

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001**

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SENATE BILL 1115

**Appropriations/Base Budget Committee Substitute as amended Adopted 6/18/02
As amended by Pensions & Retirement and Aging Committee 6/18/02**

Short Title: Modify Appropriations Act of 2001.

(Public)

Sponsors:

Referred to:

May 29, 2002

A BILL TO BE ENTITLED

AN ACT TO MODIFY THE CURRENT OPERATIONS APPROPRIATIONS ACT
OF 2001 AND TO MAKE OTHER CHANGES IN THE BUDGET OPERATION
OF THE STATE.

The General Assembly of North Carolina enacts:

PART I. INTRODUCTION AND TITLE OF ACT

INTRODUCTION

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

TITLE OF ACT

SECTION 1.2. This act shall be known as "The Current Operations and Capital Improvements Appropriations Act of 2002."

PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

SECTION 2.1. Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated are made for the fiscal year ending June 30, 2003, according to the schedule that follows. Amounts set out in brackets are reductions from General Fund appropriations for the 2002-2003 fiscal year.

Current Operations - General Fund

2002-2003

EDUCATION

Community Colleges System Office

24,994,200

Department of Public Instruction

(69,395,534)

University of North Carolina - Board of Governors

Appalachian State University

(2,176,609)

1	East Carolina University	
2	Academic Affairs	(3,183,549)
3	Health Affairs	(1,100,928)
4	Elizabeth City State University	(530,995)
5	Fayetteville State University	(753,395)
6	NC Agricultural and Technical University	(1,503,208)
7	North Carolina Central University	(1,155,082)
8	North Carolina School of the Arts	(782,673)
9	North Carolina State University	
10	Academic Affairs	(6,998,183)
11	Agricultural Extension	(894,718)
12	Agricultural Research	(1,129,999)
13	University of North Carolina at Asheville	(686,125)
14	University of North Carolina at Chapel Hill	
15	Academic Affairs	(5,089,577)
16	Health Affairs	(3,802,211)
17	Area Health Education Centers	(1,101,173)
18	University of North Carolina at Charlotte	(2,727,423)
19	University of North Carolina at Greensboro	(2,333,865)
20	University of North Carolina at Pembroke	(593,820)
21	University of North Carolina at Wilmington	(1,623,313)
22	Western Carolina University	(1,489,649)
23	Winston-Salem State University	(937,810)
24	General Administration	(2,063,801)
25	University Institutional Programs	29,317,706
26	Related Educational Programs	(2,165,941)
27	North Carolina School of Science and Mathematics	(434,306)
28	UNC Hospitals at Chapel Hill	(970,076)
29	Total	(16,910,721)

HEALTH AND HUMAN SERVICES

30		
31	HEALTH AND HUMAN SERVICES	
32		
33	Department of Health and Human Services	
34	Office of the Secretary	(9,319,271)
35	Division of Aging	(1,069,750)
36	Division of Blind Services/Deaf/HH	(643,013)
37	Division of Child Development	(26,738,752)
38	Division of Education Services	(4,024,077)
39	Division of Facility Services	(782,705)
40	Division of Medical Assistance	(27,736,891)
41	Division of Mental Health	(35,600,524)
42	NC Health Choice	(9,202,161)
43	Division of Public Health	(15,591,367)
44	Division of Social Services	(16,073,873)
45	Division of Vocation Rehabilitation	(5,599,676)
46	Total	(152,382,060)

NATURAL AND ECONOMIC RESOURCES

47		
48	NATURAL AND ECONOMIC RESOURCES	
49		
50	Department of Agriculture and Consumer Services	(4,819,849)
51		
52	Department of Commerce	
53	Commerce	(10,349,674)
54	Commerce State-Aid	4,930,500
55	NC Biotechnology Center	(627,047)

1	Rural Economic Development Center	(423,851)
2		
3	Department of Environment and Natural Resources	
4	Environment and Natural Resources	(9,369,803)
5	Clean Water Management Trust Fund	0
6		
7	Office of the Governor - Housing Finance Agency	(540,600)
8		
9	Department of Labor	(1,021,674)
10		
11	JUSTICE AND PUBLIC SAFETY	
12		
13	Department of Correction	(56,505,511)
14		
15	Department of Crime Control and Public Safety	(3,638,383)
16		
17	Judicial Department	(13,874,980)
18	Judicial Department - Indigent Defense	2,255,611
19		
20	Department of Justice	(4,586,092)
21		
22	Department of Juvenile Justice and Delinquency Prevention	(16,254,846)
23		
24	GENERAL GOVERNMENT	
25		
26	Department of Administration	(5,658,873)
27		
28	Office of Administrative Hearings	(222,519)
29		
30	Department of State Auditor	(947,714)
31		
32	Office of State Controller	(919,891)
33		
34	Department of Cultural Resources	
35	Cultural Resources	(4,794,666)
36	Roanoke Island Commission	(151,222)
37		
38	State Board of Elections	209,622
39		
40	General Assembly	(3,810,151)
41		
42	Office of the Governor	
43	Office of the Governor	(504,595)
44	Office of State Budget and Management	(342,836)
45	OSBM – Reserve for Special Appropriations	0
46		
47	Department of Insurance	
48	Insurance	(1,451,366)
49	Insurance – Volunteer Safety Workers' Compensation	(2,500,000)
50		
51	Office of Lieutenant Governor	(53,280)
52		
53	Department of Revenue	(4,972,725)
54		
55	Rules Review Commission	(25,981)

1		
2	Department of Secretary of State	(721,855)
3		
4	Department of State Treasurer	
5	State Treasurer	(461,870)
6	State Treasurer – Retirement for Fire and Rescue Squad Workers	(5,248,601)
7		
8	TRANSPORTATION	
9	Department of Transportation	(2,490,841)
10		
11	RESERVES, ADJUSTMENTS AND DEBT SERVICE	
12	Reserve for Compensation Increases	(4,247,868)
13		
14	Reserve for State Health Plan	(12,621,872)
15		
16	Reserve for Teachers' and State Employees' Retirement	
17	Rate Adjustment	(142,000,000)
18		
19	Merge Judicial, Legislative and Teachers' &	
20	State Employees' Retirement Systems	(7,575,940)
21		
22	Payroll Adjustment Reserve	(36,500,000)
23		
24	Reserve for Employee Severance Compensation	20,000,000
25		
26	Contingency and Emergency	5,000,000
27		
28	Reserve for Salary Adjustments	0
29		
30	Implementation of Recommendations of	
31	Governor's Efficiency Commission	(25,000,000)
32		
33	Reserve for Information Technology Rate Adjustment	(3,414,318)
34		
35	Mental Health, Developmental Disabilities and	
36	Substance Abuse Services Trust Fund	50,000,000
37		
38	Reserve to Implement HIPPA	2,000,000
39		
40	Debt Service	
41	General Debt Service	(98,105,542)
42	Federal Reimbursement	0
43		
44	TOTAL CURRENT OPERATIONS - GENERAL FUND	(616,055,218)
45		
46	Requested by: Senators Plyler, Odom, Lee	
47	GENERAL FUND AVAILABILITY STATEMENT	
48	SECTION 2.2.(a) Section 2.2(a) of S.L. 2001-424 is repealed. The General	
49	Fund availability used in developing the 2002-2003 fiscal year budget is shown below:	
50		
51		2002-2003
52		
53	Revenues Based on Existing Tax Structure	12,738,200,000
54		
55	Nontax Revenues	

1	Investment Income	115,300,000
2	Judicial Fees	111,300,000
3	Disproportionate Share	107,000,000
4	Insurance	46,600,000
5	Other Nontax Revenues	98,900,000
6	Highway Trust Fund Transfer	172,400,000
7	Highway Fund Transfer	<u>15,300,000</u>
8	Subtotal Nontax Revenues	666,800,000
9		
10	Subtotal General Fund Availability	13,405,000,000
11		
12	Other Adjustments to Availability: 2002 Session	
13	IRC Conformity (SB 1292 – Includes Pensions	
14	And Education Changes, Estate Tax Credit,	
15	Accelerated Depreciation)	15,800,000
16	Delay 2001 Tax Breaks (SB 1292 - Standard	
17	Deduction/Marriage Penalty, Child Tax Credit)	51,700,000
18	Suspend Reimbursements to Local Governments with	
19	Hold Harmless Provision (SB 1292)	270,000,000
20	Project Tax Collect	10,000,000
21	Highway Trust Fund – recurring inflationary adjustment	80,000,000
22	Highway Trust Fund Transfer – one-time transfer	125,000,000
23	Tobacco Settlement Trust Funds – divert Master	
24	Settlement Agreement receipts for one year	
25	(\$40 million from each fund)	120,000,000
26	Hurricane Floyd Disaster Reserve	100,000,000
27	Credit to Savings Reserve Account	(14,896,335)
28	Transfer of Cash from Trust and Special Funds	8,534,164
29	Adjustment to Transfer from Insurance Regulatory Fund	(851,366)
30	Increase Collection Rates for Offender Fees	1,160,000
31	Reimbursement for Unauthorized Substance Tax Division,	
32	Department of Revenue (SB 1292)	886,683
33	Fee Increases (SB 1292)	<u>25,434,311</u>
34	Subtotal Other Adjustments to Availability: 2002 Session	792,767,457
35		
36	TOTAL GENERAL FUND AVAILABILITY	14,197,767,457
37		

38 **SECTION 2.2.(b)** Effective July 1, 2002, cash balances remaining in special
39 funds on June 30, 2002, shall be transferred to the State Controller to be deposited in
40 Nontax Budget Code 19978 (Intra State Transfers) according to the schedule that
41 follows. These funds shall be used to support General Fund appropriations for the
42 2002-2003 fiscal year.

43		
44	Fund	Amount Transferred
45		
46	Department of Agriculture and Consumer Services	
47	Budget Code 23700, Fund Code 2103 (Livestock	
48	Acquisition Fund)	300,000
49	Budget Code 23701, Fund Code 2201 (Warehouse	
50	Investment Fund)	225,000
51	Budget Code 53750, Fund Code 5190 (State Fair	
52	Reserves and Transfers)	250,000
53	Budget Code 63700, Fund Code 6902 (Reforestation Fund)	23,915
54	Budget Code 63700, Fund Code 6105 (Forest Management	
55	Reserve)	50,000

1		
2	Department of Environment and Natural Resources	
3	Budget Code 64302, Fund Code 6710 (Natural Heritage	
4	Trust Fund)	3,287,582
5	Budget Code 24308, Fund Code 2525 (Neuse Animal Waste	
6	Cost Share)	366,335
7	Department of Labor	
8	Budget Code 23800, Fund Code 2422 (Pre-Apprenticeship-PBC)	491,332
9		
10	Department of Correction	
11	Budget Code 24502 (Inmate Canteen/Welfare Fund)	500,000
12		

Office of the State Controller

13		
14	Budget Code 24172 (Special Reserve Account)	1,300,000

15 **SECTION 2.2.(c)** Notwithstanding G.S. 113-36(d), two hundred twenty
16 thousand dollars (\$220,000) of the cash balance remaining in the Bladen Lakes State
17 Forest Fund (Budget Code 24300, Fund Code 2221) on July 1, 2002, shall be
18 transferred to the State Controller to be deposited in Nontax Budget Code 19978 (Intra
19 State Transfers). An additional two hundred twenty thousand dollars (\$220,000) shall
20 be transferred on April 1, 2003. These funds shall be used to support General Fund
21 appropriations for the 2002-2003 fiscal year.

22 **SECTION 2.2.(d)** Section 2.2(f) of S.L. 2001-424 reads as rewritten:

23 **"SECTION 2.2.(f)** The transfer of cash from Department of Correction, Budget
24 Code 74500, Fund Code 7100 (Prison Enterprises) to Nontax Budget Code 19978 (Intra
25 State Transfers) shall be increased by one million dollars (\$1,000,000), effective July 1,
26 2001, for the 2001-2002 fiscal year.

27 The transfer of cash from Department of Correction, Budget Code 74500,
28 Fund Code 7100 (Prison Enterprises) to Nontax Budget Code 19978 (Intra State
29 Transfers) shall be increased by ~~five hundred thousand dollars (\$500,000), effective~~
30 ~~July 1, 2002, for the 2002-2003 fiscal year and for subsequent fiscal years. one million~~
31 five hundred thousand dollars (\$1,500,000), effective July 1, 2002, for the 2002-2003
32 fiscal year. Of the one million five hundred thousand dollar (\$1,500,000) increase for
33 the 2002-2003 fiscal year, five hundred thousand dollars (\$500,000) is recurring. "

34 **SECTION 2.2.(e)** The State Controller shall credit the sum of fourteen
35 million eight hundred ninety-six thousand three hundred thirty-five dollars
36 (\$14,896,335) from the General Fund to the Savings Reserve Account on July 1, 2002.
37 This is not "in consequence of appropriations made by law" as that phrase is used in
38 Article V, Section 7(1) of the North Carolina Constitution.

39 **SECTION 2.2.(f)** The General Assembly finds that, as anticipated in the
40 legislation that created the Hurricane Floyd Reserve Fund, S.L. 1999-463, savings were
41 effected where the total amounts appropriated in that act were not required to provide
42 the necessary and appropriate relief and assistance from the effects of Hurricane Floyd.
43 Therefore, effective July 1, 2002, the sum of one hundred million dollars
44 (\$100,000,000) shall be transferred from the Reserve for Disaster Relief, Budget Code
45 13017, a restricted reserve, to the General Fund. The Director of the Budget may use
46 any funds available for expenditure for the 2002-2003 fiscal year to ensure that
47 sufficient funds are available to meet all outstanding obligations associated with disaster
48 relief and recovery from Hurricane Floyd.

49 **SECTION 2.2.(g)** When the Highway Trust Fund was created in 1989, the
50 revenue from the sales tax on motor vehicles was transferred from the General Fund to
51 the Highway Trust Fund. To offset this loss of revenue from the General Fund, the
52 Highway Trust Fund was required to transfer one hundred seventy million dollars
53 (\$170,000,000) to the General Fund each year, an amount equal to the revenue in 1989
54 from the sales tax on motor vehicles. This transfer did not, however, make the General
55 Fund whole after the transfer of the sales tax revenue because no provision has been

1 made to adjust the amount for the increased volume of transactions and increased
2 vehicle prices. The additional eighty million dollars (\$80,000,000) transferred from the
3 Highway Trust Fund to the General Fund by this act is an effort to recover a portion of
4 the sales tax revenues that would have gone to the General Fund over the last 13 years.

5 **SECTION 2.2.(h)** Notwithstanding G.S. 105-187.9(b)(1), the sum to be
6 transferred under that subdivision for the 2002-2003 fiscal year and for the 2003-2004
7 fiscal year is two hundred fifty million dollars (\$250,000,000).

8 **SECTION 2.2.(i)** There is transferred from the Highway Trust Fund to the
9 General Fund the sum of one hundred twenty-five million dollars (\$125,000,000) for the
10 2002-2003 fiscal year. It is the intent of the General Assembly that these funds be
11 transferred from the General Fund back to the Highway Trust Fund during the next five
12 years including interest at the net rate of return generated by the State Treasurer's Short
13 Term Investment Fund.

14 **SECTION 2.2.(j)** The General Assembly finds that over the last two fiscal
15 years, the cost of the Medicaid program has increased over a billion dollars. The
16 downturn in the economy has caused an unforeseeable increase in the number of
17 persons eligible for the program. Even with the significant expansion funds
18 appropriated for the increased costs, transfers of funds to meet obligations for the
19 2001-2002 fiscal year, and significant cost-savings measures imposed by the General
20 Assembly and the Department of Health and Human Services, Medicaid will still need
21 an additional one hundred nine million dollars (\$109,000,000) next year to cover
22 increased costs.

23 The General Assembly further finds that due to the downturn in the economy
24 and the loss of jobs in various sectors of the economy, the State must undertake various
25 economic initiatives.

26 Funds transferred pursuant to this section shall be used only for Medicaid and
27 for economic initiatives.

28 Notwithstanding G.S. 143-16.4(a2), of the funds credited to the Tobacco
29 Trust Account from the Master Settlement Agreement pursuant to Section 6(2) of S.L.
30 1999-2 during the 2002-2003 fiscal year, the sum of forty million dollars (\$40,000,000)
31 shall be transferred from the Department of Agriculture and Consumer Services, Budget
32 Code 23703 (Tobacco Trust Fund) to the State Controller to be deposited in Nontax
33 Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for
34 the 2002-2003 fiscal year.

35 Notwithstanding G.S. 143-16.4(a1), of the funds credited to the Health Trust
36 Account from the Master Settlement Agreement pursuant to Section 6(2) of S.L. 1999-2
37 during the 2002-2003 fiscal year, the sum of forty million dollars (\$40,000,000) shall be
38 transferred from the Department of State Treasurer, Budget Code 23460 (Health and
39 Wellness Trust Fund) to the State Controller to be deposited in Nontax Budget Code
40 19978 (Intra State Transfers) to support General Fund appropriations for the 2002-2003
41 fiscal year.

42 Notwithstanding G.S. 143-86.30(c), the Health and Wellness Trust Fund
43 Commission may transfer up to eighteen million dollars (\$18,000,000) from the Fund
44 Reserve created in G.S. 143-86.30 to the Health and Wellness Trust Fund nonreserved
45 funds to be expended in accordance with G.S. 143-86.30(d) during the 2002-2003 fiscal
46 year.

47 Pursuant to Section 2(b) of S.L. 1999-2, forty million dollars (\$40,000,000)
48 of the fifty percent (50%) of the annual installment payment to the North Carolina State
49 Specific Account otherwise transferred and assigned to The Golden L.E.A.F.
50 (Long-Term Economic Advancement Foundation), Inc., during the 2002-2003 fiscal
51 year is transferred to the State Controller to be deposited in Nontax Budget Code 19978
52 (Intra State Transfers) to support General Fund appropriations for the 2002-2003 fiscal
53 year. The Attorney General shall take all necessary actions to notify the court in the
54 action entitled State of North Carolina v. Philip Morris Incorporated, et. al., 98 CVS
55 14377, in the General Court of Justice, Superior Court Division, Wake County, North

1 Carolina, and the administrators of the State Specific Account established under the
2 Master Settlement Agreement of this action by the General Assembly redirecting this
3 payment.

4 **SECTION 2.2.(k)** The funds appropriated in this act from the Insurance
5 Regulatory Fund include an increase of six hundred thousand dollars (\$600,000) in
6 recurring funds from the amount appropriated in S.L. 2001-424. These funds shall be
7 used to pay for the costs and expenses incurred by the Department of Justice in the
8 2002-2003 fiscal year and subsequent fiscal years in representing the Department of
9 Insurance in its regulation of the insurance industry and other related programs and
10 industries in this State that fall under the jurisdiction of the Department of Insurance.

11 **SECTION 2.2.(l)** G.S. 7A-11 reads as rewritten:

12 "**§ 7A-11. Clerk of the Supreme Court; salary; bond; fees; oath.**

13 The clerk of the Supreme Court shall be appointed by the Supreme Court to serve at
14 its pleasure. The annual salary of the clerk shall be fixed by the Administrative Officer
15 of the Courts, subject to the approval of the Supreme Court. The clerk may appoint
16 assistants in the number and at the salaries fixed by the Administrative Officer of the
17 Courts. The clerk shall perform such duties as the Supreme Court may assign, and shall
18 be bonded to the State, for faithful performance of duty, in the same manner as the clerk
19 of the superior court, and in such amount as the Administrative Officer of the Courts
20 shall determine. He shall adopt a seal of office, to be approved by the Supreme Court. A
21 fee bill for services rendered by the clerk shall be fixed by rules of the Supreme Court,
22 and all such fees shall be remitted to the State ~~treasury, except that charges to litigants~~
23 ~~for the reproduction of appellate records and briefs shall be fixed and administered as~~
24 ~~provided by rule of the Supreme Court.~~ ~~treasury.~~ The operations of the Clerk of the
25 Supreme Court shall be subject to the oversight of the State Auditor pursuant to Article
26 5A of Chapter 147 of the General Statutes. Before entering upon the duties of his office,
27 the clerk shall take the oath of office prescribed by law."

28 **SECTION 2.2.(m)** G.S. 7A-20(b) reads as rewritten:

29 "(b) Subject to approval of the Supreme Court, the Court of Appeals shall
30 promulgate from time to time a fee bill for services rendered by the clerk, and such fees
31 shall be remitted to the State ~~Treasurer, except that charges to litigants for the~~
32 ~~reproduction of appellate records and briefs shall be fixed and administered as provided~~
33 ~~by rule of the Supreme Court.~~ ~~Treasurer.~~ The operations of the Court of Appeals shall
34 be subject to the oversight of the State Auditor pursuant to Article 5A of Chapter 147 of
35 the General Statutes."

36 **SECTION 2.2.(n)** Of the cash balance of any funds not remitted to the State
37 Treasurer pursuant to G.S. 7A-11 and GS 7A-20(b) prior to the effective date of this act,
38 only funds necessary for payroll and existing contractual obligations may be expended.
39 The cash balance of these funds shall be transferred to the General Fund on July 1,
40 2002.

41 **PART III. CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND**

42 **HIGHWAY FUND APPROPRIATIONS**

43 **SECTION 3.1.** Appropriations from the Highway Fund of the State for the
44 maintenance and operation of the Department of Transportation, and for other purposes
45 as enumerated are made for the fiscal year ending June 30, 2003, according to the
46 schedule that follows. Amounts set out in brackets are reductions from Highway Fund
47 appropriations for the 2002-2003 fiscal year.

48	49	50	51	52	53	54	55
	Current Operations - Highway Fund						2002-2003
	Administration						(362,232)
	Operations						—
	Construction and Maintenance						

1	a.	Construction	
2		(01) Primary Construction	—
3		(02) Secondary Construction	(1,887,000)
4		(03) Urban Construction	—
5		(04) Access and Public Service Roads	—
6		(05) Contingency Construction	5,000,000
7		(06) Spot Safety Construction	—
8	b.	State Funds to Match Federal Highway Aid	—
9	c.	State Maintenance	17,823,411
10	d.	Ferry Operations	—
11	e.	Capital Improvements	—
12	f.	State Aid to Municipalities	(1,887,000)
13	g.	State Aid for Public Transportation and Railroads	17,350,000
14	h.	OSHA – State	—
15		Governor's Highway Safety Program	—
16		Division of Motor Vehicles	—
17		Reserves and Transfers	<u>(6,039,551)</u>
18		GRAND TOTAL HIGHWAY FUND	\$ 29,997,628

HIGHWAY FUND AVAILABILITY STATEMENT

SECTION 3.2. The Highway Fund appropriations availability used in developing modifications to the 2002-2003 Highway Fund budget contained in this act is shown below:

2002-2003

26	Beginning Credit Balance	\$41,300,000
27	Estimated Revenue	1,276,600,000
29	TOTAL HIGHWAY FUND AVAILABILITY	\$1,317,900,000

PART IV. HIGHWAY TRUST FUND APPROPRIATIONS

HIGHWAY TRUST FUND APPROPRIATIONS

SECTION 4.1. Appropriations from the Highway Trust Fund of the State for the maintenance and operation of the Department of Transportation and for other purposes as enumerated are made for the fiscal year ending June 30, 2003, according to the schedule that follows. Amounts set out in brackets are reductions from Highway Trust Fund appropriations for the 2002-2003 fiscal year.

Current Operations and Expansion_ - Highway Trust Fund

2002-2003

42	Intrastate System	(156,082,527)
43	Secondary Roads	(17,736,555)
44	Urban Loops	(63,113,273)
45	Aid to Municipalities	(16,376,698)
46	Program Administration	(11,534,947)
47	Transfer to General Fund	<u>207,400,000</u>
49	GRAND TOTAL/HIGHWAY TRUST FUND	(57,444,000)

PART V. BLOCK GRANTS

Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

DHHS BLOCK GRANTS

1 **SECTION 5.1.(a)** Appropriations from federal block grant funds are made
2 for the fiscal year ending June 30, 2003, according to the following schedule:

3
4 **COMMUNITY SERVICES BLOCK GRANT**

5		
6	01. Community Action Agencies	\$ 15,266,973
7		
8	02. Limited Purpose Agencies	848,165
9		
10	03. Department of Health and Human Services	
11	to administer and monitor	
12	the activities of the	
13	Community Services Block Grant	848,165
14		

15 **TOTAL COMMUNITY SERVICES BLOCK GRANT** \$ 16,963,303

16
17 **SOCIAL SERVICES BLOCK GRANT**

18		
19	01. County departments of social services	\$ 27,095,289
20	(Transfer from TANF - \$4,500,000)	
21		
22	02. Allocation for in-home services provided	
23	by county departments of	
24	social services	2,101,113
25		
26	03. Division of Mental Health, Developmental	
27	Disabilities, and Substance Abuse Services	3,234,601
28		
29	04. Division of Services for the Blind	3,105,711
30		
31	05. Division of Facility Services	426,836
32		
33	06. Division of Aging - Home and Community	
34	Care Block Grant	1,840,234
35		
36	07. Child Care Subsidies	3,000,000
37		
38	08. Division of Vocational Rehabilitation -	
39	United Cerebral Palsy	71,484
40		
41	09. State administration	1,693,368
42		
43	10. Child Medical Evaluation Program	238,321
44		
45	11. Adult day care services	2,155,301
46		
47	12. Comprehensive Treatment Services	
48	Program	422,003
49		
50	13. Department of Administration	
51	for the N.C. State Commission of Indian Affairs	
52	In-Home Services Program for the Elderly	203,198
53		
54	14. Division of Vocational Rehabilitation -	
55	Easter Seals Society	116,779

1			
2	15.	UNC-CH CARES Program for training and	
3		consultation services	247,920
4			
5	16.	Office of the Secretary - Office of Economic	
6		Opportunity for N.C. Senior Citizens'	
7		Federation for outreach services to	
8		low-income elderly persons	41,302
9			
10	17.	Division of Social Services - Child	
11		Caring Agencies	1,500,000
12			
13	18.	Division of Mental Health,	
14		Developmental Disabilities, and	
15		Substance Abuse Services - Developmentally	
16		Disabled Waiting List for services	5,000,000
17			
18	19.	Transfer to Preventive Health Services Block	
19		Grant for HIV/AIDS education, counseling, and	
20		testing	145,819
21			
22	20.	Division of Facility Services –	
23		Mental Health Licensure	213,128
24			
25	TOTAL SOCIAL SERVICES BLOCK GRANT		\$ 52,852,407
26			
27	LOW-INCOME ENERGY BLOCK GRANT		
28			
29	01.	Energy Assistance Programs	\$ 11,395,026
30			
31	02.	Crisis Intervention	6,598,934
32			
33	03.	Administration	2,459,510
34			
35	04.	Weatherization Program	3,457,189
36			
37	05.	Department of Administration -	
38		N.C. State Commission of Indian Affairs	45,189
39			
40	06.	Heating Air Repair and Replacement Program	1,613,355
41			
42	TOTAL LOW-INCOME ENERGY BLOCK GRANT		\$ 25,569,203
43			
44	MENTAL HEALTH SERVICES BLOCK GRANT		
45			
46	01.	Provision of community-based	
47		services for severe and persistently	
48		mentally ill adults	\$ 5,442,798
49			
50	02.	Provision of community-based	
51		services to children	2,513,141
52			
53	03.	Comprehensive Treatment Services	
54		Program for Children	1,500,000
55			

1	04. Administration	783,911
2		
3	TOTAL MENTAL HEALTH SERVICES BLOCK GRANT	\$ 10,239,850
4		
5	SUBSTANCE ABUSE PREVENTION	
6	AND TREATMENT BLOCK GRANT	
7		
8	01. Provision of community-based	
9	alcohol and drug abuse services,	
10	tuberculosis services, and services	
11	provided by the Alcohol and Drug Abuse	
12	Treatment Centers	\$ 15,401,711
13		
14	02. Continuation of services for	
15	pregnant women and women	
16	with dependent children	8,069,524
17		
18	03. Continuation of services to	
19	IV drug abusers and others at risk	
20	for HIV diseases	4,616,378
21		
22	04. Provision of services to children	
23	and adolescents	7,740,611
24		
25	05. Juvenile Services - Family Focus	851,156
26		
27	06. Allocation to the Division of Public Health	
28	for HIV/STD Risk Reduction Projects	383,980
29		
30	07. Allocation to the Division of Public Health	
31	for HIV/STD Prevention by County Health	
32	Departments	209,576
33		
34	08. Allocation to the Division of Public Health	
35	for the Maternal and Child Health Hotline	37,779
36		
37	09. Administration	2,596,307
38		
39	TOTAL SUBSTANCE ABUSE PREVENTION	
40	AND TREATMENT BLOCK GRANT	\$ 39,907,022
41		
42	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	
43		
44	01. Child care subsidies	\$149,801,334
45		
46	02. Quality and availability initiatives	16,496,620
47		
48	03. Administrative expenses	6,929,081
49		
50	04. Transfer from TANF Block Grant for	
51	child care subsidies	72,812,189
52		
53	TOTAL CHILD CARE AND DEVELOPMENT FUND	
54	BLOCK GRANT	\$246,039,224
55		

1	TEMPORARY ASSISTANCE TO NEEDY FAMILIES	
2	(TANF) BLOCK GRANT	
3		
4	01. Work First Cash Assistance	\$129,396,275
5		
6	02. Work First County Block Grants	92,018,855
7		
8	03. Transfer to the Child Care and	
9	Development Fund Block Grant	
10	for child care subsidies	72,812,189
11		
12	04. Allocation to the Division of Mental	
13	Health, Developmental Disabilities, and	
14	Substance Abuse Services for Work First	
15	substance abuse screening, diagnostic, and	
16	support treatment services and drug testing	400,000
17		
18	05. Allocation to the Division of Social	
19	Services for staff development	75,000
20		
21	06. Reduction of out-of-wedlock births	1,000,000
22		
23	07. Business Process Reengineering	
24	Project Reserve	325,000
25		
26	08. Allocation to the Division of Public Health	
27	for teen pregnancy prevention	600,000
28		
29	09. Child Care Subsidies for TANF Recipients	26,621,241
30		
31	10. County Child Protective Services,	
32	Foster Care, and Adoption Workers	2,727,550
33		
34	11. Transfer to Social Services Block Grant for	
35	County Departments of Social Services for	
36	Children's Services	4,500,000
37		
38	12. Residential Substance Abuse Services	
39	for Women With Children	1,475,142
40		
41	13. Division of Social Services -	
42	Administration	500,000
43		
44	14. Child Welfare workers and services for	
45	local departments of social services	7,654,841
46		
47	15. Child Welfare Training	2,000,000
48		
49	16. DSS Evaluation	500,000
50		
51	17. SACWIS Payback	4,643,454
52		
53	TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES	
54	(TANF) BLOCK GRANT	\$347,249,547
55		

1 MATERNAL AND CHILD HEALTH BLOCK GRANT

2		
3	01.	Healthy Mothers/Healthy Children
4		Block Grants to Local Health
5		Departments
6		9,838,074
7	02.	High-Risk Maternity Clinic Services,
8		Perinatal Education and Training,
9		Childhood Injury Prevention,
10		Public Information and Education, and
11		Technical Assistance to Local Health
12		Departments
13		2,012,102
14	03.	Services to Children With Special Health
15		Care Needs
16		5,078,647

17 TOTAL MATERNAL AND CHILD
18 HEALTH BLOCK GRANT \$ 16,928,823

19 PREVENTIVE HEALTH SERVICES BLOCK GRANT

20		
21		
22	01.	Statewide Health Promotion Programs
23		\$3,282,810
24	02.	Rape Crisis/Victims' Services
25		Program - Council for Women
26		197,112
27	03.	Transfer from Social Services
28		Block Grant –
29		HIV/AIDS education, counseling, and
30		testing
31		145,819
32	04.	Office of Minority Health
33		159,459
34	05.	Administrative Costs
35		108,546

36 TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT \$3,893,746

37
38 **SECTION 5.1.(b)** Decreases in Federal Fund Availability. – If the United
39 States Congress reduces federal fund availability in the Social Services Block Grant
40 below the amounts appropriated in this section, then the Department of Health and
41 Human Services shall allocate these decreases giving priority first to those direct
42 services mandated by State or federal law, then to those programs providing direct
43 services that have demonstrated effectiveness in meeting the federally and
44 State-mandated services goals established for the Social Services Block Grant. The
45 Department shall not include transfers from TANF for specified purposes in any
46 calculations of reductions to the Social Services Block Grant.

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

54 Decreases in federal fund availability shall be allocated for the Maternal and
55 Child Health and Preventive Health Services federal block grants by the Department of

1 Health and Human Services after considering the effectiveness of the current level of
2 services.

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

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

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

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

24 If federal funds are received under the Maternal and Child Health Block
25 Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42
26 U.S.C. § 710), for the 2002-2003 fiscal year, then those funds shall be transferred to the
27 State Board of Education to be administered by the Department of Public Instruction.
28 The Department of Public Instruction shall use the funds to establish an Abstinence
29 Until Marriage Education Program and shall delegate to one or more persons the
30 responsibility of implementing the program and G.S. 115C-81(e1)(4). The Department
31 of Public Instruction shall carefully and strictly follow federal guidelines in
32 implementing and administering the abstinence education grant funds.

33 The Department of Health and Human Services shall contract for the
34 follow-up testing involved with the Newborn Screening Program. The Department may
35 contract for these services with an entity within or outside of the State; however, the
36 Department may only contract with an out-of-state entity if it can be demonstrated that
37 there is a cost-savings associated with contracting with the out-of-state entity. The
38 contract amount shall not exceed twenty-five thousand dollars (\$25,000). The amount of
39 the contract shall be covered by funds in the Maternal and Child Grant Block Grant.

40 **SECTION 5.1.(g)** The Department of Health and Human Services shall not
41 use any funds appropriated in this section to develop or implement a Medical Child
42 Care Pilot.

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

46 **SECTION 5.1.(i)** The sum of five hundred thousand dollars (\$500,000)
47 appropriated in this section in the TANF Block Grant to the Department of Health and
48 Human Services, Division of Social Services, for the 2002-2003 fiscal year shall be
49 used to support administration of TANF-funded programs.

50 **SECTION 5.1.(j)** The sum of one million four hundred seventy-five
51 thousand one hundred forty-two dollars (\$1,475,142) appropriated in this section in the
52 TANF Block Grant to the Department of Health and Human Services, Division of
53 Mental Health, Developmental Disabilities, and Substance Abuse Services, for the
54 2002-2003 fiscal year shall be used to provide regional residential substance abuse
55 treatment and services for women with children. The Department of Health and Human

1 Services, the Division of Social Services, and the Division of Mental Health,
2 Developmental Disabilities, and Substance Abuse Services, in consultation with local
3 departments of social services, area mental health programs, and other State and local
4 agencies or organizations, shall coordinate this effort in order to facilitate the expansion
5 of regionally based substance abuse services for women with children. These services
6 shall be culturally appropriate and designed for the unique needs of TANF women with
7 children.

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

11 The Department of Health and Human Services, the Division of Social
12 Services, and the Division of Mental Health, Developmental Disabilities, and Substance
13 Abuse Services, shall report on their progress in complying with this subsection no later
14 than October 1, 2002, and March 1, 2003, to the Senate Appropriations Committee on
15 Health and Human Services, the House of Representatives Appropriations
16 Subcommittee on Health and Human Services, and the Fiscal Research Division. These
17 reports shall include all of the following:

- 18 (1) The number and location of additional beds created.
- 19 (2) The types of facilities established.
- 20 (3) The delineation of roles and responsibilities at the State and local
21 levels.
- 22 (4) Demographics of the women served, the number of women served,
23 and the cost per client.
- 24 (5) Demographics of the children served, the number of children served,
25 and the services provided.
- 26 (6) Job placement services provided to women.
- 27 (7) A plan for follow-up and evaluation of services provided with an
28 emphasis on outcomes.
- 29 (8) Barriers identified to the successful implementation of the expansion.
- 30 (9) Identification of other resources needed to appropriately and
31 efficiently provide services to Work First recipients.
- 32 (10) Other information as requested.

33 **SECTION 5.1.(k)** The sum of seven million six hundred fifty-four thousand
34 eight hundred forty-one dollars (\$7,654,841) appropriated in this section in the TANF
35 Block Grant to the Department of Health and Human Services, Division of Social
36 Services, for the 2002-2003 fiscal year for Child Welfare Improvements shall be
37 allocated to the county departments of social services for hiring or contracting staff to
38 investigate and provide services in Child Protective Services cases; to provide foster
39 care and support services; to recruit, train, license, and support prospective foster and
40 adoptive families; and to provide interstate and post-adoption services for eligible
41 families.

42 **SECTION 5.1.(l)** The sum of one million five hundred thousand dollars
43 (\$1,500,000) appropriated in this section in the Mental Health Block Grant to the
44 Department of Health and Human Services, Division of Mental Health, Developmental
45 Disabilities, and Substance Abuse Services, for the 2002-2003 fiscal year and the sum
46 of four hundred twenty-two thousand three dollars (\$422,003) appropriated in this
47 section in the Social Services Block Grant to the Department of Health and Human
48 Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse
49 Services, for the 2002-2003 fiscal year shall be used to continue a Comprehensive
50 Treatment Services Program for Children in accordance with Section 21.60 of S.L.
51 2001-424, as amended.

52 **SECTION 5.1.(m)** The sum of two million dollars (\$2,000,000)
53 appropriated in this section in the TANF Block Grant to the Department of Health and
54 Human Services, Division of Social Services, for fiscal year 2002-2003 shall be used to
55 support various child welfare training projects as follows:

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

6 **SECTION 5.1.(n)** The sum of three hundred twenty-five thousand dollars
 7 (\$325,000) appropriated in this section in the TANF Block Grant to the Department of
 8 Health and Human Services for a Business Process Reengineering Project Reserve may
 9 only be used for the project if funds appropriated in this act for Business Process
 10 Reengineering are not sufficient to continue the project through the 2002-2003 fiscal
 11 year. Prior to the use of these funds, the Office of State Budget and Management shall
 12 review all proposals for expenditure of these funds in order to ensure compliance with
 13 this subsection.

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

19
 20 Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

21 **NER BLOCK GRANT FUNDS**

22 **SECTION 5.2.(a)** Appropriations from federal block grant funds are made
 23 for the fiscal year ending June 30, 2003, according to the following schedule:

24
 25 **COMMUNITY DEVELOPMENT BLOCK GRANT**

26		
27	01. State Administration	\$1,000,000
28		
29	02. Urgent Needs and Contingency	1,000,000
30		
31	03. Scattered Site Housing	13,100,000
32		
33	04. Economic Development	8,710,000
34		
35	05. Community Revitalization	13,500,000
36		
37	06. State Technical Assistance	450,000
38		
39	07. Housing Development	2,100,000
40		
41	08. Infrastructure	5,140,000
42		

43 **TOTAL COMMUNITY DEVELOPMENT**
 44 **BLOCK GRANT - 2002 Program Year** \$45,000,000

45
 46 **SECTION 5.2.(b)** Decreases in Federal Fund Availability. – If federal funds
 47 are reduced below the amounts specified above after the effective date of this act, then
 48 every program in each of these federal block grants shall be reduced by the same
 49 percentage as the reduction in federal funds.

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

1 **SECTION 5.2.(d)** Limitations on Community Development Block Grant
 2 Funds. – Of the funds appropriated in this section for the Community Development
 3 Block Grant, the following shall be allocated in each category for each program year: up
 4 to one million dollars (\$1,000,000) may be used for State administration; up to one
 5 million dollars (\$1,000,000) may be used for Urgent Needs and Contingency; up to
 6 thirteen million one hundred thousand dollars (\$13,100,000) may be used for Scattered
 7 Site Housing; up to eight million seven hundred ten thousand dollars (\$8,710,000) may
 8 be used for Economic Development; not less than thirteen million five hundred
 9 thousand dollars (\$13,500,000) shall be used for Community Revitalization; up to four
 10 hundred fifty thousand dollars (\$450,000) may be used for State Technical Assistance;
 11 up to two million one hundred thousand dollars (\$2,100,000) may be used for Housing
 12 Development; up to five million one hundred forty thousand dollars (\$5,140,000) may
 13 be used for Infrastructure. If federal block grant funds are reduced or increased by the
 14 Congress of the United States after the effective date of this act, then these reductions or
 15 increases shall be allocated in accordance with subsection (b) or (c) of this section, as
 16 applicable.

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

23 **PART VI. GENERAL PROVISIONS**

24 Requested by: Senators Plyler, Odom, Lee

25 **CONTINGENCY AND EMERGENCY FUND ALLOCATIONS**

26 **SECTION 6.1.** Section 6.3(a) of S.L. 2001-424 reads as rewritten:

27 "**SECTION 6.3.(a)** Funds in the amount of five million dollars (\$5,000,000) for the
 28 2001-2002 fiscal year and ~~five million dollars (\$5,000,000)~~ ten million dollars
 29 (\$10,000,000) for the 2002-2003 fiscal year are appropriated ~~in this act~~ to the
 30 Contingency and Emergency Fund. Of the funds:

- 31 (1) The sum of three million eight hundred seventy-five thousand dollars
 32 (\$3,875,000) for the 2001-2002 fiscal year and the sum of three
 33 million eight hundred seventy-five thousand dollars (\$3,875,000) for
 34 the 2002-2003 fiscal year shall be used only to respond to an
 35 unanticipated disaster such as a fire, hurricane, or tornado;
 36 (2) The sum of nine hundred thousand dollars (\$900,000) for the
 37 2001-2002 fiscal year and the sum of nine hundred thousand dollars
 38 (900,000) for the 2002-2003 fiscal year shall be used only (i) for the
 39 purposes set out in subdivision (1) of this subsection, (ii) as required
 40 by a court, Industrial Commission, or administrative hearing officer's
 41 order or award, or (iii) to match unanticipated federal funds; ~~and~~
 42 (3) The sum of two hundred twenty-five thousand dollars (\$225,000) for
 43 the 2001-2002 fiscal year and the sum of two hundred twenty-five
 44 thousand dollars (\$225,000) for the 2002-2003 fiscal year shall be used
 45 for the purposes set out in subdivisions (1) and (2) of this subsection or
 46 for other allocations from the Contingency and Emergency Fund; ~~Fund;~~
 47 ~~and~~
 48 (4) The sum of five million dollars (\$5,000,000) shall be used for the
 49 purposes set out in subdivisions (1) and (2) of this subsection or to
 50 settle legal disputes."

51 Requested by: Senators Plyler, Odom, Lee

52 **USE OF OVERREALIZED GENERAL FUND AVAILABILITY**

1 **SECTION 6.2.** The Director of the Budget shall review General Fund
2 availability at the end of each month for the 2002-2003 fiscal year. If the actual
3 availability for a month exceeds the availability anticipated by the General Assembly in
4 this act for that month, the excess amount shall be credited to the Savings Reserve
5 Account.

6 The Director of the Budget may use funds credited to the Savings Reserve
7 Account pursuant to this section only to offset a decrease in availability during a month
8 in which the actual availability is less than the availability anticipated by the General
9 Assembly in this act for that month.

10
11 Requested by: Senators Plyler, Odom, Lee

12 **USE OF SAVINGS RESERVE TO BALANCE BUDGET**

13 **SECTION 6.3.(a)** G.S. 143-15.3(b) prohibits the Director of the Budget
14 from using funds in the Savings Reserve Account unless the use has been approved by
15 an act of the General Assembly. The General Assembly hereby authorizes the Director
16 of the Budget to use funds that were credited to the Savings Reserve Account on or
17 before June 30, 2002, to the extent necessary to balance the State budget for the
18 2001-2002 fiscal year and funds are hereby appropriated from the Savings Reserve
19 Account for this purpose.

20 **SECTION 6.3.(b)** This section becomes effective June 30, 2002.

21
22 Requested by: Senators Plyler, Odom, Lee, Dalton, Lucas, Garrou, Rand

23 **DEDUCTION FLEXIBILITY**

24 **SECTION 6.4.(a)** G.S. 143-3.3(g) reads as rewritten:

25 "(g) Payroll Deduction for Payments to Certain Employees' Associations Allowed.
26 – An employee of the State or any of its institutions, departments, bureaus, agencies or
27 commissions, or any of its local boards of education or community colleges, who is a
28 member of a domiciled employees' association that has at least 2,000 members, the
29 majority of whom are employees of the State or public school employees, may
30 authorize, in writing, the periodic deduction each payroll period from the employee's
31 salary or wages a designated lump sum to be paid to the employees' association.

32 An employee of any local board of education who is a member of a domiciled
33 employees' association that has at least 40,000 members, the majority of whom are
34 public school teachers, may authorize in writing the periodic deduction each payroll
35 period from the employee's salary or wages a designated lump sum or sums to be paid
36 for dues and voluntary contributions for the employees' association.

37 ~~The~~ An authorization under this subsection shall remain in effect until revoked by
38 the employee. A plan of payroll deductions pursuant to this subsection for employees of
39 the State and other association members shall become void if the employees' association
40 engages in collective bargaining with the State, any political subdivision of the State, or
41 any local school administrative unit. This subsection does not apply to county or
42 municipal governments or any local governmental unit, except for local boards of
43 education."

44 **SECTION 6.4.(b)** G.S. 135-18.8 reads as rewritten:

45 "**§ 135-18.8. Deduction for payments to certain employees' or retirees' associations**
46 **allowed.**

47 Any member who is a member of a domiciled employees' or retirees' association that
48 has at least 2,000 members, the majority of whom are active or retired employees of the
49 State or public school employees, may authorize, in writing, the periodic deduction
50 from the member's retirement benefits a designated lump sum to be paid to the
51 employees' or retirees' association. The authorization shall remain in effect until
52 revoked by the member. A plan of deductions pursuant to this section shall become void
53 if the employees' or retirees' association engages in collective bargaining with the State,
54 any political subdivision of the State, or any local school administrative unit.

Any member who is a member of a domiciled employees' or retirees' association that has at least 40,000 members, the majority of whom are active or retired public school teachers, may authorize, in writing, the periodic deduction from the member's retirement benefits a designated lump sum or sums to be paid for dues and voluntary contributions for the employees' or retirees' association. The authorization shall remain in effect until revoked by the member. A plan of deductions pursuant to this section shall become void if the employees' or retirees' association engages in collective bargaining with the State, any political subdivision of the State, or any local school administrative unit."

PART VII. PUBLIC SCHOOLS

Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee

TEACHER SALARY SCHEDULES

SECTION 7.1.(a) Effective for the 2002-2003 school year, the annual longevity payments for teachers whose salaries are supported from the State's General Fund are one and one-half percent (1.5%) of base salary for 10 to 14 years of State service, two and twenty-five hundredths percent (2.25%) of base salary for 15 to 19 years of State service, three and twenty-five hundredths percent (3.25%) of base salary for 20 to 24 years of State service, and four and one-half percent (4.5%) of base salary for 25 or more years of State service. These funds shall be allocated to individuals according to rules adopted by the State Board of Education. The longevity payment shall be paid in a lump sum once a year.

SECTION 7.1.(b) For the 2002-2003 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.

**2002-2003 MONTHLY SALARY SCHEDULE
"A" TEACHERS**

Years of Experience	"A" Teachers	NBPTS Certification
0	\$2,525	N/A
1	\$2,525	N/A
2	\$2,567	N/A
3	\$2,611	\$2,924
4	\$2,764	\$3,096
5	\$2,904	\$3,252
6	\$3,036	\$3,400
7	\$3,164	\$3,544
8	\$3,266	\$3,658
9	\$3,314	\$3,712
10	\$3,362	\$3,765
11	\$3,412	\$3,821
12	\$3,461	\$3,876
13	\$3,511	\$3,932
14	\$3,561	\$3,988
15	\$3,614	\$4,048
16	\$3,667	\$4,107
17	\$3,722	\$4,169
18	\$3,777	\$4,230
19	\$3,834	\$4,294
20	\$3,892	\$4,359
21	\$3,950	\$4,424

1	22	\$4,011	\$4,492
2	23	\$4,072	\$4,561
3	24	\$4,136	\$4,632
4	25	\$4,200	\$4,704
5	26	\$4,264	\$4,776
6	27	\$4,330	\$4,850
7	28	\$4,398	\$4,926
8	29	\$4,467	\$5,003

**2002-2003 MONTHLY SALARY SCHEDULE
"M" TEACHERS**

Years of Experience	"M" Teachers	NBPTS Certification
0	\$2,778	N/A
1	\$2,778	N/A
2	\$2,824	N/A
3	\$2,872	\$3,217
4	\$3,040	\$3,405
5	\$3,194	\$3,577
6	\$3,340	\$3,741
7	\$3,480	\$3,898
8	\$3,593	\$4,024
9	\$3,645	\$4,082
10	\$3,698	\$4,142
11	\$3,753	\$4,203
12	\$3,807	\$4,264
13	\$3,862	\$4,325
14	\$3,917	\$4,387
15	\$3,975	\$4,452
16	\$4,034	\$4,518
17	\$4,094	\$4,585
18	\$4,155	\$4,654
19	\$4,217	\$4,723
20	\$4,281	\$4,795
21	\$4,345	\$4,866
22	\$4,412	\$4,941
23	\$4,479	\$5,016
24	\$4,550	\$5,096
25	\$4,620	\$5,174
26	\$4,690	\$5,253
27	\$4,763	\$5,335
28	\$4,838	\$5,419
29	\$4,914	\$5,504

SECTION 7.1.(c) Notwithstanding the salary schedules set out in subsection (b) of this subsection:

- (1) Certified personnel of the public schools who are classified as "A" teachers for 2002-2003 fiscal year and who had 30 or more years of experience during the 2001-2002 fiscal year shall receive a monthly salary of four thousand five hundred thirty-eight dollars (\$4,538);
- (2) Certified personnel of the public schools who are classified as "A" teachers for 2002-2003 fiscal year who had 30 or more years of experience during the 2001-2002 fiscal year and have a NBPTS

1 Certification shall receive a monthly salary of five thousand
2 eighty-three dollars (\$5,083);

3 (3) Certified personnel of the public schools who are classified as "M"
4 teachers for 2002-2003 fiscal year and who had 30 or more years of
5 experience during the 2001-2002 fiscal year shall receive a monthly
6 salary of four thousand nine hundred ninety-two dollars (\$4,992); and

7 (4) Certified personnel of the public schools who are classified as "M"
8 teachers for 2002-2003 fiscal year who had 30 or more years of
9 experience during the 2001-2002 fiscal year and have a NBPTS
10 Certification shall receive a monthly salary of five thousand five
11 hundred ninety-one dollars (\$5,591).

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

21 **SECTION 7.1.(e)** Effective for the 2002-2003 school year, the first step of
22 the salary schedule for school psychologists shall be equivalent to Step 5, corresponding
23 to five years of experience, on the salary schedule established in this section for
24 certified personnel of the public schools who are classified as "M" teachers. Certified
25 psychologists shall be placed on the salary schedule at an appropriate step based on their
26 years of experience. Certified psychologists shall receive longevity payments based on
27 years of State service in the same manner as teachers.

