

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003**

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**HOUSE BILL 1414
Committee Substitute Favorable 6/7/04
Third Edition Engrossed 6/8/04**

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

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

Current Operations – General Fund **2004-2005****EDUCATION**

Community Colleges System Office 28,407,571

Department of Public Instruction 127,395,755

University of North Carolina System 46,548,176

HEALTH AND HUMAN SERVICES

Department of Health and Human Services

Office of the Secretary (4,440,839)

Division of Aging 3,681,000

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

Division of Child Development 1,925,000

Division of Education Services 10,873

Division of Facility Services (450,000)

Division of Medical Assistance (86,879,913)

Division of Mental Health (13,713,000)

Division of Public Health 4,696,000

Division of Social Services (11,948)

Division of Vocation Rehabilitation (1,479,294)

Total (96,692,121)

NATURAL AND ECONOMIC RESOURCES

Department of Agriculture and Consumer Services 75,538

Department of Commerce

Commerce 1,161,000

Commerce State-Aid 1,750,000

NC Biotechnology Center 5,000,000

Rural Economic Development Center 144,000

Department of Environment and Natural Resources

1	Environment and Natural Resources	(218,339)
2		
3	Department of Labor	364,216
4		
5	JUSTICE AND PUBLIC SAFETY	
6		
7	Department of Correction	(11,444,276)
8		
9	Department of Crime Control and Public Safety	3,414,793
10		
11	Judicial Department	7,760,075
12	Judicial Department – Indigent Defense	10,500,000
13		
14	Department of Justice	361,923
15		
16	Department of Juvenile Justice and Delinquency Prevention	2,326,114
17		
18	GENERAL GOVERNMENT	
19		
20	Department of Administration	2,448,330
21		
22	Office of Administrative Hearings	90,476
23		
24	Department of State Auditor	(200,000)
25		
26	Office of State Controller	(99,429)
27		
28	Department of Cultural Resources	
29	Cultural Resources	5,622,311
30	Roanoke Island Commission	(32,731)
31		
32	State Board of Elections	1,472,412
33		
34	General Assembly	(779,579)
35		
36	Office of the Governor	
37	Office of the Governor	(99,037)
38	Office of State Budget and Management	148,427
39	OSBM – Reserve for Special Appropriations	350,000
40		
41	Department of Insurance	
42	Insurance	4,062,654
43	Insurance – Volunteer Safety Workers' Compensation	(1,734,000)
44		

1	Office of Lieutenant Governor	0
2		
3	Department of Revenue	(2,161,737)
4		
5	Rules Review Commission	(3,185)
6		
7	Department of Secretary of State	(110,389)
8		
9	Department of State Treasurer	
10	State Treasurer	424,708
11	State Treasurer – Retirement for Fire and Rescue Squad Workers	370,000
12		
13	TRANSPORTATION	
14		
15	Department of Transportation	(228,056)
16		
17	RESERVES, ADJUSTMENTS AND DEBT SERVICE	
18		
19	Reserve for Compensation Increases	237,900,000
20		
21	State Health Plan Reserve	(7,800,000)
22		
23	Escheats Fund Repayment – Global Transpark	19,654,487
24		
25	Retirement System Payback	16,000,000
26		
27	Salary Adjustment Fund	(376,576)
28		
29	Job Development Incentive Grants Reserve	4,000,000
30		
31	Senate Bill 100 Compliance	(11,813,949)
32		
33	Mental Health, Developmental Disabilities and	
34	Substance Abuse Services Trust Fund	8,500,000
35		
36	Debt Service	
37	General Debt Service	(83,648,480)
38	Federal Reimbursement	460,432
39		
40	TOTAL CURRENT OPERATIONS – GENERAL FUND	320,024,666

41
42 **GENERAL FUND AVAILABILITY STATEMENT**

43 **SECTION 2.2.(a)** The General Fund availability used in adjusting the
44 2004-2005 budget is shown below:

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

1 **SECTION 2.2.(b)** Subsections 2.2(b), 2.2(c), and 2.2(f) of S.L. 2003-284
2 read as rewritten:

3 **"SECTION 2.2.(b)** Notwithstanding G.S. 143-16.4(a2), of the funds credited to the
4 Tobacco Trust Account from the Master Settlement Agreement pursuant to Section 6(2)
5 of S.L. 1999-2 during the ~~2003-2004 and 2004-2005 fiscal years,~~ fiscal year, the sum of
6 ~~forty million dollars (\$40,000,000)~~ thirty-five million dollars (\$35,000,000) shall be
7 transferred from the Department of Agriculture and Consumer Services, Budget Code
8 23703 (Tobacco Trust Fund), to the State Controller to be deposited in Nontax Budget
9 Code 19978 (Intra State Transfers) to support General Fund appropriations for the
10 ~~2003-2004 and 2004-2005 fiscal years.~~ year.

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

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

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

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

42 **SECTION 2.2.(c)** Subsection 2.2(h) of S.L. 2003-284 as amended by
43 Section 29(a) of S.L. 2003-416 reads as rewritten:

"SECTION 2.2.(h) Notwithstanding the provisions of G.S. 62A-22(c), 62A-24(d), and 62A-25, the following shall be transferred from Wireless Fund created in G.S. 62A-22(c) to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for the 2003-2005 fiscal biennium: (i) sums equal to the lesser of thirty-three million dollars (\$33,000,000) or the aggregated service charges remitted to the Wireless Fund during the 2003-2004 fiscal year less the administrative fee allowed under G.S. 62A-26; and (ii) the sum of ~~twenty-five million dollars (\$25,000,000)~~ twenty-one million two hundred seventy-nine thousand four hundred twenty-seven dollars (\$21,279,427) from the Wireless Fund during the 2004-2005 fiscal year."

PART III. CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

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

CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

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

1

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

4 **HIGHWAY FUND AVAILABILITY STATEMENT**

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

8

9 **Highway Fund Budget Reform Statement** **2004-2005**

10

11 Beginning Credit Balance	–
12 Estimated Revenue	\$ 1,390,900,000
13 Estimated Reversions	–

14

15 Total Highway Fund Availability	\$ 1,390,900,000
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16

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

18

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

21 **HIGHWAY TRUST FUND APPROPRIATIONS**

22

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

27

28 **Current Operations – Highway Trust Fund** **2004-2005**

29

30 Intrastate System	(16,781,215)
31 Urban Loops	(6,785,625)
32 Aid to Municipalities	(1,760,741)
33 Secondary Roads	(738,170)
34 Administrative Expense	(439,736)
35 Leaking Underground Storage Tank Fund	15,000,000
36 Transfer to General Fund	(66,513)

37

37 GRAND TOTAL CURRENT OPERATIONS AND	
38 EXPANSION	(11,572,000)

39

40

41 **PART V. BLOCK GRANTS**

42

43 Requested by: Representative Nye

44 **DHHS BLOCK GRANTS**

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

3
4 **COMMUNITY SERVICES BLOCK GRANT**

5		
6	01. Community Action Agencies	\$ 15,266,973
7		
8	02. Limited Purpose Agencies	848,165
9		
10	03. NC Interagency Council for Homeless	
11	Programs	262,472
12		
13	04. Department of Health and Human Services	
14	to administer and monitor	
15	the activities of the	
16	Community Services Block Grant	848,165
17		

18 **TOTAL COMMUNITY SERVICES BLOCK GRANT** \$ 17,225,775

19
20 **SOCIAL SERVICES BLOCK GRANT**

21		
22	01. County departments of social services	\$ 28,868,189
23	(Transfer from TANF – \$4,500,000)	
24		
25	02. Allocation for in-home services provided	
26	by county departments of	
27	social services	2,101,113
28		
29	03. Division of Services for the Blind	3,105,711
30		
31	04. Division of Facility Services	426,836
32		
33	05. Division of Aging – Home and Community	
34	Care Block Grant	1,840,234
35		
36	06. Child Care Subsidies	6,269,309
37		
38	07. Division of Vocational Rehabilitation –	
39	United Cerebral Palsy	71,484
40		
41	08. State administration	1,693,368
42		
43	09. Child Medical Evaluation Program	238,321
44		

1	10.	Adult day care services	2,155,301
2			
3	11.	Comprehensive Treatment Services	
4		Program	422,003
5			
6	12.	Department of Administration	
7		for the N.C. State Commission of Indian Affairs	
8		In-Home Services Program for the Elderly	203,198
9			
10	13.	Division of Vocational Rehabilitation Services –	
11		Easter Seals Society	116,779
12			
13	14.	UNC-CH CARES Program for training and	
14		consultation services	247,920
15			
16	15.	Office of the Secretary – Office of Economic	
17		Opportunity for N.C. Senior Citizens'	
18		Federation for outreach services to	
19		low-income elderly persons	41,302
20			
21	16.	Division of Social Services – Child	
22		Caring Agencies	1,500,000
23			
24	17.	Division of Mental Health, Developmental Disabilities, and	
25		Substance Abuse Services – Developmentally Disabled	
26		Waiting List for services	5,000,000
27			
28	18.	Transfer to Preventive Health Services Block	
29		Grant for HIV/AIDS education, counseling, and	
30		testing	145,819
31			
32	19.	Division of Facility Services –	
33		Mental Health Licensure	213,128
34			
35	20.	Division of Mental Health, Developmental Disabilities,	
36		and Substance Abuse Services	3,234,601
37			
38	TOTAL SOCIAL SERVICES BLOCK GRANT		\$ 57,894,616
39	LOW-INCOME ENERGY BLOCK GRANT		
40			
41			
42	01.	Energy Assistance Programs	\$ 12,775,323
43			
44	02.	Crisis Intervention	9,192,927

1			
2	03.	Administration	2,957,339
3			
4	04.	Weatherization Program	4,212,740
5			
6	05.	Department of Administration –	
7		N.C. State Commission of Indian Affairs	54,840
8			
9	06.	Heating Air Repair and Replacement Program	1,966,153
10			
11	TOTAL LOW-INCOME ENERGY BLOCK GRANT		\$ 31,159,322
12			
13	MENTAL HEALTH SERVICES BLOCK GRANT		
14			
15	01.	Provision of community-based	
16		services for severe and persistently	
17		mentally ill adults	\$ 6,307,035
18			
19	02.	Provision of community-based	
20		services to children	3,921,991
21			
22	03.	Comprehensive Treatment Services	
23		Program for Children	1,500,000
24			
25	04.	Administration	568,911
26			
27	TOTAL MENTAL HEALTH SERVICES BLOCK GRANT		\$ 12,297,937
28			
29	SUBSTANCE ABUSE PREVENTION		
30	AND TREATMENT BLOCK GRANT		
31			
32	01.	Provision of community-based	
33		alcohol and drug abuse services,	
34		tuberculosis services, and services	
35		provided by the Alcohol and Drug Abuse	
36		Treatment Centers	\$ 20,441,082
37			
38	02.	Continuation of services for	
39		pregnant women and women	
40		with dependent children	8,069,524
41			
42	03.	Continuation of services to	
43		IV drug abusers and others at risk	
44		for HIV diseases	4,816,378

1		
2	04.	Child Substance Abuse Prevention 5,835,701
3		
4	05.	Provision of services to children and adolescents 4,940,500
5		
6		
7	06.	Juvenile Services – Family Focus 851,156
8		
9	07.	Allocation to the Division of Public Health for HIV/STD Risk Reduction Projects 383,980
10		
11		
12	08.	Allocation to the Division of Public Health for HIV/STD Prevention by County Health Departments 209,576
13		
14		
15		
16	09.	Allocation to the Division of Public Health for the Maternal and Child Health Hotline 37,779
17		
18		
19	10.	Administration 2,596,307
20		
21	TOTAL SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT \$ 48,181,983	
22		
23	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	
24		
25		
26	01.	Child care subsidies \$154,163,120
27		
28	02.	Quality and availability initiatives 17,764,577
29		
30	03.	Administrative expenses 7,163,654
31		
32	04.	Transfer from TANF Block Grant for child care subsidies 81,292,880
33		
34		
35	TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT \$260,384,231	
36		
37		
38	TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT	
39		
40		
41	01.	Work First Cash Assistance \$119,841,508
42		
43	02.	Work First County Block Grants 94,653,315
44		

1	03.	Transfer to the Child Care and	
2		Development Fund Block Grant	
3		for child care subsidies	81,292,880
4			
5	04.	Child Care Subsidies for TANF Recipients	33,512,238
6			
7	05.	Child Welfare Workers for local DSS	11,452,391
8			
9	06.	Transfer to Social Services Block Grant for	
10		County Departments of Social Services for	
11		Children's Services	4,500,000
12			
13	07.	Support Our Students – Department of	
14		Juvenile Justice and Delinquency	
15		Prevention	3,521,056
16			
17	08.	Domestic Violence Services	
18		for Work First Families	1,200,000
19			
20	09.	After-School Services for	
21		At-Risk Children	2,249,642
22		YWCA Central Carolinas	
23		Youth Development Programs \$176,000	
24			
25	10.	Division of Social Services –	
26		Administration	400,000
27			
28	11.	Child Welfare Training	2,550,000
29			
30	12.	TANF Automation Projects	592,500
31			
32	13.	Boys and Girls Clubs	1,000,000
33			
34	14.	Work Central Career Advancement Center	550,000
35			
36	15.	WCH-Teen Pregnancy Prevention	1,000,000
37			
38	16.	Transfer to Social Services Block Grant for Child Caring	
39		Institutions	1,500,000
40			
41	17.	Special Children's Adoption Fund	3,000,000
42			
43	18.	NC Fast Implementation	2,717,298
44			

1	19.	Maternity Homes	838,000
2			
3	20.	Individual Development Accounts	180,000
4			
5	21.	Reduction of Out-of-Wedlock Births	1,000,000
6			
7	22.	After-School Programs for At-Risk	
8		Youths in Middle Schools	1,000,000
9			
10	TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES		
11	(TANF) BLOCK GRANT		\$368,550,828
12			
13	MATERNAL AND CHILD HEALTH BLOCK GRANT		
14			
15	01.	Healthy Mothers/Healthy Children	
16		Block Grants to Local Health	
17		Departments	9,565,205
18			
19	02.	High-Risk Maternity Clinic Services,	
20		Perinatal Education and Training,	
21		Childhood Injury Prevention,	
22		Public Information and Education, and	
23		Technical Assistance to Local Health	
24		Departments	2,207,273
25			
26	03.	Adolescent Pregnancy Prevention Coalition of NC	150,000
27			
28	04.	Office of Minority Health	159,000
29			
30	05.	Services to Children With Special Health	
31		Care Needs	4,280,987
32			
33	06.	School Health Nurse Initiative	3,250,000
34		School Health Nurse Initiative Reserve 2005-2006	3,250,000
35			
36	07.	Administration and Program Support	2,434,303
37			
38	TOTAL MATERNAL AND CHILD		
39	HEALTH BLOCK GRANT		\$ 25,296,768
40			
41	PREVENTIVE HEALTH SERVICES BLOCK GRANT		
42			
43	01.	Statewide Health Promotion Programs	\$2,810,294
44			

1	02.	Rape Crisis/Victims' Services	
2		Program – Council for Women	197,112
3			
4	03.	Transfer from Social Services	
5		Block Grant – HIV/AIDS education,	
6		counseling, and testing	145,819
7			
8	04.	Administration and Program Support	661,092
9			
10	05.	Osteoporosis Task Force Operating Costs	150,000
11			
12	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

1 availability, then a report shall be made to the Joint Legislative Committee on
2 Governmental Operations, the House of Representatives Appropriations Subcommittee
3 on Health and Human Services, the Senate Appropriations Committee on Health and
4 Human Services, and the Fiscal Research Division.

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

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

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

25 The Department shall provide the plan to the Fiscal Research Division by January 1,
26 2005.

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

- 32 (1) All State positions currently funded through the Block Grant,
33 including permanent, temporary, and time-limited positions.
- 34 (2) Budgeted salary and fringe benefits for each position.
- 35 (3) Block Grant expenditures for each position.

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

37 **LOW INCOME HOME ENERGY ASSISTANCE PROGRAM**

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

1 administration, other than assistance payments, without prior consultation with the Joint
2 Legislative Commission on Governmental Operations.

3 **COMMUNITY SERVICE BLOCK GRANT**

4 **SECTION 5.1.(h)** The Department of Health and Human Services shall
5 report to the House of Representatives Appropriations Subcommittee on Health and
6 Human Services, the Senate Appropriations Committee on Health and Human Services,
7 and the Fiscal Research Division on the activities and expenditures of the North
8 Carolina Inter-Agency Council for Coordinating Homeless Programs no later than April
9 1, 2005.

10 **MENTAL HEALTH BLOCK GRANT**

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

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

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

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

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

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

38 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT** 39 **(TANF)**

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

1 **SECTION 5.1.(o)** The sum of three million five hundred twenty-one
2 thousand fifty-six dollars (\$3,521,056) appropriated in this section in the TANF Block
3 Grant to the Department of Health and Human Services and transferred to the
4 Department of Juvenile Justice and Delinquency Prevention for the 2004-2005 fiscal
5 year shall be used to support the existing Support Our Students Program and to expand
6 the Program statewide, focusing on low-income communities in unserved areas. These
7 funds shall not be used for administration of the Program.

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

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

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

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

40 **SECTION 5.1.(q)** The sum of two million two hundred forty-nine thousand
41 six hundred forty-two dollars (\$2,249,642) appropriated in this section in the TANF
42 Block Grant to the Department of Health and Human Services, Division of Social
43 Services, shall be used to expand after-school programs and services for at-risk children.
44 The Department shall develop and implement a grant program to award grants to

1 community-based programs that demonstrate the ability to reach children at risk of teen
2 pregnancy and school dropout. The Department shall award grants to community-based
3 organizations that demonstrate the ability to develop and implement linkages with local
4 departments of social services, area mental health programs, schools, and other human
5 services programs in order to provide support services and assistance to the child and
6 family. These funds may be used to fund one position within the Division of Social
7 Services to coordinate at-risk after-school programs and shall not be used for other State
8 administration. The Department shall report no later than March 1, 2005, on its progress
9 in complying with this section to the House of Representatives Appropriations
10 Subcommittee on Health and Human Services, the Senate Committee on Health and
11 Human Services, and the Fiscal Research Division.

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

18 **SECTION 5.1.(s)** The sum of two million five hundred fifty thousand
19 dollars (\$2,550,000) appropriated in this section in the TANF Block Grant to the
20 Department of Health and Human Services, Division of Social Services, for fiscal year
21 2004-2005 shall be used to support various child welfare training projects as follows:

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

27 **SECTION 5.1.(t)** The sum of eight hundred thirty-eight thousand dollars
28 (\$838,000) appropriated in this section in the TANF Block Grant to the Department of
29 Health and Human Services shall be used to purchase services at maternity homes
30 throughout the State.

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

42 **SECTION 5.1.(v)** The sum of one million five hundred thousand dollars
43 (\$1,500,000) appropriated in this act in the TANF Block Grant and transferred to the
44 Social Services Block Grant to the Department of Health and Human Services, Division

1 of Social Services, for child caring agencies for the 2004-2005 fiscal year shall be
2 allocated to the State Private Child Caring Agencies Fund. These funds shall be
3 combined with all other funds allocated to the State Private Child Caring Agencies Fund
4 for the reimbursement of the State's portion of the cost of care for the placement of
5 certain children by the county departments of social services who are not eligible for
6 federal IV-E funds. These funds shall not be used to match other federal funds.

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

18 **SECTION 5.1.(x)** The sum of one million dollars (\$1,000,000) appropriated
19 in this section to the Department of Health and Human Services, Division of Social
20 Services, in the TANF Block Grant shall be used to expand after-school programs for
21 at-risk children attending middle school. The Department shall develop and implement a
22 grant program to award funds to community-based programs demonstrating the capacity
23 to reach children at risk of teen pregnancy and school dropout. These funds shall not be
24 used for training or administration at the State level. All funds shall be distributed to
25 community-based programs, focusing on those communities where similar programs do
26 not exist in middle schools. The Department shall report to the House of
27 Representatives Appropriations Subcommittee on Health and Human Services, the
28 Senate Appropriations Committee on Health and Human Services, and the Fiscal
29 Research Division on its progress in complying with this subsection no later than May
30 1, 2005.

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

40 **SECTION 5.1.(z)** The sum of five hundred fifty thousand dollars (\$550,000)
41 appropriated in this section to the Department of Health and Human Services in the
42 TANF Block Grant shall be transferred to Work Central, Inc. Work Central, Inc., shall
43 report on the number of people served and the services received as a result of the receipt
44 of funds. The report shall contain expenditure data, including the amount of funds used

1 for administration and direct training. The report shall also include the number of people
2 who have been employed as a direct result of services provided by Work Central, Inc.,
3 including the length of employment in the new position. The Department of Health and
4 Human Services shall evaluate the program and ensure that services provided are not
5 duplicative of local employment security commissions in the nine counties served by
6 Work Central, Inc. The evaluation report shall be submitted 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 no later than May 1, 2005.

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

21 **MATERNAL AND CHILD HEALTH BLOCK GRANT**

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

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

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

42 The Department of Health and Human Services and the Department of Public
43 Instruction shall form a committee to select a limited number of communities where
44 school nurses are most needed to receive these grants. The criteria shall include

determining the areas in the greatest need for school nurses with the greatest inability to pay for these nurses. Among other criteria, the committee shall consider: (i) the current nurse-to-student ratio; (ii) the economic status of the community; and (iii) the health needs of area children.

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

The Department of Health and Human Services shall report on the use of funds allocated under this section by December 1, 2004, to 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.

Requested by: Representatives Fox, West

NER BLOCK GRANTS

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

COMMUNITY DEVELOPMENT BLOCK GRANT

01. State Administration	\$ 1,000,000
02. Urgent Needs and Contingency	50,000
03. Scattered Site Housing	13,200,000
04. Economic Development	10,960,000
05. Community Revitalization	12,200,000
06. State Technical Assistance	450,000
07. Housing Development	2,000,000
08. Infrastructure	5,140,000

TOTAL COMMUNITY DEVELOPMENT

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

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

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

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

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

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

35 36 **PART VI. GENERAL PROVISIONS**

37
38 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
39 Owens, Wright

40 **PREFERENCE GIVEN TO AMERICAN MADE PRODUCTS**

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

43 **"§ 143-59.1A. Preference given to products made in United States.**

1 If the Secretary of Administration or State agency cannot give preference to North
2 Carolina products or services as provided in G.S. 143-59, the Secretary or State agency
3 shall give preference as far as may be practicable to products or services manufactured
4 or produced in the United States. Provided, however, that in giving such preference no
5 sacrifice or loss in price or quality shall be permitted; and provided further, that
6 preference in all cases shall be given to surplus products or articles produced and
7 manufactured by other State departments, institutions, or agencies which are available
8 for distribution."

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

12 **RULES REVIEW COMMISSION TRANSFERRED TO OFFICE OF**
13 **ADMINISTRATIVE HEARINGS; AUTHORIZATION FOR RULES**
14 **REVIEW COMMISSION TO OBTAIN OUTSIDE COUNSEL**

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

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

22 **"§ 143B-30.1. Rules Review Commission created.**

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

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

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

1 (d) Members of the Commission who are not officers or employees of the State
2 shall receive compensation of two hundred dollars (\$200.00) for each day or part of a
3 day of service plus reimbursement for travel and subsistence expenses at the rates
4 specified in G.S. 138-5. Members of the Commission who are officers or employees of
5 the State shall receive reimbursement for travel and subsistence at the rate set out in
6 G.S. 138-6.

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

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

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

20 **SECTION 6.2.(d)** Subsection (a) of this section becomes effective October
21 1, 2004. The remainder of this section becomes effective July 1, 2004.

22
23 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
24 Owens, Wright

25 **EXTEND LOCAL GOVERNMENT HOLD HARMLESS**

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

27 **"§ 105-521. Transitional local government hold harmless.**

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

29 (1) Local government. – A county or municipality that received a
30 distribution of local sales taxes in the most recent fiscal year for which
31 a local sales tax share has been calculated.

32 (2) Local sales tax share. – A local government's percentage share of the
33 two-cent (2¢) sales taxes distributed during the most recent fiscal year
34 for which data are available.

35 (3) Repealed reimbursement amount. – The total amount a local
36 government would have been entitled to receive during the 2002-2003
37 fiscal year under G.S. 105-164.44C, 105-275.1, 105-275.2,
38 105-277.001, and 105-277.1A, if the Governor had not withheld any
39 distributions under those sections.

40 (4) Two-cent (2¢) sales taxes. – The first one-cent (1¢) sales and use tax
41 authorized in Article 39 of this Chapter and in Chapter 1096 of the
42 1967 Session Laws, the first one-half cent (1/2¢) local sales and use
43 tax authorized in Article 40 of this Chapter, and the second one-half

1 cent (1/2¢) local sales and use tax authorized in Article 42 of this
2 Chapter.

3 (b) Distributions. – On or before August 15, 2003, and every August 15 through
4 August 15, 2004,2012, the Secretary must multiply each local government's local sales
5 tax share by the estimated amount that all local governments would be expected to
6 receive during the current fiscal year under G.S. 105-520 if every county levied the tax
7 under this Article for the year. If the resulting amount is less than one hundred percent
8 (100%) of the local government's repealed reimbursement amount, the Secretary must
9 pay the local government the difference, but not less than one hundred dollars
10 (\$100.00).

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

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

24 (d) Reports. – The Secretary must report to the Revenue Laws Study Committee
25 by January 31, 2004, and each January 31 through January 31, 2005,2013, the amount
26 distributed under this section for the current fiscal year."
27

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

30 **LEGISLATIVE COMMISSION ON STATE PROPERTY/STATE PROPERTY**
31 **OFFICE DUTIES**

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

34 "Article 30.

35 "Legislative Commission on State Property.

36 "**§ 120-261. Commission established; purpose and powers.**

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

- 1 (1) First, give notice to each licensed realtor in the State that the
2 Commission will receive recommendations from realtors on State real
3 property that is suitable for sale.
- 4 (2) Next, adopt guidelines to encourage realtors across the State to
5 examine the State's real property inventory to ascertain which
6 properties are suitable for sale.
- 7 (3) Include in its recommendations to the Governor and Council of State
8 the names and addresses of the realtors who identified the State real
9 property suitable for sale.
- 10 (4) Give priority to conducting regional public hearings to receive
11 recommendations from realtors and the general public.

12 (b) The Commission shall consist of 15 members as follows:

- 13 (1) The Speakers of the House of Representatives, or their respective
14 designees.
- 15 (2) The President Pro Tempore of the Senate, or designee.
- 16 (3) Four members of the Senate at the time of their appointment,
17 appointed by the President Pro Tempore of the Senate. At least two
18 appointees shall be members of the Senate Appropriations Committee.
- 19 (4) Four members of the House of Representatives at the time of their
20 appointment, appointed by the Speaker of the House of
21 Representatives. At least two appointees shall be members of the
22 House of Representatives Appropriations Committee.
- 23 (5) Two members of the public, appointed by the President Pro Tempore
24 of the Senate.
- 25 (6) Two members of the public, appointed by the Speaker of the House of
26 Representatives.
- 27 (7) At least two members shall be realtors and at least two members shall
28 be real estate appraisers.

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

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

- 36 (1) The public members shall serve terms of three years.
- 37 (2) The members who are members of the General Assembly shall serve
38 terms of two years.

39 Initial terms shall commence on August 15, 2004.

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

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

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

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

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

17 **"§ 120-262. Assistance; per diem; subsistence; and travel allowances.**

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

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

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

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

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

35 **"§ 120-263. Commission reports.**

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

40 **"§ 120-264. Commission authority.**

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

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

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

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

10 **"§ 146-29.1. Licensed realtor; compensation.**

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

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

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

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

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

25 **SECTION 6.5.(b)** Section 6.14(h) of S.L. 2001-424, as amended by Section
26 6.5(b) of S.L. 2003-284, reads as rewritten:

27 **"SECTION 6.14.(h)** Subsection (b) of this section becomes effective ~~October 1,~~
28 ~~2004.~~ May 1, 2005. Except as provided in subsection (c) of this section, the remainder
29 of this section is effective when it becomes law."

30
31 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
32 Owens, Wright

33 **ESCHEAT FUND REPAYMENT**

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

38
39 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
40 Owens, Wright

41 **VETERANS HOME TRUST FUND TRANSFER**

42 **SECTION 6.7.** Notwithstanding G.S. 165-48, five hundred thousand dollars
43 (\$500,000) of the cash balance remaining in the NC Veterans Home Trust Fund (Budget
44 Code 64106, Fund 6771) on July 1, 2004, shall be transferred to the State Controller to

1 be deposited in Nontax Budget Code 19978 (Intra State Transfers). These funds shall be
2 used to support the General Fund appropriation for the 2004-2005 fiscal year for the
3 start-up cost of the State Veterans Nursing Home in Salisbury.

4
5 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
6 Owens, Wright

7 **FIRE SAFETY LOAN FUND TRANSFER**

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

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

16 **ITS BUDGET TRANSFER**

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

21
22 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
23 Owens, Wright

24 **REPAIR AND RENOVATION RESERVE ALLOCATION**

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

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

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

1 Governmental Operations and to the Fiscal Research Division of the Legislative
2 Services Office.

3
4 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
5 Owens, Wright

6 **DOROTHEA DIX PROPERTY MASTER PLAN**

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

9 "SECTION 3.4.(a1) The State Property Office, in consultation with the City of
10 Raleigh shall develop a Master Plan for the Dorothea Dix Campus in the event all or
11 part of the property is sold to a nongovernmental entity. The Master Plan shall be
12 submitted to the Dorothea Dix Property Study Commission no later than April 1, 2005.
13 The Commission shall review the Master Plan and shall make recommendations to the
14 2005 General Assembly.

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

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

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

33
34 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
35 Owens, Wright

36 **JDIG APPROPRIATION STRUCTURE**

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

39 **"§ 143-15.3E. JDIG Reserve Fund.**

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

43 **SECTION 6.12.(b)** Part 2G of Article 10 of Chapter 143B is amended by
44 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.

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

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

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

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

POTTERY HIGHWAY SIGNS

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

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

NO MEDIAN ON PART OF NC-64 IN RANDOLPH COUNTY

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

Requested by: Representative Moore

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

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

Requested by: Representative Allred

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

1	12	\$3,529	\$3,952
2	13	\$3,579	\$4,008
3	14	\$3,632	\$4,068
4	15	\$3,685	\$4,128
5	16	\$3,741	\$4,190
6	17	\$3,796	\$4,251
7	18	\$3,853	\$4,315
8	19	\$3,911	\$4,381
9	20	\$3,970	\$4,446
10	21	\$4,031	\$4,514
11	22	\$4,092	\$4,584
12	23	\$4,157	\$4,655
13	24	\$4,221	\$4,728
14	25	\$4,285	\$4,800
15	26	\$4,352	\$4,874
16	27	\$4,420	\$4,951
17	28	\$4,489	\$5,028
18	29	\$4,561	\$5,108
19	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>
26	0	N/A
27	1	N/A
28	2	N/A
29	3	\$3,422
30	4	\$3,595
31	5	\$3,760
32	6	\$3,917
33	7	\$4,044
34	8	\$4,102
35	9	\$4,163
36	10	\$4,224
37	11	\$4,285
38	12	\$4,347
39	13	\$4,409
40	14	\$4,474
41	15	\$4,541
42	16	\$4,608
43	17	\$4,677
44	18	\$4,747

1	19	\$4,302	\$4,819
2	20	\$4,367	\$4,890
3	21	\$4,434	\$4,966
4	22	\$4,501	\$5,041
5	23	\$4,573	\$5,121
6	24	\$4,643	\$5,200
7	25	\$4,713	\$5,279
8	26	\$4,787	\$5,362
9	27	\$4,862	\$5,446
10	28	\$4,939	\$5,532
11	29	\$5,017	\$5,619
12	30+	\$5,017	\$5,619

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

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

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

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

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

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

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

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

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

10 **SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE**

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

16 **SECTION 7.2.(b)** The base salary schedule for school-based administrators
 17 shall apply only to principals and assistant principals. The base salary schedule for the
 18 2004-2005 fiscal year, commencing July 1, 2004, is as follows:

19
 20 2004-2005
 21 Principal and Assistant Principal Salary Schedules
 22 Classification

24 Yrs. of	Assistant	Prin I	Prin II	Prin III	Prin IV
25 Exp	Principal	(0-10)	(11-21)	(22-32)	(33-43)
27 0-4	\$3,242	-	-	-	-
28 5	\$3,390	-	-	-	-
29 6	\$3,533	-	-	-	-
30 7	\$3,647	-	-	-	-
31 8	\$3,699	\$3,699	-	-	-
32 9	\$3,754	\$3,754	-	-	-
33 10	\$3,810	\$3,810	\$3,864	-	-
34 11	\$3,864	\$3,864	\$3,921	-	-
35 12	\$3,921	\$3,921	\$3,976	\$4,035	-
36 13	\$3,976	\$3,976	\$4,035	\$4,094	\$4,156
37 14	\$4,035	\$4,035	\$4,094	\$4,156	\$4,218
38 15	\$4,094	\$4,094	\$4,156	\$4,218	\$4,280
39 16	\$4,156	\$4,156	\$4,218	\$4,280	\$4,346
40 17	\$4,218	\$4,218	\$4,280	\$4,346	\$4,410
41 18	\$4,280	\$4,280	\$4,346	\$4,410	\$4,478
42 19	\$4,346	\$4,346	\$4,410	\$4,478	\$4,547
43 20	\$4,410	\$4,410	\$4,478	\$4,547	\$4,619
44 21	\$4,478	\$4,478	\$4,547	\$4,619	\$4,689

1	22	\$4,547	\$4,547	\$4,619	\$4,689	\$4,761
2	23	\$4,619	\$4,619	\$4,689	\$4,761	\$4,835
3	24	\$4,689	\$4,689	\$4,761	\$4,835	\$4,910
4	25	\$4,761	\$4,761	\$4,835	\$4,910	\$4,988
5	26	\$4,835	\$4,835	\$4,910	\$4,988	\$5,067
6	27	\$4,910	\$4,910	\$4,988	\$5,067	\$5,169
7	28	\$4,988	\$4,988	\$5,067	\$5,169	\$5,272
8	29	\$5,067	\$5,067	\$5,169	\$5,272	\$5,378
9	30	\$5,169	\$5,169	\$5,272	\$5,378	\$5,485
10	31	\$5,272	\$5,272	\$5,378	\$5,485	\$5,595
11	32	-	\$5,378	\$5,485	\$5,595	\$5,706
12	33	-	-	\$5,595	\$5,706	\$5,821
13	34	-	-	\$5,706	\$5,821	\$5,938
14	35	-	-	-	\$5,938	\$6,056
15	36	-	-	-	\$6,056	\$6,178
16	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

1	34	\$6,056	\$6,178	\$6,427	\$6,556
2	35	\$6,178	\$6,301	\$6,556	\$6,686
3	36	\$6,301	\$6,427	\$6,686	\$6,820
4	37	\$6,427	\$6,556	\$6,820	\$6,957
5	38	\$6,556	\$6,686	\$6,957	\$7,095
6	39	-	\$6,820	\$7,095	\$7,237
7	40	-	\$6,957	\$7,237	\$7,382
8	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.

