003,~~ the State
34 Board shall include a "closing the achievement gap" component in its measurement of
35 educational growth in student performance for each school. The "closing the
36 achievement gap" component shall measure and compare the performance of each
37 subgroup in a school's population to ensure that all subgroups as identified by the State
38 Board are meeting State standards.

39 (c) The State Board shall consider incorporating into the School-Based
40 Management and Accountability Program a character and civic education component
41 which may include a requirement for student councils."

42 **SECTION 7.12.(b)** The State Board shall complete its initial evaluation and
43 any revisions required under G.S. 115C-105.35, as rewritten by subsection (a) of this

1 section, so that the modified standards are in effect no later than the 2005-2006 school
2 year.

3
4 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

5 **FUNDS TO IMPLEMENT THE ABCS OF PUBLIC EDUCATION**

6 **SECTION 7.13.(a)** The State Board of Education shall use funds
7 appropriated for State Aid to Local School Administrative Units for the 2004-2005
8 fiscal year to provide incentive funding for schools that met or exceeded the projected
9 levels of improvement in student performance during the 2003-2004 school year, in
10 accordance with the ABCs of Public Education Program. In accordance with State
11 Board of Education policy:

12 (1) Incentive awards in schools that achieve higher than expected
13 improvements may be up to:

14 a. One thousand five hundred dollars (\$1,500) for each teacher
15 and for certified personnel; and

16 b. Five hundred dollars (\$500.00) for each teacher assistant.

17 (2) Incentive awards in schools that meet the expected improvements may
18 be up to:

19 a. Seven hundred fifty dollars (\$750.00) for each teacher and for
20 certified personnel; and

21 b. Three hundred seventy-five dollars (\$375.00) for each teacher
22 assistant.

23 **SECTION 7.13.(b)** The State Board of Education shall use funds
24 appropriated for State Aid to Local School Administrative Units for the 2005-2006
25 fiscal year to provide incentive funding for schools that exceeded the projected levels of
26 improvement in student performance during the 2004-2005 school year, in accordance
27 with the ABCs of Public Education Program. In accordance with State Board of
28 Education policy, incentive awards in schools that achieve higher than expected
29 improvements may be up to:

30 (1) One thousand five hundred dollars (\$1,500) for each teacher and for
31 certified personnel; and

32 (2) Five hundred dollars (\$500.00) for each teacher assistant.

33 **SECTION 7.13.(c)** The State Board of Education may use funds
34 appropriated to State Aid to Local School Administrative Units for assistance teams to
35 low-performing schools.

36
37 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

38 **DISCONTINUE INEFFECTIVE PROGRAM**

39 **SECTION 7.14.** Section 7.20(a) of S.L. 2003-284 is repealed.

40
41 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

42 **RESTORE VOCATIONAL EDUCATION FUNDING**

43 **SECTION 7.15.(a)** Section 7.37 of S.L. 2003-284 reads as rewritten:

1 ~~"SECTION 7.37. It is the intent of the General Assembly to eliminate funding for~~
2 ~~vocational education in the seventh grade. Local school administrative units shall make~~
3 every effort to focus the vocational education budget reductions on the seventh grade
4 for 2003-2004 school year. For the 2004-2005 school year, after making the base
5 allotment for each local school administrative unit, the State Board of Education shall
6 use the average daily membership for grades eight through twelve ~~only~~ to calculate
7 vocational education budget allotments to local school administrative units. ~~For the~~
8 ~~2004-2005 school year, local school administrative units shall take all of the vocational~~
9 ~~education budget reductions for the 2003-2005 biennium in the seventh grade before~~
10 ~~making reductions to other grades. Priority use of these funds should be to provide~~
11 vocational education in grades eight through 12."

12 **SECTION 7.15.(b)** G.S. 115C-151 reads as rewritten:

13 **"§ 115C-151. Statement of purpose.**

14 It is the intent of the General Assembly that vocational and technical education be an
15 integral part of the educational process. The State Board of Education shall administer
16 through local boards of education a comprehensive program of vocational and technical
17 education that shall be available to all ~~students~~ students, with priority given to students
18 in grades eight through 12, who desire it in the public secondary schools and middle
19 schools of this State. The purposes of vocational and technical education in North
20 Carolina public secondary schools shall be:

- 21 (1) Occupational Skill Development. – To prepare individuals for paid or
22 unpaid employment in recognized occupations, new occupations, and
23 emerging occupations.
- 24 (2) Preparation for Advanced Education. – To prepare individuals for
25 participation in advanced or highly skilled vocational and technical
26 education.
- 27 (3) Career Development; Introductory. – To assist individuals in the
28 making of informed and meaningful occupational choices.

29 It is also legislative intent to authorize the State Board of Education to support
30 appropriate vocational and technical education instruction and related services for
31 individuals who have special vocational and technical education needs which can be
32 fulfilled through a comprehensive vocational and technical education program as
33 designated by State Board of Education policy or federal vocational and technical
34 education legislation."

35 **SECTION 7.15.(c)** G.S. 115C-157 reads as rewritten:

36 **"§ 115C-157. Responsibility of local boards of education.**

37 Each local school administrative unit, shall provide free appropriate vocational and
38 technical education instruction, activities, and services in accordance with the
39 provisions of this Part for all youth in grades eight through 12 who elect the instruction
40 and shall have responsibility for administering the instruction, activities, and services in
41 accordance with federal and State law and State Board of Education policies."
42

43 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

44 **EXPEDITE ALLOTMENTS FROM THE ADM CONTINGENCY RESERVE**

1 **SECTION 7.16.** Section 7.27 of S.L. 2003-284 reads as rewritten:

2 **"SECTION 7.27.(a)** If the State Board of Education does not have sufficient
3 resources in the ADM Contingency Reserve line item to make allotment adjustments in
4 accordance with the Allotment Adjustments for ADM Growth provisions of the North
5 Carolina Public Schools Allotment Policy Manual, the State Board of Education may
6 use funds appropriated to State Aid for Public Schools for this purpose.

7 **"SECTION 7.27.(a1)** The State Board of Education shall expedite requests for
8 allotments from the Contingency Reserve. The State Board shall either grant such a
9 request and allot the funds, reject it, or require additional information to support the
10 request, within five business days of the later of:

11 (1) The day the State Board receives the request from the unit or

12 (2) The day the State Board receives from the unit the official ADM for
13 the month relevant to the request.

14 If the State Board requires additional information to support a request, the State Board
15 shall complete its analysis of the information and either grant the request and allot the
16 funds or reject the request, within 25 business days of receiving the data.

17 **"SECTION 7.27.(b)** If the higher of the first or second month average daily
18 membership in a local school administrative unit is at least two percent (2%) or 100
19 students lower than the anticipated average daily membership used for allotments for
20 the unit, the State Board of Education shall reduce allotments for the unit. The reduced
21 allotments shall be based on the higher of the first or second month average daily
22 membership plus one-half of the number of students overestimated in the anticipated
23 average daily membership.

24 The allotments reduced pursuant to this subsection shall include only those
25 allotments that may be increased pursuant to the Allotment Adjustments for ADM
26 Growth provisions of the North Carolina Public Schools Allotment Policy Manual."
27

28 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

29 **HEALTHFUL SCHOOL FOOD CHOICES/PILOT PROGRAM**

30 **SECTION 7.17.(a)** The State Board of Education, with the advice and
31 assistance of The North Carolina School Food Service Association and the Academy of
32 Family Physicians, shall develop and implement a pilot program to support the efforts
33 of local school administrative units to provide only healthful, nutritious food choices to
34 students. The State Board of Education shall select up to eight local school
35 administrative units to participate in the pilot program and shall set standards for the
36 food choices offered to students. In selecting the eight pilot units, the State Board shall
37 give priority to those units that volunteer to be a pilot. The pilots shall be distributed
38 geographically throughout the State.

39 For the 2004-2005 school year, pilot units shall implement the program in
40 elementary schools.

41 **SECTION 7.17.(b)** If, at the end of the 2004-2005 school year, the State
42 Board of Education finds that a pilot unit experienced a decrease in food service
43 revenues because students opted not to purchase the healthful, nutritious food choices

1 offered by the school food service, the State Board shall reimburse the unit for that
2 decrease in revenues.

3
4 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

5 **VISITING INTERNATIONAL FACULTY**

6 **SECTION 7.18.** Section 7.41 of S.L. 2003-284 reads as rewritten:

7 "**SECTION 7.41.** The State Board of Education shall convert teacher positions to
8 dollars for Visiting International Faculty Program teachers for the 2003-2004 fiscal year
9 and the 2004-2005 fiscal year on the basis of the allotted average teacher salary and
10 benefits."

11
12 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

13 **STATE BOARD OF EDUCATION AUTHORITY TO SET CERTIFICATION**
14 **STANDARDS FOR TEACHERS**

15 **SECTION 7.19.(a)** G.S. 115C-296 reads as rewritten:

16 "**§ 115C-296. Board sets certification requirements.**

17 (a) The State Board of Education shall have entire control of certifying all
18 applicants for teaching positions in all public elementary and high schools of North
19 Carolina; and it shall prescribe the rules and regulations for the renewal and extension
20 of all certificates and shall determine and fix the salary for each grade and type of
21 certificate which it ~~authorizes: Provided, that the~~ authorizes.

22 ~~The State Board of Education shall may~~ require each an applicant for an initial
23 bachelors degree certificate or graduate degree certificate to demonstrate the applicant's
24 academic and professional preparation by achieving a prescribed minimum score on a
25 standard examination appropriate and adequate for that purpose. The State Board of
26 Education shall permit an applicant to fulfill ~~this any such testing~~ requirement before or
27 during the applicant's second year of teaching provided the applicant took the
28 examination at least once during the first year of teaching. The State Board of Education
29 shall make ~~the any required~~ standard initial certification exam sufficiently rigorous and
30 raise the prescribed minimum score as necessary to ensure that each applicant has
31 adequate academic and professional preparation to teach.

32 (a1) The State Board shall adopt policies that establish the minimum scores for ~~the~~
33 any required standard examinations and other measures necessary to assess the
34 qualifications of professional personnel as required under subsection (a) of this section.
35 For purposes of this subsection, the State Board shall not be subject to Article 2A of
36 Chapter 150B of the General Statutes. At least 30 days prior to changing any policy
37 adopted under this subsection, the State Board shall provide written notice to all North
38 Carolina schools of education and to all local boards of education. The written notice
39 shall include the proposed revised policy.

40"

41 **SECTION 7.19.(b)** G.S. 115C-296.1(c) reads as rewritten:

42 "(c) A local board may re-employ as a teacher an individual the board initially
43 employed under subdivisions (a)(2)b and (a)(2)c of this section. If the individual, either
44 prior to initial employment or within one year after initial employment, takes and passes

1 ~~the—any~~ required standard examination adopted by the State Board under
2 G.S. 115C-296(a) that is or was applicable to the grade or subject the individual is
3 employed to teach, then upon re-employment the individual is deemed to have satisfied
4 the academic and professional preparation required to receive an initial State teacher
5 certificate. An individual who receives an initial certificate under this subsection is
6 subject to the same requirements for continuing certification as other teachers who hold
7 initial State teacher certificates. If the individual, within one year of the initial
8 employment, does not take and pass ~~the—any~~ required standard examination adopted by
9 the State Board under G.S. 115C.296(a) that is applicable to the grade or subject the
10 individual is employed to teach, then upon re-employment the individual shall continue
11 to hold a provisional certificate and is subject to G.S. 115C-296(c)."

12 **SECTION 7.19.(c)** Subsection (b) of this section expires September 1, 2006.
13

14 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

15 **MAINTAIN 12-MONTH VOCATIONAL AGRICULTURE TEACHER**
16 **POSITIONS**

17 **SECTION 7.20.** G.S. 115C-302.1(b) reads as rewritten:

18 "(b) Salary Payments. – State-allotted teachers shall be paid for a term of 10
19 months. State-allotted months of employment for vocational education to local boards
20 shall be used for the employment of teachers of vocational and technical education for a
21 term of employment to be determined by the local boards of education. However, local
22 boards shall not reduce the term of employment for any vocational agriculture teacher
23 personnel position that was 12 calendar months for the 1982-83 school year for any
24 school year thereafter. In addition, local boards shall not reduce the term of employment
25 for any vocational agriculture teacher personnel position that was 12 calendar months
26 for the 2003-2004 school year for any school year thereafter.

27 Each local board of education shall establish a set date on which monthly salary
28 payments to State-allotted teachers shall be made. This set pay date may differ from the
29 end of the month of service. The daily rate of pay for teachers shall equal one
30 twenty-second of the monthly rate of pay.

31 Teachers may be prepaid on the monthly pay date for days not yet worked. A teacher
32 who fails to attend scheduled workdays or who has not worked the number of days for
33 which the teacher has been paid and who resigns, is dismissed, or whose contract is not
34 renewed shall repay to the local board any salary payments received for days not yet
35 worked. A teacher who has been prepaid and continues to be employed by a local board
36 but fails to attend scheduled workdays may be subject to dismissal under G.S. 115C-325
37 or other appropriate discipline.

38 Any individual teacher who is not employed in a year-round school may be paid in
39 12 monthly installments if the teacher so requests on or before the first day of the school
40 year. The request shall be filed in the local school administrative unit which employs
41 the teacher. The payment of the annual salary in 12 installments instead of 10 shall not
42 increase or decrease the teacher's annual salary nor in any other way alter the contract
43 made between the teacher and the local school administrative unit. Teachers employed
44 for a period of less than 10 months shall not receive their salaries in 12 installments."

1
2 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

3 **ADDITIONAL TEACHER POSITIONS FOR THIRD GRADE**

4 **SECTION 7.21.(a)** The maximum class size limits for third grade
5 established by the State Board of Education for the 2004-2005 school year shall be
6 reduced by 4.23 from the 2003-2004 limits, based on an allotment ratio of one teacher
7 for every 18 students.

8 **SECTION 7.21.(b)** For the 2004-2005 school year, local school
9 administrative units shall use these additional teacher positions to reduce class size in
10 third grade.

11
12 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

13 **HIGH SCHOOL WORKFORCE DEVELOPMENT PROGRAM**

14 **SECTION 7.22.(a)** Funds are appropriated in this act for a high school
15 workforce development program. The purpose of the program shall be to identify
16 students who may not plan to attend or be adequately prepared to attend a two- or
17 four-year degree program and to provide the assistance those students need to earn an
18 Associate Degree the year after their senior year in high school. The Department of
19 Public Instruction shall work closely with the Education Cabinet and the New Schools
20 Project in administering the program.

21 These funds shall be used to establish five pilot projects in which a local
22 school administrative unit, two- and four-year colleges and universities, and local
23 employers work together to ensure that high school and community college curricula
24 operate seamlessly and meet the needs of participating employers.

25 **SECTION 7.22.(b)** The State Board of Education shall conduct an annual
26 evaluation of this program. The evaluation shall include (i) an assessment of the overall
27 impact of this program on student achievement, retention, and employability, (ii) an
28 accounting of how funds and personnel resources were utilized and their impact on
29 student achievement, retention, and employability, and (iii) recommendations for
30 continuance and improvement of the program. The State Board of Education shall
31 report the results of this evaluation to the Office of State Budget and Management, the
32 Joint Legislative Education Oversight Committee, and the Fiscal Research Division, by
33 September 15 of each year.

34
35 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

36 **FUNDS FOR THE TESTING AND IMPLEMENTATION OF THE NEW**
37 **STUDENT INFORMATION SYSTEM**

38 **SECTION 7.23.** Section 7.21 of S.L. 2003-284 is amended by adding a new
39 subsection to read:

40 "SECTION 7.21.(d) Notwithstanding G.S. 143-23, funds budgeted in the State
41 Public School Fund 1800 for the Uniform Education Reporting System in account
42 536508 that are used by the Department of Public Instruction for support and
43 maintenance of existing reporting systems shall be transferred to Accountability and
44 Technology Services Fund 1500, maintained in a center structure so as to provide

1 sufficient system project detail, and budgeted at a sufficient level of detail to report
2 budget and expenditures at the four digit account level as established by the Office of
3 State Controller statewide chart of accounts. Funds budgeted in the State Public School
4 Fund 1800 for the Uniform Education Reporting System in account 536508 that are
5 used by the Department of Public Instruction for the development and implementation
6 of NC WISE shall be maintained in a unique center and budgeted at a sufficient level of
7 detail to report the NC WISE budget and expenditures at the four digit account level as
8 established by the Office of State Controller statewide chart of accounts. Funds
9 budgeted in the State Public School Fund 1800 for the Uniform Education Reporting
10 System in account 536508 that are used by the Department of Public Instruction for
11 development of reporting systems other than NC WISE shall be maintained in a unique
12 center and budgeted at a sufficient level of detail to enable reporting at the four digit
13 account level as established by the Office of State Controller statewide chart of
14 accounts."

15
16 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue
17 **EXPERIENCE STEP INCREASE FOR TEACHERS AND PRINCIPALS IN**
18 **PUBLIC SCHOOLS**

19 **SECTION 7.24.** Effective July 1, 2004, any permanent certified personnel
20 employed on July 1, 2004, and paid on the teacher salary schedule with 29+ years of
21 experience shall receive a one-time bonus equivalent to the average increase of the 26 to
22 29 year steps. Effective July 1, 2004, any permanent personnel employed on July 1,
23 2004, and paid at the top of the principal and assistant principal salary schedule shall
24 receive a one-time bonus equivalent to two percent (2%). For permanent part-time
25 personnel, the one-time bonus shall be adjusted pro rata. Personnel defined under
26 G.S. 115C-325(a)(5a) are not eligible to receive the bonus.

27
28 Requested by: Representative Baker
29 **CHARTER SCHOOL FACILITY FUNDS**

30 **SECTION 7.25.** Chapter 153A of the General Statutes is amended by adding
31 a new section to read:

32 **"§ 153A-451. Funding for charter school facilities.**

33 A county may appropriate funds for capital outlay for charter schools located in the
34 county. Before such an appropriation may be made, a charter school shall adopt and
35 present to the county a resolution requesting the funds and describing the intended use
36 of the funds. Charter school capital outlay funds may be used for the construction of
37 school facilities. The ordinance making the appropriation shall state specifically what
38 the appropriation is to be used for, and the governing board of the county shall require
39 that the recipient account for the appropriation at the close of the fiscal year."

40
41 Requested by: Representative Gorman
42 **NEW SCHOOL BUS EQUIPMENT REQUIREMENTS**

43 **SECTION 7.26.(a)** G.S. 115C-240(c) reads as rewritten:

1 "(c) The State Board of Education shall from time to time adopt such rules and
2 regulations with reference to the construction, equipment, color, and maintenance of
3 school buses, the number of pupils who may be permitted to ride at the same time upon
4 any bus, and the age and qualifications of drivers of school buses as it shall deem to be
5 desirable for the purpose of promoting safety in the operation of school buses. No
6 school bus shall be operated for the transportation of pupils unless such bus is
7 constructed and maintained as prescribed in such regulations and is equipped with
8 adequate heating facilities, a standard signaling device for giving due notice that the bus
9 is about to make a turn, an alternating flashing stoplight on the front of the bus, an
10 alternating flashing stoplight on the rear of the bus, and such other warning devices, fire
11 protective equipment and first aid supplies as may be prescribed for installation upon
12 such buses by the regulation of the State Board of Education. These rules shall not
13 require air conditioning on school buses."

14 **SECTION 7.26.(b)** The request for bids on school buses issued by the State
15 of North Carolina for 2005 shall include pricing for school buses with and without air
16 conditioning.

17 18 **PART VIII. COMMUNITY COLLEGES**

19
20 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

21 **USE OF FUNDS FOR THE COLLEGE INFORMATION SYSTEM PROJECT**

22 **SECTION 8.1.(a)** Notwithstanding G.S. 143-23 or any other provision of
23 law, the Community Colleges System Office may use funds, other than personal service
24 funds, appropriated for the College Information System Project for the 2004-2005 fiscal
25 year to establish new personnel positions to support the project. Creation of these
26 positions is subject to the provisions of the Executive Budget Act and to approval by the
27 Office of State Budget and Management.

28 **SECTION 8.1.(b)** Funds appropriated to the Community Colleges System
29 Office for the College Information System Project shall not revert at the end of the
30 2003-2004 fiscal year but shall remain available until expended.

31 **SECTION 8.1.(c)** The Community Colleges System Office shall report on a
32 quarterly basis to the Joint Legislative Education Oversight Committee on the
33 implementation of the College Information System Project.

34 **SECTION 8.1.(d)** Subsection (b) of this section becomes effective June 30,
35 2004.

36
37 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

38 **CARRYFORWARD FOR EQUIPMENT**

39 **SECTION 8.2.(a)** Subject to the approval of the Office of State Budget and
40 Management and cash availability, the North Carolina Community Colleges System
41 may carry forward an amount not to exceed ten million dollars (\$10,000,000) of the
42 operating funds held in reserve that were not reverted in fiscal year 2003-2004 to be
43 reallocated to the State Board of Community Colleges' Equipment Reserve Fund. These
44 funds shall be distributed to colleges consistent with G.S. 115D-31.

SECTION 8.2.(b) This section becomes effective June 30, 2004.

Requested by: Representatives Tolson, McLawhorn, Warren, Bordsen, L. Johnson, Preston, Yongue

SALARIES OF COMMUNITY COLLEGE FACULTY AND PROFESSIONAL STAFF

SECTION 8.3.(a) It is the intent of the General Assembly to establish a community college faculty salary plan that (i) provides accountability to the General Assembly, (ii) maintains local flexibility and autonomy for the community colleges, and (iii) ensures that community college faculty members have a uniform minimum salary based on level of education, equivalent applicable experience, or both.

It is imperative that the State move community college faculty and professional staff salaries to the national average. The estimated incremental costs of doing so over five years are thirty-three million two hundred eighty-nine thousand three hundred seventy-one dollars (\$33,289,371) for the 2004-2005 fiscal year, twenty-one million ninety-two thousand sixty-six dollars (\$21,092,066) for the 2005-2006 fiscal year, twenty-one million five hundred seventy-four thousand five hundred three dollars (\$21,574,503) for the 2006-2007 fiscal year, twenty-two million ninety-five thousand five hundred thirty-two dollars (\$22,095,532) for the 2007-2008 fiscal year, and twelve million four hundred twenty-seven thousand five hundred thirty-one dollars (\$12,427,531) for the 2008-2009 fiscal year.

SECTION 8.3.(b) The minimum salaries for community college faculty shall be based on the following education levels:

- (1) Vocational Diploma/Certificate or Less. – This education level includes faculty members who are high school graduates, have vocational diplomas, or have completed one year of college.
- (2) Associates Degree or Equivalent. – This education level includes faculty members who have an associates degree or have completed two or more years of college but have no degree.
- (3) Bachelors Degree.
- (4) Masters Degree or Education Specialist.
- (5) Doctoral Degree.

SECTION 8.3.(c) For the 2004-2005 school year, the minimum salaries for nine-month, full-time, curriculum community college faculty shall be as follows:

Education Level	Minimum Salary
Vocational Diploma/Certificate or Less	\$26,973
Associates Degree or Equivalent	\$27,369
Bachelors Degree	\$29,232
Masters Degree or Education Specialist	\$30,861
Doctoral Degree	\$33,210.

No full-time faculty member shall earn less than the minimum salary for his or her education level.

The pro rata hourly rate of the minimum salary for each education level shall be used to determine the minimum salary for part-time faculty members.

SECTION 8.3.(d)

(1) It is the intent of the General Assembly to encourage community colleges to make faculty salaries a priority and to reward colleges that have taken steps to achieve the national average, therefore:

- a. If the average faculty salary at a community college is one hundred percent (100%) or more of the national average community college faculty salary, the college may transfer up to ten percent (10%) of the State funds allocated to it for faculty salaries.
- b. If the average faculty salary at a community college is at least ninety-five percent (95%) but less than one hundred percent (100%) of the national average community college faculty salary, the college may transfer up to eight percent (8%) of the State funds allocated to it for faculty salaries.
- c. If the average faculty salary at a community college is at least ninety (90%) but less than ninety-five percent (95%) of the national average community college faculty salary, the college may transfer up to six percent (6%) of the State funds allocated to it for faculty salaries.
- d. If the average faculty salary at a community college is at least eighty-five percent (85%) but less than ninety percent (90%) of the national average community college faculty salary, the college may transfer up to four percent (4%) of the State funds allocated to it for faculty salaries.
- e. If the average faculty salary at a community college is eighty-five percent (85%) or less of the national average community college faculty salary, the college may transfer up to two percent (2%) of the State funds allocated to it for faculty salaries.

Except as provided by subdivision (2) of this subsection, a community college shall not transfer a greater percentage of the State funds allocated to it for faculty salaries than is authorized by this subsection.

(2) With the approval of the State Board of Community Colleges, a community college at which the average faculty salary is eighty-five percent (85%) or less of the national average may transfer a greater percentage of the State funds allocated to it for faculty salaries than is authorized by sub-subdivision e. of subdivision (1) of this subsection. The State Board shall approve the transfer only for purposes that directly affect student services.

The State Board of Community Colleges shall adopt rules to implement the provisions of this subdivision.

- 1 (3) A local community college may use all State funds allocated to it
2 except for Literacy Funds and Funds for New and Expanding
3 Industries to increase faculty salaries.

4 **SECTION 8.3.(e)** As used in this section:

- 5 (1) "Average faculty salary at a community college" means the total
6 nine-month salary from all sources of all nine-month, full-time,
7 curriculum faculty at the college, as determined by the North Carolina
8 Community College System on October 1 of each year.

- 9 (2) "National average community college faculty salary" means the
10 nine-month, full-time, curriculum salary average, as published by the
11 Integrated Postsecondary Education Data System (IPEDS), for the
12 most recent year for which data are available.

13 **SECTION 8.3.(f)** The State Board of Community Colleges shall adopt rules
14 to implement the provisions of this section.

15 **SECTION 8.3.(g)** The State Board of Community Colleges shall report to
16 the appropriations subcommittees on education, the Speaker of the House of
17 Representatives, the President Pro Tempore of the Senate, the Fiscal Research Division,
18 and the Office of State Budget and Management by December 1, 2004, and every year
19 thereafter through December 1, 2009, on the implementation of this section.

20 **SECTION 8.3.(h)** Funds appropriated in this act for salary increases shall be
21 used to:

- 22 (1) Implement the minimum salaries set out in subsection (c) of this
23 section. Funds shall be allocated to those colleges with faculty below
24 the minimum salary in each education level as determined by the
25 North Carolina Community College System. These funds shall only be
26 used to bring the salaries of full-time faculty members to the
27 applicable minimum; and
28 (2) Increase faculty and professional staff salaries by an average of two
29 percent (2.0%). These increases are in addition to other salary
30 increases provided for in this act, and shall be calculated on the
31 average salaries prior to the issuance of the compensation increase.
32 Colleges may provide additional increases from funds available.

33 The State Board of Community Colleges shall adopt rules to ensure that these
34 funds are used only to move faculty and professional staff to the respective national
35 averages. These funds shall not be transferred by the State Board or used for any other
36 budget purpose by the community colleges.

37
38 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

39 **MODIFY REPORTING REQUIREMENT FOR NEW AND EXPANDING**
40 **INDUSTRY TRAINING PROGRAM**

41 **SECTION 8.4.** G.S.115D-5(i) reads as rewritten:

42 "(i) The State Board of Community Colleges shall report to the Joint Legislative
43 Education Oversight Committee on ~~March 1 and October 1~~ September 1 of each year on
44 expenditures for the New and Expanding Industry Program each fiscal year. The report

1 shall include, for each company or individual that receives funds for New and
2 Expanding Industry:

- 3 (1) The total amount of funds received by the company or individual;
- 4 (2) The amount of funds per trainee received by the company or
5 individual;
- 6 (3) The amount of funds received per trainee by the community college
7 training the trainee;
- 8 (4) The number of trainees trained by company and by community
9 college; and
- 10 (5) The number of years the companies or individuals have been funded."

11
12 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

13 **NEW AND EXPANDING INDUSTRIES TRAINING PROGRAM FUNDS**

14 **SECTION 8.5.(a)** Funds available to the New and Expanding Industries
15 Program shall not revert at the end of the 2003-2004 fiscal year but shall remain
16 available until expended.

17 **SECTION 8.5.(b)** This section becomes effective June 30, 2004.
18

19 Requested by: Representatives Clary, L. Johnson, Preston, Tolson, Yongue

20 **NCCATT TO OPERATE AS THE NORTH CAROLINA CENTER FOR**
21 **APPLIED TEXTILE TECHNOLOGY AT GASTON COLLEGE**

22 **SECTION 8.6.(a)** The General Assembly finds that:

- 23 (1) A strong and revitalized textile industry is an essential component of
24 the State's economy;
- 25 (2) The State must therefore preserve, protect, and enhance its ability to
26 provide support services to the textile industry;
- 27 (3) It is necessary to make improvements in the administration, operations,
28 and procedures of the North Carolina Center for Applied Textile
29 Technology to maximize the State's ability to provide support services
30 to the textile industry;
- 31 (4) Since its creation in 1989, the Hosiery Technology Center at Catawba
32 Valley Community College has effectively provided the hosiery
33 industry with the services it needs to succeed amid growing global
34 competition; and
- 35 (5) The State can best utilize its facilities in eastern Gaston County for
36 economic development by transferring the North Carolina Center for
37 Applied Textile Technology to Gaston College.

38 **SECTION 8.6.(b)** G.S. 115D-68 reads as rewritten:

39 ~~"§ 115D-68. Creation of board of trustees; members and terms of office; no~~
40 ~~compensation. Transfer of North Carolina Center for Applied Textile~~
41 ~~Technology; establishment of advisory committee.~~

42 ~~The North Carolina Center for Applied Textile Technology shall be managed,~~
43 ~~subject to policies and regulations of the State Board of Community Colleges, by a~~
44 ~~board of trustees. The board of trustees shall consist of the President of the North~~

~~1 Carolina System of Community Colleges and nine members appointed by the Governor.
2 The terms of office of the trustees appointed by the Governor shall be as follows: Three
3 of the trustees shall be appointed for a term of two years; three for three years; and three
4 for four years. At the expiration of those terms, the appointments shall be made for
5 periods of four years. In the event of any vacancy on the board, the vacancy shall be
6 filled by appointment of the Governor for the unexpired term of the member causing the
7 vacancy. The members of the board of trustees appointed by the Governor shall serve
8 without compensation.~~

9 (a) Effective July 1, 2004, the North Carolina Center for Applied Textile
10 Technology is transferred to the Community Colleges System Office. The transfer shall
11 have all of the elements of a Type I transfer, as defined in G.S. 143A-6(a).

12 (b) Effective January 1, 2005, the North Carolina Center for Applied Textile
13 Technology is transferred from the Community Colleges System Office to Gaston
14 College. The transfer shall have all of the elements of a Type I transfer, as defined in
15 G.S. 143A-6(a).

16 The Center shall be known as the North Carolina Center for Applied Textile
17 Technology at Gaston College.

18 (c) An advisory committee to the North Carolina Center for Applied Textile
19 Technology is hereby established. The advisory committee shall consist of three
20 members appointed by the Governor, three members appointed by the President Pro
21 Tempore of the Senate, three members appointed by the Speaker of the House of
22 Representatives, and three members appointed by the Gaston County Board of
23 Commissioners. Initial terms shall begin July 1, 2004.

24 Initial members of the board shall serve staggered terms. One initial member
25 appointed by each appointing authority shall serve for a two-year term, one initial
26 member appointed by each appointing authority shall serve for a three-year term, and
27 one initial member appointed by each appointing authority shall serve for a four-year
28 term. Subsequent terms shall be for four years.

29 All vacancies occurring on the board shall be filled for the remainder of the
30 unexpired term by the appointing authority making the original appointment.

31 Members shall receive per diem, travel, and subsistence allowances in accordance
32 with G.S. 138-5 and G.S. 138-6, as appropriate."

33 **SECTION 8.6.(c)** The State Board of Community Colleges, in consultation
34 with the Department of Commerce, representatives of the North Carolina textile
35 industry, the School of Textiles at North Carolina State University and the Hosiery
36 Technology Center, shall develop a plan for transferring the North Carolina Center for
37 Applied Textile Technology to Gaston College. In developing the plan, the State Board
38 shall determine the most effective method for serving the textile industry throughout the
39 State.

40 The plan shall address:

- 41 (1) The implementation of any proposed changes to the Center's (i)
42 organization and funding structure, (ii) mission and purpose, and (iii)
43 programs or services currently offered;

1 (2) Appropriate staffing levels based on the model of the Hosiery
2 Technology Center and provisions for current staff; and

3 (3) Necessary funding for the repair and renovation of existing structures.

4 The State Board of Community Colleges shall report the results of its study to
5 the Joint Legislative Commission on Governmental Operations and the Fiscal Research
6 Division on or before October 15, 2004.

7 **SECTION 8.6.(d)** The State Board of Community Colleges may use funds
8 appropriated for the operation of the North Carolina Center for Applied Textile
9 Technology for the 2004-2005 fiscal year for maintenance and operation of plant.

10 **SECTION 8.6.(e)** The State Board of Community Colleges shall transfer
11 three hundred thousand dollars (\$300,000) of the funds appropriated for the North
12 Carolina Center for Applied Textile Technology for the 2004-2005 fiscal year to the
13 Hosiery Technology Center at Catawba Valley Community College. These funds shall
14 be used by the Hosiery Technology Center to assist in the implementation of the transfer
15 of the North Carolina Center for Applied Textile Technology and to offset the loss of
16 funds by the Hosiery Technology Center from the Worker Training Trust Fund. These
17 funds shall be used only for the operation of the Hosiery Technology Center and shall
18 not be used for any other purpose.

19 **SECTION 8.6.(f)** G.S. 115D-2(3) reads as rewritten:

20 "**§ 115D-2. Definitions.**

21 As used in this Chapter:

22 ...

23 (3) The term "institution" refers to any institution established pursuant to
24 this ~~Chapter except for the North Carolina Center for Applied Textile~~
25 ~~Technology Chapter.~~"

26 **SECTION 8.6.(g)** G.S. 115D-69, 115D-70, and 115D-71 are repealed.

27 **SECTION 8.6.(h)** G.S. 115D-58.14(a) reads as rewritten:

28 "(a) Community colleges ~~and the Center for Applied Textile Technology~~ may
29 purchase the same supplies, equipment, and materials from noncertified sources as are
30 available under State term contracts, subject to the following conditions:

31 (1) The purchase price, including the cost of delivery, is less than the cost
32 under the State term contract; and

33 (2) The cost of the purchase shall not exceed the bid value benchmark
34 established under G.S. 143-53.1."

35 **SECTION 8.6.(i)** Subsections (e) and (g) of this section become effective
36 January 1, 2005. The remainder of this section becomes effective July 1, 2004.

37
38 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

39 **FUNDS FOR THE BUREAU OF TRAINING INITIATIVES**

40 **SECTION 8.7.(a)** The Community Colleges System Office may carry
41 forward the unexpended balance of funds appropriated for the 2003-2004 fiscal year
42 from the Worker Training Trust Fund to the Community College System Office, Bureau
43 of Training Initiatives. These funds shall be used for pilot programs that support the
44 retraining of the existing workforce in new skills related to specific industry sectors.

1 The purposes for which the funds may be used in the pilot programs include targeted
2 assessments, training equipment, software, third-party trainers, and supplies and
3 material costs. Any unexpended balance remaining in this program shall revert to the
4 Worker Training Trust Fund on June 30, 2005.

5 **SECTION 8.7.(b)** This act becomes effective June 30, 2004.

6
7 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

8 **FUNDS FOR THE COMPREHENSIVE ARTICULATION AGREEMENT**
9 **STUDY**

10 **SECTION 8.8.(a)** Section 8.12(h) of S.L. 2003-284 reads as rewritten:

11 "**SECTION 8.12.(h)** The University of North Carolina, Office of the President, and
12 the North Carolina Community College System shall each transfer thirty-five thousand
13 dollars (\$35,000) to the Joint Legislative Education Oversight Committee to carry out
14 this study. Funds transferred by the North Carolina Community College System that are
15 not expended shall not revert on June 30, 2004, but shall remain available for the
16 2004-2005 fiscal year to pay costs associated with the study."

17 **SECTION 8.8.(b)** This section becomes effective June 30, 2004.

18
19 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

20 **REPORT ON THE ADEQUACY OF MULTICAMPUS FUNDS**

21 **SECTION 8.9.** The General Assembly finds that additional data is needed to
22 determine the adequacy of multicampus funds; therefore, multicampus colleges shall
23 report annually, beginning September 1, 2005, to the Community Colleges System
24 Office on all expenditures by line item of funds used to support their multicampuses.
25 The Community Colleges System Office shall report on these expenditures to the
26 Education Appropriation Subcommittees of the House of Representatives and the
27 Senate, the Office of State Budget and Management, and the Fiscal Research Division
28 by October 1 of each year.

29
30 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

31 **COMMUNITY COLLEGE FUNDING FLEXIBILITY**

32 **SECTION 8.10.** Section 8.1 of S.L. 2003-284 reads as rewritten:

33 "**SECTION 8.1.** A local community college may use all State funds allocated to it,
34 except for Literacy Funds and Funds for New and Expanding Industries, for any
35 authorized purpose that is consistent with the college's Institutional Effectiveness Plan.
36 Each local community college shall include in its Institutional Effectiveness Plan a
37 section on how funding flexibility allows the college to meet the demands of the local
38 community and to maintain a presence in all previously funded categorical programs.

39 ~~No more than two percent (2%) systemwide shall be transferred from faculty salaries~~
40 ~~without the approval of the State Board of Community Colleges. The State Board shall~~
41 ~~report on any such transfers above two percent (2%) systemwide to the Office of State~~
42 ~~Budget and Management and the Joint Legislative Commission on Governmental~~
43 ~~Operations at its next meeting."~~

1 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

2 **MIDDLE COLLEGE START-UP FUNDS**

3 **SECTION 8.11.(a)** Funds appropriated for a middle college program at
4 Edgecombe Community College shall not revert at the end of the 2003-2004 fiscal year
5 but shall remain available until expended.

6 **SECTION 8.11.(b)** This section becomes effective June 30, 2004.
7

8 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

9 **MATCHING FUNDS FOR THE CAREER START PROJECT**

10 **SECTION 8.12.** Community colleges may use funds earned through the
11 continuation education enrollment allotment for Human Resource Development
12 Programs to match federal grants for the Career Start Project.
13

14 Requested by: Representatives Baker, L. Johnson, Preston, Tolson, Yongue

15 **STUDY OF FTE FUNDING FORMULA**

16 **SECTION 8.13.** The State Board of Community Colleges shall consider
17 modifications to its funding formulas to ensure that colleges have sufficient funds to
18 adequately serve students when enrollment increases. In the course of the study, the
19 State Board shall consider methods of accurately projecting enrollment for the
20 upcoming academic year and using projected enrollment in its funding formulas.

21 The State Board shall report the results of its study to the Joint Legislative
22 Education Oversight Committee and to the chairs of the appropriations committees of
23 the House of Representatives and the Senate by January 15, 2005.
24

25 Requested by: Representatives Baker, L. Johnson, Preston, Tolson, Yongue

26 **FUNDS FOR SIGNIFICANT FTE INCREASES**

27 **SECTION 8.14.** Funds are appropriated in this act for the 2004-2005 fiscal
28 year to create a contingency reserve fund for community college enrollment increases.
29 The State Board of Community Colleges shall use these funds to increase the FTE
30 allotment for the spring semester of the 2004-2005 school year at colleges that
31 experience a total enrollment growth for the fall semester of the 2004-2005 school year
32 of over ten percent (10%). Each such college shall receive an increase in its FTE
33 allotment for the spring semester equal to the amount the enrollment increase exceeded
34 ten percent (10%), insofar as funds are available within the enrollment reserve.

35 Funds not expended or encumbered for this purpose shall revert to the
36 General Fund at the end of the 2004-2005 fiscal year.

37 The State Board of Community Colleges shall adopt rules to determine
38 eligibility for funds from the contingency reserve.
39

40 Requested by: Representatives Barnhart, L. Johnson, Preston, Tolson, Yongue,
41 Baker

42 **CONTINGENCY RESERVE FOR COLLEGES EXPERIENCING HIGH RATES**
43 **OF UNEMPLOYMENT**

1 **SECTION 8.15.** There is created in the Community College System a
2 contingency reserve fund to assist colleges in counties experiencing high rates of
3 unemployment due to manufacturing job losses. The State Board of Community
4 Colleges shall provide training and assistance to displaced workers who have lost
5 employment as a result of the closing or relocation of a manufacturing company. The
6 State Board shall report on the implementation of this program to the Joint Legislative
7 Education Oversight Committee by May 1, 2005.