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

35 **SECTION 7.1.(f)** Effective for the 2002-2003 school year, speech
36 pathologists who are certified as speech pathologists at the masters degree level and
37 audiologists who are certified as audiologists at the masters degree level and who are
38 employed in the public schools as speech and language specialists and audiologists shall
39 be paid on the school psychologist salary schedule.

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

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

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

51
52 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee
53 **SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE**

SECTION 7.2.(a) The base salary schedule for school-based administrators shall apply only to principals and assistant principals. The base salary schedule for the 2002-2003 fiscal year, commencing July 1, 2002, is as follows:

**2002-2003
PRINCIPAL AND ASSISTANT PRINCIPAL SALARY SCHEDULES**

CLASSIFICATION

Yrs of Exp	Assistant Principal	Prin I (0-10)	Prin II (11-21)	Prin III (22-32)	Prin IV (33-43)
0-4	\$3,226				
5	\$3,226				
6	\$3,373				
7	\$3,515				
8	\$3,629				
9	\$3,681	\$3,681			
10	\$3,735	\$3,735			
11	\$3,791	\$3,791	\$3,845		
12	\$3,845	\$3,845	\$3,901		
13	\$3,901	\$3,901	\$3,956	\$4,015	
14	\$3,956	\$3,956	\$4,015	\$4,074	\$4,135
15	\$4,015	\$4,015	\$4,074	\$4,135	\$4,197
16	\$4,074	\$4,074	\$4,135	\$4,197	\$4,259
17	\$4,135	\$4,135	\$4,197	\$4,259	\$4,324
18	\$4,197	\$4,197	\$4,259	\$4,324	\$4,388
19	\$4,259	\$4,259	\$4,324	\$4,388	\$4,456
20	\$4,324	\$4,324	\$4,388	\$4,456	\$4,524
21	\$4,388	\$4,388	\$4,456	\$4,524	\$4,596
22	\$4,456	\$4,456	\$4,524	\$4,596	\$4,666
23	\$4,524	\$4,524	\$4,596	\$4,666	\$4,737
24	\$4,596	\$4,596	\$4,666	\$4,737	\$4,811
25	\$4,666	\$4,666	\$4,737	\$4,811	\$4,886
26	\$4,737	\$4,737	\$4,811	\$4,886	\$4,963
27	\$4,811	\$4,811	\$4,886	\$4,963	\$5,042
28	\$4,886	\$4,886	\$4,963	\$5,042	\$5,143
29	\$4,963	\$4,963	\$5,042	\$5,143	\$5,246
30	\$5,042	\$5,042	\$5,143	\$5,246	\$5,351
31	\$5,143	\$5,143	\$5,246	\$5,351	\$5,458
32	\$5,246	\$5,246	\$5,351	\$5,458	\$5,567
33		\$5,351	\$5,458	\$5,567	\$5,678
34			\$5,567	\$5,678	\$5,792
35			\$5,678	\$5,792	\$5,908
36				\$5,908	\$6,026
37				\$6,026	\$6,147
38					\$6,270

**2002-2003
PRINCIPAL AND ASSISTANT PRINCIPAL SALARY SCHEDULES**

CLASSIFICATION

Yrs of	Prin V	Prin VI	Prin VII	Prin VIII
--------	--------	---------	----------	-----------

	Exp	(44-54)	(55-65)	(66-100)	(101+)
1					
2					
3	0-4				
4	5				
5	6				
6	7				
7	8				
8	9				
9	10				
10	11				
11	12				
12	13				
13	14				
14	15	\$4,259			
15	16	\$4,324			
16	17	\$4,388	\$4,456		
17	18	\$4,456	\$4,524	\$4,666	
18	19	\$4,524	\$4,596	\$4,737	\$4,811
19	20	\$4,596	\$4,666	\$4,811	\$4,886
20	21	\$4,666	\$4,737	\$4,886	\$4,963
21	22	\$4,737	\$4,811	\$4,963	\$5,042
22	23	\$4,811	\$4,886	\$5,042	\$5,143
23	24	\$4,886	\$4,963	\$5,143	\$5,246
24	25	\$4,963	\$5,042	\$5,246	\$5,351
25	26	\$5,042	\$5,143	\$5,351	\$5,458
26	27	\$5,143	\$5,246	\$5,458	\$5,567
27	28	\$5,246	\$5,351	\$5,567	\$5,678
28	29	\$5,351	\$5,458	\$5,678	\$5,792
29	30	\$5,458	\$5,567	\$5,792	\$5,908
30	31	\$5,567	\$5,678	\$5,908	\$6,026
31	32	\$5,678	\$5,792	\$6,026	\$6,147
32	33	\$5,792	\$5,908	\$6,147	\$6,270
33	34	\$5,908	\$6,026	\$6,270	\$6,395
34	35	\$6,026	\$6,147	\$6,395	\$6,523
35	36	\$6,147	\$6,270	\$6,523	\$6,653
36	37	\$6,270	\$6,395	\$6,653	\$6,786
37	38	\$6,395	\$6,523	\$6,786	\$6,922
38	39	\$6,523	\$6,653	\$6,922	\$7,060
39	40		\$6,786	\$7,060	\$7,201
40	41		\$6,922	\$7,201	\$7,345
41	42			\$7,345	\$7,492

SECTION 7.2.(b) 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
46		
47		
48	Assistant Principal	
49	Principal I	Fewer than 11 Teachers
50	Principal II	11-21 Teachers
51	Principal III	22-32 Teachers
52	Principal IV	33-43 Teachers
53	Principal V	44-54 Teachers
54	Principal VI	55-65 Teachers
55	Principal VII	66-100 Teachers

1 Principal VIII More than 100 Teachers
2 The number of teachers supervised includes teachers and assistant principals
3 paid from State funds only; it does not include teachers or assistant principals paid from
4 non-State funds or the principal or teacher assistants.

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

8 **SECTION 7.2.(c)** A principal shall be placed on the step on the salary
9 schedule that reflects:

- 10 (1) The total number of years of experience as a certificated employee of
11 the public schools and
- 12 (2) An additional step for every three years of experience as a principal
13 prior to the 2001-2002 school year.

14 **SECTION 7.2.(d)** A principal or assistant principal shall continue to receive
15 any additional State-funded percentage increases earned for the 1997-1998, 1998-1999,
16 and 1999-2000 school years for improvement in student performance or maintaining a
17 safe and orderly school.

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

23 **SECTION 7.2.(f)** There shall be no State requirement that superintendents
24 in each local school unit shall receive in State-paid salary at least one percent (1%)
25 more than the highest paid principal receives in State salary in that school unit:
26 Provided, however, the additional State-paid salary a superintendent who was employed
27 by a local school administrative unit for the 1992-93 fiscal year received because of that
28 requirement shall not be reduced because of this subsection for subsequent fiscal years
29 that the superintendent is employed by that local school administrative unit so long as
30 the superintendent is entitled to at least that amount of additional State-paid salary under
31 the rules in effect for the 1992-93 fiscal year.

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

34 **SECTION 7.2.(h)**

- 35 (1) If a principal is reassigned to a higher job classification because the
36 principal is transferred to a school within a local school administrative
37 unit with a larger number of State-allotted teachers, the principal shall
38 be placed on the salary schedule as if the principal had served the
39 principal's entire career as a principal at the higher job classification.
- 40 (2) If a principal is reassigned to a lower job classification because the
41 principal is transferred to a school within a local school administrative
42 unit with a smaller number of State-allotted teachers, the principal
43 shall be placed on the salary schedule as if the principal had served the
44 principal's entire career as a principal at the lower job classification.

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

50 **SECTION 7.2.(i)** Participants in an approved full-time Masters in School
51 Administration program shall receive up to a 10-month stipend at the beginning salary
52 of an assistant principal during the internship period of the masters program.
53 Certification of eligible full-time interns shall be supplied to the Department of Public
54 Instruction by the Principal Fellows Program or a school of education where the intern
55 participates in a full-time Masters in School Administration.

1 **SECTION 7.2.(j)** During the 2002-2003 fiscal year, the placement on the
2 salary schedule of an administrator with a one-year provisional assistant principal's
3 certificate shall be at the entry-level salary for an assistant principal or the appropriate
4 step on the teacher salary schedule, whichever is higher.

5
6 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee

7 **LITIGATION RESERVE FUNDS**

8 **SECTION 7.3.** The State Board of Education may expend up to five
9 hundred thousand dollars (\$500,000) for the 2002-2003 fiscal year from unexpended
10 funds for certified employees' salaries to pay expenses related to pending litigation.

11
12 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee

13 **CHILDREN WITH DISABILITIES**

14 **SECTION 7.4.** The State Board of Education shall allocate funds for
15 children with disabilities on the basis of two thousand six hundred eighty-six dollars and
16 fifty cents (\$2,686.50) per child for a maximum of 161,845 children for the 2002-2003
17 school year. Each local school administrative unit shall receive funds for the lesser of
18 (i) all children who are identified as children with disabilities or (ii) twelve and
19 five-tenths percent (12.5%) of the 2002-2003 allocated average daily membership in the
20 local school administrative unit.

21
22 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee

23 **FUNDS FOR ACADEMICALLY GIFTED CHILDREN**

24 **SECTION 7.5.** The State Board of Education shall allocate funds for
25 academically or intellectually gifted children on the basis of eight hundred eighty-eight
26 dollars (\$888.00) per child. A local school administrative unit shall receive funds for a
27 maximum of four percent (4%) of its 2002-2003 allocated average daily membership,
28 regardless of the number of children identified as academically or intellectually gifted in
29 the unit. The State Board shall allocate funds for no more than 53,075 children for the
30 2002-2003 school year.

31
32 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee

33 **FUNDS FOR THE TESTING AND IMPLEMENTATION OF THE NEW**
34 **STUDENT INFORMATION SYSTEM**

35 **SECTION 7.6.** Section 28.32 of S.L. 2001-424 reads as rewritten:

36 **"SECTION 28.32.** The State Board of Education may transfer up to one million
37 dollars (\$1,000,000) in funds appropriated for the Uniform Education Reporting System
38 for the 2001-2002 fiscal year and up to one million dollars (\$1,000,000) in funds
39 appropriated for the Uniform Education Reporting System for the 2002-2003 fiscal year
40 to the Department of Public Instruction to lease or purchase equipment necessary for the
41 testing and implementation of NC WISE, the new student information system in the
42 public schools."
43

44 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee

45 **FUNDS TO IMPLEMENT THE ABCs OF PUBLIC EDUCATION**

46 **SECTION 7.7.(a)** The State Board of Education shall use funds
47 appropriated for State Aid to Local School Administrative Units for the 2002-2003
48 fiscal year to provide incentive funding for schools that met or exceeded the projected
49 levels of improvement in student performance during the 2001-2002 school year, in
50 accordance with the ABCs of Public Education Program. In accordance with State
51 Board of Education policy:

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

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

- 1 b. Five hundred dollars (\$500.00) for each teacher assistant.
 2 (2) Incentive awards in schools that meet the expected improvements may
 3 be up to:
 4 a. Seven hundred fifty dollars (\$750.00) for each teacher and for
 5 certified personnel; and
 6 b. Three hundred seventy-five dollars (\$375.00) for each teacher
 7 assistant.

8 **SECTION 7.7.(b)** The State Board of Education may use funds appropriated
 9 to State Aid to Local School Administrative Units for assistance teams to
 10 low-performing schools.

11
 12 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee

13 **REVISION OF READING AND WRITING ASSESSMENTS**

14 **SECTION 7.8.** Of the funds appropriated to State Aid to Local School
 15 Administrative Units, the State Board of Education may use up to one million dollars
 16 (\$1,000,000) for the 2002-2003 fiscal year to revise the reading and writing
 17 assessments.

18
 19 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee

20 **FUNDS FOR INSTRUCTIONAL SUPPLIES**

21 **SECTION 7.9.(a)** Section 28.39(a) of S.L. 2001-424 applies only to funds
 22 appropriated for the 2001-2002 fiscal year.

23 **SECTION 7.9.(b)** The Joint Legislative Education Oversight Committee
 24 shall study the viability of the State contracting with on-line school supply vendors to
 25 allow teachers free access to a specific amount of school supplies, textbooks, test, and
 26 other classroom related materials. The Committee shall determine if the establishment
 27 of an on-line debit account for each teacher is cost effective and an efficient way to
 28 meet the supply needs of teachers. The Committee shall report to the General Assembly
 29 its findings and any recommended action by January 15, 2003.

30
 31 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee

32 **FUNDS FOR MENTOR PAY**

33 **SECTION 7.10.** State funds appropriated for mentor pay shall be used only
 34 to provide mentors for employees who are in State-funded positions and who are either
 35 (i) newly certified teachers in their first two years of employment as teachers or (ii)
 36 entry-level instructional support personnel who have not previously been teachers and
 37 who are in their first year of employment as instructional support personnel.

38
 39 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee

40 **CONVERSION OF ACCUMULATED LEAVE TIME**

41 **SECTION 7.11.(a)** G.S. 115C-302.1 reads as rewritten:

42 **"115C-302.1. Salary.**

43 ...
 44 ~~(c1) Conversion of Leave. — Teachers may accumulate annual vacation leave days~~
 45 ~~without any applicable maximum until June 30 of each year. In order that only 30 days~~
 46 ~~of annual vacation leave carry forward to July 1, on June 30 of each year any teacher or~~
 47 ~~other personnel paid on the teacher salary schedule who has accumulated more than 30~~
 48 ~~days of annual vacation leave shall:~~

- 49 ~~(1) Convert to either sick leave or to pay the excess accumulation that is~~
 50 ~~the result of the teacher having to forfeit annual vacation leave in order~~
 51 ~~to attend required workdays; and~~
 52 ~~(2) Convert to sick leave the remaining excess accumulation.~~

53 ~~Local boards of education shall identify which days are accumulated due to the teacher~~
 54 ~~forfeiting annual vacation leave in order to attend required workdays. Actual payment~~
 55 ~~for excess accumulated annual vacation leave may be made after July 1.~~

~~(c2) Conversion of Leave Upon Separation of Service.— Upon separation from service due to service retirement, resignation, dismissal, reduction in force, or death, an employee shall be paid in a lump sum for accumulated annual vacation leave not to exceed a maximum of 30 days. Employees going onto term disability may exhaust annual leave rather than be paid in a lump sum.~~

~~Any teacher or other personnel paid on the teacher salary schedule who has more than 30 days of accumulated annual vacation leave at the time the person retires shall:~~

~~(1) Convert to either sick leave or to pay the excess accumulation that is the result of the teacher having to forfeit annual vacation leave in order to attend required workdays; and~~

~~(2) Convert to sick leave the remaining excess accumulation which may be used for creditable service at retirement in accordance with G.S. 135-4(e).~~

~~Local boards of education shall identify which days are accumulated due to the teacher forfeiting annual vacation leave in order to attend required workdays.~~

(c3) Teachers may accumulate annual vacation leave days without any applicable maximum until June 30 of each year. In order that only 30 days of annual vacation leave carry forward to July 1, on June 30 of each year any teacher or other personnel paid on the teacher salary schedule who has accumulated more than 30 days of annual vacation leave shall convert to sick leave the remaining excess accumulation.

Upon separation from service due to service retirement, resignation, dismissal, reduction in force, or death, an employee shall be paid in a lump sum for accumulated annual leave not to exceed a maximum of 30 days. In addition to the maximum of 30 days pay for accumulated annual leave, upon separation from service due to service retirement, any teacher or other personnel paid on the teacher salary schedule with more than 30 days of accumulated annual vacation leave may convert some or all of the excess accumulation to sick leave for creditable service towards retirement. Employees going onto term disability may exhaust annual leave rather than be paid in a lump sum.

...."

SECTION 7.11.(b) This section applies only to leave days accruing after the date this act becomes law.

Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee

RESA FUNDS SHALL BE USED FOR STAFF DEVELOPMENT

SECTION 7.12.(a) Funds allocated to local school administrative units for Regional Education and Technical Assistance Centers and not expended prior to July 1, 2002, shall remain available to local school administrative units for the 2002-2003 fiscal year. These funds shall be transferred to the staff development funding allotment and shall be used only for staff development.

SECTION 7.12.(b) This section becomes effective June 30, 2002.

Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee

BASE BUDGET REDUCTION TO DEPARTMENT OF PUBLIC INSTRUCTION

SECTION 7.13.(a) Notwithstanding any other provision of law, the Department of Public Instruction may use salary reserve funds and other funds in the Department's continuation budget to transfer and reclassify positions as necessary to implement the reduction in force for the 2002-2003 fiscal year. The Department of Public Instruction shall transfer personnel operations to the Office of State Personnel, thereby eliminating four personnel positions.

The State Board of Education shall study the appropriate management structure and budget size of the Department of Public Instruction. The Board shall report the results of this study to the Joint Legislative Education Oversight Committee.

SECTION 7.13.(b) The Office of State Budget and Management shall issue a Request for Proposals for an analysis of the structure and operation of the Department

1 of Public Instruction that identifies potential efficiencies and savings in the operations
2 of the Department. The analysis may consider consolidation of functions with other
3 agencies and automation of functions.

4 The Request for Proposals may include contingency proposals based on
5 potential savings.

6 The Office of State Budget and Management shall consult with the Joint
7 Legislative Oversight Committee prior to the award of the contract.

8
9 Requested by: Senators Dalton, Lucas, Garrou , Plyler, Odom, Lee

10 **REPLACEMENT SCHOOL BUSES FUNDS**

11 **SECTION 7.14.(a)** Of the funds appropriated to the State Board of
12 Education for the 2002-2003 fiscal year, the Board may use up to ten million dollars
13 (\$10,000,000) for grants to local boards of education for replacement school buses
14 under G.S. 115C-249(c) and (d). In making these grants, the State Board of Education
15 may impose any of the following conditions:

- 16 (1) The local board of education must use the funds only to make the first
17 year's payment on a financing contract entered into pursuant to G.S.
18 115C-528.
- 19 (2) The term of a financing contract entered into under this section shall
20 not exceed three years.
- 21 (3) The local board of education must purchase the buses only from
22 vendors selected by the State Board of Education and on terms
23 approved by the State Board of Education.
- 24 (4) The State Board of Education shall solicit bids for the direct purchase
25 of buses and for the purchasing of buses through financing. The State
26 Board of Education may solicit separate bids for financing if the Board
27 determines that multiple financing options are more cost-efficient.
- 28 (5) A bus financed pursuant to this section must meet all federal motor
29 vehicle safety regulations for school buses.
- 30 (6) Any other condition the State Board of Education considers
31 appropriate.

32 **SECTION 7.14.(b)** It is the intent of the General Assembly to continue its
33 annual appropriations to the State Board of Education for replacement school buses.

34 **SECTION 7.14.(c)** Any term contract for the purchase or lease-purchase of
35 school buses or school activity buses shall not require vendor payment of the electronic
36 procurement transaction fee of the North Carolina E-Procurement Service.

37
38 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee

39 **CURRICULUM REVIEW REQUIRED ON A REGULAR BASIS**

40 **SECTION 7.15.** G.S. 115C-12(9a) reads as rewritten:

- 41 "(9a) Power to Develop Content Standards. – The Board shall develop a
42 comprehensive plan to revise content standards and the standard
43 course of study in the core academic areas of reading, writing,
44 mathematics, science, history, geography, and civics. The Board shall
45 involve and survey a representative sample of parents, teachers, and
46 the public to help determine academic content standard priorities and
47 usefulness of the content standards. A full review of available and
48 relevant academic content standards that are rigorous, specific,
49 sequenced, clear, focused, and measurable, whenever possible, shall be
50 a part of the process of the development of content standards. The
51 revised content standards developed in the core academic areas shall
52 (i) reflect high expectations for students and an in-depth mastery of the
53 content; (ii) be clearly grounded in the content of each academic area;
54 (iii) be defined grade-by-grade and course-by-course; (iv) be
55 understandable to parents and teachers; (v) be developed in full

1 recognition of the time available to teach the core academic areas at
 2 each grade level; and (vi) be measurable, whenever possible, in a
 3 reliable, valid, and efficient manner for accountability purposes.

4 High school course content standards shall include the knowledge
 5 and skills necessary to enter the workforce and also shall be aligned
 6 with the coursework required for admission to the constituent
 7 institutions of The University of North Carolina. The Board shall
 8 develop and implement a plan for end-of-course tests for the minimum
 9 courses required for admission to the constituent institutions. All
 10 end-of-course tests shall be aligned with the content standards.

11 The Board also shall develop and implement an ongoing process to
 12 align State programs and support materials with the revised academic
 13 content standards for each core academic area ~~every five years~~ on a
 14 regular basis. Alignment shall include revising textbook criteria,
 15 support materials, State tests, teacher and school administrator
 16 preparation, and ongoing professional development programs to be
 17 compatible with content standards. The Board shall develop and make
 18 available to teachers and parents support materials, including teacher
 19 and parent guides, for academic content standards. The State Board of
 20 Education shall work in collaboration with the Board of Governors of
 21 The University of North Carolina to ensure that teacher and school
 22 administrator degree programs, ongoing professional development and
 23 other university activity in the State's public schools align with the
 24 State Board's priorities."
 25

26 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee

27 **CORPORATE TAX TRANSFER MORATORIUM**

28 **SECTION 7.16.(a)** Notwithstanding the provisions of G.S. 115C-489.1(b),
 29 the Secretary of Revenue shall not deposit any funds in the Critical School Facility
 30 Needs Fund during the 2002-2003 fiscal year but shall deposit in the State Public
 31 School Fund the funds that would have otherwise been deposited in the Critical School
 32 Facility Needs Fund pursuant to G.S. 115C-489.1(b).

33 **SECTION 7.16.(b)** Notwithstanding the provisions of G.S. 115C-546.1(b),
 34 the Secretary of Revenue shall not remit any funds for credit to the Public School
 35 Building Capital Fund during the 2002-2003 fiscal year but shall deposit in the State
 36 Public School Fund the funds that would have otherwise been deposited in the Public
 37 School Building Capital Fund pursuant to G.S. 115C-546.1(b).
 38

39 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee

40 **STUDY MODIFICATIONS**

41 **SECTION 7.17.(a)** Supplemental Funding in Low-Wealth Counties
 42 (Compliance with the Nonsupplant Requirement). – Section 28.6(i) of S.L. 2001-424
 43 reads as rewritten:

44 "**SECTION 28.6.(i)** Reports. – The State Board of Education shall report to the
 45 Joint Legislative Education Oversight Committee prior to ~~May 1, 2002~~, May 1, 2002,
 46 and May 1, 2003, if it determines that counties have supplanted funds."

47 **SECTION 7.17.(b)** Small School System Supplemental Funding
 48 (Compliance with the Nonsupplant Requirement). – Section 28.7(e) of S.L. 2001-424
 49 reads as rewritten:

50 "**SECTION 28.7.(e)** Reports. – The State Board of Education shall report to the
 51 Joint Legislative Education Oversight Committee prior to ~~May 1, 2002~~, May 1, 2002,
 52 and May 1, 2003, if it determines that counties have supplanted funds."

53 **SECTION 7.17.(c)** Study of the Textbook Distribution System. – Section
 54 28.24 of S.L. 2001-424 reads as rewritten:

1 **"SECTION 28.24.** The State Board of Education shall contract for an analysis of the
2 best and most efficient method to manage textbook distribution to the local schools. The
3 Board shall prepare a Request for Proposals (RFP) outlining the scope of the analysis
4 required and select a private consultant to perform the analysis. The analysis shall
5 include such issues as timely delivery, total costs to the local school systems in
6 providing textbooks to school buildings, use of currently available technology in the
7 process, pricing practices among the textbook publishing industry, and other issues the
8 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 Proposals
10 to the Joint Legislative Education Oversight Committee for comment. The State Board
11 shall report to the Joint Legislative Education Oversight Committee on the results of the
12 consultant's analysis, including the Board's recommendations for changes in the current
13 system. The Board shall make its final report to the Committee by ~~April 1,~~
14 ~~2002-February 1, 2003.~~"

15 **SECTION 7.17.(d)** Study of the Salaries of School Food Service Workers
16 and Custodians. – Section 28.34 of S.L. 2001-424 reads as rewritten:

17 **"SECTION 28.34.** The Joint Legislative Education Oversight Committee shall
18 study the salaries of food service workers and custodians employed by the public
19 schools. The Committee shall report its findings to the ~~2002 Regular Session of the~~
20 ~~2001 General Assembly-2003 General Assembly.~~"

21 **SECTION 7.17.(e)** Study of Salary Differentials for Instructional Support
22 Personnel. – Section 28.37(b) of S.L. 2001-424 reads as rewritten:

23 **"SECTION 28.37.(b)** The Joint Legislative Education Oversight Committee shall
24 study salary differentials for instructional support personnel. In the course of the study,
25 the Committee shall consider salary differentials based on degrees and other educational
26 credentials, licensure or certification by State agencies, licensure or certification by
27 private entities, and other factors. The Committee shall report its findings and
28 recommendations to the ~~2002 Regular Session of the 2001 General Assembly-2003~~
29 ~~General Assembly.~~"

30 **SECTION 7.17.(f)** Fairness in Testing (Study of the State's Testing
31 Program). – Section 28.17(i) of S.L. 2001-424 reads as rewritten:

32 **"SECTION 28.17.(i)** The Joint Legislative Education Oversight Committee shall
33 study the State's testing program. As part of this study, the Committee shall consider:

- 34 (1) The number of tests currently mandated at the State level and the
35 process and cost of developing, validating, and scoring them.
- 36 (2) Whether the State should consider the use of nationally developed tests
37 as a substitute to State-developed testing. In particular, the Committee
38 shall determine whether this use would (i) affect the ABCs Program,
39 (ii) adequately measure student achievement and performance, (iii)
40 provide more than minimum levels of achievement, (iv) provide a
41 better comparison to student achievement and performance in other
42 states, (v) be practical for high school courses or higher level courses,
43 (vi) reduce the need for field testing, and (vii) offer any cost savings to
44 the State.
- 45 (3) The number of grades in which State tests are given. The Committee
46 shall determine the necessity for testing all grades in third through
47 eighth grades, whether a reduction in the grades tested would affect the
48 receipt of federal money, and the extent to which a reduction would
49 impair the State's ability to identify schools under the ABCs Program.
- 50 (4) The high school courses for which State tests are given and whether
51 there is an appropriate distribution of tests across grades nine through
52 12 and that test an appropriate array of the minimum courses required
53 for admission to the constituent institutions of The University of North
54 Carolina. In addition, the Committee shall examine whether students

1 who take higher level courses and students in 12th grade are held
2 accountable for their academic growth and performance.

- 3 (5) The advantages and disadvantages of using a composite of
4 end-of-course tests or other tests such as the SAT, AP tests, or other
5 nationally standardized tests in high school rather than developing a
6 high school exit exam. If the Committee finds a high school exit exam
7 is preferable, then it shall determine whether it must be administered to
8 all students or limited to certain students, for example, those who do
9 not take the SAT or a certain number of courses for which there are
10 end-of-course tests.
- 11 (6) The extent to which additional testing, including field testing, practice
12 testing, and locally mandated testing, is occurring and whether this
13 should be limited or prohibited.
- 14 (7) Evaluate alternative schools to determine how educational
15 achievement is being advanced in these alternative school programs
16 and that placement in these programs is to improve student
17 performance rather than improve the performance of the school in
18 which the student originally was assigned.
- 19 (8) Any other issue the Committee considers relevant.

20 The Committee shall report its findings and any recommendations, including
21 recommended legislation, to the ~~2002 Regular Session of the 2001 General~~
22 ~~Assembly.~~ 2003 General Assembly."

23 **SECTION 7.17.(g)** Noncitizen Tuition Rates. – Section 8.9 of S.L.
24 2001-491 is repealed.

25 **SECTION 7.17.(h)** Study of Professional Development for School
26 Personnel. – Section 31.4(d) of S.L. 2001-424 reads as rewritten:

27 "**SECTION 31.4.(d)** The Joint Legislative Education Oversight Committee shall
28 review the consultant's findings and recommendations and shall submit to the ~~2002~~
29 ~~Regular Session of the 2001 General Assembly~~ 2003 General Assembly
30 recommendations to streamline, reorganize, and improve the delivery of professional
31 development for public school professionals. The recommendations may address
32 revisions to program governance and mission, reallocation of funds, methods of
33 program delivery, and methods to institute ongoing program evaluation."
34

35 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee

36 **PERFORMANCE-BASED LICENSURE PROGRAM**

37 **SECTION 7.18.(a)** G.S. 115C-296(b) reads as rewritten:

38 "(b) (See Note) It is the policy of the State of North Carolina to maintain the
39 highest quality teacher education programs and school administrator programs in order
40 to enhance the competence of professional personnel certified in North Carolina. To the
41 end that teacher preparation programs are upgraded to reflect a more rigorous course of
42 study, the State Board of Education, as lead agency in coordination and cooperation
43 with the University Board of Governors, the Board of Community Colleges and such
44 other public and private agencies as are necessary, shall continue to refine the several
45 certification requirements, standards for approval of institutions of teacher education,
46 standards for institution-based innovative and experimental programs, standards for
47 implementing consortium-based teacher education, and standards for improved
48 efficiencies in the administration of the approved programs. The certification program
49 shall provide for initial certification after completion of preservice training, continuing
50 certification after three years of teaching experience, and certificate renewal every five
51 years thereafter.

52 The State Board of Education, as lead agency in coordination with the Board of
53 Governors of The University of North Carolina and any other public and private
54 agencies as necessary, shall continue to raise standards for entry into teacher education
55 programs.

1 The State Board of Education, in consultation with the Board of Governors of The
2 University of North Carolina, shall evaluate and develop enhanced requirements for
3 continuing certification. The new requirements shall reflect more rigorous standards for
4 continuing certification and to the extent possible shall be aligned with quality
5 professional development programs that reflect State priorities for improving student
6 achievement. These rigorous standards shall not include a portfolio requirement for
7 teachers.

8 The State Board of Education, in consultation with local boards of education and the
9 Board of Governors of The University of North Carolina, shall reevaluate and enhance
10 the requirements for renewal of teacher certificates. The State Board shall consider
11 modifications in the certificate renewal achievement and to make it a mechanism for
12 teachers to renew continually their knowledge and professional skills. The State Board
13 shall adopt new standards for the renewal of teacher certificates by May 15, 1998.

14 The standards for approval of institutions of teacher education shall require that
15 teacher education programs for students who do not major in special education include
16 demonstrated competencies in the identification and education of children with learning
17 disabilities. The State Board of Education shall incorporate the criteria developed in
18 accordance with G.S. 116-74.21 for assessing proposals under the School Administrator
19 Training Program into its school administrator program approval standards.

20 All North Carolina institutions of higher education that offer teacher education
21 programs, masters degree programs in education, or masters degree programs in school
22 administration shall provide performance reports to the State Board of Education. The
23 performance reports shall follow a common format, shall be submitted according to a
24 plan developed by the State Board, and shall include the information required under the
25 plan developed by the State Board."

26 **SECTION 7.18.(b)** The State Board, in consultation with the Board of
27 Governors of The University of North Carolina, shall revise the standards for continuing
28 certification so that the portfolio requirement for teachers is no longer required. The
29 standards shall continue to be rigorous and aligned with the State's priorities for
30 improving student achievement.

31 **SECTION 7.18.(c)** Section 28.19(b) of S.L. 2001-424 is repealed.

32
33 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee

34 **STUDY OF COORDINATION OF CENTRAL OFFICE DUTIES**

35 **SECTION 7.19.** The State Board of Education shall study whether local
36 school administrative units can effectively and efficiently coordinate central office
37 operations and functions between systems. The State Board shall report to the Senate
38 Appropriations Committee on Education/Higher Education and the House
39 Appropriations Subcommittee on Education prior to March 1, 2003, on how base
40 funding formulas for central office administrations can be reduced based on the
41 coordination of duties.

42
43 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee

44 **DISCREPANCIES BETWEEN ANTICIPATED AND ACTUAL ADM**

45 **SECTION 7.20.(a)** If the State Board of Education does not have sufficient
46 resources in the ADM Contingency Reserve line item to make allotment adjustments in
47 accordance with the Allotment Adjustments for ADM Growth provisions of the North
48 Carolina Public Schools Allotment Policy Manual, the State Board of Education may
49 use funds appropriated to State Aid for Public Schools for this purpose.

50 **SECTION 7.20.(b)** If the first-month average daily membership in a local
51 school administrative unit is at least two percent (2%) or 100 students lower than the
52 anticipated average daily membership used for allotments for the unit, the State Board
53 of Education shall reduce allotments for the unit. The reduced allotments shall be based
54 on the first-month average daily membership plus one-half of the number of students
55 overestimated in the anticipated average daily membership.

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

4
5 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee

6 **HIGH SCHOOL EXIT EXAMINATION**

7 **SECTION 7.21.** Notwithstanding Section 8.27(f) of S.L. 1997-443, the State
8 Board of Education shall review the requirements of the federal "No Child Left Behind
9 Act of 2001." (20 USCS §§ 6301 et seq.) and any regulations adopted to implement this
10 legislation before the Board completes the development of the high school exit
11 examinations and implements the high school exit examinations. The Board shall
12 consider whether revisions to the State testing program and School-Based Management
13 and Accountability Program are necessary to comply with federal requirements. The
14 Board shall not adopt any revisions prior to reporting them and a proposed timetable for
15 their implementation to the Joint Legislative Education Oversight Committee.

16
17 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee

18 **CLARIFICATION TO PROVISION ON ADDRESSING TEACHER**
19 **SHORTAGE**

20 **SECTION 7.22.** Section 29.2(a)(2) of S.L. 2001-424 reads as rewritten:

21 "(2) The sum of \$1,500,000 for the 2001-2002 fiscal year and the sum of
22 \$1,500,000 for the 2002-2003 fiscal year shall be used to provide
23 annual bonuses of one thousand eight hundred dollars (\$1,800) to
24 teachers certified in and teaching in the fields of mathematics, science,
25 or special education in grades 6 through 12 at middle and high schools
26 with eighty percent (80%) or more of the students eligible for free or
27 reduced lunch or with fifty percent (50%) or more of students
28 performing below grade level in Algebra I and Biology. The bonus
29 shall be paid monthly with matching benefits. Teachers shall remain
30 eligible for the bonuses so long as they continue to teach in one of
31 these disciplines at a school that was eligible for the bonus program
32 when the teacher first received the bonus."

33
34 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee

35 **SUPPORT FOR THE BUSINESS SYSTEMS IMPROVEMENT PROJECT**
36 **(BSIP)**

37 **SECTION 7.23.** The State Board of Education may use up to one hundred
38 twenty thousand dollars (\$120,000) of driver education funds for the 2002-2003 fiscal
39 year for software maintenance and other support for the Business Systems Improvement
40 Project (BSIP), a new school bus transportation system operated by the Department of
41 Transportation.

42
43 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee

44 **EXTEND ALTERNATIVE LATERAL ENTRY PROGRAM**

45 **SECTION 7.24.** Section 2 of S.L. 1998-226 reads as rewritten:

46 "**Section 2.** This act is effective when it becomes law and expires ~~September 1,~~
47 ~~2002, September 1, 2006,~~ except that it remains effective for any teacher employed
48 under this act before ~~September 1, 2002.~~ September 1, 2006."

49
50 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee

51 **USE OF FUNDS FOR KINDERGARTEN**

52 **SECTION 7.25.** The maximum class size limits for kindergarten for the
53 2002-2003 school year shall be the same as the class size limits established by the State
54 Board of Education for the 2001-2002 school year.

1 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee

2 **LOCAL EDUCATION AGENCY FLEXIBILITY**

3 **SECTION 7.26.** Within seven days of the date this act becomes law, the
4 State Board of Education shall notify each local school administrative unit of the
5 amount the unit must reduce from State General Fund appropriations. The State Board
6 shall determine the amount of the reduction for each unit on the basis of average daily
7 membership.

8 Each unit shall report to the Department of Public Instruction on the
9 discretionary budget reductions it has identified for the unit within 30 days of the date
10 this act becomes law.

11 The General Assembly urges local school administrative units to make every
12 effort not to reduce either direct classroom services or services directly targeted to
13 at-risk students and children with special needs. If reductions to these allotment
14 categories are necessary in order to meet the reduction target, the local board of
15 education shall submit an explanation of the anticipated impact of the reduction to
16 student services along with the budget reductions to the Department of Public
17 Instruction.

18
19 Requested by: Senators Dalton, Reeves, Lee, Plyler, Odom

20 **BUSINESS AND EDUCATION TECHNOLOGY ALLIANCE**

21 **SECTION 7.27.(a)** There is created the State Board of Education's Business
22 and Education Technology Alliance.

23 **SECTION 7.27.(b)** The Business and Education Technology Alliance shall
24 be composed of 25 members who have knowledge and interest in ensuring that the
25 effective use of technology is built into the North Carolina School System for the
26 purpose of preparing a globally competitive workforce and citizenry for the 21st
27 Century. These members shall be appointed as follows:

- 28 (1) The Superintendent of Public Instruction or his or her designee;
- 29 (2) One member of the State Board of Education appointed by the State
30 Board of Education;
- 31 (3) One parent of a public school child appointed by the State Board of
32 Education after receiving recommendations from the North Carolina
33 State Parent Teacher Association;
- 34 (4) Two members of the Senate;
- 35 (5) Two members of the House of Representatives;
- 36 (6) One member of a local board of education who represents a local
37 education agency (LEA) that has successfully incorporated technology
38 into its schools, who is appointed by the Governor, after receiving
39 recommendations from the North Carolina School Boards Association;
- 40 (7) One member of a local board of education who represents a local
41 education agency (LEA) that has limited access to technology, who is
42 appointed by the Governor, after receiving recommendations from the
43 North Carolina School Boards Association;
- 44 (8) Two at-large members appointed by the Governor;
- 45 (9) One representative of business and industry appointed by the State
46 Board of Education after receiving recommendations from the North
47 Carolina Citizens for Business and Industry;
- 48 (10) Three members appointed by the President Pro Tempore of the Senate.
49 In making these appointments the President Pro Tempore is
50 encouraged to consider appointing a local school superintendent who
51 represents a local education agency that has limited access to
52 technology, a school principal who works in a school that successfully
53 incorporates technology into its instructional program, and a school
54 teacher who works in a school with limited access to technology.
55 Professional associations representing school administrators and

- 1 professional associations representing teachers may recommend
2 appointees to the President Pro Tempore;
- 3 (11) Three members appointed by the Speaker of the House of
4 Representatives. In making these appointments the Speaker of the
5 House of Representatives is encouraged to consider appointing a local
6 school superintendent from a local education agency that has
7 successfully incorporated the use of technology into its instructional
8 programs, a school principal working in a school with limited access to
9 technology, and a school teacher who has successfully incorporated
10 the use of technology into classroom instruction. Professional
11 associations representing school administrators and professional
12 associations representing teachers may recommend appointees to the
13 Speaker of the House of Representatives;
- 14 (12) One chancellor or his or her designee of institutions of higher
15 education who has demonstrated effective and innovative use of
16 technology for education, appointed by the Board of Governors of The
17 University of North Carolina;
- 18 (13) One president or his or her designee of the Community College
19 System who has demonstrated effective and innovative use of
20 technology for education, appointed by the Community College Board
21 of Trustees;
- 22 (14) Two county commissioners, one of whom represents a county that has
23 successfully incorporated technology into its schools and community,
24 who are appointed by the State Board of Education, after receiving
25 recommendations from the North Carolina Association of County
26 Commissioners;
- 27 (15) Two representatives of technology businesses who have either
28 successfully developed innovative technology programs for education
29 or have partnered with a local education agency (LEA) to develop a
30 technology-based education environment in that LEA, who are
31 appointed by the State Board of Education, after receiving
32 recommendations from North Carolina Electronics and Information
33 Technologies Association and the North Carolina Citizens for
34 Business and Industry; and
- 35 (16) One representative of the Information Resource Management
36 Commission appointed by the Commission's Chair.

37 **SECTION 7.27.(c)** Each of the following organizations or agencies shall
38 select a representative from its organization or agency to serve as a nonvoting member
39 to the Alliance. These members shall provide information to the Alliance about
40 technology in North Carolina: Rural Internet Access Authority; Information and
41 Technology Services, North Carolina Department of Public Instruction; Office of State
42 Information Technology Services, Office of the Governor.

43 **SECTION 7.27.(d)** Members of the Business and Education Technology
44 Alliance shall serve for two-year terms. All members of the Alliance shall be voting
45 members unless they are designated as ex officio members. The officer who made the
46 initial appointment shall fill vacancies in the appointed membership. The Business and
47 Education Technology Alliance shall select a member of the Alliance to serve as
48 chairperson of the Alliance.

49 **SECTION 7.27.(e)** Members of the Business and Education Technology
50 Alliance shall receive travel and subsistence expenses in accordance with the provisions
51 of G.S. 120-3.1, 138-5, and 138-6.

- 52 **SECTION 7.27.(f)** The Business and Education Technology Alliance shall:
53 (1) Advise the State Board of Education on the development of a vision
54 for a technologically literate citizen in 2025. This vision should
55 contain the educational standards needed to accomplish that vision, the

1 educational uses of technology to accomplish that vision, and a plan
2 for educating the community, educators, and business people about the
3 vision and educational uses of technology. Incorporated within the
4 vision and the plan for educating the public about the vision may
5 include:

- 6 a. Various models and frameworks of the high quality and
7 effective use of technology for education purposes including
8 those students who have not learned with traditional
9 approaches. The models may include the Cumberland County
10 Schools Web Academy, the Virtual High School, and Nova
11 Net.
- 12 b. Opportunities for teachers to experience the uses of technology
13 in work and business settings, which is the world for which they
14 are preparing students to work.
- 15 c. Production of multimedia presentations such as videos,
16 commercials, and publications that help citizens, students, and
17 educators see and understand the current and future power of
18 technology for educating our children and impacting our lives.

19 (2) Advise the State Board of Education on the development of a
20 technology infrastructure, delivery, and support system that provides
21 equity and access to all publics in North Carolina. The infrastructure,
22 delivery, and support system may include:

- 23 a. Opportunities for access to high-speed connectivity to the
24 Internet which impacts on the quality of instruction that can be
25 provided for students at school and in the community.
- 26 b. Technology networks that enable communities to encompass
27 the student and his/her family while maintaining the rights to
28 privacy for all citizens, i.e., a social service, health, education,
29 and mental health network. This network will increase
30 collaboration among agencies and provide a coordinated,
31 systemic service approach.
- 32 c. Continue to evaluate the status of current technology systems
33 and structures from the State to local level as it relates to
34 employing technology for improving instruction.
- 35 d. Continue to provide access to technology equipment and
36 infrastructure at home, school and in the community such as
37 extended hours of operation for schools and other community
38 facilities and on-loan laptop computers for student and parent
39 use.
- 40 e. Continue to develop surveys that provide information about the
41 types and results of technological tools utilized by teachers,
42 students, and others at school, in the community and home.
- 43 f. Sufficient personnel to maintain the operation of information
44 technology systems.
- 45 g. Coordination with regional economic development planners to
46 position local education agencies as an integral part of
47 economic development.

48 (3) Advise the State Board of Education on the development of
49 professional development programs for teachers to successfully
50 implement and use technology in public schools for all students. These
51 programs should also develop their leadership skills so that they can
52 use technology as a tool to support the rethinking of the core business
53 of schools: student learning. The professional development programs
54 may include:

- 1 a. Models of staff development from the State that are considered
 2 state of the art, support the vision for technology, and that could
 3 be used by local districts to train their staffs.
 4 b. Designated time for professional development for using
 5 technology as well as skills for using technology as a delivery
 6 for curriculum and instructional programs.
 7 c. Collegial planning time so that colleagues can coach and
 8 support each other in learning new ways in which to think about
 9 instruction.
 10 d. Teacher and administrator preparation and other programs that
 11 ensure the Department of Public Instruction's Technology
 12 Foundation Standards for Teachers and Administrators in
 13 higher education are incorporated into classroom instruction.
 14 e. Training teachers with skill sets to teach technical courses that
 15 are in growing demand to function at home and work.
 16 f. Increase opportunities for sharing best practices in all areas of
 17 instruction.
 18 g. Increase opportunities for learning how to use technology to
 19 customize instruction for all students.
 20 h. Increase opportunities for learning how to use technology to
 21 diagnose student learning.
- 22 (4) Advise the State Board of Education on the development of a Funding
 23 and Accountability system to ensure statewide access and equity. The
 24 Funding and Accountability system may include:
 25 a. Public-private partnerships.
 26 b. Identification of resources and the cost of those resources.
 27 c. Funding to keep hardware/software current.
 28 d. Evaluating progress toward realizing the technology vision.
 29 e. Evaluating the impact of various technology initiatives on
 30 alleviating some of the State's education and economic
 31 development problems.
 32 f. Incentives to encourage risk taking and innovative uses of
 33 technology.
 34 g. Funding for only those initiatives that are well-planned,
 35 demonstrate high commitment, and have a solid evaluation
 36 component.
- 37 (5) Report annually to the State Board of Education on the progress of the
 38 Alliance's recommendations for education technology in the public
 39 schools on the first Friday in December. This report may contain a
 40 summary of recommendations for changes to any law, rule, and policy
 41 that would improve implementing education technology in the public
 42 schools.
- 43 (6) Report annually to the Joint Legislative Education Oversight
 44 Committee in the General Assembly on the recommendations for
 45 education technology in the public schools on the first Friday in
 46 January. This report may contain a summary of recommendations for
 47 changes to any law, rule, and policy that would improve implementing
 48 education technology in the public schools.

49 **SECTION 7.27.(g)** The State Board of Education is encouraged to use
 50 private partnerships to fund this initiative.

51
 52 **PART VIII. COMMUNITY COLLEGES**

53
 54 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee
 55 **COMMUNITY COLLEGE FUNDING FLEXIBILITY**

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

7 No more than two percent (2%) systemwide shall be transferred from faculty
8 salaries without the approval of the State Board of Community Colleges. The State
9 Board shall report on any such transfers above two percent (2%) systemwide to the Joint
10 Legislative Commission on Governmental Operations at its next meeting.

11
12 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee

13 **REGIONAL PROGRAMS**

14 **SECTION 8.2.** G.S. 115D-5(f) reads as rewritten:

15 "(f) A community college may not offer a new program without the approval of
16 the State Board of Community Colleges except that approval shall not be required if the
17 tuition for the program will fully cover the cost of the program. If at any time tuition
18 fails to fully cover the cost of a program that falls under the exception, the program
19 shall be discontinued unless approved by the State Board of Community Colleges. ~~If a~~
20 ~~proposed new program would serve more than one community college, the State Board~~
21 ~~of Community Colleges shall perform a feasibility study prior to acting on the proposal.~~

22 The State Board of Community Colleges shall require that all new programs it
23 approves be developed using a regional approach unless there are extreme extenuating
24 circumstances documented by the college detailing reasons a regional program is not
25 feasible. The college shall demonstrate that it has attempted to develop a regional
26 program and explain what barriers were in existence.

27 It is the intent of the General Assembly to increase the number of regional program
28 offerings in community colleges and to reduce duplication of programs by colleges that
29 are within reasonably close proximity to each other; therefore, the State Board of
30 Community Colleges shall review existing programs to determine which of the existing
31 programs can be offered regionally.

32 The State Board of Community Colleges shall report on an annual basis to the
33 Governor, Lieutenant Governor, the Speaker of the House of Representatives, ~~the Joint~~
34 ~~Legislative Commission on Governmental Operations, and the Advisory Budget~~
35 ~~Commission and the Joint Legislative Education Oversight Committee on all new~~
36 programs it approved and on the progress made on regional programs during the year.
37 The report shall include the specific reasons for which each new program was
38 approved, a progress report on regionalization of programs, a list of all
39 programs approved by the State Board that are not regional and the reasons for their
40 approval, and a list of program terminations approved by the State Board."

41
42 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee

43 **REGIONAL ECONOMIC DEVELOPMENT VISION PLANS**

44 **SECTION 8.3.** The State Board of Community Colleges and the Department
45 of Commerce, in conjunction with the North Carolina Board of Economic Development
46 and the seven regional economic development commissions, shall adopt a joint policy
47 that requires the development of a five-year vision plan for each of the economic
48 development regions in the State. The joint policy shall establish a task force for each
49 economic development region. Each task force shall consist of at least one
50 representative from each of the following: the regional economic development
51 commission, the president, and board of trustees of the community colleges located in
52 that region, and any additional persons as may be designated by the policy. The task
53 force may appoint an executive committee and any subcommittees it deems appropriate.

54 The policy shall direct each task force to develop a five-year vision plan for
55 its economic development region. At a minimum, each vision plan shall determine the

1 realistic economic development goals and the future job market in that region and shall
2 identify community college courses currently offered or needed to effectuate the vision
3 plan. The policy shall require the task forces to review and update their respective
4 vision plans every five years.

5 If the service area of any community college is in more than one economic
6 development region, then the State Board of Community Colleges shall determine how
7 the participation in the various task forces will be addressed.

8
9 Requested by: Senators Dalton, Lucas, Garrou, Robinson, Plyler, Odom, Lee
10 **HAYWOOD REGIONAL HIGH TECHNOLOGY CENTER**

11 **SECTION 8.4.** The Office of State Budget and Management shall transfer
12 funding for Haywood Regional High Technology Center from the special allotments
13 line item to a new line item entitled "Haywood Regional High Technology Center".
14

15 Requested by: Senators Dalton, Lucas, Garrou, Rand, Plyler, Odom, Lee
16 **REALIGNMENT OF FUNDING**

17 **SECTION 8.5.(a)** Academic Support Supplement. – Effective July 1, 2002,
18 funding for the Academic Support Supplement shall no longer be included as part of the
19 curriculum instruction formula but shall be allocated from a separate line item in State
20 Aid fund code 1600. The State Board of Community Colleges shall allocate these funds
21 to the colleges on the basis of the budgeted FTE curriculum student enrollment for the
22 current fiscal year.

23 Nothing in this section shall be construed to provide or to indicate the intent
24 of the General Assembly to provide additional funding for the Academic Support
25 Supplement.

26 **SECTION 8.5.(b)** Formula Modification Restrictions. – The State Board of
27 Community Colleges may examine and recommend to the General Assembly new State
28 Aid allocation options that more closely align the allocation and expenditure of
29 State-appropriated resources. The State Board shall report any recommendations
30 regarding modifications to the formula to the Senate Appropriations Committee on
31 Education/Higher Education, the House Appropriations Subcommittee on Education,
32 the President Pro Tempore of the Senate, the Speaker of the House of Representatives,
33 and the Fiscal Research Division.