1 **SECTION 7.2.(f)** There shall be no State requirement that superintendents
2 in each local school unit shall receive in State-paid salary at least one percent (1%)
3 more than the highest paid principal receives in State salary in that school unit;
4 provided, however, the additional State-paid salary a superintendent who was employed
5 by a local school administrative unit for the 1992-1993 fiscal year received because of
6 that requirement shall not be reduced because of this subsection for subsequent fiscal
7 years that the superintendent is employed by that local school administrative unit so
8 long as the superintendent is entitled to at least that amount of additional State-paid
9 salary under the rules in effect for the 1992-1993 fiscal year.

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

12 **SECTION 7.2.(h)**

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

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

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

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

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

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

43 **CENTRAL OFFICE SALARIES**

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

4	School Administrator I	\$2,932	\$6,266
5	School Administrator II	\$3,112	\$6,586
6	School Administrator III	\$3,303	\$6,925
7	School Administrator IV	\$3,436	\$7,162
8	School Administrator V	\$3,574	\$7,410
9	School Administrator VI	\$3,792	\$7,799
10	School Administrator VII	\$3,945	\$8,072

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

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

19	Superintendent I	\$4,187	\$8,503
20	Superintendent II	\$4,445	\$8,956
21	Superintendent III	\$4,716	\$9,441
22	Superintendent IV	\$5,005	\$9,953
23	Superintendent V	\$5,312	\$10,499

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

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

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

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

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

4 **SECTION 7.3.(f)** The Director of the Budget shall transfer from the Reserve
5 for Compensation Increases created in this act for fiscal year 2004-2005, commencing
6 July 1, 2004, funds necessary to provide a salary increase of eighty-three dollars and
7 thirty-four cents (\$83.34) per month, including funds for the employer's retirement and
8 social security contributions, commencing July 1, 2004, for all permanent personnel
9 paid from the Central Office Allotment. The State Board of Education shall allocate
10 these funds to local school administrative units. The local boards of education shall
11 establish guidelines for providing their salary increases to these personnel.

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

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

17 **NONCERTIFIED PERSONNEL SALARY**

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

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

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

32 **SECTION 7.4.(d)** The State Board of Education may adopt salary ranges for
33 noncertified personnel to support increases of eighty-three dollars and thirty-four cents
34 (\$83.34) per month for the 2004-2005 fiscal year.

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

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

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

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

42 **"SECTION 7.8.** Of funds appropriated from the General Fund to State Aid to Local
43 School Administrative Units, the sum of one million nine hundred fifty-six thousand
44 one hundred fifteen dollars (\$1,956,115) for the 2003-2004 and 2004-2005 fiscal years

1 fiscal year and the sum of six hundred two thousand nine hundred seventy-five dollars
2 (\$602,975) for the 2004-2005 fiscal year shall be used to provide the State's chronically
3 low-performing schools with tools needed to dramatically improve student achievement.
4 These funds shall be used to implement any of the following strategies at the schools
5 that have not previously been implemented with State or other funds:

- 6 (1) The sum of one million six hundred fifty-seven thousand three
7 hundred forty-five dollars (\$1,657,345) for the 2003-2004 and
8 2004-2005 fiscal years fiscal year and the sum of two hundred
9 ninety-seven thousand four hundred six dollars (\$297,406) for the
10 2004-2005 fiscal year shall be used to reduce class size at a continually
11 low-performing school to ensure that the number of teachers allotted
12 for students in grades four and five is one for every 17 students, and
13 that the number of teachers allotted in grades six through eight is one
14 for every 17 students, and that the number of teachers allotted in
15 grades nine through twelve is one for every 20 students; and
16 (2) The sum of two hundred ninety-eight thousand seven hundred seventy
17 dollars (\$298,770) for the 2003-2004 and 2004-2005 fiscal years fiscal
18 year and the sum of three hundred five thousand five hundred
19 sixty-nine dollars (\$305,569) for the 2004-2005 fiscal year shall be
20 used to extend teachers' contracts for a total of 10 days, including five
21 days of additional instruction with related costs for other than teachers'
22 salaries for the 2003-2004 and 2004-2005 school years.

23 Notwithstanding any other provision of law, the State Board of Education may
24 implement intervention strategies for the 2003-2004 and 2004-2005 school years that it
25 deems appropriate."
26

27 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue
28 **CHILDREN WITH DISABILITIES**

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

36 The dollar amounts allocated under this section for children with disabilities
37 shall also adjust in accordance with legislative salary increments, retirement rate
38 adjustments, and health benefit adjustments for personnel who serve children with
39 disabilities.
40

41 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue
42 **FUNDS FOR ACADEMICALLY GIFTED CHILDREN**

43 **SECTION 7.7.** The State Board of Education shall allocate funds for
44 academically or intellectually gifted children on the basis of nine hundred fourteen

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

6 The dollar amounts allocated under this section for academically or
7 intellectually gifted children shall also adjust in accordance with legislative salary
8 increments, retirement rate adjustments, and health benefit adjustments for personnel
9 who serve academically or intellectually gifted children.

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

12 **LEA ASSISTANCE PROGRAM**

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

14 "**SECTION 7.17.** Of funds appropriated from the General Fund to State Aid to
15 Local School Administrative Units, the sum of five hundred thousand dollars
16 (\$500,000) for fiscal year 2003-2004 and the sum of five hundred thousand dollars
17 (\$500,000) for fiscal year 2004-2005 shall be used to provide assistance to the State's
18 low-performing Local School Administrative Units (LEAs) and to assist schools in
19 meeting adequate yearly progress in each subgroup identified in the No Child Left
20 Behind Act of 2001. The State Board of Education shall report to the Office of State
21 Budget and Management, the Fiscal Research Division, and the Joint Legislative
22 Education Oversight Committee on the expenditure of these funds by May 15, 2004,
23 and by December 15, 2005. The report shall contain: (i) the criteria for selecting LEAs
24 and schools to receive assistance, (ii) measurable goals and objectives for the assistance
25 program, (iii) an explanation of the assistance provided, (iv) findings from the
26 assistance program, (v) actual expenditures by category, (vi) recommendations for the
27 continuance of this program, and (vii) any other information the State Board deems
28 necessary."
29

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

31 **LOCAL EDUCATION AGENCY FLEXIBILITY**

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

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

42 Each unit shall report to the Department of Public Instruction on the discretionary
43 budget reductions it has identified for the 2003-2004 fiscal year for the unit within 30
44 days of the date this act becomes law and ~~by September 1, 2004,~~ within 30 days of the

1 date the Current Operations and Capital Improvements Appropriations Act of 2004
2 becomes law for reductions for the 2004-2005 fiscal year. ~~No later than December 31,~~
3 ~~2003, the~~ The State Board of Education shall make a summary report to the Office of
4 State Budget and Management and the Fiscal Research Division on all reductions made
5 by the LEAs to achieve this ~~reduction~~-reduction for the 2003-2004 fiscal year by
6 December 31, 2003, and for the 2004-2005 fiscal year by December 31, 2004.

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

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

27 **REPLACEMENT SCHOOL BUSES FUNDS**

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

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

- 37 (1) The local board of education must use the funds only to make the first,
38 second, or third year's payment on a financing contract entered into
39 pursuant to G.S. 115C-528.
- 40 (2) The term of a financing contract entered into under this section shall
41 not exceed three years.
- 42 (3) The local board of education must purchase the buses only from
43 vendors selected by the State Board of Education and on terms
44 approved by the State Board of Education.

- 1 (4) The State Board of Education shall solicit bids for the direct purchase
2 of buses and for the purchasing of buses through financing. The State
3 Board of Education may solicit separate bids for financing if the Board
4 determines that multiple financing options are more cost-efficient.
5 (5) A bus financed pursuant to this section must meet all federal motor
6 vehicle safety regulations for school buses.
7 (6) Any other condition the State Board of Education considers
8 appropriate."
9

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

11 **K-2 ASSESSMENT**

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

13 **"§ 115C-174.11. Components of the testing program.**

14 (a) Assessment Instruments for First and Second Grades. – The State Board of
15 Education shall adopt and provide to the local school administrative units
16 developmentally appropriate individualized assessment instruments consistent with the
17 Basic Education Program for the first and second grades, rather than standardized tests.
18 Local school administrative units may use these assessment instruments provided to
19 them by the State Board for first and second grade students, and shall not use
20 standardized ~~tests.~~tests except as required as a condition of receiving a federal grant."
21

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

23 **EVALUATE VALIDITY OF ABC ACCOUNTABILITY SYSTEM**

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

25 **"§ 115C-105.35. Annual performance goals.**

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

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

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

4 **SECTION 7.12.(b)** The State Board shall complete its initial evaluation and
5 any revisions required under G.S. 115C-105.35, as rewritten by subsection (a) of this
6 section, so that the modified standards are in effect no later than the 2005-2006 school
7 year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

43 **DISCONTINUE INEFFECTIVE PROGRAM**

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

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

3 **RESTORE VOCATIONAL EDUCATION FUNDING**

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

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

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

17 **"§ 115C-151. Statement of purpose.**

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

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

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

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

40 **"§ 115C-157. Responsibility of local boards of education.**

41 Each local school administrative unit, shall provide free appropriate vocational and
42 technical education instruction, activities, and services in accordance with the
43 provisions of this Part for all ~~youth~~-youth, with priority given to youth in grades eight
44 through 12, who elect the instruction and shall have responsibility for administering the

1 instruction, activities, and services in accordance with federal and State law and State
2 Board of Education policies."

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 **SECTION 7.17.(b)** If, at the end of the 2004-2005 school year, the State
4 Board of Education finds that a pilot unit experienced a decrease in food service
5 revenues because students opted not to purchase the healthful, nutritious food choices
6 offered by the school food service, the State Board shall reimburse the unit for that
7 decrease in revenues.

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

10 **VISITING INTERNATIONAL FACULTY**

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

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

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

18 **STATE BOARD OF EDUCATION AUTHORITY TO SET CERTIFICATION**
19 **STANDARDS FOR TEACHERS**

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

21 "**§ 115C-296. Board sets certification requirements.**

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

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

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

1"

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

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

17 **SECTION 7.19.(c)** Subsection (b) of this section expires September 1, 2006.
18

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

20 **MAINTAIN 12-MONTH VOCATIONAL AGRICULTURE TEACHER**
21 **POSITIONS**

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

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

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

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

43 Any individual teacher who is not employed in a year-round school may be paid in
44 12 monthly installments if the teacher so requests on or before the first day of the school

1 year. The request shall be filed in the local school administrative unit which employs
2 the teacher. The payment of the annual salary in 12 installments instead of 10 shall not
3 increase or decrease the teacher's annual salary nor in any other way alter the contract
4 made between the teacher and the local school administrative unit. Teachers employed
5 for a period of less than 10 months shall not receive their salaries in 12 installments."

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

8 **ADDITIONAL TEACHER POSITIONS FOR THIRD GRADE**

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

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

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

18 **HIGH SCHOOL WORKFORCE DEVELOPMENT PROGRAM**

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

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

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

39
40 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

41 **FUNDS FOR THE TESTING AND IMPLEMENTATION OF THE NEW**
42 **STUDENT INFORMATION SYSTEM**

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

1 "SECTION 7.21.(d) Notwithstanding G.S. 143-23, funds budgeted in the State
2 Public School Fund 1800 for the Uniform Education Reporting System in account
3 536508 that are used by the Department of Public Instruction for support and
4 maintenance of existing reporting systems shall be transferred to Accountability and
5 Technology Services Fund 1500, maintained in a center structure so as to provide
6 sufficient system project detail, and budgeted at a sufficient level of detail to report
7 budget and expenditures at the four digit account level as established by the Office of
8 State Controller statewide chart of accounts. Funds budgeted in the State Public School
9 Fund 1800 for the Uniform Education Reporting System in account 536508 that are
10 used by the Department of Public Instruction for the development and implementation
11 of NC WISE shall be maintained in a unique center and budgeted at a sufficient level of
12 detail to report the NC WISE budget and expenditures at the four digit account level as
13 established by the Office of State Controller statewide chart of accounts. Funds
14 budgeted in the State Public School Fund 1800 for the Uniform Education Reporting
15 System in account 536508 that are used by the Department of Public Instruction for
16 development of reporting systems other than NC WISE shall be maintained in a unique
17 center and budgeted at a sufficient level of detail to enable reporting at the four digit
18 account level as established by the Office of State Controller statewide chart of
19 accounts."

20
21 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue
22 **EXPERIENCE STEP INCREASE FOR TEACHERS AND PRINCIPALS IN**
23 **PUBLIC SCHOOLS**

24 **SECTION 7.24.** Effective July 1, 2004, any permanent certified personnel
25 employed on July 1, 2004, and paid on the teacher salary schedule with 29+ years of
26 experience shall receive a one-time bonus equivalent to the average increase of the 26 to
27 29 year steps. Effective July 1, 2004, any permanent personnel employed on July 1,
28 2004, and paid at the top of the principal and assistant principal salary schedule shall
29 receive a one-time bonus equivalent to two percent (2%). For permanent part-time
30 personnel, the one-time bonus shall be adjusted pro rata. Personnel defined under
31 G.S. 115C-325(a)(5a) are not eligible to receive the bonus.

32
33 Requested by: Representative Baker
34 **CHARTER SCHOOL FACILITY FUNDS**

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

37 **"§ 153A-451. Funding for charter school facilities.**

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

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Requested by: Representative Gorman

NEW SCHOOL BUS EQUIPMENT REQUIREMENTS

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

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

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

PART VIII. COMMUNITY COLLEGES

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

USE OF FUNDS FOR THE COLLEGE INFORMATION SYSTEM PROJECT

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

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

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

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

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

CARRYFORWARD FOR EQUIPMENT

SECTION 8.2.(a) Subject to the approval of the Office of State Budget and Management and cash availability, the North Carolina Community Colleges System

1 may carry forward an amount not to exceed ten million dollars (\$10,000,000) of the
 2 operating funds held in reserve that were not reverted in fiscal year 2003-2004 to be
 3 reallocated to the State Board of Community Colleges' Equipment Reserve Fund. These
 4 funds shall be distributed to colleges consistent with G.S. 115D-31.

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

6
 7 Requested by: Representatives Tolson, McLawhorn, Warren, Bordsen,
 8 L. Johnson, Preston, Yongue

9 **SALARIES OF COMMUNITY COLLEGE FACULTY AND PROFESSIONAL**
 10 **STAFF**

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

16 It is imperative that the State move community college faculty and
 17 professional staff salaries to the national average. The estimated incremental costs of
 18 doing so over five years are thirty-three million two hundred eighty-nine thousand three
 19 hundred seventy-one dollars (\$33,289,371) for the 2004-2005 fiscal year, twenty-one
 20 million ninety-two thousand sixty-six dollars (\$21,092,066) for the 2005-2006 fiscal
 21 year, twenty-one million five hundred seventy-four thousand five hundred three dollars
 22 (\$21,574,503) for the 2006-2007 fiscal year, twenty-two million ninety-five thousand
 23 five hundred thirty-two dollars (\$22,095,532) for the 2007-2008 fiscal year, and twelve
 24 million four hundred twenty-seven thousand five hundred thirty-one dollars
 25 (\$12,427,531) for the 2008-2009 fiscal year.

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

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

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

39 Education Level	Minimum Salary
40 Vocational Diploma/Certificate or Less	\$28,512
41 Associates Degree or Equivalent	\$28,944
42 Bachelors Degree	\$30,817
43 Masters Degree or Education Specialist	\$32,478
44 Doctoral Degree	\$34,874.

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

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

5 **SECTION 8.3.(d)**

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

- 9 a. If the average faculty salary at a community college is one
10 hundred percent (100%) or more of the national average
11 community college faculty salary, the college may transfer up
12 to ten percent (10%) of the State funds allocated to it for faculty
13 salaries.
- 14 b. If the average faculty salary at a community college is at least
15 ninety-five percent (95%) but less than one hundred percent
16 (100%) of the national average community college faculty
17 salary, the college may transfer up to eight percent (8%) of the
18 State funds allocated to it for faculty salaries.
- 19 c. If the average faculty salary at a community college is at least
20 ninety (90%) but less than ninety-five percent (95%) of the
21 national average community college faculty salary, the college
22 may transfer up to six percent (6%) of the State funds allocated
23 to it for faculty salaries.
- 24 d. If the average faculty salary at a community college is at least
25 eighty-five percent (85%) but less than ninety percent (90%) of
26 the national average community college faculty salary, the
27 college may transfer up to four percent (4%) of the State funds
28 allocated to it for faculty salaries.
- 29 e. If the average faculty salary at a community college is
30 eighty-five percent (85%) or less of the national average
31 community college faculty salary, the college may transfer up
32 to two percent (2%) of the State funds allocated to it for faculty
33 salaries.

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

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

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

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

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

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

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

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

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

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

- 24 (1) Implement the minimum salaries set out in subsection (c) of this
25 section. Funds shall be allocated to those colleges with faculty below
26 the minimum salary in each education level as determined by the
27 North Carolina Community College System. These funds shall only be
28 used to bring the salaries of full-time faculty members to the
29 applicable minimum; and

- 30 (2) Increase faculty and professional staff salaries by an average of two
31 percent (2.0%). These increases are in addition to other salary
32 increases provided for in this act, and shall be calculated on the
33 average salaries prior to the issuance of the compensation increase.
34 Colleges may provide additional increases from funds available.

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

39
40 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

41 **MODIFY REPORTING REQUIREMENT FOR NEW AND EXPANDING**
42 **INDUSTRY TRAINING PROGRAM**

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

1 "(i) The State Board of Community Colleges shall report to the Joint Legislative
2 Education Oversight Committee on ~~March 1 and October 1~~ September 1 of each year on
3 expenditures for the New and Expanding Industry Program each fiscal year. The report
4 shall include, for each company or individual that receives funds for New and
5 Expanding Industry:

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

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

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

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

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

21
22 Requested by: Representatives Clary, L. Johnson, Preston, Tolson, Yongue

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

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

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

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

42 ~~"§ 115D-68. Creation of board of trustees; members and terms of office; no~~
43 ~~compensation. Transfer of North Carolina Center for Applied Textile~~
44 ~~Technology; establishment of advisory committee.~~

~~The North Carolina Center for Applied Textile Technology shall be managed, subject to policies and regulations of the State Board of Community Colleges, by a board of trustees. The board of trustees shall consist of the President of the North Carolina System of Community Colleges and nine members appointed by the Governor. The terms of office of the trustees appointed by the Governor shall be as follows: Three of the trustees shall be appointed for a term of two years; three for three years; and three for four years. At the expiration of those terms, the appointments shall be made for periods of four years. In the event of any vacancy on the board, the vacancy shall be filled by appointment of the Governor for the unexpired term of the member causing the vacancy. The members of the board of trustees appointed by the Governor shall serve without compensation.~~

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

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

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

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

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

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

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

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

The plan shall address:

- 1 (1) The implementation of any proposed changes to the Center's (i)
- 2 organization and funding structure, (ii) mission and purpose, and (iii)
- 3 programs or services currently offered;
- 4 (2) Appropriate staffing levels based on the model of the Hosiery
- 5 Technology Center and provisions for current staff; and
- 6 (3) Necessary funding for the repair and renovation of existing structures.

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

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

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

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

23 **"§ 115D-2. Definitions.**

24 As used in this Chapter:

25 ...

- 26 (3) The term "institution" refers to any institution established pursuant to
- 27 this ~~Chapter except for the North Carolina Center for Applied Textile~~
- 28 ~~Technology Chapter.~~"

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

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

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

- 34 (1) The purchase price, including the cost of delivery, is less than the cost
- 35 under the State term contract; and
- 36 (2) The cost of the purchase shall not exceed the bid value benchmark
- 37 established under G.S. 143-53.1."

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

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

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

43 **SECTION 8.7.(a)** The Community Colleges System Office may carry
44 forward the unexpended balance of funds appropriated for the 2003-2004 fiscal year

1 from the Worker Training Trust Fund to the Community College System Office, Bureau
2 of Training Initiatives. These funds shall be used for pilot programs that support the
3 retraining of the existing workforce in new skills related to specific industry sectors.
4 The purposes for which the funds may be used in the pilot programs include targeted
5 assessments, training equipment, software, third-party trainers, and supplies and
6 material costs. Any unexpended balance remaining in this program shall revert to the
7 Worker Training Trust Fund on June 30, 2005.

8 **SECTION 8.7.(b)** This act becomes effective June 30, 2004.
9

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

11 **FUNDS FOR THE COMPREHENSIVE ARTICULATION AGREEMENT**
12 **STUDY**

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

14 "SECTION 8.12.(h) The University of North Carolina, Office of the President, and
15 the North Carolina Community College System shall each transfer thirty-five thousand
16 dollars (\$35,000) to the Joint Legislative Education Oversight Committee to carry out
17 this study. Funds transferred by the North Carolina Community College System that are
18 not expended shall not revert on June 30, 2004, but shall remain available for the
19 2004-2005 fiscal year to pay costs associated with the study."

20 **SECTION 8.8.(b)** This section becomes effective June 30, 2004.
21

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

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

24 **SECTION 8.9.** The General Assembly finds that additional data is needed to
25 determine the adequacy of multicampus funds; therefore, multicampus colleges shall
26 report annually, beginning September 1, 2005, to the Community Colleges System
27 Office on all expenditures by line item of funds used to support their multicampuses.
28 The Community Colleges System Office shall report on these expenditures to the
29 Education Appropriation Subcommittees of the House of Representatives and the
30 Senate, the Office of State Budget and Management, and the Fiscal Research Division
31 by October 1 of each year.
32

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

34 **COMMUNITY COLLEGE FUNDING FLEXIBILITY**

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

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

42 ~~No more than two percent (2%) systemwide shall be transferred from faculty salaries~~
43 ~~without the approval of the State Board of Community Colleges. The State Board shall~~
44 ~~report on any such transfers above two percent (2%) systemwide to the Office of State~~

1 ~~Budget and Management and the Joint Legislative Commission on Governmental~~
2 ~~Operations at its next meeting."~~

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

5 **MIDDLE COLLEGE START-UP FUNDS**

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

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

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

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

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

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

18 **STUDY OF FTE FUNDING FORMULA**

19 **SECTION 8.13.** The State Board of Community Colleges shall consider
20 modifications to its funding formulas to ensure that colleges have sufficient funds to
21 adequately serve students when enrollment increases. In the course of the study, the
22 State Board shall consider methods of accurately projecting enrollment for the
23 upcoming academic year and using projected enrollment in its funding formulas. The
24 State Board shall also consider modifications to its funding formulas to ensure that
25 adequate funding is provided for high-cost programs.

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

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

31 **FUNDS FOR SIGNIFICANT FTE INCREASES**

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

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

42 The State Board of Community Colleges shall adopt rules to determine
43 eligibility for funds from the contingency reserve.

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

3 **CONTINGENCY RESERVE FOR COLLEGES EXPERIENCING HIGH RATES**
4 **OF UNEMPLOYMENT**

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

12 The State Board of Community Colleges shall adopt rules to implement this
13 section.

14
15 **PART IX. UNIVERSITIES**

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

18 **UNC FLEXIBILITY GUIDELINES**

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

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

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

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

40 **SECTION 9.2.(b)** The Director of the Budget shall include General Fund
41 appropriations in the amounts provided in subsection (a) of this section in the proposed
42 2005-2007 fiscal biennium continuation budget for the purposes provided in
43 G.S. 116B-7.

1 **SECTION 9.2.(c)** There is appropriated from the Escheat Fund to the Board
2 of Governors of The University of North Carolina the sum of one hundred ninety-five
3 thousand dollars (\$195,000) for the 2004-2005 fiscal year to be allocated to the State
4 Education Assistance Authority for need-based student financial aid to be used in
5 accordance with G.S. 116B-7 and this act. The State Education Assistance Authority
6 shall use these funds only to provide scholarship loans to North Carolina high school
7 seniors interested in preparing to teach in the State's public schools who also enroll at
8 any of the Historically Black Colleges and Universities that do not have Teaching
9 Fellows. An allocation of 10 grants of six thousand five hundred dollars (\$6,500) each
10 shall be given to the three universities without any Teaching Fellows for the purposes
11 specified in this subsection. The State Education Assistance Authority shall administer
12 these funds and shall establish any additional criteria needed to award these scholarship
13 loans, the conditions for forgiving the loans, and the collection of the loan repayments
14 when necessary.

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

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

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

24
25 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

26 **UNC BOND PROJECT MODIFICATIONS**

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

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

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

- 1 (1) By substituting the "New School of Education" for "Central Cool
2 Plant-Phase I."
3 (2) By deleting "New Student Housing 1,897,900" and "Curtis Residence
4 Hall-Replacement 3,723,500" and by amending "Scott Residence
5 Hall-Replacement" to create a total allocation of thirty-one million
6 eight hundred seventy-four thousand seven hundred dollars
7 (\$31,874,700).
8 (3) By deleting "Holland Residence Hall-Comprehensive Renovation
9 856,800" and by amending "Zoe Barbee Residence
10 Hall-Comprehensive Renovation" to create a total allocation of four
11 million five hundred fifty thousand six hundred dollars (\$4,550,600).

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

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

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

40 Section 2(a) of S.L. 2000-3 is therefore amended in the portion under the
41 University of North Carolina at Wilmington, by reducing the money allocated to
42 "Alderman Hall Classroom Building" by two million two hundred four thousand six
43 hundred fifty-two dollars (\$2,204,652) to create a total allocation of seven hundred
44 thirty-six thousand one hundred forty-eight dollars (\$736,148), by reducing the monies

1 allocated to "Kenan Auditorium" by one million one hundred seventy-three thousand
2 three hundred twenty-five dollars (\$1,173,325) to create a total allocation of one million
3 nine hundred twenty-one thousand nine hundred seventy-five dollars (\$1,921,975) and
4 by reallocating the money saved as follows: increase the budget of "King Hall" from
5 two million six hundred ninety-seven thousand four hundred dollars (\$2,697,400) to
6 three million five hundred twenty-seven thousand four hundred dollars (\$3,527,400),
7 increase the budget for "Hinton James Hall" from one million four hundred sixty-eight
8 thousand dollars (\$1,468,000) to two million eight hundred fifty-four thousand
9 twenty-five dollars (\$2,854,025), and increase the budget of "Kenan Hall" from three
10 million fifty-six thousand six hundred dollars (\$3,056,600) to four million two hundred
11 eighteen thousand five hundred fifty-two dollars (\$4,218,552).

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

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

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

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

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

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

43 **SECTION 9.4.(g)** Pursuant to Section 2(b) of S.L. 2000-3, the General
44 Assembly finds that it is in the best interests of the State to respond to current

1 educational and research program requirements at the University of North Carolina at
 2 Chapel Hill by deleting a project entitled "Community Health Building-Consolidation
 3 of Programs" as contained in Section 2(a) of S.L. 2000-3, and dispersing the funds from
 4 that project to other health affairs related bond projects.

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

19 **SECTION 9.4.(h)** Nothing in this section is intended to supersede any other
 20 requirement of law or policy for approval of the substituted capital improvement
 21 projects.
 22

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

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

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

33 The North Carolina School of the Arts may use the proceeds from the sale of
 34 its existing chancellor's residence and the appurtenant land, and any other
 35 nonappropriated funds available, to construct or otherwise acquire a new chancellor's
 36 residence. Proceeds from the sale not used for that purpose shall revert.
 37

38 Requested by: Representatives L. Johnson, Preston, Tolson, Yongue
 39 **NORTH CAROLINA SCHOOL OF SCIENCE AND MATH**
 40 **CARRYOVER/ONETIME EXPENDITURES**

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

42 "(b) The North Carolina School of Science and Mathematics is authorized to be
 43 designated as a special responsibility constituent institution for the purposes of
 44 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

1 G.S. 116-31.10. In addition, all General Fund appropriations made by the General
2 Assembly for continuing operations of the North Carolina School of Science and
3 Mathematics shall be made in the form of a single sum to each budget code of the
4 School for each year of the fiscal period for which the appropriations are being made.
5 Notwithstanding G.S. 143-23(a1), G.S. 143-23(a2), and G.S. 120-76(8), the North
6 Carolina School of Science and Mathematics may expend monies from the overhead
7 receipts special fund budget code and the General Fund monies so appropriated to it in
8 the manner deemed by the Director of the School to be calculated to maintain and
9 advance the programs and services of the School, consistent with the directives and
10 policies of the Board of Trustees of the North Carolina School of Science and
11 Mathematics. The preparation, presentation, and review of General Fund budget
12 requests of the North Carolina School of Science and Mathematics shall be conducted in
13 the same manner as are requests of the constituent institutions. The quarterly allotment
14 procedure established under G.S. 143-17 shall apply to the General Fund appropriations
15 made for the current operations of the North Carolina School of Science and
16 Mathematics. All General Fund monies so appropriated to the North Carolina School of
17 Science and Mathematics shall be recorded, reported, and audited in the same manner as
18 are General Fund appropriations to constituent institutions of The University of North
19 Carolina."

20
21 Requested by: Representative Michaux

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

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

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

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

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

3 **UNC-CHAPEL HILL CONTINUE TO OPERATE HORACE WILLIAMS**
4 **AIRPORT**

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

10 **SECTION 9.7.(b)** The University of North Carolina at Chapel Hill shall
11 report to the Joint Legislative Commission on Governmental Operations by July 1,
12 2006, and biannually thereafter, on progress locating a replacement facility for the Area
13 Health Education Center.

14
15 Requested by: Representative Michaux

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

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

23
24 **PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

25
26 Requested by: Representatives Nye, Barnhart

27 **CENTRALIZE CRIMINAL RECORD CHECK FUNCTIONS**

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

37
38 Requested by: Representatives Clary, Nye, Barnhart

39 **STUDY ISSUES RELATED TO MENTALLY ILL RESIDENTS OF**
40 **LONG-TERM CARE FACILITIES**

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

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

23 **SECTION 10.2.(b)** The Department shall report its findings and
 24 recommendations to the North Carolina Study Commission on Aging by October 1,
 25 2005. The Department of Health and Human Services shall include in this report how it
 26 defines "mentally ill" for purposes of this study.

27 **SECTION 10.2.(c)** The Department of Health and Human Services may use
 28 up to one hundred fifty thousand dollars (\$150,000) of funds appropriated to it for the
 29 2004-2005 fiscal year to contract for the study required in this section.

