

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

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

Short Title: The Appropriations Act of 2001.

(Public)

Sponsors:

Referred to:

April 5, 2001

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

5 The General Assembly of North Carolina enacts:

6
7 **PART I. INTRODUCTION AND TITLE OF ACT**
8

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

10 **INTRODUCTION**

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

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

19 **TITLE OF ACT**

20 **SECTION 1.2.** This act shall be known as the "Current Operations and
21 Capital Improvements Appropriations Act of 2001."
22

23 **PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND**
24

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

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

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

31 Current Operations - General Fund	2001-2002	2002-2003
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32
33 **EDUCATION**

34 Community Colleges System Office	\$650,511,683	\$650,511,683
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GENERAL ASSEMBLY OF NORTH CAROLINASESSION 2001

1	Department of Public Instruction	5,877,926,964	5,927,594,010
2			
3	University of North Carolina - Board of Governors		
4	Appalachian State University	85,569,473	85,832,474
5	East Carolina University		
6	Academic Affairs	121,199,265	122,462,333
7	Health Affairs	46,244,924	46,244,925
8	Elizabeth City State University	21,735,417	21,735,417
9	Fayetteville State University	30,918,568	30,918,568
10	North Carolina Agricultural and		
11	Technical University	59,749,183	59,749,183
12	North Carolina Central University	44,557,545	44,557,546
13	North Carolina School of the Arts	16,474,087	16,747,706
14	North Carolina State University		
15	Academic Affairs	265,600,690	266,085,641
16	Agricultural Extension Service	37,584,776	37,584,776
17	Agricultural Research Service	46,891,919	46,865,806
18	University of North Carolina at Asheville	25,580,238	25,736,337
19	University of North Carolina at Chapel Hill		
20	Academic Affairs	197,530,034	198,039,536
21	Health Affairs	154,802,003	156,782,219
22	Area Health Education Centers	46,072,336	46,072,336
23	University of North Carolina at Charlotte	96,039,882	96,511,110
24	University of North Carolina at Greensboro	93,617,445	93,694,770
25	University of North Carolina at Pembroke	24,689,033	24,630,348
26	University of North Carolina at Wilmington	59,821,472	60,172,855
27	Western Carolina University	52,094,143	52,362,403
28	Winston-Salem State University	28,207,075	28,630,664
29	General Administration	43,052,753	44,048,177
30	University Institutional Programs	45,336,136	45,336,136
31	Related Educational Programs	103,637,912	103,637,912
32	North Carolina School of Science		
33	and Mathematics	11,487,156	11,839,342
34	UNC Hospitals at Chapel Hill	38,587,322	38,587,322
35	Total	\$1,797,080,787	\$1,804,865,842

HEALTH AND HUMAN SERVICES

39	Department of Health and Human Services		
40	Office of the Secretary	47,011,912	46,911,912
41	Division of Aging	29,519,886	29,519,886
42	Division of Child Development	289,558,396	289,558,396
43	Division of Education Services	69,940,433	69,940,433
44	Division of Public Health	116,069,577	113,769,301
45	Division of Social Services	185,805,788	191,879,082
46	Division of Medical Assistance	1,989,421,813	2,261,450,549
47	NC Health Choice	32,987,142	37,487,142
48	Division of Blind Services/Deaf	10,184,019	10,184,019
49	Division of Mental Health	581,548,722	581,548,722
50	Division of Facility Services	15,281,564	15,476,831
51	Division of Vocational Rehabilitation	42,468,956	41,768,956
52	Total	\$3,409,798,208	\$3,689,495,229

53

NATURAL AND ECONOMIC RESOURCES			
1			
2			
3	Department of Agriculture and Consumer Services	55,545,270	55,194,468
4			
5	Department of Commerce		
6	Commerce	45,395,692	44,315,050
7	Commerce State-Aid	7,700,000	5,200,000
8	NC Biotechnology Center	5,270,468	6,270,468
9	Rural Economic Development Center	4,470,777	5,470,471
10			
11	Department of Environment and Natural Resources		
12	Environment and Natural Resources	158,306,149	157,833,822
13	Clean Water Management Trust Fund	20,000,000	20,000,000
14			
15	Office of the Governor - Housing Finance Agency	5,300,000	5,300,000
16			
17	Department of Labor	16,023,147	15,992,906
18			
19	JUSTICE AND PUBLIC SAFETY		
20			
21	Department of Correction	928,704,134	933,307,982
22			
23	Department of Crime Control and Public Safety	35,965,306	36,103,066
24			
25	Judicial Department	305,410,586	305,358,520
26	Judicial Department - Indigent Defense	71,081,869	70,527,771
27			
28	Department of Justice	72,955,782	73,528,600
29			
30	Department of Juvenile Justice		
31	and Delinquency Prevention	141,276,263	143,030,250
32			
33	GENERAL GOVERNMENT		
34			
35	Department of Administration	60,765,033	59,740,890
36			
37	Office of Administrative Hearings	2,795,155	2,795,155
38			
39	Department of State Auditor	11,864,673	11,864,673
40			
41	Office of State Controller	11,523,868	11,523,868
42			
43	Department of Cultural Resources		
44	Cultural Resources	60,638,520	59,763,520
45	Roanoke Island Commission	1,859,463	1,859,463
46			
47	State Board of Elections	3,186,269	3,186,269
48			
49	General Assembly	39,081,724	39,553,848
50			
51	Office of the Governor		
52	Office of the Governor	5,452,905	5,452,905
53	Office of State Budget and Management	5,283,596	4,933,066

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

1	Mapping and Surveying	1,187,845	1,187,845
2	Reserve for Special Appropriations	3,435,000	3,080,000
3			
4	Department of Insurance		
5	Insurance	23,579,288	23,129,288
6	Insurance – Volunteer Safety Workers' Compensation	2,000,000	2,500,000
7			
8	Office of Lieutenant Governor	669,545	669,545
9			
10	Department of Revenue	77,563,436	77,955,704
11			
12	Rules Review Commission	325,795	325,795
13			
14	Department of Secretary of State	8,649,507	8,554,507
15			
16	Department of State Treasurer		
17	State Treasurer	2,830,600	2,830,600
18	State Treasurer – Retirement for Fire and Rescue		
19	Squad Workers	10,301,897	12,379,780
20			
21	TRANSPORTATION		
22			
23	Department of Transportation	10,030,000	13,393,341
24			
25	RESERVES AND DEBT SERVICE		
26			
27	Contingency and Emergency Fund	5,000,000	5,000,000
28			
29	Reserve for Compensation Increases	193,842,000	193,842,000
30			
31	Reserve for Salary Adjustments	500,000	500,000
32			
33	Reserve for State Health Plan	150,000,000	200,000,000
34			
35	Teachers' and State Employees'		
36	Retirement Rate Adjustment	(239,568,180)	(239,568,180)
37			
38	Judicial Retirement Rate Adjustment	(2,265,000)	(2,265,000)
39			
40	Hurricane Floyd Reserve Fund		150,629,172
41			
42	Reserve to Implement HIPPA	10,000,000	
43			
44	Mental Health System Reform Reserve	7,525,675	
45			
46	Information Technology Rate Adjustment	(4,000,000)	(4,000,000)
47			
48	Payroll Turnover Adjustment	(52,000,000)	(52,000,000)
49			
50	Debt Service		
51	General Debt Service	250,822,092	352,266,860
52	Federal Reimbursement	1,155,948	1,155,948
53			

1 **GRAND TOTAL CURRENT OPERATIONS –**
 2 **GENERAL FUND** **\$14,272,759,739** **\$14,902,141,000**

3
 4 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

5 **GENERAL FUND AVAILABILITY STATEMENT**

6 **SECTION 2.2.(a)** The General Fund availability used in developing the
 7 2001-2003 biennial budget is shown below:

8	2001-2002	2002-2003
9 General Fund Budget Reform Statement	(\$ Millions)	(\$ Millions)
10 1. Composition of the 2001-2002 beginning		
11 availability:		
12 a. Unappropriated balance	0.0	--
13 b. Revenue collections in fiscal year 2000-2001		
14 in excess of authorized estimates	0.0	--
15 c. Unexpended appropriations		
16 during fiscal year 2000-2001 (Reversions)	0.0	--
17 Beginning Unreserved Credit Balance	0.0	--
18 2. Revenues Based on Existing Tax Structure	13,473.8	14,451.2
19 3. Non-Tax Revenues:		
20 Investment Income	152.0	167.0
21 Judicial Fees	109.5	111.7
22 Disproportionate Share	107.0	107.0
23 Insurance	43.9	45.8
24 Other Non-Tax Revenues	105.0	106.2
25 Highway Trust Fund Transfer	170.0	170.0
26 Highway Fund Transfer	14.5	15.3
27 Subtotal	<u>14,175.7</u>	<u>15,174.2</u>
28 4. Other Adjustments		
29 North Carolina Railroad General Fund Repayment	19.0	--
30 Senate Bill 353 Enhance Department of		
31 Revenue Collections	50.0	50.0
32 House Bill 232 Implementation	116.5	2.7
33 Scrap Tire/White Goods Transfer	3.4	
34 Transfer of Cash from Special, Trust,		
35 Internal Service, and Reserve Funds	167.5	0.5
36 Transfer to the Savings Reserve Account	(125.0)	--
37 Subtotal	<u>231.4</u>	<u>53.2</u>
38 TOTAL GENERAL FUND AVAILABILITY	<u>\$14,407.1</u>	<u>\$15,227.4</u>

39
 40 **SECTION 2.2.(b)** Notwithstanding the provisions of Section 7.2.(a) of S.L.
 41 2000-67, nineteen million dollars (\$19,000,000) of the North Carolina Railroad
 42 Company dividends received by the State during the 2000-2001 fiscal year and the
 43 2001-2002 fiscal year shall: (i) be applied to increase the capital of the North Carolina
 44 Railroad Company, (ii) reduce the obligations described in subsection (c) of Section
 45 32.30 of S.L. 1997-443, as amended by subsection (d) of Section 27.11 of S.L.
 46 1999-237, and (iii) be deposited in the General Fund.

47 **SECTION 2.2.(c)** Of the balance of Budget Code 19930, the Hurricane
 48 Floyd Reserve Fund established pursuant to S.L. 1999-463 (Extra Session), the sum of
 49 one hundred fifty million six hundred twenty-nine thousand one hundred seventy-two
 50 dollars (\$150,629,172) shall be transferred to the General Fund on July 1, 2001. Funds
 51 are appropriated in this act for the 2002-2003 fiscal year to the Office of State Budget
 52 and Management, Hurricane Floyd Reserve Fund, in an amount equal to the amount
 53 transferred under this section. These funds shall be expended only for Hurricane Floyd

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

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

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

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

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

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

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

SECTION 2.2.(g) Notwithstanding G.S. 143-15.2 and G.S. 143-15.3, for the 2000-2001 fiscal year only, funds shall not be reserved to the Savings Reserve Account, and the State Controller shall not transfer funds from the unreserved credit balance to the Savings Reserve Account on June 30, 2001. For the 2001-2002 fiscal year, the State Controller shall credit to the Department of Revenue sufficient funds to compensate local governments for any inventory tax reimbursement scheduled for distribution in April, 2001, but remaining unpaid on August 31, 2001. To the extent that this credit is less than one hundred twenty-five million dollars (\$125,000,000), an amount equal to that difference shall be credited to the Savings Reserve Account. This is not an 'appropriation made by law', as that phrase is used in Article V, Section 7(2) of the North Carolina Constitution.

This subsection becomes effective June 30, 2001.

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

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

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

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

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

PART III. CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

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 biennium ending June 30, 2003, according to the following schedule:

Current Operations - Highway Fund	2001-2002	2002-2003
(1) Transportation admin. (84210)	\$69,195,895	\$69,195,895

1	(2)	Transportation operations (84220)	28,801,650	28,801,650
2	(3)	Transportation programs (84230)		
3		State construction		
4		Primary	-	-
5		Secondary	87,462,000	89,387,000
6		Urban	14,000,000	14,000,000
7		Public access	2,000,000	2,000,000
8		Spot safety	9,100,000	9,100,000
9		Contingency	12,000,000	10,000,000
10		Federal aid match	5,212,266	5,212,266
11		Maintenance	585,841,175	575,818,204
12		Asphalt plant/OSHA	425,000	425,000
13		Capital	1,634,000	
14		Ferry operations	19,747,132	19,747,132
15		Aid to municipalities	87,462,000	89,387,000
16		Rail	30,895,000	10,575,000
17		Public transit	62,178,682	61,794,456
18		Airports	3,000,000	
19	(4)	Governor's highway safety (84240)	266,693	266,693
20	(5)	Transportation regulation (84260)	98,654,012	98,649,802
21	(6)	Reserves and transfers (84270)	200,584,495	205,158,048

22
 23 **GRAND TOTAL CURRENT OPERATIONS**
 24 **AND EXPANSION** **\$1,318,460,000** **\$1,289,518,146**
 25

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

27 **HIGHWAY FUND AVAILABILITY STATEMENT**

28 **SECTION 3.2.** The Highway Fund availability used in developing the
 29 2001-2003 biennial budget is shown below:
 30

31	Highway Fund Budget Reform Statement	2001-2002	2002-2003
32			
33	Beginning Credit Balance	\$ 14,860,000	-
34	Estimated Revenue	1,303,280,000	\$1,311,720,000
35	Additional Reversions	320,000	-
36			
37	Total Highway Fund Availability	\$1,318,460,000	\$1,311,720,000

38
 39 **PART IV. HIGHWAY TRUST FUND APPROPRIATIONS**
 40

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

42 **SECTION 4.1.** Appropriations from the Highway Trust Fund of the State for
 43 the maintenance and operation of the Department of Transportation, and for other
 44 purposes as enumerated, are made for the biennium ending June 30, 2003, according to
 45 the following schedule:
 46

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

1	Transfer to General Fund	170,000,000	170,000,000
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2			
3	GRAND TOTAL CURRENT OPERATIONS		

4	AND EXPANSION	\$988,723,000	\$1,032,274,000
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6	PART V. BLOCK GRANTS		

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

10	DHHS BLOCK GRANTS		
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11	SECTION 5.1.(a) Appropriations from federal block grant funds are made		
12	for the fiscal year ending June 30, 2002, according to the following schedule:		

13			
14	COMMUNITY SERVICES BLOCK GRANT		

15			
16	01. Community Action Agencies		\$ 14,160,375

17			
18	02. Limited Purpose Agencies		979,017

19			
20	03. Department of Health and Human Services		
21	to administer and monitor		
22	the activities of the		
23	Community Services Block Grant		500,000

24			
25	TOTAL COMMUNITY SERVICES BLOCK GRANT		\$ 15,639,392

26			
27	SOCIAL SERVICES BLOCK GRANT		

28			
29	01. County departments of social services		\$ 27,395,663
30	(Transfer from TANF - \$4,500,000)		

31			
32	02. Allocation for in-home services provided		
33	by county departments of		
34	social services		2,101,113

35			
36	03. Division of Mental Health, Developmental		
37	Disabilities, and Substance Abuse Services		3,234,601

38			
39	04. Division of Services for the Blind		3,105,711

40			
41	05. Division of Facility Services		426,836

42			
43	06. Division of Aging - Home and Community		
44	Care Block Grant		1,840,234

45			
46	07. Child Care Subsidies		3,000,000

47			
48	08. Division of Vocational Rehabilitation -		
49	United Cerebral Palsy		71,484

50			
51	09. State administration		1,693,368

52			
53	10. Child Medical Evaluation Program		238,321

1			
2	11.	Adult day care services	2,155,301
3			
4	12.	Comprehensive Treatment Services	
5		Program	606,364
6			
7	13.	Transfer to Preventive Health Services	
8		Block Grant for emergency medical services	213,128
9			
10	14.	Transfer to Preventive Health Services Block	
11		Grant for HIV/AIDS Prevention Activities	606,364
12			
13	15.	Department of Administration	
14		for the N.C. State Commission of Indian Affairs	
15		In-Home Services Program for the Elderly	203,198
16			
17	16.	Division of Vocational Rehabilitation -	
18		Easter Seals Society	116,779
19			
20	17.	UNC-CH CARES Program for training and	
21		consultation services	247,920
22			
23	18.	Office of the Secretary - Office of Economic	
24		Opportunity for N.C. Senior Citizens'	
25		Federation for outreach services to	
26		low-income elderly persons	41,302
27			
28	19.	Transfer from TANF Block Grant for	
29		Division of Social Services - Child	
30		Caring Agencies	1,500,000
31			
32	20.	Division of Mental Health,	
33		Developmental Disabilities, and	
34		Substance Abuse Services - Developmentally	
35		Disabled Waiting List for services	5,000,000
36			
37	21.	Transfer to Maternal and Child Health Block	
38		Grant for Newborn Screenings	90,611
39			
40	TOTAL SOCIAL SERVICES BLOCK GRANT		\$ 53,888,298
41	LOW-INCOME ENERGY BLOCK GRANT		
42			
43			
44	01.	Energy Assistance Programs	\$ 8,092,113
45			
46	02.	Crisis Intervention	5,795,825
47			
48	03.	Administration	1,984,934
49			
50	04.	Weatherization Program	2,684,116
51			
52	05.	Department of Administration -	
53		N.C. State Commission of Indian Affairs	39,765

1		
2	06. Heating Air Repair and Replacement Program	1,252,588
3		
4	TOTAL LOW-INCOME ENERGY BLOCK GRANT	\$ 19,849,342
5		
6	MENTAL HEALTH SERVICES BLOCK GRANT	
7		
8	01. Provision of community-based	
9	services in accordance with the	
10	Mental Health Study Commission's	
11	Adult Severe and Persistently	
12	Mentally Ill Plan	\$ 5,192,826
13		
14	02. Provision of community-based	
15	services to children	2,378,540
16		
17	03. Establish Child Residential	
18	Treatment Services Program	1,500,000
19		
20	04. Administration	783,911
21		
22	TOTAL MENTAL HEALTH SERVICES BLOCK GRANT	\$ 9,855,277
23		
24	SUBSTANCE ABUSE PREVENTION	
25	AND TREATMENT BLOCK GRANT	
26		
27	01. Provision of community-based	
28	alcohol and drug abuse services,	
29	tuberculosis services, and services	
30	provided by the Alcohol and Drug Abuse	
31	Treatment Centers	\$ 14,501,711
32		
33	02. Continuation of services for	
34	pregnant women and women	
35	with dependent children	6,007,303
36		
37	03. Continuation of services to	
38	IV drug abusers and others at risk	
39	for HIV diseases	5,209,934
40		
41	04. Provision of services to children	
42	and adolescents	6,839,190
43		
44	05. Juvenile Services - Family Focus	774,414
45		
46	06. Child Residential Treatment	
47	Services Program	700,000
48		
49	07. Administration	2,423,049
50		
51	TOTAL SUBSTANCE ABUSE PREVENTION	
52	AND TREATMENT BLOCK GRANT	\$ 36,455,601
53		

1	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	
2		
3	01. Child care subsidies	\$148,343,839
4		
5	02. Quality and availability initiatives	17,259,661
6		
7	03. Administrative expenses	6,550,000
8		
9	04. Transfer from TANF Block Grant for	
10	child care subsidies	76,675,000
11		
12	TOTAL CHILD CARE AND DEVELOPMENT FUND	
13	BLOCK GRANT	\$248,828,500
14		
15	TEMPORARY ASSISTANCE TO NEEDY FAMILIES	
16	(TANF) BLOCK GRANT	
17		
18	01. Work First Cash Assistance	\$114,181,958
19		
20	02. Work First County Block Grants	92,018,855
21		
22	03. Transfer to the Child Care and	
23	Development Fund Block Grant	
24	for child care subsidies	76,675,000
25		
26	04. Allocation to the Division of Mental	
27	Health, Developmental Disabilities, and	
28	Substance Abuse Services for Work First	
29	substance abuse screening, diagnostic, and	
30	support treatment services and drug testing	3,500,000
31		
32	05. Cash Assistance Reserve	9,047,631
33		
34	06. Allocation to the Division of Social	
35	Services for staff development	500,000
36		
37	07. Reduction of out-of-wedlock births	1,600,000
38		
39	08. Substance Abuse Services for Juveniles	1,182,280
40		
41	09. Special Children Adoption Fund	2,811,687
42		
43	10. Business Process Reengineering	
44	Project Reserve	3,000,000
45		
46	11. Work First Job Retention – NC Rural	
47	Center (\$300,000)	
48	Work Central Career Advancement	
49	Center (\$500,000)	800,000
50		
51	12. Allocation to the Division of Public Health	
52	for teen pregnancy prevention	2,239,261
53		

1	13.	Transfer to Social Services Block Grant for Child Caring Agencies	1,500,000
2			
3			
4	14.	Child Care Subsidies for TANF Recipients	26,621,241
5			
6	15.	Work First Housing Initiative	3,000,000
7			
8	16.	Allocation to the Division of Social Services for Domestic Violence Prevention and Awareness	1,000,000
9			
10			
11	17.	County Child Protective Services, Foster Care, and Adoption Workers	2,727,550
12			
13			
14	18.	Intensive Family Preservation Program	2,000,000
15			
16	19.	Work First/Boys and Girls Clubs	1,000,000
17			
18			
19	20.	Transfer to Social Services Block Grant for County Departments of Social Services for Children's Services	4,500,000
20			
21			
22	21.	Support Our Students – Department of Juvenile Justice and Delinquency Prevention	2,750,674
23			
24			
25			
26	22.	Residential Substance Abuse Services for Women With Children	5,000,000
27			
28			
29	23.	Domestic Violence Services for Work First Families	2,000,000
30			
31			
32	24.	After-School Services for At-Risk Children	3,000,000
33			
34			
35	25.	Division of Social Services - Administration	500,000
36			
37			
38	26.	Child Welfare workers and services for local departments of social services	7,654,841
39			
40			
41	27.	Child Welfare Training	2,000,000
42			
43			
44	28.	Individual Development Accounts	300,000
45			
46	TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT		\$373,110,978
47			
48	MATERNAL AND CHILD HEALTH BLOCK GRANT		
49			
50			
51	01.	Healthy Mothers/Healthy Children Block Grants to Local Health Departments	9,838,074
52			
53			

1			
2	02.	High-Risk Maternity Clinic Services,	
3		Perinatal Education and Training,	
4		Childhood Injury Prevention,	
5		Public Information and Education,	
6		Technical Assistance to Local Health	
7		Departments, and Duke University Medical	
8		Center Contract for Universal Newborn	
9		Screening Services	2,102,713
10			
11	03.	Services to Children With Special Health	
12		Care Needs	5,078,647
13			
14	TOTAL MATERNAL AND CHILD		
15	HEALTH BLOCK GRANT		\$ 17,019,434
16			
17	PREVENTIVE HEALTH SERVICES BLOCK GRANT		
18			
19	01.	Statewide Health Promotion Programs	\$3,061,182
20			
21	02.	Dental Services/Fluoridation	100,800
22			
23	03.	Rape Crisis/Victims' Services	
24		Program - Council for Women	190,134
25			
26	04.	Rape Prevention and Education	
27		Program - Division of Public	
28		Health and Council for Women	1,139,869
29			
30	05.	Transfer from Social Services	
31		Block Grant -	
32		HIV/AIDS Prevention Activities	606,364
33			
34	06.	Transfer from Social Services	
35		Block Grant -	
36		Emergency Medical Services	213,128
37			
38	07.	Office of Minority Health	159,459
39			
40	08.	Administrative Costs	108,546
41			
42	TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT		\$5,579,482
43			

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

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

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

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

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

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

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

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

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

- 44 (1) Continue the current evaluation of the Work First Program to assess
45 former recipients' earnings, barriers to advancement to economic
46 self-sufficiency, utilization of community support services, and other
47 longitudinal employment data. Assessment periods shall include six
48 and 18 months following closure of the case.
- 49 (2) Continue the current evaluation of the Work First Program to profile
50 the State's child-only caseload to include indicators of economic and
51 social well-being, academic and behavioral performance, demographic
52 data, description of living arrangements including length of placement
53 out of the home, social and other human services provided to families,

1 and other information needed to assess the needs of the child-only
2 Work First Family Assistance clients and families.

- 3 (3) Continue the current evaluation to profile clients and families
4 exempted from federal and State work participation requirements. The
5 evaluation shall include an assessment of the client and family needs
6 including why clients and families have been exempted.

7 The Department of Health and Human Services shall make a report on its
8 progress in complying with this subsection to the Senate Appropriations Committee on
9 Health and Human Services, the House of Representatives Appropriations
10 Subcommittee on Health and Human Services, and the Fiscal Research Division no later
11 than September 30, 2001, and shall make a final report no later than September 30,
12 2002.

13 **SECTION 5.1.(h)** The sum of two million eight hundred eleven thousand
14 six hundred eighty-seven dollars (\$2,811,687) appropriated in this section in the TANF
15 Block Grant to the Department of Health and Human Services, Special Children
16 Adoption Fund, for the 2001-2002 fiscal year shall be used to implement this
17 subsection. The Division of Social Services, in consultation with the North Carolina
18 Association of County Directors of Social Services and representatives of licensed
19 private adoption agencies, shall develop guidelines for the awarding of funds to licensed
20 public and private adoption agencies upon the adoption of children described in G.S.
21 108A-50 and in foster care. Payments received from the Special Children Adoption
22 Fund by participating agencies shall be used exclusively to enhance the adoption
23 services program. No local match shall be required as a condition for receipt of these
24 funds.

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

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

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

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

52 **SECTION 5.1.(m)** The sum of three million dollars (\$3,000,000)
53 appropriated in this section in the TANF Block Grant to the Department of Health and

1 Human Services, Division of Social Services, for the Work First Housing Initiative shall
2 be used to provide direct housing support to Work First clients. Direct housing support
3 includes using funds for rental assistance, loans, moving expenses, and other financial
4 assistance. No more than ten percent (10%) of these funds may be used for
5 administration. These funds may be used for counseling or similar services only if it is
6 demonstrated that those services are not otherwise available in the community.

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

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

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

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

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

48 **SECTION 5.1.(p)** The sum of two million seven hundred fifty thousand six
49 hundred seventy-four dollars (\$2,750,674) appropriated in this section in the TANF
50 Block Grant to the Department of Health and Human Services and transferred to the
51 Department of Juvenile Justice and Delinquency Prevention for the 2001-2002 fiscal
52 year shall be used to support the existing Support Our Students Program and to expand

1 the Program statewide, focusing on low-income communities in unserved areas. These
2 funds shall not be used for administration of the program.

3 **SECTION 5.1.(q)** The sum of two million dollars (\$2,000,000) appropriated
4 under this section in the TANF Block Grant to the Department of Health and Human
5 Services, Division of Social Services, for the 2001-2002 fiscal year shall be used to
6 provide domestic violence services to Work First recipients. These funds shall be used
7 to provide domestic violence counseling, support, and other direct services to clients.
8 These funds shall not be used to establish new domestic violence shelters, for
9 State-level administration, or to facilitate lobbying efforts.

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

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

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

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

37 The Department of Health and Human Services shall administer the
38 adolescent pregnancy prevention programs and the adolescent parenting programs
39 pursuant to the provisions of this subsection.

40 The programs shall include primary prevention efforts, secondary prevention
41 efforts, and special initiatives.

42 The Commission for Health Services may adopt rules necessary to implement
43 the programs.

44 State-level administrative costs for programs shall not exceed ten percent
45 (10%) of the total funds.

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

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

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

1 The Department shall maintain the adolescent pregnancy prevention and
2 adolescent parenting program database created for the program via contract and shall
3 not continue to contract for database management, development, or analysis. Of the
4 funds appropriated to the Department in this act, the Department shall not spend more
5 than twenty-five thousand dollars (\$25,000) to transition the database from the
6 contractor to the Department. The Department shall continue to collect and manage
7 program data in order to conduct longitudinal studies in the future. Notwithstanding any
8 other provision of law, the Department shall not continue to have the
9 behavioral/attitudinal evaluation completed annually for all programs.

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

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

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

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

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

50 **SECTION 5.1.(u)** The sum of one million five hundred thousand dollars
51 (\$1,500,000) appropriated in this section in the Mental Health Block Grant to the
52 Department of Health and Human Services, Division of Mental Health, Developmental
53 Disabilities, and Substance Abuse Services, for the 2001-2002 fiscal year and the sum

1 of seven hundred thousand dollars (\$700,000) appropriated in this section in the
2 Substance Abuse Prevention and Treatment Block Grant to the Department of Health
3 and Human Services, Division of Mental Health, Developmental Disabilities, and
4 Substance Abuse Services, for the 2001-2002 fiscal year shall be used to continue a
5 Comprehensive Treatment Services Program in accordance with Section 21.60 of this
6 act.

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

- 11 (1) Provide a regional training center in southeastern North Carolina.
- 12 (2) Support the Masters Degree in Social Work/Baccalaureate Degree in
13 Social Work Collaborative.
- 14 (3) Provide training for residential child care facilities.
- 15 (4) Provide for various other child welfare training initiatives.

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

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

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

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

51 **SECTION 5.1.(aa)** The sum of six hundred six thousand three hundred
52 sixty-four dollars (\$606,364) appropriated in this section in the Social Services Block
53 Grant and transferred to the Preventive Health Service Block Grant to the Department

1 of Health and Human Services for the 2001-2002 fiscal year for HIV/AIDS Prevention
 2 Activities shall be used to create a position in the Office of the Secretary and to enhance
 3 activities for HIV/AIDS awareness and education. The position shall be responsible for
 4 all planning, programming, and budgeting for compliance with HIV/AIDS Prevention
 5 Initiative, Section 21.18D of this act. These prevention activities shall be targeted to the
 6 general public and programs identified in HIV/AIDS Prevention Initiative, Section
 7 21.18D of this act, and shall not be used to augment the current grant programs that
 8 target high-risk populations through the community-based organizations.

9 **SECTION 5.1.(bb)** The sum of three hundred thousand dollars (\$300,000)
 10 appropriated in this section in the TANF Block Grant and transferred to the Social
 11 Services Block Grant to the Department of Health and Human Services for the 2001-
 12 2002 fiscal year shall be used for individual development accounts.

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

16 NER BLOCK GRANT FUNDS

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

19 COMMUNITY DEVELOPMENT BLOCK GRANT

21		
22	01. State Administration	\$1,000,000
23		
24	02. Urgent Needs and Contingency	1,000,000
25		
26	03. Scattered Site Housing	13,200,000
27		
28	04. Economic Development	8,710,000
29		
30	05. Community Revitalization	13,500,000
31		
32	06. State Technical Assistance	450,000
33		
34	07. Housing Development	2,000,000
35		
36	08. Infrastructure	5,140,000
37		

38 TOTAL COMMUNITY DEVELOPMENT
 39 BLOCK GRANT - 2002 Program Year \$45,000,000

40
 41 **SECTION 5.2.(b)** Decreases in Federal Fund Availability. – Decreases in
 42 federal fund availability for the Community Development Block Grants. – If federal
 43 funds are reduced below the amounts specified above after the effective date of this act,
 44 then every program in each of these federal block grants shall be reduced by the same
 45 percentage as the reduction in federal funds.

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

51 **SECTION 5.2.(d)** Limitations on Community Development Block Grant
 52 Funds. – Of the funds appropriated in this section for the Community Development
 53 Block Grant, the following shall be allocated in each category for each program year: up

1 to one million dollars (\$1,000,000) may be used for State administration; up to one
2 million dollars (\$1,000,000) may be used for Urgent Needs and Contingency; up to
3 thirteen million two hundred thousand dollars (\$13,200,000) may be used for Scattered
4 Site Housing; up to eight million seven hundred ten thousand dollars (\$8,710,000) may
5 be used for Economic Development; not less than thirteen million five hundred
6 thousand dollars (\$13,500,000) shall be used for Community Revitalization; up to four
7 hundred fifty thousand dollars (\$450,000) may be used for State Technical Assistance;
8 up to two million dollars (\$2,000,000) may be used for Housing Development; up to
9 five million one hundred forty thousand dollars (\$5,140,000) may be used for
10 Infrastructure. If federal block grant funds are reduced or increased by the Congress of
11 the United States after the effective date of this act, then these reductions or increases
12 shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

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

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

30 31 **PART VI. GENERAL PROVISIONS**

32
33 Requested by: Representatives Easterling, Oldham, Redwine, Thompson
34 **SPECIAL FUNDS, FEDERAL FUNDS, DEPARTMENTAL RECEIPTS, AND**
35 **CASH BALANCES/AUTHORIZATION FOR EXPENDITURES**

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

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

- 53 (1) As provided in G.S. 116-30.1, 116-30.2, 116-30.3, 116-30.4; or

- 1 (2) If the Director of the Budget finds that the new permanent employee
2 positions are necessary to maintain the function that generated the
3 receipts at the level anticipated in the certified budget codes for that
4 Fund. The Director of the Budget shall notify the President Pro
5 Tempore of the Senate, the Speaker of the House of Representatives,
6 the chairmen of the appropriations committees of the Senate and the
7 House of Representatives, and the Fiscal Research Division of the
8 Legislative Services Office that he intends to make such a finding at
9 least 10 days before he makes the finding. The notification shall set out
10 the reason the positions are necessary to maintain the function.

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

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

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

24
25 Requested by: Representative C. Wilson

26 **GOVERNOR NOT WITHHOLD LOCAL REIMBURSEMENT**

27 **SECTION 6.1A.** The Governor shall not withhold the local government
28 reimbursements provided for in Section 6.1.(b) of this act without approval by an act of
29 the General Assembly.

30
31 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

32 **INSURANCE AND FIDELITY BONDS**

33 **SECTION 6.2.** All insurance and all official fidelity and surety bonds
34 authorized for the several departments, institutions, and agencies shall be effected and
35 placed by the Department of Insurance, and the cost of placement shall be paid by the
36 affected department, institution, or agency with the approval of the Commissioner of
37 Insurance.

38
39 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

40 **CONTINGENCY AND EMERGENCY FUND ALLOCATIONS**

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

- 45 (1) The sum of three million eight hundred seventy-five thousand dollars
46 (\$3,875,000) for the 2001-2002 fiscal year and the sum of three
47 million eight hundred seventy-five thousand dollars (\$3,875,000) for
48 the 2002-2003 fiscal year shall be used only to respond to an
49 unanticipated disaster such as a fire, hurricane, or tornado;
- 50 (2) The sum of nine hundred thousand dollars (\$900,000) for the
51 2001-2002 fiscal year and the sum of nine hundred thousand dollars
52 (900,000) for the 2002-2003 fiscal year shall be used only (i) for the
53 purposes set out in subdivision (1) of this subsection, (ii) as required

- 1 by a court, Industrial Commission, or administrative hearing officer's
2 order or award, or (iii) to match unanticipated federal funds; and
3 (3) The sum of two hundred twenty-five thousand dollars (\$225,000) for
4 the 2001-2002 fiscal year and the sum of two hundred twenty-five
5 thousand dollars (\$225,000) for the 2002-2003 fiscal year shall be used
6 for the purposes set out in subdivisions (1) and (2) of this subsection or
7 for other allocations from the Contingency and Emergency Fund.

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

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

13 **AUTHORIZED TRANSFERS FROM SALARY ADJUSTMENT RESERVES**

14 **SECTION 6.4.** The Director of the Budget may transfer to General Fund
15 budget codes from the General Fund Salary Adjustment Reserves appropriation and
16 may transfer to Highway Fund budget codes from the Highway Fund Salary Adjustment
17 Reserve appropriation, amounts required to support approved salary adjustments made
18 necessary by difficulties in recruiting and holding qualified employees in State
19 government. The funds may be transferred only when salary reserve funds in individual
20 operating budgets are not available.

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

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

25 **EXPENDITURES OF FUNDS IN RESERVES LIMITED**

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

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

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

31 **SECTION 6.6.** Each private, nonprofit entity eligible to receive State funds,
32 either by General Assembly appropriation, or by grant, loan, or other allocation from a
33 State agency, before funds may be disbursed to the entity, shall file with the disbursing
34 agency a notarized copy of that entity's policy addressing conflicts of interest that may
35 arise involving the entity's management employees and the members of its board of
36 directors or other governing body. The policy shall address situations in which any of
37 these individuals may directly or indirectly benefit, except as the entity's employees or
38 members of the board or other governing body, from the entity's disbursing of State
39 funds, and shall include actions to be taken by the entity or the individual, or both, to
40 avoid conflicts of interest and the appearance of impropriety.

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

43 **DISBURSEMENTS TO NONPROFITS**

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

45 "**§ 143-26. Director to have discretion as to manner of paying annual**
46 **appropriations.**

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

51 (b) Except as otherwise provided by law, an annual appropriation of one hundred
52 thousand dollars (\$100,000) or less to or for the use of a nonprofit corporation shall be
53 paid in a single annual payment. An annual appropriation of more than one hundred

1 thousand dollars (\$100,000) to or for the use of a nonprofit corporation shall be paid in
2 quarterly or monthly installments, in the discretion of the Director of the Budget."
3

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

5 **BUDGETING OF PILOT PROGRAMS**

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

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

11 **SECTION 6.8.(b)** The Governor shall submit to the General Assembly with
12 his proposed budget a report of which items in the proposed budget are subject to the
13 provisions of this section.
14

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

16 **APPROPRIATIONS EFFICIENCY REVIEW**

17 **SECTION 6.9.** The Appropriations Committees of the Senate and House of
18 Representatives shall convene at least once a month during the interim period between
19 the 2001 General Assembly and the 2002 Regular Session of the 2001 General
20 Assembly to study the structure, duties, and functions of the various agencies and
21 programs of State government. The review by the Appropriations Committees shall
22 focus on ways to ensure that State government functions efficiently and to generate cost
23 savings to the citizens of the State. The Appropriations Committees shall apply
24 zero-base budgeting principles in evaluating the fiscal functions and funding needs of
25 State agencies. The Appropriations Committees shall consider the recommendations of
26 the Governor's Efficiency Commission and shall evaluate the feasibility of
27 consolidating, eliminating, transferring, or privatizing certain State programs,
28 operations, or entities where there is duplication of services or functions or where the
29 functions being performed are not cost-effective.
30

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

32 **LIMITATIONS ON AGENCY LEGISLATIVE LIAISON**

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

35 **"§ 120-47.12. Limitations on agency legislative liaisons.**

36 No principal State department may use State funds to contract with persons who are
37 not employed by the State to serve as legislative liaisons or otherwise lobby the General
38 Assembly."
39

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

41 **RESERVE TO IMPLEMENT THE HEALTH INSURANCE PORTABILITY**
42 **AND ACCOUNTABILITY ACT (HIPAA)**

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

46 **SECTION 6.11.(b)** The federal Health Insurance Portability and
47 Accountability Act (HIPAA) was enacted in 1996 and set many goals for the health care
48 industry. The act's primary purpose is to protect health insurance coverage for workers
49 and their families when workers change or lose jobs. This new protection requires major
50 administrative changes for health care programs. The most comprehensive changes
51 include: (i) moving from paper-based transactions to electronic transactions, (ii)
52 establishing national identifiers for providers, payers, and employers, and (iii)
53 upgrading security and privacy of health care information. Failure to implement

1 HIPAA requirements may result in denied or delayed reimbursements and severe civil
2 and criminal penalties.

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

- 7 (1) Identify and document all requirements outlined in the federal HIPAA
8 legislation as they relate to State agencies;
- 9 (2) Include an assessment of the State's existing administrative systems,
10 policies, and information technology systems, as they relate to the
11 requirements of HIPAA;
- 12 (3) Include a timeline for implementing all necessary administrative,
13 policy, and technology changes to ensure compliance; and
- 14 (4) Provide a detailed cost and cash flow analysis for each State agency
15 subject to compliance. The analysis shall include personnel
16 requirements, information technology equipment needs, and other
17 operating and start-up expenses needed to implement HIPAA
18 requirements.

19 **SECTION 6.11.(d)** The Office of State Budget and Management shall report
20 on the strategic plan developed pursuant to this section to the Chairs of the Senate and
21 House of Representatives Appropriations Committees, the Chairs of the Senate and
22 House of Representatives Appropriations Subcommittees on Information Technology,
23 the Joint Legislative Commission on Governmental Operations, and the Fiscal Research
24 Division by October 1, 2001.

25 **SECTION 6.11.(e)** Funds spent to implement this section shall not exceed
26 one million five hundred thousand dollars (\$1,500,000) until the Office of State Budget
27 and Management reports to the Chairs of the Senate and House of Representatives
28 Appropriations Committees, the Chairs of the Senate and House of Representatives
29 Appropriations Subcommittees on Information Technology, the Joint Legislative
30 Commission on Governmental Operations, and the Fiscal Research Division on actual
31 and proposed expenditures and actual and projected monthly cash requirements for the
32 2001-2002 fiscal year and beyond. After making this report, the Office of State Budget
33 and Management shall report quarterly on its progress in implementing this section to
34 the Chairs of the Senate and House of Representatives Appropriations Committees, the
35 Chairs of the Senate and House of Representatives Appropriations Subcommittees on
36 Information Technology, the Joint Legislative Commission on Governmental
37 Operations, and the Fiscal Research Division.

38
39 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
40 Thompson

41 **ATTORNEY GENERAL REPORTING OF PENDING LAWSUITS**

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

44 **"§ 114-2.6. Attorney General to report on pending lawsuits in which State is a**
45 **party.**

46 By April 1 and October 1 of each year, the Attorney General shall submit a written
47 report to the Chairs of the Joint Legislative Commission on Governmental Operations,
48 the Chairs of the Appropriations Committees of the Senate and House of
49 Representatives, the Chairs of the Finance Committees of the Senate and House of
50 Representatives, and the Fiscal Research Division of the Legislative Services Office on
51 all pending lawsuits against the State and the status of those lawsuits. In addition, the
52 Attorney General shall submit a written report to the Joint Legislative Commission on
53 Governmental Operations, the Chairs of the Appropriations Committees of the Senate

1 and House of Representatives, the Chairs of the Finance Committees of the Senate and
 2 House of Representatives, and the Fiscal Research Division of the Legislative Services
 3 Office within 30 days of a final judgment that orders the State to pay the sum of one
 4 million dollars (\$1,000,000) or more."

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

6
 7 Requested by: Representatives Easterling, Oldham, Redwine, Thompson
 8 **PRIVATE LICENSE PLATES ON PUBLICLY OWNED MOTOR VEHICLES**

9 **SECTION 6.14.(a)** Pursuant to the provisions of G.S. 14-250, for the
 10 2001-2003 fiscal biennium, the General Assembly authorizes the use of private license
 11 tags on State-owned motor vehicles only for the State Highway Patrol and for the
 12 following:

13 Department	14 Exemption Category	15 Number
16 Motor Vehicles	17 License and Theft	18 97
19 Justice	20 SBI Agents	21 277
22 Correction	23 Probation/Parole Surveillance 24 Officers (intensive 25 probation)	26 25
27 Crime Control and 28 Public Safety	29 ALE Officers	30 92
31 Revenue		32 24
33 Capitol Area 34 Police		35 2
36 Wildlife Resources 37 Commission	38 Wildlife Enforcement Officers	39 12.

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

- 42 (1) 54 among Agent I officers;
- 43 (2) 20 among Agent II officers;
- 44 (3) 1 to the Deputy Director;
- 45 (4) 12 to the District Offices/Extra Vehicles; and
- 46 (5) 5 to the Director, to be distributed at the Director's discretion.

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

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

50 **"§ 14-250. Publicly owned vehicle to be marked.**

51 It shall be the duty of the executive head of every department of the State
 52 government, and of any county, or of any institution or agency of the State, to have
 53 painted on every motor vehicle owned by the State, or by any county, or by any
 institution or agency of the State, a statement that such car belongs to the State or to
 some county, or institution or agency of the State. Provided, however, that no
 automobile used by any municipal or county officer or municipal or county official for
 the purpose of transporting, apprehending or arresting persons charged with violations
 of the laws of the State of North Carolina, shall be required to be lettered. Provided,
 further, that in lieu of the above method of marking motor vehicles owned by any
 agency or department of the State government, it shall be deemed a compliance with the
 law if such vehicles have imprinted on the license tags thereof, above the license
 number, the words "State Owned" and that such vehicles have affixed to the front
 thereof a plate with the statement "State Owned". Provided, further, that in lieu of the
 above method of marking vehicles owned by any county, it shall be deemed a
 compliance with the law if such vehicles have painted or affixed on the side thereof a
 circle not less than eight inches in diameter showing a replica of the seal of such county.

1 Provided, further, that no county-owned motor vehicle used for transporting day or
2 residential facility clients of area mental health, developmental disabilities, and
3 substance abuse authorities established under Article 4 of Chapter 122C of the General
4 Statutes shall be required to be lettered; provided, further, notwithstanding this sentence,
5 each vehicle shall bear the distinctive permanent registration plate pursuant to G.S.
6 20-84. Provided, further, that in lieu of the above method of marking vehicles owned by
7 the State and permanently assigned to members of the Council of State, it shall be
8 deemed a compliance with the law if such vehicles have imprinted on the license tags
9 thereof the license number assigned to the appropriate member of the Council of State
10 pursuant to ~~G.S. 20-81(4);G.S. 20-79.5~~, a member of the Council of State shall not be
11 assessed any registration fee if he elects to have a State-owned motor vehicle assigned
12 to him designated by his official plate number.

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

22 For purposes of this section, the term "private license plate" refers to a license plate
23 that would normally be issued to a private party and therefore lacks any markings
24 indicating that it has been assigned to a publicly owned vehicle. "Confidential" license
25 plates are a specialized form of private license plate for which a confidential registration
26 has been authorized under G.S. 20-56. "Fictitious" license plates are a specialized form
27 of private license plate for which a fictitious registration has been issued under G.S. 20-
28 39(g) or G.S. 20-39(h)."

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

30 **"§ 20-39. Administering and enforcing laws; rules and regulations; agents, etc.;**
31 **seal; fees; licenses and plates for undercover officers.**

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

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

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

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

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

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

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

1 (2) When no federal standard has been established, the fee shall be equal
2 to the cost of verifying compliance with the applicable State standard.
3 Any motor vehicle manufacturer or distributor who is required to
4 certify his products under the National Traffic and Motor Vehicle
5 Safety Act of 1966, as from time to time amended, may satisfy the
6 provisions of this section by submitting an annual written certification
7 to the Commissioner attesting to the compliance of his vehicles with
8 applicable federal requirements. Failure to comply with the
9 certification requirement or failure to meet the federal standards will
10 subject the manufacturer or distributor to the fee requirements of this
11 subsection.

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

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

50 (i) Notwithstanding the requirements of G.S. 20-7.1 and G.S. 20-67(a), the
51 Commissioner may correct the address records of drivers license and registration plate
52 holders as shown in the files of the Division to that shown on notices and renewal cards

1 returned to the Division with new addresses provided by the United States Postal
2 Service.

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

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

11 **"§ 20-56. Registration indexes.**

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

- 16 (1) Under a distinctive registration number assigned to the vehicle;
- 17 (2) Alphabetically, under the name of the owner;
- 18 (3) Under the motor number or any other identifying number of the
19 vehicle; and
- 20 (4) In the discretion of the Division, in any other manner it may deem
21 advisable.

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

- 25 (1) Members of federal, State, and local law enforcement agencies if the
26 vehicles are used for the purpose of transporting, apprehending, or
27 arresting persons charged with violations of the laws of the United
28 States or the State of North Carolina;
- 29 (2) Agents for the Internal Revenue Service;
- 30 (3) Public officials.

31 Individuals in the aforementioned categories must provide satisfactory evidence
32 shall demonstrate to the Commissioner Director of the State Bureau of Investigation that
33 their personal safety is at risk. risk and provide details supporting that claim. The fact
34 that a person is a law enforcement officer is not sufficient by itself to establish that the
35 person's safety is at risk. The Commissioner shall adopt strict verification procedures to
36 ensure the integrity of the registration system. This file shall be confidential for the use
37 of the Division.

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

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

48 **SECTION 6.14.(g)** The Division of Motor Vehicles shall report to the Joint
49 Legislative Commission on Governmental Operations by January 1 and July 1 of each
50 year on the number of private plates issued to State-owned vehicles. The report shall
51 show the total number of private plates issued to each agency, the total number of
52 confidential plates issued to each agency, the total number of fictitious plates issued to

1 each agency, and any additional information necessary for an assessment of the agency's
2 compliance with G.S. 14-250.

3
4 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

5 **FUND SALARIES AND RELATED EMPLOYER CONTRIBUTIONS AT LESS**
6 **THAN 100% OF BUDGETED REQUIREMENTS**

7 **SECTION 6.15.(a)** The purpose of the Payroll Turnover Adjustment
8 reduction set out in Section 2.1 of this act is to adjust the amount of funds appropriated
9 to the General Fund for State-paid salaries and wages to more accurately reflect actual
10 salary and wage requirements for full-time and part-time State-paid personnel. The
11 Office of State Budget and Management shall allocate to State departments and
12 agencies funds necessary to support salaries and wages and related employer
13 contributions for social security and retirement at an average rate of ninety-eight and
14 one-half percent (98.5%) of budgeted requirements for salaries and related employer
15 contributions. The provisions of this subsection do not apply to salary and related
16 employer contributions funded by the State for the Public School System and the North
17 Carolina Community Colleges System.

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

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

25 **EXTEND THE COMMISSION TO ADDRESS SMART GROWTH, GROWTH**
26 **MANAGEMENT, AND DEVELOPMENT ISSUES**

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

28 "Section 16.7.(g) Report. – The Commission shall submit an interim report to the
29 2000 Regular Session of the 1999 General Assembly and shall submit a final report of
30 its findings and recommendations by ~~January 15, 2001~~, September 1, 2001, to the
31 General Assembly, the Governor, and the citizens of the State. The report may include
32 recommendations to (i) enact and implement a program of comprehensive planning,
33 supportive infrastructure development, and growth management and (ii) address the
34 issue of continued oversight of growth and development in the State, including whether
35 a permanent commission should be established. The Commission shall terminate upon
36 filing its final report."

37
38 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

39 **MASTERS LEVEL INTERNSHIPS IN STATE AGENCIES**

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

44
45 Requested by: Representative Easterling, Oldham, Redwine, Thompson

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

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

48 "(d) Except as otherwise provided in this subsection, the ~~The~~ Attorney General
49 ~~may may,~~ upon the request of an employee or former employee, defend any civil action
50 brought against the driver, transportation safety assistant, or monitor of a public school
51 bus or school transportation service vehicle or school bus maintenance mechanic when
52 the driver or mechanic is employed and paid by the local school administrative unit,
53 when the monitor is acting in accordance with G.S. 115C-245(d), when the

1 transportation safety assistant is acting in accordance with G.S. 115C-245(e), or when
 2 the driver is an unpaid school bus driver trainee under the supervision of an authorized
 3 employee of the Department of Transportation, Division of Motor Vehicles, or an
 4 authorized employee of a county or city board of education or administrative unit. The
 5 Attorney General may afford this defense through the use of a member of his staff or, in
 6 his discretion, employ private counsel. The Attorney General is authorized to pay any
 7 judgment rendered in the civil action not to exceed the limit provided under the Tort
 8 Claims Act. The funds necessary to cover the first one hundred fifty thousand dollars
 9 (\$150,000) of liability per claim shall be made available from funds appropriated to the
 10 State Board of Education. The balance of any liability owed shall be paid in accordance
 11 with G.S. 143-299.4. The Attorney General may compromise and settle any claim
 12 covered by this section to the extent that he finds the same to be valid, up to the limit
 13 provided in the Tort Claims Act, provided that the authority granted in this subsection
 14 shall be limited to only those claims that would be within the jurisdiction of the
 15 Industrial Commission under the Tort Claims Act.

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

19 **SECTION 6.18.(b)** Of the funds appropriated to the State Board of
 20 Education in Section 2 of this act, the sum of two hundred fifty thousand dollars
 21 (\$250,000) for the 2001-2002 fiscal year and the sum of two hundred fifty thousand
 22 dollars (\$250,000) for the 2002-2003 fiscal year shall be used to implement subsection
 23 (a) of this section.

24 **PART VII. DEPARTMENT OF ADMINISTRATION**

25 Requested by: Representatives Jeffus, Sherrill, Walend, Easterling, Oldham,
 26 Redwine, Thompson

27 **VETERANS' SCHOLARSHIP PROGRAM**

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

29 **"§ 165-20. Definitions.**

30 As used in this Article the terms defined in this section shall have the following
 31 meaning:

32
 33
 34
 35 (3) "Child" means a ~~person~~ person: (i) who is a domiciliary of North
 36 Carolina and is a resident of North Carolina when applying for a
 37 scholarship, (ii) who is a senior in high school or its equivalent and
 38 who will graduate at the end of the academic year or a person who has
 39 completed high school or its equivalent prior to receipt of a scholarship
 40 as may be awarded under this Article, equivalent, (iii) who has
 41 complied with the requirements of the Selective Service System, if
 42 applicable, and (iv) who further meets one of the following
 43 requirements:

44 a. A person whose veteran parent was a legal resident of North
 45 Carolina at the time of said veteran's entrance into that period of
 46 service in the armed forces during which eligibility is
 47 established under G.S. 165-22.

48 b. A veteran's child who was born in North Carolina and has lived
 49 in North Carolina continuously since birth. Provided, that the
 50 requirement in the preceding sentence as to birth in North
 51 Carolina may be waived by the Department of Administration if
 52 it is shown to the satisfaction of the Department that the child's
 53 mother was a native-born resident of North Carolina and was

1 such resident at the time of her marriage to the veteran and was
 2 outside the State temporarily at the time of the child's birth,
 3 following which the child was returned to North Carolina
 4 within a reasonable period of time where said child has since
 5 lived continuously.

- 6 c. A person meeting either of the requirements set forth in
 7 subdivision (3)a or b above, and who was legally adopted by
 8 the veteran prior to said person's reaching the age of 15 years."

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

10 **"§ 165-21. Scholarship.**

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

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

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

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

43 **MODIFICATIONS TO THE STATE EMPLOYEE INCENTIVE BONUS**
 44 **PROGRAM**

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

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

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

52 **"§ 143-345.20. Definitions.**

53 The following definitions apply in this Article:

- 1 (1) Baseline reversion. – The two-year historical average of reversions by
 2 a State department, agency, or institution.
- 3 (2) Employing unit. – Any of the following:
- 4 a. ~~The principal Council of State office or department enumerated~~
 5 ~~in G.S. 143A-11 for which a State employee works.~~
- 6 b. ~~The principal State department enumerated in G.S. 143B-6 for~~
 7 ~~which a State employee works.~~
- 8 c. ~~The constituent institution of The University of North Carolina~~
 9 ~~or the General Administration of The University of North~~
 10 ~~Carolina for which a State employee works.~~
- 11 d. ~~The local school administrative unit for which a State employee~~
 12 ~~works.~~
- 13 e. ~~The board, commission, or agency and its staff for which a~~
 14 ~~State employee works, if that agency is not organizationally~~
 15 ~~housed in any of the other offices, departments, or institutions~~
 16 ~~listed in this subdivision.~~
- 17 (2a) Participating agency. – Any State department, agency, or institution, or
 18 any local school administrative unit that employs State employees
 19 eligible to participate in the State Employee Incentive Bonus Program.
 20 The term includes the North Carolina Community Colleges System,
 21 The University of North Carolina and its constituent institutions, and
 22 charter schools. The term does not include federal or local government
 23 agencies.
- 24 (2b) SEIBP. – Acronym for the State Employee Incentive Bonus Program.
- 25 (3) State employee. – Any of the following:
- 26 a. A person who is a contributing member of the Teachers' and
 27 State Employees' Retirement System of North Carolina, the
 28 Consolidated Judicial Retirement System of North Carolina, or
 29 the Optional Program.
- 30 b. A person who receives wages from the State as a part-time or
 31 temporary worker, but is not otherwise a contributing member
 32 of one of the retirement programs listed in sub-subdivision a. of
 33 this subdivision."

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

35 **"§ 143-345.21. State employee incentive bonus.**

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

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

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

50 (c) ~~Savings generated by suggestions and innovations shall be determined at the~~
 51 ~~end of the fiscal year in which the suggestion or innovation is implemented or the~~
 52 ~~determination may be carried over for one full fiscal year after implementation before~~
 53 ~~making an award if the actual savings cannot be verified before the end of the fiscal~~

1 ~~year.~~ Any savings are to be calculated using the actual expenditures for a program,
2 activity, or service compared to the budgeted amount for the same, if an amount has
3 been budgeted for the program, activity, or service. The savings calculation shall
4 include the amount of any reversions in excess of the baseline reversion. ~~The savings or~~
5 ~~revenue increases realized from any suggestion or innovation implemented for less than~~
6 ~~one full fiscal year shall be annualized.~~ Any savings realized through the State
7 Employee Incentive Bonus Program shall be weighed against continued service to the
8 ~~public-public and the assurance that there is not a negative impact on State programs.~~

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

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

15 (f) The Department of Administration shall establish the SEIBP reserve fund in
16 which all savings for all suggestions shall be deposited as earned. Each participating
17 agency shall be responsible for transferring savings to the SEIBP reserve fund. The
18 funds may be encumbered as needed to ensure payment to the General Fund, to the
19 suggester, and for distribution as required by G.S. 143-345.22. The Department of
20 Administration shall provide the SEIBP reserve fund summary at the close of each
21 fiscal year to the Office of State Budget and Management and to the participating
22 agencies. The Office of State Budget and Management shall have oversight
23 responsibility for ensuring that the required reversions and transfers are made to the
24 General Fund, and that all encumbered funds are accounted for and paid as required by
25 law.

26 (g) No distribution of suggester awards shall occur until reversion requirements
27 to the General Fund are met and distributions as required by G.S. 143-345.22 are
28 satisfied and verified by the Office of State Budget and Management. When all of the
29 requirements of G.S. 143-345.22 are fulfilled, the Department of Administration shall
30 transfer to the suggester's agency funds required to award the suggester. The suggester's
31 agency shall make the suggestion award and ensure that all taxes and withholding
32 requirements are met.

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

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

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

45 **"§ 143-345.22. Allocation of incentive bonus funds; nonmonetary recognition.**

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

- 50 (1) Twenty percent (20%) of the annualized savings or increased
51 revenues, up to a maximum of twenty thousand dollars (\$20,000) for
52 any one State employee, to constitute gainsharing. If a team of State
53 employees is the suggester, the bonus provided in this subdivision

1 shall be divided equally among the team members, except that no team
2 member ~~may shall~~ receive in excess of twenty thousand dollars
3 (\$20,000), nor ~~may shall~~ the team receive an aggregate amount in
4 excess of one hundred thousand dollars (\$100,000). These funds shall
5 not revert.

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

9 a. Ten percent (10%) to the implementing agency for nonrecurring
10 budget items to be used (i) by the implementing agency to
11 provide equipment, supplies, training, and limited but
12 appropriate recognition for the division, section, or group
13 responsible for the implementation of the cost-saving measure
14 and (ii) to meet other similar needs within the agency.

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

18 c. Ten percent (10%) to the State employee education and training
19 fund administered by the Office of State Personnel under G.S.
20 143-342.21(i). These funds shall not revert.

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

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

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

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

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

39 "**§ 143-345.23. Suggestion and review process; role of agency coordinator and**
40 **agency evaluator.**

41 (a) The process for a State employee or team of State employees to submit a
42 cost-saving or revenue-increasing proposal shall begin ~~by~~ with the employee or team of
43 employees submitting the suggestion or innovation to an agency ~~coordinator designated~~
44 ~~by the State department, agency, or institution impacted by the suggestion or~~
45 ~~innovation coordinator.~~ The agency coordinator, in conjunction with an agency
46 evaluator, shall review the suggestion or innovation for submission to the State Review
47 Committee established in ~~G.S. 143-345.14~~ G.S. 143-345.24.

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

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

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

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

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

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

14 (1) ~~Reviewing~~ Receiving from the agency coordinator and reviewing
15 within 90 days, when possible, the feasibility and effectiveness of
16 cost-saving or revenue-increasing measures suggested by State
17 employees.

18 (2) Being knowledgeable of the subject program, activity, or service.

19 (3) Determining, in conjunction with the agency fiscal officer, the
20 budgetary impact of a suggestion or innovation.

21 (4) Judging impartially both the positive and negative effects of a
22 suggestion or innovation on the current functions of the subject
23 program, activity, or service.

24 ~~The specific assignments of the agency evaluator shall be determined by the agency~~
25 ~~coordinator.~~

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

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

33 **"§ 143-345.24. Incentive Bonus Review Committee.**

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

36 (1) The State Coordinator.

37 (2) A representative of the Office of State Budget and Management.

38 (3) A representative of the Office of State Personnel.

39 (4) A representative of The University of North Carolina.

40 (5) A representative of the Department of Justice.

41 (6) A representative of the Department of Labor.

42 (7) One State employee appointed by the Speaker of the House of
43 Representatives.

44 (8) One State employee appointed by the President Pro Tempore of the
45 Senate.

46 (9) One State employee appointed by the Governor upon the
47 recommendation of the State Employees Association of North
48 Carolina, Inc.

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

50 (1) ~~Responsibility for receiving~~ Receiving from the various agency
51 coordinators recommendations on suggestion and innovation
52 implementation plans.suggestions and innovations.

1 (2) Determining the impact of a suggestion or innovation on State
 2 government services by judging the monetary savings, increased
 3 revenues, or improved quality of services generated by a suggestion or
 4 innovation.

5 (3) Ensuring that the State employee incentive bonus process does not
 6 result in a negative impact on services provided to taxpayers by State
 7 government.

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

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

14 "**§ 143-345.25. Effect-Innovations deemed property of the State; effect of decisions**
 15 **regarding bonuses.**

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

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

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

26
 27 Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine,
 28 Thompson

29 **STUDY OF MOTOR FLEET MANAGEMENT**

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

34
 35 Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine,
 36 Thompson

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

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

39 "**§ 143-341. Powers and duties of Department.**

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

41 ...
 42 (8) General Services:

43 ...
 44 i. To establish and operate a central motor pool and such
 45 subsidiary related facilities as the Secretary may deem
 46 necessary, and to that end:

47 ...
 48 4. To maintain, store, repair, dispose of, and replace
 49 state-owned motor vehicles under the control of the
 50 Department. The Department shall ensure that
 51 state-owned vehicles are not normally replaced until they
 52 have been driven for ~~90,000~~ 110,000 miles or more.

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

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

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

STUDY STATE CAPITOL SECURITY SERVICES

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

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

TRANSFER BOARD OF SCIENCE AND TECHNOLOGY

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

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

3 DOMESTIC VIOLENCE COMMISSION STAFFING

4 SECTION 7.7. G.S. 143B-394.15 is amended by adding a new subsection to
5 read:

6 "(l) Staffing. – The Secretary of the Department of Administration shall be
7 responsible for staffing the Commission. To that end, the Secretary shall, at a minimum,
8 assign an employee to serve as a Deputy Director within the North Carolina Council for
9 Women whose primary duties shall be to staff the Commission. The person assigned as
10 Deputy Director shall have the education, experience, and any other qualifications
11 necessary for the position."

12 PART VIII. OFFICE OF ADMINISTRATIVE HEARINGS

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

16 OFFICE OF ADMINISTRATIVE HEARINGS RECLASSIFICATION OF 17 POSITIONS

18 SECTION 8.1. The Office of Administrative Hearings shall reclassify
19 positions in the Rules Division, Civil Rights Division, Hearings Division, and
20 Administration Division of the Office of Administrative Hearings in accordance with
21 the findings and recommendations of the Office of State Personnel submitted to the
22 General Assembly on January 30, 2001.

23 PART IX. OFFICE OF THE STATE AUDITOR

24
25 Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine,
26 Thompson

27 ELECTRONIC DISTRIBUTION OF AUDITOR'S REPORTS

28 SECTION 9.1.(a) G.S. 147-64.6(c) reads as rewritten:
29 "(c) The Auditor shall be responsible for the following acts and activities:

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33 ..(12) The Auditor shall provide ~~in a written statement~~ a report to the
34 Governor and Attorney General, and other appropriate officials, of
35 such facts as are in his possession which pertain to the apparent
36 violation of penal statutes or apparent instances of malfeasance,
37 misfeasance, or nonfeasance by an officer or employee.

38
39 ..(14) The Auditor shall ~~provide copies of each audit report to~~ notify the
40 General Assembly, the Governor, the Chief Executive Officer of each
41 agency audited, and other persons as the Auditor deems ~~appropriate.~~
42 appropriate that an audit report has been published, its subject and title,
43 and the locations, including State libraries, at which the report is
44 available. The Auditor shall then distribute copies of the report only to
45 those who request a report. The copies shall be in written or electronic
46 form, as requested. He shall also file a copy of the audit report in the
47 Auditor's office, which will be a permanent public record; Provided,
48 nothing in this subsection shall be construed as authorizing or
49 permitting the publication of information whose disclosure is
50 otherwise prohibited by law.

51
52"
SECTION 9.1.(b) G.S. 147-64.5(a) reads as rewritten:

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

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

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

13 **OVERPAYMENTS AUDIT**

14 **SECTION 10.1.(a)** During the 2001-2002 fiscal year, receipts generated by
15 the collection of inadvertent overpayments by State agencies to vendors as a result of
16 pricing errors, neglected rebates and discounts, miscalculated freight charges, unclaimed
17 refunds, erroneously paid excise taxes, and related errors as required by G.S.
18 147-86.22(c) are to be deposited in the Special Reserve Account 24172.

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

23 **SECTION 10.1.(c)** All funds available in the Special Reserve Account
24 24172 on July 1, 2001, are transferred to the General Fund on that date.

25 **SECTION 10.1.(d)** Any unobligated funds in the Special Reserve Account
26 24172 that are realized above the allowance in subsection (b) of this section are subject
27 to appropriation by the General Assembly in the 2002 Regular Session of the 2001
28 General Assembly.

29 **SECTION 10.1.(e)** The State Controller shall report quarterly to the Joint
30 Legislative Commission on Governmental Operations and the Fiscal Research Division
31 on the revenue deposited into the Special Reserve Account and the disbursement of that
32 revenue.

33 **PART XI. DEPARTMENT OF CULTURAL RESOURCES**

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

36 **COMPLETION OF THE INFORMATION TECHNOLOGY EXPANSION 37 PROJECT AND THE INFORMATION RESOURCE MANAGEMENT 38 COMMISSION PROJECT CERTIFICATION**

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

47 **PART XII. OFFICE OF THE GOVERNOR**

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

3 **ADVISORY COMMISSION ON MILITARY AFFAIRS**

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

6 "Chapter 127C.

7 "Advisory Commission on Military Affairs.

8 **"§ 127C-1. Creation of the North Carolina Advisory Commission on Military**
9 **Affairs.**

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

14 **"§ 127C-2. Membership.**

15 (a) The North Carolina Advisory Commission on Military Affairs shall consist of
16 21 voting members, who shall serve on the Executive Committee, and nine nonvoting,
17 ex officio members who shall serve by reason of their positions.

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

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

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

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

25 a. Three representatives from the Jacksonville community.

26 b. Three representatives from the Havelock community.

27 c. Three representatives from the Goldsboro community.

28 d. Three representatives from the Fayetteville community.

29 e. Three public members from across the State.

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

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

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

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

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

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

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

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

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

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

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

42 **"§ 127C-3. Military Advisor.**

43 The Military Advisor within the Office of the Governor shall serve as the
44 administrative head of the Commission and be responsible for the operations and
45 normal business activities of the Commission, with oversight by the Executive
46 Committee.

47 **"§ 127C-4. Purposes.**

48 The Commission shall have the following responsibilities and duties:

49 (1) Advise the Governor and Secretary of Commerce on how to strengthen
50 the State's relationship with the military to protect the installations of
51 this State from the results of any future defense budget cuts or military
52 downsizing by providing a sound infrastructure, affordable housing,
53 and affordable education for military members and their families,

- 1 working to be viewed by national military leaders as the most military-
 2 friendly State in the nation.
 3 (2) Develop a strategic plan to provide initiatives to support the long-term
 4 viability and prosperity of the military of this State that shall include,
 5 at least:
 6 a. A comprehensive Economic Impact Study of Military Activities
 7 in North Carolina to be conducted by the North Carolina State
 8 University Department of Economics and the East Carolina
 9 University Office of Regional Development.
 10 b. A Strengths/Weaknesses/Opportunities/Threats (SWOT)
 11 Analysis conducted by a professional strategic planning group
 12 on the current status of the military in North Carolina.
 13 (3) Study ways to improve educational opportunities for military
 14 personnel in North Carolina.
 15 (4) Assist in coordinating the State's interests in future activities of the
 16 Department of Defense.
 17 (5) Promote initiatives to improve the quality of life for military personnel
 18 in this State."

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

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

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

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

- 28 G.S. 7A-101. Compensation.
 29 G.S. 7A-113. Bookkeeping and accounting systems equipment.
 30 G.S. 18B-1009. In-stand sales.
 31 G.S. 20-7. Issuance and renewal of drivers licenses.
 32 G.S. 47-30. Plats and subdivisions; mapping requirements.
 33 G.S. 58-6-25. Insurance regulatory charge.
 34 G.S. 58-85A-1. Creation of Fund; allocation to local fire districts and
 35 political subdivisions of the State.
 36 G.S. 62A-25. Use of funds.
 37 G.S. 96-4. Administration.
 38 G.S. 96-32. Common follow-up information management system
 39 created.
 40 G.S. 96-35. Reports on common follow-up system activities.
 41 G.S. 97-80. Rules and regulations; subpoena of witnesses;
 42 examination of books and records; depositions; costs.
 43 G.S. 105-130.5. Adjustments to federal taxable income in determining
 44 State net income.
 45 G.S. 105-134.6. Adjustments to taxable income.
 46 G.S. 105-262. Rules.
 47 G.S. 108A-27.8. Standard Program Counties – Duties of Department.
 48 G.S. 115C-457.1. Creation of Fund; administration.
 49 G.S. 115C-457.2. Remittance of moneys to the Fund.
 50 G.S. 115C-457.3. Transfer of funds to the State School Technology
 51 Fund.
 52 G.S. 115C-546.1. Creation of Fund; administration.
 53 G.S. 115D-31. State financial support of institutions.

1	G.S. 116-220.	Establishment and administration of self-insurance trust funds; rules and regulations; defense of actions against covered persons; application of § 143-300.6.
2		
3		
4	G.S. 120-30.45.	Fiscal note on legislation.
5	G.S. 120-30.49.	Compiling federal mandates; annual report.
6	G.S. 120-36.8.	Certification of legislation required by federal law.
7	G.S. 120-131.1.	Requests from legislative employees for assistance in the preparation of fiscal notes.
8		
9	G.S. 120-166.	Additional criteria; nearness to another municipality.
10	G.S. 122A-16.	Oversight by committees of General Assembly; annual reports.
11		
12	G.S. 122C-112.	Powers and duties of the Secretary.
13	G.S. 122C-185.	Application of funds belonging to State facilities.
14	G.S. 131D-4.2.	Adult care homes; family care homes; annual cost reports; exemptions; enforcement.
15		
16	G.S. 131E-13.	Lease or sale of hospital facilities to or from for-profit or nonprofit corporations or other business entities by municipalities and hospital authorities.
17		
18		
19	G.S. 135-39.3.	Oversight team.
20	G.S. 138-6.	Travel allowances of State officers and employees.
21	G.S. 138-8.	Moving expenses of State employees.
22	G.S. 143-1.	Scope and definitions.
23	G.S. 143-2.	Purposes.
24	G.S. 143-3.5.	Coordination of statistics; fiscal analysis required for any bill proposed by a State agency that affects the budget.
25		
26		
27	G.S. 143-4.	(For applicability see note) Advisory Budget Commission.
28		
29	G.S. 143-6.	Information from departments and agencies asking State aid.
30		
31	G.S. 143-6.1.	Report on use of State funds by non-State entities.
32	G.S. 143-10.1A.	Same – Continuation and expansion costs.
33	G.S. 143-10.2.	Limit on number of State employees.
34	G.S. 143-10.3.	Strategic planning process.
35	G.S. 143-10.4.	Departmental operations plans.
36	G.S. 143-10.5.	Development of performance measures for major programs.
37		
38	G.S. 143-10.7.	Review of department forms and reports.
39	G.S. 143-12.1.	Vending facilities.
40	G.S. 143-15.4.	General Fund operating budget size limited.
41	G.S. 143-19.	Help for Director.
42	G.S. 143-20.1.	Annual financial statements.
43	G.S. 143-27.	Appropriations to educational, charitable and correctional institutions are in addition to receipts by them.
44		
45		
46	G.S. 143-28.1.	Highway Fund appropriation.
47	G.S. 143-31.1.	Study and review of plans and specifications for building, improvement, etc., projects.
48		
49	G.S. 143-34.2.	Information as to requests for nonstate funds for projects imposing obligation on State; statement of participation in contracts, etc., for nonstate funds; limiting clause required in certain contracts or grants.
50		
51		
52		
53	G.S. 143-34.41.	Legislative intent; purpose.

1	G.S. 143-34.43.	Capital improvement needs criteria.
2	G.S. 143-34.44.	Agency capital improvement needs estimates.
3	G.S. 143-138.	North Carolina State Building Code.
4	G.S. 143-215.94P.	Groundwater Protection Loan Fund.
5	G.S. 143-299.4.	Payment of State excess liability.
6	G.S. 143-345.24.	Incentive Bonus Review Committee.
7	G.S. 143B-133.1.	Powers of Commission.
8	G.S. 143B-336.1.	Special Zoo Fund.
9	G.S. 143B-372.3.	Staff.
10	G.S. 143B-426.39.	Powers and duties of the State Controller.
11	G.S. 146-30.	Application of net proceeds.
12	G.S. 147-33.78.	Information Resource Management Commission.
13	G.S. 147-33.87.	Financial reporting and accountability for
14		information technology investments and
15		expenditures.
16	G.S. 147-86.22.	Statewide accounts receivable program.
17	G.S. 150B-21.	Agency must designate rule-making coordinator;
18		duties of coordinator.
19	G.S. 150B-21.4.	Fiscal notes on rules.
20	G.S. 150B-21.9.	Standards and timetable for review by Commission.
21	G.S. 150B-21.28.	Role of the Office of State Budget and Management.
22	G.S. 153A-230.1.	Definitions.
23	G.S. 153A-230.2.	Creation of Satellite Jail/Work Release Unit Fund.
24	G.S. 153A-230.5.	Satellite jails/work release units built with non-State
25		funds.
26	G.S. 159I-25.	Disbursement.
27	G.S. 159I-28.	Rules.
28	G.S. 159I-29.	Annual reports to Joint Legislative Commission on
29		Governmental Operations.
30	G.S. 160A-486.	Estimates of population.
31	G.S. 163-132.5.	Cooperation of State and local agencies.
32	SECTION 12.2.(c) G.S. 147-33.85(b) reads as rewritten:	

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

41 PART XIII. OFFICE OF STATE PERSONNEL

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

45 **ABOLISH OFFICE OF STATE PERSONNEL PREPARE PROGRAM**

46 **SECTION 13.1.** The General Assembly encourages the Department of State
47 Treasurer to include the model of the PREPARE program in its current delivery of
48 retirement services. The PREPARE program in the Office of State Personnel is
49 abolished.

51 PART XIV. GENERAL GOVERNMENT

52

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

3 **USE OF INTERNET FOR AGENCY PUBLICATIONS**

4 **SECTION 14.1.(a)** Each of the State agencies listed in subsection (b) of this
5 section shall review its printing and publication requirements and schedules and develop
6 a plan to reduce the cost of printing, publishing, and distributing agency information
7 and materials, including documents, reports, and other publications by using computer
8 technology and the Internet, in particular, to distribute information and materials to the
9 public. In developing the plan, each State agency shall review the statutory and
10 regulatory requirements of the agency with regard to publishing and distributing
11 information to the public and make recommendations on any statutory revisions needed
12 to publish and distribute agency information over the Internet or by other
13 computer-related means. Each agency shall submit a written report to the Fiscal
14 Research Division of the General Assembly by April 1, 2002, outlining the required
15 information and the recurring adjustments in the agency budget.

16 **SECTION 14.1.(b)** This section applies to the Office of the Governor, the
17 Office of the Lieutenant Governor, the Department of Administration, the Office of the
18 State Auditor, the Office of State Budget and Management, the Board of Elections, the
19 Department of Insurance, the Office of the Secretary of State, the Office of the State
20 Treasurer, the Office of Administrative Hearings, the Office of the State Controller, the
21 Department of Cultural Resources, the General Assembly, the Office of State Personnel,
22 the Department of Revenue, and the Rules Review Commission.

23
24 **PART XIV-A. GENERAL ASSEMBLY**

25
26 Requested by: Representatives Jeffus, Sherrill, Tolson, Easterling, Oldham,
27 Redwine, Thompson

28 **REDUCE JOURNAL PRINTING/SESSION LAWS TECHNICAL**
29 **CORRECTIONS**

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

31 **"§ 147-45. Distribution of copies of State publications.**

32 The Secretary of State shall, at the State's expense, as soon as possible after
33 publication, provide such number of copies of the Session Laws and Senate and House
34 Journals to federal, State, and local governmental officials, departments and agencies,
35 and to educational institutions of instruction and exchange use, as is set out in the table
36 below: below. These publications shall be made available in hardbound and electronic
37 format. Each agency or institution entitled to more than one copy in the table below
38 shall receive only one of the copies in hardbound format with the remainder in
39 electronic format, unless such agency or institution requests additional hardbound
40 copies by August 1. The Principal Clerks of the House of Representatives and Senate, in
41 consultation with the Secretary of State, shall determine the total number of volumes to
42 be printed each year.

Agency or Institution	Session Laws	Assembly Journals
Governor, Office of the	3 2	2
Office of State Budget and Management	1	0
Lieutenant Governor, Office of the	1	1
Secretary of State, Department of the	3	3
Auditor, Department of the State	3 1	1 0
Treasurer, Department of the State	3	1
Local Government Commission	2	0
State Board of Education	1	0

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

1	Cultural Resources, Department of	<u>1 0</u>	0
2	Archives and History, Division of	<u>5 3</u>	1
3	State Library	<u>5</u>	5
4	Publications Division	1	1
5	Crime Control and Public Safety, Department of	<u>2 1</u>	1
6	North Carolina Crime Commission	1	0
7	Adjutant General	2	0
8	Elections, State Board of	<u>2 1</u>	0
9	Office of Administrative Hearings	<u>2 1</u>	0
10	State Personnel Commission	1	0
11	Office of State Personnel	1	1
12	Legislative Branch		
13	State Senators	1 ea.	1 ea.
14	State Representatives	1 ea.	1 ea.
15	Principal Clerk – Senate	1	1
16	Principal Clerk – House	1	1
17	Reading Clerk – Senate	1	<u>1 0</u>
18	Reading Clerk – House	1	<u>1 0</u>
19	Sergeant at Arms – House	1	<u>1 0</u>
20	Sergeant at Arms – Senate	1	<u>1 0</u>
21	Enrolling Clerk	1	0
22	Engrossing Clerk	1	0
23	Indexer of the Laws	1	0
24	Legislative Building Library	35	<u>15 7</u>
25	Judicial System		
26	Justices of the Supreme Court	1 ea.	1 ea.
27	Judges of the Court of Appeals	1 ea.	1 ea.
28	Judges of the Superior Court	1 ea.	0
29	Emergency and Special Judges of the		
30	Superior Court	1 ea.	0
31	District Court Judges	1 ea.	0
32	District Attorneys	1 ea.	0
33	Clerk of the Supreme Court	1	1
34	Clerk of the Court of Appeals	1	1
35	Administrative Office of the Courts	<u>4 3</u>	1
36	Supreme Court Library AS MANY AS REQUESTED	<u>16</u>	<u>3</u>
37	Colleges and Universities		
38	The University of North Carolina System		
39	Administrative Offices	3	0
40	University of North Carolina,		
41	Chapel Hill	<u>65 33</u>	<u>25 9</u>
42	University of North Carolina,		
43	Charlotte	<u>3 2</u>	1
44	University of North Carolina,		
45	Greensboro	<u>3 1</u>	1
46	University of North Carolina,		
47	Asheville	2	1
48	University of North Carolina,		
49	Wilmington	<u>2 1</u>	1
50	North Carolina State University,		
51	Raleigh	<u>5 1</u>	<u>3 1</u>
52	Appalachian State University	2	1
53	East Carolina University	<u>3 1</u>	<u>2 1</u>

1	Elizabeth City State University	2	1
2	Fayetteville State University	2 1	1
3	North Carolina Agricultural and		
4	Technical University	2	1
5	North Carolina Central University	5 1	5 1
6	Western Carolina University	2 1	1
7	University of North Carolina,		
8	Pembroke	2	1
9	Winston-Salem State University	2	1
10	North Carolina School of the Arts	1	1
11	Private Institutions		
12	Duke University	6 4	6 3
13	Davidson College	3 1	2 1
14	Wake Forest University	5	5
15	Lenoir Rhyne College	1	1
16	Elon College University	1	1
17	Guilford College	1	1
18	Campbell University	5 2	5 2
19	Wingate College University	1	1
20	Pfeiffer College	1	1
21	Barber Scotia College	1	1
22	Barton College	1	1
23	Shaw University	1	1
24	St. Augustine's College	1	1
25	Johnson C. Smith University	1	1
26	Belmont Abbey College	1	1
27	Bennett College	1	1
28	Catawba College	1	1
29	Gardner-Webb College University	1	1
30	Greensboro College	1	1
31	High Point University	1	1
32	Livingstone College	1	1
33	Mars Hill College	1	1
34	Meredith College	1	1
35	Methodist College	1	1
36	North Carolina Wesleyan College	1	1
37	Peace College	1	0
38	Queens College	1	1
39	Sacred Heart College	1	1
40	St. Andrews Presbyterian College	1	1
41	Salem College	1	1
42	Warren Wilson College	1	1
43	County and Local Officials		
44	Clerks of the Superior Court	1 ea.	1 ea.
45	Register of Deeds	1 ea.	1 ea. 0
46	Federal, Out-of-State and Foreign		
47	Secretary to the President	1	0
48	Secretary of State	1	1
49	Secretary of Defense	1	0
50	Secretary of Agriculture	1	0
51	Secretary of the Interior	1	0
52	Secretary of Labor	1	1 0
53	Secretary of Commerce	1	1 0

1	Secretary of the Treasury	1	0
2	Secretary of Health, Education and		
3	Welfare Health and Human Services	1	0
4	Secretary of Housing and Urban		
5	Development	1	0
6	Secretary of Transportation	1	0
7	Attorney General	1	0
8	Postmaster General United States Postal Service	1	0
9	Bureau of Census	1	0
10	Bureau of Public Roads	1	0
11	Department of Justice	1	0
12	Department of Internal Revenue Internal		
13	Revenue Service	1	0
14	Veterans' Administration Department of		
15	Veterans Affairs	1	0
16	Farm Credit Administration	1	0
17	Securities and Exchange Commission	1	0
18	Social Security Board	1	0
19	Environmental Protection Agency	1	0
20	Library of Congress	8	2
21	Federal Judges resident in North		
22	Carolina	1 ea.	0
23	Federal District Attorneys resident in		
24	North Carolina	1 ea.	0
25	Marshal of the United States		
26	Supreme Court	1	0
27	Federal Clerks of Court resident in		
28	North Carolina	1 ea.	0
29	Supreme Court Library exchange list	1 ea.	0

31 One copy of the Session Laws shall be furnished the head of any department of State
 32 government created in the future.

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

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

41
 42 **PART XIV-B. STATE BOARD OF ELECTIONS**

43
 44 Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine,
 45 Thompson, Baddour, Nesbitt

46 **EARLY VOTING FUNDS/GRANTS**

47 **SECTION 14B.1.(a)** The State Board of Elections shall make grants as
 48 specified in subsection (b) of this section to certain counties that provided additional
 49 one-stop absentee voting sites in the 2000 General Election at locations other than the
 50 county board of elections office or the county courthouse. The funds for such grants
 51 shall come from funds previously appropriated, but not granted, to the State Board of
 52 Elections by S.L. 2000-136, for grants to counties to provide additional one-stop
 53 absentee voting sites. Under no circumstances shall any new grants by the State Board,

1 under this act, be funded by any new appropriations. No other grants from funds
2 previously appropriated, but not granted, to the State Board of Elections by S.L.
3 2000-136, for grants to counties to provide additional one-stop absentee voting shall be
4 made other than those specified in subsection (b) of this section. Any funds from the
5 fiscal year 2000-2001 appropriation remaining on June 30, 2001, shall not revert to the
6 General Fund until the grant awards are made.

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

- 9 (1) Buncombe in the amount of fifteen thousand dollars (\$15,000).
- 10 (2) Chatham in the amount of five thousand dollars (\$5,000).
- 11 (3) Durham in the amount of ten thousand dollars (\$10,000).
- 12 (4) Edgecombe in the amount of five thousand dollars (\$5,000).
- 13 (5) Lenoir in the amount of ten thousand dollars (\$10,000).
- 14 (6) Orange in the amount of five thousand dollars (\$5,000).
- 15 (7) Wake in the amount of ten thousand dollars (\$10,000).