34 **SECTION 8.5.(c)** Effective July 1, 2002, the State Board of Community
35 Colleges shall no longer allocate funds for the Botanical Laboratory from General Fund
36 appropriations. Instead, no more than two hundred thousand dollars (\$200,000) from
37 excess overrealized receipts shall be used for this purpose.
38

39 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee
40 **TEMPORARY RULES ON FTE FOR TRAINING PROVIDED TO LAW
41 ENFORCEMENT PERSONNEL**

42 **SECTION 8.6.(a)** The State Board of Community Colleges may adopt
43 temporary rules clarifying the conditions under which community colleges may earn
44 budgeted FTE for training provided to personnel in law enforcement, fire and rescue
45 services, and emergency medical service agencies.

46 **SECTION 8.6.(b)** This section becomes effective when this act becomes
47 law and expires six months after that date.
48

49 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee
50 **COMMUNITY COLLEGE SYSTEM STUDY**

51 **SECTION 8.7.** The State Board of Community Colleges shall hire an
52 outside consultant to consider:

- 53 (1) The organization and structure of the Community College System, the
54 number of colleges within the System, the location and size of the

- 1 colleges, and whether the State could realize any administrative
2 savings from the consolidation of some colleges or programs, and
3 (2) The formula used to fund administration at the colleges, appropriate
4 funding levels for administration of the various colleges, and the
5 appropriate number of administrative staff members for colleges of
6 different sizes.

7 The State Board of Community Colleges shall report the results of the study
8 to the Joint Legislative Education Oversight Committee and the Fiscal Research
9 Division no later than February 1, 2003.

10 11 **PART IX. UNIVERSITIES**

12
13 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee
14 **ELIZABETH CITY STATE UNIVERSITY PHARMACY SCHOOL**

15 **SECTION 9.1.** The Board of Governors of The University of North Carolina
16 shall establish an accredited and fully staffed stand-alone school of pharmacy at
17 Elizabeth City State University no later than the 2004-2005 academic year. The Board
18 of Governors shall immediately begin to implement the proposals regarding
19 establishment of a fully staffed stand-alone school of pharmacy at Elizabeth City State
20 University as set out in the feasibility study conducted in compliance with Section
21 31.10(c) of S.L. 2001-424.

22
23 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee
24 **TRANSFER COLLECTION RESPONSIBILITIES FOR CERTAIN**
25 **SCHOLARSHIP PROGRAMS TO STATE EDUCATION ASSISTANCE**
26 **AUTHORITY**

27 **SECTION 9.2.(a)** The statutory authority, powers, duties, and functions,
28 records, personnel, property, and unexpended balances of appropriations, allocations, or
29 other funds of the North Carolina Teaching Fellows Commission relating to the
30 collection of loans awarded under G.S. 115C-363.23A when the loan repayments are
31 outstanding for more than 30 days are transferred from the North Carolina Teaching
32 Fellows Commission to the State Education Assistance Authority. This transfer has all
33 of the elements of a Type II transfer as defined by G.S. 143A-6.

34 **SECTION 9.2.(b)** The statutory authority, powers, duties, and functions,
35 records, personnel, property, and unexpended balances of appropriations, allocations, or
36 other funds of the Department of Public Instruction relating to the collection of loan
37 repayments for loans awarded under Article 32A of Chapter 115C of the General
38 Statutes when the loans are outstanding for more than 30 days are transferred from the
39 Department of Public Instruction to the State Education Assistance Authority. This
40 transfer has all of the elements of a Type II transfer as defined by G.S. 143A-6.

41 **SECTION 9.2.(c)** G.S. 115C-363.23A is amended by adding a new
42 subsection to read:

43 "(g) The State Education Assistance Authority is responsible for the collection of
44 a loan awarded under this section if the loan repayment is outstanding for more than 30
45 days."

46 **SECTION 9.2.(d)** G.S. 115C-363.23A(f) reads as rewritten:

47 "(f) All funds appropriated to or otherwise received by the Teaching Fellows
48 Program for scholarships, all funds received as repayment of scholarship loans, and all
49 interest earned on these funds, shall be placed in a revolving fund. This revolving fund
50 shall be used for scholarship loans granted under the Teaching Fellows Program. With
51 the prior approval of the General Assembly in the Current Operations Appropriations
52 Act, the revolving fund may also be used for campus and summer program support, and
53 costs related to disbursement of awards and collection of loan repayments.

54 The Public School Forum, as administrator for the Teaching Fellows Program, may
55 use up to one hundred fifty thousand dollars (\$150,000) annually from the fund balance

1 for costs associated with administration of the Teaching Fellows Program. ~~These funds~~
 2 ~~are in addition to funds required for collection costs related to loan repayments."~~

3 **SECTION 9.2.(e)** Article 32A of Chapter 115C of the General Statutes is
 4 amended by adding a new section to read:

5 "**§ 115C-472.1. State Education Assistance Authority collect loan repayments.**

6 The State Education Assistance Authority is responsible for the collection of a loan
 7 awarded under this Article if the loan repayment is outstanding for more than 30 days."

8 **SECTION 9.2.(f)** G.S. 116-204 is amended by adding the following new
 9 subdivisions to read:

10 "(9) To collect loan repayments for loans awarded under the Teaching
 11 Fellows Program pursuant to G.S. 115C-363.23A if the loan
 12 repayment is outstanding for more than 30 days.

13 (10) To collect loan repayments for loans awarded from the Scholarship
 14 Loan Fund for Prospective Teachers pursuant to Article 32A of
 15 Chapter 115C of the General Statutes if the loan repayment is
 16 outstanding for more than 30 days."
 17

18 Requested by: Senators Dalton, Garrou, Lucas, Plyler, Odom, Lee

19 **SUBSTITUTION OF UNC BOND PROJECTS**

20 **SECTION 9.3.(a)** Pursuant to Section 2(b) of S.L. 2000-3, the General
 21 Assembly finds that it is in the best interest of the State to respond to current
 22 educational and research program requirements at North Carolina State University by
 23 substituting a project entitled Animal and Food Science Facilities for the Meat
 24 Processing Laboratory, as contained in Section 2(a) of S.L. 2000-3, and by transferring
 25 a portion of the funds from the project entitled Main Campus – Infrastructure (Including
 26 Water System), as contained in Section 2(a) of S.L. 2000-3, to this substitute project.
 27 Section 2(a) of S.L. 2000-3 is therefore amended as follows:

28 (1) In the portion under Projects Whose Funding Was Transferred to
 29 Disaster Recovery Fund – North Carolina State University, by deleting
 30 "Meat Processing Laboratory....\$4,853,755".

31 (2) In the portion under North Carolina State University, by adding
 32 "Animal and Food Science Facilities....\$6,460,980" and by decreasing
 33 by \$1,607,225 the \$9,330,700 for Main Campus – Infrastructure
 34 (Including Water System) so that it reads "Main Campus -
 35 Infrastructure (Including Water System)....\$7,723,475".

36 **SECTION 9.3.(b)** Pursuant to Section 2(b) of S.L. 2000-3, the General
 37 Assembly finds that it is in the best interest of the State to respond to current
 38 educational requirements at the North Carolina School of the Arts by substituting a
 39 project entitled High School Student Residential Facility for the Residential Facility as
 40 contained in Section 2(a) of S.L. 2000-3, which was anticipated to be built for college
 41 students. Section 2(a) of S.L. 2000-3 is therefore amended in the portion under North
 42 Carolina School of the Arts, by deleting "Residence Hall...\$1,832,100" and by adding
 43 "High School Student Residential Facility...\$1,832,100".

44 **SECTION 9.3.(c)** Nothing in this section is intended to supersede any other
 45 requirement of law or policy for approval of the substituted capital improvement
 46 projects.
 47

48 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee

49 **UNC SCHOLARSHIP PROGRAMS CONSOLIDATED**

50 **SECTION 9.4.(a)** Effective July 1, 2003, all funds in the continuation
 51 budget for the following scholarship programs shall be combined into one scholarship
 52 fund to be known as the "UNC Campus Scholarships":

53 (1) Minority Presence Grants for undergraduate and doctoral, law and
 54 veterinary medicine students as described in the 1979 Consent Decree
 55 between the University of North Carolina and the United States

1 Department of Health Education and Welfare at § VI, paragraphs 6.a.
2 and 6.b.

3 (2) Minority Presence Grants-II as established in Section 17.3A of S.L.
4 1994-769.

5 (3) Incentive Scholarship Program for Native Americans as established in
6 Section 17.3 of S.L. 1994-769.

7 (4) Elizabeth City State University Incentive Program as established by
8 Chapter 738 of the 1987 of the Session Laws.

9 (5) Incentive Grants for Certain Constituent Institutions as established by
10 S.L. 1991-689.

11 (6) Freshman Scholars Programs as established by Section 46 of S.L.
12 1993- 561.

13 (7) Legislative College Opportunity Program as established by Section
14 17.14 of S.L. 1994-769.

15 **SECTION 9.4.(b)** All obligations to students for uses of the funds set out in
16 subsection (a) of this section that were made prior to the effective date of this act shall
17 be fulfilled as to students who remain eligible under the provisions of the respective
18 programs.

19 **SECTION 9.4.(c)** Except as provided in subsection (d) of this section, funds
20 in the UNC Campus Scholarships shall be distributed among the constituent institutions
21 of The University of North Carolina in the same amounts as previous to the effective
22 date of this act.

23 **SECTION 9.4.(d)** Funds in the UNC Campus Scholarships allocated for
24 doctoral study shall be reallocated based on the proportion of doctoral students enrolled
25 at each of the campuses that have doctoral students. These funds shall continue to be
26 committed only to doctoral students who are North Carolina residents and shall be
27 allocated based on need. The funds previously in the Incentive Scholarship Program for
28 Native Americans at the doctoral level shall be distributed evenly among the campuses
29 with doctoral programs.

30 **SECTION 9.4.(e)** The Board of Trustees of each constituent institution shall
31 define its particular campus goals and guidelines for the use of the UNC Campus
32 Scholarships for undergraduates. The chancellor of each constituent institution shall
33 submit its proposed guidelines to the President of The University of North Carolina for
34 approval before implementing them. Only residents of North Carolina shall be eligible
35 to receive grants from the UNC Campus Scholarships. Unless a campus has determined
36 that it has sufficient diversity in its undergraduate student population to provide the
37 educational benefits of diversity, the campus shall use at least the portion of these funds
38 that previously provided Minority Presence Grants for undergraduates to promote
39 diversity within the undergraduate student body of the campus to the extent permitted
40 by the constitution and laws of the State of North Carolina and of the United States.

41 **SECTION 9.4.(f)** No constituent institution is required to have a community
42 service requirement for receipt of grants from the UNC Campus Scholarships.

43 **SECTION 9.4.(g)** The State Education Assistance Authority shall
44 administer the UNC Campus Scholarships. Upon the naming of recipients of grants
45 from the UNC Campus Scholarships, each constituent institution shall inform the State
46 Education Assistance Authority (SEAA) of its decisions. The SEAA shall perform all of
47 the administrative functions necessary to implement this program. The North Carolina
48 State Education Assistance Authority shall conduct periodic evaluations of expenditures
49 of the UNC Campus Scholarships to determine if allocations are being utilized, are
50 addressing the financial needs of students or other needs identified by the constituent
51 institutions, and are improving diversity on the campuses. SEAA may make
52 recommendation for redistribution of funds to the President of The University of North
53 Carolina who may authorize redistribution of unutilized funds for a particular fiscal year
54 among the constituent institutions.

1 **SECTION 9.4.(h)** Each constituent institution shall maintain the current
2 proportion of allocation of these funds for undergraduate Native American students. To
3 be eligible for such a grant, a student must be a resident of North Carolina and must be a
4 Native American, defined as an individual who maintains cultural and political
5 identification as a Native American through membership in an Indian tribe recognized
6 by the State of North Carolina or by the United States. The North Carolina State
7 Education Assistance Authority may redistribute to another constituent institution funds
8 for Native Americans which are uncommitted by January 5 of each fiscal year.

9
10 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee

11 **ELIMINATE UNC MAILING LIST DUPLICATION**

12 **SECTION 9.5.** Section 10.11 of S.L. 1999-237 reads as rewritten:

13 **"Section 10.11.** Each constituent institution of The University of North Carolina and
14 each community college shall provide to students and their families a brief, clear
15 explanation of federal tax credits (the HOPE and Lifetime Learning Credits) that are
16 available for educational purposes. The explanation shall include the limitations of the
17 credits as well as examples of the potential benefits under certain tax situations. The
18 constituent institution shall provide the tax credit information to the student ~~and~~ or the
19 student's parents when the institution notifies each of the amount of tuition and fees paid
20 for a calendar year."

21
22 Requested by: Senators Dalton, Garrou, Lucas, Plyler, Odom, Lee

23 **AID TO PRIVATE COLLEGES TECHNICAL CORRECTIONS**

24 **SECTION 9.6.** G.S. 116-21.4(a) reads as rewritten:

25 "(a) Expenditures made pursuant to G.S. 116-19, 116-20, 116-21.1, or 116-21.2
26 may be used only for secular educational purposes at ~~an institution as defined by G.S.~~
27 116-22 nonprofit institutions of higher learning that meet the qualifications set out in
28 G.S. 116-22."

29
30 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee

31 **UNC FLEXIBILITY GUIDELINES**

32 **SECTION 9.7.** The chancellor of each constituent institution shall report to
33 the Board of Governors of The University of North Carolina on the reductions made to
34 the General Fund budget codes in order to meet the reduction reserve amounts for that
35 institution. The director of the North Carolina School of Science and Mathematics shall
36 report to the Board of Governors of The University of North Carolina on the reductions
37 made in its General Fund budget code in order to meet the reduction reserve amounts
38 for that institution. The President of The University of North Carolina shall report to the
39 Board of Governors of The University of North Carolina on the reductions made to the
40 General Fund budget codes controlled by the Board in order to meet the reduction
41 reserve amounts for those entities. The Board of Governors shall make a summary
42 report to the Fiscal Research Division by October 31, 2002, on all reductions made by
43 these entities and constituent institutions in order to reduce the budgets by the targeted
44 amounts.

45
46 Requested by: Senators Dalton, Lucas, Garrou, Clodfelter, Dannelly, Hoyle,
47 Odom, Plyler, Lee

48 **OUT-OF-STATE INSTITUTIONS WITH NC CAMPUSES**

49 **SECTION 9.8.** G. S. 116-22 reads as rewritten:

50 **"§ 116-22. Definitions applicable to §§ 116-19 to 116-22.**

51 As used in G.S. 116-19 through 116-22:

- 52 (1) "Institution" shall mean an educational institution with ~~its main a main~~
53 permanent campus located in this State that is not owned or operated
54 by the State of North Carolina or by an agency or political subdivision
55 of the State or by any combination thereof, ~~that is accredited by the~~

1 ~~Southern Association of Colleges and Schools under the standards of~~
2 ~~the College Delegate Assembly of said Association and that satisfies~~
3 ~~all of the following:~~

4 a. Is accredited by the Southern Association of Colleges and
5 Schools under the standards of the College Delegate Assembly
6 of the Association or by the New England Association of
7 Schools and Colleges through its Commissions on Institutions
8 of Higher Education.

9 b. Awards a postsecondary degree as defined in G.S. 116-15. and
10 that is

11 c. Is not a seminary, Bible school, Bible college or similar
12 religious institution.

13 (1a) "Main permanent campus" shall mean a campus owned by the
14 institution that provides permanent on-premises housing, food
15 services, and classrooms with full-time faculty members and
16 administration that engages in postsecondary degree activity as defined
17 in G.S. 116-15.

18 (2) "Student" shall mean a person enrolled in an institution that is located
19 in the State who qualifies as a resident of North Carolina in accordance
20 with definitions of residency that may from time to time be adopted by
21 the Board of Governors of the University of North Carolina and
22 published in the residency manual of said Board; and a person who has
23 not received a bachelor's degree, or qualified therefore, and who is
24 otherwise classified as an undergraduate under such regulations as the
25 Board of Governors of the University of North Carolina may
26 promulgate. The enrollment figures required by G.S. 116-19 through
27 116-22 shall be the number of full-time equivalent students as
28 computed under regulations prescribed by the Board of Governors of
29 the University of North Carolina. Qualification for in-State tuition
30 under G.S. 116-143.3 makes a person a "student" as defined in this
31 subdivision."

32
33 Requested by: Senators Robinson, Plyler, Odom, Lee

34 **FOCUSED GROWTH PILOT PROGRAM**

35 **SECTION 9.9.** The Board of Governors of The University of North Carolina
36 may allow Elizabeth City State University, the University of North Carolina at
37 Pembroke, and Western Carolina University each to allocate up to one hundred
38 seventy-eight thousand three hundred eighty dollars (\$178,380) of the funds allocated to
39 them for focused enrollment growth for a maximum of 20 Prospective Teacher
40 Scholars. These funds may be used to recruit new nonresident students to enter into
41 agreements to: (i) pursue a full-time course of study that will lead to teacher
42 certification in North Carolina and (ii) teach in a North Carolina public school or a
43 school operated by the United States government in North Carolina for one year for
44 each year that they receive this benefit. The Board of Governors shall establish
45 guidelines and regulations for this pilot program, including methodology for
46 determining its success in increasing the supply of qualified teachers for North Carolina
47 public schools. The Board shall report its guidelines and regulations to guide these pilot
48 programs to the Joint Legislative Education Oversight Committee by September 15,
49 2002. The Board shall report annually to the Committee on the progress of the pilot
50 programs and their costs.

51 **PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

52 **SUBPART 1. ADMINISTRATION**

53
54
55

1 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

2 **INFORMATION TECHNOLOGY PROJECT CONTRACTS**

3 **SECTION 10.1.** Section 21.17 of S.L. 2001-424 reads as rewritten:

4 **"SECTION 21.17.(a)** Notwithstanding any other provision of law to the contrary,
5 the Department of Health and Human Services may establish special time-limited
6 positions ~~in the Division of Information Research Management for an information~~
7 ~~technology project to maximize efficiencies in the preparation for and for~~
8 ~~implementation of federal requirements of the medical records privacy standards under~~
9 the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Positions
10 established are not permanent positions, not subject to the State Personnel Act under
11 G.S. 126-1.1, and not subject to the State salary schedule.

12 **SECTION 21.17.(b)** Positions established pursuant to this section may commence
13 no earlier than July 1, 2001, and shall expire ~~June 30, 2003.~~June 30, 2005."

14
15 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

16 **CONSOLIDATION OF DIVISIONS OF SERVICES FOR THE DEAF AND THE**
17 **HARD OF HEARING, SERVICES FOR THE BLIND, AND VOCATIONAL**
18 **REHABILITATION**

19 **SECTION 10.2.(a)** There is created within the Department of Health and
20 Human Services a new division. The following three divisions, including all positions
21 and corresponding State appropriations, federal funds, and other funds, shall be
22 consolidated within this new division:

- 23 (1) Division of Services for the Deaf and the Hard of Hearing.
- 24 (2) Division of Services for the Blind.
- 25 (3) Division of Vocational Rehabilitation Services.

26 The new division shall retain all the duties, responsibilities, and powers of
27 these three divisions. The name of the new division shall be determined by the
28 Department of Health and Human Services.

29 **SECTION 10.2.(b)** The Department shall report to the Senate
30 Appropriations Committee on Health and Human Services, the House of
31 Representatives Appropriations Subcommittee on Health and Human Services, and the
32 Fiscal Research Division on activities carried out under this section not later than
33 October 1, 2002. This report shall include the following:

- 34 (1) The name of the new division.
- 35 (2) An organizational chart showing the organizational structure of the
36 new division.
- 37 (3) A plan for reducing the budget of the consolidated division by seven
38 hundred fifty thousand dollars (\$750,000).
- 39 (4) A list of all statutory references that need to be changed as a result of
40 the consolidation.

41 **SECTION 10.2.(c)** In developing a plan to reduce State appropriations to the
42 new division, the Department shall do the following:

- 43 (1) Consolidate the administration of the three existing divisions.
- 44 (2) Consolidate all district offices in cities where there is currently more
45 than one office.
- 46 (3) Streamline the provision of direct client services provided by the three
47 existing divisions.
- 48 (4) Maintain services unique to persons who are blind, deaf, or blind and
49 deaf.
- 50 (5) Develop a plan for using existing resources to expand services for deaf
51 and hard-of-hearing persons to areas of the State where services are
52 currently not provided.
- 53 (6) Maintain or increase current funding levels for all programs and
54 services currently provided by the Division of Services for the Deaf
55 and Hard of Hearing.

1 **SECTION 10.2.(d)** Any additional savings beyond the seven hundred fifty
2 thousand dollars (\$750,000) achieved through the consolidation of the three divisions
3 shall be reallocated to direct services with first priority being given to serving the unmet
4 needs of deaf and hard-of-hearing persons.
5

6 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

7 **STAFFING REQUIREMENTS IN LONG-TERM CARE FACILITIES**

8 **SECTION 10.3.(a)** The Department of Health and Human Services, Office
9 of Long-Term Care, shall review staffing requirements of Adult Day Care Programs and
10 Adult Day Health Programs.

11 **SECTION 10.3.(b)** The Department shall report the results of its review to
12 the Senate Appropriations Committee on Health and Human Services, the House of
13 Representatives Appropriations Subcommittee on Health and Human Services, and the
14 Fiscal Research Division not later than December 1, 2002. The report shall include
15 staffing requirements for adult day care and adult day health programs as compared to
16 adult care homes, assisted living facilities, and nursing homes in the State. The report
17 shall also compare staffing ratios in North Carolina to those of other states, including
18 those states that border North Carolina. The report shall be conducted by the
19 Department, Office of Long-Term Care, or by an independent contractor and shall
20 contain all of the following specific information:

- 21 (1) Number of staff required per resident.
- 22 (2) Education/work experience required and preferred as a basis for hire.
- 23 (3) Specific job duties outlined in job descriptions.
- 24 (4) Rationale and justification for establishing the existing staff ratios in
25 the Division of Aging's policy for adult day care and adult day health
26 care.
- 27 (5) An analysis of the variance in staffing requirements among adult day
28 care and adult day health programs, adult care homes, assisted living
29 facilities, and nursing homes.
- 30 (6) Identification of the entities responsible for licensing and monitoring
31 quality for all providers of long-term care in the State.
- 32 (7) Recommendations for changes to existing policies based on findings of
33 the Department's review.
34

35 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

36 **REPORT ON SERVICES PROVIDED TO OLDER ADULTS**

37 **SECTION 10.4.** The Department of Health and Human Services, Office of
38 Long-Term Care shall report to the Senate Appropriations Committee on Health and
39 Human Services, the House of Representatives Appropriations Subcommittee on Health
40 and Human Services, and the Fiscal Research Division on services provided to older
41 adults. The report shall provide information as follows:

- 42 (1) Identify all State agencies that provide services to adults age 60 and
43 older throughout the State.
- 44 (2) All resources available from all sources, including federal, State, and
45 local funds and personnel, for providing services to this population.
- 46 (3) Plans for reducing administration through the consolidation of
47 functions throughout Divisions of the Department.

48 The Office of Long-Term Care shall consult with experts in long-term care
49 and other relevant information sources to develop a plan to streamline services for older
50 adults at the local level. The Department shall submit its report not later than February
51 1, 2003.
52

53 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

54 **RURAL HEALTH LOAN REPAYMENT INCENTIVE PROGRAM**

1 **SECTION 10.5.** The Department of Health and Human Services, Office of
2 Rural Health, shall conduct an assessment of the Rural Health Loan Repayment
3 Incentive Program. The assessment shall consider whether the Program should be
4 continued and shall identify ways to recruit additional providers to rural areas within
5 existing funds. The Department shall report on its activities and progress of the
6 assessment to the Senate Appropriations Committee on Health and Human Services, the
7 House of Representatives Appropriations Subcommittee on Health and Human
8 Services, and the Fiscal Research Division no later than December 1, 2002. The report
9 shall provide detailed information on the number of providers recruited, identification of
10 the counties in which the providers are recruited, and the amount of loan repayment and
11 length of service to a community for each provider.
12

13 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

14 **ACCESS TO PHARMACEUTICAL COMPANY PRESCRIPTION DRUG**
15 **PROGRAMS**

16 **SECTION 10.6.** Section 21.6(a) of S.L. 2001-424, as amended by S.L.
17 2001-513, reads as rewritten:

18 **"SECTION 21.6.(a)** Of the funds appropriated in this act to the Department of
19 Health and Human Services, the sum of two hundred thousand dollars (\$200,000) for
20 the 2001-2002 fiscal year ~~and the sum of two hundred thousand dollars (\$200,000) for~~
21 ~~the 2002-2003 fiscal year~~ shall be used to initiate the development of a system to assist
22 eligible individuals in obtaining prescription drugs at no cost through pharmaceutical
23 company programs. The system will be designed to minimize the efforts of patients and
24 their health care providers in securing needed drugs. The required patient and health
25 care provider data will be maintained and orders tracked in order to initiate timely
26 reorders of needed drugs to assure continuity of medication intake. The Department
27 may contract with a private nonprofit organization to assist in the development of the
28 system as provided under this section."
29

30 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

31 **USE OF FUNDS FOR THE CHILD ADVOCACY INSTITUTE**

32 **SECTION 10.7.** State funds appropriated for the Child Advocacy Institute
33 shall be used only for administration of the Child Advocacy Institute or for research and
34 other services provided by the Institute. These funds shall not be used or replaced by
35 other funds for (i) lobbying or other governmental affairs activities or (ii) direct
36 contributions to other nongovernmental entities.

37 This section shall not be construed to prohibit the Institute from using State
38 funds to contract with other nongovernmental entities for the purchase of goods or
39 services.
40

41 Requested by: Senators Martin of Guilford, Purcell, Hoyle, Plyler, Lee

42 **CONSOLIDATION OF MAINTENANCE ACTIVITIES**

43 **SECTION 10.8.(a)** The Department of Health and Human Services shall
44 develop a plan to consolidate building maintenance activities at the North Carolina
45 School for the Deaf at Morganton, the Western Carolina Center, and Broughton
46 Hospital. The plan shall assess the needs for maintenance at all three centers, determine
47 the level of staff necessary to carry out all of the current activities with fewer managers,
48 supervisors, and other staff, and develop a new single budget for the maintenance
49 activities.

50 **SECTION 10.8.(b)** The Department of Health and Human Services shall
51 identify other facilities throughout the State that are in close proximity to one another
52 and assess the feasibility of consolidating the building maintenance activities at those
53 facilities.

54 **SECTION 10.8.(c)** The Department of Health and Human Services shall
55 report on activities carried out under this section to the Senate Appropriations

1 Committee on Health and Human Services, the House of Representatives
2 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
3 Division no later than December 1, 2002.

4
5 Requested by: Senators Martin of Guilford, Purcell, Hoyle, Plyler, Lee

6 **AREA AUTHORITY/COUNTY PROGRAM PROMPT PAY**

7 **SECTION 10.9.** Part 4 of Article 4 of Chapter 122C of the General Statutes
8 is amended by adding the following new section to read:

9 **"§ 122C-141.1. Area authority and county program prompt payment of invoices**
10 **from service providers.**

11 (a) As used in this section, 'provider' means any qualified public or private
12 provider, agency, institution, or resource that contracts with an area authority or county
13 program for the provision of services pursuant to G.S. 122C-141(a).

14 (b) An area authority or county program shall, within 30 calendar days after
15 receipt of an invoice from a provider for services rendered, send to the provider:

16 (1) Payment of the invoice,

17 (2) Notice of denial of payment of the invoice, or

18 (3) Notice that additional information is necessary for payment of the
19 invoice.

20 An area authority or county program is presumed to have received a written invoice
21 five business days after the invoice has been placed first-class postage prepaid in the
22 United States mail addressed to the area authority or county program or an electronic
23 invoice transmitted to the area authority, the county program, or a designated
24 clearinghouse on the day the invoice is electronically transmitted.

25 (c) If payment of the invoice is denied, the notice of denial shall include all of the
26 specific good-faith reasons for the denial. If payment of the invoice is denied only in
27 part, the area authority or county program shall pay the undisputed portion of the
28 invoice within 30 calendar days after receipt of the invoice and send the notice of denial
29 within 30 calendar days after receipt of the invoice. If notice is given that additional
30 information is necessary for payment of the invoice, the notice shall contain the specific
31 good-faith reasons why the invoice has not been paid and a complete itemization or
32 description of all of the information needed by the area authority or county program to
33 complete the processing of the invoice. Upon receipt of the additional information, the
34 area authority or county program shall continue processing the invoice and shall pay or
35 deny the invoice within 30 calendar days after receiving the additional information.

36 (d) An area authority and county program may not limit the time in which
37 providers may submit invoices to fewer than 180 days after the services were rendered.

38 (e) Payments on invoices that are not made within the time period required by
39 this section shall bear interest at the annual percentage rate of eighteen percent (18%)
40 beginning on the date following the day on which the invoice should have been paid. A
41 payment is considered made on the date upon which a check, draft, or other valid
42 negotiable instrument is placed in the United States Postal Service in a properly
43 addressed, postpaid envelope, or, if not mailed, on the date of the electronic transfer or
44 other delivery of the payment to the provider."

45
46 Requested by: Senators Plyler, Lee

47 **UNIFORM PROVIDER CREDENTIALING BY HEALTH INSURANCE PLANS**

48 **SECTION 10.10.** G.S. 58-3-230(a) reads as rewritten:

49 "(a) An insurer that provides a health benefit plan and that credentials providers
50 for its networks shall maintain a process to assess and verify the qualifications of a
51 licensed health care practitioner, or applicant for licensure as a health care practitioner,
52 within 60 days of receipt of a completed provider credentialing application form
53 approved by the Commissioner. If an application submitted under this section is
54 approved, and the health care practitioner is subsequently contracted to participate in the
55 health benefit plan's network, the date on which the credentialing application was

1 approved by the health benefit plan shall be the effective date of the network
2 participation contract."
3

4 SUBPART 2. DIVISION OF MEDICAL ASSISTANCE

5
6 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

7 MEDICAID PROGRAM

8 SECTION 10.11.(a) Section 21.19 of S.L. 2001-424 reads as rewritten:

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

14 Services and payment bases:

- 15 (1) Hospital-Inpatient – Payment for hospital inpatient services will be
16 prescribed in the State Plan as established by the Department of Health
17 and Human Services.
- 18 (2) Hospital-Outpatient – Eighty percent (80%) of allowable costs or a
19 prospective reimbursement plan as established by the Department of
20 Health and Human Services.
- 21 (3) Nursing Facilities – Payment for nursing facility services will be
22 prescribed in the State Plan as established by the Department of Health
23 and Human Services. Nursing facilities providing services to Medicaid
24 recipients who also qualify for Medicare must be enrolled in the
25 Medicare program as a condition of participation in the Medicaid
26 program. State facilities are not subject to the requirement to enroll in
27 the Medicare program. Residents of nursing facilities who are eligible
28 for Medicare coverage of nursing facility services must be placed in a
29 Medicare certified bed. Medicaid shall cover facility services only
30 after payments have been made by Medicare.
- 31 (4) Intermediate Care Facilities for the Mentally Retarded – As prescribed
32 in the State Plan as established by the Department of Health and
33 Human Services.
- 34 (5) Drugs – Drug costs as allowed by federal regulations plus a
35 professional services fee per month excluding refills for the same drug
36 or generic equivalent during the same month. Reimbursement shall be
37 available for up to six prescriptions per recipient, per month, including
38 refills. Payments for drugs are subject to the provisions of subsection
39 (h) of this section and to the provisions at the end of subsection (a) of
40 this section, or in accordance with the State Plan adopted by the
41 Department of Health and Human Services consistent with federal
42 reimbursement regulations. Payment of the professional services fee
43 shall be made in accordance with the State Plan adopted by the
44 Department of Health and Human Services, consistent with federal
45 reimbursement regulations. The professional services fee shall be five
46 dollars and sixty cents (\$5.60) per prescription for generic drugs and
47 four dollars (\$4.00) per prescription for brand name drugs.
48 Adjustments to the professional services fee shall be established by the
49 General Assembly.
- 50 (6) Physicians, Chiropractors, Podiatrists, Optometrists, Dentists, Certified
51 Nurse Midwife Services, Nurse Practitioners – Fee schedules as
52 developed by the Department of Health and Human Services.
53 Payments for dental services are subject to the provisions of subsection
54 (g) of this section.

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

1 practitioners certified as clinical nurse specialists in
2 psychiatric mental health advanced practice, when
3 Medicaid-eligible children are referred by the Carolina
4 ACCESS primary care physician or the area mental
5 health program, and

- 6 2. Institutional providers of residential services as defined
7 by the Division of Mental Health, Developmental
8 Disabilities, and Substance Abuse Services and approved
9 by the Centers for Medicare and Medicaid Services
10 (CMS) for children and Psychiatric Residential
11 Treatment Facility services that meet federal and State
12 requirements as defined by the Department.

13 Notwithstanding G.S. 150B-121.1(a), the Department of Health and
14 Human Services may adopt temporary rules in accordance with
15 Chapter 150B of the General Statutes further defining the
16 qualifications of providers and referral procedures in order to
17 implement this subdivision. Coverage policy for services defined by
18 the Division of Mental Health, Developmental Disabilities, and
19 Substance Abuse Services under paragraphs a. and b.2 of this
20 subdivision shall be established by the Division of Medical Assistance.

- 21 (23) Medically Necessary Prosthetics or Orthotics for EPSDT Eligible
22 Children – Reimbursement in accordance with the State Plan approved
23 by the Department of Health and Human Services.
24 (24) Health Insurance Premiums – Payments to be made in accordance with
25 the State Plan adopted by the Department of Health and Human
26 Services consistent with federal regulations.
27 (25) Medical Care/Other Remedial Care – Services not covered elsewhere
28 in this section include related services in schools; health professional
29 services provided outside the clinic setting to meet maternal and infant
30 health goals; and services to meet federal EPSDT mandates. Services
31 addressed by this paragraph are limited to those prescribed in the State
32 Plan as established by the Department of Health and Human Services.
33 (26) Pregnancy Related Services – Covered services for pregnant women
34 shall include nutritional counseling, psychosocial counseling, and
35 predelivery and postpartum home visits by maternity care coordinators
36 and public health nurses.

37 Services and payment bases may be changed with the approval of the Director of the
38 Budget. Payment is limited to Medicaid enrolled providers that provide evidence of
39 medical malpractice insurance coverage or that purchase a performance bond in the
40 amount of fifty thousand dollars (\$50,000) naming as beneficiary the Department of
41 Health and Human Services, Division of Medical Assistance.

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

51 **SECTION 21.19.(b)** Allocation of Nonfederal Cost of Medicaid. – The State shall
52 pay eighty-five percent (85%); the county shall pay fifteen percent (15%) of the
53 nonfederal costs of all applicable services listed in this section.

SECTION 21.19.(c) Copayment for Medicaid Services. – The Department of Health and Human Services may establish copayment up to the maximum permitted by federal law and regulation.

SECTION 21.19.(d) Medicaid and Work First Family Assistance, Income Eligibility Standards. – The maximum net family annual income eligibility standards for Medicaid and Work First Family Assistance and the Standard of Need for Work First Family Assistance shall be as follows:

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

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

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

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

SECTION 21.19.(e) The Department of Health and Human Services, Division of Medical Assistance, shall provide Medicaid coverage to all elderly, blind, and disabled people who have incomes equal to or less than one hundred percent (100%) of the federal poverty guidelines, as revised each April 1.

SECTION 21.19.(f) ICF and ICF/MR Work Incentive Allowances. – The Department of Health and Human Services may provide an incentive allowance to Medicaid-eligible recipients of ICF and ICF/MR facilities who are regularly engaged in work activities as part of their developmental plan and for whom retention of additional income contributes to their achievement of independence. The State funds required to match the federal funds that are required by these allowances shall be provided from savings within the Medicaid budget or from other unbudgeted funds available to the Department. The incentive allowances may be as follows:

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

SECTION 21.19.(g) Dental Coverage Limits. – Dental services shall be provided on a restricted basis in accordance with rules adopted by the Department to implement this subsection.

SECTION 21.19.(h) Dispensing of Generic Drugs. – Notwithstanding G.S. 90-85.27 through G.S. 90-85.31, or any other law to the contrary, under the Medical Assistance Program (Title XIX of the Social Security Act), and except as otherwise provided in this subsection for atypical antipsychotic drugs and drugs listed in the narrow therapeutic index, a prescription order for a drug designated by a trade or brand name shall be considered to be an order for the drug by its established or generic name,

1 except when the prescriber has determined, at the time the drug is prescribed, that the
2 brand name drug is medically necessary and has written on the prescription order the
3 phrase "medically necessary". An initial prescription order for an atypical antipsychotic
4 drug or a drug listed in the narrow therapeutic drug index that does not contain the
5 phrase "medically necessary" shall be considered an order for the drug by its established
6 or generic name, except that a pharmacy shall not substitute a generic or established
7 name prescription drug for subsequent brand or trade name prescription orders of the
8 same prescription drug without explicit oral or written approval of the prescriber given
9 at the time the order is filled. Generic drugs shall be dispensed at a lower cost to the
10 Medical Assistance Program rather than trade or brand name drugs. As used in this
11 subsection, "brand name" means the proprietary name the manufacturer places upon a
12 drug product or on its container, label, or wrapping at the time of packaging; and
13 "established name" has the same meaning as in section 502(e)(3) of the Federal Food,
14 Drug, and Cosmetic Act as amended, 21 U.S.C. § 352(e)(3).

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

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

31 **SECTION 21.19.(k)** Cost-Containment Programs. – The Department of Health and
32 Human Services, Division of Medical Assistance, may undertake cost containment
33 programs in accordance with Section 3 of S.L. 2001-395, including contracting for
34 services, preadmissions to hospitals and prior approval for certain outpatient surgeries
35 before they may be performed in an inpatient setting.

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

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

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

- 44 (1) Pregnant women with incomes equal to or less than one hundred
45 eighty-five percent (185%) of the federal poverty guidelines as revised
46 each April 1 shall be covered for Medicaid benefits. In determining
47 income eligibility under this subdivision, the income of a minor's
48 parents shall be counted.
- 49 (2) Infants under the age of 1 with family incomes equal to or less than
50 one hundred eighty-five percent (185%) of the federal poverty
51 guidelines as revised each April 1 shall be covered for Medicaid
52 benefits.
- 53 (3) Children aged 1 through 5 with family incomes equal to or less than
54 one hundred thirty-three percent (133%) of the federal poverty

1 guidelines as revised each April 1 shall be covered for Medicaid
2 benefits.

3 (4) Children aged 6 through 18 with family incomes equal to or less than
4 the federal poverty guidelines as revised each April 1 shall be covered
5 for Medicaid benefits.

6 (5) The Department of Health and Human Services shall provide Medicaid
7 coverage for adoptive children with special or rehabilitative needs
8 regardless of the adoptive family's income.

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

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

17 **SECTION 21.19.(p)** The Department shall disregard earned income for recipients
18 who would otherwise lose Medicaid eligibility under section 1931 of Title XIX of the
19 Social Security Act due to earnings. This disregard shall be applied for a maximum of
20 12 consecutive months.

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

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

35 **SECTION 21.19.(s)** If first approved by the Office of State Budget and
36 Management, the Division of Medical Assistance, Department of Health and Human
37 Services, may use funds that are identified to support the cost of development and
38 acquisition of equipment and software through contractual means to improve and
39 enhance information systems that provide management information and claims
40 processing. The Department of Health and Human Services shall identify adequate
41 funds to support the implementation and first year's operational costs that exceed the
42 currently allocated funds for the new contract for the fiscal agent for the Medicaid
43 Management Information System.

44 **SECTION 21.19.(t)** The Department of Health and Human Services may adopt
45 temporary rules according to the procedures established in G.S. 150B-21.1 when it finds
46 that these rules are necessary to maximize receipt of federal funds within existing State
47 appropriations, to reduce Medicaid expenditures, and to reduce fraud and abuse. Prior to
48 the filing of these temporary rules with the Office of Administrative Hearings, the
49 Department shall consult with the Office of State Budget and Management on the
50 possible fiscal impact of the temporary rule and its effect on State appropriations and
51 local governments.

52 **SECTION 21.19.(u)** The Department shall report to the Fiscal Research Division
53 of the Legislative Services Office and to the House of Representatives Appropriations
54 Subcommittee on Health and Human Services and the Senate Appropriations
55 Committee on Health and Human Services or the Joint Legislative Health Care

1 Oversight Committee on any change it anticipates making in the Medicaid program that
2 impacts the type or level of service, reimbursement methods, or waivers, any of which
3 require a change in the State Plan or other approval by the Centers for Medicare and
4 Medicaid Services (CMS). The reports shall be provided at the same time they are
5 submitted to CMS for approval.

6 **SECTION 21.19.(v)** Upon approval of a demonstration waiver by the Centers for
7 Medicare and Medicaid Services (CMS), the Department of Health and Human Services
8 may provide Medicaid coverage for family planning services to men and women of
9 child-bearing age with family incomes equal to or less than one hundred eighty-five
10 percent (185%) of the federal poverty level. Coverage shall be contingent upon federal
11 approval of the waiver and shall begin no earlier than January 1, 2001.

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

16 **SECTION 21.19.(x)** The Department of Health and Human Services, Division of
17 Medical Assistance, shall implement a new coding system for therapeutic mental health
18 services as required by the Health Insurance Portability and Accountability Act of 1996.
19 In implementing the new coding system, the Division shall ensure that the new coding
20 system does not discriminate between providers of therapeutic mental health services
21 with similar qualifications and training. In meeting the requirements of this subsection,
22 the Division shall consult with the Division of Mental Health, Developmental
23 Disabilities, and Substance Abuse Services and the professional licensing boards
24 responsible for licensing the affected professionals.

25 **SECTION 21.19.(y)** The Department of Health and Human Services may apply
26 federal transfer of assets policies, as described in Title XIX, Section 1917(c) of the
27 Social Security Act to real property excluded as ~~"income producing"~~ "income
28 producing", tenancy-in-common, or as nonhomesite property made "income producing"
29 under Title XIX, Section 1902(r)(2) of the Social Security Act. The transfer of assets
30 policy shall apply only to an institutionalized individual or the individual's spouse as
31 defined in Title XIX, Section 1917(c) of the Social Security Act. This subsection
32 becomes effective no earlier than October 1, 2001. Federal transfer of asset policies to
33 properties excluded as tenancy-in-common or as nonhomesite property made "income
34 producing" in accordance with this subsection shall become effective no earlier than
35 October 1, 2002."

36 **SECTION 10.11.(b)** Effective October 1, 2002, G.S. 108A-70.5(b) reads as
37 rewritten:

38 "(b) As used in this section:

- 39 (1) "Medical assistance" means medical care services paid for by the
40 North Carolina Medicaid Program on behalf of the recipient:
41 a. If the recipient is receiving these medical care services as an
42 inpatient in a nursing facility, intermediate care facility for the
43 mentally retarded, or other medical institution, and cannot
44 reasonably be expected to be discharged to return home; or
45 b. If the recipient is 55 years of age or older and is receiving these
46 medical care services, including related hospital care and
47 prescription drugs, for nursing facility ~~services—services,~~
48 personal care services, or home- and community-based services.
49 (2) "Estate" means all the real and personal property considered assets of
50 the estate available for the discharge of debt pursuant to G.S.
51 28A-15-1."
52

53 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

54 **CAROLINA ACCESS PROGRAM IMPROVEMENTS**

1 **SECTION 10.12.(a)** In its effort to achieve anticipated savings in the
2 Medicaid Program of nine million four hundred twenty-five thousand dollars
3 (\$9,425,000) for the 2002-2003 fiscal year through expansion of the Carolina ACCESS
4 II and Carolina ACCESS III programs, the Department of Health and Human Services
5 shall monitor cost-savings activities of these programs. Carolina ACCESS II and
6 Carolina ACCESS III programs shall provide the Department detailed information on
7 savings realized from the following cost-savings activities:

- 8 (1) Reductions in hospital admissions;
- 9 (2) Reductions in emergency room visits;
- 10 (3) Use of best-prescribing practices;
- 11 (4) Increased prescriptions of generic drugs;
- 12 (5) Implementation of polypharmacy review;
- 13 (6) Reductions in therapy visits;
- 14 (7) Improved management of high risk/high cost patients; and
- 15 (8) Other strategies implemented by the programs to achieve anticipated
16 savings.

17 **SECTION 10.12.(b)** The Department of Health and Human Services shall
18 implement a process for the assessment and review of cost-effectiveness of the Carolina
19 ACCESS II and Carolina ACCESS III programs. The Division of Medical Assistance
20 shall confirm actual savings realized from the use of case management strategies of the
21 Carolina ACCESS II and Carolina ACCESS III demonstration sites. The Department
22 shall report quarterly the cost-effectiveness of these programs based on actual savings
23 achieved. The Department shall submit the report to the Senate Appropriations
24 Committee on Health and Human Services, the House of Representatives
25 Appropriations Subcommittee on Health and Human Services, the Office of State
26 Budget and Management, and the Fiscal Research Division.

27
28 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

29 **REPEAL CIRCUMCISION FUNDS**

30 **SECTION 10.13.** Section 19 of S.L. 2001-513 reads as rewritten:

31 "**SECTION 19.** Notwithstanding any other provision of law to the contrary, from
32 funds available in the General Fund, there is appropriated to the Department of Health
33 and Human Services, Division of Medical Assistance, the sum of two hundred forty-six
34 thousand, seven hundred sixty-two dollars (\$246,762) for the 2001-2002 fiscal year ~~and~~
35 ~~the sum of four hundred thousand dollars (\$400,000) for the 2002-2003 fiscal year.~~
36 These funds shall be used to provide optional circumcision procedures for newborns
37 eligible for Medicaid."
38

39 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

40 **MEDICAID CASE MANAGEMENT SERVICES**

41 **SECTION 10.14.(a)** The Department of Health and Human Services shall
42 reduce Medicaid Program expenditures for case management services for adults and
43 children by thirty-three percent (33%) for the 2002-2003 State fiscal year. In
44 determining how to allocate this reduction, the Department shall include all State
45 programs currently providing case management services reimbursed by the Medicaid
46 Program, and shall consider the following issues:

- 47 (1) Elimination of all duplicative case management services.
- 48 (2) Consolidation of similar case management services.
- 49 (3) Provision of only one case manager per family reimbursed through the
50 Medicaid Program, when feasible.
- 51 (4) Equitable allocation of reductions in case management services
52 reimbursed by Medicaid among the different programs that provide
53 case management services.

1 (5) Identification of the children and adults with the greatest case
2 management needs to determine how to allocate reductions and
3 remaining resources.

4 (6) Reductions in administrative costs associated with providing case
5 management services reimbursed by Medicaid.

6 **SECTION 10.14.(b)** Not later than October 1, 2002, the Department shall
7 report on its plan for the reductions required in this section. The Department shall
8 submit the report to the Senate Appropriations Committee on Health and Human
9 Services, the House of Representatives Appropriations Subcommittee on Health and
10 Human Services, and the Fiscal Research Division.

11
12 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

13 **FEDERAL WAIVERS TO ASSIST IN MEDICAID COST CONTAINMENT**

14 **SECTION 10.15.(a)** The Department of Health and Human Services shall
15 develop a plan for using federal waivers to assist in long-term cost containment for the
16 State's Medicaid program. In developing the plan, the Department shall determine
17 whether single or multiple federal waivers will help the State achieve its goal of
18 long-term cost containment for the State's Medicaid program, and shall also determine
19 which type of waiver is likely to be most helpful. The Department shall consider all of
20 the following for development of the plan:

21 (1) Which optional categories of persons eligible for Medicaid will be
22 covered by the waiver.

23 (2) What optional Medicaid services will be included in the service
24 package covered by the waiver.

25 (3) What types of cost-sharing will be required under the waiver.

26 (4) Will the waiver use Carolina ACCESS, other types of managed care,
27 or will a fee-for-service system for providing health care services be
28 used.

29 (5) Will private insurance coverage options be incorporated into the
30 waiver.

31 (6) Should the NC Health Choice Program be included in the waiver.

32 **SECTION 10.15.(b)** On or before February 1, 2003, the Department shall
33 report on its plan for seeking federal waivers to achieve long-term cost containment in
34 the State's Medicaid program. The report shall be made to the Senate Appropriations
35 Committee on Health and Human Services, the House of Representatives
36 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
37 Division, and shall include the following:

38 (1) Copy of the application for the waiver.

39 (2) Description of how the waiver will help achieve long-term cost
40 containment in the State's Medicaid program.

41 (3) Description of legislation necessary to implement the proposed waiver.
42

43 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

44 **COMMUNITY ALTERNATIVES PROGRAMS**

45 **SECTION 10.16.(a)** The Department of Health and Human Services shall
46 administer all Community Alternative Program (CAP) waivers in the most economical
47 and efficient manner possible to support within funds appropriated the maximum
48 number of persons meeting participation requirements under the waiver. The
49 Department shall amend the waivers, as necessary, to ensure that participation
50 requirements and payment and service limits are in accordance with those reported to
51 the General Assembly. Not later than October 1, 2002, the Department shall submit a
52 report that outlines efficient use of funds appropriated and that demonstrates the
53 participation requirements, payment and service limits, and other administrative actions
54 to support the maximum number of persons to be served in the applicable State fiscal
55 year. The report shall be submitted to the Senate Appropriations Committee on Health

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

3 **SECTION 10.16.(b)** CAP-DA services shall be provided for the 2002-2003
4 fiscal year to any eligible person who entered a nursing facility on or before June 1,
5 2002, notwithstanding that the availability of CAP-DA services may be suspended for
6 that fiscal year.

7
8 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

9 **DISPOSITION OF DISPROPORTIONATE SHARE RECEIPT CHANGE**

10 **SECTION 10.17.(a)** Disproportionate share receipts reserved at the end of
11 the 2002-2003 fiscal year shall be deposited with the Department of State Treasurer as
12 nontax revenue for the 2002-2003 fiscal year.

13 **SECTION 10.17.(b)** For the 2002-2003 fiscal year, as it receives funds
14 associated with Disproportionate Share Payments from State hospitals, the Department
15 of Health and Human Services, Division of Medical Assistance, shall deposit up to one
16 hundred seven million dollars (\$107,000,000) of these Disproportionate Share Payments
17 to the Department of State Treasurer for deposit as nontax revenue. Any
18 Disproportionate Share Payments collected in excess of the one hundred seven million
19 dollars (\$107,000,000) shall be reserved by the State Treasurer for future
20 appropriations.