30
 31 Requested by: Representatives Nye, Barnhart, England, Allred

32 **COMMUNITY HEALTH GRANT FUNDS**

33 **SECTION 10.3(a)** Of the funds appropriated in this act for Community
 34 Health Grants for the 2004-2005 fiscal year, the sum of five million dollars
 35 (\$5,000,000) in nonrecurring funds shall be used for federally qualified health centers
 36 and for those health centers that meet the criteria for federally qualified health centers,
 37 and the sum of three million dollars (\$3,000,000) in nonrecurring funds shall be
 38 allocated from institutional receipts in the Division of Mental Health, Developmental
 39 Disabilities, and Substance Abuse Services to Community Health Grants to be used for
 40 State-designated rural health centers and public health departments.

- 41 (1) Increase access to preventative and primary care services by uninsured
- 42 or medically indigent patients in existing or new health center
- 43 locations;

- 1 (2) Establish community health center services in counties where no such
2 services exist;
- 3 (3) Create new services or augment existing services provided to
4 uninsured or medically indigent patients, including primary care and
5 preventive medical services, dental services, pharmacy, and behavioral
6 health; and
- 7 (4) Increase capacity necessary to serve the uninsured by enhancing or
8 replacing facilities, equipment, or technologies.

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

14 **SECTION 10.3.(b)** The Office shall work with the North Carolina
15 Community Health Center Association (hereafter "NCCHCA") and the North Carolina
16 Public Health Association (hereafter "NCPHA") to establish an advisory committee to
17 develop an objective and equitable process for awarding grant funds. The Office shall
18 also develop auditing and accountability procedures. Not more than one percent (1.0%)
19 of the funds appropriated in this section may be used to reimburse the Office for
20 administering the grant program in collaboration with the NCCHCA and the NCPHA.

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

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

31
32 Requested by: Representatives Nye, Barnhart

33 **MEDICAID**

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

35 **"MEDICAID**

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

41 Services and payment bases:

- 42 (1) Hospital-Inpatient. – Payment for hospital inpatient services will be
43 prescribed in the State Plan as established by the Department of Health
44 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.

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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:

7 **STATE/COUNTY SPECIAL ASSISTANCE**

8 **SECTION 10.21A.(a)** Effective October 1, 2004, the maximum monthly
9 rate for residents in adult care home facilities shall be one thousand ninety-six dollars
10 (\$1,096) per month per resident unless adjusted by the Department in accordance with
11 Section 10.52(f) of S.L. 2003-284.

12 **SECTION 10.21A.(b)** From funds appropriated in this act to the Department
13 of Health and Human Services for the 2004-2005 fiscal year, the sum of five million
14 dollars (\$5,000,000) shall be transferred from institutional receipts in the Division of
15 Mental Health, Developmental Disabilities, and Substance Abuse Services to the
16 Division of Social Services to provide the rate increase required under subsection (a) of
17 this section.

18
19 Requested by: Representatives Nye, Barnhart

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

21 **SECTION 10.22.(a)** In administering the five-million-dollar (\$5,000,000)
22 reduction in funds to area programs enacted in this act, the Division of Mental Health,
23 Developmental Disabilities, and Substance Abuse Services shall do the following:

- 24 (1) Apply the reduction to area authority funds that have reverted in each
25 of the past two fiscal years; and
26 (2) Apportion the area authority reduction across disability groups by the
27 proportion of the total funds reverted for each disability fund code in
28 fiscal year 2003-2004.

29 **SECTION 10.22.(b)** Of the funds transferred to the Department of Health
30 and Human Services for Medicaid programs pursuant to G.S. 143-23.2, the sum of five
31 million dollars (\$5,000,000) shall be allocated as prescribed by G.S. 143-23(b) to the
32 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services
33 to restore a portion of the reduction in funds to area mental health programs and county
34 programs. Notwithstanding the prescription in G.S. 143-23.2(b) that these funds not
35 reduce State general revenue funding, these funds shall replace the reduction in general
36 revenue funding effected in this act.

37
38 Requested by: Representative Insko

39 **DHHS POLICIES AND PROCEDURES IN AT RISK CHILDREN'S PROGRAM**
40 **AND MULTIPLY DIAGNOSED ADULTS PROGRAM**

41 **SECTION 10.22A.** The Department of Health and Human Services,
42 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,
43 shall in cooperation with area mental health authorities and county programs, identify
44 and eliminate administrative and fiscal barriers created by existing State and local

1 policies and procedures in the At Risk Children's Program and the Multiply Diagnosed
2 Adults Program. The Department shall implement changes in policies and procedures
3 in order to facilitate all of the following:

- 4 (1) The provision of services to adults and children as defined in the
5 Mental Health System Reform State Plan as priority or targeted
6 populations.
- 7 (2) A revised system of allocating State and federal funds to area mental
8 health authorities and county programs that reflects projected needs
9 including the impact of system reform efforts rather than historical
10 spending patterns.
- 11 (3) The provision of services to children not deemed eligible for the At
12 Risk Children's Program but who would otherwise be in need of
13 medically necessary treatment services to prevent out-of-home
14 placement.
- 15 (4) The provision of services in the community to adults remaining in and
16 being placed in State institutions addressed in Olmstead v. L.C.

17 The Department, in consultation with the area mental health authorities and county
18 programs, shall report to the House of Representatives Appropriations Subcommittee on
19 Health and Human Services, the Senate Appropriations Committee on Health and
20 Human Services, and the Joint Legislative Oversight Committee on Mental Health,
21 Developmental Disabilities, and Substance Abuse Services on the progress in
22 implementing these changes. The report shall be submitted on October 1, 2004, and
23 February 1, 2005.

24
25 Requested by: Representatives Nye, Barnhart

26 **FUNDS FOR PATH PROGRAM RESIDENCE PURCHASE**

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

32
33 Requested by: Representatives Nye, Barnhart

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

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

42
43 Requested by: Representatives Nye, Barnhart

1 **STUDY FINANCING OF MENTAL HEALTH, DEVELOPMENTAL**
2 **DISABILITIES, AND SUBSTANCE ABUSE SERVICES**

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

- 6 (1) An examination of all sources of funds used in the delivery of mental
7 health, developmental disabilities, and substance abuse services
8 throughout the Department.
9 (2) An examination of alternative financing mechanisms for funding
10 mental health, developmental disabilities, and substance abuse
11 services, including Medicaid.
12 (3) Recommendations for feasible alternative financing mechanisms.

13 The Department shall report its findings and recommendations to the
14 Legislative Oversight Committee on Mental Health, Developmental Disabilities, and
15 Substance Abuse Services, the House of Representatives Appropriations Subcommittee
16 on Health and Human Services, the Senate Appropriations Committee on Health and
17 Human Services, and the Fiscal Research Division no later than July 1, 2005.
18

19 Requested by: Representatives Nye, Barnhart

20 **AREA PROGRAM AND COUNTY PROGRAM TRANSITION FLEXIBILITY**

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

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

31 **SECTION 10.26.(b)** This section is effective upon ratification and expires
32 on July 1, 2005.
33

34 Requested by: Representatives Nye, Barnhart

35 **MENTAL HEALTH TREATMENT COURTS**

36 **SECTION 10.27.(a)** The Administrative Office of the Courts shall establish
37 pilot programs in judicial districts 15B, 26, and 28 that add a mental health treatment
38 component to the existing drug treatment courts in those districts, thereby expanding
39 those courts into therapeutic court programs aimed at providing treatment to repeat adult
40 offenders with needs for either mental health or substance abuse services. The purpose
41 of the mental health treatment component of the pilot programs is to facilitate
42 cooperation between the State mental health system, mental health service providers,
43 and the judicial system in order for the State mental health system to provide repeat
44 adult offenders that need mental health services with treatment and other mental health

1 services aimed at improving their ability to function in the community, thereby reducing
2 recidivism and easing the workload of the courts.

3 In expanding the drug treatment courts in these districts into therapeutic
4 courts under this section, the Administrative Office of the Courts and the Department of
5 Health and Human Services, Division of Mental Health, Developmental Disabilities,
6 and Substance Abuse Services, shall collaborate on a plan for the structure of the court
7 process, treatment services provided by area authorities or county programs and other
8 appropriate mental health service providers, and administration of the pilot programs.
9 Treatment services provided under the mental health treatment court component shall
10 use best treatment practices approved by the Division of Mental Health, Developmental
11 Disabilities, and Substance Abuse Services. The collaborative effort required under this
12 section shall also include consideration of the effectiveness and efficiency of the mental
13 health treatment court component to determine feasibility of the statewide expansion of
14 drug treatment courts into therapeutic courts.

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

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

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

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

43 **SECTION 10.27.(f)** A county may appropriate county or other non-State
44 funds to expand mental health services to adult repeat offenders served by the pilot

1 programs for mental health treatment established under subsection (a) of this section.
2 No State funds appropriated for this section shall be used to provide mental health
3 services to nontargeted population adult repeat offenders.

4
5 Requested by: Representatives Nye, Barnhart

6 **PUBLIC HEALTH TASK FORCE REPORTING REQUIREMENT**

7 **SECTION 10.28.** The Department of Health and Human Services shall
8 provide a detailed report on recommendations made by the Public Health Task Force.
9 The report shall include an implementation schedule with the fiscal impact of each
10 recommendation on both State and county governments. The Department shall submit
11 the report upon the completion of the work of the Task Force. The Department shall
12 submit the report to the House of Representatives Appropriations Subcommittee on
13 Health and Human Services, the Senate Appropriations Committee on Health and
14 Human Services, and the Fiscal Research Division.

15
16 Requested by: Representatives Nye, Barnhart

17 **EARLY INTERVENTION REPORTING REQUIREMENT**

18 **SECTION 10.29.** The Department of Health and Human Services, Division
19 of Public Health, shall track and report on the number of children referred to the Early
20 Intervention program through Department of Social Services abuse and neglect agents.
21 The report shall include the number and types of services provided to these children and
22 the fiscal impact to the program. The Department shall submit a 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 by January 30, 2005.

26
27 Requested by: Representatives Nye, Barnhart

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

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

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

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

42 (1) ADAP program utilization:

- 43 a. Monthly data on total cumulative AIDS/HIV cases reported in
44 North Carolina.

- 1 b. Monthly data on the number of individuals who have applied to
2 participate in ADAP that have been determined to be ineligible.
3 c. Monthly data on the income level of participants in ADAP and
4 of individuals who have applied to participate in ADAP who
5 have been determined to be ineligible.
6 d. Monthly data on fiscal year-to-date expenditures of ADAP. The
7 interim report shall contain monthly data on the calendar
8 year-to-date expenditures of ADAP.
9 e. An update on the status of the information management system.
10 f. Monthly data on ADAP usage patterns and demographics of
11 participants in ADAP.
12 g. Fiscal year-to-date budget information."

13
14 Requested by: Representatives Nye, Barnhart

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

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

27
28 Requested by: Representatives Nye, Barnhart

29 **NORTH CAROLINA PUBLIC HEALTH DEPARTMENT INCUBATORS**

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

- 38 (1) Establish or strengthen the capacity to conduct epidemiological
39 investigation and to actively monitor public health conditions,
40 diseases, and risk factors.
41 (2) Establish or strengthen the capacity to monitor health disparities and to
42 develop plans to reduce those disparities.
43 (3) Conduct regional community health assessments with the assistance of
44 other members of the public health community including other

1 governmental agencies and nonprofit organizations, to establish
2 partnership health priorities based on these findings, and to draft public
3 health interventions to address the highest health priorities.

4 (4) Raise public awareness of the health-related issues in partnership
5 communities, collaborating with members of the larger public health
6 community and with local and State media, reporting health issues to
7 the county commissioners, the boards of health, legislators, at-risk
8 groups, and to the community at large.

9 (5) Provide regular, supplemental training to members of the participating
10 boards of health to inform them about their overall responsibilities
11 including their role in policy development, to introduce them to
12 evidence-based best practices in public health with an emphasis on
13 collaborative initiatives, and to update them on emerging public health
14 issues, particularly those that are of greatest concern to their
15 communities.

16 (6) Conduct workforce preparedness assessments and follow-on training
17 for the public health workforce in the pilot regions and to establish or
18 supplement policy to facilitate effective responses to public health
19 emergencies where appropriate.

20 (7) Establish a formal, systematic review of the incubators to track and
21 evaluate the efficacy of roles, organization, and programs, to identify
22 best practices, and to develop recommendations for improvement
23 based on these findings.

24 **SECTION 10.32.(b)** The Department of Health and Human Services shall
25 report on the use of these funds and an evaluation of the incubator efforts to the Senate
26 Appropriations Committee on Health and Human Services, the House of
27 Representatives Appropriations Subcommittee on Health and Human Services, and the
28 Fiscal Research Division. The Department shall submit the report not later than January
29 14, 2005.

30
31 Requested by: Representatives Nye, Barnhart

32 **FUNDS FOR SCHOOL NURSES**

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

1 There shall be no supplanting of local, State, or federal funds with these
2 funds. Communities shall maintain their current level of effort and funding for school
3 nurses. These funds shall not be used for funding nurses for State agencies. All funding
4 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 Nye, Barnhart

12 **HOSPITAL EMERGENCY DEPARTMENT DATA REPORTING**

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

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

17 **"§ 130A-480. Emergency department data reporting.**

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

24 (1) Each hospital shall submit electronically available emergency
25 department data as specified by rule by the Commission. The
26 Commission, in consultation with hospitals, shall establish by rule a
27 schedule for the implementation of full electronic reporting capability
28 of all data elements by all hospitals. The schedule shall take into
29 consideration the number of data elements already reported by the
30 hospital, the hospital's capacity to electronically maintain the
31 remaining elements, available funding, and other relevant factors.

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

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

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

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

The State Health Director shall maintain the confidentiality of the data reported pursuant to this section and shall ensure that adequate measures are taken to provide system security for all data and information. The State Health Director may share data with local health departments for public health purposes, and the local health departments are bound by the confidentiality provisions of this section. The State Health Director shall not allow information that it receives pursuant to this section to be used for commercial purposes and shall not release data except as authorized by other provisions of law.

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

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

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

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

Requested by: Representatives Barnhart, Nye

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

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

read:

"The Commission shall have the following powers and duties:

...

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

...."

Requested by: Representatives Nye, Barnhart

CRIMINAL HISTORY RECORD CHECKS FOR LOCAL CHILD CARE CENTERS

SECTION 10.36. It is the intent of the General Assembly that the Division of Child Development be able to conduct criminal history record checks for local child care centers in an expedient manner during the 2004-2005 fiscal year. The Division of Child Development may use lapsed salary funds to support up to three additional temporary positions during fiscal year 2005 to eliminate the backlog and keep current the criminal history record checks process. The Office of State Budget and Management

1 and the Department of Health and Human Services shall expedite the approval process
2 for these temporary positions.

3
4 Requested by: Representatives Barnhart, Nye

5 **INCREASE NORTH CAROLINA PARTNERSHIP FOR CHILDREN BOARD**
6 **MEMBERSHIP**

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

8 "(1) The North Carolina Partnership shall have a Board of Directors
9 consisting of the following ~~25~~26 members:

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

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

14 All members appointed to succeed the initial members and
15 members appointed thereafter shall be appointed for three-year terms.
16 Members may succeed themselves.

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

23 All ex officio members are voting members. Each ex officio
24 member may be represented by a designee. These designees shall be
25 voting members. No members of the General Assembly shall serve as
26 members.

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

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

40 Members who miss more than three consecutive meetings without
41 excuse or members who vacate their membership shall be replaced by
42 the appropriate appointing authority, and the replacing member shall
43 serve either until the General Assembly and the Governor can appoint

1 a successor or until the replaced member's term expires, whichever is
 2 earlier.

3 The North Carolina Partnership shall establish a policy on
 4 membership of the local boards. No member of the General Assembly
 5 shall serve as a member of a local board. Within these requirements for
 6 local board membership, the North Carolina Partnership shall allow
 7 local partnerships that are regional to have flexibility in the
 8 composition of their boards so that all counties in the region have
 9 adequate representation.

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

17 Requested by: Representatives Barnhart, Nye

18 **MORE AT FOUR PROGRAM**

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

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

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

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

1 **"SECTION 10.40.(c)** The Department of Health and Human Services and the
2 Department of Public Instruction, with guidance from the Task Force, shall continue the
3 implementation of the "More At Four" prekindergarten program for at-risk
4 four-year-olds who are at risk of failure in kindergarten. The program is available
5 statewide to all counties that choose to participate, including underserved areas. The
6 goal of the program is to provide quality prekindergarten services to a greater number of
7 at-risk children in order to enhance kindergarten readiness for these children. The
8 program shall be consistent with standards and assessments established jointly by the
9 Department of Health and Human Services, the Department of Public Instruction, and
10 the Task Force and may consider the "More At Four" Pre-K Task Force
11 recommendations. The program shall include:

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

1 Task Force. The Department may use the child care rating system to
2 assist in determining program participation.

3 (9) Standards for minimum teacher qualifications. A portion of the
4 classroom sites initially funded shall have at least one teacher who is
5 certified or provisionally certified in birth to kindergarten education.

6 (10) A local contribution. Programs must demonstrate that they are
7 accessing resources other than "More At Four".

8 (11) A system of accountability.

9 (12) Collaboration with State agencies and other organizations. The
10 Department of Health and Human Services, the Department of Public
11 Instruction, and the Task Force shall collaborate with State agencies
12 and other organizations such as the North Carolina Partnership for
13 Children, Inc., in the design and implementation of the program.

14 (13) Consideration of the reallocation of existing funds. In order to
15 maximize current funding and resources, the Department of Health and
16 Human Services, the Department of Public Instruction, and the Task
17 Force shall consider the reallocation of existing funds from State and
18 local programs that provide prekindergarten related care and services.

19 (14) Recommendations for long-term organizational placement and
20 administration of the program.

21 **"SECTION 10.40.(d)** During the 2003-2004 fiscal year, the Department of Health
22 and Human Services shall plan for expansion of the "More At Four" program within
23 existing resources to include four and five star rated centers and schools serving
24 four-year-olds and develop guidelines for these programs. The Department shall analyze
25 guidelines for use of the "More At Four" funds, State subsidy funds, and Smart Start
26 subsidy funds and devise a complementary plan for administration of funds for all
27 four-year-old classrooms. The four and five star centers that choose to become a "More
28 at Four" program shall, at a minimum, receive curricula and access to training and
29 workshops for "More at Four" programs and be considered along with other "More at
30 Four" programs for T.E.A.C.H. funding. The Department shall ensure that no individual
31 receives funding from more than one source for the same purpose or activity during the
32 same funding period. For purposes of this subsection, sources shall include T.E.A.C.H.,
33 W.A.G.E.\$., and T.E.A.C.H. Health Insurance programs for individual recipients.

34 ~~The Department may use nonobligated "More At Four" funds for the 2003-2004~~
35 ~~fiscal year to reduce the waiting list for subsidy, with priority given to four year olds~~
36 ~~attending three star or better centers. If there are funds remaining after the waiting list~~
37 ~~for four year olds has been satisfied, then the waiting list for other children may be~~
38 ~~addressed with the remaining funds.~~

39 The "More At Four" program shall review the number of slots filled by counties on a
40 monthly basis and shift the unfilled slots to counties with waiting lists. The shifting of
41 slots shall occur through January 30, 2005, at which time any remaining funds for slots
42 unfilled shall be transferred to the Division of Child Development to meet the needs of
43 the waiting list for subsidized child care.

1 **"SECTION 10.40.(e)** The Department of Health and Human Services, the
2 Department of Public Instruction, and the Task Force shall submit a progress report by
3 ~~January 1, 2004, and May 1, 2004,~~ January 1, 2005, and May 30, 2005, to the Joint
4 Legislative Commission on Governmental Operations, the Joint Legislative Education
5 Oversight Committee, the Senate Appropriations Committee on Health and Human
6 Services, the House of Representatives Appropriations Subcommittee on Health and
7 Human Services, and the Fiscal Research Division. This final report shall include the
8 following:

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

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

27

28 **PART XI. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES**

29

30 Requested by: Representative West

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

32 **SECTION 11.1.(a)** The Department of Agriculture and Consumer Services
33 may sell the dairy herd, including embryos and semen inventories, at the Umstead Farm
34 Unit in Butner and may place the proceeds of the sale in a nonreverting special revenue
35 fund within the Department. This fund shall be used only for any one or more of the
36 following purposes:

- 37 (1) To relocate the milking parlor equipment and nutrition barn from the
38 Umstead Farm Unit to the Piedmont Research Station in Salisbury.
- 39 (2) To purchase additional dairy animals to fully utilize dairy facilities
40 located at the Piedmont Research Station in Salisbury.
- 41 (3) To purchase or construct grain and feed storage facilities and to
42 purchase equipment and supplies necessary for dairy research at the
43 dairy units operated by the Department.

1 (4) To demolish or remove unneeded or obsolete dairy buildings at the
2 Umstead Farm Unit or for the closure of any animal waste
3 management system located at the Umstead Farm Unit.

4 **SECTION 11.1.(b)** The proceeds in the special revenue fund under
5 subsection (a) of this section are appropriated to the Department of Agriculture and
6 Consumer Services for the 2004-2005 fiscal year to be used for the purposes under
7 subsection (a) of this section.

8 **SECTION 11.1.(c)** Beginning with the 2005-2007 biennium, the special
9 revenue fund established under subsection (a) of this section shall be included in the
10 Governor's recommended budget.

11
12 Requested by: Representatives Fox, West

13 **STUDY FUNDING FOR DACS RESEARCH STATIONS**

14 **SECTION 11.2.(a)** The Department of Agriculture and Consumer Services
15 and the Agricultural Research Service, North Carolina State University, in consultation
16 with the Fiscal Research Division, shall study the manner in which the 18 research
17 stations within the Department of Agriculture and Consumer Services are funded,
18 including the differences as to how the Department of Agriculture and Consumer
19 Services and the Agricultural Research Service fund the facilities sponsored by each,
20 the differences as to how the Department of Agriculture and Consumer Services and the
21 Agricultural Research Service allocate federal grant funds for administration of the
22 research stations, and the efforts of the Department of Agriculture and Consumer
23 Services and the Agricultural Research Service to collaborate on providing necessary
24 funding of the research stations.

25 **SECTION 11.2.(b)** No later than December 15, 2004, the Department of
26 Agriculture and Consumer Services and the Agricultural Research Service, North
27 Carolina State University, in consultation with the Fiscal Research Division, shall
28 prepare a final joint report of the findings and recommendations of the study and submit
29 this report to the House and Senate Appropriations Subcommittees on Natural and
30 Economic Resources and the Fiscal Research Division.

31
32 **PART XII. DEPARTMENT OF ENVIRONMENT AND NATURAL**
33 **RESOURCES**

34
35 Requested by: Representatives Fox, West

36 **GRASSROOTS SCIENCE PROGRAM**

37 **SECTION 12.1.(a)** Section 11.1(a) of S.L. 2003-284 reads as rewritten:

38 **"SECTION 11.1.(a)** Of the funds appropriated in this act to the Department of
39 Environment and Natural Resources for the Grassroots Science Program, the sum of
40 two million five hundred fifty-one thousand seven hundred sixty dollars (\$2,551,760)
41 for fiscal year 2003-2004 and the sum of ~~two million five hundred fifty-one thousand~~
42 ~~seven hundred sixty dollars (\$2,551,760)~~ two million seven hundred seventeen thousand
43 seven hundred seven dollars (\$2,717,707) for fiscal year 2004-2005 are allocated as
44 grants-in-aid for each fiscal year as follows:

	2003-2004	2004-2005	
1			
2			
3			
4	Aurora Fossil Museum	\$56,690	\$56,690 <u>\$57,120</u>
5	Cape Fear Museum	\$185,470	\$185,470 <u>\$194,188</u>
6	Catawba Science Center	\$134,913	\$134,913 <u>\$140,377</u>
7	Colburn Gem and Mineral Museum, Inc.	\$66,858	\$66,858 <u>\$67,943</u>
8	Discovery Place	\$624,407	\$624,407 <u>\$661,371</u>
9	Granville County Museum Commission,		
10	Inc. – Harris Gallery	\$55,885	\$55,885 <u>\$56,263</u>
11	The Health Adventure Museum of Pack		
12	Place Education, Arts and		
13	Science Center, Inc.	\$121,115	\$121,115 <u>\$125,691</u>
14	Imagination Station	\$85,308	\$85,308 <u>\$87,580</u>
15	Iredell County Children's Museum	\$6,616	\$6,616 <u>\$57,042</u>
16	Museum of Coastal Carolina	\$69,311	\$69,311 <u>\$70,553</u>
17	Natural Science Center of Greensboro	\$183,416	\$183,416 <u>\$192,001</u>
18	North Carolina Museum of Life		
19	and Science	\$388,283	\$388,283 <u>\$410,052</u>
20	Rocky Mount Children's Museum	\$72,810	\$72,810 <u>\$74,277</u>
21	Schiele Museum of Natural History	\$234,524	\$234,524 <u>\$246,398</u>
22	Sci Works Science Center and		
23	Environmental Park of Forsyth County	\$147,578	\$147,578 <u>\$153,857</u>
24	Western North Carolina Nature Center	\$118,578	\$118,578 <u>\$122,991</u>
25			
26	Total	\$2,551,760	\$2,551,760 <u>\$2,717,707"</u>

27 **SECTION 12.1.(b)** Of the funds appropriated in this act to the Department
 28 of Environment and Natural Resources for the Grassroots Science Program, the sum of
 29 two hundred fifty thousand twenty dollars (\$250,020) for the 2004-2005 fiscal year
 30 shall be allocated as grants-in-aid of forty-one thousand six hundred seventy dollars
 31 (\$41,670) to each of the following unfunded members of the Grassroots collaborative:

- 32 (1) Wilmington Children's Museum, Inc.
- 33 (2) Carolina Raptor Center, Inc.
- 34 (3) Highlands Nature Center
- 35 (4) Fascinate-U Children's Museum
- 36 (5) KidSenses, Inc.
- 37 (6) Greensboro Children's Museum, Inc.

38 **SECTION 12.1.(c)** The Department of Environment and Natural Resources
 39 shall modify the formula that was used by the Department to determine the
 40 appropriations under subsection (a) of this section to add museum attendance as a
 41 factor, and it is the intent of the General Assembly that this revised formula is used to
 42 determine appropriations for the Grassroots Science Program in the future, starting with
 43 the 2005-2007 biennium.

1 **SECTION 12.1.(d)** No more members shall be added to the Grassroots
2 collaborative.

3
4 Requested by: Representatives Fox, West

5 **NO NEW FUNDS FOR STATEWIDE BEAVER DAMAGE CONTROL**
6 **PROGRAM**

7 **SECTION 12.2.(a)** Section 11.2 of S.L. 2003-284 reads as rewritten:

8 "**SECTION 11.2.** Of the funds appropriated to the Wildlife Resources Fund in this
9 act, the sum of four hundred forty-nine thousand dollars (\$449,000) for the 2003-2004
10 fiscal year ~~and the sum of four hundred forty nine thousand dollars (\$449,000) for the~~
11 ~~2004-2005 fiscal year~~ shall be used to provide the State share necessary to support the
12 beaver damage control program established in G.S. 113-291.10, provided the sum of at
13 least twenty-five thousand dollars (\$25,000) in federal funds is available ~~each fiscal~~
14 ~~year of the biennium~~ for the 2003-2004 fiscal year to provide the federal share."

15 **SECTION 12.2.(b)** There is appropriated from the Wildlife Resources Fund
16 to the Wildlife Resources Commission the sum of four hundred forty-nine thousand
17 dollars (\$449,000) for the 2004-2005 fiscal year to provide the State share necessary to
18 support the beaver damage control program established in G.S. 113-291.10, provided
19 the sum of at least twenty-five thousand dollars (\$25,000) in federal funds is available
20 for the 2004-2005 fiscal year to provide the federal share.

21
22 Requested by: Representatives McComas, Stiller

23 **TWENTY-FOUR HOUR ACCESS TO FORT FISHER STATE RECREATION**
24 **AREA/FUNDS FOR DEPARTMENT ACTIVITIES AT FORT FISHER**

25 **SECTION 12.3.(a)** G.S. 113-35 is amended by adding a new subsection to
26 read:

27 "(b1) Members of the public who pay a fee under subsection (b) of this section for
28 access to Fort Fisher State Recreation Area may have 24-hour access to Fort Fisher
29 State Recreation Area."

30 **SECTION 12.3.(b)** Of the funds appropriated to the Department of
31 Environment and Natural Resources for the 2004-2005 fiscal year, the sum of
32 twenty-five thousand dollars (\$25,000) shall be used for education, conservation, and
33 enforcement activities by the Department at Fort Fisher State Park.

34
35 Requested by: Representatives Fox, West

36 **WILDLIFE RESOURCES COMMISSION FISCAL RESPONSIBILITY AND**
37 **ACCOUNTABILITY**

38 **SECTION 12.4.(a)** G.S. 113-306(b) reads as rewritten:

39 "(b) ~~Except as otherwise specifically provided by law, all~~ All money credited to,
40 held by, or ~~to be~~ received by the Wildlife Resources Commission from the sale of
41 licenses authorized by this Subchapter ~~must be consolidated and placed in~~ shall be
42 credited by the State Treasurer to a separate account within the Wildlife Resources
43 Fund, and this account shall not be commingled with other funds in the Wildlife
44 Resources Fund."

1 SECTION 12.4.(b) G.S. 143-250 reads as rewritten:

2 "**§ 143-250. Wildlife Resources Fund.**

3 ~~All moneys in the game and fish fund or any similar State fund when this Article~~
4 ~~becomes effective shall be credited forthwith to a special fund in the office of the State~~
5 ~~Treasurer, and the State Treasurer shall deposit all such moneys in said special fund,~~
6 ~~which shall be known as the Wildlife Resources Fund. The Wildlife Resources Fund is~~
7 ~~created as a special revenue fund within the Department of the State Treasurer.~~

8 ~~All unexpended appropriations made to the Department of Conservation and~~
9 ~~Development, the Board of Conservation and Development, the Division of Game and~~
10 ~~Inland Fisheries or to any other State agency for any purpose pertaining to wildlife and~~
11 ~~wildlife resources shall also be transferred to the Wildlife Resources Fund.~~

12 Except as otherwise specifically provided by law, all moneys derived from hunting,
13 fishing, trapping, and related license fees, exclusive of commercial fishing license fees,
14 including the income received and accruing from the investment of license revenues,
15 ~~and all funds thereafter received from whatever sources shall be deposited~~ credited
16 ~~to the credit of a separate license account within the Wildlife Resources Fund and made~~
17 ~~available to the Commission until expended subject to the provisions of this~~
18 ~~Article shall not be commingled with other funds in the Wildlife Resources Fund.~~
19 License revenues include the proceeds from the sale of hunting, fishing, trapping, and
20 related licenses, from the sale, lease, rental, or other granting of rights to real or
21 personal property acquired or produced with license revenues, and from federal aid
22 project reimbursements to the extent that license revenues originally funded the project
23 for which the reimbursement is being made. For purposes of this section, real property
24 includes lands, buildings, minerals, energy resources, timber, grazing rights, and animal
25 products. Personal property includes equipment, vehicles, machines, tools, and annual
26 crops. ~~The Wildlife Resources Fund herein created shall be subject to the provisions of~~
27 ~~the Executive Budget Act, Chapter 143, Article 1 of the General Statutes of North~~
28 ~~Carolina as amended, and the provisions of the General Statutes of North Carolina as~~
29 ~~amended, and the provisions of the Personnel Act, Chapter 143, Article 2 of the General~~
30 ~~Statutes of North Carolina as amended.~~

31 All moneys credited to the Wildlife Resources Fund shall be ~~made available~~ used
32 to carry out the intent and purposes of this Article in accordance with plans approved by
33 the North Carolina Wildlife Resources Commission, and ~~all such funds are hereby~~
34 ~~appropriated, reserved, set aside and made available until expended, for the enforcement~~
35 ~~and administration of funds shall be appropriated in accordance with the Executive~~
36 ~~Budget Act, Article 1 of Chapter 143 of the General Statutes, to enforce and administer~~
37 ~~this Article, Chapter 75A, Article 1, Article 1 of Chapter 75A of the General Statutes,~~
38 ~~and Chapter 113, Subchapter IV of the General Statutes of North Carolina. Subchapter~~
39 ~~IV of Chapter 113 of the General Statutes. The Wildlife Resources Commission shall~~
40 ~~report to the Joint Legislative Commission on Governmental Operations before~~
41 ~~expending from the Wildlife Resources Fund more than the amount authorized in the~~
42 ~~budget enacted by the General Assembly for the fiscal period.~~

43 In the event any uncertainty ~~should arise~~ arises as to the funds to be turned over to
44 the North Carolina Wildlife Resources ~~Commission~~ Commission, the Governor shall

1 have full power and authority to determine the matter and his matter, and the Governor's
2 recommendation shall be final and binding to all parties concerned."

3
4 Requested by: Representatives Fox, West

5 **WILDLIFE RESOURCES COMMISSION SUBJECT TO SERVICE CHARGE**
6 **FOR SALE OF SURPLUS PROPERTY/RECYCLABLE MATERIAL**

7 **SECTION 12.5.** The Wildlife Resources Commission is subject to
8 G.S. 143-64.05.