16 **PART XIV-C. DEPARTMENT OF STATE TREASURER**

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

19 **INVESTMENT AND BANKING DIVISION OF DEPARTMENT OF STATE** 20 **TREASURER/RECEIPT SUPPORTED**

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

22 **"§ 147-68.1. Banking operations.**

23 The cost of administration, management, and operations of the banking operations of
24 the Department of State Treasurer shall be apportioned equitably among the funds and
25 programs using these services, and the costs so apportioned shall be deposited with the
26 State Treasurer as a ~~general fund nontax revenue receipt to the budget of the~~
27 ~~Department of State Treasurer. The cost of administration, management and operations~~
28 ~~of the banking operations of the Department of State Treasurer shall be covered by an~~
29 ~~appropriation to the State Treasurer for this purpose in the Current Operations~~
30 ~~Appropriations Act."~~

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

32 "(f) The cost of administration, management, and operation of investment
33 programs established pursuant to this section shall be apportioned equitably among the
34 programs in such manner as may be prescribed by the State Treasurer, such costs to be
35 paid from each program, and to the extent not otherwise chargeable directly to the
36 income or assets of the specific investment program or pooled investment vehicle, shall
37 be deposited with the State Treasurer as a ~~General Fund nontax revenue receipt to the~~
38 ~~budget of the State Treasurer. The cost of administration, management, and operation of~~
39 ~~investment programs established pursuant to this section and not directly paid from the~~
40 ~~income or assets of such program shall be covered by an appropriation to the State~~
41 ~~Treasurer for this purpose in the Current Operations Appropriations Act."~~

42 **PART XIV-D. DEPARTMENT OF REVENUE**

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

44 **PROJECT COLLECT TAX**

45 **SECTION 14D.1.** Funds appropriated to the Department of Revenue for
46 Project Collect Tax shall be transferred to a separate Fund Code in the Department's
47 budget.

48 **PART XV. INFORMATION TECHNOLOGY**

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

4 STATE AGENCIES TO REPORT ON INTELLECTUAL PROPERTY

5 **SECTION 15.1.(a)** Prior to the transfer of any patentable intellectual
6 property or the release of any State grants or loans to non-State entities for purposes
7 related to the development of patentable intellectual property, each State department,
8 agency, institution, or other entity of the State shall prepare a written evaluation of the
9 following matters:

- 10 (1) If the proposed or pending transaction involves the transfer of
11 patentable intellectual property developed by State employees within
12 the scope of their employment:
13 a. The nature of the State's interest in the patentable intellectual
14 property.
15 b. The potential value of the State's interest in the patentable
16 intellectual property.
17 c. How to best protect the State's interest in the patentable
18 intellectual property, as appropriate.
19 (2) If the proposed or pending transaction involves the release of State
20 grants or loans to a non-State entity for purposes related to the
21 development of patentable intellectual property, the extent to which
22 the release or the use of the State grants or loans for purposes related
23 to the development of patentable intellectual property may affect the
24 public purpose of the State financial aid to the non-State entity.

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

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

36
37 Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine,
38 Thompson

39 SECURITY STANDARDS FOR STATE INFORMATION TECHNOLOGY

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

41 "§ 147-33.81. Definitions.

42 As used in this Article:

- 43 (1) "Distributed information technology assets" means hardware,
44 software, and communications equipment not classified as traditional
45 mainframe-based items, including personal computers, local area
46 networks (LANs), servers, mobile computers, peripheral equipment,
47 and other related hardware and software items.
48 (2) "Information technology" means electronic data processing goods and
49 services and services, telecommunications goods and services, security
50 goods and services, microprocessors, software, information
51 processing, office systems, any services related to the foregoing, and
52 consulting or other services for design or redesign of information
53 technology supporting business processes.

- 1 (3) "Information technology enterprise management" means a method for
2 managing distributed information technology assets from acquisition
3 through retirement so that total ownership costs (purchase, operation,
4 maintenance, disposal, etc.) are minimized while maximum benefits
5 are realized.
- 6 (4) "Information technology portfolio management" means a
7 business-based approach for analyzing and ranking potential
8 technology investments and selecting those investments that are the
9 most cost-effective in supporting the strategic business and program
10 objectives of the agency.
- 11 (5) "Office" means the Office of Information Technology Services as
12 established in this Article.
- 13 (6) "State agency" means any department, institution, commission,
14 committee, board, division, bureau, office, officer, or official of the
15 State. The term does not include any State entity excluded from
16 coverage under this Article by G.S. 147-33.80, unless otherwise
17 expressly provided."

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

19 **"§ 147-33.82. Powers and duties of the State Chief Information Officer and the
20 Office of Information Technology Services."**

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

52 (b) Notwithstanding any other provision of law, local governmental entities may
53 use the information technology programs, services, or contracts offered by the Office,

1 including information technology procurement, in accordance with the statutes, policies,
2 and rules of the Office. For purposes of this subsection, "local governmental entities"
3 includes local school administrative units, as defined in G.S. 115C-5, and community
4 colleges. Local governmental entities are not required to comply with otherwise
5 applicable competitive bidding requirements when using contracts established by the
6 Office. Any other State entities may also use the information technology programs,
7 services, or contracts offered by the Office, including information technology
8 procurement, in accordance with the statutes, policies, and rules of the Office.

9 (c) The State Chief Information Officer shall establish an enterprise-wide set of
10 standards for information technology security to maximize the functionality, security,
11 and interoperability of the State's distributed information technology assets, including
12 communications and encryption technologies. As part of this function, the State Chief
13 Information Officer shall review periodically existing security standards and practices in
14 place among the various State agencies to determine whether those standards and
15 practices meet enterprise-wide security and encryption requirements. The State Chief
16 Information Officer may assume the direct responsibility of providing for the
17 information technology security of any State agency that fails to adhere to security
18 standards adopted pursuant to this section. Any actions taken by the State Chief
19 Information Officer under this subsection shall be reported to the Information Resources
20 Management Commission at its next scheduled meeting.

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

26 (1) If the legislative branch, the judicial branch, The University of North
27 Carolina and its constituent institutions, local school administrative
28 units as defined by G.S. 115C-5, or the North Carolina Community
29 Colleges System develop their own security standards, taking into
30 consideration the mission and functions of that entity, that are
31 comparable to or exceed those set by the State Chief Information
32 Officer under this section, then these entities may elect to be governed
33 by their own respective security standards, and approval of the State
34 Chief Information Officer shall not be required before the purchase of
35 information technology security. The State Chief Information Officer
36 shall consult with the legislative branch, the judicial branch, The
37 University of North Carolina and its constituent institutions, local
38 school administrative units, and the North Carolina Community
39 Colleges System in reviewing the security standards adopted by those
40 entities.

41 (2) If the State Chief Information Officer certifies that a State agency has
42 developed security standards that meet or exceed those set under this
43 section, then the agency may elect to be governed by its own security
44 standards, and approval of the State Chief Information Officer shall
45 not be required before the purchase of information technology
46 security. This certification by the State Chief Information Officer is
47 subject to annual renewal and may be revoked by the State Chief
48 Information Officer at any time that a State agency's standards no
49 longer exceed those set under this section.

50 (e) The State Chief Information Officer shall submit the enterprise-wide set of
51 standards for the State's information technology security to the Information Resources
52 Management Commission for approval. The Information Resources Management
53 Commission shall report approval of the standards to the Joint Legislative Commission

1 on Governmental Operations prior to implementation of the standards. The State Chief
2 Information Officer shall review and revise the standards at least annually, and the
3 revisions shall be subject to approval by the Information Resources Management
4 Commission, with the Commission reporting to the Joint Legislative Commission on
5 Governmental Operations on the revisions.

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

- 8 (1) Providing the full details of the agency's information technology and
9 operational requirements.
- 10 (2) Providing comprehensive information concerning the information
11 technology security employed to protect the agency's information
12 technology.
- 13 (3) Forecasting the parameters of the agency's projected future
14 information technology security needs and capabilities.
- 15 (4) Designating an agency liaison in the information technology area to
16 coordinate with the State Chief Information Officer.

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

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

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

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

39
40 Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine,
41 Thompson

42 **EXECUTIVE BUDGET ACT INFORMATION TECHNOLOGY PROVISIONS**

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

45 "(b2) Any department, bureau, division, officer, board, commission, institution, or
46 other State agency or undertaking desiring to request financial aid from the State for the
47 purpose of acquiring or maintaining information technology as defined by G.S. 147-
48 33.81(2) shall, before making the request for State financial aid, submit to the State
49 Chief Information Officer (CIO) a statement of its needs in terms of information
50 technology and other related requirements, and shall furnish the CIO with any
51 additional information requested by the CIO. The CIO shall then review the statement
52 of needs submitted by the requesting department, bureau, division, officer, board,
53 commission, institution, or other State agency or undertaking and perform additional

1 analysis, as necessary, to comply with G.S. 147-33.82. All requests for financial aid for
2 the purpose of acquiring or maintaining information technology shall be accompanied
3 by a certification from the CIO deeming the request for financial aid to be consistent
4 with Article 3D of Chapter 147 of the General Statutes. The CIO shall make
5 recommendations to the Governor regarding the merits of requests for financial aid for
6 the purpose of acquiring or maintaining information technology. This subsection shall
7 not apply to requests for appropriations of less than one hundred thousand dollars
8 (\$100,000)."

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

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

11 (a) The statements and estimates required under G.S. 143-6 shall be itemized in
12 accordance with the budget classification adopted by the State Controller, and upon
13 forms prescribed by the Director, and shall be approved and certified by the respective
14 heads or responsible officer of each department, bureau, board, commission, institution,
15 or agency submitting same. Official estimate blanks which shall be used in making
16 these reports shall be furnished by the Director of the Budget.

17 (b) The budget classification adopted by the State Controller and the forms
18 prescribed by the Director shall include budget account codes relating specifically to
19 information technology to allow reliable and meaningful analysis of information
20 technology funding and expenditures throughout State government."

21
22 Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine,
23 Thompson

24 **COMPUTER NETWORKING COSTS/TELECOMMUNICATIONS SERVICE**
25 **BILLING FOR STATE AGENCIES**

26 **SECTION 15.4.(a)** The Office of the State Controller, the Office of State
27 Budget and Management, and the Office of Information Technology Services shall
28 adopt a common definition for computer networking costs. The definition shall include
29 a specific and detailed list of the separate components that comprise overall networking
30 costs. These agencies shall define a process to capture all such costs without
31 redundancy.

32 **SECTION 15.4.(b)** The Office of the State Controller, the Office of State
33 Budget and Management, and the Office of Information Technology Services shall
34 complete the definition by September 1, 2001. By December 1, 2001, the agencies shall
35 provide an interim report to the Joint Select Committee on Information Technology and
36 to the Chairs of the House of Representatives Appropriations Subcommittee on
37 Information Technology and the Senate Appropriations Committee on Information
38 Technology on the process to capture networking costs, with a final report by May 1,
39 2002.

40 **SECTION 15.4.(c)** The Office of State Personnel, in conjunction with the
41 Office of Information Technology Services, shall devise a mechanism for identifying,
42 by specific industry-relevant categories, State information technology positions across
43 all relevant classifications in State government employment. By December 1, 2001, the
44 Office of State Personnel shall report its plan to identify State information technology
45 personnel to the Joint Select Committee on Information Technology and to the Chairs of
46 the House of Representatives Appropriations Subcommittee on Information Technology
47 and the Senate Appropriations Committee on Information Technology.

48 **SECTION 15.4.(d)** The Office of Information Technology Services shall
49 accurately identify and present State agencies with detailed information on the cost of
50 ITS Services for telecommunications data and video services. The bill should clearly
51 indicate the usage and the rate for the service.
52

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

3 **STUDY STATE AGENCY USE OF CONTRACTORS FOR INFORMATION**
4 **TECHNOLOGY**

5 **SECTION 15.5.(a)** The Office of State Personnel, the Office of Information
6 Technology Services, the Office of State Budget and Management, and the Office of the
7 State Controller shall study the issue of State-agency use of information technology
8 contractors. The study shall report on the number of contractors currently in use by
9 State agencies, the duration of the working period for individual contractors, and the
10 length of the contracts. The purpose of the contracts should be clearly identified. The
11 unit and actual costs of the contracts should be clearly identified.

12 **SECTION 15.5.(b)** The Office of State Personnel shall identify the results of
13 market analyses comparing State information technology workers with private sector
14 information technology workers. The Office shall review its current classification
15 scheme for IT workers to determine its adequacy for capturing the range of IT activities
16 within State government.

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

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

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

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

31 "(a5) Notwithstanding any other provision of this section, a department, institution,
32 or other spending agency of the State may, with the approval of the Director of the
33 Budget, increase the amount of funds available for salaries, wages, and related expenses
34 in connection with the hiring and retention of State employees to work in information
35 technology positions, provided that there is a corresponding reduction in recurring
36 funds, at a minimum, in the expenditures line item for purchased contractual services
37 related to information technology. Departments and entities of State government shall
38 employ the mechanism provided for in this section exclusively to maximize cost savings
39 to the State for information technology services."

40
41 Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine,
42 Thompson

43 **PROCUREMENT CARD PROGRAM**

44 **SECTION 15.6.(a)** Section 20.3 of S.L. 1998-212, Section 24 of S.L.
45 1999-237, and Section 21.3 of S.L. 2000-67 are repealed.

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

48 "(8) To establish and maintain a procurement card program for use by State
49 agencies, community colleges, constituent institutions of The
50 University of North Carolina, and local school administrative units.
51 The Secretary may adopt temporary rules for the implementation and
52 operation of the program in accordance with the payment policies of
53 the State Controller and the Office of Information Technology

1 Services. Prior to implementing the program, the Secretary shall
2 consult with the State Controller, UNC General Administration, the
3 Community Colleges System Office, and the Department of Public
4 Instruction. When the statewide electronic procurement service is
5 made available for goods and contractual services, all orders made
6 pursuant to this subdivision exceeding two hundred fifty dollars
7 (\$250.00) shall be issued electronically through the statewide
8 electronic procurement service. The Secretary may periodically adjust
9 the order limit set under this subdivision after consulting with the State
10 Controller and the Office of Information Technology Services."

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

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

15 **NORTH CAROLINA INFORMATION HIGHWAY SITES**

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

24 **SECTION 15.7.(b)** The Joint House of Representatives and Senate
25 Appropriations Subcommittees on Education shall review the use of the North Carolina
26 Information Highway and recommend a mechanism for funding the sites beyond the
27 2001-2002 fiscal year.

28
29 Requested by: Representatives Tolson, Tucker

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

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

38 The Office of Information Technology Services shall have flexibility in
39 establishing the rate reductions based upon a clear showing of cost reductions achieved
40 through operational efficiencies or cost reductions achieved through less costly
41 contractual arrangements. Based upon the rate reductions established by the Office of
42 Information Technology Services, the Office of State Budget and Management shall
43 have flexibility in allocating the reduction amounts among the Telephone (532811),
44 Telecommunications Data (532812), and Computer Data Processing (532821)
45 expenditure accounts. During Fiscal Years 2001-2002 and 2002-2003 allotments to each
46 spending agency shall be reduced by a percentage of the General Fund amounts
47 appropriated to that agency for telephone/telecommunications and computer data
48 processing services.

49 The Office of State Budget and Management shall coordinate the rate
50 reductions and agency expenditure accounts reductions to ensure that expenditure
51 reductions match rate reductions. The Office of Information Technology Services shall
52 report the rate reductions to the Information Resources Management Commission, the
53 Chairs of the House of Representatives and Senate Appropriations Committees, the

1 Chairs of the Joint Appropriations Subcommittee on Information Technology, and to the
2 Fiscal Research Division within 30 days of the certification of the 2001-2003 biennial
3 budget.

4
5 **PART XVI. HOUSING FINANCE AGENCY**

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

9 **HOME PROGRAM MATCHING FUNDS**

10 **SECTION 16.1.(a)** Funds appropriated in this act to the Housing Finance
11 Agency for the federal HOME Program shall be used to match federal funds
12 appropriated for the HOME Program. In allocating State funds appropriated to match
13 federal HOME Program funds, the Agency shall give priority to HOME Program
14 projects, as follows:

- 15 (1) First priority to projects that are located in counties designated as Tier
16 One, Tier Two, or Tier Three Enterprise Counties under G.S.
17 105-129.3; and
18 (2) Second priority to projects that benefit persons and families whose
19 incomes are fifty percent (50%) or less of the median family income
20 for the local area, with adjustments for family size, according to the
21 latest figures available from the United States Department of Housing
22 and Urban Development.

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

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

31 **SECTION 16.1.(c)** Funds appropriated in this act to match federal HOME
32 Program funds shall not revert to the General Fund on June 30, 2002, or on June 30,
33 2003.

34
35 **PART XVII. DEPARTMENT OF AGRICULTURE AND CONSUMER**
36 **SERVICES**

37
38 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,
39 Thompson

40 **AUTHORIZE PROMOTION OF NC FARM PRODUCTS AT REST AREAS**
41 **AND WELCOME CENTERS**

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

44 **"§ 136-89.59A. Promotion of North Carolina farm products at rest areas and**
45 **welcome centers.**

46 Subject to the approval of the Department, the Department of Agriculture and
47 Consumer Services may distribute promotional materials and free samples of North
48 Carolina farm products at rest areas and welcome centers located on controlled-access
49 facilities and operated by the State for the purpose of promoting North Carolina farm
50 products."

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

1 **TRANSFER RURAL REHABILITATION CORPORATION TO**
2 **AGRICULTURAL FINANCE AUTHORITY**

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

4 "**§ 143A-63. North Carolina Rural Rehabilitation Corporation; transfer.**

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

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

11 **SECTION 17.2.(c)** No later than January 15, 2002, the North Carolina
12 Agricultural Finance Authority shall report to the Joint Legislative Commission on
13 Governmental Operations, the Appropriations Subcommittees on Natural and Economic
14 Resources in both the Senate and the House of Representatives, and the Fiscal Research
15 Division on the status of the transfer required under this section. This report shall
16 include any statutory changes that are needed to implement the transfer required under
17 this section.

18
19 Requested by: Representatives Fox, Owens, Mitchell, Easterling, Oldham,
20 Redwine, Thompson

21 **FARMLAND PRESERVATION FUNDS**

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

26
27 **PART XVIII. DEPARTMENT OF LABOR**

28
29 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,
30 Thompson

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

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

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

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

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

52 **SECTION 18.1.(d)** If Senate Bill 897, House Bill 1430, House Bill 1057, or
53 other substantially similar legislation becomes law and the receipts are greater than two

1 hundred sixty-two thousand two hundred sixty-one dollars (\$262,261) for the
 2 2001-2002 fiscal year and nine hundred sixty-eight thousand eight hundred twenty-three
 3 dollars (\$968,823) for the 2002-2003 fiscal year, the Director of the Budget shall reduce
 4 appropriations to the Department of Labor as provided in G.S. 143-25.

5
 6 **PART XIX. DEPARTMENT OF ENVIRONMENT AND NATURAL**
 7 **RESOURCES**

8
 9 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,
 10 Thompson

11 **STATEWIDE BEAVER DAMAGE CONTROL PROGRAM FUNDS**

12 **SECTION 19.1.** Of the funds appropriated in this act to the Wildlife
 13 Resources Commission, the sum of five hundred thousand dollars (\$500,000) for the
 14 2001-2002 fiscal year and the sum of five hundred thousand dollars (\$500,000) for the
 15 2002-2003 fiscal year shall be used to provide the State share necessary to support the
 16 beaver damage control program established in G.S. 113-291.10, provided the sum of at
 17 least twenty-five thousand dollars (\$25,000) in federal funds is available each fiscal
 18 year of the biennium to provide the federal share.

19
 20 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,
 21 Thompson

22 **GRASSROOTS SCIENCE PROGRAM**

23 **SECTION 19.2.** Of the funds appropriated in this act to the Department of
 24 Environment and Natural Resources for the Grassroots Science Program, the sum of
 25 three million two hundred four thousand five hundred twenty dollars (\$3,204,520) for
 26 fiscal year 2001-2002 and the sum of three million two hundred four thousand five
 27 hundred twenty dollars (\$3,204,520) for fiscal year 2002-2003 are allocated as
 28 grants-in-aid for each fiscal year as follows:

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

1	Carolina Raptor Center	\$50,000	\$50,000
2	Fascinate-U	\$50,000	\$50,000
3	Wilmington Children's Museum	\$50,000	\$50,000
4			
5	Total	\$3,204,520	\$3,204,520

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

9 **TERMS FOR MEMBERS OF THE NORTH CAROLINA PARKS AND**
10 **RECREATION AUTHORITY**

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

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

29 **SECTION 19.3.(b)** In order to alter the length of the staggered terms from
30 two years to three years for the North Carolina Parks and Recreation Authority and to
31 provide for an orderly transition in membership of the Authority as specified in G.S.
32 143B-313.2, as amended by subsection (a) of this section, notwithstanding G.S.
33 143B-313.2(b), as amended by subsection (a) of this section, the following apply:

- 34 (1) John D. Runkle shall serve in the position established by G.S.
35 143B-313.2(a)(1) until July 1, 2001.
- 36 (2) Wendell Begley shall serve in the position established by G.S.
37 143B-313.2(a)(2) until July 1, 2002.
- 38 (3) Jonathon B. Howes shall serve in the position established by G.S.
39 143B-313.2(a)(3) until July 1, 2003.
- 40 (4) Ron Kincaid shall serve in the position established by G.S.
41 143B-313.2(a)(4) until July 1, 2002.
- 42 (5) Russell Robinson III shall serve in the position established by G.S.
43 143B-313.2(a)(5) until July 1, 2001.
- 44 (6) Roy Alexander shall serve in the position established by G.S.
45 143B-313.2(a)(6) until July 1, 2003.
- 46 (7) Kenneth Sadler shall serve in the position established by G.S.
47 143B-313.2(a)(7) until July 1, 2001.
- 48 (8) Leslie Anderson shall serve in the position established by G.S.
49 143B-313.2(a)(8) until July 1, 2002.
- 50 (9) Troy Boyd shall serve in the position established by G.S.
51 143B-313.2(a)(9) until July 1, 2001.
- 52 (10) Harriet L. Farrior shall serve in the position established by G.S.
53 143B-313.2(a)(10) until July 1, 2003.

- 1 (11) Eddie Holbrook shall serve in the position established by G.S.
2 143B-313.2(a)(11) until July 1, 2002.
3

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

6 **RECEIPTS FOR NC ZOOLOGICAL PARK ADMISSION FEE INCREASE TO**
7 **BE USED FOR MARKETING PURPOSES**

8 **SECTION 19.4.** Subject to the approval of the Secretary of Environment
9 and Natural Resources, up to four hundred thousand dollars (\$400,000) of the receipts
10 from the increase in admission fees to the North Carolina Zoological Park for the
11 2001-2002 fiscal year and up to four hundred thousand dollars (\$400,000) of those
12 receipts for the 2002-2003 fiscal year may be used for marketing activities related to
13 promoting the North Carolina Zoological Park.
14

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

17 **NORTH CAROLINA WATER QUALITY WORKGROUP**
18 **INITIATIVE/RIVERNET MONITORING SYSTEM PILOT**
19 **PROGRAM/RESEARCH FUNDS**

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

22 **"§ 143-215.8D. North Carolina Water Quality Workgroup; Rivernet.**

23 (a) The Department of Environment and Natural Resources and North Carolina
24 State University shall jointly establish the North Carolina Water Quality Workgroup.
25 The Workgroup shall work collaboratively with the appropriate divisions of the
26 Department of Environment and Natural Resources and North Carolina State
27 University, the Scientific Advisory Council on Water Resources and Coastal Fisheries
28 Management, the Environmental Management Commission, and the Environmental
29 Review Commission to identify the scientific and State agency databases that can be
30 used to formulate public policy regarding the State's water quality, evaluate those
31 databases to determine the information gaps in those databases, and establish the
32 priorities for obtaining the information lacking in those databases. The Workgroup shall
33 have the following duties:

- 34 (1) To address specifically the ongoing need of evaluation, synthesis, and
35 presentation of current scientific knowledge that can be used to
36 formulate public policy on water quality issues.
37 (2) To identify knowledge gaps in the current understanding of water
38 quality problems and fill these gaps with appropriate research projects.
39 (3) To maintain a web-based water quality data distribution site.
40 (4) To organize and evaluate existing scientific and State agency water
41 quality databases.
42 (5) To prioritize recognized knowledge gaps in water quality issues for
43 immediate funding.

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

- 49 (1) Water Quality Assessment, Water Quality Monitoring, and Water
50 Quality Permitting.
51 (2) Nutrient Management.
52 (3) Water Pollution Control.
53 (4) Waste Management.

1 (5) Groundwater Resources.

2 (6) Stream Hydrology.

3 (7) Aquatic Biology.

4 (8) Environmental Education and Web-Based Data Dissemination.

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

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

9 (e) The Chair of the North Carolina Water Quality Workgroup shall report each
10 year by January 30 to the Scientific Advisory Council on Water Resources and Coastal
11 Fisheries Management, to the Environmental Review Commission, to the Cochairs of
12 the House of Representatives and Senate Appropriations Subcommittees on Natural
13 and Economic Resources, and to the Chancellor of North Carolina State University or
14 the Chancellor's designee on the previous year's activities, findings, and
15 recommendations of the North Carolina Water Quality Workgroup.

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

24 The Rivernet system shall be coordinated with related data collection and
25 monitoring activities of the Department of Environment and Natural Resources, the
26 Water Resources Research Institute, the North Carolina Water Quality Workgroup, and
27 other research efforts pursued by academic institutions or State government entities. If
28 the North Carolina Water Quality Workgroup chooses to employ a technology for
29 which there are testing procedure guidelines promulgated by the United States
30 Environmental Protection Agency, the American Public Health Association, the
31 American Water Works Association, or the Water Environment Federation then the
32 testing procedures shall comply with the appropriate guidelines. If the North Carolina
33 Water Quality Workgroup chooses to employ a technology for which there are no
34 testing procedure guidelines promulgated by any of the groups cited in this subsection,
35 then the North Carolina Water Quality Workgroup may establish testing procedure
36 guidelines.

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

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

44 **CONTINUE ONE-STOP PERMIT ASSISTANCE PILOT PROGRAM**

45 **SECTION 19.6.(a)** The Department of Environment and Natural Resources
46 shall continue the one-stop environmental permit application assistance and tracking
47 system pilot project established under Section 13.7 of S.L. 2000-67 during the
48 2001-2003 fiscal biennium. It is the intent of the General Assembly that the
49 Department of Environment and Natural Resources expand this pilot program to a
50 statewide program effective in all of the Department's regional offices if the resources
51 are available to do so during the 2001-2003 fiscal biennium. The provisions of Section
52 13.7(a) through (d) of S.L. 2000-67 apply to the pilot program under this section.

1 **SECTION 19.6.(b)** The Department of Environment and Natural Resources
2 shall report to the Appropriations Subcommittees on Natural and Economic Resources
3 in both the Senate and the House of Representatives, the Fiscal Research Division, and
4 the Environmental Review Commission no later than April 1, 2002, and again no later
5 than April 1, 2003, regarding the results of the pilot project continued under this section.
6 This report shall include the number of environmental permits in the pilot project that
7 took more than 90 days to issue or deny; the types of permits those were; the reasons for
8 the extended processing time of those permits; how the time within which the permit
9 was actually issued or denied compared with the projected time frame provided to the
10 applicant by the Department; based on the data gathered in the pilot project, any
11 recommendations regarding what the permit time frames should be for all major permits
12 issued by the Department; and to what extent, if any, the program has been expanded to
13 a statewide program under this section.

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

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

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

20 **SECTION 19.7.** The Department of Environment and Natural Resources
21 shall develop a plan to make the Division of Radiation Protection of the Department of
22 Environment and Natural Resources self-supporting within two years. The Department
23 of Environment and Natural Resources shall report the details of this plan to the
24 Appropriations Subcommittees on Natural and Economic Resources in both the Senate
25 and the House of Representatives no later than January 15, 2002.

26
27 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,
28 Thompson

29 **DENR TO STUDY FEASIBILITY OF TRANSFERRING SEDIMENTATION**
30 **PROGRAM TO LOCAL GOVERNMENTS**

31 **SECTION 19.8.** The Department of Environment and Natural Resources
32 shall study the feasibility of transferring the program within the Department of
33 Environment and Natural Resources under the Sedimentation Pollution Control Act of
34 1973, Article 4 of Chapter 113A of the General Statutes, to local governments. The
35 Department of Environment and Natural Resources shall consider the economic impact
36 that the proposed transfer would have on local governments, any savings that would be
37 generated for the State by the proposed transfer, and any statutory changes that would
38 be needed to implement such a transfer. The Department of Environment and Natural
39 Resources shall report its findings and recommendations, including legislative
40 proposals, to the Appropriations Subcommittees on Natural and Economic Resources in
41 both the Senate and the House of Representatives no later than April 1, 2002.

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

45 **SUBMERGED LANDS PROGRAM/SECRETARY DESIGNATE PROGRAM**
46 **MANAGER**

47 **SECTION 19.9.** The Secretary of Environment and Natural Resources shall
48 designate from existing staff within the Department of Environment and Natural
49 Resources a staff position to be responsible for managing the Submerged Lands
50 Program. By August 1, 2001, the Secretary shall report to both the Senate and House of
51 Representatives Cochairs of the Appropriations Subcommittees on Natural and
52 Economic Resources what position will manage the Program.

53

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

3 **DENR RECLASSIFICATION OF SENIOR FIELD OFFICER POSITIONS**
4 **REPORT**

5 **SECTION 19.10.** The Department of Environment and Natural Resources
6 shall report to the Senate and House of Representatives Cochairs of the full
7 Appropriations Committee, and to the Senate and House of Representatives Cochairs of
8 the Natural and Economic Resources Appropriations Subcommittees by October 1,
9 2001, on the Department's reclassification of its regional office managers as directed by
10 Section 26.12 of S.L. 1995-324. The report shall include the following: the location
11 and title of the four remaining positions, a description of the duties and responsibilities
12 assigned to each position, a description of the day-to-day activities of each of the
13 positions, an explanation of the purposes each of the positions serve, an explanation of
14 how the positions benefit the Department, and a description of the role that the positions
15 play in each of the respective communities and regions in which the positions are
16 located.

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

20 **DENR STUDY OF ENVIRONMENTAL PERMITTING PROCESS**

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

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

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

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

1
2 Requested by: Representatives Fox, Owens, Baker, Easterling, Oldham, Redwine,
3 Thompson

4 **REALLOCATE TOWN FORK CREEK FUNDS**

5 **SECTION 19.12.(a)** Section 15.11(a) of S.L. 1997-443, as amended by
6 Section 15.3 of S.L. 1999-237, Section 13.5 of S.L. 2000-67, and Section 90(e) of S.L.
7 2000-140, reads as rewritten:

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

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

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

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

34 **FAIR GEOGRAPHIC REPRESENTATION IN APPOINTMENTS TO THE**
35 **ENVIRONMENTAL MANAGEMENT COMMISSION**

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

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

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

42
43 Requested by: Representatives Fox, Owens

44 **DENR POSITION FOR SCRAP TIRE PROGRAM**

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

PART XX. DEPARTMENT OF COMMERCE

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

TOURISM PROMOTION FUNDS

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

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

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

INDUSTRIAL RECRUITMENT COMPETITIVE FUND

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

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

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

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

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

ABOLISH CENTER FOR ENTREPRENEURSHIP AND TECHNOLOGY

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

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

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

10 **COMMERCE STUDY/ CONSOLIDATE BUSINESS AND INDUSTRY**
11 **DIVISION REGIONAL OFFICES AND REGIONAL ECONOMIC**
12 **DEVELOPMENT COMMISSIONS**

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

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

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

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

53 **WORKER TRAINING TRUST FUND APPROPRIATIONS**

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

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

- 8 (1) Two million one hundred sixty-six thousand forty-seven dollars
9 (\$2,166,047) for the 2001-2002 fiscal year to the Department of
10 Commerce, Division of Employment and Training, for the
11 Employment and Training Grant Program;
- 12 (2) Nine hundred forty-one thousand seven hundred sixty dollars
13 (\$941,760) for the 2001-2002 fiscal year to the Department of Labor
14 for customized training of the unemployed and the working poor for
15 specific jobs needed by employers through the Department's Bureau
16 for Training Initiatives;
- 17 (3) One million six hundred forty-four thousand three hundred twelve
18 dollars (\$1,644,312) for the 2001-2002 fiscal year to the Community
19 Colleges System Office to continue the Focused Industrial Training
20 Program;
- 21 (4) Two hundred eleven thousand eight hundred ninety-six dollars
22 (\$211,896) for the 2001-2002 fiscal year to the Employment Security
23 Commission for the State Occupational Information Coordinating
24 Committee to develop and operate an interagency system to track
25 former participants in State education and training programs;
- 26 (5) Three hundred seventy-six thousand seven hundred four dollars
27 (\$376,704) for the 2001-2002 fiscal year to the Community Colleges
28 System Office for a training program in entrepreneurial skills to be
29 operated by North Carolina REAL Enterprises;
- 30 (6) Fifty-six thousand five hundred six dollars (\$56,506) for the
31 2001-2002 fiscal year to the Employment Security Commission to
32 maintain compliance with Chapter 96 of the General Statutes, which
33 directs the Commission to employ the Common Follow-Up
34 Management Information System to evaluate the effectiveness of the
35 State's job training, education, and placement programs; and
- 36 (7) Nine hundred forty-one thousand seven hundred sixty dollars
37 (\$941,760) for the 2001-2002 fiscal year to the Department of Labor to
38 continue the Apprenticeship Program.

39
40 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,
41 Thompson

42 **BIOTECHNOLOGY CENTER**

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

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

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

- 50 (1) By January 15, 2002, and more frequently as requested, report to the
51 Joint Legislative Commission on Governmental Operations and the
52 Fiscal Research Division the following information:

- 1 a. State fiscal year 2000-2001 program activities, objectives, and
2 accomplishments;
- 3 b. State fiscal year 2000-2001 itemized expenditures and fund
4 sources;
- 5 c. State fiscal year 2001-2002 planned activities, objectives, and
6 accomplishments including actual results through December 31,
7 2001; and
- 8 d. State fiscal year 2001-2002 estimated itemized expenditures
9 and fund sources including actual expenditures and fund
10 sources through December 31, 2001;
- 11 (2) By January 15, 2003, and more frequently as requested, report to the
12 Joint Legislative Commission on Governmental Operations and the
13 Fiscal Research Division the following information:
- 14 a. State fiscal year 2001-2002 program activities, objectives, and
15 accomplishments;
- 16 b. State fiscal year 2001-2002 itemized expenditures and fund
17 sources;
- 18 c. State fiscal year 2002-2003 planned activities, objectives, and
19 accomplishments including actual results through December 31,
20 2002; and
- 21 d. State fiscal year 2002-2003 estimated itemized expenditures
22 and fund sources including actual expenditures and fund
23 sources through December 31, 2002; and
- 24 (3) Provide to the Fiscal Research Division a copy of the organization's
25 annual audited financial statement within 30 days of issuance of the
26 statement.

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

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

33 **BIOTECHNOLOGY CENTER/TECHNOLOGICAL DEVELOPMENT**
34 **AUTHORITY, INC., PROFIT SHARING WITH STATE**

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

- 40 (1) Work with the Attorney General's Office to craft a legal agreement
41 that specifies the manner in which any profits from investments made
42 with State funds shall be shared with the State.
- 43 (2) Negotiate the terms of the legal agreement in good faith.
- 44 (3) Submit the proposed legal agreement to the Joint Legislative
45 Commission on Governmental Operations for review by January 15,
46 2002.
- 47 (4) Execute the legal agreement no later than 30 days after it is presented
48 to the Joint Legislative Commission on Governmental Operations.

49 **SECTION 20.8.(b)** The Attorney General's Office shall consult with the
50 Fiscal Research Division in crafting the memorandum of understanding and the legal
51 agreement described in subsection (a) of this section.
52

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

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

8 **NORTH CAROLINA TECHNOLOGICAL DEVELOPMENT AUTHORITY,**
9 **INC./YADKIN/PEE DEE LAKES PROJECTS, INC./NORTH CAROLINA**
10 **REAL ENTERPRISES/WORLD TRADE CENTER NORTH CAROLINA**
11 **REPORTING REQUIREMENTS**

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

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

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

34
35 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,
36 Thompson

37 **REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS**

38 **SECTION 20.10.(a)** Funds appropriated in this act to the Department of
39 Commerce for regional economic development commissions shall be allocated to the
40 following commissions in accordance with subsection (b) of this section: Western North
41 Carolina Regional Economic Development Commission, Research Triangle Regional
42 Commission, Southeastern North Carolina Regional Economic Development
43 Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional
44 Economic Development Commission, Global TransPark Development Commission,
45 and Carolinas Partnership, Inc.

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

- 49 (1) First, the Department shall establish each commission's allocation by
50 determining the sum of allocations to each county that is a member of
51 that commission. Each county's allocation shall be determined by
52 dividing the county's enterprise factor by the sum of the enterprise
53 factors for eligible counties and multiplying the resulting percentage

1 by the amount of the appropriation. As used in this subdivision, the
 2 term "enterprise factor" means a county's enterprise factor as
 3 calculated under G.S. 105-129.3;

4 (2) Next, the Department shall subtract from funds allocated to the Global
 5 TransPark Development Zone the sum of two hundred four thousand
 6 four hundred thirty-three dollars (\$204,433) in each fiscal year, which
 7 sum represents the interest earnings in each fiscal year on the
 8 estimated balance of seven million five hundred thousand dollars
 9 (\$7,500,000) appropriated to the Global TransPark Development Zone
 10 in Section 6 of Chapter 561 of the 1993 Session Laws; and

11 (3) Next, the Department shall redistribute the sum of two hundred four
 12 thousand four hundred thirty-three dollars (\$204,433) in each fiscal
 13 year to the seven regional economic development commissions named
 14 in subsection (a) of this section. Each commission's share of this
 15 redistribution shall be determined according to the enterprise factor
 16 formula set out in subdivision (1) of this subsection. This
 17 redistribution shall be in addition to each commission's allocation
 18 determined under subdivision (1) of this subsection.
 19

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

22 REGIONAL COMMISSION REPORTS

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

25 (1) By January 15, 2002, and more frequently as requested, report to the
 26 Joint Legislative Commission on Governmental Operations, the Fiscal
 27 Research Division, and the Department of Commerce the following
 28 information:

- 29 a. State fiscal year 2000-2001 program activities, objectives, and
 30 accomplishments;
- 31 b. State fiscal year 2000-2001 itemized expenditures and fund
 32 sources;
- 33 c. State fiscal year 2001-2002 planned activities, objectives, and
 34 accomplishments as specified in subdivisions (b)(1) through
 35 (b)(6) of this section including actual results through December
 36 31, 2001;
- 37 d. State fiscal year 2001-2002 estimated itemized expenditures
 38 and fund sources including actual expenditures and fund
 39 sources through December 31, 2001.

40 (2) By January 15, 2003, and more frequently as requested, report to the
 41 Joint Legislative Commission on Governmental Operations, the Fiscal
 42 Research Division, and the Department of Commerce the following
 43 information:

- 44 a. State fiscal year 2001-2002 program activities, objectives, and
 45 accomplishments;
- 46 b. State fiscal year 2001-2002 itemized expenditures and fund
 47 sources;
- 48 c. State fiscal year 2002-2003 planned activities, objectives, and
 49 accomplishments as specified in subdivisions (b)(1) through
 50 (b)(6) of this section including actual results through December
 51 31, 2002;

1 d. State fiscal year 2002-2003 estimated itemized expenditures
2 and fund sources including actual expenditures and fund
3 sources through December 31, 2002.

- 4 (3) Provide to the Fiscal Research Division and the Department of
5 Commerce a copy of its annual audited financial statement within 30
6 days of issuance of the statement.

7 **SECTION 20.11.(b)** Each regional economic development commission
8 receiving a grant-in-aid from the Department of Commerce in each fiscal year of the
9 2001-2003 biennium shall by January 15 of each fiscal year report to the Department of
10 Commerce the following information for the most recently completed fiscal year:

- 11 (1) The number of and description of marketing outreach events including
12 trade shows, recruitment missions, and related activities;
13 (2) The number of jobs saved;
14 (3) The amount of investment and number of jobs created by the direct
15 efforts of a commission;
16 (4) Initiatives undertaken to establish certified sites and shell buildings;
17 (5) The number of referrals or leads handled that were generated by the
18 Department of Commerce;
19 (6) The number and listing of available sites and buildings within the
20 region served by a commission;
21 (7) A listing of major accomplishments.

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

25 COUNCIL OF GOVERNMENT FUNDS

26 **SECTION 20.12.(a)** Of the funds appropriated in this act to the Department
27 of Commerce, nine hundred thirty-five thousand dollars (\$935,000) for the 2001-2002
28 fiscal year and nine hundred thirty-five thousand dollars (\$935,000) for the 2002-2003
29 fiscal year shall only be used as provided by this section. Each regional council of
30 government or lead regional organization is allocated up to fifty-five thousand dollars
31 (\$55,000) for each fiscal year, with the actual amount calculated as provided in
32 subsection (b) of this section.

33 **SECTION 20.12.(b)** The funds shall be allocated as follows: A share of the
34 maximum fifty-five thousand dollars (\$55,000) each fiscal year shall be allocated to
35 each county and smaller city, based on the most recent annual estimate of the Office of
36 State Planning of the population of that county (less the population of any larger city
37 within that county) or smaller city, divided by the sum of the total population of the
38 region (less the population of larger cities within that region) and the total population of
39 the region living in smaller cities. Those funds shall be paid to the regional council of
40 government for the region in which that city or county is located upon receipt by the
41 Department of Commerce of a resolution of the governing board of the county or city
42 requesting release of the funds. If any city or county does not so request payment of
43 funds by June 30 of a State fiscal year, that share of the allocation for that fiscal year
44 shall revert to the General Fund.

45 **SECTION 20.12.(c)** A regional council of government may use funds
46 appropriated by this section only to assist local governments in grant applications,
47 economic development, community development, support of local industrial
48 development activities, and other activities as deemed appropriate by the member
49 governments.

50 **SECTION 20.12.(d)** Funds appropriated by this section shall not be used for
51 payment of dues or assessments by the member governments and shall not supplant
52 funds appropriated by the member governments.

1 **SECTION 20.12.(e)** As used in this section, "Larger City" means an
2 incorporated city with a population of 50,000 or over. "Smaller City" means any other
3 incorporated city.

4 **SECTION 20.12.(f)** Each council of government or lead regional
5 organization shall do the following:

6 (1) By January 15, 2002, and more frequently as requested, report to the
7 Joint Legislative Commission on Governmental Operations and the
8 Fiscal Research Division the following information:

9 a. State fiscal year 2000-2001 program activities, objectives, and
10 accomplishments;

11 b. State fiscal year 2000-2001 itemized expenditures and fund
12 sources;

13 c. State fiscal year 2001-2002 planned activities, objectives, and
14 accomplishments, including actual results through December
15 31, 2001; and

16 d. State fiscal year 2001-2002 estimated itemized expenditures
17 and fund sources, including actual expenditures and fund
18 sources through December 31, 2001;

19 (2) By January 15, 2003, and more frequently as requested, report to the
20 Joint Legislative Commission on Governmental Operations and the
21 Fiscal Research Division the following information:

22 a. State fiscal year 2001-2002 program activities, objectives, and
23 accomplishments;

24 b. State fiscal year 2001-2002 itemized expenditures and fund
25 sources;

26 c. State fiscal year 2002-2003 planned activities, objectives, and
27 accomplishments, including actual results through December
28 31, 2002; and

29 d. State fiscal year 2002-2003 estimated itemized expenditures
30 and fund sources, including actual expenditures and fund
31 sources through December 31, 2002; and

32 (3) Provide to the Fiscal Research Division a copy of the organization's
33 annual audited financial statement within 30 days of issuance of the
34 statement.

35
36 Requested by: Representative Redwine

37 **INDUSTRIAL RECRUITMENT COMPETITIVE FUND**

38 **SECTION 20.12A.** The appropriation in Section 2.1 of this act to the
39 Department of Commerce for the Industrial Recruitment Competitive Fund is increased
40 for the 2001-2002 fiscal year by the sum of twenty-five thousand dollars (\$25,000) in
41 non-recurring funds, and the appropriation in Section 2.1 of this act to the Department
42 of Commerce for the advertising line item in the Marketing Division is decreased for the
43 2001-2002 fiscal year by a like amount in recurring funds for that fiscal year only.

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

47 **GLOBAL TRANSPARK DEVELOPMENT COMMISSION MEMBERSHIP**
48 **CHANGES**

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

50 "(a) Commission Membership. – The governing body of the Zone is the Global
51 TransPark Development Commission. The members of the Commission must be
52 residents of the Zone and shall be appointed as follows:

- 1 (1) The board of commissioners of each county participating in the Zone
2 shall appoint three voting members, one of whom shall be a minority
3 person as defined in G.S. 143-128(f)(2) and one of whom may be a
4 member of the board of commissioners.
- 5 (2) The ~~Authority-Commission~~ shall appoint at least three but no more
6 than seven voting members. By the appointment of these members, the
7 ~~Authority-Commission~~ shall ensure that the voting membership of the
8 Commission includes at least seven women and seven members of a
9 racial minority described in G.S. 143-128(f)(2). The ~~Authority~~
10 ~~Commission~~ shall appoint the fewest number of members necessary to
11 achieve these minimums.
- 12 (3) Four nonvoting members shall be appointed as follows:
- 13 a. One appointed by the Chancellor of East Carolina University to
14 represent the University.
 - 15 b. One appointed by a majority vote of the presidents of the
16 community colleges located in the Zone, to represent the
17 community colleges.
 - 18 c. One appointed by the chair of the State Ports Authority, to
19 represent the sea ports of the State.
 - 20 d. One member of the board of directors of the Global TransPark
21 Foundation, Inc., appointed by that board."

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

23 "(c) Removal; Vacancies. – A member of the Commission may be removed with
24 or without cause by the appointing body. In addition, a majority of the Commission
25 members may, by majority vote, remove a member of the Commission if that member
26 does not attend at least three-quarters of the regularly scheduled meetings of the
27 Commission during any consecutive 12-month period of service of that member on the
28 Commission, except that absences excused by the Commission due to serious medical
29 or family circumstances shall not be considered. If the Commission votes to remove a
30 member under this subsection, the vacancy shall be filled in the same manner as the
31 original appointment. Appointments to fill vacancies shall be made for the remainder of
32 the unexpired term by the respective appointing authority. All members shall serve until
33 their successors are appointed and qualified, unless removed from office."
34

35 Requested by: Representatives Fox, Owens, Hunter, Easterling, Oldham,
36 Redwine, Thompson

37 **NONPROFIT REPORTING REQUIREMENTS**

38 **SECTION 20.14.(a)** The N.C. Institute for Minority Economic
39 Development, Inc., Land Loss Prevention Project, North Carolina Coalition of Farm and
40 Rural Families, Inc., North Carolina Minority Support Center, North Carolina
41 Community Development Initiative, Inc., North Carolina Association of Community
42 Development Corporations, Inc., and Partnership for the Sounds, Inc., shall do the
43 following:

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

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

20 **SECTION 20.14.(b)** No funds appropriated under this act shall be released
 21 to a nonprofit organization listed in subsection (a) of this section until the organization
 22 has satisfied the reporting requirement for January 15, 2001. Fourth quarter allotments
 23 shall not be released to any nonprofit organization that does not satisfy the reporting
 24 requirements for January 15, 2002, or January 15, 2003.

26 Requested by: Representatives Fox, Owens, Hunter, Easterling, Oldham,
 27 Redwine, Thompson

28 **RURAL ECONOMIC DEVELOPMENT CENTER**

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

	2001-2002 FY	2002-2003 FY
36 Research and Demonstration Grants	\$444,000	\$444,000
37 Technical Assistance and Center		
38 Administration of Research		
39 and Demonstration Grants	444,471	444,471
40 Center Administration, Oversight,		
41 and Other Programs	455,000	455,000
42 Administration of Clean Water/ 43 Natural Gas Critical Needs		
44 Bond Act of 1998	199,722	199,722
45 Additional Administration of Supplemental		
46 Funding Program	138,278	138,278
47 Administration of Capacity Building		
48 Assistance Program (1998 Bond Act)	137,000	137,000.

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

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

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

- 6 (1) Chartered pursuant to Chapter 55A of the General Statutes;
- 7 (2) Tax-exempt pursuant to section 501(c)(3) of the Internal Revenue
8 Code of 1986;
- 9 (3) Whose primary mission is to develop and improve low-income
10 communities and neighborhoods through economic and related
11 development;
- 12 (4) Whose activities and decisions are initiated, managed, and controlled
13 by the constituents of those local communities; and
- 14 (5) Whose primary function is to act as deal-maker and packager of
15 projects and activities that will increase their constituencies'
16 opportunities to become owners, managers, and producers of small
17 businesses, affordable housing, and jobs designed to produce positive
18 cash flow and curb blight in the targeted community.

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

- 24 (1) \$1,124,000 in each fiscal year for community development grants to
25 support development projects and activities within the State's minority
26 communities. Any community development corporation as defined in
27 this section is eligible to apply for funds. The Rural Economic
28 Development Center, Inc., shall establish performance-based criteria
29 for determining which community development corporation will
30 receive a grant and the grant amount. The Rural Economic
31 Development Center, Inc., shall allocate these funds as follows:
 - 32 a. \$837,720 in each fiscal year for direct grants to the local
33 community development corporations that have previously
34 received State funds for this purpose to support operations and
35 project activities;
 - 36 b. \$236,280 in each fiscal year for direct grants to local
37 community development corporations that have not previously
38 received State funds; and
 - 39 c. \$50,000 in each fiscal year to the Rural Economic Development
40 Center, Inc., to be used to cover expenses in administering this
41 section.
- 42 (2) \$234,000 in each fiscal year to the Microenterprise Loan Program to
43 support the loan fund and operations of the Program; and
- 44 (3) \$1,644,000 in each fiscal year shall be used for a program to provide
45 supplemental funding for matching requirements for projects and
46 activities authorized under this subdivision. The Center shall allocate
47 these funds as follows:
 - 48 a. \$1,244,000 in each fiscal year to make grants to local
49 governments and nonprofit corporations to provide funds
50 necessary to match federal grants or other grants for:
 - 51 1. Necessary economic development projects and activities
52 in economically distressed areas;

- 1 2. Necessary water and sewer projects and activities in
 2 economically distressed communities to address health
 3 or environmental quality problems except that funds
 4 shall not be expended for the repair or replacement of
 5 low-pressure pipe wastewater systems. If a grant is
 6 awarded under this sub-subdivision, then the grant shall
 7 be matched on a dollar- for-dollar basis in the amount of
 8 the grant awarded; or
 9 3. Projects that demonstrate alternative water and waste
 10 management processes for local governments. Special
 11 consideration should be given to cost-effectiveness,
 12 efficacy, management efficiency, and the ability of the
 13 demonstration project to be replicated.
 14 b. \$400,000 in each fiscal year to make grants to local
 15 governments and nonprofit corporations to provide funds
 16 necessary to match federal grants or other grants related to
 17 water, sewer, or business development projects.
 18 (4) \$250,000 in each fiscal year for the Agricultural Advancement
 19 Consortium. These funds shall be placed in a reserve and allocated as
 20 follows:
 21 a. \$75,000 in each fiscal year for operating expenses associated
 22 with the Consortium; and
 23 b. \$175,000 in each fiscal year for research initiatives funded by
 24 the Consortium.

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

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

29 **SECTION 20.15.(f)** For the 2001-2002 fiscal year only, the Office of State
 30 Budget and Management shall reduce the funds appropriated in this act to the Rural
 31 Economic Development Center, Inc., by an amount of nine hundred ninety-nine
 32 thousand six hundred ninety-four dollars (\$999,694). The Center shall compensate for
 33 this reduction by using available cash balances from the Child Care Loan Fund in the
 34 amount of four hundred ninety-nine thousand six hundred ninety-four dollars
 35 (\$499,694) and the amount of five hundred thousand dollars (\$500,000) from other cash
 36 reserves on hand.

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

- 38 (1) By January 15, 2002, and more frequently as requested, report to the
 39 Joint Legislative Commission on Governmental Operations and the
 40 Fiscal Research Division the following information:
 41 a. State fiscal year 2000-2001 program activities, objectives, and
 42 accomplishments;
 43 b. State fiscal year 2000-2001 itemized expenditures and fund
 44 sources;
 45 c. State fiscal year 2001-2002 planned activities, objectives, and
 46 accomplishments including actual results through December 31,
 47 2001; and
 48 d. State fiscal year 2001-2002 estimated itemized expenditures
 49 and fund sources including actual expenditures and fund
 50 sources through December 31, 2001.
 51 (2) By January 15, 2003, and more frequently as requested, report to the
 52 Joint Legislative Commission on Governmental Operations and the
 53 Fiscal Research Division the following information:

- 1 a. State fiscal year 2001-2002 program activities, objectives, and
2 accomplishments;
3 b. State fiscal year 2001-2002 itemized expenditures and fund
4 sources;
5 c. State fiscal year 2002-2003 planned activities, objectives, and
6 accomplishments including actual results through December 31,
7 2002; and
8 d. State fiscal year 2002-2003 estimated itemized expenditures
9 and fund sources including actual expenditures and fund
10 sources through December 31, 2002.
11 (3) Provide to the Fiscal Research Division a copy of each grant
12 recipient's annual audited financial statement within 30 days of
13 issuance of the statement.
14

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

17 **OPPORTUNITIES INDUSTRIALIZATION CENTER FUNDS**

18 **SECTION 20.16.(a)** Of the funds appropriated in this act to the Rural
19 Economic Development Center, Inc., the sum of four hundred thousand dollars
20 (\$400,000) for the 2001-2002 fiscal year and the sum of four hundred thousand dollars
21 (\$400,000) for the 2002-2003 fiscal year shall be allocated as follows:

- 22 (1) \$100,000 in each fiscal year to the Opportunities Industrialization
23 Center of Wilson, Inc., for its ongoing job training programs;
24 (2) \$100,000 in each fiscal year to the Opportunities Industrialization
25 Center, Inc., in Rocky Mount, for its ongoing job training programs;
26 (3) \$100,000 in each fiscal year to the Opportunities Industrialization
27 Centers Kinston and Lenoir County, North Carolina, Inc.; and
28 (4) \$100,000 in each fiscal year to the Opportunities Industrialization
29 Center of Elizabeth City, Inc.

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

- 33 (1) By January 15, 2002, and more frequently as requested, report to the
34 Joint Legislative Commission on Governmental Operations and the
35 Fiscal Research Division the following information:
36 a. State fiscal year 2000-2001 program activities, objectives, and
37 accomplishments;
38 b. State fiscal year 2000-2001 itemized expenditures and fund
39 sources;
40 c. State fiscal year 2001-2002 planned activities, objectives, and
41 accomplishments, including actual results through December
42 31, 2001; and
43 d. State fiscal year 2001-2002 estimated itemized expenditures
44 and fund sources, including actual expenditures and fund
45 sources through December 31, 2001.
46 (2) By January 15, 2003, and more frequently as requested, report to the
47 Joint Legislative Commission on Governmental Operations and the
48 Fiscal Research Division the following information:
49 a. State fiscal year 2001-2002 program activities, objectives, and
50 accomplishments;
51 b. State fiscal year 2001-2002 itemized expenditures and fund
52 sources;

- 1 c. State fiscal year 2002-2003 planned activities, objectives, and
 2 accomplishments, including actual results through December
 3 31, 2002; and
 4 d. State fiscal year 2002-2003 estimated itemized expenditures
 5 and fund sources, including actual expenditures and fund
 6 sources through December 31, 2002.
 7 (3) Provide to the Fiscal Research Division a copy of the annual audited
 8 financial statements of the Opportunities Industrialization Centers
 9 funded by this act within 30 days of issuance of the statement.

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

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

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

15 **"§ 96-32. Common follow-up information management system created.**

16 (a) The Employment Security Commission of North Carolina shall develop,
 17 implement, and maintain a common follow-up information management system for
 18 tracking the employment status of current and former participants in State job training,
 19 education, and placement programs. The system shall provide for the automated
 20 collection, organization, dissemination, and analysis of data obtained from State-funded
 21 programs that provide job training and education and job placement services to program
 22 participants. In developing the system, the ESC shall ensure that data and information
 23 collected from State agencies is confidential, not open for general public inspection, and
 24 maintained and disseminated in a manner that protects the identity of individual persons
 25 from general public disclosure.

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

29 (c) ~~Based on data collected under the CFS, the Office of State Budget, Planning,~~
 30 ~~and Management~~ ESC shall evaluate the effectiveness of job training, education, and
 31 placement programs to determine if specific program goals and objectives are attained,
 32 to determine placement and completion rates for each program, and to make
 33 recommendations regarding the continuation of State funding for programs evaluated.
 34 ~~The ESC shall provide to the Office of State Budget, Planning, and Management data~~
 35 ~~collected under the CFS in a manner and with the frequency necessary for the Office of~~
 36 ~~State Budget, Planning, and Management to conduct the evaluation required under this~~
 37 ~~subsection. The ESC shall consult with the Office of State Budget, Planning, and~~
 38 ~~Management to determine the most efficient and effective method for providing to the~~
 39 ~~Office of State Budget, Planning, and Management data collected under the CFS. The~~
 40 ~~Office of State Budget, Planning, and Management shall maintain the same levels of~~
 41 ~~confidentiality with respect to CFS data received from the ESC as is required of the~~
 42 ~~ESC under this Article."~~

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

44 **"§ 96-35. Reports on common follow-up system activities.**

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

51 (b) ~~The Office of State Budget, Planning, and Management~~ ESC shall report to to
 52 the Governor and to the General Assembly upon the convening of each biennial session,

1 its evaluation of and recommendations regarding job training, education, and placement
2 programs for which data was provided to the CFS."
3

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

6 **ESC TO EXPEND REED ACT FUNDS**

7 **SECTION 20.18.** Of the funds credited to and held in this State's account in
8 the Unemployment Trust Fund by the Secretary of the Treasury of the United States
9 pursuant to and in accordance with section 903 of the Social Security Act, the
10 Employment Security Commission of North Carolina may expend the sum of two
11 million one hundred thirty-six thousand seven hundred forty-six dollars (\$2,136,746) for
12 the 2001-2002 fiscal year for unemployment insurance administration.
13

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

16 **NORTH CAROLINA GLOBAL CENTER FUNDS**

17 **SECTION 20.19.** Of the funds appropriated to the Office of State Budget
18 and Management in Section 34.1 of Chapter 769 of the 1993 Session Laws for planning
19 of the North Carolina Center for World Languages and Cultures, Inc., now known as the
20 North Carolina Global Center (hereinafter Center), up to three hundred thousand dollars
21 (\$300,000) shall be used for general operating purposes of the Center.
22

23 Requested by: Representatives Fox, Owens, Smith, Easterling, Oldham, Redwine

24 **RESTORE NAME OF ABC COMPLEX**

25 **SECTION 20.20.** The sign designating the North Carolina ABC
26 Commission Office & Warehouse Complex, which is located at 3322 Garner Road in
27 Raleigh, shall be restored to its original designation of "The Marvin L. Speight, Jr.
28 North Carolina ABC Commission Office & Warehouse Complex".
29

30 **PART XXI. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

31 **SUBPART 1. CENTRAL ADMINISTRATION**

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

34 **DHHS REGIONAL OFFICES**

35 **SECTION 21.1.(a)** The Department of Health and Human Services shall
36 consolidate its regional, district, field, and satellite offices located throughout the State.
37 The Department shall implement these consolidations no later than June 30, 2002. The
38 Department shall provide the following information:
39

- 40 (1) An inventory of all its regional, district, field, and satellite offices
41 located throughout the State before the consolidation required in this
42 section. This inventory shall include the purpose of the office (direct
43 services or central location for field staff), the number of staff assigned
44 to the office, the cost of operating the office, and information on
45 whether the office is co-located or located near another regional,
46 district, field, or satellite office;
- 47 (2) An inventory of all its regional, district, field, and satellite offices
48 located throughout the State after the consolidation required in this
49 section is completed. This inventory shall include the purpose of the
50 office (direct services or central location for field staff), the number of
51 staff assigned to the office, the cost of operating the office, and
52

1 information on whether the office is co-located or located near another
2 regional, district, field, or satellite office;

3 (3) An inventory of all offices located in Wake County. This inventory
4 shall include the purpose of the office, the number of staff assigned to
5 the office, the cost of operating the office, information on whether the
6 office is co-located or located near another related office, and
7 information on whether the office could be moved to another area of
8 the State;

9 (4) A report on the anticipated impact of the consolidation required by this
10 section on the delivery of services;

11 (5) A report on the use of technology to comply with the consolidation
12 required under this section to increase the number of staff working
13 from their homes or other locations; and

14 (6) A report on the anticipated cost savings, efficiencies in the use of State
15 staff and resources, and improved delivery of services resulting from
16 the consolidation required under this section.

17 **SECTION 21.1.(b)** The Department of Health and Human Services shall
18 provide an interim report on the activities required under this section by January 1,
19 2002, and a final report by July 1, 2002. The interim and final reports shall be provided
20 to the Senate Appropriations Committee on Health and Human Services, the House of
21 Representatives Appropriations Subcommittee on Health and Human Services, and the
22 Fiscal Research Division.

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

26 **CENTRALIZE CRIMINAL RECORD CHECK FUNCTIONS**

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

35
36 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
37 Thompson

38 **PRESCRIPTION DRUG ASSISTANCE PROGRAM MANAGEMENT**

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

45 (1) Dispensing of generic drugs. Notwithstanding G.S. 90-85.27 through
46 G.S. 90-85.31, under all prescription drug assistance programs
47 operated by the Department of Health and Human Services, and except
48 as otherwise provided in this subsection for atypical antipsychotic
49 drugs and drugs listed in the narrow therapeutic drug index,
50 prescription order for a drug designated by a trade or brand name shall
51 be considered to be an order for the drug by its established or generic
52 name, except when the prescriber has determined, at the time the drug
53 is prescribed, that the brand name drug is medically necessary and has

1 written on the prescription order the phrase "medically necessary".
2 Generic drugs, when available in the pharmacy, shall be dispensed at a
3 lower cost to the Medical Assistance Program rather than trade or
4 brand name drugs. As used in this subdivision, "brand name" means
5 the proprietary name the manufacturer places upon a drug product or
6 on its container, label, or wrapping at the time of packaging, and
7 "established name" has the same meaning as in section 502(e)(3) of the
8 Federal Food, Drug, and Cosmetic Act as amended, 21 U.S.C. §
9 352(e)(3).

- 10 (2) Limit the supplies of prescription drugs to 34-day supplies for some or
11 all drugs.

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

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

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

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

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

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

34 **SECTION 21.5.(a)** The Department of Health and Human Services shall
35 determine the feasibility of combining all Department-operated and contracted toll-free
36 (1-8xx) phone lines to create efficiencies. An inventory of all resource telephone lines
37 throughout Divisions of the Department shall be conducted and an evaluation completed
38 of potential savings in combining these phone lines. In conducting the inventory, the
39 Department shall identify the following:

- 40 (1) Title and purpose of the phone line.
41 (2) Type of information provided to callers.
42 (3) Budget of the operations.
43 (4) Number of staff (phone agents, other).
44 (5) Number of calls received annually to each phone line.
45 (6) Contracts.

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

49 **SECTION 21.5.(b)** The Department shall submit a progress report on the
50 feasibility study to the Senate Appropriations Committee on Health and Human
51 Services, the House of Representatives Appropriations Subcommittee on Health and
52 Human Services, the Senate Appropriations Committee on Information Technology,

1 and the House of Representatives Appropriations Subcommittee on Information
2 Technology no later than October 1, 2001, and a final report by April 1, 2002.
3

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

6 **COORDINATION OF ACCESS TO PHARMACEUTICAL COMPANY**
7 **PRESCRIPTION DRUG PROGRAMS**

8 **SECTION 21.6.(a)** Of the funds appropriated in this act to the Department
9 of Health and Human Services, Division of Public Health, the sum of two hundred
10 thousand dollars (\$200,000) for the 2001-2002 fiscal year and the sum of two hundred
11 thousand dollars (\$200,000) for the 2002-2003 fiscal year shall be used to assist eligible
12 individuals in obtaining prescription drugs at no cost or for a nominal fee through
13 pharmaceutical company programs or initiatives. Coordination of access shall be
14 provided through a central location that maintains documentation of an individual's
15 eligibility provided by the individual and prescription orders from the individual's
16 physician to facilitate the provision of no-cost or nominal cost drugs under the
17 pharmaceutical company program. The coordination of access shall be implemented in a
18 way that encourages physician, patient, and pharmacy participation by reducing
19 time-consuming procedural requirements. The Department may contract with a private
20 nonprofit organization to coordinate access as provided under this section.

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

25 **SECTION 21.6.(c)** The Department shall work with pharmaceutical
26 companies in obtaining access to company applications for assistance and making those
27 applications available to the general public. The Department shall ensure that
28 pharmaceutical company programs are registered with the Department and shall obtain
29 the application forms of each pharmaceutical program.

30 **SECTION 21.6.(d)** The Department shall report on the implementation of
31 this section on October 1, 2001, April 1, 2002, and October 1, 2002, to the Senate
32 Appropriations Committee on Health and Human Services, the House of
33 Representatives Appropriations Subcommittee on Health and Human Services, and the
34 Fiscal Research Division.
35

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

38 **ADULT CARE HOME REIMBURSEMENT RATES IMPLEMENTATION**
39 **PLAN**

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

45 **SECTION 21.7.(b)** The Fiscal Research Division, through the Legislative
46 Services Office, in consultation with the Department of Health and Human Services,
47 shall issue a Request For Proposal (RFP) and contract for an independent consultant
48 with extensive expertise in rate-setting for public and private entities to develop a new
49 rate methodology for establishing reimbursements for adult care homes. The final report
50 of the independent consultant shall be presented to the General Assembly not later than
51 June 1, 2002.
52

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

3 LONG-TERM CARE CONTINUUM OF CARE

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

- 9 (1) A structure and means for screening, assessment, and care
10 management across settings of care;
- 11 (2) A process to determine outcome measures for care;
- 12 (3) An integrated data system to track expenditures, consumer
13 characteristics, and consumer outcomes;
- 14 (4) Relationships between the Department and the State's universities to
15 provide policy analysis and program evaluation support for the
16 development of long-term care system reforms;
- 17 (5) An implementation plan that addresses testing of models, reviewing
18 existing models, evaluation of components, and steps needed to
19 achieve development of a coordinated system; and
- 20 (6) Provision for consumer, provider, and agency input into the system
21 design and implementation development.

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

- 26 (1) Implement the initial phase of a comprehensive data system that tracks
27 long-term care expenditures, services, consumer profiles, and
28 consumer preferences; and
- 29 (2) Develop a system of statewide long-term care services coordination
30 and case management to minimize administrative costs, improve
31 access to services, and minimize obstacles to the delivery of long-term
32 care services to people in need.

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

38
39 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
40 Thompson

41 RECODIFICATION OF ADMINISTRATIVE RULES

42 **SECTION 21.10.** The Codifier of Rules may continue the process of
43 reorganizing Titles 10 and 15A of the North Carolina Administrative Code to reflect the
44 recent reorganization of the Department of Health and Human Services and the
45 Department of Environment and Natural Resources. The reorganization of the Code
46 may include replacing Title 10 with a new Title 10A if desirable for clarity. The
47 Codifier of Rules may make changes in the text of the affected rules to reflect changes
48 in organizational structure of the Department of Health and Human Services and the
49 Department of Environment and Natural Resources. So long as the changes in text do
50 not change the substance of the rules, the reorganization by the Codifier is exempt from
51 the requirements of Chapter 150B of the General Statutes and does not require the
52 review or approval of the Rules Review Commission.

53

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

3 **TRANSFER OF CERTAIN FUNDS AUTHORIZED**

4 **SECTION 21.11.** Article 1 of Chapter 143 of the General Statutes is
5 amended by adding the following new section to read:

6 "**§ 143-23.3. Transfer of certain funds authorized.**

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

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

17 **PHYSICIAN SERVICES**

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

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

28 **ELIMINATE JOINT LEGISLATIVE PUBLIC ASSISTANCE COMMISSION**

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

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

31 "**§ 108A-27.2. General duties of the Department.**

32 The Department shall have the following general duties with respect to the Work
33 First Program:

- 34 ..
35 (12) Report to the ~~Joint Legislative Public Assistance Commission and the~~
36 ~~members of the Senate Appropriations Committee on Health and~~
37 ~~Human Resources Services~~ and the House of Representatives
38 ~~Appropriations Subcommittee on Health and Human Resources~~
39 ~~Services~~ the counties which have requested Electing status; status;
40 provide copies of the proposed Electing County Plans to the ~~Joint~~
41 ~~Legislative Public Assistance Commission~~ and the members of the
42 ~~Senate Appropriations Committee on Health and Human Resources~~
43 ~~Services~~ and the House of Representatives Appropriations
44 ~~Subcommittee on Health and Human Resources Services~~; and make
45 recommendations to the ~~Joint Legislative Public Assistance~~
46 ~~Commission, the members of the Senate Appropriations Committee on~~
47 ~~Health and Human Resources Services~~ and the House of
48 ~~Representatives Appropriations Subcommittee on Health and Human~~
49 ~~Resources, and the General Assembly Services~~ on which of the
50 proposed Electing County Plans ensure compliance with federal and
51 State laws, rules, and regulations and are consistent with the overall
52 purposes and goals for the Work First Program; and".

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

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

- 4 (1) Allocations of federal and State funds for Electing Counties in the
5 Work First Program including block grants to counties and the
6 allocation of funding for administration not to exceed the federally
7 established limitations on the use of federal TANF funds and the limits
8 imposed under this Article;
- 9 (2) Maintenance of effort and levels of State and county funding for
10 Electing Counties in the Work First Program;
- 11 (3) Federal eligibility requirements and a description of the eligibility
12 requirements and benefit calculation in each Electing County; and
- 13 (4) A description of the federal, State, and each Electing County's
14 financial participation in the Work First Program.

15 The Department may modify the section in the State Plan regarding Electing
16 Counties once a biennium or except as necessary to reflect any modifications made by
17 an Electing County. Any changes to the section of the State Plan regarding Electing
18 Counties shall be reported to the ~~Joint Legislative Public Assistance Commission at the~~
19 ~~next meeting of the Commission following the changes and to the General Assembly~~
20 ~~during the next session~~ Senate Appropriations Committee on Health and Human
21 Services, the House of Representatives Appropriations Subcommittee on Health and
22 Human Services, and the Fiscal Research Division within one month following the
23 changes."

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

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

- 28 (1) Determination of the extent to which current labor market participation
29 enables individuals and families to earn the amount of disposable
30 income necessary to meet their basic needs;
- 31 (2) Determination of how many North Carolinians work and earn wages
32 below one hundred fifty percent (150%) of the Federal Poverty
33 Guideline and study trends in the size and demographic profiles of this
34 underemployed group within the respective county;
- 35 (3) Examination of job market factors that contribute to any changes in the
36 composition and numbers of the working poor including, but not
37 limited to, shifts from manufacturing to service, from full-time to
38 part-time work, from permanent to temporary or their contingent
39 employment;
- 40 (4) Consideration and determination of the respective responsibilities of
41 the public and private sectors in ensuring that working families and
42 individuals have disposable income adequate to meet their basic needs;
- 43 (5) Evaluation of the effectiveness of the unemployment insurance system
44 in meeting the needs of low-wage workers when they become
45 unemployed;
- 46 (6) Examination of the efficacy of a State-earned income tax credit that
47 would enable working families to meet the requirements of the basic
48 needs budget;
- 49 (7) Examination of the wages, benefits, and protections available to
50 part-time and temporary workers, leased employees, independent
51 contractors, and other contingent workers as compared to regular
52 full-time workers;

- 1 (8) Solicitation, receipt, and acceptance of grants or other funds from any
- 2 person or entity and enter into agreements with respect to these grants
- 3 or other funds regarding the undertaking of studies or plans necessary
- 4 to carry out the purposes of the committee; and
- 5 (9) A request of any necessary data from either public or private entities
- 6 that relate to the needs of the committee or board.

7 Each committee or board shall prepare and submit a report on the finding for the
 8 county which it represents by May 1 of each year to the ~~Joint Legislative Public~~
 9 ~~Assistance Commission, the Senate Appropriations Committee on Health and Human~~
 10 ~~Resources, Services, the House of Representatives Appropriations Subcommittee on~~
 11 ~~Health and Human Resources, Services, the Senate Appropriations Committee on~~
 12 ~~Natural and Economic Resources, and the House of Representatives Appropriations~~
 13 ~~Subcommittee on Natural and Economic Resources."~~

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

- | | | |
|----|----------------|--|
| 20 | G.S. 108A-27 | Authorization and description of Work First |
| 21 | | Program; Work First Program changes; designation |
| 22 | | of Electing and Standard Program Counties. |
| 23 | G.S. 108A-27.2 | General Duties of the Department. |
| 24 | G.S. 108A-27.9 | State Plan. |
| 25 | G.S. 108A-29 | First Stop Employment Assistance; priority for |
| 26 | | employment services. |
| 27 | G.S. 114-40 | Inspector General. |

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

31 **ESTABLISH OFFICE OF POLICY AND PLANNING**

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

- 39 (1) Coordinate the development of departmental policies, plans, and rules,
- 40 in consultation with the Divisions of the Department.
- 41 (2) Development of a departmental process for the development and
- 42 implementation of new policies, plans, and rules.
- 43 (3) Development of a departmental process for the review of existing
- 44 policies, plans, and rules to ensure that departmental policies, plans,
- 45 and rules are relevant.
- 46 (4) Coordination and review of all departmental policies before
- 47 dissemination to ensure that all policies are well-coordinated within
- 48 and across all programs.
- 49 (5) Implementation of ongoing strategic planning that integrates budget,
- 50 personnel, and resources with the mission and operational goals of the
- 51 Department.
- 52 (6) Review, disseminate, monitor, and evaluate best practice models.

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

8 **SECTION 21.14.(c)** The Department shall report on the establishment of the
9 Office of Policy and Planning to the members of the Senate Appropriations Committee
10 on Health and Human Services, the House of Representatives Appropriations
11 Subcommittee on Health and Human Services, and the Fiscal Research Division by
12 January 1, 2002.

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

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

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

18 "**§ 108A-88. Determination of State and county financial participation.**

19 Before February 15 of each year, the Secretary shall notify the county board of
20 commissioners, the county manager, the director of social services—services, and the
21 director of public health of each county of the amount of State and federal moneys
22 estimated to be available, as best can be determined, to that county for programs of
23 public assistance, social ~~services—services~~, public health, and related administrative
24 costs, as well as the percentage of county participation expected to be required for the
25 budget for the succeeding fiscal year. In odd-numbered years, in making such
26 notification, the Secretary shall notify the counties of any changes in funding levels,
27 formulas, or programs relating to public assistance and public health proposed by the
28 Governor to the General Assembly in the proposed budget and budget report submitted
29 under the Executive Budget Act. Counties shall be notified of additional changes in the
30 proposed budget of the Governor and the Advisory Budget Commission that are made
31 by the General Assembly or the United States Congress subsequent to the February 15
32 estimates."

33
34 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
35 Thompson

36 **INFORMATION TECHNOLOGY PROJECT CONTRACTS**

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

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

47
48 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
49 Thompson

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

51 **SECTION 21.18.** Savings in non-State funds realized from the elimination
52 of positions in the Department of Health and Human Services shall be reallocated by the

1 Department for direct services in the program where the position was eliminated, except
2 in programs where State funds are used to draw down federal funds.

3
4 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
5 Thompson

6 **CENTRALIZED CONTRACTS UNIT**

7 **SECTION 21.18B.** The Department of Health and Human Services shall
8 create a Contracts Unit for the centralization of all departmental contracts and
9 contracting functions. The centralization shall include the transfer of positions,
10 corresponding State appropriations, federal funds, and other funds. The Department
11 shall develop consistent policies and procedures for the development and execution of
12 contracts.

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

16 **FAMILY SUPPORT SERVICES**

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

21
22 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
23 Thompson, Wright

24 **HIV/AIDS PREVENTION INITIATIVE**

25 **SECTION 21.18D.(a)** It is the intention of the General Assembly to focus
26 current resources and activities to strengthen and enhance prevention and intervention
27 programs directed at the reduction of HIV/AIDS. The Department shall coordinate
28 efforts to enhance awareness, education, and outreach with the North Carolina AIDS
29 Advisory Council, North Carolina Minority Health Advisory Council, representatives of
30 faith communities, representatives of nonprofit agencies, and other State agencies.

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

- 34 (1) Division of Social Services programs and services:
35 a. Domestic Violence Prevention and Awareness.
36 b. Domestic Violence Services for Work First Families.
37 c. After School Services for At Risk Children.
38 d. Work First Boys/Girls Clubs.
- 39 (2) Division of Mental Health, Developmental Disabilities, and Substance
40 Abuse Services programs and services:
41 a. Substance Abuse Services for Juveniles.
42 b. Residential Substance Abuse Services for Women and
43 Children.
- 44 (3) Division of Public Health programs and services:
45 a. Teen Pregnancy Prevention Activities.
46 b. Out-of-Wedlock Births.
47 c. School Health Program.
48 d. High-Risk Maternity Clinic Services.
49 e. Perinatal Education and Training.
50 f. Public Information and Education.
51 g. Technical Assistance to Local Health Departments.
- 52 (4) Other divisions, services, and programs:
53 a. Family Support Services.

- 1 b. Family Resource Centers.
2 c. Independent Living Services.
3 d. Residential schools and facilities.
4 e. Other programs, services, or contracts that provide education
5 and awareness services to children and families.

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

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

15
16 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
17 Thompson

18 **OFFICE OF ECONOMIC OPPORTUNITY**

19 **SECTION 21.18E.** The Office of Economic Opportunity is transferred from
20 the Office of the Secretary to the Division of Social Services of the Department of
21 Health and Human Services. The transfer shall include the budget and all programmatic
22 functions of the Office of Economic Opportunity, including positions, corresponding
23 State appropriations, federal funds, and other funds to the Division of Social Services.

24
25 Requested by: Representatives Nesbitt, Russell

26 **DHHS SUPPORT TO LOCAL GOVERNMENTS**

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

31 **SUBPART 2. MEDICAL ASSISTANCE**

32
33
34 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
35 Thompson

36 **MEDICAID PROGRAM**

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

42 Services and payment bases:

- 43 (1) Hospital-Inpatient – Payment for hospital inpatient services will be
44 prescribed in the State Plan as established by the Department of Health
45 and Human Services.
46 (2) Hospital-Outpatient – Eighty percent (80%) of allowable costs or a
47 prospective reimbursement plan as established by the Department of
48 Health and Human Services.
49 (3) Nursing Facilities – Payment for nursing facility services will be
50 prescribed in the State Plan as established by the Department of Health
51 and Human Services. Nursing facilities providing services to Medicaid
52 recipients who also qualify for Medicare must be enrolled in the
53 Medicare program as a condition of participation in the Medicaid

- 1 program. State facilities are not subject to the requirement to enroll in
2 the Medicare program.
- 3 (4) Intermediate Care Facilities for the Mentally Retarded – As prescribed
4 in the State Plan as established by the Department of Health and
5 Human Services.
- 6 (5) Drugs – Drug costs as allowed by federal regulations plus a
7 professional services fee per month excluding refills for the same drug
8 or generic equivalent during the same month. Reimbursement shall be
9 available for up to six prescriptions per recipient, per month, including
10 refills. Payments for drugs are subject to the provisions of subsection
11 (h) of this section and to the provisions at the end of subsection (a) of
12 this section, or in accordance with the State Plan adopted by the
13 Department of Health and Human Services consistent with federal
14 reimbursement regulations. Payment of the professional services fee
15 shall be made in accordance with the State Plan adopted by the
16 Department of Health and Human Services, consistent with federal
17 reimbursement regulations. The professional services fee shall be five
18 dollars (\$5.00) per prescription. Adjustments to the professional
19 services fee shall be established by the General Assembly.
- 20 (6) Physicians, Chiropractors, Podiatrists, Optometrists, Dentists, Certified
21 Nurse Midwife Services, Nurse Practitioners – Fee schedules as
22 developed by the Department of Health and Human Services.
23 Payments for dental services are subject to the provisions of subsection
24 (g) of this section. Payment for physician and other practitioner
25 services shall be the lesser of one hundred percent (100%) of the
26 current Medicare payment amount or the Medicare payment amount in
27 effect on January 1, 2001.
- 28 (7) Community Alternative Program, EPSDT Screens – Payment to be
29 made in accordance with rate schedule developed by the Department
30 of Health and Human Services.
- 31 (8) Home Health and Related Services, Private Duty Nursing, Clinic
32 Services, Prepaid Health Plans, Durable Medical Equipment –
33 Payment to be made according to reimbursement plans developed by
34 the Department of Health and Human Services.
- 35 (9) Medicare Buy-In – Social Security Administration premium.
- 36 (10) Ambulance Services – Uniform fee schedules as developed by the
37 Department of Health and Human Services. Public ambulance
38 providers will be reimbursed at cost.
- 39 (11) Hearing Aids – Actual cost plus a dispensing fee.
- 40 (12) Rural Health Clinic Services – Provider-based, reasonable cost;
41 nonprovider-based, single-cost reimbursement rate per clinic visit.
- 42 (13) Family Planning – Negotiated rate for local health departments. For
43 other providers, see specific services, for instance, hospitals,
44 physicians.
- 45 (14) Independent Laboratory and X-Ray Services – Uniform fee schedules
46 as developed by the Department of Health and Human Services.
- 47 (15) Optical Supplies – One hundred percent (100%) of reasonable
48 wholesale cost of materials.
- 49 (16) Ambulatory Surgical Centers – Payment as prescribed in the
50 reimbursement plan established by the Department of Health and
51 Human Services.

- 1 (17) Medicare Crossover Claims – An amount up to the actual coinsurance
2 or deductible or both, in accordance with the State Plan, as approved
3 by the Department of Health and Human Services.
- 4 (18) Physical Therapy and Speech Therapy – Services limited to EPSDT
5 eligible children. Payments are to be made only to qualified providers
6 at rates negotiated by the Department of Health and Human Services.
7 Physical therapy (including occupational therapy) and speech therapy
8 services are subject to prior approval and utilization review.
- 9 (19) Personal Care Services – Payment in accordance with the State Plan
10 approved by the Department of Health and Human Services.
- 11 (20) Case Management Services – Reimbursement in accordance with the
12 availability of funds to be transferred within the Department of Health
13 and Human Services.
- 14 (21) Hospice – Services may be provided in accordance with the State Plan
15 developed by the Department of Health and Human Services.
- 16 (22) Other Mental Health Services – Unless otherwise covered by this
17 section, coverage is limited to:
- 18 a. Services as defined by the Division of Mental Health,
19 Developmental Disabilities, and Substance Abuse Services and
20 approved by the Health Care Financing Administration when
21 provided in agencies meeting the requirements of the rules
22 established by the Commission for Mental Health,
23 Developmental Disabilities, and Substance Abuse Services, and
24 reimbursement is made in accordance with a State Plan
25 developed by the Department of Health and Human Services
26 not to exceed the upper limits established in federal regulations,
27 and
- 28 b. For children eligible for EPSDT services:
- 29 1. Licensed or certified psychologists, licensed clinical
30 social workers, certified clinical nurse specialists in
31 psychiatric mental health advanced practice, and nurse
32 practitioners certified as clinical nurse specialists in
33 psychiatric mental health advanced practice, when
34 Medicaid-eligible children are referred by the Carolina
35 ACCESS primary care physician or the area mental
36 health program, and
- 37 2. Institutional providers of residential services as defined
38 by the Division of Mental Health, Developmental
39 Disabilities, and Substance Abuse Services and approved
40 by the Health Care Financing Administration for
41 children and Psychiatric Residential Treatment Facility
42 services that meet federal and State requirements as
43 defined by the Department.

44 Notwithstanding G.S. 150B-121.1(a), the Department of Health and
45 Human Services may adopt temporary rules in accordance with
46 Chapter 150B of the General Statutes further defining the
47 qualifications of providers and referral procedures in order to
48 implement this subdivision. Coverage policy for services defined by
49 the Division of Mental Health, Developmental Disabilities, and
50 Substance Abuse Services under paragraphs a. and b.2 of this
51 subdivision shall be established by the Division of Medical Assistance.

- 1 (23) Medically Necessary Prosthetics or Orthotics for EPSDT Eligible
- 2 Children – Reimbursement in accordance with the State Plan approved
- 3 by the Department of Health and Human Services.
- 4 (24) Health Insurance Premiums – Payments to be made in accordance with
- 5 the State Plan adopted by the Department of Health and Human
- 6 Services consistent with federal regulations.
- 7 (25) Medical Care/Other Remedial Care – Services not covered elsewhere
- 8 in this section include related services in schools; health professional
- 9 services provided outside the clinic setting to meet maternal and infant
- 10 health goals; and services to meet federal EPSDT mandates. Services
- 11 addressed by this paragraph are limited to those prescribed in the State
- 12 Plan as established by the Department of Health and Human Services.
- 13 (26) Pregnancy Related Services – Covered services for pregnant women
- 14 shall include nutritional counseling, psychosocial counseling, and
- 15 predelivery and postpartum home visits by maternity care coordinators
- 16 and public health nurses.

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

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

28 **SECTION 21.19.(b)** Allocation of Nonfederal Cost of Medicaid. – The State
29 shall pay eighty-five percent (85%); the county shall pay fifteen percent (15%) of the
30 nonfederal costs of all applicable services listed in this section.

31 **SECTION 21.19.(c)** Copayment for Medicaid Services. – The Department
32 of Health and Human Services may establish copayment up to the maximum permitted
33 by federal law and regulation.

34 **SECTION 21.19.(d)** Medicaid and Work First Family Assistance, Income
35 Eligibility Standards. – The maximum net family annual income eligibility standards for
36 Medicaid and Work First Family Assistance and the Standard of Need for Work First
37 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>
44	1	\$4,344	\$2,172	\$2,900
45	2	5,664	2,832	3,800
46	3	6,528	3,264	4,400
47	4	7,128	3,564	4,800
48	5	7,776	3,888	5,200
49	6	8,376	4,188	5,600
50	7	8,952	4,476	6,000
51	8	9,256	4,680	6,300

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

1
2 The payment level for Work First Family Assistance shall be fifty percent (50%) of the
3 standard of need.