21
22 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

23 **MEDICAID HOSPITAL PAYMENTS**

24 **SECTION 10.18.** The Department of Health and Human Services shall
25 reduce Medicaid payments to hospitals by one-half of one percent (.5%) for the
26 2002-2003 State fiscal year. The Department shall evaluate all medical payment
27 programs and policies administered by the Department that may affect the future
28 viability and sustainability of financially vulnerable hospitals. Based on the evaluation
29 of the medical payments programs and policies affecting hospitals, the Department shall
30 implement the one half of one percent (.5%) reduction for the 2002-2003 State fiscal
31 year such that the reduction has the least impact on the future viability and sustainability
32 of financially vulnerable hospitals. The Department shall also review the status of
33 financially vulnerable hospitals to determine whether additional State actions are
34 appropriate to ensure that communities served by these hospitals continue to receive
35 essential medical services. The Department shall consult with the North Carolina
36 Hospital Association while conducting the evaluation of medical payment programs and
37 policies and determining how to implement the one-half of one percent (.5%) reduction.
38 The Department shall report to the Senate Appropriations Committee on Health and
39 Human Services, the House of Representatives Appropriations Subcommittee on Health
40 and Human Services, and the Fiscal Research Division on its activities under this
41 section not later than October 1, 2002.

42
43 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

44 **MEDICAID PROGRAM MANAGEMENT**

45 **SECTION 10.19.** Section 21.26(b) of S.L. 2001-424 reads as rewritten:

46 **"SECTION 21.26.(b)** The Department shall implement a pharmacy management
47 plan considering the recommendations of the "North Carolina Medicaid Benefit Study"
48 to achieve anticipated cost savings. The pharmacy management plan may include the
49 following activities:

- 50 (1) Establishing a prior authorization program to manage utilization of
51 high-cost, brand name drugs. In determining drugs to be included in
52 the prior authorization program, the Department shall consider whether
53 inclusion of these drugs is likely to:
54 a. Increase utilization of more expensive services;
55 b. Reduce quality of treatment;

- 1 c. Result in a lower level of compliance with appropriate drug
2 therapy; and
3 d. Have a differential impact upon racial and ethnic minorities and
4 the elderly.

5 The Department shall conduct a review at least annually of the drugs
6 included in the prior authorization program to determine whether any
7 of the factors listed in this subdivision or other factors with similar
8 results have occurred.

- 9 (2) Limiting prescription drugs to a 34-day supply for some or all drugs.
10 (3) Developing physician prescribing practice profiles and other
11 educational tools to enable physicians to better manage their
12 prescriptions.
13 (4) Establishing therapeutic limits based on appropriate dosage or usage
14 standards.
15 (5) Encouraging use of generic drugs.
16 (6) Using maximum allowable pricing.
17 (7) Contracting with a pharmacy benefits manager to implement more
18 extensive drug utilization review.
19 (8) Studying the impact of eliminating the six prescription drug monthly
20 limit combined with a more rigorous prior authorization program to
21 ensure cost decisions are made based on evidence-based clinical
22 guidelines.
23 (9) Expanding disease management initiatives.
24 (10) Working with ACCESS physicians to develop and implement drug
25 utilization management initiatives.
26 (11) If cost-effective, expanding Medicaid drug coverage to include
27 selected over-the-counter medications.

28 The Department may adopt temporary rules in accordance with G.S. 150B-21.1
29 when it finds these rules are necessary to clarify recipient appeal rights related to the
30 pharmacy management plan."

31
32 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

33 **NC HEALTH CHOICE**

34 **SECTION 10.20.** G.S. 108A-70.21 reads as rewritten:

35 **"§ 108A-70.21. Program eligibility; benefits; enrollment fee and other**
36 **cost-sharing; coverage from private plans; purchase of extended**
37 **coverage.**

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

- 41 (1) Children must:
42 a. Be under the age of 19;
43 b. Be ineligible for Medicaid, Medicare, or other federal
44 government-sponsored health insurance;
45 c. Be uninsured;
46 d. Be in a family that meets the following family income
47 requirements:
48 1. Infants under the age of one year whose family income is
49 from one hundred eighty-five percent (185%) through
50 two hundred percent (200%) of the federal poverty level;
51 2. Children age one year through five years whose family
52 income is above one hundred thirty-three percent (133%)
53 through two hundred percent (200%) of the federal
54 poverty level; and

1 3. Children age six years through eighteen years whose
2 family income is above one hundred percent (100%)
3 through two hundred percent (200%) of the federal
4 poverty level;

5 e. Be a resident of this State and eligible under federal law; and

6 f. Have paid the Program enrollment fee required under this Part.

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

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

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

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

30 (b) Benefits. – Except as otherwise provided for eligibility, fees, deductibles,
31 copayments, and other cost-sharing charges, health benefits coverage provided to
32 children eligible under the Program shall be equivalent to coverage provided for
33 dependents under the North Carolina Teachers' and State Employees' Comprehensive
34 Major Medical Plan, including optional prepaid plans. Prescription drug providers shall
35 accept as payment in full, for outpatient prescriptions filled, ninety percent (90%) of the
36 average wholesale price for the prescription drug or the amounts published by the
37 ~~Health Care Financing Administration Centers for Medicare and Medicaid Services~~ plus
38 a fee established by the provider not to exceed the amount authorized under subdivision
39 (d)(3) of this section. dispensing fee of five dollars and sixty cents (\$5.60) per
40 prescription for generic drugs and four dollars (\$4.00) per prescription for brand name
41 drugs. All other health care providers providing services to Program enrollees shall
42 accept as payment in full for services rendered the maximum allowable charges under
43 the ~~North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan~~
44 Medicaid Program for services less any copayments assessed to enrollees under this
45 Part. No child enrolled in the Plan's self-insured indemnity program shall be required by
46 the Plan to change health care providers as a result of being enrolled in the Program.

47 In addition to the benefits provided under the Plan, the following services and
48 supplies are covered under the Health Insurance Program for Children established under
49 this Part:

50 (1) Dental: Oral examinations, teeth cleaning, and scaling twice during a
51 12-month period, full mouth X rays once every 60 months,
52 supplemental bitewing X rays showing the back of the teeth once
53 during a 12-month period, fluoride applications twice during a
54 12-month period, sealants, simple extractions, therapeutic
55 pulpotomies, prefabricated stainless steel crowns, and routine fillings

1 of amalgam or other tooth-colored filling material to restore diseased
2 teeth. No benefits are to be provided for services under this subsection
3 that are not performed by or upon the direction of a dentist, doctor, or
4 other professional provider approved by the Plan nor for services and
5 materials that do not meet the standards accepted by the American
6 Dental Association.

7 (2) Vision: Scheduled routine eye examinations once every 12 months,
8 eyeglass lenses or contact lenses once every 12 months, routine
9 replacement of eyeglass frames once every 24 months, and optical
10 supplies and solutions when needed. Optical services, supplies, and
11 solutions must be obtained from licensed or certified ophthalmologists,
12 optometrists, or optical dispensing laboratories. Eyeglass lenses are
13 limited to single vision, bifocal, trifocal, or other complex lenses
14 necessary for a Plan enrollee's visual welfare. Coverage for oversized
15 lenses and frames, designer frames, photosensitive lenses, tinted
16 contact lenses, blended lenses, progressive multifocal lenses, coated
17 lenses, and laminated lenses is limited to the coverage for single
18 vision, bifocal, trifocal, or other complex lenses provided by this
19 subsection. Eyeglass frames are limited to those made of zylonite,
20 metal, or a combination of zylonite and metal. All visual aids covered
21 by this subsection require prior approval of the Plan. Upon prior
22 approval by the Plan, refractions may be covered more often than once
23 every 12 months.

24 (3) Hearing: Auditory diagnostic testing services and hearing aids and
25 accessories when provided by a licensed or certified audiologist,
26 otolaryngologist, or other hearing aid specialist approved by the Plan.
27 Prior approval of the Plan is required for hearing aids, accessories,
28 earmolds, repairs, loaners, and rental aids.

29 (c) Annual Enrollment Fee. – There shall be no enrollment fee for Program
30 coverage for enrollees whose family income is at or below one hundred fifty percent
31 (150%) of the federal poverty level. The enrollment fee for Program coverage for
32 enrollees whose family income is above one hundred fifty percent (150%) of the federal
33 poverty level shall be fifty dollars (\$50.00) per year per child with a maximum annual
34 enrollment fee of one hundred dollars (\$100.00) for two or more children. The
35 enrollment fee shall be collected by the county department of social services and
36 retained to cover the cost of determining eligibility for services under the Program.
37 County departments of social services shall establish procedures for the collection of
38 enrollment fees.

39 (d) Cost-Sharing. – ~~There shall be no deductibles, copayments, or other cost-~~
40 ~~sharing charges for families covered under the Program whose family income is at or~~
41 ~~below one hundred fifty percent (150%) of the federal poverty level.~~

42 (1) Families covered under the Program whose family income is at or
43 below one hundred fifty percent (150%) of the federal poverty level
44 shall be responsible for copayments to providers as follows:

45 a. Two dollars (\$2.00) per child for each visit to a provider, except
46 that there shall be no copayment required for well-baby, well-
47 child, or age-appropriate immunization services;

48 b. One dollar (\$1.00) for each outpatient generic prescription drug
49 purchased;

50 c. Three dollars (\$3.00) for each outpatient brand-name
51 prescription drug purchased;

52 d. Ten dollars (\$10.00) for each emergency room visit unless:

53 1. The child is admitted to the hospital, or

54 2. No other reasonable care was available as determined by
55 the Claims Processing Contractor of the North Carolina

Teachers' and State Employees' Comprehensive Major Medical Plan.

- (2) Families covered under the Program whose family income is above one hundred fifty percent (150%) of the federal poverty level shall be responsible for copayments to providers as follows:
- (1)a. ~~Five dollars (\$5.00)~~ Seven dollars (\$7.00) per child for each visit to a provider, except that there shall be no copayment required for well-baby, well-child, or age-appropriate immunization services;
- (2)b. ~~Five dollars (\$5.00)~~ Seven dollars (\$7.00) per child for each outpatient hospital visit;
- (3)c. ~~A six dollar (\$6.00)~~ five-dollar (\$5.00) fee for each outpatient generic prescription drug purchased;
- d. A ten-dollar (\$10.00) fee for each outpatient brand-name prescription drug purchased;
- (4)e. ~~Twenty dollars (\$20.00)~~ Thirty dollars (\$30.00) for each emergency room visit unless:
- a.1. The child is admitted to the hospital, or
- b.2. No other reasonable care was available as determined by the Claims Processing Contractor of the North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan.

Copayments required under this subsection for prescription drugs apply only to prescription drugs prescribed on an outpatient basis.

(e) Cost-Sharing Limitations. – The total annual aggregate cost-sharing, including fees, with respect to all children in a family receiving Program benefits under this Part shall not exceed five percent (5%) of the family's income for the year involved. To assist the Department in monitoring and ensuring that the limitations of this subsection are not exceeded, the Executive Administrator and Board of Trustees of the North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan shall provide data to the Department showing cost-sharing paid by Program enrollees.

(f) Coverage From Private Plans. – The Department shall, from funds available for the Program, pay the cost for dependent coverage provided under a private insurance plan for persons eligible for coverage under the Program if all of the following conditions are met:

- (1) The person eligible for Program coverage requests to obtain dependent coverage from a private insurer in lieu of coverage under the Program and shows proof that coverage under the private plan selected meets the requirements of this subsection;
- (2) The dependent coverage under the private plan is actuarially equivalent to the coverage provided under the Program and the private plan does not engage in the exclusive enrollment of children with favorable health care risks;
- (3) The cost of dependent coverage under the private plan is the same as or less than the cost of coverage under the Program; and
- (4) The total annual aggregate cost-sharing, including fees, paid by the enrollee under the private plan for all dependents covered by the plan, do not exceed five percent (5%) of the enrollee's family income for the year involved.

The Department may reimburse an enrollee for private coverage under this subsection upon a showing of proof that the dependent coverage is in effect for the period for which the enrollee is eligible for the Program.

(g) Purchase of Extended Coverage. – An enrollee in the Program who loses eligibility due to an increase in family income above two hundred percent (200%) of the federal poverty level and up to and including two hundred twenty-five percent (225%)

1 of the federal poverty level may purchase at full premium cost continued coverage
2 under the Program for a period not to exceed one year beginning on the date the enrollee
3 becomes ineligible under the income requirements for the Program. The same benefits,
4 copayments, and other conditions of enrollment under the Program shall apply to
5 extended coverage purchased under this subsection.

6 (h) No State Funds for Voluntary Participation. – No State or federal funds shall
7 be used to cover, subsidize, or otherwise offset the cost of coverage obtained under
8 subsection (g) of this section."
9

10 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

11 **NC HEALTH CHOICE STATE PLAN TECHNICAL AMENDMENTS**

12 **SECTION 10.21.** The Department of Health and Human Services may
13 rewrite and submit to the federal government the State Plan for the North Carolina
14 Health Choice Program solely for the purpose of incorporating amendments enacted by
15 the 1997 General Assembly, Regular Session 1998, the 1999 General Assembly, and the
16 2001 General Assembly, and to otherwise comply with applicable federal requirements.
17 Nothing in this section authorizes the Department to make amendments to the State Plan
18 for the North Carolina Health Choice Program not otherwise authorized by the General
19 Assembly. Amendments to the State Plan required by the federal government to be
20 implemented after the effective date of this section, other than those authorized by this
21 section, shall comply with G.S. 108A-70.25.
22

23 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

24 **MEDICAID CONTRACTING FOR SERVICES**

25 **SECTION 10.22.** When developing contracts for services, the Department
26 of Health and Human Services, Division of Medical Assistance, shall ensure that
27 Medicaid recipients have appropriate access to durable medical equipment, home health
28 supplies, and home infusion therapy. The Division may subcontract for services
29 provided that the subcontract ensures appropriate access to durable medical equipment,
30 home health supplies, and home infusion therapy.
31

32 **SUBPART 3. DIVISION OF MENTAL HEALTH, DEVELOPMENTAL**
33 **DISABILITIES, AND SUBSTANCE ABUSE SERVICES**
34

35 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

36 **ALLOCATION OF REDUCTIONS IN FUNDS FOR AREA MENTAL HEALTH,**
37 **DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE**
38 **PROGRAMS**

39 **SECTION 10.23.(a)** The Department of Health and Human Services shall
40 allocate reductions in funding to area mental health, developmental disabilities, and
41 substance abuse services in the amount of twenty-nine million two hundred forty-six
42 thousand nine hundred seven dollars (\$29,246,907) for the 2002-2003 fiscal year. In
43 allocating the reductions, the Department shall do the following:

- 44 (1) Allocate reductions within the implementation scope of the State Plan
45 for Mental Health, Developmental Disabilities, and Substance Abuse
46 Services and in accordance with the intent of S.L. 2001-437, as
47 follows:
48 a. Priority given to reducing or terminating services to persons
49 with lower service needs;
50 b. Persons with highest need levels shall be impacted least by
51 reductions in services;
52 c. Administrative costs shall be reduced concurrently with
53 reductions in services; and

1 d. To the maximum extent possible no reductions, or minimal
2 reductions, shall be allocated to activities associated with
3 critical functions and federal and State requirements.

- 4 (2) Require area authorities and county programs to submit plans for prior
5 approval by the Department describing how the local program will
6 meet its reduction target within the requirements of subdivision (1) of
7 this subsection.

8 **SECTION 10.23.(b)** The Division of Mental Health, Developmental
9 Disabilities, and Substance Abuse Services shall allocate reductions to Division central
10 administration to items of expenditures which have the least impact on:

- 11 (1) The support of direct services to individuals served in State facilities
12 and local programs;
13 (2) The Division's ability to reorganize and continue implementation of
14 the State Plan for Mental Health, Developmental Disabilities, and
15 Substance Abuse Services; and
16 (3) The Division's ability to meet State and federal requirements such as
17 monitoring, program oversight, and reporting.

18 **SECTION 10.23.(c)** All reductions designated for Division-operated State
19 facilities shall be allocated as follows:

- 20 (1) In a manner that has the least impact possible on the State's ability to
21 comply with Olmstead v. L.C. & E.W. and The Civil Rights of
22 Institutionalized Persons Act (CRIPA);
23 (2) Maximum resources shall be retained for the purpose of transfer to
24 local programs for community capacity building as the population in
25 State facilities decreases and the principal focus of services transitions
26 to community-based programs;
27 (3) As deemed essential by the Secretary of the Department of Health and
28 Human Services for compliance with implementation of the State Plan
29 for Mental Health, Developmental Disabilities, and Substance Abuse
30 Services, and with Olmstead v. L.C. & E.W. and CRIPA, reduction
31 amounts and total number of positions reduced may be shifted among
32 facilities so long as the aggregate reduction in State appropriations is
33 achieved.

34 **SECTION 10.23.(d)** The Department shall report not later than October 1,
35 2002, on a plan for allocating the reductions required under this section. The plan shall
36 describe each reduction allocation demonstrating compliance with this section. The
37 Department shall submit the report to the Senate Appropriations Committee on Health
38 and Human Services, the House of Representatives Appropriations Subcommittee on
39 Health and Human Services, and the Fiscal Research Division.

40 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

41 **SUBSTANCE ABUSE PREVENTION SERVICES**

42 **SECTION 10.24.(a)** In order to ensure that individuals receive effective
43 substance abuse prevention services, the Department of Health and Human Services,
44 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,
45 shall do the following with respect to services provided to these individuals:

- 46 (1) Designate an Office of Substance Abuse Prevention within the
47 Department as outlined in the North Carolina Comprehensive Strategic
48 Plan for Substance Abuse Prevention. This Office shall be responsible
49 for the implementation of the goals in the Comprehensive Strategic
50 Plan for Substance Abuse Prevention. The Office shall also maintain
51 the Interagency Agreement for Substance Abuse Prevention Services
52 and ensure continuing collaboration between agencies that are parties
53 to the Agreement.
54

- 1 (2) Provide only those prevention services that are evidence-based and
2 have been determined to be effective in preventing alcohol and other
3 drug problems.
- 4 (3) Propose rules for the licensure of prevention programs to ensure
5 quality of service delivery in local communities. Rules shall be subject
6 to review and adoption by the Commission for Mental Health,
7 Developmental Disabilities, and Substance Abuse Services.
- 8 (4) Ensure that services are provided by qualified prevention
9 professionals.
- 10 (5) Implement an outcome-based system utilizing standard risk
11 assessments and data elements consistent with appropriate evaluation
12 of prevention programs.

13 **SECTION 10.24.(b)** The Department shall report on its activities under this
14 section to the Senate Appropriations Committee on Health and Human Services, the
15 House of Representatives Appropriations Subcommittee on Health and Human
16 Services, and the Fiscal Research Division not later than December 1, 2002.

17
18 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

19 **PRIVATE AGENCY UNIFORM COST-FINDING REQUIREMENT**

20 **SECTION 10.25.** Section 21.56 of S.L. 2001-424, as amended by S.L.
21 2001-513, reads as rewritten:

22 "**SECTION 21.56.(a)** To ensure uniformity in rates charged to area programs and
23 funded with State-allocated resources, the Division of Mental Health, Developmental
24 Disabilities, and Substance Abuse Services of the Department of Health and Human
25 Services may require a private agency that provides services under contract with ~~two or~~
26 ~~more area programs, an area program or county program,~~ except for hospital services
27 that have an established Medicaid rate, to complete an agency-wide uniform cost
28 finding. The resulting cost shall be the maximum included for the private agency in the
29 contracting area program's unit cost finding.

30 **SECTION 21.56.(b)** If a private agency fails to timely and accurately complete the
31 required agency-wide uniform cost finding in a manner acceptable to the Department's
32 controller's office, the Department may suspend all Department funding and payment to
33 the private agency until such time as an acceptable cost finding has been completed by
34 the private agency and approved by the Department's controller's office."

35
36 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

37 **WHITAKER SCHOOL**

38 **SECTION 10.26.** Section 21.61(a) of S.L. 2001-424 reads as rewritten:

39 "**SECTION 21.61.(a)** The Department of Health and Human Services shall work
40 with families and guardians, the Department of Public Instruction, the Department of
41 Juvenile Justice and Delinquency Prevention, and appropriate local education agencies,
42 area mental health, developmental disabilities, and substance abuse programs, and local
43 departments of social services to develop a plan for the transition of children from the
44 Whitaker School to their homes or alternative facilities. The Plan shall ensure
45 appropriate and safe placement for those children who, in accordance with the
46 assessment, need an institutional setting. The Plan shall also include transition plans that
47 facilitate and support children living in their natural environments and utilizing existing
48 resources and natural supports. Assessments and service planning alternatives shall also
49 be undertaken for children on the waiting list for placement at Whitaker School to
50 ensure appropriate and safe placement for those children. The Department shall report
51 on the status of its compliance with this section on April 1, 2002 and again on ~~October~~
52 ~~1, 2002.~~ January 1, 2003. The report shall be submitted to the Senate Appropriations
53 Committee on Health and Human Services, the House of Representatives
54 Appropriations Subcommittee on Health and Human Services, the Joint Legislative
55 Commission on Governmental Operations, and the Fiscal Research Division."

1
2 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

3 **AREA MENTAL HEALTH ADMINISTRATIVE COSTS**

4 **SECTION 10.27.** Section 21.65 of S.L. 2001-424 reads as rewritten:

5 "SECTION 21.65.(a) Area mental health, developmental disabilities, and substance
6 abuse authorities or counties administering mental health, developmental disabilities,
7 and substance abuse services shall develop and implement plans to reduce local
8 administrative costs. The plans shall be developed in accordance with guidelines
9 adopted by the Secretary, in consultation with the Local Government Commission and
10 the North Carolina Association of County Commissioners, and in accordance with the
11 following:

12 (1) For the 2001-2002 fiscal year, administrative costs for:

- 13 a. Area mental health, developmental disabilities, and substance
14 abuse services programs shall not exceed fifteen percent (15%).
15 b. Counties administering mental health, developmental
16 disabilities, and substance abuse services through a county
17 program shall not exceed fifteen percent (15%).

18 (2) For the 2002-2003 fiscal year, administrative costs for:

- 19 a. Area mental health, developmental disabilities, and substance
20 abuse services programs shall not exceed thirteen percent
21 (13%).
22 b. Counties administering mental health, developmental
23 disabilities, and substance abuse services through a county
24 program shall not exceed thirteen percent (13%).

25 **SECTION 21.65.(b)** The Department of Health and Human Services shall report its
26 progress in complying with this section not later than January 1, 2002, and April 15,
27 2002. The reports shall be submitted to the Senate Appropriations Committee on Health
28 and Human Services, the House of Representatives Appropriations Subcommittee on
29 Health and Human Services, and the 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 **SECTION 21.65.(c)** Beginning in the 2002-2003 fiscal year, the Department may
40 implement alternative approaches to establish reasonable administrative cost limitations
41 for Local Management Entities (LMEs), including both county programs and area
42 authority models, and service providers in accordance with system reform and changes
43 in system funding structures."
44

45 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

46 **MENTAL RETARDATION CENTER DOWNSIZING**

47 **SECTION 10.28.** Section 21.67 of S.L. 2001-424 reads as rewritten:

48 "SECTION 21.67.(a) In accordance with the Department of Health and Human
49 Services' plan for downsizing the State's regional mental retardation facilities by four
50 percent (4%) each year, the Department shall implement cost-containment and
51 reduction strategies to ensure the corresponding financial and staff downsizing of each
52 facility. The Department shall manage the client population of the mental retardation
53 centers in order to ensure that placements for ICF/MR level of care shall be made in
54 non-State facilities. Admissions to State ICF/MR facilities are permitted only as a last
55 resort and only upon approval of the Department. The corresponding budgets for each

1 of the State mental retardation centers shall be reduced, and positions shall be
2 eliminated as the census of each facility decreases. At no time shall mental retardation
3 center positions be transferred to other units within a facility or assigned nondirect care
4 activities such as outreach.

5 **SECTION 21.67.(a1)** Any savings in State appropriations in excess of two million
6 nine hundred thousand dollars (\$2,900,000) in each year of the 2001-2003 fiscal
7 biennium that result from reductions in beds or services shall be applied as follows:

8 (1) Nonrecurring savings shall be placed in the Trust Fund for Mental
9 Health, Developmental Disabilities, and Substance Abuse Services and
10 Bridge Funding Needs and shall be used to facilitate the transition of
11 clients into appropriate community-based services and support in
12 accordance with Section 21.58 of this act, and

13 (2) Recurring savings realized through implementation of this section
14 shall be retained by the Department of Health and Human Services,
15 Division of Mental Health, Developmental Disabilities, and Substance
16 Abuse Services to support the recurring costs of additional
17 community-based placements from Division facilities in accordance
18 with Olmstead vs. L.C. & E.W. In determining the savings in this
19 section, savings shall include all savings realized from the downsizing
20 of the State mental retardation centers including both the savings in
21 direct State appropriations in the budgets of the State mental
22 retardation centers as well as the savings in the State matching portion
23 of reduced Medicaid payments associated with downsizing.

24 **SECTION 21.67.(b)** The Department of Health and Human Services shall report on
25 its progress in complying with this section to the Senate Appropriations Committee on
26 Health and Human Services, the House of Representatives Appropriations
27 Subcommittee on Health and Human Services, and the Fiscal Research Division. The
28 progress report shall be submitted not later than January 15, 2002, and a final report
29 submitted not later than ~~May 1, 2002.~~ October 1, 2002.

30 **SECTION 21.67.(c)** Downsizing of mental retardation centers which occurs in the
31 2002 fiscal year shall be maintained for the 2003 fiscal year. Effective July 1, 2002,
32 downsizing shall be accomplished in accordance with the State Plan for Mental Health,
33 Developmental Disabilities, and Substance Abuse Services. All savings resulting from
34 downsizing occurring on and after July 1, 2002, shall be utilized as set forth in
35 subsection (a1) of this section."

36
37 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

38 **STATE PSYCHIATRIC HOSPITAL BED DAY ALLOCATION PLAN**

39 **SECTION 10.29.** Section 21.68A of S.L. 2001-424 reads as rewritten:

40 **"SECTION 21.68A.** The Department of Health and Human Services shall develop
41 and implement a plan that provides for the allocation of State psychiatric hospital ~~beds~~
42 bed days among counties served by the State's regional psychiatric hospitals. The Plan
43 shall incorporate policies that take into consideration State and county fiscal
44 responsibilities and capacity, cost efficiency, and the principles and guidance embodied
45 in the Olmstead vs. L.C. & E.W. decision. The Department shall report on the
46 implementation of this section to the House of Representatives Appropriations
47 Subcommittee on Health and Human Services, the Senate Appropriations Committee on
48 Health and Human Services, and the Fiscal Research Division, on ~~March 1,~~
49 2002. November 1, 2002."

50
51 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

52 **EXTEND CONSUMER ADVOCACY PROGRAM CONTINGENT UPON**
53 **FUNDS APPROPRIATED BY THE 2003 GENERAL ASSEMBLY**

54 **SECTION 10.30.** Section 4 of S.L. 2001-437 reads as rewritten:

1 "**SECTION 4.** Sections 1.1 through 1.21(b) of this act become effective July 1,
2 2002. Section 2 of this act becomes effective ~~July 1, 2002, only if funds are~~
3 ~~appropriated by the 2001 General Assembly, Regular Session 2002, for that purpose.~~
4 only if funds are appropriated by the 2003 General Assembly for that purpose. Section 2
5 of this act becomes effective July 1 of the fiscal year for which funds are appropriated
6 by the 2003 General Assembly for that purpose. The remainder of this act is effective
7 when it becomes law."
8

9 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

10 **DHHS COORDINATION OF RULES**

11 **SECTION 10.31.(a)** The Secretary of the Department of Health and Human
12 Services and the Chairs of the Commissions listed in this section shall collaborate in the
13 development of a process for identifying and resolving issues pertaining to duplication
14 and conflict of rules adopted by the Secretary and each Commission that affect the area
15 of mental health, developmental disabilities, and substance abuse services. The process
16 shall address the following:

- 17 (1) How to identify on a routine basis proposed rules that duplicate in
18 whole or in part other rules proposed or adopted and ways of avoiding
19 the duplication without interfering with the agency's statutory duty to
20 adopt the rule and without impairing the effectiveness of the rule in
21 carrying out the statutory mandate.
- 22 (2) How to identify on a routine basis adopted rules that are in conflict,
23 proposed rules that conflict with other proposed or adopted rules, and
24 ways of addressing the conflict without interfering with the agency's
25 statutory duty to adopt the rule and without impairing the effectiveness
26 of the rule in carrying out the statutory mandate.

27 The following Commissions shall collaborate with the Secretary on the
28 development of this process: the Commission for Mental Health, Developmental
29 Disabilities, and Substance Abuse Services, the Social Services Commission, the
30 Commission for Health Services, the Medical Care Commission, and other
31 Commissions that adopt rules affecting the area of mental health, developmental
32 disabilities, and substance abuse services that the Secretary has a duty to implement.
33 The Secretary shall also involve a representative of the Division of Medical Assistance
34 in this effort.

35 **SECTION 10.31.(b)** The Secretary and the Commissions shall implement
36 the process required by Section 1 of this act not later than October 1, 2002. Not later
37 than October 15, 2002, the Secretary shall report to the Joint Legislative Commission on
38 Mental Health, Developmental Disabilities, and Substance Abuse Services the
39 following:

- 40 (1) The status of the review of rules conducted by the Department for
41 determining the existence of ambiguity, duplication, or conflict.
- 42 (2) Specific rules identified that are in conflict and the recommended
43 action for resolving the conflict.
- 44 (3) Statutory changes necessary to accomplish the purposes of the rules
45 review process required by Section 1 of this act.

47 **SUBPART 4. DIVISION OF SOCIAL SERVICES**

48
49 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

50 **SPECIAL NEEDS ADOPTION INCENTIVE FUND REPORTING DATE**

51 **SECTION 10.32.** Section 21.42(d) of S.L. 2001-424 reads as rewritten:

52 "**SECTION 21.42.(d)** The Department of Health and Human Services shall report
53 on the use of these funds no later than April 1, ~~2002, 2003,~~ to the Senate Appropriations
54 Committee on Health and Human Services, the House of Representatives

1 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
2 Division."

3
4 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

5 **CHILD WELFARE SYSTEMS PILOTS REPORTS**

6 **SECTION 10.33.(a)** Section 21.46(a) of S.L. 2001-424 reads as rewritten:

7 "**SECTION 21.46.(a)** The Department of Health and Human Services, Division of
8 Social Services, shall develop a plan, working with local departments of social services,
9 to implement an alternative response system of child protection in no fewer than two
10 and no more than 10 demonstration areas in this State. The plan should provide for the
11 pilots to implement an alternative response system in which local departments of social
12 services utilize family assessment tools and family support principles when responding
13 to selected reports of suspected child ~~neglect~~.neglect and dependency."

14 **SECTION 10.33.(b)** The Department of Health and Human Services shall
15 report on any activities conducted under Section 21.46 of S.L. 2001-424 to the Senate
16 Appropriations Committee on Health and Human Services, the House of
17 Representatives Appropriations Subcommittee on Health and Human Services, and the
18 Fiscal Research Division not later than April 1, 2003.

19
20 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

21 **FAMILY RESOURCE CENTERS – REPORTING REQUIREMENT**

22 **SECTION 10.34.** Section 21.48(e) of S.L. 2001-424 reads as rewritten:

23 "**SECTION 21.48.(e)** The Department shall report on activities under this section.
24 This report is due 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 on May 1, ~~2002~~.2003."

27
28 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

29 **ELIMINATE ADDITIONAL FUNDS FOR CHILD SUPPORT SERVICES**

30 **SECTION 10.35.** Section 21.54A of S.L. 2001-424 reads as rewritten:

31 "**SECTION 21.54A.** Of the funds appropriated in this act to the Department of
32 Health and Human Services, Division of Social Services, the sum of one million five
33 hundred thousand dollars (\$1,500,000) for the 2001-2002 fiscal year, ~~and one million~~
34 ~~five hundred thousand dollars (\$1,500,000) for the 2002-2003 fiscal year,~~ shall be
35 used to contract for additional child support services in urban counties demonstrating
36 significant caseload backlogs. The additional support to urban counties shall address the
37 backlog of cases and emphasize the establishment of paternities and the location of
38 absent parents."

39
40 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

41 **STATE/COUNTY SPECIAL ASSISTANCE**

42 **SECTION 10.36.** Section 21.44(d) of S.L. 2001-424 reads as rewritten:

43 "**SECTION 21.44.(d)** Effective October 1, 2002, the maximum monthly rate for
44 residents in adult care home facilities shall be ~~one thousand one hundred twenty dollars~~
45 ~~(\$1,120) per month per resident.~~one thousand ninety-one dollars (\$1,091) per month per
46 resident."

47
48 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

49 **ELECTING COUNTY TANF FUNDS REVERT**

50 **SECTION 10.37.** G.S. 108A-27.11(c) reads as rewritten:

51 "(c) Each Electing County's allocation for Work First Family Assistance shall be
52 computed based on the percentage of each Electing County's total expenditures for cash
53 assistance to statewide actual expenditures for cash assistance in 1995-96. The resulting
54 percentage shall be applied to the federal TANF block grant funds appropriated for cash
55 assistance by the General Assembly each fiscal year. The Department shall transmit the

1 federal funds contained in the county block grants to Electing Counties as soon as
 2 practicable after they become available to the State and in accordance with federal cash
 3 management laws and regulations. The Department shall transmit one-fourth of the
 4 State funds contained in county block grants to Electing Counties at the beginning of
 5 each quarter. ~~Once paid, the county block grant funds shall not revert."~~

6
 7 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

8 **ADULT CARE HOME MODEL FOR COMMUNITY-BASED SERVICES**

9 **SECTION 10.38.** Section 21.54(b) of S.L. 2001-424 reads as rewritten:

10 **"SECTION 21.54.(b)** The Department shall submit a progress report on the
 11 development of the model to the Senate Appropriations Committee on Health and
 12 Human Services, the House of Representatives Appropriations Subcommittee on Health
 13 and Human Services, and the Fiscal Research Division on or before January 1, 2002,
 14 and a final report on ~~March 1, 2002.~~ March 1, 2003. The report shall address the
 15 following:

- 16 (1) The proposed time and location for implementation of the pilot.
- 17 (2) Proposed number of residents to be placed and services to be provided
 18 directly by the facility or under contract with the facility.
- 19 (3) Method for evaluating the pilot, including services provided, on a
 20 regular basis.
- 21 (4) A description of the living environment for each resident and a
 22 comparison of how the living environment compares to that of other
 23 residents in the adult care home.
- 24 (5) Changes to State law necessary to implement the pilot.
- 25 (6) Projected cost to the State for pilot and statewide implementation."

26
 27 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

28 **ADULT CARE HOME RESIDENT ASSESSMENT SERVICES PROGRAM**
 29 **REPEALED**

30 **SECTION 10.39.** Section 21.35 of S.L. 2001-424 is repealed.

31
 32 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

33 **STATE/COUNTY SPECIAL ASSISTANCE RATE METHODOLOGY**

34 **SECTION 10.40.(a)** The Department of Health and Human Services shall
 35 develop a plan to address the short-term and long-term recommendations of the report
 36 titled "Reimbursement of Adult Care Homes in North Carolina: A Study of the Special
 37 Assistance Rate Methodology, May, 2002." The plan shall include:

- 38 (1) Setting the rate at the median plus a percentage;
- 39 (2) Excluding low-occupancy facilities from the rate-setting methodology;
- 40 and
- 41 (3) Adjusting fixed costs for inflation.

42 **SECTION 10.40.(b)** The Department shall implement the following changes
 43 to the adult care home cost reports:

- 44 (1) Revise the Direct Cost category to include: housekeeping/laundry,
 45 health services, dietary services, recreational activities, and initial
 46 orientation/aide training;
- 47 (2) Revise the Indirect Cost category to include: administration/general
 48 and operation/maintenance;
- 49 (3) Revise the category of other Cost centers to include: personal care,
 50 medically related transportation, and mental health services;
- 51 (4) Create a capital cost center category to include
 52 property/ownership/use;
- 53 (5) Create a nonreimbursable cost category; and
- 54 (6) Define allowable and nonallowable expenditures.

1 The Department of Health and Human Services shall make the new cost report format
2 available to each facility 90 days prior to implementation.

3 **SECTION 10.40.(c)** The Department shall expand current audit policies and
4 procedures for auditing provider costs. The Department shall create an audit function
5 that is directly answerable to the State and involves fewer but more detailed audits. All
6 providers of services to State County Special Assistance recipients shall be subject to a
7 State audit if selected. The specific audit requirements shall be based on auditing
8 requirements of governmental programs providing similar services. The Department of
9 Health and Human Services shall expand current audit procedures for State County
10 Special Assistance to include auditing of costs associated with personal care services
11 reimbursed by Medicaid.

12 **SECTION 10.40.(d)** The Department shall apply for federal waiver to pay
13 facilities directly for residential services for State County Special Assistance Residents.

14 **SECTION 10.40.(e)** The Department shall report on the progress of the
15 implementations of the requirements of this section no later than December 1, 2002, to
16 the Senate Appropriations Committee on Health and Human Services, the House of
17 Representatives Appropriations Subcommittee on Health and Human Services, and the
18 Fiscal Research Division.

19
20 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

21 **SPECIAL CHILDREN ADOPTION FUND**

22 **SECTION 10.41.** Section 21.40(b) of S.L. 2001-424 reads as rewritten:

23 "**SECTION 21.40.(b)** Of the total funds appropriated for the Special Children
24 Adoption Fund, each year ~~one million dollars (\$1,000,000)~~ twenty percent (20%) of the
25 total funds available shall be reserved for payment to participating private adoption
26 agencies. If the funds reserved in this subsection for payments to private adoption
27 agencies have not been spent on or before March 31, ~~2002, 2003,~~ the Division of Social
28 Services may reallocate those funds, in accordance with this section, to other
29 participating adoption agencies."

30 31 **SUBPART 5. DIVISION OF AGING**

32
33 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

34 **ALZHEIMER'S ASSOCIATION FUNDS FY 2001-2002**

35 **SECTION 10.42.** Section 21.31 of S.L. 2001-424 reads as rewritten:

36 "**SECTION 21.31.** Of the funds appropriated in this act to the Department of Health
37 and Human Services, Division of Aging, the sum of one hundred fifty thousand dollars
38 (\$150,000) for the 2001-2002 fiscal year ~~and the sum of one hundred fifty thousand~~
39 ~~dollars (\$150,000) for the 2002-2003 fiscal year~~ shall be allocated as follows:

- 40 (1) ~~\$75,000 in each fiscal year~~ for the Western Carolina Alzheimer's
41 Chapter; and
42 (2) ~~\$75,000 in each fiscal year~~ for the Eastern NC Alzheimer's Chapter.

43 Before funds may be allocated to any chapter under this section, the Chapter shall
44 submit to the Division of Aging, for its approval, a plan for the use of the funds."

45
46 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

47 **GOVERNOR'S ADVISORY COUNCIL ON AGING**

48 **SECTION 10.43.** G.S. 143B-181 reads as rewritten:

49 "**§ 143B-181. Governor's Advisory Council on Aging – members; selection;**
50 **quorum; compensation.**

51 The Governor's Advisory Council on Aging of the Department of Health and Human
52 Services shall consist of 33 members, 29 members to be appointed by the Governor, two
53 members to be appointed by the President Pro Tempore of the Senate, and two members
54 to be appointed by the Speaker of the House of Representatives. The composition of the
55 Council shall be as follows: one representative of the Department of Administration;

1 one representative of the Department of Cultural Resources; one representative of the
2 Employment Security Commission; one representative of the Teachers' and State
3 Employees' Retirement System; one representative of the Commissioner of Labor; one
4 representative of the Department of Public Instruction; one representative of the
5 Department of Environment and Natural Resources; one representative of the
6 Department of Insurance; one representative of the Department of Crime Control and
7 Public Safety; one representative of the Department of Community Colleges; one
8 representative of the School of Public Health of The University of North Carolina; one
9 representative of the School of Social Work of The University of North Carolina; one
10 representative of the Agricultural Extension Service of North Carolina State University;
11 one representative of the collective body of the Medical Society of North Carolina; and
12 19 members at large. The at large members shall be citizens who are knowledgeable
13 about services supported through the Older Americans Act of 1965, as amended, and
14 shall include persons with greatest economic or social need, minority older persons, and
15 participants in programs under the Older Americans Act of 1965, as amended. The
16 Governor shall appoint 15 members at large who meet these qualifications and are 60
17 years of age or older. The four remaining members at large, two of whom shall be
18 appointed by the President Pro Tempore of the Senate and two of whom shall be
19 appointed by the Speaker of the House of Representatives, shall be broadly
20 representative of the major private agencies and organizations in the State who are
21 experienced in or have demonstrated particular interest in the special concerns of older
22 persons. At least one of each of the at-large appointments of the President Pro Tempore
23 of the Senate and the Speaker of the House of Representatives shall be persons 60 years
24 of age or older. The Council shall meet ~~at least quarterly~~ biannually.

25 Members at large shall be appointed for four-year terms and until their successors
26 are appointed and qualify. Ad interim appointments shall be for the balance of the
27 unexpired term.

28 The Governor shall have the power to remove any member of the Council from
29 office in accordance with the provisions of G.S. 143B-16 of the Executive Organization
30 Act of 1973.

31 The Governor shall designate one member of the Council as chair to serve in such
32 capacity at his pleasure.

33 Members of the Council shall receive per diem and necessary travel and subsistence
34 expenses in accordance with the provisions of G.S. 138-5.

35 A majority of the Council shall constitute a quorum for the transaction of business.
36 All clerical and other services required by the Council shall be supplied by the Secretary
37 of Health and Human Services."
38

39 **SUBPART 6. OFFICE OF EDUCATIONAL SERVICES**

40
41 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

42 **RESIDENTIAL SCHOOLS REPORTING**

43 **SECTION 10.44.** The Office of Education Services shall report not later
44 than December 1, 2002, to the Senate Appropriations Committee on Health and Human
45 Services, the House of Representatives Appropriations Subcommittee on Health and
46 Human Services, and the Fiscal Research Division on the activities of the Eastern North
47 Carolina School for the Deaf at Wilson, the North Carolina School for the Deaf at
48 Morganton, and the Governor Morehead School for the Blind. The report shall include
49 enrollment numbers at the schools, the budgets, and the academic status of the schools
50 as defined under the ABC's program.
51

52 **SUBPART 7. DIVISION OF PUBLIC HEALTH**

53
54 Requested by: Senators Martin of Guilford, Purcell, Warren, Plyler, Lee

55 **HEART DISEASE AND STROKE PREVENTION TASK FORCE**

1 **SECTION 10.45.** Section 21.95 of S.L. 2001-424 reads as rewritten:

2 **"SECTION 21.95.** The Heart Disease and Stroke Prevention Task Force, created in
3 subsection (1) of Section 26.9 of Chapter 507 of the 1995 Session Laws, as amended,
4 shall submit to the Governor and the General Assembly a sixth interim report within the
5 first week of the convening of the 2001 General Assembly, 2002 Regular Session, and a
6 seventh interim report within the first week of the convening of the 2003 General
7 Assembly. Notwithstanding Section 11.57 of S.L. 1999-237, the Task Force shall
8 submit a final report to the Governor and the General Assembly by June 30, 2003. ~~by~~
9 ~~June 30, 2003, and, upon submission of its final report to the Governor and the General~~
10 ~~Assembly, the Task Force shall expire."~~

11
12 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

13 **NEWBORN HEARING SCREENING PROGRAM REPORT**

14 **SECTION 10.46.** Section 21.96 of S.L. 2001-424 reads as rewritten:

15 **"SECTION 21.96.** The Department of Health and Human Services shall report the
16 following information on the newborn hearing screening program:

- 17 (1) Unduplicated number of infants screened.
- 18 (2) Number of infants who failed the second hearing screening.
- 19 (3) Number of infants receiving the diagnostic evaluation.
- 20 (4) Number and types of services provided.
- 21 (5) Number and types of follow-up services provided to children.

22 The Department shall submit the report not later than May 1, 2002, to the Senate
23 Appropriations Committee on Health and Human Services, the House of
24 Representatives Appropriations Subcommittee on Health and Human Services, and the
25 Fiscal Research Division. The Department shall report not later than January 1, 2003, on
26 its activities to the Senate Appropriations Committee on Health and Human Services,
27 the House of Representatives Appropriations Subcommittee on Health and Human
28 Services, and the Fiscal Research Division."

29
30 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

31 **INTENSIVE HOME VISITING**

32 **SECTION 10.47.** Section 21.97(b) of S.L. 2001-424 reads as rewritten:

33 **"SECTION 21.97.(b)** The Division shall require in-home visitors to collect data on
34 program participants as a condition of participation. This requirement shall include
35 six-month periodic assessments and completion of the questionnaires. The Department
36 shall ensure that the collection, maintenance, use, and disclosure of data complies with
37 applicable State and federal law protecting privacy of health and other individual
38 information. By April 1, ~~2002,~~ 2003, the Division shall report to the Senate
39 Appropriations Committee on Health and Human Services and the House of
40 Representatives Appropriations Subcommittee on Health and Human Services on the
41 following items:

- 42 (1) Number of clients/families enrolled per county.
- 43 (2) Attrition and reasons why families leave the program.
- 44 (3) Average number of home visits per month.
- 45 (4) Average time involved per home visit.
- 46 (5) Baseline family characteristics.
- 47 (6) Health behaviors.
- 48 (7) Perinatal and birth outcomes.
- 49 (8) Other relevant outcome information.

50 All program information shall include the identification of the model used in order to
51 compare these models in the future."

52
53 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

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

55 **SECTION 10.48.(a)** Section 21.90(b) of S.L. 2001-424 reads as rewritten:

1 **"SECTION 21.90.(b)** For the 2001-2002 fiscal year and for the 2002-2003 fiscal
2 year, HIV-positive individuals with incomes at or below one hundred twenty-five
3 percent (125%) of the federal poverty level are eligible for participation in ADAP.
4 ~~Eligibility for participation in ADAP may be extended to individuals with incomes up to~~
5 ~~one hundred fifty percent (150%) of the federal poverty level only after the Office of~~
6 ~~State Budget and Management certifies in writing that the Department has developed an~~
7 ~~information management system pursuant to subsection (a) of this section. Until the~~
8 ~~Office of State Budget and Management makes this certification, eligibility~~
9 for participation in ADAP during the 2001-2003 fiscal biennium shall not be extended
10 to individuals with incomes above one hundred twenty-five percent (125%) of the
11 federal poverty level. ~~Following six months of increased eligibility at one hundred fifty~~
12 ~~percent (150%) of the federal poverty level, eligibility for participation in ADAP shall~~
13 ~~be extended to individuals with incomes up to one hundred seventy five percent (175%)~~
14 ~~of the federal poverty level for the remainder of the 2001-2002 fiscal year. Beginning~~
15 ~~July 1, 2002, eligibility for participation in the ADAP shall be extended to individuals~~
16 ~~with incomes up to two hundred percent (200%) of the federal poverty level."~~

17 **SECTION 10.48.(b)** The Department of Health and Human Services shall
18 develop a plan to manage costs in ADAP and to serve additional participants within
19 additional resources. The plan shall include an assessment of the following, including,
20 where applicable, a review of other states' actions in these areas:

- 21 (1) Limiting the drug formulary.
- 22 (2) Capping expenditures on a per participant/per month basis.
- 23 (3) Providing financial assistance to participants for health care program
24 premiums.

25 **SECTION 10.48.(c)** The Department shall report on activities conducted
26 under this section and under Section 21.90 of S.L. 2001-424 to the Senate
27 Appropriations Committee on Health and Human Services, the House of
28 Representatives Subcommittee on Health and Human Services, and the Fiscal Research
29 Division. The Department shall submit an interim report not later than December 1,
30 2002, and a final report not later than May 1, 2003.

31
32 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

33 **PRESCRIPTION DRUG ASSISTANCE PROGRAM**

34 **SECTION 10.49.(a)** Section 21.88 of S.L. 2001-424 reads as rewritten:

35 **"SECTION 21.88.** Of the funds appropriated in this act to the Department of Health
36 and Human Services, the sum of five hundred thousand dollars (\$500,000) for the
37 2001-2002 fiscal year ~~and the sum of five hundred thousand dollars (\$500,000) for the~~
38 ~~2002-2003 fiscal year~~ shall be used to pay the cost of outpatient prescription drugs for
39 persons:

- 40 (1) Over the age of 65 years and not eligible for full Medicaid benefits;
- 41 (2) Whose income is not more than one hundred fifty percent (150%) of
42 the federal poverty level; and
- 43 (3) Who have been diagnosed with cardiovascular disease or diabetes.

44 These funds shall be used to pay the cost of outpatient prescription drugs for the
45 treatment of cardiovascular disease or diabetes. Payment shall be not more than the
46 Medicaid cost including rebates. The Department shall develop criteria to maximize the
47 efficient and effective distribution of these drugs."

48 **SECTION 10.49.(b)** It is the intent of the General Assembly that funding for
49 prescription drug assistance provided by the Health and Wellness Trust Fund shall
50 include funds for the transition of benefits formerly provided under the Prescription
51 Drug Assistance Program.

52
53 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

54 **REPEAL DENTAL HEALTH PROGRAM IN THE DEPARTMENT OF** 55 **HEALTH AND HUMAN SERVICES**

1 **SECTION 10.50.** Article 14 of Chapter 130A of the General Statutes is
2 repealed.

3
4 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

5 **RESTRUCTURE ORAL HEALTH SECTION**

6 **SECTION 10.51.** The Department of Health and Human Services, Division
7 of Public Health, shall restructure the Division's Oral Health Section within the
8 Women's and Children's Health Section. The restructuring shall result in broadening the
9 scope of the Oral Health Section responsibilities to begin to address a more
10 comprehensive school health program throughout the State. The Division shall ensure
11 that positions and resources within the Oral Health Section are also transferred to meet
12 the requirements of a comprehensive school health program. The Division of Public
13 Health shall report not later than December 1, 2002, on the Division's reorganization,
14 including restructuring of the Oral Health Section. The Division shall submit the report
15 to the Senate 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: Senators Martin of Guilford, Purcell, Plyler, Lee

20 **EARLY INTERVENTION PROGRAM - REPORTING REQUIREMENT**

21 **SECTION 10.52.** The Department of Health and Human Services shall
22 report on the activities conducted under Section 21.79 of S.L. 2001-424 to the Senate
23 Appropriations Committee on Health and Human Services, the House of
24 Representatives Appropriations Subcommittee on Health and Human Services, and the
25 Fiscal Research Division not later than December 1, 2002.