9
10 Requested by: Representative LaRoque

11 **COST SHARE FUNDS FOR LIMITED RESOURCE/NEW FARMERS**
12 **CLARIFICATION**

13 **SECTION 12.6.** G.S. 143-215.74(b)(9) reads as rewritten:

14 "(9) When the applicant is either a limited-resource farmer or a beginning
15 farmer, State funding shall be limited to ninety percent (90%) of the
16 average cost for each practice with the assisted farmer providing ten
17 percent (10%) of the cost, which may include in-kind support of the
18 practice, with a maximum of one hundred thousand dollars (\$100,000)
19 per year to each applicant. The following definitions apply in this
20 subdivision:

- 21 a. Beginning farmer. – A farmer who has not operated a farm or
22 who has operated a farm for not more than 10 years and who
23 will materially and substantially participate in the operation of
24 the farm. Beginning farmer may include an entity so long as
25 each member of the entity has not operated a farm or has
26 operated a farm for not more than 10 years and each member of
27 the entity will materially and substantially participate in the
28 operation of the farm.
- 29 b. Limited-resource farmer. – A farmer with direct and indirect
30 annual gross farm sales that do not exceed one hundred
31 thousand dollars (\$100,000).(\$100,000) and with a gross
32 household income in each of the previous two years that is at or
33 below the greater of the county median household income, as
34 determined by the United States Department of Housing and
35 Urban Development, or two times the national poverty level
36 based on the federal poverty guidelines established by the
37 United States Department of Health and Human Services and
38 revised each April 1.
- 39 c. Materially and substantially participate. –
 - 40 1. In the case of an individual, for the individual, including
41 members of the immediate family of the individual, to
42 provide substantial day-to-day labor and management of
43 the farm, consistent with the practices in the county in
44 which the farm is located.

2. In the case of an entity, for all members of the entity, to participate in the operation of the farm, with some members providing management and some members providing labor and management necessary for day-to-day activities such that if the members did not provide the management and labor, the operation of the farm would be seriously impaired."

Requested by: Representatives Baker, Hunter, Gillespie

AUTHORIZE THE USE OF AVAILABLE FUNDS FOR PURCHASE OF BERTIE COUNTY FORESTRY HEADQUARTERS BUILDING/CONSTRUCTION OF MCDOWELL COUNTY FORESTRY HEADQUARTERS BUILDING

SECTION 12.7.(a) The Division of Forest Resources of the Department of Environment and Natural Resources may use any available funds for the 2004-2005 fiscal year to purchase an existing building to be used as the Bertie County Forestry Headquarters.

SECTION 12.7.(b) In the event that property located in McDowell County is donated to the State by transfer of title in fee simple and the Department of Environment and Natural Resources approves the land as a suitable location for a forestry headquarters building, the Division of Forest Resources of the Department of Environment and Natural Resources may use any available funds for the 2004-2005 fiscal year to construct a building on that donated property to be used as the McDowell County Forestry Headquarters.

Requested by: Representatives Fox, West, LaRoque

STATE MATCH FOR FEDERAL SAFE DRINKING WATER ACT FUNDS AND FOR FEDERAL WATER QUALITY ACT FUNDS

SECTION 12.8. Notwithstanding the provisions of Chapter 159G of the General Statutes, the Department of Environment and Natural Resources may transfer from the General Water Supply Revolving Loan Account up to six million nine hundred thousand dollars (\$6,900,000) to the Department of Environment and Natural Resources to be used to match the federal grant moneys authorized by section 1452 of the federal Safe Drinking Water Act amendments of 1996 for the 2004-2005 fiscal year and to match the federal grant moneys authorized by Title VI of the federal Water Quality Act of 1987 for the 2004-2005 fiscal year. The General Water Supply Revolving Loan Account is an account under the Clean Water Revolving Loan and Grant Fund and is established under G.S. 159G-4. The Clean Water Revolving Loan and Grant Fund is established by G.S. 159G-5.

Requested by: Representatives Fox, West, LaRoque

EXPAND EXPRESS REVIEW PILOT PROGRAM

SECTION 12.9.(a) The Department of Environment and Natural Resources shall continue the Express Review Pilot Program established by Section 11.4A of S.L.

1 2003-284 that was implemented in the Wilmington and Raleigh regional offices and
2 shall expand the Express Review Pilot Program to two additional regional offices within
3 the Department, to be selected by the Department.

4 **SECTION 12.9.(b)** The Department of Environment and Natural Resources
5 shall continue and support the eight positions that were authorized under Section 11.4A
6 of S.L. 2003-284 to administer the expanded Express Review Pilot Program under this
7 section. This expanded Program and these positions and support shall be funded from
8 the Express Review Fund, created by Section 11.4A of S.L. 2003-284.

9 **SECTION 12.9.(c)** The Department of Environment and Natural Resources
10 may establish and support eight additional positions to administer the expanded Express
11 Review Pilot Program under this section. These positions and support may be funded
12 for the 2004-2005 fiscal year from funds appropriated in this act to the Department of
13 Environment and Natural Resources for this purpose. It is the intent of the General
14 Assembly that these positions and support be funded in future fiscal years from the
15 Express Review Fund.

16 **SECTION 12.9.(d)** No later than March 1, 2005, the Department of
17 Environment and Natural Resources shall report to the Fiscal Research Division and the
18 Environmental Review Commission its findings on the success of the continued Express
19 Pilot Review Program and whether it recommends that the Program be continued or
20 expanded and any other findings or recommendations, including any legislative
21 proposals, that it deems pertinent.

22
23 Requested by: Representatives Fox, West, LaRoque

24 **LEAKING PETROLEUM UNDERGROUND STORAGE TANK CLEANUP**
25 **FUND SOLVENCY**

26 **SECTION 12.10.(a)** There is appropriated from the Clean Water
27 Management Trust Fund to the Commercial Leaking Petroleum Underground Storage
28 Tank Cleanup Fund the sum of thirteen million five hundred thousand dollars
29 (\$13,500,000) for the 2004-2005 fiscal year to be used for assessment and cleanup of
30 discharges and releases of petroleum from commercial underground storage tanks under
31 Part 2A of Article 21A of Chapter 143 of the General Statutes.

32 **SECTION 12.10.(b)** There is appropriated from the Highway Trust Fund to
33 the Commercial Leaking Petroleum Underground Storage Tank Cleanup Fund the sum
34 of thirteen million five hundred thousand dollars (\$13,500,000) for the 2004-2005 fiscal
35 year to be used for assessment and cleanup of discharges and releases of petroleum from
36 commercial underground storage tanks under Part 2A of Article 21A of Chapter 143 of
37 the General Statutes.

38 **SECTION 12.10.(c)** There is appropriated from the Clean Water
39 Management Trust Fund to the Noncommercial Leaking Petroleum Underground
40 Storage Tank Cleanup Fund the sum of one million five hundred thousand dollars
41 (\$1,500,000) for the 2004-2005 fiscal year to be used for assessment and cleanup of
42 discharges and releases of petroleum from noncommercial underground storage tanks
43 under Part 2A of Article 21A of Chapter 143 of the General Statutes.

1 **SECTION 12.10.(d)** There is appropriated from the Highway Trust Fund to
2 the Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund the
3 sum of one million five hundred thousand dollars (\$1,500,000) for the 2004-2005 fiscal
4 year to be used for assessment and cleanup of discharges and releases of petroleum from
5 noncommercial underground storage tanks under Part 2A of Article 21A of Chapter 143
6 of the General Statutes.

7 **SECTION 12.10.(e)** It is the intent of the General Assembly that the funds
8 appropriated under subsection (a) through subsection (d) of this section are onetime
9 funds.

10 **SECTION 12.10.(f)** There is appropriated from the Commercial Leaking
11 Petroleum Underground Storage Tank Cleanup Fund to the Department of Environment
12 and Natural Resources the sum of fifty-two thousand dollars (\$52,000) for the
13 2004-2005 fiscal year to establish and support an Accounting Tech IV position to
14 expedite the processing of claims under G.S. 143-215.94E. There is appropriated from
15 the Commercial Leaking Petroleum Underground Storage Tank Cleanup Fund to the
16 Department of Environment and Natural Resources up to seventy-six thousand dollars
17 (\$76,000) for the 2004-2005 fiscal year as needed to cover the cost of any legislative
18 salary increase for personnel who administer the underground storage tank program
19 under Parts 2A and 2B of Article 21A of Chapter 143 of the General Statutes. It is the
20 intent of the General Assembly that funds appropriated under this section are recurring
21 funds and that these funds are in addition to funds appropriated under subsection 11.4(b)
22 of S. L. 2003-284.

23 **SECTION 12.10.(g)** Subsection 11.4(e) of S.L. 2003-284 reads as rewritten:

24 **"SECTION 11.4.(e)** It is the intent of the General Assembly that the funds under
25 subsection ~~(e)~~(d) of this section are recurring funds."

26 **SECTION 12.10.(h)** G.S. 143-215.94E(e2) reads as rewritten:

27 "(e2) The Commission may require an owner, operator, or landowner to obtain
28 approval from the Department before proceeding with any task that will result in a cost
29 that is eligible to be paid or reimbursed under G.S. 143-215.94B(b), 143-215.94B(b1),
30 or 143-215.94D(b1). ~~The Commission-Department~~ shall specify by rule those tasks for
31 which preapproval is required. The Department shall deny any request for payment or
32 reimbursement of the cost of any task for which preapproval is required if the owner,
33 operator, or landowner failed to obtain preapproval of the task. The Department shall
34 pay or reimburse the cost of a task ~~for which preapproval is not required~~ only if the cost
35 is eligible to be paid under G.S. 143-215.94B(b), 143-215.94B(b1), or 143-215.94D(b1)
36 and if the Department determines that the cost is reasonable and necessary. ~~The~~
37 ~~Commission-Department~~ shall adopt rules governing reimbursement of ~~necessary and~~
38 reasonable and necessary costs. Rules that specify tasks for which preapproval is
39 required and rules establishing necessary and reasonable costs are statements within the
40 meaning of G.S. 150B-2(8a)g. In all cases, the Department shall require an owner,
41 operator, or landowner to submit documentation sufficient to establish that a cost is
42 eligible to be paid or reimbursed under this Part before the Department pays or
43 reimburses the cost. The Department shall not preapprove any task the cost of which is
44 to be paid or reimbursed from the Commercial Fund unless the Department determines

1 that sufficient funds will be available in the Commercial Fund to pay a claim for
2 payment or reimbursement of the cost of that task within 90 days after the Department
3 determines that the owner, operator, or landowner has submitted a claim with
4 documentation sufficient to establish that the owner, operator, or landowner is eligible
5 to have the claim paid under this Part. The Department shall not preapprove any task the
6 cost of which is to be paid or reimbursed from the Noncommercial Fund unless the
7 Department determines that sufficient funds will be available in the Noncommercial
8 Fund to pay a claim for payment or reimbursement of the cost of that task within 90
9 days after the Department determines that the owner, operator, or landowner has
10 submitted a claim with documentation sufficient to establish that the owner, operator, or
11 landowner is eligible to have the claim paid under this Part."

12 **SECTION 12.10.(i)** Section 10 of S.L. 2003-352 reads as rewritten:

13 **"SECTION 10.** The definitions set out in G.S. 143-212 and G.S. 143-215.94A
14 apply to this section. The rights and obligations of an owner, an operator, or a
15 landowner to whom either G.S. 143-215.94E(b1) ~~applies~~ or G.S. 143-215.94E(c1) apply
16 who is eligible to have costs paid or reimbursed under G.S. 143-215.94B or
17 G.S. 143-215.94D shall be governed by G.S. 143-215.94E as modified by this section.
18 The Department shall establish the degree of risk to human health and the environment
19 posed by a discharge or release of petroleum from a commercial underground storage
20 tank and shall determine a schedule for further assessment and cleanup ~~that is~~ based on
21 the degree of risk to human health and the environment posed by the discharge or
22 ~~release.~~ release and that gives priority to the assessment and cleanup of discharges and
23 releases that pose the greatest risk. If any of the costs of assessment and cleanup of the
24 discharge or release from a commercial underground storage tank are eligible to be paid
25 from the Commercial Fund, the Department shall also consider the availability of funds
26 in the Commercial Fund and the order in which the discharge or release was reported in
27 determining the schedule. The Department shall establish the degree of risk to human
28 health and the environment posed by a discharge or release of petroleum from a
29 noncommercial underground storage tank and shall determine a schedule for further
30 assessment and cleanup that is based on the degree of risk to human health and the
31 environment posed by the discharge or release and that gives priority to the assessment
32 and cleanup of discharges and releases that pose the greatest risk. If any of the costs of
33 assessment or cleanup of the discharge or release from a noncommercial underground
34 storage tank are eligible to be paid from the Noncommercial Fund, the Department shall
35 also consider the availability of funds in the Noncommercial Fund and the order in
36 which the discharge or release was reported in determining the schedule. The
37 Department may revise the ~~schedule that applies~~ schedules that apply to the assessment
38 and cleanup of any discharge or release at any time based on its reassessment of any of
39 the foregoing factors. The lack of availability of funds in the Commercial Fund or the
40 Noncommercial Fund shall not relieve an owner or operator of responsibility to
41 immediately undertake to collect and remove the discharge or release or to conduct any
42 assessment or cleanup ordered by the Department or be a defense against any violations
43 and penalties issued to the owner or operator for failure to conduct required assessment
44 or cleanup. If the owner or operator takes initial steps to collect and remove the

1 discharge or release as required by the Department and completes initial assessment
2 required to determine degree of risk, the owner or operator shall not be subject to any
3 violation or penalty for any failure to proceed with further assessment or cleanup under
4 G.S. 143-215.84 or G.S. 143-215.94E before the owner or operator is authorized to
5 proceed with further assessment or cleanup pursuant to the schedule set by the
6 Department. Once the Department has determined a schedule for the assessment and
7 cleanup of a discharge or release from a commercial underground storage tank or a
8 noncommercial underground storage tank, an owner, operator, or other person
9 responsible for the assessment and cleanup is not eligible to have the costs of the
10 assessment or cleanup paid or reimbursed from the Commercial Fund or the
11 Noncommercial Fund until such time as further assessment or cleanup is authorized by
12 the Department pursuant to the schedule. An owner, operator, or other person may
13 undertake further assessment or cleanup before receiving authorization from the
14 Department. An owner, operator, or other person who undertakes further assessment or
15 cleanup before receiving authorization from the Department shall be reimbursed only
16 after the Department has paid or reimbursed the costs for all assessments and cleanups
17 that the Department has authorized."

18 **SECTION 12.10.(j)** The Environmental Review Commission shall study the
19 desirability and feasibility of altering or eliminating the role of the State of North
20 Carolina and the Department of Environment and Natural Resources in the
21 implementation of Part 2A of Article 21A of Chapter 143 of the General Statutes. In
22 conducting this study, the Commission shall consider:

- 23 (1) The requirements of applicable federal law.
- 24 (2) What role the State should play in assisting owners and operators of
25 underground storage tanks in meeting applicable financial
26 responsibility requirements and the availability and adequacy of
27 private insurance for that purpose.
- 28 (3) The adequacy of current and projected revenue available to the
29 Commercial Leaking Petroleum Underground Storage Tank Cleanup
30 Fund and the Noncommercial Leaking Petroleum Underground
31 Storage Tank Cleanup Fund under existing law to achieve the purposes
32 for which those funds were established.
- 33 (4) The desirability and feasibility of privatizing the administration of Part
34 2A of Article 21A of Chapter 143 of the General Statutes by
35 transferring control and direction of the Commercial Fund and the
36 Noncommercial Fund to a private entity or, in the alternative, of
37 abolishing or narrowing the purposes for which those funds are used.
- 38 (5) What role the State should play in the cleanup of discharges and
39 releases from petroleum underground storage tanks when no owner or
40 operator can be identified or located or when the owner or operator
41 fails to proceed with assessment or cleanup due to insolvency,
42 inadequate resources, or other reasons.
- 43 (6) The extent to which current regulatory oversight and inspection of
44 underground storage tanks, including enforcement, under Part 2B of

1 Article 21A of Chapter 143 of the General Statutes is adequate and
2 effective in preventing discharges and releases of petroleum from
3 underground storage tanks.

4 (7) The impact of privatization and of any other options identified during
5 the course of the study on the solvency of the Commercial Fund and
6 the Noncommercial Fund.

7 (8) The impact of privatization and of any other options identified during
8 the course of the study, including abolishing the Commercial Fund or
9 the Noncommercial Fund or narrowing the purposes for which those
10 funds are used, on the cleanup of discharges and releases of petroleum
11 to standards established by federal or State law, the long-term public
12 health and safety, and protection of the environment.

13 **SECTION 12.10.(k)** The Environmental Review Commission shall report
14 its findings and recommendations as to the matters to be studied pursuant to subsection
15 (j) of this section, including any legislative proposals, to the 2005 General Assembly no
16 later than 31 January 2005.

17 **SECTION 12.10.(l)** Subsections (a) through (f) of this section become
18 effective 1 July 2004. Subsection (g) of this section is effective retroactively to 1 July
19 2003. Subsections (h) and (i) of this section become effective 1 October 2004.
20 Subsections (j), (k), and (l) of this section are effective when this act becomes law.

21
22 Requested by: Representative Haire

23 **ONETIME GRANTS TO SWAIN COUNTY**

24 **SECTION 12.11.(a)** The Board of Trustees of the Clean Water Management
25 Trust Fund may provide a onetime grant of up to thirty-five thousand seven hundred six
26 dollars (\$35,706) to Swain County for the 2004-2005 fiscal year as compensation to the
27 County for the loss of ad valorem taxes associated with the fee simple purchase by the
28 Wildlife Resources Commission of the 3,431-acre Needmore game lands property
29 located on the Little Tennessee River in Swain County, which grant shall be used to
30 provide public services to the residents of Swain County.

31 **SECTION 12.11.(b)** The Ecosystem Enhancement Program within the
32 Department of Environment and Natural Resources may provide a onetime grant of up
33 to forty thousand two hundred sixty-four dollars (\$40,264) for the 2004-2005 fiscal year
34 as compensation to the County for the loss of ad valorem taxes associated with the fee
35 simple purchase by the Wildlife Resources Commission of the 3,431-acre Needmore
36 game lands property located on the Little Tennessee River in Swain County, which
37 grant shall be used to provide public services to the residents of Swain County.

38
39 Requested by: Representatives Fox, West, Owens, LaRoque

40 **EXPAND ONE-STOP PERMIT ASSISTANCE PROGRAM STATEWIDE**

41 **SECTION 12.12.(a)** Part 1 of Article 7 of Chapter 143B of the General
42 Statutes is amended by adding a new section to read:

43 **"§ 143B-279.12. One-stop permits for certain environmental permits.**

1 (a) The Department of Environment and Natural Resources shall establish a
2 one-stop environmental permit application assistance and tracking system program for
3 all its regional offices. The Department shall provide to each person who submits an
4 application for any environmental permit subject to this section to any regional office a
5 time frame within which that applicant may expect a final decision regarding the
6 issuance or denial of the permit. The Department shall identify the environmental
7 permits that are subject to this section. The procedure regulating the time frame
8 estimates and sanction for failing to honor the time frame shall be as set out in
9 subsections (b) and (c) of this section.

10 (b) Upon receipt of a complete application for an environmental permit, the
11 Department of Environment and Natural Resources shall provide to the applicant a good
12 faith estimate of the date by which the Department expects to make the final decision of
13 whether to issue or deny the permit.

14 (c) Unless otherwise provided by law, when an applicant has provided to the
15 Department of Environment and Natural Resources the information and documentation
16 required and requested by the Department and the Department fails to issue or deny the
17 permit within 60 days of the date projected by the Department for the final decision of
18 whether to issue or deny the permit, the permit shall be automatically granted to the
19 applicant. This subsection does not apply when an applicant submits a substantial
20 amendment to its application after the Department has provided the applicant the
21 projected time frame as required by this section. This subsection does not apply when
22 an applicant agrees to receive a final decision from the Department more than 60 days
23 from the date projected by the Department under subsection (b) of this section.

24 (d) The Department of Environment and Natural Resources shall track the time
25 required to process each complete environmental permit application that is subject to
26 this section. The Department shall compare the time in which the permit was issued or
27 denied with the projected time frame provided to the applicant by the Department as
28 required by this section. The Department shall identify each permit that was issued or
29 denied more than 90 days after receipt of a complete application by the Department and
30 shall document the reasons for the delayed action.

31 (e) No later than October 1, 2004, and annually thereafter, the Department of
32 Environment and Natural Resources shall report to the House of Representatives and the
33 Senate Appropriations Subcommittees on Natural and Economic Resources, the Fiscal
34 Research Division, and the Environmental Review Commission the number of
35 environmental permits subject to this section that took more than 90 days to issue or
36 deny, the types of permits those were, the reasons for the extended processing time of
37 those permits, and how the time within which the permit was actually issued or denied
38 compared with the projected time frame provided to the applicant by the Department as
39 required by this section. Based on the data gathered under this subsection, the
40 Department shall include in its annual report recommendations regarding permit time
41 frames for all major permits issued by the Department.

42 (f) The Department may adopt temporary rules to implement this section."

43 **SECTION 12.12.(b)** The Department of Environment and Natural
44 Resources shall expand to a statewide program that operates in each regional office of

1 the Department the one-stop environmental permit application assistance and tracking
2 system pilot project established under Section 13.7 of S.L. 2000-67 for those
3 environmental permits that were subject to this pilot program, and the provisions of
4 G.S. 143B-12, as enacted by subsection (a) of this section, shall apply to this statewide
5 program.

6 **SECTION 12.12.(c)** Any positions that were used by the Department of
7 Environment and Natural Resources to staff the one-stop environmental permit
8 application assistance and tracking system pilot project established under Section 13.7
9 of S.L. 2000-67 shall be used for the 2004-2005 fiscal year to staff the statewide
10 one-stop environmental permit application assistance and tracking system program
11 under G.S. 143B-279.12, as enacted in subsection (a) of this section. The Department of
12 Environment and Natural Resources shall use available funds for the 2004-2005 fiscal
13 year to continue and support these positions, and the Department of Environment and
14 Natural Resources shall use funds appropriated in this act to the Department only for the
15 purposes of implementing the statewide one-stop environmental permit application
16 assistance and tracking system and establishing and supporting four positions to staff
17 this statewide program for the 2004-2005 fiscal year.

18
19 Requested by: Representatives Fox, West

20 **PROHIBIT CERTAIN GRANTS FROM THE CLEAN WATER**
21 **MANAGEMENT TRUST FUND**

22 **SECTION 12.13.** Notwithstanding G.S. 113A-254(a), no grant may be made
23 from the Clean Water Management Trust Fund to the Wildlife Resources Commission
24 unless the total balance in the Wildlife Resources Fund established by G.S. 143-250
25 plus any other fund that is available to the Commission and is not a fund to retire debt
26 for capital falls below ten million dollars (\$10,000,000).

27
28 Requested by: Representatives Fox, West, Warner, McAllister, Lucas, Dickson,
29 Glazier

30 **MONITORING AND EMERGENCY CLEANUP FUNDS FOR TEXFI SITE**
31 **CONTAMINATION**

32 **SECTION 12.14.** Of the funds appropriated to the Clean Water
33 Management Trust Fund for the 2004-2005 fiscal year, up to fifty thousand dollars
34 (\$50,000) may be transferred to the Department of Environment and Natural Resources,
35 Division of Waste Management, to be used for monitoring the groundwater and other
36 contamination located at the Texfi site in Fayetteville and for any emergency cleanup
37 activities needed at this site.

38
39 **PART XIII. DEPARTMENT OF COMMERCE**

40
41 Requested by: Representatives Fox, West

42 **COUNCIL OF GOVERNMENT FUNDS**

43 **SECTION 13.1.** Section 12.2(c) of S.L. 2003-284 reads as rewritten:

1 "SECTION 12.2.(c) Funds appropriated by this section for the 2004-2005 fiscal
2 year shall be paid by electronic transfer in two equal installments, the first no later than
3 September 1, ~~2003,2004~~, and the second subsequent to acceptable submission of the
4 annual report due to the Joint Legislative Commission on Governmental Operations and
5 the Fiscal Research Division by January 15, 2005, as specified in subdivision (e)(2) of
6 this section."
7

8 Requested by: Representatives Fox, West

9 **ONE NORTH CAROLINA FUND**

10 **SECTION 13.2.(a)** Article 10 of Chapter 143B of the General Statutes is
11 amended by adding a new Part to read:

12 "Part 2H. One North Carolina Fund.

13 **"§ 143B-437.70. Legislative findings and purpose.**

14 The General Assembly finds that:

- 15 (1) It is the policy of the State of North Carolina to stimulate economic
16 activity and to create new jobs for the citizens of the State by
17 encouraging and promoting the retention and expansion of existing
18 business and industry within the State and by recruiting and attracting
19 new business and industry to the State.
- 20 (2) Both short-term and long-term economic trends at the State, national,
21 and international levels have made the successful implementation of
22 the State's economic development policy and programs both more
23 critical and more challenging; and the decline in the State's traditional
24 industries and the resulting adverse impact upon the State and its
25 citizens have been exacerbated in recent years by adverse national and
26 State economic trends that contribute to the reduction in the State's
27 industrial base and that inhibit the State's ability to sustain or attract
28 new and expanding businesses.
- 29 (3) The purpose of this Part is to stimulate economic activity and to create
30 new jobs within the State.
- 31 (4) The enactment of this Part will maintain consistency and
32 accountability in a key economic development program and will
33 ensure that the program benefits the State and its citizens.
- 34 (5) Nothing in this Part shall be construed to constitute a guarantee or
35 assumption by the State of any debt of any business or to authorize the
36 taxing power or the full faith and credit of the State to be pledged.

37 **"§ 143B-437.71. One North Carolina Fund established as a nonreverting account.**

38 (a) Establishment. – The One North Carolina Fund is established as a special
39 revenue fund in the Department of Commerce.

40 (b) Purposes. – Moneys in the One North Carolina Fund may be allocated only to
41 local governments for use in connection with securing commitments for the recruitment,
42 expansion, or retention of new and existing businesses. Moneys in the One North
43 Carolina Fund shall be used for the following purposes only:

- 44 (1) Installation or purchase of equipment.

- 1 (2) Structural repairs, improvements, or renovations to existing buildings
2 to be used for expansion.
- 3 (3) Construction of new buildings to be used for expansion.
- 4 (4) Construction of or improvements to new or existing water, sewer, gas,
5 or electric utility distribution lines or equipment for existing buildings.
- 6 (5) Construction of or improvements to new or existing water, sewer, gas,
7 or electric utility distribution lines or equipment for new or proposed
8 buildings to be used for manufacturing and industrial operations.
- 9 (6) Any other purposes specifically provided by an act of the General
10 Assembly.

11 **"§ 143B-437.72. Agreements required; disbursement of funds.**

12 (a) Agreements Required. – Funds may be disbursed from the One North
13 Carolina Fund only in accordance with agreements entered into between the State and
14 one or more local governments and between the local government and a grantee
15 business.

16 (b) Company Performance Agreements. – An agreement between a local
17 government and a grantee business must contain the following provisions:

- 18 (1) A commitment to create or retain a specified number of jobs within a
19 specified salary range at a specific location and commitments
20 regarding the time period in which the jobs will be created or retained
21 and the minimum time period for which the jobs must be maintained.
- 22 (2) A commitment to provide proof satisfactory to the local government
23 and the State of new jobs created or existing jobs retained and the
24 salary level of those jobs.
- 25 (3) A provision that funds received under the agreement may be used only
26 for a purpose specified in G.S. 143B-437.71(b).
- 27 (4) A provision allowing the State or the local government to inspect all
28 records of the business that may be used to confirm compliance with
29 the agreement or with the requirements of this Part.
- 30 (5) A provision establishing the method for determining compliance with
31 the agreement.
- 32 (6) A provision establishing a schedule for disbursement of funds under
33 the agreement that allows disbursement of funds only in proportion to
34 the amount of performance completed under the agreement.
- 35 (7) A provision allowing recapture of grant funds if a business
36 subsequently fails to comply with the terms of the agreement.
- 37 (8) Any other provision the State or the local government finds necessary
38 to ensure the proper use of State or local funds.

39 (c) Local Government Grant Agreement. – An agreement between the State and
40 one or more local governments shall contain the following provisions:

- 41 (1) A commitment on the part of the local government to match the funds
42 allocated by the State. A local match may include cash, fee waivers,
43 in-kind services, the donation of assets, the provision of infrastructure,
44 or a combination of these.

- 1 (2) A provision requiring the local government to recapture any funds to
2 which the local government is entitled under the company performance
3 agreement.
- 4 (3) A provision requiring the local government to reimburse the State for
5 any funds improperly disbursed by the local government.
- 6 (4) A provision allowing the State access to all records possessed by the
7 local government necessary to ensure compliance with the company
8 performance agreement and with the requirements of this Part.
- 9 (5) A provision establishing a schedule for the disbursement of funds from
10 the One North Carolina Fund to the local government that reflects the
11 disbursement schedule established in the company performance
12 agreement.
- 13 (6) Any other provision the State finds necessary to ensure the proper use
14 of State funds.

15 (d) Disbursement of Funds. – Funds may be disbursed from the One North
16 Carolina Fund to the local government only after the local government has
17 demonstrated that the business has complied with the terms of the company
18 performance agreement. The State shall disburse funds allocated under the One North
19 Carolina Fund to a local government in accordance with the disbursement schedule
20 established in the local government grant agreement.

21 **"§ 143B-437.73. Program guidelines.**

22 The Department of Commerce, in conjunction with the Governor's Office, shall
23 develop guidelines related to the administration of the One North Carolina Fund and to
24 the selection of projects to receive allocations from the Fund. At least 20 days before the
25 effective date of any guidelines or nontechnical amendments to guidelines, the
26 Department of Commerce must publish the proposed guidelines on the Department's
27 Web site and provide notice to persons who have requested notice of proposed
28 guidelines. In addition, the Department must accept oral and written comments on the
29 proposed guidelines during the 15 business days beginning on the first day that the
30 Department has completed these notifications. For the purpose of this section, a
31 technical amendment is either of the following:

- 32 (1) An amendment that corrects a spelling or grammatical error.
- 33 (2) An amendment that makes a clarification based on public comment
34 and could have been anticipated by the public notice that immediately
35 preceded the public comment.

36 **"§ 143B-437.74. Reports.**

37 The Department of Commerce shall publish a report on the use of funds in the One
38 North Carolina Fund at the end of each fiscal quarter. The report shall contain
39 information on the commitment, disbursement, and use of funds allocated under the One
40 North Carolina Fund. The report is due no later than one month after the end of the
41 fiscal quarter and must be submitted to the following:

- 42 (1) The Joint Legislative Commission on Governmental Operations.
- 43 (2) The chairs of the House and Senate Finance Committees.
- 44 (3) The chairs of the House and Senate Appropriations Committees.

1 (4) The Fiscal Research Division of the General Assembly."

2 **SECTION 13.2.(b)** G.S. 150B-1(d) is amended by adding a new subdivision
3 to read:

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

6 ...

7 (13) The Department of Commerce and the Governor's Office in
8 developing guidelines for the One North Carolina Fund under Part 2H
9 of Article 10 of Chapter 143B of the General Statutes."

10 **SECTION 13.2.(c)** Program guidelines developed by the Department of
11 Commerce for the One North Carolina Industrial Recruitment Competitive Fund that
12 are in effect when this section becomes effective shall apply to the One North Carolina
13 Fund, as enacted in subsection (a) of this section, until guidelines for the One North
14 Carolina Fund are adopted pursuant to G.S.143B-437.73, as enacted in subsection (a) of
15 this section. Program guidelines for the One North Carolina Fund shall be adopted in
16 accordance with G.S.143B-437.73, as enacted in subsection (a) of this section, on or
17 before August 1, 2004.

18 **SECTION 13.2.(d)** This section becomes effective July 1, 2004.

19
20 Requested by: Representatives Fox, West

21 **TOURISM PROMOTION FUNDS**

22 **SECTION 13.3.(a)** Funds appropriated in this act to the Department of
23 Commerce for tourism promotion grants shall be allocated according to counties most in
24 need of tourism promotion funds as indicated by the North Carolina Division of
25 Tourism, Film and Sports Development's annual county-by-county tourism expenditures
26 ranking in the following manner:

27 (1) Eligible organizations in the counties with the 30 lowest tourism
28 expenditures are each eligible to receive a maximum grant of seven
29 thousand five hundred dollars (\$7,500) for each fiscal year, provided
30 these funds are matched on the basis of one non-State dollar (\$1.00)
31 for every four State dollars (\$4.00).

32 (2) Eligible organizations in counties with tourism expenditures ranked
33 from the 31st to the 60th highest are each eligible to receive a maximum
34 grant of three thousand five hundred dollars (\$3,500) for two of the
35 next three fiscal years, provided these funds are matched on the basis
36 of one non-State dollar (\$1.00) for every three State dollars (\$3.00).