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

6 **SECTION 21.19.(e)** The Department of Health and Human Services,
7 Division of Medical Assistance, shall provide Medicaid coverage to all elderly, blind,
8 and disabled people who have incomes equal to or less than one hundred percent
9 (100%) of the federal poverty guidelines, as revised each April 1.

10 **SECTION 21.19.(f)** ICF and ICF/MR Work Incentive Allowances. – The
11 Department of Health and Human Services may provide an incentive allowance to
12 Medicaid-eligible recipients of ICF and ICF/MR facilities who are regularly engaged in
13 work activities as part of their developmental plan and for whom retention of additional
14 income contributes to their achievement of independence. The State funds required to
15 match the federal funds that are required by these allowances shall be provided from
16 savings within the Medicaid budget or from other unbudgeted funds available to the
17 Department. The incentive allowances may be as follows:

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

24 **SECTION 21.19.(g)** Dental Coverage Limits. – Dental services shall be
25 provided on a restricted basis in accordance with rules adopted by the Department to
26 implement this subsection.

27 **SECTION 21.19.(h)** Dispensing of Generic Drugs. – Notwithstanding G.S.
28 90-85.27 through G.S. 90-85.31, or any other law to the contrary, under the Medical
29 Assistance Program (Title XIX of the Social Security Act), and except as otherwise
30 provided in this subsection for atypical antipsychotic drugs and drugs listed in the
31 narrow therapeutic index, a prescription order for a drug designated by a trade or brand
32 name shall be considered to be an order for the drug by its established or generic name,
33 except when the prescriber has determined, at the time the drug is prescribed, that the
34 brand name drug is medically necessary and has written on the prescription order the
35 phrase "medically necessary". An initial prescription order for an atypical antipsychotic
36 drug or a drug listed in the narrow therapeutic drug index that does not contain the
37 phrase "medically necessary" shall be considered an order for the drug by its established
38 or generic name, except that a pharmacy shall not substitute a generic or established
39 name prescription drug for subsequent brand or trade name prescription orders of the
40 same prescription drug without explicit oral or written approval of the prescriber given
41 at the time the order is filled. Generic drugs, when available in the pharmacy, shall be
42 dispensed at a lower cost to the Medical Assistance Program rather than trade or brand
43 name drugs. As used in this subsection, "brand name" means the proprietary name the
44 manufacturer places upon a drug product or on its container, label, or wrapping at the
45 time of packaging; and "established name" has the same meaning as in section 502(e)(3)
46 of the Federal Food, Drug, and Cosmetic Act as amended, 21 U.S.C. § 352(e)(3).

47 **SECTION 21.19.(i)** Exceptions to Service Limitations, Eligibility
48 Requirements, and Payments. – Service limitations, eligibility requirements, and
49 payments bases in this section may be waived by the Department of Health and Human
50 Services, with the approval of the Director of the Budget, to allow the Department to
51 carry out pilot programs for prepaid health plans, managed care plans, or
52 community-based services programs in accordance with plans approved by the United
53 States Department of Health and Human Services, or when the Department determines

1 that such a waiver will result in a reduction in the total Medicaid costs for the recipient.
2 The Department of Health and Human Services may proceed with planning and
3 development work on the Program of All-Inclusive Care for the Elderly.

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

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

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

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

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

- 24 (1) Pregnant women with incomes equal to or less than one hundred
25 eighty-five percent (185%) of the federal poverty guidelines as revised
26 each April 1 shall be covered for Medicaid benefits.
- 27 (2) Infants under the age of 1 with family incomes equal to or less than
28 one hundred eighty-five percent (185%) of the federal poverty
29 guidelines as revised each April 1 shall be covered for Medicaid
30 benefits.
- 31 (3) Children aged 1 through 5 with family incomes equal to or less than
32 one hundred thirty-three percent (133%) of the federal poverty
33 guidelines as revised each April 1 shall be covered for Medicaid
34 benefits.
- 35 (4) Children aged 6 through 18 with family incomes equal to or less than
36 the federal poverty guidelines as revised each April 1 shall be covered
37 for Medicaid benefits.
- 38 (5) The Department of Health and Human Services shall provide Medicaid
39 coverage for adoptive children with special or rehabilitative needs
40 regardless of the adoptive family's income.

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

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

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

1 **SECTION 21.19.(q)** The Department of Health and Human Services shall
2 submit a quarterly status report on expenditures for acute care and long-term care
3 services to the Fiscal Research Division and to the Office of State Budget and
4 Management. This report shall include an analysis of budgeted versus actual
5 expenditures for eligibles by category and for long-term care beds. In addition, the
6 Department shall revise the program's projected spending for the current fiscal year and
7 the estimated spending for the subsequent fiscal year on a quarterly basis. The quarterly
8 expenditure report and the revised forecast shall be forwarded to the Fiscal Research
9 Division and to the Office of State Budget and Management no later than the third
10 Thursday of the month following the end of each quarter.

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

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

21 **SECTION 21.19.(t)** The Department of Health and Human Services may
22 adopt temporary rules according to the procedures established in G.S. 150B-21.1 when
23 it finds that these rules are necessary to maximize receipt of federal funds, to reduce
24 Medicaid expenditures, and to reduce fraud and abuse. Prior to the filing of these
25 temporary rules with the Office of Administrative Hearings, the Department shall
26 consult with the Office of State Budget and Management on the possible fiscal impact
27 of the temporary rule and its effect on State appropriations and local governments.

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

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

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

47
48 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
49 Thompson

50 **MEDICAID DEFINITION OF MEDICAL NECESSITY EXEMPT FROM RULE**
51 **MAKING UNDER APA; DETERMINATION OF MEDICAL NECESSITY**

52 **SECTION 21.20.(a)** The Department of Health and Human Services shall
53 adopt a definition and application of "medical necessity" for the State Medicaid

1 Program that is consistent with current references to national standards of care. In order
2 to promote consistency among providers and ensure that medical necessity criteria are
3 uniformly applied to beneficiaries throughout the State, the determination of "medical
4 necessity" shall be made by Department staff or other utilization review contractors.
5 Adoption of and amendments to the definition and application of "medical necessity"
6 under the State Medicaid Program are exempt from rule-making requirements of
7 Chapter 150B of the General Statutes. The Department shall notify in writing all
8 Medicaid providers in the State of all proposed amendments to the definition and
9 application of "medical necessity". Notice shall be given 30 days prior to the adoption
10 of the amended definition or application and shall include the text of the proposed
11 amended definition or application. The Department shall make available to providers
12 and other interested persons upon request the most recently adopted definition and
13 application of "medical necessity".

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

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

- 17 (1) The Commission.
- 18 (2) Repealed by Session Laws 2000-189, s. 14, effective July 1, 2000.
- 19 (3) The North Carolina Hazardous Waste Management Commission in
20 administering the provisions of G.S. 130B-13 and G.S. 130B-14.
- 21 (4) The Department of Revenue, with respect to the notice and hearing
22 requirements contained in Part 2 of Article 2A.
- 23 (5) The North Carolina Global TransPark Authority with respect to the
24 acquisition, construction, operation, or use, including fees or charges,
25 of any portion of a cargo airport complex.
- 26 (6) The Department of Correction, with respect to matters relating solely
27 to persons in its custody or under its supervision, including prisoners,
28 probationers, and parolees.
- 29 (7) The North Carolina Teachers' and State Employees' Comprehensive
30 Major Medical Plan in administering the provisions of Parts 2 and 3 of
31 Article 3 of Chapter 135 of the General Statutes.
- 32 (8) The Department of Health and Human Services in defining and
33 applying 'medical necessity' under the State Medicaid Program."

34
35 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
36 Thompson

37 COUNTY MEDICAID COST-SHARE

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

42 **SECTION 21.21.(b)** Effective July 1, 2000, the county share of the cost of
43 Medicaid Personal Care Services paid to adult care homes shall be decreased
44 incrementally each fiscal year until the county share reaches fifteen percent (15%) of
45 the nonfederal share by State fiscal year 2009-2010.

46
47 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
48 Thompson, Nesbitt, Baddour

49 NC HEALTH CHOICE

50 **SECTION 21.22.(a)** The total amount of State funds expended for the
51 Health Insurance Program for Children (NC Health Choice) in the 2001-2002 fiscal year
52 and the 2002-2003 fiscal year shall not exceed the amount of State funds appropriated to
53 match federal funds for the Program for the 2001-2002 fiscal year and the 2002-2003

1 fiscal year. The Department shall manage Program enrollment in a way that maximizes
2 the number of children served within existing funds.

3 **SECTION 21.22.(b)** G.S. 108A-70.18 reads as rewritten:

4 "**§ 108A-70.18. Definitions.**

5 As used in this Part, unless the context clearly requires otherwise, the term:

- 6 (1) 'Comprehensive health coverage' means creditable health coverage as
7 defined under Title XXI.
8 (2) 'Family income' has the same meaning as used in determining
9 eligibility for the Medical Assistance Program.
10 (3) 'FPL' or 'federal poverty level' means the federal poverty guidelines
11 established by the United States Department of Health and Human
12 Services, as revised each April 1.
13 (4) 'Medical Assistance Program' means the State Medical Assistance
14 Program established under Part 6 of Article 2 of Chapter 108A of the
15 General Statutes.
16 (5) 'Program' means The Health Insurance Program for Children
17 established in this Part.
18 (6) 'State Plan' means the State Child Health Plan for the State Children's
19 Health Insurance Program established under Title XXI.
20 (7) 'Title XXI' means Title XXI of the Social Security Act, as added by
21 Pub. L. 105-33, 111 Stat. 552, codified in scattered sections of 42
22 U.S.C. (1997).
23 (8) 'Uninsured' means the applicant for Program benefits is not covered
24 under any private or employer-sponsored comprehensive health
25 insurance plan on the date of enrollment, and was not covered under
26 any private or employer sponsored comprehensive health insurance
27 plan for 60 days immediately preceding the date of application. The
28 waiting periods required under this subdivision shall be waived if:
29 a. ~~The child has been enrolled in Medicaid and has lost Medicaid~~
30 ~~eligibility;~~
31 b. ~~The child has lost health care benefits due to cessation of a~~
32 ~~nonprofit organization program that provides health care~~
33 ~~benefits to low income children;~~
34 c. ~~The child has lost employer sponsored comprehensive health~~
35 ~~care coverage due to termination of employment, cessation by~~
36 ~~the employer of employer sponsored health coverage, or~~
37 ~~cessation of the employer's business; or~~
38 d. ~~Health insurance benefits available to the family of a special~~
39 ~~needs child have been terminated due to a long term disability~~
40 ~~or a substantial reduction in or limitation of lifetime medical~~
41 ~~benefits or benefit category. As used in this paragraph, "special~~
42 ~~needs child" has the definition applied in G.S. 108A-70.23(a)."~~

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

46 **DISPOSITION OF DISPROPORTIONATE SHARE RECEIPT CHANGE**

47 **SECTION 21.23.(a)** Disproportionate share receipts reserved at the end of
48 the 2001-2002 fiscal year shall be deposited with the Department of State Treasurer as
49 nontax revenue for the 2001-2002 fiscal year.

50 **SECTION 21.23.(b)** For the 2001-2002 fiscal year, as it receives funds
51 associated with Disproportionate Share Payments from State hospitals, the Department
52 of Health and Human Services, Division of Medical Assistance, shall deposit up to one
53 hundred seven million dollars (\$107,000,000) of these Disproportionate Share Payments

1 to the Department of State Treasurer for deposit as nontax revenue. Any
2 Disproportionate Share Payments collected in excess of the one hundred seven million
3 dollars (\$107,000,000) shall be reserved by the State Treasurer for future
4 appropriations.

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

8 **MEDICAID COST CONTAINMENT AND GROWTH REDUCTION**

9 **SECTION 21.24.(a)** The Department of Health and Human Services,
10 Division of Medical Assistance, shall contain Medicaid Program costs by reducing the
11 rate of growth of the Medicaid Program, except for the rate of growth in the number of
12 persons eligible for Medicaid. The Department shall develop and implement a plan to
13 reduce the rate of growth in total expenditures for payments for medical services for
14 fiscal year 2002-2003 to eight percent (8%) or less of the total expenditures for the
15 2001-2002 fiscal year, excluding the rate of growth associated with eligibles.

16 **SECTION 21.24.(b)** In addition to findings and recommendations in the
17 "North Carolina Medicaid Benefit Study", May 1, 2001, the Department of Health and
18 Human Services may also consider the following actions to reduce the rate of growth in
19 the Medicaid Program:

- 20 (1) Changes in methods of reimbursement;
- 21 (2) Changes in the method of determining or limiting inflation factors, or
22 both;
- 23 (3) Recalibration of existing methods of reimbursement; and
- 24 (4) Contracting for services.

25 **SECTION 21.24.(c)** As part of any efforts to contain Medicaid program
26 costs, the Department of Health and Human Services, Division of Medical Assistance,
27 shall establish reimbursement rates that will allow efficient Medicaid providers to
28 comply with certification requirements, licensure rules, or other mandated quality or
29 safety standards.

30 **SECTION 21.24.(d)** The Department shall report on its plans to reduce the
31 rate of growth in the State Medicaid Program not later than October 1, 2001. The
32 Department shall submit the report to the Senate Appropriations Committee on Health
33 and Human Services, the House of Representatives Appropriations Subcommittee on
34 Health and Human Services, and the Fiscal Research Division.

35 **SECTION 21.24.(e)** The Department shall not change medical policy
36 affecting the amount, sufficiency, duration, and scope of health care services and who
37 may provide services until the Division of Medical Assistance has prepared a five-year
38 fiscal analysis documenting the increased cost of the proposed change in medical policy
39 and submitted it for Departmental review. If the fiscal impact indicated by the fiscal
40 analysis for any proposed medical policy change exceeds three million dollars
41 (\$3,000,000) in total requirements for a given fiscal year, then the Department shall
42 submit the proposed policy change with the fiscal analysis to the Office of State Budget
43 and Management and the Fiscal Research Division.

44
45 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
46 Thompson

47 **MEDICAID COST-CONTAINMENT RESERVE**

48 **SECTION 21.25.** Of the funds appropriated in this act to the Department of
49 Health and Human Services for the 2001-2003 fiscal biennium, the sum of one million
50 dollars (\$1,000,000) for each year of the 2001-2003 fiscal biennium shall be placed in a
51 Reserve for Medicaid Cost Containment. Funds in the Reserve shall be used to support
52 activities that will contain the cost of the Medicaid Program including contracting for
53 services or hiring additional staff. Medicaid cost-containment activities may include

1 prospective reimbursement methods, incentive-based reimbursement methods, service
2 limits, prior authorization of services, periodic medical necessity reviews, revised
3 medical necessity criteria, service provision in the least costly settings, and other
4 cost-containment related activities. Funds shall not be expended from the Reserve until
5 the Office of State Budget and Management has approved a proposal for the
6 expenditure submitted by the Department. Proposals for expenditures from the Reserve
7 shall include the cost of implementing the cost-containment activity and documentation
8 on the amount of savings expected to be realized from the cost-containment activity.
9 The Department shall submit a copy of proposals for expenditures from the Reserve to
10 the Fiscal Research Division.

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

14 **MEDICAID PROGRAM MANAGEMENT**

15 **SECTION 21.26.(a)** The Department of Health and Human Services shall
16 consider the findings and recommendations in the "North Carolina Medicaid Benefit
17 Study", May 1, 2001, and shall target the following in considering whether and to what
18 extent to implement recommendations:

- 19 (1) Reduction in the fragmentation in the medical benefit policy-making
20 process.
- 21 (2) Improvement in the use of data and medical literature in the
22 decision-making process.
- 23 (3) Improvement in the coordination of care and utilization review
24 process.
- 25 (4) Strengthening of program integrity controls.

26 **SECTION 21.26.(b)** The Department shall implement a pharmacy
27 management plan considering the recommendations of the "North Carolina Medicaid
28 Benefit Study" to achieve anticipated cost savings of fourteen million dollars
29 (\$14,000,000) in the 2001-2002 fiscal year and twenty-six million five hundred
30 thousand dollars (\$26,500,000) in the 2002-2003 fiscal year. The pharmacy
31 management plan may include the following activities:

- 32 (1) Establishing a prior authorization program to manage utilization of
33 high-cost brand name drugs.
- 34 (2) Limiting prescription drugs to a 34-day supply for some or all drugs.
- 35 (3) Developing physician prescribing practice profiles and other
36 educational tools to enable physicians to better manage their
37 prescriptions.
- 38 (4) Establishing therapeutic limits based on appropriate dosage or usage
39 standards.
- 40 (5) Encouraging use of generic drugs, using incentives such as differential
41 dispensing fees or differential co-payments.
- 42 (6) Using maximum allowable pricing.
- 43 (7) Contracting with a pharmacy benefits manager to implement more
44 extensive drug utilization review.
- 45 (8) Studying the impact of eliminating the six prescription drug monthly
46 limit combined with a more rigorous prior authorization program to
47 ensure cost decisions are made based on evidenced-based clinical
48 guidelines.
- 49 (9) Expanding disease management initiatives.
- 50 (10) Working with ACCESS physicians to develop and implement drug
51 utilization management initiatives.
- 52 (11) If cost-effective, expanding Medicaid drug coverage to include
53 selected over-the-counter medications.

1 **SECTION 21.26.(c)** The Department shall report on all of the activities
2 conducted under this section to the Senate Appropriations Committee on Health and
3 Human Services, the House of Representatives Appropriations Subcommittee on Health
4 and Human Services, and the Fiscal Research Division not later than January 1, 2002.

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

8 **CAROLINA ACCESS PROGRAM IMPROVEMENTS**

9 **SECTION 21.27.** The Department of Health and Human Services shall
10 improve efficiencies and effectiveness in the Carolina ACCESS program by redesigning
11 program operations to reflect the program goals of the ACCESS II and ACCESS III
12 programs. Strategies for improving efficiencies and effectiveness may include such
13 activities as:

- 14 (1) Accelerating conversion of ACCESS I to ACCESS II and III.
- 15 (2) Establishing cost-reduction targets for ACCESS II and III partnerships.
- 16 (3) Considering reimbursement mechanisms that will enable providers to
17 share in the savings realized by exceeding cost-reduction targets.
- 18 (4) Enhancing automatic linkages between patients and their primary care
19 providers during Medicaid eligibility determination.
- 20 (5) Improving the referral process to prevent abuse or inappropriate use of
21 primary care provider's authorization number.

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

25 **STUDY OPTIONAL SERVICES UNDER MEDICAID PROGRAM**

26 **SECTION 21.28.(a)** The Department of Health and Human Services shall
27 study all of the optional services provided under the State Medical Assistance Program.
28 In conducting the study, the Department shall consider the analysis and
29 recommendations of the "North Carolina Medicaid Benefit Study", May 1, 2001, and
30 shall conduct an analysis of each optional service. The analysis shall include
31 consideration of cost containment achieved by reduction in or elimination of the service,
32 and the impact the reduction or elimination will have on client needs and other services.

33 **SECTION 21.28.(b)** The Department shall report its findings and
34 recommendations to the Senate Appropriations Committee on Health and Human
35 Services, the House of Representatives Appropriations Subcommittee on Health and
36 Human Services, and the Fiscal Research Division not later than April 1, 2002.

37
38 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
39 Thompson

40 **TBI MEDICAID WAIVER**

41 **SECTION 21.28A.** The Department of Health and Human Services shall
42 develop and seek approval from the Health Care Financing Administration for a Home
43 and Community-Based Medicaid Waiver for individuals with traumatic brain injury. If
44 the waiver is granted, the Department shall not implement the waiver unless the
45 implementation is approved and enacted by the General Assembly and funds are
46 appropriated for that purpose. The Department shall report the status of the waiver to
47 the House of Representatives Appropriations Subcommittee on Health and Human
48 Services and the Senate Appropriations Committee on Health and Human Services on
49 October 1, 2001, and March 1, 2002. The report shall include the amount of funds
50 needed to implement the waiver. Nothing in this section obligates the General
51 Assembly to appropriate funds to implement a Medicaid waiver granted by the federal
52 government for the purposes stated in this section.

SUBPART 3. AGING

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

SPECIAL ASSISTANCE DEMONSTRATION PROJECT

SECTION 21.29.(a) Section 11.21 of S.L. 1999-237, as amended by Section 11.13 of S.L. 2000-67, reads as rewritten:

"Section 11.21. The Department of Health and Human Services may use funds from the existing State/County Special Assistance for Adults budget to provide Special Assistance payments to eligible individuals in in-home living arrangements. These payments may be made for up to ~~400~~1,000 individuals. These payments may be made for up to a two-year period beginning July 1, 2000, and ending June 30, 2002. An individual enrolled in the Special Assistance demonstration on June 30, 2002, who remains continuously eligible may receive payments through June 30, 2003. Individuals enrolled in the Special Assistance demonstration project shall receive the same payment amount as received by recipients of Special Assistance who are residents of adult care homes. To the maximum extent possible, the Department shall consider geographic balance in the dispersion of payments to individuals across the State. The Department shall make an interim report to the cochairs of the House of Representatives Appropriations Committee, the cochairs of the House of Representatives Appropriations Subcommittee on Health and Human Services and the cochairs of the Senate Appropriations Committee, the Chair of the Senate Appropriations Committee on Human Resources by June 30, 2001, and a final report by October 1, 2002. This report shall include the following information:

- (1) A description of cost savings that could occur by allowing individuals eligible for State/County Special Assistance the option of remaining in the home.
- (2) Which activities of daily living or other need criteria are reliable indicators for identifying individuals with the greatest need for income supplements for in-home living arrangements.
- (3) How much case management is needed and which types of individuals are most in need of case management.
- (4) The geographic location of individuals receiving payments under this section.
- (5) A description of the services purchased with these payments.
- (6) A description of the income levels of individuals who receive payments under this section and the impact on the Medicaid program.
- (7) Findings and recommendations as to the feasibility of continuing or expanding the demonstration program."

SECTION 21.29.(b) The Department of Health and Human Services shall apply for a Section 1115 Medicaid Waiver to provide medical assistance to individuals living in their own home who are receiving supplemental State/County special assistance payments on a pilot basis rather than statewide. Individuals eligible for supplemental payments under the waiver shall be those individuals whose income exceeds one hundred percent (100%) of the federal poverty level and who would otherwise qualify for State/County Special Assistance as a resident of an adult care home. The waiver shall be designed to enable eligible recipients to remain at home, to receive the same payment amount as adult care home residents receiving State/County Special Assistance, and to qualify for Medicaid. If the waiver is granted, the Department shall not implement the waiver unless the implementation is approved and enacted by the General Assembly and funds are appropriated for that purpose. The Department shall report the status of the waiver to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate

1 Appropriations Committee on Health and Human Services on October 1, 2001, and
2 March 1, 2002. The report shall include the amount of funds needed to implement the
3 waiver. Nothing in this section obligates the General Assembly to appropriate funds to
4 implement a Medicaid waiver granted by the federal government for the purposes stated
5 in this section.

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

9 SENIOR CENTER OUTREACH

10 SECTION 21.30.(a) Funds appropriated to the Department of Health and
11 Human Services, Division of Aging, for the 2001-2003 fiscal biennium shall be used by
12 the Division of Aging to enhance senior center programs as follows:

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

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

17 SECTION 21.30.(b) Prior to funds being allocated pursuant to this section
18 for start-up funds for a new senior center, the board of commissioners of the county in
19 which the new center will be located shall:

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

24 SECTION 21.30.(c) State funding shall not exceed ninety percent (90%) of
25 reimbursable costs.

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

29 FUNDS FOR ALZHEIMER'S ASSOCIATION CHAPTERS IN NORTH 30 CAROLINA

31 SECTION 21.31. Of the funds appropriated in this act to the Department of
32 Health and Human Services, Division of Aging, the sum of one hundred fifty thousand
33 dollars (\$150,000) for the 2001-2002 fiscal year and the sum of one hundred fifty
34 thousand dollars (\$150,000) for the 2002-2003 fiscal year shall be allocated as follows:

- 35 (1) \$75,000 in each fiscal year for the Western Carolina Alzheimer's
36 Chapter; and
- 37 (2) \$75,000 in each fiscal year for the Eastern NC Alzheimer's Chapter.

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

40
41 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
42 Thompson

43 AREA AGENCIES ON AGING COST SAVINGS STUDY; REDUCTION IN 44 NUMBER OF AGENCIES; FUNDS

45 SECTION 21.32.(a) The Department of Health and Human Services shall
46 conduct a study to determine cost savings to be realized and increased efficiencies to be
47 gained by reducing the number of Area Agencies on Aging from 17 to not more than 13
48 and not fewer than 11. In conducting the study, the Department shall collect data to
49 determine the amount of the reduction in administrative costs, direct costs, and indirect
50 costs, and shall calculate the reduction based on maintaining the amount and quality of
51 services provided. The Department shall do a cost-benefit analysis of each option for the
52 reduction in the number of agencies, e.g., analysis for reducing to 13, analysis for
53 reducing to 12, etc. The Department shall report the results of its study to the Senate

1 Appropriations Committee on Health and Human Services, the House of
2 Representatives Appropriations Subcommittee on Health and Human Services, and the
3 Fiscal Research Division not later than March 1, 2002.

4 **SECTION 21.32.(b)** Of the funds appropriated in this act to the Department
5 of Health and Human Services, the sum of seven hundred thousand dollars (\$700,000)
6 for the 2001-2002 fiscal year shall be allocated equally among each of the Area
7 Agencies on Aging. These funds shall be used for planning, coordination, and
8 operational activities that enhance each agency's ability to provide services, information,
9 and education to consumers, and to better meet the data and technical assistance needs
10 of providers, local planning committees, and local governments.

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

14 **DIVISION OF AGING CONSOLIDATION OF SECTIONS**

15 **SECTION 21.33.** The Department of Health and Human Services, Division
16 of Aging, shall reduce layers of management and streamline operations by consolidating
17 the Planning and Information and the Budget and Information sections. The Division
18 shall transfer positions, corresponding State appropriations, federal funds, and any other
19 relevant funds. The Department shall allocate savings in non-State funds realized from
20 the reduction in positions to direct services such as Ombudsman services, home
21 delivered meals, and personal care services. In allocating these funds, the Department
22 shall give priority to those direct services for which there are clients waiting for
23 services.

24 25 **SUBPART 4. SOCIAL SERVICES**

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

29 **ADULT CARE HOME RESIDENT ASSESSMENT SERVICES**

30 **SECTION 21.35.** Funds appropriated in this act to the Department of Health
31 and Human Services, Division of Social Services, for adult care home positions in the
32 Department and in county departments of social services shall be used for personnel
33 trained in the medical and social needs of older adults and disabled persons in adult care
34 homes to evaluate individuals requesting State/County Special Assistance to pay for
35 care in adult care homes. One of the functions of these personnel shall be to develop
36 and collect data on the appropriate level of care and placement in the long-term care
37 system, including identifying individuals who pose a risk to other residents and who
38 may need further mental health assessment and treatment. These personnel shall also
39 provide technical assistance to adult care homes on how to conduct functional
40 assessments and develop care plans and shall assist in monitoring the Special Assistance
41 Demonstration Project.

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

45 **QUALITY CRITERIA FOR LONG-TERM CARE**

46 **SECTION 21.36.** The Department of Health and Human Services, in
47 conjunction with the North Carolina Institute of Medicine, shall continue a special work
48 group to develop criterion-based indicators for the monitoring of quality of care in
49 North Carolina nursing homes, adult care homes, assisted living facilities, and home
50 health care programs. The Institute of Medicine and the Department of Health and
51 Human Services shall work together to implement these criteria for the monitoring of
52 long-term care in the State and pursue options for the use of these criteria in lieu of

1 current HCFA-mandated standards for surveying North Carolina nursing homes under
2 the federal Medicaid and Medicare programs.

3
4 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine

5 **LIMITATIONS ON STATE ABORTION FUND**

6 **SECTION 21.38.** The limitations on funding of the performance of abortion
7 established in Section 23.27 of Chapter 324 of the 1995 Session Laws, as amended by
8 Section 23.8A of Chapter 507 of the 1995 Session Laws, apply to the 2001-2002 and
9 2002-2003 fiscal years.

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

13 **SPECIAL CHILDREN ADOPTION FUND**

14 **SECTION 21.40.(a)** Of the funds appropriated to the Department of Health
15 and Human Services in this act, the sum of one million one hundred thousand dollars
16 (\$1,100,000) shall be used to support the Special Children Adoption Fund for each year
17 of the 2001-2003 fiscal biennium. The Division of Social Services, in consultation with
18 the North Carolina Association of County Directors of Social Services and
19 representatives of licensed private adoption agencies, shall develop guidelines for the
20 awarding of funds to licensed public and private adoption agencies upon the adoption of
21 children described in G.S. 108A-50 and in foster care. Payments received from the
22 Special Children Adoption Fund by participating agencies shall be used exclusively to
23 enhance the adoption services. No local match shall be required as a condition for
24 receipt of these funds. In accordance with State rules for allowable costs, the Special
25 Children Adoption Fund may be used for post-adoption services for families whose
26 incomes exceed two hundred percent (200%) of the federal poverty level.

27 **SECTION 21.40.(b)** Of the total funds appropriated for the Special Children
28 Adoption Fund, each year one million dollars (\$1,000,000) shall be reserved for
29 payment to participating private adoption agencies. If the funds reserved in this
30 subsection for payments to private adoption agencies have not been spent on or before
31 March 31, 2002, the Division of Social Services may reallocate those funds, in
32 accordance with this section, to other participating adoption agencies.

33
34 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
35 Thompson

36 **FOSTER CARE AND ADOPTION ASSISTANCE PAYMENTS**

37 **SECTION 21.41.(a)** The maximum rates for State participation in the foster
38 care assistance program are established on a graduated scale as follows:

- 39 (1) \$315.00 per child per month for children aged birth through 5;
40 (2) \$365.00 per child per month for children aged 6 through 12; and
41 (3) \$415.00 per child per month for children aged 13 through 18.

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

44 **SECTION 21.41.(b)** The maximum rates for State participation in the
45 adoption assistance program are established on a graduated scale as follows:

- 46 (1) \$315.00 per child per month for children aged birth through 5;
47 (2) \$365.00 per child per month for children aged 6 through 12; and
48 (3) \$415.00 per child per month for children aged 13 through 18.

49 **SECTION 21.41.(c)** In addition to providing board payments to foster and
50 adoptive families of HIV-infected children, as prescribed in Section 23.28 of Chapter
51 324 of the 1995 Session Laws, any additional funds remaining that were appropriated
52 for this purpose shall be used to provide medical training in avoiding HIV transmission
53 in the home.

1 **SECTION 21.41.(d)** The maximum rates for State participation in HIV
2 foster care and adoption assistance are established on a graduated scale as follows:

- 3 (1) \$800.00 per month per child with indeterminate HIV status;
4 (2) \$1,000 per month per child confirmed HIV-infected, asymptomatic;
5 (3) \$1,200 per month per child confirmed HIV-infected, symptomatic; and
6 (4) \$1,600 per month per child terminally ill with complex care needs.
7

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

10 **SPECIAL NEEDS ADOPTIONS INCENTIVE FUND**

11 **SECTION 21.42.(a)** There is created a Special Needs Adoptions Incentive
12 Fund to provide financial assistance to facilitate the adoption of certain children residing
13 in licensed foster care homes, effective January 1, 2001. These funds shall be used to
14 remove financial barriers to the adoption of these children and shall be available to
15 foster care families who adopt children with special needs as defined by the Social
16 Services Commission. These funds shall be matched by county funds.

17 **SECTION 21.42.(b)** This program shall not constitute an entitlement and is
18 subject to the availability of funds.

19 **SECTION 21.42.(c)** The Social Services Commission shall adopt rules to
20 implement the provisions of this section.

21 **SECTION 21.42.(d)** The Department of Health and Human Services shall
22 report on the use of these funds no later than April 1, 2002, to the Senate Appropriations
23 Committee on Health and Human Services, the House of Representatives
24 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
25 Division.
26

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

29 **STATE/COUNTY SPECIAL ASSISTANCE**

30 **SECTION 21.44.(a)** The eligibility of Special Assistance recipients residing
31 in adult care homes on August 1, 1995, shall not be affected by an income reduction in
32 the Special Assistance eligibility criteria resulting from adoption of the Rate Setting
33 Methodology Report and Related Services, providing these recipients are otherwise
34 eligible. The maximum monthly rate for these residents in adult care home facilities
35 shall be one thousand two hundred thirty-one dollars (\$1,231) per month per resident.

36 **SECTION 21.44.(b)** The maximum monthly rate for residents in adult care
37 home facilities shall be one thousand sixty-two dollars (\$1,062) per month per resident
38 through September 30, 2001.

39 **SECTION 21.44.(c)** Effective October 1, 2001, the maximum monthly rate
40 for residents in adult care home facilities shall be one thousand eighty-four dollars
41 (\$1,084) per month per resident.
42

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

45 **CHILD WELFARE SYSTEM PILOTS**

46 **SECTION 21.46.(a)** The Department of Health and Human Services,
47 Division of Social Services, shall develop a plan, working with local departments of
48 social services, to implement an alternative response system of child protection in no
49 fewer than two and no more than 10 demonstration areas in this State. The plan should
50 provide for the pilots to implement an alternative response system in which local
51 departments of social services utilize family assessment tools and family support
52 principles when responding to selected reports of suspected child neglect.

1 **SECTION 21.46.(b)** The Department of Health and Human Services shall
2 develop data collection processes that would enable the General Assembly to assess the
3 impact of these pilots on the following:

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

10 **SECTION 21.46.(c)** The Department of Health and Human Services may
11 proceed to implement this pilot program if non-State funds are identified for this
12 purpose.

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

16 **STATE ADULT DAY CARE FUND**

17 **SECTION 21.47.** The Department of Health and Human Services, Division
18 of Aging, shall implement changes in its methodology currently used for allocating
19 slots. The new allocation shall be implemented January 1, 2002, and shall ensure the
20 Fund will serve new clients. Not later than January 1, 2002, the Department of Health
21 and Human Services, Division of Aging, shall report to the Senate Appropriations
22 Committee on Health and Human Services, the House of Representatives
23 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
24 Division the new allocation methodology. The report shall include all of the changes
25 made in the new allocation and an estimate of the number of new clients served. The
26 allocation of all slots paid for with State Adult Day Care Funds shall be distributed
27 equitably among service providers and shall eliminate the funding of unused slots.

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

31 **REORGANIZATION OF DIVISION OF SOCIAL SERVICES**

32 **SECTION 21.49.** The Department of Health and Human Services, Division
33 of Social Services shall reduce layers of management and streamline operations in
34 accordance with the following:

- 35 (1) Consolidate the Resource and Information Management Section and
36 Budget Operations Section including the elimination of one section
37 chief position. The Division of Social Services shall further
38 consolidate to address low staff-to-supervisor ratios. All positions and
39 corresponding State appropriations, federal funds, and other funds in
40 these two sections shall be consolidated.
 - 41 (2) Consolidate the Program Integrity, Economic Independence Services,
42 and Local Support Branches into one branch within the Economic
43 Independence Section. The Division of Social Services shall further
44 consolidate to address low staff-to-supervisor ratios. All positions and
45 corresponding State appropriations, federal funds, and other funds
46 shall be consolidated.
 - 47 (3) Eliminate the Local Support Section including all positions and
48 corresponding State appropriations, federal funds, and other funds.
 - 49 (4) Eliminate the Program Development Branch including the
50 corresponding position and State appropriations, federal funds, and
51 other funds.
- 52

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

3 **REPEAL RECIPIENT IDENTIFICATION SYSTEM**

4 **SECTION 21.52.** G.S. 108A-24(1a) and G.S. 108A-25.1 are repealed.
5

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

8 **CHILD SUPPORT PILOT PROGRAM/ENHANCED STANDARDS**

9 **SECTION 21.53.(a)** It is the intent of the General Assembly to increase the
10 productivity and enhance the performance of child support enforcement offices
11 statewide.

12 **SECTION 21.53.(b)** The Department of Health and Human Services, Office
13 of the Controller, and the Division of Social Services shall immediately develop and
14 implement performance enhancement strategies focusing on improved efficiency and
15 effectiveness across the State and shall develop and implement at least one privatization
16 pilot which tests the feasibility of privatizing State-operated local child support
17 enforcement operations.

18 **SECTION 21.53.(c)** The Department of Health and Human Services shall
19 develop and implement performance standards for each of the State and county child
20 support enforcement offices across the State. In development of these performance
21 standards, the Department of Health and Human Services shall evaluate other private
22 and public child support models and national standards as well as other successful
23 collections models. These performance standards shall include the following:

- 24 (1) Cost per collections.
- 25 (2) Consumer satisfaction.
- 26 (3) Paternity establishments.
- 27 (4) Administrative costs.
- 28 (5) Orders established.
- 29 (6) Collections on arrearages.
- 30 (7) Location of absent parents.
- 31 (8) Other related performance measures.

32 The Department of Health and Human Services shall monitor the
33 performance of each office and shall implement a system of reporting which allows
34 each local office to review its performance as well as the performance of other local
35 offices. The Department of Health and Human Services shall publish an annual
36 performance report that shall include the statewide and local office performance of each
37 child support office.

38 **SECTION 21.53.(d)** The Department of Health and Human Services shall
39 develop and implement a program to reward its child support enforcement offices for
40 exemplary performance.

41 **SECTION 21.53.(e)** The Department of Health and Human Services shall
42 report on its progress in complying with the provisions of this section to the Senate
43 Appropriations Committee on Health and Human Services, the House of
44 Representatives Appropriations Subcommittee on Health and Human Services, and the
45 Fiscal Research Division. The Department shall make interim reports no later than
46 September 1, 2001, and January 15, 2002, and a final report no later than May 1, 2002.
47

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

50 **ADULT CARE HOME MODEL FOR COMMUNITY-BASED SERVICES**

51 **SECTION 21.54.(a)** In keeping with the United States Supreme Court
52 Decision in Olmstead vs. L.C. & E.W. and with State policy to provide appropriate
53 services to clients in the least restrictive and most appropriate environment, the

1 Department of Health and Human Services shall develop a model project for delivering
2 community-based mental health, developmental disabilities, and substance abuse
3 housing and services through adult care homes that have excess capacity. The model
4 shall be designed for implementation on a pilot basis and shall address the following:

- 5 (1) Services that will be provided by the facility or under contract with the
6 facility, including assistance with daily medication.
- 7 (2) Access of clients to mental health, developmental disabilities, and
8 substance abuse services provided in the community, including
9 transportation to services outside of the client's residence in the adult
10 care home facility.
- 11 (3) Physical plant additions or changes necessary to provide for
12 independent living of residents.
- 13 (4) Methods for assuring quality of services, resident safety, and
14 cost-effectiveness.
- 15 (5) Consistency with the Department's Olmstead plan, other policies on
16 community-integration, and disability plans adopted by the State.

17 **SECTION 21.54.(b)** The Department shall submit a progress report on the
18 development of the model to the Senate Appropriations Committee on Health and
19 Human Services, the House of Representatives Appropriations Subcommittee on Health
20 and Human Services, and the Fiscal Research Division on or before January 1, 2002,
21 and a final report on March 1, 2002. The report shall address the following:

- 22 (1) The proposed time and location for implementation of the pilot.
- 23 (2) Proposed number of residents to be placed and services to be provided
24 directly by the facility or under contract with the facility.
- 25 (3) Method for evaluating the pilot, including services provided, on a
26 regular basis.
- 27 (4) A description of the living environment for each resident and a
28 comparison of how the living environment compares to that of other
29 residents in the adult care home.
- 30 (5) Changes to State law necessary to implement the pilot.
- 31 (6) Projected cost to the State for pilot and statewide implementation.

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

35 **TANF CASH ASSISTANCE FLEXIBILITY; STUDY MAINTENANCE OF**
36 **EFFORT**

37 **SECTION 21.54B.(a)** Notwithstanding G.S. 108A-27.11, the Department of
38 Health and Human Services may adjust Temporary Assistance for Needy Families
39 (TANF) allocations for the 2001-2002 fiscal year for electing counties to ensure that
40 counties have an adequate amount of federal funds for Work First cash assistance
41 payments.

42 **SECTION 21.54B.(b)** The Department of Health and Human Services shall,
43 in consultation with the North Carolina Association of County Commissioners and the
44 North Carolina Social Services Consortium, study the maintenance of effort provisions
45 of G.S. 108A-27.11 and G.S. 108A-27.12 and other TANF State and federal funding
46 requirements in order to evaluate the ongoing fiscal impact of these requirements on the
47 State, counties, and the Work First program. The Department shall report its findings
48 and recommendations to the House of Representatives Appropriations Subcommittee on
49 Health and Human Services, the Senate Appropriations Committee on Health and
50 Human Services, and the Fiscal Research Division not later than March 1, 2002.

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

53 **CHILD SUPPORT RECEIPT SHORTFALL**

1 **SECTION 21.54C.** The sum of six million four hundred fifty-six thousand
2 five hundred dollars (\$6,456,500) appropriated to the Division of Social Services for
3 Child Support Receipt Shortfall shall be transferred to the Office of the Secretary for the
4 "More at Four" program.

5
6 **SUBPART 5. MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND**
7 **SUBSTANCE ABUSE SERVICES**

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

11 **LIABILITY INSURANCE**

12 **SECTION 21.55.** The Secretary of the Department of Health and Human
13 Services, the Secretary of the Department of Environment and Natural Resources, and
14 the Secretary of the Department of Correction may provide medical liability coverage
15 not to exceed one million dollars (\$1,000,000) per incident on behalf of employees of
16 the Departments licensed to practice medicine or dentistry, all licensed physicians who
17 are faculty members of The University of North Carolina who work on contract for the
18 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services
19 for incidents that occur in Division programs, and on behalf of physicians in all
20 residency training programs from The University of North Carolina who are in training
21 at institutions operated by the Department of Health and Human Services. This
22 coverage may include commercial insurance or self-insurance and shall cover these
23 individuals for their acts or omissions only while they are engaged in providing medical
24 and dental services pursuant to their State employment or training.

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

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

39
40 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
41 Thompson

42 **PRIVATE AGENCY UNIFORM COST-FINDING REQUIREMENT**

43 **SECTION 21.56.** To ensure uniformity in rates charged to area programs
44 and funded with State-allocated resources, the Division of Mental Health,
45 Developmental Disabilities, and Substance Abuse Services of the Department of Health
46 and Human Services may require a private agency that provides services under contract
47 with two or more area programs, except for hospital services that have an established
48 Medicaid rate, to complete an agency-wide uniform cost finding in accordance with
49 G.S. 122C-143.2(a) and G.S. 122C-147.2. The resulting cost shall be the maximum
50 included for the private agency in the contracting area program's unit cost finding.

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

BUTNER COMMUNITY LAND RESERVATION

SECTION 21.57. The Department of Health and Human Services shall reserve and dedicate the following described land for the construction of a Community Building and related facilities to serve the Butner Reservation:

"Approximately 2 acres, on the east side it borders Central Avenue with a line running along the Wallace Bradshur property on the north back to the tree line next to the ADATC. From there it follows the tree line south and west to and including the softball field. From the softball field it turns east to the State Employees Credit Union and follows the Credit Union property on the south side back to Central Avenue."

This land shall be reserved and dedicated for the project which shall be funded with contributions from Granville County, contributions from the residents of the Butner Reservation, the use of cablevision franchise rebate funds received by the Department of Health and Human Services on behalf of the Butner Reservation, and other public and private sources.

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

MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES RESERVE FOR SYSTEM REFORM AND OLMSTEAD DECISION

SECTION 21.58.(a) There is created in the Office of State Budget and Management the Mental Health, Developmental Disabilities, and Substance Abuse Services Reserve for System Reform and Olmstead. The purposes of the Reserve are to:

- (1) Provide start-up funds for programs and services that provide community alternatives for individuals currently residing in the State's mental health, developmental disabilities, and substance abuse services institutions.
- (2) Facilitate the State's compliance with the United States Supreme Court decision in Olmstead vs. L.C. and E.W.
- (3) Facilitate reform of the mental health, developmental disabilities, and substance abuse services system.

SECTION 21.58.(b) Funds appropriated to the Reserve created in subsection (a) of this section shall be used to:

- (1) Pay one-time expenditures that will not impose additional financial obligations on the State, and
- (2) Establish or expand community-based services if sufficient recurring funds can be identified within the Department from funds currently budgeted for mental health, developmental disabilities, and substance abuse services, area mental health programs, or local government.

SECTION 21.58.(c) Before allocating funds from the Reserve, the Director of the Budget shall certify that the planned uses of the funds are in compliance with this section and do not constitute or will not create an ongoing financial obligation to the State.

SECTION 21.58.(d) Funds in the Mental Health, Developmental Disabilities, and Substance Abuse Services Reserve for System Reform and Olmstead shall not revert to the General Fund but shall remain in the Reserve to be used as authorized in this section.

SECTION 21.58.(e) The Department of Health and Human Services shall report prior to the allocation of these funds to the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division on any actions taken under this section.

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

NONMEDICAID REIMBURSEMENT CHANGES

SECTION 21.59. Providers of medical services under the various State programs, other than Medicaid, offering medical care to citizens of the State shall be reimbursed at rates no more than those under the North Carolina Medical Assistance Program.

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

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

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

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

The eligibility level for children in the Medical Eye Care Program in the Division of Services for the Blind shall be one hundred percent (100%) of the federal poverty guidelines, as revised annually by the United States Department of Health and Human Services and in effect on July 1 of each fiscal year. The eligibility level for adults in the Atypical Antipsychotic Medication Program in the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services shall be one hundred fifty percent (150%) of the federal poverty guidelines, as revised annually by the United States Department of Health and Human Services and in effect on July 1 of each fiscal year. Additionally, those adults enrolled in the Atypical Antipsychotic Medication Program who become gainfully employed may continue to be eligible to receive State support, in decreasing amounts for the purchase of atypical antipsychotic medication and related services up to three hundred percent (300%) of the poverty level.

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

<u>Income</u> (% of poverty)	<u>State Participation</u>	<u>Client Participation</u>
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1	0-150%	100%	0%
2	151-200%	75%	25%
3	201-250%	50%	50%
4	251-300%	25%	75%
5	300% and over	0%	100%

6
7 The Department of Health and Human Services shall contract at, or as close
8 as possible to, Medicaid rates for medical services provided to residents of State
9 facilities of the Department.

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

13 **COMPREHENSIVE TREATMENT SERVICES PROGRAM**

14 **SECTION 21.60.(a)** The Department of Health and Human Services shall
15 establish the Comprehensive Treatment Services Program for children at risk for
16 institutionalization or other out-of-home placement. The Program shall be implemented
17 by the Department in consultation with the Department of Juvenile Justice and
18 Delinquency Prevention, the Department of Public Instruction, and other affected State
19 agencies. The purpose of the Program is to provide appropriate and medically
20 necessary residential and nonresidential treatment alternatives for children at risk of
21 institutionalization or other out-of-home placement. Program funds shall be targeted for
22 non-Medicaid eligible children. Program funds may also be used to expand a
23 system-of-care approach for services to children and their families statewide. The
24 program shall include the following:

- 25 (1) Behavioral health screening for all children at risk of
26 institutionalization or other out-of-home placement.
- 27 (2) Appropriate and medically necessary residential and nonresidential
28 services for deaf children.
- 29 (3) Appropriate and medically necessary residential and nonresidential
30 treatment services including placements for sexually aggressive youth.
- 31 (4) Appropriate and medically necessary residential and nonresidential
32 treatment services including placements for youths needing substance
33 abuse treatment services and children with serious emotional
34 disturbances.
- 35 (5) Multidisciplinary case management services, as needed.
- 36 (6) A system of utilization review specific to the nature and design of the
37 Program.
- 38 (7) Mechanisms to ensure that children are not placed in department of
39 social services custody for the purpose of obtaining mental health
40 residential treatment services.
- 41 (8) Mechanisms to maximize current State and local funds and to expand
42 use of Medicaid funds to accomplish the intent of this Program.
- 43 (9) Other appropriate components to accomplish the Program's purpose.
- 44 (10) The Secretary of the Department of Health and Human Services may
45 enter into contracts with residential service providers.

46 **SECTION 21.60.(b)** In order to ensure that children at risk for
47 institutionalization or other out-of-home placement are appropriately served by the
48 mental health, developmental disabilities, and substance abuse services system, the
49 Department of Health and Human Services, Division of Mental Health, Developmental
50 Disabilities, and Substance Abuse Services, shall do the following with respect to
51 services provided to these children:

- 52 (1) Provide only those treatment services that are medically necessary.
- 53 (2) Implement utilization review of services provided.

- 1 (3) Adopt the following guiding principles for the provision of services:
2 a. Service delivery system must be outcome-oriented and
3 evaluation-based.
4 b. Services should be delivered as close as possible to the child's
5 home.
6 c. Services selected should be those that are most efficient in
7 terms of cost and effectiveness.
8 d. Services should not be provided solely for the convenience of
9 the provider or the client.
10 e. Families and consumers should be involved in decision making
11 throughout treatment planning and delivery.
- 12 (4) Implement all of the following cost-reduction strategies:
13 a. Preauthorization for all services except emergency services.
14 b. Levels of care to assist in the development of treatment plans.
15 c. Clinically appropriate services.
16 d. Not later than May 1, 2002, State review of individualized
17 service plans for former Willie M. class members and for other
18 children whose individual service plan exceeds one hundred
19 thousand dollars (\$100,000) to ensure that service plans focus
20 on delivery of appropriate services rather than optimal
21 treatment and habilitation plans.

22 **SECTION 21.60.(c)** The Department shall collaborate with other affected
23 State agencies such as the Department of Juvenile Justice and Delinquency Prevention,
24 the Department of Public Instruction, the Administrative Office of the Courts, and with
25 local departments of social services, area mental health programs, and local education
26 agencies to eliminate cost shifting and facilitate cost-sharing among these governmental
27 agencies with respect to the treatment and placement services.

28 **SECTION 21.60.(d)** The Department shall not allocate funds appropriated
29 for Program services until a Memorandum of Agreement has been executed between the
30 Department of Health and Human Services, the Department of Public Instruction, and
31 other affected State agencies. The Memorandum of Agreement shall address
32 specifically the roles and responsibilities of the various departmental divisions and
33 affected State agencies involved in the administration, financing, care, and placement of
34 children at risk of institutionalization or other out-of-home placement. The Department
35 shall not allocate funds appropriated in this act for the Program until Memoranda of
36 Agreement between local departments of social services, area mental health programs,
37 local education agencies, and the Administrative Office of the Courts and the
38 Department of Juvenile Justice and Delinquency Prevention, as appropriate, are
39 executed to effectuate the purpose of the Program. The Memoranda of Agreement shall
40 address issues pertinent to local implementation of the Program.

41 **SECTION 21.60.(e)** Notwithstanding any other provision of law to the
42 contrary, services under the Comprehensive Treatment Services Program are not an
43 entitlement for non-Medicaid eligible children served by the Program.

44 **SECTION 21.60.(f)** Of the funds appropriated in this act for the
45 Comprehensive Treatment Services Program, the Department of Health and Human
46 Services shall establish a reserve of three percent (3%) to ensure availability of these
47 funds to address specialized needs for children with unique or highly complex
48 problems.

49 **SECTION 21.60.(g)** The Department of Health and Human Services, in
50 conjunction with the Department of Juvenile Justice and Delinquency Prevention, the
51 Department of Public Instruction, and other affected agencies, shall report on the
52 following Program information:

- 53 (1) The number and other demographic information of children served.

- (2) The amount and source of funds expended to implement the Program.
- (3) Information regarding the number of children screened, specific placement of children, and treatment needs of children served.
- (4) The average length of stay in residential treatment, transition, and return to home.
- (5) The number of children diverted from institutions or other out-of-home placements such as training schools and State psychiatric hospitals and a description of the services provided.
- (6) Recommendations on other areas of the Program that need to be improved.
- (7) Other information relevant to successful implementation of the Program.

SECTION 21.60.(h) The Department shall submit an interim report on December 1, 2001, on the implementation of this section and a final report not later than April 1, 2002, 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 Earle, Nye, Easterling, Oldham, Redwine, Thompson

MENTAL RETARDATION CENTER TRANSITION PLAN

SECTION 21.62.(a) In keeping with the United States Supreme Court Decision in Olmstead vs. L.C. & E.W. and State policy to provide appropriate services to clients in the least restrictive and most appropriate environment, the Department of Health and Human Services shall develop and implement a plan for the transfer of residents of State mental retardation centers, if appropriate, as follows:

- (1) Transfer those residents of the centers that need institutional services to a private intermediate care facility for the mentally retarded.
- (2) Transition to community programs and services those residents of the center that may be appropriately served in the community.

The Department shall develop a transition plan for moving each resident of the mental retardation center to the community-based services and supports, if appropriate. The transition plan shall be developed in consultation with the resident and the resident's family or guardian.

SECTION 21.62.(b) The Department may use funds from the Reserve for Mental Health Reform to facilitate the transition of residents into alternative community-based services as required under subsection (a) of this section. Nonrecurring savings realized from implementation of the plan required under subsection (a) of this section shall be deposited to the Reserve for Mental Health Reform to be used to facilitate the transition of clients into appropriate community-based services and supports in accordance with Section 21.58 of this act. Recurring savings realized through implementation of this section shall be retained by the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (i) for implementation of subsection (a)(1) and (2) of this section, and (ii) to support the recurring costs of additional community-based placements from Division facilities in accordance with Olmstead vs. L.C. & E.W.

SECTION 21.62.(c) On or before January 1, 2002, and again on or before May 1, 2002, and May 1, 2003, the Department shall report to the Joint Legislative Commission on Governmental Operations, the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on its progress in implementing this section.

1 **SECTION 21.62.(d)** The Department shall not close one or more State
2 mental retardation centers unless and until the closure is enacted by the General
3 Assembly.

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

7 **DOROTHEA DIX HOSPITAL**

8 **SECTION 21.63.(a)** In keeping with the United States Supreme Court
9 decision in Olmstead vs. L.C. & E.W. and State policy to provide appropriate services
10 to clients in the least restrictive and most appropriate environment, the Department of
11 Health and Human Services shall develop and implement a plan for the construction of
12 a replacement facility for Dorothea Dix Hospital in accordance with subsection (d) of
13 this section, and for the transition of patients to the new facility, to the community, or to
14 other long-term care facilities, as appropriate. The goal of the State Hospital Plan is to
15 develop mechanisms and identify resources needed to enable current patients and their
16 families to continue to receive the necessary services and supports based on the
17 following guiding principles:

- 18 (1) Individuals shall be provided acute psychiatric care in non-State
19 facilities when appropriate.
- 20 (2) Individuals shall be provided acute psychiatric care in State facilities
21 only when non-State facilities are unavailable.
- 22 (3) Individuals shall receive evidenced-based psychiatric services and care
23 that are cost-efficient.
- 24 (4) The State shall minimize cost shifting to other State and local facilities
25 or institutions.

26 **SECTION 21.63.(b)** The Department of Health and Human Services shall
27 conduct an analysis of the individual patient service needs and shall develop and
28 implement an individual transition plan for each patient in the hospital. The State shall
29 ensure that transition plans for placement of and services to individuals who are patients
30 of Dorothea Dix Hospital take into consideration the availability of appropriate
31 alternative placements based on the needs of the patient and within resources available
32 for the mental health, developmental disabilities, and substance abuse services system.
33 In developing each plan, the Department shall consult with the patient and the patient's
34 family or other legal representative.

35 **SECTION 21.63.(c)** In accordance with the plan established in subsections
36 (a) and (b) of this section, any nonrecurring savings in State appropriations that result
37 from reductions in beds or services shall be placed in the Reserve for Mental Health
38 System Reform. These funds shall be used to facilitate the transition of clients into
39 appropriate community-based services and supports in accordance with Section 21.58 of
40 this act. Recurring savings realized through implementation of this section shall be
41 retained by the Department of Health and Human Services, Division of Mental Health,
42 Developmental Disabilities, and Substance Abuse Services (i) for implementation of
43 subsections (a) and (b) of this section, and (ii) to support the recurring costs of
44 additional community-based placements from Division facilities in accordance with
45 Olmstead vs. L.C. & E.W.

46 **SECTION 21.63.(d)** The Secretary of the Department of Health and Human
47 Services shall, in consultation with the Department of Administration, plan for the
48 construction of a psychiatric hospital on the campus of Dorothea Dix Hospital to replace
49 Dorothea Dix Hospital and to provide acute psychiatric treatment services for citizens of
50 the State. In developing this plan, the Secretary, in consultation with the Department of
51 State Treasurer and the Department of Administration, shall identify and recommend
52 the most cost-effective means to finance construction of the new State hospital. The
53 Department shall also take into consideration the findings and recommendations of the

1 Government Performance Audit Committee (GPAC), December 1992, MGT America
2 Report of 1998, and the Report of the Department of State Auditor, April 1, 2000. The
3 Department of Health and Human Services shall provide a progress report on December
4 1, 2001, and a final report not later than April 1, 2002, to the Joint Legislative
5 Commission on Governmental Operations, the Senate Appropriations Committee on
6 Health and Human Services, the House of Representatives Appropriations
7 Subcommittee on Health and Human Services, and the Fiscal Research Division.

8 **SECTION 21.63.(e)** The Department of Health and Human Services shall
9 submit reports on the status of implementation of this section to the Joint Legislative
10 Commission on Governmental Operations, the Senate Appropriations Committee on
11 Health and Human Services, the House Appropriations Subcommittee on Health and
12 Human Services, and the Fiscal Research Division. These reports shall be submitted on
13 October 1, 2001, February 1, 2002, and May 1, 2002.

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

17 **REORGANIZATION OF DIVISION OF MENTAL HEALTH,
18 DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES**

19 **SECTION 21.64.(a)** The Department of Health and Human Services,
20 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services
21 shall reduce layers of management and duplication of services in accordance with the
22 following:

- 23 (1) Eliminate the Hospitals Services Section, including positions and
24 corresponding State appropriations, federal funds, and other funds. The
25 administration, planning, and coordination of all adult mental health
26 services and programs shall be consolidated within an existing section
27 in the Division of Mental Health, Developmental Disabilities, and
28 Substance Abuse Services.
- 29 (2) Eliminate the Mental Retardation/Mental Illness Transition Branch
30 within the Developmental Disabilities Section, including positions,
31 corresponding State appropriations, federal funds and other funds.
- 32 (3) Consolidate within one section all positions and corresponding State
33 appropriations, federal funds, and other funds for financial, budgetary,
34 information technology, and other administrative support functions in
35 order to create one administrative and budgetary support section within
36 the Division.

37 **SECTION 21.64.(b)** The Department of Health and Human Services,
38 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services
39 shall study the feasibility of consolidating its staff, responsibilities, and resources
40 around the functional areas of need of its clients regardless of disability. These
41 functional areas shall include housing services and supports, supported employment,
42 local crisis services, and capacity development.

43 **SECTION 21.64.(c)** The Department of Health and Human Services shall
44 report to the Senate Appropriations Committee on Health and Human Services, the
45 House of Representatives Appropriations Subcommittee on Health and Human
46 Services, and the Fiscal Research Division on its progress in complying with this
47 section. The progress reports shall be submitted on or before September 1, 2001, and
48 December 1, 2001. The final report shall be submitted on or before April 15, 2002.

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

1 **REDUCE ADMINISTRATIVE COSTS OF AREA MENTAL HEALTH,**
2 **DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE**
3 **AUTHORITIES**

4 **SECTION 21.65.(a)** Area mental health, developmental disabilities, and
5 substance abuse authorities or counties administering mental health, developmental
6 disabilities, and substance abuse services shall develop and implement plans to reduce
7 local administrative costs. The plans shall be developed in accordance with guidelines
8 adopted by the Secretary, in consultation with the Local Government Commission and
9 the North Carolina Association of County Commissioners, and in accordance with the
10 following:

- 11 (1) For the 2001-2002 fiscal year, administrative costs for:
12 a. Area mental health, developmental disabilities, and substance
13 abuse services programs shall not exceed fifteen percent (15%).
14 b. Counties administering mental health, developmental
15 disabilities, and substance abuse services through a county
16 program shall not exceed fifteen percent (15%).
17 (2) For the 2002-2003 fiscal year, administrative costs for:
18 a. Area mental health, developmental disabilities, and substance
19 abuse services programs shall not exceed thirteen percent
20 (13%).
21 b. Counties administering mental health, developmental
22 disabilities, and substance abuse services through a county
23 program shall not exceed thirteen percent (13%).

24 **SECTION 21.65.(b)** The Department of Health and Human Services shall
25 report its progress in complying with this section not later than October 1, 2001, January
26 1, 2002, and April 15, 2002. The reports shall be submitted to the Senate
27 Appropriations Committee on Health and Human Services, the House of
28 Representatives Appropriations Subcommittee on Health and Human Services, and the
29 Fiscal Research Division and shall include:

- 30 (1) A description of the process used and the participants involved in
31 complying with subsection (a) of this section.
32 (2) The guidelines developed under subsection (a) of this section.
33 (3) A description of local compliance initiatives and efforts including
34 program or function consolidation.
35 (4) A list of area programs at or below the targeted thirteen percent (13%)
36 for the 2000-2001 fiscal year.
37 (5) Projected savings in administrative costs as a result of implementation
38 of the targeted limits required under this section.
39

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

42 **SERVICES TO MULTIPLY DIAGNOSED ADULTS**

43 **SECTION 21.66.(a)** In order to ensure that multiply diagnosed adults are
44 appropriately served by the mental health, developmental disabilities, and substance
45 abuse services system, the Department of Health and Human Services, Division of
46 Mental Health, Developmental Disabilities, and Substance Abuse Services, shall do the
47 following with respect to services provided to these adults:

- 48 (1) Implement the following guiding principles for the provision of
49 services:
50 a. Service delivery system must be outcome oriented and
51 evaluation based.
52 b. Services should be delivered as close as possible to the
53 consumer's home.

- 1 c. Services selected should be those that are most efficient in
2 terms of cost and effectiveness.
3 d. Services should not be provided solely for the convenience of
4 the provider or the client.
5 e. Families and consumers should be involved in decision making
6 throughout treatment planning and delivery; and
7 (2) Provide those treatment services that are medically necessary.
8 (3) Implement utilization review of services provided.

9 **SECTION 21.66.(b)** The Department of Health and Human Services shall
10 implement all of the following cost-reduction strategies:

- 11 (1) Preauthorization for all services except emergency services.
12 (2) Criteria for determining medical necessity.
13 (3) Clinically appropriate services.
14 (4) Not later than May 1, 2002, conduct a State review of (i)
15 individualized service plans for former Thomas S. class members and
16 for adults whose service plan exceeds one hundred thousand dollars
17 (\$100,000) to ensure that service plans focus on delivery of
18 appropriate services rather than optimal treatment and habilitation
19 plans, and (ii) staffing patterns of residential services.

20 **SECTION 21.66.(c)** No State funds shall be used for the purchase of
21 single-family or other residential dwellings to house multiply diagnosed adults.

22 **SECTION 21.66.(d)** The Department shall submit a progress report on
23 implementation of this section not later than February 1, 2001, and a final report not
24 later than May 1, 2002, to the Senate Appropriations Committee on Health and Human
25 Services, the House of Representatives Appropriations Subcommittee on Health and
26 Human Services, and the Fiscal Research Division.

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

30 **DOWNSIZING OF MENTAL RETARDATION CENTERS**

31 **SECTION 21.67.(a)** In accordance with the Department of Health and
32 Human Services' plan for downsizing the State's regional mental retardation facilities by
33 four percent (4%) each year, the Department shall implement cost-containment and
34 reduction strategies to ensure the corresponding financial and staff downsizing of each
35 facility. The Department shall manage the client population of the mental retardation
36 centers in order to ensure that placements for ICF/MR level of care shall be made in
37 non-State facilities. Admissions to State ICF/MR facilities are permitted only as a last
38 resort and only upon approval of the Department. The corresponding budgets for each
39 of the State mental retardation centers shall be reduced, and positions shall be
40 eliminated as the census of each facility decreases. At no time shall mental retardation
41 center positions be transferred to other units within a facility or assigned nondirect care
42 activities such as outreach.

43 **SECTION 21.67.(a1)** Any savings in State appropriations in excess of two
44 million nine hundred thousand dollars (\$2,900,000) in each year of the 2001-2003 fiscal
45 biennium that result from reductions in beds or services shall be applied as follows:

- 46 (1) Nonrecurring savings shall be placed in the Reserve for Mental Health
47 System Reform and shall be used to facilitate the transition of clients
48 into appropriate community-based services and support in accordance
49 with Section 21.58 of this act, and
50 (2) Recurring savings realized through implementation of this section
51 shall be retained by the Department of Health and Human Services,
52 Division of Mental Health, Developmental Disabilities, and Substance
53 Abuse Services to support the recurring costs of additional

1 community-based placements from Division facilities in accordance
2 with Olmstead vs. L.C. & E.W. In determining the savings in this
3 section, savings shall include all savings realized from the downsizing
4 of the State mental retardation centers including both the savings in
5 direct State appropriations in the budgets of the State mental
6 retardation centers as well as the savings in the State matching portion
7 of reduced Medicaid payments associated with downsizing.

8 **SECTION 21.67.(b)** The Department of Health and Human Services shall
9 report on its progress in complying with this section to the Senate Appropriations
10 Committee on Health and Human Services, the House of Representatives
11 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
12 Division. Progress reports shall be submitted no later than September 1, 2001, and
13 January 15, 2002, and a final report submitted not later than May 1, 2002.

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

17 **STATE PSYCHIATRIC HOSPITALS BED ALLOCATION PLAN**

18 **SECTION 21.68A.** The Department of Health and Human Services shall
19 develop and implement a plan that provides for the allocation of State psychiatric
20 hospital beds among counties served by the State's regional psychiatric hospitals. The
21 Plan shall incorporate policies that take into consideration State and county fiscal
22 responsibilities and capacity, cost efficiency, and the principles and guidance embodied
23 in the Olmstead vs. L.C. & E.W. decision. The Department shall report on the
24 implementation of this section to the House of Representatives Appropriations
25 Subcommittee on Health and Human Services, the Senate Appropriations Committee on
26 Health and Human Services, and the Fiscal Research Division, on October 1, 2001, and
27 on March 1, 2002.

28 29 **SUBPART 6. CHILD DEVELOPMENT**

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

33 **CHILD CARE ALLOCATION FORMULA**

34 **SECTION 21.69.(a)** The Department of Health and Human Services shall
35 allocate child care subsidy funds to pay the costs of necessary child care for minor
36 children of needy families. The mandatory thirty percent (30%) Smart Start subsidy
37 allocation under G.S. 143B-168.15(g) shall constitute the base amount for each county's
38 child care subsidy allocation. The Department of Health and Human Services shall
39 apply the following formula to all noncategorical federal and State child care funds,
40 including the aggregate mandatory thirty percent (30%) Smart Start subsidy allocation:

- 41 (1) One-third of budgeted funds shall be distributed according to the
42 county's population in relation to the total population of the State.
- 43 (2) One-third of budgeted funds shall be distributed according to the
44 number of children under 6 years of age in a county who are living in
45 families whose income is below the State poverty level in relation to
46 the total number of children under 6 years of age in the State in
47 families whose income is below the poverty level.
- 48 (3) One-third of budgeted funds shall be distributed according to the
49 number of working mothers with children under 6 years of age in a
50 county in relation to the total number of working mothers with
51 children under 6 years of age in the State.

52 **SECTION 21.69.(b)** After the application of the formula in subsection (a) of
53 this section, the Department shall identify that portion of each county's formula

1 allotment that is comprised of the county's mandatory Smart Start allotment. The
2 balance of the county's formula allotment will be non-Smart Start federal and State
3 subsidy funds.

4 **SECTION 21.69.(c)** A county's initial allocation shall not be less than the
5 grand total of that county's total expenditures for both FSA and non-FSA child care in
6 fiscal year 1995-96 plus the county's mandatory Smart Start allotment for the year for
7 which the initial allocation is being prepared.

8 **SECTION 21.69.(d)** The Department of Health and Human Services may
9 reallocate unused child care subsidy funds in order to meet the child care needs of
10 low-income families.

11 **SECTION 21.69.(e)** The Department of Health and Human Services, in
12 consultation with the North Carolina Partnership for Children, Inc., the North Carolina
13 Association of County Commissioners, and representatives of private for-profit and
14 private not-for-profit child care providers, shall study the current methodology and
15 process used to allocate all child care subsidy funds to assess the effectiveness of the
16 methodology and process in meeting the needs of North Carolina's low-income working
17 families. The Department shall report its findings and recommendations to the Senate
18 Appropriations Committee on Health and Human Services, the House of
19 Representatives Appropriations Subcommittee on Health and Human Services, and the
20 Fiscal Research Division no later than April 1, 2002.

21
22 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
23 Thompson

24 **CHILD CARE FUNDS MATCHING REQUIREMENT**

25 **SECTION 21.70.** No local matching funds may be required by the
26 Department of Health and Human Services as a condition of any locality's receiving any
27 State child care funds appropriated by this act unless federal law requires such a match.
28 This shall not prohibit any locality from spending local funds for child care services.

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

32 **CHILD CARE REVOLVING LOAN**

33 **SECTION 21.71.** Notwithstanding any law to the contrary, funds budgeted
34 for the Child Care Revolving Loan Fund may be transferred to and invested by the
35 financial institution contracted to operate the Fund. The principal and any income to the
36 Fund may be used to make loans, reduce loan interest to borrowers, serve as collateral
37 for borrowers, pay the contractor's cost of operating the Fund, or to pay the
38 Department's cost of administering the program.

39
40 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
41 Thompson

42 **EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES**

43 **SECTION 21.72.(a)** Administrative costs shall be equivalent to, on an
44 average statewide basis for all local partnerships, not more than eight percent (8%) of
45 the total statewide allocation to all local partnerships. What counts as administrative
46 costs shall be as defined in the Smart Start Performance Audit.

47 **SECTION 21.72.(b)** The North Carolina Partnership for Children, Inc., and
48 all local partnerships shall use competitive bidding practices in contracting for goods
49 and services on contract amounts as follows:

- 50 (1) For amounts of five thousand dollars (\$5,000) or less, the procedures
51 specified by a written policy to be developed by the Board of Directors
52 of the North Carolina Partnership for Children, Inc.;

- 1 (2) For amounts greater than five thousand dollars (\$5,000) but less than
2 fifteen thousand dollars (\$15,000), three written quotes;
3 (3) For amounts of fifteen thousand dollars (\$15,000) or more but less
4 than forty thousand dollars (\$40,000), a request for proposal process;
5 and
6 (4) For amounts of forty thousand dollars (\$40,000) or more, request for
7 proposal process and advertising in a major newspaper.

8 **SECTION 21.72.(c)** The North Carolina Partnership for Children, Inc., and
9 all local partnerships shall, in the aggregate, be required to match no less than fifty
10 percent (50%) of the total amount budgeted for the Program in each fiscal year of the
11 biennium as follows: contributions of cash equal to at least fifteen percent (15%) and
12 in-kind donated resources equal to no more than five percent (5%) for a total match
13 requirement of twenty percent (20%) for each fiscal year. The North Carolina
14 Partnership for Children, Inc., may carryforward any amount in excess of the required
15 match for a fiscal year in order to meet the match requirement of the succeeding fiscal
16 year. Only in-kind contributions that are quantifiable shall be applied to the in-kind
17 match requirement. Volunteer services may be treated as an in-kind contribution for the
18 purpose of the match requirement of this subsection. Volunteer services that qualify as
19 professional services shall be valued at the fair market value of those services. All other
20 volunteer service hours shall be valued at the statewide average wage rate as calculated
21 from data compiled by the Employment Security Commission in the Employment and
22 Wages in North Carolina Annual Report for the most recent period for which data are
23 available. Expenses, including both those paid by cash and in-kind contributions,
24 incurred by other participating non-State entities contracting with the North Carolina
25 Partnership for Children, Inc., or the local partnerships, also may be considered
26 resources available to meet the required private match. In order to qualify to meet the
27 required private match, the expenses shall:

- 28 (1) Be verifiable from the contractor's records;
29 (2) If in-kind, other than volunteer services, be quantifiable in accordance
30 with generally accepted accounting principles for nonprofit
31 organizations;
32 (3) Not include expenses funded by State funds;
33 (4) Be supplemental to and not supplant preexisting resources for related
34 program activities;
35 (5) Be incurred as a direct result of the Early Childhood Initiatives
36 Program and be necessary and reasonable for the proper and efficient
37 accomplishment of the Program's objectives;
38 (6) Be otherwise allowable under federal or State law;
39 (7) Be required and described in the contractual agreements approved by
40 the North Carolina Partnership for Children, Inc., or the local
41 partnership; and
42 (8) Be reported to the North Carolina Partnership for Children, Inc., or the
43 local partnership by the contractor in the same manner as reimbursable
44 expenses.

45 The North Carolina Partnership for Children, Inc., shall establish uniform
46 guidelines and reporting format for local partnerships to document the qualifying
47 expenses occurring at the contractor level. Local partnerships shall monitor qualifying
48 expenses to ensure they have occurred and meet the requirements prescribed in this
49 subsection.

50 Failure to obtain a twenty percent (20%) match by June 30 of each fiscal year
51 shall result in a dollar-for-dollar reduction in the appropriation for the Program for a
52 subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall be
53 responsible for compiling information on the private cash and in-kind contributions into

1 a report that is submitted to the Joint Legislative Commission on Governmental
2 Operations in a format that allows verification by the Department of Revenue. The same
3 match requirements shall apply to any expansion funds appropriated by the General
4 Assembly.

5 **SECTION 21.72.(d)** Counties participating in the Program may use the
6 county's allocation of State and federal child care funds to subsidize child care
7 according to the county's Early Childhood Education and Development Initiatives Plan
8 as approved by the North Carolina Partnership for Children, Inc. The use of federal
9 funds shall be consistent with the appropriate federal regulations. Child care providers
10 shall, at a minimum, comply with the applicable requirements for State licensure
11 pursuant to Article 7 of Chapter 110 of the General Statutes, with other applicable
12 requirements of State law or rule, including rules adopted for nonlicensed child care by
13 the Social Services Commission, and with applicable federal regulations.

14 **SECTION 21.72.(e)** The Department of Health and Human Services shall
15 continue to implement the performance-based evaluation system.

16
17 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
18 Thompson

19 **CHILD CARE SUBSIDY RATES**

20 **SECTION 21.73.(a)** G.S. 110-109 is repealed.

21 **SECTION 21.73.(b)** Subsection (d) of Section 11.27 of S.L. 2000-67 is
22 repealed.

23 **SECTION 21.73.(c)** The maximum gross annual income for initial
24 eligibility, adjusted biennially, for subsidized child care services shall be seventy-five
25 percent (75%) of the State median income, adjusted for family size.

26 **SECTION 21.73.(d)** Fees for families who are required to share in the cost
27 of care shall be established based on a percent of gross family income and adjusted for
28 family size. Effective October 1, 2001, fees shall be determined as follows:

29 FAMILY SIZE	PERCENT OF GROSS FAMILY INCOME
30 1-3	10%
31 4-5	9%
32 6 or more	8%.

33 **SECTION 21.73.(e)** On or before September 30, 2001, payments for the
34 purchase of child care services for low-income children shall be the same as would have
35 resulted under Section 11.27 of S.L. 2000-67. Effective October 1, 2001, payments for
36 the purchase of child care services for low-income children shall be in accordance with
37 the following requirements:

- 38 (1) Religious-sponsored child care facilities operating pursuant to G.S.
39 110-106 and licensed child care centers and homes that meet the
40 minimum licensing standards that are participating in the subsidized
41 child care program shall be paid the one-star county market rate or the
42 rate they charge privately paying parents, whichever is lower.
- 43 (2) Religious-sponsored child care facilities operating pursuant to G.S.
44 110-106 and licensed child care centers and homes that are receiving a
45 higher rate than the market rates that will be implemented with this
46 provision shall continue to receive that higher rate until September 30,
47 2002.
- 48 (3) Licensed child care centers and homes with two or more stars shall
49 receive the market rate for that rated license level for that age group or
50 the rate they charge privately paying parents, whichever is lower.
- 51 (4) Nonlicensed homes shall receive fifty percent (50%) of the county
52 market rate or the rate they charge privately paying parents, whichever
53 is lower.

- 1 (5) Maximum payment rates shall also be calculated periodically by the
2 Division of Child Development for transportation to and from child
3 care provided by the child care provider, individual transporter, or
4 transportation agency, and for fees charged by providers to parents.
5 These payment rates shall be based upon information collected by
6 market rate surveys.

7 **SECTION 21.73.(f)** Provision of payment rates for child care providers in
8 counties that do not have at least 75 children in each age group for center-based and
9 home-based care are as follows:

- 10 (1) Payment rates shall be set at the statewide market rate for licensed
11 child care centers and homes.
12 (2) If it can be demonstrated that the application of the statewide market
13 rate to a county with fewer than 75 children in each age group is lower
14 than the regional market rate and would inhibit the ability of the
15 county to purchase child care for low-income children, then the
16 regional market rate may be applied.

17 **SECTION 21.73.(g)** A market rate shall be calculated for child care centers
18 and homes at each rated license level for each county and for each age group or age
19 category of enrollees and shall be representative of fees charged to unsubsidized
20 privately paying parents for each age group of enrollees within the county. The
21 Division of Child Development shall also calculate a statewide rate and regional market
22 rates for each rated license level for each age category.

23 **SECTION 21.73.(h)** Facilities licensed pursuant to Article 7 of Chapter 110
24 of the General Statutes and facilities operated pursuant to G.S. 110-106 may participate
25 in the program that provides for the purchase of care in child care facilities for minor
26 children of needy families. No separate licensing requirements shall be used to select
27 facilities to participate. In addition, child care facilities shall be required to meet any
28 additional applicable requirements of federal law or regulations. Child care
29 arrangements exempt from State regulation pursuant to Article 7 of Chapter 110 of the
30 General Statutes shall meet the requirements established by other State law and by the
31 Social Services Commission.

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

36 **SECTION 21.73.(i)** Payment for subsidized child care services provided
37 with Work First Block Grant funds shall comply with all regulations and policies issued
38 by the Division of Child Development for the subsidized child care program.

39 **SECTION 21.73.(j)** Noncitizen families who reside in this State legally
40 shall be eligible for child care subsidies if all other conditions of eligibility are met. If
41 all other conditions of eligibility are met, noncitizen families who reside in this State
42 illegally shall be eligible for child care subsidies only if at least one of the following
43 conditions is met:

- 44 (1) The child for whom a child care subsidy is sought is receiving child
45 protective services or foster care services.
46 (2) The child for whom a child care subsidy is sought is developmentally
47 delayed or at risk of being developmentally delayed.
48 (3) The child for whom a child care subsidy is sought is a citizen of the
49 United States.

50
51 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
52 Thompson

53 **DIVISION OF CHILD DEVELOPMENT REORGANIZATION**

1 **SECTION 21.74.** The Department of Health and Human Services, Division
2 of Child Development shall reduce layers of management and streamline operations in
3 accordance with the following:

- 4 (1) Eliminate the Workforce Support and Consumer Outreach Section,
5 including positions and corresponding State appropriations, federal
6 funds, and other funds. Except that the Workforce Support, Criminal
7 Records Checks, and the Work Force Unit-Quality Improvement Units
8 shall be transferred to the Administration Section, including positions
9 and corresponding State appropriations, federal funds, and other funds.
10 (2) Eliminate the Program Integrity and Quality Assurance Section
11 including positions and corresponding State appropriations, federal
12 funds, and other funds.
13 (3) Eliminate the Research and Policy Unit including positions and
14 corresponding State appropriations, federal funds, and other funds.
15

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

18 **EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES**
19 **ENHANCEMENTS**

20 **SECTION 21.75.(a)** The North Carolina Partnership for Children, Inc., and
21 the Department of Health and Human Services shall immediately develop and
22 implement the following:

- 23 (1) Policies to ensure Early Childhood Education and Development
24 Initiatives funds are allocated to child care programs, providers, and
25 services that serve low-income children.
26 (2) Policies to ensure the allocation of all State funds for one-time quality
27 improvement initiatives to the neediest child care providers with
28 priority given from the lowest licensure rating to the highest.
29 (3) Policies to ensure the elimination of local duplication and increased
30 efficiency in the administration of child care subsidy funds, unless
31 local partnerships in collaboration with County Departments of Social
32 Services can demonstrate to the Department a more efficient and
33 effective plan for administration of child care subsidy no later than
34 January 1, 2002, including the following:
35 a. The Department and the Partnership shall ensure that not more
36 than one administrative entity per county administers child care
37 subsidy funds.
38 b. The Department, in consultation with the local partnerships and
39 counties, shall contract with the most efficient and effective
40 entity to administer subsidy funds.
41 c. At no time shall the Department and a local partnership allow
42 the duplicative administration of State child care subsidy funds
43 through subcontracts.
44 (4) Policies and procedures to ensure the unduplicated compilation of
45 children served through State child care subsidy funds.
46 (5) Policies and procedures to ensure the timely, accurate, and consistent
47 reporting of information on local child care subsidy waiting lists
48 statewide.

49 **SECTION 21.75.(b)** In consultation with the Department of Public
50 Instruction and the North Carolina Partnership for Children, Inc., the Department of
51 Health and Human Services shall develop and implement policies and procedures to
52 ensure that local partnerships that allocate funds to child care providers receiving State

1 and federal child care funds plan and coordinate with their local education agencies the
2 following:

- 3 (1) Preschool curriculum development and selection.
- 4 (2) Kindergarten transition activities.
- 5 (3) Other activities needed to ensure that children transitioning from child
6 care settings to kindergarten enter school ready to succeed.

7 **SECTION 21.75.(c)** The Department of Health and Human Services, in
8 consultation with the North Carolina Partnership for Children, Inc., and the Office of
9 State Budget and Management, shall develop a separate NCPC, Early Childhood
10 Education and Development Initiative Program budget, within the Division of Child
11 Development fund code for the purpose of segregating all expenditures related to the
12 administration and operation of the statewide Smart Start program.

13 **SECTION 21.75.(d)** The Department of Health and Human Services and the
14 North Carolina Partnership for Children, Inc., shall ensure that the allocation of funds
15 for Early Childhood Education and Development Initiatives for State fiscal year
16 2001-2002 shall be administered and distributed in the following manner:

- 17 (1) The North Carolina Partnership for Children, Inc., shall develop a
18 policy to allocate the reduction of funds for Early Childhood
19 Education and Development Initiatives for the 2001-2002 fiscal year.
- 20 (2) The North Carolina Partnership for Children, Inc., administration shall
21 be reduced by seven percent (7%) from the 2000-2001 fiscal year
22 level.
- 23 (3) The Department of Health and Human Services, Division of Child
24 Development, Smart Start administration shall be reduced by ten
25 percent (10%) from the 2000-2001 fiscal year level.
- 26 (4) Capital expenditures and playground equipment expenditures are
27 prohibited for fiscal year 2001-2002. For the purposes of this section,
28 "capital expenditures" means expenditures for capital improvements as
29 defined in G.S. 143-34.40.

30 **SECTION 21.75.(e)** The allocation of fiscal year 2000-2001 State
31 carryforward funds is prohibited, and all fiscal year 2000-2001 unspent funds shall
32 revert to the General Fund.

33 **SECTION 21.75.(f)** For the 2001-2002 fiscal year, the North Carolina
34 Partnership for Children, Inc., shall not approve local partnership plans that allocate
35 State funds to child care providers for one-time quality improvement initiatives in the
36 following circumstances:

- 37 (1) Child care facilities with licensure of four or five stars, unless the
38 expenditure of funds is to expand capacity for low-income children.
- 39 (2) Child care facilities that do not accept child care subsidy funds.
- 40 (3) Child care facilities that previously received quality improvement
41 grants whose quality initiatives failed to increase licensure.

42 **SECTION 21.75.(g)** G.S. 143B-168.15(f) is repealed.

43 **SECTION 21.75.(h)** G.S. 143B-168.12(a)(9) is repealed.

44 **SECTION 21.75.(i)** G.S. 143B-168.13(a)(6) reads as rewritten:

45 "(a) The Department shall:

- 46 ..
- 47 (6) Annually update its funding formula, in collaboration with the North
48 Carolina Partnership for Children, Inc., using the most recent data
49 available. These amounts ~~shall~~ may serve as the basis for determining
50 "full funding" amounts for each local partnership."

51 **SECTION 21.75.(j)** Notwithstanding the funding formula in G.S.
52 143B-168.13(a)(6), the State, in consultation with the North Carolina Partnership for
53 Children, Inc., shall evaluate the feasibility of developing a revised funding formula

1 which takes into consideration all relevant funding used by the State, local human
2 services agencies and programs, and local partnerships to provide services and
3 assistance to children under age five and their families. These funds shall include the
4 Early Intervention Preschool Program, Health Choice, and Family Resource Centers, as
5 well as other State and local services and programs funded with State funds, federal
6 funds, local funds, and other resources.

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

10 **EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES**
11 **EVALUATION**

12 **SECTION 21.76.** Of the funds appropriated to the Department of Health and
13 Human Services, Division of Child Development, for the 2001-2002 fiscal year for the
14 evaluation of the Early Childhood Education and Development Initiatives, no more than
15 five hundred thousand dollars (\$500,000) may be used for evaluation of the Initiatives.
16 The funds shall be used as follows:

- 17 (1) Evaluation of the Early Childhood Education and Development
18 Initiatives, including the ongoing review of quality child care efforts
19 and child care providers' progress in preparing children to be ready to
20 enter school and succeed.
- 21 (2) Continuation of technical assistance to local partnerships in data
22 collection and evaluation.
- 23 (3) No more than five percent (5%) shall be used for the contractor's
24 administrative overhead.