26
27 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

28 **DEVELOPMENTAL EVALUATION CENTERS**

29 **SECTION 10.53.(a)** The Department of Health and Human Services,
30 Division of Public Health, shall administer the reduction in funds for the 2002-2003
31 fiscal year of two million seventy-six thousand four hundred twenty-six dollars
32 \$2,076,426 to all Developmental Evaluation Centers (DEC's) based upon the following:

- 33 (1) Prior years' expenditures of the DEC,
- 34 (2) Elimination of vacant positions, and
- 35 (3) Overall needs of the DEC.

36 The reduction shall not result in the entire closure of an individual DEC and
37 the implementation of the reduction should seek to minimize the loss of direct services
38 to children, looking first at administrative reductions.

39 **SECTION 10.53.(b)** The Division of Public Health shall prepare a plan for
40 the future of Developmental Evaluation Centers that will involve a needs-assessment of
41 services and geographical needs. The plan shall also include an assessment of the
42 number of DEC's needed and recommendations for future downsizing or growth. The
43 plan will augment the Early Intervention Services Plan submitted to the General
44 Assembly. The Division shall report on its plan not later than December 1, 2002, to the
45 Senate Appropriations Committee on Health and Human Services, the House of
46 Representatives Appropriations Subcommittee on Health and Human Services, and the
47 Fiscal Research Division.

48
49 Requested by: Senators Martin of Guilford, Purcell, Cunningham, Plyler, Lee

50 **WORKERS' COMPENSATION FOR DUSTY TRADES**

51 **SECTION 10.54.(a)** G.S. 97-61.1 reads as rewritten:

52 **"§ 97-61.1. First examination of and report on employee having asbestosis or**
53 **silicosis.**

54 When an employee and the Industrial Commission are advised ~~by the Department of~~
55 ~~Health and Human Services~~ that an employee has asbestosis or silicosis, the employer

1 shall be notified by the Industrial Commission, and the employee, when ordered by the
2 Industrial Commission, shall go to a place designated by the Industrial Commission and
3 submit to X rays and a physical examination by the advisory medical committee, at least
4 one of whom shall conduct the examination, and the member or members of the
5 advisory medical committee conducting the examination shall forward the X rays and
6 findings to the member or members of the committee not present for the physical
7 examination. The employer shall pay the expenses connected with the examination in
8 such amounts as shall be directed by the Industrial Commission. Within 30 days after
9 the completion of the examination, the advisory medical committee shall make a written
10 report signed by all of its members setting forth:

- 11 (1) The X rays and clinical procedures used by the committee in arriving
12 at its findings.
- 13 (2) Whether or not the claimant has contracted asbestosis or silicosis.
- 14 (3) The committee's opinion expressed in percentages of the impairment
15 of the employee's ability to perform normal labor in the same or any
16 other employment.
- 17 (4) Any other matter deemed pertinent by the committee.

18 When a competent physician certifies to the Industrial Commission that the
19 employee's physical condition is such that his movement to the place of examination
20 ordered by the Industrial Commission as herein provided in G.S. 97-61.1, 97-61.3 and
21 97-61.4 would be harmful or injurious to the health of the employee, the Industrial
22 Commission shall cause the examination of the employee to be made by the advisory
23 medical committee as herein provided at some place in the vicinity of the residence of
24 the employee suitable for the purposes of making such examination."

25 **SECTION 10.54.(b)** G.S. 97-72(b) reads as rewritten:

26 "(b) The members of the advisory medical committee shall be paid one hundred
27 dollars (\$100.00) per month plus not more than forty dollars (\$40.00) per film
28 examined. The fee per film shall be established by the ~~Secretary of Health and Human~~
29 ~~Services, Industrial Commission,~~ as guided by the current Medicaid/Medicare
30 reimbursement schedules for North Carolina."

31 **SECTION 10.54.(c)** G.S. 97-73(b) reads as rewritten:

32 "(b) The ~~Secretary of Health and Human Services~~ Industrial Commission shall
33 establish a schedule of fees for examinations ~~conducted by the Department of Health~~
34 ~~and Human Services directed by the Industrial Commission~~ pursuant to G.S. 97-60. The
35 fees shall be collected in accordance with rules adopted by the ~~Secretary of Health and~~
36 ~~Human Services~~ Industrial Commission."

37 38 **SUBPART 8. DIVISION OF CHILD DEVELOPMENT**

39
40 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

41 **EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES** 42 **ENHANCEMENTS**

43 **SECTION 10.55.(a)** Section 21.75.(d) of S.L. 2001-424 reads as rewritten:

44 "**SECTION 21.75.(d)** The Department of Health and Human Services and the
45 North Carolina Partnership for Children, Inc., shall ensure that the allocation of funds
46 for Early Childhood Education and Development Initiatives for State fiscal year-years
47 2001-2002 and 2002-2003 shall be administered and distributed in the following
48 manner:

- 49 (1) The North Carolina Partnership for Children, Inc., shall develop a
50 policy to allocate the reduction of funds for Early Childhood
51 Education and Development Initiatives for the 2001-2002 and 2002-
52 2003 fiscal year-years.
- 53 (2) The North Carolina Partnership for Children, Inc., administration shall
54 be reduced by ten percent (10%) from the 2000-2001 fiscal year level.

1 (3) The Department of Health and Human Services Smart Start
2 administration shall be reduced by ten percent (10%) from the
3 2000-2001 fiscal year level.

4 (4) Capital expenditures and playground equipment expenditures are
5 prohibited for fiscal year ~~2001-2002~~ years 2001-2002 and 2002-2003.
6 For the purposes of this section, "capital expenditures" means
7 expenditures for capital improvements as defined in G.S. 143-34.40.

8 (5) Expenditures for advertising and promotional activities are prohibited
9 for fiscal year 2002-2003."

10 **SECTION 10.55.(b)** Section 21.75(f) of S.L. 2001-424 reads as rewritten:

11 "**SECTION 21.75.(f)** For the 2001-2002 and 2002-2003 fiscal year, years, the North
12 Carolina Partnership for Children, Inc., shall not approve local partnership plans that
13 allocate State funds to child care providers for one-time quality improvement initiatives
14 in the following circumstances:

15 (1) Child care facilities with licensure of four or five stars, unless the
16 expenditure of funds is to expand capacity for low-income children.

17 (2) Child care facilities that do not accept child care subsidy funds.

18 (3) Child care facilities that previously received quality improvement
19 grants whose quality initiatives failed to increase licensure."

20 **SECTION 10.55.(c)** For the 2002-2003 fiscal year, the local partnerships
21 shall spend an amount for child care subsidies that provides at least fifty-two million
22 dollars (\$52,000,000) for the TANF maintenance of effort requirement and the Child
23 Care Development Fund and Block Grant match requirement.

24 **SECTION 10.55.(d)** Of the funds appropriated in this act, the North
25 Carolina Partnership for Children, Inc., shall transfer one million dollars (\$1,000,000) to
26 the Department of Health and Human Services, Division of Public Health, to contract
27 with the National Society to Prevent Blindness – North Carolina Affiliate, Inc., to
28 maximize vision screenings of children in child care settings. The National Society to
29 Prevent Blindness – North Carolina Affiliate, Inc., shall report on the use of the funds
30 transferred under this section no later than March 1, 2003, to the Senate Appropriations
31 Committee on Health and Human Services, the House of Representatives
32 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
33 Division. This report shall included the following:

34 (1) The number of screenings conducted.

35 (2) The number of previously undetected vision problems discovered in
36 the screenings.

37 (3) The number of child care facilities in which screenings are conducted.

38 (4) A listing of the counties in which screenings are conducted.

39 **SECTION 10.55.(e)** Notwithstanding any other provision of law, for the
40 2002-2003 fiscal year, the North Carolina Partnership for Children, Inc., may not
41 contract with any outside entity to conduct performance assessments of local
42 partnerships.

43 **SECTION 10.55.(f)** G.S. 143B-168.12 is amended by adding a new
44 subsection to read:

45 "(e) The North Carolina Partnership shall develop guidelines for local
46 partnerships to follow in selecting capital projects to fund. The guidelines shall include
47 assessing the community needs in relation to the quantity of child care centers, assessing
48 the cost of purchasing or constructing new facilities as opposed to renovating existing
49 facilities, and prioritizing capital needs such as construction, renovations, and
50 playground equipment and other amenities."

51 **SECTION 10.55.(g)** G.S. 143B-168.13(a)(1a) reads as rewritten:

52 "(1a) Develop and conduct a statewide needs and resource assessment every
53 third year, beginning in the 1997-98 fiscal year. This needs assessment
54 shall be conducted in cooperation with the North Carolina Partnership
55 and with the local partnerships. This needs assessment shall include a

1 statewide assessment of capital needs. The data and findings of this
2 needs assessment shall form the basis for annual program plans
3 developed by local partnerships and approved by the North Carolina
4 Partnership."

5 **SECTION 10.55.(h)** Of the funds appropriated in this act, the North
6 Carolina Partnership for Children, Inc., shall transfer the sum of four hundred thousand
7 dollars (\$400,000) to the Department of Health and Human Services, Division of Public
8 Health, for the purpose of providing a statewide folic acid campaign.

9
10 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

11 **MORE AT FOUR PROGRAM**

12 **SECTION 10.56.(a)** Section 21.76B(c)(2) of S.L. 2001-424 is repealed.

13 **SECTION 10.56.(b)** Section 21.76B(d) of S.L. 2001-424 reads as rewritten:

14 **"SECTION 21.76B.(d)** In development of the "More At Four" pilot, the
15 Department of Health and Human Services, in consultation with the Department of
16 Public Instruction and the Task Force, shall:

17 (1) Contract with an independent research organization, outside the
18 Department of Health and Human Services and the Department of
19 Public Instruction, with proven expertise in evaluation of
20 prekindergarten programs, ~~for the design of an evaluation component.~~
21 ~~The evaluation component shall facilitate longitudinal review of the~~
22 ~~program and child specific outcomes to include, at a minimum,~~
23 ~~participants' readiness for kindergarten, percentage of participants~~
24 ~~scoring at or above grade level on the third grade end of grade test,~~
25 ~~and high school graduation rates.~~ pre- and post-assessments of children
26 participating in the More At Four program. Of the funds appropriated
27 in this act, the Department shall not spend more than two hundred
28 thousand dollars (\$200,000) on this contract.

29 (2) Collaborate in the development of a system to collect and maintain
30 child-specific information to provide for the long-term evaluation of
31 the pilot. The system shall be developed in a manner which ~~builds~~
32 ~~upon~~ utilizes existing State and local systems and ~~which facilitates the~~
33 ~~interface with~~ the N.C. Student Information Management System."

34 **SECTION 10.56.(c)** Section 21.76B(f) of S.L. 2001-424 reads as rewritten:

35 **"SECTION 21.76B.(f)** In order to maximize and coordinate funding for
36 prekindergarten programs for four-year-olds with demonstrated educational needs, the
37 Department of Health and Human Services, the Department of Public Instruction, ~~and~~
38 ~~the Task Force~~ Force, and the North Carolina Partnership for Children, Inc., shall
39 identify and make recommendations on the reallocation of funds from existing State and
40 local programs providing prekindergarten related care and services, including child care
41 subsidies. All potential funding sources, including federal as well as State-funded
42 efforts, shall be identified. The report required under subsection (g) of this section shall
43 include recommendations on strategies to ensure coordination between the Partnership,
44 More At Four, and other prekindergarten programs in addressing the academic and
45 cognitive needs of young children. The report shall include recommendations on
46 structural changes to Smart Start, More At Four, and other related programs, including
47 consolidation, that may be beneficial in encouraging this coordination. The report shall
48 include a plan and a timetable for implementation of the recommendations."

49 **SECTION 10.56.(d)** Section 21.76B(g) of S.L. 2001-424 reads as rewritten:

50 **"SECTION 21.76B.(g)** The Department of Health and Human Services, the
51 Department of Public Instruction, and the Task Force shall report by January 1, 2002,
52 and May 1, 2002, to the Joint Legislative Commission on Governmental Operations, the
53 Joint Legislative Education Oversight Committee, the Senate Appropriations
54 Committee on Health and Human Services, and the House of Representatives
55 Appropriations Subcommittee on Health and Human Services on the progress in

1 complying with this section. A final report along with recommendations for changes or
2 expansion of the program shall be presented to the ~~2003 General Assembly, Senate~~
3 Appropriations Committee on Health and Human Services, the House of
4 Representatives Appropriations Subcommittee on Health and Human Services, and the
5 Fiscal Research Division no later than December 1, 2002. This final report shall include
6 the following:

7 (1) The number of children participating in the program.

8 (2) The number of children participating in the program who have never
9 been served in other early education programs such as child care,
10 public or private preschool, Head Start, Early Head Start, or early
11 intervention programs.

12 (3) The expected expenditures for the fiscal year.

13 (4) The location of program sites and the corresponding number of
14 children participating in the program at each site.

15 (5) Recommendations regarding reallocation of State, local, and federal
16 funds to maximize the provision of services to at-risk four-year-olds
17 and to eliminate duplication of efforts."

18 **SECTION 10.56.(e)** Effective June 30, 2002, Section 21.76B of S.L.
19 2001-424 is amended by adding a new subsection to read:

20 "**SECTION 21.76B.(h)** The Department of Health and Human Services may carry
21 over any unspent funds allocated to the More At Four program to the subsequent fiscal
22 year."

23 **SECTION 10.56.(f)** It is the intent of the General Assembly to identify and
24 recognize existing programs that excel at meeting the educational needs of at-risk
25 four-year-olds and to provide guidance and technical assistance to programs so that they
26 may become better at meeting the needs of these children. It is the intent of the General
27 Assembly to maximize the provision of services to at-risk four-year-olds and to
28 eliminate duplication of efforts.

29 **SECTION 10.56.(g)** Not later than December 1, 2002, the Department of
30 Health and Human Services, in consultation with the More at Four Pre-Kindergarten
31 Program, shall establish More At Four accreditation criteria for child care centers, Head
32 Start programs, prekindergarten programs administered by local educational agencies,
33 and other educational prekindergarten programs, including centers and programs funded
34 by Smart Start. These accreditation criteria shall include, at a minimum, the guidelines
35 established by the "More At Four" Pre-K Task Force pursuant to Section 21.76B of S.L.
36 2001-424. These accreditation criteria shall also include a criterion related to the
37 number or percentage of at-risk children that must be served by a child care center,
38 Head Start program, prekindergarten program administered by a local educational
39 agency, or other educational prekindergarten program, including centers and programs
40 funded by Smart Start, before it may become an accredited More At Four program.

41 **SECTION 10.56.(h)** Beginning January 1, 2003, the Department of Health
42 and Human Services, Division of Child Development, shall initiate an accreditation
43 program based on the criteria developed pursuant to subsection (g) of this section. The
44 Department shall evaluate programs on the accreditation criteria as part of the three-year
45 rated license assessment currently conducted by the Department. Any child care center,
46 Head Start program, prekindergarten program administered by a local educational
47 agency, or other educational prekindergarten program, including centers and programs
48 funded by Smart Start, that satisfies the accreditation criteria shall be designated as a
49 More At Four accredited program. This designation shall take effect once the
50 Department finds that the accreditation criteria have been met. The Department shall
51 periodically reevaluate accredited programs to ensure that the program continues to
52 satisfy the accreditation criteria. A child care center, Head Start program,
53 prekindergarten program administered by a local educational agency, or other
54 educational prekindergarten program, including centers and programs funded by Smart

1 Start, may petition the Department to evaluate the program on the accreditation criteria
2 in advance of the next regularly scheduled rated license assessment.

3 **SECTION 10.56.(i)** The Department of Health and Human Services shall
4 conduct a county-by-county needs and resources assessment to determine what
5 additional resources are necessary, if any, to meet the needs of at-risk four-year-olds in
6 each county in the State. This assessment shall take into consideration that different
7 counties may require different resources or programs to adequately meet the needs of
8 at-risk four-year-olds. The Department shall report on the results of this assessment to
9 the Senate Appropriations Committee on Health and Human Services, the House of
10 Representatives Appropriations Subcommittee on Health and Human Services, and the
11 Fiscal Research Division no later than April 1, 2003.

12 **SECTION 10.56.(j)** The Department of Health and Human Services shall
13 make a report to the 2003 General Assembly with recommendations for appropriate
14 incentives to encourage child care centers, Smart Start programs, Head Start programs,
15 prekindergarten programs administered by local educational agencies, and other
16 educational prekindergarten programs to achieve and maintain More at Four accredited
17 status.

18
19 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

20 **CHILD CARE SUBSIDY RATES**

21 **SECTION 10.57.** Section 21.73(f) of S.L. 2001-424 reads as rewritten:

22 **"SECTION 21.73.(f)** Provision of payment rates for child care providers in
23 counties that do not have at least ~~75~~50 children in each age group for center-based and
24 home-based care are as follows:

- 25 (1) Payment rates shall be set at the ~~statewide~~ or regional market rate for
26 licensed child care centers and homes.
27 (2) If it can be demonstrated that the application of the ~~statewide~~ or
28 regional market rate to a county with fewer than ~~75~~50 children in each
29 age group is lower than the county market rate and would inhibit the
30 ability of the county to purchase child care for low-income children,
31 then the county market rate may be applied."
32

33 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

34 **REPEAL CHILD CARE FRAUD PROVISION DUE TO FEDERAL** 35 **REPAYMENT REQUIREMENTS**

36 **SECTION 10.58.** G.S. 110-108 is repealed.
37

38 **PART XI. DEPARTMENT OF AGRICULTURE AND CONSUMER** 39 **SERVICES**

40
41 Requested by: Senators Martin of Pitt, Weinstein, Odom, Lee

42 **CLOSE ROBBINS DIAGNOSTIC LABORATORY**

43 **SECTION 11.1.** The Department of Agriculture and Consumer Services
44 shall close the Poultry Disease Diagnostic Laboratory located in the Town of Robbins in
45 Moore County and reassign one veterinarian position and one medical laboratory
46 technician position to the Rollins Animal Disease Diagnostic Laboratory located in
47 Raleigh. In order to preserve current laboratory capability, poultry diagnostic services
48 currently performed at the Poultry Disease Diagnostic Laboratory located in the Town
49 of Robbins shall be performed at the Rollins Animal Disease Diagnostic Laboratory
50 located in Raleigh or at other animal disease diagnostic laboratories of the Department
51 of Agriculture and Consumer Services.
52

53 Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

54 **ADJUST METHOD OF BUDGETING RECEIPTS AND LIMIT SPENDING**

1 **SECTION 11.2.(a)** The Office of State Budget and Management shall, in
2 accordance with G.S. 143-25, adjust its current method of budgeting receipt revenues
3 within the Department of Agriculture and Consumer Services to more accurately reflect
4 actual revenues.

5 **SECTION 11.2.(b)** Notwithstanding G.S. 143-23, the Division of Research
6 Stations of the Department of Agriculture and Consumer Services shall not spend more
7 during the 2002-2003 fiscal year than is appropriated under this act for the Division of
8 Research Stations of the Department of Agriculture and Consumer Services for the
9 2002-2003 fiscal year.

10
11 Requested by: Senators Martin of Pitt, Weinstein, Metcalf, Carter, Plyler, Odom,
12 Lee

13 **TRANSFER MOUNTAIN STATE FAIR RECEIPTS**

14 **SECTION 11.3.** The Department of Agriculture and Consumer Services
15 shall transfer the sum of seventy thousand dollars (\$70,000) from the Mountain State
16 Fair receipts for the 2002-2003 fiscal year to the Western North Carolina Development
17 Association, Inc., to be used to promote agricultural development in the western part of
18 the State.

19
20 **PART XII. DEPARTMENT OF ENVIRONMENT AND NATURAL**
21 **RESOURCES**

22
23 Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee
24 **GRASSROOTS SCIENCE PROGRAM**

25 **SECTION 12.1.** Section 19.2 of S.L. 2001-424 reads as rewritten:

26 **"SECTION 19.2.** Of the funds appropriated in this act to the Department of
27 Environment and Natural Resources for the Grassroots Science Program, the sum of
28 three million one hundred twenty thousand dollars (\$3,120,000) for fiscal year
29 2001-2002 and the sum of ~~three million one hundred twenty thousand dollars~~
30 ~~(\$3,120,000)~~ two million eight hundred one thousand seven hundred sixty dollars
31 (\$2,801,760) for fiscal year 2002-2003 are allocated as grants-in-aid for each fiscal year
32 as follows:

	2001-2002	2002-2003	
Aurora Fossil Museum	\$58,733	\$58,733	<u>\$57,535</u>
Cape Fear Museum	\$209,018	\$209,018	<u>\$187,205</u>
Catawba Science Center	\$167,833	\$167,833	<u>\$151,669</u>
Colburn Gem and Mineral Museum, Inc.	\$71,336	\$71,336	<u>\$68,409</u>
Discovery Place	\$699,985	\$699,985	<u>\$610,826</u>
Granville County Museum Commission, Inc. - Harris Gallery	\$61,553	\$61,553	<u>\$59,968</u>
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	\$157,305	\$157,305	<u>\$142,585</u>
Imagination Station	\$94,815	\$94,815	<u>\$88,668</u>
Iredell County Children's Museum	\$58,342	\$58,342	<u>\$57,198</u>
Museum of Coastal Carolina	\$64,141	\$64,141	<u>\$62,201</u>
Natural Science Center of Greensboro	\$250,850	\$250,850	<u>\$223,299</u>
North Carolina Museum of Life and Science	\$445,843	\$445,843	<u>\$391,545</u>
Rocky Mount Children's Museum	\$88,855	\$88,855	<u>\$83,525</u>
Schiele Museum of Natural History	\$348,433	\$348,433	<u>\$307,496</u>
Sci Works Science Center and Environmental Park of Forsyth County	\$178,947	\$178,947	<u>\$161,259</u>

1	Western North Carolina Nature Center	\$164,011	\$164,011	<u>\$148,372</u>
2				
3	Total	\$3,120,000	\$3,120,000	<u>\$2,801,760</u>
4				

5 Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

6 **STATEWIDE BEAVER DAMAGE CONTROL PROGRAM FUNDS**

7 **SECTION 12.2.** Section 19.1 of S.L. 2001-424 reads as rewritten:

8 "SECTION 19.1. Of the funds appropriated in this act to the Wildlife Resources
9 Commission, the sum of five hundred thousand dollars (\$500,000) for the 2001-2002
10 fiscal year and the sum of ~~five hundred thousand dollars (\$500,000)~~ four hundred forty-
11 nine thousand dollars (\$449,000) for the 2002-2003 fiscal year shall be used to provide
12 the State share necessary to support the beaver damage control program established in
13 G.S. 113-291.10, provided the sum of at least twenty-five thousand dollars (\$25,000) in
14 federal funds is available each fiscal year of the biennium to provide the federal share."
15

16 Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

17 **REORGANIZATION OF DENR/CONFORMING CHANGES**

18 **SECTION 12.3.(a)** The positions of Division Director and of Administrative

19 Assistant I within the Division of Radiation Protection of the Department of
20 Environment and Natural Resources are eliminated. All other positions within the
21 Division of Radiation Protection of the Department of Environment and Natural
22 Resources are reassigned to the Division of Environmental Health of the Department of
23 Environment and Natural Resources. All functions, powers, duties, and obligations of
24 the Division of Radiation Protection of the Department of Environment and Natural
25 Resources shall be performed by the Division of Environmental Health of the
26 Department of Environment and Natural Resources. The Division of Radiation
27 Protection of the Department of Environment and Natural Resources is abolished.

28 **SECTION 12.3.(b)** G.S. 104E-8(c) reads as rewritten:

29 "(c) The 10 ex officio members shall be appointed by the Governor, shall be
30 members or employees of the following State agencies or their successors, and shall
31 serve at the Governor's pleasure:

- 32 (1) The Utilities Commission;
- 33 (2) The Commission for Health Services;
- 34 (3) The Environmental Management Commission;
- 35 (4) The Board of Transportation;
- 36 (5) The Division of Emergency Management of the Department of Crime
37 Control and Public Safety;
- 38 (6) The Division of ~~Radiation Protection~~ Environmental Health of the
39 Department;
- 40 (7) The Department of Labor;
- 41 (8) The Industrial Commission;
- 42 (9) The Department of Insurance;
- 43 (10) The Medical Care Commission."

44 **SECTION 12.3.(c)** G.S. 104E-9(b) reads as rewritten:

45 "(b) The ~~Radiation Protection~~ Division of Environmental Health of the
46 Department of Environment and Natural Resources shall develop a training program for
47 tanning equipment operators that meets the training rules adopted by the North Carolina
48 Radiation Protection Commission. If the training program is provided by the
49 Department, the Department may charge each person trained a reasonable fee to recover
50 the actual cost of the training program."

51 **SECTION 12.3.(d)** G.S. 120-70.33 reads as rewritten:

52 **"§ 120-70.33. Powers and duties.**

53 The Joint Select Committee shall have the following powers and duties:

- 54 (1) To study alternatives available to the State for dealing with low-level
55 radioactive waste and the ramifications of each of those alternatives;

- 1 (2) Repealed by Session Laws 2001-474, s. 12, effective November 29,
2 2001.
- 3 (3) To evaluate actions of the Radiation Protection Commission, the
4 Division of ~~Radiation Protection~~Environmental Health of the
5 Department of Environment and Natural Resources, and of any other
6 board, commission, department, or agency of the State or local
7 government as such actions relate to low-level radioactive waste
8 management;
- 9 (4) Repealed by Session Laws 2001-474, s. 12, effective November 29,
10 2001.
- 11 (5) To review and evaluate changes in federal law and regulations,
12 relevant court decisions, and changes in technology affecting low-level
13 radioactive waste management;
- 14 (6) To review existing and proposed State law and rules affecting
15 low-level radioactive waste management and to determine whether any
16 modification of law or rules is in the public interest;
- 17 (7) To make reports and recommendations, including draft legislation, to
18 the General Assembly from time to time as to any matter relating to
19 the powers and duties set out in this section; and
- 20 (8) To undertake such additional studies as it deems appropriate or as may
21 from time to time be requested by the President Pro Tempore of the
22 Senate, the Speaker of the House of Representatives, either house of
23 the General Assembly, the Legislative Research Commission, the Joint
24 Legislative Commission on Governmental Operations, the
25 Environmental Review Commission, or the Joint Legislative Utility
26 Review Committee, and to make such reports and recommendations to
27 the General Assembly regarding such studies as it deems appropriate."

28 **SECTION 12.3.(e)** G.S. 143B-279.3(c)(1) is repealed.

29 **SECTION 12.3.(f)** G.S. 166A-6.1(b) reads as rewritten:

30 "(b) Every person, firm, corporation or municipality who is licensed to construct
31 or who is operating a fixed nuclear facility for the production of electricity shall pay to
32 the Department of Crime Control and Public Safety, for the use of the Division of
33 ~~Radiation Protection~~Environmental Health of the Department of Environment and
34 Natural Resources, an annual fee of thirty-six thousand dollars (\$36,000) for each fixed
35 nuclear facility that is located within this State or has a Plume Exposure Pathway
36 Emergency Planning Zone of which any part is located within this State. This fee shall
37 be applied to the costs of planning and implementing emergency response activities as
38 are required by the Federal Emergency Management Agency for the operation of
39 nuclear facilities. This fee is to be paid no later than July 31 of each year."

40
41 Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

42 **RELOCATE DIVISION OF COASTAL MANAGEMENT TO COASTAL**
43 **COUNTIES**

44 **SECTION 12.4.** The Division of Coastal Management, Department of
45 Environment and Natural Resources, shall relocate its offices and staff from Raleigh to
46 one or more of the State's 20 coastal counties by June 30, 2003. The Secretary of
47 Environment and Natural Resources is responsible for implementing this section and
48 ensuring that the relocation is completed by June 30, 2003.

49
50 Requested by: Senators Martin of Pitt, Weinstein, Odom, Plyler, Lee

51 **DENR POSITION FOR SCRAP TIRE PROGRAM**

52 **SECTION 12.5.(a)** Section 19.14 of S.L. 2001-424 reads as rewritten:

53 **"SECTION 19.14.** Notwithstanding the provisions of G.S. 130A-309.63, the
54 Department of Environment and Natural Resources may use funds in the Scrap Tire
55 Disposal Account that, pursuant to G.S. 130A-309.63(d), are to be used for the cleanup

1 of scrap tire collection sites, to maintain and support a position for the 2001-2002 fiscal
2 year ~~and for the 2002-2003 fiscal year~~ to provide regulatory assistance to local
3 governments to develop programs to prevent scrap tires from outside the State from
4 being presented for free disposal and to complete the cleanup of nuisance tire collection
5 sites."

6 **SECTION 12.5.(b)** G.S. 130A-309.63 reads as rewritten:

7 **"§ 130A-309.63. Scrap Tire Disposal Account.**

8 (a) Creation. – The Scrap Tire Disposal Account is established as a nonreverting
9 account within the Department. The Account consists of revenue credited to the
10 Account from the proceeds of the scrap tire disposal tax imposed by Article 5B of
11 Chapter 105 of the General Statutes. The Department may use revenue in the Account
12 only as authorized by this section.

13 (b) Use. – The Department may use revenue in the Account only as authorized by
14 this section.

15 (1) The Department may use up to fifty percent (50%) of the revenue in
16 the Account to make grants to units of local government to assist them
17 in disposing of scrap tires. To administer the grants, the Department
18 shall establish procedures for applying for a grant and the criteria for
19 selecting among grant applicants. The criteria shall include the
20 financial ability of a unit of local government to provide for scrap tire
21 disposal, the severity of a unit of local government's scrap tire disposal
22 problem, the effort made by a unit of local government to ensure that
23 only tires generated in the normal course of business in this State are
24 provided free disposal, and the effort made by a unit of local
25 government to provide for scrap tire disposal within the resources
26 available to it.

27 (2) The Department may use up to forty percent (40%) of the revenue in
28 the Account to make grants to encourage the use of processed scrap
29 tire materials. These grants may be made to encourage the use of
30 tire-derived fuel, crumb rubber, carbon black, or other components of
31 tires for use in products such as fuel, tires, mats, auto parts, gaskets,
32 flooring material, or other applications of processed tire materials.
33 These grants shall be made in consultation with the Department of
34 Commerce, the Division of ~~Environmental Assistance and Pollution~~
35 Prevention and Environmental Assistance of the Department, and,
36 where appropriate, the Department of Transportation. Grants to
37 encourage the use of processed scrap tire materials shall not be used to
38 process tires.

39 (3) The Department may use revenue in the Account to support a position
40 to provide local governments with assistance in developing and
41 implementing scrap tire management programs designed to complete
42 the cleanup of nuisance tire collection sites and prevent scrap tires
43 generated from outside of the State from being presented for free
44 disposal in the State.

45 (4) The Department may use the remaining revenue in the Account only to
46 clean up scrap tire collection sites that the Department has determined
47 are a nuisance. The Department may use funds in the Account to clean
48 up a nuisance tire collection site only if no other funds are available for
49 that purpose.

50 (c) Eligibility. – A unit of local government is not eligible for a grant for scrap
51 tire disposal unless its costs for disposing of scrap tires for the six-month period
52 preceding the date the unit of local government files an application for a grant exceeded
53 the amount the unit of local government received during that period from the proceeds
54 of the scrap tire tax under G.S. 105-187.19. A grant to a unit of local government for

1 scrap tire disposal may not exceed the unit of local government's unreimbursed cost for
2 the six-month period.

3 ~~(d) Cleanup of Nuisance Tire Sites.— The Department may use the remaining~~
4 ~~revenue in the Account only to clean up scrap tire collection sites that the Department~~
5 ~~has determined are a nuisance. The Department may use funds in the Account to clean~~
6 ~~up a nuisance tire collection site only if no other funds are available for that purpose.~~

7 (e) Reporting. – The Department shall include in the report to be delivered to the
8 Environmental Review Commission on or before 15 January of each year pursuant to
9 G.S. 130A-309.06(c) a description of the implementation of the North Carolina Scrap
10 Tire Disposal Act for the fiscal year ending the preceding 30 June. The description of
11 the implementation of the North Carolina Scrap Tire Disposal Act shall include the
12 beginning and ending balances in the Account for the reporting period, the amount
13 credited to the Account during the reporting period, and the amount of revenue used for
14 grants and to clean up nuisance tire collection sites."

15 16 PART XIII. DEPARTMENT OF COMMERCE

17
18 Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

19 OREGON INLET FUNDS

20 SECTION 13.1. Funds appropriated to the Department of Commerce for the
21 2001-2002 fiscal year for the Oregon Inlet Project that are unexpended and
22 unencumbered as of June 30, 2002, shall not revert to the General Fund on June 30,
23 2002, but shall remain available to the Department for legal costs associated with the
24 Project. This section becomes effective June 30, 2002.

25
26 Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

27 COUNCIL OF GOVERNMENT FUNDS

28 SECTION 13.2.(a) Section 20.12(a) of S.L. 2001-424 reads as rewritten:

29 "SECTION 20.12.(a) Of the funds appropriated in this act to the Department of
30 Commerce, nine hundred thirty-five thousand dollars (\$935,000) for the 2001-2002
31 fiscal year and ~~nine hundred thirty five thousand dollars (\$935,000)~~eight hundred thirty-
32 two thousand one hundred fifty dollars (\$832,150) for the 2002-2003 fiscal year shall
33 only be used as provided by this section. Each regional council of government or lead
34 regional organization is allocated up to ~~fifty five thousand dollars (\$55,000)~~forty-eight
35 thousand nine hundred fifty dollars (\$48,950) for ~~each the 2002-2003~~ fiscal year, with
36 the actual amount calculated as provided in subsection (b) of this section."

37 SECTION 13.2.(b) Section 20.12(b) of S.L. 2001-424 reads as rewritten:

38 "SECTION 20.12.(b) The funds shall be allocated as follows: A share of the
39 maximum ~~fifty five thousand dollars (\$55,000)~~forty-eight thousand nine hundred
40 fifty dollars (\$48,950) for the 2002-2003 fiscal year shall be allocated to each county
41 and smaller city, based on the most recent annual estimate of the Office of State
42 Planning of the population of that county (less the population of any larger city within
43 that county) or smaller city, divided by the sum of the total population of the region
44 (less the population of larger cities within that region) and the total population of the
45 region living in smaller cities. Those funds shall be paid to the regional council of
46 government for the region in which that city or county is located upon receipt by the
47 Department of Commerce of a resolution of the governing board of the county or city
48 requesting release of the funds. If any city or county does not so request payment of
49 funds by June 30 of ~~a the~~ State fiscal year, ~~that share of~~ the allocation for that fiscal year
50 shall revert to the General Fund."

51
52 Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

53 WORKER TRAINING TRUST FUND APPROPRIATIONS

54 SECTION 13.3.(a) There is appropriated from the Worker Training Trust
55 Fund to the Employment Security Commission of North Carolina the sum of six million

1 three hundred thousand dollars (\$6,300,000) for the 2002-2003 fiscal year for the
2 operation of local offices.

3 **SECTION 13.3.(b)** Notwithstanding the provisions of G.S. 96-5(f), there is
4 appropriated from the Worker Training Trust Fund to the following agencies the
5 following sums for the 2002-2003 fiscal year for the following purposes:

- 6 (1) One million two hundred eighty-three thousand five hundred eleven
7 dollars (\$1,283,511) for the 2002-2003 fiscal year to the Department
8 of Commerce, Division of Employment and Training, for the
9 Employment and Training Grant Program;
- 10 (2) Eight hundred ninety-seven thousand five hundred eighty-seven
11 dollars (\$897,587) for the 2002-2003 fiscal year to the Community
12 Colleges System Office for customized training of the unemployed and
13 the working poor for specific jobs needed by employers through the
14 Training Initiatives Program;
- 15 (3) One million seven hundred thousand dollars (\$1,700,000) for the
16 2002-2003 fiscal year to the Community Colleges System Office to
17 continue the Focused Industrial Training Program;
- 18 (4) Two hundred one thousand nine hundred fifty-seven dollars
19 (\$201,957) for the 2002-2003 fiscal year to the Employment Security
20 Commission for the State Occupational Information Coordinating
21 Committee to develop and operate an interagency system to track
22 former participants in State education and training programs;
- 23 (5) Three hundred fifty-nine thousand thirty-five dollars (\$359,035) for
24 the 2002-2003 fiscal year to the Community Colleges System Office
25 for a training program in entrepreneurial skills to be operated by North
26 Carolina REAL Enterprises;
- 27 (6) Fifty-three thousand eight hundred fifty-six dollars (\$53,856) for the
28 2002-2003 fiscal year to the Employment Security Commission to
29 maintain compliance with Chapter 96 of the General Statutes, which
30 directs the Commission to employ the Common Follow-Up
31 Management Information System to evaluate the effectiveness of the
32 State's job training, education, and placement programs; and
- 33 (7) Eight hundred ninety-seven thousand five hundred eighty-seven
34 dollars (\$897,587) for the 2002-2003 fiscal year to the Department of
35 Labor to continue the Apprenticeship Program.

36 **SECTION 13.3.(c)** North Carolina REAL Enterprises and the other agencies
37 listed in subsections (a) and (b) of this section shall do the following for the programs
38 for which funds are appropriated in this section:

39 By January 15, 2003, and more frequently as requested, report to the
40 Joint Legislative Commission on Governmental Operations and the
41 Fiscal Research Division the following information:

- 42 a. State fiscal year 2002-2003 program activities, objectives, and
43 accomplishments;
- 44 b. State fiscal year 2002-2003 itemized expenditures and fund
45 sources;
- 46 c. State fiscal year 2003-2004 planned activities, objectives, and
47 accomplishments including actual results through December 31,
48 2002; and
- 49 d. State fiscal year 2003-2004 estimated itemized expenditures
50 and fund sources including actual expenditures and fund
51 sources through December 31, 2002.

52 **SECTION 13.3.(d)** North Carolina REAL Enterprises shall, in addition to
53 satisfying the reporting requirements in subsection (c) of this section, provide to the
54 Fiscal Research Division a copy of the organization's annual audited financial statement
55 within 30 days of issuance of the statement.

1
2 Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

3 **NER INTERIM STUDY/SMALL BUSINESS DEVELOPMENT FUNCTIONS**

4 **SECTION 13.4.(a)** During the interim between the end of the 2002 Regular
5 Session of the 2001 General Assembly and the beginning of the 2003 General
6 Assembly, the Senate and House of Representatives Appropriations Subcommittees on
7 Natural and Economic Resources may study the feasibility and desirability of
8 designating the Small Business and Technology Development Center (SBTDC) as the
9 State's presumptive provider of small business development assistance, including: (i)
10 promoting the development of small business incubators; and (ii) investing in
11 early-stage technology-based businesses.

12 **SECTION 13.4.(b)** The subcommittees shall report their recommendations,
13 including any proposed changes to the General Statutes, to the 2003 General Assembly
14 no later than January 15, 2003. The subcommittees may seek and obtain assistance
15 from any agencies and resources outside the General Assembly that the subcommittees
16 determine are needed to adequately perform the study.

17
18 Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

19 **REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS**

20 **SECTION 13.6.** Section 20.10 of S.L. 2001-424 reads as rewritten:

21 **"SECTION 20.10.(a)** Funds appropriated in this act to the Department of
22 Commerce for regional economic development commissions shall be allocated to the
23 following ~~commissions~~ Commissions in accordance with subsection (b) of this section:
24 Western North Carolina Regional Economic Development Commission, Research
25 Triangle Regional Commission, Southeastern North Carolina Regional Economic
26 Development Commission, Piedmont Triad Partnership, Northeastern North Carolina
27 Regional Economic Development Commission, Global TransPark Development
28 Commission, and Carolinas Partnership, Inc.

29 **SECTION 20.10.(b)** Funds appropriated pursuant to subsection (a) of this section
30 shall be allocated to each ~~regional economic development commission~~ Regional
31 Economic Development Commission as follows:

- 32 (1) First, the Department shall establish each ~~commission's~~ Commission's
33 allocation by determining the sum of allocations to each county that is
34 a member of that ~~commission~~ Commission. Each county's allocation
35 shall be determined by dividing the county's enterprise factor by the
36 sum of the enterprise factors for eligible counties and multiplying the
37 resulting percentage by the amount of the appropriation. As used in
38 this subdivision, the term "enterprise factor" means a county's
39 enterprise factor as calculated under ~~G.S. 105-129.3; G.S. 105-129.3.~~
40 (2) Next, the Department shall subtract from funds allocated to the Global
41 TransPark Development ~~Zone~~ Commission the sum of two hundred
42 four thousand four hundred thirty-three dollars (\$204,433) in ~~each~~
43 ~~fiscal year, the 2001-2002 fiscal year and the sum of one hundred~~
44 ~~seventy-one thousand nine hundred seventy-nine dollars (\$171,979) in~~
45 ~~the 2002-2003 fiscal year~~ which sum represents the interest earnings in
46 each fiscal year on the estimated balance of seven million five hundred
47 thousand dollars (\$7,500,000) appropriated to the Global TransPark
48 Development Zone in Section 6 of Chapter 561 of the 1993 Session
49 ~~Laws; and Laws.~~
50 (3) Next, the Department shall redistribute the sum of two hundred four
51 thousand four hundred thirty-three dollars (\$204,433) in ~~each fiscal~~
52 ~~year the 2001-2002 fiscal year and the sum of one hundred thousand~~
53 ~~seventy-one thousand nine hundred seventy-nine dollars (\$171,979) in~~
54 ~~the 2002-2003 fiscal year~~ to the seven ~~regional economic development~~
55 ~~commissions~~ Regional Economic Development Commissions named

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

7 (4) For the 2002-2003 fiscal year, funds allocated pursuant to subdivisions
 8 (1), (2), and (3) of this subsection shall be reduced by the sum of one
 9 hundred thousand dollars (\$100,000) for each of the Regional
 10 Economic Development Commissions listed in subsection (a) of this
 11 section.

12 (5) Funds appropriated in this act to the Department of Commerce for the
 13 Regional Economic Development Commissions shall be budgeted in
 14 Budget Code 14601 (Commerce-State Aid)."

15
 16 Requested by: Senators Martin of Pitt and Weinstein, Plyler, Odom, Lee

17 **REGIONAL COMMISSION REPORTS**

18 **SECTION 13.7.** Section 20.11(a) of S.L. 2001-424 reads as rewritten:

19 **"SECTION 20.11.(a)** ~~Each regional economic development commission~~Regional
 20 Economic Development Commission receiving a grant-in-aid from the Department of
 21 Commerce shall:

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

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

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

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

52 (2) Report by January 15, 2003, on the first and second quarters of the
 53 2002-2003 fiscal year, and by July 15, 2003, on the third and fourth
 54 quarters of the 2002-2003 fiscal year, regarding the following:

- 1 a. Program activities, objectives, and accomplishments for its
 2 region, to include:
 3 1. Specific businesses and/or industries that have been
 4 recruited.
 5 2. Businesses and/or industries that have located as a result
 6 of recruitment efforts, and number of new jobs created as
 7 a result of that location decision.
 8 3. Existing businesses and/or industries that have expanded
 9 as a result of assistance, and number of new jobs created
 10 as a result of that expansion.
 11 4. Existing businesses and/or industries that have remained
 12 as a result of retention efforts, and number of jobs saved
 13 as a result of that retention.
 14 5. For sub-sub-subdivisions 1 through 4 of this sub-
 15 subdivision, each Commission shall describe its role in
 16 the activities and identify the relative contributions of the
 17 Commission and the Department of Commerce to the
 18 activities.
 19 6. Number and description of marketing outreach events,
 20 including trade shows, recruitment missions, and related
 21 activities.
 22 7. Initiatives undertaken to establish certified sites and shell
 23 buildings.
 24 8. Number of referrals or leads handled that were generated
 25 by the Department of Commerce, and number that were
 26 generated by the Commission.
 27 b. Total itemized actual revenues and expenditures, by fund
 28 source.

29 The report required by this subsection shall be made to the Department
 30 of Commerce, the Joint Legislative Commission on Governmental
 31 Operations, and the Fiscal Research Division.

- 32 (3) Report by January 15, 2003, to the Joint Legislative Commission on
 33 Governmental Operations, the Fiscal Research Division, and the
 34 Department of Commerce on the following:

- 35 a. State fiscal year 2001-2002 program activities, objectives, and
 36 accomplishments.
 37 b. State fiscal year 2001-2002 itemized expenditures, including
 38 salary and benefits for all employees regardless of funding
 39 sources, and fund sources.

- 40 (4) Report by January 15, 2003, to the Department of Commerce on the
 41 number and listing of available sites and buildings within the region.

- 42 ~~(3)~~(5) Provide to the Fiscal Research Division and the Department of
 43 Commerce a copy of its annual audited financial statement within 30
 44 days of issuance of the statement."

45
 46 Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

47 **PLAN FOR CONSOLIDATING CERTAIN REGIONAL ECONOMIC**
 48 **DEVELOPMENT COMMISSIONS**

49 **SECTION 13.8.** The Southeastern North Carolina Regional Economic
 50 Development Commission, Northeastern North Carolina Regional Economic
 51 Development Commission, and the Global TransPark Development Commission shall
 52 jointly develop a plan for consolidating the three separate Commissions into two
 53 Commissions. The plan shall provide for the consolidation to take place no later than
 54 June 30, 2003. The Commissions shall report their plan to the Joint Appropriations
 55 Subcommittee on Natural and Economic Resources by January 1, 2003.

1
2 Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

3 **STUDY EFFECTIVENESS OF ECONOMIC DEVELOPMENT AGENCIES**

4 **SECTION 13.9.** The Kenan-Flagler Business School ("Business School") of
5 the University of North Carolina at Chapel Hill shall study the effectiveness of the
6 economic development activities of the North Carolina Department of Commerce
7 ("Commerce") and the Regional Economic Development Commissions
8 ("Commissions"). In conducting its study the Business School shall work with
9 Commerce and the Commissions to do the following:

- 10 (1) Identify how Commerce and the Commissions can improve
11 communication, implement a more coordinated and efficient
12 recruitment and retention effort throughout the State, and avoid
13 duplication of effort,
14 (2) Establish specific performance measures and outcomes relevant to the
15 mission, goals, and objectives of Commerce and the Commissions,
16 (3) Develop a "scorecard" that can be used to measure the extent to which
17 Commerce and the Commissions have achieved their goals, objectives,
18 and outcomes, and
19 (4) Recommend a performance-based funding mechanism that will inform
20 the General Assembly's decisions regarding appropriations to
21 Commerce and the Commissions.

22 The Business School also may include in its study and recommendations any
23 other information it deems relevant to the study and its intent.

24 The Business School shall report its findings and recommendations to the
25 Senate Appropriations Subcommittee on Natural and Economic Resources, the Senate
26 Full Appropriations Chairs, the Joint Legislative Commission on Governmental
27 Operations, and the Fiscal Research Division by January 15, 2003.

28
29 Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

30 **NONPROFIT REPORTING REQUIREMENTS**

31 **SECTION 13.10.** Section 20.14 of S.L. 2001-424 reads as rewritten:

32 **"SECTION 20.14.(a)** The N.C. Institute for Minority Economic Development, Inc.,
33 Land Loss Prevention Project, ~~North Carolina Coalition of Farm and Rural Families,~~
34 ~~Inc.,~~ North Carolina Minority Support Center, North Carolina Community Development
35 Initiative, Inc., North Carolina Association of Community Development Corporations,
36 Inc., and Partnership for the Sounds, Inc., shall do the following:

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

- b. State fiscal year 2001-2002 itemized expenditures and fund sources;
 - c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments including actual results through December 31, 2002; and
 - d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2002; and
- (3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

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

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

RURAL ECONOMIC DEVELOPMENT CENTER

SECTION 13.11.(a) Section 20.15(a) of S.L. 2001-424 reads as rewritten:

"SECTION 20.15.(a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of one million seven hundred eighty-eight thousand seven hundred forty-nine dollars (\$1,788,749) for the 2001-2002 fiscal year and the sum of ~~one million seven hundred eighty eight thousand seven hundred forty nine dollars (\$1,788,749)~~ one million seven hundred forty-four thousand seven hundred forty-nine dollars (\$1,744,749) for the 2002-2003 fiscal year shall be allocated as follows:

	2001-2002 FY	2002-2003 FY
Research and Demonstration Grants	\$444,000	\$444,000 <u>\$400,000</u>
Technical Assistance and Center Administration of Research and Demonstration Grants	444,471	444,471
Center Administration, Oversight, and Other Programs	437,278	437,278
Administration of Clean Water/ Natural Gas Critical Needs Bond Act of 1998	199,722	199,722
Additional Administration of Supplemental Funding Program	138,278	138,278
Administration of Capacity Building Assistance Program (1998 Bond Act)	125,000	125,000."

SECTION 13.11.(b) Section 20.15(e) of S.L. 2001-424 reads as rewritten:

"SECTION 20.15.(e) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of two million nine hundred two thousand dollars (\$2,902,000) for the 2001-2002 fiscal year and the sum of ~~two million nine hundred two thousand dollars (\$2,902,000)~~ two million five hundred forty-two thousand one hundred forty-nine dollars (\$2,542,149) for the 2002-2003 fiscal year shall be allocated as follows:

- (1) ~~\$1,124,000 in each~~ \$1,124,000 for the 2001-2002 fiscal year and \$1,067,800 for the 2002-2003 fiscal year for community development grants to support development projects and activities within the State's minority communities. Any community development corporation as defined in this section is eligible to apply for funds. The Rural Economic Development Center, Inc., shall establish performance-based criteria for determining which community development corporation will

1 receive a grant and the grant amount. The Rural Economic
2 Development Center, Inc., shall allocate these funds as follows:

- 3 a. ~~\$837,720 in each~~ for the 2001-2002 fiscal year and \$810,000 for
4 the 2002-2003 fiscal year for direct grants to the local
5 community development corporations that have previously
6 received State funds for this purpose to support operations and
7 project activities;
- 8 b. ~~\$236,280 in each~~ for the 2001-2002 fiscal year and \$207,800 for
9 the 2002-2003 fiscal year for direct grants to local community
10 development corporations that have not previously received
11 State funds; and
- 12 c. \$50,000 in each fiscal year to the Rural Economic Development
13 Center, Inc., to be used to cover expenses in administering this
14 section.
- 15 (2) ~~\$234,000 in each~~ for the 2001-2002 fiscal year and \$210,600 for the
16 2002-2003 fiscal year to the Microenterprise Loan Program to support
17 the loan fund and operations of the Program; and
- 18 (3) ~~\$1,344,000 in each~~ for the 2001-2002 fiscal year and \$1,063,749 for
19 the 2002-2003 fiscal year shall be used for a program to provide
20 supplemental funding for matching requirements for projects and
21 activities authorized under this subdivision. The Center shall allocate
22 these funds as follows:
- 23 a. ~~\$1,094,000 in each~~ for the 2001-2002 fiscal year and \$838,749
24 for the 2002-2003 fiscal year to make grants to local
25 governments and nonprofit corporations to provide funds
26 necessary to match federal grants or other grants for:
- 27 1. Necessary economic development projects and activities
28 in economically distressed areas;
- 29 2. Necessary water and sewer projects and activities in
30 economically distressed communities to address health
31 or environmental quality problems except that funds
32 shall not be expended for the repair or replacement of
33 low-pressure pipe wastewater systems. If a grant is
34 awarded under this sub-subdivision, then the grant shall
35 be matched on a dollar-for-dollar basis in the amount of
36 the grant awarded; or
- 37 3. Projects that demonstrate alternative water and waste
38 management processes for local governments. Special
39 consideration should be given to cost-effectiveness,
40 efficacy, management efficiency, and the ability of the
41 demonstration project to be replicated.
- 42 b. ~~\$250,000 in each~~ for the 2001-2002 fiscal year and \$225,000 for
43 the 2002-2003 fiscal year to make grants to local governments
44 and nonprofit corporations to provide funds necessary to match
45 federal grants or other grants related to water, sewer, or
46 business development projects.
- 47 (4) \$200,000 in each fiscal year for the Agricultural Advancement
48 Consortium. These funds shall be placed in a reserve and allocated as
49 follows:
- 50 a. \$75,000 in each fiscal year for operating expenses associated
51 with the Consortium; and
- 52 b. \$125,000 in each fiscal year for research initiatives funded by
53 the Consortium.