8 The State Board of Community Colleges shall adopt rules to implement this
9 section.

10
11 **PART IX. UNIVERSITIES**

12
13 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

14 **UNC FLEXIBILITY GUIDELINES**

15 **SECTION 9.1.** The Chancellor of each constituent institution shall report to
16 the Board of Governors of The University of North Carolina on the management
17 flexibility adjustments made to the General Fund budget codes in order to meet the
18 reserve amounts for that institution. The President of The University of North Carolina
19 shall report to the Board of Governors of The University of North Carolina on the
20 reductions made to the General Fund budget codes controlled by the Board in order to
21 meet the reduction reserve amounts for those entities. The Board of Governors shall
22 make a summary report to the Office of State Budget and Management and the Fiscal
23 Research Division by December 31, 2004, on all reductions made by these entities and
24 constituent institutions in order to reduce the budgets by the targeted amounts.

25
26 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

27 **NEED-BASED FINANCIAL AID FROM ESCHEAT FUNDS**

28 **SECTION 9.2.(a)** There is appropriated from the Escheat Fund to the Board
29 of Governors of The University of North Carolina the sum of twenty-one million three
30 hundred forty-four thousand dollars (\$21,344,000) for the 2004-2005 fiscal year and to
31 the State Board of Community Colleges the sum of seven hundred eighteen thousand
32 three hundred ninety-six dollars (\$718,396) for the 2004-2005 fiscal year. These funds
33 shall be allocated by the State Educational Assistance Authority for need-based student
34 financial aid in accordance with G.S. 116B-7 and this act. The use of principal is
35 allowed if interest income is insufficient.

36 **SECTION 9.2.(b)** The Director of the Budget shall include General Fund
37 appropriations in the amounts provided in subsection (a) of this section in the proposed
38 2005-2007 fiscal biennium continuation budget for the purposes provided in
39 G.S. 116B-7.

40 **SECTION 9.2.(c)** There is appropriated from the Escheat Fund to the Board
41 of Governors of The University of North Carolina the sum of one hundred ninety-five
42 thousand dollars (\$195,000) for the 2004-2005 fiscal year to be allocated to the State
43 Education Assistance Authority for need-based student financial aid to be used in
44 accordance with G.S. 116B-7 and this act. The State Education Assistance Authority

1 shall use these funds only to provide scholarship loans to North Carolina high school
2 seniors interested in preparing to teach in the State's public schools who also enroll at
3 any of the Historically Black Colleges and Universities that do not have Teaching
4 Fellows. An allocation of 10 grants of six thousand five hundred dollars (\$6,500) each
5 shall be given to the three universities without any Teaching Fellows for the purposes
6 specified in this subsection. The State Education Assistance Authority shall administer
7 these funds and shall establish any additional criteria needed to award these scholarship
8 loans, the conditions for forgiving the loans, and the collection of the loan repayments
9 when necessary.

10
11 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

12 **AREA HEALTH EDUCATION CENTER (AHEC) FUNDS**

13 **SECTION 9.3.** Of the funds appropriated by this act to the Board of
14 Governors of The University of North Carolina for the 2004-2005 fiscal year and in all
15 subsequent fiscal years, the Board of Governors shall allocate the sum of twenty-four
16 thousand dollars (\$24,000) to the Wilmington AHEC program annually and the sum of
17 twenty-four thousand dollars (\$24,000) to the Region L AHEC program on an annual
18 basis for information highway line charges.

19
20 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

21 **UNC BOND PROJECT MODIFICATIONS**

22 **SECTION 9.4.(a)** Pursuant to Section 2(b) of S.L. 2000-3, the General
23 Assembly finds that it is in the best interest of the State to respond to current
24 educational and research program requirements at North Carolina Agricultural &
25 Technical State University by:

- 26 (1) Substituting a project entitled "New School of Education" for a project
27 entitled "Central Cooling Plant Phase I" as contained in Section 2(a) of
28 S.L. 2000-3, as it has been determined, based on an independent
29 engineering analysis, that the cooling plant project is not technically
30 feasible.
- 31 (2) The cancellation of "New Student Housing" and "Curtis Residence
32 Hall-Replacement." The money from "New Student Housing" and
33 "Curtis Residence Hall-Renovation" should be transferred to "Scott
34 Residence Hall-Replacement."
- 35 (3) The cancellation of "Holland Residence Hall-Comprehensive
36 Renovation." The unused money should be transferred to "Zoe Barbee
37 Residence Hall-Comprehensive Renovation."

38 Section 2(a) of S.L. 2000-3 is therefore amended in the portion under North
39 Carolina Agricultural & Technical State University as follows:

- 40 (1) By substituting the "New School of Education" for "Central Cool
41 Plant-Phase I."
- 42 (2) By deleting "New Student Housing 1,897,900" and "Curtis Residence
43 Hall-Replacement 3,723,500" and by amending "Scott Residence
44 Hall-Replacement" to create a total allocation of thirty-one million

1 eight hundred seventy-four thousand seven hundred dollars
2 (\$31,874,700).

- 3 (3) By deleting "Holland Residence Hall-Comprehensive Renovation
4 856,800" and by amending "Zoe Barbee Residence
5 Hall-Comprehensive Renovation" to create a total allocation of four
6 million five hundred fifty thousand six hundred dollars (\$4,550,600).

7 **SECTION 9.4.(b)** Pursuant to Section 2(b) of S.L. 2000-3, the General
8 Assembly finds that it is in the best interest of the State to respond to current
9 educational and research program requirements at East Carolina University to reduce
10 the scope of "Expansion & Renovation of the Old Nursing Building" by three million
11 dollars (\$3,000,000) to a total allocation of eleven million six hundred eighty-five
12 thousand five hundred dollars (\$11,685,500) and transferring the unused funds to " 'Old
13 Cafeteria' Office Building-Comprehensive Renovation for Student Services/Academic
14 Use" to create a total allocation of seven million four hundred forty-two thousand one
15 hundred dollars (\$7,442,100).

16 Section 2(a) of S.L. 2000-3 is therefore amended under the portion under East
17 Carolina University by reduction of allocations for the project entitled "Expansion and
18 Renovation of the Old Nursing Building 14,685,500" by three million dollars
19 (\$3,000,000) to a total allocation of eleven million six hundred eighty-five thousand five
20 hundred dollars (\$11,685,500) and the addition of the money to allocations for the
21 project entitled " 'Old Cafeteria' Office Building-Comprehensive Renovation for
22 Student Services/Academic Use 4,442,100" by three million dollars (\$3,000,000) to
23 create a total allocation of seven million four hundred forty-two thousand one hundred
24 dollars (\$7,442,100).

25 **SECTION 9.4.(c)** Pursuant to Section 2(b) of S.L. 2000-3, the General
26 Assembly finds that it is in the best interest of the State to respond to current
27 educational and research program requirements at the University of North Carolina at
28 Wilmington, due to growth in enrollment and programs offered, by reducing the scope
29 of the comprehensive renovation of the "Alderman Hall Classroom Building" and by
30 reducing the scope of the comprehensive renovation of the "Kenan Auditorium," both as
31 contained in Section 2(a) of S.L. 2000-3, and by transferring a portion of the funds
32 allocated to these two projects to the comprehensive renovation of the "King Hall
33 Classroom Building," "James Hall Classroom Building," and "Kenan Hall Classroom
34 Building," as contained in Section 2(a) of S.L. 2000-3.

35 Section 2(a) of S.L. 2000-3 is therefore amended in the portion under the
36 University of North Carolina at Wilmington, by reducing the money allocated to
37 "Alderman Hall Classroom Building" by two million two hundred four thousand six
38 hundred fifty-two dollars (\$2,204,652) to create a total allocation of seven hundred
39 thirty-six thousand one hundred forty-eight dollars (\$736,148), by reducing the monies
40 allocated to "Kenan Auditorium" by one million one hundred seventy-three thousand
41 three hundred twenty-five dollars (\$1,173,325) to create a total allocation of one million
42 nine hundred twenty-one thousand nine hundred seventy-five dollars (\$1,921,975) and
43 by reallocating the money saved as follows: increase the budget of "King Hall" from
44 two million six hundred ninety-seven thousand four hundred dollars (\$2,697,400) to

1 three million five hundred twenty-seven thousand four hundred dollars (\$3,527,400),
2 increase the budget for "Hinton James Hall" from one million four hundred sixty-eight
3 thousand dollars (\$1,468,000) to two million eight hundred fifty-four thousand
4 twenty-five dollars (\$2,854,025), and increase the budget of "Kenan Hall" from three
5 million fifty-six thousand six hundred dollars (\$3,056,600) to four million two hundred
6 eighteen thousand five hundred fifty-two dollars (\$4,218,552).

7 **SECTION 9.4.(d)** Pursuant to Section 2(b) of S.L. 2000-3, the General
8 Assembly finds that it is in the best interests of the State to respond to current
9 educational and research program requirements at Fayetteville State University by
10 changing the scope of the "Comprehensive Renovation and Conversion of Spaulding
11 (Old Infirmary) for Public Safety Facilities" to "Comprehensive Renovation of
12 Spaulding for Student Health Services and Student Counseling."

13 Section 2(a) of S.L. 2000-3 is therefore amended by retitling the project
14 currently entitled "Comprehensive Renovation and Conversion of Spaulding (Old
15 Infirmary) for Public Safety Facilities" to "Comprehensive Renovation of Spaulding for
16 Student Health Services and Student Counseling."

17 **SECTION 9.4.(e)** Pursuant to Section 2(b) of S.L. 2000-3, the General
18 Assembly finds that it is in the best interests of the State to respond to current
19 educational and research program requirements at Fayetteville State University by
20 reallocating unused money from the "William Collins Building Renovation" to a new
21 project entitled "Mitchell Building Renovation for use by Public Safety".

22 Section 2(a) of S.L. 2000-3 is therefore amended in the portion under
23 Fayetteville State University by reducing the money allocated to "William Collins
24 Building-Comprehensive Renovation" by three hundred thousand dollars (\$300,000) to
25 a total of three hundred forty thousand six hundred dollars (\$340,600) and by the
26 addition of a project entitled "Mitchell Building-Comprehensive Renovation for use by
27 Public Safety \$300,000."

28 **SECTION 9.4.(f)** Pursuant to Section 2(b) of S.L. 2000-3, the General
29 Assembly finds that it is in the best interests of the State to respond to current
30 educational and research program requirements at North Carolina State University by
31 substituting a project entitled "Harrelson Classroom Building-Replacement Classroom
32 Facility Construction" for the project entitled "Harrelson Classroom
33 Building-Comprehensive Renovation" as contained in Section 2(a) of S.L. 2000-3.

34 Section 2(a) of S.L. 2000-3 is therefore amended in the portion under North
35 Carolina State University, by deleting "Harrelson Classroom Building-Comprehensive
36 Renovation" and substituting "Harrelson Classroom Building-Replacement Classroom
37 Facility Construction."

38 **SECTION 9.4.(g)** Pursuant to Section 2(b) of S.L. 2000-3, the General
39 Assembly finds that it is in the best interests of the State to respond to current
40 educational and research program requirements at the University of North Carolina at
41 Chapel Hill by deleting a project entitled "Community Health Building-Consolidation
42 of Programs" as contained in Section 2(a) of S.L. 2000-3, and dispersing the funds from
43 that project to other health affairs related bond projects.

1 Section 2(a) of S.L. 2000-3 is therefore amended in the portion under the
2 University of North Carolina at Chapel Hill by deleting "Community Health Building
3 Consolidation of Programs" and disbursing the funds associated with that project as
4 follows: adding ten million six hundred twenty-five thousand seven hundred forty-seven
5 dollars (\$10,625,747) to the project entitled "School of Medicine-Medical Research
6 Building-Comprehensive Renovation of Classroom & Laboratory Space," for a total of
7 twenty-three million five hundred twenty thousand seven hundred forty-seven dollars
8 (\$23,520,747); adding one million forty thousand six hundred dollars (\$1,040,600) to a
9 project entitled "Burnett Womack Building Research Laboratory-Comprehensive
10 Renovation," for a total of twenty-five million eight hundred eighty-eight thousand six
11 hundred dollars (\$25,888,600), and adding six million six hundred seventy-three
12 thousand six hundred fifty-three dollars (\$6,673,653) to a project entitled "Berryhill
13 Hall Laboratory Building-Comprehensive Renovation" for a total of seventeen million
14 three hundred seventy-three thousand six hundred fifty-three dollars (\$17,373,653).

15 **SECTION 9.4.(h)** Nothing in this section is intended to supersede any other
16 requirement of law or policy for approval of the substituted capital improvement
17 projects.
18

19 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue
20 **FAYETTEVILLE STATE UNIVERSITY AND NORTH CAROLINA SCHOOL**
21 **OF THE ARTS RETAIN REAL PROPERTY PROCEEDS**

22 **SECTION 9.5.** Notwithstanding any other provision of law, Fayetteville
23 State University and the North Carolina School of the Arts may retain the proceeds from
24 the sale of their existing chancellor's residences and the appurtenant land.

25 Fayetteville State University may use the proceeds from the sale of its
26 existing chancellor's residence and the appurtenant land, and any other nonappropriated
27 funds available, to construct or otherwise acquire a new chancellor's residence. Proceeds
28 from the sale not used for that purpose shall revert.

29 The North Carolina School of the Arts may use the proceeds from the sale of
30 its existing chancellor's residence and the appurtenant land, and any other
31 nonappropriated funds available, to construct or otherwise acquire a new chancellor's
32 residence. Proceeds from the sale not used for that purpose shall revert.
33

34 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue
35 **NORTH CAROLINA SCHOOL OF SCIENCE AND MATH**
36 **CARRYOVER/ONETIME EXPENDITURES**

37 **SECTION 9.6.** G.S. 116-30.2(b) reads as rewritten:

38 "(b) The North Carolina School of Science and Mathematics is authorized to be
39 designated as a special responsibility constituent institution for the purposes of
40 G.S. 116-30.1, G.S. 116-30.3, G.S. 116-30.4, G.S. 116-30.5, G.S. 116-30.6, and
41 G.S. 116-31.10. In addition, all General Fund appropriations made by the General
42 Assembly for continuing operations of the North Carolina School of Science and
43 Mathematics shall be made in the form of a single sum to each budget code of the
44 School for each year of the fiscal period for which the appropriations are being made.

1 Notwithstanding G.S. 143-23(a1), G.S. 143-23(a2), and G.S. 120-76(8), the North
2 Carolina School of Science and Mathematics may expend monies from the overhead
3 receipts special fund budget code and the General Fund monies so appropriated to it in
4 the manner deemed by the Director of the School to be calculated to maintain and
5 advance the programs and services of the School, consistent with the directives and
6 policies of the Board of Trustees of the North Carolina School of Science and
7 Mathematics. The preparation, presentation, and review of General Fund budget
8 requests of the North Carolina School of Science and Mathematics shall be conducted in
9 the same manner as are requests of the constituent institutions. The quarterly allotment
10 procedure established under G.S. 143-17 shall apply to the General Fund appropriations
11 made for the current operations of the North Carolina School of Science and
12 Mathematics. All General Fund monies so appropriated to the North Carolina School of
13 Science and Mathematics shall be recorded, reported, and audited in the same manner as
14 are General Fund appropriations to constituent institutions of The University of North
15 Carolina."

16
17 Requested by: Representative Michaux

18 **EVALUATE SCIENCE & MATH SCHOOL TUITION GRANTS**

19 **SECTION 9.6A.(a)** It is the intent of the General Assembly to review
20 G.S. 116-238.1, which provides a four-year tuition grant to any North Carolina resident
21 who graduates from the North Carolina School of Science and Mathematics and enrolls
22 as a full-time student in a constituent institution of The University of North Carolina, to
23 evaluate that tuition grant program, and to determine whether the program should be
24 continued. It is the further intent of the General Assembly to provide notice to the
25 students attending and applying to the North Carolina School of Science and
26 Mathematics that the tuition grant program may be discontinued after review by the
27 General Assembly.

28 **SECTION 9.6A.(b)** The North Carolina School of Science and Mathematics
29 shall collect data on the median family income of the students attending the school.

30 **SECTION 9.6A.(c)** The President of the North Carolina School of Science
31 and Mathematics and the Board of Governors of The University of North Carolina shall
32 report to the Joint Legislative Education Oversight Committee regarding the
33 information collected in compliance with subsection (a) of this section and the findings
34 and recommendations of the Board of Governors regarding the need, if any, to continue
35 the scholarship program established by G.S. 116-238.1. The Joint Legislative Education
36 Oversight Committee shall report to the 2005 General Assembly the information
37 received from the President of the North Carolina School of Science and Mathematics
38 and the Board of Governors and the findings and recommendations of the Board of
39 Governors, along with the Committee's own findings and recommendations regarding
40 the continuation of the tuition grant program.

41
42 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

43 **UNC-CHAPEL HILL CONTINUE TO OPERATE HORACE WILLIAMS**
44 **AIRPORT**

1 **SECTION 9.7.(a)** The University of North Carolina at Chapel Hill shall
2 operate the Horace Williams Airport and continue air transportation support for the
3 Area Health Education Centers (AHEC) from that location until a replacement facility
4 that is accessible to the University of North Carolina at Chapel Hill becomes
5 operational.

6 **SECTION 9.7.(b)** The University of North Carolina at Chapel Hill shall
7 report to the Joint Legislative Commission on Governmental Operations by July 1,
8 2006, and biannually thereafter, on progress locating a replacement facility for the Area
9 Health Education Center.

10
11 Requested by: Representative Michaux

12 **RESTORE BOND FUNDS USED FOR MOLD REMEDIATION**

13 **SECTION 9.8.** Of the funds appropriated by this act to the Reserve for
14 Repairs and Renovations that is allocated to the Board of Governors of The University
15 of North Carolina for the 2004-2005 fiscal year the sum of eight million nine hundred
16 six thousand six hundred forty-two dollars (\$8,906,642) shall be allocated to North
17 Carolina Central University to restore the bond funds that were transferred for mold
18 remediation.

19
20 **PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

21
22 Requested by: Representatives Nye, Barnhart

23 **CENTRALIZE CRIMINAL RECORD CHECK FUNCTIONS**

24 **SECTION 10.1.** The Department of Health and Human Services shall
25 centralize all activities throughout the Department relating to the coordination and
26 processing of criminal record checks required by law. The centralization shall include
27 the transfer of positions, corresponding State appropriations, federal funds, and other
28 funds. The Department shall implement the centralization beginning January 1, 2005,
29 and shall report on the details of the centralization and implementation to the Senate
30 Appropriations Committee on Health and Human Services, the House of
31 Representatives Appropriations Subcommittee on Health and Human Services, and the
32 Fiscal Research Division not later than January 1, 2005.

33
34 Requested by: Representatives Clary, Nye, Barnhart

35 **STUDY ISSUES RELATED TO MENTALLY ILL RESIDENTS OF**
36 **LONG-TERM CARE FACILITIES**

37 **SECTION 10.2.(a)** The Department of Health and Human Services shall
38 work with long-term care providers and advocates for the elderly and the mentally ill to
39 study issues concerning the care of mentally ill individuals residing in long-term care
40 facilities. The study shall include:

- 41 (1) Examining whether current State statutes and Departmental rules
42 adequately address the populations served by long-term care facilities.

- (2) Exploring the development of separate licensure categories within the adult care home and nursing home designations to address the various populations being served.
- (3) Examining adult care home rules to determine whether they are easy to understand, attainable under current staffing patterns, give appropriate guidance to facility operators according to the needs and characteristics of residents served, support residents' freedom of choice, and whether they support the autonomy, dignity, and independence philosophy of assisted living.
- (4) Determining the most effective way to identify mentally ill individuals that have mental health treatment needs.
- (5) Examining the criteria for admission of mentally ill individuals to long-term care facilities to ensure that the health and safety of all residents are safeguarded.
- (6) Providing recommendations for improving the quality of care for mentally ill individuals in adult care homes and nursing homes including the potential cost associated with implementing the recommendations.
- (7) Identifying specific problems that exist due to mixing aging and mentally ill populations.

SECTION 10.2.(b) The Department shall report its findings and recommendations to the North Carolina Study Commission on Aging by October 1, 2005. The Department of Health and Human Services shall include in this report how it defines "mentally ill" for purposes of this study.

SECTION 10.2.(c) The Department of Health and Human Services may use up to one hundred fifty thousand dollars (\$150,000) of funds appropriated to it for the 2004-2005 fiscal year to contract for the study required in this section.

Requested by: Representatives Nye, Barnhart, England, Allred

COMMUNITY HEALTH GRANT FUNDS

SECTION 10.3.(a) Of the funds appropriated in this act to the Department of Health and Human Services, the sum of five million dollars (\$5,000,000) for the 2004-2005 fiscal year shall be allocated to the Office of Research, Demonstrations, and Rural Health Development (hereafter "Office"). The Office shall allocate these funds as grants to federally qualified community health centers, State-designated rural health centers, and public health departments on a competitive basis to assist in the provision of care to uninsured or medically indigent patients. Grant program funds may be used only to:

- (1) Increase access to preventative and primary care services by uninsured or medically indigent patients in existing or new health center locations;
- (2) Establish community health center services in counties where no such services exist;

1 (3) Create new services or augment existing services provided to
2 uninsured or medically indigent patients, including primary care and
3 preventive medical services, dental services, pharmacy, and behavioral
4 health; and

5 (4) Increase capacity necessary to serve the uninsured by enhancing or
6 replacing facilities, equipment, or technologies.

7 Grant funds may not be used to enhance or increase compensation or other
8 benefits of personnel, administrators, directors, consultants, or any other parties. Grant
9 funds may not be used to supplant federal funds traditionally received by federally
10 qualified community health centers and may not be used to finance or satisfy any
11 existing debt.

12 **SECTION 10.3.(b)** The Office shall work with the North Carolina
13 Community Health Center Association (hereafter "NCCHCA") to establish an advisory
14 committee to develop an objective and equitable process for awarding grant funds. The
15 Office shall also develop auditing and accountability procedures. Not more than one and
16 one-half percent (1.5%) of the funds appropriated in this section may be used to
17 reimburse the Office for administering the grant program in collaboration with the
18 NCCHCA.

19 **SECTION 10.3.(c)** Recipients of grant funds shall provide to the Office
20 annually a written report detailing the number of additional uninsured and medically
21 indigent patients that are cared for, the types of services that were provided, and any
22 other information requested by the Office as necessary for evaluating the success of the
23 grant program.

24 **SECTION 10.3.(d)** The Office shall work with the NCCHCA to study and
25 present recommendations for continuing funds to support the expansion of community
26 health centers, State-designated rural health centers, and public health departments to
27 serve more of the State's uninsured and indigent population. The Office shall submit the
28 report to the 2005 General Assembly upon its convening.

29
30 Requested by: Representatives Nye, Barnhart

31 **MEDICAID**

32 **SECTION 10.4.** Section 10.19 of S.L. 2003-284 reads as rewritten:

33 **"MEDICAID**

34 **SECTION 10.19.(a)** Funds appropriated in this act for services provided in
35 accordance with Title XIX of the Social Security Act (Medicaid) are for both the
36 categorically needy and the medically needy. Funds appropriated for these services shall
37 be expended in accordance with the following schedule of services and payment bases.
38 All services and payments are subject to the language at the end of this subsection.

39 Services and payment bases:

40 (1) Hospital-Inpatient. – Payment for hospital inpatient services will be
41 prescribed in the State Plan as established by the Department of Health
42 and Human Services.

- 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. Residents of nursing facilities who are eligible
11 for Medicare coverage of nursing facility services must be placed in a
12 Medicare certified bed. Medicaid shall cover facility services only
13 after the appropriate services have been billed to Medicare. The
14 Division of Medical Assistance shall allow nursing facility providers
15 sufficient time from the effective date of this act to certify additional
16 Medicare beds if necessary. In determining the date that the
17 requirements of this subdivision become effective, the Division of
18 Medical Assistance shall consider the regulations governing
19 certification of Medicare beds and the length of time required for this
20 process to be completed.
- 21 (4) Intermediate Care Facilities for the Mentally Retarded. – As prescribed
22 in the State Plan as established by the Department of Health and
23 Human Services.
- 24 (5) Drugs. – Drug costs as allowed by federal regulations plus a
25 professional services fee per month excluding refills for the same drug
26 or generic equivalent during the same month. Reimbursement shall be
27 available for up to six prescriptions per recipient, per month, including
28 refills. Payments for drugs are subject to the provisions of subsection
29 (h) of this section and to the provisions at the end of subsection (a) of
30 this section or in accordance with the State Plan adopted by the
31 Department of Health and Human Services consistent with federal
32 reimbursement regulations. Payment of the professional services fee
33 shall be made in accordance with the State Plan adopted by the
34 Department of Health and Human Services, consistent with federal
35 reimbursement regulations. The professional services fee shall be five
36 dollars and sixty cents (\$5.60) per prescription for generic drugs and
37 four dollars (\$4.00) per prescription for brand name drugs.
38 Adjustments to the professional services fee shall be established by the
39 General Assembly.
- 40 (6) Physicians, Chiropractors, Podiatrists, Optometrists, Dentists, Certified
41 Nurse Midwife Services, Nurse Practitioners. – Fee schedules as
42 developed by the Department of Health and Human Services.
43 Payments for dental services are subject to the provisions of subsection
44 (g) of this section.

- 1 (7) Community Alternative Program, EPSDT Screens. – Payment to be
2 made in accordance with the rate schedule developed by the
3 Department of Health and Human Services.
- 4 (8) Home Health and Related Services, Private Duty Nursing, Clinic
5 Services, Prepaid Health Plans, Durable Medical Equipment. –
6 Payment to be made according to reimbursement plans developed by
7 the Department of Health and Human Services.
- 8 (9) Medicare Buy-In. – Social Security Administration premium.
- 9 (10) Ambulance Services. – Uniform fee schedules as developed by the
10 Department of Health and Human Services. Public ambulance
11 providers will be reimbursed at cost.
- 12 (11) Hearing Aids. – ~~Actual~~Wholesale cost plus a dispensing ~~fee~~fee to the
13 provider.
- 14 (12) Rural Health Clinic Services. – Provider-based, reasonable cost;
15 nonprovider-based, single-cost reimbursement rate per clinic visit.
- 16 (13) Family Planning. – Negotiated rate for local health departments. For
17 other providers, see specific services, for instance, hospitals,
18 physicians.
- 19 (14) Independent Laboratory and X-Ray Services. – Uniform fee schedules
20 as developed by the Department of Health and Human Services.
- 21 (15) Optical Supplies. – ~~One hundred percent (100%) of reasonable~~
22 ~~wholesale cost of materials.~~Payment for materials is made to a
23 contractor in accordance with 42 C.F.R. 431.54(d). Fees paid to
24 dispensing providers are negotiated fees established by the State
25 agency based on industry charges.
- 26 (16) Ambulatory Surgical Centers. – Payment as prescribed in the
27 reimbursement plan established by the Department of Health and
28 Human Services.
- 29 (17) Medicare Crossover Claims. – By not later than October 1, 2005, the
30 Department shall apply Medicaid medical policy to Medicare claims
31 for dually eligible recipients. The Department shall pay an amount up
32 to the actual coinsurance or deductible or both, in accordance with the
33 State Plan, as approved by the Department of Health and Human
34 Services.
- 35 (18) Physical Therapy and Speech Therapy. – Services limited to
36 EPSDT-eligible children. Payments are to be made only to qualified
37 providers at rates negotiated by the Department of Health and Human
38 Services. Physical therapy (including occupational therapy) and speech
39 therapy services are subject to prior approval and utilization review.
- 40 (19) Personal Care Services. – Payment in accordance with the State Plan
41 approved by the Department of Health and Human Services.
- 42 (20) Case Management Services. – Reimbursement in accordance with the
43 availability of funds to be transferred within the Department of Health
44 and Human Services.

- 1 (21) Hospice. – Services may be provided in accordance with the State Plan
 2 developed by the Department of Health and Human Services.
- 3 (22) Other Mental Health Services. – Unless otherwise covered by this
 4 section, coverage is limited to:
- 5 a. Services as defined by the Division of Mental Health,
 6 Developmental Disabilities, and Substance Abuse Services and
 7 approved by the Centers for Medicare and Medicaid Services
 8 (CMS) when provided in agencies meeting the requirements of
 9 the rules established by the Commission for Mental Health,
 10 Developmental Disabilities, and Substance Abuse Services and
 11 reimbursement is made in accordance with a State Plan
 12 developed by the Department of Health and Human Services
 13 not to exceed the upper limits established in federal regulations,
 14 and
- 15 b. For children eligible for EPSDT services:
- 16 1. Licensed or certified psychologists, licensed clinical
 17 social workers, certified clinical nurse specialists in
 18 psychiatric mental health advanced practice, and nurse
 19 practitioners certified as clinical nurse specialists in
 20 psychiatric mental health advanced practice, when
 21 Medicaid-eligible children are referred by the ~~Carolina~~
 22 ACCESS Community Care of North Carolina primary
 23 care physician or the area mental health program, and
- 24 2. Institutional providers of residential services as defined
 25 by the Division of Mental Health, Developmental
 26 Disabilities, and Substance Abuse Services and approved
 27 by the Centers for Medicare and Medicaid Services
 28 (CMS) for children and Psychiatric Residential
 29 Treatment Facility services that meet federal and State
 30 requirements as defined by the Department.
- 31 Notwithstanding G.S. 150B-21.1(a), the Department of Health and
 32 Human Services may adopt temporary rules in accordance with
 33 Chapter 150B of the General Statutes further defining the
 34 qualifications of providers and referral procedures in order to
 35 implement this subdivision. Coverage policy for services defined by
 36 the Division of Mental Health, Developmental Disabilities, and
 37 Substance Abuse Services under sub-subdivisions a. and b.2 of this
 38 subdivision shall be established by the Division of Medical Assistance.
- 39 (23) Medically Necessary Prosthetics or Orthotics for EPSDT-Eligible
 40 Children. – Reimbursement in accordance with the State Plan
 41 approved by the Department of Health and Human Services.
- 42 (24) Health Insurance Premiums. – Payments to be made in accordance
 43 with the State Plan adopted by the Department of Health and Human
 44 Services consistent with federal regulations.

1 (25) Medical Care/Other Remedial Care. – Services not covered elsewhere
2 in this section include related services in schools; health professional
3 services provided outside the clinic setting to meet maternal and infant
4 health goals; and services to meet federal EPSDT mandates. Services
5 addressed by this subdivision are limited to those prescribed in the
6 State Plan as established by the Department of Health and Human
7 Services.

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

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

14 Payment is limited to Medicaid-enrolled providers that purchase a performance bond
15 in an amount not to exceed one hundred thousand dollars (\$100,000) naming as
16 beneficiary the Department of Health and Human Services, Division of Medical
17 Assistance, or provide to the Department a validly executed letter of credit or other
18 financial instrument issued by a financial institution or agency honoring a demand for
19 payment in an equivalent amount. The Department may waive or limit the requirements
20 of this paragraph for one or more classes of Medicaid-enrolled providers based on the
21 provider's dollar amount of monthly billings to Medicaid or the length of time the
22 provider has been licensed in this State to provide services. In waiving or limiting
23 requirements of this paragraph, the Department shall take into consideration the
24 potential fiscal impact of the waiver or limitation on the State Medicaid Program. The
25 Department may adopt temporary rules in accordance with G.S. 150B-21.1 as necessary
26 to implement this provision.

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

36 **SECTION 10.19.(b)** Allocation of Nonfederal Cost of Medicaid. – The State shall
37 pay eighty-five percent (85%); the county shall pay fifteen percent (15%) of the
38 nonfederal costs of all applicable services listed in this section.

39 **SECTION 10.19.(c)** Copayment for Medicaid Services. – The Department of
40 Health and Human Services may establish co-payment up to the maximum permitted by
41 federal law and regulation.

42 **SECTION 10.19.(d)** Medicaid and Work First Family Assistance, Income
43 Eligibility Standards. – The maximum net family annual income eligibility standards for

1 Medicaid and Work First Family Assistance and the Standard of Need for Work First
2 Family Assistance shall be as follows:

	<u>Categorically Needy</u>	<u>Medically Needy</u>	
	<u>WFFA*</u>		
<u>Family</u>	<u>Standard</u>	<u>Families and</u>	
<u>Size</u>	<u>of Need</u>	<u>Children Income</u>	
		<u>Level</u>	
		<u>AA, AB, AD*</u>	
9 1	\$4,344	\$2,172	\$2,900
10 2	5,664	2,832	3,800
11 3	6,528	3,264	4,400
12 4	7,128	3,564	4,800
13 5	7,776	3,888	5,200
14 6	8,376	4,188	5,600
15 7	8,952	4,476	6,000
16 8	9,256	4,680	6,300

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

19
20 The payment level for Work First Family Assistance shall be fifty percent (50%) of the
21 standard of need.

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

24 **SECTION 10.19.(e)** The Department of Health and Human Services, Division of
25 Medical Assistance, shall provide Medicaid coverage to all elderly, blind, and disabled
26 people who have incomes equal to or less than one hundred percent (100%) of the
27 federal poverty guidelines, as revised each April 1.

28 **SECTION 10.19.(f)** ICF and ICF/MR Work Incentive Allowances. – The
29 Department of Health and Human Services may provide an incentive allowance to
30 Medicaid-eligible recipients of ICF and ICF/MR facilities who are regularly engaged in
31 work activities as part of their developmental plan and for whom retention of additional
32 income contributes to their achievement of independence. The State funds required to
33 match the federal funds that are required by these allowances shall be provided from
34 savings within the Medicaid budget or from other unbudgeted funds available to the
35 Department. The incentive allowances may be as follows:

<u>Monthly Net Wages</u>	<u>Monthly Incentive Allowance</u>
38 \$1.00 to \$100.99	Up to \$50.00
39 \$101.00 to \$200.99	\$80.00
40 \$201.00 to \$300.99	\$130.00
41 \$301.00 and greater	\$212.00.

42 **SECTION 10.19.(g)** Dental Coverage Limits. – Dental services shall be provided
43 on a restricted basis in accordance with rules adopted by the Department to implement
44 this subsection.

1 **SECTION 10.19.(h)** Dispensing of Generic Drugs. – Notwithstanding
2 G.S. 90-85.27 through G.S. 90-85.31, or any other law to the contrary, under the
3 Medical Assistance Program (Title XIX of the Social Security Act), and except as
4 otherwise provided in this subsection for atypical antipsychotic drugs and drugs listed in
5 the narrow therapeutic index, a prescription order for a drug designated by a trade or
6 brand name shall be considered to be an order for the drug by its established or generic
7 name, except when the prescriber has determined, at the time the drug is prescribed, that
8 the brand name drug is medically necessary and has written on the prescription order the
9 phrase "medically necessary". An initial prescription order for an atypical antipsychotic
10 drug or a drug listed in the narrow therapeutic drug index that does not contain the
11 phrase "medically necessary" shall be considered an order for the drug by its established
12 or generic name, except that a pharmacy shall not substitute a generic or established
13 name prescription drug for subsequent brand or trade name prescription orders of the
14 same prescription drug without explicit oral or written approval of the prescriber given
15 at the time the order is filled. Generic drugs shall be dispensed at a lower cost to the
16 Medical Assistance Program rather than trade or brand name drugs. As used in this
17 subsection, "brand name" means the proprietary name the manufacturer places upon a
18 drug product or on its container, label, or wrapping at the time of packaging; and
19 "established name" has the same meaning as in section 502(e)(3) of the Federal Food,
20 Drug, and Cosmetic Act as amended, 21 U.S.C. § 352(e)(3).

21 **SECTION 10.19.(i)** The Department of Health and Human Services shall not
22 impose prior authorization requirements or other restrictions under the State Medical
23 Assistance Program on medications prescribed for Medicaid recipients for the treatment
24 of: (i) mental illness, including, but not limited to, medications for schizophrenia,
25 bipolar disorder, and major depressive disorder, or (ii) HIV/AIDS.

26 **SECTION 10.19.(j)** Exceptions to Service Limitations, Eligibility Requirements,
27 and Payments. – Service limitations, eligibility requirements, and payments bases in this
28 section may be waived by the Department of Health and Human Services, with the
29 approval of the Director of the Budget, to allow the Department to carry out pilot
30 programs for prepaid health plans, contracting for services, managed care plans, or
31 community-based services programs in accordance with plans approved by the United
32 States Department of Health and Human Services or when the Department determines
33 that such a waiver will result in a reduction in the total Medicaid costs for the recipient.
34 The Department of Health and Human Services may proceed with planning and
35 development work on the Program of All-Inclusive Care for the Elderly.

36 **SECTION 10.19.(k)** Volume Purchase Plans and Single Source Procurement. –
37 The Department of Health and Human Services, Division of Medical Assistance, may,
38 subject to the approval of a change in the State Medicaid Plan, contract for services,
39 medical equipment, supplies, and appliances by implementation of volume purchase
40 plans, single source procurement, or other contracting processes in order to improve
41 cost containment.

42 **SECTION 10.19.(l)** Cost-Containment Programs. – The Department of Health and
43 Human Services, Division of Medical Assistance, may undertake cost-containment
44 programs in accordance with Section 3 of S.L. 2001-395, including contracting for

1 services, preadmissions to hospitals, and prior approval for certain outpatient surgeries
2 before they may be performed in an inpatient setting.

3 **SECTION 10.19.(m)** For all Medicaid eligibility classifications for which the
4 federal poverty level is used as an income limit for eligibility determination, the income
5 limits will be updated each April 1 immediately following publication of federal poverty
6 guidelines.

7 **SECTION 10.19.(n)** The Department of Health and Human Services shall provide
8 Medicaid to 19-, 20-, and 21-year-olds in accordance with federal rules and regulations.

9 **SECTION 10.19.(o)** The Department of Health and Human Services shall provide
10 coverage to pregnant women and to children according to the following schedule:

- 11 (1) Pregnant women with incomes equal to or less than one hundred
12 eighty-five percent (185%) of the federal poverty guidelines as revised
13 each April 1 shall be covered for Medicaid benefits. ~~In determining~~
14 ~~income eligibility under this subdivision, the income of a minor's~~
15 ~~parents shall be counted if the minor is residing in the home.~~
- 16 (2) Infants under the age of one with family incomes equal to or less than
17 one hundred eighty-five percent (185%) of the federal poverty
18 guidelines as revised each April 1 shall be covered for Medicaid
19 benefits.
- 20 (3) Children aged one through five with family incomes equal to or less
21 than one hundred thirty-three percent (133%) of the federal poverty
22 guidelines as revised each April 1 shall be covered for Medicaid
23 benefits.
- 24 (4) Children aged six through 18 with family incomes equal to or less than
25 the federal poverty guidelines as revised each April 1 shall be covered
26 for Medicaid benefits.
- 27 (5) The Department of Health and Human Services shall provide Medicaid
28 coverage for adoptive children with special or rehabilitative needs
29 regardless of the adoptive family's income.

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

36 ~~**SECTION 10.19.(p)** Medicaid enrollment of categorically needy families with~~
37 ~~children shall be continuous for one year without regard to changes in income or assets.~~

38 **SECTION 10.19.(q)** The Division of Medical Assistance, Department of Health
39 and Human Services, may provide incentives to counties that successfully recover
40 fraudulently spent Medicaid funds by sharing State savings with counties responsible
41 for the recovery of the fraudulently spent funds.

42 **SECTION 10.19.(r)** If first approved by the Office of State Budget and
43 Management, the Division of Medical Assistance, Department of Health and Human
44 Services, may use funds that are identified to support the cost of development and

1 acquisition of equipment and software through contractual means to improve and
2 enhance information systems that provide management information and claims
3 processing. The Department of Health and Human Services shall identify adequate
4 funds to support the implementation and first year's operational costs that exceed the
5 currently allocated funds for the new contract for the fiscal agent for the Medicaid
6 Management Information System.

7 **SECTION 10.19.(s)** The Department of Health and Human Services may adopt
8 temporary or emergency rules according to the procedures established in
9 G.S. 150B-21.1 and G.S. 150B-21.1A when it finds that these rules are necessary to
10 maximize receipt of federal funds within existing State appropriations, to reduce
11 Medicaid expenditures, and to reduce fraud and abuse. Prior to the filing of these
12 temporary or emergency rules with the Rules Review Commission and the Office of
13 Administrative Hearings, the Department shall consult with the Office of State Budget
14 and Management on the possible fiscal impact of the temporary or emergency rule and
15 its effect on State appropriations and local governments.