25
26 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Baddour
27 **DEVELOPMENT OF MORE AT FOUR PILOT PROGRAM**

28 **SECTION 21.76B.(a)** Of the funds appropriated to the Department of
29 Health and Human Services, the sum of six million four hundred fifty-six thousand five
30 hundred dollars (\$6,456,500) in each year of the 2001-2003 fiscal biennium shall be
31 used to develop and implement "More At Four", a voluntary prekindergarten pilot
32 program for at-risk four-year-olds. The Department of Health and Human Services, in
33 consultation with the Department of Public Instruction, shall develop "More At Four"
34 for four-year-old children in North Carolina to ensure that all children have an
35 opportunity to succeed in kindergarten.

36 **SECTION 21.76B.(b)** The Department of Health and Human Services and
37 the Department of Public Instruction shall establish the "More At Four" Pre-K Task
38 Force to oversee development and implementation of the pilot program. The
39 membership shall include:

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

1 **SECTION 21.76B.(c)** The Department of Health and Human Services and
2 the Department of Public Instruction, under the guidance of the Task Force, shall
3 develop and implement the "More At Four" pilot prekindergarten program for at-risk
4 four-year-olds who are at risk of failure in kindergarten. The pilot shall be distributed
5 geographically to ensure adequate representation of the diverse areas of the State,
6 including underserved areas. The goal of the program shall be to provide quality
7 prekindergarten services in order to enhance kindergarten readiness for these children.
8 The program shall be consistent with standards and assessments established jointly by
9 the Department of Health and Human Services, the Department of Public Instruction,
10 and 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 have never been
15 served in a formal early education program such as child care, public
16 or private preschool, Head Start, Early Head Start, early intervention
17 programs or other such programs, who demonstrate educational needs
18 on the basis of a prekindergarten assessment, and who are eligible to
19 enter kindergarten the next school year.
- 20 (3) A curriculum or several curricula that are recommended by the Task
21 Force. The Task Force may consider curricula used by established
22 prekindergarten programs such as WINGS, Bright Beginnings, and
23 others. These curricula shall (i) focus primarily on oral language and
24 emergent literacy, (ii) engage children through key experiences and
25 provide background knowledge requisite for formal learning and
26 successful reading in the early elementary years, (iii) involve active
27 learning, (iv) promote measurable kindergarten language-readiness
28 skills that focus on emergent literacy and mathematical skills, and (v)
29 develop skills that will prepare children emotionally and socially for
30 kindergarten.
- 31 (4) An emphasis on ongoing family involvement with the prekindergarten
32 program.
- 33 (5) Evaluation of child progress through pre- and post-assessment of
34 children as well as ongoing assessment of 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. A process
38 and system for reimbursing providers that builds upon the existing
39 child care subsidy reimbursement system.
- 40 (7) A system built upon existing local school boards and systems, private
41 child care providers, and other entities who demonstrate the ability to
42 establish or expand prekindergarten capacity.
- 43 (8) A quality-control system. Participating providers shall comply with
44 standards and guidelines as established by the Department of Health
45 and Human Services, the Department of Public Instruction, and the
46 Task Force. The Department may use the child care rating system to
47 assist in determining program participation.
- 48 (9) Standards for minimum teacher qualifications. A portion of the
49 classroom sites initially funded shall have at least one teacher who is
50 certified or provisionally certified in birth to kindergarten education.
- 51 (10) A local contribution. Programs must demonstrate that they are
52 accessing resources other than "More At Four".
- 53 (11) A system of accountability.

1 (12) Collaboration with State agencies and other organizations. The
2 Department of Health and Human Services, the Department of Public
3 Instruction, and the Task Force shall collaborate with State agencies
4 and other organizations such as the North Carolina Partnership for
5 Children, Inc., in the design and implementation of the pilot.

6 (13) Consideration of the reallocation of existing funds. In order to
7 maximize current funding and resources, the Department of Health and
8 Human Services, the Department of Public Instruction, and the Task
9 Force shall consider the reallocation of existing funds from State and
10 local programs that provide prekindergarten related care and services.

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

13 **SECTION 21.76B.(d)** In development of the "More At Four" pilot, the
14 Department of Health and Human Services, in consultation with the Department of
15 Public Instruction and the Task Force, shall:

16 (1) Contract with an independent research organization, outside the
17 Department of Health and Human Services and the Department of
18 Public Instruction, with proven expertise in evaluation of
19 prekindergarten programs, for the design of an evaluation component.
20 The evaluation component shall facilitate longitudinal review of the
21 program and child-specific outcomes to include, at a minimum,
22 participants' readiness for kindergarten, percentage of participants
23 scoring at or above grade level on the third grade end-of-grade test,
24 and high school graduation rates.

25 (2) Collaborate in the development of a system to collect and maintain
26 child-specific information to provide for the long-term evaluation of
27 the pilot. The system shall be developed in a manner which builds
28 upon existing State and local systems and which facilitate the interface
29 with the N.C. Student Information Management System.

30 **SECTION 21.76B.(e)** State funds appropriated under this act for the "More
31 At Four" pilot program shall not supplant current expenditures by counties, local
32 partnerships, or other recipients of State and federal funds, allocated and expended on
33 behalf of young children.

34 **SECTION 21.76B.(f)** In order to maximize and coordinate funding for
35 prekindergarten programs for four-year-olds with demonstrated educational needs, the
36 Department of Health and Human Services, the Department of Public Instruction, and
37 the Task Force shall identify and make recommendations on the reallocation of funds
38 from existing State and local programs providing prekindergarten related care and
39 services, including child care subsidies. All potential funding sources, including federal
40 as well as State-funded efforts, shall be identified.

41 **SECTION 21.76B.(g)** The Department of Health and Human Services, the
42 Department of Public Instruction, and the Task Force shall report by January 1, 2002,
43 and May 1, 2002, to the Joint Legislative Commission on Governmental Operations, the
44 Joint Legislative Education Oversight Committee, the Senate Appropriations
45 Committee on Health and Human Services, and the House of Representatives
46 Appropriations Subcommittee on Health and Human Services on the progress in
47 complying with the act. A final report along with recommendations for changes or
48 expansion of the program shall be presented to the 2003 General Assembly.

50 **SUBPART 7. SERVICES FOR THE BLIND**

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

**CONSOLIDATION AND TRANSFER OF PROGRAM FUNDS IN THE
DIVISION OF SERVICES FOR THE BLIND**

SECTION 21.77. The Division of Services for the Blind may consolidate the operating budgets for the Medical Eye Care Program and the Independent Living Services Program. The Division shall continue to provide all services currently provided by the Medical Eye Care Program and the Independent Living Services Program.

SUBPART 8. VOCATIONAL REHABILITATION

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

**ELIGIBILITY FOR VOCATIONAL REHABILITATION AND INDEPENDENT
LIVING SERVICES**

SECTION 21.78.(a) The Department of Health and Human Services shall compare the income eligibility standards for Vocational Rehabilitation and Independent Living Services to the income eligibility standards for Vocational Rehabilitation and Independent Living Services in other states.

SECTION 21.78.(b) The Department of Health and Human Services shall develop a plan for maximizing resources for Independent Living Services to ensure that services are targeted to the most financially needy persons.

SECTION 21.78.(c) The Department of Health and Human Services shall develop a plan for maximizing resources for Vocational Rehabilitation Services to ensure services are provided for low-income persons, the developmentally disabled, and Work First recipients who otherwise qualify for Vocational Rehabilitation Services.

SECTION 21.78.(d) The Department of Health and Human Services shall report on the activities required by this section no later than March 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

SUBPART 9. EARLY INTERVENTION AND EDUCATION

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

MAXIMIZATION OF RECEIPTS FOR EARLY INTERVENTION PROGRAMS

SECTION 21.79. The Department of Health and Human Services, Division of Public Health, area mental health, developmental disabilities, and substance abuse services programs, and local health departments shall maximize receipts for the evaluation and services provided by the Developmental Evaluation Centers and through Early Intervention programs. The Division shall maximize receipts from Health Choice, Medicaid, and other third-party payers. All receipts collected shall remain within the Division and shall be used to offset appropriations for operations of the Developmental Evaluation Centers and Early Intervention services.

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

CREATE OFFICE OF EDUCATION SERVICES

SECTION 21.80.(a) G.S. 143B-146.22 is repealed.

SECTION 21.80.(b) The Division of Early Intervention and Education is dissolved and an Office of Education Services is created within the Department of Health and Human Services. The purpose of this office is to manage the Schools for the Deaf, the Governor Morehead School for the Blind, and their preschool components.

1 The Office shall have a Superintendent and appropriate staff to manage these schools.
2 The purpose of the Office is to improve student academic and postsecondary outcomes
3 and to strengthen collaborative relationships with local education agencies and with the
4 State Board of Education.

5 **SECTION 21.80.(c)** The Early Intervention program, including all positions
6 and the corresponding State appropriations, federal funds, and other funds that were in
7 the Early Intervention program as of January 1, 2001, are transferred from the Division
8 of Early Intervention and Education to the Division of Public Health, Women's and
9 Children's Health Section.

10 **SECTION 21.80.(d)** The Developmental Evaluation Centers, including all
11 positions and the corresponding State appropriations, federal funds, and other funds, are
12 transferred from the Division of Early Intervention and Education to the Division of
13 Public Health, Women's and Children's Health Section.

14 **SECTION 21.80.(e)** The Governor Morehead School preschool program,
15 including all positions and the corresponding State appropriations, federal funds, and
16 other funds, is transferred from the Division of Early Intervention and Education to the
17 Governor Morehead School.

18 **SECTION 21.80.(f)** The Department of Health and Human Services shall
19 make the necessary organization changes effective immediately and the budget
20 adjustments by October 1, 2001.

21
22 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
23 Thompson

24 **CLOSURE OF CENTRAL NORTH CAROLINA SCHOOL FOR THE DEAF AT** 25 **GREENSBORO**

26 **SECTION 21.81.(a)** G.S. 143B-146.21(b) and (c) read as rewritten:

27 "(b) The Secretary of Health and Human Services shall adopt policies and offer
28 training opportunities to ensure that personnel who provide direct services to children in
29 the ~~three~~ State schools for the deaf become proficient in sign language within two years
30 of their initial date of employment or within two years of the effective date of this act,
31 whichever occurs later. This subsection shall not apply to preschool personnel in any
32 oral, auditory, or cued speech preschool.

33 (c) The Department of Public Instruction, the Board of Governors of The
34 University of North Carolina, and the State Board of Community Colleges shall offer
35 and communicate the availability of professional development opportunities, including
36 those to improve sign language skills, to the personnel assigned to the State's residential
37 schools, particularly the Governor Morehead School and the ~~three~~ schools for the deaf."

38 **SECTION 21.81.(b)** G.S. 143B-216.40 reads as rewritten:

39 "**§ 143B-216.40. Establishment; operations.**

40 There are established, and there shall be maintained, the following schools for the
41 deaf: the Eastern North Carolina School for the Deaf at Wilson (~~K-12~~); the ~~Central~~
42 ~~North Carolina School for the Deaf at Greensboro (K-8), (K-12)~~ and the North Carolina
43 School for the Deaf at Morganton (K-12). The Department of Health and Human
44 Services shall be responsible for the operation and maintenance of the schools.

45 The Board of Directors of the North Carolina Schools for the Deaf shall advise the
46 Department and shall adopt rules and regulations concerning the schools as provided in
47 G.S. 115C-124 and 143B-173."

48 **SECTION 21.81.(c)** G.S. 143B-146.2(a) reads as rewritten:

49 "(a) The Governor Morehead School and the ~~three~~ schools for the deaf shall
50 participate in the ABC's Program. The Secretary, in consultation with the General
51 Assembly and the State Board, may designate other residential schools that must
52 participate in the ABC's Program. The primary goal of the ABC's Program is to improve
53 student performance. The Program is based upon an accountability, recognition,

1 assistance, and intervention process in order to hold each participating school, its
2 superintendent, and the instructional personnel accountable for improved student
3 performance in that school."

4 **SECTION 21.81.(d)** G.S. 143B-216.32(a) reads as rewritten:

5 "(a) The Council for the Deaf and the Hard of Hearing shall consist of 23
6 members. Fifteen members shall be members appointed by the Governor. Three
7 members appointed by the Governor shall be persons who are deaf and three members
8 shall be persons who are hard of hearing. One appointment shall be an educator who
9 trains deaf education teachers and one appointment shall be an audiologist licensed
10 under Article 22 of Chapter 90 of the General Statutes. Three appointments shall be
11 parents of deaf or hard of hearing children including one parent of a student in a
12 residential school; one parent of a student in a preschool program; and one parent of a
13 student in a mainstream education program, with ~~each~~ at least one parent coming from a
14 ~~different~~ ~~each~~ region of the ~~three~~ North Carolina schools for the deaf regions. One
15 member appointed by the Governor shall be recommended by the President of the North
16 Carolina Association of the Deaf; one member shall be recommended by the President
17 of the North Carolina Pediatric Society; one member shall be recommended by the
18 President of the North Carolina Registry of Interpreters for the Deaf; and one member
19 shall be nominated by the Superintendent of Public Instruction. One member shall be
20 appointed from the House of Representatives by the Speaker of the House of
21 Representatives and one member shall be appointed from the Senate by the President
22 Pro Tempore of the Senate. The Secretary of Health and Human Services shall appoint
23 six members as follows: one from the Division of Vocational Rehabilitation, one from
24 the Division of Aging, one from the Division of Mental Health, Developmental
25 Disabilities, and Substance Abuse Services, one from the Division of Social Services,
26 one from a North Carolina Chapter of SHHH (Self Help for the Hard of Hearing), and
27 one from SPEAK (Statewide Parents' Education and Advocacy for Kids)."
28

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

31 **RESIDENTIAL SCHOOLS FOR THE DEAF**

32 **SECTION 21.82.(a)** The Department of Health and Human Services shall
33 assess the educational needs of the current students at the North Carolina School for the
34 Deaf in Morganton and the Eastern North Carolina School for the Deaf in Wilson. In
35 doing so, the Department shall identify resources needed to educate these children
36 within the public school system or the North Carolina Schools for the Deaf and prepare
37 an educational plan for each student. The Division of Mental Health, Developmental
38 Disabilities, and Substance Abuse Services, the Office of Education Services, and the
39 Department of Public Instruction shall work together in the development of these plans
40 for students.

41 **SECTION 21.82.(b)** The Division of Mental Health, Developmental
42 Disabilities, and Substance Abuse Services, the Office of Education Services, and the
43 Department of Public Instruction shall develop a plan for those children who are
44 seriously emotionally disturbed and prepare plans to place them in appropriate settings.

45 **SECTION 21.82.(c)** The Department of Health and Human Services shall
46 report on or before March 15, 2002, to the Senate Appropriations Committee on Health
47 and Human Services, the House of Representatives Appropriations Subcommittee on
48 Health and Human Services, and the Fiscal Research Division on the activities under
49 this section.
50

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

53 **PRESCHOOL PROGRAMS FOR THE DEAF**

1 **SECTION 21.83.** Effective October 1, 2001, the Department of Health and
2 Human Services shall transition the children at the State-operated preschool programs
3 for the deaf to other preschool services. The State-operated preschool sites shall cease
4 to operate after that date. The Department of Health and Human Services, the Division
5 of Public Health, the Office of Education Services, the Division of Child Development,
6 and the Department of Public Instruction shall develop a transition plan for the
7 appropriate placement of the children located at these preschool sites. The transition
8 plan shall include an assessment of the available resources to meet the needs of the
9 children.

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

13 **EARLY INTERVENTION PILOTS**

14 **SECTION 21.84.(a)** The Department of Health and Human Services,
15 Division of Public Health shall not expand the Student Information Management
16 System pilot program statewide during the 2001-2002 fiscal year. The Department shall
17 maintain, evaluate, and improve the three pilot projects implemented in the 2000-2001
18 fiscal year, and provide a report on the status of the system to the Senate Appropriations
19 Committee on Health and Human Services, the House of Representatives
20 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
21 Division by October 1, 2001. The report shall include the status of the operations of the
22 database, a plan for statewide expansion, and the costs associated with the expansion.

23 **SECTION 21.84.(b)** The Department of Health and Human Services shall
24 not expand the regional interdisciplinary pilots during the 2001-2002 fiscal year.

25
26 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
27 Thompson

28 **EVALUATION OF EARLY INTERVENTION SYSTEM**

29 **SECTION 21.85.(a)** The Department of Health and Human Services,
30 Division of Public Health, shall determine the reasons why children are waiting for
31 evaluation services provided by the Developmental Evaluation Centers. The Division
32 shall develop an action plan to reduce the waiting period for evaluation services.

33 **SECTION 21.85.(b)** The Department of Health and Human Services,
34 Division of Public Health, shall determine the reasons why children and their families
35 are waiting for services that follow the evaluation process. The Division shall identify
36 the specific services that children are waiting for and develop a plan to address the
37 waiting period.

38 **SECTION 21.85.(c)** The Department of Health and Human Services,
39 Division of Public Health, shall assess ways in which to create efficiencies among the
40 therapies that are provided within the Early Intervention Program, Children With
41 Special Health Services program, and other programs. The Division shall also evaluate
42 ways to combine early intervention services provided by the Developmental Evaluation
43 Centers, regional therapists, local health departments, and area mental health,
44 developmental disabilities, and substance abuse authorities to gain efficiencies.

45 **SECTION 21.85.(d)** Not later than December 1, 2001, the Department of
46 Health and Human Services shall report to the Senate Appropriations Committee on
47 Health and Human Services, the House of Representatives Appropriations
48 Subcommittee on Health and Human Services, and the Fiscal Research Division on the
49 assessment and plans of action for all of the above.

50 51 **SUBPART 10. PUBLIC HEALTH**

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

3 IMMUNIZATION PROGRAM RESTITUTION POLICY

4 **SECTION 21.86.** Part 2 of Article 6 of Chapter 130A of the General
5 Statutes is amended by adding the following new section to read:

6 "**§ 130A-158. Restitution required when vaccine spoiled due to provider negligence.**
7 Immunization program providers shall be liable for restitution to the State for the
8 cost of replacement vaccine when vaccine in the provider's inventory has become
9 spoiled or unstable due to the provider's negligence and unreasonable failure to properly
10 handle or store the vaccine."

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

14 IMMUNIZATION PROGRAM FUNDING

15 **SECTION 21.87.(a)** Of the funds appropriated in this act to the Department
16 of Health and Human Services for childhood immunization programs for positions,
17 operating support, equipment, and pharmaceuticals, the sum of up to one million dollars
18 (\$1,000,000) for the 2001-2002 fiscal year and the sum of one million dollars
19 (\$1,000,000) for the 2002-2003 fiscal year may be used for projects and activities that
20 are also designed to increase childhood immunization rates in North Carolina. These
21 projects and activities shall include the following:

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

28 **SECTION 21.87.(b)** Funds authorized to be used for immunization efforts
29 under subsection (a) of this section shall not be used to fund additional State positions
30 in the Department of Health and Human Services or contracts, except for contracts to
31 develop an automated immunization registry or with local health departments for
32 outreach.

33
34 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
35 Thompson

36 PRESCRIPTION DRUG ASSISTANCE PROGRAM

37 **SECTION 21.88.** Of the funds appropriated in this act to the Department of
38 Health and Human Services, the sum of six million nine hundred fifty-six thousand five
39 hundred dollars (\$6,956,500) for the 2001-2002 fiscal year and the sum of six million
40 nine hundred fifty-six thousand five hundred dollars (\$6,956,500) for the 2002-2003
41 fiscal year shall be used to pay the cost of outpatient prescription drugs for persons:

- 42 (1) Over the age of 65 years and not eligible for full Medicaid benefits;
- 43 (2) Whose income is not more than one hundred fifty percent (150%) of
44 the federal poverty level.

45 These funds shall be used to pay the cost of outpatient prescription drugs. Payment shall
46 be not more than the Medicaid cost including rebates. The Department shall develop
47 criteria to maximize the efficient and effective distribution of these drugs.

48
49 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
50 Thompson

51 ADOLESCENT PREGNANCY PREVENTION INITIATIVES

52 **SECTION 21.89.(a)** The title of Part 6 of Article 5 of Chapter 130A of the
53 General Statutes reads as rewritten:

1 "Part 6. Adolescent Pregnancy ~~Prevention Projects~~.Prevention."

2 **SECTION 21.89.(b)** G.S. 130A-131.15 is repealed.

3 **SECTION 21.89.(c)** The Department of Health and Human Services shall
4 administer the adolescent pregnancy prevention programs and the adolescent parenting
5 programs pursuant to the provisions of this section.

6 **SECTION 21.89.(d)** The programs shall include primary prevention efforts,
7 secondary prevention efforts, and special initiatives.

8 **SECTION 21.89.(e)** The Commission for Health Services may adopt rules
9 necessary to implement the programs.

10 **SECTION 21.89.(f)** State-level administrative costs for programs shall not
11 exceed ten percent (10%) of the total funds.

12 **SECTION 21.89.(g)** In awarding grants, the Department of Health and
13 Human Services shall target counties with the highest teen pregnancy rates, increasingly
14 higher rates, high rates within demographic subgroups, or greatest need for parenting
15 programs. Grants will be awarded on an annual basis.

16 **SECTION 21.89.(h)** Programs are not required to provide a cash match for
17 these funds; however, the Department may require an in-kind match.

18 **SECTION 21.89.(i)** Local adolescent pregnancy prevention councils are
19 encouraged but not required for program funding. State funds shall not be used for
20 these activities.

21
22 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
23 Thompson, Wright

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

25 **SECTION 21.90.(a)** The Department shall develop a comprehensive
26 information management system on AIDS/HIV clients receiving services from the
27 State. The Department may use up to fifty thousand dollars (\$50,000) of the funds
28 appropriated in this act to implement this information management system. This
29 information management system shall be patterned after the information management
30 system used by the Prescription Drug Assistance Program, shall provide instantaneous
31 internal access to information, and shall include information on the following:

- 32 (1) Program usage patterns of ADAP participants, including, but not
33 limited to, frequency of prescription purchases, types of medications
34 prescribed, and the cost of prescribed medications on a monthly basis.
35 (2) Demographics of participants in the program, including the age,
36 gender, race, ethnicity, and county of residence of participants.

37 The Department shall also develop a plan for promoting patient adherence to
38 physician treatment recommendations. In developing the plan, the Department shall
39 identify ways of obtaining information without interfering with physician-patient
40 confidentiality. The Department shall report on this plan to the members of the House of
41 Representatives Appropriations Subcommittee on Health and Human Services, the
42 Senate Appropriations Committee on Health and Human Services, and the Fiscal
43 Research Division not later than May 1, 2002.

44 **SECTION 21.90.(b)** For the 2001-2002 fiscal year and for the 2002-2003
45 fiscal year, HIV-positive individuals with incomes at or below one hundred twenty-five
46 percent (125%) of the federal poverty level are eligible for participation in ADAP.
47 Eligibility for participation in ADAP may be extended to individuals with incomes up to
48 one hundred fifty percent (150%) of the federal poverty level only after the Office of
49 State Budget and Management certifies in writing that the Department has developed an
50 information management system pursuant to subsection (a) of this section. Until the
51 Office of State Budget and Management makes this certification, eligibility for
52 participation in ADAP during the 2001-2003 fiscal biennium shall not be extended to
53 individuals with incomes above one hundred twenty-five percent (125%) of the federal

1 poverty level. Following six months of increased eligibility at one hundred fifty percent
2 (150%) of the federal poverty level, eligibility for participation in ADAP shall be
3 extended to individuals with incomes up to one hundred seventy-five percent (175%) of
4 the federal poverty level for the remainder of the 2001-2002 fiscal year. Beginning July
5 1, 2002, eligibility for participation in the ADAP shall be extended to individuals with
6 incomes up to two hundred percent (200%) of the federal poverty level.

7 **SECTION 21.90.(c)** The Department of Health and Human Services shall
8 make an interim report on ADAP program utilization by January 1, 2002, and a final
9 report on ADAP program utilization and a report on the findings from a study on ways
10 to improve HIV/AIDS prevention and care programs by April 30, 2002, to the Senate
11 Appropriations Committee on Health and Human Services, the House of
12 Representatives Appropriations Subcommittee on Health and Human Services, and the
13 Fiscal Research Division on ADAP. The reports shall include the following:

14 (1) ADAP program utilization:

- 15 a. Monthly data on total cumulative AIDS/HIV cases reported in
16 North Carolina.
- 17 b. Monthly data on the number of individuals who have applied to
18 participate in ADAP that have been determined to be ineligible.
- 19 c. Monthly data on the income level of participants in ADAP and
20 of individuals who have applied to participate in ADAP who
21 have been determined to be ineligible.
- 22 d. Monthly data on fiscal year-to-date expenditures of ADAP. The
23 interim report shall contain monthly data on the calendar
24 year-to-date expenditures of ADAP.
- 25 e. An update on the status of the information management system.
- 26 f. Monthly data on ADAP usage patterns and demographics of
27 participants in ADAP.
- 28 g. Fiscal year-to-date budget information.

29 (2) HIV/AIDS prevention and care:

- 30 a. Ways to improve the efficiency of current HIV/AIDS
31 prevention and care programs to ensure that current available
32 funds are put to the optimal use. This study shall include an
33 analysis of the changing demographics of the HIV/AIDS
34 epidemic to ensure that prevention funds are targeted at
35 population subgroups most at risk.
- 36 b. A review of prevention programs operated by other states or
37 localities that are not currently offered by this State. This
38 review shall include a study of the effectiveness of the
39 programs, any barriers to offering the programs in this State, an
40 estimate of the costs involved with offering these programs, and
41 ways in which a specific program might be adapted to meet the
42 needs of this State.
- 43 c. Any other matter the Department finds relevant to the issue.

44 **SECTION 21.90.(d)** The Department of Health and Human Services shall
45 revise its policy regarding determination of eligibility to require all applications for
46 participation in ADAP to be reviewed for eligibility determination by the Purchase of
47 Medical Care Unit of the Program Benefits and Payment Section of the Office of the
48 Controller of the Department of Health and Human Services. The Department shall
49 track all applications for participation in ADAP in order to make the reports required
50 under subsection (c) of this section. This policy applies to all applications made in
51 physician offices or other settings.
52

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

3 **DIVISION OF PUBLIC HEALTH REORGANIZATION**

4 **SECTION 21.91.(a)** The Department of Health and Human Services shall
5 reduce layers of management and streamline operations by creating a Section of
6 Financial Management and Support. The Department shall consolidate all budgeting,
7 purchasing, contract oversight, and computer networking personnel into this section.
8 The Department shall transfer all positions, corresponding State appropriations, federal
9 funds, and other related funds into this section. At no time shall the Department allow
10 the Division of Public Health to maintain nonprogram positions within the other
11 sections of the Division.

12 **SECTION 21.91.(b)** The Department shall establish a new permanent
13 full-time position in the Division of Public Health for Local Health Services section
14 chief. The Department shall not contract for this position.

15 **SECTION 21.91.(c)** Not later than October 1, 2001, the Department shall
16 report to the Senate Appropriations Committee on Health and Human Services, the
17 House of Representatives Appropriations Subcommittee on Health and Human
18 Services, and the Fiscal Research Division on the reorganization activities required
19 under this section.

20
21 Requested by: Representatives Earle, Nye, Insko, Easterling, Oldham, Redwine,
22 Thompson

23 **DIVISION OF PUBLIC HEALTH NURSE CONSULTANT AND PUBLIC**
24 **HEALTH EDUCATOR CONSOLIDATION**

25 **SECTION 21.91A.(a)** The Department shall evaluate in partnership with
26 local health departments, all nurse consultant positions across the Division of Public
27 Health to determine the need for generalist or specialty consultation and the best
28 organizational location with the Division to support this technical assistance. Based on
29 these findings, the Department shall transfer corresponding State appropriations, federal
30 funds, and any other related funds in the Division to support these services.

31 **SECTION 21.91A.(b)** The Department shall evaluate in consultation with
32 local health departments, all health educator positions across the Division to determine
33 the need for generalist or specialty consultation and the best organizational location
34 within the Department. Based on these findings, the Department shall transfer
35 corresponding State appropriations, federal funds, and any other related funds in the
36 Division to support these services.

37
38 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
39 Thompson

40 **STATE LABORATORY**

41 **SECTION 21.92.(a)** The Department of Health and Human Services, Office
42 of the Controller, shall develop a five-year equipment replacement schedule for the
43 State Laboratory. The purpose of the schedule is to have an objective plan for medical
44 laboratory equipment replacement to plan for current and future years' budget
45 requirements.

46 **SECTION 21.92.(b)** The Department shall assess the various services that
47 the State Laboratory provides and address the feasibility of contracting for additional
48 services. The Department shall prepare a cost-benefit analysis of providing services
49 in-house versus contracting out for services.

50 **SECTION 21.92.(c)** The Department shall assess the current fees and fee
51 methodology for laboratory services to determine if fees are set at the appropriate levels.
52 The Department shall identify new ways to set fees that incorporate the fully allocated
53 cost of laboratory equipment and the full costs of operations. The Department may

1 implement a revised fee schedule to reflect the full cost of operations including
2 equipment replacement.

3 **SECTION 21.92.(d)** Not later than March 1, 2002, the Department of Health
4 and Human Services shall report to the Senate Appropriations Committee on Health and
5 Human Services, the House of Representatives Appropriations Subcommittee on Health
6 and Human Services, and the Fiscal Research Division on the implementation of this
7 section.

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

11 **ENHANCEMENT OF STATE CENTER FOR HEALTH STATISTICS**

12 **SECTION 21.93.(a)** The State Center for Health Statistics is transferred to
13 the Office of the Secretary of the Department of Health and Human Services and is
14 renamed the "Center for Health and Human Services Statistics and Information." The
15 purpose of the Center is to provide primary statistical analyses and information for the
16 Department, members of the public, and support of all of the Divisions of the
17 Department. The Center shall collect, compile, manage, and report data for the public
18 and the Department. The Secretary shall transfer all information management, database
19 management, and other related positions from throughout the divisions, except for the
20 Division of Information Resource Management and other systems management
21 personnel, and shall transfer corresponding State appropriations, federal funds, and
22 other funds to establish and expand the Center. The Department shall do the following:

- 23 (1) Determine the feasibility of transferring existing database contracts to
24 the Center. All future statistical analyses and information projects will
25 be first made available to the Center for the right of first refusal.
- 26 (2) Determine the feasibility of creating a unit in the Center to more
27 efficiently and effectively manage database and information contracts
28 for the entire Department.
- 29 (3) Consult with the Center in planning any management information
30 systems.
- 31 (4) Evaluate the feasibility of operating the center as an internal service
32 fund budget.

33 The Department shall submit a progress report to the Senate Appropriations Committee
34 on Health and Human Services, the House of Representatives Appropriations
35 Subcommittee on Health and Human Services, and the Fiscal Research Division on the
36 implementation of this section no later than October 1, 2001, and a final report on
37 March 1, 2002. The report shall include an assessment of the current statistical analysis
38 functions for each Division and determine the resources (staff and appropriations) that
39 would be suitable for transfer into the Center. The inventory shall include an assessment
40 of all current contracts for database management, data collection, and analyses, and
41 shall determine the total amount of funds currently involved with these efforts. The final
42 report shall include an implementation plan for carrying out the provisions of this
43 section.

44 **SECTION 21.93.(b)** Article 15 of Chapter 130A of the General Statutes
45 reads as rewritten:

46 "Article 15.

47 "~~State Center for Health Statistics and Human Services Statistics and Information.~~

48 "**§ 130A-371. State Center for Health and Human Services Statistics and**
49 **Information established.**

50 ~~A State~~ The Center for Health and Human Services Statistics and Information is
51 established within the Department. The purpose of the Center for Health and Human
52 Services Statistics and Information is to provide primary statistical analysis and

1 information for health and human services, members of the public, and support for all
2 Divisions of the Department.

3 **"§ 130A-372. Definitions.**

4 The following definitions shall apply throughout this Article:

- 5 (1) 'Health data' means information relating to the health status of
6 individuals, the availability of health resources and services, and the
7 use and cost of these resources and services. The term shall not include
8 vital records registered under the provisions of Article 4 of this
9 Chapter.
10 (2) 'Medical records' means health data relating to the diagnosis or
11 treatment of physical or mental ailments of individuals. "

12 **"§ 130A-373. Authority and duties.**

13 (a) The ~~State~~ Center for Health and Human Services Statistics and Information is
14 authorized to:

- 15 (1) Collect, maintain and analyze health data on:
16 a. The extent, nature and impact of illness and disability on the
17 population of the State;
18 b. The determinants of health and health hazards;
19 c. Health resources, including the extent of available work power
20 and resources;
21 d. Utilization of health care;
22 e. Health care costs and financing; and
23 f. Other health or health-related matters; and
24 (2) Undertake and support research, demonstrations and evaluations
25 respecting new or improved methods for obtaining data.

26 (b) The ~~State~~ Center for Health and Human Services Statistics and Information
27 may collect health data on behalf of other governmental or nonprofit organizations.

28 (c) The ~~State~~ Center for Health and Human Services Statistics and Information
29 shall collect data only on a voluntary basis except when there is specific legal authority
30 to compel mandatory reporting of the health data. In collecting health data on a
31 voluntary basis, the ~~State~~ Center for Health and Human Services Statistics and
32 Information shall give the person a statement in writing:

- 33 (1) That the data is being collected on a voluntary basis and that the
34 person is not required to respond; and
35 (2) The purposes for which the health data is being collected.

36 (d) Subject to the provisions of G.S. 130A-374, the ~~State~~ Center for Health and
37 Human Services Statistics and Information may share health data with other persons,
38 agencies and organizations.

39 (e) The ~~State~~ Center for Health and Human Services Statistics and Information
40 shall:

- 41 (1) Take necessary action to assure that statistics developed under this
42 Article are of high quality, timely and comprehensive, as well as
43 specific and adequately analyzed and indexed; and
44 (2) Publish, make available and disseminate statistics on as wide a basis as
45 practical.

46 (f) The ~~State~~ Center for Health and Human Services Statistics and Information
47 shall coordinate health data activities within the State in order to eliminate unnecessary
48 duplication of data collection and to maximize the usefulness of data collected by:

- 49 (1) Participating with State and local agencies in the design and
50 implementation of a cooperative system for producing comparable and
51 uniform health information and statistics at the State and local levels;
52 and

- 1 (2) Undertaking and supporting research, development, demonstration and
2 evaluation respecting the cooperative system.

3 **"§ 130A-374. Security of health data.**

4 (a) Medical records of individual patients shall be confidential and shall not be
5 public records open to inspection. The ~~State~~ Center for Health and Human Services
6 Statistics and Information may disclose medical records of individual patients which
7 identify the individual described in the record only if:

- 8 (1) The individual described in the medical record has authorized the
9 disclosure; or
10 (2) The disclosure is for bona fide research purposes. The Commission
11 shall adopt rules providing for the use of the medical records for
12 research purposes.

13 (b) The ~~State~~ Center for Health and Human Services Statistics and Information
14 shall take appropriate measures to protect the security of health data collected by the
15 Center, including:

- 16 (1) Limiting the access to health data to authorized individuals who have
17 received training in the handling of this data;
18 (2) Designating a person to be responsible for physical security; and
19 (3) Developing and implementing a system for monitoring security."

20 **SECTION 21.93.(c)** The Secretary shall review the requirements of the
21 medical records privacy regulations under the Health Insurance Portability and
22 Accountability Act of 1996 (HIPAA) to avoid duplication of effort in complying with
23 that Act and this section.

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

27 **PUBLIC HEALTH PREVENTION ACTIVITIES REPORT**

28 **SECTION 21.94.** The Department of Health and Human Services, Division
29 of Public Health, shall conduct an inventory of its activities in the prevention of infant
30 mortality and birth defects. The Department shall conduct a comprehensive assessment
31 of these activities to identify all in-house activities and contracted activities and shall
32 include the following:

- 33 (1) Program or service title and description;
34 (2) Number of clients served, if applicable;
35 (3) State appropriations, federal funds, and other funds involved with the
36 program or service; and
37 (4) To the extent possible include Smart Start health programs and
38 services, and identify other nonprofit organizations' activities.

39 The Department shall report on the information required under this section to
40 the Senate Appropriations Committee on Health and Human Services, the House of
41 Representatives Appropriations Subcommittee on Health and Human Services, and the
42 Fiscal Research Division by March 1, 2002.

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

46 **HEART DISEASE AND STROKE PREVENTION TASK FORCE**

47 **SECTION 21.95.** The Heart Disease and Stroke Prevention Task Force,
48 created in subsection (l) of Section 26.9 of Chapter 507 of the 1995 Session Laws, as
49 amended, shall submit to the Governor and the General Assembly a sixth interim report
50 within the first week of the convening of the 2001 General Assembly, 2002 Regular
51 Session, and a seventh interim report within the first week of the convening of the 2003
52 General Assembly. Notwithstanding Section 11.57 of S.L. 1999-237, the Task Force

1 shall submit a final report by June 30, 2003, and, upon submission of its final report to
2 the Governor and the General Assembly, the Task Force shall expire.

3
4 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
5 Thompson

6 **NEWBORN HEARING SCREENING PROGRAM REPORT**

7 **SECTION 21.96.** The Department of Health and Human Services shall
8 report the following information on the newborn hearing screening program:

- 9 (1) Unduplicated number of infants screened.
- 10 (2) Number of infants who failed the second hearing screening.
- 11 (3) Number of infants receiving the diagnostic evaluation.
- 12 (4) Number and types of services provided.
- 13 (5) Number and types of follow-up services provided to children.

14 The Department shall submit the report not later than May 1, 2002, to the Senate
15 Appropriations Committee on Health and Human Services, the House of
16 Representatives Appropriations Subcommittee on Health and Human Services, and the
17 Fiscal Research Division.

18
19 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
20 Thompson

21 **INTENSIVE HOME VISITING**

22 **SECTION 21.97.(a)** The Department of Health and Human Services,
23 Division of Public Health, shall not contract for evaluation or technical assistance for
24 the Intensive Home Visiting Program during the 2001-2002 fiscal year. The Division
25 shall continue to collect and manage data collected by nurses and visitors on program
26 activities. The Division shall collect the necessary information on participants to allow
27 future tracking of these participants and facilitate a future longitudinal study for the
28 purposes of determining program effectiveness.

29 **SECTION 21.97.(b)** The Division shall require in-home visitors to collect
30 data on program participants as a condition of participation. This requirement shall
31 include six-month periodic assessments and completion of the questionnaires. The
32 Department shall ensure that the collection, maintenance, use, and disclosure of data
33 complies with applicable State and federal law protecting privacy of health and other
34 individual information. By April 1, 2002, the Division shall report to the Senate
35 Appropriations Committee on Health and Human Services and the House of
36 Representatives Appropriations Subcommittee on Health and Human Services on the
37 following items:

- 38 (1) Number of clients/families enrolled per county.
- 39 (2) Attrition and reasons why families leave the program.
- 40 (3) Average number of home visits per month.
- 41 (4) Average time involved per home visit.
- 42 (5) Baseline family characteristics.
- 43 (6) Health behaviors.
- 44 (7) Perinatal and birth outcomes.
- 45 (8) Other relevant outcome information.

46 All program information shall include the identification of the model used in order to
47 compare these models in the future.

48
49 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
50 Thompson

51 **CONTRACTUAL SERVICES LIMITATION**

52 **SECTION 21.99.(a)** The Department shall maintain the adolescent
53 pregnancy prevention and adolescent parenting program database created for the

1 program via contract and shall not continue to contract for database management,
2 development, or analysis. Of the funds appropriated to the Department in this act, the
3 Department shall not spend more than twenty-five thousand dollars (\$25,000) to
4 transition the database from the contractor to the Department. The Department shall
5 continue to collect and manage program data in order to conduct longitudinal studies in
6 the future. Notwithstanding any other provision of law, the Department shall not
7 continue to have the behavioral/attitudinal evaluation completed annually for all
8 programs.

9 **SECTION 21.99.(b)** Of funds appropriated to the Department of Health and
10 Human Services, the Department shall not spend more than twenty-five thousand
11 dollars (\$25,000) to complete the longitudinal adolescent parenting program evaluation.
12 The Department shall not contract for additional evaluations or assessments of the
13 adolescent pregnancy prevention program or the adolescent parenting program during
14 the 2001-2002 fiscal year.

15 **SECTION 21.99.(c)** The Department of Health and Human Services shall
16 plan an outcome-based evaluation of the adolescent pregnancy prevention programs and
17 shall continue to collect data.

18 **SECTION 21.99.(d)** The Department shall report on activities conducted
19 pursuant to this section to the Senate Appropriations Committee on Health and Human
20 Services, the House of Representatives Appropriations Subcommittee on Health and
21 Human Services, and the Fiscal Research Division by March 1, 2002.

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

25 **PRESCRIPTION DRUG INITIATIVES GRANT FUNDS**

26 **SECTION 21.100.** The Health and Wellness Trust Fund Commission shall,
27 as it develops criteria for awarding grants under Article 6C of Chapter 147 of the
28 General Statutes, include criteria that will enable programs and initiatives addressing the
29 need to expand access to prescription drugs to North Carolina senior and disabled
30 citizens to receive grants from the Fund. In making the grants, the Commission shall
31 consider, and coordinate with, the availability of any federal funds allocated to North
32 Carolina pursuant to any federal initiative to provide financial assistance to senior and
33 disabled citizens for the cost of prescription drugs.

34 In making its annual report to the Joint Legislative Commission on
35 Governmental Operations and to the chairs of the Joint Legislative Health Care
36 Oversight Committee regarding the implementation of that Article, the chair of the
37 Health and Wellness Trust Fund Commission shall report on the programs and
38 initiatives to expand access to prescription drugs to senior and disabled citizens that
39 were funded by the Trust Fund. The report shall include the amount of funds disbursed
40 for programs and initiatives to expand access to prescription drugs to senior and
41 disabled citizens and the success of those programs and initiatives towards helping
42 senior and disabled citizens obtain prescription drugs.

43 44 **PART XXII. JUDICIAL DEPARTMENT**

45
46 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
47 Thompson

48 **TRANSFER OF EQUIPMENT AND SUPPLY FUNDS**

49 **SECTION 22.1.** Funds appropriated to the Judicial Department in the
50 2001-2003 biennium for equipment and supplies shall be certified in a reserve account.
51 The Administrative Office of the Courts may transfer these funds to the appropriate
52 programs and between programs as the equipment priorities and supply consumptions

1 occur during the operating year. These funds shall not be expended for any other
2 purpose.

3
4 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
5 Thompson

6 **REPORT ON COMMUNITY MEDIATION CENTERS**

7 **SECTION 22.2.** Article 5 of Chapter 7A of the General Statutes is amended
8 by adding a new section to read:

9 **"§ 7A-38.6. Report on community mediation centers.**

10 (a) All community mediation centers currently receiving State funds shall report
11 annually to the Mediation Network of North Carolina on the program's funding and
12 activities, including:

- 13 (1) Types of dispute settlement services provided;
- 14 (2) Clients receiving each type of dispute settlement service;
- 15 (3) Number and type of referrals received, cases actually mediated, cases
16 resolved in mediation, and total clients served in the cases mediated;
- 17 (4) Total program funding and funding sources;
- 18 (5) Itemization of the use of funds, including operating expenses and
19 personnel;
- 20 (6) Itemization of the use of State funds appropriated to the center;
- 21 (7) Level of volunteer activity; and
- 22 (8) Identification of future service demands and budget requirements.

23 The Mediation Network of North Carolina shall compile and summarize the
24 information provided pursuant to this subsection and shall provide the information to
25 the Chairs of the House of Representatives and Senate Appropriations Committees and
26 the Chairs of the House of Representatives and Senate Appropriations Subcommittees
27 on Justice and Public Safety by February 1 of each year.

28 (b) A community mediation center requesting State funds for the first time shall
29 provide the General Assembly with the information enumerated in subsection (a) of this
30 section, or projections where historical data are not available, as well as a detailed
31 statement justifying the need for State funding.

32 (c) Each community mediation center receiving State funds for the first time
33 shall document in the information provided pursuant to this section that, after the second
34 year of receiving State funds, at least ten percent (10%) of total funding comes from
35 non-State sources.

36 (d) Each community mediation center receiving State funds for the third, fourth,
37 or fifth year shall document that at least twenty percent (20%) of total funding comes
38 from non-State sources.

39 (e) Each community mediation center receiving State funds for six or more years
40 shall document that at least fifty percent (50%) of total funding comes from non-State
41 sources.

42 (f) Each community mediation center currently receiving State funds that has
43 achieved a funding level from non-State sources greater than that provided for that
44 center by subsection (c), (d), or (e) of this section shall make a good faith effort to
45 maintain that level of funding.

46 (g) The percentage that State funds comprise of the total funding of each
47 community mediation center shall be determined at the conclusion of each fiscal year
48 with the information provided pursuant to this section and is intended as a funding ratio
49 and not a matching funds requirement. Community mediation centers may include the
50 market value of donated office space, utilities, and professional legal and accounting
51 services in determining total funding.

52 (h) A community mediation center having difficulty meeting the funding ratio
53 provided for that center by subsection (c), (d), or (e) of this section may request a

1 waiver or special consideration through the Mediation Network of North Carolina for
 2 consideration by the Senate and House of Representatives Appropriations
 3 Subcommittees on Justice and Public Safety.

4 (i) The provisions of G.S. 143-31.4 do not apply to community mediation
 5 centers receiving State funds.

6 (j) Each community mediation center receiving State funds shall function as, or
 7 as part of, a nonprofit organization or local government entity. A community mediation
 8 center functioning as a nonprofit organization shall have a governing board of directors
 9 that consists of a significant number of citizens from the surrounding community. State
 10 funds may not be used for indirect costs associated with contracts between the
 11 community mediation center and another entity for the provision of management or
 12 related services."

13
 14 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
 15 Thompson

16 **SENTENCING SERVICES REPORT**

17 **SECTION 22.3.** The Judicial Department shall report to the Chairs of the
 18 Senate and House of Representatives Appropriations Committees and the Chairs of the
 19 Senate and House Appropriations Subcommittees on Justice and Public Safety by April
 20 1, 2002, on the effectiveness of the Sentencing Services Program under structured
 21 sentencing and the criminal case docketing system. The report shall include:

- 22 (1) Data on the number of plans prepared, the recommendations included
 23 in those plans, the actual sentences imposed in those cases, and an
 24 analysis of the extent to which judges impose sentences using
 25 recommendations from plans;
- 26 (2) Data on the number of plans initiated but not presented to the court,
 27 including the reason the plan was not completed or presented; and
- 28 (3) The results of a survey on the impact of sentencing plans on judicial
 29 decisions, to be conducted by the Research, Planning, and Budget
 30 Development Section of the Judicial Department or another entity
 31 separate from the Sentencing Services Program. The survey shall
 32 include superior court judges, district attorneys, public defenders, and
 33 defense attorneys.

34
 35 Requested by: Representatives Culpepper, Haire, Thompson, Easterling, Oldham,
 36 Redwine

37 **ELIMINATE VACANT SUPERIOR COURT JUDGESHIP IN DISTRICT**
 38 **4B/ADD SUPERIOR COURT JUDGESHIP IN DISTRICT 24**

39 **SECTION 22.4.(a)** G.S. 7A-41(a) reads as rewritten:

40 "(a) The counties of the State are organized into judicial divisions and superior
 41 court districts, and each superior court district has the counties, and the number of
 42 regular resident superior court judges set forth in the following table, and for districts of
 43 less than a whole county, as set out in subsection (b) of this section:

44 Judicial	Superior		No. of Resident
45 Division	Court	Counties	Judges
46	District		
48 First	1	Camden, Chowan,	2
49		Currituck,	
50		Dare, Gates,	
51		Pasquotank,	
52		Perquimans	
53 First	2	Beaufort, Hyde,	1

1			Martin,	
2			Tyrrell, Washington	
3	First	3A	Pitt	2
4	Second	3B	Carteret, Craven,	2
5			Pamlico	
6	Second	4A	Duplin, Jones,	1
7			Sampson	
8	Second	4B	Onslow	$\frac{2}{3}$
9	Second	5	New Hanover,	$\frac{1}{3}$
10			Pender	
11	First	6A	Halifax	1
12	First	6B	Bertie, Hertford,	1
13			Northampton	
14	First	7A	Nash	1
15	First	7B	(part of Wilson,	1
16			part of Edgecombe,	
17			see subsection (b))	
18	First	7C	(part of Wilson,	1
19			part of Edgecombe,	
20			see subsection (b))	
21	Second	8A	Lenoir and Greene	1
22	Second	8B	Wayne	1
23	Third	9	Franklin, Granville,	2
24			Vance, Warren	
25	Third	9A	Person, Caswell	1
26	Third	10A	(part of Wake,	2
27			see subsection (b))	
28	Third	10B	(part of Wake,	2
29			see subsection (b))	
30	Third	10C	(part of Wake,	1
31			see subsection (b))	
32	Third	10D	(part of Wake,	1
33			see subsection (b))	
34	Fourth	11A	Harnett,	1
35			Lee	
36	Fourth	11B	Johnston	1
37	Fourth	12A	(part of Cumberland,	1
38			see subsection (b))	
39	Fourth	12B	(part of Cumberland,	1
40			see subsection (b))	
41	Fourth	12C	(part of Cumberland,	2
42			see subsection (b))	
43	Fourth	13	Bladen, Brunswick,	2
44			Columbus	
45	Third	14A	(part of Durham,	1
46			see subsection (b))	
47	Third	14B	(part of Durham,	3
48			see subsection (b))	
49	Third	15A	Alamance	2
50	Third	15B	Orange, Chatham	1
51	Fourth	16A	Scotland, Hoke	1
52	Fourth	16B	Robeson	2
53	Fifth	17A	Rockingham	2

1	Fifth	17B	Stokes, Surry	2
2	Fifth	18A	(part of Guilford,	1
3			see subsection (b))	
4	Fifth	18B	(part of Guilford,	1
5			see subsection (b))	
6	Fifth	18C	(part of Guilford,	1
7			see subsection (b))	
8	Fifth	18D	(part of Guilford,	1
9			see subsection (b))	
10	Fifth	18E	(part of Guilford,	1
11			see subsection (b))	
12	Sixth	19A	Cabarrus	1
13	Fifth	19B1	(part of Montgomery,	1
14			part of Moore,	
15			part of Randolph	
16			see subsection (b))	
17	Fifth	19B2	(part of Montgomery,	1
18			part of Moore,	
19			part of Randolph	
20			see subsection (b))	
21	Sixth	19C	Rowan	1
22	Sixth	20A	Anson,	1
23			Richmond	
24	Sixth	20B	Stanly, Union	2
25	Fifth	21A	(part of Forsyth,	1
26			see subsection (b))	
27	Fifth	21B	(part of Forsyth,	1
28			see subsection (b))	
29	Fifth	21C	(part of Forsyth,	1
30			see subsection (b))	
31	Fifth	21D	(part of Forsyth,	1
32			see subsection (b))	
33	Sixth	22	Alexander, Davidson,	3
34			Davie, Iredell	
35	Fifth	23	Alleghany, Ashe,	1
36			Wilkes, Yadkin	
37	Eighth	24	Avery, Madison,	4 <u>2</u>
38			Mitchell,	
39			Watauga, Yancey	
40	Seventh	25A	Burke, Caldwell	2
41	Seventh	25B	Catawba	2
42	Seventh	26A	(part of Mecklenburg,	2
43			see subsection (b))	
44	Seventh	26B	(part of Mecklenburg,	2
45			see subsection (b))	
46	Seventh	26C	(part of Mecklenburg,	2
47			see subsection (b))	
48	Seventh	27A	Gaston	2
49	Seventh	27B	Cleveland, Lincoln	2
50	Eighth	28	Buncombe	2
51	Eighth	29	Henderson,	2
52			McDowell, Polk,	
53			Rutherford,	

1 Transylvania
 2 Eighth 30A Cherokee, Clay, 1
 3 Graham, Macon,
 4 Swain
 5 Eighth 30B Haywood, Jackson 1."

6 **SECTION 22.4.(b)** The Governor shall appoint a superior court judge for
 7 the additional judgeship in Superior Court District 24 as authorized by subsection (a) of
 8 this section to serve a term expiring December 31, 2002. The successor to that judge
 9 shall be elected in the 2002 general election to serve a term expiring December 31,
 10 2010.

11 **SECTION 22.4.(c)** This section becomes effective October 1, 2001.

12
 13 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
 14 Thompson

15 **BUSINESS COURT**

16 **SECTION 22.5.** The Administrative Office of the Courts shall report to the
 17 Chairs of the Senate and House of Representatives Appropriations Committees and the
 18 Chairs of the Senate and House of Representatives Appropriations Subcommittees on
 19 Justice and Public Safety by April 1 of each year on the activities of the North Carolina
 20 Business Court, including the number of cases heard by the court and the number of
 21 court sessions held outside of Superior Court District 18.

22
 23 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
 24 Thompson

25 **ELIMINATE UNNECESSARY OR OBSOLETE REPORTS**

26 **SECTION 22.6.(a)** G.S. 7A-348 reads as rewritten:

27 "**§ 7A-348. Training and supervision of assistants for administrative and victim**
 28 **and witness services.**

29 Pursuant to the provisions of G.S. 7A-413, the Conference of District Attorneys
 30 shall:

- 31 (1) Assist in establishing uniform statewide training for assistants for
 32 administrative and victim and witness services; and
- 33 (2) Assist in the implementation and supervision of this ~~program; and~~
 34 program.
- 35 (3) ~~With the Director of the Administrative Office of the Courts, report~~
 36 ~~annually to the Joint Legislative Commission on Governmental~~
 37 ~~Operations on the implementation and effectiveness of this act,~~
 38 ~~beginning on or before February 1, 1987."~~

39 **SECTION 22.6.(b)** G.S. 143-170.4 reads as rewritten:

40 "**§ 143-170.4. Administrative Office of the Courts; publications procedures**
 41 **manual; reports.**

42 Not later than June 1, 1990, the Administrative Office of the Courts, after review of
 43 the Department of Administration's state publications procedures guidelines and after
 44 consultation with the State Librarian and State Auditor, shall adopt (i) a publications
 45 procedures manual for public documents, other than the official reports of the North
 46 Carolina Supreme Court and the North Carolina Court of Appeals and official forms
 47 published by the Administrative Office of the Courts pursuant to G.S. 7A-343, that
 48 addresses the elements of publication production described in G.S. 143-170.2 and (ii) an
 49 administrative review and approval process to ensure appropriate review and approval
 50 of its public documents. The initial guidelines and the administrative review and
 51 approval process shall be reported to the Joint Legislative Commission on
 52 Governmental Operations by January 1, 1991, and revisions thereto shall be reported to

~~the Joint Legislative Commission on Governmental Operations within six months of adoption. January 1, 1991."~~

SECTION 22.6.(c) G.S. 143-589 reads as rewritten:

"**§ 143-589. Legislative and judicial branch safety and health programs.**

The Legislative Services Commission and the Administrative Office of the Courts are authorized to separately establish safety and health programs for their employees. ~~The Administrative Office of the Courts shall report annually to the Joint Legislative Commission on Governmental Operations on its safety and health activities with respect to its program."~~

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

COLLECTION OF WORTHLESS CHECKS FUND

SECTION 22.7. Notwithstanding the provisions of G.S. 7A-308(c), the Judicial Department may use any balance remaining in the Collection of Worthless Checks Fund on June 30, 2001, for the purchase or repair of office or information technology equipment during the 2001-2002 fiscal year. Prior to using any funds under this section, the Judicial Department shall report to the Joint Legislative Commission on Governmental Operations and the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Information Technology on the equipment to be purchased or repaired and the reasons for the purchases.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

TRANSFER OF FUNDS TO OFFICE OF INDIGENT DEFENSE SERVICES

SECTION 22.9. In the event that requirements for payments to assigned counsel exceed available funds in the Office of Indigent Defense Services during the 2001-2002 fiscal year, the Judicial Department shall transfer to the Office of Indigent Defense Services up to the sum of one million five hundred thousand dollars (\$1,500,000) in funds available to pay those additional amounts. The Office of Indigent Defense Services and the Judicial Department shall report to the Joint Legislative Commission on Governmental Operations prior to any transfer of funds authorized by this section.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine

NORTH CAROLINA STATE BAR FUNDS

SECTION 22.10. Of the funds appropriated in the continuation budget as a grant-in-aid to the North Carolina State Bar for the 2001-2003 biennium, the North Carolina State Bar may in its discretion use up to the sum of five hundred ninety thousand dollars (\$590,000) for the 2001-2002 fiscal year and up to the sum of five hundred ninety thousand dollars (\$590,000) for the 2002-2003 fiscal year to contract with the Center for Death Penalty Litigation to provide training, consultation, brief banking, and other assistance to attorneys representing indigent capital defendants.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

ASSISTANT PUBLIC DEFENDER LONGEVITY/OFFICE OF INDIGENT DEFENSE SERVICES CORRECTIONS

SECTION 22.11.(a) Section 49 of S.L. 2000-144 reads as rewritten:

"Section 49. Except as otherwise provided in this Part, this act becomes effective July 1, 2001. G.S. 7A-498, 7A-498.1, 7A-498.2, 7A-498.4, 7A-498.5, ~~and 7A-498.6, and 7A-498.7(g)~~, as enacted in Section 1 of this act, and Section 13 of this act are effective when they become law; however, except as otherwise provided in this Part, no

1 rules, standards, or other regulations issued by the Commission on Indigent Defense
2 Services, and no decisions regarding the actual delivery of services shall take effect
3 prior to July 1, 2001, and all authority over the expenditure of funds shall remain with
4 the Director of the Administrative Office of the Courts prior to that date. The
5 Commission shall be responsible for the expenditure of funds for all cases pending on or
6 after July 1, 2001."

7 **SECTION 22.11.(b)** Section 13 of S.L. 2000-144 reads as rewritten:

8 "Section 13. Effective when this act becomes law, G.S. 7A-467(d) is repealed.
9 Effective July 1, 2001, G.S. 7A-459, 7A-465, 7A-466, ~~7A-467~~, 7A-467(a), 7A-467(b),
10 7A-467(c), 7A-467(e), 7A-467(f), 7A-467(g), 7A-469, 7A-470, 7A-471, 7A-486,
11 7A-486.1, 7A-486.2, 7A-486.3, 7A-486.4, 7A-486.5, 7A-486.6, and 7A-486.7 are
12 repealed."

13 **SECTION 22.11.(c)** G.S. 7A-498.7 is amended by adding three new
14 subsections to read:

15 "(i) A public defender may apply to the Director of the Office of Indigent
16 Defense Services to enter into contracts with local governments for the provision by the
17 State of services of temporary assistant public defenders pursuant to G.S. 153A-212.1 or
18 G.S. 160A-289.1.

19 "(j) The Director of the Office of Indigent Defense Services may provide
20 assistance requested pursuant to subsection (i) of this section only upon a showing by
21 the requesting public defender, supported by facts, that the overwhelming public interest
22 warrants the use of additional resources for the speedy disposition of cases involving
23 drug offenses, domestic violence, or other offenses involving a threat to public safety.

24 "(k) The terms of any contract entered into with local governments pursuant to
25 subsection (i) of this section shall be fixed by the Director of the Office of Indigent
26 Defense Services in each case. Nothing in this section shall be construed to obligate the
27 General Assembly to make any appropriation to implement the provisions of this
28 section or to obligate the Office of Indigent Defense Services to provide the
29 administrative costs of establishing or maintaining the positions or services provided for
30 under this section. Further, nothing in this section shall be construed to obligate the
31 Office of Indigent Defense Services to maintain positions or services initially provided
32 for under this section."

33 **SECTION 22.11.(d)** G.S. 153A-212.1 reads as rewritten:

34 "**§ 153A-212.1. Resources to protect the public.**

35 Subject to the requirements of G.S. 7A-41, 7A-44.1, 7A-64, 7A-102, 7A-133, and
36 ~~7A-467~~, 7A-498.7, a county may appropriate funds under contract with the State for the
37 provision of services for the speedy disposition of cases involving drug offenses,
38 domestic violence, or other offenses involving threats to public safety. Nothing in this
39 section shall be construed to obligate the General Assembly to make any appropriation
40 to implement the provisions of this section. Further, nothing in this section shall be
41 construed to obligate the Administrative Office of the Courts or the Office of Indigent
42 Defense Services to maintain positions or services initially provided for under this
43 section."

44 **SECTION 22.11.(e)** G.S. 160A-289.1 reads as rewritten:

45 "**§ 160A-289.1. Resources to protect the public.**

46 Subject to the requirements of G.S. 7A-41, 7A-44.1, 7A-64, 7A-102, 7A-133, and
47 ~~7A-467~~, 7A-498.7, a city may appropriate funds under contract with the State for the
48 provision of services for the speedy disposition of cases involving drug offenses,
49 domestic violence, or other offenses involving threats to public safety. Nothing in this
50 section shall be construed to obligate the General Assembly to make any appropriation
51 to implement the provisions of this section. Further, nothing in this section shall be
52 construed to obligate the Administrative Office of the Courts or the Office of Indigent

1 Defense Services to maintain positions or services initially provided for under this
2 section."

3 **SECTION 22.11.(f)** Subsection (h) of Section 15.4 of S.L. 2000-67 reads as
4 rewritten:

5 "Section 15.4.(h) The Administrative Office of the Courts and the Office of Indigent
6 Defense Services shall report by March 1 of each year to the Chairs of the House of
7 Representatives and Senate Appropriations Committees, to the Chairs of the House of
8 Representatives Subcommittee on Justice and Public Safety, and to the Chairs of the
9 Senate Appropriations Committee on Justice and Public Safety on contracts entered into
10 with local governments for the provision of the services of assistant district attorneys,
11 assistant public defenders, judicial secretaries, and employees in the office of the Clerk
12 of Superior Court. The report shall include the number of applications made to the
13 Administrative Office of the Courts or the Office of Indigent Defense Services for these
14 contracts, the number of contracts entered for provision of these positions, and the
15 dollar amounts of each contract."

16
17 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
18 Thompson

19 **OFFICE OF INDIGENT DEFENSE SERVICES REPORT**

20 **SECTION 22.12.** The Office of Indigent Defense Services shall report to the
21 Chairs of the Senate and House of Representatives Appropriations Committees and the
22 Chairs of the Senate and House Representatives Appropriations Subcommittees on
23 Justice and Public Safety by March 1 of each year on:

- 24 (1) The volume and cost of cases handled in each district by assigned
25 counsel or public defenders;
- 26 (2) Actions taken by the Office to improve the cost-effectiveness and
27 quality of indigent defense, including the capital case program;
- 28 (3) Plans for changes in rules, standards, or regulations in the upcoming
29 year; and
- 30 (4) Any recommended changes in law or funding procedures that would
31 assist the Office in improving the management of funds expended for
32 indigent defense services.

33
34 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
35 Thompson

36 **ASSISTANT PUBLIC DEFENDERS/PUBLIC DEFENDER OFFICE**
37 **PERSONNEL**

38 **SECTION 22.13.(a)** From funds appropriated to the Indigent Persons'
39 Attorney Fee Fund for the 2001-2003 biennium, the Office of Indigent Defense Services
40 may use up to the sum of four hundred seventy-seven thousand seven hundred
41 sixty-eight dollars (\$477,768) for the 2001-2002 fiscal year and up to the sum of four
42 hundred forty-six thousand eight hundred twenty dollars (\$446,820) for the 2002-2003
43 fiscal year for salaries, benefits, equipment, and related expenses to establish up to six
44 new assistant public defender positions in statewide programs or districts with existing
45 public defender programs.

46 **SECTION 22.13.(b)** From funds appropriated to the Indigent Persons'
47 Attorney Fee Fund for the 2001-2003 biennium, the Office of Indigent Defense Services
48 may use up to the sum of two hundred eighty-three thousand five hundred seventy-five
49 dollars (\$283,575) for the 2001-2002 fiscal year and up to the sum of two hundred
50 fifty-six thousand three hundred ten dollars (\$256,310) for the 2002-2003 fiscal year for
51 salaries, benefits, equipment, and related expenses to establish up to five new legal
52 assistant, paralegal, investigator, or administrative assistant positions in statewide
53 programs or districts with existing public defender programs.

SECTION 22.13.(c) Prior to establishing any new positions under this section, the Office of Indigent Defense Services shall report to the Joint Legislative Commission on Governmental Operations on the positions to be established and the locations of those positions.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

PISGAH LEGAL SERVICES FUNDS

SECTION 22.15. Notwithstanding the provisions of G.S. 7A-474.4, the North Carolina State Bar shall allocate to Pisgah Legal Services that share of State funds that would otherwise have been provided through Legal Services of North Carolina, Inc., to Appalachian Legal Services to serve eligible clients in Buncombe, Henderson, Madison, Polk, Rutherford, and Transylvania Counties.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

AUTHORIZE ADDITIONAL MAGISTRATES

SECTION 22.16. G.S. 7A-133(c) reads as rewritten:

"(c) Each county shall have the numbers of magistrates and additional seats of district court, as set forth in the following table:

County	Magistrates Min.-Max.	Additional Seats of Court
Camden	1 3	
Chowan	2 3	
Currituck	1 4	
Dare	3 8	
Gates	2 3	
Pasquotank	3 5	
Perquimans	2 4	
Martin	5 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	9 11	
Jones	2 3	
Onslow	8 14	
New Hanover	6 11	
Pender	4 6	
Halifax	9 14	Roanoke Rapids, Scotland Neck
Northampton	5 7	
Bertie	4 6	

1	Hertford	5	7	
2	Nash	7	10	Rocky Mount
3	Edgecombe	4	7	Rocky Mount
4	Wilson	4	7	
5	Wayne	5	12	Mount Olive
6	Greene	2	4	
7	Lenoir	4	10	La Grange
8	Granville	3	7	
9	Vance	3	6	
10	Warren	3	5	
11	Franklin	3	7	
12	Person	3	4	
13	Caswell	2	5	
14	Wake	12	21	Apex, Wendell, Fuquay- Varina, Wake Forest
15				
16				
17				
18				
19	Harnett	7	11	Dunn
20	Johnston	10	12	Benson, Clayton, Selma
21				
22				
23	Lee	4	6	
24	Cumberland	10	19	
25	Bladen	4	6	
26	Brunswick	4	<u>9 10</u>	
27	Columbus	6	<u>9 10</u>	Tabor City
28	Durham	8	13	
29	Alamance	7	11	Burlington
30	Orange	4	11	Chapel Hill
31	Chatham	3	9	Siler City
32	Scotland	3	5	
33	Hoke	4	5	
34	Robeson	8	16	Fairmont, Maxton, Pembroke, Red Springs, Rowland, St. Pauls
35				
36				
37				
38				
39				
40	Rockingham	4	9	Reidsville, Eden, Madison
41				
42				
43	Stokes	2	5	
44	Surry	5	9	Mt. Airy
45	Guilford	20	27	High Point
46	Cabarrus	5	9	Kannapolis
47	Montgomery	2	4	
48	Randolph	5	10	Liberty
49	Rowan	5	10	
50	Stanly	5	6	
51	Union	4	7	
52	Anson	4	6	
53	Richmond	5	6	Hamlet

1	Moore	5	8	Southern
2				Pines
3	Forsyth	3	15	Kernersville
4	Alexander	2	4	
5	Davidson	7	10	Thomasville
6	Davie	2	3	
7	Iredell	4	9	Mooresville
8	Alleghany	1	2	
9	Ashe	3	4	
10	Wilkes	4	6	
11	Yadkin	3	5	
12	Avery	3	5	
13	Madison	4	5	
14	Mitchell	3	4	
15	Watauga	4	6	
16	Yancey	2	4	
17	Burke	4	7	
18	Caldwell	4	7	
19	Catawba	6	10	Hickory
20	Mecklenburg	15	28	
21	Gaston	11	22	
22	Cleveland	5	8	
23	Lincoln	4	7	
24	Buncombe	6	15	
25	Henderson	4	7	
26	McDowell	3	6	
27	Polk	3	4	
28	Rutherford	6	8	
29	Transylvania	2	4	
30	Cherokee	3	4	
31	Clay	1	2	
32	Graham	2	3	
33	Haywood	5	7	Canton
34	Jackson	3	5	
35	Macon	3	4	
36	Swain	2	3."	

Requested by: Representative Hensley

ADD DISTRICT COURT JUDGESHIP IN DISTRICT COURT DISTRICT 10

SECTION 22.17.(a) G.S. 7A-133(a) reads as rewritten:

"(a) Each district court district shall have the numbers of judges as set forth in the following table:

District	Judges	County
1	5	Camden Chowan Currituck Dare Gates Pasquotank Perquimans
2	4	Martin

1			Beaufort
2			Tyrrell
3			Hyde
4			Washington
5	3A	5	Pitt
6	3B	5	Craven
7			Pamlico
8			Carteret
9	4	8	Sampson
10			Duplin
11			Jones
12			Onslow
13	5	7	New Hanover
14			Pender
15	6A	2	Halifax
16	6B	3	Northampton
17			Bertie
18			Hertford
19	7	7	Nash
20			Edgecombe
21			Wilson
22	8	6	Wayne
23			Greene
24			Lenoir
25	9	4	Granville
26			(part of Vance
27			see subsection (b))
28			Franklin
29	9A	2	Person
30			Caswell
31	9B	2	Warren
32			(part of Vance
33			see subsection (b))
34	10	14 15	Wake
35	11	8	Harnett
36			Johnston
37			Lee
38	12	9	Cumberland
39	13	6	Bladen
40			Brunswick
41			Columbus
42	14	6	Durham
43	15A	4	Alamance
44	15B	4	Orange
45			Chatham
46	16A	3	Scotland
47			Hoke
48	16B	5	Robeson
49	17A	3	Rockingham
50	17B	3	Stokes
51			Surry
52	18	12	Guilford
53	19A	4	Cabarrus

1	19B	6	Montgomery
2			Moore
3			Randolph
4	19C	4	Rowan
5	20	7	Stanly
6			Union
7			Anson
8			Richmond
9	21	8	Forsyth
10	22	9	Alexander
11			Davidson
12			Davie
13			Iredell
14	23	4	Alleghany
15			Ashe
16			Wilkes
17			Yadkin
18	24	4	Avery
19			Madison
20			Mitchell
21			Watauga
22			Yancey
23	25	8	Burke
24			Caldwell
25			Catawba
26	26	17	Mecklenburg
27	27A	6	Gaston
28	27B	4	Cleveland
29			Lincoln
30	28	6	Buncombe
31	29	6	Henderson
32			McDowell
33			Polk
34			Rutherford
35			Transylvania
36	30	5	Cherokee
37			Clay
38			Graham
39			Haywood
40			Jackson
41			Macon
42			Swain."

SECTION 22.17.(b) The Governor shall appoint the additional district court judge for District Court District 10 authorized by subsection (a) of this section. The judge's successor shall be elected in the 2004 election for a four-year term commencing on the first Monday in December 2004.

SECTION 22.17.(c) This section becomes effective December 1, 2001.

PART XXIII. DEPARTMENT OF JUSTICE

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

1 **USE OF SEIZED AND FORFEITED PROPERTY TRANSFERRED TO STATE**
2 **LAW ENFORCEMENT AGENCIES BY THE FEDERAL GOVERNMENT**

3 **SECTION 23.1.(a)** Assets transferred to the Department of Justice during
4 the 2001-2003 biennium pursuant to 19 U.S.C. § 1616a shall be credited to the budget
5 of the Department and shall result in an increase of law enforcement resources for the
6 Department. Assets transferred to the Department of Crime Control and Public Safety
7 during the 2001-2003 biennium pursuant to 19 U.S.C. § 1616a shall be credited to the
8 budget of the Department and shall result in an increase of law enforcement resources
9 for the Department. The Departments of Justice, Correction, and Crime Control and
10 Public Safety shall report to the Joint Legislative Commission on Governmental
11 Operations upon receipt of the assets and, before using the assets, shall report on the
12 intended use of the assets and the departmental priorities on which the assets may be
13 expended.

14 **SECTION 23.1.(b)** The General Assembly finds that the use of assets
15 transferred pursuant to 19 U.S.C. § 1616a for new personnel positions, new projects, the
16 acquisition of real property, repair of buildings where the repair includes structural
17 change, and construction of or additions to buildings may result in additional expenses
18 for the State in future fiscal periods. Therefore, the Department of Justice, the
19 Department of Correction, and the Department of Crime Control and Public Safety are
20 prohibited from using these assets for such purposes without the prior approval of the
21 General Assembly.

22 **SECTION 23.1.(c)** Nothing in this section prohibits North Carolina law
23 enforcement agencies from receiving funds from the United States Department of
24 Justice pursuant to 19 U.S.C. § 1616a.

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

28 **PRIVATE PROTECTIVE SERVICES AND ALARM SYSTEMS LICENSING**
29 **BOARDS PAY FOR USE OF STATE FACILITIES AND SERVICES**

30 **SECTION 23.2.** The Private Protective Services and Alarm Systems
31 Licensing Boards shall pay the appropriate State agency for the use of physical facilities
32 and services provided to those boards by the State.

33
34 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
35 Thompson

36 **CERTAIN LITIGATION EXPENSES TO BE PAID BY CLIENTS**

37 **SECTION 23.3.** Client departments, agencies, and boards shall reimburse
38 the Department of Justice for reasonable court fees, attorney travel and subsistence
39 costs, and other costs directly related to litigation in which the Department of Justice is
40 representing the department, agency, or board.

41
42 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
43 Thompson

44 **REIMBURSEMENT FOR UNC BOARD OF GOVERNORS LEGAL**
45 **REPRESENTATION**

46 **SECTION 23.4.** The Department of Justice shall be reimbursed by the
47 Board of Governors of The University of North Carolina for two Attorney III positions
48 to provide legal representation to The University of North Carolina System.

49
50 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
51 Thompson

1 **REPORT ON CRIMINAL RECORDS CHECKS CONDUCTED FOR**
2 **CONCEALED HANDGUN PERMITS/STUDY FEE ADJUSTMENT FOR**
3 **CRIMINAL RECORDS CHECKS**

4 **SECTION 23.5.(a)** The Department of Justice shall report by January 15
5 each year to the Joint Legislative Commission on Governmental Operations, the Chairs
6 of the Senate and House Appropriations Committees, and the Chairs of the Senate and
7 House Appropriations Subcommittees on Justice and Public Safety on the receipts, costs
8 for, and number of criminal records checks performed in connection with applications
9 for concealed weapons permits. The report by the Department of Justice shall also
10 include information on the number of applications received and approved for firearms
11 safety courses.

12 **SECTION 23.5.(b)** The Office of State Budget and Management, in
13 consultation with the Department of Justice, shall study the feasibility of adjusting the
14 fees charged for criminal records checks conducted by the Division of Criminal
15 Information of the Department of Justice as a result of the increase in receipts from
16 criminal records checks. The study shall include an assessment of the Division's
17 operational, personnel, and overhead costs related to providing criminal records checks
18 and how those costs have changed since the 1998-99 fiscal year. The Office of State
19 Budget and Management shall report its findings and recommendations to the Chairs of
20 the Senate and House of Representatives Appropriations Committees, the Chairs of the
21 Senate and House of Representatives Appropriations Subcommittees on Justice and
22 Public Safety, and the Fiscal Research Division of the General Assembly on or before
23 March 1, 2002.

24
25 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
26 Thompson

27 **CRIMINAL JUSTICE INFORMATION NETWORK REPORT/ADD**
28 **REPRESENTATIVE FROM THE DEPARTMENT OF JUVENILE JUSTICE**
29 **AND DELINQUENCY PREVENTION TO THE BOARD**

30 **SECTION 23.6.(a)** The Criminal Justice Information Network Governing
31 Board established pursuant to G.S. 143-661 shall report by April 1, 2002, to the Chairs
32 of the Senate and House of Representatives Appropriations Committees, the Chairs of
33 the Senate and House of Representatives Appropriations Subcommittees on Justice and
34 Public Safety, and the Fiscal Research Division of the General Assembly on:

- 35 (1) The operating budget of the Board, the expenditures of the Board as of
36 the date of the report, and the amount of funds in reserve for the
37 operation of the Board; and
38 (2) A long-term strategic plan and cost analysis for statewide
39 implementation of the Criminal Justice Information Network. For each
40 component of the Network, the initial cost estimate of the component,
41 the amount of funds spent to date on the component, the source of
42 funds for expenditures to date, and a timetable for completion of that
43 component, including additional resources needed at each point.

44 **SECTION 23.6.(b)** G.S. 143-661(b) reads as rewritten:

45 "(b) The Board shall consist of ~~19~~²⁰ members, appointed as follows:

- 46 (1) ~~Three~~^{Four} members appointed by the Governor, including one
47 member who is a director or employee of a State correction agency for
48 a term to begin September 1, 1996 and to expire on June 30, 1997, one
49 member who is an employee of the North Carolina Department of
50 Crime Control and Public Safety for a term beginning September 1,
51 1996 and to expire on June 30, 1997, ~~and one~~ member selected from
52 the North Carolina Association of Chiefs of Police for a term to begin
53 September 1, 1996 and to expire on ~~June 30, 1999.~~ June 30, 1999, and

- 1 one member who is an employee of the Department of Juvenile Justice
2 and Delinquency Prevention.
- 3 (2) Six members appointed by the General Assembly in accordance with
4 G.S. 120-121, as follows:
- 5 a. Three members recommended by the President Pro Tempore of
6 the Senate, including two members of the general public for
7 terms to begin on September 1, 1996, and to expire on June 30,
8 1997, and one member selected from the North Carolina
9 League of Municipalities who is a member of, or an employee
10 working directly for, the governing board of a North Carolina
11 municipality for a term to begin on September 1, 1996 and to
12 expire on June 30, 1999; and
- 13 b. Three members recommended by the Speaker of the House of
14 Representatives, including two members of the general public
15 for terms to begin on September 1, 1996, and to expire on June
16 30, 1999, and one member selected from the North Carolina
17 Association of County Commissioners who is a member of, or
18 an employee working directly for, the governing board of a
19 North Carolina county for a term to begin on September 1,
20 1996, and to expire on June 30, 1997.
- 21 (3) Two members appointed by the Attorney General, including one
22 member who is an employee of the Attorney General for a term to
23 begin on September 1, 1996, and to expire on June 30, 1997, and one
24 member from the North Carolina Sheriffs' Association for a term to
25 begin on September 1, 1996, and to expire on June 30, 1999.
- 26 (4) Six members appointed by the Chief Justice of the North Carolina
27 Supreme Court, as follows:
- 28 a. The Director of the Administrative Office of the Courts, or an
29 employee of the Administrative Office of the Courts, for a term
30 beginning July 1, 1997, and expiring June 30, 2001.
- 31 b. One member who is a district attorney or an assistant district
32 attorney upon the recommendation of the Conference of District
33 Attorneys of North Carolina, for a term beginning July 1, 1998,
34 and expiring June 30, 1999.
- 35 c. Two members who are superior court or district court judges for
36 terms beginning July 1, 1998, and expiring June 30, 2001.
- 37 d. One member who is a magistrate upon the recommendation of
38 the North Carolina Magistrates' Association, for a term
39 beginning July 1, 1998, and expiring June 30, 1999.
- 40 e. One member who is a clerk of superior court upon the
41 recommendation of the North Carolina Association of Clerks of
42 Superior Court, for a term beginning July 1, 1998, and expiring
43 June 30, 1999.
- 44 (5) One member appointed by the Chair of the Information Resource
45 Management Commission, who is the Chair or a member of that
46 Commission, for a term to begin on September 1, 1996, and to expire
47 on June 30, 1999.
- 48 (6) One member appointed by the President of the North Carolina Chapter
49 of the Association of Public Communications Officials International,
50 who is an active member of the Association, for a term to begin on
51 September 1, 1996, and to expire on June 30, 1999.

52 The respective appointing authorities are encouraged to appoint persons having a
53 background in and familiarity with criminal information systems and networks

1 generally and with the criminal information needs and capacities of the constituency
2 from which the member is appointed.

3 As the initial terms expire, subsequent members of the Board shall be appointed to
4 serve four-year terms. At the end of a term, a member shall continue to serve on the
5 Board until a successor is appointed. A member who is appointed after a term is begun
6 serves only for the remainder of the term and until a successor is appointed. Any
7 vacancy in the membership of the Board shall be filled by the same appointing authority
8 that made the appointment, except that vacancies among members appointed by the
9 General Assembly shall be filled in accordance with G.S. 120-122."

10
11 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
12 Thompson

13 **DRUG EDUCATION PROGRAM TRAINING/REVIEW**

14 **SECTION 23.9.(a)** The State Bureau of Investigation shall collaborate with
15 the Criminal Justice Standards Division of the Department of Justice in administering of
16 the Drug Abuse Resistance Education (DARE) program.

17 **SECTION 23.9.(b)** The Juvenile Justice Institute at North Carolina Central
18 University shall review DARE and other drug education efforts in North Carolina to
19 identify an effective model for drug education. The Juvenile Justice Institute shall
20 report the results of its review to the Joint Legislative Education Oversight Committee,
21 the Justice and Public Safety Subcommittee of the Joint Legislative Commission on
22 Governmental Operations, and the Fiscal Research Division by April 1, 2002.

23
24 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
25 Thompson

26 **ABOLISH OFFICE OF INSPECTOR GENERAL**

27 **SECTION 23.10.** Effective January 1, 2002, Article 6 of Chapter 114 of the
28 General Statutes, G.S. 114-40 through G.S. 114-42, is repealed.

29 30 **PART XXIV. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY** 31 **PREVENTION**

32
33 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
34 Thompson

35 **S.O.S. ADMINISTRATIVE COST LIMITS AND REPEAL CONFERENCE** 36 **REQUIREMENT**

37 **SECTION 24.1.(a)** Of the funds appropriated to the Department of Juvenile
38 Justice and Delinquency Prevention in this act, not more than five hundred fifty
39 thousand dollars (\$550,000) for the 2001-2002 fiscal year and not more than five
40 hundred fifty thousand dollars (\$550,000) for the 2002-2003 fiscal year may be used to
41 administer the S.O.S. Program, to provide technical assistance to applicants and to local
42 S.O.S. programs, and to evaluate the local S.O.S. programs. The Department may
43 contract with appropriate public or nonprofit agencies to provide the technical
44 assistance, including training and related services.

45 **SECTION 24.1.(b)** G.S. 143B-152.3(1) is repealed.

46
47 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
48 Thompson

49 **JUVENILE CRIME PREVENTION COUNCIL GRANT REPORTING,** 50 **CERTIFICATION, AND FUNDING OF RESEARCH-BASED PROGRAMS**

51 **SECTION 24.2.(a)** On or before May 1 each year, the Department of
52 Juvenile Justice and Delinquency Prevention shall submit to the Joint Legislative
53 Commission on Governmental Operations and the Appropriations Committees of the

1 Senate and House of Representatives a list of the recipients of the grants awarded, or
2 preapproved for award, from funds appropriated to the Department for local Juvenile
3 Crime Prevention Council grants. The list shall include for each recipient the amount of
4 the grant awarded, the membership of the local committee or council administering the
5 award funds on the local level, and a short description of the local services, programs, or
6 projects that will receive funds. The list shall also identify any programs that received
7 grant funds at one time but for which funding has been eliminated by the Department of
8 Juvenile Justice and Delinquency Prevention. A written copy of the list and other
9 information regarding the projects shall also be sent to the Fiscal Research Division of
10 the General Assembly.

11 **SECTION 24.2.(b)** Each county in which local programs receive Juvenile
12 Crime Prevention Council grant funds from the Department of Juvenile Justice and
13 Delinquency Prevention shall certify annually through its local council to the
14 Department that funds received are not used to duplicate or supplant other programs
15 within the county.

16 **SECTION 24.2.(c)** The General Assembly recognizes the importance of
17 evaluation and outcome measurements of the programs serving adjudicated juvenile
18 offenders in order to ensure the cost-effective use of Juvenile Crime Prevention Council
19 grant funds. The Department of Juvenile Justice and Delinquency Prevention shall
20 establish and implement a system to collect and report on information and data
21 regarding the expenditures and impact of the Juvenile Crime Prevention Council
22 formula grant funds used by the individual counties to serve juveniles who have been
23 adjudicated delinquent or who have been diverted for delinquent offenses.

24 The Department of Juvenile Justice and Delinquency Prevention, in
25 consultation with the North Carolina Sentencing Commission, the Governor's Crime
26 Commission, and the Juvenile Justice Institute, shall develop standards for measuring
27 the effectiveness of programs that receive Juvenile Crime Prevention Council grant
28 funds and that serve juveniles who have been adjudicated delinquent or who have been
29 diverted for delinquent offenses. The standards shall include methods for measuring
30 success factors following intervention, including those factors that:

- 31 (1) Reduce the use of alcohol or controlled substances.
- 32 (2) Reduce subsequent complaints.
- 33 (3) Reduce violations of terms of community supervision.
- 34 (4) Reduce convictions for subsequent offenses.
- 35 (5) Fulfill restitution to victims.
- 36 (6) Increase parental accountability.

37 The Department of Juvenile Justice and Delinquency Prevention shall report
38 to the Chairs of the Appropriations Committees of the Senate and House of
39 Representatives, the Chairs of the Joint Legislative Corrections, Crime Control, and
40 Juvenile Justice Oversight Committee, and the Fiscal Research Division no later than
41 April 1, 2002, on the progress of the establishment of the system mandated by this
42 section. The system shall be implemented no later than June 30, 2003.