37 (3) Eligible organizations in counties with tourism expenditures ranked
38 from the 61st to 100th highest are each eligible to receive a maximum
39 grant of three thousand five hundred dollars (\$3,500) in alternating
40 fiscal years, provided these funds are matched on the basis of two
41 non-State dollars (\$2.00) for every one State dollar (\$1.00), beginning
42 with the 2004-2005 fiscal year. An eligible organization in a county
43 with tourism expenditures ranked from the 61st to 100th highest that

1 applies and is turned down for funding in one year may reapply in the
2 following year.

3 **SECTION 13.3.(b)** Section 12.3 of S.L. 2003-284 is repealed.
4

5 Requested by: Representatives Fox, West

6 **ONE NC FUNDS TO RETAIN TRADITIONAL INDUSTRIES**

7 **SECTION 13.4.** The Department of Commerce shall use forty-three
8 thousand five hundred dollars (\$43,500) from the funds in the One North Carolina Fund
9 for the 2004-2005 fiscal year for economic development grants to municipalities to
10 retain traditional manufacturing employers with substantial investments in machinery
11 and equipment. The funds must be matched by the municipality on a dollar-for-dollar
12 basis.
13

14 Requested by: Representatives Fox, West

15 **INDUSTRIAL DEVELOPMENT FUND**

16 **SECTION 13.5.** Section 12.5 of S.L. 2003-284 reads as rewritten:

17 **"SECTION 12.5.(a)** The Department of Commerce shall reduce the cash balance of
18 the Industrial Development Fund by one hundred eighty-two thousand one hundred
19 fifty-four dollars (\$182,154).

20 **"SECTION 12.5.(b)** This section becomes effective ~~June 30, 2003.~~June 30, 2004."
21

22 Requested by: Representative Harrell

23 **REGIONAL PARTNERSHIPS VISION PLANS**

24 **SECTION 13.6.(a)** There is appropriated from the General Fund to the
25 North Carolina Partnership for Economic Development, Inc., the sum of one million
26 seven hundred fifty thousand dollars (\$1,750,000) for the 2004-2005 fiscal year. From
27 these funds, the Partnership shall allocate two hundred fifty thousand dollars (\$250,000)
28 to each of the seven regional economic development partnerships. These funds shall be
29 used by each partnership to develop, implement, or develop and implement a strategic
30 economic development plan in accordance with this section.

31 **SECTION 13.6.(b)** In developing and implementing a strategic economic
32 development plan, each of the regional partnerships shall do the following:

- 33 (1) Perform a comprehensive study of the region's resources and existing
34 businesses located in the region to determine what business clusters
35 exist and the boundaries of those clusters, to develop ways to
36 strengthen those clusters, and to determine in what areas the region has
37 a competitive advantage that could lead to the development of future
38 clusters.
- 39 (2) Ensure that the benefits of the economic development plan are widely
40 dispersed and that the plan provides real opportunities in rural areas as
41 well as in urban and suburban areas.
- 42 (3) Develop focused and targeted economic development initiatives
43 related to the recruitment and development of new businesses and the
44 retention of existing businesses.

- 1 (4) Provide a mechanism for continuous monitoring of the regional
2 economy and competitiveness indicators and for updating the strategic
3 economic development plan to take account of changing economic
4 conditions.
- 5 (5) Recommend infrastructure investments to meet the region's current
6 and anticipated future needs.
- 7 (6) Integrate the North Carolina Community College System and The
8 University of North Carolina into economic development efforts and
9 planning.
- 10 (7) Create leadership networks that span the public and private sectors and
11 that facilitate communication within clusters, between members of
12 complementary clusters, and between members of the public and
13 private sectors.

14 **SECTION 13.6.(c)** Section 8.3 of S.L. 2002-126 is repealed.

15
16 Requested by: Representatives Fox, West

17 **REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS**

18 **SECTION 13.7.** Section 12.7(b) of S.L. 2003-284 reads as rewritten:

19 "**SECTION 12.7.(b)** Funds appropriated pursuant to subsection (a) of this section
20 shall be allocated to each Regional Economic Development Commission as follows:

- 21 (1) First, the Department shall establish each Commission's allocation by
22 determining the sum of allocations to each county that is a member of
23 that Commission. Each county's allocation shall be determined by
24 dividing the county's enterprise factor by the sum of the enterprise
25 factors for eligible counties and multiplying the resulting percentage
26 by the amount of the appropriation. As used in this subdivision, the
27 term "enterprise factor" means a county's enterprise factor as
28 calculated under G.S. 105-129.3; and
- 29 (2) Next, the Department shall subtract from funds allocated to the Global
30 TransPark Development Commission the sum of one hundred
31 seventy-one thousand nine hundred seventy-nine dollars (\$171,979) in
32 each fiscal year, the 2003-2004 fiscal year and the sum of one hundred
33 twenty-five thousand six hundred eighty-one dollars (\$125,681) in the
34 2004-2005 fiscal year which sum represents the interest earnings in
35 each fiscal year on the estimated balance of seven million five hundred
36 thousand dollars (\$7,500,000) appropriated to the Global TransPark
37 Development Zone in Section 6 of Chapter 561 of the 1993 Session
38 Laws; and
- 39 (3) Next, the Department shall redistribute the sum of one hundred
40 seventy-one thousand nine hundred seventy-nine dollars (\$171,979) ~~in~~
41 each fiscal year in the 2003-2004 fiscal year and the sum of one
42 hundred twenty-five thousand six hundred eighty-one dollars
43 (\$125,681) in the 2004-2005 fiscal year to the seven Regional
44 Economic Development Commissions named in subsection (a) of this

1 section. Each Commission's share of this redistribution shall be
2 determined according to the enterprise factor formula set out in
3 subdivision (1) of this subsection. This redistribution shall be in
4 addition to each Commission's allocation determined under
5 subdivision (1) of this subsection."
6

7 Requested by: Representatives Fox, West, Hunter

8 **RURAL ECONOMIC DEVELOPMENT CENTER**

9 **SECTION 13.8.** Section 12.11(d)(1) of S.L. 2003-284 reads as rewritten:

10 **"SECTION 12.11.(d)** Of the funds appropriated in this act to the Rural Economic
11 Development Center, Inc., the sum of two million four hundred fifteen thousand nine
12 hundred ten dollars (\$2,415,910) for the 2003-2004 fiscal year and the sum of two
13 million four hundred fifteen thousand nine hundred ten dollars (\$2,415,910) for the
14 2004-2005 fiscal year shall be allocated as follows:

15 (1) \$1,047,410 in each fiscal year for community development grants to
16 support development projects and activities within the State's minority
17 communities. Any new or previously funded community development
18 corporation as defined in this section is eligible to apply for funds. The
19 Rural Economic Development Center, Inc., shall establish
20 performance-based criteria for determining which community
21 development corporation will receive a grant and the grant amount.
22 The Rural Economic Development Center, Inc., shall allocate these
23 funds for the 2004-2005 fiscal year as follows:

- 24 a. ~~\$800,000 in each fiscal year for direct grants to the local~~
25 ~~community development corporations that have previously~~
26 ~~received State funds for this purpose to support operations and~~
27 ~~project activities;~~
28 b. ~~\$197,410 in each fiscal year for direct grants to local~~
29 ~~community development corporations that have not previously~~
30 ~~received State funds; and~~
31 a. \$997,410 for direct grants to local community development
32 corporations to support operations and project activities.
33 e**.** \$50,000 in each fiscal year to the Rural Economic Development
34 Center, Inc., to be used to cover expenses in administering this
35 section."
36

37 Requested by: Representatives Fox, West

38 **OPPORTUNITIES INDUSTRIALIZATION CENTER FUNDS**

39 **SECTION 13.9.** Section 12.12(a) of S.L. 2003-284 reads as rewritten:

40 **"SECTION 12.12.(a)** Of the funds appropriated in this act to the Rural Economic
41 Development Center, Inc., the sum of three hundred sixty-one thousand dollars
42 (\$361,000) for the 2003-2004 fiscal year and the sum of three hundred sixty-one
43 thousand dollars (\$361,000) for the 2004-2005 fiscal year shall be equally distributed

1 among the certified Opportunities Industrialization Centers for ongoing job training
 2 programs. allocated as follows:

- 3 (1) ~~\$90,250 in each fiscal year to the Opportunities Industrialization~~
- 4 ~~Center of Wilson, Inc., for its ongoing job training programs;~~
- 5 (2) ~~\$90,250 in each fiscal year to the Opportunities Industrialization~~
- 6 ~~Center, Inc., in Rocky Mount, for its ongoing job training programs;~~
- 7 (3) ~~\$90,250 in each fiscal year to the Opportunities Industrialization~~
- 8 ~~Centers Kinston and Lenoir County, North Carolina, Inc.; and~~
- 9 (4) ~~\$90,250 in each fiscal year to the Opportunities Industrialization~~
- 10 ~~Center of Elizabeth City, Inc."~~

11
 12 **PART XIV. JUDICIAL DEPARTMENT**

13
 14 Requested by: Representative Howard

15 **INCREASE MAXIMUM MAGISTRATE AUTHORIZATIONS/STUDY**
 16 **MAGISTRATE FUNDING**

17 **SECTION 14.1.(a)** G.S. 7A-133(c) reads as rewritten:

18 "(c) Each county shall have the numbers of magistrates and additional seats of
 19 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 Havelock
Craven	7 10	
Pamlico	2 4	
Carteret	5 8	
Sampson	6 8	
Duplin	8 11	
Jones	2 3	
Onslow	8 14	

1	New Hanover	6	11	
2	Pender	4	6	
3	Halifax	9	14	Roanoke
4				Rapids,
5				Scotland Neck
6	Northampton	5	7	
7	Bertie	4	6	
8	Hertford	5	7	
9	Nash	7	10	Rocky Mount
10	Edgecombe	4	7	Rocky Mount
11	Wilson	4	7	
12	Wayne	5	12	Mount Olive
13	Greene	2	4	
14	Lenoir	4	10	La Grange
15	Granville	3	7	
16	Vance	3	6	
17	Warren	3	5	
18	Franklin	3	7	
19	Person	3	4	
20	Caswell	2	5	
21	Wake	12	21	Apex,
22				Wendell,
23				Fuquay-
24				Varina,
25				Wake Forest
26	Harnett	7	11	Dunn
27	Johnston	10	12	Benson,
28				Clayton,
29				Selma
30	Lee	4	6	
31	Cumberland	10	19	
32	Bladen	4	6	
33	Brunswick	4	9	
34	Columbus	6	10	Tabor City
35	Durham	8	13 14	
36	Alamance	7	11	Burlington
37	Orange	4	11	Chapel Hill
38	Chatham	3	9	Siler City
39	Scotland	3	5	
40	Hoke	4	5	
41	Robeson	8	16	Fairmont,
42				Maxton,
43				Pembroke,
44				Red Springs,

1				Rowland,
2				St. Pauls
3	Rockingham	4	9	Reidsville,
4				Eden,
5				Madison
6	Stokes	2	5	
7	Surry	5	9	Mt. Airy
8	Guilford	20	27	High Point
9	Cabarrus	5	9	Kannapolis
10	Montgomery	2	4	
11	Randolph	5	10	Liberty
12	Rowan	5	10	
13	Stanly	5	6	
14	Union	4	7	
15	Anson	4	6	
16	Richmond	5	6	Hamlet
17	Moore	5	8	Southern
18				Pines
19	Forsyth	3	15 <u>16</u>	Kernersville
20	Alexander	2	4	
21	Davidson	7	10	Thomasville
22	Davie	2	3 <u>4</u>	
23	Iredell	4	9	Mooresville
24	Alleghany	1	2	
25	Ashe	3	4	
26	Wilkes	4	6	
27	Yadkin	3	5	
28	Avery	3	5	
29	Madison	4	5	
30	Mitchell	3	4	
31	Watauga	4	6	
32	Yancey	2	4	
33	Burke	4	7	
34	Caldwell	4	7	
35	Catawba	6	10	Hickory
36	Mecklenburg	15	28	
37	Gaston	11	22	
38	Cleveland	5	8	
39	Lincoln	4	7	
40	Buncombe	6	15	
41	Henderson	4	7	
42	McDowell	3	6	
43	Polk	3	4	
44	Rutherford	6	8	

1	Transylvania	2	4	
2	Cherokee	3	4	
3	Clay	1	2	
4	Graham	2	3	
5	Haywood	5	7	Canton
6	Jackson	3	5	
7	Macon	3	4	
8	Swain	2	4"	

9 **SECTION 14.1.(b)** The Administrative Office of the Courts shall evaluate
10 the need for magistrates across the State and shall reexamine the caseload formula it
11 uses to assign priority to that need, considering county population, warrant workload,
12 and automation levels. The Administrative Office of the Courts shall report its findings
13 to the General Assembly by March 15, 2005.

14
15 Requested by: Representatives Kiser, Haire, Sexton

16 **COLLECTION OF WORTHLESS CHECK FUNDS**

17 **SECTION 14.2.** Section 13.2 of S.L. 2003-284 reads as rewritten:

18 **"SECTION 13.2.** Notwithstanding the provisions of G.S. 7A-308(c), the Judicial
19 Department may use any balance remaining in the Collection of Worthless Checks Fund
20 on June 30, ~~2003, 2004~~, for the purchase or repair of office or information technology
21 equipment during the ~~2003-2004 fiscal year. 2003-2005 biennium.~~ Prior to using any
22 funds under this section, the Judicial Department shall report to the Joint Legislative
23 Commission on Governmental Operations and the Chairs of the Senate and House of
24 Representatives Appropriations Subcommittees on Justice and Public Safety on the
25 equipment to be purchased or repaired and the reasons for the purchases.

26 The Judicial Department may use up to the sum of five hundred thousand dollars
27 (\$500,000) in receipts collected from the Worthless Check Program during the
28 2004-2005 fiscal year to create up to 10 positions in, and to provide equipment for,
29 district attorney's offices that are establishing or expanding programs for the collection
30 of worthless checks. The Judicial Department shall report by March 1, 2005, to the
31 Chairs of the Senate and House of Representatives Appropriations Subcommittees on
32 Justice and Public Safety on the prosecutorial districts in which expansion has been
33 implemented."

34
35 Requested by: Representatives Kiser, Haire

36 **OFFICE OF INDIGENT DEFENSE SERVICES/EXPANSION**
37 **FUNDS/JUVENILE DEFENDER**

38 **SECTION 14.3.(a)** The Office of Indigent Defense Services may use up to
39 the sum of one million two hundred fifty thousand six hundred thirty-seven dollars
40 (\$1,250,637) in appropriated funds for the expansion of existing offices currently
41 providing legal services to the indigent population under the oversight of the Office of
42 Indigent Defense Services by creating up to 12 new attorney positions and six new
43 support staff positions. These funds may be used for salaries, benefits, equipment, and
44 related expenses. Prior to using funds for this purpose, the Office of Indigent Defense

1 Services shall report to the Chairs of the House and Senate Appropriations
 2 Subcommittees on Justice and Public Safety on the proposed expansion.

3 **SECTION 14.3.(b)** The Office of Indigent Defense Services may use up to
 4 the sum of two hundred sixty-two thousand four hundred seven dollars (\$262,407) in
 5 appropriated funds for the creation of an Office of the Juvenile Defender to be
 6 comprised of one attorney position and one support staff position. These funds may be
 7 used for salaries, benefits, equipment, and related expenses.

8
 9 Requested by: Representatives Kiser, Haire, Culpepper

10 **ESTABLISH A PUBLIC DEFENDER'S OFFICE IN THE FIRST DEFENDER**
 11 **DISTRICT**

12 **SECTION 14.4.(a)** G.S. 7A-498.7(a) reads as rewritten:

13 "(a) The following counties of the State are organized into the defender districts
 14 listed below, and in each of those defender districts an office of public defender is
 15 established:

16	17	18
	<u>Defender District</u>	<u>Counties</u>
19	<u>1</u>	<u>Camden, Chowan,</u>
20		<u>Currituck, Dare,</u>
21		<u>Pasquotank, Perquimans</u>
22	3A	Pitt
23	3B	Carteret
24	12	Cumberland
25	14	Durham
26	15B	Orange, Chatham
27	16A	Scotland, Hoke
28	16B	Robeson
29	18	Guilford
30	21	Forsyth
31	26	Mecklenburg
32	27A	Gaston
33	28	Buncombe

34
 35 After notice to, and consultation with, the affected district bar, senior resident superior
 36 court judge, and chief district court judge, the Commission on Indigent Defense
 37 Services may recommend to the General Assembly that a district or regional public
 38 defender office be established. A legislative act is required in order to establish a new
 39 office or to abolish an existing office."

40 **SECTION 14.4.(b)** Of the funds appropriated to the Judicial Department,
 41 Office of Indigent Defense Services, in this act, the Office of Indigent Defense Services
 42 shall use up to the sum of six hundred thousand dollars (\$600,000) for the 2004-2005
 43 fiscal year to establish a public defender's office in the First Defender District, as

1 established in this section. The funds shall be used to establish the public defender, six
2 assistant public defenders, one investigator, and two support positions.

3
4 Requested by: Representatives Kiser, Haire, Clary, Moore

5 **PILOT PROGRAM FOR PROVISION OF COURTROOM TESTIMONY OF**
6 **LAB ANALYSTS BY VIDEOCONFERENCE/DIRECT JUDICIAL**
7 **DEPARTMENT TO STUDY FEASIBILITY OF A STATEWIDE PROGRAM**
8 **FOR PROVIDING TESTIMONY IN THAT MANNER**

9 **SECTION 14.5.(a)** The Administrative Office of the Courts shall conduct a
10 pilot program in Superior Court District 27B for the provision of State Bureau of
11 Investigation lab analyst testimony by videoconference. Notwithstanding any provision
12 of law to the contrary, lab analysts with the State Bureau of Investigation may provide
13 courtroom testimony by means of videoconferencing to courtrooms in Superior Court
14 District 27B for purposes of participating in this pilot project.

15 **SECTION 14.5.(b)** Of the funds appropriated to the Judicial Department in
16 this act, the Department shall use up to the sum of ninety-three thousand two hundred
17 twenty-nine dollars (\$93,229) for the 2004-2005 fiscal year for equipment and other
18 expenses to conduct a pilot program in Superior Court District 27B for the provision of
19 SBI lab analyst testimony by videoconference to courtrooms in District 27B.

20 **SECTION 14.5.(c)** Of the funds appropriated to the Department of Justice in
21 this act, the Department shall use up to the sum of forty-eight thousand four hundred
22 fifty dollars (\$48,450) for equipment, set-up charges, telecommunication charges, and
23 other expenses associated with providing lab analyst testimony by videoconference
24 from the SBI laboratory.

25 **SECTION 14.5.(d)** The Judicial Department, in consultation and
26 cooperation with the Department of Justice, shall study the feasibility of statewide
27 implementation of a program to allow lab analysts with the State Bureau of
28 Investigation to provide their testimony establishing chain-of-custody and any other
29 necessary courtroom testimony by means of videoconferencing or other remote means.
30 In conducting this study, the departments shall determine the most efficient and
31 cost-effective means of providing such testimony and agree upon the appropriate
32 equipment needed for the provision of testimony in that manner. The departments shall
33 report their findings and recommendations to the Chairs of the House and Senate
34 Appropriations Subcommittees on Justice and Public Safety and the Chairs of the House
35 and Senate Appropriations Committees by January 1, 2005.

36
37 Requested by: Representatives Kiser, Haire

38 **DOMESTIC VIOLENCE RESERVES**

39 **SECTION 14.6.(a)** Of the funds appropriated in this act to the Judicial
40 Department for the 2003-2004 fiscal year, the sum of one million seven hundred
41 twenty-eight thousand two hundred forty-four dollars (\$1,728,244) shall be placed in a
42 reserve. The funds shall be released if House Bill 1354, or a substantially similar bill to
43 strengthen domestic violence laws, becomes law.

1 **SECTION 14.6.(b)** Of the funds appropriated in this act to the Department
2 of Justice for the 2003-2004 fiscal year, the sum of one hundred twenty-one thousand
3 seven hundred fifty-six dollars (\$121,756) shall be placed in a reserve. The funds shall
4 be released if House Bill 1354, or a substantially similar bill to strengthen domestic
5 violence laws, becomes law.

6
7 **PART XV. DEPARTMENT OF JUSTICE**

8
9 Requested by: Representative Haire

10 **STUDY COST OF THE DCI-PIN SYSTEM**

11 **SECTION 15.1.** The Office of State Budget and Management, in
12 consultation with the Department of Justice, shall study the cost of the DCI-PIN system,
13 which allows State and local law enforcement agencies to access criminal information
14 from desktop terminals and mobile data laptops installed in vehicles. The study shall
15 include an assessment of the Division's operational, personnel, and overhead costs
16 related to the DCI-PIN system and how those costs have changed since the prior fiscal
17 year. The Office of State Budget and Management shall report its findings and
18 recommendations to the Chairs of the Senate and House of Representatives
19 Appropriations Committees, the Chairs of the Senate and House of Representatives
20 Appropriations Subcommittees on Justice and Public Safety, and the Fiscal Research
21 Division on or before March 1, 2005.

22
23 Requested by: Representatives Kiser, Haire

24 **REDUCE BACKLOG OF RAPE KITS**

25 **SECTION 15.2.** From funds available to the Department of Justice, the
26 Department may contract with private entities to reduce the backlog of rape kits in
27 storage in local law enforcement agencies as of July 1, 2004. The Department may
28 contract with private entities to analyze bodily fluids, DNA evidence, or both, from rape
29 kits that are evidence in cases in which a suspect has not been identified. The
30 Department of Justice shall report, on or before May 1, 2005, to the Chairs of the House
31 of Representatives and Senate Appropriations Subcommittees on Justice and Public
32 Safety on the number of rape kits analyzed by private entities and how many of those
33 analyses resulted in arrests or convictions.

34
35 **PART XVI. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY**
36 **PREVENTION**

37
38 Requested by: Representatives Kiser, Haire

39 **STATE FUNDS MAY BE USED AS FEDERAL GRANT MATCHING FUNDS**

40 **SECTION 16.1.** Section 15.4 of S.L. 2003-284 reads as rewritten:

41 **"SECTION 15.4.** Funds appropriated in this act to the Department of Juvenile
42 Justice and Delinquency Prevention for the ~~2003-2004~~ 2004-2005 fiscal year may be
43 used as matching funds for the Juvenile Accountability Incentive Block Grants. If North
44 Carolina receives Juvenile Accountability Incentive Block Grants, or a notice of funds

1 to be awarded, the Office of State Budget and Management and the Governor's Crime
2 Commission shall consult with the Department of Juvenile Justice and Delinquency
3 Prevention regarding the criteria for awarding federal funds. The Office of State Budget
4 and Management, the Governor's Crime Commission, and the Department of Juvenile
5 Justice and Delinquency Prevention shall report to the Appropriations Committees of
6 the Senate and House of Representatives and the Joint Legislative Commission on
7 Governmental Operations prior to allocation of the federal funds. The report shall
8 identify the amount of funds to be received for the ~~2003-2004~~ 2004-2005 fiscal year,
9 the amount of funds anticipated for the ~~2004-2005~~ 2005-2006 fiscal year, and the
10 allocation of funds by program and purpose."

11
12 Requested by: Representatives Kiser, Haire, Fisher

13 **OPERATION OF BUNCOMBE YOUTH DETENTION CENTER**

14 **SECTION 16.2.** Section 15.8 of S.L. 2003-284 reads as rewritten:

15 "SECTION 15.8. The Department of Juvenile Justice and Delinquency Prevention
16 shall continue to operate the Buncombe Youth Detention Center at its current site
17 during the ~~2003-2004~~ 2004-2005 fiscal year. To the extent practicable during the
18 ~~2003-2004~~ 2004-2005 fiscal year, the Department shall operate the Buncombe Youth
19 Detention Center at the same average population and staffing levels and at the same
20 budget as the ~~2002-2003~~ 2003-2004 fiscal year."

21
22 Requested by: Representatives Kiser, Haire

23 **PLANNING FOR NEW YOUTH DEVELOPMENT CENTERS**

24 **SECTION 16.3.** The Department of Juvenile Justice and Delinquency
25 Prevention and the Department of Administration, State Construction Office, shall
26 continue planning and design for up to 512 youth development centers beds. The
27 Department of Juvenile Justice and Delinquency Prevention shall provide a plan for new
28 youth development centers by December 1, 2004, to the Joint Legislative Corrections,
29 Crime Control, and Juvenile Justice Oversight Committee, the Chairs of the House of
30 Representatives and Senate Appropriations Committees and the Chairs of the House of
31 Representatives and Senate Appropriations Subcommittees on Justice and Public Safety.

32 The plan shall include all of the following:

- 33 (1) The recommended number of facilities and beds, including plans for
34 up to 512 beds at 13 sites and alternative plans for up to 512 beds at
35 fewer sites.
- 36 (2) The project schedule for the new facilities, from the bid phase through
37 completion, and the juvenile occupancy of each of the facilities.
- 38 (3) A detailed schematic of a prototype facility.
- 39 (4) The facility staffing plan, which shall include the number of positions
40 by job class, the unit cost per position, and the job descriptions of the
41 positions. The plan shall also identify the number of positions to be
42 assigned on each shift for a 24-hour period and the assigned location
43 of each position.

- 1 (5) A transition plan for recruiting and establishing new positions and
2 converting current positions to new job classes.
- 3 (6) The recommended site locations for each facility, including the
4 specific site location and the county in which each site is located.
- 5 (7) A comparison of the cost of constructing and operating a youth
6 development center in North Carolina to the cost of constructing and
7 operating similar facilities in other states.
- 8 (8) A description of major facility programs, including education, health
9 services, recreation, therapy and clinical services, parental
10 involvement and accountability, and aftercare programs. This
11 description shall also identify programs for female offenders and
12 recommend sites where female offenders will be committed.

13 The Department shall also provide recommendations and community-based
14 alternatives for further reducing the youth development center populations.

15 The Department of Administration, State Construction Office, shall assist the
16 Department of Juvenile Justice and Delinquency Prevention, as necessary, with the
17 reports required by this section. The Department of Administration and the Department
18 of Juvenile Justice and Delinquency Prevention shall not solicit bids for construction of
19 new youth development centers until at least 30 days after submission of the plan.
20

21 Requested by: Representatives Kiser, Haire

22 **YOUTH DEVELOPMENT CENTER STAFFING**

23 **SECTION 16.4.(a)** With the approval of the Office of State Personnel and
24 the Office of State Budget and Management, the Department of Juvenile Justice and
25 Delinquency Prevention may reclassify existing departmental vacant positions to
26 establish up to 18 new positions in new job classes defined in this section. The
27 Department may use departmental salary reserves and salaries from vacant positions to
28 establish these positions. These newly established positions shall be assigned to
29 Stonewall Jackson and Samarkand Youth Development Centers. The positions shall be
30 reclassified as 14 youth development center youth counselors, two youth counselor
31 supervisors, and two licensed mental health clinicians. These new positions will provide
32 the starting point for the potential implementation of a statewide therapeutic staffing
33 model.

34 The Department of Juvenile Justice and Delinquency Prevention shall prepare
35 a report that includes a plan for explaining (i) the amount of funds and number of
36 positions reallocated from vacant positions to establish new positions, (ii) the amount of
37 departmental salary reserves used to establish new positions, (iii) the source of funds,
38 (iv) the time frame for recruiting and hiring staff, (v) copies of the job specifications for
39 new job classes, and (vi) a statement of how the positions will be allocated between
40 Stonewall Jackson Youth Development Center and Samarkand Youth Development
41 Center. Prior to establishing these positions, the report shall be provided to the Joint
42 Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee and
43 the Chairs of the House of Representatives and Senate Appropriations Subcommittees
44 on Justice and Public Safety by October 1, 2004.

1 **SECTION 16.4.(b)** The Department of Juvenile Justice and Delinquency
2 Prevention shall prepare a long-range plan for establishing a therapeutic staffing model
3 to be used in all youth development centers. The plan shall include:

- 4 (1) An outline of the cost and benefits of the proposed model for juveniles
5 in the custody of the Department and a summary of available research
6 regarding the use of therapeutic staffing models in juvenile facilities.
- 7 (2) An action plan and time line for reclassifying current counselor
8 technicians, behavioral specialists, cottage parents, or other current
9 positions to youth counselor or youth counselor supervisor positions or
10 to other job classes that are progressive steps towards youth counselor
11 positions.
- 12 (3) Job specifications, salary grades, and operating costs for each job
13 class.
- 14 (4) The proposed number of existing positions to be reclassified to youth
15 counselors or youth counselor supervisors in the 2004-2005 fiscal
16 year.
- 17 (5) The recommended staffing for and qualifications of teachers and
18 teacher assistants and the standards for evaluating teacher quality in
19 youth development centers.

20 The Department shall also estimate the number of current positions likely to
21 be reclassified to youth counselor positions and youth counselor supervisors statewide
22 based on the qualifications of the current staff.

23 **SECTION 16.4.(c)** The Department of Juvenile Justice and Delinquency
24 Prevention shall report by February 1, 2005, to the Chairs of the House of
25 Representatives and Senate Appropriations Subcommittees on Justice and Public Safety
26 on the long-range plan required by this section and the budgetary costs for statewide
27 implementation of the therapeutic staffing model.

28 **SECTION 16.4.(d)** The Department of Juvenile Justice and Delinquency
29 Prevention may use up to the sum of one hundred thousand dollars (\$100,000) in salary
30 reserves to reallocate existing positions to youth counselor and youth counselor
31 supervisor positions for youth development centers. The Department shall not reclassify
32 current positions to youth counselor or youth counselor supervisor positions until at
33 least 30 days after it submits the long-range plan required by subsection (b) of this
34 section to the General Assembly.

35
36 Requested by: Representatives Kiser, Haire

37 **JUVENILE RECIDIVISM**

38 **SECTION 16.5.** Pursuant to G.S. 164-42.1 and G.S. 164-43, the North
39 Carolina Sentencing and Policy Advisory Commission shall prepare biennial reports on
40 juvenile recidivism in North Carolina. The Commission shall consult with the
41 Department of Juvenile Justice and Delinquency Prevention and the Fiscal Research
42 Division of the Legislative Services Office of the General Assembly in developing a
43 methodology for measuring juvenile recidivism in North Carolina. The Commission
44 shall report the proposed methodology to the 2005 General Assembly by March 1,

1 2005. The Commission's report shall also include a timeline for completing the initial
2 analysis and recidivism report and any proposed legislation regarding juvenile
3 recidivism. The report shall also include recommendations for other outcome measures
4 that are appropriate for evaluating juvenile program effectiveness.

5
6 Requested by: Representatives Kiser, Haire

7 **ELECTRONIC MONITORING OF JUVENILES**

8 **SECTION 16.6.** The Department of Juvenile Justice and Delinquency
9 Prevention shall study the issue of electronic monitoring of juveniles in consultation
10 with the Fiscal Research Division of the Legislative Services Office of the General
11 Assembly and shall report to the Chairs of the House of Representatives and Senate
12 Appropriations Subcommittees on Justice and Public Safety by March 1, 2005, on
13 electronic monitoring programs and electronic house arrest programs for juvenile
14 offenders. The report shall include all of the following:

- 15 (1) Information on current usage, including the number of juveniles in the
16 various programs, by district, and the available capacity of the
17 electronic programs in comparison to the current usage of the
18 programs.
- 19 (2) The criminal histories of the juveniles in electronic monitoring or
20 house arrest programs and how their criminal histories compare to
21 those of juveniles committed to youth development centers.
- 22 (3) An analysis of the costs and benefits of passive and active global
23 positioning systems for monitoring juvenile offenders.
- 24 (4) A comparison of the electronic monitoring programs for juvenile
25 offenders used by other states.
- 26 (5) The Department's recommendations on ways to expand the use of all
27 electronic monitoring programs, in particular as an alternative to
28 committing juveniles to youth development centers.

29
30 Requested by: Representatives Kiser, Haire

31 **ALTERNATIVES TO JUVENILE COMMITMENT/JUVENILE CRIME**
32 **PREVENTION COUNCILS**

33 **SECTION 16.7.** Of the funds appropriated in this act to the Department of
34 Juvenile Justice and Delinquency Prevention, the sum of five hundred thousand dollars
35 (\$500,000) shall be used for demonstration projects of the Juvenile Crime Prevention
36 Councils to identify effective alternative community programs for juvenile offenders
37 who would otherwise have been committed to youth development centers. The
38 Department shall develop a competitive grant award process that gives consideration to
39 commitment rates, programs that target juveniles in rural areas, geographical
40 representation, and collaboration among counties. The Department may award up to 10
41 grants to Juvenile Crime Prevention Councils and no individual grant may exceed one
42 hundred thousand dollars (\$100,000).