1 The Consortium shall facilitate discussions among interested parties
 2 and shall develop recommendations to improve the State's economic
 3 development through farming and agricultural interests.
 4 The grant recipients in this subsection shall be selected on the basis of need."

5
 6 Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

7 **OPPORTUNITIES INDUSTRIALIZATION CENTER FUNDS**

8 **SECTION 13.12.** Section 20.16(a) of S.L. 2001-424 reads as rewritten:

9 "**SECTION 20.16.(a)** Of the funds appropriated in this act to the Rural Economic
 10 Development Center, Inc., the sum of four hundred thousand dollars (\$400,000) for the
 11 2001-2002 fiscal year and the sum of ~~four hundred thousand dollars (\$400,000)~~three
 12 hundred eighty thousand dollars (\$380,000) for the 2002-2003 fiscal year shall be
 13 allocated as follows:

- 14 (1) \$100,000 ~~in each~~for the 2001-2002 fiscal year and \$95,000 for the
 15 2002-2003 fiscal year to the Opportunities Industrialization Center of
 16 Wilson, Inc., for its ongoing job training programs;
 17 (2) \$100,000 ~~in each~~for the 2001-2002 fiscal year and \$95,000 for the
 18 2002-2003 fiscal year to the Opportunities Industrialization Center,
 19 Inc., in Rocky Mount, for its ongoing job training programs;
 20 (3) \$100,000 ~~in each~~for the 2001-2002 fiscal year and \$95,000 for the
 21 2002-2003 fiscal year to the Opportunities Industrialization Centers
 22 Kinston and Lenoir County, North Carolina, Inc.; and
 23 (4) \$100,000 ~~in each~~for the 2001-2002 fiscal year and \$95,000 for the
 24 2002-2003 fiscal year to the Opportunities Industrialization Center of
 25 Elizabeth City, Inc."

26
 27 **PART XIV. JUDICIAL DEPARTMENT**

28
 29 Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

30 **REAPPOINTMENT OF SPECIAL SUPERIOR COURT JUDGES**

31 **SECTION 14.1.** G.S. 7A-45.1(a2) reads as rewritten:

32 "(a2) Effective December 15, 1996, the Governor may appoint four special superior
 33 court judges to serve terms expiring five years from the date that each judge takes
 34 office. Successors to the special superior court judges appointed pursuant to this
 35 subsection shall be appointed to five-year terms. However, the terms of two of the initial
 36 successors to the special superior court judges appointed pursuant to this subsection
 37 shall not commence until January 1, 2003, and the terms of the other two initial
 38 successors shall not commence until July 1, 2003. A special judge takes the same oath
 39 of office and is subject to the same requirements and disabilities as are or may be
 40 prescribed by law for regular judges of the superior court, save the requirement of
 41 residence in a particular district."

42
 43 Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

44 **SUCCESSORS TO JUDGES AT MANDATORY RETIREMENT AGE**

45 **SECTION 14.2.** Upon the mandatory retirement of any sitting district court
 46 judge or superior court judge after January 1, 2003, the Governor shall appoint a
 47 successor who shall take office on or after July 1, 2003.

48
 49 Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

50 **RESTRICT DISTRICT COURT MANDATORY ARBITRATION**

51 **SECTION 14.3.(a)** G.S. 7A-37.1(c) reads as rewritten:

52 "(c) This procedure may be employed in civil actions where claims do not exceed
 53 fifteen thousand dollars ~~(\$15,000).~~ (\$15,000), except that it shall not be employed in
 54 actions on an account and appeals from magistrates only involving monies owed."

SECTION 14.3.(b) The Judicial Department shall study the feasibility of charging the costs of arbitration to the parties to civil actions in district court, with the intent of making the program self-supporting. The Department shall report by March 1, 2003 to the Chairs of the Senate and House Appropriations Committees and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety on their findings and any recommendations for modification of the existing program.

Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

FEDERAL GRANT FUNDS

SECTION 14.4. The Judicial Department shall use up to the sum of eight hundred seventy-five thousand dollars (\$875,000) from funds available to the Department to provide the State match needed in order to receive federal grant funds. Prior to using funds for this purpose, the Department shall report to the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety and the Joint Legislative Commission on Governmental Operations on the grants to be matched using these funds. The Judicial Department shall also use proceeds from the Court Information Technology Fund to fulfill prior obligations to criminal justice information projects receiving federal funds.

Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

ASSISTANT DISTRICT ATTORNEY POSITIONS

SECTION 14.5. G.S. 7A-60(a1) reads as rewritten:

"(a1) The counties of the State are organized into prosecutorial districts, and each district has the counties and the number of full-time assistant district attorneys set forth in the following table:

Prosecutorial District	Counties	No. of Full-Time Asst. District Attorneys
1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	9 <u>8</u>
2	Beaufort, Hyde, Martin, Tyrrell, Washington	5
3A	Pitt	9
3B	Carteret, Craven, Pamlico	10
4	Duplin, Jones, Onslow, Sampson	14
5	New Hanover, Pender	14
6A	Halifax	4
6B	Bertie, Hertford, Northampton	4
7	Edgecombe, Nash, Wilson	15
8	Greene, Lenoir, Wayne	11
9	Franklin, Granville, Vance, Warren	10
9A	Person, Caswell	4 <u>3</u>
10	Wake	30
11	Harnett, Johnston, Lee	14
12	Cumberland	18 <u>17</u>
13	Bladen, Brunswick, Columbus	10
14	Durham	13
15A	Alamance	8
15B	Orange, Chatham	7
16A	Scotland, Hoke	5

1	16B	Robeson	9
2	17A	Rockingham	5 4
3	17B	Stokes, Surry	5
4	18	Guilford	26
5	19A	Cabarrus	6
6	19B	Montgomery, Moore, Randolph	11
7	19C	Rowan	5
8	20	Anson, Richmond,	15
9		Stanly, Union	
10	21	Forsyth	17 16
11	22	Alexander, Davidson, Davie,	16
12		Iredell	
13	23	Alleghany, Ashe, Wilkes,	5
14		Yadkin	
15	24	Avery, Madison, Mitchell,	4
16		Watauga, Yancey	
17	25	Burke, Caldwell, Catawba	14
18	26	Mecklenburg	33
19	27A	Gaston	12
20	27B	Cleveland,	8 7
21		Lincoln	
22	28	Buncombe	10
23	29	Henderson, McDowell, Polk,	11
24		Rutherford, Transylvania	
25	30	Cherokee, Clay, Graham,	8 7
26		Haywood, Jackson, Macon,	
27		Swain."	
28			

Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

MAGISTRATE POSITIONS

SECTION 14.6.(a) Notwithstanding the provisions of G.S. 7A-133(c) establishing minimum numbers of magistrate provisions in each county, the Administrative Office of the Courts shall identify and eliminate 15 magistrate positions across the State in a manner that minimizes the impact on access to court resources. Positions may be eliminated only in counties that currently have at least five magistrate positions, and no more than one position per judicial district may be eliminated.

In identifying the 15 positions, the Administrative Office of the Courts shall:

- (1) Identify counties with a disproportionate number of magistrate positions, based upon caseload;
- (2) Consider more cost-effective methods of providing access to magistrates in rural areas;
- (3) Determine the optimal mix of part-time and full-time magistrate positions; and
- (4) Consider ongoing discussions before the Courts Commission and the Judicial Counsel on magistrate staffing and jurisdiction.

SECTION 14.6.(b) The Administrative Office of the Courts shall report by December 1, 2002, to the Chairs of the Senate and House Appropriations Committees and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety on the positions to be eliminated and the methodology used to identify those positions.

Requested by: Senators Thomas, Wellons, Plyler, Odom, Lee

TRANSFER SENTENCING SERVICES PROGRAM TO OFFICE OF INDIGENT DEFENSE SERVICES

1 **SECTION 14.7.(a)** The statutory authority, powers, duties, and functions,
2 records, personnel, property, unexpended balances of appropriations, allocations or
3 other funds, including the functions of budgeting and purchasing, of the Administrative
4 Office of the Courts to conduct the Sentencing Services Program, as provided by Article
5 61 of Chapter 7A of the General Statutes, are transferred to the Office of Indigent
6 Defense Services.

7 **SECTION 14.7.(b)** G.S. 7A-498.2(a) reads as rewritten:

8 "(a) The Office of Indigent Defense Services, which is administered by the
9 Director of Indigent Defense Services and includes the Commission on Indigent
10 Defense ~~Services, Services and the Sentencing Services Program established in Article~~
11 61 of this Chapter, is created within the Judicial Department. As used in this Article,
12 "Office" means the Office of Indigent Defense Services, "Director" means the Director
13 of Indigent Defense Services, and "Commission" means the Commission on Indigent
14 Defense Services."

15 **SECTION 14.7.(c)** G.S. 7A-498.6(b) reads as rewritten:

16 "(b) The Director shall:

- 17 (1) Prepare and submit to the Commission a proposed budget for the
18 Office of Indigent Defense Services, an annual report containing
19 pertinent data on the operations, costs, and needs of the Office, and
20 such other information as the Commission may require;
- 21 (2) Assist the Commission in developing rules and standards for the
22 delivery of services under this Article;
- 23 (3) Administer and coordinate the operations of the Office and supervise
24 compliance with standards adopted by the Commission;
- 25 (4) Subject to policies and procedures established by the Commission, hire
26 such professional, technical, and support personnel as deemed
27 reasonably necessary for the efficient operation of the Office of
28 Indigent Defense Services;
- 29 (5) Keep and maintain proper financial records for use in calculating the
30 costs of the operations of the Office of Indigent Defense Services;
- 31 (6) Apply for and accept on behalf of the Office of Indigent Defense
32 Services any funds that may become available from government
33 grants, private gifts, donations, or bequests from any source;
- 34 (7) Coordinate the services of the Office of Indigent Defense Services
35 with any federal, county, or private programs established to provide
36 assistance to indigent persons in cases subject to this Article and
37 consult with professional bodies concerning improving the
38 administration of indigent services;
- 39 (8) Conduct training programs for attorneys and others involved in the
40 legal representation of persons subject to this Article; ~~and~~
- 41 (8a) Administer the Sentencing Services Program established in Article 61
42 of this Chapter; and
- 43 (9) Perform other duties as the Commission may assign."

44 **SECTION 14.7.(d)** G.S. 7A-771(2a) reads as rewritten:

45 "(2a) "Director" means the Director of ~~the Administrative Office of the~~
46 ~~Courts.~~ Indigent Defense Services."

47 **SECTION 14.7.(e)** G.S. 7A-772(b) reads as rewritten:

48 "(b) The Director may establish local sentencing services programs and
49 appoint those staff as the Director deems necessary. These personnel
50 may serve as full-time or part-time State employees or may be hired on
51 a contractual basis when determined appropriate by the director.
52 Contracts entered under the authority of this subsection shall be
53 exempt from the competitive bidding procedures under Chapter 143 of
54 the General Statutes. ~~The Administrative Office of the Courts~~ Office of
55 Indigent Defense Services shall adopt rules necessary and appropriate

1 for the administration of the program. Funds appropriated by the
2 General Assembly for the establishment and maintenance of
3 sentencing services programs under this Article shall be administered
4 by the ~~Administrative Office of the Courts.~~ Office of Indigent Defense
5 Services."

6 **SECTION 14.7.(f)** The Sentencing Services Program shall not use State
7 funds to prepare sentencing plans for sentenced offenders who are returning to court
8 because of potential probation violations. In addition, each sentencing services program
9 shall review its procedures and implement methods of minimizing the frequency with
10 which plans are prepared but not presented to the court.

11 **SECTION 14.7.(g)** As of July 1, 2002, the number of State positions
12 assigned as administrative staff is reduced from 11 to two and the number of State
13 positions authorized to work in local programs is reduced from 23 to 19.
14 Notwithstanding the provisions of G.S. 7A-772(b), the number of State positions shall
15 not exceed 21. The Office of Indigent Defense Services may reallocate the remaining
16 State employee positions in order to provide sentencing services in any of the districts
17 formerly served by non-State agencies. The Office of Indigent Defense Services shall
18 renegotiate contractual arrangements with some of the highest performing nonprofits
19 that have administered sentencing services program to date. Within existing funding, the
20 Office of Indigent Defense Services may also contract with individuals or organizations
21 to provide additional sentencing services.

22 **SECTION 14.7.(h)** The Office of Indigent Defense Services shall report by
23 November 1, 2002 to the Chairs of the Senate and House Appropriations Committees
24 and the Senate and House Appropriations Subcommittees on Justice and Public Safety
25 on the reorganization of the Sentencing Services Program pursuant to this section. The
26 report shall include the specific assignments for the 21 remaining State positions, the
27 districts in which sentencing services will be available, the means by which those
28 services will be provided, and an estimated number of plans and cost per plan for the
29 2002-2003 fiscal year.

30
31 Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

32 **DRUG TREATMENT COURT PROGRAM**

33 **SECTION 14.8.(a)** The Drug Treatment Court Program shall maintain the
34 existing State-funded programs in Districts 5, 9, 9A, 10, 14, 21, and 26 during the
35 2002-2003 fiscal year.

36 **SECTION 14.8.(b)** It is the intent of the General Assembly that State Drug
37 Treatment Court funds not be used to fund case manager positions when those services
38 can be reasonably provided by the Treatment Alternatives to Street Crime (TASC)
39 program in the Department of Health and Human Services or by other existing
40 resources. The Drug Treatment Court Program shall identify areas of potential cost
41 savings in the local programs that would result from reducing the number of case
42 manager positions. The Program shall also identify areas in which federal funding might
43 absorb administrative costs.

44 The Drug Treatment Court Program shall report by February 1, 2003, to the
45 Chairs of the Senate and House Appropriations Subcommittees on Justice and Public
46 Safety and the Chairs of the Senate and House Appropriations Subcommittees on
47 Justice and Public Safety on the savings identified.

48 **SECTION 14.8.(c)** Prior to the establishment of any new local drug
49 treatment court programs, the local drug treatment court management committee shall
50 consult with the TASC program as to the availability of case management services in
51 that community.

52
53 Requested by: Senators Rand, Plyler, Odom, Lee

54 **INCREASE JUDICIAL EFFICIENCIES**

1 **SECTION 14.9.(a)** Funding for the appellate courts is reduced in this act to
 2 reflect the elimination of the use of emergency judges at the Court of Appeals and the
 3 reduction in library expenses to eliminate unnecessary duplication of library resources
 4 between the Court of Appeals and the Supreme Court. In addition, the Supreme Court
 5 marshal, seven research assistant positions, and one vacant Supreme Court editorial
 6 assistant position are eliminated, in order to bring the staff-to-judge ratio at the appellate
 7 courts more in line with the relative workloads.

8 **SECTION 14.9.(b)** All training conferences for judges and other court
 9 personnel held during the 2002-2003 fiscal year shall be held in State-owned facilities
 10 and, to the extent possible, shall make use of employees of the Institute of Government
 11 or other State agencies as instructors.

12 **SECTION 14.9.(c)** No State funds may be used for out-of-state travel by
 13 employees or officials of the Judicial Department during the 2002-2003 fiscal year.

14 **SECTION 14.9.(d)** G.S. 7A-12 is repealed.

15 **SECTION 14.9.(e)** G.S. 7A-41(a) reads as rewritten:

16 "(a) The counties of the State are organized into judicial divisions and superior
 17 court districts, and each superior court district has the counties, and the number of
 18 regular resident superior court judges set forth in the following table, and for districts of
 19 less than a whole county, as set out in subsection (b) of this section:

Judicial Division	Superior Court District	Counties	No. of Resident Judges
First	1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	2
First	2	Beaufort, Hyde, Martin, Tyrrell, Washington	1
First	3A	Pitt	2
Second	3B	Carteret, Craven, Pamlico	2
Second	4	Duplin, Jones, Sampson	1
Second	4B	Onslow	1
Second	5	New Hanover, Pender	3
First	6A	Halifax	1
First	6B	Bertie, Hertford, Northampton	1
First	7A	Nash	1
First	7B	(part of Wilson, part of Edgecombe, see subsection (b))	1
First	7C	(part of Wilson, part of Edgecombe, see subsection (b))	1
Second	8A	Lenoir and Greene	1
Second	8B	Wayne	1
Third	9	Franklin, Granville, Vance, Warren Person, Caswell	2
Third	9A	Person, Caswell	1
Third	10A	(part of Wake, see subsection (b))	2
Third	10B	(part of Wake, see subsection (b))	2
Third	10C	(part of Wake, see subsection (b))	1
Third	10D	(part of Wake, see subsection (b))	1
Fourth	11A 11	Harnett, Lee Lee, Johnston	1 2
Fourth	11B	Johnston	1
Fourth	12A	(part of Cumberland, see subsection (b))	1
Fourth	12B	(part of Cumberland, see subsection (b))	1
Fourth	12C	(part of Cumberland, see subsection (b))	2
Fourth	13	Bladen, Brunswick, Columbus	2
Third	14A	(part of Durham, see subsection (b))	1
Third	14B	(part of Durham, see subsection (b))	3

1	Third	15A	Alamance	2
2	Third	15B	Orange, Chatham	1
3	Fourth	16A	Scotland, Hoke	1
4	Fourth	16B	Robeson	2
5	Fifth	17A	Rockingham	2
6	Fifth	17B	Stokes, Surry	2
7	Fifth	18A	(part of Guilford, see subsection (b))	1
8	Fifth	18B	(part of Guilford, see subsection (b))	1
9	Fifth	18C	(part of Guilford, see subsection (b))	1
10	Fifth	18D	(part of Guilford, see subsection (b))	1
11	Fifth	18E	(part of Guilford, see subsection (b))	1
12	Sixth	19A	Cabarrus	1
13	Fifth	19B1	(part of Montgomery, part of Moore, part of Randolph see subsection (b))	1
14				
15		19B2	(part of Montgomery, part of Moore, part of Randolph see subsection (b))	1
16				
17	Sixth	19C	Rowan	1
18	Sixth	20A	Anson, Richmond	1
19	Sixth	20B	Stanly, Union	2
20	Fifth	21A	(part of Forsyth, see subsection (b))	1
21	Fifth	21B	(part of Forsyth, see subsection (b))	1
22	Fifth	21C	(part of Forsyth, see subsection (b))	1
23	Fifth	21D	(part of Forsyth, see subsection (b))	1
24	Sixth	22	Alexander, Davidson, Davie, Iredell	3
25	Fifth	23	Alleghany, Ashe, Wilkes, Yadkin	1
26	Eighth	24	Avery, Madison, Mitchell, Watauga, Yancey	2
27				
28	Seventh	25A <u>25</u>	Burke, Caldwell <u>Caldwell</u> , Catawba	<u>2</u> <u>4</u>
29	Seventh	25B	Catawba	<u>2</u>
30	Seventh	26A	(part of Mecklenburg, see subsection (b))	2
31	Seventh	26B	(part of Mecklenburg, see subsection (b))	3
32	Seventh	26C	(part of Mecklenburg, see subsection (b))	2
33	Seventh	27A	Gaston	2
34	Seventh	27B	Cleveland, Lincoln	2
35	Eighth	28	Buncombe	2
36	Eighth	29	Henderson, McDowell, Polk, Rutherford, Transylvania	2
37				
38	Eighth	30A <u>30</u>	Cherokee, Clay, Graham, Macon, Swain <u>Swain</u> , <u>Haywood</u> , <u>Jackson</u>	<u>1</u> <u>2</u>
39				
40	Eighth	30B	Haywood, Jackson	<u>1</u> "

SECTION 14.9.(f) The Administrative Office of the Courts shall study the possible cost savings and court workload efficiencies from consolidating remaining superior court districts. The Administrative Office of the Courts shall report their findings to the Chairs of the Senate and House Appropriations Committees and the Senate and House Appropriations Subcommittees on Justice and Public Safety by March 1, 2003.

SECTION 14.9.(g) Subsection (g) of this section becomes effective the later of January 15, 2003, or the date upon which that subsection is approved under section 5 of the Voting Rights Act of 1965.

PART XV. DEPARTMENT OF JUSTICE

Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

RESTITUTION FOR SBI DRUG LAB ANALYSES

SECTION 15.1.(a) G.S. 90-95.3(b) reads as rewritten:

1 "(b) When any person is convicted of an offense under this Article, the court ~~may~~
2 shall order him to make restitution in the sum of one hundred dollars (\$100.00) to the
3 State of North Carolina for the expense of analyzing any controlled substance possessed
4 by him or his agent as part of an investigation leading to his ~~conviction~~-conviction,
5 unless the court finds just cause for waiving the restitution required by this subsection.
6 Any funds received under this subsection shall be deposited in the General Fund."

7 **SECTION 15.1.(b)** Part 10 of Article 3 of Chapter 20 is amended by adding
8 a new section to read:

9 "**§ 20-138.6. Restitution for drug lab analysis.**

10 (a) This section applies to a person who has been convicted of any of the
11 following offenses:

12 (1) G.S. 20-138.1, driving while impaired (DWI).

13 (2) G.S. 20-138.2, commercial DWI.

14 (3) G.S. 20-138.3, driving while less than 21 years old after consuming
15 alcohol or drugs.

16 (4) G.S. 20-138.2A, driving a commercial motor vehicle with an alcohol
17 concentration of greater than 0.00 and less than 0.04, if the person's
18 drivers license was revoked under G.S. 20-17(a)(13).

19 (5) G.S. 20-138.2B, driving a school bus, a school activity bus, or a child
20 care vehicle with an alcohol concentration of greater than 0.00, if the
21 person's drivers license was revoked under G.S. 20-17(a)(14).

22 (b) When any person is convicted of an offense listed in subsection (a) of this
23 section, the court shall order that person to make restitution in the sum of one hundred
24 dollars (\$100.00) to the State of North Carolina for the expense of analyzing any blood
25 or bodily fluid samples as part of the investigation leading to that person's conviction,
26 unless the court finds just cause for waiving the restitution required by this section."

27 **SECTION 15.1.(c)** This section becomes effective January 1, 2003.

28
29 Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee
30 **NO-CALL REGISTRY AUTHORIZATION**

31 **SECTION 15.2.(a)** The Department of Justice may use funds available to
32 the Department up to one million dollars (\$1,000,000) during the 2002-2003 fiscal year
33 to establish and implement a no-call registry to stop unwanted telemarketing calls and to
34 increase protections for consumers in transactions initiated by telemarketers. These
35 funds shall also be used to develop programs to protect citizens from improper
36 electronic invasions of privacy.

37 **SECTION 15.2.(b)** This section becomes effective only when legislation
38 authorizing the Department of Justice to establish and implement a no-call registry
39 becomes law.

40
41 Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee
42 **REMOVE EXEMPTIONS FROM FINGERPRINT CHARGE**

43 **SECTION 15.3.** G.S. 114-19.1 reads as rewritten:

44 "**§ 114-19.1. Criminal history background investigations; fees.**

45 (a) When the Department of Justice determines that any person is entitled by law
46 to receive information, including criminal records, from the State Bureau of
47 Investigation, for any purpose other than the administration of criminal justice, the State
48 Bureau of Investigation shall charge the recipient of such information a reasonable fee
49 for retrieving such information. The fee authorized by this section shall not exceed the
50 actual cost of locating, editing, researching and retrieving the information, and may be
51 budgeted for the support of the State Bureau of Investigation.

52 (b) As used in this section, "administration of criminal justice" means the
53 performance of any of the following activities: the detection, apprehension, detention,
54 pretrial release, post-trial release, prosecution, adjudication, correctional supervision, or
55 rehabilitation of persons suspected of, accused of or convicted of a criminal offense.

1 The term also includes screening for suitability for employment, appointment or
2 retention of a person as a law enforcement or criminal justice officer, ~~or as an officer of~~
3 ~~the court,~~ or for suitability for appointment of a person who must be appointed or
4 confirmed by the General Assembly, the Senate, or the House of Representatives.

5 (c) In providing criminal history record checks, the Department of Justice shall
6 process requests in the following priority order:

- 7 (1) Administration of criminal justice record checks,
- 8 (2) Mandatory noncriminal justice criminal history record checks,
- 9 (3) Voluntary noncriminal justice criminal history record checks.

10 (d) Nothing in this section shall be construed as enlarging any right to receive
11 any record of the State Bureau of Investigation. Such rights are and shall be controlled
12 by G.S. 114-15, G.S. 114-19, G.S. 120-19.4A, and other applicable statutes."
13

14 Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

15 **DENR REIMBURSE DEPARTMENT OF JUSTICE**

16 **SECTION 15.4.** From funds available to the Department of Environment
17 and Natural Resources, the sum of two hundred fifty thousand dollars (\$250,000) for the
18 2002-2003 fiscal year shall be transferred to the Department of Justice for the costs of
19 legal services performed by attorneys and support staff during the 2001-2003 biennium.
20 This transfer shall be made quarterly in the amount of sixty-two thousand five hundred
21 dollars (\$62,500) per quarter.
22

23 Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

24 **INSURANCE REGULATORY FUND REIMBURSEMENT**

25 **SECTION 15.5.** G.S. 58-6-25(d) reads as rewritten:

26 "(d) Use of Proceeds. – The Insurance Regulatory Fund is created in the State
27 treasury, under the control of the Office of State Budget and Management. The proceeds
28 of the charge levied in this section and all fees collected under Articles 69 through 71 of
29 this Chapter and under Articles 9 and 9C of Chapter 143 of the General Statutes shall be
30 credited to the Fund. The Fund shall be placed in an interest-bearing account and any
31 interest or other income derived from the Fund shall be credited to the Fund. Moneys in
32 the Fund may be spent only pursuant to appropriation by the General Assembly and in
33 accordance with the line item budget enacted by the General Assembly. The Fund is
34 subject to the provisions of the Executive Budget Act, except that no unexpended
35 surplus of the Fund shall revert to the General Fund. All money credited to the Fund
36 shall be used to reimburse the General Fund for the following:

- 37 (1) Money appropriated to the Department of Insurance to pay its
38 expenses incurred in regulating the insurance industry and other
39 industries in this State.
- 40 (2) Money appropriated to State agencies to pay the expenses incurred in
41 regulating the insurance industry, in certifying statewide data
42 processors under Article 11A of Chapter 131E of the General Statutes,
43 and in purchasing reports of patient data from statewide data
44 processors certified under that Article.
- 45 (3) Money appropriated to the Department of Revenue to pay the expenses
46 incurred in collecting and administering the taxes on insurance
47 companies levied in Article 8B of Chapter 105 of the General Statutes.
- 48 (4) Money appropriated for the office of Managed Care Patient Assistance
49 Program established under G.S. 143-730 to pay the actual costs of
50 administering the program.
- 51 (5) Money appropriated to the Department of Insurance for the
52 implementation and administration of independent external review
53 procedures required by Part 4 of Article 50 of this Chapter.
- 54 (6) Money appropriated to the Department of Justice to pay its expenses
55 incurred in representing the Department of Insurance in its regulation

1 of the insurance industry and other related programs and industries in
2 this State that fall under the jurisdiction of the Department of
3 Insurance."
4

5 **PART XVI. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY**
6 **PREVENTION**
7

8 Requested by: Senators Thomas, Wellons, Plyler, Odom, Lee

9 **USE OF FUNDS FOR YOUTH DEVELOPMENT CENTER BEDS**

10 **SECTION 16.1.(a)** The Department of Juvenile Justice and Delinquency
11 Prevention may use funds available during the 2002-2003 fiscal year to establish new
12 Youth Development Center beds and may convert one of the 50-bed modular camps in
13 the Eckerd Wilderness Camp Program for use as a Youth Development Center, as
14 defined in G.S. 7B-1501. Any conversion shall be effectuated with existing contract
15 funds.

16 **SECTION 16.1.(b)** The Department shall consult with the Joint Legislative
17 Commission on Governmental Operations and the Corrections, Crime Control, and
18 Juvenile Justice Oversight Committee prior to:

- 19 (1) Converting any Eckerd Wilderness Camp beds to secure confinement
20 beds during the 2002-2003 fiscal year; or
21 (2) Establishing bed capacity greater than 730 beds, including beds
22 converted at Eckerd Wilderness Camps, during the 2002-2003 fiscal
23 year.

24 The report shall include the sources of funding for any additional beds.
25

26 Requested by: Senators Thomas, Wellons, Plyler, Odom, Lee

27 **FUNDING OF TEEN COURT PROGRAMS**

28 **SECTION 16.2.(a)** Teen court programs may apply for and receive grants
29 from local Juvenile Crime Prevention Councils pursuant to Article 12 of Chapter 143B
30 of the General Statutes.

31 **SECTION 16.2.(b)** G.S. 143B-520(b) reads as rewritten:

32 "(b) Every teen court program that receives ~~State funds, including~~ funds from
33 Juvenile Crime Prevention Councils, ~~Councils~~ shall comply with rules and reporting
34 requirements of the Department of Juvenile Justice and Delinquency Prevention. ~~In~~
35 ~~particular, teen court programs receiving State funds shall report to the Department on~~
36 ~~the expenditure of State funds and the number of cases served each year."~~
37

38 Requested by: Senators Thomas, Wellons, Plyler, Odom, Lee

39 **COMMUNITIES IN SCHOOLS REDUCTIONS**

40 **SECTION 16.3.** The General Fund appropriation to the Department of
41 Juvenile Justice and Delinquency Prevention for Communities in Schools of North
42 Carolina, Inc., is reduced by the sum of ninety thousand dollars (\$90,000) for each year
43 of the 2002-2003 fiscal year. This reduction in funding shall be accomplished by
44 reducing expenditures at the State office and not through reductions in funding to
45 individual sites.
46

47 Requested by: Senators Thomas, Wellons, Ballance

48 **FUNDING OF ECKERD WILDERNESS CAMP**

49 **SECTION 16.4.** For each youth admitted to the Eckerd Wilderness Camp
50 program from an area mental health authority or a local education agency, the admitting
51 authority or agency shall pay the costs associated with the support and treatment of that
52 youth in the program.
53

54 Requested by: Senators Thomas, Wellons, Plyler, Odom, Lee

55 **STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS**

1 **SECTION 16.5.** Section 24.4 of S.L. 2001-424 reads as rewritten:

2 **"SECTION 24.4.** Funds appropriated in this act to the Department of Juvenile
3 Justice and Delinquency Prevention for the ~~2001-2002-2002-2003~~ fiscal year may be
4 used as matching funds for the Juvenile Accountability Incentive Block Grants. If North
5 Carolina receives Juvenile Accountability Incentive Block Grants, or a notice of funds
6 to be awarded, the Office of State Budget and Management and the Governor's Crime
7 Commission shall consult with the Department of Juvenile Justice and Delinquency
8 Prevention regarding the criteria for awarding federal funds. The Office of State Budget
9 and Management, the Governor's Crime Commission, and the Department of Juvenile
10 Justice and Delinquency Prevention shall report to the Appropriations Committees of
11 the Senate and House of Representatives and the Joint Legislative Commission on
12 Governmental Operations prior to allocation of the federal funds. The report shall
13 identify the amount of funds to be received for the ~~2001-2002-2002-2003~~ fiscal year,
14 the amount of funds anticipated for the ~~2002-2003-2003-2004~~ fiscal year, and the
15 allocation of funds by program and purpose."
16

17 **PART XVII. DEPARTMENT OF CORRECTION**

18
19 Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

20 **ALL COUNTIES TRANSFERRING SAFEKEEPERS TO THE DEPARTMENT** 21 **OF CORRECTION TO REIMBURSE DEPARTMENT REGARDLESS OF** 22 **SAFEKEEPERS' RESIDENCY**

23 **SECTION 17.1.** G.S. 162-39(c) reads as rewritten:

24 "(c) The sheriff of the county from which the prisoner is removed shall be
25 responsible for conveying the prisoner to the jail or prison unit where he is to be held,
26 and for returning him to the common jail of the county from which he was transferred.
27 The return shall be made at the expiration of the time designated in the court order
28 directing the transfer unless the judge, by appropriate order, shall direct otherwise. The
29 sheriff or keeper of the jail of the county designated in the court order, or the officer in
30 charge of the prison unit designated by the Secretary of Correction, shall receive and
31 release custody of the prisoner in accordance with the terms of the court order. If a
32 prisoner is transferred to a unit of the State prison system, the county from which the
33 prisoner is transferred shall pay the Department of Correction for maintaining the
34 prisoner for the time designated by the court at the per day, per inmate rate at which the
35 Department of Correction pays a local jail for maintaining a prisoner. The county shall
36 also pay the Department of Correction for the costs of extraordinary medical care
37 incurred while the prisoner was in the custody of the Department of Correction, defined
38 as follows:

- 39 (1) Medical expenses incurred as a result of providing health care to a
40 prisoner as an inpatient (hospitalized);
- 41 (2) Other medical expenses when the total cost exceeds thirty-five dollars
42 (\$35.00) per occurrence or illness as a result of providing health care
43 to a prisoner as an outpatient (nonhospitalized); and
- 44 (3) Cost of replacement of eyeglasses and dental prosthetic devices if
45 those eyeglasses or devices are broken while the prisoner is
46 incarcerated, provided the prisoner was using the eyeglasses or devices
47 at the time of his commitment and then only if prior written consent of
48 the county is obtained by the Department.

49 ~~However, a county is not required to reimburse the State for maintaining a prisoner who~~
50 ~~was a resident of another state or county at the time he committed the crime for which~~
51 ~~he is imprisoned.~~ If the prisoner is transferred to a jail in some other county, the county
52 from which the prisoner is transferred shall pay to the county receiving the prisoner in
53 its jail the actual cost of maintaining the prisoner for the time designated by the court.
54 Counties are hereby authorized to enter into contractual agreements with other counties

1 to provide jail facilities to which prisoners may be transferred as deemed necessary
2 under this section.

3 Whenever prisoners are arrested in such numbers that county jail facilities are
4 insufficient and inadequate for the safekeeping of such prisoners, the resident judge of
5 the superior court or any superior or district court judge holding court in the district may
6 order the prisoners transferred to a unit of the State Department of Correction
7 designated by the Secretary of Correction or his authorized representative, where the
8 prisoners may be held for such length of time as the judge may direct, such detention to
9 be in cell separate from that used for imprisonment of persons already convicted of
10 crimes, except when admission to an inpatient prison medical or mental health unit is
11 required to provide services deemed necessary by a prison health care clinician. The
12 sheriff of the county from which the prisoners are removed shall be responsible for
13 conveying the prisoners to the prison unit or units where they are to be held, and for
14 returning them to the common jail of the county from which they were transferred.
15 However, if due to the number of prisoners to be conveyed the sheriff is unable to
16 provide adequate transportation, he may request the assistance of the Department of
17 Correction, and the Department of Correction is hereby authorized and directed to
18 cooperate with the sheriff and provide whatever assistance is available, both in vehicles
19 and manpower, to accomplish the conveying of the prisoners to and from the county to
20 the designated prison unit or units. The officer in charge of the prison unit designated by
21 the Secretary of Correction or his authorized representative shall receive and release the
22 custody of the prisoners in accordance with the terms of the court order. The county
23 from which the prisoners are transferred shall pay to the Department of Correction the
24 actual cost of transporting the prisoners and the cost of maintaining the prisoners at the
25 per day, per inmate rate at which the Department of Correction pays a local jail for
26 maintaining a prisoner, provided, however, that a county is not required to reimburse the
27 State for transporting or maintaining a prisoner who was a resident of another state or
28 county at the time he was arrested. However, if the county commissioners shall certify
29 to the Governor that the county is unable to pay the bill submitted by the State
30 Department of Correction to the county for the services rendered, either in whole or in
31 part, the Governor may recommend to the Council of State that the State of North
32 Carolina assume and pay, in whole or in part, the obligation of the county to the
33 Department of Correction, and upon approval of the Council of State the amount so
34 approved shall be paid from Contingency and Emergency Fund to the Department of
35 Correction.

36 When, due to an emergency, it is not feasible to obtain from a judge of the superior
37 or district court a prior order of transfer, the sheriff of the county and the Department of
38 Correction may exercise the authority hereinafter conferred; provided, however, that the
39 sheriff shall, as soon as possible after the emergency, obtain an order from the judge
40 authorizing the prisoners to be held in the designated place of confinement for such
41 period as the judge may direct. All provisions of this subsection shall be applicable to
42 municipalities whenever prisoners are arrested in such numbers that the municipal jail
43 facilities and the county jail facilities are insufficient and inadequate for the safekeeping
44 of the prisoners. The chief of police is hereby authorized to exercise the authority herein
45 conferred upon the sheriff, and the municipality shall be liable for the cost of
46 transporting and maintaining the prisoners to the same extent as a county would be
47 unless action is taken by the Governor and Council of State as herein provided for
48 counties which are unable to pay such costs."
49

50 Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

51 **REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY**
52 **MEDICAL COSTS FOR INMATES, PAROLEES, AND POST-RELEASE**
53 **SUPERVISEES AWAITING TRANSFER TO STATE PRISON SYSTEM**

54 **SECTION 17.2.** Section 25.4 of S.L. 2001-424 reads as rewritten:

1 **"SECTION 25.4.** The Department of Correction may use funds appropriated to the
2 Department for the ~~2001-2002 fiscal year~~ 2001-2003 biennium to pay the sum of forty
3 dollars (\$40.00) per day as reimbursement to counties for the cost of housing convicted
4 inmates, parolees, and post-release supervisees awaiting transfer to the State prison
5 system, as provided in G.S. 148-29. The Department shall report by December 1 and
6 May 1 of each year to the Joint Legislative Commission on Governmental Operations,
7 the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight
8 Committee, the Chairs of the Senate and House of Representatives Appropriations
9 Committees, and the Chairs of the Senate and House of Representatives Appropriations
10 Subcommittees on Justice and Public Safety on the expenditure of funds to reimburse
11 counties for prisoners awaiting transfer and on its progress in reducing the jail backlog."
12

13 Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

14 **REPORT ON INMATES ELIGIBLE FOR PAROLE**

15 **SECTION 17.3.** Section 25.21 of S.L. 2001-424 reads as rewritten:

16 **"SECTION 25.21.** The Post-Release Supervision and Parole Commission shall
17 ~~provide quarterly reports~~ report by January 15 and July 15 of each year to the Senate
18 and House of Representatives Appropriations Subcommittees on Justice and Public
19 Safety and the Joint Legislative Corrections, Crime Control, and Juvenile Justice
20 Oversight Committee on inmates eligible for parole. These reports shall include at least
21 the following:

- 22 (1) The total number of Fair Sentencing and Pre-Fair Sentencing inmates
23 that were parole-eligible during the previous quarter and the total
24 number of those inmates that were paroled. The report should group
25 these inmates by ~~offense type and custody classification; type, custody~~
26 classification, and type of parole;
27 (2) ~~A list of all those inmates paroled or released by category of parole or~~
28 ~~release, including each inmate's offense and custody classification at~~
29 ~~the time of the parole or release;~~
30 (3)(2) The average time served, by offense class, of Fair Sentencing and
31 Pre-Fair Sentencing inmates compared to inmates sentenced under
32 Structured Sentencing; and
33 (4)(3) The projected number of parole-eligible inmates to be paroled or
34 released by the end of the ~~2001-2002~~ 2002-2003 fiscal year and by the
35 end of the ~~2002-2003~~ 2003-2004 fiscal year."
36

37 Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

38 **USE OF LAPSED SALARIES FOR SHIFT PAY FOR SECURITY STAFF**

39 **SECTION 17.4.** During the 2002-2003 fiscal year only, the Department of
40 Correction shall not use lapsed salaries for the payment to security staff of (i) special
41 premium holiday pay that exceeds standard holiday pay or (ii) special supplemental
42 weekend shift premium pay that exceeds standard weekend shift pay. The Department
43 shall also continue to take steps to hold down the cost of shift pay by converting prisons
44 from three eight-hour shifts to two twelve-hour shifts whenever practical.

45 The Department of Correction shall report to the Senate and House
46 Appropriations Subcommittees on Justice and Public Safety by April 1, 2003, on its
47 progress in converting prison work shifts from eight hours to twelve hours. The report
48 shall include information on savings generated to date and potential future savings, as
49 well as any changes in employee morale and leave usage, as a result of converting to
50 twelve-hour shifts.
51

52 Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

53 **DEPARTMENT OF CORRECTION SECURITY STAFFING FORMULAS**

54 **SECTION 17.5.(a)** The Department of Correction shall conduct security
55 staffing post-audits of each prison at least biannually, the first such audit to be

1 completed during the 2002-2003 fiscal year. The initial post-audit shall be conducted
2 jointly by Department staff and a consultant, external to the Department, and shall
3 include analysis of the staffing levels assigned for supervision of correctional officers.

4 **SECTION 17.5.(b)** The Department of Correction shall update the security
5 staffing relief formula biannually, the first update to be completed during the 2002-2003
6 fiscal year. Each update shall include a review of all annual training requirements for
7 security staff to determine which of these requirements should be mandatory and the
8 appropriate frequency of the training.

9 **SECTION 17.5.(c)** The Department of Correction shall report the results of
10 the initial security staffing post-audits and relief formula update to the Senate and
11 House Appropriations Subcommittees on Justice and Public Safety by April 1, 2003.

12
13 Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

14 **COMMUNITY WORK CREWS**

15 **SECTION 17.6.(a)** The Department of Correction shall implement a
16 reduction in inmate community work crews systemwide, but work crews shall not be
17 reduced at any locations that have fewer than three work crews.

18 The Department of Correction may use up to 39 work crews for Department
19 of Transportation litter control projects. The Department of Transportation shall transfer
20 at least one million three hundred thousand dollars (\$1,300,000) from the Highway
21 Fund to the Department of Correction during the 2002-2003 fiscal year to cover the cost
22 of those work crews. Should the two departments determine that the actual cost of
23 operating 39 work crews exceeds that amount, the Department of Transportation shall
24 transfer an additional amount as agreed upon by the two departments and the Office of
25 State Budget and Management.

26 **SECTION 17.6.(b)** The Department of Correction shall identify locations
27 where the number of inmate work crews is being reduced or diverted to perform litter
28 control for the Department of Transportation and, to the extent possible, arrange for
29 community service work program placements so that the affected work projects for
30 State and local government can be maintained. The Department shall report by March 1,
31 2003, to the Chairs of the Senate and House Appropriations Subcommittees on Justice
32 and Public Safety on all projects formerly performed by inmate work crews that have
33 been continued through the community service work program.

34 **SECTION 17.6.(c)** The Department of Correction shall identify all inmate
35 labor supplied to public agencies for which the Department does not receive
36 reimbursement for the costs of the labor and the supervision of the labor. The
37 Department shall report by March 1, 2003, to the Chairs of the Senate and House
38 Appropriations Subcommittees on Justice and Public Safety on the type of labor
39 provided, the number of security positions assigned for that labor, and the actual costs
40 of providing the labor and supervision. The report shall also identify alternative
41 methods for charging public agencies for the costs of inmate labor and the supervision
42 of that labor.

43
44 Requested by: Senators Thomas, Wellons, Plyler, Odom, Lee

45 **SUBSTANCE ABUSE PROGRAMS**

46 **SECTION 17.7.** G.S. 143B-262.1 reads as rewritten:

47 **"§ 143B-262.1. Department of Correction – Substance Abuse Program.**

48 (a) The Substance Abuse Program established by subsection (d) of § 143B-262
49 shall be offered in a ~~medium-custody~~ correctional facility, or a portion of a ~~medium~~
50 ~~custody~~ correctional facility that is self-contained, so that the residential and program
51 space is separate from any other programs or inmate housing, and shall be operational
52 by January 1, 1988, at such unit as the Secretary may designate.

53 (b) An Assistant Secretary for Substance Abuse shall be employed and shall
54 report directly to the Office of the Secretary of Correction. ~~A Correctional~~
55 ~~Administrator I shall be employed to manage programs for offenders with substance~~

1 ~~abuse problems in the Department of Correction and its divisions. The Correctional~~
2 ~~Administrator I shall report to the Assistant Secretary for Substance Abuse. A Secretary~~
3 ~~IV shall be employed to assist the Correctional Administrator I. An Administrative~~
4 ~~Officer II and a Secretary IV shall be employed to assist the Assistant Secretary and~~
5 ~~work under his direction and management. The duties of the Assistant Secretary shall~~
6 include the following:

- 7 (1) Administer and coordinate all substance abuse programs, grants,
8 contracts, and related functions in the Department of Correction;
- 9 (2) Develop and maintain working relationships and agreements with
10 agencies and organizations that will assist in developing and operating
11 a Substance Abuse Program in the Department of Correction;
- 12 (3) Develop and coordinate the use of volunteers in the Substance Abuse
13 Program;
- 14 (4) Develop and present training programs related to substance abuse for
15 employees and others at all levels in the agency;
- 16 (5) Develop programs that provide effective treatment for inmates,
17 probationers, and parolees with substance abuse problems;
- 18 (6) Maintain contact with key leaders in the substance abuse field and
19 active supporters of the Correction Program;
- 20 (7) Supervise directly the directors of treatment units, specialized
21 personnel, and programs that exist or may be developed in the
22 Department of Correction; and
- 23 (8) Develop employee assistance programs for employees with substance
24 abuse problems.

25 ~~(c) Ten additional program staff shall be employed. There shall be a Correctional~~
26 ~~Program Director II who is responsible to the Assistant Secretary for Substance Abuse.~~
27 ~~This employee shall be responsible for managing and implementing the inpatient~~
28 ~~treatment program. Also employed will be a Correctional Program Director I, two~~
29 ~~Correctional Program Supervisors, four Correctional Program Assistant II's, one~~
30 ~~Correctional Program Assistant I, and one Clerk Stenographer IV.~~

31 ~~(d) The duties of the Program Director shall include the following:~~

- 32 ~~(1) Implement and manage the inpatient treatment program for inmates~~
33 ~~with substance abuse problems;~~
- 34 ~~(2) Supervise personnel assigned to the inpatient treatment program;~~
- 35 ~~(3) Assist in developing the treatment program for inmates with substance~~
36 ~~abuse problems;~~
- 37 ~~(4) Recruit and develop staff for the inpatient program and other staff as~~
38 ~~required;~~
- 39 ~~(5) Assist in developing linkage and follow up of inmates between the~~
40 ~~inpatient program, related agencies, organizations, and other facilities~~
41 ~~of the Department of Correction;~~
- 42 ~~(6) Be responsible for treatment plans and daily activities and schedules~~
43 ~~for all assigned inmates;~~
- 44 ~~(7) Develop methods for involving families of inmates in the program to~~
45 ~~the extent deemed appropriate and useful; and~~
- 46 ~~(8) Other duties as required.~~

47 ~~Preference shall be accorded to qualified recovering alcoholics and substance abusers in~~
48 ~~the employment of treatment counselors.~~

49 ~~(e) In the unit there shall be a unit superintendent under the Division of Prisons~~
50 ~~and other custodial, administrative, and support staff as required for a medium custody~~
51 ~~facility for approximately 100 inmates. The unit superintendent shall be responsible for~~
52 ~~all matters pertaining to custody and administration of the unit. The Correctional~~
53 ~~Program Director II will Assistant Secretary shall designate an employee to administer~~
54 ~~the inpatient treatment program under the direction of the Assistant Secretary for~~
55 ~~Substance Abuse.~~

1 (f) Extensive use may be made of inmates working in the role of ancillary staff,
2 peer counselors, role models, or group leaders as the program manager determines.
3 Additional resource people who may be required for specialized treatment activities,
4 presentations, or group work may be employed on a fee or contractual basis.

5 ~~(g) The Program in each unit shall be structured such that approximately 25~~
6 ~~offenders will enter the Program on a weekly basis.~~

7 (h) Admission priorities shall be established as follows:

- 8 (1) Court recommendation.
- 9 (2) Evaluation and referral from reception and diagnostic centers.
- 10 (3) General staff referral.
- 11 (4) Self-referral.

12 The Program shall include extensive follow-up after the period of intensive treatment.
13 There will be specific plans for each departing inmate for follow-up, including active
14 involvement with Alcoholics Anonymous, community resources, and personal
15 sponsorship."

16
17 Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

18 **USE OF CLOSED PRISON FACILITIES**

19 **SECTION 17.8.** Section 25.5 of S.L. 2001-424 reads as rewritten:

20 **"SECTION 25.5.** In conjunction with the closing of prison facilities, including
21 small expensive prison units recommended for consolidation by the Government
22 Performance Audit Committee, the Department of Correction shall consult with the
23 county or municipality in which the unit is located, with the elected State and local
24 officials, and with State agencies about the possibility of converting that unit to other
25 use. The Department may also consult with any private for-profit or nonprofit firm
26 about the possibility of converting the unit to other use. In developing a proposal for
27 future use of each unit, the Department shall give priority to converting the unit to other
28 criminal justice use. Consistent with existing law and the future needs of the
29 Department of Correction, the State may provide for the transfer or the lease of any of
30 these units to counties, municipalities, State agencies, or private firms wishing to
31 convert them to other use. The Department of Correction may also consider converting
32 some of the units recommended for closing from ~~medium security to minimum~~
33 ~~security, one security custody level to another,~~ where that conversion would be
34 cost-effective. A prison unit under lease to a county pursuant to the provisions of this
35 section for use as a jail is exempt for the period of the lease from any of the minimum
36 standards adopted by the Secretary of Health and Human Services pursuant to G.S.
37 153A-221 for the housing of adult prisoners that would subject the unit to greater
38 standards than those required of a unit of the State prison system.