43 After June 30, 2003, on or before April 1 each year, the Department of
44 Juvenile Justice and Delinquency Prevention shall report to the Chairs of the
45 Appropriations Committees of the Senate and House of Representatives and the Chairs
46 of the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight
47 Committee on the following:

- 48 (1) The number of diverted and adjudicated juveniles served.
- 49 (2) The specific methods used by the Juvenile Crime Prevention Councils
50 to determine services, programs, and intervention strategies most
51 likely to change behaviors of juvenile offenders.
- 52 (3) The total cost for each funded program, including the cost per juvenile
53 and the essential elements of the program.

- 1 (4) An assessment of the extent to which programs funded by Juvenile
2 Crime Prevention Council grants:
3 a. Are compatible with research that shows prevention and early
4 intervention strategies that are effective with juvenile offenders.
5 b. Are outcome-based in that the grantee describes what outcomes
6 will be achieved or what outcomes have already been achieved.
7 c. Include an evaluation component.
8 d. Have a demonstrable impact on success factors.
9

10 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
11 Thompson

12 **REPORTS ON CERTAIN PROGRAMS**

13 **SECTION 24.3.(a)** Project Challenge North Carolina, Inc., shall report to
14 the Chairs of the Senate and House of Representatives Appropriations Subcommittees
15 on Justice and Public Safety by April 1 each year on the operation and the effectiveness
16 of its program in providing alternative dispositions and services to juveniles who have
17 been adjudicated delinquent or undisciplined. The report shall include information on
18 the source of referrals for juveniles, the types of offenses committed by juveniles
19 participating in the program, the amount of time those juveniles spend in the program,
20 the number of juveniles who successfully complete the program, and the number of
21 juveniles who commit additional offenses after completing the program.

22 **SECTION 24.3.(b)** The Department of Juvenile Justice and Delinquency
23 Prevention shall report to the Chairs of the Senate and House of Representatives
24 Appropriations Subcommittees on Justice and Public Safety on the effectiveness of the
25 Juvenile Assessment Center by April 1 each year. The report on the Juvenile
26 Assessment Center shall include information on the number of juveniles served and an
27 evaluation of the effectiveness of juvenile assessment plans and services provided as a
28 result of these plans.

29 **SECTION 24.3.(c)** Communities in Schools shall report to the Chairs of the
30 Senate and House of Representatives Appropriations Subcommittees on Justice and
31 Public Safety, the Joint Legislative Commission on Governmental Operations, the Joint
32 Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee, and
33 the Joint Legislative Education Oversight Committee by April 1 each year on the
34 operation and the effectiveness of its program. The report shall include information on
35 the number of children served, the number of volunteers used, the impact on the
36 children who have received services from Communities in Schools, and the operating
37 budget of Communities in Schools.
38

39 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
40 Thompson

41 **STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS**

42 **SECTION 24.4.** Funds appropriated in this act to the Department of Juvenile
43 Justice and Delinquency Prevention for the 2001-2002 fiscal year may be used as
44 matching funds for the Juvenile Accountability Incentive Block Grants. If North
45 Carolina receives Juvenile Accountability Incentive Block Grants, or a notice of funds
46 to be awarded, the Office of State Budget and Management and the Governor's Crime
47 Commission shall consult with the Department of Juvenile Justice and Delinquency
48 Prevention regarding the criteria for awarding federal funds. The Office of State Budget
49 and Management, the Governor's Crime Commission, and the Department of Juvenile
50 Justice and Delinquency Prevention shall report to the Appropriations Committees of
51 the Senate and House of Representatives and the Joint Legislative Commission on
52 Governmental Operations prior to allocation of the federal funds. The report shall
53 identify the amount of funds to be received for the 2001-2002 fiscal year, the amount of

1 funds anticipated for the 2002-2003 fiscal year, and the allocation of funds by program
2 and purpose.

3
4 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
5 Thompson

6 ANNUAL EVALUATION OF COMMUNITY PROGRAMS

7 **SECTION 24.5.** The Department of Juvenile Justice and Delinquency
8 Prevention shall conduct an evaluation of the Eckerd and Camp Woodson wilderness
9 camp programs, the teen court programs, the program that grants funds to the local
10 organizations of the Boys and Girls Clubs established pursuant to Section 21.10 of S.L.
11 1999-237, the Save Our Students program, the Governor's One-on-One Programs, and
12 multipurpose group homes. The teen court report shall include statistical information
13 on the number of juveniles served, the number and type of offenses considered by teen
14 courts, referral sources for teen courts, and the number of juveniles that become
15 court-involved after participation in teen courts. The report on the Boys and Girls Clubs
16 program shall include information on:

- 17 (1) The expenditure of State appropriations on the program;
- 18 (2) The operations and the effectiveness of the program; and
- 19 (3) The number of juveniles served under the program.

20 In conducting the evaluation of each of these programs, the Department shall
21 consider whether participation in each program results in a reduction of court
22 involvement among juveniles. The Department shall also identify whether the programs
23 are achieving the goals and objectives of the Juvenile Justice Act, S.L. 1998-202. The
24 Department shall report the results of the evaluation to the Chairs of the House of
25 Representatives and Senate Appropriations Committees and the Chairs of the
26 Subcommittees of Justice and Public Safety of the House of Representatives and Senate
27 Appropriations Committees by March 1 of each year.

28
29 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
30 Thompson

31 CONTINUE CUMBERLAND JUVENILE ASSESSMENT CENTER

32 **SECTION 24.7.(a)** Section 18.21(b) of S.L. 1997-443, as amended by
33 Section 16.6 of S.L. 1998-212, reads as rewritten:

34 "(b) The Administrative Office of the Courts, in collaboration with the Chief
35 Court Counselor of District Court District 12, the Cumberland County Department of
36 Social Services, and the appropriate local school administrative units, shall develop and
37 implement a Juvenile Assessment Center Project in District Court District 12 to operate
38 from the effective date of this ~~act to June 30, 1999.~~ act. The purpose of the Project is to
39 facilitate efficient prevention and intervention service delivery to juveniles who are (i)
40 alleged to be delinquent or undisciplined and have been taken into custody or (ii) at risk
41 of becoming delinquent or undisciplined because they have behavioral problems and
42 have committed delinquent acts even though they have not been taken into custody. The
43 Project shall assist these juveniles by providing a centralized point of intake and
44 assessment for the juveniles, by addressing the educational, emotional, and physical
45 needs of the juveniles, and by providing juveniles with an atmosphere for learning
46 personal responsibility, self-respect, and respect for others. The Administrative Office
47 of the Courts shall consider the recommendations of the Juvenile Assessment Advisory
48 Board in developing and implementing the Project."

49 **SECTION 24.7.(b)** Section 18.21(d) of S.L. 1997-443, as amended by
50 Section 16.6 of S.L. 1998-212, reads as rewritten:

51 "(d) There is established the Juvenile Assessment Advisory Board to make
52 recommendations to the Administrative Office of the Courts regarding the development
53 and operations of the Project. The Board shall consist of 13 members, including:

- 1 (1) The director of the Department of Social Services of Cumberland
2 County, or the director's designee.
- 3 (2) A representative from the local mental health area authority of
4 Cumberland County.
- 5 (3) A member of the Cumberland County Board of Education.
- 6 (4) The sheriff of Cumberland County, or the sheriff's designee.
- 7 (5) The chief of police of the Fayetteville Police Department, or the
8 designee of the chief of police.
- 9 (6) A judge of District Court District 12.
- 10 (7) A juvenile court counselor from District Court District 12.
- 11 (8) The director of the Guardian Ad Litem program in Cumberland
12 County, or the director's designee.
- 13 (9) The director of the Health Department of Cumberland County, or the
14 director's designee.
- 15 (10) Two public members appointed by the Fayetteville City Council.
- 16 (11) Two public members appointed by the Board of County
17 Commissioners of Cumberland County.

18 The members of the Board shall, within 30 days after the initial appointment is
19 made, meet and elect one member as chair. The Board shall meet at least once a month
20 at the call of the ~~chair, and a quorum of the Board shall consist of a majority of its~~
21 ~~members.~~ chair. The Board of County Commissioners of Cumberland County shall
22 provide necessary clerical and professional assistance to the Board.

23 ~~Initial appointments shall be made by October 1, 1997, and all terms shall expire~~
24 ~~June 30, 1999."~~

25 **SECTION 24.7.(c)** The Juvenile Assessment Center Project shall continue
26 to do all of the following:

- 27 (1) Identify those juveniles who are alleged to be delinquent or
28 undisciplined or who are at risk of becoming delinquent or
29 undisciplined.
- 30 (2) Evaluate the educational, emotional, and physical needs of the
31 juveniles identified and determine whether the juveniles have
32 problems related to substance abuse, depression, or other emotional
33 conditions.
- 34 (3) Develop a collaborative interagency information network that will
35 speed appropriate law enforcement, juvenile court, and relevant
36 intervention responses for referred youth and their families.
- 37 (4) Develop in-depth and comprehensive assessment plans for the
38 juveniles identified that recommend appropriate treatment, counseling,
39 and disposition of the juveniles.
- 40 (5) Provide services to juveniles identified and their families through
41 collaboration with public and private resources, including local law
42 enforcement, parents' organizations, the faith community, and county
43 and community programs and organizations that provide substance
44 abuse treatment and child and family counseling.
- 45 (6) Maintain individual case files and keep statistical information used to
46 document services delivered and evaluate the progress of the program.

47 **SECTION 24.7.(d)** The Department of Juvenile Justice and Delinquency
48 Prevention shall evaluate the Project and report to the Joint Legislative Commission on
49 Governmental Operations and the Fiscal Research Division of the General Assembly by
50 October 1, 2002, on the operations of the Project. The report shall include
51 recommendations on whether the Project should be continued and, if so, the extent to
52 which it should be continued, why it should be continued, and the costs associated with

1 continuing the Project. If the Department recommends the Project should not be
2 continued, it shall provide the reasons for that recommendation.

3 **SECTION 24.7.(e)** Subsections (a), (b), and (e) of this section become
4 effective June 29, 1999. The remainder of this section becomes effective July 1, 2001.

5
6 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
7 Thompson

8 **TEEN COURT GUIDELINES CODIFIED**

9 **SECTION 24.8.** Article 12 of Chapter 143B of the General Statutes is
10 amended by adding a new section to read:

11 **"§ 143B-520. Teen court programs.**

12 (a) All teen court programs administered by the Department of Juvenile Justice
13 and Delinquency Prevention shall operate as community resources for the diversion of
14 juveniles pursuant to G.S. 7B-1706(c). A juvenile diverted to a teen court program shall
15 be tried by a jury of other juveniles, and, if the jury finds the juvenile has committed the
16 delinquent act, the jury may assign the juvenile to a rehabilitative measure or sanction,
17 including counseling, restitution, curfews, and community service.

18 Teen court programs may also operate as resources to the local school administrative
19 units to handle problems that develop at school but that have not been turned over to the
20 juvenile authorities.

21 (b) Teen court programs shall provide the Department of Juvenile Justice and
22 Delinquency Prevention with annual reports on the expenditure of funds of each year
23 and other relevant statistical data."

24
25 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
26 Thompson

27 **YOUTH DEVELOPMENT CENTER PLANS**

28 **SECTION 24.9.** Prior to closing any Youth Development Center or
29 permanently closing individual housing units at any Center, the Department of Juvenile
30 Justice and Delinquency Prevention shall develop a long-range plan for the operation of
31 Youth Development Centers. The plan shall be presented to the Chairs of the
32 Appropriations Subcommittees on Justice and Public Safety of the Senate and House of
33 Representatives and the Chairs of the Joint Legislative Corrections, Crime Control, and
34 Juvenile Justice Oversight Committee no later than March 1, 2002. The plan shall
35 include:

- 36 (1) Information and data on the current operations of the Centers.
- 37 (2) Proposed or anticipated changes systemwide and at each Center in:
 - 38 a. Characteristics of the juvenile offender population.
 - 39 b. Education and other treatment programs.
 - 40 c. Custody and security.
 - 41 d. Staffing and management.
- 42 (3) Any long-range capital plans for the construction of new or
43 replacement Centers, including the estimated cost and information on
44 the type of housing proposed, whether dormitory, group rooms, or
45 individual rooms.
- 46 (4) Any plans for the closing, renovation, expansion, or demolition of
47 housing units at the current Centers as well as any proposed new
48 housing units at these Centers.

49
50 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
51 Thompson

52 **TRANSFER FUNDS AND POSITIONS TO THE DEPARTMENT OF HEALTH** 53 **AND HUMAN SERVICES**

1 **SECTION 24.10.(a)** Of the funds appropriated in this act to the Department
2 of Juvenile Justice and Delinquency Prevention for the 2001-2003 biennium, the sum of
3 two hundred forty-eight thousand four hundred thirty-five dollars (\$248,435) is
4 transferred to the Department of Health and Human Services. Six police officer
5 positions are transferred from the Department of Juvenile Justice and Delinquency
6 Prevention to the Department of Health and Human Services. The funds and positions
7 transferred pursuant to this section shall be used to provide security at the Black
8 Mountain Center and at the Julian F. Keith Alcohol and Drug Abuse Treatment Center.

9 **SECTION 24.10.(b)** Section 37 of Chapter 24 of the Session Laws, 1994
10 Extra Session, is repealed.

11 **PART XXV. DEPARTMENT OF CORRECTION**

12 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine
13
14 **EARNED TIME CREDIT FOR MEDICALLY AND PHYSICALLY UNFIT**
15 **INMATES**

16 **SECTION 25.1.(a)** G.S. 15A-1355 is amended by adding a new subsection
17 to read:

18 "(d) Earned Time Credit for Medically and Physically Unfit Inmates. – Inmates in
19 the custody of the Department of Correction who suffer from medical conditions or
20 physical disabilities that prevent their assignment to work release or other rehabilitative
21 activities may, consistent with rules of the Department of Correction, earn credit based
22 upon good behavior or other criteria determined by the Department that may be used to
23 reduce their maximum term of imprisonment as provided in G.S. 15A-1340.13(d) for
24 felony sentences and in G.S. 15A-1340.20(d) for misdemeanor sentences."
25

26 **SECTION 25.1.(b)** This section is effective when it becomes law and
27 applies to inmates serving sentences on or after that date.

28
29 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
30 Thompson

31 **FEDERAL GRANT REPORTING**

32 **SECTION 25.2.** The Department of Correction, the Department of Justice,
33 the Department of Crime Control and Public Safety, the Judicial Department, and the
34 Department of Juvenile Justice and Delinquency Prevention shall report by May 1 of
35 each year to the Joint Legislative Commission on Governmental Operations, the Chairs
36 of the Senate and House of Representatives Appropriations Committees, and the Chairs
37 of the Senate and House of Representatives Appropriations Subcommittees on Justice
38 and Public Safety on federal grant funds received or preapproved for receipt by those
39 departments. The report shall include information on the amount of grant funds
40 received or preapproved for receipt by each department, the use of the funds, the State
41 match expended to receive the funds, and the period to be covered by each grant. If the
42 department intends to continue the program beyond the end of the grant period, the
43 department shall report on the proposed method for continuing the funding of the
44 program at the end of the grant period. Each department shall also report on any
45 information it may have indicating that the State will be requested to provide future
46 funding for a program presently supported by a local grant.

47
48 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
49 Thompson

50 **LIMIT USE OF OPERATIONAL FUNDS**

51 **SECTION 25.3.** Funds appropriated in this act to the Department of
52 Correction for operational costs for additional facilities shall be used for personnel and
53 operating expenses set forth in the budget approved by the General Assembly in this act.

1 These funds shall not be expended for any other purpose, except as provided for in this
2 act, and shall not be expended for additional prison personnel positions until the new
3 facilities are within 120 days of projected completion, except for certain management,
4 security, and support positions necessary to prepare the facility for opening, as
5 authorized in the budget approved by the General Assembly.
6

7 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
8 Thompson

9 **REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY**
10 **MEDICAL COSTS FOR INMATES, PAROLEES, AND POST-RELEASE**
11 **SUPERVISEES AWAITING TRANSFER TO STATE PRISON SYSTEM**

12 **SECTION 25.4.** The Department of Correction may use funds appropriated
13 to the Department for the 2001-2002 fiscal year to pay the sum of forty dollars (\$40.00)
14 per day as reimbursement to counties for the cost of housing convicted inmates,
15 parolees, and post-release supervisees awaiting transfer to the State prison system, as
16 provided in G.S. 148-29. The Department shall report by December 1 and May 1 of
17 each year to the Joint Legislative Commission on Governmental Operations, the Joint
18 Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee, the
19 Chairs of the Senate and House of Representatives Appropriations Committees, and the
20 Chairs of the Senate and House of Representatives Appropriations Subcommittees on
21 Justice and Public Safety on the expenditure of funds to reimburse counties for
22 prisoners awaiting transfer and on its progress in reducing the jail backlog.
23

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

26 **USE OF CLOSED PRISON FACILITIES**

27 **SECTION 25.5.** In conjunction with the closing of prison facilities,
28 including small expensive prison units recommended for consolidation by the
29 Government Performance Audit Committee, the Department of Correction shall consult
30 with the county or municipality in which the unit is located, with the elected State and
31 local officials, and with State agencies about the possibility of converting that unit to
32 other use. The Department may also consult with any private for-profit or nonprofit firm
33 about the possibility of converting the unit to other use. In developing a proposal for
34 future use of each unit, the Department shall give priority to converting the unit to other
35 criminal justice use. Consistent with existing law and the future needs of the
36 Department of Correction, the State may provide for the transfer or the lease of any of
37 these units to counties, municipalities, State agencies, or private firms wishing to
38 convert them to other use. The Department of Correction may also consider converting
39 some of the units recommended for closing from medium security to minimum security,
40 where that conversion would be cost-effective. A prison unit under lease to a county
41 pursuant to the provisions of this section for use as a jail is exempt for the period of the
42 lease from any of the minimum standards adopted by the Secretary of Health and
43 Human Services pursuant to G.S. 153A-221 for the housing of adult prisoners that
44 would subject the unit to greater standards than those required of a unit of the State
45 prison system.

46 Prior to any transfer or lease of these units, the Department of Correction
47 shall report on the terms of the proposed transfer or lease to the Joint Legislative
48 Commission on Governmental Operations and the Joint Legislative Corrections, Crime
49 Control, and Juvenile Justice Oversight Committee. The Department of Correction shall
50 also provide annual summary reports to the Joint Legislative Commission on
51 Governmental Operations and the Joint Legislative Corrections, Crime Control, and
52 Juvenile Justice Oversight Committee on the conversion of these units to other use and
53 on all leases or transfers entered into pursuant to this section.

1
2 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
3 Thompson

4 **INMATE COSTS/MEDICAL BUDGET FOR PRESCRIPTION DRUGS**

5 **SECTION 25.6.(a)** If the cost of providing food and health care to inmates
6 housed in the Division of Prisons is anticipated to exceed the continuation budget
7 amounts provided for that purpose in this act, the Department of Correction shall report
8 the reasons for the anticipated cost increase and the source of funds the Department
9 intends to use to cover those additional needs to the Joint Legislative Commission on
10 Governmental Operations, the Chairs of the House of Representatives and Senate
11 Appropriations Committees, and the Chairs of the House of Representatives and Senate
12 Appropriations Subcommittees on Justice and Public Safety.

13 **SECTION 25.6.(b)** Notwithstanding the provisions of G.S. 143-23(a2), the
14 Department of Correction may use funds available during the 2001-2002 fiscal year for
15 the purchase of prescription drugs for inmates if expenditures are projected to exceed
16 the Department's inmate medical continuation budget for prescription drugs. The
17 Department shall consult with the Joint Legislative Commission on Governmental
18 Operations prior to exceeding the continuation budget amount.

19 The Department of Administration, Purchase and Contract Division, and the
20 Department of Correction shall review the current statewide contract for purchase of
21 prescription drugs as it applies to the Department of Correction's purchases for inmates
22 to determine if the Department is receiving the lowest rate available and to determine
23 whether the Department should be authorized to issue a request for proposals for a
24 separate vendor or purchasing consortium for the provision of prescription drugs for
25 inmates. The Departments shall report on their findings to the Joint Legislative
26 Commission on Governmental Operations by February 1, 2002.

27
28 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
29 Thompson

30 **FEDERAL GRANT MATCHING FUNDS**

31 **SECTION 25.7.** Notwithstanding the provisions of G.S. 148-2, the
32 Department of Correction may use up to the sum of nine hundred thousand dollars
33 (\$900,000) from funds available to the Department to provide the State match needed in
34 order to receive federal grant funds. Prior to using funds for this purpose, the
35 Department shall report to the Chairs of the Senate and House of Representatives
36 Appropriations Subcommittees on Justice and Public Safety and the Joint Legislative
37 Commission on Governmental Operations on the grants to be matched using these
38 funds.

39
40 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
41 Thompson

42 **STRUCTURED SENTENCING STUDY**

43 **SECTION 25.8.(a)** In exercising its statutory responsibility under Article 4
44 of Chapter 164 of the General Statutes to monitor and review the criminal justice and
45 corrections system, the North Carolina Sentencing and Policy Advisory Commission
46 shall study and review the State's sentencing laws. Areas of review may include the
47 classification of offenses and offenders, the relationship of the sentence and the
48 sentence length to the offense, and the sentence dispositions available to judges. The
49 Commission shall also analyze the parole-eligible population in terms of offense
50 committed, sentence, and time served in comparison to structured sentencing inmates.
51 The Commission's recommendations should balance the need to ensure that sentencing
52 laws appropriately penalize offenders for the nature and degree of harm caused by the
53 offense with the need to consider the potential impact on correctional resources of the

1 growth in the prison population. These recommendations shall be consistent with the
2 purposes of sentencing as stated in G.S. 15A-1340.12.

3 **SECTION 25.8.(b)** The North Carolina Sentencing and Policy Advisory
4 Commission shall report its findings to the 2001 General Assembly no later than the
5 convening of the 2002 Regular Session of the 2001 General Assembly.
6

7 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
8 Thompson

9 **ENERGY FOR COMMITTED OFFENDERS/CONTRACT AND REPORT**

10 **SECTION 25.10.** The Department of Correction may continue to contract
11 with Energy for Committed Offenders, Inc., for the purchase of prison beds for
12 minimum security female inmates during the 2001-2003 biennium. Energy for
13 Committed Offenders, Inc., shall report by February 1 of each year to the Joint
14 Legislative Commission on Governmental Operations on the annual cost per inmate and
15 the average daily inmate population compared to bed capacity using the same
16 methodology as that used by the Department of Correction. Energy for Committed
17 Offenders, Inc., shall also provide information on the rearrest rate and the
18 return-to-prison rate for inmates participating in the program who are paroled or
19 released from prison.
20

21 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
22 Thompson

23 **MEDIUM CUSTODY ROAD CREW COMPENSATION**

24 **SECTION 25.11.(a)** Of funds appropriated to the Department of
25 Transportation by this act, the sum of ten million dollars (\$10,000,000) per year shall be
26 transferred by the Department to the Department of Correction during the 2001-2003
27 biennium for the actual costs of highway-related labor performed by medium-custody
28 prisoners, as authorized by G.S. 148-26.5. This transfer shall be made quarterly in the
29 amount of two million five hundred thousand dollars (\$2,500,000). The Department of
30 Transportation may use funds appropriated by this act to pay an additional amount
31 exceeding the ten million dollars (\$10,000,000), but those payments shall be subject to
32 negotiations among the Department of Transportation, the Department of Correction,
33 and the Office of State Budget and Management prior to payment by the Department of
34 Transportation.
35

36 **SECTION 25.11.(b)** The Department of Transportation shall transfer to the
37 Department of Correction the sum of one million eight hundred eleven thousand six
38 hundred twenty-eight dollars (\$1,811,628) between July 1 and August 31, 2001, in order
39 to fully comply with subsection (a) of Section 27.21 of S.L. 1999-237, which directed
40 the Department of Transportation to provide reimbursement during the 1999-2001
41 biennium for highway-related labor performed by medium-custody prisoners.

42 **SECTION 25.11.(c)** Subsection (b) of Section 27.21 of S.L. 1999-237 is
43 repealed.

44 **SECTION 25.11.(d)** The Department of Transportation and the Department
45 of Correction shall report to the Joint Legislative Corrections, Crime Control, and
46 Juvenile Justice Oversight Committee and the Joint Legislative Transportation
47 Oversight Committee by March 1, 2002, and by December 1, 2002, on the actual
48 number of hours worked and the actual number of inmates participating in the medium-
49 custody highway-related labor program and the implementation of the provisions of this
50 section.

51 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
52 Thompson

53 **REDUCE SUMMIT HOUSE APPROPRIATION**

1 **SECTION 25.14.(a)** The General Fund appropriation to the Department of
2 Correction for Summit House, Inc., is reduced by the sum of one hundred thirty-nine
3 thousand six hundred fifty dollars (\$139,650) for each year of the 2001-2003 biennium.
4 This ten percent (10%) reduction in funding shall be accomplished by reducing
5 expenditures at the State office and not through reductions in funding to individual sites.

6 **SECTION 25.14.(b)** The Joint Legislative Corrections, Crime Control, and
7 Juvenile Justice Oversight Committee and the Fiscal Research Division shall review the
8 organizational structure and expenditures of Summit House, Inc., prior to the convening
9 of the 2002 Regular Session of the 2001 General Assembly to identify potential
10 modifications that would provide for more efficient operation of the program in future
11 fiscal years.

12
13 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
14 Thompson

15 **MODIFICATION OF FUNDING FORMULA FOR THE NORTH CAROLINA**
16 **STATE-COUNTY CRIMINAL JUSTICE PARTNERSHIP**
17 **FORMULA/UNEXPENDED BALANCE REVERSION**

18 **SECTION 25.16.(a)** G.S. 143B-273.15 reads as rewritten:

19 "**§ 143B-273.15. Funding formula.**

20 To determine the grant amount for which a county or counties may apply, the
21 granting authority shall apply the following formula:

22 (1) ~~Twenty percent (20%) of the total fiscal year appropriation plus any~~
23 ~~unspent or unclaimed funds in the Account shall be distributed in the~~
24 ~~discretion of the Secretary to encourage innovative efforts to develop~~
25 ~~multicounty projects; to encourage cooperation and collaboration~~
26 ~~among existing services and avoid duplication of efforts; to provide for~~
27 ~~technical assistance to the counties in the development of county plans~~
28 ~~and in the evaluation of programs funded under this Article; to~~
29 ~~encourage the renovation of existing facilities; and to encourage~~
30 ~~innovative substance abuse programs.~~

31 (2) ~~Of the remaining eighty percent (80%) of the fiscal year appropriation,~~
32 ~~a total funding amount will be set for each county based upon the~~
33 ~~following variables:~~

34 a. (1) Twenty percent (20%) based on a fixed equal dollar amount for each
35 county;

36 b. (2) Sixty percent (60%) based on the county share of the State population;
37 and

38 c. (3) Twenty percent (20%) based on the supervised probation admissions
39 rate for the county.

40 The sum of the amounts in ~~sub-subdivisions a., b., and c.~~ subdivisions (1), (2), and
41 (3) is the total amount of the funding that a county may apply for under this subsection.

42 Grants to participating counties are for a period of one fiscal year with unobligated
43 funds being returned to the Account at the end of the grant period. Funds are provided
44 to participating counties on a reimbursement basis unless a county documents a need for
45 an advance of grant funds."

46 **SECTION 25.16.(b)** Notwithstanding the provisions of G.S. 143B-273.5,
47 the sum of one million dollars (\$1,000,000) of the unexpended cash balance of the
48 State-County Criminal Justice Partnership Account shall revert to the General Fund on
49 June 30, 2002, and the sum of one million dollars (\$1,000,000) of the unexpended cash
50 balance of the State-County Criminal Justice Partnership Account shall revert to the
51 General Fund on June 30, 2003.

52 **SECTION 25.16.(c)** The Department of Correction may not deny funds to a
53 county to support both a residential program and a day reporting center if the

1 Department of Correction determines that the county has a demonstrated need and a
2 fully developed plan for each type of sanction.

3 **SECTION 25.16.(d)** The Department of Correction shall report by February
4 1 of each year to the Chairs of the Senate and House of Representatives Appropriations
5 Committees, the Senate and House of Representatives Appropriations Subcommittees
6 on Justice and Public Safety, and the Joint Legislative Corrections, Crime Control, and
7 Juvenile Justice Oversight Committee on the status of the Criminal Justice Partnership
8 Program. The report shall include the following information:

- 9 (1) The amount of funds carried over from the prior fiscal year;
- 10 (2) The dollar amount and purpose of grants awarded to counties as
11 discretionary grants for current fiscal year;
- 12 (3) Any counties the Department anticipates will submit requests for new
13 implementation grants;
- 14 (4) An update on efforts to ensure that all counties make use of the
15 electronic reporting system, including the number of counties
16 submitting offender participation data via the system;
- 17 (5) An analysis of offender participation data received, including data on
18 each program's utilization and capacity; and
- 19 (6) An analysis of comparable programs, prepared by the Research and
20 Planning Division of the Department of Correction, and a summary of
21 the reports prepared by county Criminal Justice Partnerships Advisory
22 Boards.

23
24 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
25 Thompson

26 **POST-RELEASE SUPERVISION AND PAROLE COMMISSION /REPORT ON**
27 **STAFFING REORGANIZATION AND REDUCTION**

28 **SECTION 25.17.** The Post-Release Supervision and Parole Commission
29 shall report by March 1 of each year to the Chairs of the Senate and House of
30 Representatives Appropriations Subcommittees on Justice and Public Safety on an
31 updated transition plan for implementing staff reductions through the 2002-2003 fiscal
32 year, including a minimum ten percent (10%) reduction in staff positions in the
33 2002-2003 fiscal year over the 2001-2002 fiscal year.

34
35 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
36 Thompson

37 **REPORTS ON NONPROFIT PROGRAMS**

38 **SECTION 25.18.(a)** Funds appropriated in this act to the Department of
39 Correction to support the programs of Harriet's House may be used for program
40 operating costs, the purchase of equipment, and the rental of real property. Harriet's
41 House shall report by February 1 of each year to the Joint Legislative Commission on
42 Governmental Operations on the expenditure of State appropriations and on the
43 effectiveness of the program, including information on the number of clients served and
44 the number of clients who successfully complete the Harriet's House program.

45 **SECTION 25.18.(b)** Summit House shall report by February 1 of each year
46 to the Joint Legislative Commission on Governmental Operations on the expenditure of
47 State appropriations and on the effectiveness of the program, including information on
48 the number of clients served, the number of clients who have their probation revoked,
49 and the number of clients who successfully complete the program while housed at
50 Summit House, Inc.

51 **SECTION 25.18.(c)** Women at Risk shall report by February 1 of each year
52 to the Joint Legislative Commission on Governmental Operations on the expenditure of
53 State funds and on the effectiveness of the program, including information on the

1 number of clients served, the number of clients who have had their probation revoked,
2 and the number of clients who have successfully completed the program.

3 **SECTION 25.18.(d)** The John Hyman Foundation shall report by February
4 1 of each year to the Joint Legislative Commission on Governmental Operations on the
5 expenditure of State funds and on the effectiveness of the program, including
6 information on the number of clients served, the number of clients who have had their
7 probation revoked, and the number of clients who have successfully completed the
8 program.
9

10 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
11 Thompson

12 **EXEMPTION FROM LICENSURE AND CERTIFICATE OF NEED**

13 **SECTION 25.19.(a)** Article 1 of Chapter 148 of the General Statutes is
14 amended by adding a new section to read:

15 **"§ 148-19.1. Exemption from licensure and certificate of need.**

16 (a) Inpatient chemical dependency or substance abuse facilities that provide
17 services exclusively to inmates of the Department of Correction shall be exempt from
18 licensure by the Department of Health and Human Services under Chapter 122C of the
19 General Statutes. If an inpatient chemical dependency or substance abuse facility
20 provides services both to inmates of the Department of Correction and to members of
21 the general public, the portion of the facility that serves inmates shall be exempt from
22 licensure.

23 (b) Any person who contracts to provide inpatient chemical dependency or
24 substance abuse services to inmates of the Department of Correction may construct and
25 operate a new chemical dependency or substance abuse facility for that purpose without
26 first obtaining a certificate of need from the Department of Health and Human Services
27 pursuant to Article 9 of Chapter 131E of the General Statutes. However, a new facility
28 or addition developed for that purpose without a certificate of need shall not be licensed
29 pursuant to Chapter 122C of the General Statutes and shall not admit anyone other than
30 inmates unless the owner or operator first obtains a certificate of need."

31 **SECTION 25.19.(b)** G.S. 122C-22(a) reads as rewritten:

32 "(a) The following are excluded from the provisions of this Article and are not
33 required to obtain licensure under this Article:

- 34 (1) Physicians and psychologists engaged in private office practice;
- 35 (2) General hospitals licensed under Article 5 of Chapter 131E of the
36 General Statutes, that operate special units for the mentally ill,
37 developmentally disabled, or substance abusers;
- 38 (3) State and federally operated facilities;
- 39 (4) Adult care homes licensed under Chapter 131D of the General
40 Statutes;
- 41 (5) Developmental child care centers licensed under Article 7 of Chapter
42 110 of the General Statutes;
- 43 (6) Persons subject to licensure under rules of the Social Services
44 Commission;
- 45 (7) Persons subject to rules and regulations of the Division of Vocational
46 Rehabilitation Services; ~~and~~
- 47 (8) Facilities that provide occasional respite care for not more than two
48 individuals at a time; provided that the primary purpose of the facility
49 is other than as defined in ~~G.S. 122C-3(14)~~. G.S. 122C-3(14);
- 50 (9) Twenty-four-hour nonprofit facilities established for the purposes of
51 shelter care and recovery from alcohol or other drug addiction through
52 a 12-step, self-help, peer role modeling, and self-governance ~~approach~~.
53 approach; and

1 (10) Inpatient chemical dependency or substance abuse facilities that
 2 provide services exclusively to inmates of the Department of
 3 Correction, as described in G.S. 148-19.1."

4 **SECTION 25.19.(c)** G.S. 131E-184 is amended by adding a new section to

5 read:

6 "(d) The Department shall exempt from certificate of need persons contracting to
 7 provide inpatient chemical dependency or substance abuse services to inmates of the
 8 Department of Correction, as described in G.S. 148-19.1."

9
 10 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
 11 Thompson

12 **REPORT ON PROBATION AND PAROLE CASELOADS**

13 **SECTION 25.20.** The Department of Correction shall report by March 1 of
 14 each year to the Chairs of the Senate and House of Representatives Appropriations
 15 Subcommittees on Justice and Public Safety and the Joint Legislative Corrections,
 16 Crime Control, and Juvenile Justice Oversight Committee on caseload averages for
 17 probation and parole officers. The report shall include:

- 18 (1) Data on current caseload averages for Probation Parole Officer I,
 19 Probation Parole Officer II, and Probation Parole Officer III positions;
- 20 (2) An analysis of the optimal caseloads for these officer classifications;
 21 and
- 22 (3) An assessment of the role of surveillance officers.

23
 24 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
 25 Thompson

26 **REPORT ON INMATES ELIGIBLE FOR PAROLE**

27 **SECTION 25.21.** The Post-Release Supervision and Parole Commission
 28 shall provide quarterly reports to the Senate and House of Representatives
 29 Appropriations Subcommittees on Justice and Public Safety and the Joint Legislative
 30 Corrections, Crime Control, and Juvenile Justice Oversight Committee on inmates
 31 eligible for parole. These reports shall include at least the following:

- 32 (1) The total number of Fair Sentencing and Pre-Fair Sentencing inmates
 33 that were parole-eligible during the previous quarter and the total
 34 number of those inmates that were paroled. The report should group
 35 these inmates by offense type and custody classification;
- 36 (2) A list of all those inmates paroled or released by category of parole or
 37 release, including each inmate's offense and custody classification at
 38 the time of the parole or release;
- 39 (3) The average time served, by offense class, of Fair Sentencing and
 40 Pre-Fair Sentencing inmates compared to inmates sentenced under
 41 Structured Sentencing;
- 42 (4) The projected number of parole-eligible inmates to be paroled or
 43 released by the end of the 2001-2002 fiscal year and by the end of the
 44 2002-2003 fiscal year.

45
 46 Requested by: Representatives Culpepper, Haire, Thompson, Easterling, Oldham,
 47 Redwine

48 **IMPACT PROGRAM**

49 **SECTION 25.22.(a)** Of the funds appropriated to the Department of
 50 Correction for the 2001-2003 biennium, the sum of four million eight hundred sixty-six
 51 thousand seven hundred fifty-nine dollars (\$4,866,759) for the 2001-2002 fiscal year
 52 and the sum of four million five hundred thousand nine hundred fifty-five dollars
 53 (\$4,500,955) for the 2002-2003 fiscal year shall be used for residential programs for

1 probationers, including the IMPACT boot camp program. The Department of
2 Correction shall maintain a residential program with a community work component for
3 male offenders in both Hoffman and Morganton.

4 **SECTION 25.22.(b)** The Department of Correction shall report to the Chairs
5 of the House of Representatives and Senate Appropriations Subcommittees on Justice
6 and Public Safety and to the Joint Legislative Corrections, Crime Control, and Juvenile
7 Justice Oversight Committee by October 1, 2001, on plans to implement the reduction
8 in funding for the IMPACT program and any proposed modifications in the program
9 capacity or content. The report shall include revised capacity, positions to be eliminated,
10 revised staffing allocation, intended level of community service work, uses of any
11 vacated space, and proposed changes in the program for the 2001-2003 biennium. The
12 Department may also include any recommendations for additional residential programs
13 for offenders on probation that could be implemented within current funding.

14
15 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
16 Thompson

17 **CHARGES FOR INMATE HEALTH CARE**

18 **SECTION 25.23.(a)** Hospital facilities operated by constituent institutions
19 of The University of North Carolina providing health care services to inmates in the
20 custody of the Department of Correction shall charge the Department for those services
21 during the 2001-2002 fiscal year no more than:

- 22 (1) The rate of \$1,633 per day per inmate for treatment other than for
23 burns, trauma, and transplants; and
- 24 (2) The rates at which the Department was charged during the 2000-2001
25 fiscal year for treatment of burns, trauma, and transplants.

26 **SECTION 25.23.(b)** The Department of Correction, in consultation with the
27 Fiscal Research Division, shall study the rates charged by State and county hospitals for
28 providing health care to inmates in the custody of the Department and determine
29 methods of controlling the rate at which the Department is charged for those services in
30 the future. The Department shall report its findings and recommendations to the Chairs
31 of the Senate and House Appropriations Committees, the Chairs of the Senate and
32 House Appropriations Subcommittees on Justice and Public Safety, and the Joint
33 Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee by
34 April 1, 2002.

35
36 Requested by: Representatives Culpepper, Haire, Thompson, Easterling, Oldham,
37 Redwine

38 **SITES FOR CLOSE SECURITY PRISONS**

39 **SECTION 25.24.** The Council of State has approved the recommendation of
40 the Department of Administration and the Department of Correction for the construction
41 of two new close-custody correctional facilities to be lease-purchased by the State. In
42 response to that approval, the Department of Administration shall select Alexander and
43 Scotland Counties as the sites for those correctional facilities.

44 45 **PART XXVI. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY**

46
47 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
48 Thompson

49 **ANNUAL EVALUATION OF THE TARHEEL CHALLENGE PROGRAM**

50 **SECTION 26.2.** The Department of Crime Control and Public Safety shall
51 report to the Chairs of the House of Representatives and Senate Appropriations
52 Committees and the Chairs of the House of Representatives and Senate Appropriations
53 Subcommittees on Justice and Public Safety by April 1 of each year on the operations

1 and effectiveness of the National Guard Tarheel Challenge Program. The report should
2 evaluate the program's effectiveness as an intervention method for preventing juveniles
3 from becoming undisciplined or delinquent. The report shall also evaluate the
4 Program's role in improving individual skills and employment potential for participants
5 and shall include:

- 6 (1) The source of referrals for individuals participating in the Program;
- 7 (2) The summary of types of actions or offenses committed by the
8 participants of the Program;
- 9 (3) An analysis outlining the cost of providing services for each
10 participant, including a breakdown of all expenditures related to the
11 administration and operation of the Program and the education and
12 treatment of the Program participants;
- 13 (4) The number of individuals who successfully complete the Program;
14 and
- 15 (5) The number of participants who commit offenses after completing the
16 Program.

17
18 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
19 Thompson

20 **LEGISLATIVE REVIEW OF DRUG LAW ENFORCEMENT AND OTHER** 21 **GRANTS**

22 **SECTION 26.3.(a)** Section 1303(4) of the Omnibus Crime Control and Safe
23 Streets Act of 1968 provides that the State application for Drug Law Enforcement
24 Grants is subject to review by the State legislature or its designated body. Therefore, the
25 Governor's Crime Commission of the Department of Crime Control and Public Safety
26 shall report on the State application for grants under the State and Local Law
27 Enforcement Assistance Act of 1986, Part M of the Omnibus Crime Control and Safe
28 Streets Act of 1968 as enacted by Subtitle K of P.L. 99-570, the Anti-Drug Abuse Act
29 of 1986, to the Senate and House of Representatives Appropriations Subcommittees on
30 Justice and Public Safety when the General Assembly is in session. When the General
31 Assembly is not in session, the Governor's Crime Commission shall report on the State
32 application to the Joint Legislative Commission on Governmental Operations.

33 **SECTION 26.3.(b)** Unless a State statute provides a different forum for
34 review, when a federal law or regulation provides that an individual State application
35 for a grant shall be reviewed by the State legislature or its designated body and at the
36 time of the review the General Assembly is not in session, that application shall be
37 reviewed by the Joint Legislative Commission on Governmental Operations.
38

39 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
40 Thompson

41 **VICTIMS ASSISTANCE NETWORK REPORT**

42 **SECTION 26.4.** The Department of Crime Control and Public Safety shall
43 report on the expenditure of funds allocated pursuant to this section for the Victims
44 Assistance Network. The Department shall also report on the Network's efforts to
45 gather data on crime victims and their needs, act as a clearinghouse for crime victims'
46 services, provide an automated crime victims' bulletin board for subscribers, coordinate
47 and support activities of other crime victims' advocacy groups, identify the training
48 needs of crime victims' services providers and criminal justice personnel, and
49 coordinate training for these personnel. The Department shall submit its report to the
50 Chairs of the Appropriations Subcommittees on Justice and Public Safety of the Senate
51 and House of Representatives by December 1 of each year of the biennium.
52

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

3 **REVISE REPORT ON CRIME VICTIMS COMPENSATION FUND**

4 **SECTION 26.5.** G.S. 15B-21 reads as rewritten:

5 "**§ 15B-21. Annual report.**

6 The Commission shall, by March 15 each year, prepare and transmit to the Governor
7 and the General Assembly a report of its activities in the prior fiscal year and the current
8 fiscal year to date. The report shall include:

- 9 (1) The number of claims filed;
- 10 (2) The number of awards made;
- 11 (2a) The number of pending cases by year received;
- 12 (3) The amount of each award;
- 13 (4) A statistical summary of claims denied and awards made;
- 14 (5) The administrative costs of the Commission, including the
15 compensation of commissioners;
- 16 (6) The current unencumbered balance of the North Carolina Crime
17 Victims Compensation Fund;
- 18 (7) The amount of funds carried over from the prior fiscal year;
- 19 (8) The amount of funds received in the prior fiscal year from the
20 Department of Correction and from the compensation fund established
21 pursuant to the Victims Crime Act of 1984, 42 U.S.C. § 10601, et seq.;
- 22 and
- 23 (9) The amount of funds expected to be received in the current fiscal year,
24 as well as the amount actually received in the current fiscal year on the
25 date of the report, from the Department of Correction and from the
26 compensation fund established pursuant to the Victims Crime Act of
27 1984, 42 U.S.C. § 10601, et seq.

28 The Attorney General and State Auditor shall assist the Commission in the
29 preparation of the report required by this section."
30

31 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
32 Thompson

33 **BOXING COMMISSION REPORTS/FUNDS DO NOT REVERT**

34 **SECTION 26.7A.(a)** If Article 68 of Chapter 143 of the General Statutes is
35 recodified as Chapter 85D of the General Statutes by Section 7 of House Bill 232, 2001
36 Session, then Chapter 85D of the General Statutes is amended by adding a new section
37 to read:

38 "**§ 85D-12. Commission report.**

39 The North Carolina State Boxing Commission shall report by April 1 of each year to
40 Chairs of the Senate and House of Representatives Appropriations Subcommittees on
41 Justice and Public Safety, the Joint Legislative Commission on Governmental
42 Operations, and the Joint Legislative Corrections, Crime Control, and Juvenile Justice
43 Oversight Committee on the operations and budget of the Commission. The report shall
44 include information and data on the number of events regulated that year, the number of
45 persons licensed by the Commission, any civil or criminal sanctions or injunctions
46 issued, and the revenues and expenditures of the Commission."

47 **SECTION 26.7A.(b)** All receipts collected by the North Carolina State
48 Boxing Commission during the 2000-2001 fiscal year shall not revert, but shall remain
49 available to the Commission.

50 **SECTION 26.7A.(c)** Subsection (a) of this section becomes effective
51 January 1, 2002. The remainder of this section becomes effective June 30, 2001.
52

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

3 **TERMINATION OF CERTAIN ALE POSITIONS**

4 **SECTION 26.10.** Of the 10 remaining supervisor positions and the 12
5 assistant supervisor positions in the district offices of the Alcohol Law Enforcement
6 Division of the Department of Crime Control and Public Safety, three positions shall
7 terminate no later than June 30, 2002. The Department of Crime Control and Public
8 Safety shall identify the positions that will terminate pursuant to this section and shall
9 report to the Chairs of the Senate and House of Representatives Appropriations
10 Committees, the Chairs of the Senate and House of Representatives Appropriations
11 Subcommittees on Justice and Public Safety, and the Fiscal Research Division of the
12 General Assembly by May 1, 2002, on the positions identified by the Department
13 pursuant to this section.

14
15 **PART XXVII. DEPARTMENT OF TRANSPORTATION**

16
17 Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine,
18 Thompson

19 **REPEAL BOND RETIREMENT TRANSFER FROM HIGHWAY FUND TO**
20 **HIGHWAY TRUST FUND**

21 **SECTION 27.1.** G.S. 136-176(a)(4) and G.S. 136-183 are repealed.

22
23 Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine,
24 Thompson

25 **DESIGN-BUILD TRANSPORTATION CONSTRUCTION CONTRACTS**
26 **AUTHORIZED**

27 **SECTION 27.2.(a)** Chapter 136 of the General Statutes is amended by
28 adding a new section to read:

29 **"§ 136-28.11. Design-build construction of transportation projects.**

30 Notwithstanding any other provision of law, the Board of Transportation may award
31 up to three contracts annually for construction of transportation projects on a design-
32 build basis. These contracts may be awarded after a determination by the Department of
33 Transportation that delivery of the projects must be expedited and that it is not in the
34 public interest to comply with normal design and construction contracting procedures.
35 Prior to the award of a design-build contract, the Secretary of Transportation shall report
36 to the Joint Legislative Transportation Oversight Committee and to the Joint Legislative
37 Commission on Governmental Operations on the nature and scope of the project and the
38 reasons an award on a design-build basis will best serve the public interest."

39 **SECTION 27.2.(b)** The Department of Transportation shall report to the
40 Joint Legislative Transportation Oversight Committee on September 1, December 1,
41 and March 1 of each year on the status of all design-build projects.

42
43 Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine,
44 Thompson

45 **SMALL URBAN AND CONTINGENCY FUNDS**

46 **SECTION 27.3.** Of the funds appropriated in this act to the Department of
47 Transportation:

- 48 (1) \$14,000,000 shall be allocated in each fiscal year for small urban
49 construction projects. These funds shall be allocated equally in each
50 fiscal year of the biennium among the 14 Highway Divisions for the
51 small urban construction program for small construction projects that
52 are located within the area covered by a one-mile radius of the
53 municipal corporate limits.

(2) \$12,000,000 in fiscal year 2001-2002 and \$10,000,000 in fiscal year 2002-2003 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.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

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

SECTION 27.4.(a) The General Assembly authorizes and certifies anticipated revenues of the Highway Fund as follows:

FY 2003-2004	\$1,334.6 million
FY 2004-2005	\$1,369.8 million
FY 2005-2006	\$1,406.1 million
FY 2006-2007	\$1,445.5 million

The General Assembly authorizes and certifies anticipated revenues of the Highway Trust Fund as follows:

FY 2003-2004	\$1,127.6 million
FY 2004-2005	\$1,176.5 million
FY 2005-2006	\$1,226.8 million
FY 2006-2007	\$1,278.4 million

SECTION 27.4.(b) Section 25 of S.L. 2000-67 is repealed.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

**WESTERN NORTH CAROLINA AMTRAK THRUWAY BUS SERVICE
OPERATIONS AND STATION RIGHT-OF-WAY ACQUISITION FUNDS**

SECTION 27.5. Of the funds appropriated in this act for passenger rail service in Western North Carolina, the Department of Transportation may use these funds for the following purpose: up to three hundred twenty thousand dollars (\$320,000) during the 2001-2002 fiscal year may be used to acquire right-of-way for stations in the Town of Valdese and the City of Asheville.

The Department of Transportation shall report to the Joint Legislative Transportation Oversight Committee by March 15, 2002, on the status of negotiations with the Norfolk Southern Corporation on needed track improvements and on the status of negotiations with local governments on local financial participation to provide passenger rail service to Western North Carolina.

Three hundred twenty thousand dollars (\$320,000) of the remaining unencumbered funds appropriated for the 1998-99 fiscal year for Western North Carolina rail service shall revert.

Requested by: Representative Nesbitt

**DEPARTMENT OF TRANSPORTATION TO NEGOTIATE ON WESTERN
NORTH CAROLINA RAIL SERVICE**

1 **SECTION 27.5A.** The Department of Transportation shall negotiate with the
2 Norfolk Southern Corporation on use of the tracks to provide Western North Carolina
3 rail service. The Department may use the remaining unencumbered funds appropriated
4 for the 1998-99 fiscal year for Western North Carolina rail service for track
5 improvements necessary to implement rail service to Western North Carolina. The
6 Department shall report every six months, beginning on January 1, 2002, to the Joint
7 Legislative Commission on Governmental Operations on the progress of the
8 negotiations with the Norfolk Southern Corporation and the track improvements in
9 Western North Carolina and shall report, annually, to the General Assembly on these
10 matters.

11 Requested by: Representative Nesbitt

12 **CHARLOTTE STATION**

13 **SECTION 27.5B.** The sum of five million dollars (\$5,000,000) appropriated
14 from the Highway Fund to the Department of Transportation for fiscal year 2001-2002
15 by Section 3.1 of this act as a Reserve for Western North Carolina Rail Service shall
16 instead be used for land acquisition for the new multimodal station in Charlotte.
17

18 Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham,
19 Redwine, Thompson

20 **HIGHWAY TRUST FUND STUDY COMMITTEE**

21 **SECTION 27.6.(a)** Study Committee Established. – There is established a
22 Highway Trust Fund Study Committee to report to the Joint Legislative Transportation
23 Oversight Committee.
24

25 **SECTION 27.6.(b)** Membership. – The Study Committee shall be
26 composed of 16 members as follows:

- 27 (1) The Chairs of the Joint Legislative Transportation Oversight
28 Committee.
- 29 (2) Four Representatives and three public members appointed by the
30 Speaker of the House of Representatives.
- 31 (3) Four Senators and three public members appointed by the President
32 Pro Tempore of the Senate.

33 The appointing authorities shall make each of their seven appointments from
34 a different Distribution Region, as defined in G.S. 136-17.2A(a), and their appointments
35 shall reflect the urban-rural diversity of the population of the State.

36 **SECTION 27.6.(c)** Duties of the Study Committee. – The Committee may
37 study all aspects of the Highway Trust Fund. The study shall include the examination of
38 all the following:

- 39 (1) The current status, cost estimates, and feasibility of Highway Trust
40 Fund projects currently listed in Article 14 of Chapter 136 of the
41 General Statutes.
- 42 (2) Unanticipated problems with the structure of the Highway Trust Fund.
- 43 (3) The gap between transportation funding structures and the actual
44 transportation needs of the State.
- 45 (4) Allocation issues raised by the structure of the transportation funding
46 equity distribution formula in G.S. 136-17.2A.
- 47 (5) The feasibility of altering the project eligibility requirements of the
48 Highway Trust Fund.
- 49 (6) The feasibility of altering the funding allocation structure of the
50 Highway Trust Fund.
- 51 (7) Any other issue related to the Highway Trust Fund or transportation
52 funding.

1 **SECTION 27.6.(d)** Vacancies. – The appointing authority shall fill any
2 vacancy on the Study Committee.

3 **SECTION 27.6.(e)** Cochairs. – Cochairs of the Study Committee shall be
4 the cochairs of the Joint Legislative Transportation Oversight Committee. The Study
5 Committee shall meet upon the call of the Chairs. A quorum of the Study Committee
6 shall be eight members.

7 **SECTION 27.6.(f)** Expenses of Members. – Members of the Study
8 Committee shall receive per diem, subsistence, and travel allowances in accordance
9 with G.S. 120-3.1, 138-5, or 138-6, as appropriate.

10 **SECTION 27.6.(g)** Staff. – The Legislative Services Office shall assign
11 professional and clerical staff to the assist the Study Committee in its work.

12 **SECTION 27.6.(h)** Consultants. – The Study Committee may hire
13 consultants to examine specific issues and subjects related to the study, in accordance
14 with G.S. 120-32.02.

15 **SECTION 27.6.(i)** Meetings During Legislative Session. – The Study
16 Committee may meet during a regular or extra session of the General Assembly, subject
17 to approval of the Speaker of the House of Representatives and the President Pro
18 Tempore of the Senate.

19 **SECTION 27.6.(j)** Meeting Location. – The Study Committee may meet at
20 various locations around the State in order to promote greater public participation in its
21 deliberations. The Legislative Services Commission shall grant adequate meeting space
22 to the Study Committee in the State Legislative Building or the Legislative Office
23 Building.

24 **SECTION 27.6.(k)** Report. – The report of the study shall be made to the
25 Joint Legislative Transportation Oversight Committee no later than April 1, 2002. Upon
26 the filing of its final report, the Study Committee shall terminate.

27 **SECTION 27.6.(l)** Funding. – The Study Committee shall be funded from
28 funds available to the Joint Legislative Transportation Oversight Committee, in
29 accordance with G.S. 120-70.52.

30
31 Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine,
32 Thompson

33 **CHARLOTTE DOWNTOWN INTERMODAL STATION**

34 **SECTION 27.7.** The Department of Transportation shall report to the Joint
35 Legislative Transportation Oversight Committee by February 15, 2002, on the status of
36 the development of the downtown intermodal station in Charlotte. The report shall
37 include (i) the total cost, projected schedule, and scope of the project, (ii) how the costs
38 of the project will be met, including the shares of the costs borne by: the State of North
39 Carolina, participating local governments, federal funds, the Norfolk Southern
40 Corporation, private funding, and any other sources of funds, and (iii) identification of
41 at least three parcels of land that could be purchased for the station.

42
43 Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine,
44 Thompson

45 **DIVISION 3 HEADQUARTERS COMPLEX FUNDS**

46 **SECTION 27.8.** The requirement in Section 27.14 of S.L. 1999-237 that the
47 Highway Fund reimburse the Highway Trust Fund by June 30, 2004, for the capital
48 costs required to relocate the Division 3 headquarters complex in Wilmington, North
49 Carolina, is rescinded.

50
51 Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham,
52 Redwine, Thompson

DEPARTMENT OF TRANSPORTATION AUTHORIZED TO ACCEPT ELECTRONIC BIDS

SECTION 27.9.(a) G.S. 136-28.1 is amended by adding a new subsection to read:

"(k) The Department of Transportation may accept bids under this section by electronic means and may issue rules governing the acceptance of these bids. For purposes of this subsection 'electronic means' is defined as means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities."

SECTION 27.9.(b) G.S. 136-28.1(a) reads as rewritten:

"(a) All contracts over eight hundred thousand dollars (\$800,000) that the Department of Transportation may let for construction or repair necessary to carry out the provisions of this Chapter shall be let to a responsible bidder after public advertising under rules and regulations to be made and published by the Department of Transportation. The right to reject any and all bids shall be reserved to the Board of Transportation.

Contracts for construction or repair for federal aid projects entered into pursuant to this section shall not contain the standardized contract clauses prescribed by 23 U.S.C. § 112(e) and 23 C.F.R. § 635.131(a) for differing site conditions, suspensions of work ordered by the ~~engineer-engineer~~, or significant changes in the character of the work. For those federal aid projects, the Department of Transportation shall use only the contract provisions provided in the North Carolina Department of Transportation, Standard Specifications for Roads and Structures, January 1, 1984, except as each may be changed or provided for by rule adopted by the Board of Transportation in accordance with the Administrative Procedure Act."

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

DEPARTMENT OF TRANSPORTATION AUTHORIZED TO ESTABLISH AN ESCORT DRIVER CERTIFICATION PROGRAM/ISSUANCE OF INITIAL IDENTIFICATION CARDS, LEARNER'S PERMITS, AND DRIVERS LICENSES

SECTION 27.10.(a) G.S. 20-119 is amended by adding a new subsection to read:

"(f) The Department of Transportation shall issue rules to establish an escort driver training and certification program for escort vehicles accompanying oversize/overweight loads. Any driver operating a vehicle escorting an oversize/overweight load shall meet any training requirements and obtain certification under the rules issued pursuant to this subsection. These rules may provide for reciprocity with other states having similar escort certification programs. Certification credentials for the driver of an escort vehicle shall be carried in the vehicle and be readily available for inspection by law enforcement personnel."

SECTION 27.10.(b) G.S. 20-7(b1) reads as rewritten:

"(b1) Application. – To obtain a drivers license from the Division, a person must complete an application form provided by the Division, present at least two forms of identification approved by the Commissioner, be a resident of this State, and demonstrate his or her physical and mental ability to drive safely a motor vehicle included in the class of license for which the person has applied. The Division may copy the identification presented or hold it for a brief period of time to verify its authenticity. To obtain an endorsement, a person must demonstrate his or her physical and mental ability to drive safely the type of motor vehicle for which the endorsement is required.

1 The application form must request all of the following information, and it must
2 contain the disclosures concerning the request for an applicant's social security number
3 required by section 7 of the federal Privacy Act of 1974, Pub. L. No. 93-579:

- 4 (1) The applicant's full name.
- 5 (2) The applicant's mailing address and residence address.
- 6 (3) A physical description of the applicant, including the applicant's sex,
7 height, eye color, and hair color.
- 8 (4) The applicant's date of birth.
- 9 (5) The applicant's social security number. The Division shall not issue a
10 license to an applicant who fails to provide the applicant's social
11 security number.
- 12 (6) The applicant's signature.

13 All initially issued identification cards, learner's permits, or drivers licenses shall be
14 mailed to the address supplied by the applicant on the application, by first-class mail,
15 within 10 days of the application date. The Division shall issue to applicants temporary
16 identification cards, learner's permits, or drivers licenses valid for 15 days.

17 The notice that the initial identification card, learner's permit, or drivers license will
18 be mailed to a successful applicant at the address the applicant supplied shall be
19 prominently displayed at the local Division office in English and in Spanish."

20 **SECTION 27.10.(c)** The Division may use funds available during the
21 2001-2002 fiscal year to pay any additional expenses resulting from the issuance of
22 temporary initial identification cards, learner's permits, or drivers licenses and the
23 subsequent mailing of those documents as required by subsection (b) of this section.
24

25 Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham,
26 Redwine, Thompson

27 **TRANSFER RESPONSIBILITIES OF GOVERNOR'S HIGHWAY SAFETY**
28 **PROGRAM TO THE OFFICE OF THE SECRETARY OF**
29 **TRANSPORTATION.**

30 **SECTION 27.11.(a)** G.S. 143B-360 reads as rewritten:

31 "**§ 143B-360. Powers and duties of Department and Secretary.**

32 The Department of Transportation is hereby empowered to contract ~~in~~ on behalf of
33 the State with the government of the United States to the extent allowed by the laws of
34 North Carolina for the purpose of securing the benefits available to this State under the
35 Federal Highway Safety Act of 1966. To that end, the Secretary of Transportation shall
36 coordinate, with the Governor's approval, the activities of any and all departments and
37 agencies of the State and its subdivisions relating thereto.

38 All of the duties and responsibilities of the Governor's Highway Safety Program,
39 established pursuant to this section, are transferred to the Office of the Secretary of
40 Transportation."

41 **SECTION 27.11.(b)** This section becomes effective July 1, 2001.
42

43 Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham,
44 Redwine, Thompson

45 **DRIVERS LICENSE/MOTOR VEHICLE REGISTRATION SECTION**
46 **CONSOLIDATION STUDY**

47 **SECTION 27.14.** The Department of Transportation shall study the
48 consolidation and integration of the functions of the Driver License Section and the
49 Vehicle Registration Section of the Division of Motor Vehicles to provide more
50 accessible, efficient, and cost-effective service to the public. The Department of
51 Transportation shall report the results of this study to the Joint Legislative
52 Transportation Oversight Committee by March 1, 2002.
53

1 Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham,
2 Redwine, Thompson

3 **APPROPRIATION TO THE DEPARTMENT OF TRANSPORTATION TO**
4 **FUND AVIATION GRANTS**

5 **SECTION 27.15.** Notwithstanding the provisions of G.S. 136-16.4 for
6 determining the amount of continuing aviation appropriations, there is appropriated
7 from the General Fund to the Department of Transportation the sum of seven million
8 two hundred fifty thousand dollars (\$7,250,000) for the 2001-2002 fiscal year to fund
9 aviation grants.

10
11 Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham,
12 Redwine, Thompson

13 **DOT REGULATION OF THE TRANSIT OF MODULAR HOMES**

14 **SECTION 27.17.(a)** G.S. 20-356 reads as rewritten:

15 **"§ 20-356. Definitions.**

16 "Person" as used in this Article shall mean an individual, corporation, partnership,
17 association or any other business entity. The word "house" as used in this Article shall
18 mean a dwelling, building, or other structure in excess of 14 feet in ~~width~~ width;
19 provided that neither mobile homes, nor modular homes or portions thereof, are within
20 this definition when being transported from the manufacturer to the first set-up site. The
21 word "Department" as used in this Article shall mean the North Carolina Department of
22 Transportation."

23 **SECTION 27.17.(b)** G.S. 150B-21.1 is amended by adding a new
24 subsection to read:

25 "(a8) Notwithstanding the provisions of subsection (a) of this section, the
26 Secretary of Transportation may adopt temporary rules concerning the permitted height
27 of mobile and modular homes. After having the proposed temporary rule published in
28 the North Carolina Register and at least 30 days prior to adopting a temporary rule
29 pursuant to this subsection, the Secretary shall:

30 (1) Notify persons on its mailing list maintained pursuant to G.S. 150B-
31 21.2(d) and any other interested parties of its intent to adopt a
32 temporary rule.

33 (2) Accept oral and written comments on the proposed temporary rule.

34 (3) Hold at least one public hearing on the proposed temporary rule.

35 When the Secretary adopts a temporary rule pursuant to this subsection, the
36 Secretary must submit a reference to this subsection as the Secretary's statement of need
37 to the Codifier of Rules.

38 Notwithstanding any other provision of this Chapter, the Codifier of Rules shall
39 publish in the North Carolina Register a proposed temporary rule received from the
40 Secretary in accordance with this subsection."

41 **SECTION 27.17.(c)** Subsection (b) of this section expires on June 30, 2003.

42
43 Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham,
44 Redwine, Thompson

45 **AVIATION DIVISION STUDY THE TRANSFER OF THE GLOBAL**
46 **TRANSPARK AIRPORT**

47 **SECTION 27.19.** The Department of Transportation's Aviation Division
48 shall study the transfer of the Global TransPark airport fixed assets and operations from
49 the Global TransPark Authority to another appropriate entity. The Aviation Division
50 shall report the results of this study to the Joint Legislative Transportation Oversight
51 Committee by December 15, 2001.
52

1 Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham,
2 Redwine, Thompson

3 **STATE BOARD OF COMMUNITY COLLEGES TO STUDY TRANSFER OF**
4 **GLOBAL TRANSPARK EDUCATION AND TRAINING CENTER**

5 **SECTION 27.20.** The State Board of Community Colleges shall study the
6 transfer of the Education and Training Center from the Global TransPark Authority to
7 an appropriate public educational entity. The State Board of Community Colleges shall
8 report the results of the study to the Joint Legislative Transportation Oversight
9 Committee by December 15, 2001.

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

11 **CONTRACT AGENT RATE INCREASE**

12 **SECTION 27.21.** G.S. 20-63(h) reads as rewritten:

13 "(h) Commission Contracts for Issuance of Plates and Certificates. – All
14 registration plates, registration ~~certificates~~ certificates, and certificates of title issued by
15 the Division, outside of those issued from the Raleigh offices of the ~~said~~ Division and
16 those issued and handled through the United States mail, shall be issued insofar as
17 practicable and possible through commission contracts entered into by the Division for
18 the issuance of ~~such~~ the plates and certificates in localities throughout North Carolina
19 with persons, firms, corporations or governmental subdivisions of the State of North
20 ~~Carolina and the Carolina.~~ The Division shall make a reasonable effort in every locality,
21 except as ~~hereinbefore noted,~~ noted above, to enter into a commission contract for the
22 issuance of ~~such~~ the plates and certificates and a record of these efforts shall be
23 maintained in the Division. In the event the Division is unsuccessful in making
24 commission ~~contracts as hereinbefore set out~~ contracts, it shall ~~then~~ issue ~~said~~ the plates
25 and certificates through the regular employees of the Division. Whenever registration
26 plates, registration ~~certificates~~ certificates, and certificates of title are issued by the
27 Division through commission contract arrangements, the Division shall provide proper
28 supervision of ~~such~~ the distribution. ~~Commission contracts entered under this subsection~~
29 ~~shall provide for the payment of compensation for all transactions as set forth below.~~
30 Nothing contained in this subsection will allow or permit the operation of fewer outlets
31 in any county in this State than are now being operated.

32 Commission contracts entered into by the Division under this subsection shall
33 provide for the payment of compensation on a per transaction basis. The collection of
34 the highway use tax shall be considered a separate transaction for which one dollar and
35 twenty-seven cents (\$1.27) compensation shall be paid. The performance at the same
36 time of one or more of the remaining transactions listed in this subsection shall be
37 considered a single transaction for which one dollar and forty-three cents (\$1.43)
38 compensation shall be paid.
39

40 A transaction is any of the following activities:

- 41 (1) Issuance of a registration plate, a registration card, a registration
42 renewal sticker, or a certificate of title.
- 43 (2) Issuance of a handicapped placard or handicapped identification card.
- 44 (3) Acceptance of an application for a personalized registration plate.
- 45 (4) Acceptance of a surrendered registration plate, registration card, or
46 registration renewal sticker, or acceptance of an affidavit stating why a
47 person cannot surrender a registration plate, registration card, or
48 registration renewal sticker.
- 49 (5) Cancellation of a title because the vehicle has been junked.
- 50 (6) Acceptance of an application for, or issuance of, a refund for a fee or a
51 tax, other than the highway use tax.

- 1 (7) Receipt of the civil penalty imposed by G.S. 20-309 for a lapse in
 2 financial responsibility or receipt of the restoration fee imposed by that
 3 statute.
 4 (8) Acceptance of a notice of failure to maintain financial responsibility
 5 for a motor vehicle.
 6 (8a) Collection of civil penalties imposed for violations of G.S. 20-183.8A.
 7 (8b) Sale of one or more inspection stickers in a single transaction to a
 8 licensed inspection station.
 9 (9) Collection of the highway use tax.
 10 (10) Acceptance of a temporary lien filing.

11 ~~Performance at the same time of any combination of the items that are listed within~~
 12 ~~each subdivision or are listed within subdivisions (1) through (8b) of this section is a~~
 13 ~~single transaction for which a dollar and thirty five cent (\$1.35) compensation shall be~~
 14 ~~paid. Performance of the item listed in subdivision (9) of this subsection in combination~~
 15 ~~with any other items listed in this subsection is a separate transaction for which a one~~
 16 ~~dollar and twenty cent (\$1.20) compensation shall be paid."~~

17
 18 Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham,
 19 Redwine, Thompson

20 **ISSUANCE OF TEMPORARY RULES GOVERNING MINIMUM CRITERIA**
 21 **TRANSPORTATION PROJECTS**

22 **SECTION 27.22.(a)** G.S. 150B-21.1(a6) reads as rewritten:

23 "(a6) ~~Reserved for future codification purposes. Notwithstanding the provisions of~~
 24 ~~subsection (a) of this section, the Secretary of Transportation may adopt temporary rules~~
 25 ~~pursuant to G.S. 113A-11(b) to establish a class of minimum criteria projects.~~

26 After having the proposed temporary rule published in the North Carolina Register,
 27 and at least 30 days prior to adopting a temporary rule pursuant to this subsection, the
 28 Secretary shall do all of the following:

- 29 (1) Notify persons on its mailing list, maintained pursuant to G.S. 150B-
 30 21.2(d), and any other interested parties, of his intent to adopt a
 31 temporary rule.
 32 (2) Accept oral and written comments on the proposed temporary rule.
 33 (3) Hold at least one public hearing on the proposed temporary rule.

34 When the Secretary adopts a temporary rule pursuant to this subsection, the Secretary
 35 shall submit a reference to this subsection as the Secretary's statement of need to the
 36 Codifier of Rules.

37 Notwithstanding any other provision of this Chapter, the Codifier of Rules shall
 38 publish in the North Carolina Register a proposed temporary rule received from the
 39 Secretary in accordance with this subsection."

40 **SECTION 27.22.(b)** Subsection (a) of this section expires on June 30, 2003.

41
 42 Requested by: Representative Saunders

43 **DEPARTMENT OF TRANSPORTATION PRODUCTIVITY PILOT**
 44 **PROGRAMS**

45 **SECTION 27.22A.** The Department of Transportation may establish two
 46 pilot programs to test incentive pay for employees as a means for increasing efficiency
 47 and productivity.

48 One of the pilot programs shall involve the highway resurfacing program
 49 using road oil. Up to one-fourth of one percent (0.25%) of the budget allocation for this
 50 program may be used to provide employee incentive payments.

51 The other pilot project may be selected by the Department of Transportation,
 52 and up to twenty-five thousand dollars (\$25,000) may be used from existing budgets for
 53 incentives.

1 Incentive payments shall be based on quantifiable measures and production
2 schedules determined prior to the implementation of the pilot programs that shall last no
3 more than two years.

4 The Department of Transportation shall report to the Joint Legislative
5 Transportation Oversight Committee on the pilot programs at least 30 days prior to their
6 implementation.

7
8 Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham,
9 Redwine, Thompson

10 DEPARTMENT OF TRANSPORTATION CASH FLOW MANAGEMENT

11 SECTION 27.23.(a) The Department of Transportation is directed to
12 reorganize its cash management procedures consistent with the March 2001 Joint
13 Legislative Transportation Oversight Committee Cash Management Study final report.

14 The Department is directed to:

- 15 (1) Utilize cash flow financing to the maximum extent possible to fund
16 highway construction projects, with the goal of reducing the combined
17 average daily cash balance of the Highway Trust Fund and the
18 Highway Fund to an amount equal to twelve percent (12%) of
19 combined estimate of the yearly receipts of the Funds, exclusive of
20 municipal aid funds.
- 21 (2) Establish necessary management controls to facilitate use of cash flow
22 financing, such as establishment of a financial planning committee,
23 development of a monthly financial report, establishment of
24 appropriate fund cash level targets, review of revenue forecasting
25 procedures, and reduction of accrued unbilled costs.
- 26 (3) Strengthen the project delivery process by reorganization of
27 preconstruction functions in order to expedite project delivery and
28 maximize use of cash flow financing of projects. The Department shall
29 designate one person responsible for project delivery, develop project
30 delivery reports, and continually assess which projects can be
31 accelerated using cash flow financing.
- 32 (4) Report quarterly for a period of two years, beginning in September
33 2001, to the Joint Legislative Transportation Oversight Committee on
34 its efforts to reorganize the cash management and project delivery
35 process and the results of those efforts.

36 SECTION 27.23.(b) Article 6A of Chapter 147 of the General Statutes is
37 amended by adding a new section to read:

38 "§ 147-86.15. Cash Management of the Highway Fund and the Highway Trust 39 Fund.

40 The State Treasurer may combine the balances of the Highway Fund and the
41 Highway Trust Fund for cash management purposes. The State Treasurer may make
42 short term loans between the Funds to accomplish the purposes of this section."

43 SECTION 27.23.(c) The Department of Transportation and the State
44 Treasurer are directed to jointly:

- 45 (1) Evaluate the recommendations of the March 2001 Joint Legislative
46 Transportation Oversight Committee Cash Management Study final
47 report concerning authorization for the State Treasurer to borrow funds
48 on a short term basis in order to allow the Department of
49 Transportation to maintain lower target cash balances and expedite
50 highway construction projects;
- 51 (2) Develop recommendations concerning short term borrowing for cash
52 management purposes, including any needed legislation; and

- 1 (3) Submit findings and recommendations to the Joint Legislative
2 Transportation Oversight Committee by February 1, 2002.

3 **SECTION 27.23.(d)** G.S. 136-176 is amended by adding a new subsection
4 to read:

5 "(a1) The Department may use two hundred million dollars (\$200,000,000) in fiscal
6 year 2001-2002 and one hundred fifty million dollars (\$150,000,000) in each fiscal year
7 2002-2003 and 2003-2004 of the cash balance of the Highway Trust Fund for the
8 following purposes:

- 9 (1) For primary route pavement preservation. – One hundred seventy
10 million dollars (\$170,000,000) in fiscal year 2001-2002, and one
11 hundred twenty million (\$120,000,000) in each of the fiscal years
12 2002-2003 and 2003-2004.
13 (2) For preliminary engineering costs not included in the current year
14 Transportation Improvement Plan. – Fifteen million dollars
15 (\$15,000,000) in each of the fiscal years 2001-2002, 2002-2003, and
16 2003-2004.
17 (3) For computerized traffic signal systems and signal optimization
18 projects. – Fifteen million dollars (\$15,000,000) in each of the fiscal
19 years 2001-2002, 2002-2003, and 2003-2004."

20 **SECTION 27.23.(e)** G.S. 136-176 is amended by adding a new subsection
21 to read:

22 "(a2) The Department shall certify to the Joint Legislative Transportation Oversight
23 Committee each year, on or before November 1, that use of the Highway Trust Fund
24 cash balances for these purposes will not adversely affect the delivery schedule of
25 Highway Trust Fund projects in the 2002-2008 Transportation Improvement Program."
26

27 Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham,
28 Redwine, Thompson

29 **STATE TIRE RETREADING CONTRACT**

30 **SECTION 27.24.** The Purchase and Contract Division of the Department of
31 Administration shall take steps to insure that the bid process for the State contract for
32 tire retreading is fair and open and that it complies with State purchasing laws.

33 Before soliciting bids, the Purchase and Contract Division shall:

- 34 (1) Research technologies for tire retreading and tire retread testing to
35 determine which technologies are most consistent with State needs and
36 safety requirements.
37 (2) Circulate proposed specifications for the retread tire contract to tire
38 retread vendors, tire retreading industry associations, and State users of
39 retread tires.
40 (3) Solicit comments and feedback from the entities listed in subdivision
41 (2) of this section.
42 (4) Provide a copy of the final specifications for the retread tire contract to
43 the Joint Legislative Transportation Oversight Committee at least six
44 weeks prior to soliciting bids.
45

46 Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham,
47 Redwine, Thompson

48 **STATE HIGHWAY PATROL TO REPORT TO LEGISLATIVE OVERSIGHT** 49 **COMMITTEES ON BUDGETARY MATTERS**

50 **SECTION 27.25.** The State Highway Patrol shall report to the Joint
51 Legislative Transportation Oversight Committee and to the Joint Legislative
52 Corrections, Crime Control, and Juvenile Justice Oversight Committee on its revenues,
53 expenditures, and other budget related matters. These financial reports shall be made in

1 writing to the cochairs of the oversight committees and to the Fiscal Research Division
 2 by November 15, February 15, May 15, and August 15 of each year to be taken up, if
 3 necessary, at the next meetings of the oversight committees following those dates.

4
 5 Requested by: Representatives Cole, J. Crawford, Bowie, Nesbitt, Easterling,
 6 Oldham, Redwine, Thompson

7 **LEGISLATIVE RESEARCH COMMISSION TO STUDY NONBETTERMENT**
 8 **UTILITY RELOCATION COSTS IN HIGHWAY CONSTRUCTION**

9 **SECTION 27.26.** The Legislative Research Commission may study the issue
 10 of nonbetterment utility relocation costs. As a part of its study, the LRC shall consider
 11 all of the following:

- 12 (1) The current statutory procedure for allocation of relocation costs,
 13 found in G.S. 136-27.1.
- 14 (2) The current population ceiling of 5,500 for municipalities to receive
 15 utility relocation assistance from the Department of Transportation,
 16 and the appropriateness of this ceiling.
- 17 (3) The history of exceptions to the general policy on the nonpayment by
 18 the Department of Transportation for nonbetterment utility relocation
 19 costs and the rationales for these exceptions.
- 20 (4) The development of a rational and equitable policy for the payment for
 21 nonbetterment utility relocation costs.
- 22 (5) Any other issue related to nonbetterment utility relocation costs.

23
 24 Requested by: Representatives Cole, J. Crawford, Bowie, Redwine, Easterling,
 25 Oldham, Thompson

26 **DEPARTMENT OF TRANSPORTATION TO EVALUATE THE LOCATIONS**
 27 **OF PROPOSED PUBLIC AND PRIVATE SCHOOLS TO ENHANCE**
 28 **TRAFFIC OPERATIONS AND SAFETY**

29 **SECTION 27.27.** G.S. 136-18 reads as rewritten:

30 **"§ 136-18. Powers of Department of Transportation.**

31 The said Department of Transportation shall be vested with the following powers:

- 32
 33 (29a) To coordinate with all public and private entities planning schools to
 34 provide written recommendations and evaluations of driveway access
 35 and traffic operational and safety impacts on the State highway system
 36 resulting from the development of the proposed sites. All public and
 37 private entities shall, upon acquiring land for a new school or prior to
 38 beginning construction of a new school, relocating a school, or
 39 expanding an existing school, coordinate with the Department to
 40 obtain a written evaluation and written recommendations to ensure that
 41 all proposed access points comply with the criteria in the current North
 42 Carolina Department of Transportation 'Policy on Street and Driveway
 43 Access'. The Department shall provide the written evaluation and
 44 recommendations within a reasonable time, which shall not exceed 60
 45 days. This subdivision shall not be construed to require the public or
 46 private entities planning schools to meet the recommendations made
 47 by the Department."

48
 49 Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham,
 50 Redwine, Thompson

51 **REGIONAL PUBLIC TRANSPORTATION AUTHORITY CAPITAL**
 52 **RESERVE FUND ACCUMULATION**

1 **SECTION 27.28.** G.S. 160A-613 is amended by adding a new subsection to
2 read:

3 "(c) Notwithstanding any provision of G.S. 159-18, the Board of Trustees may
4 accumulate moneys from any source authorized by this Article or by Article 50 of
5 Chapter 105 of the General Statutes in a capital reserve fund for any authorized purpose
6 of the Authority. Notwithstanding any provision of G.S. 159-19 or G.S. 159-22, the
7 Board of Trustees may, by amendment to the resolution establishing a capital reserve
8 fund, withdraw moneys accumulated in a fund for noncapital purposes if the capital
9 outlay purpose for which the fund was created is no longer viable, as determined by a
10 majority of the Board of Trustees. Except as otherwise provided in this subsection, the
11 provisions of Part 2 of Article 3 of Chapter 159 of the General Statutes shall control the
12 establishment of capital reserve funds by the Authority."

13
14 Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham,
15 Redwine, Thompson

16 **NORTH CAROLINA RAILROAD FUNDS**

17 **SECTION 27.29.(a)** Of funds appropriated to the Department of
18 Transportation Public Transportation Division for new start projects for fiscal year
19 2001-2002, up to one million dollars (\$1,000,000) shall be used by the Department for
20 projects designated by the North Carolina Railroad Board of Directors.

21 **SECTION 27.29.(b)** Of funds appropriated to the Department of
22 Transportation Rail Division for fiscal year 2001-2002, up to five million three hundred
23 thousand dollars (\$5,300,000) shall be used by the Department for projects designated
24 by the North Carolina Railroad Board of Directors.

25 26 **PART XXVIII. PUBLIC SCHOOLS**

27
28 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
29 Oldham, Redwine, Thompson

30 **LITIGATION RESERVE FUNDS DO NOT REVERT**

31 **SECTION 28.1.(a)** Funds in the State Board of Education's Litigation
32 Reserve that are not expended or encumbered on June 30, 2001, shall not revert on July
33 1, 2001, but shall remain available for expenditure until June 30, 2002.

34 **SECTION 28.1.(b)** Subsection (a) of this section becomes effective June 30,
35 2001.

36 **SECTION 28.1.(c)** The State Board of Education may expend up to five
37 hundred thousand dollars (\$500,000) for the 2001-2002 fiscal year from unexpended
38 funds for certified employees' salaries to pay expenses related to pending litigation.

39
40 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
41 Oldham, Redwine, Thompson

42 **CHILDREN WITH DISABILITIES**

43 **SECTION 28.2.** The State Board of Education shall allocate funds for
44 children with disabilities on the basis of two thousand six hundred sixty-two dollars and
45 eighty-seven cents (\$2,662.87) per child for a maximum of 158,825 children for the
46 2001-2002 school year. Each local school administrative unit shall receive funds for the
47 lesser of (i) all children who are identified as children with disabilities or (ii) twelve and
48 five-tenths percent (12.5%) of the 2001-2002 allocated average daily membership in the
49 local school administrative unit.

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

53

1 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
2 Oldham, Redwine, Thompson

3 **FUNDS FOR ACADEMICALLY GIFTED STUDENTS**

4 **SECTION 28.3.** The State Board of Education shall allocate funds for
5 academically or intellectually gifted children on the basis of eight hundred seventy-nine
6 dollars and ten cents (\$879.10) per child. A local school administrative unit shall
7 receive funds for a maximum of four percent (4%) of its 2001-2002 allocated average
8 daily membership, regardless of the number of children identified as academically or
9 intellectually gifted in the unit. The State Board shall allocate funds for no more than
10 52,042 children for the 2001-2002 school year.

11 The dollar amounts allocated under this section for academically or
12 intellectually gifted children shall also increase in accordance with legislative salary
13 increments for personnel who serve academically or intellectually gifted children.

14
15 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
16 Oldham, Redwine, Thompson

17 **AT-RISK STUDENT SERVICES/ALTERNATIVE SCHOOLS**

18 **SECTION 28.4.** The State Board of Education may use up to two hundred
19 thousand dollars (\$200,000) of the funds in the Alternative Schools/At-Risk Student
20 allotment each year for the 2001-2002 fiscal year and for the 2002-2003 fiscal year to
21 implement G.S. 115C-12(24).

22
23 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
24 Oldham, Redwine, Thompson

25 **UNIFORM EDUCATION REPORTING SYSTEM (UERS)**

26 **SECTION 28.5.(a)** Funds appropriated for the Uniform Education
27 Reporting System shall not revert at the end of the 2001-2002 and 2002-2003 fiscal
28 years, but shall remain available until expended.

29 **SECTION 28.5.(b)** This section becomes effective June 30, 2001.

30
31 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
32 Oldham, Redwine, Thompson

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

34 **SECTION 28.6.(a)** Funds for Supplemental Funding. – The General
35 Assembly finds that it is appropriate to provide supplemental funds in low-wealth
36 counties to allow those counties to enhance the instructional program and student
37 achievement; therefore, funds are appropriated to State Aid to Local School
38 Administrative Units for the 2001-2002 fiscal year and the 2002-2003 fiscal year to be
39 used for supplemental funds for schools.

40 **SECTION 28.6.(b)** Use of Funds for Supplemental Funding. – All funds
41 received pursuant to this section shall be used only (i) to provide instructional positions,
42 instructional support positions, teacher assistant positions, clerical positions, school
43 computer technicians, instructional supplies and equipment, staff development, and
44 textbooks, (ii) for salary supplements for instructional personnel and instructional
45 support personnel, and (iii) to pay up to ten thousand dollars (\$10,000) of the plant
46 operation contract cost charged by the Department of Public Instruction for services.

47 Local boards of education are encouraged to use at least twenty-five percent
48 (25%) of the funds received pursuant to this section to improve the academic
49 performance of children who are performing at Level I or II on either reading or
50 mathematics end-of-grade tests in grades 3-8 and children who are performing at Level
51 I or II on the writing tests in grades 4 and 7. Local boards of education shall report to
52 the State Board of Education on an annual basis on funds used for this purpose, and the
53 State Board shall report this information to the Joint Legislative Education Oversight

1 Committee. These reports shall specify how these funds were targeted and used to
2 implement specific improvement strategies of each local school administrative unit and
3 its schools, such as teacher recruitment, closing the achievement gap, improving student
4 accountability, addressing the needs of at-risk students, and establishing and
5 maintaining safe schools.