16 **SECTION 10.19.(t)** The Department shall report to the Fiscal Research Division of
17 the Legislative Services Office and to the House of Representatives Appropriations
18 Subcommittee on Health and Human Services and the Senate Appropriations
19 Committee on Health and Human Services or the Joint Legislative Health Care
20 Oversight Committee on any change it anticipates making in the Medicaid Program that
21 impacts the type or level of service, reimbursement methods, or waivers, any of which
22 require a change in the State Plan or other approval by the Centers for Medicare and
23 Medicaid Services (CMS). The reports shall be provided at the same time they are
24 submitted to CMS for approval.

25 **SECTION 10.19.(u)** Upon approval of a demonstration waiver by the Centers for
26 Medicare and Medicaid Services (CMS), the Department of Health and Human Services
27 may provide Medicaid coverage for family planning services to men and women of
28 child-bearing age with family incomes equal to or less than one hundred eighty-five
29 percent (185%) of the federal poverty level. Coverage shall be contingent upon federal
30 approval of the waiver and shall begin no earlier than January 1, 2001.

31 **SECTION 10.19.(v)** The Department of Health and Human Services, Division of
32 Medical Assistance, shall use the latest audited cost reporting data available when
33 establishing Medicaid provider rates or when making changes to the reimbursement
34 methodology. For hospital services, the Division shall use the latest audited cost
35 reporting data available, supplemented by additional financial information available to
36 the Division if and to the extent that the Division concludes that the information is
37 reliable and relevant, when establishing rates or when making changes to the
38 reimbursement methodology.

39 **SECTION 10.19.(w)** The Department of Health and Human Services, Division of
40 Medical Assistance, shall implement a new coding system for therapeutic mental health
41 services as required by the Health Insurance Portability and Accountability Act of 1996.
42 In implementing the new coding system, the Division shall ensure that the new coding
43 system does not discriminate between providers of therapeutic mental health services
44 with similar qualifications and training. In meeting the requirements of this subsection,

1 the Division shall consult with the Division of Mental Health, Developmental
2 Disabilities, and Substance Abuse Services and the professional licensing boards
3 responsible for licensing the affected professionals.

4 **SECTION 10.19.(x)** The Department of Health and Human Services may apply
5 federal transfer of assets policies, as described in Title XIX, section 1917(c) of the
6 Social Security Act, including the attachment of liens, to real property excluded as
7 "income producing", tenancy-in-common, or as nonhomesite property made "income
8 producing" under Title XIX, section 1902(r)(2) of the Social Security Act. The transfer
9 of assets policy shall apply only to an institutionalized individual or the individual's
10 spouse as defined in Title XIX, section 1917(c) of the Social Security Act. This
11 subsection becomes effective no earlier than October 1, 2001. Federal transfer of asset
12 policies and attachment of liens to properties excluded as tenancy-in-common or as
13 nonhomesite property made "income producing" in accordance with this subsection
14 shall become effective not earlier than November 1, 2002.

15 **SECTION 10.19.(y)** When implementing the Supplemental Security Income (SSI)
16 method for considering equity value of income producing property, the Department
17 shall, to the maximum extent possible, employ procedures to mitigate the hardship to
18 Medicaid enrollees occurring from application of the Supplemental Security Income
19 (SSI) method.

20 **SECTION 10.19.(z)** Unless required for compliance with federal law, the
21 Department shall not change medical policy affecting the amount, sufficiency, duration,
22 and scope of health care services and who may provide services until the Division of
23 Medical Assistance has prepared a five-year fiscal analysis documenting the increased
24 cost of the proposed change in medical policy and submitted it for Departmental review.
25 If the fiscal impact indicated by the fiscal analysis for any proposed medical policy
26 change exceeds three million dollars (\$3,000,000) in total requirements for a given
27 fiscal year, then the Department shall submit the proposed policy change with the fiscal
28 analysis to the Office of State Budget and Management and the Fiscal Research
29 Division. The Department shall not implement any proposed medical policy change
30 exceeding three million dollars (\$3,000,000) in total requirements for a given fiscal year
31 unless the source of State funding is identified and approved by the Office of State
32 Budget and Management. The Department shall provide the Office of State Budget and
33 Management and the Fiscal Research Division a quarterly report itemizing all medical
34 policy changes with total requirements of less than three million dollars (\$3,000,000).

35 **SECTION 10.19.(aa)** The Department of Health and Human Services, Division of
36 Medical Assistance, shall convene a work group to review the current Medicaid
37 standards for vision screening for Medicaid-eligible children to determine whether the
38 standards are meeting the vision needs of these children. The Secretary shall appoint to
39 the work group pediatricians, ophthalmologists, optometrists, and other individuals with
40 expertise or interest in children's vision care. The Department shall report the findings
41 of the work group to the House of Representatives Appropriations Subcommittee on
42 Health and Human Services, the Senate Appropriations Committee on Health and
43 Human Services, and the Fiscal Research Division by March 1, 2004. The report shall
44 include recommendations on whether current Medicaid standards need to be modified to

1 meet the vision care needs of Medicaid-eligible children and, if modification is
2 necessary, the cost of providing vision services based on the modified standards.

3 **SECTION 10.19.(bb)** The Department shall develop, amend, and adopt medical
4 coverage policy in accordance with the following:

5 (1) During the development of new medical coverage policy or
6 amendment to existing medical coverage policy, consult with and seek
7 the advice of the Physician Advisory Group of the North Carolina
8 Medical Society and other organizations the Secretary deems
9 appropriate. The Secretary shall also consult with and seek the advice
10 of officials of the professional societies or associations representing
11 providers groups listed in subdivision (a)(6) of this section who are
12 affected by the new medical coverage policy or amendments to
13 existing medical coverage policy due to their involvement with or use
14 of new technologies or therapies.

15 (2) At least 45 days prior to the adoption of new or amended medical
16 coverage policy, the Department shall:

- 17 a. Publish the proposed new or amended medical coverage policy
18 on the Department's web site;
19 b. Notify all Medicaid providers of the proposed, new, or amended
20 policy; and
21 c. Upon request, provide persons copies of the proposed medical
22 coverage policy.

23 (3) During the 45-day period immediately following publication of the
24 proposed new or amended medical coverage policy, accept oral and
25 written comments on the proposed new or amended policy.

26 (4) If, following the comment period, the proposed new or amended
27 medical coverage policy is modified, then the Department shall, at
28 least 15 days prior to its adoption:

- 29 a. Notify all Medicaid providers of the proposed policy;
30 b. Upon request, provide persons notice of amendments to the
31 proposed policy; and
32 c. Accept additional oral or written comments during this 15-day
33 period."
34

35 Requested by: Representatives Nye, Barnhart

36 **MEDICAID RESERVE FUND TRANSFER**

37 **SECTION 10.5.(a)** Section 10.20 of S.L. 2003-284 reads as rewritten:

38 **"SECTION 10.20.** Of the funds transferred to the Department of Health and
39 Human Services for Medicaid programs pursuant to G.S. 143-23.2, the sum of sixty-two
40 million five hundred thousand dollars (\$62,500,000) for the 2003-2004 fiscal year and
41 the sum of ~~sixty-two million five hundred thousand dollars (\$62,500,000)~~ seventy-nine
42 million two hundred four thousand two hundred fifty-one dollars (\$79,204,251) for the
43 2004-2005 fiscal year shall be allocated as prescribed by G.S. 143-23.2(b) for Medicaid
44 programs. Notwithstanding the prescription in G.S. 143-23.2(b) that these funds not

1 reduce State general revenue funding, these funds shall replace the reduction in general
2 revenue funding effected in this act."

3 **SECTION 10.5.(b)** Of the funds transferred to the Department of Health and
4 Human Services for Medicaid programs pursuant to G.S. 143-23.2, the sum of five
5 million dollars (\$5,000,000) for the 2004-2005 fiscal year shall be allocated as
6 prescribed by G.S. 143-23.2(b) for the implementation of the Medicaid Management
7 Information System (MMIS).

8
9 Requested by: Representatives Nye, Barnhart

10 **TRANSFER OF PROPERTY TO QUALIFY FOR MEDICAID/TECHNICAL**
11 **CORRECTION**

12 **SECTION 10.6.** G.S. 108A-58, as amended by Section 10.26 of S.L.
13 2003-284, reads as rewritten:

14 "**§ 108A-58. Transfer of property for purposes of qualifying for medical**
15 **assistance; periods of ineligibility.**

16 (a) Any person, otherwise eligible, who, either while receiving medical
17 assistance benefits or within the time period mandated by controlling federal law, sells,
18 gives, assigns or transfers countable real or personal property or an interest in real or
19 personal property for the purpose of retaining or establishing eligibility for medical
20 assistance benefits, shall be ineligible to receive medical assistance benefits as set forth
21 in section 1917(c) of the Social Security Act. Countable real and personal property
22 includes real property, excluding a homesite, unless other applicable federal or State law
23 requires the homesite to be counted for transfer of property purposes, intangible
24 personal property, nonessential motor and recreational vehicles, nonincome producing
25 business equipment, boats and motors. The provisions of this act shall not apply to the
26 sale, gift, assignment or transfer of real or personal property if and to the extent that the
27 person applying for medical assistance would have been eligible for such assistance
28 notwithstanding ownership of such property or an interest therein.

29 (b) Any sale, gift, assignment or transfer of real or personal property or an
30 interest in real or personal property, as provided in subsection (a) of this section, shall
31 be presumed to have been made for the purpose of retaining or establishing eligibility
32 for medical assistance benefits unless the person, or the person's legal representative,
33 who sells, gives, assigns or transfers the property or interest, receives valuable
34 consideration at least equal to the fair market value, less encumbrances, of the property
35 or interest.

36 (c) Any person who sells, gives, assigns or transfers real or personal property or
37 an interest in real or personal property for the purpose of retaining or establishing
38 eligibility for medical assistance benefits, as provided in subsection (a) of this section,
39 shall, after the time of transfer, be ineligible to receive these benefits until an amount
40 equal to the uncompensated value of the property or interest has been expended by or on
41 behalf of the person for the person's maintenance and support, including medical
42 expenses, paid or incurred, or shall be ineligible based on the period of time required
43 under section 1917(c) of the Social Security Act.

1 (d) The sale, gift, assignment or transfer for a consideration less than fair market
2 value, less encumbrances, of any tangible personal property which was acquired with
3 the proceeds of sale, assignment or transfer of real or intangible personal property
4 described in subsection (a) of this section or in exchange for such real or intangible
5 personal property shall be presumed to have been for the purpose of evading the
6 provisions of this section if the acquisition and sale, gift, assignment or transfer of the
7 tangible personal property is by or on behalf of a person receiving medical assistance or
8 within the time period mandated by controlling federal law and the consequences of the
9 sale, gift, assignment or transfer of such tangible personal property shall be determined
10 under the provisions of subsections (c) and (f) of this section.

11 (e) The presumptions created by subsections (b) and (d) may be overcome if the
12 person receiving or applying for medical assistance, or the person's legal representative,
13 establishes by the greater weight of the evidence that the sale, gift, assignment or
14 transfer was exclusively for some purpose other than retaining or establishing eligibility
15 for medical assistance benefits.

16 (f) For the purpose of establishing uncompensated value under subsection (c),
17 the value of property or an interest therein shall be the fair market value of the property
18 or interest at the time of the sale, gift, assignment or transfer, less the amount of
19 compensation, if any, received for the property or interest. There shall be a rebuttable
20 presumption that the fair market value of real property is the most recent property tax
21 value of the property, as ascertained according to Subchapter II of Chapter 105 of the
22 General Statutes. Fair market value for purpose of this subsection shall be such value,
23 determined as above set out, less any legally enforceable encumbrances to which the
24 property is subject.

25 (g) Repealed by Session Laws 2003-284, s. 10.26, effective July 1, 2003.

26 (h) This section shall not apply to applicants for or recipients of Work First
27 Family Assistance or to persons entitled to medical assistance by virtue of their
28 eligibility for Work First Family Assistance.

29 (i) ~~This section shall apply only to transfers made before July 1, 1988.~~

30
31 Requested by: Representatives Nye, Barnhart

32 **MEDICAID ASSESSMENT PROGRAM FOR ICF/MR FACILITIES**

33 **SECTION 10.8.(a)** The Secretary of Health and Human Services shall
34 implement a Medicaid assessment program for State ICF/MR facilities and ICF/MR
35 facilities licensed under Chapter 122C of the General Statutes. The assessment shall be
36 imposed in a manner consistent with federal regulations under 42 C.F.R. Part 433,
37 Subpart B. The Department shall impose the assessment effective October 1, 2004.
38 Funds realized from assessments imposed shall be used only to draw down federal
39 Medicaid matching funds and for increasing private ICF/MR facility rates.

40 **SECTION 10.8.(b)** Funds realized from the Medicaid assessment program
41 established pursuant to subsection (a) of this section shall not be used to supplant State
42 funds appropriated for private ICF/MR services. The Secretary shall use funds realized
43 from the Medicaid assessment program to reduce State funds appropriated for public
44 ICF/MR services.

1 **SECTION 10.8.(c)** Funds realized from the assessment on licensed ICF/MR
2 facilities shall be used to pay one hundred percent (100%) of the nonfederal share for
3 increasing rates for licensed ICF/MR facilities.

4 **SECTION 10.8.(d)** The Secretary shall adopt rules to implement this
5 section.

6
7 Requested by: Representatives Nye, Barnhart

8 **COMMUNITY ALTERNATIVES PROGRAMS**

9 **SECTION 10.9.(a)** In administering CAP Programs, the Department of
10 Health and Human Services shall ensure that expenditures do not exceed the budget for
11 these programs. The Department shall further ensure that CAP slots are fully allocated
12 and filled in a timely manner within budgeted expenditures and shall ensure that
13 budgeted expenditures are not limited by the nonallocation of or delays in filling CAP
14 slots.

15 **SECTION 10.9.(b)** Community Alternatives Programs for Disabled Adults
16 (CAP/DA) services shall be provided for the 2004-2005 fiscal year to any eligible
17 person who entered a nursing facility on or before June 1, 2004, within the existing
18 availability of the county allocation or within the existing availability of services.

19
20 Requested by: Representatives Nye, Barnhart, Wright

21 **DISEASE MANAGEMENT PILOT PROGRAMS**

22 **SECTION 10.10.** The Department of Health and Human Services shall work
23 with managed care entities and other health care providers to establish a plan to identify
24 Medicaid enrollees at risk for chronic kidney disease through routine clinical laboratory
25 assessment of kidney function, evaluate those individuals, and determine if early
26 identification and appropriate management of risk factors can improve health conditions
27 and prolonged kidney function, thereby delaying disease progression to end-stage renal
28 disease. The Department shall prepare information for physicians and other health care
29 providers regarding generally accepted standards of clinical care in the clinical
30 management of high-risk individuals and shall report on projected cost savings and
31 health outcomes that result from early identification and clinical management of
32 individuals at highest risk for chronic kidney disease.

33
34 Requested by: Representatives Nye, Barnhart, Culpepper

35 **PILOT PROGRAM TO TEST NEW APPROACHES TO MANAGING ACCESS**
36 **TO AND UTILIZATION OF HEALTH CARE SERVICES TO MEDICAID**
37 **RECIPIENTS**

38 **SECTION 10.11.** The Department of Health and Human Services shall
39 establish and implement two or more pilot programs to test new approaches to
40 management of access to and utilization of health care services to Medicaid recipients.
41 The purpose of the pilot programs is to determine if additional cost savings can be
42 achieved in addition to that provided by the Community Care of North Carolina
43 program. With respect to at least two of the pilot programs, the Department shall
44 contract with a physician-owned and managed network that has demonstrated success in

1 improving the cost-effectiveness of Medicaid services in at least one state other than
2 North Carolina. The Department shall develop a payment methodology that may
3 include sharing savings with contractors providing medical management services but
4 the methodology shall not allow increased spending relative to current appropriations.
5 The Department may apply for federal waivers necessary to implement this section.
6 The Department shall report on the implementation of the pilot programs to the House
7 of Representatives Appropriations Subcommittee on Health and Human Services, the
8 Senate Appropriations Committee on Health and Human Services, and the Fiscal
9 Research Division not later than February 1, 2005.

10
11 Requested by: Representatives Nye, Barnhart

12 **PACE PILOT PROGRAM FUNDS**

13 **SECTION 10.12.(a)** The Department of Health and Human Services,
14 Division of Medical Assistance, shall develop a pilot program to implement the
15 Program for All-Inclusive Care for the Elderly (PACE). One pilot site shall be planned
16 for the southeastern area of the State and the other pilot site shall be planned for the
17 western area of the State. The Division shall design the pilot program to access federal
18 Medicaid and Medicare dollars to provide acute and long-term care services for older
19 patients through the use of interdisciplinary teams. When implemented, services
20 provided through the PACE pilot program may include physician visits, drugs,
21 rehabilitation services, personal care services, hospitalization, and nursing home care.
22 The PACE pilot program may also offer social services intervention, case management,
23 respite care, or extended home care nursing.

24 **SECTION 10.12.(b)** Of the funds appropriated to the Department of Health
25 and Human Services, Division of Medical Assistance, for the 2004-2005 fiscal year, the
26 sum of one hundred twenty-three thousand one hundred fifty-six dollars (\$123,156)
27 shall be used to support two positions in the Division of Medical Assistance to develop
28 the pilot programs in accordance with subsection (a) of this section. These funds may
29 also be used to contract for actuarial analysis as part of the development of the pilot
30 programs.

31 **SECTION 10.12.(c)** The Department of Health and Human Services shall
32 report to the House of Representatives Appropriations Subcommittee on Health and
33 Human Services and the Senate Appropriations Committee on Health and Human
34 Services on March 1, 2005, on PACE pilot program development. The report shall
35 include services proposed to be offered under the pilot program, administrative structure
36 of the pilot program, number of Medicare and Medicaid eligible recipients anticipated
37 to receive services from the PACE pilot sites, and the projected savings to the State
38 from PACE pilot program implementation.

39 **SECTION 10.12.(d)** Nothing in this section obligates the General Assembly
40 to appropriate funds to implement the PACE program statewide.

41
42 Requested by: Representatives Clary, Nye, Barnhart

43 **DHHS STUDY MEDICAID INSTITUTIONAL BIAS**

1 **SECTION 10.13.(a)** The Department of Health and Human Services shall
2 contract with an independent entity to study whether the State's Medicaid program has a
3 bias that favors support for individuals in institutional settings over support for
4 individuals living at home and if a bias is found, to determine and recommend ways to
5 alleviate the bias. The entity selected by the Department shall be one that has
6 documented experience in conducting similar studies. The study shall include
7 consideration of all in-home services paid under the State's Medicaid program,
8 including CAP/DA, home health, and personal care services. The Department shall
9 report the results of the study to the North Carolina Study Commission on Aging by
10 January 2005.

11 **SECTION 10.13.(b)** The Department of Health and Human Services may
12 use up to one hundred fifty thousand dollars (\$150,000) of funds available for the
13 2004-2005 fiscal year to fund this study.

14
15 Requested by: Representatives Nye, Barnhart

16 **NC HEALTH CHOICE ELIGIBILITY; PREMIUM CONTRIBUTION**

17 **SECTION 10.14.(a)** G.S. 108A-70.21(a) reads as rewritten:

18 **"§ 108A-70.21. Program eligibility; benefits; enrollment fee and other**
19 **cost-sharing; coverage from private plans; purchase of extended**
20 **coverage.**

21 (a) Eligibility. – The Department may enroll eligible children based on
22 availability of funds. Following are eligibility and other requirements for participation
23 in the Program:

24 (1) Children must:

- 25 a. Be under the age of 19;
26 b. Be ineligible for Medicaid, Medicare, or other federal
27 government-sponsored health insurance;
28 c. Be uninsured;
29 d. Be in a family that meets the following family income
30 requirements:
31 1. Infants under the age of one year whose family income is
32 from one hundred eighty-five percent (185%) through
33 two hundred percent (200%) of the federal poverty level;
34 2. Children age one year through five years whose family
35 income is above one hundred thirty-three percent (133%)
36 through two hundred percent (200%) of the federal
37 poverty level; and
38 3. Children age six years through eighteen years whose
39 family income is above one hundred percent (100%)
40 through two hundred percent (200%) of the federal
41 poverty level;
42 e. Be a resident of this State and eligible under federal law; and
43 f. Have paid the Program enrollment fee required under this Part.

1 (2) Proof of family income and residency and declaration of uninsured
2 status shall be provided by the applicant at the time of application for
3 Program coverage. The family member who is legally responsible for
4 the children enrolled in the Program has a duty to report any change in
5 the enrollee's status within 60 days of the change of status.

6 (3) If a responsible parent is under a court order to provide or maintain
7 health insurance for a child and has failed to comply with the court
8 order, then the child is deemed uninsured for purposes of determining
9 eligibility for Program benefits if at the time of application the
10 custodial parent shows proof of agreement to notify and cooperate
11 with the child support enforcement agency in enforcing the order.

12 If health insurance other than under the Program is provided to the
13 child after enrollment and prior to the expiration of the eligibility
14 period for which the child is enrolled in the Program, then the child is
15 deemed to be insured and ineligible for continued coverage under the
16 Program. The custodial parent has a duty to notify the Department
17 within 10 days of receipt of the other health insurance, and the
18 Department, upon receipt of notice, shall disenroll the child from the
19 Program. As used in this paragraph, the term "responsible parent"
20 means a person who is under a court order to pay child support.

21 ~~(4) Except as otherwise provided in this section, enrollment shall be~~
22 ~~continuous for one year. At the end of each year, applicants may~~
23 ~~reapply for Program benefits.~~

24 (4) The Program shall cover only those medical expenditures incurred
25 after the date the family has applied for Program enrollment.
26 Expenditures incurred prior to the date of application shall not be
27 reimbursed by the Program. The premium rate paid to the Program
28 administrator shall be prorated for the first month of coverage based on
29 the number of days remaining in that month."

30 **SECTION 10.14.(b)** G.S. 108A-70.21 is amended by adding the following
31 new subsection to read:

32 "(e1) Premium Contribution. – Effective January 1, 2006, a premium contribution
33 shall be applicable for children whose family income is above one hundred fifty percent
34 (150%) of the federal poverty level. The premium contribution shall be a minimum of
35 ten dollars (\$10.00) per child, per month, not to exceed twenty dollars (\$20.00) per
36 family, per month. Application of the premium is subject to the limitations of subsection
37 (e) of this section."

38 **SECTION 10.14.(c)** The Department of Health and Human Services shall
39 develop and implement a system for allowing families to contribute to the NC Health
40 Choice premium cost. The premium payment shall be applicable for children whose
41 family income is above one hundred fifty percent (150%) of the federal poverty level
42 and shall be a minimum of ten dollars (\$10.00) per child, per month, not to exceed
43 twenty dollars (\$20.00) per family, per month. The premium shall be implemented not
44 later than January 1, 2006.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43

Requested by: Representatives Nye, Barnhart

NC HEALTH CHOICE ADMINISTRATION AND CLAIMS PROCESSING

SECTION 10.15.(a) The Department of Health and Human Services shall issue a Request for Proposal to contract for administration and claims processing of the NC Health Choice program. The Department shall schedule the review process for proposals received such that the Department has signed a contract with the selected contractor not later than July 1, 2005. The contract shall provide for full implementation of administration and claims processing not later than January 1, 2006.

SECTION 10.15.(b) Effective January 1, 2006, Part 5 of Article 3 of Chapter 135 of the General Statutes is repealed.

Requested by: Representatives Nye, Barnhart

NC HEALTH CHOICE ENROLLMENT MANAGEMENT

SECTION 10.16. The total amount of State funds expended for the Health Insurance Program for Children (NC Health Choice) in the 2004-2005 fiscal year shall not exceed the amount of State funds appropriated to match federal funds for the Program for the 2004-2005 fiscal year. The Department of Health and Human Services shall manage Program enrollment in a way that maximizes the number of the children served within existing funds.

Requested by: Representatives Nye, Barnhart

FOSTER CARE AND ADOPTION ASSISTANCE PAYMENTS

SECTION 10.17. Section 10.46 of S.L. 2003-284 reads as rewritten:

"SECTION 10.46.(a) The maximum rates for State participation in the foster care assistance program are established on a graduated scale as follows:

- (1) ~~\$365.00~~\$415.00 per child per month for children aged birth through 5;
- (2) ~~\$415.00~~\$465.00 per child per month for children aged 6 through 12;
and
- (3) ~~\$465.00~~\$515.00 per child per month for children aged 13 through 18.

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

"SECTION 10.46.(b) The maximum rates for State participation in the adoption assistance program are established on a graduated scale as follows:

- (1) ~~\$365.00~~\$415.00 per child per month for children aged birth through 5;
- (2) ~~\$415.00~~\$465.00 per child per month for children aged 6 through 12;
and
- (3) ~~\$465.00~~\$515.00 per child per month for children aged 13 through 18.

"SECTION 10.46.(c) In addition to providing board payments to foster and adoptive families of HIV-infected children, as prescribed in Section 23.28 of Chapter 324 of the 1995 Session Laws, any additional funds remaining that were appropriated for this purpose shall be used to provide medical training in avoiding HIV transmission in the home.

1 **"SECTION 10.46.(d)** The maximum rates for the State participation in HIV foster
2 care and adoption assistance are established on a graduated scale as follows:

- 3 (1) \$800.00 per child per month with indeterminate HIV status;
- 4 (2) \$1,000 per child per month confirmed HIV-infected, asymptomatic;
- 5 (3) \$1,200 per child per month confirmed HIV-infected, symptomatic; and
- 6 (4) \$1,600 per child per month terminally ill with complex care needs."

7
8 Requested by: Representatives Nye, Barnhart

9 **SPECIAL CHILDREN ADOPTION FUND**

10 **SECTION 10.18.** Section 10.47 of S.L. 2003-284 reads as rewritten:

11 **"SECTION 10.47.(a)** Of the funds appropriated to the Department of Health and
12 Human Services in this act, the sum of one hundred thousand dollars (\$100,000) shall
13 be used to support the Special Children Adoption Fund for the 2004-2005 fiscal year.
14 The Division of Social Services, in consultation with the North Carolina Association of
15 County Directors of Social Services and representatives of licensed private adoption
16 agencies, shall develop guidelines for the awarding of funds to licensed public and
17 private adoption agencies upon the adoption of children described in G.S. 108A-50 and
18 in foster care. Payments received from the Special Children Adoption Fund by
19 participating agencies shall be used exclusively to enhance the adoption services. No
20 local match shall be required as a condition for receipt of these funds. In accordance
21 with State rules for allowable costs, the Special Children Adoption Fund may be used
22 for post-adoption services for families whose income exceed two hundred percent
23 (200%) of the federal poverty level.

24 **"SECTION 10.47.(b)** Of the total funds appropriated for the Special Children
25 Adoption Fund each year, twenty percent (20%) of the total funds available shall be
26 reserved for payment to participating private adoption agencies. If the funds reserved in
27 this subsection for payments to private agencies have not been spent on or before March
28 31, 2004, the Division of Social Services may reallocate those funds, in accordance with
29 this section, to other participating adoption agencies.

30 **"SECTION 10.47.(c)** The Division of Social Services shall monitor the total
31 expenditures in the Special Children Adoption Fund and redistribute unspent funds to
32 ensure that the funds are used according to the guidelines established in subsection (a)
33 of this section. The Division shall implement strategies to ensure that funds that have
34 historically reverted for this program are used for the intended purpose. The Division
35 shall report to the House of Representatives Appropriations Subcommittee on Health
36 and Human Services, the Senate Appropriations Committee on Health and Human
37 Services, and the Fiscal Research Division on the expenditures and activities of the
38 program no later than December 1, 2004, and June 30, 2005."

39
40 Requested by: Representatives Nye, Barnhart

41 **FUNDS FOR CHILD PROTECTIVE SERVICES STAFF**

42 **SECTION 10.19.** Of the funds appropriated in this act to the Department of
43 Health and Human Services, the sum of five million dollars (\$5,000,000) shall be used
44 to hire additional child protective services staff at the local level for the 2004-2005

1 fiscal year. The Division of Social Services shall distribute the funds based on a funding
2 formula that shall address the needs of counties that have high caseload per child
3 protective services worker ratios. These funds shall not be used to supplant any other
4 source of funding for staff. These funds shall be used to increase the number of child
5 protective services workers throughout the State. The Department of Health and Human
6 Services shall report on the use of these funds to the House of Representatives
7 Appropriations Subcommittee on Health and Human Services, the Senate
8 Appropriations Committee on Health and Human Services, and the Fiscal Research
9 Division no later than January 1, 2005.

10
11 Requested by: Representatives Nye, Barnhart

12 **CHILD WELFARE SYSTEM REFORM**

13 **SECTION 10.20.(a)** The Department of Health and Human Services shall
14 transfer funds to the General Assembly to hire an independent consultant to evaluate
15 North Carolina's Child Welfare System at the State and local levels and provide
16 recommendations to reform that system.

17 **SECTION 10.20.(b)** The Fiscal Research Division, through the Legislative
18 Services Office, in consultation with the Department of Health and Human Services,
19 shall issue a Request for Proposal (RFP) for an independent consultant with extensive
20 experience in child welfare systems to develop recommendations for reforming the
21 State's existing system. The contractor shall evaluate the overall administration and
22 oversight of the existing system and make specific recommendations to strengthen the
23 system. The contractor shall review North Carolina's historical performance in meeting
24 national performance outcome measurements and note any progress in taking corrective
25 action to address the areas identified as weaknesses in the existing system. The
26 contractor shall evaluate variances in resources, including staffing levels, at the local
27 level as well as the administrative structure at the State level. The contractor shall
28 review statewide abuse and neglect data to determine if the data is accurate and useful
29 and make recommendations for improving the data collection system. The contractor's
30 final report shall include recommendations to ensure accountability and consistency at
31 both the State and local levels.

32 **SECTION 10.20.(c)** The final report from the consultant shall be presented
33 to the House of Representatives Appropriations Subcommittee on Health and Human
34 Services, the Senate Appropriations Committee on Health and Human Services, and the
35 Fiscal Research Division no later than October 1, 2005.

36
37 Requested by: Representatives Nye, Barnhart

38 **ADULT DAY SERVICES TRAINING AND REIMBURSEMENT** 39 **METHODOLOGY**

40 **SECTION 10.21.** In an effort to support and sustain adult day services in
41 North Carolina, the Department of Health and Human Services shall, within existing
42 resources, utilize up to two hundred fifty thousand dollars (\$250,000) for the 2004-2005
43 fiscal year to contract with a national adult day services resource center to provide
44 training and consultation to adult day services providers and State and county adult day

1 services consultants. The selected consultant shall study the current method of
2 reimbursement for adult day services and make recommendations regarding changes to
3 the reimbursement methodology. The final report shall be presented to the Study
4 Commission on Aging by January 1, 2005.

5
6 Requested by: Representatives Nye, Barnhart

7 **ADMINISTRATION OF REDUCTION IN FUNDS TO AREA AUTHORITIES**

8 **SECTION 10.22.** In administering the ten-million-dollar (\$10,000,000)
9 reduction in funds to area programs enacted in this act, the Division of Mental Health,
10 Developmental Disabilities, and Substance Abuse Services shall do the following:

- 11 (1) Apply the reduction to area authority funds that have reverted in each
12 of the past two fiscal years; and
13 (2) Apportion the area authority reduction across disability groups by the
14 proportion of the total funds reverted for each disability fund code in
15 fiscal year 2003-2004.

16
17 Requested by: Representatives Nye, Barnhart

18 **FUNDS FOR PATH PROGRAM RESIDENCE PURCHASE**

19 **SECTION 10.23.** The Department of Health and Human Services may use
20 up to five hundred thousand dollars (\$500,000) from the Trust Fund for Mental Health,
21 Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs
22 to purchase an existing house or other residential facility, and the land on which the
23 house or facility is located, for use by the PATH Program at the Murdoch Center.

24
25 Requested by: Representatives Nye, Barnhart

26 **USE OF MENTAL HEALTH TRUST FUND MONIES FOR CAPITAL**
27 **IMPROVEMENTS AND EXPANSIONS AT ADACT CENTERS**

28 **SECTION 10.24.** Of the funds appropriated to the Trust Fund for Mental
29 Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding
30 Needs for the 2004-2005 fiscal year, not more than three million five hundred thousand
31 dollars (\$3,500,000) may be used by the Department of Health and Human Services for
32 capital improvements and capital expansions at the State's Alcohol and Drug Abuse
33 Treatment Centers (ADACT) in accordance with G.S. 143-15D.

34
35 Requested by: Representatives Nye, Barnhart

36 **STUDY FINANCING OF MENTAL HEALTH, DEVELOPMENTAL**
37 **DISABILITIES, AND SUBSTANCE ABUSE SERVICES**

38 **SECTION 10.25.** The Department of Health and Human Services shall
39 study the financing of mental health, developmental disabilities, and substance abuse
40 services. The study shall include the following:

- 41 (1) An examination of all sources of funds used in the delivery of mental
42 health, developmental disabilities, and substance abuse services
43 throughout the Department.

1 (2) An examination of alternative financing mechanisms for funding
2 mental health, developmental disabilities, and substance abuse
3 services, including Medicaid.

4 (3) Recommendations for feasible alternative financing mechanisms.

5 The Department shall report its findings and recommendations to the
6 Legislative Oversight Committee on Mental Health, Developmental Disabilities, and
7 Substance Abuse Services, the House of Representatives Appropriations Subcommittee
8 on Health and Human Services, the Senate Appropriations Committee on Health and
9 Human Services, and the Fiscal Research Division no later than July 1, 2005.

10
11 Requested by: Representatives Nye, Barnhart

12 **AREA PROGRAM AND COUNTY PROGRAM TRANSITION FLEXIBILITY**

13 **SECTION 10.26.(a)** G.S. 122C-115(a) reads as rewritten:

14 "(a) A county shall provide mental health, developmental disabilities, and
15 substance abuse services through an area authority or through a county program
16 established pursuant to G.S. 122C-115.1. To the extent this section conflicts with
17 G.S. 153A-77(a), the provisions of G.S. 153A-77(a) control. If a county that is a
18 member of an area authority determines to provide its services through a county
19 program or through a multicounty program, it may, with the agreement of the other
20 counties comprising the area authority and the approval of the Secretary, simultaneously
21 participate in a county program or a multicounty program while remaining a
22 participating member of the area authority until the end of the subsequent fiscal year."

23 **SECTION 10.26.(b)** This section is effective upon ratification and expires
24 on July 1, 2005.

25
26 Requested by: Representatives Nye, Barnhart

27 **MENTAL HEALTH TREATMENT COURTS**

28 **SECTION 10.27.(a)** The Administrative Office of the Courts shall establish
29 pilot programs in judicial districts 15B, 26, and 28 that add a mental health treatment
30 component to the existing drug treatment courts in those districts, thereby expanding
31 those courts into therapeutic court programs aimed at providing treatment to repeat adult
32 offenders with needs for either mental health or substance abuse services. The purpose
33 of the mental health treatment component of the pilot programs is to facilitate
34 cooperation between the State mental health system, mental health service providers,
35 and the judicial system in order for the State mental health system to provide repeat
36 adult offenders that need mental health services with treatment and other mental health
37 services aimed at improving their ability to function in the community, thereby reducing
38 recidivism and easing the workload of the courts.

39 In expanding the drug treatment courts in these districts into therapeutic
40 courts under this section, the Administrative Office of the Courts and the Department of
41 Health and Human Services, Division of Mental Health, Developmental Disabilities,
42 and Substance Abuse Services, shall collaborate on a plan for the structure of the court
43 process, treatment services provided by area authorities or county programs and other
44 appropriate mental health service providers, and administration of the pilot programs.

1 Treatment services provided under the mental health treatment court component shall
2 use best treatment practices approved by the Division of Mental Health, Developmental
3 Disabilities, and Substance Abuse Services. The collaborative effort required under this
4 section shall also include consideration of the effectiveness and efficiency of the mental
5 health treatment court component to determine feasibility of the statewide expansion of
6 drug treatment courts into therapeutic courts.

7 **SECTION 10.27.(b)** The Administrative Office of the Courts shall report to
8 the Chairs of the Senate and House Appropriations Committees, the Chairs of the
9 Senate and House Appropriations Subcommittees on Justice and Public Safety, and the
10 Chairs of the Senate and House Appropriations Subcommittees on Health and Human
11 Services by March 1, 2005, on the implementation of the therapeutic treatment court
12 pilot programs provided for in this section, including an evaluation of the effectiveness
13 of the new mental health treatment component of those programs and recommendations
14 on the feasibility and desirability of expanding the existing drug treatment court
15 program into a statewide therapeutic court program.

16 **SECTION 10.27.(c)** There is appropriated from the Trust Fund for Mental
17 Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding
18 Needs to the Judicial Department the sum of thirty-six thousand one hundred sixty-one
19 dollars (\$36,161) for the 2004-2005 fiscal year. These funds shall be used for
20 administrative costs associated with expanding the Drug Treatment Court to serve adult
21 repeat offenders who are within the targeted population for mental health,
22 developmental disabilities, and substance abuse services as defined in G.S. 122C-3(38).

23 **SECTION 10.27.(d)** There is appropriated from the Trust Fund for Mental
24 Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding
25 Needs to the Department of Health and Human Services, Division of Mental Health,
26 Developmental Disabilities, and Substance Abuse Services, the sum of one hundred
27 thirty-seven thousand nine hundred forty dollars (\$137,940) for the 2004-2005 fiscal
28 year. These funds shall be used for mental health treatment services to repeat adult
29 offenders within the targeted population for mental health, developmental disabilities,
30 and substance abuse services as defined in G.S. 122C-3(38).

31 **SECTION 10.27.(e)** Of the funds appropriated in this act to the Judicial
32 Department, the sum of twenty thousand dollars (\$20,000) for the 2004-2005 fiscal year
33 shall be used to obtain an independent evaluation of the effectiveness of the pilot
34 programs authorized under this section.

35 **SECTION 10.27.(f)** A county may appropriate county or other non-State
36 funds to expand mental health services to adult repeat offenders served by the pilot
37 programs for mental health treatment established under subsection (a) of this section.
38 No State funds appropriated for this section shall be used to provide mental health
39 services to nontargeted population adult repeat offenders.

40
41 Requested by: Representatives Nye, Barnhart

42 **PUBLIC HEALTH TASK FORCE REPORTING REQUIREMENT**

43 **SECTION 10.28.** The Department of Health and Human Services shall
44 provide a detailed report on recommendations made by the Public Health Task Force.

1 The report shall include an implementation schedule with the fiscal impact of each
2 recommendation on both State and county governments. The Department shall submit
3 the report upon the completion of the work of the Task Force. The Department shall
4 submit the report to the House of Representatives Appropriations Subcommittee on
5 Health and Human Services, the Senate Appropriations Committee on Health and
6 Human Services, and the Fiscal Research Division.

7
8 Requested by: Representatives Nye, Barnhart

9 **EARLY INTERVENTION REPORTING REQUIREMENT**

10 **SECTION 10.29.** The Department of Health and Human Services, Division
11 of Public Health, shall track and report on the number of children referred to the Early
12 Intervention program through Department of Social Services abuse and neglect agents.
13 The report shall include the number and types of services provided to these children and
14 the fiscal impact to the program. The Department shall submit a report to the House of
15 Representatives Appropriations Subcommittee on Health and Human Services, the
16 Senate Appropriations Committee on Health and Human Services, and the Fiscal
17 Research Division by January 30, 2005.

18
19 Requested by: Representatives Nye, Barnhart

20 **AIDS DRUG ASSISTANCE PROGRAM (ADAP)**

21 **SECTION 10.30.** Section 10.31 of S.L. 2003-284 reads as rewritten:

22 **"SECTION 10.31.(a)** For the 2003-2004 fiscal year and for the 2004-2005 fiscal
23 year, HIV-positive individuals with incomes at or below one hundred twenty-five
24 percent (125%) of the federal poverty level are eligible for participation in ADAP.
25 Eligibility for participation in ADAP during the 2003-2005 fiscal biennium shall not be
26 extended to individuals with incomes above one hundred twenty-five percent (125%) of
27 the federal poverty level.

28 **"SECTION 10.31.(b)** The Department of Health and Human Services shall make
29 an interim report on ADAP program utilization by ~~January 1, 2004~~, January 1, 2005, and
30 a final report on ADAP program utilization by ~~May 1, 2004~~, May 1, 2005, to the Senate
31 Appropriations Committee on Health and Human Services, the House of
32 Representatives Appropriations Subcommittee on Health and Human Services, and the
33 Fiscal Research Division on ADAP. The reports shall include the following:

34 (1) ADAP program utilization:

- 35 a. Monthly data on total cumulative AIDS/HIV cases reported in
36 North Carolina.
- 37 b. Monthly data on the number of individuals who have applied to
38 participate in ADAP that have been determined to be ineligible.
- 39 c. Monthly data on the income level of participants in ADAP and
40 of individuals who have applied to participate in ADAP who
41 have been determined to be ineligible.
- 42 d. Monthly data on fiscal year-to-date expenditures of ADAP. The
43 interim report shall contain monthly data on the calendar
44 year-to-date expenditures of ADAP.