39 Prior to any transfer or lease of these units, the Department of Correction shall report
40 on the terms of the proposed transfer or lease to the Joint Legislative Commission on
41 Governmental Operations and the Joint Legislative Corrections, Crime Control, and
42 Juvenile Justice Oversight Committee. The Department of Correction shall also provide
43 annual summary reports to the Joint Legislative Commission on Governmental
44 Operations and the Joint Legislative Corrections, Crime Control, and Juvenile Justice
45 Oversight Committee on the conversion of these units to other use and on all leases or
46 transfers entered into pursuant to this section."
47

48 Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

49 **MEDICAL BUDGET FOR PRESCRIPTION DRUGS**

50 **SECTION 17.9.** Section 25.6(b) of S.L. 2001-424 reads as rewritten:

51 **"SECTION 25.6.(b)** Notwithstanding the provisions of G.S. 143-23(a2), the
52 Department of Correction may use funds available during the ~~2001-2002 fiscal year~~
53 2001-2003 biennium for the purchase of prescription drugs for inmates if expenditures
54 are projected to exceed the Department's inmate medical continuation budget for

1 prescription drugs. The Department shall consult with the Joint Legislative Commission
2 on Governmental Operations prior to exceeding the continuation budget amount.

3 The Department of Administration, Purchase and Contract Division, and the
4 Department of Correction shall review the current statewide contract for purchase of
5 prescription drugs as it applies to the Department of Correction's purchases for inmates
6 to determine if the Department is receiving the lowest rate available and to determine
7 whether the Department should be authorized to issue a request for proposals for a
8 separate vendor or purchasing consortium for the provision of prescription drugs for
9 inmates. The Departments shall report on their findings to the Joint Legislative
10 Commission on Governmental Operations by February 1, 2002."

11
12 Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

13 **ELECTRONIC MONITORING COSTS**

14 **SECTION 17.10.(a)** Article 1 of Chapter 148 of the General Statutes is
15 amended by adding a new section to read:

16 "**§ 148-10.3. Electronic monitoring costs.**

17 Personnel, equipment, and other costs of providing electronic monitoring of pretrial
18 or sentenced offenders shall be reimbursed on a cost basis to the Department of
19 Correction by the State or local agency requesting the service."

20 **SECTION 17.10.(b)** The Department of Correction shall report by March 1,
21 2003, to the Chairs of the Senate and House Appropriations Committees and the Chairs
22 of the Senate and House Appropriations Subcommittees on Justice and Public Safety on
23 efforts to increase the use of electronic monitoring of sentenced offenders in the
24 community.

25
26 Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

27 **COLLECTION OF OFFENDER FEES**

28 **SECTION 17.11.** The Department of Correction and the Judicial
29 Department shall jointly develop a plan to improve the collection rate of offender fees
30 for probationers and for nonprobationers sentenced to community service. The plan
31 should address improving both the rate at which offenders are levied fees and the rate at
32 which those offenders satisfy their obligations. The plan shall address steps to improve
33 the overall collection rate from thirty-seven percent (37%) to forty percent (40%) during
34 the 2002-2003 fiscal year and to forty-five percent (45%) during the 2003-2004 fiscal
35 year.

36 The two departments shall report by February 1, 2003 to the Chairs of the
37 Senate and House Appropriations Committees and the Chairs of the Senate and House
38 Appropriations Subcommittees on Justice and Public Safety on the success of their
39 efforts to improve these collection rates. The report shall also include any
40 recommendations for statutory changes aimed at improving the collection rates.

41
42 Requested by: Senators Thomas, Wellons, Plyler, Odom, Lee

43 **MOBILE MEDICAL OPERATING ROOM**

44 **SECTION 17.12.** The Department of Correction shall continue the contract
45 for a mobile medical operating room at Central Prison for the 2002-2003 fiscal year at a
46 reduced fixed rate that more clearly reflects the usage. However, the Department shall
47 use the mobile unit for additional procedures, as authorized by the terms of the
48 agreement, whenever the Department's Utilization Review Team determines that (i) a
49 specific procedure can be performed at a cost below that charged by a public or private
50 hospital; and (ii) there is no compelling medical reason for performing the procedure in
51 a hospital instead of using the mobile medical unit.

52 The Department shall also study the use of this mobile operating room and
53 report by March 1, 2003, to the Chairs of the Senate and House Appropriations
54 Subcommittees on Justice and Public Safety. The report shall recommend whether the
55 mobile unit should be continued, eliminated, or expanded in terms of capacity of the

1 current unit and the potential for establishing an additional mobile unit. The report shall
2 also include information on the number and type of procedures performed over and
3 above the fixed rate contract and the savings generated.

4
5 Requested by: Senators Thomas, Wellons, Plyler, Odom, Lee

6 **CRIMINAL JUSTICE PARTNERSHIP PROGRAM**

7 **SECTION 17.13.(a)** Notwithstanding the provisions of G.S. 143B-273.16,
8 Caswell, Person, and Union Counties shall not receive implementation funding for the
9 Criminal Justice Partnership Program for the 2002-2003 fiscal year. However, those
10 counties will be eligible to reapply for funding in future years.

11 **SECTION 17.13.(b)** It is the intent of the General Assembly that State
12 Criminal Justice Partnership Program funds not be used to fund case manager positions
13 when those services can be reasonably provided by Division of Community Corrections
14 personnel or by the Treatment Alternatives to Street Crime (TASC) program in the
15 Department of Health and Human Services. The Division of Community Corrections
16 shall identify at least the sum of eight hundred fifty-two thousand dollars (\$852,000) in
17 cost savings by eliminating funding for personnel in these cases and shall reduce the
18 amount of implementation grant funding for those affected counties. These
19 recommended modifications shall be first approved by the State Criminal Justice
20 Partnership Advisory Board. The Division of Community Corrections shall report to the
21 Chairs of the Senate and House Appropriations Committees and the Chairs of the
22 Senate and House Appropriations Subcommittees on Justice and Public Safety on the
23 specific adjustments within 45 days of the enactment of the budget for the 2002-2003
24 fiscal year.

25 **SECTION 17.13.(c)** Funding for implementation grants shall be reduced an
26 additional sum of seven hundred five thousand eight hundred seventy dollars (\$705,870)
27 by reducing funding for contractual services evenly in all participating counties.

28 **SECTION 17.13.(d)** For the 2002-2003 fiscal year only, funds provided to
29 the Criminal Justice Partnership Program for distribution as implementation grants are
30 reduced by an additional sum of one million three hundred fifty thousand dollars
31 (\$1, 350,000).

32
33 Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

34 **CONVERSION OF CONTRACTED MEDICAL POSITIONS**

35 **SECTION 17.14.(a)** The Department of Correction may convert contract
36 medical positions to permanent State medical positions at individual correctional
37 facilities if the Department can document that the total savings generated will exceed
38 the total cost of the new positions for each facility. Where practical, the Department
39 shall convert contract positions to permanent positions by using existing vacancies in
40 medical positions.

41 **SECTION 17.14.(b)** The Department of Correction shall report by October
42 1, 2002, to the Joint Legislative Commission on Governmental Operations and the
43 Chairs of the Senate and House Appropriations Subcommittees on Justice and Public
44 Safety on all conversions made pursuant to this section, by type of position and location,
45 and on the savings generated at each correctional facility.

46
47 Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

48 **REDUCE SUMMIT HOUSE APPROPRIATION**

49 **SECTION 17.15.** Subsection (a) of Section 25.14 of S.L. 2001-424 reads as
50 rewritten:

51 **"SECTION 25.14.(a)** The General Fund appropriation to the Department of
52 Correction for Summit House, Inc., is reduced by the sum of one hundred thirty-nine
53 thousand six hundred fifty dollars (\$139,650) for ~~each year of the 2001-2003 biennium.~~
54 This the 2001-2002 fiscal year and by the sum of two hundred sixty-three thousand
55 three hundred dollars (\$263,300) for the 2002-2003 fiscal year. The ten percent (10%)

1 reduction in funding for the 2001-2002 fiscal year shall be accomplished by reducing
2 expenditures at the State office and not through reductions in funding to individual sites.
3 The additional ten percent (10%) reduction for the 2002-2003 fiscal year shall be
4 accomplished by reducing State funding for the State office by at least sixteen and
5 seven-tenths percent (16.7%) in order to minimize the impact on the individual sites.

6 The Summit House Management Team shall continue to explore ways to reduce the
7 use of State funds at the State office, including consideration of co-locating the State
8 office with one of the local programs and contracting for financial services in lieu of a
9 full-time staff. As of May 1, 2003, no State funds shall be used to support the State
10 office."

11 12 **PART XVIII. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY**

13
14 Requested by: Senators Thomas, Wellons, Plyler, Odom, Lee

15 **ELIMINATE STATE BOXING COMMISSION**

16 **SECTION 18.1.(a)** Article 68 of Chapter 143 of the General Statutes is
17 repealed.

18 **SECTION 18.1.(b)** G.S. 90-18.3 reads as rewritten:

19 **"§ 90-18.3. Physical examination by nurse practitioners and physician assistants.**

20 (a) Whenever a statute or State agency rule requires that a physical examination
21 shall be conducted by a physician, the examination may be conducted and the form
22 signed by a nurse practitioner or a physician's assistant, and a physician need not be
23 present. Nothing in this section shall otherwise change the scope of practice of a nurse
24 practitioner or a physician's assistant, as defined by G.S. 90-18.1 and G.S. 90-18.2,
25 respectively.

26 (b) This section shall not apply to physical examinations conducted pursuant to
27 G.S. 1A-1, Rule 35; G.S. 15B-12; or G.S. 90-14; ~~or any rules adopted by the North~~
28 ~~Carolina Boxing Commission requiring physical examinations~~ unless those statutes or
29 rules are amended to make the provisions of this section applicable."
30

31 Requested by: Senators Thomas, Wellons, Ballance, Albertson, Plyler, Odom, Lee

32 **TARHEEL CHALLENGE MATCHING FUNDS**

33 **SECTION 18.2.** The North Carolina National Guard shall identify
34 alternative sources of funding, including local and private funds, to be used to meet the
35 forty percent (40%) match requirement for federal funds.
36

37 Requested by: Senators Thomas, Wellons, Plyler, Odom, Lee

38 **PLAN OF REORGANIZATION FOR CAMP BUTNER**

39 **SECTION 18.3.** It is the intent of the General Assembly to transfer the
40 State's obligation of providing public safety services to Camp Butner, including the
41 State and federal institutions and entities located at Camp Butner, and to transfer funds
42 sufficient to provide fire and safety protection to the State institutions at Camp Butner,
43 effective June 30, 2003. The Office of the Governor shall consult with the Department
44 of Crime Control and Public Safety, the Department of Health and Human Services, the
45 Department of Correction, the Department of Juvenile Justice and Delinquency
46 Prevention, the Department of Agriculture and Consumer Services, North Carolina State
47 University, the Department of Public Instruction, and the Community Colleges System
48 to develop a plan of reorganization to transfer the State's authority, powers, duties, and
49 contractual obligations of providing public safety services, including fire and police or
50 safety protection, to Camp Butner and to the State and federal institutions and entities
51 located at Camp Butner to either the county in which the real property is located or an
52 incorporated municipality. In developing the plan of reorganization, the Office of the
53 Governor shall also consider how fire and safety protections for the institutions located
54 in Morganton, Burke County, and in Goldsboro, Wayne County, are funded.

1 On or before October 1, 2002, the Governor shall submit the plan of
2 reorganization, including any legislative proposals and funding requirements that are
3 required to implement the plan of reorganization, to the Chairs of the Senate
4 Appropriations Committee on Justice and Public Safety, the Chairs of the House of
5 Representatives Appropriations Subcommittee on Justice and Public Safety, the Fiscal
6 Research Division, and the Corrections, Crime Control, and Juvenile Justice Oversight
7 Committee. The plan of reorganization shall become effective June 30, 2003, unless the
8 General Assembly disapproves of the plan.
9

10 PART XIX. DEPARTMENT OF ADMINISTRATION

11
12 Requested by: Senators Warren, Harris, Plyler, Odom, Lee

13 EXPAND DEFINITION OF HUB BUSINESS

14 SECTION 19.1. G.S. 143-128.2(g) reads as rewritten:

15 "(g) As used in this section:

16 (1) The term 'minority business' means a ~~business;~~ business which either
17 meets the tests of subparagraphs a. and b. of this subdivision, or meets
18 the test of subparagraph c. of this subdivision:

19 a. In which at least fifty-one percent (51%) is owned by one or
20 more minority persons or socially and economically
21 disadvantaged individuals, or in the case of a corporation, in
22 which at least fifty-one percent (51%) of the stock is owned by
23 one or more minority persons or socially and economically
24 disadvantaged ~~individuals; and individuals.~~

25 b. Of which the management and daily business operations are
26 controlled by one or more of the minority persons or socially
27 and economically disadvantaged individuals who own it.

28 c. Which is a 'HUBZone small business concern' as defined by the
29 Small Business Administration.

30 (2) The term 'minority person' means a person who is a citizen or lawful
31 permanent resident of the United States and who is:

32 a. Black, that is, a person having origins in any of the black racial
33 groups in Africa;

34 b. Hispanic, that is, a person of Spanish or Portuguese culture with
35 origins in Mexico, South or Central America, or the Caribbean
36 Islands, regardless of race;

37 c. Asian American, that is, a person having origins in any of the
38 original peoples of the Far East, Southeast Asia and Asia, the
39 Indian subcontinent, or the Pacific Islands;

40 d. American Indian, that is, a person having origins in any of the
41 original Indian peoples of North America; or

42 e. Female.

43 (3) The term 'socially and economically disadvantaged individual' means
44 the same as defined in 15 U.S.C. 637."
45

46 Requested by: Senators Warren, Harris, Plyler, Odom, Lee

47 INCREASE EFFICIENCY OF MAIL SERVICE CENTER

48 SECTION 19.2. G.S. 143-341(8)g. reads as rewritten:

49 "g. To establish and operate a central mailing system for all State
50 agencies, and in connection therewith and in the discretion of
51 the Secretary, to make application for and procure a post-office
52 substation for that purpose, and to do all things necessary in
53 connection with the maintenance of the central mailing system.
54 The Secretary may allocate and charge against the respective
55 departments and agencies their proportionate parts of the cost of

1 the maintenance of the central mailing system. The Secretary
2 shall develop a plan for the efficient operation of the center that
3 meets the needs of State agencies and ensures timely delivery of
4 mail, and shall present that plan to the Office of State Budget
5 and Management and the General Assembly no later than the
6 convening date of the 2003 General Assembly."

7
8 Requested by: Senators Warren, Harris, Plyler, Odom, Lee

9 **SCHOLARSHIPS FOR CHILDREN OF WAR VETERANS AMENDMENTS**

10 **SECTION 19.3.** Article 4 of Chapter 165 of the General Statutes reads as
11 rewritten:

12 "Article 4.

13 "Scholarships for Children of War Veterans.

14 **"§ 165-19. Purpose.**

15 In appreciation for the service and sacrifices of North Carolina's war veterans and as
16 evidence of this State's concern for their children, there is hereby continued a revised
17 program of scholarships for said children as set forth in this Article.

18 **"§ 165-20. Definitions.**

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

- 21 (1) "Active federal service" means full-time duty in the armed forces other
22 than active duty for training; however, if disability or death occurs
23 while on active duty for training (i) as a direct result of armed conflict
24 or (ii) while engaged in extra-hazardous service, including such
25 service under conditions simulating war, such active duty for training
26 shall be considered as active federal service.
- 27 (2) "Armed forces" means the army, navy, marine corps, air force and
28 coast guard, including their reserve components.
- 29 (3) "Child" means a person: (i) under 26 years of age at the time of
30 application for such scholarship, (i) (ii) who is a domiciliary of North
31 Carolina and is a resident of North Carolina when applying for a
32 scholarship, and (ii) (iii) who is a senior in high school or its
33 equivalent and who will graduate at the end of the academic year or a
34 person who has completed high school or its equivalent, prior to
35 receipt of a scholarship as may be awarded under this Article, and
36 (iii)(iv) who has complied with the requirements of the Selective
37 Service System, if applicable, and (iv)(v) who further meets one of the
38 following requirements:
- 39 a. A person whose veteran parent was a legal resident of North
40 Carolina at the time of said veteran's entrance into that period of
41 service in the armed forces during which eligibility is
42 established under G.S. 165-22.
- 43 b. A veteran's child who was born in North Carolina and has lived
44 in been a resident of North Carolina continuously since birth.
45 Provided, that the requirement in the preceding sentence as to
46 birth in North Carolina may be waived by the Department of
47 Administration if it is shown to the satisfaction of the
48 Department that the child's mother was a native born resident of
49 North Carolina and was such resident at the time of her
50 marriage to the veteran and was outside the State temporarily at
51 the time of the child's birth, following which the child was
52 returned to North Carolina within a reasonable period of time
53 where said child has since lived continuously.

- 1 c. A person meeting either of the requirements set forth in
2 subdivision (3)a or b above, and who was legally adopted by
3 the veteran prior to said person's reaching the age of 15 years.
4 (4) "Period of war" and "wartime" shall mean any of the periods or
5 circumstances as defined below:
6 a. World War I, meaning (i) the period beginning on April 6, 1917
7 and ending on November 11, 1918, and (ii) in the case of a
8 veteran who served with the United States armed forces in
9 Russia, the period beginning on April 6, 1917 and ending on
10 April 1, 1920.
11 b. World War II, meaning the period beginning on December 7,
12 1941 and ending on December 31, 1946.
13 c. Korean Conflict, meaning the period beginning on June 27,
14 1950 and ending on January 31, 1955.
15 d. Vietnam era, meaning the period beginning on August 5, 1964,
16 and ending on May 7, 1975.
17 d1. Persian Gulf War, meaning the period beginning on August 2,
18 1990, and ending on the date prescribed by Presidential
19 proclamation or concurrent resolution of the United States
20 Congress.
21 e. Any period of service in the armed forces during which the
22 veteran parent of an applicant for a scholarship under this
23 Article suffered death or disability (i) as a direct result of armed
24 conflict or (ii) while engaged in extra-hazardous service,
25 including such service under conditions simulating war.
26 (5) "Private educational institution" means any junior college, senior
27 college or university which is operated and governed by private
28 interests not under the control of the federal, State or any local
29 government, which is located within the State of North Carolina,
30 which does not operate for profit, whose curriculum is primarily
31 directed toward the awarding of associate, baccalaureate or graduate
32 degrees, which agrees to the applicable administration and funding
33 provisions of G.S. 165-22.1, of this Article, and which is otherwise
34 approved by the State Board of Veterans Affairs.
35 (6) "State educational institution" means any educational institution of
36 higher learning which is owned and operated by the State of North
37 Carolina, or any community college operated under the provisions of
38 Chapter 115A and Article 3 of Chapter 116 of the General Statutes of
39 North Carolina, or the college program of the North Carolina School
40 of the Arts, or any technical institute operated under the provisions of
41 Chapter 115A of the General Statutes of North Carolina.
42 (7) "Veteran" means a person who served as a member of the armed
43 forces of the United States in active federal service during a period of
44 war and who was separated from the armed forces under conditions
45 other than dishonorable. A person who was separated from the armed
46 forces under conditions other than dishonorable and whose death or
47 disability was incurred (i) as a direct result of armed conflict or (ii)
48 while engaged in extra-hazardous service, including such service under
49 conditions simulating war, shall also be deemed a "veteran" and such
50 death or disability shall be considered wartime service-connected.

51 **§ 165-21. Scholarship.**

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

- 54 (1) With respect to State educational institutions, unless expressly limited
55 elsewhere in this Article, a scholarship shall consist of:

- 1 a. Tuition,
 2 b. A reasonable board allowance,
 3 c. A reasonable room allowance,
 4 d. Matriculation and other institutional fees required to be paid as
 5 a condition to remaining in said institution and pursuing the
 6 course of study selected, excluding charges or fees for books,
 7 supplies, tools and clothing.
- 8 (2) With respect to private educational institutions, a scholarship shall
 9 consist of a monetary allowance as prescribed in G.S. 165-22.1(d).
- 10 (3) Only one scholarship may be granted pursuant to this Article with
 11 respect to each child and it shall not extend for a longer period than
 12 four academic years, which years, however, need not be consecutive.
- 13 (4) No educational assistance shall be afforded a child under this Article
 14 after the end of a ~~10-year~~ eight-year period beginning on the date the
 15 scholarship is first awarded. Those persons who have been granted a
 16 scholarship under this Article prior to the effective date of this act shall
 17 be entitled to the remainder of their period of scholarship eligibility if
 18 used prior to August 1, ~~1999~~ 2010. Whenever a child is enrolled in an
 19 educational institution and the period of entitlement ends while
 20 enrolled in a term, quarter or semester, such period shall be extended
 21 to the end of such term, quarter or semester, but not beyond the
 22 entitlement limitation of four academic years.

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

26 **§ 165-22. Classes or categories of eligibility under which scholarships may be**
 27 **awarded.**

28 A child, as defined in this Article, who falls within the provisions of any eligibility
 29 class described below shall, upon proper application be considered for a scholarship,
 30 subject to the provisions and limitations set forth for the class under which he is
 31 considered:

- 32 (1) Class I-A: Under this class a scholarship shall be awarded to any child
 33 whose veteran parent
 34 a. Was killed in action or died from wounds or other causes not
 35 due to his own willful misconduct while a member of the armed
 36 forces during a period of war, or
 37 b. Has died of service-connected injuries, wounds, illness or other
 38 causes incurred or aggravated during wartime service in the
 39 armed forces, as rated by the United States Department of
 40 Veterans Affairs.
- 41 (2) Class I-B: Under this class a limited scholarship providing only those
 42 benefits set forth in G.S. 165-21(1)a and d and 165-21(2) of this
 43 Article, shall be awarded to any child whose veteran parent, at the time
 44 the benefits pursuant to this Article are sought to be availed of, is or
 45 was at the time of his death receiving compensation for a wartime
 46 service-connected disability of one hundred percent (100%) as rated by
 47 the United States Department of Veterans Affairs. Provided, that if the
 48 veteran parent of a recipient under this class should die of his wartime
 49 service-connected condition before the recipient shall have utilized all
 50 of his scholarship eligibility time, then the North Carolina Department
 51 of Administration shall amend the recipient's award from Class I-B to
 52 Class I-A for the remainder of the recipient's eligibility time. The
 53 effective date of such an amended award shall be determined by the
 54 Department of Administration, but, in no event shall it predate the date
 55 of the veteran parent's death.

- 1 (3) Class II: Under this class a scholarship may be awarded to not more
2 than 100 children yearly, each of whose veteran parent, at the time the
3 benefits pursuant to this Article are sought to be availed of:
4 a. Is or was at the time of his death receiving compensation for a
5 wartime service-connected disability of twenty percent (20%)
6 or more, but less than one hundred percent (100%), as rated by
7 the United States Department of Veterans Affairs, or
8 ~~b. Is or was at the time of his death receiving wartime~~
9 ~~compensation for a statutory award for arrested pulmonary~~
10 ~~tuberculosis, as rated by the United States Department of~~
11 ~~Veterans Affairs.~~
12 b. Was awarded the Purple Heart for wounds received as a result
13 of an act of any opposing armed force, as a result of an
14 international terrorist attack, or as a result of military operations
15 while serving as part of a peacekeeping force.
16 (4) Class III: Under this class a scholarship may be awarded to not more
17 than 100 children yearly, each of whose veteran ~~parent, parent at the~~
18 ~~time the benefits pursuant to this Article are sought to be availed of:~~
19 served in the United States armed forces during a period of war, as
20 specified by G.S. 165-20(4) of this Article, and who does not fall
21 within the provisions of any other eligibility class described in G.S.
22 165-22(1), (2), (3), nor (5).
23 ~~a. Is or was at the time of his death drawing pension for~~
24 ~~permanent and total disability, nonservice connected, as rated~~
25 ~~by the United States Department of Veterans Affairs, or~~
26 ~~b. Is deceased and who does not fall within the provisions of any~~
27 ~~other eligibility class described in G.S. 165-22(1), (2), (3), (4)a.,~~
28 ~~nor (5) provided such child is less than 23 years of age at the~~
29 ~~time of application for such scholarship.~~
30 (5) Class IV: Under this class a scholarship as defined in G.S. 165-21 shall
31 be awarded to any child whose parent, while serving honorably as a
32 member of the armed forces of the United States in active federal
33 service during a period of war, as defined in G.S. 165-20(4), was listed
34 by the United States government as (i) missing in action, (ii) captured
35 in line of duty by a hostile force, or (iii) forcibly detained or interned
36 in line of duty by a foreign government or power.

37 **"§ 165-22.1. Administration and funding.**

38 (a) The administration of the scholarship program shall be vested in the
39 Department of Administration, and the disbursing and accounting activities required
40 shall be a responsibility of the Department of Administration. The Veterans Affairs
41 Commission shall determine the eligibility of applicants, select the scholarship
42 recipients, establish the effective date of scholarships, and may suspend or revoke
43 scholarships if the said Veterans Affairs Commission finds that the recipient does not
44 comply with the registration requirements of the Selective Service System or does not
45 maintain an adequate academic status, or if the recipient engages in riots, unlawful
46 demonstrations, the seizure of educational buildings, or otherwise engages in disorderly
47 conduct, breaches of the peace or unlawful assemblies. The Department of
48 Administration shall maintain the primary and necessary records, and the Veterans
49 Affairs Commission shall promulgate such rules and regulations not inconsistent with
50 the other provisions of this Article as it deems necessary for the orderly administration
51 of the program. It may require of State or private educational institutions, as defined in
52 this Article, such reports and other information as it may need to carry out the
53 provisions of this Article. The Department of Administration shall disburse scholarship
54 payments for recipients certified eligible by the Department of Administration upon
55 certification of enrollment by the enrolling institution.

1 (b) Funds for the support of this program shall be appropriated to the Department
 2 of Administration as a reserve for payment of the allocable costs for room, board,
 3 tuition, and other charges, and shall be placed in a separate budget code from which
 4 disbursements shall be made. In the event the said appropriation for any year is
 5 insufficient to pay the full amounts allocable under the provisions of this Article, such
 6 supplemental sums as may be necessary shall be allocated from the Contingency and
 7 Emergency Fund. The method of disbursing and accounting for funds allocated for
 8 payments under the provisions of this section shall be in accordance with those
 9 standards and procedures prescribed by the Director of the Budget, pursuant to the
 10 Executive Budget Act.

11 (c) Allowances for room and board in State educational institutions shall be at
 12 such rate as ~~the Director of the Budget may determine to be reasonable.~~ established by
 13 the Secretary of the Department of Administration.

14 (d) Scholarship recipients electing to attend a private educational institution shall
 15 be granted a monetary allowance for each term or other academic period attended under
 16 their respective scholarship awards. All recipients under Class I-B scholarship shall
 17 receive an allowance at one rate, irrespective of course or institution; all recipients
 18 under Classes I-A, II, III and IV shall receive a uniform allowance at a rate higher than
 19 for Class I-B, irrespective of course or institution. The amount of said allowances shall
 20 be determined by the Director of the Budget and made known prior to the beginning of
 21 each fall quarter or semester; provided that the Director of the Budget may change the
 22 allowances at intermediate periods when in his judgment such changes are necessary.
 23 Disbursements by the State shall be to the private institution concerned, for credit to the
 24 account of each recipient attending said institution. The manner of payment to any
 25 private institution shall be as prescribed by the Department of Administration. The
 26 participation by any private institution in the program shall be subject to the applicable
 27 provisions of this Article and to examination by State auditors of the accounts of
 28 scholarship recipients attending or having attended private institutions. The Veterans
 29 Affairs Commission may defer making an award or may suspend an award in any
 30 private institution which does not comply with the provisions of this Article relating to
 31 said institutions.

32 (e) Irrespective of other provisions of this Article, the Veterans Affairs
 33 Commission may prescribe special procedures for adjusting the accounts of scholarship
 34 recipients who for reasons of illness, physical inability to attend class or for other valid
 35 reason satisfactory to the Veterans Affairs Commission may withdraw from State or
 36 private educational institutions prior to the completion of the term, semester, quarter or
 37 other academic period being attended at the time of withdrawal. Such procedures may
 38 include, but shall not be limited to, paying the recipient the dollar value of his unused
 39 entitlements for the academic period being attended, with a corresponding deduction of
 40 this period from his remaining scholarship eligibility time."
 41

42 Requested by: Senators Warren, Harris, Plyler, Odom, Lee

43 **REGIONAL OFFICE CONSOLIDATION PLAN**

44 **SECTION 19.4.** The Department of Administration, State Property Office,
 45 shall identify regional offices established throughout the State in all State agencies and
 46 shall develop a plan that provides for the consolidation of the individual regional offices
 47 into a central facility in each region, giving consideration to sharing space and utilizing
 48 vacant space, and to availability of space in all agencies, including university and
 49 community college campuses. The Department shall report its findings and
 50 recommendations to the Chairs of the Appropriations Committees of the Senate and
 51 House of Representatives and to the Fiscal Research Division by November 1, 2002.
 52

53 Requested by: Senators Warren, Harris, Plyler, Odom, Lee

54 **REPEAL NORTH CAROLINA AGENCY FOR PUBLIC**
 55 **TELECOMMUNICATIONS**

1 **SECTION 19.5.(a)** Part 22 of Article 9 of Chapter 143B of the General
2 Statutes is repealed.

3 **SECTION 19.5.(b)** G.S. 147-33.91(13) is repealed.

4 5 **PART XX. OFFICE OF THE STATE AUDITOR**

6
7 Requested by: Senators Warren, Harris, Plyler, Odom, Lee

8 **AUDIT OF SMART START PARTNERSHIPS**

9 **SECTION 20.1.** G.S. 143B-168.14(b) reads as rewritten:

10 "(b) Each local partnership shall be subject to audit and review by the State
11 Auditor under Article 5A of Chapter 147 of the General Statutes. The State Auditor
12 shall conduct ~~annual~~ financial and compliance audits of the local ~~partnerships.~~
13 partnerships every two years and more frequently as the State Auditor deems
14 appropriate."

15 16 **PART XXI. DEPARTMENT OF CULTURAL RESOURCES**

17
18 Requested by: Senators Warren, Harris, Plyler, Odom, Lee

19 **NC ARTS COUNCIL LIMIT USE OF CONSULTANTS**

20 **SECTION 21.1.** The North Carolina Arts Council shall limit the use of
21 consultants to evaluate and approve applications for arts and cultural grants for
22 individuals and organizations and shall conduct the grants process with the Division of
23 Arts Council staff.

24
25 Requested by: Senators Warren, Harris, Plyler, Odom, Lee

26 **MUSEUM ADMISSION FEE STUDY**

27 **SECTION 21.2.** The Office of State Budget and Management shall study the
28 feasibility of charging an admission fee to the State's museums and other similar
29 facilities open to the public. The Office of State Budget and Management shall conduct
30 the study in consultation with the Fiscal Research Division of the Legislative Services
31 Office. The Office of State Budget and Management shall complete this study and
32 report to the Chairs of the Senate and House of Representatives Appropriations
33 Committees by November 1, 2002.

34 35 **PART XXII. DEPARTMENT OF REVENUE**

36
37 Requested by: Senators Warren, Harris, Plyler, Odom, Lee

38 **LOCAL SALES TAX ADMINISTRATIVE COSTS**

39 **SECTION 22.1.** To the extent the Department of Revenue's nonrecurring
40 costs of implementing and administering Article 44 of Chapter 105 of the General
41 Statutes, as amended, exceed funds available in its budget for the 2002-2003 fiscal year,
42 the Department may pay the excess cost by withholding funds from collections under
43 Subchapter VIII of Chapter 105 of the General Statutes.

44
45 Requested by: Senators Warren, Harris, Plyler, Odom, Lee

46 **DOR REPORTS ON DEBT COLLECTION**

47 **SECTION 22.2.** G.S. 105-243.1(f) reads as rewritten:

48 "(f) Reports. – The Department must report to the Joint Legislative Commission
49 on Governmental Operations and to the Revenue Laws Study Committee on its efforts
50 to collect tax debts. Reports must be submitted quarterly beginning November 1, 2001,
51 through ~~November 1, 2002, June 30, 2005,~~ and semiannually thereafter. Each report
52 must include a breakdown of the amount and age of tax debts collected by collection
53 agencies on contract, the amount and age of tax debts collected by the Department
54 through warning letters, and the amount and age of tax debts otherwise collected by
55 Department personnel. The report must itemize collections by type of tax. Each report

1 must also include a long-term collection plan, a timeline for implementing each step of
2 the plan, a summary of steps taken since the last report and their results, and any other
3 data requested by the Commission or the Committee."
4

5 Requested by: Senators Warren, Harris, Plyler, Odom, Lee

6 **DOR VACANT POSITIONS**

7 **SECTION 22.3.** The Department of Revenue shall reclassify vacant
8 positions and allocate up to eight hundred fifty-five thousand forty-seven dollars
9 (\$855,047) in recurring funds for the 2002-2003 fiscal year, and up to two hundred
10 thousand one hundred dollars (\$200,100) in nonrecurring funds for the 2002-2003 fiscal
11 year as follows:

- 12 (1) To increase staff and provide operating costs in the Criminal
13 Investigations Division to expand fraud investigations.
- 14 (2) To support the Department of Justice's personnel and operating
15 expenses for legal services related to the expansion of fraud
16 investigations.
17

18 Requested by: Senators Warren, Harris, Plyler, Odom, Lee

19 **DOR DEBT COLLECTION FUNDS**

20 **SECTION 22.4.** The Department of Revenue may use up to six hundred
21 thousand dollars (\$600,000) each fiscal year from the collection assistance fee account
22 created in G.S. 105-243.1 to be allocated as follows:

- 23 (1) Two hundred thousand dollars (\$200,000) for contractual services
24 related to system changes for managing and filing bankruptcies.
- 25 (2) Four hundred thousand dollars (\$400,000) for identifying delinquent
26 taxpayers.
27

28 Requested by: Senators Warren, Harris, Plyler, Odom, Lee

29 **DOR REPORT ON LOCAL TAX ADMINISTRATION EXPENSES**

30 **SECTION 22.5.** G.S. 105-256 is amended by adding a new subsection to
31 read:

32 "(e) Local Tax Administration Expenses. – The Secretary must report quarterly to
33 the chairs of the Appropriations Committees and Finance Committees of each house of
34 the General Assembly and to the Fiscal Research Division on its expenditures of funds
35 withheld from distributions to local governments to cover its costs of administering
36 local taxes and local programs. The report must itemize expenditures for personnel,
37 operating expenses, and nonrecurring expenses by division and must specify the source
38 of the withheld funds in each case. The report is due 15 days after the end of each
39 quarter."
40

41 **PART XXIII. RULES REVIEW COMMISSION**

42
43 Requested by: Senators Warren, Harris, Plyler, Odom, Lee

44 **RULES REVIEW COMMISSION MEETING SCHEDULE**

45 **SECTION 23.1.** G.S. 143B-30.1 reads as rewritten:

46 **"§ 143B-30.1. Rules Review Commission created.**

47 (a) The Rules Review Commission is created. The Commission shall consist of
48 10 members to be appointed by the General Assembly, five upon the recommendation
49 of the President Pro Tempore of the Senate, and five upon the recommendation of the
50 Speaker of the House of Representatives. These appointments shall be made in
51 accordance with G.S. 120-121, and vacancies in these appointments shall be filled in
52 accordance with G.S. 120-122. Except as provided in subsection (b) of this section, all
53 appointees shall serve two-year terms.

54 (b) In 1990, two of the appointments made by the General Assembly upon the
55 recommendation of the President of the Senate shall expire June 30, 1991, and two shall

1 expire June 30, 1992. In 1990, two of the appointments made by the General Assembly
2 upon the recommendation of the Speaker of the House of Representatives shall expire
3 June 30, 1992, and two shall expire June 30, 1993. Subsequent terms shall be for two
4 years.

5 (c) Any appointment to fill a vacancy on the Commission created by the
6 resignation, dismissal, ineligibility, death, or disability of any member shall be for the
7 balance of the unexpired term. The chairman shall be elected by the Commission, and
8 he shall designate the times and places at which the Commission shall meet. ~~The~~
9 ~~Commission shall meet at least once a month.~~ A quorum of the Commission shall
10 consist of six members of the Commission. The Commission is an independent agency
11 under Article III, Section 11 of the Constitution.

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

18 (e) Any other provision of the General Statutes notwithstanding, the appointment
19 of employees of the Commission shall be made by the Commission. Nothing in this
20 Article shall be construed to exempt employees of the Commission from the State
21 Personnel Act.

22 (f) ~~The Commission shall prescribe procedures and forms to be used in~~
23 ~~submitting rules to the Commission for review.~~ may make rules concerning its meeting
24 schedule, filing procedures, and review schedule and procedures. The Commission may
25 have computer access to the North Carolina Administrative Code to enable the
26 Commission and its staff to view and copy rules in the Code."
27

28 PART XXIV. SECRETARY OF STATE

29
30 Requested by: Senators Warren, Harris, Plyler, Odom, Lee

31 ELIMINATE THE BUSINESS LICENSE INFORMATION OFFICE

32 SECTION 24.1.(a) Article 4B of Chapter 147 of the General Statutes is
33 repealed.

34 SECTION 24.1.(b) G.S. 105-259(b)(17) is repealed.
35

36 PART XXV. OFFICE OF THE STATE CONTROLLER

37
38 Requested by: Senators Warren, Harris, Plyler, Odom, Lee

39 OVERPAYMENTS AUDIT

40 SECTION 25.1.(a) During the 2002-2003 fiscal year, receipts generated by
41 the collection of inadvertent overpayments by State agencies to vendors as a result of
42 pricing errors, neglected rebates and discounts, miscalculated freight charges, unclaimed
43 refunds, erroneously paid excise taxes, and related errors as required by
44 G.S.147-86.22(c) are to be deposited in the Special Reserve Account 24172.

45 SECTION 25.1.(b) For the 2002-2003 fiscal year, two hundred thousand
46 dollars (\$200,000) of the funds transferred from the Special Reserve Account 24172
47 shall be used by the Office of the State Controller for data processing, debt collection,
48 or other information technology initiatives.

49 SECTION 25.1.(c) All funds available in the Special Reserve Account
50 24172 on July 1, 2002, are transferred to the General Fund on that date.

51 SECTION 25.1.(d) Any unobligated funds in the Special Reserve Account
52 24172 that are realized above the allowance in subsection (b) of this section are subject
53 to appropriation by the General Assembly in the 2003 Regular Session of the General
54 Assembly.

1 **SECTION 25.1.(e)** The State Controller shall report quarterly to the Joint
 2 Legislative Commission on Governmental Operations and the Fiscal Research Division
 3 on the revenue deposited into the Special Reserve Account and the disbursement of that
 4 revenue.

5
 6 **PART XXVI. DEPARTMENT OF TRANSPORTATION**

7
 8 Requested by: Senators Gulley, Plyler, Odom, Lee

9 **CASH-FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND**
 10 **APPROPRIATIONS**

11 **SECTION 26.1.** Section 27.4(a) of S.L. 2001-424 reads as rewritten:

12 **"SECTION 27.4.(a)** The General Assembly authorizes and certifies anticipated
 13 revenues of the Highway Fund as follows:

14	FY 2003-2004	\$1,334.6 million	<u>\$1,328.9 million</u>
15	FY 2004-2005	\$1,369.8 million	<u>\$1,374.0 million</u>
16	FY 2005-2006	\$1,406.1 million	<u>\$1,422.4 million</u>
17	FY 2006-2007	\$1,445.5 million	<u>\$1,472.6 million</u>

18 The General Assembly authorizes and certifies anticipated revenues of the Highway
 19 Trust Fund as follows:

20	FY 2003-2004	\$1,127.6 million	<u>\$1,019.4 million</u>
21	FY 2004-2005	\$1,176.5 million	<u>\$1,058.5 million</u>
22	FY 2005-2006	\$1,226.8 million	<u>\$1,110.2 million</u>
23	FY 2006-2007	\$1,278.4 million	<u>\$1,162.5 million</u>

24
 25 Requested by: Senators Gulley, Garrou, Plyler, Odom, Lee

26 **HIGHWAY TRUST FUND STUDY COMMITTEE CONTINUED**

27 **SECTION 26.2.(a)** Section 27.6(b) of S.L. 2001-424 reads as rewritten:

28 **"SECTION 27.6. (b)** Membership. – The Study Committee shall be composed of
 29 ~~16~~18 members as follows:

- 30 (1) The Chairs of the Joint Legislative Transportation Oversight
- 31 Committee.
- 32 (2) Four Representatives and ~~three~~four public members appointed by the
- 33 Speaker of the House of Representatives.
- 34 (3) Four Senators and ~~three~~four public members appointed by the
- 35 President Pro Tempore of the Senate.

36 The appointing authorities shall make their appointments to reflect the urban-rural
 37 diversity of the population of the State."

38 **SECTION 26.2.(b)** Section 27.6(c) of S.L. 2001-424 reads as rewritten:

39 **"SECTION 27.6.(c)** Duties of the Study Committee. – The Committee may study
 40 all aspects of the Highway Trust Fund. The study shall include the examination of all
 41 the following:

- 42 (1) The current status, cost estimates, and feasibility of Highway Trust
- 43 Fund projects currently listed in Article 14 of Chapter 136 of the
- 44 General Statutes.
- 45 (2) Unanticipated problems with the structure of the Highway Trust Fund.
- 46 (3) The gap between transportation funding structures and the actual
- 47 transportation needs of the State.
- 48 (4) Allocation issues raised by the structure of the transportation funding
- 49 equity distribution formula in G.S. 136-17.2A.
- 50 (5) The feasibility of altering the project eligibility requirements of the
- 51 Highway Trust Fund, including permitting the Department of
- 52 Transportation to add projects as long as adding those projects does
- 53 not delay projects already to be funded by the Highway Trust Fund,
- 54 projects scheduled under the 2002-2008 Transportation Improvement

1 Program, and does not impair the cash-flow provisions of G.S.
2 136-176(a1).

- 3 (6) The feasibility of altering the funding allocation structure of the
4 Highway Trust Fund, including the possible use of the Highway
5 Trust Fund to provide the State match for available federal aid
6 highway funds as long as using the funds in this manner does not delay
7 projects already funded by the Highway Trust Fund, projects
8 scheduled under the 2002-2008 Transportation Improvement Program,
9 and does not impair the cash-flow provisions of G.S. 136-176(a1).

- 10 (7) Any other issue related to the Highway Trust Fund or transportation
11 funding."

12 **SECTION 26.2.(c)** Section 27.6(k) of S.L. 2001-424 reads as rewritten:

13 **"SECTION 27.6.(k)** Report. – The report of the study shall be made to the Joint
14 Legislative Transportation Oversight Committee no later than ~~April 1, 2002.~~ the first
15 day of the 2003 Session of the General Assembly. Upon the filing of its final report, the
16 Study Committee shall terminate."

17
18 Requested by: Senators Gulley, Metcalf, Carter, Plyler, Odom, Lee

19 **BILTMORE AVENUE AIRSPACE ENCROACHMENT**

20 **SECTION 26.3.** The Department of Transportation shall permit private use
21 of and encroachment upon the airspace above Biltmore Avenue located inside the
22 corporate limits of the City of Asheville for the purpose of construction and
23 maintenance of a pedestrian bridge to connect the campuses of Mission St. Joseph's
24 Health System unless, in the opinion of the Department, the bridge will unreasonably
25 interfere with and impair the property rights and easement of abutting owner or
26 unreasonably interfere with or obstruct the public use of Biltmore Avenue.

27
28 Requested by: Senators Gulley, Plyler, Odom, Lee

29 **PROPORTIONAL REDUCTION OF USE OF HIGHWAY TRUST FUND CASH**
30 **BALANCES**

31 **SECTION 26.4.** G.S. 136-176(a2) reads as rewritten:

32 "(a2) The Department shall certify to the Joint Legislative Transportation Oversight
33 Committee each year, on or before November 1, that use of the Highway Trust Fund
34 cash balances for these purposes will not adversely affect the delivery schedule of
35 Highway Trust Fund projects in the 2002-2008 Transportation Improvement Program.
36 If the Department cannot certify that the full cash balances authorized in subsection (a1)
37 of this section are available and can be used without adversely affecting the delivery
38 schedule, then if any cash balances are available for the purposes set forth in
39 subdivisions (1) through (4) of subsection (a1) of this section, the Department shall
40 report to the Joint Legislative Transportation Oversight Committee on the actual
41 amounts and proportionally reduce the use of the cash balances for all of these
42 purposes."

43
44 Requested by: Senators Rand, Plyler, Odom, Lee

45 **DIVISION OF MOTOR VEHICLES PRINTING EFFICIENCY**

46 **SECTION 26.5.** The Department of Transportation is directed to implement
47 a more cost effective method of providing printing services for the Division of Motor
48 Vehicles.

49
50 Requested by: Senators Gulley, Plyler, Odom, Lee

51 **DMV DRIVERS LICENSE EXAMINER DRESS CODE**

52 **SECTION 26.6.** The Secretary of Transportation shall eliminate the
53 requirement that Division Of Motor Vehicle Drivers License examiners wear uniforms.
54 The Secretary shall develop a new dress code for examiners that includes a requirement

1 that examiners wear khaki-type slacks and wear polo-type shirts bearing the Division's
2 logo.

3
4 Requested by: Senators Gulley, Plyler, Odom, Lee

5 **DIVISION OF MOTOR VEHICLES TO IMPLEMENT MULTIYEAR**
6 **REGISTRATIONS AND TEN-YEAR DRIVERS LICENSES**

7 **SECTION 26.7.** The Division of Motor Vehicles shall develop and
8 implement a system of issuing multiyear motor vehicle registrations and ten-year
9 drivers licenses. The Division of Motor Vehicles shall report to the General Assembly
10 on the first day of the 2003 Regular Session on any statutory changes required to
11 implement the multiyear registrations and ten-year licenses.

12
13 **PART XXVII. INFORMATION TECHNOLOGY**

14
15 Requested by: Senators Reeves, Plyler, Odom, Lee

16 **ELECTRONIC PROCUREMENT AND STATE INFORMATION**
17 **TECHNOLOGY PROCUREMENT BY SECRETARY OF**
18 **ADMINISTRATION**

19 **SECTION 27.1.(a)** G.S. 143-48.3(a) reads as rewritten:

20 "(a) The Department of Administration ~~and the~~ shall develop and maintain
21 electronic or digital standards for procurement. The Department of Administration shall
22 consult with the Office of the State Controller, in conjunction with the Office of
23 Information Technology Services (ITS), the Department of State Auditor, the
24 Department of State Treasurer, The University of North Carolina General
25 Administration, the Community Colleges System Office, and the Department of Public
26 Instruction shall collaborate to develop electronic or digital procurement
27 standards. Instruction."

28 **SECTION 27.1.(b)** G.S. 143-48.3(c) reads as rewritten:

29 "(c) The Department of Administration shall utilize the Office of Information
30 Technology Services shall act as an Application Service Provider for an electronic
31 procurement system and shall establish, manage, and system. The Office of Information
32 Technology Services shall operate this electronic procurement system, through State
33 ownership or commercial leasing, in accordance with the requirements and operating
34 standards developed by the Department of Administration, the Office of the State
35 Controller, and ITS. Administration and the financial reporting and accounting
36 procedures of the Office of the State Controller."

37 **SECTION 27.1.(c)** G.S. 143-48.3 is amended by adding a new subsection to
38 read:

39 "(a1) The Department of Administration shall comply with the State government-
40 wide technical architecture for information technology, as required by the Information
41 Resources Management Commission."

42 **SECTION 27.1.(d)** G.S. 143-129(e)(7) reads as rewritten:

43 "(e) Exceptions. - The requirements of this Article do not apply to:

44 (7) Purchases of information technology through contracts ~~established~~
45 offered by the State Office of Information Technology Services as
46 provided in G.S. 147-33.82(b) and G.S. 147-33.92(b)."

47 **SECTION 27.1.(e)** Part 4 of Article 3D of Chapter 147 of the General
48 Statutes, being G.S. 147-33.95 through G.S. 147-33.103, is repealed.

49 **SECTION 27.1.(f)** G.S. 143-33.82(a) reads as rewritten:

50 "§ 147-33.82. **Powers and duties of the State Chief Information Officer and the**
51 **Office of Information Technology Services.**

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

53 (1) ~~Procure all information technology for State agencies, as provided in~~
54 ~~Part 4 of this Article.~~

- 1 (1a) Assist the Department of Administration specifically, and State
2 agencies generally, with technological review and cost analysis
3 relative to the State's information technology needs.
4 (1b) Establish processes, specifications, and standards relating to
5 information technology that assist the Department of Administration to
6 purchase, license, or lease information technology for State agencies.
7 (2) Submit for approval of the Information Resources Management
8 Commission all rates and fees for common, shared State
9 government-wide technology services provided by the Office.
10 (3) Submit for approval of the Information Resources Management
11 Commission recommended State government-wide, enterprise-level
12 policies for information technology.
13 (4) Develop standards, procedures, and processes to implement policies
14 approved by the Information Resources Management Commission.
15 (5) Assure that State agencies implement and manage information
16 technology portfolio-based management of State information
17 technology resources, in accordance with the direction set by the State
18 Chief Information Officer.
19 (6) Assure that State agencies implement and manage information
20 technology enterprise management efforts of State government, in
21 accordance with the direction set by the State Chief Information
22 Officer.
23 (7) Provide recommendations to the Information Resources Management
24 Commission for its biennial technology strategy and to develop State
25 government-wide technology initiatives to be approved by the
26 Information Resources Management Commission.
27 (8) Develop a project management, quality assurance, and architectural
28 review process that adheres to the Information Resources Management
29 Commission's certification program and portfolio-based management
30 initiative.
31 (9) Establish and utilize the Information Technology Management
32 Advisory Council to consist of representatives from other State
33 agencies to advise the Office on information technology business
34 management and technology matters.
35 (10) Maintain the confidentiality of trade secrets, test data, similar
36 proprietary information, and security information protected under G.S.
37 132-6.1(c)."

38 **SECTION 27.1.(g)** G.S. 147-33.82(b) reads as rewritten:

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

50 **SECTION 27.1.(h)** G.S. 147-33.82(e) reads as rewritten:

51 "(e) The State Chief Information Officer shall submit the enterprise-wide set of
52 standards for the State's information technology security to the Information Resources
53 Management Commission for approval. The Information Resources Management
54 Commission shall report approval of the standards to the Department of Administration
55 and to the Joint Legislative Commission on Governmental Operations prior to

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

5 **SECTION 27.1.(i)** Beginning October 15, 2002, and quarterly thereafter, the
6 Department of Administration shall report to the Chairs of the Senate Appropriations
7 Committee on Information Technology and the House of Representatives
8 Appropriations Subcommittee on Information Technology, to the Chairs of the Joint
9 Select Committee on Information Technology, and to the Fiscal Research Division on
10 the status of electronic procurement.