6 **SECTION 28.6.(c) Definitions.** – As used in this section:

- 7 (1) "Anticipated county property tax revenue availability" means the
8 county-adjusted property tax base multiplied by the effective State
9 average tax rate.
- 10 (2) "Anticipated total county revenue availability" means the sum of the:
11 a. Anticipated county property tax revenue availability,
12 b. Local sales and use taxes received by the county that are levied
13 under Chapter 1096 of the 1967 Session Laws or under
14 Subchapter VIII of Chapter 105 of the General Statutes,
15 c. Food stamp exemption reimbursement received by the county
16 under G.S. 105-164.44C,
17 d. Homestead exemption reimbursement received by the county
18 under G.S. 105-277.1A,
19 e. Inventory tax reimbursement received by the county under G.S.
20 105-275.1 and G.S. 105-277.001,
21 f. Intangibles tax distribution and reimbursement received by the
22 county under G.S. 105-275.2, and
23 g. Fines and forfeitures deposited in the county school fund for the
24 most recent year for which data are available.
- 25 (3) "Anticipated total county revenue availability per student" means the
26 anticipated total county revenue availability for the county divided by
27 the average daily membership of the county.
- 28 (4) "Anticipated State average revenue availability per student" means the
29 sum of all anticipated total county revenue availability divided by the
30 average daily membership for the State.
- 31 (5) "Average daily membership" means average daily membership as
32 defined in the North Carolina Public Schools Allotment Policy
33 Manual, adopted by the State Board of Education. If a county contains
34 only part of a local school administrative unit, the average daily
35 membership of that county includes all students who reside within the
36 county and attend that local school administrative unit.
- 37 (6) "County-adjusted property tax base" shall be computed as follows:
38 a. Subtract the present-use value of agricultural land, horticultural
39 land, and forestland in the county, as defined in G.S. 105-277.2,
40 from the total assessed real property valuation of the county,
41 b. Adjust the resulting amount by multiplying by a weighted
42 average of the three most recent annual sales assessment ratio
43 studies,
44 c. Add to the resulting amount the:
45 1. Present-use value of agricultural land, horticultural land,
46 and forestland, as defined in G.S. 105-277.2,
47 2. Value of property of public service companies,
48 determined in accordance with Article 23 of Chapter 105
49 of the General Statutes, and
50 3. Personal property value for the county.
- 51 (7) "County-adjusted property tax base per square mile" means the
52 county-adjusted property tax base divided by the number of square
53 miles of land area in the county.

- 1 (8) "County wealth as a percentage of State average wealth" shall be
2 computed as follows:
3 a. Compute the percentage that the county per capita income is of
4 the State per capita income and weight the resulting percentage
5 by a factor of five-tenths,
6 b. Compute the percentage that the anticipated total county
7 revenue availability per student is of the anticipated State
8 average revenue availability per student and weight the
9 resulting percentage by a factor of four-tenths,
10 c. Compute the percentage that the county-adjusted property tax
11 base per square mile is of the State-adjusted property tax base
12 per square mile and weight the resulting percentage by a factor
13 of one-tenth,
14 d. Add the three weighted percentages to derive the county wealth
15 as a percentage of the State average wealth.
- 16 (9) "Effective county tax rate" means the actual county tax rate multiplied
17 by a weighted average of the three most recent annual sales assessment
18 ratio studies.
- 19 (10) "Effective State average tax rate" means the average of effective
20 county tax rates for all counties.
- 21 (10a) "Local current expense funds" means the most recent county current
22 expense appropriations to public schools, as reported by local boards
23 of education in the audit report filed with the Secretary of the Local
24 Government Commission pursuant to G.S. 115C-447.
- 25 (11) "Per capita income" means the average for the most recent three years
26 for which data are available of the per capita income according to the
27 most recent report of the United States Department of Commerce,
28 Bureau of Economic Analysis, including any reported modifications
29 for prior years as outlined in the most recent report.
- 30 (12) "Sales assessment ratio studies" means sales assessment ratio studies
31 performed by the Department of Revenue under G.S. 105-289(h).
- 32 (13) "State average current expense appropriations per student" means the
33 most recent State total of county current expense appropriations to
34 public schools, as reported by local boards of education in the audit
35 report filed with the Secretary of the Local Government Commission
36 pursuant to G.S. 115C-447.
- 37 (14) "State average adjusted property tax base per square mile" means the
38 sum of the county-adjusted property tax bases for all counties divided
39 by the number of square miles of land area in the State.
- 40 (14a) "Supplant" means to decrease local per student current expense
41 appropriations from one fiscal year to the next fiscal year.
- 42 (15) "Weighted average of the three most recent annual sales assessment
43 ratio studies" means the weighted average of the three most recent
44 annual sales assessment ratio studies in the most recent years for which
45 county current expense appropriations and adjusted property tax
46 valuations are available. If real property in a county has been revalued
47 one year prior to the most recent sales assessment ratio study, a
48 weighted average of the two most recent sales assessment ratios shall
49 be used. If property has been revalued the year of the most recent sales
50 assessment ratio study, the sales assessment ratio for the year of
51 revaluation shall be used.

52 **SECTION 28.6.(d)** Eligibility for Funds. – Except as provided in subsection
53 (h) of this section, the State Board of Education shall allocate these funds to local school

1 administrative units located in whole or in part in counties in which the county wealth
2 as a percentage of the State average wealth is less than one hundred percent (100%).

3 **SECTION 28.6.(e)** Allocation of Funds. – Except as provided in subsection
4 (g) of this section, the amount received per average daily membership for a county shall
5 be the difference between the State average current expense appropriations per student
6 and the current expense appropriations per student that the county could provide given
7 the county's wealth and an average effort to fund public schools. (To derive the current
8 expense appropriations per student that the county could be able to provide given the
9 county's wealth and an average effort to fund public schools, multiply the county wealth
10 as a percentage of State average wealth by the State average current expense
11 appropriations per student.)

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

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

19 **SECTION 28.6.(f)** Formula for Distribution of Supplemental Funding
20 Pursuant to This Section Only. – The formula in this section is solely a basis for
21 distribution of supplemental funding for low-wealth counties and is not intended to
22 reflect any measure of the adequacy of the educational program or funding for public
23 schools. The formula is also not intended to reflect any commitment by the General
24 Assembly to appropriate any additional supplemental funds for low-wealth counties.

25 **SECTION 28.6.(g)** Minimum Effort Required. – Counties that had effective
26 tax rates in the 1996-97 fiscal year that were above the State average effective tax rate
27 but that had effective rates below the State average in the 1997-98 fiscal year or
28 thereafter shall receive reduced funding under this section. This reduction in funding
29 shall be determined by subtracting the amount that the county would have received
30 pursuant to Section 17.1(g) of Chapter 507 of the 1995 Session Laws from the amount
31 that the county would have received if qualified for full funding and multiplying the
32 difference by ten percent (10%). This method of calculating reduced funding shall
33 apply one time only.

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

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

43 **SECTION 28.6.(h)** Nonsupplant Requirement. – A county in which a local
44 school administrative unit receives funds under this section shall use the funds to
45 supplement local current expense funds and shall not supplant local current expense
46 funds. For the 2001-2003 fiscal biennium, the State Board of Education shall not
47 allocate funds under this section to a county found to have used these funds to supplant
48 local per student current expense funds. The State Board of Education shall make a
49 finding that a county has used these funds to supplant local current expense funds in the
50 prior year, or the year for which the most recent data are available, if:

- 51 (1) The current expense appropriation per student of the county for the
52 current year is less than ninety-five percent (95%) of the average of the

1 local current expense appropriations per student for the three prior
2 fiscal years; and

- 3 (2) The county cannot show (i) that it has remedied the deficiency in
4 funding, or (ii) that extraordinary circumstances caused the county to
5 supplant local current expense funds with funds allocated under this
6 section.

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

8 **SECTION 28.6.(i)** Reports. – The State Board of Education shall report to
9 the Joint Legislative Education Oversight Committee prior to May 1, 2002, if it
10 determines that counties have supplanted funds.

11 **SECTION 28.6.(j)** Department of Revenue Reports. – The Department of
12 Revenue shall provide to the Department of Public Instruction a preliminary report for
13 the current fiscal year of the assessed value of the property tax base for each county
14 prior to March 1 of each year and a final report prior to May 1 of each year. The reports
15 shall include for each county the annual sales assessment ratio and the taxable values of
16 (i) total real property, (ii) the portion of total real property represented by the
17 present-use value of agricultural land, horticultural land, and forestland as defined in
18 G.S. 105-277.2, (iii) property of public service companies determined in accordance
19 with Article 23 of Chapter 105 of the General Statutes, and (iv) personal property.
20

21 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
22 Oldham, Redwine, Thompson

23 **SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING**

24 **SECTION 28.7.(a)** Funds for Small School Systems. – Except as provided
25 in subsection (b) of this section, the State Board of Education shall allocate funds
26 appropriated for small school system supplemental funding (i) to each county school
27 administrative unit with an average daily membership of fewer than 3,175 students and
28 (ii) to each county school administrative unit with an average daily membership of from
29 3,175 to 4,000 students if the county in which the local school administrative unit is
30 located has a county-adjusted property tax base per student that is below the
31 State-adjusted property tax base per student and if the total average daily membership of
32 all local school administrative units located within the county is from 3,175 to 4,000
33 students. The allocation formula shall:

- 34 (1) Round all fractions of positions to the next whole position.
35 (2) Provide five and one-half additional regular classroom teachers in
36 counties in which the average daily membership per square mile is
37 greater than four, and seven additional regular classroom teachers in
38 counties in which the average daily membership per square mile is
39 four or fewer.
40 (3) Provide additional program enhancement teachers adequate to offer
41 the standard course of study.
42 (4) Change the duty-free period allocation to one teacher assistant per 400
43 average daily membership.
44 (5) Provide a base for the consolidated funds allotment of at least four
45 hundred sixty-six thousand dollars (\$466,000) excluding textbooks.
46 (6) Allot vocational education funds for grade 6 as well as for grades 7-12.

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

1 formula is also not intended to reflect any commitment by the General Assembly to
2 appropriate any additional supplemental funds for such county administrative units.

3 **SECTION 28.7.(b) Nonsupplant Requirement.** – A county in which a local
4 school administrative unit receives funds under this section shall use the funds to
5 supplement local current expense funds and shall not supplant local current expense
6 funds. For the 2001-2003 fiscal biennium, the State Board of Education shall not
7 allocate funds under this section to a county found to have used these funds to supplant
8 local per student current expense funds. The State Board of Education shall make a
9 finding that a county has used these funds to supplant local current expense funds in the
10 prior year, or the year for which the most recent data are available, if:

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

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

20 **SECTION 28.7.(c) Phase-Out Provisions.** – If a local school administrative
21 unit becomes ineligible for funding under this formula solely because of an increase in
22 the county-adjusted property tax base per student of the county in which the local school
23 administrative unit is located, funding for that unit shall be phased out over a two-year
24 period. For the first year of ineligibility, the unit shall receive the same amount it
25 received for the prior fiscal year. For the second year of ineligibility, it shall receive
26 one-half of that amount.

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

31 **SECTION 28.7.(d) Definitions.** – As used in this section:

- 32 (1) "Average daily membership" means within two percent (2%) of the
33 average daily membership as defined in the North Carolina Public
34 Schools Allotment Policy Manual, adopted by the State Board of
35 Education.
- 36 (2) "County-adjusted property tax base per student" means the total
37 assessed property valuation for each county, adjusted using a weighted
38 average of the three most recent annual sales assessment ratio studies,
39 divided by the total number of students in average daily membership
40 who reside within the county.
- 41 (2a) "Local current expense funds" means the most recent county current
42 expense appropriations to public schools, as reported by local boards
43 of education in the audit report filed with the Secretary of the Local
44 Government Commission pursuant to G.S. 115C-447.
- 45 (3) "Sales assessment ratio studies" means sales assessment ratio studies
46 performed by the Department of Revenue under G.S. 105-289(h).
- 47 (4) "State adjusted property tax base per student" means the sum of all
48 county adjusted property tax bases divided by the total number of
49 students in average daily membership who reside within the State.
- 50 (4a) "Supplant" means to decrease local per student current expense
51 appropriations from one fiscal year to the next fiscal year.
- 52 (5) "Weighted average of the three most recent annual sales assessment
53 ratio studies" means the weighted average of the three most recent

1 annual sales assessment ratio studies in the most recent years for which
2 county current expense appropriations and adjusted property tax
3 valuations are available. If real property in a county has been revalued
4 one year prior to the most recent sales assessment ratio study, a
5 weighted average of the two most recent sales assessment ratios shall
6 be used. If property has been revalued during the year of the most
7 recent sales assessment ratio study, the sales assessment ratio for the
8 year of revaluation shall be used.

9 **SECTION 28.7.(e) Reports.** – The State Board of Education shall report to
10 the Joint Legislative Education Oversight Committee prior to May 1, 2002, if it
11 determines that counties have supplanted funds.

12 **SECTION 28.7.(f) Use of Funds.** – Local boards of education are
13 encouraged to use at least twenty percent (20%) of the funds they receive pursuant to
14 this section to improve the academic performance of children who are performing at
15 Level I or II on either reading or mathematics end-of-grade tests in grades 3-8 and
16 children who are performing at Level I or II on the writing tests in grades 4 and 7.
17 Local boards of education shall report to the State Board of Education on an annual
18 basis on funds used for this purpose and the State Board shall report this information to
19 the Joint Legislative Education Oversight Committee. These reports shall specify how
20 these funds were targeted and used to implement specific improvement strategies of
21 each local school administrative unit and its schools such as teacher recruitment, closing
22 the achievement gap, improving student accountability, addressing the needs of at-risk
23 students, and establishing and maintaining safe schools.

24
25 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
26 Oldham, Redwine, Thompson

27 **FUNDS TO IMPLEMENT THE ABCS OF PUBLIC EDUCATION PROGRAM**

28 **SECTION 28.8.(a)** The State Board of Education shall use funds
29 appropriated for State Aid to Local School Administrative Units for the 2001-2002
30 fiscal year to provide incentive funding for schools that met or exceeded the projected
31 levels of improvement in student performance during the 2000-2001 school year, in
32 accordance with the ABCs of Public Education Program. In accordance with State
33 Board of Education policy:

- 34 (1) Incentive awards in schools that achieve higher than expected
35 improvements may be up to:
36 a. One thousand five hundred dollars (\$1,500) for each teacher
37 and for certified personnel; and
38 b. Five hundred dollars (\$500.00) for each teacher assistant.
39 (2) Incentive awards in schools that meet the expected improvements may
40 be up to:
41 a. Seven hundred fifty dollars (\$750.00) for each teacher and for
42 certified personnel; and
43 b. Three hundred seventy-five dollars (\$375.00) for each teacher
44 assistant.

45 **SECTION 28.8.(b)** The State Board of Education may use funds
46 appropriated to State Aid to Local School Administrative Units for assistance teams to
47 low-performing schools.

48
49 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
50 Oldham, Redwine, Thompson

51 **STUDENTS WITH LIMITED ENGLISH PROFICIENCY**

1 **SECTION 28.9.(a)** The State Board of Education shall develop guidelines
2 for identifying and providing services to students with limited proficiency in the English
3 language.

4 The State Board shall allocate these funds to local school administrative units
5 and to charter schools under a formula that takes into account the average percentage of
6 students in the units or the charters over the past three years who have limited English
7 proficiency. The State Board shall allocate funds to a unit or a charter school only if (i)
8 average daily membership of the unit or the charter school includes at least 20 students
9 with limited English proficiency or (ii) students with limited English proficiency
10 comprise at least two and one-half percent (2 1/2%) of the average daily membership of
11 the unit or charter school. For the portion of the funds that is allocated on the basis of
12 the number of identified students, the maximum number of identified students for whom
13 a unit or charter school receives funds shall not exceed ten and six-tenths percent
14 (10.6%) of its average daily membership.

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

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

22 **SECTION 28.9.(b)** The Department of Public Instruction shall prepare a
23 current headcount of the number of students classified with limited English proficiency
24 by December 1 of each year.

25 Students in the head count shall be assessed at least once every three years to
26 determine their level of English proficiency. A student who scores "superior" on the
27 standard English language proficiency assessment instrument used in this State shall not
28 be included in the head count of students with limited English proficiency.

29
30 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
31 Oldham, Redwine, Thompson

32 **EXPENDITURES FOR DRIVING EDUCATION CERTIFICATES**

33 **SECTION 28.10.** The State Board of Education may use funds appropriated
34 for drivers education for the 2001-2002 fiscal year and for the 2002-2003 fiscal year for
35 driving eligibility certificates.

36
37 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
38 Oldham, Redwine, Thompson

39 **TEACHER SALARY SCHEDULES**

40 **SECTION 28.11.(a)** Effective for the 2001-2002 school year, the Director of
41 the Budget may transfer from the Reserve for Compensation Increases for the
42 2001-2002 fiscal year funds necessary to implement the teacher salary schedule set out
43 in subsection (b) of this section, including funds for the employer's retirement and social
44 security contributions and funds for annual longevity payments at one and one-half
45 percent (1.5%) of base salary for 10 to 14 years of State service, two and twenty-five
46 hundredths percent (2.25%) of base salary for 15 to 19 years of State service, three and
47 twenty-five hundredths percent (3.25%) of base salary for 20 to 24 years of State
48 service, and four and one-half percent (4.5%) of base salary for 25 or more years of
49 State service, commencing July 1, 2001, for all teachers whose salaries are supported
50 from the State's General Fund. These funds shall be allocated to individuals according
51 to rules adopted by the State Board of Education. The longevity payment shall be paid
52 in a lump sum once a year.

SECTION 28.11.(b) For the 2001-2002 school year, the following monthly salary schedules shall apply to certified personnel of the public schools who are classified as teachers. The schedule contains 30 steps with each step corresponding to one year of teaching experience.

**2001-2002 MONTHLY SALARY SCHEDULE
"A" TEACHERS**

Years of Experience	"A" Teachers	NBPTS Certification
0	\$2,525	N/A
1	\$2,567	N/A
2	\$2,611	N/A
3	\$2,764	\$3,096
4	\$2,904	\$3,252
5	\$3,036	\$3,400
6	\$3,164	\$3,544
7	\$3,266	\$3,658
8	\$3,314	\$3,712
9	\$3,362	\$3,765
10	\$3,412	\$3,821
11	\$3,461	\$3,876
12	\$3,511	\$3,932
13	\$3,561	\$3,988
14	\$3,614	\$4,048
15	\$3,667	\$4,107
16	\$3,722	\$4,169
17	\$3,777	\$4,230
18	\$3,834	\$4,294
19	\$3,892	\$4,359
20	\$3,950	\$4,424
21	\$4,011	\$4,492
22	\$4,072	\$4,561
23	\$4,136	\$4,632
24	\$4,200	\$4,704
25	\$4,264	\$4,776
26	\$4,330	\$4,850
27	\$4,398	\$4,926
28	\$4,467	\$5,003
29	\$4,538	\$5,083
30+	\$4,538	\$5,083

**2001-2002 MONTHLY SALARY SCHEDULE
"M" TEACHERS**

Years of Experience	"M" Teachers	NBPTS Certification
0	\$2,778	N/A
1	\$2,824	N/A
2	\$2,872	N/A
3	\$3,040	\$3,405

1	4	\$3,194	\$3,577
2	5	\$3,340	\$3,741
3	6	\$3,480	\$3,898
4	7	\$3,593	\$4,024
5	8	\$3,645	\$4,082
6	9	\$3,698	\$4,142
7	10	\$3,753	\$4,203
8	11	\$3,807	\$4,264
9	12	\$3,862	\$4,325
10	13	\$3,917	\$4,387
11	14	\$3,975	\$4,452
12	15	\$4,034	\$4,518
13	16	\$4,094	\$4,585
14	17	\$4,155	\$4,654
15	18	\$4,217	\$4,723
16	19	\$4,281	\$4,795
17	20	\$4,345	\$4,866
18	21	\$4,412	\$4,941
19	22	\$4,479	\$5,016
20	23	\$4,550	\$5,096
21	24	\$4,620	\$5,174
22	25	\$4,690	\$5,253
23	26	\$4,763	\$5,335
24	27	\$4,838	\$5,419
25	28	\$4,914	\$5,504
26	29	\$4,992	\$5,591
27	30+	\$4,992	\$5,591

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SECTION 28.11.(c) Certified public school teachers with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "M" teachers. Certified public school teachers with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "M" teachers.

SECTION 28.11.(d) Effective for the 2001-2002 school year, the first step of the salary schedule for school psychologists shall be equivalent to Step 5, corresponding to five years of experience, on the salary schedule established in this section for certified personnel of the public schools who are classified as "M" teachers. Certified psychologists shall be placed on the salary schedule at an appropriate step based on their years of experience. Certified psychologists shall receive longevity payments based on years of State service in the same manner as teachers.

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

SECTION 28.11.(e) Effective for the 2001-2002 school year, speech pathologists who are certified as speech pathologists at the masters degree level and

1 audiologists who are certified as audiologists at the masters degree level and who are
 2 employed in the public schools as speech and language specialists and audiologists shall
 3 be paid on the school psychologist salary schedule.

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

11 **SECTION 28.11.(f)** Certified school nurses who are employed in the public
 12 schools as nurses shall be paid on the "M" salary schedule.

13 **SECTION 28.11.(g)** G.S. 115C-325(a)(6) reads as rewritten:

14 "(a) Definition of Terms. – As used in this section unless the context requires
 15 otherwise:

- 16
- 17 (6) "Teacher" means a person who holds at least a current, not provisional
 18 or expired, Class A certificate or a regular, not provisional or expired,
 19 vocational certificate issued by the Department of Public Instruction;
 20 whose major responsibility is to teach or directly supervises teaching
 21 or who is classified by the State Board of Education or is paid either as
 22 a classroom ~~teacher;~~ teacher or instructional support personnel; and
 23 who is employed to fill a full-time, permanent position."

24 **SECTION 28.11.(h)** As used in this section, the term "teacher" shall also
 25 include instructional support personnel.

26
 27 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
 28 Oldham, Redwine, Thompson

29 **SCHOOL ADMINISTRATOR SALARY SCHEDULES**

30 **SECTION 28.13.(a)** Funds appropriated to the Reserve for Compensation
 31 Increases shall be used for the implementation of the salary schedule for school-based
 32 administrators as provided in this section. These funds shall be used for State-paid
 33 employees only.

34 **SECTION 28.13.(b)** The base salary schedule for school-based
 35 administrators shall apply only to principals and assistant principals. The base salary
 36 schedule for the 2001-2002 fiscal year, commencing July 1, 2001, is as follows:

37
 38 **2001-2002**
 39 **PRINCIPAL AND ASSISTANT PRINCIPAL SALARY SCHEDULES**

40
 41 **CLASSIFICATION**

42	43 Yrs of	Assistant	Prin I	Prin II	Prin III	Prin IV
44	Exp	Principal	(0-10)	(11-21)	(22-32)	(33-43)
45						
46	0-4	\$3,226	—	—	—	—
47	5	\$3,373	—	—	—	—
48	6	\$3,515	—	—	—	—
49	7	\$3,629	—	—	—	—
50	8	\$3,681	\$3,681	—	—	—
51	9	\$3,735	\$3,735	—	—	—
52	10	\$3,791	\$3,791	\$3,845	—	—
53	11	\$3,845	\$3,845	\$3,901	—	—

1	12	\$3,901	\$3,901	\$3,956	\$4,015	—
2	13	\$3,956	\$3,956	\$4,015	\$4,074	\$4,135
3	14	\$4,015	\$4,015	\$4,074	\$4,135	\$4,197
4	15	\$4,074	\$4,074	\$4,135	\$4,197	\$4,259
5	16	\$4,135	\$4,135	\$4,197	\$4,259	\$4,324
6	17	\$4,197	\$4,197	\$4,259	\$4,324	\$4,388
7	18	\$4,259	\$4,259	\$4,324	\$4,388	\$4,456
8	19	\$4,324	\$4,324	\$4,388	\$4,456	\$4,524
9	20	\$4,388	\$4,388	\$4,456	\$4,524	\$4,596
10	21	\$4,456	\$4,456	\$4,524	\$4,596	\$4,666
11	22	\$4,524	\$4,524	\$4,596	\$4,666	\$4,737
12	23	\$4,596	\$4,596	\$4,666	\$4,737	\$4,811
13	24	\$4,666	\$4,666	\$4,737	\$4,811	\$4,886
14	25	\$4,737	\$4,737	\$4,811	\$4,886	\$4,963
15	26	\$4,811	\$4,811	\$4,886	\$4,963	\$5,042
16	27	\$4,886	\$4,886	\$4,963	\$5,042	\$5,143
17	28	\$4,963	\$4,963	\$5,042	\$5,143	\$5,246
18	29	\$5,042	\$5,042	\$5,143	\$5,246	\$5,351
19	30	\$5,143	\$5,143	\$5,246	\$5,351	\$5,458
20	31	\$5,246	\$5,246	\$5,351	\$5,458	\$5,567
21	32	—	\$5,351	\$5,458	\$5,567	\$5,678
22	33	—	—	\$5,567	\$5,678	\$5,792
23	34	—	—	\$5,678	\$5,792	\$5,908
24	35	—	—	—	\$5,908	\$6,026
25	36	—	—	—	\$6,026	\$6,147
26	37	—	—	—	—	\$6,270

**2001-2002
PRINCIPAL AND ASSISTANT PRINCIPAL SALARY SCHEDULES**

CLASSIFICATION

Yrs of Exp	Prin V (44-54)	Prin VI (55-65)	Prin VII (66-100)	Prin VIII (101+)
14	\$4,259	—	—	—
15	\$4,324	—	—	—
16	\$4,388	\$4,456	—	—
17	\$4,456	\$4,524	\$4,666	—
18	\$4,524	\$4,596	\$4,737	\$4,811
19	\$4,596	\$4,666	\$4,811	\$4,886
20	\$4,666	\$4,737	\$4,886	\$4,963
21	\$4,737	\$4,811	\$4,963	\$5,042
22	\$4,811	\$4,886	\$5,042	\$5,143
23	\$4,886	\$4,963	\$5,143	\$5,246
24	\$4,963	\$5,042	\$5,246	\$5,351
25	\$5,042	\$5,143	\$5,351	\$5,458
26	\$5,143	\$5,246	\$5,458	\$5,567
27	\$5,246	\$5,351	\$5,567	\$5,678
28	\$5,351	\$5,458	\$5,678	\$5,792
29	\$5,458	\$5,567	\$5,792	\$5,908
30	\$5,567	\$5,678	\$5,908	\$6,026
31	\$5,678	\$5,792	\$6,026	\$6,147

1	32	\$5,792	\$5,908	\$6,147	\$6,270
2	33	\$5,908	\$6,026	\$6,270	\$6,395
3	34	\$6,026	\$6,147	\$6,395	\$6,523
4	35	\$6,147	\$6,270	\$6,523	\$6,653
5	36	\$6,270	\$6,395	\$6,653	\$6,786
6	37	\$6,395	\$6,523	\$6,786	\$6,922
7	38	\$6,523	\$6,653	\$6,922	\$7,060
8	39	—	\$6,786	\$7,060	\$7,201
9	40	—	\$6,922	\$7,201	\$7,345
10	41	—	—	\$7,345	\$7,492

SECTION 28.13.(c) The appropriate classification for placement of principals and assistant principals on the salary schedule, except for principals in alternative schools, shall be determined in accordance with the following schedule:

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

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

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

SECTION 28.13.(d) A principal shall be placed on the step on the salary schedule that reflects total number of years of experience as a certificated employee of the public schools and an additional step for every three years of experience as a principal. A principal or assistant principal shall also continue to receive any additional State-funded percentage increases earned for the 1997-1998, 1998-1999, and the 1999-2000 school year for improvement in student performance or maintaining a safe and orderly school.

SECTION 28.13.(e) Principals and assistant principals with certification based on academic preparation at the six-year degree level shall be paid a salary supplement of one hundred twenty-six dollars (\$126.00) per month and at the doctoral degree level shall be paid a salary supplement of two hundred fifty-three dollars (\$253.00) per month.

SECTION 28.13.(f) There shall be no State requirement that superintendents in each local school unit shall receive in State-paid salary at least one percent (1%) more than the highest paid principal receives in State salary in that school unit: Provided, however, the additional State-paid salary a superintendent who was employed by a local school administrative unit for the 1992-93 fiscal year received because of that requirement shall not be reduced because of this subsection for subsequent fiscal years that the superintendent is employed by that local school administrative unit so long as the superintendent is entitled to at least that amount of additional State-paid salary under the rules in effect for the 1992-93 fiscal year.

1 **SECTION 28.13.(g)** Longevity pay for principals and assistant principals
 2 shall be as provided for State employees under the State Personnel Act.

3 **SECTION 28.13.(h)**

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

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

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

19 **SECTION 28.13.(i)** Participants in an approved full-time Masters in School
 20 Administration program shall receive up to a 10-month stipend at the beginning salary
 21 of an assistant principal during the internship period of the masters program.
 22 Certification of eligible full-time interns shall be supplied to the Department of Public
 23 Instruction by the Principal Fellows Program or a school of education where the intern
 24 participates in a full-time Masters in School Administration.

25 **SECTION 28.13.(j)** During the 2001-2002 fiscal year, the placement on the
 26 salary schedule of an administrator with a one-year provisional assistant principal's
 27 certificate shall be at the entry-level salary for an assistant principal or the appropriate
 28 step on the teacher salary schedule, whichever is higher.

29
 30 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
 31 Oldham, Redwine, Thompson

32 **CENTRAL OFFICE SALARIES**

33 **SECTION 28.14.(a)** The monthly salary ranges that follow apply to
 34 assistant superintendents, associate superintendents, directors/coordinators, supervisors,
 35 and finance officers for the 2001-2002 fiscal year, beginning July 1, 2001. The top of
 36 these ranges shall be increased by six hundred twenty-five dollars (\$625.00) annually
 37 for full-time employees.

38 School Administrator I	\$2,932	\$5,214
39 School Administrator II	\$3,112	\$5,534
40 School Administrator III	\$3,303	\$5,873
41 School Administrator IV	\$3,436	\$6,110
42 School Administrator V	\$3,574	\$6,358
43 School Administrator VI	\$3,792	\$6,747
44 School Administrator VII	\$3,945	\$7,020

45 The local board of education shall determine the appropriate category and
 46 placement for each assistant superintendent, associate superintendent,
 47 director/coordinator, supervisor, or finance officer within the salary ranges and within
 48 funds appropriated by the General Assembly for central office administrators and
 49 superintendents. The category in which an employee is placed shall be included in the
 50 contract of any employee hired on or after July 1, 2001.

51 **SECTION 28.14.(b)** The monthly salary ranges that follow apply to public
 52 school superintendents for the 2001-2002 fiscal year, beginning July 1, 2001. The top

1 of these ranges shall be increased by six hundred twenty-five dollars (\$625.00) annually
2 for full-time employees.

3	Superintendent I	\$4,187	\$7,451
4	Superintendent II	\$4,445	\$7,904
5	Superintendent III	\$4,716	\$8,389
6	Superintendent IV	\$5,005	\$8,901
7	Superintendent V	\$5,312	\$9,447

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

12 Notwithstanding the provisions of this subsection, a local board of education
13 may pay an amount in excess of the applicable range to a superintendent who is entitled
14 to receive the higher amount under Section 28.13(f) of this act.

15 **SECTION 28.14.(c)** Longevity pay for superintendents, assistant
16 superintendents, associate superintendents, directors/coordinators, supervisors, and
17 finance officers shall be as provided for State employees under the State Personnel Act.

18 **SECTION 28.14.(d)** Superintendents, assistant superintendents, associate
19 superintendents, directors/coordinators, supervisors, and finance officers with
20 certification based on academic preparation at the six-year degree level shall receive a
21 salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to
22 the compensation provided for pursuant to this section. Superintendents, assistant
23 superintendents, associate superintendents, directors/coordinators, supervisors, and
24 finance officers with certification based on academic preparation at the doctoral degree
25 level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per
26 month in addition to the compensation provided for under this section.

27 **SECTION 28.14.(e)** The State Board of Education shall not permit local
28 school administrative units to transfer State funds from other funding categories for
29 salaries for public school central office administrators.

30 **SECTION 28.14.(f)** The Director of the Budget shall transfer from the
31 Reserve for Compensation Increases created in this act for fiscal year 2001-2002,
32 beginning July 1, 2001, funds necessary to provide an average annual salary increase of
33 six hundred twenty-five dollars (\$625.00), including funds for the employer's retirement
34 and social security contributions, commencing July 1, 2001, for all permanent full-time
35 personnel paid from the Central Office Allotment. The State Board of Education shall
36 allocate these funds to local school administrative units. The local boards of education
37 shall establish guidelines for providing their salary increases to these personnel.

38 **SECTION 28.14.(g)** The State Board of Education shall develop a new
39 formula for allocating to local school administrative units funds appropriated for
40 salaries for public school central office administrators for the 2002-2003 fiscal year.
41 This formula shall not include a permanent hold-harmless provision for local school
42 administrative units.

43
44 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
45 Oldham, Redwine, Thompson

46 **NONCERTIFIED PERSONNEL SALARIES**

47 **SECTION 28.15.(a)** The Director of the Budget may transfer from the
48 Reserve for Compensation Increases created in this act for fiscal year 2001-2002,
49 commencing July 1, 2001, funds necessary to provide a salary increase of six hundred
50 twenty-five dollars (\$625.00), including funds for the employer's retirement and social
51 security contributions, commencing July 1, 2001, for all noncertified public school
52 employees whose salaries are supported from the State's General Fund.

1 **SECTION 28.15.(b)** Local boards of education shall increase the rates of
2 pay for all such employees who were employed for all or part of fiscal year 2000-2001
3 and who continue their employment for fiscal year 2001-2002 by at least six hundred
4 twenty-five dollars (\$625.00), commencing July 1, 2001. For part-time employees, the
5 pay increase shall be pro rata based on the number of hours worked.

6 **SECTION 28.15.(c)** These funds shall not be used for any purpose other
7 than for the salary increases and necessary employer contributions provided by this
8 section.

9 **SECTION 28.15.(d)** The State Board of Education may adopt salary ranges
10 for noncertified personnel to support increases of six hundred twenty-five dollars
11 (\$625.00) for the 2001-2002 fiscal year.

12
13 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
14 Oldham, Redwine, Thompson

15 **HIGH SCHOOL EXIT EXAMS**

16 **SECTION 28.16.** Of the funds appropriated to State Aid to Local School
17 Administrative Units, the State Board of Education may use up to three million dollars
18 (\$3,000,000) for the 2001-2002 fiscal year to:

- 19 (1) Continue to develop a high school exit examination;
- 20 (2) Purchase equipment for scoring tests, including the new computer
21 adaptive exam for eligible students with disabilities; and
- 22 (3) Revise the reading and writing assessments.

23
24 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
25 Oldham, Redwine, Thompson

26 **FAIRNESS IN TESTING PROGRAM**

27 **SECTION 28.17.(a)** The State Board of Education shall provide the Joint
28 Legislative Education Oversight Committee with a detailed analysis of the current
29 resources allocated to meet the needs of all students subject to the Statewide Student
30 Accountability Standards, and in addition, shall submit recommendations regarding
31 other resources that would best assist students in meeting these new standards.

32 **SECTION 28.17.(b)** G.S. 115C-288(a) reads as rewritten:

33 "(a) To Grade and Classify Pupils. – The principal shall have authority to grade
34 and classify ~~pupils except a pupils~~. In determining the appropriate grade for a pupil who
35 is already attending a public school, the principal shall consider the pupil's classroom
36 work and grades, the pupil's scores on standardized tests, and the best educational
37 interests of the pupil. The principal shall not make the decision solely on the basis of
38 standardized test scores. If a principal's decision to retain a child in the same grade is
39 partially based on the pupil's scores on standardized tests, those test scores shall be
40 verified as accurate.

41 A principal shall not require additional testing of a student entering a public school
42 from a school governed under Article 39 of this Chapter if test scores from a nationally
43 standardized test or nationally standardized equivalent measure that are adequate to
44 determine the appropriate placement of the child are available."

45 **SECTION 28.17.(c)** G.S. 115C-47 is amended by adding a new subdivision
46 to read:

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

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

- 50 …
- 51 (39) To Provide a Right to Appeal the Decision to Retain a Child. – If local
52 board policy requires that a child be retained at a grade level or that a
53 child attend summer school, based on the child's standardized test

1 scores, that local policy shall also provide the child's parent or
2 guardian the right to appeal the decision to that local board. The right
3 to appeal shall provide, at a minimum, for clear notice of the parent's
4 rights, the right to have an advocate present at the hearing, the right to
5 ask questions of school officials, the right to obtain records and
6 information from the school, and the right to present information and
7 evidence on behalf of the child."

8 **SECTION 28.17.(d)** The State Board of Education shall study the benefits
9 of providing students' parents or guardians with copies of tests administered to their
10 children under the Statewide Testing Program. The Board shall also consider the costs
11 of maintaining the integrity and reliability of the tests if such a policy is implemented.
12 The Board shall report the results of this study to the Joint Legislative Education
13 Oversight Committee by March 31, 2002.

14 **SECTION 28.17.(e)** Part 3 of Article 8B of Chapter 115C of the General
15 Statutes is amended by adding the following new section to read:

16 "**§ 115C-105.41. Students who have been placed at risk of academic failure;**
17 **personal education plans.**

18 Local school administrative units shall identify students in all grades who have been
19 placed at risk for academic failure and implement a personal education plan for
20 academic improvement with focused intervention and performance benchmarks.
21 Identification shall occur as early as can reasonably be done and can be based on grades,
22 observations, State assessments, and other factors that impact student performance that
23 teachers and administrators consider appropriate, without having to await the results of
24 end-of-grade or end-of-course tests. At the beginning of the school year, a personal
25 education plan shall be developed for any student not performing at least at grade level,
26 as identified by the State end-of-grade test. Focused intervention and accelerated
27 activities should include research-based best practices that meet the needs of students
28 and may include coaching, mentoring, tutoring, summer school, Saturday school, and
29 extended days. Local school administrative units shall provide these activities and
30 transportation free of charge to students. Parents should be included in the
31 implementation and ongoing review of personal education plans."

32 **SECTION 28.17.(f)** G.S. 115C-174.12(a) reads as rewritten:

33 "(a) ~~The State Board of Education shall review the tests being administered~~
34 ~~through State and local testing programs and shall select the tests that it believes are~~
35 ~~necessary to provide the best measures of the levels of academic achievement attained~~
36 ~~by students in various subject areas. The State Board of Education shall also establish~~
37 ~~policies and guidelines necessary for minimizing the time students spend taking tests~~
38 ~~administered through State and local testing programs and for otherwise carrying out the~~
39 ~~provisions of this Article. The State Board of Education's policies regarding the testing~~
40 ~~of children with disabilities shall (i) provide broad accommodations and alternate~~
41 ~~methods of assessment that are consistent with a child's individualized education~~
42 ~~program and Section 504 plans, (ii) prohibit the use of statewide tests as the sole~~
43 ~~determinant of decisions about a child's graduation or promotion, and (iii) provide~~
44 ~~parents with information about the Statewide Testing Program and options for students~~
45 ~~with disabilities. The State Board shall report its proposed policies and proposed~~
46 ~~changes in policies to the Joint Legislative Education Oversight Committee prior to~~
47 ~~adoption."~~

48 **SECTION 28.17.(g)** Schools shall devote no more than two days of
49 instructional time per year to the taking of practice tests that do not have the primary
50 purpose of assessing current student learning.

51 **SECTION 28.17.(h)** Students in a local school shall not be subject to field
52 tests or national tests during the two-week period preceding the administration of the
53 end-of-grade tests, end-of-course tests, or the school's regularly scheduled final exams.

1 No school shall participate in more than two field tests at any one grade level during a
2 school year.

3 **SECTION 28.17.(i)** The Joint Legislative Education Oversight Committee
4 shall study the State's testing program. As part of this study, the Committee shall
5 consider:

- 6 (1) The number of tests currently mandated at the State level and the
7 process and cost of developing, validating, and scoring them.
- 8 (2) The extent to which the provisions of the Excellent Schools Act
9 regarding testing have been implemented, and this shall be reported to
10 the General Assembly. In determining whether the State should
11 consider the use of nationally developed tests as a substitute for State-
12 developed testing, the Committee shall consider the testing provisions
13 of the Excellent Schools Act. In particular, the Committee shall
14 determine whether this use would (i) affect the ABCs Program, (ii)
15 adequately measure student achievement and performance, (iii)
16 provide more than minimum levels of achievement, (iv) provide a
17 better comparison to student achievement and performance in other
18 states, (v) be practical for high school courses or higher level courses,
19 (vi) reduce the need for field testing, and (vii) offer any cost savings to
20 the State.
- 21 (3) The number of grades in which State tests are given. The Committee
22 shall determine the necessity for testing all grades in third through
23 eighth grades, whether a reduction in the grades tested would affect the
24 receipt of federal money, and the extent to which a reduction would
25 impair the State's ability to identify schools under the ABCs Program.
- 26 (4) The high school courses for which State tests are given and whether
27 there is an appropriate distribution of tests across grades nine through
28 12 and that test an appropriate array of the minimum courses required
29 for admission to the constituent institutions of The University of North
30 Carolina. In addition, the Committee shall examine whether students
31 who take higher level courses and students in 12th grade are held
32 accountable for their academic growth and performance.
- 33 (5) The advantages and disadvantages of using a composite of
34 end-of-course tests or other tests such as the SAT, AP tests, or other
35 nationally standardized tests in high school rather than developing a
36 high school exit exam. If the Committee finds a high school exit exam
37 is preferable, then it shall determine whether it must be administered to
38 all students or limited to certain students, for example, those who don't
39 take the SAT or a certain number of courses for which there are
40 end-of-course tests.
- 41 (6) The extent to which additional testing, including field testing, practice
42 testing, and locally mandated testing, is occurring and whether this
43 should be limited or prohibited.
- 44 (7) Any other issue the Committee considers relevant.

45 The Committee shall report its findings and any recommendations, including
46 recommended legislation, to the 2002 Regular Session of the 2001 General Assembly.

47 **SECTION 28.17.(j)** The State Board of Education shall develop and report
48 to the Joint Legislative Education Oversight Committee on its objectives for the
49 Statewide Testing Program and on the implementation of that Program. The report shall
50 include:

- 51 (1) A statement of the relationship between these objectives and the tests
52 currently administered under the Program;

- 1 (2) An analysis of whether the current tests appropriately achieve these
 2 objectives;
 3 (3) A statement of any actions that may be needed to coordinate the
 4 objectives and the tests more effectively; and
 5 (4) Strategies for communicating the objectives of the Program, the tests
 6 administered under the Program, and the relationship between these
 7 objectives and tests to principals, teachers, parents, and students
 8 throughout the State.

9 **SECTION 28.17.(k)** G.S. 115C-105.48 is amended by adding the following
 10 new subsection to read:

11 "(c) When a student is placed in an alternative school or an alternative learning
 12 program, the referring school shall continue to be held accountable under Part 3 of
 13 Article 8B of this Chapter for that student's educational performance and growth. The
 14 alternative school or school in which the alternative learning program is located may
 15 also be held accountable under Part 3 of Article 8B of this Chapter for that student's
 16 educational performance and growth."

17
 18 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
 19 Oldham, Redwine, Thompson

20 **PILOT PROGRAM AUTHORIZING THE USE OF MENTOR FUNDS FOR**
 21 **FULL-TIME MENTORS**

22 **SECTION 28.18.(a)** The State Board of Education shall establish a pilot
 23 program to permit the Charlotte-Mecklenburg School Administrative Unit, the Forsyth
 24 County School Administrative Unit, and the Wake County School Administrative Unit
 25 to use funds allocated for mentors for full-time mentors.

26 Funds allocated for mentors in these units shall be used only for teachers and
 27 instructional support personnel assigned to newly certified teachers, second-year
 28 teachers who were assigned mentors during the prior school year, or as authorized by
 29 Section 28.31 of this act, and entry-level instructional support personnel who have not
 30 previously been teachers. These funds shall be used only for:

- 31 (1) Salary supplements to teachers and instructional support personnel
 32 who are serving as mentors. The amount of the salary supplement shall
 33 not be based on the number of teachers or instructional support
 34 personnel to whom the mentor is assigned; or
 35 (2) Payments to teachers or instructional support personnel who are
 36 employed solely to serve as mentors. An individual employed solely to
 37 serve as a mentor shall receive a payment for each individual, up to 15
 38 individuals, to whom the mentor is assigned. The amount of each such
 39 payment shall be the same as the amount of the salary supplement for a
 40 mentor.

41 **SECTION 28.18.(b)** The Charlotte-Mecklenburg Board of Education, the
 42 Forsyth County Board of Education, and the Wake County Board of Education shall
 43 report to the State Board of Education on an annual basis on the impact that the mentor
 44 program has had on retention of teachers. The State Board shall report on this
 45 information to the Joint Legislative Education Oversight Committee.

46
 47 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
 48 Oldham, Redwine, Thompson

49 **ADDITIONAL SUPPORT FOR INITIALLY CERTIFIED TEACHERS**

50 **SECTION 28.19.** The State Board of Education shall modify the
 51 Performance-Based Licensure Program to provide additional support for initially
 52 certified teachers. Initially certified teachers shall receive up to three days of approved
 53 paid leave during their second year of employment to work on their performance-based

1 products or to consult with their mentors. If teachers have not successfully completed
2 the performance-based requirements by their third year of employment, the teachers
3 shall receive up to three days of approved paid leave to complete all requirements.
4 Teachers participating in the program shall take paid leave only with the approval of
5 their supervisors.

6
7 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
8 Oldham, Redwine, Thompson

9 **PHASE IN ADM REDUCTIONS DUE TO CHARTER SCHOOLS**

10 **SECTION 28.20.(a)** If a local school administrative unit experiences a loss
11 in projected average daily membership of greater than five percent (5%) due to the
12 opening of a new charter school within the unit, the State Board of Education may use
13 funds from the Reserve for Average Daily Membership Adjustments to assure that the
14 funding loss to the local school administrative unit does not exceed five percent (5%) in
15 the first fiscal year of the charter school's operation.

16 The State Board of Education shall phase out this special allotment in
17 subsequent fiscal years by decreasing the amount of the special allotment each year by
18 the amount of the prior year's funding loss.

19 **SECTION 28.20.(b)** A local school administrative unit that received funds
20 for the 2000-2001 fiscal year pursuant to Section 8.5 of S.L. 2000-67 to reduce the loss
21 of funds due to shifts of enrollment to charter schools shall continue to receive funds for
22 the 2001-2002 fiscal year in the amount of one hundred percent (100%) of the
23 2000-2001 allotment and for the 2002-2003 fiscal year in the amount of fifty percent
24 (50%) of the 2000-2001 allotment.

25
26 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
27 Oldham, Redwine, Thompson

28 **MEDICAID OUTREACH**

29 **SECTION 28.21.** If a claim for Medicaid outreach reimbursement that was
30 submitted by a local school administrative unit and paid by a federal agency is later
31 found by that agency to be inappropriate, the Department of Public Instruction shall
32 request that the federal agency offset the overpaid amount against the next quarterly
33 reimbursement due to the local school administrative unit. If the federal agency does
34 not allow the offset, the Department of Public Instruction shall request repayment from
35 the local school administrative unit, as provided for in agreements between the
36 Department of Public Instruction and the local school administrative unit or, in the case
37 of a local interagency agreement, agreements among local school administrative units.
38 If the local school administrative unit that received the overpayment fails to repay the
39 overpaid moneys within the time permitted under such agreements, the Department of
40 Public Instruction may withhold the overpaid amount from State funds allocated for the
41 central office of the local school administrative unit.

42
43 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
44 Oldham, Redwine, Thompson

45 **FUNDS FOR NONINSTRUCTIONAL SUPPORT PERSONNEL MAY BE USED**
46 **FOR STAFF DEVELOPMENT**

47 **SECTION 28.22.** G.S. 115C-105.25(b) reads as rewritten:

48 "(b) Subject to the following limitations, local boards of education may transfer
49 and may approve transfers of funds between funding allotment categories:

50 (1) In accordance with a school improvement plan accepted under G.S.
51 115C-105.27, State funds allocated for teacher assistants may be
52 transferred only for personnel (i) to serve students only in kindergarten
53 through third grade, or (ii) to serve students primarily in kindergarten

1 through third grade when the personnel are assigned to an elementary
 2 school to serve the whole school. Funds allocated for teacher assistants
 3 may be transferred to reduce class size or to reduce the student-teacher
 4 ratio in kindergarten through third grade so long as the affected teacher
 5 assistant positions are not filled when the plan is amended or approved
 6 by the building-level staff entitled to vote on the plan or the affected
 7 teacher assistant positions are not expected to be filled on the date the
 8 plan is to be implemented. Any State funds appropriated for teacher
 9 assistants that were converted to certificated teachers before July 1,
 10 1995, in accordance with Section 1 of Chapter 986 of the 1991 Session
 11 Laws, as rewritten by Chapter 103 of the 1993 Session Laws, may
 12 continue to be used for certificated teachers.

- 13 (2) In accordance with a school improvement plan accepted under G.S.
 14 115C-105.27, (i) State funds allocated for classroom
 15 materials/instructional supplies/equipment may be transferred only for
 16 the purchase of textbooks; (ii) State funds allocated for textbooks may
 17 be transferred only for the purchase of instructional supplies,
 18 instructional equipment, or other classroom materials; and (iii) State
 19 funds allocated for noninstructional support personnel may be
 20 transferred only for teacher positions.
- 21 (2a) Up to three percent (3%) of State funds allocated for noninstructional
 22 support personnel may be transferred for staff development.
- 23 (3) No funds shall be transferred into the central office allotment category.
 24 (4) Funds allocated for children with special needs, for students with
 25 limited English proficiency, and for driver's education shall not be
 26 transferred.
- 27 (5) Funds allocated for classroom teachers may be transferred only for
 28 teachers of exceptional children, for teachers of at-risk students, and
 29 for authorized purposes under the textbooks allotment category and the
 30 classroom materials/instructional supplies/equipment allotment
 31 category.
- 32 (6) Funds allocated for vocational education may be transferred only in
 33 accordance with any rules that the State Board of Education considers
 34 appropriate to ensure compliance with federal regulations.
- 35 (7) Funds allocated for career development shall be used in accordance
 36 with Section 17.3 of Chapter 324 of the 1995 Session Laws.
- 37 (8) Funds allocated for academically or intellectually gifted students may
 38 be used only (i) for academically or intellectually gifted students; (ii)
 39 to implement the plan developed under G.S. 115C-150.7; or (iii) in
 40 accordance with an accepted school improvement plan, for any
 41 purpose so long as that school demonstrates it is providing appropriate
 42 services to academically or intellectually gifted students assigned to
 43 that school in accordance with the local plan developed under G.S.
 44 115C-150.7.
- 45 (9) Funds allocated in the Alternative Schools/At-Risk Student allotment
 46 shall be spent only for alternative learning programs, at-risk students,
 47 and school safety programs."
 48

49 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
 50 Oldham, Redwine, Thompson

51 STUDY TEXTBOOK DISTRIBUTION SYSTEM

52 **SECTION 28.24.** The State Board of Education shall contract for an
 53 analysis of the best and most efficient method to manage textbook distribution to the

1 local schools. The Board shall prepare a Request for Proposals (RFP) outlining the
 2 scope of the analysis required and select a private consultant to perform the analysis.
 3 The analysis shall include such issues as the advisability of eliminating or restructuring
 4 the Textbook Commission to improve local control of textbooks, ways to minimize
 5 errors in textbooks, timely delivery of textbooks to schools, total costs to the local
 6 school systems of providing textbooks to school buildings, use of currently available
 7 technology in the process, pricing practices among the textbook publishing industry,
 8 and other issues the Board considers relevant to a comprehensive review of the system.

9 Prior to award of a contract, the State Board shall present the Request for
 10 Proposals to the Joint Legislative Education Oversight Committee for comment. The
 11 State Board shall report to the Joint Legislative Education Oversight Committee on the
 12 results of the consultant's analysis, including the Board's recommendations for changes
 13 in the current system. The Board shall make its final report to the Committee by April 1,
 14 2002.

15
 16 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
 17 Oldham, Redwine, Thompson

18 **ABOLISH THE NORTH CAROLINA STANDARDS BOARD FOR PUBLIC**
 19 **SCHOOL ADMINISTRATION**

20 **SECTION 28.25.(a)** G.S. 115C-290.2 reads as rewritten:

21 **"§ 115C-290.2. Definitions.**

22 The following definitions apply in this Article:

- 23 (1) Repealed by Session Laws 1995, c. 116, s. 1.
- 24 (2) Exam. – The North Carolina Public School Administrator Exam.
- 25 (3) School administrator. – Public school superintendents, deputy
 26 superintendents, associate superintendents, assistant superintendents,
 27 principals, and assistant principals.
- 28 (4) ~~Standards Board. – The North Carolina Standards Board for Public~~
 29 ~~School Administration."~~

30 **SECTION 28.25.(b)** G.S. 115C-290.3 is repealed.

31 **SECTION 28.25.(c)** G.S. 115C-290.4 is repealed.

32 **SECTION 28.25.(d)** G.S. 115C-290.5 reads as rewritten:

33 **"§ 115C-290.5. Powers and duties of the Board; development of the North**
 34 **Carolina Public School Administrator Exam.**

35 (a) ~~The Standards Board~~ State Board of Education shall administer this Article.
 36 In fulfilling this duty, the ~~Standards Board~~ shall:

- 37 (1) In accordance with subsection (c) of this section, develop and
 38 implement a North Carolina Public School Administrator Exam, based
 39 on the professional standards established by the Standards
 40 Board Exam.
- 41 (2) Establish and collect an application fee not to exceed fifty dollars
 42 (\$50.00). Fees collected under this Article shall be credited to the
 43 General Fund as nontax revenue.
- 44 (3) Review the educational achievements of an applicant to take the exam
 45 to determine whether the achievements meet the requirements set by
 46 G.S. 115C-290.7.
- 47 (4) ~~Notify the State Board of Education of the names and addresses of the~~
 48 ~~persons who passed the exam and are thereby recommended to be~~
 49 ~~certified as public school administrators by the State Board of~~
 50 ~~Education.~~
- 51 (5) Maintain accounts and records in accordance with the Executive
 52 Budget Act, Article 1 of Chapter 143 of the General Statutes.

- 1 (6) Adopt rules in accordance with Chapter 150B of the General Statutes
2 to implement this Article.
- 3 (7) ~~Submit an annual report by December 1 of each year to the Joint~~
4 ~~Legislative Education Oversight Committee of its activities during the~~
5 ~~preceding year, together with any recommendations and findings~~
6 ~~regarding improvement of the profession of public school~~
7 ~~administration.~~

8 (b) ~~The Board may adopt a seal and affix it to any documents issued by the~~
9 ~~Board.~~

10 (c) ~~The Standards Board shall submit its proposed exam to the State Board. The~~
11 ~~State Board shall adopt or reject the proposal. The State Board shall not make any~~
12 ~~substantive changes to any exam that it adopts. If the State Board rejects the proposal, it~~
13 ~~shall state with specificity its reasons for rejection; the Standards Board then may~~
14 ~~prepare another proposed exam and submit it to the State Board. If the State Board~~
15 ~~rejects the proposed exam on its second submission, the State Board may develop and~~
16 ~~adopt an exam by December 1, 1997. The General Assembly urges the State Board to~~
17 ~~utilize the Standards Board's proposed exam to the maximum extent that it is consistent~~
18 ~~with the State Board's policies if the State Board develops and adopts an exam. After an~~
19 ~~exam has been adopted, the Standards Board may submit suggested changes to the State~~
20 ~~Board for its approval."~~

21 **SECTION 28.25.(e)** G.S. 115C-290.6 reads as rewritten:

22 **"§ 115C-290.6. Application to the Standards Board, State Board of Education.**

23 An individual who seeks to be recommended by the Standards Board for
24 certification by the State Board of Education, shall file a written application with the
25 Standards Board. The application must be on a form provided by the Standards Board,
26 must State Board of Education. The application shall be accompanied by the required
27 application and exam fees established by the Standards Board, and must and shall
28 include any information required by the Standards Board."

29 **SECTION 28.25.(f)** G.S. 115C-290.7 reads as rewritten:

30 **"§ 115C-290.7. Recommendation by the Standards Board, Qualifications for**
31 **certification.**

32 (a) ~~The Standards Board shall for certification by the State Board an individual~~
33 ~~who submits a complete application to the Standards Board and satisfies all of the~~
34 ~~following requirements:~~

35 (1) ~~Pays the application fee established by the Standards Board.~~

36 (2) ~~Repealed by Session Laws 1998-16, s. 1.~~

37 (3) ~~Has~~

38 (b) To qualify for certification as a school administrator, an individual must:

39 (1) Submit a complete application to the State Board.

40 (2) Pay the applicable fee.

41 (3) Have a bachelors bachelors degree from an accredited college or
42 accredited university and (i) has university.

43 (4) Either (i) have a graduate degree from a public school administration
44 program that meets the public school administrator program approval
45 standards set by the State Board of Education, or (ii) has have a
46 masters degree from an accredited college or accredited university and
47 has have completed by December 31, 1999, a public school
48 administration program that meets the public school administration
49 approval standards set by the State Board of Education. Education, and

50 (4) ~~Passes~~

51 (5) Pass the exam adopted by the State Board.

52 (b) ~~The State Board of Education may not certify an individual as a public school~~
53 ~~administrator unless it has received notice from the Standards Board that the person is~~

1 ~~recommended by the Standards Board under this Article.~~ The State Board may
2 designate initial certification as a ~~license~~; advanced license. Advanced training may be
3 designated as a certified area of practice."

4 **SECTION 28.25.(g)** G.S. 115C-290.8 reads as rewritten:

5 **"§ 115C-290.8. Exemptions from requirements.**

6 (a) The requirements of this Article do not apply to a person who, at any time
7 during the five years preceding January 1, 1998, obtained or renewed a State
8 administrator/supervisor certificate.

9 (b) The State Board may adopt policies governing the requirements for the
10 certification of individuals who hold a certificate issued in any other state that
11 authorizes them to be employed as school administrators in that state. These policies
12 may exempt some or all of these individuals from the requirements of this Article.

13 (c) A person who is exempt from the requirements of this Article but ~~applies to~~
14 ~~the Standards Board~~ for certification under this Article shall be subject to the Article."

15
16 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
17 Oldham, Redwine, Thompson

18 **GUIDELINES FOR CHARTER SCHOOL AVAILABILITY AND**
19 **ENROLLMENT**

20 **SECTION 28.26.(a)** G.S. 115C-238.29D(b) reads as rewritten:

21 "(b) The State Board shall authorize no more than five charter schools per year in
22 one local school administrative unit. The State Board shall authorize no more than ~~100~~
23 125 charter schools statewide. If more than five charter schools in one local school
24 administrative unit or more than ~~100-125~~ schools statewide meet the standards for final
25 approval, the State Board shall give priority to applications that are most likely to
26 further State education policies and to strengthen the educational program offered in the
27 local school administrative units in which they are located."

28 **SECTION 28.26.(b)** G.S. 115C-238.29D(d) reads as rewritten:

29 "(d) The State Board of Education may grant the initial charter for a period not to
30 exceed five years and may renew the charter upon the request of the chartering entity
31 for subsequent periods not to exceed five years each. A material revision of the
32 provisions of a charter application shall be made only upon the approval of the State
33 Board of Education. ~~Beginning with the charter school's second year of operation and~~
34 ~~annually thereafter, the State Board shall allow a charter school to increase its~~
35 ~~enrollment by ten percent (10%) of the school's previous year's enrollment or as is~~
36 ~~otherwise provided in the charter. This enrollment growth shall not be considered a~~
37 ~~material revision of the charter application and shall not require the prior approval of the~~
38 ~~State Board.~~

39 ~~An enrollment growth of greater than ten percent (10%) shall be considered a~~
40 ~~material revision of the charter application. The State Board may approve an enrollment~~
41 ~~growth of greater than ten percent (10%) only if the State Board finds that:~~

42 It shall not be considered a material revision of a charter application and shall not
43 require the prior approval of the State Board for a charter school to increase its
44 enrollment during the charter school's second year of operation and annually thereafter
45 (i) by up to ten percent (10%) of the school's previous year's enrollment or (ii) in
46 accordance with planned growth as authorized in the charter. Other enrollment growth
47 shall be considered a material revision of the charter application, and the State Board
48 may approve such additional enrollment growth of greater than ten percent (10%) only
49 if the State Board finds that:

- 50 (1) The actual enrollment of the charter school is within ten percent (10%)
51 of its maximum authorized enrollment;
52 (2) The charter school has commitments for ninety percent (90%) of the
53 requested maximum growth;

- 1 (3) The board of education of the local school administrative unit in which
 2 the charter school is located has had an opportunity to be heard by the
 3 State Board of Education on any adverse impact the proposed growth
 4 would have on the unit's ability to provide a sound basic education to
 5 its students;
 6 (4) The charter school is not currently identified as low-performing;
 7 (5) The charter school meets generally accepted standards of fiscal
 8 management; and
 9 (6) It is otherwise appropriate to approve the enrollment growth."

10 **SECTION 28.26.(c)** Funds are appropriated in Section 2.1 of this act for
 11 Appropriations to Non-public School Agencies. Of these funds, the State Board of
 12 Education shall transfer from the funds available for the Total Quality Education
 13 Program to the Charter School Reserve the sum of two hundred fifty thousand dollars
 14 (\$250,000) for the 2001-2002 fiscal year and the sum of two hundred fifty thousand
 15 dollars (\$250,000) for the 2002-2003 fiscal year. These funds shall be used to
 16 implement subsection (a) of this section.

17
 18 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
 19 Oldham, Redwine, Thompson

20 **CHARTER SCHOOL ADVISORY COMMITTEE/CHARTER SCHOOL**
 21 **EVALUATION**

22 **SECTION 28.27.** The State Board of Education may spend up to fifty
 23 thousand dollars (\$50,000) a year from State Aid to Local School Administrative Units
 24 for the 2001-2002 and 2002-2003 fiscal years to continue support of a charter school
 25 advisory committee and to continue to evaluate charter schools.

26
 27 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
 28 Oldham, Redwine, Thompson

29 **TEACHER ACADEMY**

30 **SECTION 28.28.(a)** G.S. 116-30.01(a) reads as rewritten:

31 "(a) The North Carolina Teacher Academy Board of Trustees shall establish a
 32 statewide network of high quality, integrated, comprehensive, collaborative, and
 33 substantial professional development for teachers, which shall be provided through
 34 summer programs. This network shall include professional development programs that
 35 focus on teaching strategies for teachers assigned to at-risk schools."

36 **SECTION 28.28.(b)** The State Board of Education shall specify professional
 37 development programs for teachers assigned to smaller classes in kindergarten through
 38 fifth grade. The Teacher Academy shall use at least ten percent (10%) of its budget for
 39 the 2001-2002 fiscal year to deliver these programs to teachers.

40
 41 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
 42 Oldham, Redwine

43 **MODIFY LAW REGARDING CHILDREN WITH DISABILITIES**

44 **SECTION 28.29.(a)** Part 5 of Article 9 of Chapter 115C of the General
 45 Statutes reads as rewritten:

46 "Part 5. Council on Educational Services for Exceptional Children.

47 "**§ 115C-121. Establishment; organization; powers and duties.**

48 (a) There is hereby established an Advisory Council to the State Board of
 49 Education to be called the Council on Educational Services for Exceptional Children.

50 (b) The Council shall consist of 23 members to be appointed as follows: ~~five~~ four
 51 ex officio members; two members one individual with a disability and one
 52 representative of a private school appointed by the Governor; two members one member
 53 of the Senate and one parent of a child with a disability appointed by the President Pro

1 Tempore; ~~two members~~ one member of the House of Representatives and one parent of
2 a child with a disability appointed by the Speaker of the House; and ~~12~~ 13 members
3 appointed by the State Board of Education. ~~Of those members of the Council appointed~~
4 ~~by the State Board one member shall be selected from each congressional district within~~
5 ~~the State, and the members so selected shall be composed of at least one person~~
6 ~~representing each of the following: handicapped individuals, parents or guardians of~~
7 ~~children with special needs, teachers of children with special needs, and State and local~~
8 ~~education officials and administrators of programs for children with special needs. The~~
9 ~~State Board shall appoint members who represent individuals with disabilities, teachers,~~
10 ~~local school administrative units, institutions of higher education that prepare special~~
11 ~~education and related services personnel, administrators of programs for children with~~
12 ~~disabilities, charter schools, parents of children with disabilities, and vocational,~~
13 ~~community, or business organizations concerned with the provision of transition~~
14 ~~services. The majority of members on the Council shall be individuals with disabilities~~
15 ~~or parents of children with disabilities. The Council shall designate a chairperson from~~
16 ~~among its members. The designation of the chairperson is subject to the approval of the~~
17 ~~State Board of Education. The board shall promulgate rules or regulations~~ The Board
18 shall adopt rules to carry out this subsection.

19 Ex officio members of the Council shall be the following:

- 20 (1) The Secretary of ~~the Department of Health and Human Services or the~~
21 ~~Secretary's designee; designee.~~
- 22 (1a)(2) ~~A representative of the Department~~ The Secretary of Juvenile
23 Justice and Delinquency Prevention, appointed by the Governor;
24 Prevention or the Secretary's designee.
- 25 (2)(3) ~~The Secretary of the Department of Correction or the Secretary's~~
26 ~~designee; designee.~~
- 27 (3) ~~A representative from The University of North Carolina Planning~~
28 ~~Consortium for Children with Special Needs; and~~
- 29 (4) The Superintendent of Public Instruction or the Superintendent's
30 designee.

31 The term of appointment for all members except those appointed by the State Board
32 of Education ~~shall be for~~ is two years. The term for members appointed by the State
33 Board of Education ~~shall be for~~ is four years. No person shall serve more than two
34 consecutive four-year terms. ~~The initial term of office of the person appointed from the~~
35 ~~12th Congressional District shall commence on January 3, 1993, and expire on June 30,~~
36 ~~1996.~~

37 Each Council member shall serve without pay, but shall receive travel allowances
38 and per diem in the same amount provided for members of the North Carolina General
39 Assembly.

40 (c) The Council shall meet in offices provided by the Department of Public
41 Instruction on a date to be agreed upon by the members of the Council from meeting to
42 ~~meeting; Provided, however, that the meeting.~~ The Council shall meet no less than once
43 every three months. The Department of Public Instruction shall provide the necessary
44 secretarial and clerical staff and supplies to accomplish the objectives of the Council.

45 (d) ~~The duties of the Council shall be to:~~ Council shall:

- 46 (1) Advise the Board with respect to unmet needs within the State in the
47 education of children with special needs, ~~as defined in this Chapter.~~
48 disabilities.
- 49 (2) Comment publicly on rules and regulations rules, policies, and
50 procedures proposed for issuance by the Board regarding special
51 education and related services and the procedures for issuing State and
52 federal funds for special education and related services. the education
53 of children with disabilities.

- 1 (3) ~~Assist the Board in developing and reporting such data and evaluations~~
 2 ~~as may assist the Commissioner of Education in the performance of his~~
 3 ~~duties under Part B, Education of the Handicapped Act, as amended by~~
 4 ~~Public Law 94-142. evaluations and reporting on data to the Secretary~~
 5 ~~of Education under the federal Individuals with Disabilities Education~~
 6 ~~Act (IDEA), as amended.~~
 7 (4) ~~Comment publicly on State special education plans developed~~
 8 ~~pursuant to Public Law 94-142 and State law. Advise the State Board~~
 9 ~~in developing corrective action plans to address findings identified in~~
 10 ~~federal monitoring reports required under the federal Individuals with~~
 11 ~~Disabilities Education Act (IDEA), as amended.~~
 12 (5) Advise the State Board in developing and implementing policies
 13 relating to the coordination of services for children with disabilities.
 14 (6) Carry out any other responsibility as designated by federal law or the
 15 State Board."

16 **SECTION 28.29.(b)** The Joint Legislative Education Oversight Committee,
 17 in consultation with the Department of Public Instruction, shall examine the State laws
 18 governing special education and related services for children with disabilities to identify
 19 and recommend statutory changes needed to bring State law in conformity with recent
 20 changes in the federal Individuals with Disabilities Education Act (IDEA). The
 21 Committee shall report to the 2002 Regular Session of the 2001 General Assembly on
 22 its recommended changes.
 23

24 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
 25 Oldham, Redwine, Thompson

26 CLOSING THE ACHIEVEMENT GAP

27 **SECTION 28.30.(a)** G.S. 115C-105.35 reads as rewritten:

28 "**§ 115C-105.35. Annual performance goals.**

29 The School-Based Management and Accountability Program shall (i) focus on
 30 preparing children to read at grade level and to enjoy reading before they enter second
 31 grade, (ii) focus on student performance in the basics of reading, mathematics, and
 32 communications skills in elementary and middle schools, ~~(ii)~~ (iii) focus on student
 33 performance in courses required for graduation and on other measures required by the
 34 State Board in the high schools, and ~~(iii)~~ (iv) hold schools accountable for the
 35 educational growth of their students. To those ends, the State Board shall design and
 36 implement an accountability system that sets annual performance standards for each
 37 school in the State in order to measure the growth in performance of the students in each
 38 individual school. For purposes of this Article, beginning school year 2002-2003, the
 39 Board shall include a 'closing the achievement gap' component in its measurement of
 40 educational growth in student performance for each school. The 'closing the
 41 achievement gap' component shall measure and compare the performance of each
 42 subgroup in a school's population to ensure that all subgroups are meeting State
 43 standards."

44 **SECTION 28.30.(b)** The State Board of Education shall report its plan to
 45 include measurement of "closing the achievement gap" in educational growth in student
 46 performance for each school to the Joint Legislative Education Oversight Committee by
 47 September 1, 2001.

48 **SECTION 28.30.(c)** G.S. 115C-105.20(a) reads as rewritten:

49 "(a) The General Assembly believes that all children can learn. It is the intent of
 50 the General Assembly that the mission of the public school community is to challenge
 51 with high expectations each child to learn, to achieve, and to fulfill his or her potential.
 52 To accomplish that mission, the public schools must prepare children to read at grade
 53 level and to enjoy reading before they enter second grade. With ~~that mission~~ these facts

1 as its guide, the State Board of Education shall develop a School-Based Management
2 and Accountability Program. The primary goal of the Program shall be to improve
3 student performance."

4 **SECTION 28.30.(d)** G.S. 115C-105.27 is amended by adding a new
5 subdivision to read:

6 "(1a) Shall, if the school is an elementary school or other school that serves
7 students in kindergarten or first grade, include a plan for ensuring that
8 all children are prepared to read at grade level and to enjoy reading
9 before they enter second grade. This plan shall include the use of
10 assessment instruments to monitor students' progress in learning to
11 read."

12 **SECTION 28.30.(e)** Chapter 115C of the General Statutes is amended by
13 adding a new section to read:

14 **"§ 115C-105.37. Identification of schools in which kindergarten and first grade**
15 **students are not being adequately prepared to read.**

16 (a) The State Board of Education shall design and implement a procedure to
17 identify, on an annual basis, schools in which kindergarten and first grade students are
18 not being adequately prepared to read and do not enjoy reading when they enter the
19 second grade. Such schools are those at which more than five percent (5%) of the
20 kindergarten students are not performing at grade level on assessments of readiness to
21 read and/or first grade students are not performing at grade level on reading
22 assessments.

23 (b) By July 10 of each year, each local school administrative unit shall do a
24 preliminary analysis of assessment results to determine which of its schools the State
25 Board may identify under this section, and whether any teachers are particularly
26 effective or ineffective at teaching reading.

27 (c) Whenever a child is identified as making less than normal progress in
28 reading, the parents or guardians shall be promptly notified of the specific need and the
29 school's plan to address that need."

30 **SECTION 28.30.(f)** G.S. 115C-12 is amended by adding a new subdivision
31 to read:

32 **"§ 115C-12. Powers and duties of the Board generally.**

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

38
39 ... (30) Duty to Adopt Model Guidelines and Policies for the Establishment of
40 Local Task Forces on Closing the Academic Achievement Gap. – The
41 State Board shall adopt a Model for local school administrative units to
42 use as a guideline to establish local task forces on closing the academic
43 achievement gap at the discretion of the local board. The purpose of
44 each task force is to advise and work with its local board of education
45 and administration on closing the gap in academic achievement and on
46 developing a collaborative plan for achieving that goal. The State
47 Board shall consider the recommendations of the Commission on
48 Improving the Academic Achievement of Minority and At-Risk
49 Students to the 2001 Session of the General Assembly in establishing
50 its guidelines."

51 **SECTION 28.30.(g)** G.S. 115C-12(27) reads as rewritten:

52 **"§ 115C-12. Powers and duties of the Board generally.**

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

6
 7 ~~(27) Reporting Dropout Rates and Expelled Students.~~ Rates, Suspensions,
 8 Expulsions, and Alternative Placements. – The State Board shall report
 9 annually to the Joint Legislative Education Oversight Committee and
 10 the Commission on Improving the Academic Achievement of Minority
 11 and At-Risk Students on the numbers of students who have dropped
 12 out of school, been suspended, been expelled, or been placed in an
 13 alternative program. The data shall be reported in a disaggregated
 14 manner and be readily available to the public. The State Board shall
 15 not include students that have been expelled from school when
 16 calculating the dropout rate. The Board shall maintain a separate
 17 record of the number of students who are expelled from school."

18 **SECTION 28.30.(h)** Section 15.1(b) of S.L. 1999-395 reads as rewritten:

19 "(b) Initial appointments to the Commission shall be made before September 15,
 20 1999. The first meeting of the Commission shall be held no later than October 15, 1999.
 21 Terms on the Commission are for two years and begin on the convening of the General
 22 Assembly in each odd-numbered year. Members may complete a term of service on the
 23 Commission even if they do not seek reelection or are not reelected to the General
 24 Assembly, but resignation or removal from service in the General Assembly constitutes
 25 resignation or removal from service on the Commission."

26 **SECTION 28.30.(i)** Section 15.5 of S.L. 1999-395 reads as rewritten:

27 "Section 15.5. ~~The Commission shall make an interim report of its findings and~~
 28 ~~recommendations to the General Assembly not later than the convening of the 2000~~
 29 ~~Regular Session of the 1999 General Assembly. The Commission shall submit to the~~
 30 ~~General Assembly a final report of its findings and recommendations of this study not~~
 31 ~~later than the convening of the 2001 General Assembly. The Commission shall make an~~
 32 interim report to the Joint Legislative Education Oversight Committee and to the
 33 General Assembly by April 1, 2002. The Commission shall submit a final report of its
 34 findings and recommendations to the Joint Legislative Education Oversight Committee
 35 and to the General Assembly by January 10, 2003. Upon filing its final report, the
 36 Commission shall terminate."

37 **SECTION 28.30.(j)** The Commission, as reauthorized under this section,
 38 shall, in addition to its other responsibilities, determine the extent to which additional
 39 fiscal resources are needed to close the academic achievement gap and keep it closed.
 40 The Commission shall report its findings under this subsection to the 2002 Regular
 41 Session of the 2001 General Assembly.

42
 43 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
 44 Oldham, Redwine, Thompson

45 **CLARIFY LAW REGARDING MENTORS FOR SECOND-YEAR TEACHERS**

46 **SECTION 28.31.** State funds appropriated to provide mentors for teachers
 47 during their second year of teaching may be used to provide mentors for teachers whose
 48 first year of teaching was in a public school in North Carolina, a public school in
 49 another state, a private school, or a charter school.

50
 51 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
 52 Oldham, Redwine, Thompson

1 **FUNDS FOR THE TESTING AND IMPLEMENTATION OF THE NEW**
2 **STUDENT INFORMATION SYSTEM**

3 **SECTION 28.32.** The State Board of Education may transfer up to one
4 million dollars (\$1,000,000) in funds appropriated for the Uniform Education Reporting
5 System for the 2001-2002 fiscal year to the Department of Public Instruction to lease or
6 purchase equipment necessary for the testing and implementation of NC WISE, the new
7 student information system in the public schools.
8

9 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
10 Oldham, Redwine, Thompson

11 **EXPENDITURE OF FUNDS TO IMPROVE STUDENT ACCOUNTABILITY**

12 **SECTION 28.33.(a)** Funds appropriated for the 2001-2002 fiscal year and
13 the 2002-2003 fiscal year for Student Accountability Standards shall be used to assist
14 students in performing at or above grade level in reading and mathematics in grades 3-8
15 as measured by the State's end-of-grade tests. The State Board of Education shall
16 allocate these funds to local school administrative units based on the number of students
17 who score at Level I or Level II on either reading or mathematics end-of-grade tests in
18 grades 3-8. Funds in this allocation category shall be used to improve the academic
19 performance of (i) students who are performing at Level I or II on either reading or
20 mathematics end-of-grade tests in grades 3-8 and (ii) students who are performing at
21 Level I or II on the writing tests in grades 4 and 7. These funds may also be used to
22 improve the academic performance of students who are performing at Level I or II on
23 the high school end-of-course tests. These funds shall not be transferred to other
24 allocation categories or otherwise used for other purposes. Except as otherwise
25 provided by law, local boards of education may transfer other funds available to them
26 into this allocation category.

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

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

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

36 These funds shall be allocated to local school administrative units for the
37 2001-2002 fiscal year within 30 days of the date this act becomes law.

38 **SECTION 28.33.(b)** Funds appropriated for Student Accountability
39 Standards shall not revert at the end of each fiscal year but shall remain available for
40 expenditure until August 31 of the subsequent fiscal year.
41

42 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
43 Oldham, Redwine, Thompson

44 **STUDY THE SALARIES OF SCHOOL FOOD SERVICE WORKERS AND**
45 **CUSTODIANS**

46 **SECTION 28.34.** The Joint Legislative Education Oversight Committee
47 shall study the salaries of food service workers and custodians employed by the public
48 schools. The Committee shall report its findings to the 2002 Regular Session of the
49 2001 General Assembly.
50

51 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
52 Oldham, Redwine, Thompson

53 **CHARACTER EDUCATION**

1 **SECTION 28.36.** The State Board of Education shall use funds appropriated
2 in this act for character education to develop a model character education curriculum for
3 the public schools. The Board may contract with an outside consultant to implement the
4 provisions of this act.

5
6 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
7 Oldham, Redwine, Thompson

8 **STUDY OF SALARY DIFFERENTIALS FOR INSTRUCTIONAL PERSONNEL**
9 **AND FOR INSTRUCTIONAL SUPPORT PERSONNEL**

10 **SECTION 28.37.(a)** The Joint Legislative Education Oversight Committee
11 shall study salary differentials for instructional personnel. In the course of the study, the
12 Committee shall consider the correlation between student performance and salary
13 differentials in the current teacher compensation system, including differentials based
14 on degrees, national certification, and years of service. The Committee shall report its
15 findings and recommendations to the 2002 Regular Session of the 2001 General
16 Assembly.

17 **SECTION 28.37.(b)** The Joint Legislative Education Oversight Committee
18 shall study salary differentials for instructional support personnel. In the course of the
19 study, the Committee shall consider salary differentials based on degrees and other
20 educational credentials, licensure or certification by State agencies, licensure or
21 certification by private entities, and other factors. The Committee shall report its
22 findings and recommendations to the 2002 Regular Session of the 2001 General
23 Assembly.

24
25 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
26 Oldham, Redwine, Thompson

27 **FLEXIBILITY TO IMPLEMENT BASE BUDGET REDUCTION**

28 **SECTION 28.38.** Notwithstanding any other provision of law, the
29 Department of Public Instruction may use salary reserve funds and other funds in the
30 Department's continuation budget to transfer and reclassify positions as necessary to
31 implement the base budget reductions for the 2001-2003 fiscal biennium.

32
33 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
34 Oldham, Redwine, Thompson

35 **NC WISEOWL WEB SITE**

36 **SECTION 28.40.(a)** The Department of Public Instruction shall use funds
37 appropriated to continue the subscriptions currently available on the Department's NC
38 WISEOWL web site for the 2001-2002 fiscal year. The Department of Public
39 Instruction shall work collaboratively with the Department of Cultural Resources' NC
40 LIVE Program to most efficiently use the funds appropriated and to facilitate the
41 process of accessing the subscriptions through the NC LIVE web site effective in fiscal
42 year 2002-2003.

43 **SECTION 28.40.(b)** The Department of Public Instruction and the
44 Department of Cultural Resources shall report the results of their collaboration and
45 recommendations to the Joint Information Technology Appropriations Subcommittee by
46 March 15, 2002. The Joint Information Technology Appropriations Subcommittee shall
47 review all North Carolina State Government Internet sites that are designed for children
48 and consider if the consolidation of resources or access is appropriate.

49
50 Requested by: Representative Russell, Easterling, Oldham, Redwine, Thompson

51 **OVERTIME FOR SCHOOL EMPLOYEES**

52 **SECTION 28.42.** If a person employed as both a teacher assistant and a
53 school bus driver works for a combined total of more than 40 hours per week, the

1 employee shall receive overtime compensation at a rate of one and a half times the
2 normal rate of pay. The appropriate number of hours shall be paid for teacher assistant
3 duties from the teacher assistant allotment, and the appropriate number of hours shall be
4 paid for bus driver duties from the transportation allotment. If agreed upon by both the
5 employer and the employee, up to 240 hours may be granted as compensatory time off
6 instead of overtime pay. Hours of compensatory time shall accrue at a rate of time and
7 a half. Overtime compensation, in the form of overtime pay or compensatory time,
8 shall be provided after 40 hours of work and shall not be waived by agreement between
9 the employer and employee.

10
11 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
12 Oldham, Redwine, Thompson

13 **FUNDS FOR TEACHER RECRUITMENT INITIATIVES**

14 **SECTION 28.43.** The State Board of Education may use up to two hundred
15 thousand dollars (\$200,000) of the funds appropriated for State Aid to Local School
16 Administrative Units for the 2001-2002 fiscal year and for the 2002-2003 fiscal year to
17 enable teachers who have received NBPTS certification or who have otherwise received
18 special recognition to advise the State Board of Education on teacher recruitment and
19 other strategic priorities of the State Board.

20
21 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
22 Oldham, Redwine, Thompson

23 **LIMITATION ON USE OF KINDERGARTEN FUNDS**

24 **SECTION 28.44.** Local school administrative units shall use teacher
25 positions allocated to reduce class size in kindergarten only to hire classroom teachers
26 for kindergarten.

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

29 **EXPLORNET AUDIT**

30 **SECTION 28.45.** The State Auditor shall audit ExplorNet, Incorporated, for
31 fiscal year 1999-2000 and fiscal year 2000-2001 under G.S. 143-6.1(f). No State funds
32 appropriated for distribution to ExplorNet, Incorporated, shall be disbursed until the
33 State Auditor and the Office of State Budget and Management certify that ExplorNet,
34 Incorporated, is capable of managing the funds in accordance with law and has
35 established adequate financial procedures and controls. A copy of the State Auditor's
36 report shall be sent to the Joint Legislative Education Oversight Committee and to the
37 Joint Legislative Commission on Governmental Operations.

38 39 **PART XXIX. HIGH PRIORITY SCHOOL ASSISTANCE AND** 40 **ACCOUNTABILITY**

41
42 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
43 Oldham, Redwine, Thompson

44 **IMMEDIATE ASSISTANCE TO THE HIGHEST PRIORITY ELEMENTARY** 45 **SCHOOLS**

46 **SECTION 29.1.** Of funds appropriated from the General Fund to State Aid
47 to Local School Administrative Units, the sum of eleven million four hundred seven
48 thousand eight hundred ninety-six dollars (\$11,407,896) for the 2001-2002 fiscal year
49 and the sum of twelve million seven hundred sixty-nine thousand three hundred
50 seventy-one dollars (\$12,769,371) for the 2002-2003 fiscal year shall be used to provide
51 the State's lowest-performing elementary schools with the tools needed to dramatically
52 improve student achievement. These funds shall be used for the 37 elementary schools
53 at which, for the 1999-2000 school year, over eighty percent (80%) of the students

1 qualified for free or reduced-price lunches and no more than fifty-five percent (55%) of
2 the students performed at or above grade level. Of these funds:

- 3 (1) The sum of \$8,062,603 for the 2001-2002 fiscal year and the sum of
4 \$8,062,603 for the 2002-2003 fiscal year shall be used to reduce class
5 size at each of these schools to ensure that no class in kindergarten
6 through third grade has more than 15 students.
- 7 (2) The sum of \$973,455 for the 2001-2002 fiscal year shall be used to
8 extend teachers' contracts at these schools by five days for staff
9 development, including staff development on methods to individualize
10 instruction in smaller classes, and preparation for the 2001-2002
11 school year and the sum of \$2,334,930 for the 2002-2003 fiscal year
12 shall be used to extend teachers' contracts for a total of 10 days,
13 including five additional days of instruction with related costs for other
14 than teachers salaries, for the 2002-2003 school year.
- 15 (3) The sum of \$531,458 for the 2001-2002 fiscal year and the sum of
16 \$531,458 for the 2002-2003 fiscal year shall be used to provide annual
17 bonuses of \$500.00 to State and local teachers in each priority school.
18 The bonus shall be paid monthly with matching benefits. Teachers
19 shall remain eligible for the bonuses so long as they continue to teach
20 at a school that was eligible for the bonus program when the teacher
21 first received the bonus.
- 22 (4) The sum of \$1,840,380 for the 2001-2002 fiscal year and the sum of
23 \$1,840,380 for the 2002-2003 fiscal year shall be used to provide one
24 additional instructional support position at each priority school.

25 Any teacher assistants displaced from jobs in these highest priority
26 elementary schools shall be given preferential consideration for vacant teacher assistant
27 positions at other schools in the local school administrative unit, provided their job
28 performance has been satisfactory.