- 1 e. An update on the status of the information management system.
2 f. Monthly data on ADAP usage patterns and demographics of
3 participants in ADAP.
4 g. Fiscal year-to-date budget information."
5

6 Requested by: Representatives Nye, Barnhart

7 **MAXIMIZE ADAP PROGRAM FUNDING AND AIDS/HIV TESTING**

8 **SECTION 10.31.** The Department of Health and Human Services shall
9 budget all 340B rebates received from pharmaceutical purchases for the AIDS Drug
10 Assistance Program (ADAP) for use in the ADAP program. Priority use of these funds
11 shall be to continue funding for HIV/AIDS testing. Funds remaining after use for
12 HIV/AIDS testing may be used for the purchase of pharmaceuticals. The Department
13 shall consider changing the ADAP program to a six-month eligibility process in its
14 effort to control costs. If after consideration it is determined that a savings will occur,
15 the Department shall implement the change. The Department shall report on its findings
16 to the House of Representatives Appropriations Subcommittee on Health and Human
17 Services, the Senate Appropriations Committee on Health and Human Services, and the
18 Fiscal Research Division in its January report.
19

20 Requested by: Representatives Nye, Barnhart

21 **NORTH CAROLINA PUBLIC HEALTH DEPARTMENT INCUBATORS**

22 **SECTION 10.32.(a)** There is appropriated from the General Fund to the
23 Department of Health and Human Services the sum of two million two hundred fifty
24 thousand dollars (\$2,250,000) for the 2004-2005 fiscal year. These funds shall be
25 allocated to the North Carolina Institute for Public Health, School of Public Health at
26 the University of North Carolina at Chapel Hill to coordinate the development of
27 "public health incubators." Core participants in these incubators will be local public
28 health departments in selected underserved regions. Other governmental agencies and
29 nonprofit organizations will also be invited to participate. The funds shall be used to:

- 30 (1) Establish or strengthen the capacity to conduct epidemiological
31 investigation and to actively monitor public health conditions,
32 diseases, and risk factors.
33 (2) Establish or strengthen the capacity to monitor health disparities and to
34 develop plans to reduce those disparities.
35 (3) Conduct regional community health assessments with the assistance of
36 other members of the public health community including other
37 governmental agencies and nonprofit organizations, to establish
38 partnership health priorities based on these findings, and to draft public
39 health interventions to address the highest health priorities.
40 (4) Raise public awareness of the health-related issues in partnership
41 communities, collaborating with members of the larger public health
42 community and with local and State media, reporting health issues to
43 the county commissioners, the boards of health, legislators, at-risk
44 groups, and to the community at large.

- 1 (5) Provide regular, supplemental training to members of the participating
2 boards of health to inform them about their overall responsibilities
3 including their role in policy development, to introduce them to
4 evidence-based best practices in public health with an emphasis on
5 collaborative initiatives, and to update them on emerging public health
6 issues, particularly those that are of greatest concern to their
7 communities.
- 8 (6) Conduct workforce preparedness assessments and follow-on training
9 for the public health workforce in the pilot regions and to establish or
10 supplement policy to facilitate effective responses to public health
11 emergencies where appropriate.
- 12 (7) Establish a formal, systematic review of the incubators to track and
13 evaluate the efficacy of roles, organization, and programs, to identify
14 best practices, and to develop recommendations for improvement
15 based on these findings.

16 **SECTION 10.32.(b)** The Department of Health and Human Services shall
17 report on the use of these funds and an evaluation of the incubator efforts to the Senate
18 Appropriations Committee on Health and Human Services, the House of
19 Representatives Appropriations Subcommittee on Health and Human Services, and the
20 Fiscal Research Division. The Department shall submit the report not later than January
21 14, 2005.

22
23 Requested by: Representatives Nye, Barnhart

24 **FUNDS FOR SCHOOL NURSES**

25 **SECTION 10.33.** Of the funds appropriated in this act to the Department of
26 Health and Human Services, the sum of one million seven hundred fifty thousand
27 dollars (\$1,750,000) shall be used for a school nurse funding initiative. The Department
28 of Health and Human Services, Division of Public Health, in conjunction with the
29 Department of Public Instruction, shall provide funds to communities to hire school
30 nurses. The program will fund 35 permanent local nurses. The Department of Health
31 and Human Services and the Department of Public Instruction shall form a committee to
32 select a limited number of communities where school nurses are most needed to receive
33 these grants. The criteria shall include determining the areas in the greatest need for
34 school nurses with the greatest inability to pay for these nurses. Among other criteria,
35 the team shall consider: (i) the current nurse-to-student ratio; (ii) the economic status of
36 the community; and (iii) the health needs of area children.

37 There shall be no supplanting of local, State, or federal funds with these
38 funds. Communities shall maintain their current level of effort and funding for school
39 nurses. These funds shall not be used for funding nurses for State agencies. All funding
40 shall be used for direct services.

41 The Department of Health and Human Services shall report on the use of
42 funds allocated under this section by December 1, 2004, to the House of
43 Representatives Appropriations Subcommittee on Health and Human Services, the

1 Senate Appropriations Committee on Health and Human Services, and the Fiscal
2 Research Division.

3
4 Requested by: Representatives Nye, Barnhart

5 **HOSPITAL EMERGENCY DEPARTMENT DATA REPORTING**

6 **SECTION 10.34.(a)** Effective January 1, 2005, G.S. 130A-476(f) is
7 repealed.

8 **SECTION 10.34.(b)** Effective January 1, 2005, Article 22 of Chapter 130A
9 of the General Statutes is amended by adding the following new section to read:

10 **"§ 130A-480. Emergency department data reporting.**

11 (a) For the purpose of ensuring the protection of the public health, the State
12 Health Director shall develop a syndromic surveillance program for hospital emergency
13 departments in order to detect and investigate public health threats that may result from
14 (i) a terrorist incident using nuclear, biological, or chemical agents or (ii) an epidemic or
15 infectious, communicable, or other disease. The State Health Director shall specify the
16 data to be reported by hospitals pursuant to this program, subject to the following:

17 (1) Each hospital shall submit electronically available emergency
18 department data as specified by rule by the Commission. The
19 Commission, in consultation with hospitals, shall establish by rule a
20 schedule for the implementation of full electronic reporting capability
21 of all data elements by all hospitals. The schedule shall take into
22 consideration the number of data elements already reported by the
23 hospital, the hospital's capacity to electronically maintain the
24 remaining elements, available funding, and other relevant factors.

25 (2) None of the following data for patients or their relatives, employers, or
26 household members may be collected by the State Health Director:
27 names; postal or street address information, other than town or city,
28 county, state, and the first five digits of the zip code; geocode
29 information; telephone numbers; fax numbers; electronic mail
30 addresses; social security numbers; health plan beneficiary numbers;
31 account numbers; certificate or license numbers; vehicle identifiers
32 and serial numbers, including license plate numbers; device identifiers
33 and serial numbers; web universal resource locators (URLs); Internet
34 protocol (IP) address numbers; biometric identifiers, including finger
35 and voice prints; and full face photographic images and any
36 comparable images.

37 (b) The following are not public records under Chapter 132 of the General
38 Statutes and are privileged and confidential:

39 (1) Data reported to the State Health Director pursuant to this section.

40 (2) Data collected or maintained by any entity with whom the State Health
41 Director contracts for the reporting, collection, or analysis of data
42 pursuant to this section.

43 The State Health Director shall maintain the confidentiality of the data reported
44 pursuant to this section and shall ensure that adequate measures are taken to provide

1 system security for all data and information. The State Health Director may share data
2 with local health departments for public health purposes, and the local health
3 departments are bound by the confidentiality provisions of this section. The State Health
4 Director shall not allow information that it receives pursuant to this section to be used
5 for commercial purposes and shall not release data except as authorized by other
6 provisions of law.

7 (c) A person is immune from liability for actions arising from the required
8 submission of data under this Article.

9 (d) For purposes of this section, "hospital" means a hospital, as defined in
10 G.S. 131E-214.1(3), that operates an emergency room on a 24-hour basis. The term
11 does not include a psychiatric hospital subject to Article 2 of Chapter 122C of the
12 General Statutes.

13 (e) Administrative emergency department data shall be reported by hospitals
14 under Article 11A of Chapter 131E of the General Statutes."

15 SECTION 10.34.(c) This section is effective when this act becomes law.
16

17 Requested by: Representatives Barnhart, Nye

18 **AUTHORIZE CHILD CARE COMMISSION TO ADOPT RULES FOR CHILD**
19 **CARE FACILITIES FOR MEDICALLY FRAGILE CHILDREN**

20 SECTION 10.35. G.S. 110-88 is amended by adding a new subdivision to
21 read:

22 "The Commission shall have the following powers and duties:

23 ...

24 (13) To adopt rules for child care facilities that provide care for medically
25 fragile children.

26"
27

28 Requested by: Representatives Nye, Barnhart

29 **CRIMINAL HISTORY RECORD CHECKS FOR LOCAL CHILD CARE**
30 **CENTERS**

31 SECTION 10.36. It is the intent of the General Assembly that the Division
32 of Child Development be able to conduct criminal history record checks for local child
33 care centers in an expedient manner during the 2004-2005 fiscal year. The Division of
34 Child Development may use lapsed salary funds to support up to three additional
35 temporary positions during fiscal year 2005 to eliminate the backlog and keep current
36 the criminal history record checks process. The Office of State Budget and Management
37 and the Department of Health and Human Services shall expedite the approval process
38 for these temporary positions.
39

40 Requested by: Representatives Barnhart, Nye

41 **INCREASE NORTH CAROLINA PARTNERSHIP FOR CHILDREN BOARD**
42 **MEMBERSHIP**

43 SECTION 10.37. G.S. 143B-168.12(a)(1) reads as rewritten:

- 1 "(1) The North Carolina Partnership shall have a Board of Directors
2 consisting of the following ~~25~~26 members:
- 3 a. The Secretary of Health and Human Services, ex officio, or the
4 Secretary's designee;
- 5 b. Repealed by Session Laws 1997, c. 443, s. 11A.105.
- 6 c. The Superintendent of Public Instruction, ex officio, or the
7 Superintendent's designee;
- 8 d. The President of the Community Colleges System, ex officio, or
9 the President's designee;
- 10 e. Three members of the public, including one child care provider,
11 one other who is a parent, and one other who is a board chair of
12 a local partnership serving on the North Carolina Partnership
13 local partnership advisory committee, appointed by the General
14 Assembly upon recommendation of the President Pro Tempore
15 of the Senate;
- 16 f. Three members of the public, including one who is a parent,
17 one other who is a representative of the faith community, and
18 one other who is a board chair of a local partnership serving on
19 the North Carolina Partnership local partnership advisory
20 committee, appointed by the General Assembly upon
21 recommendation of the Speaker of the House of
22 Representatives;
- 23 g. Twelve members, appointed by the Governor. Three of these 12
24 members shall be members of the party other than the
25 Governor's party, appointed by the Governor. Seven of these 12
26 members shall be appointed as follows: one who is a child care
27 provider, one other who is a pediatrician, one other who is a
28 health care provider, one other who is a parent, one other who is
29 a member of the business community, one other who is a
30 member representing a philanthropic agency, and one other who
31 is an early childhood educator;
- 32 h. Repealed by Session Laws 1998-212, s. 12.37B(a), effective
33 October 30, 1998.
- 34 h1. The Chair of the North Carolina Partnership Board shall be
35 appointed by the Governor;
- 36 i. Repealed by Session Laws 1998-212, s. 12.37B(a), effective
37 October 30, 1998.
- 38 j. One member of the public appointed by the General Assembly
39 upon recommendation of the Majority Leader of the Senate;
- 40 k. One member of the public appointed by the General Assembly
41 upon recommendation of the Majority Leader of the House of
42 Representatives;

- 1 l. One member of the public appointed by the General Assembly
2 upon recommendation of the Minority Leader of the Senate;
3 ~~and~~
4 m. One member of the public appointed by the General Assembly
5 upon recommendation of the Minority Leader of the House of
6 ~~Representatives.~~Representatives; and
7 n. The Director of the More at Four Pre-Kindergarten Program, or
8 the Director's designee.

9 All members appointed to succeed the initial members and
10 members appointed thereafter shall be appointed for three-year terms.
11 Members may succeed themselves.

12 All appointed board members shall avoid conflicts of interests and
13 the appearance of impropriety. Should instances arise when a conflict
14 may be perceived, any individual who may benefit directly or
15 indirectly from the North Carolina Partnership's disbursement of funds
16 shall abstain from participating in any decision or deliberations by the
17 North Carolina Partnership regarding the disbursement of funds.

18 All ex officio members are voting members. Each ex officio
19 member may be represented by a designee. These designees shall be
20 voting members. No members of the General Assembly shall serve as
21 members.

22 The North Carolina Partnership may establish a nominating
23 committee and, in making their recommendations of members to be
24 appointed by the General Assembly or by the Governor, the President
25 Pro Tempore of the Senate, the Speaker of the House of
26 Representatives, the Majority Leader of the Senate, the Majority
27 Leader of the House of Representatives, the Minority Leader of the
28 Senate, the Minority Leader of the House of Representatives, and the
29 Governor shall consult with and consider the recommendations of this
30 nominating committee.

31 The North Carolina Partnership may establish a policy on
32 members' attendance, which policy shall include provisions for
33 reporting absences of at least three meetings immediately to the
34 appropriate appointing authority.

35 Members who miss more than three consecutive meetings without
36 excuse or members who vacate their membership shall be replaced by
37 the appropriate appointing authority, and the replacing member shall
38 serve either until the General Assembly and the Governor can appoint
39 a successor or until the replaced member's term expires, whichever is
40 earlier.

41 The North Carolina Partnership shall establish a policy on
42 membership of the local boards. No member of the General Assembly
43 shall serve as a member of a local board. Within these requirements for
44 local board membership, the North Carolina Partnership shall allow

1 local partnerships that are regional to have flexibility in the
2 composition of their boards so that all counties in the region have
3 adequate representation.

4 All appointed local board members shall avoid conflicts of interests
5 and the appearance of impropriety. Should instances arise when a
6 conflict may be perceived, any individual who may benefit directly or
7 indirectly from the partnership's disbursement of funds shall abstain
8 from participating in any decision or deliberations by the partnership
9 regarding the disbursement of funds."

10
11 Requested by: Representatives Barnhart, Nye

12 **MORE AT FOUR PROGRAM**

13 **SECTION 10.38.** Section 10.40 of S.L. 2003-284 reads as rewritten:

14 **"SECTION 10.40.(a)** Of the funds appropriated to the Department of Health and
15 Human Services, the sum of forty-three million one hundred twenty-one thousand eight
16 hundred dollars (\$43,121,800) in the 2003-2004 fiscal year and the sum of ~~forty-one~~
17 ~~million nine hundred twenty-one thousand eight hundred dollars (\$41,921,800)~~fifty
18 million nine hundred seventy-nine thousand two dollars (\$50,979,002) in the 2004-2005
19 fiscal year shall be used to implement "More At Four", a voluntary prekindergarten
20 program for at-risk four-year-olds.

21 **"SECTION 10.40.(b)** The Department of Health and Human Services and the
22 Department of Public Instruction shall establish the "More At Four" Pre-K Task Force
23 to oversee development and implementation of the pilot program. The membership shall
24 include:

- 25 (1) Parents of at-risk children.
- 26 (2) Representatives with expertise in early childhood development.
- 27 (3) Classroom teachers who are certified in early childhood education.
- 28 (4) Representatives of the private not-for-profit and for-profit child care
29 providers in North Carolina.
- 30 (5) Employees of the Department of Health and Human Services who are
31 knowledgeable in the areas of early childhood development, current
32 State and federally funded efforts in child development, and providing
33 child care.
- 34 (6) Representatives of local Smart Start partnerships.
- 35 (7) Representatives of local school administrative units.
- 36 (8) Representatives of Head Start prekindergarten programs in North
37 Carolina.
- 38 (9) Employees of the Department of Public Instruction.

39 **"SECTION 10.40.(c)** The Department of Health and Human Services and the
40 Department of Public Instruction, with guidance from the Task Force, shall continue the
41 implementation of the "More At Four" prekindergarten program for at-risk
42 four-year-olds who are at risk of failure in kindergarten. The program is available
43 statewide to all counties that choose to participate, including underserved areas. The
44 goal of the program is to provide quality prekindergarten services to a greater number of

1 at-risk children in order to enhance kindergarten readiness for these children. The
2 program shall be consistent with standards and assessments established jointly by the
3 Department of Health and Human Services, the Department of Public Instruction, and
4 the Task Force and may consider the "More At Four" Pre-K Task Force
5 recommendations. The program shall include:

- 6 (1) A process and system for identifying children at risk of academic
7 failure.
- 8 (2) A process and system for identifying children who are not being
9 served first priority in formal early education programs, such as child
10 care, public or private preschools, Head Start, Early Head Start, early
11 intervention programs, or other such programs, who demonstrate
12 educational needs, and who are eligible to enter kindergarten the next
13 school year, as well as children who are underserved.
- 14 (3) A curriculum or several curricula that are recommended by the Task
15 Force. The Task Force will identify and approve appropriate
16 research-based curricula. These curricula shall: (i) focus primarily on
17 oral language and emergent literacy; (ii) engage children through key
18 experiences and provide background knowledge requisite for formal
19 learning and successful reading in the early elementary years; (iii)
20 involve active learning; (iv) promote measurable kindergarten
21 language-readiness skills that focus on emergent literacy and
22 mathematical skills; and (v) develop skills that will prepare children
23 emotionally and socially for kindergarten.
- 24 (4) An emphasis on ongoing family involvement with the prekindergarten
25 program.
- 26 (5) Evaluation of child progress through pre- and post-assessment of
27 children in the statewide evaluation, as well as ongoing assessment of
28 the children by teachers.
- 29 (6) Guidelines for a system to reimburse local school boards and systems,
30 private child care providers, and other entities willing to establish and
31 provide prekindergarten programs to serve at-risk children.
- 32 (7) A system built upon existing local school boards and systems, private
33 child care providers, and other entities that demonstrate the ability to
34 establish or expand prekindergarten capacity.
- 35 (8) A quality-control system. Participating providers shall comply with
36 standards and guidelines as established by the Department of Health
37 and Human Services, the Department of Public Instruction, and the
38 Task Force. The Department may use the child care rating system to
39 assist in determining program participation.
- 40 (9) Standards for minimum teacher qualifications. A portion of the
41 classroom sites initially funded shall have at least one teacher who is
42 certified or provisionally certified in birth to kindergarten education.
- 43 (10) A local contribution. Programs must demonstrate that they are
44 accessing resources other than "More At Four".

- 1 (11) A system of accountability.
- 2 (12) Collaboration with State agencies and other organizations. The
- 3 Department of Health and Human Services, the Department of Public
- 4 Instruction, and the Task Force shall collaborate with State agencies
- 5 and other organizations such as the North Carolina Partnership for
- 6 Children, Inc., in the design and implementation of the program.
- 7 (13) Consideration of the reallocation of existing funds. In order to
- 8 maximize current funding and resources, the Department of Health and
- 9 Human Services, the Department of Public Instruction, and the Task
- 10 Force shall consider the reallocation of existing funds from State and
- 11 local programs that provide prekindergarten related care and services.
- 12 (14) Recommendations for long-term organizational placement and
- 13 administration of the program.

14 **"SECTION 10.40.(d)** During the 2003-2004 fiscal year, the Department of Health

15 and Human Services shall plan for expansion of the "More At Four" program within

16 existing resources to include four and five star rated centers and schools serving

17 four-year-olds and develop guidelines for these programs. The Department shall analyze

18 guidelines for use of the "More At Four" funds, State subsidy funds, and Smart Start

19 subsidy funds and devise a complementary plan for administration of funds for all

20 four-year-old classrooms. The four and five star centers that choose to become a "More

21 at Four" program shall, at a minimum, receive curricula and access to training and

22 workshops for "More at Four" programs and be considered along with other "More at

23 Four" programs for T.E.A.C.H. funding. The Department shall ensure that no individual

24 receives funding from more than one source for the same purpose or activity during the

25 same funding period. For purposes of this subsection, sources shall include T.E.A.C.H.,

26 W.A.G.E.\$., and T.E.A.C.H. Health Insurance programs for individual recipients.

27 ~~The Department may use nonobligated "More At Four" funds for the 2003-2004~~

28 ~~fiscal year to reduce the waiting list for subsidy, with priority given to four year olds~~

29 ~~attending three star or better centers. If there are funds remaining after the waiting list~~

30 ~~for four year olds has been satisfied, then the waiting list for other children may be~~

31 ~~addressed with the remaining funds.~~

32 The "More At Four" program shall review the number of slots filled by counties on a

33 monthly basis and shift the unfilled slots to counties with waiting lists. The shifting of

34 slots shall occur through January 30, 2005, at which time any remaining funds for slots

35 unfilled shall be transferred to the Division of Child Development to meet the needs of

36 the waiting list for subsidized child care.

37 **"SECTION 10.40.(e)** The Department of Health and Human Services, the

38 Department of Public Instruction, and the Task Force shall submit a progress report by

39 ~~January 1, 2004, and May 1, 2004,~~January 1, 2005, and May 30, 2005, to the Joint

40 Legislative Commission on Governmental Operations, the Joint Legislative Education

41 Oversight Committee, the Senate Appropriations Committee on Health and Human

42 Services, the House of Representatives Appropriations Subcommittee on Health and

43 Human Services, and the Fiscal Research Division. This final report shall include the

44 following:

- 1 (1) The number of children participating in the program.
- 2 (2) The number of children participating in the program who have never
- 3 been served in other early education programs, such as child care,
- 4 public or private preschool, Head Start, Early Head Start, or early
- 5 intervention programs.
- 6 (3) The expected expenditures for the programs and the source of the local
- 7 match for each grantee.
- 8 (4) The location of program sites and the corresponding number of
- 9 children participating in the program at each site.
- 10 (5) Activities involving Child Find in counties.
- 11 (6) A comprehensive cost analysis of the program, including the cost per
- 12 child served by the program.
- 13 (7) The plan for expansion of "More At Four" through existing resources
- 14 as outlined in this section.

15 "SECTION 10.40.(f) Beginning in the 2004-2005 fiscal year, the "More At Four"
 16 program shall establish income eligibility requirements for the program of seventy-five
 17 percent (75%) of the State median income in an effort to make the program consistent
 18 with the child care subsidy requirements."

19
 20 **PART XI. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES**

21
 22 Requested by: Representative West

23 **SALE OF UMSTEAD FARM DAIRY HERD AND USE OF PROCEEDS**

24 **SECTION 11.1.(a)** The Department of Agriculture and Consumer Services
 25 may sell the dairy herd, including embryos and semen inventories, at the Umstead Farm
 26 Unit in Butner and may place the proceeds of the sale in a nonreverting special revenue
 27 fund within the Department. This fund shall be used only for any one or more of the
 28 following purposes:

- 29 (1) To relocate the milking parlor equipment and nutrition barn from the
- 30 Umstead Farm Unit to the Piedmont Research Station in Salisbury.
- 31 (2) To purchase additional dairy animals to fully utilize dairy facilities
- 32 located at the Piedmont Research Station in Salisbury.
- 33 (3) To purchase or construct grain and feed storage facilities and to
- 34 purchase equipment and supplies necessary for dairy research at the
- 35 dairy units operated by the Department.
- 36 (4) To demolish or remove unneeded or obsolete dairy buildings at the
- 37 Umstead Farm Unit or for the closure of any animal waste
- 38 management system located at the Umstead Farm Unit.

39 **SECTION 11.1.(b)** The proceeds in the special revenue fund under
 40 subsection (a) of this section are appropriated to the Department of Agriculture and
 41 Consumer Services for the 2004-2005 fiscal year to be used for the purposes under
 42 subsection (a) of this section.

1 **SECTION 11.1.(c)** Beginning with the 2005-2007 biennium, the special
 2 revenue fund established under subsection (a) of this section shall be included in the
 3 Governor's recommended budget.

4
 5 Requested by: Representatives Fox, West

6 **STUDY FUNDING FOR DACS RESEARCH STATIONS**

7 **SECTION 11.2.(a)** The Department of Agriculture and Consumer Services
 8 and the Agricultural Research Service, North Carolina State University, in consultation
 9 with the Fiscal Research Division, shall study the manner in which the 18 research
 10 stations within the Department of Agriculture and Consumer Services are funded,
 11 including the differences as to how the Department of Agriculture and Consumer
 12 Services and the Agricultural Research Service fund the facilities sponsored by each,
 13 the differences as to how the Department of Agriculture and Consumer Services and the
 14 Agricultural Research Service allocate federal grant funds for administration of the
 15 research stations, and the efforts of the Department of Agriculture and Consumer
 16 Services and the Agricultural Research Service to collaborate on providing necessary
 17 funding of the research stations.

18 **SECTION 11.2.(b)** No later than December 15, 2004, the Department of
 19 Agriculture and Consumer Services and the Agricultural Research Service, North
 20 Carolina State University, in consultation with the Fiscal Research Division, shall
 21 prepare a final joint report of the findings and recommendations of the study and submit
 22 this report to the House and Senate Appropriations Subcommittees on Natural and
 23 Economic Resources and the Fiscal Research Division.

24
 25 **PART XII. DEPARTMENT OF ENVIRONMENT AND NATURAL**
 26 **RESOURCES**

27
 28 Requested by: Representatives Fox, West

29 **GRASSROOTS SCIENCE PROGRAM**

30 **SECTION 12.1.(a)** Section 11.1(a) of S.L. 2003-284 reads as rewritten:

31 **"SECTION 11.1.(a)** Of the funds appropriated in this act to the Department of
 32 Environment and Natural Resources for the Grassroots Science Program, the sum of
 33 two million five hundred fifty-one thousand seven hundred sixty dollars (\$2,551,760)
 34 for fiscal year 2003-2004 and the sum of ~~two million five hundred fifty-one thousand~~
 35 ~~seven hundred sixty dollars (\$2,551,760)~~ two million seven hundred seventeen thousand
 36 seven hundred seven dollars (\$2,717,707) for fiscal year 2004-2005 are allocated as
 37 grants-in-aid for each fiscal year as follows:

	2003-2004	2004-2005
Aurora Fossil Museum	\$56,690	\$56,690 <u>\$57,120</u>
Cape Fear Museum	\$185,470	\$185,470 <u>\$194,188</u>
Catawba Science Center	\$134,913	\$134,913 <u>\$140,377</u>
Colburn Gem and Mineral Museum, Inc.	\$66,858	\$66,858 <u>\$67,943</u>

1	Discovery Place	\$624,407	\$624,407	<u>\$661,371</u>
2	Granville County Museum Commission,			
3	Inc. – Harris Gallery	\$55,885	\$55,885	<u>\$56,263</u>
4	The Health Adventure Museum of Pack			
5	Place Education, Arts and			
6	Science Center, Inc.	\$121,115	\$121,115	<u>\$125,691</u>
7	Imagination Station	\$85,308	\$85,308	<u>\$87,580</u>
8	Iredell County Children's Museum	\$6,616	\$6,616	<u>\$57,042</u>
9	Museum of Coastal Carolina	\$69,311	\$69,311	<u>\$70,553</u>
10	Natural Science Center of Greensboro	\$183,416	\$183,416	<u>\$192,001</u>
11	North Carolina Museum of Life			
12	and Science	\$388,283	\$388,283	<u>\$410,052</u>
13	Rocky Mount Children's Museum	\$72,810	\$72,810	<u>\$74,277</u>
14	Schiele Museum of Natural History	\$234,524	\$234,524	<u>\$246,398</u>
15	Sci Works Science Center and			
16	Environmental Park of Forsyth County	\$147,578	\$147,578	<u>\$153,857</u>
17	Western North Carolina Nature Center	\$118,578	\$118,578	<u>\$122,991</u>
18				
19	Total	\$2,551,760	\$2,551,760	<u>\$2,717,707"</u>

20 **SECTION 12.1.(b)** Of the funds appropriated in this act to the Department
 21 of Environment and Natural Resources for the Grassroots Science Program, the sum of
 22 two hundred fifty thousand twenty dollars (\$250,020) for the 2004-2005 fiscal year
 23 shall be allocated as grants-in-aid of forty-one thousand six hundred seventy dollars
 24 (\$41,670) to each of the following unfunded members of the Grassroots collaborative:

- 25 (1) Wilmington Children's Museum, Inc.
- 26 (2) Carolina Raptor Center, Inc.
- 27 (3) Highlands Nature Center
- 28 (4) Fascinate-U Children's Museum
- 29 (5) KidSenses, Inc.
- 30 (6) Greensboro Children's Museum, Inc.

31 **SECTION 12.1.(c)** The Department of Environment and Natural Resources
 32 shall modify the formula that was used by the Department to determine the
 33 appropriations under subsection (a) of this section to add museum attendance as a
 34 factor, and it is the intent of the General Assembly that this revised formula is used to
 35 determine appropriations for the Grassroots Science Program in the future, starting with
 36 the 2005-2007 biennium.

37 **SECTION 12.1.(d)** No more members shall be added to the Grassroots
 38 collaborative.

39 Requested by: Representatives Fox, West

40 **NO NEW FUNDS FOR STATEWIDE BEAVER DAMAGE CONTROL**
 41 **PROGRAM**

42 **SECTION 12.2.(a)** Section 11.2 of S.L. 2003-284 reads as rewritten:
 43

1 **"SECTION 11.2.** Of the funds appropriated to the Wildlife Resources Fund in this
2 act, the sum of four hundred forty-nine thousand dollars (\$449,000) for the 2003-2004
3 fiscal year ~~and the sum of four hundred forty-nine thousand dollars (\$449,000) for the~~
4 ~~2004-2005 fiscal year~~ shall be used to provide the State share necessary to support the
5 beaver damage control program established in G.S. 113-291.10, provided the sum of at
6 least twenty-five thousand dollars (\$25,000) in federal funds is available ~~each fiscal~~
7 ~~year of the biennium~~ for the 2003-2004 fiscal year to provide the federal share."

8 **SECTION 12.2.(b)** There is appropriated from the Wildlife Resources Fund
9 to the Wildlife Resources Commission the sum of four hundred forty-nine thousand
10 dollars (\$449,000) for the 2004-2005 fiscal year to provide the State share necessary to
11 support the beaver damage control program established in G.S. 113-291.10, provided
12 the sum of at least twenty-five thousand dollars (\$25,000) in federal funds is available
13 for the 2004-2005 fiscal year to provide the federal share.

14
15 Requested by: Representatives McComas, Stiller

16 **TWENTY-FOUR HOUR ACCESS TO FORT FISHER STATE RECREATION**
17 **AREA/FUNDS FOR DEPARTMENT ACTIVITIES AT FORT FISHER**

18 **SECTION 12.3.(a)** G.S. 113-35 is amended by adding a new subsection to
19 read:

20 "(b1) Members of the public who pay a fee under subsection (b) of this section for
21 access to Fort Fisher State Recreation Area may have 24-hour access to Fort Fisher
22 State Recreation Area."

23 **SECTION 12.3.(b)** Of the funds appropriated to the Department of
24 Environment and Natural Resources for the 2004-2005 fiscal year, the sum of
25 twenty-five thousand dollars (\$25,000) shall be used for education, conservation, and
26 enforcement activities by the Department at Fort Fisher State Park.

27
28 Requested by: Representatives Fox, West

29 **WILDLIFE RESOURCES COMMISSION FISCAL RESPONSIBILITY AND**
30 **ACCOUNTABILITY**

31 **SECTION 12.4.(a)** G.S. 113-306(b) reads as rewritten:

32 "(b) Except as otherwise specifically provided by law, all All money credited to,
33 held by, or to be received by the Wildlife Resources Commission from the sale of
34 licenses authorized by this Subchapter must be consolidated and placed inshall be
35 credited by the State Treasurer to a separate account within the Wildlife Resources
36 Fund, and this account shall not be commingled with other funds in the Wildlife
37 Resources Fund."

38 **SECTION 12.4.(b)** G.S. 143-250 reads as rewritten:

39 **"§ 143-250. Wildlife Resources Fund.**

40 ~~All moneys in the game and fish fund or any similar State fund when this Article~~
41 ~~becomes effective shall be credited forthwith to a special fund in the office of the State~~
42 ~~Treasurer, and the State Treasurer shall deposit all such moneys in said special fund,~~
43 ~~which shall be known as the Wildlife Resources Fund. The Wildlife Resources Fund is~~
44 created as a special revenue fund within the Department of the State Treasurer.

1 ~~All unexpended appropriations made to the Department of Conservation and~~
2 ~~Development, the Board of Conservation and Development, the Division of Game and~~
3 ~~Inland Fisheries or to any other State agency for any purpose pertaining to wildlife and~~
4 ~~wildlife resources shall also be transferred to the Wildlife Resources Fund.~~

5 Except as otherwise specifically provided by law, all moneys derived from hunting,
6 fishing, trapping, and related license fees, exclusive of commercial fishing license fees,
7 including the income received and accruing from the investment of license revenues,
8 ~~and all funds thereafter received from whatever sources shall be deposited credited to~~
9 ~~the credit of a separate license account within the Wildlife Resources Fund and made~~
10 ~~available to the Commission until expended subject to the provisions of this~~
11 ~~Article shall not be commingled with other funds in the Wildlife Resources Fund.~~
12 License revenues include the proceeds from the sale of hunting, fishing, trapping, and
13 related licenses, from the sale, lease, rental, or other granting of rights to real or
14 personal property acquired or produced with license revenues, and from federal aid
15 project reimbursements to the extent that license revenues originally funded the project
16 for which the reimbursement is being made. For purposes of this section, real property
17 includes lands, buildings, minerals, energy resources, timber, grazing rights, and animal
18 products. Personal property includes equipment, vehicles, machines, tools, and annual
19 crops. ~~The Wildlife Resources Fund herein created shall be subject to the provisions of~~
20 ~~the Executive Budget Act, Chapter 143, Article 1 of the General Statutes of North~~
21 ~~Carolina as amended, and the provisions of the General Statutes of North Carolina as~~
22 ~~amended, and the provisions of the Personnel Act, Chapter 143, Article 2 of the General~~
23 ~~Statutes of North Carolina as amended.~~

24 All moneys credited to the Wildlife Resources Fund shall be ~~made available used~~
25 carry out the intent and purposes of this Article in accordance with plans approved by
26 the North Carolina Wildlife Resources Commission, and ~~all such funds are hereby~~
27 ~~appropriated, reserved, set aside and made available until expended, for the enforcement~~
28 ~~and administration of funds shall be appropriated in accordance with the Executive~~
29 ~~Budget Act, Article 1 of Chapter 143 of the General Statutes, to enforce and administer~~
30 ~~this Article, Chapter 75A, Article 1, Article 1 of Chapter 75A of the General Statutes,~~
31 ~~and Chapter 113, Subchapter IV of the General Statutes of North Carolina. Subchapter~~
32 ~~IV of Chapter 113 of the General Statutes. The Wildlife Resources Commission shall~~
33 ~~report to the Joint Legislative Commission on Governmental Operations before~~
34 ~~expending from the Wildlife Resources Fund more than the amount authorized in the~~
35 ~~budget enacted by the General Assembly for the fiscal period.~~

36 In the event any uncertainty ~~should arise arises~~ as to the funds to be turned over to
37 the North Carolina Wildlife Resources ~~Commission Commission~~, the Governor shall
38 ~~have full power and authority to determine the matter and his matter~~, and the Governor's
39 recommendation shall be final and binding to all parties concerned."
40

41 Requested by: Representatives Fox, West

42 **WILDLIFE RESOURCES COMMISSION SUBJECT TO SERVICE CHARGE**
43 **FOR SALE OF SURPLUS PROPERTY/RECYCLABLE MATERIAL**

1 **SECTION 12.5.** The Wildlife Resources Commission is subject to
2 G.S. 143-64.05.

3
4 Requested by: Representative LaRoque

5 **COST SHARE FUNDS FOR LIMITED RESOURCE/NEW FARMERS**
6 **CLARIFICATION**

7 **SECTION 12.6.** G.S. 143-215.74(b)(9) reads as rewritten:

8 "(9) When the applicant is either a limited-resource farmer or a beginning
9 farmer, State funding shall be limited to ninety percent (90%) of the
10 average cost for each practice with the assisted farmer providing ten
11 percent (10%) of the cost, which may include in-kind support of the
12 practice, with a maximum of one hundred thousand dollars (\$100,000)
13 per year to each applicant. The following definitions apply in this
14 subdivision:

- 15 a. Beginning farmer. – A farmer who has not operated a farm or
16 who has operated a farm for not more than 10 years and who
17 will materially and substantially participate in the operation of
18 the farm. Beginning farmer may include an entity so long as
19 each member of the entity has not operated a farm or has
20 operated a farm for not more than 10 years and each member of
21 the entity will materially and substantially participate in the
22 operation of the farm.
- 23 b. Limited-resource farmer. – A farmer with direct and indirect
24 annual gross farm sales that do not exceed one hundred
25 thousand dollars (\$100,000).(\$100,000) and with a gross
26 household income in each of the previous two years that is at or
27 below the greater of the county median household income, as
28 determined by the United States Department of Housing and
29 Urban Development, or two times the national poverty level
30 based on the federal poverty guidelines established by the
31 United States Department of Health and Human Services and
32 revised each April 1.
- 33 c. Materially and substantially participate. –
- 34 1. In the case of an individual, for the individual, including
35 members of the immediate family of the individual, to
36 provide substantial day-to-day labor and management of
37 the farm, consistent with the practices in the county in
38 which the farm is located.
- 39 2. In the case of an entity, for all members of the entity, to
40 participate in the operation of the farm, with some
41 members providing management and some members
42 providing labor and management necessary for
43 day-to-day activities such that if the members did not

1 provide the management and labor, the operation of the
2 farm would be seriously impaired."
3

4 Requested by: Representatives Baker, Hunter, Gillespie

5 **AUTHORIZE THE USE OF AVAILABLE FUNDS FOR PURCHASE OF**
6 **BERTIE COUNTY FORESTRY HEADQUARTERS**
7 **BUILDING/CONSTRUCTION OF MCDOWELL COUNTY FORESTRY**
8 **HEADQUARTERS BUILDING**

9 **SECTION 12.7.(a)** The Division of Forest Resources of the Department of
10 Environment and Natural Resources may use any available funds for the 2004-2005
11 fiscal year to purchase an existing building to be used as the Bertie County Forestry
12 Headquarters.

13 **SECTION 12.7.(b)** In the event that property located in McDowell County
14 is donated to the State by transfer of title in fee simple and the Department of
15 Environment and Natural Resources approves the land as a suitable location for a
16 forestry headquarters building, the Division of Forest Resources of the Department of
17 Environment and Natural Resources may use any available funds for the 2004-2005
18 fiscal year to construct a building on that donated property to be used as the McDowell
19 County Forestry Headquarters.
20

21 Requested by: Representatives Fox, West, LaRoque

22 **STATE MATCH FOR FEDERAL SAFE DRINKING WATER ACT FUNDS AND**
23 **FOR FEDERAL WATER QUALITY ACT FUNDS**

24 **SECTION 12.8.** Notwithstanding the provisions of Chapter 159G of the
25 General Statutes, the Department of Environment and Natural Resources may transfer
26 from the General Water Supply Revolving Loan Account up to six million nine hundred
27 thousand dollars (\$6,900,000) to the Department of Environment and Natural Resources
28 to be used to match the federal grant moneys authorized by section 1452 of the federal
29 Safe Drinking Water Act amendments of 1996 for the 2004-2005 fiscal year and to
30 match the federal grant moneys authorized by Title VI of the federal Water Quality Act
31 of 1987 for the 2004-2005 fiscal year. The General Water Supply Revolving Loan
32 Account is an account under the Clean Water Revolving Loan and Grant Fund and is
33 established under G.S. 159G-4. The Clean Water Revolving Loan and Grant Fund is
34 established by G.S. 159G-5.
35

36 Requested by: Representatives Fox, West, LaRoque

37 **EXPAND EXPRESS REVIEW PILOT PROGRAM**

38 **SECTION 12.9.(a)** The Department of Environment and Natural Resources
39 shall continue the Express Review Pilot Program established by Section 11.4A of S.L.
40 2003-284 that was implemented in the Wilmington and Raleigh regional offices and
41 shall expand the Express Review Pilot Program to two additional regional offices within
42 the Department, to be selected by the Department.