43
44 Requested by: Representatives Kiser, Haire

1 **EDUCATION OF JUVENILES COMMITTED TO THE DEPARTMENT OF**
2 **JUVENILE JUSTICE AND DELINQUENCY PREVENTION**

3 **SECTION 16.8.** The Department of Juvenile Justice and Delinquency
4 Prevention, in consultation with the State Board of Education and the Community
5 Colleges System Office, shall review and develop a report on the assessment of
6 juveniles committed to the Department of Juvenile Justice and Delinquency Prevention
7 and the curricula, education plans, and alternative education programs for those
8 juveniles. The Department of Juvenile Justice and Delinquency Prevention, the State
9 Board of Education, and the Community Colleges System Office shall submit the report
10 to the Chairs of the House of Representatives and Senate Appropriations Committees
11 and the Chairs of the House of Representatives and Senate Appropriations
12 Subcommittees on Justice and Public Safety on or before March 1, 2005.

13
14 **PART XVII. DEPARTMENT OF CORRECTION**

15
16 Requested by: Representatives Kiser, Haire

17 **SHIFT PAY FOR SECURITY STAFF**

18 **SECTION 17.1.** Section 16.3 of S.L. 2003-284 reads as rewritten:

19 "**SECTION 16.3.** The Department of Correction may use funds available for the
20 ~~2003-2004 fiscal year~~ 2003-2005 biennium for the payment to security staff of special
21 supplemental weekend shift premium pay that exceeds standard weekend shift pay by
22 up to ten percent (10%). The Department shall also continue to take steps to hold down
23 the cost of shift pay by converting prisons from three eight-hour shifts to two 12-hour
24 shifts whenever practical.

25 The Department of Correction shall report to the Senate and House of
26 Representatives Appropriations Subcommittees on Justice and Public Safety by ~~April 1,~~
27 March 1, 2005, on its progress in converting prison work shifts from eight hours
28 to 12 hours. The report shall include information on savings generated to date and
29 potential future savings, as well as any changes in employee morale and leave usage, as
30 a result of converting to 12-hour shifts."

31
32 Requested by: Representatives Kiser, Haire

33 **DEPARTMENT OF CORRECTION SECURITY STAFFING FORMULAS**

34 **SECTION 17.2.** Section 16.4(c) of S.L. 2003-284 reads as rewritten:

35 "**SECTION 16.4.(c)** The Department of Correction shall report on its progress in
36 implementing the staffing recommendations of the National Institute of Corrections to
37 the Senate and House of Representatives Appropriations Subcommittees on Justice and
38 Public Safety by ~~February 1, 2004.~~ February 1, 2005. The report shall include a status
39 report on the implementation of a centralized postaudit control system and the
40 automation of leave records. The report shall also provide an updated staffing relief
41 formula and the methodology used to develop the updated formula."

42
43 Requested by: Representatives Kiser, Haire

44 **INMATE COSTS/ INMATE CLOTHING AND LAUNDRY SERVICES**

1 **SECTION 17.3.** Section 16.6(c) of S.L. 2003-284 reads as rewritten:

2 "**SECTION 16.6(c)** Notwithstanding the provisions of G.S. 143-23(a2), the
3 Department of Correction may use funds available during the ~~2003-2004 fiscal year~~
4 2003-2005 biennium for the purchase of clothing and laundry services for inmates if
5 expenditures are projected to exceed the Department's budget for clothing and laundry
6 services. The Department shall consult with the Joint Legislative Commission on
7 Governmental Operations prior to exceeding the continuation budget amount."
8

9 Requested by: Representatives Kiser, Haire

10 **FEDERAL GRANT MATCHING FUNDS**

11 **SECTION 17.4.** Section 16.10 of S.L. 2003-284 reads as rewritten:

12 "**SECTION 16.10.** Notwithstanding the provisions of G.S. 148-2, the Department
13 of Correction may use up to the sum of nine hundred thousand dollars (\$900,000) in the
14 2003-2004 fiscal year and up to the sum of six hundred fifty thousand dollars
15 (\$650,000) in the 2004-2005 fiscal year from funds available to the Department to
16 provide the State match needed in order to receive federal grant funds. Prior to using
17 funds for this purpose, the Department shall report to the Chairs of the Senate and
18 House of Representatives Appropriations Subcommittees on Justice and Public Safety
19 and the Joint Legislative Commission on Governmental Operations on the grants to be
20 matched using these funds."
21

22 Requested by: Representatives Kiser, Haire

23 **ENERGY COMMITTED TO OFFENDERS/CONTRACT AND REPORT**

24 **SECTION 17.5.** Section 16.13 of S.L. 2003-284 reads as rewritten:

25 "**SECTION 16.13.** The Department of Correction may continue to contract with
26 Energy Committed To Offenders, Inc., for the purchase of prison beds for minimum
27 security female inmates during the 2003-2005 biennium. Energy Committed To
28 Offenders, Inc., shall report by February 1 of each year to the Joint Legislative
29 Commission on Governmental Operations on the annual cost per inmate and the average
30 daily inmate population compared to bed capacity using the same methodology as that
31 used by the Department of Correction. ~~Energy Committed To Offenders, Inc., shall also~~
32 ~~provide information on the rearrest rate and the return to prison rate for inmates~~
33 ~~participating in the program who are paroled or released from prison.~~ The Department
34 of Correction, after consultation with the Sentencing and Policy Advisory Commission
35 and Energy Committed To Offenders, Inc., shall recommend the best approach for
36 determining the program's effectiveness to the 2005 General Assembly."
37

38 Requested by: Representatives Kiser, Haire

39 **INMATE CUSTODY AND CLASSIFICATION SYSTEM**

40 **SECTION 17.6.(a)** The Department of Correction shall review the current
41 inmate custody and classification system, with the assistance of consultants from the
42 National Institute of Corrections. The review shall focus primarily on the custody
43 classification instrument used to assess inmate custody and the policies and practice of
44 overriding the assessed custody level. The review should focus particularly on

1 determining whether the instrument is effective in predicting custody classification,
2 analyzing the current override rate by custody level, and assessing any need for changes
3 in the override policy. The Department should request assistance from the National
4 Institute of Corrections in obtaining (i) a comparison between Department of Correction
5 override rates and policies and those of other states; (ii) suggestions on an acceptable
6 override rate for classification systems; and (iii) any recommendations the NIC may
7 have on the Department's custody classification instrument and override policy.

8 **SECTION 17.6.(b)** The Department shall report its findings and
9 recommendations to the Chairs of the House and Senate Appropriations Subcommittees
10 on Justice and Public Safety no later than April 15, 2005.

11
12 Requested by: Representatives Kiser, Haire

13 **REPORTS ON NONPROFIT PROGRAMS**

14 **SECTION 17.7.** Section 16.17 of S.L. 2003-284 reads as rewritten:

15 "**SECTION 16.17.(a)** Funds appropriated in this act to the Department of
16 Correction to support the programs of Harriet's House may be used for program
17 operating costs, the purchase of equipment, and the rental of real property. Harriet's
18 House shall report by February 1 of each year to the Joint Legislative Commission on
19 Governmental Operations on the expenditure of State appropriations and on the
20 effectiveness of the program, including information on the number of clients ~~served and~~
21 served, the number of clients who successfully complete the Harriet's House program-
22 program, and the number of clients who have been rearrested within three years of
23 successfully completing the program.

24 "**SECTION 16.17.(b)** Summit House shall report by February 1 of each year to the
25 Joint Legislative Commission on Governmental Operations on the expenditure of State
26 appropriations and on the effectiveness of the program, including information on the
27 number of clients served, the number of clients who have had their probation revoked,
28 ~~and~~ the number of clients who successfully complete the program while housed at
29 Summit House, ~~Inc.~~, and the number of clients who have been rearrested within
30 three years of successfully completing the program.

31 "**SECTION 16.17.(c)** Women at Risk shall report by February 1 of each year to the
32 Joint Legislative Commission on Governmental Operations on the expenditure of State
33 funds and on the effectiveness of the program, including information on the number of
34 clients served, the number of clients who have had their probation revoked, ~~and~~ the
35 number of clients who have successfully completed the ~~program.~~ program, and the
36 number of clients who have been rearrested within three years of successfully
37 completing the program."

38
39 Requested by: Representatives Kiser, Haire

40 **ELECTRONIC MONITORING REQUEST FOR PROPOSALS**

41 **SECTION 17.8.** The Department of Correction shall issue a Request for
42 Proposal for electronic monitoring equipment and monitoring services for the Division
43 of Community Corrections' electronic house arrest and electronic monitoring programs.
44 The RFP shall require separate bids: one for equipment, maintenance, and technical

1 support, and one for the aforementioned items plus monitoring services. The
2 Department shall design the RFP to use the most recent, cost-effective technology
3 available; the Department shall not restrict vendors to the specifications of the
4 equipment currently utilized by the Department. The RFP shall also include a bid
5 request for passive and active Global Positioning System monitoring equipment. No
6 less than 30 days prior to issuing the RFP, the Department shall provide the Fiscal
7 Research Division with a copy of the draft RFP. The RFP shall be issued by December
8 31, 2004, for a contract term to begin July 1, 2005.

9 The Department of Correction shall report by March 1, 2005, to the Chairs of
10 the House and Senate Appropriations Committees and the Chairs of the House and
11 Senate Appropriations Subcommittees on Justice and Public Safety on the responses to
12 the RFP. In evaluating the responses, the Department of Correction shall give
13 preference to proposals making use of equipment manufactured and serviced in the
14 United States.

15
16 Requested by: Representatives Kiser, Haire

17 **REPORT ON INMATES ELIGIBLE FOR PAROLE**

18 **SECTION 17.9.** Section 16.20 of S.L. 2003-284 reads as rewritten:

19 "**SECTION 16.20.** The Post-Release Supervision and Parole Commission shall
20 report by January 15 and July 15 of each year to the Senate and House of
21 Representatives Appropriations Subcommittees on Justice and Public Safety and the
22 Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee
23 on inmates eligible for parole. These reports shall include at least the following:

- 24 (1) The total number of Fair Sentencing and Pre-Fair Sentencing inmates
25 that were parole-eligible during the current fiscal year and the total
26 number of those inmates that were paroled. The report should group
27 these inmates by offense type, custody classification, and type of
28 parole. The report should also include a more specific analysis of those
29 inmates who were parole-eligible and assigned to minimum custody
30 classification but not released;
- 31 (2) The average time served, by offense class, of Fair Sentencing and
32 Pre-Fair Sentencing inmates compared to inmates sentenced under
33 Structured Sentencing; and
- 34 (3) The projected number of parole-eligible inmates to be paroled or
35 released by the end of the 2003-2004 fiscal year and by the end of each
36 of the next five fiscal years, beginning with the 2004-2005 fiscal year."

37
38 Requested by: Representatives Kiser, Haire

39 **POST-RELEASE SUPERVISION AND PAROLE COMMISSION/REPORT ON**
40 **STAFFING REORGANIZATION AND REDUCTION**

41 **SECTION 17.10.** Section 16.21 of S.L. 2003-284 reads as rewritten:

42 "**SECTION 16.21.(a)** The Post-Release Supervision and Parole Commission shall
43 report by October 1, 2003, to the Chairs of the Senate and House of Representatives
44 Appropriations Subcommittees on Justice and Public Safety on a plan for restructuring

1 the organization and operation of the Commission and implementing staff reductions to
2 reflect both declines and changes in workload.

3 "SECTION 16.21.(b) The Post-Release Supervision and Parole Commission shall
4 report by October 1, 2004, to the Chairs of the Senate and House of Representatives
5 Appropriations Subcommittees on Justice and Public Safety on the implementation of
6 the plan for restructuring the organization and operation of the Commission and for
7 implementing staff reductions to reflect both declines and changes in workload. The
8 report shall include the number of parole reviews, paroles, and post-release supervision
9 reviews conducted per analyst per year for the last five years."

10
11 Requested by: Representatives Kiser, Haire

12 **CRIMINAL JUSTICE PARTNERSHIP PROGRAM**

13 **SECTION 17.11.** Section 16.16 of S.L. 2003-284 reads as rewritten:

14 **"SECTION 16.16.(a)** It is the intent of the General Assembly that State Criminal
15 Justice Partnership Program funds not be used to fund case manager positions when
16 those services can be reasonably provided by Division of Community Corrections
17 personnel or by the Treatment Alternatives to Street Crime (TASC) Program in the
18 Department of Health and Human Services.

19 **"SECTION 16.16.(b)** Notwithstanding the provisions of G.S. 143B-273.15
20 specifying that grants to participating counties are for the full fiscal year and that
21 unobligated funds are returned to the State-County Criminal Justice Partnership
22 Account at the end of the grant period, the Department of Correction may reallocate
23 unspent or unclaimed funds distributed to counties participating in the State-County
24 Criminal Justice Partnership Program in an effort to maintain the level of services
25 realized in previous fiscal years.

26 **"SECTION 16.16.(c)** The Department of Correction may not deny funds to a
27 county to support both a residential program and a day reporting center if the
28 Department of Correction determines that the county has a demonstrated need and a
29 fully developed plan for each type of sanction.

30 **"SECTION 16.16.(d)** The Department of Correction shall report by February 1 of
31 each year to the Chairs of the Senate and House of Representatives Appropriations
32 Committees, the Senate and House of Representatives Appropriations Subcommittees
33 on Justice and Public Safety, and the Joint Legislative Corrections, Crime Control, and
34 Juvenile Justice Oversight Committee on the status of the State-County Criminal Justice
35 Partnership Program. The report shall include the following information:

- 36 (1) The amount of funds carried over from the prior fiscal year;
37 (2) The dollar amount and purpose of grants awarded to counties as
38 discretionary grants for the current fiscal year;
39 (3) Any counties the Department anticipates will submit requests for new
40 implementation grants;
41 (4) An update on efforts to ensure that all counties make use of the
42 electronic reporting system, including the number of counties
43 submitting offender participation data via the system;

- 1 (5) An analysis of offender participation data received, including data on
2 each program's utilization and capacity; and
- 3 (6) An analysis of comparable programs, prepared by the Research and
4 Planning Division of the Department of Correction, and a summary of
5 the reports prepared by county Criminal Justice Partnerships Advisory
6 Boards.
- 7 (7) An evaluation of Criminal Justice Partnership programs, based upon
8 evaluation standards designed by the Division of Community
9 Corrections in consultation with the Fiscal Research Division and the
10 Department of Correction, Division of Research and Planning.

11 "SECTION 16.16.(e) The Joint Legislative Corrections, Crime Control, and
12 Juvenile Justice Oversight Committee, in consultation with the Sentencing and Policy
13 Advisory Commission and the Department of Correction, Division of Research and
14 Planning, shall review the Criminal Justice Partnership Program funding formula and
15 recommend any necessary changes in that formula to the 2005 General Assembly."

16
17 Requested by: Representatives Kiser, Haire

18 **COLLECTION OF OFFENDER FEES**

19 **SECTION 17.12.** Section 16.15 of S.L. 2003-284 reads as rewritten:

20 **"SECTION 16.15.(a)** The Department of Correction and the Judicial Department
21 shall report by ~~April 1, 2004, March 1 of each year~~ to the Chairs of the Senate and
22 House of Representatives Appropriations Committees and the Chairs of the Senate and
23 House of Representatives Appropriations Subcommittees on Justice and Public Safety
24 on the success of their efforts to improve the collection rate of offender fees for
25 probationers and for nonprobationers sentenced to community service and on any
26 recommendations for statutory or procedural changes that will improve the collection of
27 financial obligations from offenders.

28 The report shall include a comparison of the ~~percentage of total~~ offender fees
29 collected in the most recent year compared to prior years, ~~including the percentage of~~
30 ~~offenders who were ordered to pay fees and the percentage of offenders who actually~~
31 ~~paid those fees.~~ years. The report shall also ~~include the total offender fees collected, in~~
32 ~~dollars and as a percentage of the fees ordered, and the fees that could have been~~
33 ~~ordered based on the sentence and conditions imposed by the judge.~~ include, for each
34 judicial district: the total offender fees collected, the total fines and restitution collected,
35 the number of offenders ordered to supervised probation, the number of offenders
36 ordered to unsupervised probation, the number and percentage of supervised probation
37 cases in which no payment was made, the number and percentage of unsupervised
38 probation cases (any case in which an offender is not given an active or supervised
39 probation sentence) in which no payment was made, and whether that judicial district
40 enters offender information into the financial management system for all offenders
41 required to pay fines, fees, or restitution, or whether that data is entered only when the
42 offender makes a payment. If any of this information cannot be collected, the report
43 shall include a description of the data collection issues and a plan for addressing those
44 issues.

1 "SECTION 16.15.(b) The Judicial Department shall make use of the new deputy
2 clerk positions funded in this act to ensure that offender accounts payable information is
3 entered into the financial management system within a reasonable time after sentencing.
4 As part of this undertaking, the Judicial Department shall review the use of its financial
5 management system to determine whether there are methods of streamlining or
6 expediting the entry of offender accounts payable information into that system."

7

8 **PART XVIII. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY**

9

10 Requested by: Representatives Kiser, Haire

11 **VICTIMS COMPENSATION/ MEDICAL TREATMENT**

12 **SECTION 18.1.** G.S. 15B-2(1) reads as rewritten:

13 "(1) "Allowable expense" means reasonable charges incurred for
14 reasonably needed products, services, and accommodations, including
15 those for medical care, rehabilitation, ~~medically—related~~
16 medically-related property, and other remedial treatment and care.

17 Allowable expense includes a total charge not in excess of three
18 thousand five hundred dollars (\$3,500) for expenses related to funeral,
19 cremation, and burial, including transportation of a body, but
20 excluding expenses for flowers, gravestone, and other items not
21 directly related to the funeral service.

22 Allowable expense for medical care, counseling, rehabilitation,
23 medically-related property, and other remedial treatment and care of a
24 victim shall be limited to sixty-six and two-thirds percent (66 2/3%) of
25 the amount usually charged by the provider for the treatment or care.
26 The provider shall accept the compensation received as payment in full
27 for the treatment or care."

28

29 **PART XIX. DEPARTMENT OF ADMINISTRATION**

30

31 Requested by: Representatives Jeffus, Walend

32 **ALLOCATION OF THE PETROLEUM VIOLATION ESCROW FUNDS**

33 **SECTION 19.1.(a)** There is appropriated from funds and interest thereon
34 received from the case of United States v. Stripper Well that remain in the Special
35 Reserve for Oil Overcharge Funds to the Department of Administration the sum of five
36 million dollars (\$5,000,000) for the 2004-2005 fiscal year to be allocated for projects
37 that were approved by the State Energy Policy Council in April 2004.

38 **SECTION 19.1.(b)** There is appropriated from funds and interest thereon
39 received from the case of United States v. Exxon that remain in the Special Reserve for
40 Oil Overcharge Funds to the Department of Health and Human Services the sum of one
41 million dollars (\$1,000,000) for the 2004-2005 fiscal year to be allocated for the
42 Weatherization Assistance Program.

43 **SECTION 19.1.(c)** Any funds remaining in the Special Reserve for Oil
44 Overcharge Funds after the allocation made pursuant to subsections (a) and (b) of this

1 section may be expended only as authorized by the General Assembly. All interest or
2 income accruing from all deposits or investments of cash balances shall be credited to
3 the Special Reserve for Oil Overcharge Funds.

4
5 Requested by: Representatives Grady, Jeffus, Walend, Baker

6 **STATE VETERANS CEMETERIES TO PROVIDE BURIAL SERVICES ON**
7 **WEEKENDS**

8 **SECTION 19.2.(a)** Article 8A of Chapter 65 of the General Statutes is
9 amended by adding a new section to read:

10 "**§ 65-44. Days for burial.**

11 Notwithstanding any other provision of law, burial services shall be conducted from
12 Monday through Sunday, except when the day for services falls on a State holiday."

13 **SECTION 19.2.(b)** The Department of Administration may use funds
14 credited to the Veterans Burial Fund for the 2004-2005 fiscal year to cover costs
15 incurred as a result of burials on Saturday or Sunday that are not covered by General
16 Fund appropriations for that purpose.

17
18 Requested by: Representatives Jeffus, Walend

19 **STUDY OF STATE-FUNDED ADVERTISING**

20 **SECTION 19.3.(a)** The Office of State Budget and Management, in
21 collaboration with the Department of Administration, shall conduct a study of the State
22 agencies' requirements for advertisements and public service announcements. The study
23 shall include a review of the nature and cost of the advertisements and public service
24 announcements. The study shall consider (i) the extent to which the North Carolina
25 Agency for Public Telecommunication (APT) can efficiently and effectively provide the
26 services related to the development and placement of these advertisements and public
27 service announcements at a savings to the State, and (ii) whether the services should be
28 provided by APT, decentralized, or outsourced.

29 **SECTION 19.3.(b)** The Office of State Budget and Management shall
30 submit a report of its findings and recommendations to the Chairs of the Appropriations
31 Subcommittees on General Government of the Senate and House of Representatives by
32 December 1, 2004.

33
34 Requested by: Representatives Jeffus, Walend

35 **VETERANS SCHOLARSHIPS PARTIALLY FUNDED FROM ESCHEAT**
36 **FUND**

37 **SECTION 19.4.** Section 18.5(c) of S.L. 2003-284 reads as rewritten:

38 "**SECTION 18.5.(c)** In accordance with G.S. 116B-7(b) as enacted by this act, ~~for~~
39 ~~the 2003-2004 and 2004-2005 fiscal years,~~ there is appropriated from the Escheat Fund
40 to the Department of Administration the amount of three million ~~seven-nine~~ hundred
41 ~~twenty-eight~~three thousand three hundred twenty-four dollars ~~(\$3,728,324)~~
42 (\$3,903,324) for each year the 2004-2005 fiscal year."

43
44 Requested by: Representatives Jeffus, Walend

1 **RELOCATION AND RENT EXPENSE TO BE PAID FROM PROCEEDS OF**
2 **SALE OF POLK BUILDING**

3 **SECTION 19.5.** Of the proceeds realized by the State from the sale of the
4 James K. Polk Building in the City of Charlotte, the amount needed to meet the moving
5 expenses and rent expense for the 2004-2005 fiscal year, not to exceed eight hundred
6 ninety thousand six hundred thirty-four dollars (\$890,634), shall be deposited into a
7 reserve fund in the Office of State Budget and Management. Up to one hundred sixty
8 thousand one hundred one dollars (\$160,101) shall be used to cover the expenses of
9 relocating the offices of the University of North Carolina at Chapel Hill TEACH
10 program, the Office of Administrative Hearings, the Office of the State Auditor, and the
11 Departments of Administration, Commerce, Correction, Crime Control and Public
12 Safety, Health and Human Services, and Revenue that are currently housed in the Polk
13 Building. Up to seven hundred thirty thousand five hundred thirty-three dollars
14 (\$730,533) shall be used to cover the rent expense incurred by those State agencies for
15 fiscal year 2004-2005 as a result of the relocation.

16
17 Requested by: Representatives Jeffus, Walend

18 **CONTINUATION OF THE STUDY OF ADVOCACY PROGRAMS IN THE**
19 **DEPARTMENT OF ADMINISTRATION**

20 **SECTION 19.6.** Section 18.2 of S.L. 2003-284 reads as rewritten:

21 **"STUDY OF ADVOCACY PROGRAMS IN THE DEPARTMENT OF**
22 **ADMINISTRATION**

23 **SECTION 18.2.** The Secretary of the Department of Administration, in
24 collaboration with appropriate entities which concentrate on public policy and business
25 management, shall ~~study~~ continue the study that was completed during the 2003-2004
26 fiscal year of the functions of the advocacy programs that are housed in the Department
27 of Administration to determine the appropriate organizational placement of the
28 programs within State government. The study shall include both the advocacy and
29 service functions of the Division of Veterans Affairs, the Council for Women and the
30 Domestic Violence Commission, the Commission of Indian Affairs, the Governor's
31 Advocacy Council for Persons with Disabilities, the Human Relations Commission, and
32 the Youth Advocacy and Involvement Office. The study shall also consider whether the
33 functions of the programs could be more efficiently and effectively performed by an
34 appropriate nonprofit organization. The Secretary shall report the findings and
35 recommendations to the Joint Legislative Commission on Governmental Operations and
36 to the Chairs of the Senate and House of Representatives Appropriations Committees by
37 May 1, ~~2004-2005.~~"

38
39 Requested by: Representatives Grady, Jeffus, Walend, Baker

40 **DESIGN AND ADVANCE PLANNING FOR STATE VETERANS CEMETERY**

41 **SECTION 19.7.** Of the funds appropriated in this act to the Department of
42 Administration, the Department shall use up to three hundred thousand dollars
43 (\$300,000) for the 2004-2005 fiscal year to fund the design and advance planning cost
44 for the expansion of the State veterans cemetery located in Jacksonville. The

1 Department is authorized to retain any reimbursement from the U.S. Department of
2 Veterans Affairs for the amount expended on the design and advance planning of the
3 cemetery expansion project.

4
5 Requested by: Representatives Jeffus, Walend

6 **TRANSFER LIGHT GROUND POCOSIN TO WILDLIFE RESOURCES**
7 **COMMISSION**

8 **SECTION 19.8.** The 1094-acre Light Ground Pocosin property in Pamlico
9 County is reallocated from the Department of Administration to the Wildlife Resources
10 Commission. Notwithstanding any other provision of law, the Wildlife Resources
11 Commission shall manage the property as gamelands for hunting, fishing, outdoor
12 recreation, nature study, water quality, and conservation of natural resources.

13
14 Requested by: Representative Ross

15 **IMPLEMENT BLOUNT STREET PROPERTY SALE**

16 **SECTION 19.9.** Section 1.(d) of S.L. 2003-404 reads as rewritten:

17 "**SECTION 1.(d)** Funds to implement the sales process. – Of the funds available to
18 the Department of Administration, the Department may use up to ~~three hundred~~
19 ~~thousand dollars (\$300,000)~~ five hundred thousand dollars (\$500,000) to implement the
20 provisions of this act."

21
22 **PART XX. OFFICE OF THE STATE AUDITOR**

23
24 Requested by: Representatives Jeffus, Walend

25 **AUDITOR TO REDUCE SPAN OF CONTROL**

26 **SECTION 20.1.** The State Auditor shall reduce the span of control for the
27 Office of the State Auditor by eliminating two senior management positions effective
28 January 1, 2005. In reducing the span of control, the State Auditor shall ensure that the
29 Office has no more than two Deputy Auditor positions. Funds appropriated for the
30 positions that are eliminated shall be used to create additional audit positions for the
31 nongovernmental and investigative audit sections. The State Auditor shall report to the
32 Chairs of the Appropriations Subcommittees on General Government of the Senate and
33 House of Representatives by December 1, 2004.

34
35 **PART XXI. DEPARTMENT OF INSURANCE**

36
37 Requested by: Representatives Jeffus, Walend

38 **REMOVE SUNSET FOR FUNDING CERTAIN OPERATIONS OF THE**
39 **DEPARTMENT OF INSURANCE THROUGH THE INSURANCE**
40 **REGULATORY FUND**

41 **SECTION 21.1.** Section 12 of S.L. 2002-144, as amended by Section 22.2
42 of S.L. 2003-284, reads as rewritten:

43 "**SECTION 12.** This act becomes effective July 1, 2002. ~~Sections 1 through 8 of~~
44 ~~this act expire June 30, 2004.~~"

1
2 **PART XXII. INFORMATION TECHNOLOGY**
3

4 Requested by: Representatives Jeffus, Walend, Tolson

5 **MULTIYEAR MAINTENANCE CONTRACTS**

6 **SECTION 22.1.** Section 21.2(a) of S.L. 2003-284 reads as rewritten:

7 "**SECTION 21.2.(a)** Notwithstanding the cash management provisions of
8 G.S. 146-86.11, the State Controller may authorize the Office of Information
9 Technology Services (ITS) to purchase not more than four infrastructure maintenance
10 agreements for periods not exceeding two years where the terms of those maintenance
11 agreements require payment of the full purchase price at the beginning of the
12 maintenance period. The State Controller shall not authorize the agreements authorized
13 by this section unless all of the following conditions are met:

- 14 (1) The proposed infrastructure maintenance agreement is entered into
15 after ~~June 30, 2003,~~ June 30, 2004, and before July 1, ~~2004-2005.~~
16 (2) The State Controller receives conclusive evidence that the proposed
17 infrastructure agreement would be more cost-effective than any similar
18 agreement that complies with G.S. 146-86.11.
19 (3) The State Controller verifies that the savings resulting from the
20 proposed infrastructure agreement will be passed on to ~~network~~-users
21 in the form of lower rates for ITS services.
22 (4) The purchase of the proposed maintenance agreement complies in all
23 other respects with applicable statutes and rules.
24 (5) ITS shall make adjustments of excess revenue, based on
25 IRMC-approved rates, over allowable costs. ~~ITS shall refund the~~
26 ~~excess to ITS' State and local government customers in the same~~
27 ~~manner as is required by the federal government in the Office of~~
28 ~~Management and Budget Circular A-87."~~
29

30 Requested by: Representatives Jeffus, Walend

31 **ESTABLISH JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON**
32 **INFORMATION TECHNOLOGY**

33 **SECTION 22.2.** Chapter 120 of the General Statutes is amended by creating
34 a new Article to read:

35 "Article 30.

36 "Joint Legislative Oversight Committee on Information Technology.

37 **"§ 120-261. Committee established; purpose; organization.**

38 (a) Establishment. – There is established the Joint Legislative Oversight
39 Committee on Information Technology (Committee).

40 (b) Purpose. – The Committee shall examine, on a continuing basis, systemwide
41 issues affecting State government information technology, including, but not limited to,
42 State information technology operations, infrastructure, development, financing,
43 administration, and service delivery. The Committee may examine State agency or
44 enterprise-specific information technology issues. The Committee shall make ongoing

1 recommendations to the General Assembly on ways to improve the effectiveness,
2 efficiency, and quality of State government information technology.

3 (c) Membership. – The Committee shall consist of 16 members as follows:

4 (1) Eight members of the Senate appointed by the President Pro Tempore
5 of the Senate. At least two appointees shall be members of the Senate
6 Appropriations Committee.

7 (2) Eight members of the House of Representatives appointed by the
8 Speaker of the House of Representatives. At least two appointees shall
9 be members of the House of Representatives Appropriations
10 Committee.

11 The President Pro Tempore of the Senate and the Speaker of the House of
12 Representatives shall each select a member from their appointees to serve as cochair of
13 the Committee.

14 (d) Terms. – Members of the Committee shall serve two-year terms beginning at
15 the convening of the General Assembly in each odd-numbered year, with no prohibition
16 against being reappointed, except for the terms of the initial members which shall begin
17 on appointment and end on the day of convening of the 2005 General Assembly. A
18 member continues to serve until the member's successor is appointed. Members may
19 complete a term of service on the Committee even if they do not seek reelection or are
20 not reelected to the General Assembly, but resignation or removal from service in the
21 General Assembly constitutes resignation or removal from service on the Committee.
22 The officer who made the original appointment shall fill any vacancy within 30 days.

23 (e) Quorum. – A majority of the members of the Committee shall constitute a
24 quorum for the transaction of business. The affirmative vote of a majority of the
25 members present at meetings of the Committee shall be necessary for action to be taken
26 by the Committee.

27 (f) Subcommittees. – The Committee cochairs may establish subcommittees for
28 the purpose of making special studies pursuant to its duties, and may appoint
29 non-Committee members to serve on each subcommittee as resource persons. Resource
30 persons shall be voting members of the subcommittee and shall receive subsistence and
31 travel expenses in accordance with G.S. 138-5 and G.S. 138-6.

32 **"§ 120-262. Assistance; per diem; subsistence; and travel allowances.**

33 (a) The Committee may contract for consulting services as provided by
34 G.S. 120-32.02. Upon approval of the Legislative Services Commission, the Legislative
35 Services Officer shall assign professional and clerical staff to assist in the work of the
36 Committee. The professional staff shall include the appropriate staff from the Fiscal
37 Research, Research, Legislative Drafting, and Information Systems Divisions of the
38 Legislative Services Office of the General Assembly. Clerical staff shall be furnished to
39 the Committee through the offices of the Senate and the House of Representatives
40 Supervisors of Clerks. The expenses of employment of the clerical staff shall be borne
41 by the Committee. The Committee may meet in the Legislative Building or the
42 Legislative Office Building upon the approval of the Legislative Services Commission.

43 (b) Members of the Committee shall receive per diem, subsistence, and travel
44 allowances as follows:

- 1 (1) Committee members who are members of the General Assembly, at
2 the rate established in G.S. 120-3.1.
3 (2) Committee members and resource persons who are officials or
4 employees of the State or of local government agencies, at the rate
5 established in G.S. 138-6.
6 (3) All other Committee members and resource persons, at the rate
7 established in G.S. 138-5.

8 **"§ 120-263. Reports.**

9 The Committee shall submit annual reports to the General Assembly on or before
10 the convening of the regular session of the General Assembly each year. The Committee
11 may submit interim reports at any time it deems appropriate.