29
30 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
31 Oldham, Redwine, Thompson

32 IMMEDIATE ACTIONS TO ADDRESS TEACHER SHORTAGE

33 **SECTION 29.2.(a)** Of the funds appropriated from the General Fund to
34 State Aid to Local School Administrative Units, the sum of one million nine hundred
35 sixty-eight thousand five hundred forty-two dollars (\$1,968,542) for the 2001-2002
36 fiscal year and the sum of one million nine hundred sixty-eight thousand five hundred
37 forty-two dollars (\$1,968,542) for the 2002-2003 fiscal year shall be used to expand the
38 pool of qualified teachers and to provide recruitment and retention incentives to attract
39 and retain high-quality teachers to low-performing schools and schools with shortages
40 of teachers in certain areas of certification. Of these funds:

- 41 (1) The sum of \$1,000,000 for the 2001-2002 fiscal year and the sum of
42 \$1,000,000 for the 2002-2003 fiscal year shall be used to provide
43 additional scholarship funds for teacher assistants taking courses that
44 are prerequisites for teacher certification programs; and
- 45 (2) The sum of \$968,542 for the 2001-2002 fiscal year and the sum of
46 \$968,542 for the 2002-2003 fiscal year shall be used to provide annual
47 bonuses of \$1,150 to teachers certified in and teaching in the fields of
48 mathematics, science, or special education at middle and high schools
49 with 80% or more of the students eligible for free or reduced lunch or
50 with 50% or more of students performing below grade level in Algebra
51 I and Biology. The bonus shall be paid monthly with matching
52 benefits. Teachers shall remain eligible for the bonuses so long as they
53 continue to teach in one of these disciplines at a school that was

1 eligible for the bonus program when the teacher first received the
2 bonus.

3 **SECTION 29.2.(b)** The Joint Legislative Education Oversight Committee
4 shall study the effectiveness of providing benefits to part-time teachers as a means to
5 recruit certified teachers back into the classroom. The Committee shall examine the
6 effectiveness of different methods of providing these benefits. The Committee shall
7 also examine the cost of the recruitment effort, including the cost of incorporating
8 existing part-time teachers into the plan. The Committee shall make a report to the
9 General Assembly by April 1, 2002.

10 **SECTION 29.2.(c)** The Joint Legislative Education Oversight Committee
11 shall study the potential effectiveness of increasing the size of the Teaching Fellows
12 Program to improve the supply of qualified teachers for the public schools. In its
13 analysis the Committee shall consider the retention of Teaching Fellows in the teaching
14 profession.

15
16 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
17 Oldham, Redwine, Thompson

18 **COMPREHENSIVE ASSISTANCE TO CONTINUALLY LOW-PERFORMING**
19 **SCHOOLS**

20 **SECTION 29.3.** Chapter 115C of the General Statutes is amended by adding
21 a new section to read:

22 **"§ 115C-105.37A. Continually low-performing schools; definition; assistance and**
23 **intervention; reassignment of students.**

24 (a) Definition of Continually Low-Performing Schools. – A continually low-
25 performing school is a school that has received State-mandated assistance and has been
26 designated by the State Board as low performing for at least two of three consecutive
27 years. If the State Board identifies a school as continually low performing, the school
28 improvement team at that school shall review its school improvement plan to ensure
29 consistency with the plan adopted pursuant to G.S. 115C- 105.38(3).

30 (b) Assistance to Schools That Are Low Performing for Two Years. – If a school
31 that has received State-mandated assistance is designated by the State Board as low
32 performing for two consecutive years or for two of three consecutive years, the State
33 Board shall provide a series of progressive assistance and intervention strategies to that
34 school. These strategies shall be designed to improve student achievement and to
35 maintain student achievement at appropriate levels and may include, to the extent that
36 funds are available for this purpose, assistance such as reductions in class size,
37 extension of teacher and assistant principal contracts, extension of the instructional year,
38 and grant-based assistance.

39 (c) Intervention in Schools That Are Low Performing for Three or More Years. –
40 The State Board of Education shall develop and implement a series of actions for
41 providing assistance and intervention to schools that have previously received State-
42 mandated assistance and have been designated by the State Board as low performing for
43 three or more consecutive years or for at least three out of four years. These actions
44 shall be the least intrusive actions that are consistent with the need to improve student
45 achievement at each such school and shall be adapted to the unique characteristics of
46 each such school and the effectiveness of other actions developed or implemented to
47 improve student achievement at each such school."

48
49 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
50 Oldham, Redwine, Thompson

51 **ADDITIONS TO THE LOCAL SUPERINTENDENT'S PLAN TO IMPROVE A**
52 **LOW-PERFORMING SCHOOL**

53 **SECTION 29.4.** G.S. 115C-105.37(a1) reads as rewritten:

1 "(a1) By July 10 of each year, each local school administrative unit shall do a
2 preliminary analysis of test results to determine which of its schools the State Board
3 may identify as low-performing under this section. The superintendent then shall
4 proceed under G.S. 115C-105.39. In addition, within 30 days of the initial identification
5 of a school as low-performing by the local school administrative unit or the State Board,
6 whichever occurs first, the superintendent shall submit to the local board a preliminary
7 plan for addressing the needs of that ~~school.~~ school, including how the superintendent
8 and other central office administrators will work with the school and monitor the
9 school's progress. Within 30 days of its receipt of this plan, the local board shall vote to
10 approve, modify, or reject this plan. Before the board makes this vote, it shall make the
11 plan available to the public, including the personnel assigned to that school and the
12 parents and guardians of the students who are assigned to the school, and shall allow for
13 written comments. The board shall submit the plan to the State Board within five days
14 of the board's vote. The State Board shall review the plan expeditiously and, if
15 appropriate, may offer recommendations to modify the plan. The local board shall
16 consider any recommendations made by the State Board."
17

18 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
19 Oldham, Redwine, Thompson

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

21 **SECTION 29.5.** Of funds appropriated from the General Fund to State Aid
22 to Local School Administrative Units, the sum of one million eight hundred seven
23 thousand two hundred fifty-six dollars (\$1,807,256) for the 2001-2002 fiscal year and
24 the sum of one million nine hundred eighty-six thousand six hundred ninety-one dollars
25 (\$1,986,691) for the 2002-2003 fiscal year shall be used to provide the State's
26 chronically low-performing schools with tools needed to dramatically improve student
27 achievement. These funds shall be used to implement any of the following strategies at
28 the schools that have not previously been implemented with State or other funds:

- 29 (1) The sum of \$471,366 for the 2001-2002 fiscal year and the sum of
30 \$471,366 for the 2002-2003 fiscal year shall be used to reduce class
31 size at a continually low-performing school to ensure that the number
32 of teachers allotted for students in grades four and five is one for every
33 17 students; and
- 34 (2) The sum of \$1,207,595 for the 2001-2002 fiscal year and the sum of
35 \$1,207,595 for the 2002-2003 fiscal year shall be used to reduce class
36 size at a continually low-performing school to ensure that the number
37 of teachers allotted in grades six through eight is one for every 17
38 students, and that the number of teachers allotted in grades nine
39 through twelve is one for every 20 students; and
- 40 (3a) The sum of \$128,295 for fiscal year 2001-2002 shall be used to extend
41 teachers' contracts at these schools by five days for staff development,
42 including methods to individualize instruction in smaller classes and
43 preparation for the 2001-2002 school year. Of these funds, the sum of
44 \$10,175 shall be used for the extension of contracts of the additional
45 teachers in grades four and five provided in subdivision (1) of this
46 section and the sum of \$118,120 shall be used for the extension of all
47 teachers' contracts at continually low-performing middle and high
48 schools for the 2001-2002 school year; and
- 49 (3b) The sum of \$307,730 for fiscal year 2002-2003 shall be used to extend
50 teachers' contracts for a total of 10 days, including five days of
51 additional instruction with related costs for other than teachers'
52 salaries for the 2002-2003 school year. Of these funds, the sum of
53 \$24,405 shall be used for the extension of contracts of the additional

1 teachers in grades four and five provided in subdivision (1) of this
2 section and the sum of \$283,325 shall be used for the extension of all
3 teachers' contracts at continually low-performing middle and high
4 schools for the 2002-2003 school year.
5

6 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
7 Oldham, Redwine, Thompson

8 **EVALUATION OF INITIATIVES TO ASSIST HIGH-PRIORITY SCHOOLS**

9 **SECTION 29.6.(a)** In order for the high-priority schools identified in
10 Section 29.1 of this act to remain eligible for the additional resources provided in this
11 section, the schools must meet the expected growth for each year and must achieve high
12 growth for at least two out of three years, based on the State Board of Education's
13 annual performance standards set for each school. No adjustment in the allotment of
14 resources based on performance shall be made until the 2004-2005 school year.

15 **SECTION 29.6.(b)** All teaching positions allotted for students in
16 high-priority schools and continually low-performing schools in those grades targeted
17 for smaller class sizes shall be assigned to and teach in those grades and in those
18 schools. In grades K-3 in high-priority schools and in grades K-5 in continually
19 low-performing schools, the maximum class size shall be no more than one student
20 above the allotment ratio in that grade. The Department of Public Instruction shall
21 monitor class sizes at these schools at the end of the first month of school and report to
22 the State Board of Education on the actual class sizes in these schools. If the local
23 school administrative unit notifies the State Board of Education that they do not have
24 sufficient resources to adhere to the class size maximum requirements, the State Board
25 shall verify the accuracy of the request. If additional resources are determined
26 necessary, the State Board of Education may allocate additional teaching positions to
27 the unit from the Reserve for Average Daily Membership Adjustments.

28 **SECTION 29.6.(c)** Of funds appropriated from the General Fund to State
29 Aid to Local School Administrative Units, the sum of five hundred thousand dollars
30 (\$500,000) for fiscal year 2001-2002 and the sum of five hundred thousand dollars
31 (\$500,000) for fiscal year 2002-2003 shall be used by the State Board of Education to
32 contract with an outside organization to evaluate the initiatives set forth in this act.

33 The evaluation shall include:

- 34 (1) An assessment of the overall impact these initiatives have had on
35 student achievement;
- 36 (2) An assessment of the effectiveness of each individual initiative set
37 forth in this act in improving student achievement;
- 38 (3) An identification of changes in staffing patterns, instructional methods,
39 staff development, and parental involvement as a result of these
40 initiatives;
- 41 (4) An accounting of how funds and personnel resources made available
42 for these schools were utilized and the impact of varying patterns of
43 utilization on changes in student achievement; and
- 44 (5) Recommendations for the continuance and improvement of these
45 initiatives.

46 The State Board of Education shall make an initial report to the Joint
47 Legislative Education Oversight Committee regarding the results of this evaluation by
48 December 1, 2002, and annually thereafter. The State Board of Education shall submit
49 its recommendations for changes to these initiatives to the Committee at any time.
50

51 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
52 Oldham, Redwine, Thompson

53 **ALLOCATION OF FEDERAL FUNDS FOR PRIORITY SCHOOLS**

1 **SECTION 29.7.** The State Board of Education shall make every effort to
2 coordinate the use of State and federal funds to avoid duplication or overlap of services,
3 and to ensure that the benefits of smaller class sizes accrue to as many at-risk students
4 as possible.

5
6 **PART XXX. COMMUNITY COLLEGES**

7
8 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
9 Oldham, Redwine, Thompson

10 **COMMUNITY COLLEGE FUNDING FLEXIBILITY**

11 **SECTION 30.1.** A local community college may use all State funds
12 allocated to it, except for Literacy Funds and Funds for New and Expanding Industries,
13 for any authorized purpose that is consistent with the college's Institutional
14 Effectiveness Plan. Each local community college shall include in its Institutional
15 Effectiveness Plan a section on how funding flexibility allows the college to meet the
16 demands of the local community and to maintain a presence in all previously funded
17 categorical programs.

18 No more than two percent (2%) systemwide shall be transferred from faculty
19 salaries without the approval of the State Board of Community Colleges. The State
20 Board shall report on any such transfers above two percent (2%) systemwide to the Joint
21 Legislative Commission on Governmental Operations at its next meeting.

22
23 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
24 Oldham, Redwine, Thompson

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

27 **SECTION 30.2.** Notwithstanding G.S. 143-16.3, G.S. 143-23, or any other
28 provision of law, the Director of the Budget may, after consultation with the Joint
29 Legislative Commission on Governmental Operations, transfer funds from any agency
30 or program funded from the General Fund to the New and Expanding Industry Training
31 Program to supplement the needs of this Program during the 2001-2003 biennium.

32
33 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
34 Oldham, Redwine, Thompson

35 **REORGANIZATION OF THE HUMAN RESOURCES DEVELOPMENT**
36 **PROGRAM**

37 **SECTION 30.3.(a)** The State Board of Community Colleges shall establish
38 a committee to develop and recommend to the Board a core series of employability
39 skills training classes that should be coded in the Continuing Education Master Course
40 List as Human Resources Development.

41 **SECTION 30.3.(b)** The State Board of Community Colleges may waive
42 tuition and fees for enrollment in classes coded in the Continuing Education Master
43 Course List as Human Resources Development if the individual enrolling:

- 44 (1) Is unemployed;
45 (2) Has received notification of a pending layoff;
46 (3) Is working and is eligible for the Federal Earned Income Tax Credit
47 (FEITC); or
48 (4) Is working and earning wages at or below two hundred percent (200%)
49 of the federal poverty guidelines.

50 Individuals for whom tuition and fees are waived must sign a form adopted by the State
51 Board of Community Colleges verifying that they meet one of these criteria.

52 **SECTION 30.3.(c)** The State Board of Community Colleges shall study the
53 feasibility of integrating the delivery of human resources development services into the

1 framework of the JobLink Career Centers. The Board shall report its recommendations
 2 to the Joint Legislative Education Oversight Committee by May 1, 2002.

3 **SECTION 30.3.(d)** The State Board of Community Colleges shall report to
 4 the Joint Legislative Education Oversight Committee on its reorganization of the
 5 Human Resources Development Program by January 1, 2003.

6 **SECTION 30.3.(e)** The State Board of Community Colleges may adopt
 7 temporary rules to implement reorganization of the Human Resources Development
 8 Program.
 9

10 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
 11 Oldham, Redwine, Thompson

12 **MANAGEMENT INFORMATION SYSTEM FUNDS**

13 **SECTION 30.4.** Funds appropriated for the Community Colleges System
 14 Office Management Information System shall not revert at the end of the 2001-2002
 15 and 2002-2003 fiscal years but shall remain available until expended.

16 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
 17 Oldham, Redwine, Thompson

18 **EMPLOYMENT SECURITY COMMISSION FUNDS**

19 **SECTION 30.5.(a)** There is appropriated from the Employment Security
 20 Commission Training and Employment Account created in G.S. 96-6.1 to the North
 21 Carolina Community Colleges System Office the sum of twenty-eight million fifty-four
 22 thousand two hundred ninety-eight dollars (\$28,054,298) for the 2001-2002 fiscal year.
 23 These funds shall be used as follows:
 24

	<u>2001-2002</u>
25	
26	
27 1. Equipment Funds	\$19,154,298
28 2. Regional and Cooperative	
29 Initiatives	400,000
30 3. New and Expanding Industry	
31 Training Programs	7,000,000
32 4. Focused Industrial Training	
33 Programs	<u>1,500,000</u>
34 TOTAL	\$28,054,298

35 Funds allocated for Equipment, New and Expanding Industry Training
 36 Programs, and Focused Industrial Training Programs shall be nonreverting.

37 Funds allocated for equipment shall be placed in the Equipment Reserve
 38 Fund and shall be allocated in accordance with the State Board's equipment allocation
 39 formula.

40 Funds allocated for Regional and Cooperative Initiatives shall be used for
 41 community college projects that foster regional cooperation among community colleges,
 42 public schools, universities, and private business and industry.

43 **SECTION 30.5.(b)** Of the funds appropriated by this act from the
 44 Employment Security Commission Training and Employment Account for Focused
 45 Industrial Training, the sum of two hundred fifty thousand dollars (\$250,000) is
 46 allocated for the 2001-2002 fiscal year to Catawba Valley Community College for the
 47 operation of the Hosiery Technology Center and the sum of two hundred fifty thousand
 48 dollars (\$250,000) for the 2001-2002 fiscal year is allocated to Guilford Technical
 49 Community College for the operation of the Piedmont Triad Center for Advanced
 50 Manufacturing.

51 **SECTION 30.5.(c)** There is appropriated from the Employment Security
 52 Commission Training and Employment Account created in G.S. 96-6.1 to the North
 53 Carolina Employment Security Commission the sum of seven million thirteen thousand

1 five hundred seventy-four dollars (\$7,013,574) for the 2001-2002 fiscal year for the cost
2 of collecting and administrating the training and reemployment contribution and for
3 enhanced re-employment services.

4 **SECTION 30.5(d).** To the extent that the State receives more in the
5 Employment Security Commission Training and Employment Account than the funds
6 appropriated in subsections (a) and (c) of this section:

7 (1) Eighty percent (80%) of these funds are hereby appropriated for the
8 2001-2002 fiscal year to the Community Colleges System Office for
9 the purposes set out in subsection (a) of this section and the State
10 Board of Community Colleges may allocate the additional funds for
11 those purposes; and

12 (2) Twenty percent (20%) of these funds are hereby appropriated to the Employment
13 Security Commission for the 2001-2002 fiscal year, and it may allocate the additional
14 funds for those purposes.

15
16 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
17 Oldham, Redwine, Thompson

18 **MODIFY TERM OF COMMUNITY COLLEGE FACULTY CONTRACTS**

19 **SECTION 30.6.** The General Assembly finds that standardization of the
20 term of contracts with community college faculty members will provide the General
21 Assembly with the data necessary to make informed decisions regarding faculty salaries
22 and funding for the summer term. Therefore, the State Board of Community Colleges
23 shall require community colleges to convert all faculty contracts to nine-month
24 contracts covering the fall and spring semesters. Faculty members currently employed
25 for more than nine months shall be placed on supplemental contracts for the summer
26 term. These modifications in faculty contracts shall not change the salary of any faculty
27 member.

28 All faculty members employed after the date this act becomes law shall be
29 placed on nine-month contracts with supplemental contracts for the summer term.

30
31 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
32 Oldham, Redwine, Thompson

33 **REALIGNMENT OF ACCOUNTS FOR INSTITUTIONAL AND** 34 **ADMINISTRATIVE SUPPORT**

35 **SECTION 30.7.** In prior fiscal years, funds for Institutional and
36 Administrative Support in the following have been appropriated in four separate
37 accounts. Since these funds are allotted to community colleges on a formula basis, this
38 level of detail is unnecessary. Therefore, beginning with the 2001-2002 fiscal year,
39 State aid accounts 536938 through 536941 shall be consolidated into a single State aid
40 account for Institutional and Academic Support to match actual practice.

41
42 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
43 Oldham, Redwine, Thompson

44 **STUDY OF DISCREPANCIES IN FACULTY SALARIES**

45 **SECTION 30.8.** The Joint Legislative Education Oversight Committee shall
46 study discrepancies in community college faculty salaries. In the course of the study,
47 the Committee shall examine faculty salaries at various colleges to determine why
48 salaries at some colleges are above the State average while others are well below it.

49 The Committee shall report its findings to the 2002 Regular Session of the
50 2001 General Assembly.

51
52 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
53 Oldham, Redwine, Thompson

STATE BOARD RESERVE ALLOCATIONS

SECTION 30.9. The State Board of Community Colleges shall use funds from the State Board Reserve in the amount of one hundred thousand dollars (\$100,000) for each fiscal year to assist small rural low-wealth community colleges with operation and maintenance of plant costs if they need to assist new or expanding industries in their service delivery areas.

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

TRANSFER OF CASH BALANCES

SECTION 30.11. The remaining cash balance on June 30, 2001, and any interest credited to the account in the 2001-2002 fiscal year in the North Carolina Community Colleges System Budget Code 66800, Fund Code 6101 DCC Scholarships, shall be transferred to Budget Code 66800, Fund Code 6102 CCS Financial Assistance to support Need Based Financial Aid programs.

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

**ASHEVILLE-BUNCOMBE TECHNICAL COMMUNITY COLLEGE FUNDS
DO NOT REVERT**

SECTION 30.12.(a) Funds appropriated to Asheville-Buncombe Technical Community College in S.L. 1999-237 for its Small Business Center shall not revert at the end of the 2000-2001 fiscal year, but shall remain available for expenditure in the 2001-2002 fiscal year. These funds may be used for the capital facilities and operating expenses of the Small Business Center.

SECTION 30.12.(b) This section becomes effective June 30, 2001.

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

MAINTENANCE OF PLANT OPERATIONS

SECTION 30.13. G.S. 115D-31.2 reads as rewritten:

"§ 115D-31.2. Maintenance of plant.

Notwithstanding any provisions of law to the contrary, any community college that has an out-of-county student head count served on the main campus of the college in excess of fifty percent (50%) of the total student head count as defined by the State Board of Community Colleges, shall be provided funds for the purpose of "operations of plant". ~~These funds shall not exceed eighty five percent (85%) of the funds allocated to these colleges during the 1990-91 fiscal year for this purpose. Each college that qualifies for these funds shall receive a pro rata amount of the funds that are appropriated for this purpose."~~

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

FOCUSED INDUSTRIAL TRAINING PROGRAM

SECTION 30.15. Of the funds appropriated to the North Carolina Community Colleges System for the 2001-2003 fiscal biennium, the State Board of Community Colleges may use up to one hundred thousand dollars (\$100,000) each year to pay registration fees and material costs for Occupational Continuing Education or Focused Industrial Training safety courses provided to companies that (i) are eligible to participate in the Focused Industrial Training Program, (ii) have less than 150 employees, and (iii) are found by community college representatives and regional customized training directors to face challenges in paying these fees and costs.

1 These funds shall not be expended without the prior approval of the North
2 Carolina Community Colleges System Office, Division of Economic and Workforce
3 Development.

4
5 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
6 Oldham, Redwine, Thompson

7 **COMMUNITY COLLEGES SYSTEM OFFICE FLEXIBILITY**

8 **SECTION 30.16.** G.S. 115D-3 is amended by designating the existing
9 language as subsection (a) and by adding two new subsections to read as follows:

10 "(b) The State Board shall receive General Fund appropriations made by the
11 General Assembly for the continuing operations of the North Carolina Community
12 Colleges System Office that are administered by the President and the President's staff
13 complement established pursuant to this section. The President, notwithstanding G.S.
14 143-23, and with respect to the foregoing appropriations, may move funds between
15 budget purposes and may use up to ten percent (10%) from lapsed salary and fringe
16 accounts for nonsalary purposes. The Community Colleges System Office (Budget
17 Code 16800) may retain one hundred percent (100%) of its overhead receipts for
18 nonrecurring expenditures that do not impose a continuing obligation upon the State.
19 These retained overhead receipts shall not revert to the State's General Fund.

20 As used in this section, "indirect receipts" means indirect cost funds earned on
21 federal contracts and grants.

22 (c) The President, in consultation with the State Auditor and the Director of the
23 Office of State Personnel, shall ascertain that the management staff and internal
24 financial controls are in place and continue in place to successfully administer the
25 additional authority authorized herein. All actions taken by the President are subject to
26 audit by the State Auditor."

27
28 Requested by: Representative Thompson, Easterling, Oldham, Redwine

29 **HOME SCHOOLED HIGH SCHOOL STUDENTS MAY TAKE**
30 **DEVELOPMENTAL COURSES AT COMMUNITY COLLEGES**

31 **SECTION 30.17.** G.S. 115D-5 is amended by adding a new subsection to
32 read:

33 "(n) Individual high school students who are sixteen years old or older and who
34 attend a home school, as defined in G.S. 115C-563(a), may register as space is available
35 in developmental courses offered by a community college to prepare them for college-
36 level courses. Notwithstanding subsection (b) of this section and G.S. 115D-20(4),
37 community colleges shall charge tuition to individual students who are enrolled in a
38 developmental course under this subsection."

39
40 **PART XXXI. UNIVERSITIES**

41
42 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
43 Oldham, Redwine, Thompson

44 **AID TO PRIVATE COLLEGES**

45 **SECTION 31.1.(a)** Part 2 of Article 1 of Chapter 116 of the General Statutes
46 is amended by adding the following new sections to read:

47 **"§ 116-21.1. Financial aid for North Carolina students attending private**
48 **institutions of higher education in North Carolina.**

49 (a) Funds shall be appropriated each fiscal year in the Current Operations
50 Appropriations Act to the Board of Governors of The University of North Carolina for
51 aid to institutions and shall be disbursed in accordance with the provisions of G.S. 116-
52 19, 116-21, and 116-22.

(b) The funds appropriated in compliance with this section shall be placed in a separate, identifiable account in each eligible institution's budget or chart of accounts. All funds in the account shall be provided as scholarship funds for needy North Carolina students during the fiscal year. Each student awarded a scholarship from this account shall be notified of the source of the funds and of the amount of the award. Funds not utilized under G.S. 116-19 shall be available for the tuition grant program as defined in G.S. 116-21.2.

§ 116-21.2. Legislative tuition grants to aid students attending private institutions of higher education.

(a) In addition to any funds appropriated pursuant to G.S. 116-19 and in addition to all other financial assistance made available to institutions, or to students attending these institutions, there is granted to each full-time North Carolina undergraduate student attending an approved institution as defined in G.S. 116-22, a sum, to be determined by the General Assembly for each academic year which shall be distributed to the student as provided by this subsection.

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

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

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

(1) The Board of Governors of The University of North Carolina, with the approval of the Office of State Budget and Management, may transfer available funds to meet the needs of the programs provided by subsections (a) and (b) of this section; and

(2) Each eligible student shall receive a pro rata share of funds then available for the remainder of the academic year within the fiscal period covered by the current appropriation.

(e) Any remaining funds shall revert to the General Fund.

(f) Expenditures made pursuant to this section may be used only for secular educational purposes at institutions. Expenditures made pursuant to this section shall not be used for any student who:

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

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

(g) The State Education Assistance Authority shall document the number of full-time equivalent North Carolina undergraduate students that are enrolled in off-campus programs and the State funds collected by each institution pursuant to G.S. 116-19 for those students. The State Education Assistance Authority shall also document the number of scholarships and the amount of the scholarships that are awarded under G.S.

1 116-19 to students enrolled in off-campus programs. An 'off-campus program' is any
2 program offered for degree credit away from the institution's main permanent campus.

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

6 **"§ 116-21.3. Legislative tuition grant limitations.**

7 (a) No legislative tuition grant funds shall be expended for a program at an off-
8 campus site of a private institution, as defined in G.S. 116-22(1), established after May
9 15, 1987, unless (i) the private institution offering the program has previously notified
10 and secured agreement from other private institutions operating degree programs in the
11 county in which the off-campus program is located or operating in the counties adjacent
12 to that county or (ii) the degree program is neither available nor planned in the county
13 with the off-campus site or in the counties adjacent to that county.

14 (b) For purposes of this section, an 'off-campus program' is any program offered
15 for degree credit away from the institution's main permanent campus.

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

22 **SECTION 31.1.(b)** Funds are appropriated in this act to the Board of
23 Governors of The University of North Carolina to be allocated and disbursed as
24 provided by G.S. 116-19, 116-21, 116-21.1, and 116-22. These funds shall provide up
25 to one thousand one hundred dollars (\$1,100) per full-time equivalent North Carolina
26 undergraduate student enrolled at an institution as of October 1, 2001, for the
27 2001-2002 fiscal year and up to one thousand one hundred dollars (\$1,100) per full-time
28 equivalent North Carolina undergraduate student enrolled at an institution as of October
29 1, 2002, for the 2002-2003 fiscal year.

30 **SECTION 31.1.(c)** Funds appropriated in this act to the Board of Governors
31 of The University of North Carolina shall be allocated and disbursed for legislative
32 tuition grants in compliance with G.S. 116-21.2. The funds shall be allocated as
33 follows: to each full-time North Carolina undergraduate student a sum, not to exceed
34 one thousand eight hundred dollars (\$1,800) for the 2001-2002 academic year and one
35 thousand eight hundred dollars (\$1,800) for the 2002-2003 academic year.

36
37 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
38 Oldham, Redwine, Thompson

39 **ACADEMIC COMMON MARKET PILOT PROGRAM**

40 **SECTION 31.2.(a)** The Southern Regional Education Board currently
41 operates an Academic Common Market program. Under this program, qualified
42 students from participating states may apply to attend programs at public universities in
43 participating states that are not available in their home state's university system. North
44 Carolina's participation for graduate programs would provide a cost-effective means of
45 offering educational access for North Carolina residents. North Carolinians would be
46 able to attend graduate programs that are not available at The University of North
47 Carolina at reduced rates, and the State would avoid the cost associated with the
48 development of new academic programs.

49 **SECTION 31.2.(b)** The Board of Governors of The University of North
50 Carolina may establish a pilot program for participation in the Southern Regional
51 Education Board's Academic Common Market at the graduate program level. The
52 Board of Governors shall examine the graduate programs offered in The University of
53 North Carolina system and select for participation only those graduate programs that are

1 likely to be unique or are not commonly available in other Southern Regional Education
2 Board states. Out-of-state tuition shall be waived for students who are residents of other
3 Southern Regional Education Board states and who are participating in the Academic
4 Common Market program. If accepted into The University of North Carolina graduate
5 programs that are part of the Academic Common Market, these students shall pay
6 in-State tuition and shall be treated for all purposes of The University of North Carolina
7 as residents of North Carolina. Prior to the beginning of this pilot, the Board of
8 Governors shall submit its list of graduate programs selected to be a part of the pilot
9 program to the Joint Legislative Education Oversight Committee.

10 **SECTION 31.2.(c)** The pilot programs established under this section shall
11 terminate July 1, 2005. However, once a student is enrolled in The University of North
12 Carolina system under the Academic Common Market program, the student shall be
13 entitled to pay in-State tuition as long as the student is enrolled in that graduate
14 program. The Board of Governors shall report the success of the Academic Common
15 Market program to the Joint Legislative Education Oversight Committee by December
16 31, 2003, and by January 31, 2005, and the Committee may recommend changes, if any
17 are appropriate, to the pilot program at either of those times.

18
19 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
20 Oldham, Redwine, Thompson

21 **AID TO PRIVATE MEDICAL SCHOOLS/FUNDING FORMULA**

22 **SECTION 31.3.** Part 1 of Article 1 of Chapter 116 of the General Statutes is
23 amended by adding a new section to read:

24 **"§ 116-21.3. Private medical schools—assistance funding formula.**

25 (a) Funds shall be appropriated each year in the Current Operations
26 Appropriations Act to the Board of Governors of The University of North Carolina for
27 continuation of financial assistance to the medical schools of Duke University and
28 Wake Forest University. The funds shall be disbursed on certifications of the respective
29 schools of medicine that show the number of North Carolina residents as first-year,
30 second-year, third-year, and fourth-year students in the medical school as of the
31 appropriate fiscal year.

32 (b) Disbursement to Wake Forest University shall be made in the amount of eight
33 thousand dollars (\$8,000) for each medical student who is a North Carolina resident,
34 one thousand dollars (\$1,000) of which shall be placed by the school in a fund to be
35 used to provide financial aid to needy North Carolina students who are enrolled in the
36 medical school. The maximum aid given to any student from this fund in a given year
37 shall not exceed the amount of the difference in tuition and academic fees charged by
38 the school and those charged at the School of Medicine at the University of North
39 Carolina at Chapel Hill.

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

50 (d) The Board of Governors shall establish the criteria for determining the
51 eligibility for financial aid of needy North Carolina students who are enrolled in the
52 medical schools and shall review the grants or awards to eligible students. The Board of
53 Governors shall adopt rules for determining which students are residents of North

1 Carolina for the purposes of these programs. The Board of Governors shall also make
 2 any regulations as necessary to ensure that these funds are used directly for instruction
 3 in the medical programs of the schools and not for religious or other nonpublic
 4 purposes. The Board of Governors shall encourage the two schools to orient students
 5 toward primary care, consistent with the directives of G.S. 143-613(a). The two schools
 6 shall supply information necessary for the Board to comply with G.S. 143-613(d).

7 (e) If the funds appropriated in the Current Operations Appropriations Act to the
 8 Board of Governors of The University of North Carolina for continuation of financial
 9 assistance to the medical schools of Duke University and Wake Forest University are
 10 insufficient to cover the enrolled students in accordance with this section, then the
 11 Board of Governors may transfer unused funds from other programs in the Related
 12 Educational Programs budget code to cover the extra students."

13
 14 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
 15 Oldham, Redwine, Thompson

16 **STUDY PROFESSIONAL DEVELOPMENT PROGRAMS FOR PUBLIC**
 17 **SCHOOL PROFESSIONALS**

18 **SECTION 31.4.(a)** G.S. 115C-12(26) reads as rewritten:

19 "**§ 115C-12. Powers and duties of the Board generally.**

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

25 ...
 26 (26) Duty to Monitor and Make Recommendations Regarding
 27 Professional Development Programs. – The State Board of
 28 Education, in collaboration with the Board of Governors of The
 29 University of North Carolina, shall identify and make
 30 recommendations regarding meaningful professional development
 31 programs for professional public school employees. The programs
 32 shall be aligned with State education goals and directed toward
 33 improving student academic achievement. Education shall identify
 34 State and local needs for professional development for professional
 35 public school employees based upon the State's educational
 36 priorities for improving student achievement. The State Board also
 37 shall recommend strategies for addressing these needs. The
 38 strategies must be research-based, proven in practice, and designed
 39 for data-driven evaluation. The State Board shall report its findings
 40 and recommendations to the Joint Legislative Education Oversight
 41 Committee, the President Pro Tempore of the Senate, the Speaker
 42 of the House of Representatives, and the Board of Governors of
 43 The University of North Carolina prior to January 15, 2002, and
 44 shall review, revise, and resubmit those findings and
 45 recommendations annually thereafter. The State Board shall
 46 annually evaluate and, after consultation with the Board of
 47 Governors, make recommendations regarding professional
 48 development programs based upon the reports submitted by the
 49 Board of Governors under G.S. 116-11(12a). G.S. 116-11(12a) to
 50 determine whether the programs for professional development
 51 provided by the Center for School Leadership Development
 52 address the State and local needs identified by the State Board and
 53 whether the programs are using the strategies recommended by the

1 State Board. Prior to January 15th of each year, the State Board
2 shall report the results of its analysis to the Board of Governors and
3 to the Joint Legislative Education Oversight Committee.

4 "...."

5 **SECTION 31.4.(b)** G.S. 116-11(12a) reads as rewritten:

6 "**§ 116-11. Powers and duties generally.**

7 The powers and duties of the Board of Governors shall include the following:

8 "...."
9 (12a) ~~The~~ Notwithstanding any other law, the Board of Governors of The
10 University of North Carolina shall implement, administer, and revise
11 programs for meaningful professional development for professional
12 public school employees based upon in accordance with the
13 evaluations and recommendations made by the State Board of
14 Education under G.S. 115C-12(26). The programs shall be aligned
15 with State education goals and directed toward improving student
16 academic achievement. The Board of Governors shall submit to the
17 State Board of Education an annual report evaluating the professional
18 development programs administered by the Board of Governors. The
19 Board of Governors shall submit to the State Board of Education an
20 annual written report that uses data to assess and evaluate the
21 effectiveness of the programs for professional development offered by
22 the Center for School Leadership Development. The report shall
23 clearly document how the programs address the State needs identified
24 by the State Board of Education and whether the programs are utilizing
25 the strategies recommended by the State Board. The Board of
26 Governors also shall submit this report to the Joint Legislative
27 Education Oversight Committee, the President Pro Tempore of the
28 Senate, and the Speaker of the House of Representatives prior to
29 September 15th of each year."

30 **SECTION 31.4.(c)** The Joint Legislative Education Oversight Committee
31 shall hire an independent consultant to study and make recommendations regarding
32 professional development for public school professionals in North Carolina. The
33 consultant shall study:

- 34 (1) The professional development programs administered under the UNC
35 Center for School Leadership Development with regard to their
36 mission, governance structure, efficiency, and objectively measurable
37 effectiveness in increasing student achievement.
38 (2) The feasibility and merits of consolidating and reducing the number of
39 professional development programs.
40 (3) The possibility of regionalizing professional development programs
41 and using a cooperative arrangement between higher educational
42 institutions and community colleges in a region to achieve the goal.
43 (4) The professional development support offered by the Department of
44 Public Instruction.
45 (5) The use of professional development funds allocated to local school
46 administrative units and individual schools.
47 (6) National research regarding effective methods for delivering
48 professional development that is shown to improve student
49 achievement.

50 The consultant shall report these findings to the Joint Legislative Education Oversight
51 Committee and also shall make recommendations regarding how existing State funds
52 should be utilized to provide effective and efficient professional development for public
53 school professionals.

1 **SECTION 31.4.(d)** The Joint Legislative Education Oversight Committee
2 shall review the consultant's findings and recommendations and shall submit to the 2002
3 Regular Session of the 2001 General Assembly recommendations to streamline,
4 reorganize, and improve the delivery of professional development for public school
5 professionals. The recommendations may address revisions to program governance and
6 mission, reallocation of funds, methods of program delivery, and methods to institute
7 ongoing program evaluation.

8 **SECTION 31.4.(e)** The Joint Legislative Education Oversight Committee
9 shall review the reports that are required to be made to the Committee. The purpose of
10 the review is to determine which reports must include information that is
11 research-based, proven in practice, and designed for data-driven research. The
12 Committee may make recommendations for changes in these reports based upon the
13 Committee's findings.

14
15 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
16 Oldham, Redwine, Thompson

17 **TEACHER ASSISTANT SCHOLARSHIP FUND**

18 **SECTION 31.5.(a)** Article 23 of Chapter 116 of the General Statutes is
19 amended by adding a new section to read:

20 **"§ 116-209.35. Teacher Assistant Scholarship Fund.**

21 (a) There is established the Teacher Assistant Scholarship Fund. The purpose of
22 the Fund is to provide scholarships to teacher assistants who are pursuing college
23 degrees to become teachers. The State Education Assistance Authority shall administer
24 the Fund.

25 (b) Criteria for awarding the scholarships shall be developed by the Board of
26 Governors of The University of North Carolina in consultation with the State Board of
27 Education and the State Board of Community Colleges and shall include all of the
28 following:

29 (1) An applicant shall be employed full time as a teacher assistant in North
30 Carolina.

31 (2) An applicant shall be enrolled in an accredited bachelors degree
32 program in an institution of higher education in North Carolina.

33 (3) An applicant shall be a resident of North Carolina. For purposes of this
34 section, residency shall be determined by the same standard as
35 residency for tuition purposes pursuant to G.S. 116-143.1.

36 (4) Any additional criteria that the Board of Governors considers
37 necessary to administer the Fund effectively, including all of the
38 following:

39 a. Consideration of the appropriate numbers of minority applicants
40 and applicants from diverse socioeconomic backgrounds to
41 receive scholarships pursuant to this section.

42 b. Consideration of the academic qualifications of the individuals
43 applying to receive funds.

44 c. Consideration of the commitment an individual applying to
45 receive funds demonstrates to the profession of teaching.

46 (c) The scholarships shall be available for part-time or full-time course work
47 through all off-campus or distance education teacher education programs.

48 (d) The Board of Governors of The University of North Carolina, the State Board
49 of Education, and the State Board of Community Colleges shall: (i) prepare a clear
50 written explanation of the Teacher Assistant Scholarship Fund and the information
51 regarding the availability and criteria for awarding the scholarships, and (ii) shall
52 provide that information to the appropriate counselors in each local school system and

1 shall charge those counselors to inform teacher assistants about the scholarships and to
2 encourage teacher assistants to apply for the scholarships.

3 (e) The Board of Governors of The University of North Carolina shall adopt
4 rules to implement this section.

5 (f) The Board of Governors of The University of North Carolina shall report to
6 the Joint Legislative Education Oversight Committee by March 1 each year regarding
7 the Fund and scholarships awarded from the Fund."

8 **SECTION 31.5.(b)** Of the funds appropriated by this Act to the Board of
9 Governors of The University of North Carolina the sum of one million dollars
10 (\$1,000,000) shall be allocated to the State Education Assistance Authority to
11 implement this section.

12
13 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
14 Oldham, Redwine, Thompson

15 **UNC BUDGET FLEXIBILITY/MUST HONOR BUDGET REDUCTIONS**

16 **SECTION 31.6.(a)** Notwithstanding G.S. 116-30.2 or G.S. 116-30.3, neither
17 the Office of General Administration of The University of North Carolina or any special
18 responsibility constituent institution shall expend or use any of the following funds to
19 modify the budget reductions imposed by this act:

20 (1) General Fund moneys appropriated by this act.

21 (2) General Fund current operations appropriations credit balances
22 remaining at the end of any fiscal year that are carried forward to the
23 next fiscal year.

24 **SECTION 31.6.(b)** Except as provided in subsection (a) of this section, G.S.
25 116-30.2 and G.S. 116-30.3 remain in full force and effect.

26
27 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
28 Oldham, Redwine, Thompson

29 **OFFER TEACHER EDUCATION PROGRAMS THROUGH DISTANCE** 30 **EDUCATION**

31 **SECTION 31.7.(a)** It is the intent of the General Assembly to make teacher
32 education programs easily accessible statewide through distance education. The
33 General Assembly finds that the "2 + 2" program is an excellent model for teacher
34 credential programs and encourages its use as a model.

35 **SECTION 31.7.(b)** To achieve the goal of encouraging the "2 + 2" program
36 as a model for teacher education programs and to make those model teacher education
37 programs available and easily accessible statewide, any teacher education program that
38 is offered by a constituent institution through distance education that does not require
39 campus residency is eligible for funds appropriated by this act for that purpose. The
40 Board of Governors shall determine the eligibility and amount of funds to be allocated
41 to a constituent institution pursuant to this section. The Board of Governors of The
42 University of North Carolina shall report to the Joint Legislative Education Oversight
43 Committee annually regarding the implementation of this section and the amount and
44 use of the funds allocated pursuant to this section.

45
46 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
47 Oldham, Redwine, Thompson

48 **SUBSTITUTION OF UNC-CH BOND PROJECTS**

49 **SECTION 31.9.** Pursuant to Section 2(b) of S.L. 2000-3, the General
50 Assembly finds that it is in the best interest of the State to substitute an Information
51 Technology Office Facility for the Comprehensive Renovation and Conversion for
52 Information Technology and Data Processing, both at the University of North Carolina
53 at Chapel Hill, as contained in Section 2(a) of S.L. 2000-3. Section 2(a) of S.L. 2000-3

1 is therefore amended in the portion under the University of North Carolina at Chapel
 2 Hill, by adding "Information Technology Office Facility...\$9,170,000" and deleting
 3 "Comprehensive Renovation and Conversion for Information Technology and Data
 4 Processing...\$9,170,000".

5 Nothing in this section is intended to supersede any other requirement of law
 6 or policy for approval of the substituted capital improvement project.

7
 8 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
 9 Oldham, Redwine, Thompson

10 **MASTERS ED. ADMINISTRATION AT A&T STATE, NCCU,**
 11 **UNC-PEMBROKE/STUDY POSSIBLE PHARMACY SCHOOL AT**
 12 **ECSU/STUDY POSSIBLE DENTISTRY SCHOOL AT ECU AND POSSIBLE**
 13 **ENGINEERING SCHOOL AT ECU, WESTERN CAROLINA, AND UNC AT**
 14 **ASHEVILLE**

15 **SECTION 31.10.(a)** G.S. 116-74.21(b) reads as rewritten:

16 "(b) No more than ~~nine~~ 12 school administrator programs shall be established
 17 under the competitive proposal program. In selecting campus sites, the Board of
 18 Governors shall be sensitive to the racial, cultural, and geographic diversity of the State.
 19 Special priority shall be given to the following factors: (i) the historical background of
 20 the institutions in training educators; (ii) the ability of the sites to serve the geographic
 21 regions of the State, such as, the far west, the west, the triad, the piedmont, and the east;
 22 and, (iii) whether the type of roads and terrain in a region make commuting difficult. A
 23 school administrator program may provide for instruction at one or more campus sites."

24 **SECTION 31.10.(b)** The Board of Governors of The University of North
 25 Carolina shall include the Master of School Administration program at North Carolina
 26 Agricultural and Technical State University in Greensboro, North Carolina Central
 27 University in Durham, and the University of North Carolina at Pembroke as three of the
 28 12 school administrator programs established pursuant to G.S. 116-74.21. These three
 29 programs shall be comparable in quality to the nine existing Master of School
 30 Administration programs and shall be operated within existing funds.

31 **SECTION 31.10.(c)** The Board of Governors of The University of North
 32 Carolina shall study the feasibility of establishing a School of Pharmacy at Elizabeth
 33 City State University. The Board of Governors shall report its findings and
 34 recommendations to the Joint Legislative Education Oversight Committee by April 1,
 35 2002.

36 **SECTION 31.10.(d)** The Board of Governors of The University of North
 37 Carolina shall study the feasibility of establishing a School of Dentistry and a School of
 38 Engineering at East Carolina University. The Board shall also study the feasibility of
 39 establishing a School of Engineering at the University of North Carolina at Asheville
 40 and Western Carolina University.

41
 42 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
 43 Oldham, Redwine, Thompson

44 **PROGRESS BOARD**

45 **SECTION 31.12.(a)** G.S. 143B-372.1 reads as rewritten:

46 "**§ 143B-372.1. North Carolina Progress Board.**

47 (a) The North Carolina Progress Board is established. The Board shall be located
 48 administratively in the Board of Governors of The University of North Carolina and ~~is~~
 49 may be located at North Carolina State University, any constituent institution within
 50 The University of North Carolina, or at any institution to which it is invited formally,
 51 but shall exercise all its prescribed statutory powers independently of the Board of
 52 Governors. Governors or the institution at which it resides.

1 (b) The North Carolina Progress Board shall consist of ~~24~~ 24 members of
2 statewide prominence as follows:

3 (1) The Governor, ex officio;

4 (2) Eight persons appointed by the Governor, none of whom shall be State
5 employees or officers;

6 (3) ~~Four~~ Five persons appointed by the Speaker of the House of
7 Representatives, ~~one two~~ of whom shall be ~~a member~~ members of the
8 House of Representatives;

9 (4) ~~Four~~ Five persons appointed by the President Pro Tempore of the
10 Senate, ~~one two~~ of whom shall be ~~a member~~ members of the Senate;
11 and

12 (5) ~~Four~~ Five persons appointed by the North Carolina Progress Board.

13 (c) The Governor shall be chair of the North Carolina Progress Board. The
14 Governor shall appoint a vice-chair from among the membership of the North Carolina
15 Progress Board to serve at the pleasure of the Governor. The North Carolina Progress
16 Board may elect such other officers as it sees fit.

17 (d) The North Carolina Progress Board shall meet at least twice annually on the
18 call of the chair or as additionally provided by the North Carolina Progress Board. A
19 quorum is ~~11~~ 12 members of the Board. Members may not send designees to board
20 meetings, nor may they vote by proxy.

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

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

42 **SECTION 31.12.(b)** G.S. 143B-372.2 reads as rewritten:

43 "**§ 143B-372.2. Responsibilities.**

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

46 (1) Healthy Children and Families;

47 (2) Quality Education for All;

48 (3) A High Performance Workforce;

49 (4) A Prosperous Economy;

50 (5) A Sustainable Environment;

51 (6) Technology and Infrastructure Development;

52 (7) Safe and Vibrant Communities; and

53 (8) Active Citizenship/Accountable Government.

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

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

8 (b) The General Assembly finds ~~that:~~ the following:

9 (1) The North Carolina economy of the future can provide unparalleled
10 opportunity while maintaining North Carolina's traditional values, if
11 the State pursues the future with clarity of purpose and ~~perseverance;~~
12 perseverance.

13 (2) ~~The North Carolina economy is in the midst of a massive transition~~
14 ~~created by technological changes, global competition, and new~~
15 ~~production practices; and practices.~~

16 (3) In order to maintain employment opportunities, increase income
17 levels, reduce poverty, and generate the public revenues necessary to
18 provide public services, North Carolina must increasingly rely on an
19 economy which adds value to its natural and human resources and
20 provides a diverse mix of products.

21 (4) Regional Progress Boards, modeled after the North Carolina Progress
22 Board, should be encouraged, and to the extent practicable, funded
23 from local sources, public and private, to ensure that the several
24 regions of North Carolina describe a clear regional vision, with
25 measures, targets, and methods for keeping track of progress toward
26 that regional vision, and each forming a strategic alliance with the
27 North Carolina Progress Board.

28 (c) The North Carolina Progress Board shall:

29 (1) Encourage ~~the a~~ a discussion and toward understanding of the critical
30 global global, national, statewide, regional, and local demographic,
31 social, economic, and environmental and trends and conditions that
32 exist or are emerging in North Carolina today, and how those issues
33 will impact living in North Carolina in 10 to 20 years. national social
34 and economic trends that will affect North Carolina in the coming
35 decades;

36 (2) Examine the report of the Commission for a Competitive North
37 Carolina and the 1997 and February 2000 reports of the North Carolina
38 Progress Board to the General Assembly. ~~the 1997 report of the North~~
39 ~~Carolina Progress Board to the General Assembly;~~

40 (3) Track the eight issue areas set out in subsection (a) of this section and
41 the objectives set out in subsection (a1) of this section and other issues
42 identified by the Progress Board. The Progress Board may, upon vote
43 of the Board, add to those issues identified by its predecessor
44 Commission and ~~Board;~~ Board.

45 (4) Hold public hearings and other methods of public participation,
46 including educational and outreach programs, to secure the views of
47 citizens on priority goals for North Carolina and to disseminate
48 findings and recommendations to ~~polieymakers;~~ policymakers.

49 (5) Formulate and submit to North Carolinians a report every five years,
50 beginning 2001, that updates the ~~20 10-~~ to 30 20- year vision for North
51 Carolina and that describes and explains a vision for North Carolina's
52 progress over the next ~~2010 to 3020 years;~~ years.

- 1 (6) Submit a report to the General Assembly prior to its convening the
 2 regular session every odd-numbered year, which reports on
 3 ~~demographic, social and social, economic~~ economic, or environmental
 4 trends and issues recommends specific targets and milestones to
 5 accomplish its ~~mission;~~ mission.
 6 (7) ~~Recommend~~ Recommend, by reporting special legislative provisions,
 7 in draft form only, how the targets and milestones can be applied to
 8 increase ~~the~~ accountability of government to the people of this ~~State;~~
 9 State.
 10 (8) Report periodically to the people of North Carolina on progress toward
 11 meeting goals, targets, and ~~milestones;~~ milestones, together with an
 12 assessment of the failure to meet the same and, where possible, an
 13 estimate of the potential costs associated with failure to act.
 14 (9) Undertake new and ongoing policy research and benchmarking
 15 ~~studies;~~ studies.
 16 (10) Publish and distribute periodic reports on policies, performance
 17 improvement, and best practices for ~~meeting~~ achieving the ~~long-term~~
 18 long-term, strategic goals for the State; and State.
 19 (11) May apply for and accept gifts or ~~grants.~~ grants or engage in
 20 consulting activities, or other contractual assignments, consistent with
 21 its mission, for which applicable staff or Board members may expect
 22 to receive reasonable fees and expenses in exchange for specific work
 23 products.

24 (d) ~~The~~ Any Regular Session of the General Assembly shall further define the
 25 mission of the North Carolina Progress Board in continuing its ~~work.~~ work and may
 26 from time to time, and to the extent practicable, request staff assistance from the Board
 27 to standing, select, or independent legislative study committees or commissions.

28 (e) The General Assembly, after adopting the initial set of goals and measures as
 29 proposed or amended, may alter the goals and measures."

30 **SECTION 31.12.(c)** G.S. 143B-372.3 reads as rewritten:

31 "**§ 143B-372.3. Staff.**

32 (a) ~~The Chancellor of North Carolina State University~~ Upon the recommendation
 33 of the Board, the Governor shall appoint an Executive Director who shall serve at the
 34 pleasure of the ~~Chancellor.~~ Board and the Governor but, for administrative purposes,
 35 shall report to the Board of Governors of The University of North Carolina. The
 36 Executive Director shall report to the North Carolina Progress Board and the
 37 ~~Chancellor.~~ Governor. The Executive Director shall hire or contract with support staff,
 38 who shall work at the pleasure of the Executive Director.

39 (b) The Office of State Budget, Planning, and Management shall also provide
 40 support, information, reports, and other assistance to the North Carolina Progress Board
 41 as requested.

42 (c) Repealed by Session Laws 1999-237, s. 10.12(a), effective June 30, 1999."

44 Requested by: Representative Cole

45 **TRANSFER CHINQUA-PENN PLANTATION FUNDS**

46 **SECTION 31.13.** All "Friends of Chinqua-Penn" funds and gift shop funds
 47 on deposit with The University of North Carolina shall be transferred to the Chinqua-
 48 Penn Foundation, Inc.

50 Requested by: Representative Creech

51 **UNC BOARD OF GOVERNORS REPORT ON OVERHEAD RECEIPTS**

52 **SECTION 31.14.** The Board of Governors of The University of North
 53 Carolina shall report to the Joint Legislative Education Oversight Committee by March

1 1, 2002, and annually thereafter, on the amount of overhead receipts for The University
2 System and the use of those receipts.

3
4 Requested by: Representative Michaux

5 **FOCUSED GROWTH INSTITUTIONS/USE OVERHEAD RECEIPTS**

6 **SECTION 31.15.(a)** The Board of Governors of The University of North
7 Carolina shall allocate funds appropriated in this act to the Board of Governors in the
8 amount of three million one hundred twenty-one thousand five hundred thirty-four
9 dollars (\$3,121,534) each year of the biennium to the Focused Growth Institutions in
10 accordance with its 2001-2003 budget request entitled "Access, Line 1.e. Focused
11 Growth Institutions – Special Needs".

12 **SECTION 31.15.(b)** The University of North Carolina at Chapel Hill shall
13 utilize two million four hundred three thousand five hundred eighty-one dollars
14 (\$2,403,581) from overhead receipts each year of the 2001-2003 biennium to support
15 operations in the Academic Affairs budget code 16020. North Carolina State University
16 shall utilize seven hundred seventeen thousand nine hundred fifty-three dollars
17 (\$717,953) from overhead receipts each year of the 2001-2003 biennium to support
18 operations in the Academic Affairs budget code 16030.

19
20 Requested by: Representative Allred

21 **UNC SYSTEM/INCREASE OUT-OF-STATE TUITION RATE/LIMIT IN-**
22 **STATE TUITION COST**

23 **SECTION 31.16.(a)** G.S. 116-144 reads as rewritten:

24 **"§ 116-144. Higher tuition to be charged nonresidents.**

25 (a) The Board of Governors shall fix the tuition and required fees charged
26 nonresidents of North Carolina who attend the institutions enumerated in G.S. 116-4 at
27 rates higher than the rates charged residents of North Carolina and comparable to the
28 ~~rates charged nonresident students by comparable public institutions nationwide, except~~
29 ~~that Carolina.~~ The tuition charged nonresidents shall be set at a rate to generate twenty-
30 four million six hundred sixty-four thousand eight hundred fifty-seven dollars
31 (\$24,664,857) in additional out-of-state tuition receipts.

32 (b) Notwithstanding subsection (a) of this section, a person who serves as a
33 graduate teaching assistant or graduate research assistant or in a similar instructional or
34 research assignment and is at the same time enrolled as a graduate student in the same
35 institution may, in the discretion of the Board of Governors, be charged a lower rate
36 fixed by the Board, provided the rate is not lower than the North Carolina resident rate."

37 **SECTION 31.16.(b)** The Board of Governors shall not increase tuition for
38 in-State students for the 2001-2002 or 2002-2003 academic years. The additional tuition
39 receipts generated under Section 31.15(a) shall replace the lost in-State tuition receipts
40 appropriated to the Board of Governors of The University of North Carolina in Section
41 2 of this act. The tuition receipts generated by subsection 31.15(a) of this section shall
42 be exactly twenty-four million six hundred sixty-four thousand eight hundred fifty-
43 seven dollars (\$24,664,857).

44 **SECTION 31.16.(c)** This section applies to academic periods beginning or
45 on or after July 1, 2001.

46
47 **PART XXXII. SALARIES AND EMPLOYEE BENEFITS**

48
49 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

50 **GOVERNOR AND COUNCIL OF STATE/NO SALARY INCREASES**

51 **SECTION 32.1.(a)** For the 2001-2002 and 2002-2003 fiscal years, the salary
52 of the Governor shall remain the amount set by G.S. 147-11(a).

1 **SECTION 32.1.(b)** Effective July 1, 2001, the annual salaries for the
2 members of the Council of State, payable monthly, for the 2001-2002 and 2002-2003
3 fiscal years are:

	Annual Salary
4 Council of State	
5 Lieutenant Governor	\$104,523
6 Attorney General	104,523
7 Secretary of State	104,523
8 State Treasurer	104,523
9 State Auditor	104,523
10 Superintendent of Public Instruction	104,523
11 Agriculture Commissioner	104,523
12 Insurance Commissioner	104,523
13 Labor Commissioner	104,523

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

16 **NONELECTED DEPARTMENT HEAD/NO SALARY INCREASES**

17 **SECTION 32.2.** In accordance with G.S. 143B-9, the maximum annual
18 salaries, payable monthly, for the nonelected heads of the principal State departments
19 for the 2001-2002 and 2002-2003 fiscal years are:

	Annual Salary
20 Nonelected Department Heads	
21 Secretary of Administration	\$102,119
22 Secretary of Correction	102,119
23 Secretary of Crime Control and Public Safety	102,119
24 Secretary of Cultural Resources	102,119
25 Secretary of Commerce	102,119
26 Secretary of Environment and Natural Resources	102,119
27 Secretary of Health and Human Services	102,119
28 Secretary of Juvenile Justice and Delinquency Prevention	102,119
29 Secretary of Revenue	102,119
30 Secretary of Transportation	102,119

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

33 **CERTAIN EXECUTIVE BRANCH OFFICIALS/NO SALARY INCREASES**

34 **SECTION 32.3.** The annual salaries, payable monthly, for the 2001-2002
35 and 2002-2003 fiscal years for the following executive branch officials are:

	Annual Salary
36 Executive Branch Officials	
37 Chairman, Alcoholic Beverage Control Commission	\$92,946
38 State Controller	130,078
39 Commissioner of Motor Vehicles	92,946
40 Commissioner of Banks	104,523
41 Chairman, Employment Security Commission	129,913
42 State Personnel Director	102,119
43 Chairman, Parole Commission	84,871
44 Members of the Parole Commission	78,356
45 Chairman, Utilities Commission	116,405
46 Members of the Utilities Commission	104,523
47 Executive Director, Agency for Public Telecommunications	78,356
48 General Manager, Ports Railway Commission	70,755
49 Director, Museum of Art	95,240
50 Executive Director, North Carolina Housing Finance Agency	115,031
51 Executive Director, North Carolina Agricultural Finance Authority	90,470
52 State Chief Information Officer	130,000

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

JUDICIAL BRANCH OFFICIALS/NO SALARY INCREASES

SECTION 32.4.(a) The annual salaries, payable monthly, for specified judicial branch officials for the 2001-2002 and 2002-2003 fiscal years are:

Judicial Branch Officials	Annual Salary
Chief Justice, Supreme Court	\$118,430
Associate Justice, Supreme Court	115,336
Chief Judge, Court of Appeals	112,452
Judge, Court of Appeals	110,530
Judge, Senior Regular Resident Superior Court	107,527
Judge, Superior Court	104,523
Chief Judge, District Court	94,912
Judge, District Court	91,909
Administrative Officer of the Courts	107,527
Assistant Administrative Officer of the Courts	98,216

SECTION 32.4.(b) The district attorney or public defender of a judicial district, with the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense Services, respectively, shall set the salaries of assistant district attorneys or assistant public defenders, respectively, in that district such that the average salaries of assistant district attorneys or assistant public defenders in that district do not exceed sixty thousand one hundred ninety-one dollars (\$60,191), and the minimum salary of any assistant district attorney or assistant public defender is at least thirty-one thousand thirty-five dollars (\$31,035), effective July 1, 2001.

SECTION 32.4.(c) The salaries in effect for the 2001-2002 and 2002-2003 fiscal years for permanent, full-time employees of the Judicial Department, except for those whose salaries are itemized in this Part, shall be increased by six hundred twenty-five dollars (\$625.00), effective July 1, 2001.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

CLERK OF SUPERIOR COURT SALARY INCREASES

SECTION 32.5. Effective July 1, 2001, 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	\$69,286 \$69,911
100,000 to 149,999	77,827 78,452
150,000 to 249,999	86,369 86,994
250,000 and above	94,912 95,537

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."

1 Requested by: Representatives Easterling, Oldham, Redwine, Thompson
 2 **ASSISTANT AND DEPUTY CLERKS OF COURT/SALARY INCREASE**

3 **SECTION 32.6.** Effective July 1, 2001, G.S. 7A-102(c1) reads as rewritten:

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

7 Assistant Clerks and Head Bookkeeper	Annual Salary
8 Minimum	\$25,890 \$26,515
9 Maximum	45,839 46,464

11 Deputy Clerks	Annual Salary
12 Minimum	\$21,940 \$22,565
13 Maximum	35,309 35,934."

14
 15 Requested by: Representatives Easterling, Oldham, Redwine, Thompson
 16 **MAGISTRATES' SALARY INCREASES**

17 **SECTION 32.7.** Effective July 1, 2001, G.S. 7A-171.1 reads as rewritten:

18 "(a) The Administrative Officer of the Courts, after consultation with the chief
 19 district judge and pursuant to the following provisions, shall set an annual salary for
 20 each magistrate.

- 21 (1) A full-time magistrate shall be paid the annual salary indicated in the
 22 table set out in this subdivision. A full-time magistrate is a magistrate
 23 who is assigned to work an average of not less than 40 hours a week
 24 during the term of office. The Administrative Officer of the Courts
 25 shall designate whether a magistrate is full-time. Initial appointment
 26 shall be at the entry rate. A magistrate's salary shall increase to the
 27 next step every two years on the anniversary of the date the magistrate
 28 was originally appointed for increases to Steps 1 through 3, and every
 29 four years on the anniversary of the date the magistrate was originally
 30 appointed for increases to Steps 4 through 6.

31
 32 **Table of Salaries of Full-Time Magistrates**

34 Step Level	Annual Salary
35 Entry Rate	\$26,264 \$26,889
36 Step 1	28,900 29,525
37 Step 2	31,764 32,393
38 Step 3	34,898 35,523
39 Step 4	38,327 38,952
40 Step 5	42,096 42,721
41 Step 6	46,239 46,864

- 42
 43 (2) A part-time magistrate is a magistrate who is assigned to work an
 44 average of less than 40 hours of work a week during the term, except
 45 that no magistrate shall be assigned an average of less than 10 hours of
 46 work a week during the term. A part-time magistrate is included, in
 47 accordance with G.S. 7A-170, under the provisions of G.S. 135-1(10)
 48 and G.S. 135-40.2(a). The Administrative Officer of the Courts
 49 designates whether a magistrate is a part-time magistrate. A part-time
 50 magistrate shall receive an annual salary based on the following
 51 formula: The average number of hours a week that a part-time
 52 magistrate is assigned work during the term shall be multiplied by the
 53 annual salary payable to a full-time magistrate who has the same

number of years of service prior to the beginning of that term as does the part-time magistrate and the product of that multiplication shall be divided by the number 40. The quotient shall be the annual salary payable to that part-time magistrate.

(3) Notwithstanding any other provision of this subsection, an individual who, when initially appointed as a full-time magistrate, is licensed to practice law in North Carolina, shall receive the annual salary provided in the Table in subdivision (1) of this subsection for Step 4. This magistrate's salary shall increase to the next step every four years on the anniversary of the date the magistrate was originally appointed. An individual who, when initially appointed as a part-time magistrate, is licensed to practice law in North Carolina, shall be paid an annual salary based on that for Step 4 and determined according to the formula in subdivision (2) of this subsection. This magistrate's salary shall increase to the next step every four years on the anniversary of the date the magistrate was originally appointed. The salary of a full-time magistrate who acquires a license to practice law in North Carolina while holding the office of magistrate and who at the time of acquiring the license is receiving a salary at a level lower than Step 4 shall be adjusted to Step 4 and, thereafter, shall advance in accordance with the Table's schedule. The salary of a part-time magistrate who acquires a license to practice law in North Carolina while holding the office of magistrate and who at the time of acquiring the license is receiving an annual salary as determined by subdivision (2) of this subsection based on a salary level lower than Step 4 shall be adjusted to a salary based on Step 4 in the Table and, thereafter, shall advance in accordance with the provision in subdivision (2) of this subsection.

(a1) Notwithstanding subsection (a) of this section, the following salary provisions apply to individuals who were serving as magistrates on June 30, 1994:

(1) The salaries of magistrates who on June 30, 1994, were paid at a salary level of less than five years of service under the table in effect that date shall be as follows:

Less than 1 year of service	\$20,700	\$21,325
1 or more but less than 3 years of service	21,764	22,389
3 or more but less than 5 years of service	23,905	24,530.

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).

1 (3) The salaries of magistrates who are licensed to practice law in North
2 Carolina shall be adjusted to the annual salary provided in the table in
3 subsection (a) as Step 4, and, thereafter, their salaries shall be set in
4 accordance with the provisions in subsection (a).

5 (4) The salaries of "part-time magistrates" shall be set under the formula
6 set out in subdivision (2) of subsection (a) but according to the rates
7 set out in this subsection.

8 (a2) The Administrative Officer of the Courts shall provide magistrates with
9 longevity pay at the same rates as are provided by the State to its employees subject to
10 the State Personnel Act.

11 (b) Notwithstanding G.S. 138-6, a magistrate may not be reimbursed by the State
12 for travel expenses incurred on official business within the county in which the
13 magistrate resides."

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

15 **GENERAL ASSEMBLY PRINCIPAL CLERKS**

16 **SECTION 32.8.** Effective July 1, 2001, G.S. 120-37(c) reads as rewritten:

17 "(c) The principal clerks shall be full-time officers. Each principal clerk shall be
18 entitled to other benefits available to permanent legislative employees and shall be paid
19 an annual salary of ~~eighty seven thousand six hundred eighty one dollars (\$87,681)~~
20 eighty-eight thousand three hundred six dollars (\$88,306) payable monthly. The
21 Legislative Services Commission shall review the salary of the principal clerks prior to
22 submission of the proposed operating budget of the General Assembly to the Governor
23 and Advisory Budget Commission and shall make appropriate recommendations for
24 changes in those salaries. Any changes enacted by the General Assembly shall be by
25 amendment to this paragraph."
26

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

28 **SERGEANT-AT-ARMS AND READING CLERKS**

29 **SECTION 32.9.** Effective July 1, 2001, G.S. 120-37(b) reads as rewritten:

30 "(b) The sergeant-at-arms and the reading clerk in each house shall be paid a
31 salary of ~~two hundred eighty six dollars (\$286.00)~~ two hundred ninety-two dollars
32 (\$292.00) per week plus subsistence at the same daily rate provided for members of the
33 General Assembly, plus mileage at the rate provided for members of the General
34 Assembly for one round trip only from their homes to Raleigh and return. The
35 sergeants-at-arms shall serve during sessions of the General Assembly and at such time
36 prior to the convening of, and subsequent to adjournment or recess of, sessions as may
37 be authorized by the Legislative Services Commission. The reading clerks shall serve
38 during sessions only."
39

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

41 **LEGISLATIVE EMPLOYEES**

42 **SECTION 32.10.** The Legislative Services Officer shall increase the salaries
43 of nonelected employees of the General Assembly in effect for fiscal year 2000-2001 by
44 six hundred twenty-five dollars (\$625.00). Nothing in this act limits any of the
45 provisions of G.S. 120-32.
46

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

48 **COMMUNITY COLLEGES PERSONNEL/SALARY INCREASES**

49 **SECTION 32.11.** The Director of the Budget shall transfer from the Reserve
50 for Compensation Increases, created in this act for fiscal years 2001-2002 and
51 2002-2003, funds to the North Carolina Community Colleges System Office necessary
52 to provide an annual salary increase of six hundred twenty-five dollars (\$625.00)
53

1 including funds for the employer's retirement and social security contributions,
2 commencing July 1, 2001, for all permanent full-time community college institutional
3 personnel supported by State funds. Salary funds shall be used to provide an annual
4 salary increase of six hundred twenty-five dollars (\$625.00) to all full-time employees
5 and part-time employees on a pro rata basis.
6

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

8 **UNIVERSITY OF NORTH CAROLINA SYSTEM/EPA SALARY INCREASES**

9 **SECTION 32.12.(a)** The Director of the Budget shall transfer to the Board
10 of Governors of The University of North Carolina sufficient funds from the Reserve for
11 Compensation Increases, created in this act for fiscal years 2001-2002 and 2002-2003,
12 to provide an annual salary increase of six hundred twenty-five dollars (\$625.00),
13 including funds for the employer's retirement and social security contributions,
14 commencing July 1, 2001, for all employees of The University of North Carolina, as
15 well as employees other than teachers of the North Carolina School of Science and
16 Mathematics, supported by State funds and whose salaries are exempt from the State
17 Personnel Act (EPA). These funds may not be used for any purpose other than for
18 salary increases and necessary employer contributions provided by this section.

19 **SECTION 32.12.(b)** The Director of the Budget shall transfer to the Board
20 of Governors of The University of North Carolina sufficient funds from the Reserve for
21 Compensation Increases, created in this act for fiscal years 2001-2002 and 2002-2003,
22 to provide an annual salary increase of two and eighty-six hundredths percent (2.86%),
23 including funds for the employer's retirement and social security contributions,
24 commencing July 1, 2001, for all teaching employees of the North Carolina School of
25 Science and Mathematics, supported by State funds and whose salaries are exempt from
26 the State Personnel Act (EPA). These funds may not be used for any purpose other than
27 for salary increases and necessary employer contributions provided by this section.
28

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

30 **MOST STATE EMPLOYEES**

31 **SECTION 32.13.(a)** The salaries in effect June 30, 2001, of all permanent
32 full-time State employees whose salaries are set in accordance with the State Personnel
33 Act, and who are paid from the General Fund or the Highway Fund shall be increased,
34 on or after July 1, 2001, unless otherwise provided by this act, by six hundred
35 twenty-five dollars (\$625.00) per year.

36 **SECTION 32.13.(b)** Except as otherwise provided in this act, the fiscal year
37 2001-2002 salaries for permanent full-time State officials and persons in exempt
38 positions that are recommended by the Governor or the Governor and the Advisory
39 Budget Commission and set by the General Assembly shall be increased by six hundred
40 twenty-five dollars (\$625.00) per year, commencing July 1, 2001.

41 **SECTION 32.13.(c)** The salaries in effect for fiscal year 2001-2002 for all
42 permanent part-time State employees shall be increased on and after July 1, 2001, by
43 pro rata amounts of the six hundred twenty-five dollars (\$625.00) per year salary
44 increase provided for permanent full-time employees covered under subsection (a) of
45 this section.

46 **SECTION 32.13.(d)** The Director of the Budget may allocate out of special
47 operating funds or from other sources of the employing agency, except tax revenues,
48 sufficient funds to allow a salary increase, on and after July 1, 2001, in accordance with
49 subsection (a), (b), or (c) of this section including funds for the employer's retirement
50 and social security contributions, for the permanent full-time and part-time employees
51 of the agency, provided the employing agency elects to make available the necessary
52 funds.

1 **SECTION 32.13.(e)** Within regular Executive Budget Act procedures as
2 limited by this act, all State agencies and departments may increase on an equitable
3 basis the rate of pay of temporary and permanent hourly State employees, subject to
4 availability of funds in the particular agency or department, by pro rata amounts of the
5 six hundred twenty-five dollars (\$625.00) per year salary increase provided for
6 permanent full-time employees covered by the provisions of subsection (a) of this
7 section, commencing July 1, 2001.

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

10 **ALL STATE SUPPORTED PERSONNEL**

11 **SECTION 32.14.(a)** Salaries and related benefits for positions that are
12 funded partially from the General Fund or Highway Fund and partially from sources
13 other than the General Fund or Highway Fund shall be increased from the General Fund
14 or Highway Fund appropriation only to the extent of the proportionate part of the
15 salaries paid from the General Fund or Highway Fund.

16 **SECTION 32.14.(b)** The granting of the salary increases under this act does
17 not affect the status of eligibility for salary increments for which employees may be
18 eligible unless otherwise required by this act.

19 **SECTION 32.14.(c)** The salary increases provided in this act are to be
20 effective July 1, 2001, do not apply to persons separated from State service due to
21 resignation, dismissal, reduction in force, death, or retirement, or whose last workday is
22 prior to July 1, 2001.

23 Payroll checks issued to employees after July 1, 2001, which represent
24 payment of services provided prior to July 1, 2001, shall not be eligible for salary
25 increases provided for in this act. This subsection shall apply to all employees, subject
26 to or exempt from the State Personnel Act, paid from State funds, including public
27 schools, community colleges, and The University of North Carolina.

28 **SECTION 32.14.(d)** The Director of the Budget shall transfer from the
29 Reserve for Compensation Increases in this act for fiscal year 2001-2002 all funds
30 necessary for the salary increases provided by this act, including funds for the
31 employer's retirement and social security contributions.

32 **SECTION 32.14.(e)** Nothing in this act authorizes the transfer of funds
33 between the General Fund and the Highway Fund for salary increases.

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

36 **TEMPORARY SALES TAX TRANSFER FOR WILDLIFE RESOURCES**
37 **COMMISSION SALARIES**

38 **SECTION 32.15.** For the 2001-2002 and 2002-2003 fiscal years, the
39 Secretary of Revenue shall transfer at the end of each quarter from the State sales and
40 use tax net collections received by the Department of Revenue under Article 5 of
41 Chapter 105 of the General Statutes to the State Treasurer for the Wildlife Resources
42 Fund to fund the cost of any legislative salary increase for employees of the Wildlife
43 Resources Commission.

44
45 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

46 **CLEAN WATER MANAGEMENT TRUST FUND PERSONNEL**

47 **SECTION 32.16.(a)** G.S. 126-5(c1) is amended by adding a new
48 subdivision to read:

49 "(21) Employees of the Clean Water Management Trust Fund."

50 **SECTION 32.16.(b)** G.S. 113-145.7 reads as rewritten:

51 **"§ 113-145.7. Clean Water Management Trust Fund: Executive Director and staff.**

52 The Clean Water Management Trust Fund Board of Trustees, as soon as practicable
53 after its organization, shall select and appoint a competent person in accordance with

1 this section as Executive Director of the Clean Water Management Trust Fund Board of
 2 Trustees. The Executive Director shall be charged with the supervision of all activities
 3 under the jurisdiction of the Trustees and shall serve as the chief administrative officer
 4 of the Trustees. Subject to the approval of the Trustees and the Director of the Budget,
 5 the Executive Director may employ such clerical and other assistants as may be deemed
 6 necessary.

7 The person selected as Executive Director shall have had training and experience in
 8 conservation, protection, and management of surface water resources. The salary of the
 9 Executive Director shall be fixed by the Trustees, and the Executive Director shall be
 10 allowed travel and subsistence expenses in accordance with G.S. 138-6. The Executive
 11 Director's salary and expenses shall be paid from the Fund. The term of office of the
 12 Executive Director shall be at the pleasure of the Trustees.

13 These employees shall be exempt from the State Personnel Act, as provided in G.S.
 14 126-5(c1)."

15
 16 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

17 **SEVERANCE PAY/SALARY ADJUSTMENT FUND**

18 **SECTION 32.19.(a)** Funds from the Salary Adjustment Fund shall first be
 19 used for severance wages for eligible separated employees.

20 **SECTION 32.19.(b)** The sum of up to five million dollars (\$5,000,000) of
 21 any remaining appropriations for legislative salary increases not required for that
 22 purpose may be used to supplement the Salary Adjustment Fund. These funds may be
 23 used for reclassifications of positions already approved by the Office of State Personnel.
 24 Any funds in excess of five million dollars (\$5,000,000) shall revert. The Office of
 25 State Budget and Management shall report to the Joint Legislative Commission on
 26 Governmental Operations prior to the allocation of salary adjustment funds for any State
 27 agency.

28
 29 Requested by: Representatives Wright, Redwine, Easterling, Oldham, Thompson

30 **STATE EMPLOYEE HEALTH PLAN CHANGES**

31 **SECTION 32.20.(a)** G.S. 135-40.1(2) reads as rewritten:

32 "(2) Deductible. – Deductible shall mean an amount of covered expenses
 33 during a fiscal year which must be incurred after which benefits
 34 (subject to the deductible) becomes payable. The deductible for an
 35 employee, retired employee and/or his or her dependents shall be ~~two~~
 36 ~~hundred fifty dollars (\$250.00)~~ three hundred fifty dollars (\$350.00)
 37 for each fiscal year.

38 The deductible applies separately to each covered individual in
 39 each fiscal year, subject to an aggregate maximum of ~~seven hundred~~
 40 ~~fifty dollars (\$750.00)~~ one thousand fifty dollars (\$1,050) per family
 41 ~~(employee or retiree and his or her covered dependents)~~ employee and
 42 child(ren) or employee and family coverage contract in any fiscal year.

43 If two or more family members are injured in the same accident
 44 only one deductible is required for charges related to that accident
 45 during the benefit period."

46 **SECTION 32.20.(b)** G.S. 135-40.4(a) reads as rewritten:

47 "(a) In the event a covered person, as a result of accidental bodily injury, disease
 48 or pregnancy, incurs covered expenses, the Plan will pay benefits up to the amounts
 49 described in G.S. 135-40.5 through G.S. 135-40.9.

50 The Plan is divided into two parts. The first part includes certain benefits which are
 51 not subject to a deductible or coinsurance. The second part is a comprehensive plan and
 52 includes those benefits which are subject to both a ~~two hundred fifty dollars~~
 53 ~~(\$250.00)~~ three hundred fifty dollar (\$350.00) deductible for each covered individual to

1 an aggregate maximum of ~~seven hundred fifty dollars (\$750.00)~~ one thousand fifty
2 dollars (\$1,050) per ~~family employee and child(ren) or employee and family coverage~~
3 contract and coinsurance of 80%/20%. There is a limit on out-of-pocket expenses under
4 the second part.

5 Notwithstanding the provisions of this Article, the Executive Administrator and
6 Board of Trustees of the Teachers' and State Employees' Comprehensive Major Medical
7 Plan may contract with providers of institutional and professional medical care and
8 services to established preferred provider networks. The Plan shall, however, honor a
9 Plan member's assignment of benefits under the Plan to a provider of health care
10 services that does not contract with the Plan. The design, adoption, and implementation
11 of such preferred provider contracts and networks are not subject to the requirements of
12 Chapter 143 of the General Statutes, provided that for any hospital preferred provider
13 network all hospitals will have an opportunity to contract with the Plan if they meet the
14 contract requirements. Any contract entered into between a hospital and the Plan shall
15 become effective as soon as practicable after the execution of the contract and, in any
16 event, not later than 10 calendar days after the hospital's delivery of the executed
17 contract to the Plan. The Executive Administrator and Board of Trustees shall, under the
18 provisions of G.S. 135-39.5(12), pursue such preferred provider contracts on a timely
19 basis and shall make reports as requested to the President of the Senate, the President
20 Pro Tempore of the Senate, the Speaker of the House of Representatives, and the
21 Committee on Employee Hospital and Medical Benefits on its progress in negotiating
22 such preferred provider contracts. The Executive Administrator and Board of Trustees
23 shall implement a refined diagnostic-related grouping or diagnostic-related
24 grouping-based reimbursement system for hospitals as soon as practicable, but no later
25 than January 1, 1995."

26 **SECTION 32.20.(c)** G.S. 135-40.5(d) is repealed.

27 **SECTION 32.20.(d)** G.S. 135-40.5(g) reads as rewritten:

28 "(g) Prescription Drugs. – The Plan's allowable charges for prescription legend
29 drugs to be used outside of a hospital or skilled nursing facility are to be determined by
30 the Plan's Executive Administrator and Board of Trustees. The Plan will pay allowable
31 charges for each outpatient prescription drug less a copayment to be paid by each
32 covered individual equal to the following amounts: pharmacy charges up to ten dollars
33 (\$10.00) for each generic prescription, ~~fifteen dollars (\$15.00)~~ twenty-five dollars
34 (\$25.00) for each branded prescription, and ~~twenty dollars (\$20.00)~~ thirty-five dollars
35 (\$35.00) for each branded prescription with a generic equivalent drug, and ~~twenty-five~~
36 ~~dollars (\$25.00)~~ forty dollars (\$40.00) for each branded or generic prescription not on a
37 formulary used by the Plan. Allowable charges shall not be greater than a pharmacy's
38 usual and customary charge to the general public for a particular prescription.
39 Prescriptions shall be for no more than a 34-day supply for the purposes of the
40 copayments paid by each covered individual. By accepting the copayments and any
41 remaining allowable charges provided by this subsection, pharmacies shall not balance
42 bill an individual covered by the Plan. A prescription legend drug is defined as an article
43 the label of which, under the Federal Food, Drug, and Cosmetic Act, is required to bear
44 the legend: "Caution: Federal Law Prohibits Dispensing Without Prescription." Such
45 articles may not be sold to or purchased by the public without a prescription order.
46 Benefits are provided for insulin even though a prescription is not required. The Plan
47 may use a pharmacy benefit manager to help manage the Plan's outpatient prescription
48 drug coverage. In managing the Plan's outpatient prescription drug benefits, the Plan
49 and its pharmacy benefit manager shall not provide coverage for erectile dysfunction,
50 growth hormone, antiwrinkle, weight loss, and hair growth drugs unless such coverage
51 is medically necessary to the health of the member. The Plan and its pharmacy benefit
52 manager shall not provide coverage for growth hormone and weight loss drugs and
53 antifungal drugs for the treatment of nail fungus and botulinum toxin without approval

1 in advance by the pharmacy benefit manager. Any formulary used by the Plan's
2 Executive Administrator and pharmacy benefit manager shall be an open formulary.
3 Plan members shall not be assessed more than two thousand five hundred dollars
4 (\$2,500) per person per fiscal year in copayments required by this subsection."

5 **SECTION 32.20.(e)** The first paragraph of G.S. 135-40.6 reads as rewritten:

6 "The following benefits provided in this section are subject to a deductible of two
7 hundred fifty dollars (\$250.00) three hundred fifty dollars (\$350.00) per covered
8 individual to an aggregate maximum of seven hundred fifty dollars (\$750.00) one
9 thousand fifty dollars (\$1,050) per family employee and child(ren) or employee and
10 family coverage contract per fiscal year and are payable on the basis of eighty percent
11 (80%) by the Plan and twenty percent (20%) by the covered individual up to a
12 maximum of one thousand dollars (\$1,000) five hundred dollars (\$1,500) out-of-pocket
13 per fiscal year:year. The aggregate maximum out-of-pocket required of individuals
14 covered by this section shall not be more than four thousand five hundred dollars
15 (\$4,500) per employee and child(ren) or employee and family coverage contract per
16 fiscal year."

17 **SECTION 32.20.(f)** G.S. 135-40.6(1)f. reads as rewritten:

18 "(1) In-Hospital Benefits. – The Plan pays in-hospital benefits for each
19 single confinement, when charged by a hospital, for room
20 accommodations, including bed, board and general nursing care, but
21 not to exceed the charge for semiprivate room or ward
22 accommodations, or the rate negotiated for the Plan. Under the DRG
23 reimbursement system, the coinsurance shall be based on the lower of
24 the DRG amount or charges.

25 The Plan will pay the following covered charges, when charged by
26 a hospital, for each confinement.

27 ...

28 f. Physical-Physical, speech, and occupational therapy."

29 **SECTION 32.20.(g)** G.S. 135-40.6(3) reads as rewritten:

30 "(3) Skilled Nursing Facility Benefits. – The Plan will pay benefits in a
31 skilled nursing facility licensed under applicable State laws for not
32 more than 100 days per fiscal year for the same reason, as follows:

33 After discharge from a hospital for which inpatient hospital
34 benefits were provided by this Plan for a period of not less than three
35 days, and treatment consistent with the same illness or condition for
36 which the covered individual was hospitalized, the daily charges will
37 be paid for room and board in a semiprivate room or any multibed unit
38 up to the maximum benefit specified in subsection (1) of this section,
39 less the days of care already provided for the same illness in a hospital.
40 Plan allowances for total daily charges may be negotiated but will not
41 exceed the daily semiprivate hospital room rate as determined by the
42 Plan.

43 Credit will be allowed toward private room charges in an amount
44 equal to the facility's most prevalent charge for semiprivate
45 accommodations. Charges will also be paid for general nursing care
46 and other services which would ordinarily be covered in a general
47 hospital. In order to be eligible for these benefits, admission must
48 occur within 14 days of discharge from the hospital.

49 In order to qualify for benefits provided by a skilled nursing
50 facility, the following stipulations apply:

51 a. The services are medically required to be given on an inpatient
52 basis because of the covered individual's need for medically
53 necessary skilled nursing care on a continuing daily basis for

1 any of the conditions for which he or she was receiving
 2 inpatient hospital services prior to transfer from a hospital to the
 3 skilled nursing facility or for a condition requiring such services
 4 which arose after such transfer and while he or she was still in
 5 the facility for treatment of the condition or conditions for
 6 which he or she was receiving inpatient hospital services,

7 b. Only on prior referral by and so long as, the patient remains
 8 under the active care of an attending doctor and the patient
 9 requires continual hospital confinement without the care and
 10 treatment of the skilled nursing facility, and

11 c. Approved in advance by the Claims Processor.

12 For facilities not qualified for delivery of services covered by the
 13 benefits of Title XVIII of the Social Security Act (Medicare), neither
 14 the Plan nor any of its members shall be billed or held liable by such
 15 facilities for charges that otherwise would be covered by Medicare."