43 **SECTION 12.9.(b)** The Department of Environment and Natural Resources
44 shall continue and support the eight positions that were authorized under Section 11.4A

1 of S.L. 2003-284 to administer the expanded Express Review Pilot Program under this
2 section. This expanded Program and these positions and support shall be funded from
3 the Express Review Fund, created by Section 11.4A of S.L. 2003-284.

4 **SECTION 12.9.(c)** The Department of Environment and Natural Resources
5 may establish and support eight additional positions to administer the expanded Express
6 Review Pilot Program under this section. These positions and support may be funded
7 for the 2004-2005 fiscal year from funds appropriated in this act to the Department of
8 Environment and Natural Resources for this purpose. It is the intent of the General
9 Assembly that these positions and support be funded in future fiscal years from the
10 Express Review Fund.

11 **SECTION 12.9.(d)** No later than March 1, 2005, the Department of
12 Environment and Natural Resources shall report to the Fiscal Research Division and the
13 Environmental Review Commission its findings on the success of the continued Express
14 Pilot Review Program and whether it recommends that the Program be continued or
15 expanded and any other findings or recommendations, including any legislative
16 proposals, that it deems pertinent.

17
18 Requested by: Representatives Fox, West, LaRoque

19 **LEAKING PETROLEUM UNDERGROUND STORAGE TANK CLEANUP**
20 **FUND SOLVENCY**

21 **SECTION 12.10.(a)** There is appropriated from the Clean Water
22 Management Trust Fund to the Commercial Leaking Petroleum Underground Storage
23 Tank Cleanup Fund the sum of thirteen million five hundred thousand dollars
24 (\$13,500,000) for the 2004-2005 fiscal year to be used for assessment and cleanup of
25 discharges and releases of petroleum from commercial underground storage tanks under
26 Part 2A of Article 21A of Chapter 143 of the General Statutes.

27 **SECTION 12.10.(b)** There is appropriated from the Highway Trust Fund to
28 the Commercial Leaking Petroleum Underground Storage Tank Cleanup Fund the sum
29 of thirteen million five hundred thousand dollars (\$13,500,000) for the 2004-2005 fiscal
30 year to be used for assessment and cleanup of discharges and releases of petroleum from
31 commercial underground storage tanks under Part 2A of Article 21A of Chapter 143 of
32 the General Statutes.

33 **SECTION 12.10.(c)** There is appropriated from the Clean Water
34 Management Trust Fund to the Noncommercial Leaking Petroleum Underground
35 Storage Tank Cleanup Fund the sum of one million five hundred thousand dollars
36 (\$1,500,000) for the 2004-2005 fiscal year to be used for assessment and cleanup of
37 discharges and releases of petroleum from noncommercial underground storage tanks
38 under Part 2A of Article 21A of Chapter 143 of the General Statutes.

39 **SECTION 12.10.(d)** There is appropriated from the Highway Trust Fund to
40 the Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund the
41 sum of one million five hundred thousand dollars (\$1,500,000) for the 2004-2005 fiscal
42 year to be used for assessment and cleanup of discharges and releases of petroleum from
43 noncommercial underground storage tanks under Part 2A of Article 21A of Chapter 143
44 of the General Statutes.

1 **SECTION 12.10.(e)** It is the intent of the General Assembly that the funds
2 appropriated under subsection (a) through subsection (d) of this section are onetime
3 funds.

4 **SECTION 12.10.(f)** There is appropriated from the Commercial Leaking
5 Petroleum Underground Storage Tank Cleanup Fund to the Department of Environment
6 and Natural Resources the sum of fifty-two thousand dollars (\$52,000) for the
7 2004-2005 fiscal year to establish and support an Accounting Tech IV position to
8 expedite the processing of claims under G.S. 143-215.94E. There is appropriated from
9 the Commercial Leaking Petroleum Underground Storage Tank Cleanup Fund to the
10 Department of Environment and Natural Resources up to seventy-six thousand dollars
11 (\$76,000) for the 2004-2005 fiscal year as needed to cover the cost of any legislative
12 salary increase for personnel who administer the underground storage tank program
13 under Parts 2A and 2B of Article 21A of Chapter 143 of the General Statutes. It is the
14 intent of the General Assembly that funds appropriated under this section are recurring
15 funds and that these funds are in addition to funds appropriated under subsection 11.4(b)
16 of S. L. 2003-284.

17 **SECTION 12.10.(g)** Subsection 11.4(e) of S.L. 2003-284 reads as rewritten:

18 **"SECTION 11.4.(e)** It is the intent of the General Assembly that the funds under
19 subsection ~~(e)~~(d) of this section are recurring funds."

20 **SECTION 12.10.(h)** G.S. 143-215.94E(e2) reads as rewritten:

21 "(e2) The Commission may require an owner, operator, or landowner to obtain
22 approval from the Department before proceeding with any task that will result in a cost
23 that is eligible to be paid or reimbursed under G.S. 143-215.94B(b), 143-215.94B(b1),
24 or 143-215.94D(b1). ~~The Commission-Department~~ shall specify by rule those tasks for
25 which preapproval is required. The Department shall deny any request for payment or
26 reimbursement of the cost of any task for which preapproval is required if the owner,
27 operator, or landowner failed to obtain preapproval of the task. The Department shall
28 pay or reimburse the cost of a task ~~for which preapproval is not required~~ only if the cost
29 is eligible to be paid under G.S. 143-215.94B(b), 143-215.94B(b1), or 143-215.94D(b1)
30 and if the Department determines that the cost is reasonable and necessary. The
31 ~~Commission-Department~~ shall adopt rules governing reimbursement of ~~necessary and~~
32 reasonable and necessary costs. Rules that specify tasks for which preapproval is
33 required and rules establishing necessary and reasonable costs are statements within the
34 meaning of G.S. 150B-2(8a)g. In all cases, the Department shall require an owner,
35 operator, or landowner to submit documentation sufficient to establish that a cost is
36 eligible to be paid or reimbursed under this Part before the Department pays or
37 reimburses the cost. The Department shall not preapprove any task the cost of which is
38 to be paid or reimbursed from the Commercial Fund unless the Department determines
39 that sufficient funds will be available in the Commercial Fund to pay a claim for
40 payment or reimbursement of the cost of that task within 90 days after the Department
41 determines that the owner, operator, or landowner has submitted a claim with
42 documentation sufficient to establish that the owner, operator, or landowner is eligible
43 to have the claim paid under this Part. The Department shall not preapprove any task the
44 cost of which is to be paid or reimbursed from the Noncommercial Fund unless the

1 Department determines that sufficient funds will be available in the Noncommercial
2 Fund to pay a claim for payment or reimbursement of the cost of that task within 90
3 days after the Department determines that the owner, operator, or landowner has
4 submitted a claim with documentation sufficient to establish that the owner, operator, or
5 landowner is eligible to have the claim paid under this Part."

6 **SECTION 12.10.(i)** Section 10 of S.L. 2003-352 reads as rewritten:

7 **"SECTION 10.** The definitions set out in G.S. 143-212 and G.S. 143-215.94A
8 apply to this section. The rights and obligations of an owner, an operator, or a
9 landowner to whom either G.S. 143-215.94E(b1) ~~applies~~ or G.S. 143-215.94E(c1) apply
10 who is eligible to have costs paid or reimbursed under G.S. 143-215.94B or
11 G.S. 143-215.94D shall be governed by G.S. 143-215.94E as modified by this section.
12 The Department shall establish the degree of risk to human health and the environment
13 posed by a discharge or release of petroleum from a commercial underground storage
14 tank and shall determine a schedule for further assessment and cleanup that is based on
15 the degree of risk to human health and the environment posed by the discharge or
16 release. ~~release and that gives priority to the assessment and cleanup of discharges and~~
17 ~~releases that pose the greatest risk.~~ If any of the costs of assessment and cleanup of the
18 discharge or release from a commercial underground storage tank are eligible to be paid
19 from the Commercial Fund, the Department shall also consider the availability of funds
20 in the Commercial Fund and the order in which the discharge or release was reported in
21 determining the schedule. The Department shall establish the degree of risk to human
22 health and the environment posed by a discharge or release of petroleum from a
23 noncommercial underground storage tank and shall determine a schedule for further
24 assessment and cleanup that is based on the degree of risk to human health and the
25 environment posed by the discharge or release and that gives priority to the assessment
26 and cleanup of discharges and releases that pose the greatest risk. If any of the costs of
27 assessment or cleanup of the discharge or release from a noncommercial underground
28 storage tank are eligible to be paid from the Noncommercial Fund, the Department shall
29 also consider the availability of funds in the Noncommercial Fund and the order in
30 which the discharge or release was reported in determining the schedule. The
31 Department may revise the ~~schedule that applies~~ schedules that apply to the assessment
32 and cleanup of any discharge or release at any time based on its reassessment of any of
33 the foregoing factors. The lack of availability of funds in the Commercial Fund or the
34 Noncommercial Fund shall not relieve an owner or operator of responsibility to
35 immediately undertake to collect and remove the discharge or release or to conduct any
36 assessment or cleanup ordered by the Department or be a defense against any violations
37 and penalties issued to the owner or operator for failure to conduct required assessment
38 or cleanup. If the owner or operator takes initial steps to collect and remove the
39 discharge or release as required by the Department and completes initial assessment
40 required to determine degree of risk, the owner or operator shall not be subject to any
41 violation or penalty for any failure to proceed with further assessment or cleanup under
42 G.S. 143-215.84 or G.S. 143-215.94E before the owner or operator is authorized to
43 proceed with further assessment or cleanup pursuant to the schedule set by the
44 Department. Once the Department has determined a schedule for the assessment and

1 cleanup of a discharge or release from a commercial underground storage tank or a
2 noncommercial underground storage tank, an owner, operator, or other person
3 responsible for the assessment and cleanup is not eligible to have the costs of the
4 assessment or cleanup paid or reimbursed from the Commercial Fund or the
5 Noncommercial Fund until such time as further assessment or cleanup is authorized by
6 the Department pursuant to the schedule. An owner, operator, or other person may
7 undertake further assessment or cleanup before receiving authorization from the
8 Department. An owner, operator, or other person who undertakes further assessment or
9 cleanup before receiving authorization from the Department shall be reimbursed only
10 after the Department has paid or reimbursed the costs for all assessments and cleanups
11 that the Department has authorized."

12 **SECTION 12.10.(j)** The Environmental Review Commission shall study the
13 desirability and feasibility of altering or eliminating the role of the State of North
14 Carolina and the Department of Environment and Natural Resources in the
15 implementation of Part 2A of Article 21A of Chapter 143 of the General Statutes. In
16 conducting this study, the Commission shall consider:

- 17 (1) The requirements of applicable federal law.
- 18 (2) What role the State should play in assisting owners and operators of
19 underground storage tanks in meeting applicable financial
20 responsibility requirements and the availability and adequacy of
21 private insurance for that purpose.
- 22 (3) The adequacy of current and projected revenue available to the
23 Commercial Leaking Petroleum Underground Storage Tank Cleanup
24 Fund and the Noncommercial Leaking Petroleum Underground
25 Storage Tank Cleanup Fund under existing law to achieve the purposes
26 for which those funds were established.
- 27 (4) The desirability and feasibility of privatizing the administration of Part
28 2A of Article 21A of Chapter 143 of the General Statutes by
29 transferring control and direction of the Commercial Fund and the
30 Noncommercial Fund to a private entity or, in the alternative, of
31 abolishing or narrowing the purposes for which those funds are used.
- 32 (5) What role the State should play in the cleanup of discharges and
33 releases from petroleum underground storage tanks when no owner or
34 operator can be identified or located or when the owner or operator
35 fails to proceed with assessment or cleanup due to insolvency,
36 inadequate resources, or other reasons.
- 37 (6) The extent to which current regulatory oversight and inspection of
38 underground storage tanks, including enforcement, under Part 2B of
39 Article 21A of Chapter 143 of the General Statutes is adequate and
40 effective in preventing discharges and releases of petroleum from
41 underground storage tanks.
- 42 (7) The impact of privatization and of any other options identified during
43 the course of the study on the solvency of the Commercial Fund and
44 the Noncommercial Fund.

- 1 (8) The impact of privatization and of any other options identified during
2 the course of the study, including abolishing the Commercial Fund or
3 the Noncommercial Fund or narrowing the purposes for which those
4 funds are used, on the cleanup of discharges and releases of petroleum
5 to standards established by federal or State law, the long-term public
6 health and safety, and protection of the environment.

7 **SECTION 12.10.(k)** The Environmental Review Commission shall report
8 its findings and recommendations as to the matters to be studied pursuant to subsection
9 (j) of this section, including any legislative proposals, to the 2005 General Assembly no
10 later than 31 January 2005.

11 **SECTION 12.10.(l)** Subsections (a) through (f) of this section become
12 effective 1 July 2004. Subsection (g) of this section is effective retroactively to 1 July
13 2003. Subsections (h) and (i) of this section become effective 1 October 2004.
14 Subsections (j), (k), and (l) of this section are effective when this act becomes law.
15

16 Requested by: Representative Haire

17 **ONETIME GRANTS TO SWAIN COUNTY**

18 **SECTION 12.11.(a)** The Board of Trustees of the Clean Water Management
19 Trust Fund may provide a onetime grant of up to thirty-five thousand seven hundred six
20 dollars (\$35,706) to Swain County for the 2004-2005 fiscal year as compensation to the
21 County for the loss of ad valorem taxes associated with the fee simple purchase by the
22 Wildlife Resources Commission of the 3,431-acre Needmore game lands property
23 located on the Little Tennessee River in Swain County, which grant shall be used to
24 provide public services to the residents of Swain County.

25 **SECTION 12.11.(b)** The Ecosystem Enhancement Program within the
26 Department of Environment and Natural Resources may provide a onetime grant of up
27 to forty thousand two hundred sixty-four dollars (\$40,264) for the 2004-2005 fiscal year
28 as compensation to the County for the loss of ad valorem taxes associated with the fee
29 simple purchase by the Wildlife Resources Commission of the 3,431-acre Needmore
30 game lands property located on the Little Tennessee River in Swain County, which
31 grant shall be used to provide public services to the residents of Swain County.
32

33 Requested by: Representatives Fox, West, Owens, LaRoque

34 **EXPAND ONE-STOP PERMIT ASSISTANCE PROGRAM STATEWIDE**

35 **SECTION 12.12.(a)** Part 1 of Article 7 of Chapter 143B of the General
36 Statutes is amended by adding a new section to read:

37 **"§ 143B-279.12. One-stop permits for certain environmental permits.**

38 (a) The Department of Environment and Natural Resources shall establish a
39 one-stop environmental permit application assistance and tracking system program for
40 all its regional offices. The Department shall provide to each person who submits an
41 application for any environmental permit subject to this section to any regional office a
42 time frame within which that applicant may expect a final decision regarding the
43 issuance or denial of the permit. The Department shall identify the environmental
44 permits that are subject to this section. The procedure regulating the time frame

1 estimates and sanction for failing to honor the time frame shall be as set out in
2 subsections (b) and (c) of this section.

3 (b) Upon receipt of a complete application for an environmental permit, the
4 Department of Environment and Natural Resources shall provide to the applicant a good
5 faith estimate of the date by which the Department expects to make the final decision of
6 whether to issue or deny the permit.

7 (c) Unless otherwise provided by law, when an applicant has provided to the
8 Department of Environment and Natural Resources the information and documentation
9 required and requested by the Department and the Department fails to issue or deny the
10 permit within 60 days of the date projected by the Department for the final decision of
11 whether to issue or deny the permit, the permit shall be automatically granted to the
12 applicant. This subsection does not apply when an applicant submits a substantial
13 amendment to its application after the Department has provided the applicant the
14 projected time frame as required by this section. This subsection does not apply when
15 an applicant agrees to receive a final decision from the Department more than 60 days
16 from the date projected by the Department under subsection (b) of this section.

17 (d) The Department of Environment and Natural Resources shall track the time
18 required to process each complete environmental permit application that is subject to
19 this section. The Department shall compare the time in which the permit was issued or
20 denied with the projected time frame provided to the applicant by the Department as
21 required by this section. The Department shall identify each permit that was issued or
22 denied more than 90 days after receipt of a complete application by the Department and
23 shall document the reasons for the delayed action.

24 (e) No later than October 1, 2004, and annually thereafter, the Department of
25 Environment and Natural Resources shall report to the House of Representatives and the
26 Senate Appropriations Subcommittees on Natural and Economic Resources, the Fiscal
27 Research Division, and the Environmental Review Commission the number of
28 environmental permits subject to this section that took more than 90 days to issue or
29 deny, the types of permits those were, the reasons for the extended processing time of
30 those permits, and how the time within which the permit was actually issued or denied
31 compared with the projected time frame provided to the applicant by the Department as
32 required by this section. Based on the data gathered under this subsection, the
33 Department shall include in its annual report recommendations regarding permit time
34 frames for all major permits issued by the Department.

35 (f) The Department may adopt temporary rules to implement this section."

36 **SECTION 12.12.(b)** The Department of Environment and Natural
37 Resources shall expand to a statewide program that operates in each regional office of
38 the Department the one-stop environmental permit application assistance and tracking
39 system pilot project established under Section 13.7 of S.L. 2000-67 for those
40 environmental permits that were subject to this pilot program, and the provisions of
41 G.S. 143B-12, as enacted by subsection (a) of this section, shall apply to this statewide
42 program.

43 **SECTION 12.12.(c)** Any positions that were used by the Department of
44 Environment and Natural Resources to staff the one-stop environmental permit

1 application assistance and tracking system pilot project established under Section 13.7
2 of S.L. 2000-67 shall be used for the 2004-2005 fiscal year to staff the statewide
3 one-stop environmental permit application assistance and tracking system program
4 under G.S. 143B-279.12, as enacted in subsection (a) of this section. The Department of
5 Environment and Natural Resources shall use available funds for the 2004-2005 fiscal
6 year to continue and support these positions, and the Department of Environment and
7 Natural Resources shall use funds appropriated in this act to the Department only for the
8 purposes of implementing the statewide one-stop environmental permit application
9 assistance and tracking system and establishing and supporting four positions to staff
10 this statewide program for the 2004-2005 fiscal year.

11
12 Requested by: Representatives Fox, West

13 **PROHIBIT CERTAIN GRANTS FROM THE CLEAN WATER**
14 **MANAGEMENT TRUST FUND**

15 **SECTION 12.13.** Notwithstanding G.S. 113A-254(a), no grant may be made
16 from the Clean Water Management Trust Fund to the Wildlife Resources Commission
17 unless the total balance in the Wildlife Resources Fund established by G.S. 143-250
18 plus any other fund that is available to the Commission and is not a fund to retire debt
19 for capital falls below ten million dollars (\$10,000,000).

20
21 Requested by: Representatives Fox, West, Warner, McAllister, Lucas, Dickson,
22 Glazier

23 **MONITORING AND EMERGENCY CLEANUP FUNDS FOR TEXFI SITE**
24 **CONTAMINATION**

25 **SECTION 12.14.** Of the funds appropriated to the Clean Water
26 Management Trust Fund for the 2004-2005 fiscal year, up to fifty thousand dollars
27 (\$50,000) may be transferred to the Department of Environment and Natural Resources,
28 Division of Waste Management, to be used for monitoring the groundwater and other
29 contamination located at the Texfi site in Fayetteville and for any emergency cleanup
30 activities needed at this site.

31
32 **PART XIII. DEPARTMENT OF COMMERCE**

33
34 Requested by: Representatives Fox, West

35 **COUNCIL OF GOVERNMENT FUNDS**

36 **SECTION 13.1.** Section 12.2(c) of S.L. 2003-284 reads as rewritten:

37 **"SECTION 12.2.(c)** Funds appropriated by this section for the 2004-2005 fiscal
38 year shall be paid by electronic transfer in two equal installments, the first no later than
39 September 1, ~~2003,2004~~, and the second subsequent to acceptable submission of the
40 annual report due to the Joint Legislative Commission on Governmental Operations and
41 the Fiscal Research Division by January 15, 2005, as specified in subdivision (e)(2) of
42 this section."

43
44 Requested by: Representatives Fox, West

ONE NORTH CAROLINA FUND

SECTION 13.2.(a) Article 10 of Chapter 143B of the General Statutes is amended by adding a new Part to read:

"Part 2H. One North Carolina Fund.

"§ 143B-437.70. Legislative findings and purpose.

The General Assembly finds that:

- (1) It is the policy of the State of North Carolina to stimulate economic activity and to create new jobs for the citizens of the State by encouraging and promoting the retention and expansion of existing business and industry within the State and by recruiting and attracting new business and industry to the State.
- (2) Both short-term and long-term economic trends at the State, national, and international levels have made the successful implementation of the State's economic development policy and programs both more critical and more challenging; and the decline in the State's traditional industries and the resulting adverse impact upon the State and its citizens have been exacerbated in recent years by adverse national and State economic trends that contribute to the reduction in the State's industrial base and that inhibit the State's ability to sustain or attract new and expanding businesses.
- (3) The purpose of this Part is to stimulate economic activity and to create new jobs within the State.
- (4) The enactment of this Part will maintain consistency and accountability in a key economic development program and will ensure that the program benefits the State and its citizens.
- (5) Nothing in this Part shall be construed to constitute a guarantee or assumption by the State of any debt of any business or to authorize the taxing power or the full faith and credit of the State to be pledged.

"§ 143B-437.71. One North Carolina Fund established as a nonreverting account.

(a) Establishment. – The One North Carolina Fund is established as a special revenue fund in the Department of Commerce.

(b) Purposes. – Moneys in the One North Carolina Fund may be allocated only to local governments for use in connection with securing commitments for the recruitment, expansion, or retention of new and existing businesses. Moneys in the One North Carolina Fund shall be used for the following purposes only:

- (1) Installation or purchase of equipment.
- (2) Structural repairs, improvements, or renovations to existing buildings to be used for expansion.
- (3) Construction of new buildings to be used for expansion.
- (4) Construction of or improvements to new or existing water, sewer, gas, or electric utility distribution lines or equipment for existing buildings.
- (5) Construction of or improvements to new or existing water, sewer, gas, or electric utility distribution lines or equipment for new or proposed buildings to be used for manufacturing and industrial operations.

1 (6) Any other purposes specifically provided by an act of the General
2 Assembly.

3 **"§ 143B-437.72. Agreements required; disbursement of funds.**

4 (a) Agreements Required. – Funds may be disbursed from the One North
5 Carolina Fund only in accordance with agreements entered into between the State and
6 one or more local governments and between the local government and a grantee
7 business.

8 (b) Company Performance Agreements. – An agreement between a local
9 government and a grantee business must contain the following provisions:

10 (1) A commitment to create or retain a specified number of jobs within a
11 specified salary range at a specific location and commitments
12 regarding the time period in which the jobs will be created or retained
13 and the minimum time period for which the jobs must be maintained.

14 (2) A commitment to provide proof satisfactory to the local government
15 and the State of new jobs created or existing jobs retained and the
16 salary level of those jobs.

17 (3) A provision that funds received under the agreement may be used only
18 for a purpose specified in G.S. 143B-437.71(b).

19 (4) A provision allowing the State or the local government to inspect all
20 records of the business that may be used to confirm compliance with
21 the agreement or with the requirements of this Part.

22 (5) A provision establishing the method for determining compliance with
23 the agreement.

24 (6) A provision establishing a schedule for disbursement of funds under
25 the agreement that allows disbursement of funds only in proportion to
26 the amount of performance completed under the agreement.

27 (7) A provision allowing recapture of grant funds if a business
28 subsequently fails to comply with the terms of the agreement.

29 (8) Any other provision the State or the local government finds necessary
30 to ensure the proper use of State or local funds.

31 (c) Local Government Grant Agreement. – An agreement between the State and
32 one or more local governments shall contain the following provisions:

33 (1) A commitment on the part of the local government to match the funds
34 allocated by the State. A local match may include cash, fee waivers,
35 in-kind services, the donation of assets, the provision of infrastructure,
36 or a combination of these.

37 (2) A provision requiring the local government to recapture any funds to
38 which the local government is entitled under the company performance
39 agreement.

40 (3) A provision requiring the local government to reimburse the State for
41 any funds improperly disbursed by the local government.

42 (4) A provision allowing the State access to all records possessed by the
43 local government necessary to ensure compliance with the company
44 performance agreement and with the requirements of this Part.

1 (5) A provision establishing a schedule for the disbursement of funds from
 2 the One North Carolina Fund to the local government that reflects the
 3 disbursement schedule established in the company performance
 4 agreement.

5 (6) Any other provision the State finds necessary to ensure the proper use
 6 of State funds.

7 (d) Disbursement of Funds. – Funds may be disbursed from the One North
 8 Carolina Fund to the local government only after the local government has
 9 demonstrated that the business has complied with the terms of the company
 10 performance agreement. The State shall disburse funds allocated under the One North
 11 Carolina Fund to a local government in accordance with the disbursement schedule
 12 established in the local government grant agreement.

13 **"§ 143B-437.73. Program guidelines.**

14 The Department of Commerce, in conjunction with the Governor's Office, shall
 15 develop guidelines related to the administration of the One North Carolina Fund and to
 16 the selection of projects to receive allocations from the Fund. At least 20 days before the
 17 effective date of any guidelines or nontechnical amendments to guidelines, the
 18 Department of Commerce must publish the proposed guidelines on the Department's
 19 Web site and provide notice to persons who have requested notice of proposed
 20 guidelines. In addition, the Department must accept oral and written comments on the
 21 proposed guidelines during the 15 business days beginning on the first day that the
 22 Department has completed these notifications. For the purpose of this section, a
 23 technical amendment is either of the following:

24 (1) An amendment that corrects a spelling or grammatical error.

25 (2) An amendment that makes a clarification based on public comment
 26 and could have been anticipated by the public notice that immediately
 27 preceded the public comment.

28 **"§ 143B-437.74. Reports.**

29 The Department of Commerce shall publish a report on the use of funds in the One
 30 North Carolina Fund at the end of each fiscal quarter. The report shall contain
 31 information on the commitment, disbursement, and use of funds allocated under the One
 32 North Carolina Fund. The report is due no later than one month after the end of the
 33 fiscal quarter and must be submitted to the following:

34 (1) The Joint Legislative Commission on Governmental Operations.

35 (2) The chairs of the House and Senate Finance Committees.

36 (3) The chairs of the House and Senate Appropriations Committees.

37 (4) The Fiscal Research Division of the General Assembly."

38 **SECTION 13.2.(b)** G.S. 150B-1(d) is amended by adding a new subdivision

39 to read:

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

42 ...

1 (13) The Department of Commerce and the Governor's Office in
2 developing guidelines for the One North Carolina Fund under Part 2H
3 of Article 10 of Chapter 143B of the General Statutes."

4 **SECTION 13.2.(c)** Program guidelines developed by the Department of
5 Commerce for the One North Carolina Industrial Recruitment Competitive Fund that
6 are in effect when this section becomes effective shall apply to the One North Carolina
7 Fund, as enacted in subsection (a) of this section, until guidelines for the One North
8 Carolina Fund are adopted pursuant to G.S.143B-437.73, as enacted in subsection (a) of
9 this section. Program guidelines for the One North Carolina Fund shall be adopted in
10 accordance with G.S.143B-437.73, as enacted in subsection (a) of this section, on or
11 before August 1, 2004.

12 **SECTION 13.2.(d)** This section becomes effective July 1, 2004.

13
14 Requested by: Representatives Fox, West

15 **TOURISM PROMOTION FUNDS**

16 **SECTION 13.3.(a)** Funds appropriated in this act to the Department of
17 Commerce for tourism promotion grants shall be allocated according to counties most in
18 need of tourism promotion funds as indicated by the North Carolina Division of
19 Tourism, Film and Sports Development's annual county-by-county tourism expenditures
20 ranking in the following manner:

- 21 (1) Eligible organizations in the counties with the 30 lowest tourism
22 expenditures are each eligible to receive a maximum grant of seven
23 thousand five hundred dollars (\$7,500) for each fiscal year, provided
24 these funds are matched on the basis of one non-State dollar (\$1.00)
25 for every four State dollars (\$4.00).
- 26 (2) Eligible organizations in counties with tourism expenditures ranked
27 from the 31st to the 60th highest are each eligible to receive a maximum
28 grant of three thousand five hundred dollars (\$3,500) for two of the
29 next three fiscal years, provided these funds are matched on the basis
30 of one non-State dollar (\$1.00) for every three State dollars (\$3.00).
- 31 (3) Eligible organizations in counties with tourism expenditures ranked
32 from the 61st to 100th highest are each eligible to receive a maximum
33 grant of three thousand five hundred dollars (\$3,500) in alternating
34 fiscal years, provided these funds are matched on the basis of two
35 non-State dollars (\$2.00) for every one State dollar (\$1.00), beginning
36 with the 2004-2005 fiscal year. An eligible organization in a county
37 with tourism expenditures ranked from the 61st to 100th highest that
38 applies and is turned down for funding in one year may reapply in the
39 following year.

40 **SECTION 13.3.(b)** Section 12.3 of S.L. 2003-284 is repealed.

41
42 Requested by: Representatives Fox, West

43 **ONE NC FUNDS TO RETAIN TRADITIONAL INDUSTRIES**

1 **SECTION 13.4.** The Department of Commerce shall use forty-three
2 thousand five hundred dollars (\$43,500) from the funds in the One North Carolina Fund
3 for the 2004-2005 fiscal year for economic development grants to municipalities to
4 retain traditional manufacturing employers with substantial investments in machinery
5 and equipment. The funds must be matched by the municipality on a dollar-for-dollar
6 basis.

7
8 Requested by: Representatives Fox, West

9 **INDUSTRIAL DEVELOPMENT FUND**

10 **SECTION 13.5.** Section 12.5 of S.L. 2003-284 reads as rewritten:

11 **"SECTION 12.5.(a)** The Department of Commerce shall reduce the cash balance of
12 the Industrial Development Fund by one hundred eighty-two thousand one hundred
13 fifty-four dollars (\$182,154).

14 **"SECTION 12.5.(b)** This section becomes effective ~~June 30, 2003.~~June 30, 2004."

15
16 Requested by: Representative Harrell

17 **REGIONAL PARTNERSHIPS VISION PLANS**

18 **SECTION 13.6.(a)** There is appropriated from the General Fund to the
19 North Carolina Partnership for Economic Development, Inc., the sum of one million
20 seven hundred fifty thousand dollars (\$1,750,000) for the 2004-2005 fiscal year. From
21 these funds, the Partnership shall allocate two hundred fifty thousand dollars (\$250,000)
22 to each of the seven regional economic development partnerships. These funds shall be
23 used by each partnership to develop, implement, or develop and implement a strategic
24 economic development plan in accordance with this section.

25 **SECTION 13.6.(b)** In developing and implementing a strategic economic
26 development plan, each of the regional partnerships shall do the following:

- 27 (1) Perform a comprehensive study of the region's resources and existing
28 businesses located in the region to determine what business clusters
29 exist and the boundaries of those clusters, to develop ways to
30 strengthen those clusters, and to determine in what areas the region has
31 a competitive advantage that could lead to the development of future
32 clusters.
- 33 (2) Ensure that the benefits of the economic development plan are widely
34 dispersed and that the plan provides real opportunities in rural areas as
35 well as in urban and suburban areas.
- 36 (3) Develop focused and targeted economic development initiatives
37 related to the recruitment and development of new businesses and the
38 retention of existing businesses.
- 39 (4) Provide a mechanism for continuous monitoring of the regional
40 economy and competitiveness indicators and for updating the strategic
41 economic development plan to take account of changing economic
42 conditions.
- 43 (5) Recommend infrastructure investments to meet the region's current
44 and anticipated future needs.

- 1 (6) Integrate the North Carolina Community College System and The
2 University of North Carolina into economic development efforts and
3 planning.
4 (7) Create leadership networks that span the public and private sectors and
5 that facilitate communication within clusters, between members of
6 complementary clusters, and between members of the public and
7 private sectors.

8 **SECTION 13.6.(c)** Section 8.3 of S.L. 2002-126 is repealed.
9

10 Requested by: Representatives Fox, West

11 **REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS**

12 **SECTION 13.7.** Section 12.7(b) of S.L. 2003-284 reads as rewritten:

13 **"SECTION 12.7.(b)** Funds appropriated pursuant to subsection (a) of this section
14 shall be allocated to each Regional Economic Development Commission as follows:

- 15 (1) First, the Department shall establish each Commission's allocation by
16 determining the sum of allocations to each county that is a member of
17 that Commission. Each county's allocation shall be determined by
18 dividing the county's enterprise factor by the sum of the enterprise
19 factors for eligible counties and multiplying the resulting percentage
20 by the amount of the appropriation. As used in this subdivision, the
21 term "enterprise factor" means a county's enterprise factor as
22 calculated under G.S. 105-129.3; and
23 (2) Next, the Department shall subtract from funds allocated to the Global
24 TransPark Development Commission the sum of one hundred
25 seventy-one thousand nine hundred seventy-nine dollars (\$171,979) in
26 ~~each fiscal year, the 2003-2004 fiscal year and the sum of one hundred~~
27 ~~twenty-five thousand six hundred eighty-one dollars (\$125,681) in the~~
28 2004-2005 fiscal year which sum represents the interest earnings in
29 each fiscal year on the estimated balance of seven million five hundred
30 thousand dollars (\$7,500,000) appropriated to the Global TransPark
31 Development Zone in Section 6 of Chapter 561 of the 1993 Session
32 Laws; and
33 (3) Next, the Department shall redistribute the sum of one hundred
34 seventy-one thousand nine hundred seventy-nine dollars (\$171,979) ~~in~~
35 ~~each fiscal year in the 2003-2004 fiscal year and the sum of one~~
36 ~~hundred twenty-five thousand six hundred eighty-one dollars~~
37 (\$125,681) in the 2004-2005 fiscal year to the seven Regional
38 Economic Development Commissions named in subsection (a) of this
39 section. Each Commission's share of this redistribution shall be
40 determined according to the enterprise factor formula set out in
41 subdivision (1) of this subsection. This redistribution shall be in
42 addition to each Commission's allocation determined under
43 subdivision (1) of this subsection."
44

1 Requested by: Representatives Fox, West, Hunter

2 **RURAL ECONOMIC DEVELOPMENT CENTER**

3 **SECTION 13.8.** Section 12.11(d)(1) of S.L. 2003-284 reads as rewritten:

4 "SECTION 12.11.(d) Of the funds appropriated in this act to the Rural Economic
5 Development Center, Inc., the sum of two million four hundred fifteen thousand nine
6 hundred ten dollars (\$2,415,910) for the 2003-2004 fiscal year and the sum of two
7 million four hundred fifteen thousand nine hundred ten dollars (\$2,415,910) for the
8 2004-2005 fiscal year shall be allocated as follows:

9 (1) \$1,047,410 in each fiscal year for community development grants to
10 support development projects and activities within the State's minority
11 communities. Any new or previously funded community development
12 corporation as defined in this section is eligible to apply for funds. The
13 Rural Economic Development Center, Inc., shall establish
14 performance-based criteria for determining which community
15 development corporation will receive a grant and the grant amount.
16 The Rural Economic Development Center, Inc., shall allocate these
17 funds for the 2004-2005 fiscal year as follows:

- 18 a. ~~\$800,000 in each fiscal year for direct grants to the local~~
19 ~~community development corporations that have previously~~
20 ~~received State funds for this purpose to support operations and~~
21 ~~project activities;~~
22 b. ~~\$197,410 in each fiscal year for direct grants to local~~
23 ~~community development corporations that have not previously~~
24 ~~received State funds; and~~
25 a. \$997,410 for direct grants to local community development
26 corporations to support operations and project activities.
27 e**.** \$50,000 in each fiscal year to the Rural Economic Development
28 Center, Inc., to be used to cover expenses in administering this
29 section."
30

31 Requested by: Representatives Fox, West

32 **OPPORTUNITIES INDUSTRIALIZATION CENTER FUNDS**

33 **SECTION 13.9.** Section 12.12(a) of S.L. 2003-284 reads as rewritten:

34 "SECTION 12.12.(a) Of the funds appropriated in this act to the Rural Economic
35 Development Center, Inc., the sum of three hundred sixty-one thousand dollars
36 (\$361,000) for the 2003-2004 fiscal year and the sum of three hundred sixty-one
37 thousand dollars (\$361,000) for the 2004-2005 fiscal year shall be equally distributed
38 among the certified Opportunities Industrialization Centers for ongoing job training
39 programs. allocated as follows:

- 40 (1) ~~\$90,250 in each fiscal year to the Opportunities Industrialization~~
41 ~~Center of Wilson, Inc., for its ongoing job training programs;~~
42 (2) ~~\$90,250 in each fiscal year to the Opportunities Industrialization~~
43 ~~Center, Inc., in Rocky Mount, for its ongoing job training programs;~~

- (3) ~~\$90,250 in each fiscal year to the Opportunities Industrialization Centers Kinston and Lenoir County, North Carolina, Inc.; and~~
- (4) ~~\$90,250 in each fiscal year to the Opportunities Industrialization Center of Elizabeth City, Inc."~~

PART XIV. JUDICIAL DEPARTMENT

Requested by: Representative Howard

**INCREASE MAXIMUM MAGISTRATE AUTHORIZATIONS/STUDY
MAGISTRATE FUNDING**

SECTION 14.1.(a) G.S. 7A-133(c) reads as rewritten:

"(c) Each county shall have the numbers of magistrates and additional seats of district court, as set forth in the following table:

County	Magistrates Min. – Max.	Additional Seats of Court
Camden	1 3	
Chowan	2 3	
Currituck	1 4	
Dare	3 8	
Gates	2 3	
Pasquotank	3 5	
Perquimans	2 4	
Martin	4 8	
Beaufort	4 8	
Tyrrell	1 3	
Hyde	2 4	
Washington	3 4	
Pitt	10 12	Farmville Ayden
Craven	7 10	Havelock
Pamlico	2 4	
Carteret	5 8	
Sampson	6 8	
Duplin	8 11	
Jones	2 3	
Onslow	8 14	
New Hanover	6 11	
Pender	4 6	
Halifax	9 14	Roanoke Rapids, Scotland Neck
Northampton	5 7	

1	Bertie	4	6	
2	Hertford	5	7	
3	Nash	7	10	Rocky Mount
4	Edgecombe	4	7	Rocky Mount
5	Wilson	4	7	
6	Wayne	5	12	Mount Olive
7	Greene	2	4	
8	Lenoir	4	10	La Grange
9	Granville	3	7	
10	Vance	3	6	
11	Warren	3	5	
12	Franklin	3	7	
13	Person	3	4	
14	Caswell	2	5	
15	Wake	12	21	Apex,
16				Wendell,
17				Fuquay-
18				Varina,
19				Wake Forest
20	Harnett	7	11	Dunn
21	Johnston	10	12	Benson,
22				Clayton,
23				Selma
24	Lee	4	6	
25	Cumberland	10	19	
26	Bladen	4	6	
27	Brunswick	4	9	
28	Columbus	6	10	Tabor City
29	Durham	8	13 14	
30	Alamance	7	11	Burlington
31	Orange	4	11	Chapel Hill
32	Chatham	3	9	Siler City
33	Scotland	3	5	
34	Hoke	4	5	
35	Robeson	8	16	Fairmont,
36				Maxton,
37				Pembroke,
38				Red Springs,
39				Rowland,
40				St. Pauls
41	Rockingham	4	9	Reidsville,
42				Eden,
43				Madison
44	Stokes	2	5	

1	Surry	5	9	Mt. Airy
2	Guilford	20	27	High Point
3	Cabarrus	5	9	Kannapolis
4	Montgomery	2	4	
5	Randolph	5	10	Liberty
6	Rowan	5	10	
7	Stanly	5	6	
8	Union	4	7	
9	Anson	4	6	
10	Richmond	5	6	Hamlet
11	Moore	5	8	Southern
12				Pines
13	Forsyth	3	15 <u>16</u>	Kernersville
14	Alexander	2	4	
15	Davidson	7	10	Thomasville
16	Davie	2	3 <u>4</u>	
17	Iredell	4	9	Mooreville
18	Alleghany	1	2	
19	Ashe	3	4	
20	Wilkes	4	6	
21	Yadkin	3	5	
22	Avery	3	5	
23	Madison	4	5	
24	Mitchell	3	4	
25	Watauga	4	6	
26	Yancey	2	4	
27	Burke	4	7	
28	Caldwell	4	7	
29	Catawba	6	10	Hickory
30	Mecklenburg	15	28	
31	Gaston	11	22	
32	Cleveland	5	8	
33	Lincoln	4	7	
34	Buncombe	6	15	
35	Henderson	4	7	
36	McDowell	3	6	
37	Polk	3	4	
38	Rutherford	6	8	
39	Transylvania	2	4	
40	Cherokee	3	4	
41	Clay	1	2	
42	Graham	2	3	
43	Haywood	5	7	Canton
44	Jackson	3	5	

1 comprised of one attorney position and one support staff position. These funds may be
 2 used for salaries, benefits, equipment, and related expenses.