12 **"§ 120-264. Authority.**

13 The Committee has the authority to obtain information and data from all State
14 officers, agents, agencies, and departments, while in discharge of its duties, pursuant to
15 G.S. 120-19, as if it were a committee of the General Assembly."

16
17 **PART XXIII. DEPARTMENT OF REVENUE**

18
19 Requested by: Representatives Jeffus, Walend

20 **EXTEND DOR CALL CENTER FEE USE**

21 **SECTION 23.1.** Section 22.6(a) of S.L. 2002-126, as amended by Section
22 23.1 of S.L. 2003-284, reads as rewritten:

23 **"SECTION 22.6.(a)** There is appropriated from the collection assistance fee
24 account created in G.S. 105-243.1 to the Department of Revenue the sum of one million
25 six hundred twenty-two thousand eight hundred ninety-six dollars (\$1,622,896) for the
26 2003-2004 fiscal year and the sum of two million one hundred fifty-four thousand five
27 hundred ninety-three dollars (\$2,154,593) for the 2004-2005 fiscal year to pay for the
28 costs of establishing and equipping a central taxpayer telecommunications service
29 center for collections and assistance and for the costs associated with aligning local field
30 offices with the new center. Of the funds appropriated in this subsection, the sum of
31 three million dollars (\$3,000,000) that was designated for the 2003-2005 biennium to
32 pay for the costs of establishing and equipping a central taxpayer telecommunications
33 service center does not revert at the end of the 2004-2005 fiscal year but remains
34 available until June 30, 2006, for operating costs of the service center."

35
36 Requested by: Representatives Jeffus, Walend

37 **DOR DEBT FEE FOR TAXPAYER LOCATER SERVICES AND**
38 **COLLECTION**

39 **SECTION 23.2.(a)** G.S. 105-243.1(e) reads as rewritten:

40 "(e) Use. – The fee is a receipt of the Department and must be applied to the costs
41 of collecting overdue tax debts. The proceeds of the fee must be credited to a special
42 account within the Department and may be expended only as provided in this
43 subsection. The proceeds of the fee may not be used for any purpose that is not directly
44 and primarily related to collecting overdue tax debts. The Department may apply the

1 proceeds of the fee for the purposes listed in this subsection. ~~to pay contractors for~~
2 ~~collecting tax debts under subsection (b) of this section and to pay the fee the United~~
3 ~~States Department of the Treasury charges for setoff to recover tax owed to North~~
4 ~~Carolina.~~ The remaining proceeds of the fee may be spent only pursuant to
5 appropriation by the General Assembly. The fee proceeds do not revert but remain in
6 the special account until spent for the costs of collecting overdue tax debts. The
7 Department may apply the fee proceeds for the following purposes:

8 (1) To pay contractors for collecting overdue tax debts under subsection
9 (b) of this section.

10 (2) To pay the fee the United States Department of the Treasury charges
11 for setoff to recover tax owed to North Carolina.

12 (3) To pay for taxpayer locator services, not to exceed one hundred
13 thousand dollars (\$100,000) a year."

14 **SECTION 23.2.(b)** Funds are appropriated in this act from the collection
15 assistance fee account created in G.S. 105-243.1 to the Department of Revenue for
16 postage for correspondence directly and primarily relating to collecting overdue tax
17 debts, for operating expenses for Project Collect Tax, and for expenses of the
18 Examinations and Collections Division directly and primarily relating to collecting
19 overdue tax debts as defined in G.S. 105-243.1. The Department of Revenue and the
20 Office of State Budget and Management must account for all expenditures using
21 accounting procedures that clearly distinguish costs allocable to collecting overdue tax
22 debts as defined in G.S. 105-243.1 from costs allocable to other purposes and must
23 demonstrate that none of the fee proceeds are used for any purpose other than collecting
24 overdue tax debts.

25 The Department of Revenue must report to the 2005 General Assembly on its
26 implementation of this section.

27
28 Requested by: Representatives Jeffus, Walend

29 **MODIFY DOR REPORTING TO GOV OPS**

30 **SECTION 23.3.(a)** Section 22.6(c) of S.L. 2002-126 reads as rewritten:

31 "**SECTION 22.6.(c)** Beginning January 1, 2003, and ending ~~on the second~~
32 ~~quartersix months~~ following completion of the projects described in subsection (a) of
33 this section, the Department of Revenue must report ~~quarterly~~ semiannually to the Joint
34 Legislative Commission on Governmental Operations on the use of the funds and the
35 progress of establishing the new center."

36 **SECTION 23.3.(b)** G.S. 105-256(e) is repealed.

37 **SECTION 23.3.(c)** G.S. 105-243.1(f) reads as rewritten:

38 "(f) Reports. – The Department must report semiannually to the Joint Legislative
39 Commission on Governmental Operations and to the Revenue Laws Study Committee
40 on its efforts to collect tax debts. ~~Reports must be submitted quarterly beginning~~
41 ~~November 1, 2001, through June 30, 2005, and semiannually thereafter.~~ Each report
42 must include a breakdown of the amount and age of tax debts collected by collection
43 agencies on contract, the amount and age of tax debts collected by the Department
44 through warning letters, and the amount and age of tax debts otherwise collected by

1 Department personnel. The report must itemize collections by type of tax. Each report
2 must also include a long-term collection plan, a timeline for implementing each step of
3 the plan, a summary of steps taken since the last report and their results, and any other
4 data requested by the Commission or the Committee."

5 6 **PART XXIV. RULES REVIEW COMMISSION**

7
8 Requested by: Representatives Jeffus, Walend

9 **RESERVE FOR ATTORNEYS' FEES OF RULES REVIEW COMMISSION**

10 **SECTION 24.1.(a)** The Reserve for Attorneys' Fees of the Rules Review
11 Commission in the Office of State Budget and Management shall consist of
12 appropriations from the General Assembly and funds received from any State agency in
13 accordance with this section.

14 **SECTION 24.1.(b)** When a State agency files a petition for judicial review
15 of a final decision of the Rules Review Commission under Article 4 of Chapter 150B of
16 the General Statutes and the Rules Review Commission prevails in that action, that
17 State agency shall deposit to the reserve under subsection (a) of this section a sum equal
18 to the Commission's actual attorneys' fees.

19 20 **PART XXV. SECRETARY OF STATE**

21
22 Requested by: Representatives Jeffus, Walend

23 **TRANSFER OF BUSINESS LICENSE INFORMATION OFFICE**

24 **SECTION 25.1.** Effective July 1, 2004, the Business License Information
25 Office is transferred from the Department of the Secretary of State to the Community
26 Colleges System Office. The transfer shall have all of the elements of a Type I transfer,
27 as defined in G.S. 143A-6(a).

28 29 **PART XXVI. STATE BOARD OF ELECTIONS**

30
31 Requested by: Representatives Jeffus, Walend

32 **INCREASE HAVA MATCH FUNDS**

33 **SECTION 26.1.** Section 25.1 of S.L. 2003-284 reads as rewritten:

34 **"SECTION 25.1.(a)** Of the funds appropriated to the State Board of Elections for
35 the 2003-2004 fiscal year by Section 2.1 of this act:

- 36 (1) The sum of \$1,791,936 is transferred to a Reserve Fund to meet the
37 Maintenance of Effort requirements of section 254(a)(7) of the Help
38 America Vote Act, Public Law 107-252.
- 39 (2) The sum of \$1,665,650 currently appropriated to Fund 1100
40 Administration for the SEIMS RCC is transferred to a Reserve Fund
41 for the State Board of Elections.
- 42 (3) The sum of \$1,922,215 is transferred in the 2003-2004 fiscal year and
43 the sum of \$1,521,918 is transferred in the 2004-2005 fiscal year to the
44 Election Fund established by S.L. 2003-12 to meet the five percent

1 (5%) matching requirement of Title II Help America Vote Act, Public
2 Law 107-252 for the 2003-2005 fiscal biennium. Of that amount,
3 ~~\$1,188,760~~ \$1,232,508 shall be available for expenditure in the
4 2003-2004 fiscal year, and the remaining ~~\$733,455~~ \$2,211,625 shall be
5 available for expenditure only during the 2004-2005 fiscal year. The
6 money shall only be expended as federal funds are available to match,
7 and if the amount available to the State is less than projected, the
8 unexpended remainder of the \$1,922,215 for the 2003-2004 fiscal year
9 and \$1,521,918 for the 2004-2005 fiscal year shall revert to the
10 General Fund on the earlier of:

- 11 a. June 30, 2006; or
- 12 b. A determination by the Office of State Budget and Management
13 that the unexpended remainder will not be needed.

14 **"SECTION 25.1.(b)** The 107th Congress established the Help America Vote Act
15 (HAVA) as Public Law 107-252 establishing a program to assist in the administration
16 of federal elections and provide assistance with the administration of certain federal
17 elections laws and programs; establish minimum election administration standards for
18 states and units of local government with the responsibility for the administration of
19 federal elections. In HAVA, Congress authorized appropriations for elections assistance
20 in the form of a matching grant program (Title II of HAVA, Requirements Payments)
21 for which states are required as one condition of the Election Assistance Requirements
22 Payments to match federal allocations with a five percent (5%) match of State dollars.
23 The federal government has additional requirements, including a required state plan and
24 a stipulation for each participating state to implement the Maintenance of Effort (MOE)
25 requirements of Title II, section 254(a)(7) of HAVA. The MOE requires that the state
26 maintain the expenditures of the state for activities funded by the payment at a level that
27 is not less than the level of such expenditures maintained by the state for the fiscal year
28 ending prior to November 2000. Congress authorized up to \$1.4 billion for
29 Requirements Payments, and \$810 million for Title II requirements grants was funded
30 for fiscal year 2003. ~~Title II requirements funding has not been passed by Congress for~~
31 ~~fiscal years 2004 2005 and 2005 2006 but is currently proposed at \$500 million for~~
32 ~~each year.~~

33 Based upon the 2003 and 2004 approved funding, it is estimated that North Carolina
34 will receive ~~\$22.6 million~~ \$23,431,708 of the Title II funding if North Carolina meets
35 all the conditions of the Election Assistance program, including not only the five
36 percent (5%) state match but also maintenance of its expenditure level on HAVA
37 activities at the expense level the State Board of Elections had in State fiscal year
38 1999-2000. Actual expenditures for the State Elections Information Management
39 System (SEIMS), which is a qualified HAVA activity, in 1999-2000 were three million
40 four hundred fifty-seven thousand five hundred eighty-five dollars and six cents
41 (\$3,457,585.06). The authorized expenditures on SEIMS in 2002-2003 by the State
42 Board of Elections is one million six hundred sixty-five thousand six hundred fifty
43 dollars (\$1,665,650). The difference in expenditure levels is one million seven hundred
44 ninety-one thousand nine hundred thirty-five dollars and six cents (\$1,791,935.06). To

1 meet HAVA's Title II MOE requirement, North Carolina has to appropriate from its
2 General Fund to a Reserve on a recurring basis (or for as long as Congress requires the
3 MOE as a condition of states' being eligible to receive Requirements Payments), the
4 amount of three million four hundred fifty-seven thousand five hundred eighty-five
5 dollars and six cents (\$3,457,585.06) annually.

6 For the State to meet its obligatory five percent (5%) match for HAVA's Title II
7 Requirements Payments, North Carolina has to match ~~twenty-two million six hundred~~
8 ~~thousand dollars (\$22,600,000)~~ twenty-three million four hundred thirty-one thousand
9 seven hundred eight dollars (\$23,431,708) estimated federal funds in 2003-2004;
10 ~~thirteen million nine hundred forty four thousand dollars (\$13,944,000)~~ forty-two
11 million forty-six thousand one hundred dollars (\$42,046,100) estimated federal funds in
12 2004-2005. The State's match is ~~one million one hundred eighty-eight thousand seven~~
13 ~~hundred sixty dollars (\$1,188,760)~~ in 2003-2004 and ~~seven hundred thirty three~~
14 ~~thousand four hundred fifty five dollars (\$733,455)~~ in 2004-2005; one million two
15 hundred thirty-two thousand five hundred eight dollars (\$1,232,508) in 2003-2004 and
16 two million two hundred eleven thousand six hundred twenty-five dollars (\$2,211,625)
17 in 2004-2005. The nonrecurring match total required for the 2003-2005 fiscal biennium
18 from the General Fund is one million nine hundred twenty-two thousand two hundred
19 fifteen dollars (\$1,922,215)."
20

21 PART XXVII. OFFICE OF STATE BUDGET AND MANAGEMENT

22
23 Requested by: Representatives Jeffus, Walend

24 NC HUMANITIES COUNCIL

25 SECTION 27.1. Section 26.1 of S.L. 2003-284 reads as rewritten:

26 "NC HUMANITIES COUNCIL

27 SECTION 26.1. The North Carolina Humanities Council shall:

- 28 (1) By January 15, ~~2004,2005~~, and more frequently as requested, report to
29 the Joint Legislative Commission on Governmental Operations and the
30 Fiscal Research Division the following information:
31 a. State fiscal year ~~2002-2003~~2003-2004 program activities,
32 objectives, and accomplishments;
33 b. State fiscal year ~~2002-2003~~2003-2004 itemized expenditures
34 and fund sources;
35 c. State fiscal year ~~2003-2004~~2004-2005 planned activities,
36 objectives, and accomplishments including actual results
37 through December 31, ~~2003;2004~~; and
38 d. State fiscal year ~~2003-2004~~2004-2005 estimated itemized
39 expenditures and fund sources including actual expenditures
40 and fund sources through December 31, ~~2003;2004~~.
41 (2) Provide to the Fiscal Research Division a copy of the organization's
42 annual audited financial statement within 30 days of issuance of the
43 statement."
44

PART XXVIII. OFFICE OF THE STATE CONTROLLER

Requested by: Representatives Jeffus, Walend

OVERPAYMENTS AUDIT

SECTION 28.1.(a) During the 2004-2005 fiscal year, receipts generated by the collection of inadvertent overpayments by State agencies to vendors as a result of pricing errors, neglected rebates and discounts, miscalculated freight charges, unclaimed refunds, erroneously paid excise taxes, and related errors as required by G.S. 147-86.22(c) are to be deposited in the Special Reserve Account 24172.

SECTION 28.1.(b) For the 2004-2005 fiscal year, two hundred thousand dollars (\$200,000) of the funds transferred from the Special Reserve Account 24172 shall be used by the Office of the State Controller for data processing, debt collection, or e-commerce costs.

SECTION 28.1.(c) All funds available in the Special Reserve Account 24172 on July 1, 2003, are transferred to the General Fund on that date.

SECTION 28.1.(d) Any unobligated funds in the Special Reserve Account 24172 that are realized above the allowance in subsection (b) of this section are subject to appropriation by the General Assembly in the 2005 Regular Session.

SECTION 28.1.(e) The State Controller shall report quarterly to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the revenue deposited into the Special Reserve Account and the disbursement of that revenue.

PART XXIX. DEPARTMENT OF THE STATE TREASURER

Requested by: Representatives Jeffus, Walend, Sherrill

REESTABLISH STATE INVESTMENT OFFICER POSITION

SECTION 29.1. The position of State Investment Officer shall be reestablished in the Investment Division of the Department of State Treasurer. The State Treasurer shall fix the compensation of the State Investment Officer in an amount up to one hundred fifty thousand dollars (\$150,000) per year. The State Treasurer may award the State Investment Officer an annual performance-based incentive bonus, not to exceed thirty percent (30%) of salary, based upon the officer's achievement of specific goals and objectives set by the Treasurer. The State Treasurer shall report the incentive bonus paid to the Chief Investment Officer to the Joint Legislative Commission on Governmental Operations by October 1 of each year.

PART XXX. DEPARTMENT OF TRANSPORTATION

Requested by: Representatives Cole, Gillespie

SMALL URBAN CONTINGENCY FUNDS

SECTION 30.1.(a) Of the funds appropriated in this act to the Department of Transportation:

(1) Fourteen million dollars (\$14,000,000) shall be allocated in fiscal year 2004-2005 for small urban construction projects. These funds shall be allocated equally in each fiscal year of the biennium among the 14 Highway Divisions for the small urban construction program for small 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

1 year 2002-2003, and two hundred fifty-five million dollars (\$255,000,000) in fiscal year
2 2003-2004 of the cash balance of the Highway Trust Fund for the following purposes:

3 (1) For primary route pavement preservation. – One hundred seventy
4 million dollars (\$170,000,000) in fiscal year 2001-2002, and one
5 hundred fifty million dollars (\$150,000,000) in each of the fiscal years
6 2002-2003 and 2003-2004. Up to ten percent (10%) of the amount for
7 each of the fiscal years 2001-2002, 2002-2003, and 2003-2004 is
8 available in that fiscal year, at the discretion of the Secretary of
9 Transportation, for:

10 a. Highway improvement projects that further economic growth
11 and development in small urban and rural areas, that are in the
12 Transportation Improvement Program, and that are individually
13 approved by the Board of Transportation; or

14 b. Highway improvements that further economic development in
15 the State and that are individually approved by the Board of
16 Transportation.

17 (2) For preliminary engineering costs not included in the current year
18 Transportation Improvement Program. – Fifteen million dollars
19 (\$15,000,000) in each of the fiscal years 2001-2002, 2002-2003, and
20 2003-2004.

21 (3) For computerized traffic signal systems and signal optimization
22 projects. – Fifteen million dollars (\$15,000,000) in each of the fiscal
23 years 2001-2002, 2002-2003, and 2003-2004.

24 (4) For public transportation twenty million dollars (\$20,000,000) in fiscal
25 year 2001-2002, twenty-five million dollars (\$25,000,000) in fiscal
26 year 2002-2003, and seventy-five million dollars (\$75,000,000) in
27 fiscal year 2003-2004.

28 (5) For small urban construction projects. – Seven million dollars
29 (\$7,000,000) in fiscal year 2002-2003.

30 Funds authorized for use by the Department pursuant to this subsection shall remain
31 available to the Department until expended."

32 **SECTION 30.3.(b)** G.S. 136-176 reads as rewritten:

33 "(a3) The Department may obligate three hundred million dollars (\$300,000,000)
34 in fiscal year 2003-2004 and four hundred million dollars (\$400,000,000) in fiscal year
35 2004-2005 of the cash balance of the Highway Trust Fund for the following purposes:

36 (1) Six hundred thirty million dollars (\$630,000,000) for highway system
37 preservation, modernization, and maintenance, including projects to
38 enhance safety, reduce congestion, improve traffic flow, reduce
39 accidents, upgrade pavement widths and shoulders, extend pavement
40 life, improve pavement smoothness, and rehabilitate or replace
41 deficient bridges; and for economic development transportation
42 projects recommended by local officials and approved by the Board of
43 Transportation.

(2) Seventy million dollars (\$70,000,000) for regional public transit systems, rural and urban public transportation system facilities, regional transportation and air quality initiatives, rail system track improvements and equipment, and other ferry, bicycle, and pedestrian improvements. For any project or program listed in this subdivision for which the Department receives federal funds, use of funds pursuant to this subdivision shall be limited to matching those funds.

Funds authorized for obligation and use by the Department pursuant to this subsection shall remain available to the Department until expended."

Requested by: Representatives Cole, Gillespie

WESTERN NORTH CAROLINA PASSENGER RAIL SERVICE PROPERTY ACQUISITION

SECTION 30.4. The Rail Division may use up to one million sixty-six thousand dollars (\$1,066,000) of the funds placed in the Western North Carolina Reserve created by Section 25.13 of S.L. 2000-67 for property acquisition and infrastructure improvements in the Biltmore Village area of Asheville to develop a terminus for western North Carolina passenger rail service.

Requested by: Representative Sutton

DEPARTMENT OF TRANSPORTATION MAY PAVE AREAS IN NORTH CAROLINA INDIAN CULTURE CENTER

SECTION 30.5. The Department of Transportation may pave the appropriate areas inside the North Carolina Indian Culture Center.

PART XXXI. SALARIES AND EMPLOYEE BENEFITS

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

GOVERNOR AND COUNCIL OF STATE/SALARY INCREASES

SECTION 31.1.(a) Section 30.1(a) of S.L. 2003-284 reads as rewritten:

"**SECTION 30.1.(a)** For the 2003-2004 and 2004-2005 fiscal years, fiscal year, the salary of the Governor shall remain the amount set by G.S. 147-11(a)."

SECTION 31.1.(b) Effective July 1, 2004, G.S. 147-11(a) reads as rewritten:

"(a) The salary of the Governor shall be ~~one hundred eighteen thousand four hundred thirty dollars (\$118,430)~~ one hundred nineteen thousand four hundred thirty dollars (\$119,430) annually, payable monthly."

SECTION 31.1.(c) Section 30.1(b) of S.L. 2003-284 reads as rewritten:

"**SECTION 30.1.(b)** Effective ~~July 1, 2003,~~ July 1, 2004, the annual salaries for the members of the Council of State, payable monthly, for the ~~2003-2004 and 2004-2005~~ fiscal years-year are:

Council of State	Annual Salary
Lieutenant Governor	\$104,523 <u>105,523</u>

1	Attorney General	104,523	105,523
2	Secretary of State	104,523	105,523
3	State Treasurer	104,523	105,523
4	State Auditor	104,523	105,523
5	Superintendent of Public Instruction	104,523	105,523
6	Agriculture Commissioner	104,523	105,523
7	Insurance Commissioner	104,523	105,523
8	Labor Commissioner	104,523	105,523"

9

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

12 **NONELECTED DEPARTMENT HEADS/SALARY INCREASES**

13 **SECTION 31.2** Section 30.2 of S.L. 2003-284 reads as rewritten:

14 "SECTION 30.2. In accordance with G.S. 143B-9, the maximum annual salaries,
 15 payable monthly, for the nonelected heads of the principal State departments for the
 16 ~~2003-2004 and 2004-2005~~ fiscal ~~years-year~~ are:

17	Nonelected Department Heads	Annual Salary	
18	Secretary of Administration	102,119	<u>103,119</u>
19	Secretary of Correction	102,119	<u>103,119</u>
20	Secretary of Crime Control and Public Safety	102,119	<u>103,119</u>
21	Secretary of Cultural Resources	102,119	<u>103,119</u>
22	Secretary of Commerce	102,119	<u>103,119</u>
23	Secretary of Environment and Natural Resources	102,119	<u>103,119</u>
24	Secretary of Health and Human Services	102,119	<u>103,119</u>
25	Secretary of Juvenile Justice and Delinquency Prevention	102,119	<u>103,119</u>
26	Secretary of Revenue	102,119	<u>103,119</u>
27	Secretary of Transportation	102,119	<u>103,119"</u>

28

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

31 **CERTAIN EXECUTIVE BRANCH OFFICIALS/SALARY INCREASES**

32 **SECTION 31.3** Section 30.3 of S.L. 2003-284 reads as rewritten:

33 "SECTION 30.3. The annual salaries, payable monthly, for the ~~2003-2004 and~~
 34 ~~2004-2005~~ fiscal ~~years-year~~ for the following executive branch officials are:

35	Executive Branch Officials	Annual Salary	
36	Chairman, Alcoholic Beverage Control Commission	92,946	<u>93,946</u>
37	State Controller	130,078	<u>131,078</u>
38	Commissioner of Motor Vehicles	92,946	<u>93,946</u>
39	Commissioner of Banks	104,523	105,523
40	Chairman, Employment Security Commission	129,913	<u>130,913</u>
41	State Personnel Director	102,119	103,119
42	Chairman, Parole Commission	84,871	<u>85,871</u>
43	Members of the Parole Commission	78,356	<u>79,356</u>
44	Chairman, Utilities Commission	116,405	<u>117,405</u>

1	Members of the Utilities Commission	104,523	<u>105,523</u>
2	Executive Director, Agency for Public Telecommunications	78,356	<u>79,356</u>
3	Director, Museum of Art	95,240	<u>96,240</u>
4	Executive Director, North Carolina Agricultural Finance		
5	Authority	90,470	<u>91,470</u>
6	State Chief Information Officer	130,000	<u>131,000</u> "

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

10 **JUDICIAL BRANCH OFFICIALS/SALARY INCREASES**

11 **SECTION 31.4** Section 30.4 of S.L. 2003-284 reads as rewritten:

12 "**SECTION 30.4.(a)** The annual salaries, payable monthly, for specified judicial
 13 branch officials for the ~~2003-2004 and 2004-2005~~ fiscal ~~years-year~~ are:

14	Judicial Branch Officials	Annual Salary	
15	Chief Justice, Supreme Court	\$118,430	<u>\$119,430</u>
16	Associate Justice, Supreme Court	115,336	<u>116,336</u>
17	Chief Judge, Court of Appeals	112,452	<u>113,452</u>
18	Judge, Court of Appeals	110,530	<u>111,530</u>
19	Judge, Senior Regular Resident Superior Court	107,527	<u>108,527</u>
20	Judge, Superior Court	104,523	<u>105,523</u>
21	Chief Judge, District Court	94,912	<u>95,912</u>
22	Judge, District Court	91,909	<u>92,909</u>
23	Administrative Officer of the Courts	107,527	<u>108,527</u>
24	Assistant Administrative Officer of the Courts	98,216	<u>99,216</u>

25 "**SECTION 30.4.(b)** The district attorney or public defender of a judicial district,
 26 with the approval of the Administrative Officer of the Courts or the Commission on
 27 Indigent Defense Services, respectively, shall set the salaries of assistant district
 28 attorneys or assistant public defenders, respectively, in that district such that the average
 29 salaries of assistant district attorneys or assistant public defenders in that district do not
 30 exceed ~~sixty thousand one hundred ninety one dollars (\$60,191), sixty-one thousand~~
 31 one hundred ninety-one dollars (\$61,191) and the minimum salary of any assistant
 32 district attorney or assistant public defender is at least ~~thirty one thousand thirty five~~
 33 dollars (\$31,035), thirty-two thousand thirty-five dollars (\$32,035) effective ~~July 1,~~
 34 2003; July 1, 2004.

35 "**SECTION 30.4.(c)** Permanent, full-time employees of the Judicial Department,
 36 whose salaries are not itemized in this Part, shall be awarded a compensation bonus for
 37 the 2003-2004 fiscal year as authorized in this Part. Effective July 1, 2004, the salaries
 38 of permanent, full-time employees of the Judicial Department whose salaries are not
 39 itemized in this part shall be increased by eighty-three dollars and thirty-four cents
 40 (\$83.34) per month.

41 "**SECTION 30.4.(d)** The salaries in effect for fiscal year 2004-2005 for all
 42 permanent part-time employees of the Judicial Department shall be increased on or after
 43 July 1, 2004, by pro rata amounts of the eighty-three dollars and thirty-four cents
 44 (\$83.34) per month."

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

CLERK OF SUPERIOR COURT/SALARY INCREASES

SECTION 31.5.(a) Section 30.5 of S.L. 2003-284 reads as rewritten:

"**SECTION 30.5.** For the 2003-2004 and 2004-2005 fiscal years, fiscal year the compensation of clerks of superior court shall remain as set forth in G.S. 7A-101(a)."

SECTION 31.5.(b) Effective July 1, 2004, G.S. 7A-101(a) reads as rewritten:

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

Population	Annual Salary
Less than 100,000	\$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> .

The salary schedule in this subsection is intended to represent the following 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%.

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

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

ASSISTANT AND DEPUTY CLERKS OF COURT/SALARY INCREASES

SECTION 31.6.(a) Section 30.6 of S.L. 2003-284 reads as rewritten:

"**SECTION 30.6.** For the 2003-2004 and 2004-2005 fiscal years, fiscal year, the compensation of assistant and deputy clerks of superior court shall remain as set forth in G.S. 7A-102(c1), except that there shall be awarded to each clerk not receiving a statutory step increase a compensation bonus for the 2003-2004 fiscal year as authorized in this Part."

SECTION 31.6.(b) Effective July 1, 2004, G.S. 7A-102(c1) reads as rewritten:

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

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	\$26,515 <u>\$27,515</u>
Maximum	46,464 <u>47,464</u>
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>

1	Step 5	42,721	43,721
2	Step 6	46,864	47,864

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(2) A part-time magistrate is a magistrate who is assigned to work an average of less than 40 hours of work a week during the term, except that no magistrate shall be assigned an average of less than 10 hours of work a week during the term. A part-time magistrate is included, in accordance with G.S. 7A-170, under the provisions of G.S. 135-1(10) and G.S. 135-40.2(a). The Administrative Officer of the Courts designates whether a magistrate is a part-time magistrate. A part-time magistrate shall receive an annual salary based on the following formula: The average number of hours a week that a part-time magistrate is assigned work during the term shall be multiplied by the annual salary payable to a full-time magistrate who has the same number of years of service prior to the beginning of that term as does the part-time magistrate and the product of that multiplication shall be divided by the number 40. The quotient shall be the annual salary payable to that part-time magistrate.

(3) Notwithstanding any other provision of this subsection, ~~an individual who, when initially appointed as a full time magistrate, a magistrate who is licensed to practice law in North Carolina, Carolina or any other state shall receive the annual salary provided in the Table in subdivision (1) of this subsection for Step 4. This magistrate's salary shall increase to the next step every four years on the anniversary of the date the magistrate was originally appointed. An individual who, when initially appointed as a part time magistrate, is licensed to practice law in North Carolina, shall be paid an annual salary based on that for Step 4 and determined according to the formula in subdivision (2) of this subsection. This magistrate's salary shall increase to the next step every four years on the anniversary of the date the magistrate was originally appointed. The salary of a full time magistrate who acquires a license to practice law in North Carolina while holding the office of magistrate and who at the time of acquiring the license is receiving a salary at a level lower than Step 4 shall be adjusted to Step 4 and, thereafter, shall advance in accordance with the Table's schedule. The salary of a part time magistrate who acquires a license to practice law in North Carolina while holding the office of magistrate and who at the time of acquiring the license is receiving an annual salary as determined by subdivision (2) of this subsection based on a salary level lower than Step 4 shall be adjusted to a salary based on Step 4 in the Table and, thereafter, shall advance in accordance with the provision in subdivision (2) of this subsection.~~

(a1) Notwithstanding subsection (a) of this section, the following salary provisions apply to individuals who were serving as magistrates on June 30, 1994:

(1) The salaries of magistrates who on June 30, 1994, were paid at a salary level of less than five years of service under the table in effect that date shall be as follows:

Less than 1 year of service	\$ 21,325 <u>\$22,325</u>
1 or more but less than 3 years of service	22,389 <u>23,389</u>
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."

1 **SECTION 31.8.(b)** Effective July 1, 2004, G.S. 120-37(c) reads as
2 rewritten:

3 "(c) The principal clerks shall be full-time officers. Each principal clerk shall be
4 entitled to other benefits available to permanent legislative employees and shall be paid
5 an annual salary of ~~eighty-eight thousand three hundred six dollars (\$88,306)~~
6 eighty-nine thousand three hundred six dollars (\$89,306), payable monthly. The
7 Legislative Services Commission shall review the salary of the principal clerks prior to
8 submission of the proposed operating budget of the General Assembly to the Governor
9 and Advisory Budget Commission and shall make appropriate recommendations for
10 changes in those salaries. Any changes enacted by the General Assembly shall be by
11 amendment to this paragraph."
12

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

15 **SERGEANT-AT-ARMS AND READING CLERKS**

16 **SECTION 31.9.(a)** Section 30.9 of S.L. 2003-284 reads as rewritten:

17 "**SECTION 30.9.** For the 2003-2004 ~~and 2004-2005 fiscal years, fiscal year,~~ the
18 compensation of General Assembly sergeant-at-arms and reading clerks shall remain as
19 set forth in G.S. 120-37."

20 **SECTION 31.9.(b)** Effective July 1, 2004, G.S. 120-37(b) reads as
21 rewritten:

22 "(b) The sergeant-at-arms and the reading clerk in each house shall be paid a
23 salary of ~~two hundred ninety two dollars (\$292.00)~~ three hundred eleven dollars
24 (\$311.00) per week plus subsistence at the same daily rate provided for members of the
25 General Assembly, plus mileage at the rate provided for members of the General
26 Assembly for one round trip only from their homes to Raleigh and return. The
27 sergeants-at-arms shall serve during sessions of the General Assembly and at such time
28 prior to the convening of, and subsequent to adjournment or recess of, sessions as may
29 be authorized by the Legislative Services Commission. The reading clerks shall serve
30 during sessions only."
31

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

34 **LEGISLATIVE EMPLOYEES**

35 **SECTION 31.10.** Effective July 1, 2004, the Legislative Services Officer
36 shall increase the salaries of nonelected employees of the General Assembly in effect
37 for fiscal year 2003-2004 by eighty-three dollars and thirty-four cents (\$83.34) per
38 month. Nothing in this act limits any of the provisions of G.S. 120-32.
39

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

42 **COMMUNITY COLLEGE PERSONNEL**

43 **SECTION 31.11.** The Director of the Budget shall transfer to the North
44 Carolina Community College System Office from the Reserve for Compensation

1 Increases created in this act for fiscal year 2004-2005 funds necessary to provide an
2 annual salary increase of eighty-three dollars and thirty-four cents (\$83.34) per month,
3 including funds for the employer's retirement and social security contributions,
4 commencing July 1, 2004, for all permanent full-time community college institutional
5 personnel supported by State funds.