16 **SECTION 32.20.(h)** G.S. 135-40.6(8)e. reads as rewritten:

17 "e. Prosthetic and Orthopedic Appliances and Durable Medical
 18 Equipment: Appliances and equipment including corrective and
 19 supportive devices such as artificial limbs and eyes,
 20 wheelchairs, traction equipment, inhalation therapy and suction
 21 machines, hospital beds, braces, orthopedic corsets and trusses,
 22 not more than three hundred fifty dollars (\$350.00) for
 23 therapeutic shoes for diabetes and other high-risk conditions,
 24 and other prosthetic appliances or ambulatory apparatus which
 25 are provided solely for the use of the participant. Eligible
 26 charges include repair and replacement when medically
 27 necessary. Benefits will be provided on a rental or purchase
 28 basis at the sole discretion of the Claims Processor and
 29 agreements to rent or purchase shall be between the Claims
 30 Processor and the supplier of the appliance.

31 For the purposes of this subdivision, the term "durable
 32 medical equipment" means standard equipment normally used
 33 in an institutional setting which can withstand repeated use, is
 34 primarily and customarily used to serve a medical purpose, is
 35 generally not useful to a person in the absence of an illness or
 36 injury and is appropriate for use in the home. Decisions of the
 37 Claims Processor, the Executive Administrator and Board of
 38 Trustees as to compliance with this definition and coverage
 39 under the Plan shall be final."

40 **SECTION 32.20.(i)** G.S. 135-40.6(8)m. reads as rewritten:

41 "m. Cardiac Rehabilitation: Charges not to exceed ~~six hundred fifty~~
 42 ~~dollars (\$650.00) the lesser of one thousand eight hundred~~
 43 ~~dollars (\$1,800) or 90 days per fiscal year for cardiac testing~~
 44 ~~and exercise therapy, when determined medically necessary by~~
 45 ~~an attending physician and approved by the Claims Processor~~
 46 ~~for patients with a medical history of myocardial infarction,~~
 47 ~~angina pectoris, arrhythmias, cardiovascular surgery,~~
 48 ~~hyperlipidemia, or hypertension, year. Coverage is limited to~~
 49 ~~patients with Coronary Artery Bypass Graft (CABG),~~
 50 ~~status/post myocardial infarction, Percutaneous Transluminal~~
 51 ~~Coronary Angioplasty (PTCA) or stent, valve replacement,~~
 52 ~~heart transplant, or chronic and disabling angina provided such~~
 53 ~~charges are incurred services are provided within six months of~~

1 the qualifying event and in a medically supervised facility fully
 2 certified by the North Carolina Department of Health and
 3 Human Services."

4 **SECTION 32.20.(j)** G.S. 135-40.6(9)f. reads as rewritten:

5 "(9) Limitations and Exclusions to Other Covered Charges. – No benefits
 6 are available under this section of the Plan until full utilization is made
 7 of similar benefits available under other sections of this Plan.

8 No benefits will be payable for:

9 ...

10 f. Eyeglasses or other corrective lenses (except for cataract lenses
 11 certified as medically necessary for aphakia persons), hearing
 12 aids, braces for teeth, dental plates or bridges or other dental
 13 prostheses, air-conditioners, vaporizers, humidifiers, mattresses
 14 (other than as supplied with a hospital bed) and specially built
 15 shoes (other than attached to artificial limbs or orthopedic
 16 ~~braces~~); braces, and other than therapeutic shoes for diabetes or
 17 other high-risk conditions);".

18 **SECTION 32.20.(k)** G.S. 135-40.6A(b) reads as rewritten:

19 "(b) The Executive Administrator and Board of Trustees may establish procedures
 20 to require prior medical approvals for the following services:

21 (1) Skilled Nursing Facility ~~Care (after the initial 30 days);~~ Care.

22 (2) Private Duty ~~Nursing;~~ Nursing.

23 (3) Speech Therapy (unless rendered in an inpatient ~~hospital~~); hospital).

24 (4) Physical Therapy (in the ~~home~~); home).

25 (7) Surgical Procedures:

26 a. Blepharoplasties

27 b. Surgery for Hermaphroditism

28 c. Excision of Keloids

29 d. Reduction Mammoplasty

30 e. Morbid Obesity Surgery

31 f. Penile Prosthesis

32 g. Excision of Gynecomastia

33 h. Cochlear Implants

34 i. Revision of the Nasal Structure

35 j. Abdominoplasty

36 k. Fimbrioplasty

37 l. Tubotubal ~~Anastomosis~~; Anastomosis

38 m. Varicose Vein Surgery.

39 (8) Subcutaneous injection of "filling" material (Example: zyderm,
 40 ~~silicone~~); and silicone).

41 (8a) Botulinium toxin.

42 (9) Suction Lipectomy.

43 (10) Outpatient prescription drugs requiring prospective review under the
 44 Plan's pharmacy benefit management program.

45 (11) Outpatient prescription drugs for growth hormone, weight loss, and
 46 antifungal drugs for the treatment of nail fungus."

47 **SECTION 32.20.(l)** G.S. 135-40.8 reads as rewritten:

48 "§ 135-40.8. Out-of-pocket expenditures.

49 (a) For the balance of any fiscal year after each eligible employee, retired
 50 employee, or dependent satisfies the cash deductible, the Plan pays eighty percent
 51 (80%) of the eligible expenses outlined in G.S. 135-40.6. ~~The covered individual is then~~
 52 ~~responsible for the remaining twenty percent (20%) until one thousand dollars (\$1,000),~~
 53 ~~in excess of the deductible, has been paid out of pocket. The remaining twenty percent~~

1 (20%) is paid by the covered individual until one thousand five hundred dollars (\$1,500)
2 per covered individual up to an aggregate of four thousand five hundred dollars (\$4,500)
3 per employee and child(ren) or employee and family coverage contract per fiscal year in
4 excess of the deductible has been paid out of pocket. The Plan then pays one hundred
5 percent (100%) of the remaining covered expenses.

6 ~~(b) Where a covered individual fails to obtain a second surgical opinion as
7 required under the Plan, or where a covered individual elects to have a surgery
8 performed that conflicts with a majority opinion of the rendered consultations that the
9 surgery requiring a second or third surgical opinion is not necessary, the covered
10 individual shall be responsible for fifty percent (50%) of the eligible expenses,
11 provided, however, that no covered individual shall be required to pay, in addition to the
12 expenses in subsection (a) above out of pocket in excess of five hundred dollars
13 (\$500.00) per fiscal year.~~

14 (c) Notwithstanding any other provision of this Article, on the first day of each
15 confinement the Plan does not pay the first ~~seventy five dollars (\$75.00) one hundred~~
16 dollars (\$100.00) of the room accommodation charge allowable under G.S. 135-40.6(1).
17 Any readmission within 60 days after discharge for the same reason shall be considered
18 the same confinement for the purpose of this subsection. The exclusion made under this
19 subsection shall not count toward the deductible nor toward the maximum amount of
20 coinsurance out-of-pocket costs.

21 (c1) Notwithstanding any other provision of this Article, the Plan does not pay the
22 first fifty dollars (\$50.00) of the facility fees and ancillary charges for allowable charges
23 exceeding five hundred dollars (\$500.00) per episode of care for hospital outpatient
24 departments and ambulatory surgical facilities under G.S. 135-40.6(4). Readmission
25 within 30 days after discharge for the same reason shall be considered the same episode
26 of care for the purpose of this subsection. The exclusion made under this subsection
27 shall not count toward the deductible nor toward the maximum amount of coinsurance
28 out-of-pocket costs.

29 (c2) Notwithstanding any other provision of this Article, the Plan does not pay the
30 first one hundred dollars (\$100.00) of allowable emergency room charges when
31 admission to a hospital pursuant to the emergency room use does not immediately
32 follow. This subsection shall apply only when less costly alternative means of
33 emergency medical care are reasonably available as determined by the Executive
34 Administrator and Board of Trustees. The exclusion made under this subsection shall
35 not count toward the deductible nor toward the maximum amount of coinsurance out-of-
36 pocket costs.

37 (c3) Notwithstanding any other provision of this Article, the Plan does not pay for
38 the first fifteen dollars (\$15.00) of allowable charges for each home, office, or skilled
39 nursing facility visit under the provisions of G.S. 135-40.6(7)a. and b., G.S. 135-
40 40.6(4), G.S. 135-40.6(8)e.(IV therapy), i., j., k., n., r., and s., and G.S. 135-40.5(e). The
41 copayment assessed by this subsection shall be assessed only once per person per
42 provider per day and shall not apply to laboratory, pathology, and radiology services.
43 The exclusion made under this subsection shall not count toward the deductible nor
44 toward the maximum amount of coinsurance out-of-pocket costs.

45 (d) Where a network of qualified preferred providers of inpatient and outpatient
46 hospital care is reasonably available for use by those individuals covered by the Plan,
47 use of providers outside of the preferred network shall be subject to a twenty percent
48 (20%) coinsurance rate up to five thousand dollars (\$5,000) per fiscal year per covered
49 individual up to an aggregate of fifteen thousand dollars (\$15,000) per employee and
50 child(ren) or employee and family coverage contract per fiscal year in addition to the
51 general coinsurance percentage and maximum fiscal year amount specified by G.S.
52 135-40.4 and G.S. 135-40.6."

53 **SECTION 32.20.(m)** G.S. 135-40.9 reads as rewritten:

1 **"§ 135-40.9. Maximum benefits.**

2 The maximum lifetime benefit for each covered individual ~~will be two million~~
 3 ~~dollars (\$2,000,000) is unlimited."~~

4 **SECTION 32.20.(n)** G.S. 135-40.6(2)g. is repealed.

5 **SECTION 32.20.(o)** G.S. 135-40.6(7)a. reads as rewritten:

6 "(7) Medical Benefits. –

- 7 a. Services of Doctors. – The Plan pays the usual, reasonable and
 8 customary charges for covered inpatient medical (nonsurgical)
 9 services. Services are covered if the individual is
 10 hospital-confined and is eligible for hospitalization benefits as
 11 described in this section. Benefits are provided for exactly the
 12 same number of days as the individual is entitled to under this
 13 section, except that medical benefits are provided on both the
 14 day of admission and the day of discharge.

15 In the event a covered individual is treated by two or more
 16 co-attending doctors during the same hospital confinement for a
 17 medical (nonsurgical) condition, benefits are limited to payment
 18 for services provided by the primary attending doctor, except
 19 where need is established for supplementary skills for treatment
 20 of separate and distinct diagnoses or conditions.

21 Home, office, and skilled nursing facility visits including (i)
 22 charges for injected medications, (ii) inpatient care by attending
 23 medical doctors, radiologists, pathologists, and consultants
 24 during such time as hospital benefits are paid under any section
 25 of this Plan, (iii) care in the outpatient department of a hospital,
 26 and (iv) administration of shock therapy (drug or electric)
 27 including the services of anesthesiologists provided on an office
 28 or hospital outpatient basis for treatment of acute psychotic
 29 reaction or severe depression. ~~The Plan does not cover the first~~
 30 ~~ten dollars (\$10.00) of allowable charges for each home, office,~~
 31 ~~or skilled nursing facility visit."~~

32 **SECTION 32.20.(p)** Effective January 1, 2002, G.S. 135-39.5(12) reads as

33 rewritten:

34 **"§ 135-39.5. Powers and duties of the Executive Administrator and Board of**
 35 **Trustees.**

36 The Executive Administrator and Board of Trustees of the Teachers' and State
 37 Employees' Comprehensive Major Medical Plan shall have the following powers and
 38 duties:

- 39
 40 "…(12) Determining basis of payments to health care providers, including
 41 payments in accordance with G.S. 58-50-56. The Plan shall comply
 42 with G.S. 58-3-225."

43 **SECTION 32.20.(q)** G.S. 135-39.8 reads as rewritten:

44 **"§ 135-39.8. Rules and regulations.**

45 The Executive Administrator and Board of Trustees may issue rules and regulations
 46 to implement Parts 2, 3, 4, and 5 of this Article. The Executive Administrator and Board
 47 of Trustees shall provide to interested persons written notice and an opportunity to
 48 comment not later than 30 days prior to adopting, amending, or rescinding a rule or
 49 regulation, unless immediate adoption of the rule or regulation without notice is
 50 necessary in order to fully effectuate the purpose of the rule or regulation. Rules and
 51 regulations of the Board of Trustees shall remain in effect until amended or repealed by
 52 the Executive Administrator and Board of Trustees. The Executive Administrator and
 53 Board of Trustees shall provide a written description of the rules and regulations issued

1 under this section to all employing units, all health benefit representatives, the oversight
2 team provided for in G.S. 135-39.3, all relevant health care providers affected by a rule
3 or regulation, and to any other ~~parties~~ persons requesting a written description and
4 approved by the Executive Administrator and Board of Trustees to receive a description
5 on a timely basis."

6 **SECTION 32.20.(r)** Not later than January 1, 2003, the Plan shall have
7 developed a prospective payment system for the payment of hospital outpatient services
8 and the services of ambulatory surgical facilities. In developing this prospective
9 payment system, the Plan shall make use of the expertise of the North Carolina Hospital
10 Association, including any advisory committees of member hospitals that the
11 Association may name, and ambulatory surgical facilities in this State. In addition, not
12 later than January 1, 2003, the Plan shall have developed a medical fee schedule for the
13 payment of professional health care services. The fee schedule shall be developed with
14 the participation of the North Carolina Medical Society, the North Carolina Academy of
15 Family Physicians, and any other groups of professional medical service providers that
16 the Society may wish to include. Any prospective payment system for hospital
17 outpatient services and the services of ambulatory surgical facilities and a medical fee
18 schedule for the providers of professional medical services shall not be implemented by
19 the Plan before July 1, 2003.

20 **SECTION 32.20.(s)** Except as otherwise provided, this section becomes
21 effective July 1, 2001.

22
23 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

24 **SALARY-RELATED CONTRIBUTIONS/EMPLOYERS**

25 **SECTION 32.21.(a)** Required employer salary-related contributions for
26 employees whose salaries are paid from department, office, institution, or agency
27 receipts shall be paid from the same source as the source of the employees' salaries. If
28 an employee's salary is paid in part from the General Fund or Highway Fund and in part
29 from department, office, institution, or agency receipts, required employer salary-related
30 contributions may be paid from the General Fund or Highway Fund only to the extent of
31 the proportionate part paid from the General Fund or Highway Fund in support of the
32 salary of the employee, and the remainder of the employer's requirements shall be paid
33 from the source that supplies the remainder of the employee's salary. The requirements
34 of this section as to source of payment are also applicable to payments on behalf of the
35 employee for hospital-medical benefits, longevity pay, unemployment compensation,
36 accumulated leave, workers' compensation, severance pay, separation allowances, and
37 applicable disability income benefits.

38 **SECTION 32.21.(b)** The State's employer contribution rates budgeted for
39 retirement and related benefits as percentage of covered salaries for the 2001-2002
40 fiscal year and the 2002-2003 fiscal year are (i) five and two hundredths percent
41 (5.02%) - Teachers and State Employees; (ii) ten and two hundredths percent (10.02%)
42 - State Law Enforcement Officers; (iii) nine and seventy-one hundredths percent
43 (9.71%) - University Employees' Optional Retirement System; (iv) sixteen and forty
44 hundredths percent (16.40%) - Consolidated Judicial Retirement System; and (v)
45 twenty-five and fifty-five hundredths percent (25.55%) - Legislative Retirement
46 System. Each of the foregoing contribution rates includes two and thirty-five
47 hundredths percent (2.35%) for hospital and medical benefits. The rate for Teachers
48 and State Employees, State Law Enforcement Officers, and for the University
49 Employees' Optional Retirement Program includes fifty-two hundredths percent
50 (0.52%) for the Disability Income Plan. The rates for Teachers and State Employees
51 and State Law Enforcement Officers include sixteen-hundredths percent (0.16%) for the
52 Death Benefits Plan. The rate for State Law Enforcement Officers includes five percent
53 (5%) for Supplemental Retirement Income.

1 **SECTION 32.21.(c)** Notwithstanding any other provision of law, the Board
2 of Trustees of the Teachers' and State Employees' Retirement System shall adopt such
3 assumptions as necessary to remove the asset cap of seventy-seven percent (77%) of
4 market value and to allow for a five-year smooth market method of asset value.

5 **SECTION 32.21.(d)** The General Assembly directs the State Treasurer to
6 adopt a fixed amortization period of nine years for the purposes of the unfunded accrued
7 liability for the North Carolina National Guard Pension Fund.

8 **SECTION 32.21.(e)** The maximum annual employer contributions, payable
9 monthly, by the State for each covered employee or retiree for the 2001-2002 fiscal year
10 to the Teachers' and State Employees' Comprehensive Major Medical Plan are: (i)
11 Medicare-eligible employees and retirees - two thousand one hundred four dollars
12 (\$2,104), and (ii) non-Medicare-eligible employees and retirees - two thousand seven
13 hundred sixty-four dollars (\$2,764).

14 **SECTION 32.21.(f)** The maximum annual employer contributions, payable
15 monthly, by the State for each covered employee or retiree for the 2002-2003 fiscal year
16 to the Teachers' and State Employees' Comprehensive Major Medical Plan are: (i)
17 Medicare-eligible employees and retirees - two thousand two hundred thirty-three
18 dollars (\$2,233); and (ii) non-Medicare-eligible employees and retirees - two thousand
19 nine hundred thirty-three dollars (\$2,933).

20
21 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

22 **PROVIDE COST-OF-LIVING INCREASES FOR RETIREES OF THE**
23 **TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE**
24 **JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE**
25 **RETIREMENT SYSTEM**

26 **SECTION 32.22.(a)** G.S. 135-5 is amended by adding a new subsection to
27 read:

28 "(iii) From and after July 1, 2001, the retirement allowance to or on account of
29 beneficiaries whose retirement commenced on or before July 1, 2000, shall be increased
30 by two percent (2%) of the allowance payable on June 1, 2001, in accordance with G.S.
31 135-5(o). Furthermore, from and after July 1, 2001, the retirement allowance to or on
32 account of beneficiaries whose retirement commenced after July 1, 2000, but before
33 June 30, 2001, shall be increased by a prorated amount of two percent (2%) of the
34 allowance payable as determined by the Board of Trustees based upon the number of
35 months that a retirement allowance was paid between July 1, 2000, and June 30, 2001."

36 **SECTION 32.22.(b)** G.S. 135-65 is amended by adding a new subsection to
37 read:

38 "(v) From and after July 1, 2001, the retirement allowance to or on account of
39 beneficiaries whose retirement commenced on or before July 1, 2000, shall be increased
40 by two percent (2%) of the allowance payable on June 1, 2001. Furthermore, from and
41 after July 1, 2001, the retirement allowance to or on account of beneficiaries whose
42 retirement commenced after July 1, 2000, but before June 30, 2001, shall be increased
43 by a prorated amount of two percent (2%) of the allowance payable as determined by
44 the Board of Trustees based upon the number of months that a retirement allowance was
45 paid between July 1, 2000, and June 30, 2001."

46 **SECTION 32.22.(c)** G.S. 120-4.22A is amended by adding a new subsection
47 to read:

48 "(p) In accordance with subsection (a) of this section, from and after July 1, 2001,
49 the retirement allowance to or on account of beneficiaries whose retirement commenced
50 on or before January 1, 2001, shall be increased by two percent (2%) of the allowance
51 payable on June 1, 2001. Furthermore, from and after July 1, 2001, the retirement
52 allowance to or on account of beneficiaries whose retirement commenced after January
53 1, 2001, but before June 30, 2001, shall be increased by a prorated amount of two

1 percent (2%) of the allowance payable as determined by the Board of Trustees based
2 upon the number of months that a retirement allowance was paid between January 1,
3 2001, and June 30, 2001."

4 **SECTION 32.22.(d)** G.S. 128-27 is amended by adding a new subsection to
5 read:

6 "(zz) From and after July 1, 2001, the retirement allowance to or on account of
7 beneficiaries whose retirement commenced on or before July 1, 2000, shall be increased
8 by two percent (2%) of the allowance payable on June 1, 2001, in accordance with
9 subsection (k) of this section. Furthermore, from and after July 1, 2001, the retirement
10 allowance to or on account of beneficiaries whose retirement commenced after July 1,
11 2000, but before June 30, 2001, shall be increased by a prorated amount of two percent
12 (2%) of the allowance payable as determined by the Board of Trustees based upon the
13 number of months that a retirement allowance was paid between July 1, 2000, and June
14 30, 2001."

15 **SECTION 32.22.(e)** This section becomes effective July 1, 2001.

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

18 **INCREASE LOCAL RETIREMENT BENEFITS**

19 **SECTION 32.23.(a)** G.S. 128-27(b18) reads as rewritten:

20 "(b18) Service Retirement Allowance of Member Retiring on or After July 1, ~~2000~~
21 2000, but Before July 1, 2001. – Upon retirement from service in accordance with
22 subsection (a) or (a1) above, on or after July 1, 2000, but before July 1, 2001, a member
23 shall receive the following service retirement allowance:

24 (1) A member who is a law enforcement officer or an eligible former law
25 enforcement officer shall receive a service retirement allowance
26 computed as follows:

27 a. If the member's service retirement date occurs on or after his
28 55th birthday and completion of five years of creditable service
29 as a law enforcement officer, or after the completion of 30 years
30 of creditable service, the allowance shall be equal to one and
31 seventy-eight hundredths percent (1.78%) of his average final
32 compensation, multiplied by the number of years of his
33 creditable service.

34 b. If the member's service retirement date occurs on or after his
35 50th birthday and before his 55th birthday with 15 or more
36 years of creditable service as a law enforcement officer and
37 prior to the completion of 30 years of creditable service, his
38 retirement allowance shall be equal to the greater of:

39 1. The service retirement allowance payable under G.S.
40 128-27(b18)(1)a. reduced by one-third of one percent
41 (1/3 of 1%) thereof for each month by which his
42 retirement date precedes the first day of the month
43 coincident with or next following the month the member
44 would have attained his 55th birthday;

45 2. The service retirement allowance as computed under
46 G.S. 128-27(b18)(1)a. reduced by five percent (5%)
47 times the difference between 30 years and his creditable
48 service at retirement.

49 (2) A member who is not a law enforcement officer or an eligible former
50 law enforcement officer shall receive a service retirement allowance
51 computed as follows:

52 a. If the member's service retirement date occurs on or after his
53 65th birthday upon the completion of five years of creditable

1 service or after the completion of 30 years of creditable service
 2 or on or after his 60th birthday upon the completion of 25 years
 3 of creditable service, the allowance shall be equal to one and
 4 seventy-eight hundredths percent (1.78%) of average final
 5 compensation, multiplied by the number of years of creditable
 6 service.

7 b. If the member's service retirement date occurs after his 60th
 8 birthday and before his 65th birthday and prior to his
 9 completion of 25 years or more of creditable service, his
 10 retirement allowance shall be computed as in G.S.
 11 128-27(b18)(2)a. but shall be reduced by one-quarter of one
 12 percent (1/4 of 1%) thereof for each month by which his
 13 retirement date precedes the first day of the month coincident
 14 with or next following his 65th birthday.

15 c. If the member's early service retirement date occurs on or after
 16 his 50th birthday and before his 60th birthday and after
 17 completion of 20 years of creditable service but prior to the
 18 completion of 30 years of creditable service, his early service
 19 retirement allowance shall be equal to the greater of:

20 1. The service retirement allowance as computed under
 21 G.S. 128-27(b18)(2)a. but reduced by the sum of
 22 five-twelfths of one percent (5/12 of 1%) thereof for
 23 each month by which his retirement date precedes the
 24 first day of the month coincident with or next following
 25 the month the member would have attained his 60th
 26 birthday, plus one-quarter of one percent (1/4 of 1%)
 27 thereof for each month by which his 60th birthday
 28 precedes the first day of the month coincident with or
 29 next following his 65th birthday; or

30 2. The service retirement allowance as computed under
 31 G.S. 128-27(b18)(2)a. reduced by five percent (5%)
 32 times the difference between 30 years and his creditable
 33 service at retirement; or

34 3. If the member's creditable service commenced prior to
 35 July 1, 1995, the service retirement allowance equal to
 36 the actuarial equivalent of the allowance payable at the
 37 age of 60 years as computed in G.S. 128-27(b18)(2)b.

38 d. Notwithstanding the foregoing provisions, any member whose
 39 creditable service commenced prior to July 1, 1965, shall not
 40 receive less than the benefit provided by G.S. 128-27(b)."

41 **SECTION 32.23.(b)** G.S. 128-27 is amended by adding a new subsection to

42 read:

43 "(b19) Service Retirement Allowance of Member Retiring on or After July 1, 2001.
 44 – Upon retirement from service in accordance with subsection (a) or (a1) above, on or
 45 after July 1, 2001, a member shall receive the following service retirement allowance:

46 (1) A member who is a law enforcement officer or an eligible former law
 47 enforcement officer shall receive a service retirement allowance
 48 computed as follows:

49 a. If the member's service retirement date occurs on or after his
 50 55th birthday and completion of five years of creditable service
 51 as a law enforcement officer, or after the completion of 30 years
 52 of creditable service, the allowance shall be equal to one and
 53 eighty-one hundredths percent (1.81%) of his average final

- 1 compensation, multiplied by the number of years of his
2 creditable service.
- 3 b. If the member's service retirement date occurs on or after his
4 50th birthday and before his 55th birthday with 15 or more
5 years of creditable service as a law enforcement officer and
6 prior to the completion of 30 years of creditable service, his
7 retirement allowance shall be equal to the greater of:
- 8 1. The service retirement allowance payable under G.S.
9 128-27(b19)(1)a. reduced by one-third of one percent
10 (1/3 of 1%) thereof for each month by which his
11 retirement date precedes the first day of the month
12 coincident with or next following the month the member
13 would have attained his 55th birthday;
- 14 2. The service retirement allowance as computed under
15 G.S. 128-27(b19)(1)a. reduced by five percent (5%)
16 times the difference between 30 years and his creditable
17 service at retirement.
- 18 (2) A member who is not a law enforcement officer or an eligible former
19 law enforcement officer shall receive a service retirement allowance
20 computed as follows:
- 21 a. If the member's service retirement date occurs on or after his
22 65th birthday upon the completion of five years of creditable
23 service or after the completion of 30 years of creditable service
24 or on or after his 60th birthday upon the completion of 25 years
25 of creditable service, the allowance shall be equal to one and
26 eighty-one hundredths percent (1.81%) of average final
27 compensation, multiplied by the number of years of creditable
28 service.
- 29 b. If the member's service retirement date occurs after his 60th
30 birthday and before his 65th birthday and prior to his
31 completion of 25 years or more of creditable service, his
32 retirement allowance shall be computed as in G.S. 128-
33 27(b19)(2)a. but shall be reduced by one-quarter of one percent
34 (1/4 of 1%) thereof for each month by which his retirement date
35 precedes the first day of the month coincident with or next
36 following his 65th birthday.
- 37 c. If the member's early service retirement date occurs on or after
38 his 50th birthday and before his 60th birthday and after
39 completion of 20 years of creditable service but prior to the
40 completion of 30 years of creditable service, his early service
41 retirement allowance shall be equal to the greater of:
- 42 1. The service retirement allowance as computed under
43 G.S. 128-27(b19)(2)a. but reduced by the sum of five-
44 twelfths of one percent (5/12 of 1%) thereof for each
45 month by which his retirement date precedes the first day
46 of the month coincident with or next following the
47 month the member would have attained his 60th
48 birthday, plus one-quarter of one percent (1/4 of 1%)
49 thereof for each month by which his 60th birthday
50 precedes the first day of the month coincident with or
51 next following his 65th birthday; or
- 52 2. The service retirement allowance as computed under
53 G.S. 128-27(b19)(2)a. reduced by five percent (5%)

times the difference between 30 years and his creditable service at retirement; or

3. If the member's creditable service commenced prior to July 1, 1995, the service retirement allowance equal to the actuarial equivalent of the allowance payable at the age of 60 years as computed in G.S. 128-27(b19)(2)b.

d. Notwithstanding the foregoing provisions, any member whose creditable service commenced prior to July 1, 1965, shall not receive less than the benefit provided by G.S. 128-27(b)."

SECTION 32.23.(c) G.S. 128-27(m) reads as rewritten:

"(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the principal beneficiary designated to receive a return of accumulated contributions shall have the right to elect to receive in lieu thereof the reduced retirement allowance provided by Option two of subsection (g) above computed by assuming that the member had retired on the first day of the month following the date of his death, provided that all three of the following conditions apply:

- (1) a. The member had attained such age and/or creditable service to be eligible to commence retirement with an early or service retirement allowance, or
- b. The member had obtained 20 years of creditable service in which case the retirement allowance shall be computed in accordance with ~~G.S. 128-27(b18)(1)b. or G.S. 128-27(b18)(2)c.~~, G.S. 128-27(b19)(1)b. or G.S. 128-27(b19)(2)c., notwithstanding the requirement of obtaining age 50.
- (2) The member had designated as the principal beneficiary to receive a return of his accumulated contributions one and only one person who is living at the time of his death.
- (3) The member had not instructed the Board of Trustees in writing that he did not wish the provisions of this subsection apply.

For the purpose of this benefit, a member is considered to be in service at the date of his death if his death occurs within 180 days from the last day of his actual service. The last day of actual service shall be determined as provided in subsection (l) of this section. Upon the death of a member in service, the surviving spouse may make all purchases for creditable service as provided for under this Chapter for which the member had made application in writing prior to the date of death, provided that the date of death occurred prior to or within 60 days after notification of the cost to make the purchase."

SECTION 32.23.(d) G.S. 128-27 is amended by adding a new subsection to read:

"(zz) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 2001. – From and after July 1, 2001, the retirement allowance to or on account of beneficiaries on the retirement rolls as of June 1, 2001, shall be increased by one and seven-tenths percent (1.7%) of the allowance payable on June 1, 2001. This allowance shall be calculated on the allowance payable and in effect on June 30, 2001, so as not to be compounded on any other increase payable under subsection (k) of this section or otherwise granted by act of the 2001 General Assembly."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

OPTIONAL RETIREMENT PROGRAM STUDY COMMISSION

SECTION 32.24.(a) The Optional Retirement Program Study Commission is created. The Commission shall consist of 15 voting members as follows:

- (1) Four members of the House of Representatives to be appointed by the Speaker of the House of Representatives;

- 1 (2) Four members of the Senate to be appointed by the President Pro
2 Tempore of the Senate;
- 3 (3) The State Treasurer or the State Treasurer's designee;
- 4 (4) A member of the faculty of a constituent institution of The University
5 of North Carolina, to be appointed by the Speaker of the House of
6 Representatives;
- 7 (5) An administrator at a constituent institution of The University of North
8 Carolina, to be appointed by the President Pro Tempore of the Senate;
- 9 (6) A member of the faculty of a constituent institution of the North
10 Carolina Community Colleges System, to be appointed by the
11 President Pro Tempore of the Senate;
- 12 (7) An administrator at a constituent institution of the North Carolina
13 Community Colleges System, to be appointed by the Speaker of the
14 House of Representatives; and
- 15 (8) Two members, one of whom is a practicing actuary and one of whom
16 is the administrator of a private retirement system, to be appointed by
17 the Governor.

18 The Speaker of the House of Representatives and the President Pro Tempore
19 of the Senate shall each designate a cochair from the General Assembly membership
20 serving on the Commission. The Commission shall meet upon the call of the cochairs. A
21 majority of the Commission shall constitute a quorum for the transaction of business.

22 **SECTION 32.24.(b)** The Commission shall:

- 23 (1) Examine the feasibility and desirability of expanding eligibility under
24 the Optional Retirement System of The University of North Carolina
25 to include all university employees that are exempt from the State
26 Personnel Act; and
- 27 (2) Examine the feasibility and desirability of establishing an optional
28 retirement program for employees of the North Carolina Community
29 Colleges System.

30 In conducting these studies, the Commission shall work cooperatively with
31 the Retirement System Division of the Department of State Treasurer to obtain
32 information addressing issues such as the attraction and retention of faculty and staff at
33 the affected institutions and the actuarial impact of the potential changes in retirement
34 options.

35 **SECTION 32.24.(c)** The Commission may contract for consultant services
36 as provided by G.S. 120-32.02. Upon approval of the Legislative Services Commission,
37 the Legislative Services Officer shall assign professional and clerical staff to assist in
38 the work of the Commission. Clerical staff shall be furnished to the Commission
39 through the offices of the House of Representatives and Senate Supervisors of Clerks.
40 The Commission may meet in the Legislative Building or the Legislative Office
41 Building upon the approval of the Legislative Services Commission. The Commission,
42 while in the discharge of official duties, may exercise all the powers provided under the
43 provisions of G.S. 120-19 through G.S. 120-19.4, including the power to request all
44 officers, agents, agencies, and departments of the State to provide any information, data,
45 or documents within their possession, ascertainable from their records, or otherwise
46 available to them, and the power to subpoena witnesses. Members of the Commission
47 shall receive per diem, subsistence, and travel allowances as follows:

- 48 (1) Commission members who are members of the General Assembly at
49 the rate established in G.S. 120-3.1;
- 50 (2) Commission members who are officials or employees of the State or of
51 local government agencies at the rate established in G.S. 138-6; and
- 52 (3) All other Commission members at the rate established in G.S. 138-5.

1 **SECTION 32.24.(d)** The Commission shall report the results of its study
 2 and its recommendations to the 2002 Regular Session of the 2001 General Assembly.
 3 The Commission shall terminate upon filing its report.

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

6 **TO SHORTEN THE AMOUNT OF TIME RETIRED TEACHERS MUST BE**
 7 **RETIRED BEFORE THEY RETURN TO WORK**

8 **SECTION 32.25.(a)** G.S. 135-3(8)c., as enacted by Section 28.24(a) of S.L.
 9 1998-212, and rewritten by Section 67 of S.L. 1998-217 and by Section 8.24(a) of S.L.
 10 2000-67, reads as rewritten:

11 " c. **(Effective until June 30, 2003)** Should a beneficiary who
 12 retired on an early or service retirement allowance under this
 13 Chapter be reemployed, or otherwise engaged to perform
 14 services, by an employer participating in the Retirement System
 15 on a part-time, temporary, interim, or on a fee-for-service basis,
 16 whether contractual or otherwise, and if such beneficiary earns
 17 an amount in any calendar year which exceeds fifty percent
 18 (50%) of the reported compensation, excluding terminal
 19 payments, during the 12 months of service preceding the
 20 effective date of retirement, or twenty thousand dollars
 21 (\$20,000), whichever is greater, as hereinafter indexed, then the
 22 retirement allowance shall be suspended as of the first day of
 23 the month following the month in which the reemployment
 24 earnings exceed the amount above, for the balance of the
 25 calendar year. The retirement allowance of the beneficiary shall
 26 be reinstated as of January 1 of each year following suspension.
 27 The amount that may be earned before suspension shall be
 28 increased on January 1 of each year by the ratio of the
 29 Consumer Price Index to the Index one year earlier, calculated
 30 to the nearest tenth of a percent (1/10 of 1%).

31 The computation of postretirement earnings of a beneficiary
 32 under this sub-subdivision, G.S. 135-3(8)c., who has been
 33 retired at least ~~12~~four months and has not been employed in any
 34 capacity, except as a substitute teacher, with a public school for
 35 at least ~~12~~four months immediately preceding the effective date
 36 of reemployment, shall not include earnings while the
 37 beneficiary is employed to teach on a substitute, interim, or
 38 permanent basis in a public school. The Department of Public
 39 Instruction shall certify to the Retirement System that a
 40 beneficiary is employed to teach by a local school
 41 administrative unit under the provisions of this sub-subdivision
 42 and as a retired teacher as the term is defined under the
 43 provisions of G.S. 115C-325(a)(5a). Beneficiaries employed
 44 under this sub-subdivision are not entitled to any benefits
 45 otherwise provided under this Chapter as a result of this period
 46 of employment."

47 **SECTION 32.25.(b)** G.S. 115C-325(a)(5a), as enacted by Section 28.24(b)
 48 of S.L. 1998-212 and rewritten by Section 67.1(a) of S.L. 1998-217, reads as rewritten:

49 "(a) Definition of Terms. – As used in this section unless the context requires
 50 otherwise:

51 ...
 52 (5a) **(Effective until June 30, 2003)** "Retired teacher" means a beneficiary
 53 of the Teachers' and State Employees' Retirement System of North

1 Carolina who has been retired at least ~~12~~four months, has not been
2 employed in any capacity, other than as a substitute teacher, with a
3 local board of education for at least ~~12~~four months, immediately
4 preceding the effective date of reemployment, is determined by a local
5 board of education to have had satisfactory performance during the last
6 year of employment by a local board of education, and who is
7 employed to teach as provided in G.S. 135-3(8)c. A retired teacher
8 shall be treated the same as a probationary teacher except that a retired
9 teacher is not eligible for career status."

10 **SECTION 32.25.(c)** This section becomes effective July 1, 2001, and
11 expires June 30, 2003.

12
13 Requested by: Representatives Easterling, Oldham, Redwine, Thompson, Gibson,
14 Pope, Russell

15 **REMOVE THE CAP ON SICK LEAVE CREDITABLE TO RETIREMENT FOR**
16 **MEMBERS OF THE TEACHERS' AND STATE EMPLOYEES'**
17 **RETIREMENT SYSTEM**

18 **SECTION 32.28.(a)** G.S. 135-4(e) reads as rewritten:

19 "(e) Creditable service at retirement on which the retirement allowance of a
20 member shall be based shall consist of the membership service rendered by him since he
21 last became a member, and also if he has a prior service certificate which is in full force
22 and effect, the amount of service certified on his prior service certificate; and if he has
23 sick leave standing to his credit upon retirement on or after July 1, 1971, one month of
24 credit for each 20 days or portion thereof ~~not to exceed 12 days of credit for each year~~
25 ~~of membership service or fraction thereof~~, but sick leave shall not be counted in
26 computing creditable service for the purpose of determining eligibility for disability
27 retirement or for a vested deferred allowance.

28 On and after July 1, 1971, a member whose account was closed on account of
29 absence from service under the provisions of G.S. 135-3(3) and who subsequently
30 returns to service for a period of five years, may thereafter repay in a lump sum the
31 amount withdrawn plus regular interest thereon from the date of withdrawal through the
32 year of repayment and thereby increase his creditable service by the amount of
33 creditable service lost when his account was closed.

34 On and after July 1, 1973, a member whose account in the North Carolina Local
35 Governmental Employees' Retirement System was closed on account of absence from
36 service under the provisions of G.S. 128-24(1a) and who subsequently became or
37 becomes a member of this System with credit for five years of service, may thereafter
38 repay in a lump sum the amount withdrawn from the North Carolina Local
39 Governmental Employees' Retirement System plus regular interest thereon from the
40 date of withdrawal through the year of repayment and thereby increase his creditable
41 service in this System by the amount of creditable service lost when his account was
42 closed.

43 On or after July 1, 1979, a member who has obtained 60 months of aggregate
44 service, or five years of membership service, as an employee of the North Carolina
45 General Assembly, except legislators, participants in the Legislative Intern Program and
46 pages, may make a lump sum payment together with interest, and an administrative fee
47 for such service, to the Teachers' and State Employees' Retirement System of an amount
48 equal to what he would have contributed had he been a member on his first day of
49 employment.

50 On and after January 1, 1985, the creditable service of a member who was a member
51 of the Law-Enforcement Officers' Retirement System at the time of the transfer of
52 law-enforcement officers employed by the State from that System to this Retirement
53 System and whose accumulated contributions are transferred from that System to this

1 Retirement System, shall include service that was creditable in the Law-Enforcement
2 Officers' Retirement System; and membership service with that System shall be
3 membership service with this Retirement System; provided, notwithstanding any
4 provision of this Article to the contrary, any inchoate or accrued rights of such a
5 member to purchase creditable service for military service, withdrawn service and prior
6 service under the rules and regulations of the Law-Enforcement Officers' Retirement
7 System shall not be diminished and may be purchased as creditable service with this
8 Retirement System under the same conditions which would have otherwise applied."

9 **SECTION 32.28.(b)** This section becomes effective July 1, 2001, and
10 applies to persons retiring on or after that date.

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

13 **SICK LEAVE/JUDICIAL RETIREMENT**

14 **SECTION 32.29.(a)** G.S. 135-58(a2) reads as rewritten:

15 "(a2) Any member who retires under the provisions of G.S. 135-57(a) or G.S.
16 135-57(c) on or after July 1, 1999, but before July 1, 2001, after the member has either
17 attained the member's 65th birthday or has completed 24 years or more of creditable
18 service, shall receive an annual retirement allowance, payable monthly, which shall
19 commence on the effective date of the member's retirement and shall be continued on
20 the first day of each month thereafter during the member's lifetime, the amount of which
21 shall be computed as the sum of the amounts in subdivisions (1), (2), (3), (4), and (5)
22 following, provided that in no event shall the annual allowance payable to any member
23 be greater than an amount which, when added to the allowance, if any, to which the
24 member is entitled under the Teachers' and State Employees' Retirement System, the
25 Legislative Retirement System, or the Local Governmental Employees' Retirement
26 System (prior in any case to any reduction for early retirement or for an optional mode
27 of payment) would total three-fourths of the member's final compensation:

- 28 (1) Four and two-hundredths percent (4.02%) of the member's final
29 compensation, multiplied by the number of years of creditable service
30 rendered as a justice of the Supreme Court or judge of the Court of
31 Appeals;
- 32 (2) Three and fifty-two hundredths percent (3.52%) of the member's final
33 compensation, multiplied by the number of years of creditable service
34 rendered as a judge of the superior court or as Administrative Officer
35 of the Courts;
- 36 (3) Three and two-hundredths percent (3.02%) of the member's final
37 compensation, multiplied by the number of years of creditable service,
38 rendered as a judge of the district court, district attorney, or clerk of
39 superior court;
- 40 (4) A service retirement allowance computed in accordance with the
41 service retirement provisions of Article 3 of Chapter 128 of the
42 General Statutes using an average final compensation as defined in
43 G.S. 135-53(2a) and creditable service equal to the number of years of
44 the member's creditable service that was transferred from the Local
45 Governmental Employees' Retirement System to this System as
46 provided in G.S. 135-56; and
- 47 (5) A service retirement allowance computed in accordance with the
48 service retirement provisions of Article 1 of this Chapter using an
49 average final compensation as defined in G.S. 135-53(2a) and
50 creditable service equal to the number of years of the member's
51 creditable service that was transferred from the Teachers' and State
52 Employees' Retirement System to this System as provided in G.S.
53 135-56."

1 **SECTION 32.29.(b)** G.S. 135-58 is amended by adding a new subsection to
2 read:

3 "(a3) Any member who retires under the provisions of G.S. 135-57(a) or G.S. 135-
4 57(c) on or after July 1, 2001, after the member has either attained the member's 65th
5 birthday or has completed 24 years or more of creditable service, shall receive an annual
6 retirement allowance, payable monthly, which shall commence on the effective date of
7 the member's retirement and shall be continued on the first day of each month thereafter
8 during the member's lifetime, the amount of which shall be computed as the sum of the
9 amounts in subdivisions (1), (2), (3), (4), and (5) following, provided that in no event
10 shall the annual allowance payable to any member be greater than an amount which,
11 when added to the allowance, if any, to which the member is entitled under the
12 Teachers' and State Employees' Retirement System, the Legislative Retirement System,
13 or the Local Governmental Employees' Retirement System (prior in any case to any
14 reduction for early retirement or for an optional mode of payment) would total three-
15 fourths of the member's final compensation:

- 16 (1) Four and two-hundredths percent (4.02%) of the member's final
17 compensation, multiplied by the number of years of creditable service
18 rendered as a justice of the Supreme Court or judge of the Court of
19 Appeals;
20 (2) Three and fifty-two hundredths percent (3.52%) of the member's final
21 compensation, multiplied by the number of years of creditable service
22 rendered as a judge of the superior court or as Administrative Officer
23 of the Courts;
24 (3) Three and two-hundredths percent (3.02%) of the member's final
25 compensation, multiplied by the number of years of creditable service,
26 rendered as a judge of the district court, district attorney, or clerk of
27 superior court;
28 (4) A service retirement allowance computed in accordance with the
29 service retirement provisions of Article 3 of Chapter 128 of the
30 General Statutes using an average final compensation as defined in
31 G.S. 135-53(2a) and creditable service equal to the number of years of
32 the member's creditable service that was transferred from the Local
33 Governmental Employees' Retirement System to this System as
34 provided in G.S. 135-56; and
35 (5) A service retirement allowance computed in accordance with the
36 service retirement provisions of Article 1 of this Chapter using an
37 average final compensation as defined in G.S. 135-53(2a) and
38 creditable service, including any sick leave standing to the credit of the
39 member, equal to the number of years of the member's creditable
40 service that was transferred from the Teachers' and State Employees'
41 Retirement System to this System as provided in G.S. 135-56."
42

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

44 **AMEND MEMBERSHIP REQUIREMENTS**

45 **SECTION 32.30.(a)** G.S. 120-4.11 reads as rewritten:

46 "**§ 120-4.11. Membership.**

47 The following members of the General Assembly and former members of the
48 General Assembly are eligible for membership in the Retirement System, ~~provided they~~
49 ~~are not contributing to nor are qualified to contribute to the North Carolina Teachers'~~
50 ~~and State Employees' Retirement System, the Local Governmental Employees'~~
51 ~~Retirement System, the Law Enforcement Officers' Retirement System or the~~
52 ~~Consolidated Judicial Retirement System of North Carolina:~~ System:

- 1 (1) Members of the General Assembly who serve on and after June 15,
2 1983; and
3 (2) Former members of the General Assembly who served prior to June
4 15, 1983; and
5 a. Who elect to transfer current and future entitlements, or
6 contributions, from the Legislative Retirement Fund established
7 by Chapter 1269 of the 1969 Session Laws; or
8 b. Who have five or more years of service as a member of the
9 General Assembly."

10 **SECTION 32.30.(b)** G.S. 120-4.21(c) reads as rewritten:

11 "(c) Limitations. – In no event shall any member receive a service retirement
12 allowance greater than seventy-five percent (75%) of his 'highest annual salary' salary'.
13 ~~nor shall he receive any service retirement allowance whatever while employed in a~~
14 ~~position that makes him a contributing member of any of the following retirement~~
15 ~~systems: The Teachers' and State Employees' Retirement System, the North Carolina~~
16 ~~Local Governmental Employees' Retirement System, or the Consolidated Judicial~~
17 ~~Retirement System. If he should become a member of any of these systems, payment of~~
18 ~~his service retirement allowance shall be suspended until he withdraws from~~
19 ~~membership in that system."~~

20 **SECTION 32.30.(c)** G.S. 120-4.22(d) reads as rewritten:

21 "(d) Limitations. – In no event shall any member receive a disability retirement
22 allowance greater than seventy-five percent (75%) of his 'highest annual salary' salary'.
23 ~~nor shall he receive any disability retirement allowance whatever while employed in a~~
24 ~~position that makes him a contributing member of any of the following retirement~~
25 ~~systems: The Teachers' and State Employees' Retirement System, the North Carolina~~
26 ~~Local Governmental Employees' Retirement System, the Law Enforcement Officers'~~
27 ~~Retirement System, the Uniform Judicial Retirement System of North Carolina, the~~
28 ~~Uniform Solicitorial Retirement System of North Carolina or the Uniform Clerks of~~
29 ~~Court Retirement System of North Carolina. If he should become a member of any of~~
30 ~~these systems payment of his disability retirement allowance shall be suspended until he~~
31 ~~withdraws from membership in that system."~~

32 **SECTION 32.30.(d)** This section is effective when it becomes law.
33

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

35 **DUES DEDUCTION FOR RETIREES**

36 **SECTION 32.31.** Article 3 of Chapter 128 of the General Statutes is
37 amended by adding a new section to read:

38 **§ 128-38.3. Deduction for payment to certain employees' associations allowed.**

39 Any member who is a member of a domiciled employees' or retirees' association that
40 has at least 2,000 members, the majority of whom are active or retired employees of
41 employers as defined in G.S. 128-21(11), may authorize, in writing, the periodic
42 deduction from the member's retirement benefits a designated lump sum to be paid to
43 the employees' or retirees' association. The authorization shall remain in effect until
44 revoked by the member. A plan of deductions pursuant to this section shall become void
45 if the employees' or retirees' association engages in collective bargaining with the State,
46 any political subdivision of the State, or any local school administrative unit.
47

48 Requested by: Representatives Easterling, Oldham, Redwine, Thompson, Nesbitt
49 **ALLOW THE PURCHASE OF WITHDRAWAL SERVICE IN THE**
50 **TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM**

51 **SECTION 32.32.(a)** G.S. 135-4(k) reads as rewritten:

52 "(k) Notwithstanding any other provision of this Chapter, any person who
53 withdrew his contributions in accordance with the provisions of G.S. 128-27(f) or G.S.

1 135-5(f) or the rules and regulations of the Law-Enforcement Officers' Retirement
2 System and who subsequently returns to service may, upon completion of ~~10~~ five years
3 of membership service, repay in a total lump sum any and all of the accumulated
4 contributions previously withdrawn with ~~sufficient interest added thereto to cover one~~
5 ~~half of the cost of providing such additional credit plus a fee to cover expense of~~
6 ~~handling which shall be determined by the Board of Trustees and receive credit for the~~
7 ~~service forfeited at time of withdrawal(s), provided that he left service prior to July 1,~~
8 ~~1974. interest compounded annually at the rate of six and one-half percent (6.5%) for~~
9 ~~each calendar year from the year of withdrawal to the year of repayment plus a fee to~~
10 ~~cover expense of handling which shall be determined by the Board of Trustees, and~~
11 ~~receive credit for the service forfeited at time of withdrawal. Any person who leaves~~
12 ~~service after June 30, 1974, and who withdraws his contributions in accordance with~~
13 ~~G.S. 128-27(f) or G.S. 135-5(f) or the rules and regulations of the Law Enforcement~~
14 ~~Officers' Retirement System and who subsequently returns to service may, upon~~
15 ~~completion of 10 years of membership service, repay in a total lump sum any and all of~~
16 ~~the accumulated contributions previously withdrawn with sufficient interest added~~
17 ~~thereto to cover the full cost of providing such additional credit plus a fee to cover~~
18 ~~expense of handling which shall be determined by the Board of Trustees and receive~~
19 ~~credit for the service forfeited at time of withdrawal(s). These provisions shall apply~~
20 ~~equally to retired members who had attained 10 five years of membership service prior~~
21 ~~to retirement. The retirement benefit shall be increased the month following the receipt~~
22 ~~of payment. The retirement benefit shall not include any benefit as a result of retirement~~
23 ~~adjustments or cost-of-living increases granted since the date of retirement. The~~
24 ~~retirement benefit will be calculated based in the accrual rate at the time of purchase.~~
25 ~~Cost as used in this subsection shall mean the amount of money required to provide~~
26 ~~additional retirement benefits based on service credit allowed at the time any adjustment~~
27 ~~to the service credit of a member is made.~~

28 Notwithstanding any provision to the contrary, a law enforcement officer who was
29 transferred from the Law Enforcement Officers' Retirement System to this Retirement
30 System pursuant to Article 12C of Chapter 143 of the General Statutes and withdrew his
31 accumulated contributions prior to January 1, 1985, in accordance with G.S. 128-27(f)
32 or G.S. 135-5(f) for non-law enforcement service and who has ~~10~~ five years or more of
33 membership service standing to his credit may repay in a total lump sum the
34 accumulated contributions previously withdrawn with ~~sufficient interest added thereto~~
35 ~~to cover one half the cost of providing such additional credits plus a fee to cover the~~
36 ~~expense of handling which shall be determined by the Board of Trustees and receive~~
37 ~~credit for the creditable service forfeited at the time of withdrawal. interest compounded~~
38 ~~annually at the rate of six and one-half percent (6.5%) for each calendar year from the~~
39 ~~year of withdrawal to the year of repayment plus a fee to cover expense of handling~~
40 ~~which shall be determined by the Board of Trustees, and receive credit for the service~~
41 ~~forfeited at time of withdrawal. The retirement benefit shall be increased the month~~
42 ~~following the receipt of payment. The retirement benefit shall not include any benefit as~~
43 ~~a result of retirement adjustments or cost-of-living increases granted since the date of~~
44 ~~retirement. The retirement benefit will be calculated based in the accrual rate at the time~~
45 ~~of purchase."~~

46 **SECTION 32.32.(b)** G.S. 135-4(m) reads as rewritten:

47 "(m) Notwithstanding any language to the contrary of any provision of this section,
48 or of any repealed provision of this section that was repealed with the inchoate and
49 accrued rights preserved, all repayments and purchases of service credits, allowed under
50 the provisions of this section or of any repealed provision of this section that was
51 repealed with inchoate and accrued rights preserved, must be made within three years
52 after the member first becomes eligible to make such repayments and purchases. Any
53 member who does not repay or purchase service credits within said three years after first

1 eligibility to make such repayments and purchases may, under the same conditions as
2 are otherwise required, repay or purchase service credits provided that the repayment or
3 purchase equals the full cost of the service credits calculated on the basis of the
4 assumptions used for purposes of the actuarial valuation of the system's liabilities and
5 shall take into account the additional retirement allowance arising on account of such
6 additional service credit commencing at the earliest age at which such member could
7 retire on an unreduced retirement allowance as determined by the Board of Trustees
8 upon the advice of the consulting actuary. Notwithstanding the foregoing provisions of
9 this subsection that provide for the purchase of service credits, the terms "full cost",
10 "full liability", and "full actuarial cost" include assumed annual post-retirement
11 allowance increases, as determined by the Board of Trustees, from the earliest age at
12 which a member could retire on an unreduced service allowance. Notwithstanding the
13 foregoing, on and after July 1, 2001, the provisions of this subsection shall not apply to
14 the repayment of contributions withdrawn pursuant to subsection (k) of this section."

15 **SECTION 32.32.(c)** G.S. 135-4(x) is repealed.

16 **SECTION 32.32.(d)** This section becomes effective July 1, 2001.

17
18 Requested by: Representative Grady

19 **ALLOW PAYMENT OF DEATH BENEFITS TO LEGAL REPRESENTATIVE**

20 **SECTION 32.33.(a)** G.S. 135-5(1) reads as rewritten:

21 "(1) Death Benefit Plan. – There is hereby created a Group Life Insurance Plan
22 (hereinafter called the "Plan") which is established as an employee welfare benefit plan
23 that is separate and apart from the Retirement System and under which the members of
24 the Retirement System shall participate and be eligible for group life insurance benefits.
25 Upon receipt of proof, satisfactory to the Board of Trustees in their capacity as trustees
26 under the Group Life Insurance Plan, of the death, in service, of a member who had
27 completed at least one full calendar year of membership in the Retirement System, there
28 shall be paid to such person as he shall have nominated by written designation duly
29 acknowledged and filed with the Board of Trustees, if such person is living at the time
30 of the member's death, otherwise to the member's legal representatives, a death benefit.
31 Such death benefit shall be equal to the greater of:

- 32 (1) The compensation on which contributions were made by the member
33 during the calendar year preceding the year in which his death occurs,
34 or
35 (2) The greatest compensation on which contributions were made by the
36 member during a 12-month period of service within the 24-month
37 period of service ending on the last day of the month preceding the
38 month in which his last day of actual service occurs;
39 (3), (4) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1049,
40 s. 2.

41 subject to a minimum of twenty-five thousand dollars (\$25,000) and to a maximum of
42 fifty thousand dollars (\$50,000). Such death benefit shall be payable apart and separate
43 from the payment of the member's accumulated contributions under the System on his
44 death pursuant to the provisions of subsection (f) of this section. For the purpose of the
45 Plan, a member shall be deemed to be in service at the date of his death if his death
46 occurs within 180 days from the last day of his actual service.

47 The death benefit provided in this subsection (1) shall not be payable,
48 notwithstanding the member's compliance with all the conditions set forth in the
49 preceding paragraph, if his death occurs

- 50 (1) After December 31, 1968 and after he has attained age 70; or
51 (2) After December 31, 1969 and after he has attained age 69; or
52 (3) After December 31, 1970 and after he has attained age 68; or
53 (4) After December 31, 1971 and after he has attained age 67; or

- 1 (5) After December 31, 1972 and after he has attained age 66; or
- 2 (6) After December 31, 1973 and after he has attained age 65; or
- 3 (7) After December 31, 1978, but before January 1, 1987, and after he has
- 4 attained age 70.

5 Notwithstanding the above provisions, the death benefit shall be payable on account
6 of the death of any member who died or dies on or after January 1, 1974, but before
7 January 1, 1979, after attaining age 65, if he or she had not yet attained age 65, if he or
8 she had not yet attained age 66, was at the time of death completing the work year for
9 those individuals under specific contract, or during the fiscal year for those individuals
10 not under specific contract, in which he or she attained 65, and otherwise met all
11 conditions for payment of the death benefit.

12 Notwithstanding the above provisions, the Board of Trustees may and is specifically
13 authorized to provide the death benefit according to the terms and conditions otherwise
14 appearing in this Plan in the form of group life insurance, either (i) by purchasing a
15 contract or contracts of group life insurance with any life insurance company or
16 companies licensed and authorized to transact business in this State for the purpose of
17 insuring the lives of members in service, or (ii) by establishing a separate trust fund
18 qualified under Section 501(c)(9) of the Internal Revenue Code of 1954, as amended,
19 for such purpose. To that end the Board of Trustees is authorized, empowered and
20 directed to investigate the desirability of utilizing group life insurance by either of the
21 foregoing methods for the purpose of providing the death benefit. If a separate trust
22 fund is established, it shall be operated in accordance with rules and regulations adopted
23 by the Board of Trustees and all investment earnings on the trust fund shall be credited
24 to such fund.

25 In administration of the death benefit the following shall apply:

- 26 (1) For the purpose of determining eligibility only, in this subsection
27 "calendar year" shall mean any period of 12 consecutive months or, if
28 less, the period covered by an annual contract of employment. For all
29 other purposes in this subsection "calendar year" shall mean the 12
30 months beginning January 1 and ending December 31.
- 31 (2) Last day of actual service shall be:
 - 32 a. When employment has been terminated, the last day the
33 member actually worked.
 - 34 b. When employment has not been terminated, the date on which
35 an absent member's sick and annual leave expire, unless he is
36 on approved leave of absence and is in service under the
37 provisions of G.S. 135-4(h).
- 38 (3) For a period when a member is on leave of absence, his status with
39 respect to the death benefit will be determined by the provisions of
40 G.S. 135-4(h).
- 41 (4) A member on leave of absence from his position as a teacher or State
42 employee for the purpose of serving as a member or officer of the
43 General Assembly shall be deemed to be in service during sessions of
44 the General Assembly and thereby covered by the provisions of the
45 death benefit. The amount of the death benefit for such member shall
46 be the equivalent of the salary to which the member would have been
47 entitled as a teacher or State employee during the 12-month period
48 immediately prior to the month in which death occurred, not to be less
49 than twenty-five thousand dollars (\$25,000) nor to exceed fifty
50 thousand dollars (\$50,000).

51 The provisions of the Retirement System pertaining to Administration, G.S. 135-6,
52 and management of funds, G.S. 135-7, are hereby made applicable to the Plan.

1 A member who is a beneficiary of the Disability Income Plan provided for in Article
2 6 of this Chapter shall be eligible for group life insurance benefits as provided in this
3 subsection, notwithstanding that the member is no longer an employee or teacher or that
4 the member's death occurs after the eligibility period after active service. The basis of
5 the death benefit payable hereunder shall be the higher of the death benefit computed as
6 above or a death benefit based on compensation used in computing the benefit payable
7 under G.S. 135-105 and G.S. 135-106, as may be adjusted for percentage post-disability
8 increases, all subject to the maximum dollar limitation as provided above. A member in
9 receipt of benefits from the Disability Income Plan under the provisions of G.S.
10 135-112 whose right to a benefit accrued under the former Disability Salary
11 Continuation Plan shall not be covered under the provisions of this paragraph.

12 Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this
13 subsection, of the death of a retired member of the Retirement System on or after July 1,
14 1988, but before January 1, 1999, there shall be paid a death benefit to the surviving
15 spouse of the deceased retired member or to the deceased retired member's legal
16 representative if not survived by a spouse; provided the retired member has elected,
17 when first eligible, to make, and has continuously made, in advance of his death
18 required contributions as determined by the Board of Trustees on a fully contributory
19 basis, through retirement allowance deductions or other methods adopted by the Board
20 of Trustees, to a group death benefit trust fund administered by the Board of Trustees
21 separate and apart from the Retirement System's Annuity Savings Fund and Pension
22 Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of
23 five thousand dollars (\$5,000) upon the completion of twenty-four months of
24 contributions required under this subsection. Should death occur before the completion
25 of twenty-four months of contributions required under this subsection, the deceased
26 retired member's surviving spouse or legal representative if not survived by a spouse
27 shall be paid the sum of the retired member's contributions required by this subsection
28 plus interest to be determined by the Board of Trustees.

29 Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this
30 subsection, of the death of a retired member of the Retirement System on or after
31 January 1, 1999, there shall be paid a death benefit to the surviving spouse of the
32 deceased retired member or to the deceased retired member's legal representative if not
33 survived by a spouse; provided the retired member has elected, when first eligible, to
34 make, and has continuously made, in advance of his death required contributions as
35 determined by the Board of Trustees on a fully contributory basis, through retirement
36 allowance deductions or other methods adopted by the Board of Trustees, to a group
37 death benefit trust fund administered by the Board of Trustees separate and apart from
38 the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. This
39 death benefit shall be a lump-sum payment in the amount of six thousand dollars
40 (\$6,000) upon the completion of 24 months of contributions required under this
41 subsection. Should death occur before the completion of 24 months of contributions
42 required under this subsection, the deceased retired member's surviving spouse or legal
43 representative if not survived by a spouse shall be paid the sum of the retired member's
44 contributions required by this subsection plus interest to be determined by the Board of
45 Trustees. Payment of this lump-sum amount shall be made to the deceased retired
46 member's surviving spouse or to the member's legal representative if the member is not
47 survived by a spouse, provided the deceased retired member had not, prior to the
48 member's death, instructed the Board of Trustees in writing that the member did not
49 want the lump-sum payment made to the member's surviving spouse, and that payment
50 should be paid to the member's legal representative as if the member were not survived
51 by a spouse."

52 **SECTION 32.33.(b)** G.S. 135-64(h) reads as rewritten:

1 "(h) Upon the death of a retired member on or after January 1, 1999, there shall be
2 paid a death benefit to the surviving spouse of a deceased retired member or to the
3 deceased retired member's legal representative if not survived by a spouse; provided the
4 retired member has elected, when first eligible, to make, and has continuously made, in
5 advance of his death required contributions as determined by the Board of Trustees on a
6 fully contributory basis, through retirement allowance deductions or other methods
7 adopted by the Board of Trustees, to a group death benefit trust fund administered by
8 the Board of Trustees separate and apart from the Retirement System's Annuity Savings
9 Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment
10 in the amount of six thousand dollars (\$6,000) upon the completion of 24 months of
11 contributions required under this subsection. Should death occur before the completion
12 of 24 months of contributions required under this subsection, the deceased retired
13 member's surviving spouse or legal representative if not survived by a spouse shall be
14 paid the sum of the retired member's contributions required by this subsection plus
15 interest to be determined by the Board of Trustees. Payment of this lump-sum amount
16 shall be made to the deceased retired member's surviving spouse, or to the member's
17 legal representative if the member is not survived by a spouse, provided the deceased
18 retired member had not, prior to the member's death, instructed the Board of Trustees in
19 writing that the member did not want the lump-sum payment made to the member's
20 surviving spouse, and that payment should be paid to the member's legal representative
21 as if the member were not survived by a spouse."

22 **SECTION 32.33.(c)** G.S. 128-27(1 3) reads as rewritten:

23 "(1 3) Death Benefit for Retired Members. – Upon receipt of proof, satisfactory to
24 the Board of Trustees in its capacity under this subsection, of the death of a retired
25 member of the Retirement System on or after January 1, 1999, there shall be paid a
26 death benefit to the surviving spouse of the deceased retired member or to the deceased
27 retired member's legal representative if not survived by a spouse; provided the retired
28 member has elected, when first eligible, to make, and has continuously made, in
29 advance of his death required contributions as determined by the Board of Trustees on a
30 fully contributory basis through retirement allowance deductions or other methods
31 adopted by the Board of Trustees, to a group death benefit trust fund administered by
32 the Board of Trustees separate and apart from the Retirement System's Annuity Savings
33 Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment
34 in the amount of six thousand dollars (\$6,000) upon the completion of 24 months of
35 contributions required under this subsection. Should death occur before the completion
36 of 24 months of contributions required under this subsection, the deceased retired
37 member's surviving spouse or legal representative if not survived by a spouse shall be
38 paid the sum of the retired member's contributions required by this subsection plus
39 interest to be determined by the Board of Trustees. Payment of this lump-sum amount
40 shall be made to the deceased retired member's surviving spouse or to the member's
41 legal representative if the member is not survived by a spouse, provided the deceased
42 retired member had not, prior to the member's death, instructed the Board of Trustees in
43 writing that the member did not want the lump-sum payment made to the member's
44 surviving spouse, and that payment should be paid to the member's legal representative
45 as if the member were not survived by a spouse."

46 **SECTION 32.33.(d)** G.S. 120-4.27 reads as rewritten:

47 "**§ 120-4.27. Death benefit.**

48 The designated beneficiary of a member who dies while in service after completing
49 one year of creditable service shall receive a lump-sum payment of an amount equal to
50 the deceased member's highest annual salary, to a maximum of fifteen thousand dollars
51 (\$15,000). For purposes of this death benefit "in service" means currently serving as a
52 member of the North Carolina General Assembly.

1 The death benefit provided by this section shall be designated a group life insurance
2 benefit payable under an employee welfare benefit plan that is separate and apart from
3 the Retirement System but under which the members of the Retirement System shall
4 participate and be eligible for group life insurance benefits. The Board of Trustees is
5 authorized to provide the death benefit in the form of group life insurance either by
6 purchasing a contract or contracts of group life insurance with any life insurance
7 company or companies licensed and authorized to transact business in the State of North
8 Carolina for the purpose of insuring the lives of qualified members in service, or by
9 establishing or affiliating with a separate trust fund qualified under Section 501(c)(9) of
10 the Internal Revenue Code of 1954, as amended.

11 Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a retired
12 member of the Retirement System or Retirement Fund on or after July 1, 1988, but
13 before January 1, 1999, there shall be paid a death benefit to the surviving spouse of a
14 deceased retired member, or to the deceased retired member's legal representative if not
15 survived by a spouse; provided the retired member has elected, when first eligible, to
16 make, and has continuously made, in advance of his death required contributions as
17 determined by the Retirement System on a fully contributory basis, through retirement
18 allowance deductions or other methods adopted by the Retirement System, to a group
19 death benefit trust fund administered by the Board of Trustees separate and apart from
20 the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. This
21 death benefit shall be a lump-sum payment in the amount of five thousand dollars
22 (\$5,000) upon the completion of twenty-four months of contributions required under
23 this subsection. Should death occur before the completion of twenty-four months of
24 contributions required under this subsection, the deceased retired member's surviving
25 spouse or legal representative if not survived by a spouse shall be paid the sum of the
26 retired member's contributions required by this subsection plus interest to be determined
27 by the Board of Trustees.

28 Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a retired
29 member of the Retirement System or Retirement Fund on or after January 1, 1999, there
30 shall be paid a death benefit to the surviving spouse of a deceased retired member, or to
31 the deceased retired member's legal representative if not survived by a spouse; provided
32 the retired member has elected, when first eligible, to make, and has continuously made,
33 in advance of his death required contributions as determined by the Retirement System
34 on a fully contributory basis, through retirement allowance deductions or other methods
35 adopted by the Retirement System, to a group death benefit trust fund administered by
36 the Board of Trustees separate and apart from the Retirement System's Annuity Savings
37 Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment
38 in the amount of six thousand dollars (\$6,000) upon the completion of 24 months of
39 contributions required under this subsection. Should death occur before the completion
40 of 24 months of contributions required under this subsection, the deceased retired
41 member's surviving spouse or legal representative if not survived by a spouse shall be
42 paid the sum of the retired member's contributions required by this subsection plus
43 interest to be determined by the Board of Trustees. Payment of this lump-sum amount
44 shall be made to the deceased retired member's surviving spouse or to the member's
45 legal representative if the member is not survived by a spouse, provided the deceased
46 retired member had not, prior to the member's death, instructed the Board of Trustees in
47 writing that the member did not want the lump-sum payment made to the member's
48 surviving spouse, and that payment should be paid to the member's legal representative
49 as if the member were not survived by a spouse."

50 **SECTION 32.33.(e)** This section becomes effective July 1, 2001.

51
52 **PART XXXIII. CAPITAL APPROPRIATIONS**
53

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

GENERAL FUND CAPITAL APPROPRIATIONS/INTRODUCTION

SECTION 33.1. The appropriations made by the 2001 General Assembly for capital improvements are for constructing, repairing, or renovating State buildings, utilities, and other capital facilities, for acquiring sites for them where necessary, and acquiring buildings and land for State government purposes.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

CAPITAL APPROPRIATIONS/GENERAL FUND

SECTION 33.2.(a) Appropriations are made from the General Fund of the State for the 2001-2002 fiscal year for use by the State departments, institutions, and agencies to provide for capital improvement projects according to the following schedule:

Capital Improvements - General Fund	2001-2002
Department of Environment and Natural Resources	\$32,936,000
Repairs and Renovations Reserve Account	100,000,000
TOTAL	\$132,936,000.

SECTION 33.2.(b) Notwithstanding G.S. 143-15.2 and G.S. 143-15.3A, for the 2000-2001 fiscal year only, funds shall not be reserved to the Repairs and Renovations Reserve Account, and the State Controller shall not transfer funds from the unreserved credit balance to the Repairs and Renovations Reserve Account on June 30, 2001.

This subsection becomes effective June 30, 2001.

TOTAL CAPITAL APPROPRIATION – GENERAL FUND

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

WATER RESOURCES DEVELOPMENT PROJECT FUNDS

SECTION 33.3.(a) The Department of Environment and Natural Resources shall allocate the funds appropriated in this act for water resources development projects to the following projects whose costs are as indicated:

Name of Project	2001-2002
(1) Wilmington Harbor Deepening	\$22,000,000
(2) Morehead City Harbor Maintenance	500,000
(3) Wilmington Harbor Maintenance	200,000
(4) Manteo (Shallowbag) Bay Channel Maintenance	2,500,000
(5) B. Everett Jordan Lake Water Supply	100,000
(6) John H. Kerr Reservoir Operations Evaluation	400,000
(7) Brunswick County Beaches Nourishment Supplement	927,000
(8) Wrightsville Beach Nourishment	518,000
(9) Dare County Beaches design	338,000
(10) Indian Beach – Salter Path Nourishment	900,000
(11) Bogue Banks Beach Protection Study	350,000
(12) Surf City/North Topsail Beach Protection Study	150,000
(13) West Onslow Beach Protection Re-analysis (Topsail	

1	Beach)	116,000
2	(14) Currituck Sound Water Management Study	200,000
3	(15) Deep Creek Yadkin County	500,000
4	(16) State Local Projects	2,000,000
5	a. Town of Washington Park Maple Branch Water	
6	Management, Beaufort County	3,000
7	b. Pungo River Snagging, Hyde County	22,000
8	c. Muddy Creek Stream Restoration, McDowell	
9	County	50,000
10	d. Town of Chadbourn Water Management,	
11	Columbus County	38,000
12	e. Perquimans River and Mill Creek Drainage,	
13	Perquimans County	38,000
14	f. Mitchell River Restoration, Surry County	111,875
15	g. Town of Candor Park Drainage, Montgomery	
16	County	18,000
17	h. Chowan River Restoration and Pembroke and	
18	Rocky Hock Creeks Drainage, Chowan County	67,000
19	i. Town of Pine Knoll Shores Westport Marina	
20	Maintenance Dredging, Carteret County	25,000
21	j. Town of Kenly Flood Control, Wilson and	
22	Johnston Counties	268,100
23	k. Southern Pines Drainage Improvements,	
24	Moore County	118,575
25	l. Other Projects	1,240,450
26	(17) Aquatic Weed Control Lake Gaston and Statewide	200,000
27	(18) Adkin Branch Flood Control	120,000
28	(19) Neuse River Basin Flood Control Feasibility Study	100,000
29	(20) Little Sugar Creek Restoration Projects	360,000
30	(21) Emergency Flood Control Projects	187,000
31	(22) Projected Feasibility Studies	120,000
32	(23) Planning Assistance to Communities	150,000
33		
34	Total	\$32,936,000

35
36 **SECTION 33.3.(b)** Where the actual costs are different from the estimated
37 costs under subsection (a) of this section, the Department may adjust the allocations
38 among projects as needed. If any projects listed in subsection (a) of this section are
39 delayed and the budgeted State funds cannot be used during the 2001-2002 fiscal year,
40 or if the projects listed in subsection (a) of this section are accomplished at a lower cost,
41 the Department may use the resulting fund availability to fund any of the following:

- 42 (1) Corps of Engineers project feasibility studies.
- 43 (2) Corps of Engineers projects whose schedules have advanced and
44 require State-matching funds in fiscal year 2001-2002.
- 45 (3) State-local water resources development projects. Funds not expended
46 or encumbered for these purposes shall revert to the General Fund at
47 the end of the 2002-2003 fiscal year.

48 **SECTION 33.3.(c)** The Department shall make quarterly reports on the use
49 of these funds to the Joint Legislative Commission on Governmental Operations, the
50 Fiscal Research Division, and the Office of State Budget and Management. Each report
51 shall include all of the following:

- 52 (1) All projects listed in this section.
- 53 (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 33.3.(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 2001-2002 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 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

15 **PROCEDURES FOR DISBURSEMENT OF CAPITAL FUNDS**

16 **SECTION 33.4.** The appropriations made by the 2001 General Assembly
17 for capital improvements shall be disbursed for the purposes provided by this act.
18 Expenditure of funds shall not be made by any State department, institution, or agency
19 until an allotment has been approved by the Governor as Director of the Budget. The
20 allotment shall be approved only after full compliance with the Executive Budget Act,
21 Article 1 of Chapter 143 of the General Statutes. Prior to the award of construction
22 contracts for projects to be financed in whole or in part with self-liquidating
23 appropriations, the Director of the Budget shall approve the elements of the method of
24 financing of those projects including the source of funds, interest rate, and liquidation
25 period. Provided, however, that if the Director of the Budget approves the method of
26 financing a project, the Director shall report that action to the Joint Legislative
27 Commission on Governmental Operations at its next meeting.

28 Where direct capital improvement appropriations include the purpose of
29 furnishing fixed and movable equipment for any project, those funds for equipment
30 shall not be subject to transfer into construction accounts except as authorized by the
31 Director of the Budget. The expenditure of funds for fixed and movable equipment and
32 furnishings shall be reviewed and approved by the Director of the Budget prior to
33 commitment of funds.

34 Capital improvement projects authorized by the 2001 General Assembly shall
35 be completed, including fixed and movable equipment and furnishings, within the limits
36 of the amounts of the direct or self-liquidating appropriations provided, except as
37 otherwise provided in this act. Capital improvement projects authorized by the 2001
38 General Assembly for the design phase only shall be designed within the scope of the
39 project as defined by the approved cost estimate filed with the Director of the Budget,
40 including costs associated with site preparation, demolition, and movable and fixed
41 equipment.
42

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

44 **ENCUMBERED APPROPRIATIONS AND PROJECT RESERVE FUNDS**

45 **SECTION 33.5.** When each capital improvement project appropriated by the
46 2001 General Assembly, other than those projects under the Board of Governors of The
47 University of North Carolina, is placed under a construction contract, direct
48 appropriations shall be encumbered to include all costs for construction, design,
49 investigation, administration, movable equipment, and a reasonable contingency.
50 Unencumbered direct appropriations remaining in the project budget shall be placed in a
51 project reserve fund credited to the Office of State Budget and Management. Funds in
52 the project reserve may be used for emergency repair and renovation projects at State
53 facilities with the approval of the Director of the Budget. The project reserve fund may

1 be used, at the discretion of the Director of the Budget, to allow for award of contracts
2 where bids exceed appropriated funds, if those projects supplemented were designed
3 within the scope intended by the applicable appropriation or any authorized change in it,
4 and if, in the opinion of the Director of the Budget, all means to award contracts within
5 the appropriation were reasonably attempted. At the discretion of the Director of the
6 Budget, any balances in the project reserve fund shall revert to the original source.

7
8 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

9 **EXPENDITURES OF FUNDS FROM THE RESERVE FOR REPAIRS AND**
10 **RENOVATIONS**

11 **SECTION 33.6.** Of the funds in the Reserve for Repairs and Renovations
12 for the 2001-2002 fiscal year, forty-six percent (46%) shall be allocated to the Board of
13 Governors of The University of North Carolina for repairs and renovations pursuant to
14 G.S. 143-15.3A, in accordance with guidelines developed in The University of North
15 Carolina Funding Allocation Model for Reserve for Repairs and Renovations, as
16 approved by the Board of Governors of The University of North Carolina, and fifty-four
17 percent (54%) shall be allocated to the Office of State Budget and Management for
18 repairs and renovations pursuant to G.S. 143-15.3A.

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

25 The Board of Governors and the Office of State Budget and Management
26 shall submit to the Joint Legislative Commission on Governmental Operations and to
27 the Fiscal Research Division of the Legislative Services Office, for their review, the
28 proposed allocations of these funds. Subsequent changes in the proposed allocations
29 shall be reported prior to expenditure to the Joint Legislative Commission on
30 Governmental Operations and to the Fiscal Research Division of the Legislative
31 Services Office.

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

34 **CAPITAL IMPROVEMENT PROJECTS/SUPPLEMENTAL FUNDING**
35 **APPROVAL/REPORTING REQUIREMENT**

36 **SECTION 33.7.** Each department receiving capital improvement
37 appropriations from the Highway Fund under this act shall report quarterly to the
38 Director of the Budget on the status of those capital projects. The reporting procedure
39 to be followed shall be developed by the Director of the Budget.

40 Highway Fund capital improvement projects authorized in this act that have
41 not been placed under contract for construction due to insufficient funds may be
42 supplemented with funds identified by the Director of the Budget, provided:

- 43 (1) That the project was designed and bid within the scope as authorized
44 by the General Assembly;
- 45 (2) That the funds to supplement the project are from the same source as
46 authorized for the original project;
- 47 (3) That the department to which the project was authorized has
48 unsuccessfully pursued all statutory authorizations to award the
49 contract; and
- 50 (4) That the action be reported to the Fiscal Research Division of the
51 Legislative Services Office.

52
53 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

PROJECT COST INCREASE

SECTION 33.8. Upon the request of the administration of a State agency, department, or institution, the Director of the Budget may, when in the Director's opinion it is in the best interest of the State to do so, increase the cost of a capital improvement project. Provided, however, that if the Director of the Budget increases the cost of a project, the Director shall report that action to the Joint Legislative Commission on Governmental Operations at its next meeting. The increase may be funded from gifts, federal or private grants, special fund receipts, excess patient receipts above those budgeted at the University of North Carolina Hospitals at Chapel Hill, or direct capital improvement appropriations to that department or institution.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

NEW PROJECT AUTHORIZATION

SECTION 33.9. Upon the request of the administration of any State agency, department, or institution, the Director of the Budget may authorize the construction of a capital improvement project not specifically authorized by the General Assembly if such project is to be funded by gifts, federal or private grants, special fund receipts, excess patient receipts above those budgeted at the University of North Carolina Hospitals at Chapel Hill, or self-liquidating indebtedness. Prior to authorizing the construction of a capital improvement project pursuant to this section, the Director shall consult with the Joint Legislative Commission on Governmental Operations.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

ADVANCE PLANNING OF CAPITAL IMPROVEMENT PROJECTS

SECTION 33.10. Funds that become available by gifts, excess patient receipts above those budgeted at the University of North Carolina Hospitals at Chapel Hill, federal or private grants, receipts becoming a part of special funds by act of the General Assembly, or any other funds available to a State department or institution may be utilized for advance planning through the working drawing phase of capital improvement projects, upon approval of the Director of the Budget. The Director of the Budget may make allocations from the Advance Planning Fund for advance planning through the working drawing phase of capital improvement projects, except that this revolving fund shall not be utilized by the Board of Governors of The University of North Carolina or the State Board of Community Colleges.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

APPROPRIATIONS LIMITS/REVERSION OR LAPSE

SECTION 33.11. Except as permitted in previous sections of this act, the appropriations for capital improvements made by the 2001 General Assembly may be expended only for specific projects set out by the 2001 General Assembly and for no other purpose. Construction of all capital improvement projects enumerated by the 2001 General Assembly shall be commenced, or self-liquidating indebtedness with respect to them shall be incurred, within 12 months following the first day of the fiscal year in which the funds are available. If construction contracts on those projects have not been awarded or self-liquidating indebtedness has not been incurred within that period, the direct appropriation for those projects shall revert to the original source, and the self-liquidating appropriation shall lapse; except that direct appropriations may be placed in a reserve fund as authorized in this act. This deadline with respect to both direct and self-liquidating appropriations may be extended with the approval of the Director of the Budget up to an additional 12 months if circumstances and conditions warrant such extension.

Requested by: Representative Miner

SAMARKAND TIMBER SALE

SECTION 33.12. The Department of Juvenile Justice and Delinquency Prevention shall harvest and sell a portion of the timber on the real property at Samarkand Youth Academy. Notwithstanding Chapter 146 of the General Statutes, G.S. 66-58, and any other provision of law, the net proceeds derived from the sale of the timber in an amount not to exceed two hundred fifty thousand dollars (\$250,000) shall be deposited with the State Treasurer in a capital improvement and repair and renovation account to the credit of the Department of Juvenile Justice and Delinquency Prevention. The Department shall use the funds for major repair to the streets and parking lots at the Samarkand Youth Academy and for additional street lighting and repairs of buildings at the Academy.

The remainder of the net proceeds from the sale of the timber at Samarkand Youth Academy, if any, shall revert to the General Fund.

PART XXXIV. NOT APPLICABLE**PART XXXV. NOT APPLICABLE****PART XXXVI. MISCELLANEOUS PROVISIONS**

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

EXECUTIVE BUDGET ACT APPLIES

SECTION 36.1. The provisions of the Executive Budget Act, Chapter 143, Article 1 of the General Statutes, are reenacted and shall remain in full force and effect and are incorporated in this act by reference.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

COMMITTEE REPORT

SECTION 36.2.(a) The House Appropriations Committee Report on the Continuation, Expansion and Capital Budgets, dated June 26, 2001, which was distributed in the Senate and House of Representatives and used to explain this act, shall indicate action by the General Assembly on this act and shall therefore be used to construe this act, as provided in G.S. 143-15 of the Executive Budget Act, and for these purposes shall be considered a part of this act and as such shall be printed as a part of the Session Laws.

SECTION 36.2.(b) The budget enacted by the General Assembly for the maintenance of the various departments, institutions, and other spending agencies of the State for the 2001-2003 fiscal biennium is a line item budget, in accordance with the Budget Code Structure and the State Accounting System Uniform Chart of Accounts set out in the Administrative Policies and Procedures Manual of the Office of the State Controller. This budget includes the appropriations made from all sources including the General Fund, Highway Fund, special funds, cash balances, federal receipts, and departmental receipts.

The Director of the Budget submitted the itemized budget requests to the General Assembly on March 12, 2001, in the document, "The North Carolina State Budget, Summary of Recommendations for 2001-2003". The beginning appropriation for the 2001-2002 fiscal year and the 2002-2003 fiscal year for the various departments, institutions, and other spending agencies of the State is referenced in this document as the recurring baseline budget. The recurring baseline budget was derived from the December 31, 2000, authorized budget by applying adjustments for nonrecurring items, building reserves, enrollment and entitlement changes, and transfers between budget codes.

1 The General Assembly revised the recurring baseline budget for the
2 2001-2002 fiscal year and the 2002-2003 fiscal year submitted by the Director of the
3 Budget, in accordance with the steps that follow, and the line item detail in the budget
4 enacted by the General Assembly may be derived accordingly:

5 (1) The recurring baseline budget was revised in accordance with
6 reductions and additions that were set out in the House Appropriations
7 Committee Report on the Continuation, Expansion and Capital
8 Budget, dated June 26, 2001, together with any accompanying
9 correction sheets.

10 (2) Transfers of funds supporting programs were made in accordance with
11 the House Appropriations Committee Report on the Continuation,
12 Expansion and Capital Budget, dated June 26, 2001, together with any
13 accompanying correction sheets.

14 **SECTION 36.2.(c)** The budget enacted by the General Assembly shall also
15 be interpreted in accordance with the special provisions in this act and in accordance
16 with other appropriate legislation.

17 In the event that there is a conflict between the line item budget certified by
18 the Director of the Budget and the budget enacted by the General Assembly, the budget
19 enacted by the General Assembly shall prevail.
20

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

22 **MOST TEXT APPLIES ONLY TO THE 2001-2003 FISCAL BIENNIUM**

23 **SECTION 36.3.** Except for statutory changes or other provisions that clearly
24 indicate an intention to have effects beyond the 2001-2003 fiscal biennium, the textual
25 provisions of this act apply only to funds appropriated for, and activities occurring
26 during, the 2001-2003 fiscal biennium.
27

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

29 **EFFECT OF HEADINGS**

30 **SECTION 36.4.** The headings to the parts and sections of this act are a
31 convenience to the reader and are for reference only. The headings do not expand,
32 limit, or define the text of this act, except for effective dates referring to a Part.
33

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

35 **SEVERABILITY CLAUSE**

36 **SECTION 36.5.** If any section or provision of this act is declared
37 unconstitutional or invalid by the courts, it does not affect the validity of this act as a
38 whole or any part other than the part so declared to be unconstitutional or invalid.
39

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

41 **EFFECTIVE DATE**

42 **SECTION 36.6.** Except as otherwise provided, this act becomes effective
43 July 1, 2001.