3
 4 Requested by: Representatives Kiser, Haire, Culpepper

5 **ESTABLISH A PUBLIC DEFENDER'S OFFICE IN THE FIRST DEFENDER**
 6 **DISTRICT**

7 **SECTION 14.4.(a)** G.S. 7A-498.7(a) reads as rewritten:

8 "(a) The following counties of the State are organized into the defender districts
 9 listed below, and in each of those defender districts an office of public defender is
 10 established:

Defender District	Counties
<u>1</u>	<u>Camden, Chowan,</u> <u>Currituck, Dare,</u> <u>Pasquotank, Perquimans</u>
3A	Pitt
3B	Carteret
12	Cumberland
14	Durham
15B	Orange, Chatham
16A	Scotland, Hoke
16B	Robeson
18	Guilford
21	Forsyth
26	Mecklenburg
27A	Gaston
28	Buncombe

11
 12
 13
 14
 15
 16
 17
 18
 19
 20
 21
 22
 23
 24
 25
 26
 27
 28
 29
 30 After notice to, and consultation with, the affected district bar, senior resident superior
 31 court judge, and chief district court judge, the Commission on Indigent Defense
 32 Services may recommend to the General Assembly that a district or regional public
 33 defender office be established. A legislative act is required in order to establish a new
 34 office or to abolish an existing office."

35 **SECTION 14.4.(b)** Of the funds appropriated to the Judicial Department,
 36 Office of Indigent Defense Services, in this act, the Office of Indigent Defense Services
 37 shall use up to the sum of six hundred thousand dollars (\$600,000) for the 2004-2005
 38 fiscal year to establish a public defender's office in the First Defender District, as
 39 established in this section. The funds shall be used to establish the public defender, six
 40 assistant public defenders, one investigator, and two support positions.

41
 42 Requested by: Representatives Kiser, Haire, Clary, Moore

43 **PILOT PROGRAM FOR PROVISION OF COURTROOM TESTIMONY OF**
 44 **LAB ANALYSTS BY VIDEOCONFERENCE/DIRECT JUDICIAL**

1 **DEPARTMENT TO STUDY FEASIBILITY OF A STATEWIDE PROGRAM**
2 **FOR PROVIDING TESTIMONY IN THAT MANNER**

3 **SECTION 14.5.(a)** The Administrative Office of the Courts shall conduct a
4 pilot program in Superior Court District 27B for the provision of State Bureau of
5 Investigation lab analyst testimony by videoconference. Notwithstanding any provision
6 of law to the contrary, lab analysts with the State Bureau of Investigation may provide
7 courtroom testimony by means of videoconferencing to courtrooms in Superior Court
8 District 27B for purposes of participating in this pilot project.

9 **SECTION 14.5.(b)** Of the funds appropriated to the Judicial Department in
10 this act, the Department shall use up to the sum of ninety-three thousand two hundred
11 twenty-nine dollars (\$93,229) for the 2004-2005 fiscal year for equipment and other
12 expenses to conduct a pilot program in Superior Court District 27B for the provision of
13 SBI lab analyst testimony by videoconference to courtrooms in District 27B.

14 **SECTION 14.5.(c)** Of the funds appropriated to the Department of Justice in
15 this act, the Department shall use up to the sum of forty-eight thousand four hundred
16 fifty dollars (\$48,450) for equipment, set-up charges, telecommunication charges, and
17 other expenses associated with providing lab analyst testimony by videoconference
18 from the SBI laboratory.

19 **SECTION 14.5.(d)** The Judicial Department, in consultation and
20 cooperation with the Department of Justice, shall study the feasibility of statewide
21 implementation of a program to allow lab analysts with the State Bureau of
22 Investigation to provide their testimony establishing chain-of-custody and any other
23 necessary courtroom testimony by means of videoconferencing or other remote means.
24 In conducting this study, the departments shall determine the most efficient and
25 cost-effective means of providing such testimony and agree upon the appropriate
26 equipment needed for the provision of testimony in that manner. The departments shall
27 report their findings and recommendations to the Chairs of the House and Senate
28 Appropriations Subcommittees on Justice and Public Safety and the Chairs of the House
29 and Senate Appropriations Committees by January 1, 2005.

30
31 Requested by: Representatives Kiser, Haire

32 **DOMESTIC VIOLENCE RESERVES**

33 **SECTION 14.6.(a)** Of the funds appropriated in this act to the Judicial
34 Department for the 2003-2004 fiscal year, the sum of one million seven hundred
35 twenty-eight thousand two hundred forty-four dollars (\$1,728,244) shall be placed in a
36 reserve. The funds shall be released if House Bill 1354, or a substantially similar bill to
37 strengthen domestic violence laws, becomes law.

38 **SECTION 14.6.(b)** Of the funds appropriated in this act to the Department
39 of Justice for the 2003-2004 fiscal year, the sum of one hundred twenty-one thousand
40 seven hundred fifty-six dollars (\$121,756) shall be placed in a reserve. The funds shall
41 be released if House Bill 1354, or a substantially similar bill to strengthen domestic
42 violence laws, becomes law.

43
44 **PART XV. DEPARTMENT OF JUSTICE**

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44

Requested by: Representative Haire

STUDY COST OF THE DCI-PIN SYSTEM

SECTION 15.1. The Office of State Budget and Management, in consultation with the Department of Justice, shall study the cost of the DCI-PIN system, which allows State and local law enforcement agencies to access criminal information from desktop terminals and mobile data laptops installed in vehicles. The study shall include an assessment of the Division's operational, personnel, and overhead costs related to the DCI-PIN system and how those costs have changed since the prior fiscal year. The Office of State Budget and Management shall report its findings and recommendations to the Chairs of the Senate and House of Representatives Appropriations Committees, the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety, and the Fiscal Research Division on or before March 1, 2005.

Requested by: Representatives Kiser, Haire

REDUCE BACKLOG OF RAPE KITS

SECTION 15.2. From funds available to the Department of Justice, the Department may contract with private entities to reduce the backlog of rape kits in storage in local law enforcement agencies as of July 1, 2004. The Department may contract with private entities to analyze bodily fluids, DNA evidence, or both, from rape kits that are evidence in cases in which a suspect has not been identified. The Department of Justice shall report, on or before May 1, 2005, to the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety on the number of rape kits analyzed by private entities and how many of those analyses resulted in arrests or convictions.

PART XVI. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION

Requested by: Representatives Kiser, Haire

STATE FUNDS MAY BE USED AS FEDERAL GRANT MATCHING FUNDS

SECTION 16.1. Section 15.4 of S.L. 2003-284 reads as rewritten:

"SECTION 15.4. Funds appropriated in this act to the Department of Juvenile Justice and Delinquency Prevention for the ~~2003-2004~~ 2004-2005 fiscal year may be used as matching funds for the Juvenile Accountability Incentive Block Grants. If North Carolina receives Juvenile Accountability Incentive Block Grants, or a notice of funds to be awarded, the Office of State Budget and Management and the Governor's Crime Commission shall consult with the Department of Juvenile Justice and Delinquency Prevention regarding the criteria for awarding federal funds. The Office of State Budget and Management, the Governor's Crime Commission, and the Department of Juvenile Justice and Delinquency Prevention shall report to the Appropriations Committees of the Senate and House of Representatives and the Joint Legislative Commission on Governmental Operations prior to allocation of the federal funds. The report shall

1 identify the amount of funds to be received for the ~~2003-2004~~ 2004-2005 fiscal year,
2 the amount of funds anticipated for the ~~2004-2005~~ 2005-2006 fiscal year, and the
3 allocation of funds by program and purpose."
4

5 Requested by: Representatives Kiser, Haire, Fisher

6 **OPERATION OF BUNCOMBE YOUTH DETENTION CENTER**

7 **SECTION 16.2.** Section 15.8 of S.L. 2003-284 reads as rewritten:

8 "SECTION 15.8. The Department of Juvenile Justice and Delinquency Prevention
9 shall continue to operate the Buncombe Youth Detention Center at its current site
10 during the ~~2003-2004~~ 2004-2005 fiscal year. To the extent practicable during the
11 ~~2003-2004~~ 2004-2005 fiscal year, the Department shall operate the Buncombe Youth
12 Detention Center at the same average population and staffing levels and at the same
13 budget as the ~~2002-2003~~ 2003-2004 fiscal year."
14

15 Requested by: Representatives Kiser, Haire

16 **PLANNING FOR NEW YOUTH DEVELOPMENT CENTERS**

17 **SECTION 16.3.** The Department of Juvenile Justice and Delinquency
18 Prevention and the Department of Administration, State Construction Office, shall
19 continue planning and design for up to 512 youth development centers beds. The
20 Department of Juvenile Justice and Delinquency Prevention shall provide a plan for new
21 youth development centers by December 1, 2004, to the Joint Legislative Corrections,
22 Crime Control, and Juvenile Justice Oversight Committee, the Chairs of the House of
23 Representatives and Senate Appropriations Committees and the Chairs of the House of
24 Representatives and Senate Appropriations Subcommittees on Justice and Public Safety.

25 The plan shall include all of the following:

- 26 (1) The recommended number of facilities and beds, including plans for
27 up to 512 beds at 13 sites and alternative plans for up to 512 beds at
28 fewer sites.
- 29 (2) The project schedule for the new facilities, from the bid phase through
30 completion, and the juvenile occupancy of each of the facilities.
- 31 (3) A detailed schematic of a prototype facility.
- 32 (4) The facility staffing plan, which shall include the number of positions
33 by job class, the unit cost per position, and the job descriptions of the
34 positions. The plan shall also identify the number of positions to be
35 assigned on each shift for a 24-hour period and the assigned location
36 of each position.
- 37 (5) A transition plan for recruiting and establishing new positions and
38 converting current positions to new job classes.
- 39 (6) The recommended site locations for each facility, including the
40 specific site location and the county in which each site is located.
- 41 (7) A comparison of the cost of constructing and operating a youth
42 development center in North Carolina to the cost of constructing and
43 operating similar facilities in other states.

- 1 (8) A description of major facility programs, including education, health
2 services, recreation, therapy and clinical services, parental
3 involvement and accountability, and aftercare programs. This
4 description shall also identify programs for female offenders and
5 recommend sites where female offenders will be committed.

6 The Department shall also provide recommendations and community-based
7 alternatives for further reducing the youth development center populations.

8 The Department of Administration, State Construction Office, shall assist the
9 Department of Juvenile Justice and Delinquency Prevention, as necessary, with the
10 reports required by this section. The Department of Administration and the Department
11 of Juvenile Justice and Delinquency Prevention shall not solicit bids for construction of
12 new youth development centers until at least 30 days after submission of the plan.

13
14 Requested by: Representatives Kiser, Haire

15 **YOUTH DEVELOPMENT CENTER STAFFING**

16 **SECTION 16.4.(a)** With the approval of the Office of State Personnel and
17 the Office of State Budget and Management, the Department of Juvenile Justice and
18 Delinquency Prevention may reclassify existing departmental vacant positions to
19 establish up to 18 new positions in new job classes defined in this section. The
20 Department may use departmental salary reserves and salaries from vacant positions to
21 establish these positions. These newly established positions shall be assigned to
22 Stonewall Jackson and Samarkand Youth Development Centers. The positions shall be
23 reclassified as 14 youth development center youth counselors, two youth counselor
24 supervisors, and two licensed mental health clinicians. These new positions will provide
25 the starting point for the potential implementation of a statewide therapeutic staffing
26 model.

27 The Department of Juvenile Justice and Delinquency Prevention shall prepare
28 a report that includes a plan for explaining (i) the amount of funds and number of
29 positions reallocated from vacant positions to establish new positions, (ii) the amount of
30 departmental salary reserves used to establish new positions, (iii) the source of funds,
31 (iv) the time frame for recruiting and hiring staff, (v) copies of the job specifications for
32 new job classes, and (vi) a statement of how the positions will be allocated between
33 Stonewall Jackson Youth Development Center and Samarkand Youth Development
34 Center. Prior to establishing these positions, the report shall be provided to the Joint
35 Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee and
36 the Chairs of the House of Representatives and Senate Appropriations Subcommittees
37 on Justice and Public Safety by October 1, 2004.

38 **SECTION 16.4.(b)** The Department of Juvenile Justice and Delinquency
39 Prevention shall prepare a long-range plan for establishing a therapeutic staffing model
40 to be used in all youth development centers. The plan shall include:

- 41 (1) An outline of the cost and benefits of the proposed model for juveniles
42 in the custody of the Department and a summary of available research
43 regarding the use of therapeutic staffing models in juvenile facilities.

- 1 (2) An action plan and time line for reclassifying current counselor
2 technicians, behavioral specialists, cottage parents, or other current
3 positions to youth counselor or youth counselor supervisor positions or
4 to other job classes that are progressive steps towards youth counselor
5 positions.
6 (3) Job specifications, salary grades, and operating costs for each job
7 class.
8 (4) The proposed number of existing positions to be reclassified to youth
9 counselors or youth counselor supervisors in the 2004-2005 fiscal
10 year.
11 (5) The recommended staffing for and qualifications of teachers and
12 teacher assistants and the standards for evaluating teacher quality in
13 youth development centers.

14 The Department shall also estimate the number of current positions likely to
15 be reclassified to youth counselor positions and youth counselor supervisors statewide
16 based on the qualifications of the current staff.

17 **SECTION 16.4.(c)** The Department of Juvenile Justice and Delinquency
18 Prevention shall report by February 1, 2005, to the Chairs of the House of
19 Representatives and Senate Appropriations Subcommittees on Justice and Public Safety
20 on the long-range plan required by this section and the budgetary costs for statewide
21 implementation of the therapeutic staffing model.

22 **SECTION 16.4.(d)** The Department of Juvenile Justice and Delinquency
23 Prevention may use up to the sum of one hundred thousand dollars (\$100,000) in salary
24 reserves to reallocate existing positions to youth counselor and youth counselor
25 supervisor positions for youth development centers. The Department shall not reclassify
26 current positions to youth counselor or youth counselor supervisor positions until at
27 least 30 days after it submits the long-range plan required by subsection (b) of this
28 section to the General Assembly.

29
30 Requested by: Representatives Kiser, Haire

31 **JUVENILE RECIDIVISM**

32 **SECTION 16.5.** Pursuant to G.S. 164-42.1 and G.S. 164-43, the North
33 Carolina Sentencing and Policy Advisory Commission shall prepare biennial reports on
34 juvenile recidivism in North Carolina. The Commission shall consult with the
35 Department of Juvenile Justice and Delinquency Prevention and the Fiscal Research
36 Division of the Legislative Services Office of the General Assembly in developing a
37 methodology for measuring juvenile recidivism in North Carolina. The Commission
38 shall report the proposed methodology to the 2005 General Assembly by March 1,
39 2005. The Commission's report shall also include a timeline for completing the initial
40 analysis and recidivism report and any proposed legislation regarding juvenile
41 recidivism. The report shall also include recommendations for other outcome measures
42 that are appropriate for evaluating juvenile program effectiveness.

43
44 Requested by: Representatives Kiser, Haire

ELECTRONIC MONITORING OF JUVENILES

SECTION 16.6. The Department of Juvenile Justice and Delinquency Prevention shall study the issue of electronic monitoring of juveniles in consultation with the Fiscal Research Division of the Legislative Services Office of the General Assembly and shall report to the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety by March 1, 2005, on electronic monitoring programs and electronic house arrest programs for juvenile offenders. The report shall include all of the following:

- (1) Information on current usage, including the number of juveniles in the various programs, by district, and the available capacity of the electronic programs in comparison to the current usage of the programs.
- (2) The criminal histories of the juveniles in electronic monitoring or house arrest programs and how their criminal histories compare to those of juveniles committed to youth development centers.
- (3) An analysis of the costs and benefits of passive and active global positioning systems for monitoring juvenile offenders.
- (4) A comparison of the electronic monitoring programs for juvenile offenders used by other states.
- (5) The Department's recommendations on ways to expand the use of all electronic monitoring programs, in particular as an alternative to committing juveniles to youth development centers.

Requested by: Representatives Kiser, Haire

ALTERNATIVES TO JUVENILE COMMITMENT/JUVENILE CRIME PREVENTION COUNCILS

SECTION 16.7. Of the funds appropriated in this act to the Department of Juvenile Justice and Delinquency Prevention, the sum of five hundred thousand dollars (\$500,000) shall be used for demonstration projects of the Juvenile Crime Prevention Councils to identify effective alternative community programs for juvenile offenders who would otherwise have been committed to youth development centers. The Department shall develop a competitive grant award process that gives consideration to commitment rates, programs that target juveniles in rural areas, geographical representation, and collaboration among counties. The Department may award up to 10 grants to Juvenile Crime Prevention Councils and no individual grant may exceed one hundred thousand dollars (\$100,000).

Requested by: Representatives Kiser, Haire

EDUCATION OF JUVENILES COMMITTED TO THE DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION

SECTION 16.8. The Department of Juvenile Justice and Delinquency Prevention, in consultation with the State Board of Education and the Community Colleges System Office, shall review and develop a report on the assessment of juveniles committed to the Department of Juvenile Justice and Delinquency Prevention

1 and the curricula, education plans, and alternative education programs for those
2 juveniles. The Department of Juvenile Justice and Delinquency Prevention, the State
3 Board of Education, and the Community Colleges System Office shall submit the report
4 to the Chairs of the House of Representatives and Senate Appropriations Committees
5 and the Chairs of the House of Representatives and Senate Appropriations
6 Subcommittees on Justice and Public Safety on or before March 1, 2005.

8 **PART XVII. DEPARTMENT OF CORRECTION**

9
10 Requested by: Representatives Kiser, Haire

11 **SHIFT PAY FOR SECURITY STAFF**

12 **SECTION 17.1.** Section 16.3 of S.L. 2003-284 reads as rewritten:

13 "**SECTION 16.3.** The Department of Correction may use funds available for the
14 ~~2003-2004 fiscal year~~ 2003-2005 biennium for the payment to security staff of special
15 supplemental weekend shift premium pay that exceeds standard weekend shift pay by
16 up to ten percent (10%). The Department shall also continue to take steps to hold down
17 the cost of shift pay by converting prisons from three eight-hour shifts to two 12-hour
18 shifts whenever practical.

19 The Department of Correction shall report to the Senate and House of
20 Representatives Appropriations Subcommittees on Justice and Public Safety by ~~April 1,~~
21 March 1, 2005, on its progress in converting prison work shifts from eight hours
22 to 12 hours. The report shall include information on savings generated to date and
23 potential future savings, as well as any changes in employee morale and leave usage, as
24 a result of converting to 12-hour shifts."

25
26 Requested by: Representatives Kiser, Haire

27 **DEPARTMENT OF CORRECTION SECURITY STAFFING FORMULAS**

28 **SECTION 17.2.** Section 16.4(c) of S.L. 2003-284 reads as rewritten:

29 "**SECTION 16.4.(c)** The Department of Correction shall report on its progress in
30 implementing the staffing recommendations of the National Institute of Corrections to
31 the Senate and House of Representatives Appropriations Subcommittees on Justice and
32 Public Safety by ~~February 1, 2004.~~ February 1, 2005. The report shall include a status
33 report on the implementation of a centralized postaudit control system and the
34 automation of leave records. The report shall also provide an updated staffing relief
35 formula and the methodology used to develop the updated formula."

36
37 Requested by: Representatives Kiser, Haire

38 **INMATE COSTS/ INMATE CLOTHING AND LAUNDRY SERVICES**

39 **SECTION 17.3.** Section 16.6(c) of S.L. 2003-284 reads as rewritten:

40 "**SECTION 16.6.(c)** Notwithstanding the provisions of G.S. 143-23(a2), the
41 Department of Correction may use funds available during the ~~2003-2004 fiscal year~~
42 2003-2005 biennium for the purchase of clothing and laundry services for inmates if
43 expenditures are projected to exceed the Department's budget for clothing and laundry

1 services. The Department shall consult with the Joint Legislative Commission on
2 Governmental Operations prior to exceeding the continuation budget amount."

3
4 Requested by: Representatives Kiser, Haire

5 **FEDERAL GRANT MATCHING FUNDS**

6 **SECTION 17.4.** Section 16.10 of S.L. 2003-284 reads as rewritten:

7 "**SECTION 16.10.** Notwithstanding the provisions of G.S. 148-2, the Department
8 of Correction may use up to the sum of nine hundred thousand dollars (\$900,000) in the
9 2003-2004 fiscal year and up to the sum of six hundred fifty thousand dollars
10 (\$650,000) in the 2004-2005 fiscal year from funds available to the Department to
11 provide the State match needed in order to receive federal grant funds. Prior to using
12 funds for this purpose, the Department shall report to the Chairs of the Senate and
13 House of Representatives Appropriations Subcommittees on Justice and Public Safety
14 and the Joint Legislative Commission on Governmental Operations on the grants to be
15 matched using these funds."

16
17 Requested by: Representatives Kiser, Haire

18 **ENERGY COMMITTED TO OFFENDERS/CONTRACT AND REPORT**

19 **SECTION 17.5.** Section 16.13 of S.L. 2003-284 reads as rewritten:

20 "**SECTION 16.13.** The Department of Correction may continue to contract with
21 Energy Committed To Offenders, Inc., for the purchase of prison beds for minimum
22 security female inmates during the 2003-2005 biennium. Energy Committed To
23 Offenders, Inc., shall report by February 1 of each year to the Joint Legislative
24 Commission on Governmental Operations on the annual cost per inmate and the average
25 daily inmate population compared to bed capacity using the same methodology as that
26 used by the Department of Correction. ~~Energy Committed To Offenders, Inc., shall also~~
27 ~~provide information on the rearrest rate and the return to prison rate for inmates~~
28 ~~participating in the program who are paroled or released from prison.~~ The Department
29 of Correction, after consultation with the Sentencing and Policy Advisory Commission
30 and Energy Committed To Offenders, Inc., shall recommend the best approach for
31 determining the program's effectiveness to the 2005 General Assembly."

32
33 Requested by: Representatives Kiser, Haire

34 **INMATE CUSTODY AND CLASSIFICATION SYSTEM**

35 **SECTION 17.6.(a)** The Department of Correction shall review the current
36 inmate custody and classification system, with the assistance of consultants from the
37 National Institute of Corrections. The review shall focus primarily on the custody
38 classification instrument used to assess inmate custody and the policies and practice of
39 overriding the assessed custody level. The review should focus particularly on
40 determining whether the instrument is effective in predicting custody classification,
41 analyzing the current override rate by custody level, and assessing any need for changes
42 in the override policy. The Department should request assistance from the National
43 Institute of Corrections in obtaining (i) a comparison between Department of Correction
44 override rates and policies and those of other states; (ii) suggestions on an acceptable

1 override rate for classification systems; and (iii) any recommendations the NIC may
2 have on the Department's custody classification instrument and override policy.

3 **SECTION 17.6.(b)** The Department shall report its findings and
4 recommendations to the Chairs of the House and Senate Appropriations Subcommittees
5 on Justice and Public Safety no later than April 15, 2005.

6
7 Requested by: Representatives Kiser, Haire

8 **REPORTS ON NONPROFIT PROGRAMS**

9 **SECTION 17.7.** Section 16.17 of S.L. 2003-284 reads as rewritten:

10 **"SECTION 16.17.(a)** Funds appropriated in this act to the Department of
11 Correction to support the programs of Harriet's House may be used for program
12 operating costs, the purchase of equipment, and the rental of real property. Harriet's
13 House shall report by February 1 of each year to the Joint Legislative Commission on
14 Governmental Operations on the expenditure of State appropriations and on the
15 effectiveness of the program, including information on the number of clients ~~served and~~
16 served, the number of clients who successfully complete the Harriet's House ~~program-~~
17 program, and the number of clients who have been rearrested within three years of
18 successfully completing the program.

19 **"SECTION 16.17.(b)** Summit House shall report by February 1 of each year to the
20 Joint Legislative Commission on Governmental Operations on the expenditure of State
21 appropriations and on the effectiveness of the program, including information on the
22 number of clients served, the number of clients who have had their probation revoked,
23 ~~and~~ the number of clients who successfully complete the program while housed at
24 Summit House, Inc., and the number of clients who have been rearrested within
25 three years of successfully completing the program.

26 **"SECTION 16.17.(c)** Women at Risk shall report by February 1 of each year to the
27 Joint Legislative Commission on Governmental Operations on the expenditure of State
28 funds and on the effectiveness of the program, including information on the number of
29 clients served, the number of clients who have had their probation revoked, ~~and~~ the
30 number of clients who have successfully completed the program, and the
31 number of clients who have been rearrested within three years of successfully
32 completing the program."

33
34 Requested by: Representatives Kiser, Haire

35 **ELECTRONIC MONITORING REQUEST FOR PROPOSALS**

36 **SECTION 17.8.** The Department of Correction shall issue a Request for
37 Proposal for electronic monitoring equipment and monitoring services for the Division
38 of Community Corrections' electronic house arrest and electronic monitoring programs.
39 The RFP shall require separate bids: one for equipment, maintenance, and technical
40 support, and one for the aforementioned items plus monitoring services. The
41 Department shall design the RFP to use the most recent, cost-effective technology
42 available; the Department shall not restrict vendors to the specifications of the
43 equipment currently utilized by the Department. The RFP shall also include a bid
44 request for passive and active Global Positioning System monitoring equipment. No

1 less than 30 days prior to issuing the RFP, the Department shall provide the Fiscal
2 Research Division with a copy of the draft RFP. The RFP shall be issued by December
3 31, 2004, for a contract term to begin July 1, 2005.

4 The Department of Correction shall report by March 1, 2005, to the Chairs of
5 the House and Senate Appropriations Committees and the Chairs of the House and
6 Senate Appropriations Subcommittees on Justice and Public Safety on the responses to
7 the RFP. In evaluating the responses, the Department of Correction shall give
8 preference to proposals making use of equipment manufactured and serviced in the
9 United States.

10
11 Requested by: Representatives Kiser, Haire

12 **REPORT ON INMATES ELIGIBLE FOR PAROLE**

13 **SECTION 17.9.** Section 16.20 of S.L. 2003-284 reads as rewritten:

14 **"SECTION 16.20.** The Post-Release Supervision and Parole Commission shall
15 report by January 15 and July 15 of each year to the Senate and House of
16 Representatives Appropriations Subcommittees on Justice and Public Safety and the
17 Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee
18 on inmates eligible for parole. These reports shall include at least the following:

- 19 (1) The total number of Fair Sentencing and Pre-Fair Sentencing inmates
20 that were parole-eligible during the current fiscal year and the total
21 number of those inmates that were paroled. The report should group
22 these inmates by offense type, custody classification, and type of
23 parole. The report should also include a more specific analysis of those
24 inmates who were parole-eligible and assigned to minimum custody
25 classification but not released;
- 26 (2) The average time served, by offense class, of Fair Sentencing and
27 Pre-Fair Sentencing inmates compared to inmates sentenced under
28 Structured Sentencing; and
- 29 (3) The projected number of parole-eligible inmates to be paroled or
30 released by the end of the 2003-2004 fiscal year and by the end of each
31 of the next five fiscal years, beginning with the 2004-2005 fiscal year."

32
33 Requested by: Representatives Kiser, Haire

34 **POST-RELEASE SUPERVISION AND PAROLE COMMISSION/REPORT ON**
35 **STAFFING REORGANIZATION AND REDUCTION**

36 **SECTION 17.10.** Section 16.21 of S.L. 2003-284 reads as rewritten:

37 **"SECTION 16.21.(a)** The Post-Release Supervision and Parole Commission shall
38 report by October 1, 2003, to the Chairs of the Senate and House of Representatives
39 Appropriations Subcommittees on Justice and Public Safety on a plan for restructuring
40 the organization and operation of the Commission and implementing staff reductions to
41 reflect both declines and changes in workload.

42 **"SECTION 16.21.(b)** The Post-Release Supervision and Parole Commission shall
43 report by October 1, 2004, to the Chairs of the Senate and House of Representatives
44 Appropriations Subcommittees on Justice and Public Safety on the implementation of

1 the plan for restructuring the organization and operation of the Commission and for
2 implementing staff reductions to reflect both declines and changes in workload. The
3 report shall include the number of parole reviews, paroles, and post-release supervision
4 reviews conducted per analyst per year for the last five years."

5
6 Requested by: Representatives Kiser, Haire

7 **CRIMINAL JUSTICE PARTNERSHIP PROGRAM**

8 **SECTION 17.11.** Section 16.16 of S.L. 2003-284 reads as rewritten:

9 **"SECTION 16.16.(a)** It is the intent of the General Assembly that State Criminal
10 Justice Partnership Program funds not be used to fund case manager positions when
11 those services can be reasonably provided by Division of Community Corrections
12 personnel or by the Treatment Alternatives to Street Crime (TASC) Program in the
13 Department of Health and Human Services.

14 **"SECTION 16.16.(b)** Notwithstanding the provisions of G.S. 143B-273.15
15 specifying that grants to participating counties are for the full fiscal year and that
16 unobligated funds are returned to the State-County Criminal Justice Partnership
17 Account at the end of the grant period, the Department of Correction may reallocate
18 unspent or unclaimed funds distributed to counties participating in the State-County
19 Criminal Justice Partnership Program in an effort to maintain the level of services
20 realized in previous fiscal years.

21 **"SECTION 16.16.(c)** The Department of Correction may not deny funds to a
22 county to support both a residential program and a day reporting center if the
23 Department of Correction determines that the county has a demonstrated need and a
24 fully developed plan for each type of sanction.

25 **"SECTION 16.16.(d)** The Department of Correction shall report by February 1 of
26 each year to the Chairs of the Senate and House of Representatives Appropriations
27 Committees, the Senate and House of Representatives Appropriations Subcommittees
28 on Justice and Public Safety, and the Joint Legislative Corrections, Crime Control, and
29 Juvenile Justice Oversight Committee on the status of the State-County Criminal Justice
30 Partnership Program. The report shall include the following information:

- 31 (1) The amount of funds carried over from the prior fiscal year;
- 32 (2) The dollar amount and purpose of grants awarded to counties as
33 discretionary grants for the current fiscal year;
- 34 (3) Any counties the Department anticipates will submit requests for new
35 implementation grants;
- 36 (4) An update on efforts to ensure that all counties make use of the
37 electronic reporting system, including the number of counties
38 submitting offender participation data via the system;
- 39 (5) An analysis of offender participation data received, including data on
40 each program's utilization and capacity; and
- 41 (6) An analysis of comparable programs, prepared by the Research and
42 Planning Division of the Department of Correction, and a summary of
43 the reports prepared by county Criminal Justice Partnerships Advisory
44 Boards.

1 (7) An evaluation of Criminal Justice Partnership programs, based upon
2 evaluation standards designed by the Division of Community
3 Corrections in consultation with the Fiscal Research Division and the
4 Department of Correction, Division of Research and Planning.

5 "SECTION 16.16.(e) The Joint Legislative Corrections, Crime Control, and
6 Juvenile Justice Oversight Committee, in consultation with the Sentencing and Policy
7 Advisory Commission and the Department of Correction, Division of Research and
8 Planning, shall review the Criminal Justice Partnership Program funding formula and
9 recommend any necessary changes in that formula to the 2005 General Assembly."

10
11 Requested by: Representatives Kiser, Haire

12 **COLLECTION OF OFFENDER FEES**

13 **SECTION 17.12.** Section 16.15 of S.L. 2003-284 reads as rewritten:

14 "SECTION 16.15.(a) The Department of Correction and the Judicial Department
15 shall report by April 1, 2004, March 1 of each year to the Chairs of the Senate and
16 House of Representatives Appropriations Committees and the Chairs of the Senate and
17 House of Representatives Appropriations Subcommittees on Justice and Public Safety
18 on the success of their efforts to improve the collection rate of offender fees for
19 probationers and for nonprobationers sentenced to community service and on any
20 recommendations for statutory or procedural changes that will improve the collection of
21 financial obligations from offenders.

22 The report shall include a comparison of the ~~percentage of total~~ offender fees
23 collected in the most recent year compared to prior years, ~~including the percentage of~~
24 ~~offenders who were ordered to pay fees and the percentage of offenders who actually~~
25 ~~paid those fees.~~ years. The report shall also ~~include the total offender fees collected, in~~
26 ~~dollars and as a percentage of the fees ordered, and the fees that could have been~~
27 ~~ordered based on the sentence and conditions imposed by the judge.~~ include, for each
28 judicial district: the total offender fees collected, the total fines and restitution collected,
29 the number of offenders ordered to supervised probation, the number of offenders
30 ordered to unsupervised probation, the number and percentage of supervised probation
31 cases in which no payment was made, the number and percentage of unsupervised
32 probation cases (any case in which an offender is not given an active or supervised
33 probation sentence) in which no payment was made, and whether that judicial district
34 enters offender information into the financial management system for all offenders
35 required to pay fines, fees, or restitution, or whether that data is entered only when the
36 offender makes a payment. If any of this information cannot be collected, the report
37 shall include a description of the data collection issues and a plan for addressing those
38 issues.

39 "SECTION 16.15.(b) The Judicial Department shall make use of the new deputy
40 clerk positions funded in this act to ensure that offender accounts payable information is
41 entered into the financial management system within a reasonable time after sentencing.
42 As part of this undertaking, the Judicial Department shall review the use of its financial
43 management system to determine whether there are methods of streamlining or
44 expediting the entry of offender accounts payable information into that system."

1
2 **PART XVIII. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY**
3

4 Requested by: Representatives Kiser, Haire

5 **VICTIMS COMPENSATION/ MEDICAL TREATMENT**

6 **SECTION 18.1.** G.S. 15B-2(1) reads as rewritten:

7 "(1) "Allowable expense" means reasonable charges incurred for
8 reasonably needed products, services, and accommodations, including
9 those for medical care, rehabilitation, ~~medically—related~~
10 medically-related property, and other remedial treatment and care.

11 Allowable expense includes a total charge not in excess of three
12 thousand five hundred dollars (\$3,500) for expenses related to funeral,
13 cremation, and burial, including transportation of a body, but
14 excluding expenses for flowers, gravestone, and other items not
15 directly related to the funeral service.

16 Allowable expense for medical care, counseling, rehabilitation,
17 medically-related property, and other remedial treatment and care of a
18 victim shall be limited to sixty-six and two-thirds percent (66 2/3%) of
19 the amount usually charged by the provider for the treatment or care.
20 The provider shall accept the compensation received as payment in full
21 for the treatment or care."
22

23 **PART XIX. DEPARTMENT OF ADMINISTRATION**
24

25 Requested by: Representatives Jeffus, Walend

26 **ALLOCATION OF THE PETROLEUM VIOLATION ESCROW FUNDS**

27 **SECTION 19.1.(a)** There is appropriated from funds and interest thereon
28 received from the case of United States v. Stripper Well that remain in the Special
29 Reserve for Oil Overcharge Funds to the Department of Administration the sum of five
30 million dollars (\$5,000,000) for the 2004-2005 fiscal year to be allocated for projects
31 that were approved by the State Energy Policy Council in April 2004.

32 **SECTION 19.1.(b)** There is appropriated from funds and interest thereon
33 received from the case of United States v. Exxon that remain in the Special Reserve for
34 Oil Overcharge Funds to the Department of Health and Human Services the sum of one
35 million dollars (\$1,000,000) for the 2004-2005 fiscal year to be allocated for the
36 Weatherization Assistance Program.

37 **SECTION 19.1.(c)** Any funds remaining in the Special Reserve for Oil
38 Overcharge Funds after the allocation made pursuant to subsections (a) and (b) of this
39 section may be expended only as authorized by the General Assembly. All interest or
40 income accruing from all deposits or investments of cash balances shall be credited to
41 the Special Reserve for Oil Overcharge Funds.
42

43 Requested by: Representatives Grady, Jeffus, Walend, Baker

1 **STATE VETERANS CEMETERIES TO PROVIDE BURIAL SERVICES ON**
2 **WEEKENDS**

3 **SECTION 19.2.(a)** Article 8A of Chapter 65 of the General Statutes is
4 amended by adding a new section to read:

5 **"§ 65-44. Days for burial.**

6 Notwithstanding any other provision of law, burial services shall be conducted from
7 Monday through Sunday, except when the day for services falls on a State holiday."

8 **SECTION 19.2.(b)** The Department of Administration may use funds
9 credited to the Veterans Burial Fund for the 2004-2005 fiscal year to cover costs
10 incurred as a result of burials on Saturday or Sunday that are not covered by General
11 Fund appropriations for that purpose.

12
13 Requested by: Representatives Jeffus, Walend

14 **STUDY OF STATE-FUNDED ADVERTISING**

15 **SECTION 19.3.(a)** The Office of State Budget and Management, in
16 collaboration with the Department of Administration, shall conduct a study of the State
17 agencies' requirements for advertisements and public service announcements. The study
18 shall include a review of the nature and cost of the advertisements and public service
19 announcements. The study shall consider (i) the extent to which the North Carolina
20 Agency for Public Telecommunication (APT) can efficiently and effectively provide the
21 services related to the development and placement of these advertisements and public
22 service announcements at a savings to the State, and (ii) whether the services should be
23 provided by APT, decentralized, or outsourced.

24 **SECTION 19.3.(b)** The Office of State Budget and Management shall
25 submit a report of its findings and recommendations to the Chairs of the Appropriations
26 Subcommittees on General Government of the Senate and House of Representatives by
27 December 1, 2004.

28
29 Requested by: Representatives Jeffus, Walend

30 **VETERANS SCHOLARSHIPS PARTIALLY FUNDED FROM ESCHEAT**
31 **FUND**

32 **SECTION 19.4.** Section 18.5(c) of S.L. 2003-284 reads as rewritten:

33 **"SECTION 18.5.(c)** In accordance with G.S. 116B-7(b) as enacted by this act, ~~for~~
34 ~~the 2003-2004 and 2004-2005 fiscal years,~~ there is appropriated from the Escheat Fund
35 to the Department of Administration the amount of three million ~~seven-nine~~ hundred
36 ~~twenty-eight~~three thousand three hundred twenty-four dollars ~~(\$3,728,324)~~
37 (\$3,903,324) for each year the 2004-2005 fiscal year."

38
39 Requested by: Representatives Jeffus, Walend

40 **RELOCATION AND RENT EXPENSE TO BE PAID FROM PROCEEDS OF**
41 **SALE OF POLK BUILDING**

42 **SECTION 19.5.** Of the proceeds realized by the State from the sale of the
43 James K. Polk Building in the City of Charlotte, the amount needed to meet the moving
44 expenses and rent expense for the 2004-2005 fiscal year, not to exceed eight hundred

1 ninety thousand six hundred thirty-four dollars (\$890,634), shall be deposited into a
2 reserve fund in the Office of State Budget and Management. Up to one hundred sixty
3 thousand one hundred one dollars (\$160,101) shall be used to cover the expenses of
4 relocating the offices of the University of North Carolina at Chapel Hill TEACH
5 program, the Office of Administrative Hearings, the Office of the State Auditor, and the
6 Departments of Administration, Commerce, Correction, Crime Control and Public
7 Safety, Health and Human Services, and Revenue that are currently housed in the Polk
8 Building. Up to seven hundred thirty thousand five hundred thirty-three dollars
9 (\$730,533) shall be used to cover the rent expense incurred by those State agencies for
10 fiscal year 2004-2005 as a result of the relocation.

11
12 Requested by: Representatives Jeffus, Walend

13 **CONTINUATION OF THE STUDY OF ADVOCACY PROGRAMS IN THE**
14 **DEPARTMENT OF ADMINISTRATION**

15 **SECTION 19.6.** Section 18.2 of S.L. 2003-284 reads as rewritten:

16 **"STUDY OF ADVOCACY PROGRAMS IN THE DEPARTMENT OF**
17 **ADMINISTRATION**

18 **SECTION 18.2.** The Secretary of the Department of Administration, in
19 collaboration with appropriate entities which concentrate on public policy and business
20 management, shall study-continue the study that was completed during the 2003-2004
21 fiscal year of the functions of the advocacy programs that are housed in the Department
22 of Administration to determine the appropriate organizational placement of the
23 programs within State government. The study shall include both the advocacy and
24 service functions of the Division of Veterans Affairs, the Council for Women and the
25 Domestic Violence Commission, the Commission of Indian Affairs, the Governor's
26 Advocacy Council for Persons with Disabilities, the Human Relations Commission, and
27 the Youth Advocacy and Involvement Office. The study shall also consider whether the
28 functions of the programs could be more efficiently and effectively performed by an
29 appropriate nonprofit organization. The Secretary shall report the findings and
30 recommendations to the Joint Legislative Commission on Governmental Operations and
31 to the Chairs of the Senate and House of Representatives Appropriations Committees by
32 May 1, 2004-2005."