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

9 **UNIVERSITY OF NORTH CAROLINA SYSTEM/EPA COMPENSATION**

10 **SECTION 31.12.** The Director of the Budget shall transfer to the Board of
11 Governors of The University of North Carolina sufficient funds from the Reserve for
12 Compensation Increases, created in this act for fiscal year 2004-2005, to provide an
13 annual salary increase of eighty-three dollars and thirty-four cents (\$83.34) per month,
14 including funds for the employer's retirement and social security contributions,
15 commencing July 1, 2004, for all employees of The University of North Carolina, as
16 well as employees other than teachers of the North Carolina School of Science and
17 Mathematics, supported by State funds and whose salaries are exempt from the State
18 Personnel Act (EPA).

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

22 **MOST STATE EMPLOYEES**

23 **SECTION 31.13.** Section 30.13 of S.L. 2003-284 reads as rewritten:

24 "**SECTION 30.13.(a)** The salaries in effect June 30, 2003, of all permanent
25 full-time State employees whose salaries are set in accordance with the State Personnel
26 Act, and who are paid from the General Fund or the Highway Fund shall remain in
27 effect for the 2003-2004 ~~and 2004-2005 fiscal years,~~ fiscal year, and there shall be
28 awarded a compensation bonus for the 2003-2004 fiscal year as authorized in this Part.
29 Effective July 1, 2004, the salaries of all permanent full-time State employees whose
30 salaries are set in accordance with the State Personnel Act, and who are paid from the
31 General Fund or the Highway Fund shall be increased by eighty-three dollars and
32 thirty-four cents (\$83.34) per month, unless otherwise provided by this act.

33 "**SECTION 30.13.(b)** Except as otherwise provided in this act, the compensation of
34 permanent full-time State officials and persons in exempt positions that are
35 recommended by the Governor or the Governor and the Advisory Budget Commission
36 and set by the General Assembly shall remain in effect, and there shall be awarded a
37 compensation bonus for the 2003-2004 fiscal year as authorized in this Part. Effective
38 July 1, 2004, the compensation of permanent full-time State officials and persons in
39 exempt positions that are recommended by the Governor or the Governor and the
40 Advisory Budget Commission and set by the General Assembly shall be increased by
41 eighty-three dollars and thirty-four cents (\$83.34) per month, unless otherwise provided
42 by this act.

43 "**SECTION 30.13.(c)** ~~The~~ For the 2003-2004 fiscal year, the salaries of all
44 permanent part-time State employees shall remain in effect, and there shall be awarded

1 a compensation bonus for the 2003-2004 fiscal year as authorized in this Part. The
2 salaries in effect for fiscal year 2004-2005 for all permanent part-time State employees
3 shall be increased on or after July 1, 2004, by pro rata amounts of the eighty-three
4 dollars and thirty-four cents (\$83.34) per month.

5 "SECTION 30.13.(d) The Director of the Budget may allocate out of special
6 operating funds or from other sources of the employing agency, except tax revenues,
7 sufficient funds for salaries in accordance with subsection (a), (b), or (c) of this section
8 including funds for the employer's retirement and social security contributions, for the
9 permanent full-time and part-time employees of the agency, provided the employing
10 agency elects to make available the necessary funds.

11 "SECTION 30.13.(e) Within regular Executive Budget Act procedures as limited
12 by this act, all State agencies and departments may increase on an equitable basis the
13 rate of pay of temporary and permanent hourly State employees, subject to availability
14 of funds in the particular agency or department, by pro rata amounts of the eighty-three
15 dollars and thirty-four cents (\$83.34) per month salary increase provided for permanent
16 full-time employees covered by the provisions of subsection (a) of this section,
17 commencing July 1, 2004."

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

21 ALL STATE-SUPPORTED PERSONNEL

22 SECTION 31.14. Section 30.14 of S.L. 2003-284 reads as rewritten:

23 "SECTION 30.14.(a) Salaries and related benefits for positions that are funded
24 partially from the General Fund or Highway Fund and partially from sources other than
25 the General Fund or Highway Fund shall remain in effect and be paid from the General
26 Fund or Highway Fund appropriation only to the extent of the proportionate part of the
27 salaries paid from the General Fund or Highway Fund.

28 "SECTION 30.14.(a1) Effective July 1, 2004, salaries and related benefits for
29 positions that are funded partially from the General Fund or Highway Fund and partially
30 from sources other than the General Fund or Highway Fund shall be increased from the
31 General Fund or Highway Fund appropriation only to the extent of the proportionate
32 part of the salaries paid from the General Fund or Highway Fund.

33 "SECTION 30.14.(b) The salaries authorized under this act do not affect the status
34 of eligibility for salary increments for which employees may be eligible unless
35 otherwise required by this act.

36 "SECTION 30.14.(c) The compensation bonuses do not apply to persons separated
37 from State service due to resignation, dismissal, reduction in force, death, or retirement,
38 or whose last workday is prior to October 1, 2003. The salary increases provided by this
39 Part are to be effective July 1, 2004, and do not apply to persons separated from State
40 service due to resignation, dismissal, reduction-in-force, death, or retirement, whose last
41 work day is prior to July 1, 2004. This subsection shall apply to all employees, subject
42 to or exempt from the State Personnel Act, paid from State funds, including public
43 schools, community colleges, and The University of North Carolina.

1 **"SECTION 30.14.(d)** The Director of the Budget shall transfer from the Reserve
2 for Compensation Increases in this act for fiscal year 2003-2004 and fiscal year
3 2004-2005 all funds necessary for the compensation increases provided by this act,
4 including funds for the employer's retirement and social security contributions.

5 **"SECTION 30.14.(e)** Nothing in this act authorizes the transfer of funds between
6 the General Fund and the Highway Fund for salary increases.

7 **"SECTION 30.14.(f)** Notwithstanding any other provision of this part, except
8 Section 31.9.(b), permanent full-time personnel shall not receive an annual increase of
9 less than one thousand dollars (\$1,000)."
10

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

13 **HOUSING FINANCE DIRECTOR**

14 **SECTION 31.15.(a)** G.S. 122A-4(f) reads as rewritten:

15 "(f) The Governor shall designate from among the members of the Board a
16 chairman and a vice-chairman. The terms of the chairman and vice-chairman shall
17 extend to the earlier of either two years or the date of expiration of their then current
18 terms as members of the Board of Directors of the Agency. The Agency shall exercise
19 all of its prescribed statutory powers independently of any principal State Department
20 except as described in this Chapter. The Executive Director of the Agency shall be
21 appointed by the Board of Directors, subject to approval by the Governor. All staff and
22 employees of the Agency shall be appointed by the Executive Director, subject to
23 approval by the Board of Directors; shall be eligible for participation in the State
24 Employees' Retirement System; and shall be exempt from the provisions of the State
25 Personnel Act. All employees other than the Executive Director shall be compensated in
26 accordance with the salary schedules adopted pursuant to the State Personnel Act. The
27 salary of the Executive Director shall be fixed by the ~~General Assembly in the Current~~
28 ~~Operations Appropriations Act.~~ Board of Directors. The salary of the Executive
29 Director and all staff and employees of the Agency shall not be subject to any
30 limitations imposed pursuant to any salary schedule adopted pursuant to the terms of the
31 State Personnel Act. The Board of Directors shall, subject to the approval of the
32 Governor, elect and prescribe the duties of any other officers it finds necessary or
33 advisable, and the ~~General Assembly~~ Board of Directors shall fix the compensation of
34 these ~~officers in the Current Operations Appropriations Act.~~ officers. The books and
35 records of the Agency shall be maintained by the Agency and shall be subject to
36 periodic review and audit by the State.

37 No part of the revenues or assets of the Agency shall inure to the benefit of or be
38 distributable to its members or officers or other private persons. The members of the
39 Agency shall receive no compensation for their services but shall be entitled to receive,
40 from funds of the Agency, for attendance at meetings of the Agency or any committee
41 thereof and for other services for the Agency reimbursement for such actual expenses as
42 may be incurred for travel and subsistence in the performance of official duties and such
43 per diem as is allowed by law for members of other State boards, commissions and
44 committees.

1 The Executive Director shall administer, manage and direct the affairs and business
2 of the Agency, subject to the policies, control and direction of the members of the
3 Agency Board of Directors. The Secretary of the Agency shall keep a record of the
4 proceedings of the Agency and shall be custodian of all books, documents and papers
5 filed with the Agency, the minute book or journal of the Agency and its official seal.
6 The Secretary may have copies made of all minutes and other records and documents of
7 the Agency and may give certificates under the official seal of the Agency to the effect
8 that such copies are true copies, and all persons dealing with the Agency may rely upon
9 such certificates. Seven members of the Board of Directors of the Agency shall
10 constitute a quorum and the affirmative vote of a majority of the members present at a
11 meeting of the Board of Directors duly called and held shall be necessary for any action
12 taken by the Board of Directors of the Agency, except adjournment; provided, however,
13 that the Board of Directors may appoint an executive committee to act in behalf of said
14 Board during the period between regular meetings of said Board, and said committee
15 shall have full power to act upon the vote of a majority of its members. No vacancy in
16 the membership of the Agency shall impair the rights of a quorum to exercise all the
17 rights and to perform all the duties of the Agency."

18 **SECTION 31.15.(b)** The salary of the Executive Director of the North
19 Carolina Housing Finance Agency, as fixed by the General Assembly in Section 30.3 of
20 S.L. 2003-284, shall remain in effect until the Board of Directors fixes the Director's
21 compensation as authorized by this act.
22

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

25 **SALARY ADJUSTMENT FUND**

26 **SECTION 31.16.(a)** Up to five million dollars (\$5,000,000) in any
27 remaining appropriations in the Reserve for Compensation Increases authorized for
28 employee salary increases not required for that purpose may be used to supplement the
29 Salary Adjustment Fund. Funds transferred to the Salary Adjustment Fund under this
30 act shall be used to fund agency requests for the following purposes:

- 31 (1) Salary range revisions to provide competitive salary rates for affected
32 job classifications in response to changes in labor market salary rates
33 as documented through data collection and analysis according to
34 accepted human resource professional practices and standards.
- 35 (2) Reallocation of positions to higher-level job classifications to
36 compensate employees for more difficult duties at competitive salary
37 rates as documented through data collection and analysis according to
38 accepted human resource professional practices and standards.

39 Priority funding shall be given to those salary range revisions and reallocations already
40 approved. The Office of State Budget and Management shall report to the Joint
41 Legislative Commission on Governmental Operations prior to the allocation of any
42 salary adjustment funds for any State agency.

43 **SECTION 31.16.(b)** The Judicial Department is eligible for the funding
44 authorized in subsection (a) of this section.

1 **SECTION 31.16.(c)** Notwithstanding subdivisions (a)(1) and (a)(2) of
2 subsection (a) of this section, of the funds transferred under that subsection the sum of
3 fifteen thousand two hundred dollars (\$15,200) shall be used to fund in-range salary
4 adjustments for Department of Environment and Natural Resources, Division of Water
5 Quality employees who are employed in the Hydrogeological Drilling Technician I and
6 the Hydrogeological Drilling Technician II job classifications. The funds shall be used
7 to provide in-range salary adjustments to these employees in an amount up to ten
8 percent (10%) of an eligible employee's current annual salary. Employee eligibility for
9 an in-range salary adjustment authorized under this section shall be administered
10 according to the in-range adjustment polices and guidelines adopted in the State
11 Personnel Manual by the State Personnel Commission.

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

15 **RETIREMENT SYSTEM COLAS**

16 **SECTION 31.17.(a)** G.S. 135-5 is amended by adding a new subsection to
17 read:

18 "(mmm) From and after July 1, 2004, the retirement allowance to or on account of
19 beneficiaries whose retirement commenced on or before July 1, 2003, shall be increased
20 by one and thirty-two hundredths percent (1.32%) of the allowance payable on June 1,
21 2004, in accordance with G.S. 135-5(o). Furthermore, from and after July 1, 2004, the
22 retirement allowance to or on account of beneficiaries whose retirement commenced
23 after July 1, 2003, but before June 30, 2004, shall be increased by a prorated amount of
24 one and thirty-two hundredths percent (1.32%) of the allowance payable as determined
25 by the Board of Trustees based upon the number of months that a retirement allowance
26 was paid between July 1, 2003, and June 30, 2004."

27 **SECTION 31.17.(b)** G.S. 135-65 is amended by adding a new subsection to
28 read:

29 "(y) From and after July 1, 2004, the retirement allowance to or on account of
30 beneficiaries whose retirement commenced on or before July 1, 2003, shall be increased
31 by three-tenths percent (0.3%) of the allowance payable on June 1, 2004, in accordance
32 with G.S. 135-5(o). Furthermore, from and after July 1, 2004, the retirement allowance
33 to or on account of beneficiaries whose retirement commenced after July 1, 2003, but
34 before June 30, 2004, shall be increased by a prorated amount of three-tenths percent
35 (0.3%) of the allowance payable as determined by the Board of Trustees based upon the
36 number of months that a retirement allowance was paid between July 1, 2003, and June
37 30, 2004."

38 **SECTION 31.17.(c)** G.S. 120-4.22A is amended by adding a new subsection
39 to read:

40 "(s) From and after July 1, 2004, the retirement allowance to or on account of
41 beneficiaries whose retirement commenced on or before January 1, 2004, shall be
42 increased by one and thirty-two hundredths percent (1.32%) of the allowance payable
43 on June 1, 2004, in accordance with G.S. 135-5(o). Furthermore, from and after July 1,
44 2004, the retirement allowance to or on account of beneficiaries whose retirement

1 commenced after January 1, 2004, but before June 30, 2004, shall be increased by a
2 prorated amount of one and thirty-two hundredths percent (1.32%) of the allowance
3 payable as determined by the Board of Trustees based upon the number of months that a
4 retirement allowance was paid between January 1, 2004, and June 30, 2004."

5 **SECTION 31.17.(d)** The increases provided for in this section are granted to
6 the extent of available actuarial gains that were generated within each retirement system
7 for the 2004-2005 fiscal year only.

8
9 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
10 Owens, Wright, A. Williams

11 **INCREASE MONTHLY PENSION FOR MEMBERS OF THE FIREMEN'S AND**
12 **RESCUE SQUAD WORKERS' PENSION FUND**

13 **SECTION 31.18.** G.S. 58-86-55 reads as rewritten:

14 **"§ 58-86-55. Monthly pensions upon retirement.**

15 Any member who has served 20 years as an "eligible fireman" or "eligible rescue
16 squad worker" in the State of North Carolina, as provided in G.S. 58-86-25 and
17 G.S. 58-86-30, and who has attained the age of 55 years is entitled to be paid a monthly
18 pension from this fund. The monthly pension shall be in the amount of ~~one hundred~~
19 ~~fifty eight dollars (\$158.00)~~ one hundred sixty dollars (\$160.00) per month. Any retired
20 fireman receiving a pension shall, effective ~~July 1, 2003,~~ July 1, 2004, receive a pension
21 of ~~one hundred fifty eight dollars (\$158.00)~~ one hundred sixty dollars (\$160.00) per
22 month.

23 Members shall pay ten dollars (\$10.00) per month as required by G.S. 58-86-35 and
24 G.S. 58-86-40 for a period of no longer than 20 years. No "eligible rescue squad
25 member" shall receive a pension prior to July 1, 1983. No member shall be entitled to a
26 pension hereunder until the member's official duties as a fireman or rescue squad
27 worker for which the member is paid compensation shall have been terminated and the
28 member shall have retired as such according to standards or rules fixed by the board of
29 trustees.

30 A member who is totally and permanently disabled while in the discharge of the
31 member's official duties as a result of bodily injuries sustained or as a result of extreme
32 exercise or extreme activity experienced in the course and scope of those official duties
33 and who leaves the fire or rescue squad service because of this disability shall be
34 entitled to be paid from the fund a monthly benefit in an amount of ~~one hundred~~
35 ~~fifty eight dollars (\$158.00)~~ one hundred sixty dollars (\$160.00) per month beginning
36 the first month after the member's fifty-fifth birthday. All applications for disability are
37 subject to the approval of the board who may appoint physicians to examine and
38 evaluate the disabled member prior to approval of the application, and annually
39 thereafter. Any disabled member shall not be required to make the monthly payment of
40 ten dollars (\$10.00) as required by G.S. 58-86-35 and G.S. 58-86-40.

41 A member who is totally and permanently disabled for any cause, other than line of
42 duty, who leaves the fire or rescue squad service because of this disability and who has
43 at least 10 years of service with the pension fund, may be permitted to continue making
44 a monthly contribution of ten dollars (\$10.00) to the fund until the member has made

1 contributions for a total of 240 months. The member shall upon attaining the age of 55
2 years be entitled to receive a pension as provided by this section. All applications for
3 disability are subject to the approval of the board who may appoint physicians to
4 examine and evaluate the disabled member prior to approval of the application and
5 annually thereafter.

6 A member who, because his residence is annexed by a city under Part 2 or Part 3 of
7 Article 4 of Chapter 160A of the General Statutes, or whose department is closed
8 because of an annexation by a city under Part 2 or Part 3 of Article 4 of Chapter 160A
9 of the General Statutes, or whose volunteer department is taken over by a city or county,
10 and because of such annexation or takeover is unable to perform as a fireman or rescue
11 squad worker of any status, and if the member has at least 10 years of service with the
12 pension fund, may be permitted to continue making a monthly contribution of ten
13 dollars (\$10.00) to the fund until the member has made contributions for a total of 240
14 months. The member upon attaining the age of 55 years and completion of such
15 contributions shall be entitled to receive a pension as provided by this section. Any
16 application to make monthly contributions under this section shall be subject to a
17 finding of eligibility by the Board of Trustees upon application of the member.

18 The pensions provided shall be in addition to all other pensions or benefits under any
19 other statutes of the State of North Carolina or the United States, notwithstanding any
20 exclusionary provisions of other pensions or retirement systems provided by law."

21
22 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
23 Owens, Wright

24 RETIREE HEALTH BENEFIT FUND

25 SECTION 31.20.(a) G.S. 135-7 reads as rewritten:

26 "§ 135-7. Management of funds.

27 (a) Vested in Board of Trustees. – The Board of Trustees shall be the trustee of
28 the several funds created by this Chapter as provided in this section and in G.S. 135-8.

29 (b) Regular Interest Allowance. – The Board of Trustees annually shall allow
30 regular interest on the mean amount for the preceding year in each of the funds with the
31 exception of the expense fund. The amounts so allowed shall be due and payable to said
32 funds, and shall be annually credited thereto by the Board of Trustees from interest and
33 other earnings on the moneys of the Retirement System. Any additional amount
34 required to meet the interest on the funds of the Retirement System shall be paid from
35 the pension accumulation fund, and any excess of earnings over such amount required
36 shall be paid to the pension accumulation fund. Regular interest shall mean such per
37 centum rate to be compounded annually as shall be determined by the Board of Trustees
38 on the basis of the interest earnings of the System for the preceding year and of the
39 probable earnings to be made, in the judgment of the Board, during the immediate
40 future, such rate to be limited to a minimum of three per centum (3%) and a maximum
41 of four per centum (4%), with the latter rate applicable during the first year of operation
42 of the Retirement System.

1 (c) Custodian of Funds; Disbursements; Bond of Director. – The State Treasurer
2 shall be the custodian of the several funds and shall invest their assets in accordance
3 with the provisions of G.S. 147-69.2 and 147-69.3.

4 (d) Deposits to Meet Disbursements. – For the purpose of meeting disbursements
5 for pensions, annuities and other payments there may be kept available cash, not
6 exceeding ten per centum (10%) of the total amount in the several funds of the
7 Retirement System, on deposit with the State Treasurer of North Carolina.

8 (e) Personal Profit or Acting as Surety Prohibited. – Except as otherwise herein
9 provided, no trustee and no employee of the Board of Trustees shall have any direct
10 interest in the gains or profits of any investment made by the Board of Trustees, nor as
11 such receive any pay or emolument for his service. No trustee or employee of the Board
12 shall, directly or indirectly, for himself or as an agent in any manner use the same,
13 except to make such current and necessary payments as are authorized by the Board of
14 Trustees; nor shall any trustee or employee of the Board of Trustees become an endorser
15 or surety or in any manner an obligor for moneys loaned or borrowed from the Board of
16 Trustees.

17 (f) Retiree Health Benefit Fund. – The Retiree Health Benefit Fund is established
18 as a fund in which accumulated contributions from employers and any earnings on those
19 contributions shall be used to provide health benefits to retired and disabled employees
20 and their applicable beneficiaries as provided by this Chapter. The Retiree Health
21 Benefit Fund shall be administered in accordance with the provisions of subsection (a)
22 of this section. Employer contributions to the Fund are irrevocable. The assets of the
23 Fund are dedicated to providing health benefits to retired and disabled employees and
24 their applicable beneficiaries as provided by this Chapter and are not subject to the
25 claims of creditors of the employers making contributions to the Fund."

26 **SECTION 31.20.(b)** The assets contained in the Department of State
27 Treasurer's Retirees Clearing Account (Code 19342) and the Department of State
28 Treasurer's Reserve for Retirement Health Premiums (Code 19942) at the end of June
29 30, 2004, shall be deposited into the Retiree Health Benefit Fund created by this section
30 on July 1, 2004.

31
32 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
33 Owens, Wright

34 **EMPLOYEES OF NORTH CAROLINA SYMPHONY SOCIETY, INC., UNDER**
35 **STATE HEALTH PLAN**

36 **SECTION 31.21.(a)** G.S. 135-40.1(6) reads as rewritten:

37 "(6) Employing Unit. – A North Carolina School System; Community
38 College; State Department, Agency or Institution; Administrative
39 Office of the Courts; or Association or Examining Board whose
40 employees are eligible for membership in a State-Supported
41 Retirement System. An employing unit also shall mean a charter
42 school in accordance with Part 6A of Chapter 115C of the General
43 Statutes whose board of directors elects to become a participating
44 employer in the Plan under G.S.135-40.3A. Bona fide fire

1 departments, rescue or emergency medical service squads, and
2 national guard units are deemed to be employing units for the purpose
3 of providing benefits under this Article. The North Carolina
4 Symphony Society, Inc., is deemed to be an employing unit for the
5 purpose of providing benefits under this Article."

6 **SECTION 31.21.(b)** G.S. 135-40.2(a2) reads as rewritten:

7 "(a2) The following persons are eligible for coverage under the Plan on a partially
8 contributory basis, subject to the provisions of G.S. 130-40.3.

9 (1) A school employee in a job-sharing position as defined in
10 G.S. 115C-302.2(b) shall be eligible for coverage under the Plan, on a
11 partially contributory basis, subject to the provisions of
12 G.S. 135-40.3. G.S. 115C-302.2(b). If these employees elect to
13 participate in the Plan, the employing unit shall pay fifty percent
14 (50%) of the Plan's total noncontributory premiums. Individual
15 employees shall pay the balance of the total noncontributory premiums
16 not paid by the employing unit.

17 (2) Employees of the North Carolina Symphony Society, Inc., their
18 eligible spouses, and eligible dependent children."

19 **SECTION 31.21.(c)** This section becomes effective July 1, 2004.
20

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

23 **STATE HEALTH PLAN PRESCRIPTION DRUG PROGRAM**

24 **SECTION 31.22.** If the Executive Administrator of the Teachers' and State
25 Employees' Comprehensive Major Medical Plan develops a prescription drug program
26 other than the prescription drug program in effect on May 10, 2004, the newly
27 developed prescription drug program shall provide Plan members access to pharmacies
28 located in and throughout the State and shall encourage the use of generic drugs. The
29 Executive Administrator shall not implement the new prescription drug program until it
30 has been approved by the General Assembly.
31

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

34 **PREFERRED PROVIDERS OF EMERGENCY MEDICAL CARE**

35 **SECTION 31.23.** G.S. 135-40.8(e) reads as rewritten:

36 "(e) Where qualified ~~out-of-state~~ preferred providers of medical care are not
37 reasonably available in medical emergencies, the Plan pays the amounts covered by
38 subsection (a) of this section. Any amount of charges for services under this section that
39 exceeds the amount allowed by the Plan for the services of qualified preferred providers
40 under this section shall be negotiated between the Plan and the provider of medical
41 services, and the Plan shall ensure that the Plan member is not held financially
42 responsible for the amount of these excess charges. ~~If a Plan member is not capable of~~
43 ~~making a decision about choosing an in State qualified preferred provider and~~
44 ~~emergency services personnel transport the Plan member to a provider outside of the~~

~~Plan network, then the coverage under this subsection shall apply.~~ As used in this section, a "medical emergency" is the sudden and unexpected onset of a condition manifesting itself by acute symptoms of sufficient severity that, in the absence of immediate medical care, could imminently result in injury or danger to self or others. As used in this subsection, the Plan's use of "Cost-Wise" contract services are considered to be qualified preferred provider services."

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

TRICARE SUPPLEMENTAL HEALTH INSURANCE

SECTION 31.24.(a) In lieu of the maximum annual employer contributions to the Teachers' and State Employees' Comprehensive Major Medical Plan authorized in Section 30.16(e) of S.L. 2003-284, employers, including the State Retirement Systems, may make contributions, payable monthly, each monthly payment not to exceed sixty-three dollars and fifty cents (\$63.50), on behalf of each covered employee or retired employee to sponsors of TRICARE Supplemental Health Insurance programs for employees or retired employees who elect to be covered by the TRICARE Military Health System's standard benefit option and who elect not to be covered by the Teachers' and State Employees' Comprehensive Major Medical Plan.

SECTION 31.24.(b) This section becomes effective January 1, 2005.

PART XXXII. CAPITAL APPROPRIATIONS

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

CAPITAL APPROPRIATIONS/GENERAL FUND

SECTION 32.1. There is appropriated from the General Fund for the 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

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

WATER RESOURCES DEVELOPMENT PROJECT FUNDS

SECTION 32.2.(a) The Department of Environment and Natural Resources shall allocate the funds appropriated in this act for water resources development projects to the following projects whose costs are as indicated:

1	Name of Project	2004-2005
2		
3	(1) Wilmington Harbor Deepening	\$9,300,000
4	(2) Morehead City Harbor Maintenance	1,000,000
5	(3) Manteo (Shallowbag) Bay Channel Maintenance	2,000,000
6	(4) B. Everett Jordan Water Supply Storage	100,000
7	(5) John H. Kerr Reservoir Operations Evaluation	600,000
8	(6) Beaufort Harbor Maintenance Dredging (Carteret County)	80,000
9	(7) Bogue Banks Shore Protection Study (Carteret County)	129,000
10	(8) Surf City/North Topsail Beach Protection Study	350,000
11	(9) West Onslow Beach (Topsail)	117,000
12	(10) Swan Quarter (Hyde County) Flood Control Dikes	100,000
13	(11) Hurricane Isabel Emergency Stream Cleanup – NE NC	2,000,000
14	(12) Cape Fear River Basin Water Management Study	161,000
15	(13) State Local Projects	2,339,000
16	(14) Lower Lockwoods Folly Dredging	336,000
17	(15) Currituck Sound Water Management Study	210,000
18	(16) Aquatic Weed Control, Lake Gaston and Statewide	275,000
19	(17) Deep Creek (Yadkin County) Water Management	2,000,000
20	(18) Neuse River Basin Feasibility Study	400,000
21	(19) Environmental Restoration Projects	700,000
22	(20) Projected Feasibility Studies	200,000
23	(21) Planning Assistance to Communities	95,000
24	TOTAL	\$22,492,000

25
 26 **SECTION 32.2.(b)** Where the actual costs are different from the estimated
 27 costs under subsection (a) of this section, the Department may adjust the allocations
 28 among projects as needed. If any projects funded under subsection (a) of this section
 29 are delayed and the budgeted State funds cannot be used during the 2004-2005 fiscal
 30 year, or if the projects funded under subsection (a) of this section are accomplished at a
 31 lower cost, the Department may use the resulting fund availability to fund any of the
 32 following:

- 33 (1) Corps of Engineers project feasibility studies.
- 34 (2) Corps of Engineers projects whose schedules have advanced and
 35 require State-matching funds in fiscal year 2004-2005.
- 36 (3) State-local water resources development projects.

37 Funds not expended or encumbered for these purposes shall revert to the General Fund
 38 at the end of the 2005-2006 fiscal year.

39 **SECTION 32.2.(c)** The Department shall make quarterly reports on the use
 40 of these funds to the Joint Legislative Commission on Governmental Operations, the
 41 Fiscal Research Division, and the Office of State Budget and Management. Each report
 42 shall include all of the following:

- 43 (1) All projects listed in this section.
- 44 (2) The estimated cost of each project.

1 (3) The date that work on each project began or is expected to begin.

2 (4) The date that work on each project was completed or is expected to be
3 completed.

4 (5) The actual cost of each project.

5 The quarterly reports shall also show those projects advanced in schedule,
6 those projects delayed in schedule, and an estimate of the amount of funds expected to
7 revert to the General Fund.

8 **SECTION 32.2.(d)** Notwithstanding G.S. 143-23, if additional federal funds
9 that require a State match are received for water resources projects or for beach
10 renourishment projects for the 2004-2005 fiscal year, the Director of the Budget may,
11 after consultation with the Joint Legislative Commission on Governmental Operations,
12 transfer funds from General Fund appropriations to match the federal funds.

13 14 **PART XXXIII. MISCELLANEOUS PROVISIONS**

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

18 **EXECUTIVE BUDGET ACT APPLIES**

19 **SECTION 33.1.** The provisions of the Executive Budget Act, Chapter 143,
20 Article 1 of the General Statutes, are reenacted and shall remain in full force and effect
21 and are incorporated in this act by reference.

22
23 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
24 Owens, Wright

25 **COMMITTEE REPORT**

26 **SECTION 33.2.(a)** The House Appropriations Committee Report on the
27 Continuation, Expansion and Capital Budgets, dated June 4, 2004, which was
28 distributed in the House of Representatives and used to explain this act, shall indicate
29 action by the General Assembly on this act and shall therefore be used to construe this
30 act, as provided in G.S. 143-15 of the Executive Budget Act, and for these purposes
31 shall be considered a part of this act and as such shall be printed as a part of the Session
32 Laws.

33 **SECTION 33.2.(b)** The budget enacted by the General Assembly for the
34 maintenance of the various departments, institutions, and other spending agencies of the
35 State for the 2004-2005 fiscal year is a line-item budget, in accordance with the Budget
36 Code Structure and the State Accounting System Uniform Chart of Accounts set out in
37 the Administrative Policies and Procedures Manual of the Office of the State Controller.
38 This budget includes the appropriations made from all sources including the General
39 Fund, Highway Fund, special funds, cash balances, federal receipts, and departmental
40 receipts.

41 The General Assembly amended the requested adjustments to the budgets
42 submitted to the General Assembly by the Director of the Budget and the Advisory
43 Budget Commission, in accordance with the steps that follow and the line-item detail in
44 the budget enacted by the General Assembly may be derived accordingly:

1 (1) The base budget was adjusted in accordance with the base budget cuts
2 and additions that were set out in the House Appropriations Committee
3 Report on the Continuation, Expansion and Capital Budgets.

4 (2) Transfers of funds supporting programs were made in accordance with
5 the House Appropriations Committee Report on the Continuation,
6 Expansion and Capital Budgets.

7 **SECTION 33.2.(c)** The budget enacted by the General Assembly shall also
8 be interpreted in accordance with the special provisions in this act and in accordance
9 with other appropriate legislation.

10 In the event that there is a conflict between the line-item budget certified by
11 the Director of the Budget and the budget enacted by the General Assembly, the budget
12 enacted by the General Assembly shall prevail.

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

16 **MOST TEXT APPLIES ONLY TO 2004-2005**

17 **SECTION 33.3.** Except for statutory changes or other provisions that clearly
18 indicate an intention to have effects beyond the 2004-2005 fiscal year, the textual
19 provisions of this act apply only to funds appropriated for, and activities occurring
20 during, the 2004-2005 fiscal year.

21
22 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
23 Owens, Wright

24 **EFFECT OF HEADINGS**

25 **SECTION 33.4.** The headings to the parts and sections of this act are a
26 convenience to the reader and are for reference only. The headings do not expand,
27 limit, or define the text of this act, except for effective dates referring to a Part.

28
29 Requested by: Representatives Crawford, Sherrill, Baker, Clary, Earle, Grady,
30 Owens, Wright

31 **SEVERABILITY CLAUSE**

32 **SECTION 33.5.** If any section or provision of this act is declared
33 unconstitutional or invalid by the courts, it does not affect the validity of this act as a
34 whole or any part other than the part so declared to be unconstitutional or invalid.

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

38 **EFFECTIVE DATE**

39 **SECTION 33.6.** Except as otherwise provided, this act becomes effective
40 July 1, 2004.