33
34 Requested by: Representatives Grady, Jeffus, Walend, Baker

35 **DESIGN AND ADVANCE PLANNING FOR STATE VETERANS CEMETERY**

36 **SECTION 19.7.** Of the funds appropriated in this act to the Department of
37 Administration, the Department shall use up to three hundred thousand dollars
38 (\$300,000) for the 2004-2005 fiscal year to fund the design and advance planning cost
39 for the expansion of the State veterans cemetery located in Jacksonville. The
40 Department is authorized to retain any reimbursement from the U.S. Department of
41 Veterans Affairs for the amount expended on the design and advance planning of the
42 cemetery expansion project.

43
44 Requested by: Representatives Jeffus, Walend

1 **TRANSFER LIGHT GROUND POCOSIN TO WILDLIFE RESOURCES**
2 **COMMISSION**

3 **SECTION 19.8.** The 1094-acre Light Ground Pocosin property in Pamlico
4 County is reallocated from the Department of Administration to the Wildlife Resources
5 Commission. Notwithstanding any other provision of law, the Wildlife Resources
6 Commission shall manage the property as gamelands for hunting, fishing, outdoor
7 recreation, nature study, water quality, and conservation of natural resources.

8
9 Requested by: Representative Ross

10 **IMPLEMENT BLOUNT STREET PROPERTY SALE**

11 **SECTION 19.9.** Section 1.(d) of S.L. 2003-404 reads as rewritten:

12 "SECTION 1.(d) Funds to implement the sales process. – Of the funds available to
13 the Department of Administration, the Department may use up to ~~three hundred~~
14 ~~thousand dollars (\$300,000)~~ five hundred thousand dollars (\$500,000) to implement the
15 provisions of this act."
16

17 **PART XX. OFFICE OF THE STATE AUDITOR**

18
19 Requested by: Representatives Jeffus, Walend

20 **AUDITOR TO REDUCE SPAN OF CONTROL**

21 **SECTION 20.1.** The State Auditor shall reduce the span of control for the
22 Office of the State Auditor by eliminating two senior management positions effective
23 January 1, 2005. In reducing the span of control, the State Auditor shall ensure that the
24 Office has no more than two Deputy Auditor positions. Funds appropriated for the
25 positions that are eliminated shall be used to create additional audit positions for the
26 nongovernmental and investigative audit sections. The State Auditor shall report to the
27 Chairs of the Appropriations Subcommittees on General Government of the Senate and
28 House of Representatives by December 1, 2004.
29

30 **PART XXI. DEPARTMENT OF INSURANCE**

31
32 Requested by: Representatives Jeffus, Walend

33 **REMOVE SUNSET FOR FUNDING CERTAIN OPERATIONS OF THE**
34 **DEPARTMENT OF INSURANCE THROUGH THE INSURANCE**
35 **REGULATORY FUND**

36 **SECTION 21.1.** Section 12 of S.L. 2002-144, as amended by Section 22.2
37 of S.L. 2003-284, reads as rewritten:

38 "SECTION 12. This act becomes effective July 1, 2002. ~~Sections 1 through 8 of~~
39 ~~this act expire June 30, 2004.~~"
40

41 **PART XXII. INFORMATION TECHNOLOGY**

42
43 Requested by: Representatives Jeffus, Walend, Tolson

44 **MULTIYEAR MAINTENANCE CONTRACTS**

1 (1) Eight members of the Senate appointed by the President Pro Tempore
2 of the Senate. At least two appointees shall be members of the Senate
3 Appropriations Committee.

4 (2) Eight members of the House of Representatives appointed by the
5 Speaker of the House of Representatives. At least two appointees shall
6 be members of the House of Representatives Appropriations
7 Committee.

8 The President Pro Tempore of the Senate and the Speaker of the House of
9 Representatives shall each select a member from their appointees to serve as cochair of
10 the Committee.

11 (d) Terms. – Members of the Committee shall serve two-year terms beginning at
12 the convening of the General Assembly in each odd-numbered year, with no prohibition
13 against being reappointed, except for the terms of the initial members which shall begin
14 on appointment and end on the day of convening of the 2005 General Assembly. A
15 member continues to serve until the member's successor is appointed. Members may
16 complete a term of service on the Committee even if they do not seek reelection or are
17 not reelected to the General Assembly, but resignation or removal from service in the
18 General Assembly constitutes resignation or removal from service on the Committee.
19 The officer who made the original appointment shall fill any vacancy within 30 days.

20 (e) Quorum. – A majority of the members of the Committee shall constitute a
21 quorum for the transaction of business. The affirmative vote of a majority of the
22 members present at meetings of the Committee shall be necessary for action to be taken
23 by the Committee.

24 (f) Subcommittees. – The Committee cochairs may establish subcommittees for
25 the purpose of making special studies pursuant to its duties, and may appoint
26 non-Committee members to serve on each subcommittee as resource persons. Resource
27 persons shall be voting members of the subcommittee and shall receive subsistence and
28 travel expenses in accordance with G.S. 138-5 and G.S. 138-6.

29 **"§ 120-262. Assistance; per diem; subsistence; and travel allowances.**

30 (a) The Committee may contract for consulting services as provided by
31 G.S. 120-32.02. Upon approval of the Legislative Services Commission, the Legislative
32 Services Officer shall assign professional and clerical staff to assist in the work of the
33 Committee. The professional staff shall include the appropriate staff from the Fiscal
34 Research, Research, Legislative Drafting, and Information Systems Divisions of the
35 Legislative Services Office of the General Assembly. Clerical staff shall be furnished to
36 the Committee through the offices of the Senate and the House of Representatives
37 Supervisors of Clerks. The expenses of employment of the clerical staff shall be borne
38 by the Committee. The Committee may meet in the Legislative Building or the
39 Legislative Office Building upon the approval of the Legislative Services Commission.

40 (b) Members of the Committee shall receive per diem, subsistence, and travel
41 allowances as follows:

42 (1) Committee members who are members of the General Assembly, at
43 the rate established in G.S. 120-3.1.

1 (2) Committee members and resource persons who are officials or
2 employees of the State or of local government agencies, at the rate
3 established in G.S. 138-6.

4 (3) All other Committee members and resource persons, at the rate
5 established in G.S. 138-5.

6 **"§ 120-263. Reports.**

7 The Committee shall submit annual reports to the General Assembly on or before
8 the convening of the regular session of the General Assembly each year. The Committee
9 may submit interim reports at any time it deems appropriate.

10 **"§ 120-264. Authority.**

11 The Committee has the authority to obtain information and data from all State
12 officers, agents, agencies, and departments, while in discharge of its duties, pursuant to
13 G.S. 120-19, as if it were a committee of the General Assembly."

14
15 **PART XXIII. DEPARTMENT OF REVENUE**

16
17 Requested by: Representatives Jeffus, Walend

18 **EXTEND DOR CALL CENTER FEE USE**

19 **SECTION 23.1.** Section 22.6(a) of S.L. 2002-126, as amended by Section
20 23.1 of S.L. 2003-284, reads as rewritten:

21 **"SECTION 22.6.(a)** There is appropriated from the collection assistance fee
22 account created in G.S. 105-243.1 to the Department of Revenue the sum of one million
23 six hundred twenty-two thousand eight hundred ninety-six dollars (\$1,622,896) for the
24 2003-2004 fiscal year and the sum of two million one hundred fifty-four thousand five
25 hundred ninety-three dollars (\$2,154,593) for the 2004-2005 fiscal year to pay for the
26 costs of establishing and equipping a central taxpayer telecommunications service
27 center for collections and assistance and for the costs associated with aligning local field
28 offices with the new center. Of the funds appropriated in this subsection, the sum of
29 three million dollars (\$3,000,000) that was designated for the 2003-2005 biennium to
30 pay for the costs of establishing and equipping a central taxpayer telecommunications
31 service center does not revert at the end of the 2004-2005 fiscal year but remains
32 available until June 30, 2006, for operating costs of the service center."

33
34 Requested by: Representatives Jeffus, Walend

35 **DOR DEBT FEE FOR TAXPAYER LOCATER SERVICES AND**
36 **COLLECTION**

37 **SECTION 23.2.(a)** G.S. 105-243.1(e) reads as rewritten:

38 "(e) Use. – The fee is a receipt of the Department and must be applied to the costs
39 of collecting overdue tax debts. The proceeds of the fee must be credited to a special
40 account within the Department and may be expended only as provided in this
41 subsection. The proceeds of the fee may not be used for any purpose that is not directly
42 and primarily related to collecting overdue tax debts. The Department may apply the
43 proceeds of the fee for the purposes listed in this subsection. ~~to pay contractors for~~
44 ~~collecting tax debts under subsection (b) of this section and to pay the fee the United~~

1 ~~States Department of the Treasury charges for setoff to recover tax owed to North~~
2 ~~Carolina.~~—The remaining proceeds of the fee may be spent only pursuant to
3 appropriation by the General Assembly. The fee proceeds do not revert but remain in
4 the special account until spent for the costs of collecting overdue tax debts. The
5 Department may apply the fee proceeds for the following purposes:

6 (1) To pay contractors for collecting overdue tax debts under subsection
7 (b) of this section.

8 (2) To pay the fee the United States Department of the Treasury charges
9 for setoff to recover tax owed to North Carolina.

10 (3) To pay for taxpayer locater services, not to exceed one hundred
11 thousand dollars (\$100,000) a year."

12 **SECTION 23.2.(b)** Funds are appropriated in this act from the collection
13 assistance fee account created in G.S. 105-243.1 to the Department of Revenue for
14 postage for correspondence directly and primarily relating to collecting overdue tax
15 debts, for operating expenses for Project Collect Tax, and for expenses of the
16 Examinations and Collections Division directly and primarily relating to collecting
17 overdue tax debts as defined in G.S. 105-243.1. The Department of Revenue and the
18 Office of State Budget and Management must account for all expenditures using
19 accounting procedures that clearly distinguish costs allocable to collecting overdue tax
20 debts as defined in G.S. 105-243.1 from costs allocable to other purposes and must
21 demonstrate that none of the fee proceeds are used for any purpose other than collecting
22 overdue tax debts.

23 The Department of Revenue must report to the 2005 General Assembly on its
24 implementation of this section.

25
26 Requested by: Representatives Jeffus, Walend

27 **MODIFY DOR REPORTING TO GOV OPS**

28 **SECTION 23.3.(a)** Section 22.6(c) of S.L. 2002-126 reads as rewritten:

29 "**SECTION 22.6.(c)** Beginning January 1, 2003, and ending ~~on the second~~
30 ~~quarter~~six months following completion of the projects described in subsection (a) of
31 this section, the Department of Revenue must report ~~quarterly~~semiannually to the Joint
32 Legislative Commission on Governmental Operations on the use of the funds and the
33 progress of establishing the new center."

34 **SECTION 23.3.(b)** G.S. 105-256(e) is repealed.

35 **SECTION 23.3.(c)** G.S. 105-243.1(f) reads as rewritten:

36 "(f) Reports. – The Department must report semiannually to the Joint Legislative
37 Commission on Governmental Operations and to the Revenue Laws Study Committee
38 on its efforts to collect tax debts. ~~Reports must be submitted quarterly beginning~~
39 ~~November 1, 2001, through June 30, 2005, and semiannually thereafter.~~ Each report
40 must include a breakdown of the amount and age of tax debts collected by collection
41 agencies on contract, the amount and age of tax debts collected by the Department
42 through warning letters, and the amount and age of tax debts otherwise collected by
43 Department personnel. The report must itemize collections by type of tax. Each report
44 must also include a long-term collection plan, a timeline for implementing each step of

1 the plan, a summary of steps taken since the last report and their results, and any other
2 data requested by the Commission or the Committee."

3
4 **PART XXIV. RULES REVIEW COMMISSION**

5
6 Requested by: Representatives Jeffus, Walend

7 **RESERVE FOR ATTORNEYS' FEES OF RULES REVIEW COMMISSION**

8 **SECTION 24.1.(a)** The Reserve for Attorneys' Fees of the Rules Review
9 Commission in the Office of State Budget and Management shall consist of
10 appropriations from the General Assembly and funds received from any State agency in
11 accordance with this section.

12 **SECTION 24.1.(b)** When a State agency files a petition for judicial review
13 of a final decision of the Rules Review Commission under Article 4 of Chapter 150B of
14 the General Statutes and the Rules Review Commission prevails in that action, that
15 State agency shall deposit to the reserve under subsection (a) of this section a sum equal
16 to the Commission's actual attorneys' fees.

17
18 **PART XXV. SECRETARY OF STATE**

19
20 Requested by: Representatives Jeffus, Walend

21 **TRANSFER OF BUSINESS LICENSE INFORMATION OFFICE**

22 **SECTION 25.1.** Effective July 1, 2004, the Business License Information
23 Office is transferred from the Department of the Secretary of State to the Community
24 Colleges System Office. The transfer shall have all of the elements of a Type I transfer,
25 as defined in G.S. 143A-6(a).

26
27 **PART XXVI. STATE BOARD OF ELECTIONS**

28
29 Requested by: Representatives Jeffus, Walend

30 **INCREASE HAVA MATCH FUNDS**

31 **SECTION 26.1.** Section 25.1 of S.L. 2003-284 reads as rewritten:

32 **"SECTION 25.1.(a)** Of the funds appropriated to the State Board of Elections for
33 the 2003-2004 fiscal year by Section 2.1 of this act:

- 34 (1) The sum of \$1,791,936 is transferred to a Reserve Fund to meet the
35 Maintenance of Effort requirements of section 254(a)(7) of the Help
36 America Vote Act, Public Law 107-252.
- 37 (2) The sum of \$1,665,650 currently appropriated to Fund 1100
38 Administration for the SEIMS RCC is transferred to a Reserve Fund
39 for the State Board of Elections.
- 40 (3) The sum of \$1,922,215 is transferred in the 2003-2004 fiscal year and
41 the sum of \$1,521,918 is transferred in the 2004-2005 fiscal year to the
42 Election Fund established by S.L. 2003-12 to meet the five percent
43 (5%) matching requirement of Title II Help America Vote Act, Public
44 Law 107-252 for the 2003-2005 fiscal biennium. Of that amount,

1 \$1,188,760—\$1,232,508 shall be available for expenditure in the
2 2003-2004 fiscal year, and the remaining ~~\$733,455~~ \$2,211,625 shall be
3 available for expenditure only during the 2004-2005 fiscal year. The
4 money shall only be expended as federal funds are available to match,
5 and if the amount available to the State is less than projected, the
6 unexpended remainder of the \$1,922,215 for the 2003-2004 fiscal year
7 and \$1,521,918 for the 2004-2005 fiscal year shall revert to the
8 General Fund on the earlier of:

- 9 a. June 30, 2006; or
10 b. A determination by the Office of State Budget and Management
11 that the unexpended remainder will not be needed.

12 **"SECTION 25.1.(b)** The 107th Congress established the Help America Vote Act
13 (HAVA) as Public Law 107-252 establishing a program to assist in the administration
14 of federal elections and provide assistance with the administration of certain federal
15 elections laws and programs; establish minimum election administration standards for
16 states and units of local government with the responsibility for the administration of
17 federal elections. In HAVA, Congress authorized appropriations for elections assistance
18 in the form of a matching grant program (Title II of HAVA, Requirements Payments)
19 for which states are required as one condition of the Election Assistance Requirements
20 Payments to match federal allocations with a five percent (5%) match of State dollars.
21 The federal government has additional requirements, including a required state plan and
22 a stipulation for each participating state to implement the Maintenance of Effort (MOE)
23 requirements of Title II, section 254(a)(7) of HAVA. The MOE requires that the state
24 maintain the expenditures of the state for activities funded by the payment at a level that
25 is not less than the level of such expenditures maintained by the state for the fiscal year
26 ending prior to November 2000. Congress authorized up to \$1.4 billion for
27 Requirements Payments, and \$810 million for Title II requirements grants was funded
28 for fiscal year 2003. ~~Title II requirements funding has not been passed by Congress for~~
29 ~~fiscal years 2004-2005 and 2005-2006 but is currently proposed at \$500 million for~~
30 ~~each year.~~

31 Based upon the 2003 and 2004 approved funding, it is estimated that North Carolina
32 will receive ~~\$22.6 million~~ \$23,431,708 of the Title II funding if North Carolina meets
33 all the conditions of the Election Assistance program, including not only the five
34 percent (5%) state match but also maintenance of its expenditure level on HAVA
35 activities at the expense level the State Board of Elections had in State fiscal year
36 1999-2000. Actual expenditures for the State Elections Information Management
37 System (SEIMS), which is a qualified HAVA activity, in 1999-2000 were three million
38 four hundred fifty-seven thousand five hundred eighty-five dollars and six cents
39 (\$3,457,585.06). The authorized expenditures on SEIMS in 2002-2003 by the State
40 Board of Elections is one million six hundred sixty-five thousand six hundred fifty
41 dollars (\$1,665,650). The difference in expenditure levels is one million seven hundred
42 ninety-one thousand nine hundred thirty-five dollars and six cents (\$1,791,935.06). To
43 meet HAVA's Title II MOE requirement, North Carolina has to appropriate from its
44 General Fund to a Reserve on a recurring basis (or for as long as Congress requires the

1 MOE as a condition of states' being eligible to receive Requirements Payments), the
2 amount of three million four hundred fifty-seven thousand five hundred eighty-five
3 dollars and six cents (\$3,457,585.06) annually.

4 For the State to meet its obligatory five percent (5%) match for HAVA's Title II
5 Requirements Payments, North Carolina has to match ~~twenty-two million six hundred~~
6 ~~thousand dollars (\$22,600,000)~~ twenty-three million four hundred thirty-one thousand
7 seven hundred eight dollars (\$23,431,708) estimated federal funds in 2003-2004;
8 ~~thirteen million nine hundred forty four thousand dollars (\$13,944,000)~~ forty-two
9 million forty-six thousand one hundred dollars (\$42,046,100) estimated federal funds in
10 2004-2005. The State's match is ~~one million one hundred eighty eight thousand seven~~
11 ~~hundred sixty dollars (\$1,188,760)~~ in 2003-2004 and ~~seven hundred thirty-three~~
12 ~~thousand four hundred fifty-five dollars (\$733,455)~~ in 2004-2005; one million two
13 hundred thirty-two thousand five hundred eight dollars (\$1,232,508) in 2003-2004 and
14 two million two hundred eleven thousand six hundred twenty-five dollars (\$2,211,625)
15 in 2004-2005. The nonrecurring match total required for the 2003-2005 fiscal biennium
16 from the General Fund is one million nine hundred twenty-two thousand two hundred
17 fifteen dollars (\$1,922,215)."
18

19 PART XXVII. OFFICE OF STATE BUDGET AND MANAGEMENT

20
21 Requested by: Representatives Jeffus, Walend

22 NC HUMANITIES COUNCIL

23 SECTION 27.1. Section 26.1 of S.L. 2003-284 reads as rewritten:

24 "NC HUMANITIES COUNCIL

25 SECTION 26.1. The North Carolina Humanities Council shall:

- 26 (1) By January 15, ~~2004,2005~~, and more frequently as requested, report to
27 the Joint Legislative Commission on Governmental Operations and the
28 Fiscal Research Division the following information:
29 a. State fiscal year ~~2002-2003~~2003-2004 program activities,
30 objectives, and accomplishments;
31 b. State fiscal year ~~2002-2003~~2003-2004 itemized expenditures
32 and fund sources;
33 c. State fiscal year ~~2003-2004~~2004-2005 planned activities,
34 objectives, and accomplishments including actual results
35 through December 31, ~~2003;2004~~; and
36 d. State fiscal year ~~2003-2004~~2004-2005 estimated itemized
37 expenditures and fund sources including actual expenditures
38 and fund sources through December 31, ~~2003;2004~~.
39 (2) Provide to the Fiscal Research Division a copy of the organization's
40 annual audited financial statement within 30 days of issuance of the
41 statement."
42

43 PART XXVIII. OFFICE OF THE STATE CONTROLLER

1 Requested by: Representatives Jeffus, Walend

2 **OVERPAYMENTS AUDIT**

3 **SECTION 28.1.(a)** During the 2004-2005 fiscal year, receipts generated by
4 the collection of inadvertent overpayments by State agencies to vendors as a result of
5 pricing errors, neglected rebates and discounts, miscalculated freight charges, unclaimed
6 refunds, erroneously paid excise taxes, and related errors as required by
7 G.S. 147-86.22(c) are to be deposited in the Special Reserve Account 24172.

8 **SECTION 28.1.(b)** For the 2004-2005 fiscal year, two hundred thousand
9 dollars (\$200,000) of the funds transferred from the Special Reserve Account 24172
10 shall be used by the Office of the State Controller for data processing, debt collection,
11 or e-commerce costs.

12 **SECTION 28.1.(c)** All funds available in the Special Reserve Account
13 24172 on July 1, 2003, are transferred to the General Fund on that date.

14 **SECTION 28.1.(d)** Any unobligated funds in the Special Reserve Account
15 24172 that are realized above the allowance in subsection (b) of this section are subject
16 to appropriation by the General Assembly in the 2005 Regular Session.

17 **SECTION 28.1.(e)** The State Controller shall report quarterly to the Joint
18 Legislative Commission on Governmental Operations and the Fiscal Research Division
19 on the revenue deposited into the Special Reserve Account and the disbursement of that
20 revenue.

21
22 **PART XXIX. DEPARTMENT OF THE STATE TREASURER**

23
24 Requested by: Representatives Jeffus, Walend, Sherrill

25 **REESTABLISH STATE INVESTMENT OFFICER POSITION**

26 **SECTION 29.1.** The position of State Investment Officer shall be
27 reestablished in the Investment Division of the Department of State Treasurer. The State
28 Treasurer shall fix the compensation of the State Investment Officer in an amount up to
29 one hundred fifty thousand dollars (\$150,000) per year. The State Treasurer may award
30 the State Investment Officer an annual performance-based incentive bonus, not to
31 exceed thirty percent (30%) of salary, based upon the officer's achievement of specific
32 goals and objectives set by the Treasurer. The State Treasurer shall report the incentive
33 bonus paid to the Chief Investment Officer to the Joint Legislative Commission on
34 Governmental Operations by October 1 of each year.

35
36 **PART XXX. DEPARTMENT OF TRANSPORTATION**

37
38 Requested by: Representatives Cole, Gillespie

39 **SMALL URBAN CONTINGENCY FUNDS**

40 **SECTION 30.1.(a)** Of the funds appropriated in this act to the Department
41 of Transportation:

- 42 (1) Fourteen million dollars (\$14,000,000) shall be allocated in fiscal year
43 2004-2005 for small urban construction projects. These funds shall be
44 allocated equally in each fiscal year of the biennium among the 14

Highway Divisions for the small urban construction program for small construction projects that are located within the area covered by a two-mile radius of the municipal corporate limits.

- (2) Fifteen million dollars (\$15,000,000) in fiscal year 2004-2005 shall be used statewide for rural or small urban highway improvements and related transportation enhancements to public roads and public facilities, industrial access roads, and spot safety projects as approved by the Secretary of Transportation.

None of these funds used for rural secondary road construction are subject to the county allocation formulas in G.S. 136-44.5(b) and (c).

These funds are not subject to G.S. 136-44.7.

The Department of Transportation shall report to the members of the General Assembly on projects funded pursuant to this section in each member's district prior to the Board of Transportation's action. The Department shall make a quarterly comprehensive report on the use of these funds to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division.

SECTION 30.1.(b) Section 29.2 of S.L. 2003-284 is repealed.

Requested by: Representatives Cole, Gillespie

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

SECTION 30.2.(a) The General Assembly authorizes and certifies anticipated revenues of the Highway Fund as follows:

For Fiscal Year 2005-2006	\$1,416.3 million
For Fiscal Year 2006-2007	\$1,452.3 million
For Fiscal Year 2007-2008	\$1,512.4 million
For Fiscal Year 2008-2009	\$1,571.4 million

SECTION 30.2.(b) The General Assembly authorizes and certifies anticipated revenues of the Highway Trust Fund as follows:

For Fiscal Year 2005-2006	\$1,074.9 million
For Fiscal Year 2006-2007	\$1,115.4 million
For Fiscal Year 2007-2008	\$1,168.9 million
For Fiscal Year 2008-2009	\$1,220.2 million

SECTION 30.2.(c) Section 29.1 of S.L. 2003-284 is repealed.

Requested by: Representatives Cole, Gillespie

INSURE CASH-FLOW FUND AVAILABILITY

SECTION 30.3.(a) G.S. 136-176(a1) reads as rewritten:

"(a1) The Department shall use two hundred twenty million dollars (\$220,000,000) in fiscal year 2001-2002, two hundred twelve million dollars (\$212,000,000) in fiscal year 2002-2003, and two hundred fifty-five million dollars (\$255,000,000) in fiscal year 2003-2004 of the cash balance of the Highway Trust Fund for the following purposes:

- (1) For primary route pavement preservation. – One hundred seventy million dollars (\$170,000,000) in fiscal year 2001-2002, and one

1 hundred fifty million dollars (\$150,000,000) in each of the fiscal years
2 2002-2003 and 2003-2004. Up to ten percent (10%) of the amount for
3 each of the fiscal years 2001-2002, 2002-2003, and 2003-2004 is
4 available in that fiscal year, at the discretion of the Secretary of
5 Transportation, for:

6 a. Highway improvement projects that further economic growth
7 and development in small urban and rural areas, that are in the
8 Transportation Improvement Program, and that are individually
9 approved by the Board of Transportation; or

10 b. Highway improvements that further economic development in
11 the State and that are individually approved by the Board of
12 Transportation.

13 (2) For preliminary engineering costs not included in the current year
14 Transportation Improvement Program. – Fifteen million dollars
15 (\$15,000,000) in each of the fiscal years 2001-2002, 2002-2003, and
16 2003-2004.

17 (3) For computerized traffic signal systems and signal optimization
18 projects. – Fifteen million dollars (\$15,000,000) in each of the fiscal
19 years 2001-2002, 2002-2003, and 2003-2004.

20 (4) For public transportation twenty million dollars (\$20,000,000) in fiscal
21 year 2001-2002, twenty-five million dollars (\$25,000,000) in fiscal
22 year 2002-2003, and seventy-five million dollars (\$75,000,000) in
23 fiscal year 2003-2004.

24 (5) For small urban construction projects. – Seven million dollars
25 (\$7,000,000) in fiscal year 2002-2003.

26 Funds authorized for use by the Department pursuant to this subsection shall remain
27 available to the Department until expended."

28 **SECTION 30.3.(b)** G.S. 136-176 reads as rewritten:

29 "(a3) The Department may obligate three hundred million dollars (\$300,000,000)
30 in fiscal year 2003-2004 and four hundred million dollars (\$400,000,000) in fiscal year
31 2004-2005 of the cash balance of the Highway Trust Fund for the following purposes:

32 (1) Six hundred thirty million dollars (\$630,000,000) for highway system
33 preservation, modernization, and maintenance, including projects to
34 enhance safety, reduce congestion, improve traffic flow, reduce
35 accidents, upgrade pavement widths and shoulders, extend pavement
36 life, improve pavement smoothness, and rehabilitate or replace
37 deficient bridges; and for economic development transportation
38 projects recommended by local officials and approved by the Board of
39 Transportation.

40 (2) Seventy million dollars (\$70,000,000) for regional public transit
41 systems, rural and urban public transportation system facilities,
42 regional transportation and air quality initiatives, rail system track
43 improvements and equipment, and other ferry, bicycle, and pedestrian
44 improvements. For any project or program listed in this subdivision for

1 which the Department receives federal funds, use of funds pursuant to
 2 this subdivision shall be limited to matching those funds.

3 Funds authorized for obligation and use by the Department pursuant to this subsection
 4 shall remain available to the Department until expended."

5
 6 Requested by: Representatives Cole, Gillespie

7 **WESTERN NORTH CAROLINA PASSENGER RAIL SERVICE PROPERTY**
 8 **ACQUISITION**

9 **SECTION 30.4.** The Rail Division may use up to one million sixty-six
 10 thousand dollars (\$1,066,000) of the funds placed in the Western North Carolina
 11 Reserve created by Section 25.13 of S.L. 2000-67 for property acquisition and
 12 infrastructure improvements in the Biltmore Village area of Asheville to develop a
 13 terminus for western North Carolina passenger rail service.

14
 15 Requested by: Representative Sutton

16 **DEPARTMENT OF TRANSPORTATION MAY PAVE AREAS IN NORTH**
 17 **CAROLINA INDIAN CULTURE CENTER**

18 **SECTION 30.5.** The Department of Transportation may pave the
 19 appropriate areas inside the North Carolina Indian Culture Center.

20
 21 **PART XXXI. SALARIES AND EMPLOYEE BENEFITS**

22
 23 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
 24 Owens, Wright

25 **GOVERNOR AND COUNCIL OF STATE/SALARY INCREASES**

26 **SECTION 31.1.(a)** Section 30.1(a) of S.L. 2003-284 reads as rewritten:

27 "**SECTION 30.1.(a)** For the 2003-2004 ~~and 2004-2005 fiscal years,~~ fiscal year, the
 28 salary of the Governor shall remain the amount set by G.S. 147-11(a)."

29 **SECTION 31.1.(b)** Effective July 1, 2004, G.S. 147-11(a) reads as
 30 rewritten:

31 "(a) The salary of the Governor shall be ~~one hundred eighteen thousand four~~
 32 ~~hundred thirty dollars (\$118,430)~~ one hundred nineteen thousand four hundred thirty
 33 dollars (\$119,430) annually, payable monthly."

34 **SECTION 31.1.(c)** Section 30.1(b) of S.L. 2003-284 reads as rewritten:

35 "**SECTION 30.1.(b)** Effective ~~July 1, 2003,~~ July 1, 2004, the annual salaries for the
 36 members of the Council of State, payable monthly, for the ~~2003-2004 and 2004-2005~~
 37 ~~fiscal years-year~~ are:

Council of State	Annual Salary
Lieutenant Governor	\$ 104,523 <u>105,523</u>
Attorney General	104,523 <u>105,523</u>
Secretary of State	104,523 <u>105,523</u>
State Treasurer	104,523 <u>105,523</u>
State Auditor	104,523 <u>105,523</u>
Superintendent of Public Instruction	104,523 <u>105,523</u>

1	Agriculture Commissioner	104,523 <u>105,523</u>
2	Insurance Commissioner	104,523 <u>105,523</u>
3	Labor Commissioner	104,523 <u>105,523</u> "

4

5 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
6 Owens, Wright

7 **NONELECTED DEPARTMENT HEADS/SALARY INCREASES**

8 **SECTION 31.2** Section 30.2 of S.L. 2003-284 reads as rewritten:

9 **"SECTION 30.2.** In accordance with G.S. 143B-9, the maximum annual salaries,
10 payable monthly, for the nonelected heads of the principal State departments for the
11 ~~2003-2004 and 2004-2005~~ 2003-2004 and 2004-2005 fiscal years ~~year~~ year are:

12	Nonelected Department Heads	Annual Salary
13	Secretary of Administration	\$102,119 <u>103,119</u>
14	Secretary of Correction	102,119 <u>103,119</u>
15	Secretary of Crime Control and Public Safety	102,119 <u>103,119</u>
16	Secretary of Cultural Resources	102,119 <u>103,119</u>
17	Secretary of Commerce	102,119 <u>103,119</u>
18	Secretary of Environment and Natural Resources	102,119 <u>103,119</u>
19	Secretary of Health and Human Services	102,119 <u>103,119</u>
20	Secretary of Juvenile Justice and Delinquency Prevention	102,119 <u>103,119</u>
21	Secretary of Revenue	102,119 <u>103,119</u>
22	Secretary of Transportation	102,119 <u>103,119</u> "

23

24 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
25 Owens, Wright

26 **CERTAIN EXECUTIVE BRANCH OFFICIALS/SALARY INCREASES**

27 **SECTION 31.3** Section 30.3 of S.L. 2003-284 reads as rewritten:

28 **"SECTION 30.3.** The annual salaries, payable monthly, for the ~~2003-2004 and~~
29 ~~2004-2005~~ 2003-2004 and 2004-2005 fiscal years ~~year~~ year for the following executive branch officials are:

30	Executive Branch Officials	Annual Salary
31	Chairman, Alcoholic Beverage Control Commission	\$92,946 <u>\$93,946</u>
32	State Controller	130,078 <u>131,078</u>
33	Commissioner of Motor Vehicles	92,946 <u>93,946</u>
34	Commissioner of Banks	104,523 <u>105,523</u>
35	Chairman, Employment Security Commission	129,913 <u>130,913</u>
36	State Personnel Director	102,119 <u>103,119</u>
37	Chairman, Parole Commission	84,871 <u>85,871</u>
38	Members of the Parole Commission	78,356 <u>79,356</u>
39	Chairman, Utilities Commission	116,405 <u>117,405</u>
40	Members of the Utilities Commission	104,523 <u>105,523</u>
41	Executive Director, Agency for Public Telecommunications	78,356 <u>79,356</u>
42	Director, Museum of Art	95,240 <u>96,240</u>
43	Executive Director, North Carolina Agricultural Finance	
44	Authority	90,470 <u>91,470</u>

1 State Chief Information Officer 130,000 131,000"

2
3 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
4 Owens, Wright

5 **JUDICIAL BRANCH OFFICIALS/SALARY INCREASES**

6 **SECTION 31.4** Section 30.4 of S.L. 2003-284 reads as rewritten:

7 "**SECTION 30.4.(a)** The annual salaries, payable monthly, for specified judicial
8 branch officials for the ~~2003-2004 and 2004-2005~~ fiscal ~~years-year~~ are:

Judicial Branch Officials	Annual Salary
Chief Justice, Supreme Court	\$118,430 <u>\$119,430</u>
Associate Justice, Supreme Court	115,336 <u>116,336</u>
Chief Judge, Court of Appeals	112,452 <u>113,452</u>
Judge, Court of Appeals	110,530 <u>111,530</u>
Judge, Senior Regular Resident Superior Court	107,527 <u>108,527</u>
Judge, Superior Court	104,523 <u>105,523</u>
Chief Judge, District Court	94,912 <u>95,912</u>
Judge, District Court	91,909 <u>92,909</u>
Administrative Officer of the Courts	107,527 <u>108,527</u>
Assistant Administrative Officer of the Courts	98,216 <u>99,216</u>

9
10
11
12
13
14
15
16
17
18
19
20 "**SECTION 30.4.(b)** The district attorney or public defender of a judicial district,
21 with the approval of the Administrative Officer of the Courts or the Commission on
22 Indigent Defense Services, respectively, shall set the salaries of assistant district
23 attorneys or assistant public defenders, respectively, in that district such that the average
24 salaries of assistant district attorneys or assistant public defenders in that district do not
25 exceed ~~sixty thousand one hundred ninety one dollars (\$60,191)~~, sixty-one thousand
26 one hundred ninety-one dollars (\$61,191) and the minimum salary of any assistant
27 district attorney or assistant public defender is at least ~~thirty one thousand thirty five~~
28 ~~dollars (\$31,035)~~, thirty-two thousand thirty-five dollars (\$32,035) effective ~~July 1,~~
29 2003: July 1, 2004.

30 "**SECTION 30.4.(c)** Permanent, full-time employees of the Judicial Department,
31 whose salaries are not itemized in this Part, shall be awarded a compensation bonus for
32 the 2003-2004 fiscal year as authorized in this Part. Effective July 1, 2004, the salaries
33 of permanent, full-time employees of the Judicial Department whose salaries are not
34 itemized in this part shall be increased by eighty-three dollars and thirty-four cents
35 (\$83.34) per month.

36 "**SECTION 30.4.(d)** The salaries in effect for fiscal year 2004-2005 for all
37 permanent part-time employees of the Judicial Department shall be increased on or after
38 July 1, 2004, by pro rata amounts of the eighty-three dollars and thirty-four cents
39 (\$83.34) per month."

40
41 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
42 Owens, Wright

43 **CLERK OF SUPERIOR COURT/SALARY INCREASES**

44 **SECTION 31.5.(a)** Section 30.5 of S.L. 2003-284 reads as rewritten:

1 "SECTION 30.5. For the 2003-2004 and 2004-2005 fiscal years, fiscal year the
 2 compensation of clerks of superior court shall remain as set forth in G.S. 7A-101(a)."

3 SECTION 31.5.(b) Effective July 1, 2004, G.S. 7A-101(a) reads as
 4 rewritten:

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

Population	Annual Salary
Less than 100,000	\$69,911 <u>\$70,911</u>
100,000 to 149,999	78,452 <u>79,452</u>
150,000 to 249,999	86,994 <u>87,994</u>
250,000 and above	95,537. <u>96,537.</u>

14 The salary schedule in this subsection is intended to represent the following
 15 approximate percentage of the salary of a chief district court judge:

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

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

27 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
 28 Owens, Wright

29 **ASSISTANT AND DEPUTY CLERKS OF COURT/SALARY INCREASES**

30 SECTION 31.6.(a) Section 30.6 of S.L. 2003-284 reads as rewritten:

31 "SECTION 30.6. For the 2003-2004 and 2004-2005 fiscal years, fiscal year, the
 32 compensation of assistant and deputy clerks of superior court shall remain as set forth in
 33 G.S. 7A-102(c1), except that there shall be awarded to each clerk not receiving a
 34 statutory step increase a compensation bonus for the 2003-2004 fiscal year as authorized
 35 in this Part."

36 SECTION 31.6.(b) Effective July 1, 2004, G.S. 7A-102(c1) reads as
 37 rewritten:

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

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	\$26,515 <u>\$27,515</u>
Maximum	46,464 <u>47,464</u>

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44

Deputy Clerks	Annual Salary
Minimum	\$22,565 <u>\$23,565</u>
Maximum	35,934 <u>36,934.</u> "

Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady, Owens, Wright

MAGISTRATES' SALARY INCREASES

SECTION 31.7.(a) Section 30.7 of S.L. 2003-284 reads as rewritten:

"**SECTION 30.7.** For the 2003-2004 ~~and 2004-2005 fiscal years,~~ fiscal year, the compensation of magistrates shall remain as set forth in G.S. 7A-171.1, except that there shall be awarded to each magistrate not receiving a statutory step increase a compensation bonus for the 2003-2004 fiscal year as authorized in this Part."

SECTION 31.7.(b) Effective July 1, 2004, G.S. 7A-171.1 reads as rewritten:

"§ 7A-171.1. Duty hours, salary, and travel expenses within county.

(a) The Administrative Officer of the Courts, after consultation with the chief district judge and pursuant to the following provisions, shall set an annual salary for each magistrate.

- (1) A full-time magistrate shall be paid the annual salary indicated in the table set out in this subdivision. A full-time magistrate is a magistrate who is assigned to work an average of not less than 40 hours a week during the term of office. The Administrative Officer of the Courts shall designate whether a magistrate is full-time. Initial appointment shall be at the entry rate. A magistrate's salary shall increase to the next step every two years on the anniversary of the date the magistrate was originally appointed for increases to Steps 1 through 3, and every four years on the anniversary of the date the magistrate was originally appointed for increases to Steps 4 through 6.

Table of Salaries of Full-Time Magistrates

Step Level	Annual Salary
Entry Rate	\$26,889 <u>\$27,889</u>
Step 1	29,525 <u>30,525</u>
Step 2	32,393 <u>33,393</u>
Step 3	35,523 <u>36,523</u>
Step 4	38,952 <u>39,952</u>
Step 5	42,721 <u>43,721</u>
Step 6	46,864 <u>47,864</u>

- (2) A part-time magistrate is a magistrate who is assigned to work an average of less than 40 hours of work a week during the term, except that no magistrate shall be assigned an average of less than 10 hours of work a week during the term. A part-time magistrate is included, in

1 accordance with G.S. 7A-170, under the provisions of G.S. 135-1(10)
 2 and G.S. 135-40.2(a). The Administrative Officer of the Courts
 3 designates whether a magistrate is a part-time magistrate. A part-time
 4 magistrate shall receive an annual salary based on the following
 5 formula: The average number of hours a week that a part-time
 6 magistrate is assigned work during the term shall be multiplied by the
 7 annual salary payable to a full-time magistrate who has the same
 8 number of years of service prior to the beginning of that term as does
 9 the part-time magistrate and the product of that multiplication shall be
 10 divided by the number 40. The quotient shall be the annual salary
 11 payable to that part-time magistrate.

12 (3) Notwithstanding any other provision of this subsection, ~~an individual~~
 13 ~~who, when initially appointed as a full time magistrate, a magistrate~~
 14 ~~who is licensed to practice law in North Carolina, Carolina or any~~
 15 ~~other state shall receive the annual salary provided in the Table in~~
 16 ~~subdivision (1) of this subsection for Step 4. This magistrate's salary~~
 17 ~~shall increase to the next step every four years on the anniversary of~~
 18 ~~the date the magistrate was originally appointed. An individual who,~~
 19 ~~when initially appointed as a part time magistrate, is licensed to~~
 20 ~~practice law in North Carolina, shall be paid an annual salary based on~~
 21 ~~that for Step 4 and determined according to the formula in subdivision~~
 22 ~~(2) of this subsection. This magistrate's salary shall increase to the next~~
 23 ~~step every four years on the anniversary of the date the magistrate was~~
 24 ~~originally appointed. The salary of a full time magistrate who acquires~~
 25 ~~a license to practice law in North Carolina while holding the office of~~
 26 ~~magistrate and who at the time of acquiring the license is receiving a~~
 27 ~~salary at a level lower than Step 4 shall be adjusted to Step 4 and,~~
 28 ~~thereafter, shall advance in accordance with the Table's schedule. The~~
 29 ~~salary of a part time magistrate who acquires a license to practice law~~
 30 ~~in North Carolina while holding the office of magistrate and who at the~~
 31 ~~time of acquiring the license is receiving an annual salary as~~
 32 ~~determined by subdivision (2) of this subsection based on a salary~~
 33 ~~level lower than Step 4 shall be adjusted to a salary based on Step 4 in~~
 34 ~~the Table and, thereafter, shall advance in accordance with the~~
 35 ~~provision in subdivision (2) of this subsection.~~

36 (a1) Notwithstanding subsection (a) of this section, the following salary provisions
 37 apply to individuals who were serving as magistrates on June 30, 1994:

38 (1) The salaries of magistrates who on June 30, 1994, were paid at a salary
 39 level of less than five years of service under the table in effect that date
 40 shall be as follows:

41		
42	Less than 1 year of service	\$21,325 <u>\$22,325</u>
43	1 or more but less than 3 years of service	22,389 <u>23,389</u>
44	3 or more but less than 5 years of service	24,530. <u>25,530.</u>

Upon completion of five years of service, those magistrates shall receive the salary set as the Entry Rate in the table in subsection (a).

- (2) The salaries of magistrates who on June 30, 1994, were paid at a salary level of five or more years of service shall be based on the rates set out in subsection (a) as follows:

Salary Level on June 30, 1994	Salary Level on July 1, 1994
5 or more but less than 7 years of service	Entry Rate
7 or more but less than 9 years of service	Step 1
9 or more but less than 11 years of service	Step 2
11 or more years of service	Step 3

Thereafter, their salaries shall be set in accordance with the provisions in subsection (a).

- (3) The salaries of magistrates who are licensed to practice law in North Carolina shall be adjusted to the annual salary provided in the table in subsection (a) as Step 4, and, thereafter, their salaries shall be set in accordance with the provisions in subsection (a).

- (4) The salaries of "part-time magistrates" shall be set under the formula set out in subdivision (2) of subsection (a) but according to the rates set out in this subsection.

(a2) The Administrative Officer of the Courts shall provide magistrates with longevity pay at the same rates as are provided by the State to its employees subject to the State Personnel Act.

(b) Notwithstanding G.S. 138-6, a magistrate may not be reimbursed by the State for travel expenses incurred on official business within the county in which the magistrate resides."

Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady, Owens, Wright

GENERAL ASSEMBLY PRINCIPAL CLERKS

SECTION 31.8.(a) Section 30.8 of S.L. 2003-284 reads as rewritten:

"SECTION 30.8. For the 2003-2004 ~~and 2004-2005~~ fiscal years, fiscal year, the compensation of General Assembly principal clerks shall remain as set forth in G.S. 120-37, except that there shall be awarded a compensation bonus for the 2003-2004 fiscal year as authorized in this Part."

SECTION 31.8.(b) Effective July 1, 2004, 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-eight thousand three hundred six dollars (\$88,306)~~ eighty-nine thousand three hundred six dollars (\$89,306), payable monthly. The Legislative Services Commission shall review the salary of the principal clerks prior to

1 submission of the proposed operating budget of the General Assembly to the Governor
2 and Advisory Budget Commission and shall make appropriate recommendations for
3 changes in those salaries. Any changes enacted by the General Assembly shall be by
4 amendment to this paragraph."
5

6 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
7 Owens, Wright

8 **SERGEANT-AT-ARMS AND READING CLERKS**

9 **SECTION 31.9.(a)** Section 30.9 of S.L. 2003-284 reads as rewritten:

10 "SECTION 30.9. For the 2003-2004 ~~and 2004-2005 fiscal years,~~ fiscal year, the
11 compensation of General Assembly sergeant-at-arms and reading clerks shall remain as
12 set forth in G.S. 120-37."

13 **SECTION 31.9.(b)** Effective July 1, 2004, G.S. 120-37(b) reads as
14 rewritten:

15 "(b) The sergeant-at-arms and the reading clerk in each house shall be paid a
16 salary of ~~two hundred ninety two dollars (\$292.00)~~ three hundred eleven dollars
17 (\$311.00) per week plus subsistence at the same daily rate provided for members of the
18 General Assembly, plus mileage at the rate provided for members of the General
19 Assembly for one round trip only from their homes to Raleigh and return. The
20 sergeants-at-arms shall serve during sessions of the General Assembly and at such time
21 prior to the convening of, and subsequent to adjournment or recess of, sessions as may
22 be authorized by the Legislative Services Commission. The reading clerks shall serve
23 during sessions only."
24

25 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
26 Owens, Wright

27 **LEGISLATIVE EMPLOYEES**

28 **SECTION 31.10.** Effective July 1, 2004, the Legislative Services Officer
29 shall increase the salaries of nonelected employees of the General Assembly in effect
30 for fiscal year 2003-2004 by eighty-three dollars and thirty-four cents (\$83.34) per
31 month. Nothing in this act limits any of the provisions of G.S. 120-32.
32

33 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
34 Owens, Wright

35 **COMMUNITY COLLEGE PERSONNEL**

36 **SECTION 31.11.** The Director of the Budget shall transfer to the North
37 Carolina Community College System Office from the Reserve for Compensation
38 Increases created in this act for fiscal year 2004-2005 funds necessary to provide an
39 annual salary increase of eighty-three dollars and thirty-four cents (\$83.34) per month,
40 including funds for the employer's retirement and social security contributions,
41 commencing July 1, 2004, for all permanent full-time community college institutional
42 personnel supported by State funds.
43

1 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
2 Owens, Wright

3 **UNIVERSITY OF NORTH CAROLINA SYSTEM/EPA COMPENSATION**

4 **SECTION 31.12.** The Director of the Budget shall transfer to the Board of
5 Governors of The University of North Carolina sufficient funds from the Reserve for
6 Compensation Increases, created in this act for fiscal year 2004-2005, to provide an
7 annual salary increase of eighty-three dollars and thirty-four cents (\$83.34) per month,
8 including funds for the employer's retirement and social security contributions,
9 commencing July 1, 2004, for all employees of The University of North Carolina, as
10 well as employees other than teachers of the North Carolina School of Science and
11 Mathematics, supported by State funds and whose salaries are exempt from the State
12 Personnel Act (EPA).

13
14 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
15 Owens, Wright

16 **MOST STATE EMPLOYEES**

17 **SECTION 31.13.** Section 30.13 of S.L. 2003-284 reads as rewritten:

18 **"SECTION 30.13.(a)** The salaries in effect June 30, 2003, of all permanent
19 full-time State employees whose salaries are set in accordance with the State Personnel
20 Act, and who are paid from the General Fund or the Highway Fund shall remain in
21 effect for the 2003-2004 ~~and 2004-2005 fiscal years, fiscal year,~~ and there shall be
22 awarded a compensation bonus for the 2003-2004 fiscal year as authorized in this Part.
23 Effective July 1, 2004, the salaries of all permanent full-time State employees whose
24 salaries are set in accordance with the State Personnel Act, and who are paid from the
25 General Fund or the Highway Fund shall be increased by eighty-three dollars and
26 thirty-four cents (\$83.34) per month, unless otherwise provided by this act.

27 **"SECTION 30.13.(b)** Except as otherwise provided in this act, the compensation of
28 permanent full-time State officials and persons in exempt positions that are
29 recommended by the Governor or the Governor and the Advisory Budget Commission
30 and set by the General Assembly shall remain in effect, and there shall be awarded a
31 compensation bonus for the 2003-2004 fiscal year as authorized in this Part. Effective
32 July 1, 2004, the compensation of permanent full-time State officials and persons in
33 exempt positions that are recommended by the Governor or the Governor and the
34 Advisory Budget Commission and set by the General Assembly shall be increased by
35 eighty-three dollars and thirty-four cents (\$83.34) per month, unless otherwise provided
36 by this act.

37 **"SECTION 30.13.(c)** ~~The~~ For the 2003-2004 fiscal year, the salaries of all
38 permanent part-time State employees shall remain in effect, and there shall be awarded
39 a compensation bonus for the 2003-2004 fiscal year as authorized in this Part. The
40 salaries in effect for fiscal year 2004-2005 for all permanent part-time State employees
41 shall be increased on or after July 1, 2004, by pro rata amounts of the eighty-three
42 dollars and thirty-four cents (\$83.34) per month.

43 **"SECTION 30.13.(d)** The Director of the Budget may allocate out of special
44 operating funds or from other sources of the employing agency, except tax revenues,

1 sufficient funds for salaries in accordance with subsection (a), (b), or (c) of this section
2 including funds for the employer's retirement and social security contributions, for the
3 permanent full-time and part-time employees of the agency, provided the employing
4 agency elects to make available the necessary funds.

5 "SECTION 30.13.(e) Within regular Executive Budget Act procedures as limited
6 by this act, all State agencies and departments may increase on an equitable basis the
7 rate of pay of temporary and permanent hourly State employees, subject to availability
8 of funds in the particular agency or department, by pro rata amounts of the eighty-three
9 dollars and thirty-four cents (\$83.34) per month salary increase provided for permanent
10 full-time employees covered by the provisions of subsection (a) of this section,
11 commencing July 1, 2004."

12
13 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
14 Owens, Wright

15 **ALL STATE-SUPPORTED PERSONNEL**

16 **SECTION 31.14.** Section 30.14 of S.L. 2003-284 reads as rewritten:

17 **"SECTION 30.14.(a)** Salaries and related benefits for positions that are funded
18 partially from the General Fund or Highway Fund and partially from sources other than
19 the General Fund or Highway Fund shall remain in effect and be paid from the General
20 Fund or Highway Fund appropriation only to the extent of the proportionate part of the
21 salaries paid from the General Fund or Highway Fund.

22 "SECTION 30.14.(a1) Effective July 1, 2004, salaries and related benefits for
23 positions that are funded partially from the General Fund or Highway Fund and partially
24 from sources other than the General Fund or Highway Fund shall be increased from the
25 General Fund or Highway Fund appropriation only to the extent of the proportionate
26 part of the salaries paid from the General Fund or Highway Fund.

27 **"SECTION 30.14.(b)** The salaries authorized under this act do not affect the status
28 of eligibility for salary increments for which employees may be eligible unless
29 otherwise required by this act.

30 **"SECTION 30.14.(c)** The compensation bonuses do not apply to persons separated
31 from State service due to resignation, dismissal, reduction in force, death, or retirement,
32 or whose last workday is prior to October 1, 2003. The salary increases provided by this
33 Part are to be effective July 1, 2004, and do not apply to persons separated from State
34 service due to resignation, dismissal, reduction-in-force, death, or retirement, whose last
35 work day is prior to July 1, 2004. This subsection shall apply to all employees, subject
36 to or exempt from the State Personnel Act, paid from State funds, including public
37 schools, community colleges, and The University of North Carolina.

38 **"SECTION 30.14.(d)** The Director of the Budget shall transfer from the Reserve
39 for Compensation Increases in this act for fiscal year 2003-2004 and fiscal year
40 2004-2005 all funds necessary for the compensation increases provided by this act,
41 including funds for the employer's retirement and social security contributions.

42 **"SECTION 30.14.(e)** Nothing in this act authorizes the transfer of funds between
43 the General Fund and the Highway Fund for salary increases.

1 **"SECTION 30.14.(f)** Notwithstanding any other provision of this part, except
2 Section 31.9.(b), permanent full-time personnel shall not receive an annual increase of
3 less than one thousand dollars (\$1,000)."
4

5 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
6 Owens, Wright

7 **HOUSING FINANCE DIRECTOR**

8 **SECTION 31.15.(a)** G.S. 122A-4(f) reads as rewritten:

9 "(f) The Governor shall designate from among the members of the Board a
10 chairman and a vice-chairman. The terms of the chairman and vice-chairman shall
11 extend to the earlier of either two years or the date of expiration of their then current
12 terms as members of the Board of Directors of the Agency. The Agency shall exercise
13 all of its prescribed statutory powers independently of any principal State Department
14 except as described in this Chapter. The Executive Director of the Agency shall be
15 appointed by the Board of Directors, subject to approval by the Governor. All staff and
16 employees of the Agency shall be appointed by the Executive Director, subject to
17 approval by the Board of Directors; shall be eligible for participation in the State
18 Employees' Retirement System; and shall be exempt from the provisions of the State
19 Personnel Act. All employees other than the Executive Director shall be compensated in
20 accordance with the salary schedules adopted pursuant to the State Personnel Act. The
21 salary of the Executive Director shall be fixed by the ~~General Assembly in the Current~~
22 ~~Operations Appropriations Act.~~ Board of Directors. The salary of the Executive
23 Director and all staff and employees of the Agency shall not be subject to any
24 limitations imposed pursuant to any salary schedule adopted pursuant to the terms of the
25 State Personnel Act. The Board of Directors shall, subject to the approval of the
26 Governor, elect and prescribe the duties of any other officers it finds necessary or
27 advisable, and the ~~General Assembly~~ Board of Directors shall fix the compensation of
28 these ~~officers in the Current Operations Appropriations Act.~~ officers. The books and
29 records of the Agency shall be maintained by the Agency and shall be subject to
30 periodic review and audit by the State.

31 No part of the revenues or assets of the Agency shall inure to the benefit of or be
32 distributable to its members or officers or other private persons. The members of the
33 Agency shall receive no compensation for their services but shall be entitled to receive,
34 from funds of the Agency, for attendance at meetings of the Agency or any committee
35 thereof and for other services for the Agency reimbursement for such actual expenses as
36 may be incurred for travel and subsistence in the performance of official duties and such
37 per diem as is allowed by law for members of other State boards, commissions and
38 committees.

39 The Executive Director shall administer, manage and direct the affairs and business
40 of the Agency, subject to the policies, control and direction of the members of the
41 Agency Board of Directors. The Secretary of the Agency shall keep a record of the
42 proceedings of the Agency and shall be custodian of all books, documents and papers
43 filed with the Agency, the minute book or journal of the Agency and its official seal.
44 The Secretary may have copies made of all minutes and other records and documents of

1 the Agency and may give certificates under the official seal of the Agency to the effect
2 that such copies are true copies, and all persons dealing with the Agency may rely upon
3 such certificates. Seven members of the Board of Directors of the Agency shall
4 constitute a quorum and the affirmative vote of a majority of the members present at a
5 meeting of the Board of Directors duly called and held shall be necessary for any action
6 taken by the Board of Directors of the Agency, except adjournment; provided, however,
7 that the Board of Directors may appoint an executive committee to act in behalf of said
8 Board during the period between regular meetings of said Board, and said committee
9 shall have full power to act upon the vote of a majority of its members. No vacancy in
10 the membership of the Agency shall impair the rights of a quorum to exercise all the
11 rights and to perform all the duties of the Agency."

12 **SECTION 31.15.(b)** The salary of the Executive Director of the North
13 Carolina Housing Finance Agency, as fixed by the General Assembly in Section 30.3 of
14 S.L. 2003-284, shall remain in effect until the Board of Directors fixes the Director's
15 compensation as authorized by this act.

16
17 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
18 Owens, Wright

19 **SALARY ADJUSTMENT FUND**

20 **SECTION 31.16.(a)** Up to five million dollars (\$5,000,000) in any
21 remaining appropriations in the Reserve for Compensation Increases authorized for
22 employee salary increases not required for that purpose may be used to supplement the
23 Salary Adjustment Fund. Funds transferred to the Salary Adjustment Fund under this
24 act shall be used to fund agency requests for the following purposes:

- 25 (1) Salary range revisions to provide competitive salary rates for affected
26 job classifications in response to changes in labor market salary rates
27 as documented through data collection and analysis according to
28 accepted human resource professional practices and standards.
- 29 (2) Reallocation of positions to higher-level job classifications to
30 compensate employees for more difficult duties at competitive salary
31 rates as documented through data collection and analysis according to
32 accepted human resource professional practices and standards.

33 Priority funding shall be given to those salary range revisions and reallocations already
34 approved. The Office of State Budget and Management shall report to the Joint
35 Legislative Commission on Governmental Operations prior to the allocation of any
36 salary adjustment funds for any State agency.

37 **SECTION 31.16.(b)** The Judicial Department is eligible for the funding
38 authorized in subsection (a) of this section.

39 **SECTION 31.16.(c)** Notwithstanding subdivisions (a)(1) and (a)(2) of
40 subsection (a) of this section, of the funds transferred under that subsection the sum of
41 fifteen thousand two hundred dollars (\$15,200) shall be used to fund in-range salary
42 adjustments for Department of Environment and Natural Resources, Division of Water
43 Quality employees who are employed in the Hydrogeological Drilling Technician I and
44 the Hydrogeological Drilling Technician II job classifications. The funds shall be used

1 to provide in-range salary adjustments to these employees in an amount up to ten
2 percent (10%) of an eligible employee's current annual salary. Employee eligibility for
3 an in-range salary adjustment authorized under this section shall be administered
4 according to the in-range adjustment polices and guidelines adopted in the State
5 Personnel Manual by the State Personnel Commission.

6
7 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
8 Owens, Wright

9 **RETIREMENT SYSTEM COLAS**

10 **SECTION 31.17.(a)** G.S. 135-5 is amended by adding a new subsection to
11 read:

12 "(mmm) From and after July 1, 2004, the retirement allowance to or on account of
13 beneficiaries whose retirement commenced on or before July 1, 2003, shall be increased
14 by one and thirty-two hundredths percent (1.32%) of the allowance payable on June 1,
15 2004, in accordance with G.S. 135-5(o). Furthermore, from and after July 1, 2004, the
16 retirement allowance to or on account of beneficiaries whose retirement commenced
17 after July 1, 2003, but before June 30, 2004, shall be increased by a prorated amount of
18 one and thirty-two hundredths percent (1.32%) of the allowance payable as determined
19 by the Board of Trustees based upon the number of months that a retirement allowance
20 was paid between July 1, 2003, and June 30, 2004."

21 **SECTION 31.17.(b)** G.S. 135-65 is amended by adding a new subsection to
22 read:

23 "(y) From and after July 1, 2004, the retirement allowance to or on account of
24 beneficiaries whose retirement commenced on or before July 1, 2003, shall be increased
25 by three-tenths percent (0.3%) of the allowance payable on June 1, 2004, in accordance
26 with G.S. 135-5(o). Furthermore, from and after July 1, 2004, the retirement allowance
27 to or on account of beneficiaries whose retirement commenced after July 1, 2003, but
28 before June 30, 2004, shall be increased by a prorated amount of three-tenths percent
29 (0.3%) of the allowance payable as determined by the Board of Trustees based upon the
30 number of months that a retirement allowance was paid between July 1, 2003, and June
31 30, 2004."

32 **SECTION 31.17.(c)** G.S. 120-4.22A is amended by adding a new subsection
33 to read:

34 "(s) From and after July 1, 2004, the retirement allowance to or on account of
35 beneficiaries whose retirement commenced on or before January 1, 2004, shall be
36 increased by one and thirty-two hundredths percent (1.32%) of the allowance payable
37 on June 1, 2004, in accordance with G.S. 135-5(o). Furthermore, from and after July 1,
38 2004, the retirement allowance to or on account of beneficiaries whose retirement
39 commenced after January 1, 2004, but before June 30, 2004, shall be increased by a
40 prorated amount of one and thirty-two hundredths percent (1.32%) of the allowance
41 payable as determined by the Board of Trustees based upon the number of months that a
42 retirement allowance was paid between January 1, 2004, and June 30, 2004."

1 **SECTION 31.17.(d)** The increases provided for in this section are granted to
2 the extent of available actuarial gains that were generated within each retirement system
3 for the 2004-2005 fiscal year only.

4
5 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
6 Owens, Wright, A. Williams

7 **INCREASE MONTHLY PENSION FOR MEMBERS OF THE FIREMEN'S AND**
8 **RESCUE SQUAD WORKERS' PENSION FUND**

9 **SECTION 31.18.** G.S. 58-86-55 reads as rewritten:

10 **"§ 58-86-55. Monthly pensions upon retirement.**

11 Any member who has served 20 years as an "eligible fireman" or "eligible rescue
12 squad worker" in the State of North Carolina, as provided in G.S. 58-86-25 and
13 G.S. 58-86-30, and who has attained the age of 55 years is entitled to be paid a monthly
14 pension from this fund. The monthly pension shall be in the amount of ~~one hundred~~
15 ~~fifty eight dollars (\$158.00)~~ one hundred sixty dollars (\$160.00) per month. Any retired
16 fireman receiving a pension shall, effective ~~July 1, 2003,~~ July 1, 2004, receive a pension
17 of ~~one hundred fifty eight dollars (\$158.00)~~ one hundred sixty dollars (\$160.00) per
18 month.

19 Members shall pay ten dollars (\$10.00) per month as required by G.S. 58-86-35 and
20 G.S. 58-86-40 for a period of no longer than 20 years. No "eligible rescue squad
21 member" shall receive a pension prior to July 1, 1983. No member shall be entitled to a
22 pension hereunder until the member's official duties as a fireman or rescue squad
23 worker for which the member is paid compensation shall have been terminated and the
24 member shall have retired as such according to standards or rules fixed by the board of
25 trustees.

26 A member who is totally and permanently disabled while in the discharge of the
27 member's official duties as a result of bodily injuries sustained or as a result of extreme
28 exercise or extreme activity experienced in the course and scope of those official duties
29 and who leaves the fire or rescue squad service because of this disability shall be
30 entitled to be paid from the fund a monthly benefit in an amount of ~~one hundred~~
31 ~~fifty eight dollars (\$158.00)~~ one hundred sixty dollars (\$160.00) per month beginning
32 the first month after the member's fifty-fifth birthday. All applications for disability are
33 subject to the approval of the board who may appoint physicians to examine and
34 evaluate the disabled member prior to approval of the application, and annually
35 thereafter. Any disabled member shall not be required to make the monthly payment of
36 ten dollars (\$10.00) as required by G.S. 58-86-35 and G.S. 58-86-40.

37 A member who is totally and permanently disabled for any cause, other than line of
38 duty, who leaves the fire or rescue squad service because of this disability and who has
39 at least 10 years of service with the pension fund, may be permitted to continue making
40 a monthly contribution of ten dollars (\$10.00) to the fund until the member has made
41 contributions for a total of 240 months. The member shall upon attaining the age of 55
42 years be entitled to receive a pension as provided by this section. All applications for
43 disability are subject to the approval of the board who may appoint physicians to

1 examine and evaluate the disabled member prior to approval of the application and
2 annually thereafter.

3 A member who, because his residence is annexed by a city under Part 2 or Part 3 of
4 Article 4 of Chapter 160A of the General Statutes, or whose department is closed
5 because of an annexation by a city under Part 2 or Part 3 of Article 4 of Chapter 160A
6 of the General Statutes, or whose volunteer department is taken over by a city or county,
7 and because of such annexation or takeover is unable to perform as a fireman or rescue
8 squad worker of any status, and if the member has at least 10 years of service with the
9 pension fund, may be permitted to continue making a monthly contribution of ten
10 dollars (\$10.00) to the fund until the member has made contributions for a total of 240
11 months. The member upon attaining the age of 55 years and completion of such
12 contributions shall be entitled to receive a pension as provided by this section. Any
13 application to make monthly contributions under this section shall be subject to a
14 finding of eligibility by the Board of Trustees upon application of the member.

15 The pensions provided shall be in addition to all other pensions or benefits under any
16 other statutes of the State of North Carolina or the United States, notwithstanding any
17 exclusionary provisions of other pensions or retirement systems provided by law."
18

19 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
20 Owens, Wright

21 **RETIREE HEALTH BENEFIT FUND**

22 **SECTION 31.20.(a)** G.S. 135-7 reads as rewritten:

23 **"§ 135-7. Management of funds.**

24 (a) Vested in Board of Trustees. – The Board of Trustees shall be the trustee of
25 the several funds created by this Chapter as provided in this section and in G.S. 135-8.

26 (b) Regular Interest Allowance. – The Board of Trustees annually shall allow
27 regular interest on the mean amount for the preceding year in each of the funds with the
28 exception of the expense fund. The amounts so allowed shall be due and payable to said
29 funds, and shall be annually credited thereto by the Board of Trustees from interest and
30 other earnings on the moneys of the Retirement System. Any additional amount
31 required to meet the interest on the funds of the Retirement System shall be paid from
32 the pension accumulation fund, and any excess of earnings over such amount required
33 shall be paid to the pension accumulation fund. Regular interest shall mean such per
34 centum rate to be compounded annually as shall be determined by the Board of Trustees
35 on the basis of the interest earnings of the System for the preceding year and of the
36 probable earnings to be made, in the judgment of the Board, during the immediate
37 future, such rate to be limited to a minimum of three per centum (3%) and a maximum
38 of four per centum (4%), with the latter rate applicable during the first year of operation
39 of the Retirement System.

40 (c) Custodian of Funds; Disbursements; Bond of Director. – The State Treasurer
41 shall be the custodian of the several funds and shall invest their assets in accordance
42 with the provisions of G.S. 147-69.2 and 147-69.3.

43 (d) Deposits to Meet Disbursements. – For the purpose of meeting disbursements
44 for pensions, annuities and other payments there may be kept available cash, not

1 exceeding ten per centum (10%) of the total amount in the several funds of the
2 Retirement System, on deposit with the State Treasurer of North Carolina.

3 (e) Personal Profit or Acting as Surety Prohibited. – Except as otherwise herein
4 provided, no trustee and no employee of the Board of Trustees shall have any direct
5 interest in the gains or profits of any investment made by the Board of Trustees, nor as
6 such receive any pay or emolument for his service. No trustee or employee of the Board
7 shall, directly or indirectly, for himself or as an agent in any manner use the same,
8 except to make such current and necessary payments as are authorized by the Board of
9 Trustees; nor shall any trustee or employee of the Board of Trustees become an endorser
10 or surety or in any manner an obligor for moneys loaned or borrowed from the Board of
11 Trustees.

12 (f) Retiree Health Benefit Fund. – The Retiree Health Benefit Fund is established
13 as a fund in which accumulated contributions from employers and any earnings on those
14 contributions shall be used to provide health benefits to retired and disabled employees
15 and their applicable beneficiaries as provided by this Chapter. The Retiree Health
16 Benefit Fund shall be administered in accordance with the provisions of subsection (a)
17 of this section. Employer contributions to the Fund are irrevocable. The assets of the
18 Fund are dedicated to providing health benefits to retired and disabled employees and
19 their applicable beneficiaries as provided by this Chapter and are not subject to the
20 claims of creditors of the employers making contributions to the Fund."

21 **SECTION 31.20.(b)** The assets contained in the Department of State
22 Treasurer's Retirees Clearing Account (Code 19342) and the Department of State
23 Treasurer's Reserve for Retirement Health Premiums (Code 19942) at the end of June
24 30, 2004, shall be deposited into the Retiree Health Benefit Fund created by this section
25 on July 1, 2004.

26
27 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
28 Owens, Wright

29 **EMPLOYEES OF NORTH CAROLINA SYMPHONY SOCIETY, INC., UNDER**
30 **STATE HEALTH PLAN**

31 **SECTION 31.21.(a)** G.S. 135-40.1(6) reads as rewritten:

32 "(6) Employing Unit. – A North Carolina School System; Community
33 College; State Department, Agency or Institution; Administrative
34 Office of the Courts; or Association or Examining Board whose
35 employees are eligible for membership in a State-Supported
36 Retirement System. An employing unit also shall mean a charter
37 school in accordance with Part 6A of Chapter 115C of the General
38 Statutes whose board of directors elects to become a participating
39 employer in the Plan under G.S.135-40.3A. Bona fide fire
40 departments, rescue or emergency medical service squads, and
41 national guard units are deemed to be employing units for the purpose
42 of providing benefits under this Article. The North Carolina
43 Symphony Society, Inc., is deemed to be an employing unit for the
44 purpose of providing benefits under this Article."

1 **SECTION 31.21.(b)** G.S. 135-40.2(a2) reads as rewritten:

2 "(a2) The following persons are eligible for coverage under the Plan on a partially
3 contributory basis, subject to the provisions of G.S. 130-40.3.

4 (1) A school employee in a job-sharing position as defined in
5 ~~G.S. 115C-302.2(b) shall be eligible for coverage under the Plan, on a~~
6 ~~partially contributory basis, subject to the provisions of~~
7 ~~G.S. 135-40.3.~~G.S. 115C-302.2(b). If these employees elect to
8 participate in the Plan, the employing unit shall pay fifty percent
9 (50%) of the Plan's total noncontributory premiums. Individual
10 employees shall pay the balance of the total noncontributory premiums
11 not paid by the employing unit.

12 (2) Employees of the North Carolina Symphony Society, Inc., their
13 eligible spouses, and eligible dependent children."

14 **SECTION 31.21.(c)** This section becomes effective July 1, 2004.

15
16 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
17 Owens, Wright, Nye

18 **STATE HEALTH PLAN PRESCRIPTION DRUG PROGRAM**

19 **SECTION 31.22.** If the Executive Administrator of the Teachers' and State
20 Employees' Comprehensive Major Medical Plan develops a prescription drug program
21 other than the prescription drug program in effect on May 10, 2004, the newly
22 developed prescription drug program shall provide Plan members access to pharmacies
23 located in and throughout the State and shall encourage the use of generic drugs. The
24 Executive Administrator shall not implement the new prescription drug program until it
25 has been approved by the General Assembly.

26
27 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
28 Owens, Wright

29 **PREFERRED PROVIDERS OF EMERGENCY MEDICAL CARE**

30 **SECTION 31.23.** G.S. 135-40.8(e) reads as rewritten:

31 "(e) Where qualified ~~out-of-state~~ preferred providers of medical care are not
32 reasonably available in medical emergencies, the Plan pays the amounts covered by
33 subsection (a) of this section. Any amount of charges for services under this section that
34 exceeds the amount allowed by the Plan for the services of qualified preferred providers
35 under this section shall be negotiated between the Plan and the provider of medical
36 services, and the Plan shall ensure that the Plan member is not held financially
37 responsible for the amount of these excess charges. ~~If a Plan member is not capable of~~
38 ~~making a decision about choosing an in-State qualified preferred provider and~~
39 ~~emergency services personnel transport the Plan member to a provider outside of the~~
40 ~~Plan network, then the coverage under this subsection shall apply.~~ As used in this
41 section, a "medical emergency" is the sudden and unexpected onset of a condition
42 manifesting itself by acute symptoms of sufficient severity that, in the absence of
43 immediate medical care, could imminently result in injury or danger to self or others."

1 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
 2 Owens, Wright

3 **TRICARE SUPPLEMENTAL HEALTH INSURANCE**

4 **SECTION 31.24.(a)** In lieu of the maximum annual employer contributions
 5 to the Teachers' and State Employees' Comprehensive Major Medical Plan authorized in
 6 Section 30.16(e) of S.L. 2003-284, employers, including the State Retirement Systems,
 7 may make contributions, payable monthly, each monthly payment not to exceed
 8 sixty-three dollars and fifty cents (\$63.50), on behalf of each covered employee or
 9 retired employee to sponsors of TRICARE Supplemental Health Insurance programs for
 10 employees or retired employees who elect to be covered by the TRICARE Military
 11 Health System's standard benefit option and who elect not to be covered by the
 12 Teachers' and State Employees' Comprehensive Major Medical Plan.

13 **SECTION 31.24.(b)** This section becomes effective January 1, 2005.

14
 15 **PART XXXII. CAPITAL APPROPRIATIONS**

16
 17 Requested by: Representatives Baker, Clary, Crawford, Earle, Grady, Owens,
 18 Sherrill, Wright

19 **CAPITAL APPROPRIATIONS/GENERAL FUND**

20 **SECTION 32.1.** There is appropriated from the General Fund for the
 21 2004-2005 fiscal year the following amount for capital improvements:

	2004-2005
Department of Environment and Natural Resources	
Water Resources Development Projects	\$22,492,000
Department of Commerce – State Ports Authority	
Replacement of Port of Wilmington Crane Rail	\$2,000,000
TOTAL CAPITAL APPROPRIATION	\$24,492,000

30
 31 Requested by: Representatives Baker, Clary, Crawford, Earle, Grady, Owens,
 32 Sherrill, Wright

33 **WATER RESOURCES DEVELOPMENT PROJECT FUNDS**

34 **SECTION 32.2.(a)** The Department of Environment and Natural Resources
 35 shall allocate the funds appropriated in this act for water resources development projects
 36 to the following projects whose costs are as indicated:

Name of Project	2004-2005
(1) Wilmington Harbor Deepening	\$9,300,000
(2) Morehead City Harbor Maintenance	1,000,000
(3) Manteo (Shallowbag) Bay Channel Maintenance	2,000,000
(4) B. Everett Jordan Water Supply Storage	100,000
(5) John H. Kerr Reservoir Operations Evaluation	600,000

1	(6)	Beaufort Harbor Maintenance Dredging (Carteret County)	80,000
2	(7)	Bogue Banks Shore Protection Study (Carteret County)	129,000
3	(8)	Surf City/North Topsail Beach Protection Study	350,000
4	(9)	West Onslow Beach (Topsail)	117,000
5	(10)	Swan Quarter (Hyde County) Flood Control Dikes	100,000
6	(11)	Hurricane Isabel Emergency Stream Cleanup – NE NC	2,000,000
7	(12)	Cape Fear River Basin Water Management Study	161,000
8	(13)	State Local Projects	2,339,000
9	(14)	Lower Lockwoods Folly Dredging	336,000
10	(15)	Currituck Sound Water Management Study	210,000
11	(16)	Aquatic Weed Control, Lake Gaston and Statewide	275,000
12	(17)	Deep Creek (Yadkin County) Water Management	2,000,000
13	(18)	Neuse River Basin Feasibility Study	400,000
14	(19)	Environmental Restoration Projects	700,000
15	(20)	Projected Feasibility Studies	200,000
16	(21)	Planning Assistance to Communities	95,000
17	TOTAL		\$22,492,000

18
 19 **SECTION 31.2.(b)** Where the actual costs are different from the estimated
 20 costs under subsection (a) of this section, the Department may adjust the allocations
 21 among projects as needed. If any projects funded under subsection (a) of this section
 22 are delayed and the budgeted State funds cannot be used during the 2004-2005 fiscal
 23 year, or if the projects funded under subsection (a) of this section are accomplished at a
 24 lower cost, the Department may use the resulting fund availability to fund any of the
 25 following:

- 26 (1) Corps of Engineers project feasibility studies.
- 27 (2) Corps of Engineers projects whose schedules have advanced and
 28 require State-matching funds in fiscal year 2004-2005.
- 29 (3) State-local water resources development projects.

30 Funds not expended or encumbered for these purposes shall revert to the General Fund
 31 at the end of the 2005-2006 fiscal year.

32 **SECTION 31.2.(c)** The Department shall make quarterly reports on the use
 33 of these funds to the Joint Legislative Commission on Governmental Operations, the
 34 Fiscal Research Division, and the Office of State Budget and Management. Each report
 35 shall include all of the following:

- 36 (1) All projects listed in this section.
- 37 (2) The estimated cost of each project.
- 38 (3) The date that work on each project began or is expected to begin.
- 39 (4) The date that work on each project was completed or is expected to be
 40 completed.
- 41 (5) The actual cost of each project.

42 The quarterly reports shall also show those projects advanced in schedule,
 43 those projects delayed in schedule, and an estimate of the amount of funds expected to
 44 revert to the General Fund.

1 **SECTION 31.2.(d)** Notwithstanding G.S. 143-23, if additional federal funds
2 that require a State match are received for water resources projects or for beach
3 renourishment projects for the 2004-2005 fiscal year, the Director of the Budget may,
4 after consultation with the Joint Legislative Commission on Governmental Operations,
5 transfer funds from General Fund appropriations to match the federal funds.

6
7 **PART XXXIII. MISCELLANEOUS PROVISIONS**

8
9 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
10 Owens, Wright

11 **EXECUTIVE BUDGET ACT APPLIES**

12 **SECTION 33.1.** The provisions of the Executive Budget Act, Chapter 143,
13 Article 1 of the General Statutes, are reenacted and shall remain in full force and effect
14 and are incorporated in this act by reference.

15
16 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
17 Owens, Wright

18 **COMMITTEE REPORT**

19 **SECTION 33.2.(a)** The House Appropriations Committee Report on the
20 Continuation, Expansion and Capital Budgets, dated June 4, 2004, which was
21 distributed in the House of Representatives and used to explain this act, shall indicate
22 action by the General Assembly on this act and shall therefore be used to construe this
23 act, as provided in G.S. 143-15 of the Executive Budget Act, and for these purposes
24 shall be considered a part of this act and as such shall be printed as a part of the Session
25 Laws.

26 **SECTION 33.2.(b)** The budget enacted by the General Assembly for the
27 maintenance of the various departments, institutions, and other spending agencies of the
28 State for the 2004-2005 fiscal year is a line-item budget, in accordance with the Budget
29 Code Structure and the State Accounting System Uniform Chart of Accounts set out in
30 the Administrative Policies and Procedures Manual of the Office of the State Controller.
31 This budget includes the appropriations made from all sources including the General
32 Fund, Highway Fund, special funds, cash balances, federal receipts, and departmental
33 receipts.

34 The General Assembly amended the requested adjustments to the budgets
35 submitted to the General Assembly by the Director of the Budget and the Advisory
36 Budget Commission, in accordance with the steps that follow and the line-item detail in
37 the budget enacted by the General Assembly may be derived accordingly:

- 38 (1) The base budget was adjusted in accordance with the base budget cuts
39 and additions that were set out in the House Appropriations Committee
40 Report on the Continuation, Expansion and Capital Budgets.
41 (2) Transfers of funds supporting programs were made in accordance with
42 the House Appropriations Committee Report on the Continuation,
43 Expansion and Capital Budgets.

1 **SECTION 33.2.(c)** The budget enacted by the General Assembly shall also
2 be interpreted in accordance with the special provisions in this act and in accordance
3 with other appropriate legislation.

4 In the event that there is a conflict between the line-item budget certified by
5 the Director of the Budget and the budget enacted by the General Assembly, the budget
6 enacted by the General Assembly shall prevail.

7
8 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
9 Owens, Wright

10 **MOST TEXT APPLIES ONLY TO 2004-2005**

11 **SECTION 33.3.** Except for statutory changes or other provisions that clearly
12 indicate an intention to have effects beyond the 2004-2005 fiscal year, the textual
13 provisions of this act apply only to funds appropriated for, and activities occurring
14 during, the 2004-2005 fiscal year.

15
16 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
17 Owens, Wright

18 **EFFECT OF HEADINGS**

19 **SECTION 33.4.** The headings to the parts and sections of this act are a
20 convenience to the reader and are for reference only. The headings do not expand,
21 limit, or define the text of this act, except for effective dates referring to a Part.

22
23 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
24 Owens, Wright

25 **SEVERABILITY CLAUSE**

26 **SECTION 33.5.** If any section or provision of this act is declared
27 unconstitutional or invalid by the courts, it does not affect the validity of this act as a
28 whole or any part other than the part so declared to be unconstitutional or invalid.

29
30 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
31 Owens, Wright

32 **EFFECTIVE DATE**

33 **SECTION 33.6.** Except as otherwise provided, this act becomes effective
34 July 1, 2004.