11 **PART XXVIII. SALARIES AND EMPLOYEE BENEFITS**

12
13
14 Requested by: Senators Odom, Lee

15 **NO AUTOMATIC STEP INCREASES FOR CERTAIN EMPLOYEES**

16 **SECTION 28.1.** State employees subject to G.S. 7A-102(c), 7A-171.1, or
17 20-187.3 shall not move up on salary schedules or receive automatic step increases for
18 the 2002-2003 fiscal year.

19
20 Requested by: Senators Plyler, Odom, Lee

21 **FUND PAYROLL AND RELATED EMPLOYMENT CONTRIBUTIONS AT** 22 **NINETY-EIGHT PERCENT OF BUDGETED REQUIREMENTS**

23 **SECTION 28.2.** The purpose of the payroll turnover adjustment set out in
24 Section 2.1. of this act is to adjust the amount of funds appropriated to the General Fund
25 for State-paid salaries and wages to more accurately reflect actual salary and wage
26 requirements for full-time and part-time State-paid personnel. The Office of State
27 Budget and Management shall allocate to State departments and agencies funds
28 necessary to support salaries and wages and related employer contributions for social
29 security and retirement at an average rate of ninety-eight percent (98%) of budgeted
30 requirements for salaries and related employer contributions. The provisions of this
31 section shall not apply to salary and related employer contributions funded by the State
32 for The University of North Carolina, the community colleges, and the public school
33 system.

34
35 Requested by: Senators Plyler, Odom, Lee

36 **ESTABLISH SEVERANCE EXPENDITURE RESERVE**

37 **SECTION 28.3.(a)** Section 32.19 of S.L. 2001-424 is repealed.

38 **SECTION 28.3.(b)** There is established in the Office of State Budget and
39 Management a General Fund reserve budget code for the purpose of funding severance-
40 related obligations to employees subject to the State Personnel Act, and to exempt State
41 employees, who are separated from State service due to a reduction-in-force action.
42 Severance-related expenditures from this reserve shall include obligations to fund (i) an
43 employee's severance salary continuation with an age adjustment factor as defined by
44 the State Personnel Commission in State Personnel Manual Section 11, Revision No. 7,
45 9/22/2000, (ii) noncontributory health premiums for up to 12 months, (iii)
46 employer-related contributions for social security, and (iv) payment of an employee's
47 unused vacation leave not to exceed 240 hours.

48 **SECTION 28.3.(c)** The Director of the Budget shall allocate funds
49 appropriated in Section 2.1. of this act to the Reserve for Severance Benefits to State
50 agencies to fund severance-related obligations incurred by the agencies as a result of
51 reduction-in-force actions taken by the Director of the Budget that cause State
52 employees to be terminated from State employment. Funds appropriated to the Reserve
53 for Severance Benefits shall be expended in their entirety before funds appropriated to a
54 State agency for personal services expenditures may be used to fund any
55 severance-related obligations.

1 **SECTION 28.3.(d)** The provisions of this section shall not apply to local
 2 school administrative units, to community colleges, or to The University of North
 3 Carolina.

4
 5 Requested by: Senators Plyler, Lee

6 **DHHS EXEMPT POLICYMAKING POSITIONS**

7 **SECTION 28.4.** G.S. 126-5(d)(1) reads as rewritten:

8 "(d) (1) Exempt Positions in Cabinet Department. – The Governor may
 9 designate a total of 100 exempt policymaking positions throughout the
 10 following departments:

- 11 a. Department of Administration;
- 12 b. Department of Commerce;
- 13 c. Department of Correction;
- 14 d. Department of Crime Control and Public Safety;
- 15 e. Department of Cultural Resources;
- 16 f. Department of Health and Human Services;
- 17 g. Department of Environment and Natural Resources;
- 18 h. Department of Revenue;
- 19 i. Department of Transportation; and
- 20 j. Department of Juvenile Justice and Delinquency Prevention.

21 The Governor may designate exempt managerial positions in a number
 22 up to one percent (1%) of the total number of full-time positions in
 23 each cabinet department listed above in this sub-subdivision, not to
 24 exceed 30 positions in each department. Notwithstanding the
 25 provisions of this subdivision, or the other requirements of this
 26 subsection, the Governor may at any time increase by five the number
 27 of exempt policymaking positions at the Department of Health and
 28 Human Services. The Governor shall notify the General Assembly and
 29 the State Personnel Director of the additional positions designated
 30 hereunder."

31
 32 Requested by: Senators Plyler, Odom, Lee

33 **SALARY-RELATED CONTRIBUTIONS/EMPLOYERS**

34 **SECTION 28.5.** Section 32.21(b) of S.L. 2001-424 reads as rewritten:

35 "**SECTION 32.21.(b)** The State's employer contribution rates budgeted for
 36 retirement and related benefits as percentage of covered salaries for ~~the 2001-2002~~
 37 ~~fiscal year and the 2002-2003 fiscal year~~ are (i) ~~five percent (5.00%)~~ three and three
 38 one-hundredths percent (3.03%) - Teachers and State Employees; (ii) ~~ten percent~~
 39 ~~(10.00%)~~ eight and three one-hundredths percent (8.03%) - State Law Enforcement
 40 Officers; (iii) nine and seventy-one hundredths percent (9.71%) - University
 41 Employees' Optional Retirement System; (iv) nine and seventy-one hundredths percent
 42 (9.71%) -Community College Optional Retirement Program; (v) ~~sixteen and forty~~
 43 ~~hundredths percent (16.40%)~~ Consolidated Judicial Retirement System; and (vi)
 44 twenty five and fifty five hundredths percent (25.55%) Legislative Retirement
 45 System. Each of the foregoing contribution rates includes two and thirty-five hundredths
 46 percent (2.35%) for hospital and medical benefits. The rate for Teachers and State
 47 Employees, State Law Enforcement Officers, Community College Optional Retirement
 48 Program, and for the University Employees' Optional Retirement Program includes
 49 fifty-two hundredths percent (0.52%) for the Disability Income Plan. The rates for
 50 Teachers and State Employees and State Law Enforcement Officers include
 51 sixteen-hundredths percent (0.16%) for the Death Benefits Plan. The rate for State Law
 52 Enforcement Officers includes five percent (5%) for Supplemental Retirement Income."

53
 54 Requested by: Senators Plyler, Odom, Lee, Rand

55 **PUBLIC EMPLOYEE SPECIAL PAY PLAN**

1 **SECTION 28.6.** Article 9 of Chapter 143B of the General Statutes is
2 amended by adding a new Part to read:

3 "Part 29. Board of Trustees of the North Carolina
4 Public Employee Special Pay Plan.

5 "§ 143B-426.41. Board of Trustees of the North Carolina Public Employee Special
6 Pay Plan.

7 (a) The Governor shall, by Executive Order, establish a Board of Trustees of the
8 North Carolina Public Employee Special Pay Plan, which when established shall be
9 constituted as an agency of the State of North Carolina within the Department of
10 Administration. The Board shall create, establish, implement, coordinate, and
11 administer a Special Pay Plan for State employees, which shall enhance, and not
12 diminish, existing Special Pay benefits. A Special Pay Plan is a qualified retirement
13 plan, approved by the Internal Revenue Service, that reduces the federal tax burden on
14 special compensation paid to State employees, including bonuses, accumulated sick
15 leave, accumulated vacation leave, and any other payment or benefit designated as
16 special pay by the Internal Revenue Code.

17 (b) The Board shall consist of five voting members, as follows:

18 (1) The State Controller;

19 (2) The State Budget Officer, who shall serve as chair;

20 (3) The State Treasurer;

21 (4) A representative of a public school system administrative unit who is
22 knowledgeable about payroll and benefit matters, appointed by the
23 Governor; and

24 (5) A representative of the University of North Carolina system who is
25 knowledgeable about payroll and benefit matters, appointed by the
26 Governor.

27 Any member may designate in writing, filed with the Board, any employee of his
28 department to act at any meeting of the Board from which the member is absent, to the
29 same extent that the member could act if present at that meeting. The initial term of the
30 member appointed pursuant to subdivision (4) of this subsection shall end July 1, 2004,
31 and, thereafter, the member shall serve terms of four years. The initial term of the
32 member appointed pursuant to subdivision (5) of this subsection shall end July 1, 2006,
33 and, thereafter, the member shall serve terms of four years.

34 (c) The Board may delegate the performance of such of its administrative duties
35 as it deems appropriate, including coordination and administration of the Plan.

36 (d) The Board shall devise a uniform Special Pay Plan for State employees for
37 the investment of special pay funds. The Plan shall be limited to employees age 55 or
38 older whose special pay totals five thousand dollars (\$5,000) or more per year. The
39 Board may designate appropriate investment vehicles from any company duly
40 authorized to conduct business in this State, or may establish, alter, amend, and modify,
41 to the extent it deems necessary or desirable, a trust for the purpose of facilitating the
42 administration, investment, and maintenance of assets acquired by the investment of
43 Special Pay Plan funds.

44 (e) A majority of the Board shall constitute a quorum for the transaction of
45 business."

46
47 Requested by: Senators Plyler, Odom, Lee, Harris, Warren, Kerr

48 **INCREASE FIRE AND RESCUE PENSION BENEFITS**

49 **SECTION 28.7.** G.S. 58-86-55 reads as rewritten:

50 **"§ 58-86-55. Monthly pensions upon retirement.**

51 Any member who has served 20 years as an "eligible fireman" or "eligible rescue
52 squad worker" in the State of North Carolina, as provided in G.S. 58-86-25 and G.S.
53 58-86-30, and who has attained the age of 55 years is entitled to be paid a monthly
54 pension from this fund. The monthly pension shall be in the amount of ~~one hundred~~
55 ~~fifty one dollars (\$151.00)~~ one hundred fifty-six dollars (\$156.00) per month. Any

1 retired fireman receiving a pension shall, effective ~~July 1, 2000,~~ July 1, 2002, receive a
2 pension of ~~one hundred fifty one dollars (\$151.00)~~ one hundred fifty-six dollars
3 (\$156.00) per month.

4 Members shall pay ten dollars (\$10.00) per month as required by G.S. 58-86-35 and
5 G.S. 58-86-40 for a period of no longer than 20 years. No "eligible rescue squad
6 member" shall receive a pension prior to July 1, 1983. No member shall be entitled to a
7 pension hereunder until the member's official duties as a fireman or rescue squad
8 worker for which the member is paid compensation shall have been terminated and the
9 member shall have retired as such according to standards or rules fixed by the board of
10 trustees.

11 A member who is totally and permanently disabled while in the discharge of the
12 member's official duties as a result of bodily injuries sustained or as a result of extreme
13 exercise or extreme activity experienced in the course and scope of those official duties
14 and who leaves the fire or rescue squad service because of this disability shall be
15 entitled to be paid from the fund a monthly benefit in an amount of ~~one hundred fifty-~~
16 ~~one dollars (\$151.00)~~ one hundred fifty-six dollars (\$156.00) per month beginning the
17 first month after the member's fifty-fifth birthday. All applications for disability are
18 subject to the approval of the board who may appoint physicians to examine and
19 evaluate the disabled member prior to approval of the application, and annually
20 thereafter. Any disabled member shall not be required to make the monthly payment of
21 ten dollars (\$10.00) as required by G.S. 58-86-35 and G.S. 58-86-40.

22 A member who is totally and permanently disabled for any cause, other than line of
23 duty, who leaves the fire or rescue squad service because of this disability and who has
24 at least 10 years of service with the pension fund, may be permitted to continue making
25 a monthly contribution of ten dollars (\$10.00) to the fund until the member has made
26 contributions for a total of 240 months. The member shall upon attaining the age of 55
27 years be entitled to receive a pension as provided by this section. All applications for
28 disability are subject to the approval of the board who may appoint physicians to
29 examine and evaluate the disabled member prior to approval of the application and
30 annually thereafter.

31 A member who, because his residence is annexed by a city under Part 2 or Part 3 of
32 Article 4 of Chapter 160A of the General Statutes, or whose department is closed
33 because of an annexation by a city under Part 2 or Part 3 of Article 4 of Chapter 160A
34 of the General Statutes, and because of such annexation is unable to perform as a
35 fireman of any status, and if the member has at least 10 years of service with the
36 pension fund, may be permitted to continue making a monthly contribution of ten
37 dollars (\$10.00) to the fund until the member has made contributions for a total of 240
38 months. The member upon attaining the age of 55 years and completion of such
39 contributions shall be entitled to receive a pension as provided by this section. Any
40 application to make monthly contributions under this section shall be subject to a
41 finding of eligibility by the Board of Trustees upon application of the member.

42 The pensions provided shall be in addition to all other pensions or benefits under any
43 other statutes of the State of North Carolina or the United States, notwithstanding any
44 exclusionary provisions of other pensions or retirement systems provided by law."
45

46 Requested by: Senators Plyler, Odom, Lee

47 **PROVIDE COST-OF-LIVING INCREASES FOR RETIREES OF THE**
48 **TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM AND**
49 **THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM**

50 **SECTION 28.8.(a)** G.S. 135-5 is amended by adding a new subsection to
51 read:

52 "(jjj) From and after July 1, 2002, the retirement allowance to or on account of
53 beneficiaries whose retirement commenced on or before July 1, 2001, shall be increased
54 by one and one-tenth percent (1.10%) of the allowance payable on June 1, 2002, in
55 accordance with G.S. 135-5(o). Furthermore, from and after July 1, 2002, the retirement

1 allowance to or on account of beneficiaries whose retirement commenced after July 1,
2 2001, but before June 30, 2002, shall be increased by a prorated amount of one and one-
3 tenth percent (1.10%) of the allowance payable as determined by the Board of Trustees
4 based upon the number of months that a retirement allowance was paid between July 1,
5 2001, and June 30, 2002."

6 **SECTION 28.8.(b)** G.S. 128-27 is amended by adding a new subsection to
7 read:

8 "(bbb) From and after July 1, 2002, the retirement allowance to or on account of
9 beneficiaries whose retirement commenced on or before July 1, 2001, shall be increased
10 by one and one-tenth percent (1.10%) of the allowance payable on June 1, 2002, in
11 accordance with subsection (k) of this section. Furthermore, from and after July 1, 2002,
12 the retirement allowance to or on account of beneficiaries whose retirement commenced
13 after July 1, 2001, but before June 30, 2002, shall be increased by a prorated amount of
14 one and one-tenth percent (1.10%) of the allowance payable as determined by the Board
15 of Trustees based upon the number of months that a retirement allowance was paid
16 between July 1, 2001, and June 30, 2002."

17
18 Requested by: Senators Plyler, Odom, Lee, Harris

19 **ENHANCE BENEFITS PAYABLE FROM THE TEACHERS' AND STATE**
20 **EMPLOYEES' RETIREMENT SYSTEM AND THE LOCAL**
21 **GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM**

22 **SECTION 28.9.(a)** G.S. 135-5(b18) reads as rewritten:

23 "(b18) Service Retirement Allowance of Members Retiring on or After July 1, 2000-
24 2000, but Before July 1, 2002. – Upon retirement from service in accordance with
25 subsection (a) or (a1) above, on or after July 1, 2000, but before July 1, 2002, a member
26 shall receive the following service retirement allowance.

27 (1) A member who is a law enforcement officer or an eligible former law
28 enforcement officer shall receive a service retirement allowance
29 computed as follows:

30 a. If the member's service retirement date occurs on or after his
31 55th birthday, and completion of five years of creditable service
32 as a law enforcement officer, or after the completion of 30 years
33 of creditable service, the allowance shall be equal to one and
34 eighty-one hundredths percent (1.81%) of his average final
35 compensation, multiplied by the number of years of his
36 creditable service.

37 b. If the member's service retirement date occurs on or after his
38 50th birthday and before his 55th birthday with 15 or more
39 years of creditable service as a law enforcement officer and
40 prior to the completion of 30 years of creditable service, his
41 retirement allowance shall be equal to the greater of:

42 1. The service retirement allowance payable under G.S.
43 135-5(b18)(1)a. reduced by one-third of one percent (
44 1/3 of 1%) thereof for each month by which his
45 retirement date precedes the first day of the month
46 coincident with or next following the month the member
47 would have attained his 55th birthday; or

48 2. The service retirement allowance as computed under
49 G.S. 135-5(b18)(1)a. reduced by five percent (5%) times
50 the difference between 30 years and his creditable
51 service at retirement.

52 (2) A member who is not a law enforcement officer or an eligible former
53 law enforcement officer shall receive a service retirement allowance
54 computed as follows:

- 1 a. If the member's service retirement date occurs on or after his
2 65th birthday upon the completion of five years of membership
3 service or after the completion of 30 years of creditable service
4 or on or after his 60th birthday upon the completion of 25 years
5 of creditable service, the allowance shall be equal to one and
6 eighty-one hundredths percent (1.81%) of his average final
7 compensation, multiplied by the number of years of creditable
8 service.
- 9 b. If the member's service retirement date occurs after his 60th
10 birthday and before his 65th birthday and prior to his
11 completion of 25 years or more of creditable service, his
12 retirement allowance shall be computed as in G.S.
13 135-5(b18)(2)a. but shall be reduced by one-quarter of one
14 percent (1/4 of 1%) thereof for each month by which his
15 retirement date precedes the first day of the month coincident
16 with or next following his 65th birthday.
- 17 c. If the member's early service retirement date occurs on or after
18 his 50th birthday and before his 60th birthday and after
19 completion of 20 years of creditable service but prior to the
20 completion of 30 years of creditable service, his early service
21 retirement allowance shall be equal to the greater of:
- 22 1. The service retirement allowance as computed under
23 G.S. 135-5(b18)(2)a. but reduced by the sum of
24 five-twelfths of one percent (5/12 of 1%) thereof for
25 each month by which his retirement date precedes the
26 first day of the month coincident with or next following
27 the month the member would have attained his 60th
28 birthday, plus one-quarter of one percent (1/4 of 1%)
29 thereof for each month by which his 60th birthday
30 precedes the first day of the month coincident with or
31 next following his 65th birthday; or
 - 32 2. The service retirement allowance as computed under
33 G.S. 135-5(b18)(2)a. reduced by five percent (5%) times
34 the difference between 30 years and his creditable
35 service at retirement; or
 - 36 3. If the member's creditable service commenced prior to
37 July 1, 1994, the service retirement allowance equal to
38 the actuarial equivalent of the allowance payable at the
39 age of 60 years as computed in G.S. 135-5(b18)b.
- 40 d. Notwithstanding the foregoing provisions, any member whose
41 creditable service commenced prior to July 1, 1963, shall not
42 receive less than the benefit provided by G.S. 135-5(b)."

43 **SECTION 28.9.(b)** G.S. 135-5 is amended by adding a new subsection to

44 read:

45 "(b19) Service Retirement Allowance of Members Retiring on or After July 1, 2002.
46 – Upon retirement from service in accordance with subsection (a) or (a1) above, on or
47 after July 1, 2002, a member shall receive the following service retirement allowance:

48 (1) A member who is a law enforcement officer or an eligible former law
49 enforcement officer shall receive a service retirement allowance
50 computed as follows:

- 51 a. If the member's service retirement date occurs on or after his
52 55th birthday, and completion of five years of creditable service
53 as a law enforcement officer, or after the completion of 30 years
54 of creditable service, the allowance shall be equal to one and
55 eighty-two hundredths percent (1.82%) 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.
9 135-5(b19)(1)a. reduced by one-third of one percent (1/3
10 of 1%) thereof for each month by which his retirement
11 date precedes the first day of the month coincident with
12 or next following the month the member would have
13 attained his 55th birthday; or

14 2. The service retirement allowance as computed under
15 G.S. 135-5(b19)(1)a. reduced by five percent (5%) times
16 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 membership
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-two hundredths percent (1.82%) of his 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. 135-
33 5(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. 135-5(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. 135-5(b19)(2)a. reduced by five percent (5%) times
54 the difference between 30 years and his creditable
55 service at retirement; or

1 3. If the member's creditable service commenced prior to
 2 July 1, 1994, the service retirement allowance equal to
 3 the actuarial equivalent of the allowance payable at the
 4 age of 60 years as computed in G.S. 135-5(b19)b.

5 d. Notwithstanding the foregoing provisions, any member whose
 6 creditable service commenced prior to July 1, 1963, shall not
 7 receive less than the benefit provided by G.S. 135-5(b)."

8 **SECTION 28.9.(c)** G.S. 135-5 is amended by adding a new subsection to
 9 read:

10 "(kkk) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 2002. –
 11 From and after July 1, 2002, the retirement allowance to or on account of beneficiaries
 12 on the retirement rolls as of June 1, 2002, shall be increased by six-tenths of one percent
 13 (0.6%) of the allowance payable on June 1, 2002. This allowance shall be calculated on
 14 the allowance payable and in effect on June 30, 2002, so as not to be compounded on
 15 any other increase granted by act of the 2002 Regular Session of the 2001 General
 16 Assembly."

17 **SECTION 28.9.(d)** G.S. 135-5(m) reads as rewritten:

18 "(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the
 19 principal beneficiary designated to receive a return of accumulated contributions shall
 20 have the right to elect to receive in lieu thereof the reduced retirement allowance
 21 provided by Option 2 of subsection (g) above computed by assuming that the member
 22 had retired on the first day of the month following the date of his death, provided that
 23 the following conditions apply:

- 24 (1) a. The member had attained such age and/or creditable service to
 25 be eligible to commence retirement with an early or service
 26 retirement allowance, or
 27 b. The member had obtained 20 years of creditable service in
 28 which case the retirement allowance shall be computed in
 29 accordance with ~~G.S. 135-5(b18)(1)b. or G.S. 135-5(b18)(2)c.,~~
 30 G.S. 135-5(b19)(1)b. or G.S. 135-5(b19)(2)c., notwithstanding
 31 the requirement of obtaining age 50.
 32 (2) The member had designated as the principal beneficiary to receive a
 33 return of his accumulated contributions one and only one person who
 34 was living at the time of his death.
 35 (3) The member had not instructed the Board of Trustees in writing that he
 36 did not wish the provisions of this subsection to apply.

37 For the purpose of this benefit, a member is considered to be in service at the date of
 38 his death if his death occurs within 180 days from the last day of his actual service. The
 39 last day of actual service shall be determined as provided in subsection (l) of this
 40 section. Upon the death of a member in service, the surviving spouse may make all
 41 purchases for creditable service as provided for under this Chapter for which the
 42 member had made application in writing prior to the date of death, provided that the
 43 date of death occurred prior to or within 60 days after notification of the cost to make
 44 the purchase. The term "in service" as used in this subsection includes a member in
 45 receipt of a benefit under the Disability Income Plan as provided in Article 6 of this
 46 Chapter."

47 **SECTION 28.9.(e)** G.S. 128-27(b19) reads as rewritten:

48 "(b19) Service Retirement Allowance of Member Retiring on or After July 1, 2001.
 49 2001, But Before July 1, 2002. – Upon retirement from service in accordance with
 50 subsection (a) or (a1) above, on or after July 1, 2001, but before July 1, 2002, a member
 51 shall receive the following service retirement allowance:

- 52 (1) A member who is a law enforcement officer or an eligible former law
 53 enforcement officer shall receive a service retirement allowance
 54 computed as follows:

- 1 a. If the member's service retirement date occurs on or after his
2 55th birthday and completion of five years of creditable service
3 as a law enforcement officer, or after the completion of 30 years
4 of creditable service, the allowance shall be equal to one and
5 eighty-one hundredths percent (1.81%) of his average final
6 compensation, multiplied by the number of years of his
7 creditable service.
- 8 b. If the member's service retirement date occurs on or after his
9 50th birthday and before his 55th birthday with 15 or more
10 years of creditable service as a law enforcement officer and
11 prior to the completion of 30 years of creditable service, his
12 retirement allowance shall be equal to the greater of:
- 13 1. The service retirement allowance payable under G.S.
14 128-27(b19)(1)a. reduced by one-third of one percent
15 (1/3 of 1%) thereof for each month by which his
16 retirement date precedes the first day of the month
17 coincident with or next following the month the member
18 would have attained his 55th birthday;
- 19 2. The service retirement allowance as computed under
20 G.S. 128-27(b19)(1)a. reduced by five percent (5%)
21 times the difference between 30 years and his creditable
22 service at retirement.
- 23 (2) A member who is not a law enforcement officer or an eligible former
24 law enforcement officer shall receive a service retirement allowance
25 computed as follows:
- 26 a. If the member's service retirement date occurs on or after his
27 65th birthday upon the completion of five years of creditable
28 service or after the completion of 30 years of creditable service
29 or on or after his 60th birthday upon the completion of 25 years
30 of creditable service, the allowance shall be equal to one and
31 eighty-one hundredths percent (1.81%) of average final
32 compensation, multiplied by the number of years of creditable
33 service.
- 34 b. If the member's service retirement date occurs after his 60th
35 birthday and before his 65th birthday and prior to his
36 completion of 25 years or more of creditable service, his
37 retirement allowance shall be computed as in G.S.
38 128-27(b19)(2)a. but shall be reduced by one-quarter of one
39 percent (1/4 of 1%) thereof for each month by which his
40 retirement date precedes the first day of the month coincident
41 with or next following his 65th birthday.
- 42 c. If the member's early service retirement date occurs on or after
43 his 50th birthday and before his 60th birthday and after
44 completion of 20 years of creditable service but prior to the
45 completion of 30 years of creditable service, his early service
46 retirement allowance shall be equal to the greater of:
- 47 1. The service retirement allowance as computed under
48 G.S. 128-27(b19)(2)a. but reduced by the sum of
49 five-twelfths of one percent (5/12 of 1%) thereof for
50 each month by which his retirement date precedes the
51 first day of the month coincident with or next following
52 the month the member would have attained his 60th
53 birthday, plus one-quarter of one percent (1/4 of 1%)
54 thereof for each month by which his 60th birthday

- 1 precedes the first day of the month coincident with or
 2 next following his 65th birthday; or
 3 2. The service retirement allowance as computed under
 4 G.S. 128-27(b19)(2)a. reduced by five percent (5%)
 5 times the difference between 30 years and his creditable
 6 service at retirement; or
 7 3. If the member's creditable service commenced prior to
 8 July 1, 1995, the service retirement allowance equal to
 9 the actuarial equivalent of the allowance payable at the
 10 age of 60 years as computed in G.S. 128-27(b19)(2)b.
 11 d. Notwithstanding the foregoing provisions, any member whose
 12 creditable service commenced prior to July 1, 1965, shall not
 13 receive less than the benefit provided by G.S. 128-27(b)."

14 **SECTION 28.9.(f)** G.S. 128-27 is amended by adding a new subsection to

15 read:

16 "(b20) Service Retirement Allowance of Member Retiring on or After July 1, 2002.
 17 – Upon retirement from service in accordance with subsection (a) or (a1) above, on or
 18 after July 1, 2002, a member shall receive the following service retirement allowance:

19 (1) A member who is a law enforcement officer or an eligible former law
 20 enforcement officer shall receive a service retirement allowance
 21 computed as follows:

22 a. If the member's service retirement date occurs on or after his
 23 55th birthday and completion of five years of creditable service
 24 as a law enforcement officer, or after the completion of 30 years
 25 of creditable service, the allowance shall be equal to one and
 26 eighty-two hundredths percent (1.82%) of his average final
 27 compensation, multiplied by the number of years of his
 28 creditable service.

29 b. If the member's service retirement date occurs on or after his
 30 50th birthday and before his 55th birthday with 15 or more
 31 years of creditable service as a law enforcement officer and
 32 prior to the completion of 30 years of creditable service, his
 33 retirement allowance shall be equal to the greater of:

34 1. The service retirement allowance payable under G.S.
 35 128-27(b20)(1)a. reduced by one-third of one percent
 36 (1/3 of 1%) thereof for each month by which his
 37 retirement date precedes the first day of the month
 38 coincident with or next following the month the member
 39 would have attained his 55th birthday;

40 2. The service retirement allowance as computed under
 41 G.S. 128-27(b20)(1)a. reduced by five percent (5%)
 42 times the difference between 30 years and his creditable
 43 service at retirement.

44 (2) A member who is not a law enforcement officer or an eligible former
 45 law enforcement officer shall receive a service retirement allowance
 46 computed as follows:

47 a. If the member's service retirement date occurs on or after his
 48 65th birthday upon the completion of five years of creditable
 49 service or after the completion of 30 years of creditable service
 50 or on or after his 60th birthday upon the completion of 25 years
 51 of creditable service, the allowance shall be equal to one and
 52 eighty-two hundredths percent (1.82%) of average final
 53 compensation, multiplied by the number of years of creditable
 54 service.

- 1 b. If the member's service retirement date occurs after his 60th
2 birthday and before his 65th birthday and prior to his
3 completion of 25 years or more of creditable service, his
4 retirement allowance shall be computed as in G.S. 128-
5 27(b20)(2)a. but shall be reduced by one-quarter of one percent
6 (1/4 of 1%) thereof for each month by which his retirement date
7 precedes the first day of the month coincident with or next
8 following his 65th birthday.
- 9 c. If the member's early service retirement date occurs on or after
10 his 50th birthday and before his 60th birthday and after
11 completion of 20 years of creditable service but prior to the
12 completion of 30 years of creditable service, his early service
13 retirement allowance shall be equal to the greater of:
- 14 1. The service retirement allowance as computed under
15 G.S. 128-27(b20)(2)a. but reduced by the sum of five-
16 twelfths of one percent (5/12 of 1%) thereof for each
17 month by which his retirement date precedes the first day
18 of the month coincident with or next following the
19 month the member would have attained his 60th
20 birthday, plus one-quarter of one percent (1/4 of 1%)
21 thereof for each month by which his 60th birthday
22 precedes the first day of the month coincident with or
23 next following his 65th birthday; or
- 24 2. The service retirement allowance as computed under
25 G.S. 128-27(b20)(2)a. reduced by five percent (5%)
26 times the difference between 30 years and his creditable
27 service at retirement; or
- 28 3. If the member's creditable service commenced prior to
29 July 1, 1995, the service retirement allowance equal to
30 the actuarial equivalent of the allowance payable at the
31 age of 60 years as computed in G.S. 128-27(b20)(2)b.
- 32 d. Notwithstanding the foregoing provisions, any member whose
33 creditable service commenced prior to July 1, 1965, shall not
34 receive less than the benefit provided by G.S. 128-27(b)."

35 **SECTION 28.9.(g)** G.S. 128-27 is amended by adding a new subsection to

36 read:

37 "(ccc) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 2002. –
38 From and after July 1, 2002, the retirement allowance to or on account of beneficiaries
39 on the retirement rolls as of June 1, 2002, shall be increased by six-tenths of one percent
40 (0.6%) of the allowance payable on June 1, 2002. This allowance shall be calculated on
41 the allowance payable and in effect on June 30, 2002, so as not to be compounded on
42 any other increase payable under subsection (k) of this section or otherwise granted by
43 act of the 2002 Regular Session of the 2001 General Assembly."

44 **SECTION 28.9.(h)** G.S. 128-27(m) reads as rewritten:

45 "(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the
46 principal beneficiary designated to receive a return of accumulated contributions shall
47 have the right to elect to receive in lieu thereof the reduced retirement allowance
48 provided by Option two of subsection (g) above computed by assuming that the member
49 had retired on the first day of the month following the date of his death, provided that all
50 three of the following conditions apply:

- 51 (1) a. The member had attained such age and/or creditable service to
52 be eligible to commence retirement with an early or service
53 retirement allowance, or
- 54 b. The member had obtained 20 years of creditable service in
55 which case the retirement allowance shall be computed in

1 accordance with ~~G.S. 128-27(b19)(1)b. or G.S. 128-~~
 2 ~~27(b19)(2)c.,~~ G.S. 128-27(b20)(1)b. or G.S. 128-27(b20)(2)c.,
 3 notwithstanding the requirement of obtaining age 50.

4 (2) The member had designated as the principal beneficiary to receive a
 5 return of his accumulated contributions one and only one person who
 6 is living at the time of his death.

7 (3) The member had not instructed the Board of Trustees in writing that he
 8 did not wish the provisions of this subsection apply.

9 For the purpose of this benefit, a member is considered to be in service at the date of
 10 his death if his death occurs within 180 days from the last day of his actual service. The
 11 last day of actual service shall be determined as provided in subsection (l) of this
 12 section. Upon the death of a member in service, the surviving spouse may make all
 13 purchases for creditable service as provided for under this Chapter for which the
 14 member had made application in writing prior to the date of death, provided that the
 15 date of death occurred prior to or within 60 days after notification of the cost to make
 16 the purchase."

17 **SECTION 28.9.(i)** This section becomes effective July 1, 2002.

18
 19 Requested by: Senators Plyler, Odom, Lee

20 **RETIRED TEACHERS RETURNING TO THE CLASSROOM WITHOUT**
 21 **LOSS OF RETIREMENT BENEFITS/OPTION EXTENDED**

22 **SECTION 28.10.(a)** Subsection (d) of Section 28.24 of S.L. 1998-212 reads
 23 as rewritten:

24 "(d) This section becomes effective January 1, 1999, and expires ~~June 30, 2003.~~
 25 June 30, 2004."

26 **SECTION 28.10.(b)** The catch line to Section 67 of S.L. 1998-217 reads as
 27 rewritten:

28 "**SECTION 67.** Effective January 1, 1999, through ~~June 30, 2003,~~ June 30, 2004,
 29 G.S. 135-3(8)c., as rewritten by Section 28.24(a) of ~~Senate Bill 1366 of the 1997~~
 30 ~~General Assembly, as enacted, S.L. 1998-212~~ reads as rewritten:"

31 **SECTION 28.10.(c)** Subsection (b) of Section 67.1 of S.L. 1998-217 reads
 32 as rewritten:

33 "(b) This section becomes effective January 1, 1999, and expires ~~June 30, 2003.~~
 34 June 30, 2004."

35 **SECTION 28.10.(d)** Subsection (c) of Section 32.25 of S.L. 2001-424 reads
 36 as rewritten:

37 "**SECTION 32.25.(c)** This section becomes effective July 1, 2001, and expires
 38 ~~June 30, 2003.~~ June 30, 2004."

39
 40 Requested by: Senators Plyler, Odom, Lee

41 **ABOLISH JUDICIAL/LEGISLATIVE RETIREMENT SYSTEMS**

42 **SECTION 28.11.(a)** Article 4 of Chapter 135 of the General Statutes is
 43 repealed.

44 **SECTION 28.11.(b)** Article 1A of Chapter 120 of the General Statutes is
 45 repealed.

46 **SECTION 28.11.(c)** G.S. 135-1(10) reads as rewritten:

47 "(10) "Employee" shall mean all full-time employees, agents or officers of
 48 the State of North Carolina or any of its departments, bureaus and
 49 institutions other than educational, whether such employees are
 50 elected, appointed or employed: Provided that the term "employee"
 51 shall not include ~~any person who is a member of the Consolidated~~
 52 ~~Judicial Retirement System, any member of the General Assembly or~~
 53 any part-time or temporary employee. Notwithstanding any other
 54 provision of law, "employee" shall include all employees of the
 55 General Assembly except participants in the Legislative Intern

1 Program, pages, and reemployed beneficiaries in receipt of a monthly
2 retirement allowance under this Chapter. In all cases of doubt, the
3 Board of Trustees shall determine whether any person is an employee
4 as defined in this Chapter. "Employee" shall also mean every full-time
5 civilian employee of the army national guard and air national guard of
6 this State who is employed pursuant to section 709 of Title 32 of the
7 United States Code and paid from federal appropriated funds, but held
8 by the federal authorities not to be a federal employee: Provided,
9 however, that the authority or agency paying the salaries of such
10 employees shall deduct or cause to be deducted from each employee's
11 salary the employee's contribution in accordance with applicable
12 provisions of G.S. 135-8 and remit the same, either directly or
13 indirectly, to the Retirement System; coverage of employees described
14 in this sentence shall commence upon the first day of the calendar year
15 or fiscal year, whichever is earlier, next following the date of
16 execution of an agreement between the Secretary of Defense of the
17 United States and the Adjutant General of the State acting for the
18 Governor in behalf of the State, but no credit shall be allowed pursuant
19 to this sentence for any service previously rendered in the
20 above-described capacity as a civilian employee of the national guard:
21 Provided, further, that the Adjutant General, in his discretion, may
22 terminate the Retirement System coverage of the above-described
23 national guard employees if a federal retirement system is established
24 for such employees and the Adjutant General elects to secure coverage
25 of such employees under such federal retirement system. Any full-time
26 civilian employee of the national guard described above who is now or
27 hereafter may become a member of the Retirement System may secure
28 Retirement System credit for such service as a national guard civilian
29 employee for the period preceding the time when such employees
30 became eligible for Retirement System coverage by paying to the
31 Retirement System an amount equal to that which would have
32 constituted employee contributions if he had been a member during the
33 years of ineligibility, plus interest. Employees of State agencies,
34 departments, institutions, boards, and commissions who are employed
35 in permanent job positions on a recurring basis and who work 30 or
36 more hours per week for nine or more months per calendar year are
37 covered by the provisions of this subdivision."

38 **SECTION 28.11.(d)** Any member of the Consolidated Judicial Retirement
39 System with five or more years of membership service on June 30, 2002, is entitled to
40 any inchoate rights and benefits provided under Article 4 of Chapter 135 of the General
41 Statutes prior to its repeal pursuant to subsection (a) of this section.

42 **SECTION 28.11.(e)** Any member of the Legislative Retirement System with
43 five or more years of membership service on June 30, 2002, is entitled to any inchoate
44 rights and benefits provided under Article 1A of Chapter 120 of the General Statutes
45 prior to its repeal pursuant to subsection (a) of this section.

46 **SECTION 28.11.(f)** This section becomes effective June 30, 2002.

47
48 Requested by: Senators Plyler, Odom, Lee

49 **CONFORM TREATMENT OF RETIRED LEGISLATIVE EMPLOYEES WHO**
50 **RETURN TO EMPLOYMENT IN A FULL-TIME PERMANENT POSITION**
51 **WITH THAT OF OTHER STATE EMPLOYEES**

52 **SECTION 28.12.(a)** G.S. 135-1(10) reads as rewritten:

53 "(10) "Employee" shall mean all full-time employees, agents or officers of
54 the State of North Carolina or any of its departments, bureaus and
55 institutions other than educational, whether such employees are

1 elected, appointed or employed: Provided that the term "employee"
2 shall not include any person who is a member of the Consolidated
3 Judicial Retirement System, any member of the General Assembly or
4 any part-time or temporary employee. Notwithstanding any other
5 provision of law, "employee" shall include all employees of the
6 General Assembly except participants in the Legislative Intern
7 Program, pages, and ~~reemployed~~ beneficiaries in receipt of a monthly
8 retirement allowance under this ~~Chapter~~. Chapter who are reemployed
9 on a temporary basis. In all cases of doubt, the Board of Trustees shall
10 determine whether any person is an employee as defined in this
11 Chapter. "Employee shall also mean every full-time civilian employee
12 of the army national guard and air national guard of this State who is
13 employed pursuant to section 709 of Title 32 of the United States Code
14 and paid from federal appropriated funds, but held by the federal
15 authorities not to be a federal employee: Provided, however, that the
16 authority or agency paying the salaries of such employees shall deduct
17 or cause to be deducted from each employee's salary the employee's
18 contribution in accordance with applicable provisions of G.S. 135-8
19 and remit the same, either directly or indirectly, to the Retirement
20 System; coverage of employees described in this sentence shall
21 commence upon the first day of the calendar year or fiscal year,
22 whichever is earlier, next following the date of execution of an
23 agreement between the Secretary of Defense of the United States and
24 the Adjutant General of the State acting for the Governor in behalf of
25 the State, but no credit shall be allowed pursuant to this sentence for
26 any service previously rendered in the above-described capacity as a
27 civilian employee of the national guard: Provided, further, that the
28 Adjutant General, in his discretion, may terminate the Retirement
29 System coverage of the above- described national guard employees if a
30 federal retirement system is established for such employees and the
31 Adjutant General elects to secure coverage of such employees under
32 such federal retirement system. Any full-time civilian employee of the
33 national guard described above who is now or hereafter may become a
34 member of the Retirement System may secure Retirement System
35 credit for such service as a national guard civilian employee for the
36 period preceding the time when such employees became eligible for
37 Retirement System coverage by paying to the Retirement System an
38 amount equal to that which would have constituted employee
39 contributions if he had been a member during the years of ineligibility,
40 plus interest. Employees of State agencies, departments, institutions,
41 boards, and commissions who are employed in permanent job
42 positions on a recurring basis and who work 30 or more hours per
43 week for nine or more months per calendar year are covered by the
44 provisions of this subdivision. On and after August 1, 2001, a person
45 who is a nonimmigrant alien and who otherwise meets the
46 requirements of this subdivision shall not be excluded from the
47 definition of "employee" solely because the person holds a temporary
48 or time-limited visa."

49 **SECTION 28.12.(b)** This section is effective when it becomes law, provided
50 any person who has been reemployed by the General Assembly on a permanent
51 full-time basis prior to the effective date of this section may purchase credit for that
52 service by returning any retirement allowance received as well as the employee
53 contributions attributable to the service plus interest as determined by the Board of
54 Trustees of the Retirement System. In addition, the employer must pay the employer
55 contributions attributable to the service.

1
2 Requested by: Senators Plyler, Odom, Lee

3 **MODIFY BENEFIT RESTRICTIONS FOR REEMPLOYED RETIREES IN THE**
4 **TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM AND IN**
5 **THE LOCAL GOVERNMENTAL EMPLOYEES RETIREMENT SYSTEM**

6 **SECTION 28.13.(a)** G.S. 135-3(8)c. reads as rewritten:

7 "c. Should a beneficiary who retired on an early or service
8 retirement allowance under this Chapter be reemployed, or
9 otherwise engaged to perform services, by an employer
10 participating in the Retirement System on a part-time,
11 temporary, interim, or on a fee-for-service basis, whether
12 contractual or otherwise, and if such beneficiary earns an
13 amount during the 12-month period immediately following the
14 effective date of retirement or in any calendar year which
15 exceeds fifty percent (50%) of the reported compensation,
16 excluding terminal payments, during the 12 months of service
17 preceding the effective date of retirement, or twenty thousand
18 dollars (\$20,000), whichever is greater, as hereinafter indexed,
19 then the retirement allowance shall be suspended as of the first
20 day of the month following the month in which the
21 reemployment earnings exceed the amount above, for the
22 balance of the calendar year. The retirement allowance of the
23 beneficiary shall be reinstated as of January 1 of each year
24 following suspension. The amount that may be earned before
25 suspension shall be increased on January 1 of each year by the
26 ratio of the Consumer Price Index to the Index one year earlier,
27 calculated to the nearest tenth of a percent (1/10 of 1%).

28 The computation of postretirement earnings of a beneficiary
29 under this sub-subdivision, G.S. 135-3(8)c., who has been
30 retired at least six months and has not been employed in any
31 capacity, except as a substitute teacher or a part-time tutor, with
32 a public school for at least six months immediately preceding
33 the effective date of reemployment, shall not include earnings
34 while the beneficiary is employed to teach on a substitute,
35 interim, or permanent basis in a public school. The Department
36 of Public Instruction shall certify to the Retirement System that
37 a beneficiary is employed to teach by a local school
38 administrative unit under the provisions of this sub-subdivision
39 and as a retired teacher as the term is defined under the
40 provisions of G.S. 115C-325(a)(5a).

41 Beneficiaries employed under this sub-subdivision are not
42 entitled to any benefits otherwise provided under this Chapter
43 as a result of this period of employment."

44 **SECTION 28.13.(b)** G.S. 128-24(5)c. reads as rewritten:

45 "c. Should a beneficiary who retired on an early or service
46 retirement allowance be reemployed, or otherwise engaged to
47 perform services, by an employer participating in the
48 Retirement System on a part-time, temporary, interim, or on
49 fee-for-service basis, whether contractual or otherwise, and if
50 such beneficiary earns an amount during the 12-month period
51 immediately following the effective date of retirement or in any
52 calendar year which exceeds fifty percent (50%) of the reported
53 compensation, excluding terminal payments, during the 12
54 months of service preceding the effective date of retirement, or
55 twenty thousand dollars (\$20,000), whichever is greater, as

hereinafter indexed, then the retirement allowance shall be suspended as of the first day of the month following the month in which the reemployment earnings exceed the amount above, for the balance of the calendar year. The retirement allowance of the beneficiary shall be reinstated as of January 1 of each year following suspension. The amount that may be earned before suspension shall be increased on January 1 of each year by the ratio of the Consumer Price Index to the Index one year earlier, calculated to the nearest tenth of a percent (1/10 of 1%)."

Requested by: Senators Plyler, Odom, Lee, Rand

EXPAND SEPARATION ALLOWANCE FOR LAW ENFORCEMENT OFFICERS

SECTION 28.14. G.S. 143-166.41(c) reads as rewritten:

"(c) Payment to a retired officer under the provisions of this section shall cease at the death of the individual or on the last day of the month in which he attains 62 years of age or upon the first day of reemployment by any State department, agency, or institution. This subsection does not apply to a person returning to State employment in a position exempt from the State Personnel Act in an agency other than the agency from which that person retired."

PART XXIX. CAPITAL APPROPRIATIONS

SECTION 29.1. Appropriations are made from the General Fund of the State for the 2002-2003 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	2002-2003
Department of Environment and Natural Resources	31,248,000

Requested by: Senators Plyler, Odom, Lee, Robinson, Thomas

WATER RESOURCES DEVELOPMENT PROJECTS/USE DREDGE SPOILS TO NOURISH BEACH

SECTION 29.2.(a) The General Assembly finds that North Carolina is the tenth largest exporting state in the nation and that water resources development projects are vital to the economy of the State. North Carolina State Ports facilities, notably those in Wilmington, provide gateways to the global marketplace for North Carolina's importers and exporters. The State's ports annually generate thousands of jobs and millions of dollars in State and local taxes.

The General Assembly further finds that the ports are also invaluable assets to the communities that each serves. For example, according to the North Carolina State Ports Authority, nearly seven billion dollars (\$7,000,000,000) worth of goods, or nineteen million dollars (\$19,000,000) a day, were handled at the Port of Wilmington in 1997. The harbor improvements in Wilmington, provided for in subsection (b) of this section, are projected to add thirty-four million dollars (\$34,000,000) in annual regional benefits.

The General Assembly also finds that particularly in times of heightened national and local security, the water resources projects provide strategic mobilization benefits to the Port of Wilmington and to the Military Ocean Terminal at Sunny Point.

SECTION 29.2.(b) 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	2002-2003
1		
2		
3		
4	(1) Wilmington Harbor Deepening	\$20,100,000
5	(2) Manteo (Shallowbag) Bay Channel Maintenance	3,100,000
6	(3) Wilmington Harbor Maintenance	500,000
7	(4) B. Everett Jordan Lake Water Supply	90,000
8	(5) John H. Kerr Reservoir Operations Evaluation	800,000
9	(6) Oregon Inlet Jetties	70,000
10	(7) Silver Lake Harbor Maintenance	600,000
11	(8) West Onslow Beach (Topsail Beach) Nourishment	203,000
12	(9) Wanchese Marsh Creation	180,000
13	(10) Bogue Banks Shore Protection Study	315,000
14	(11) Surf City/North Topsail Beach Protection Study	200,000
15	(12) Walter Slough Maintenance Dredging	58,000
16	(13) Currituck Sound Water Management Study	400,000
17	(14) Deep Creek (Yadkin County) Watershed Management	500,000
18	(15) State Local Projects	2,900,000
19	(16) Aquatic Weed Control, Lake Gaston and Statewide	300,000
20	(17) Swan Quarter (Hyde County) Flood Control Dikes	100,000
21	(18) North Topsail Beach Feasibility Study (nonfederal)	250,000
22	(19) Neuse River Basin Feasibility Study	100,000
23	(20) Edgewater Canal (Camden County) Drainage	25,000
24	(21) Emergency Flood Control Projects	187,000
25	(22) Projected Feasibility Studies	120,000
26	(23) Planning Assistance to Communities	<u>150,000</u>
27		
28	TOTAL	\$31,248,000
29		

SECTION 29.2.(c) Where the actual costs are different from the estimated costs under subsection (a) of this section, the Department may adjust the allocations among projects as needed. If any projects listed in subsection (a) of this section are delayed and the budgeted State funds cannot be used during the 2002-2003 fiscal year, or if the projects listed in subsection (a) of this section are accomplished at a lower cost, the Department may use the resulting fund availability to fund any of the following:

- (1) Corps of Engineers project feasibility studies.
- (2) Corps of Engineers projects whose schedules have advanced and require State-matching funds in fiscal year 2002-2003.
- (3) State-local water resources development projects.

Funds not expended or encumbered for these purposes shall revert to the General Fund at the end of the 2003-2004 fiscal year.

SECTION 29.2.(d) The Department shall make quarterly reports on the use of these funds to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Office of State Budget and Management. Each report shall include all of the following:

- (1) All projects that receive funding.
- (2) The estimated cost of each project.
- (3) The date that work on each project began or is expected to begin.
- (4) The date that work on each project was completed or is expected to be completed.
- (5) The actual cost of each project.

The quarterly reports shall also show those projects advanced in schedule, those projects delayed in schedule, and an estimate of the amount of funds expected to revert to the General Fund.

1 **SECTION 29.2.(e)** Notwithstanding G.S. 143-23, if additional federal funds
2 that require a State match are received for water resources projects or for beach
3 nourishment projects for the 2002-2003 fiscal year, the Director of the Budget may,
4 after consultation with the Joint Legislative Commission on Governmental Operations,
5 transfer funds from General Fund appropriations to match the federal funds.

6 **SECTION 29.2.(f)** G.S. 113A-118.1 is amended by adding a new subsection
7 to read:

8 (e) The Commission shall allow the use of riprap in the construction of groins in
9 estuarine and public trust waters on the same basis as the Commission allows the use of
10 wood."

11 **SECTION 29.2.(g)** The Coastal Resources Commission shall not enforce
12 any provision of any rule that is inconsistent with G.S. 113A-118.1(e), as enacted by
13 this act, and the Commission shall amend its rules as may be required to conform with
14 G.S. 113A-118.1(e), as enacted by this act.

15 **SECTION 29.2.(h)** G.S. 113-229(h1) reads as rewritten:

16 "(h1) ~~All~~ Except as provided in subsection (h2) of this section, all construction and
17 maintenance dredgings of beach-quality sand may be placed on the affected downdrift
18 ocean beaches or, if placed elsewhere, an equivalent quality and quantity of sand from
19 another location shall be placed on the downdrift ocean beaches."

20 **SECTION 29.2.(i)** G.S. 113-229 is amended by adding a new section to
21 read:

22 "(h2) Clean, beach quality material dredged from navigational channels within the
23 active nearshore, beach or inlet shoal systems shall not be removed permanently from
24 the active nearshore, beach or inlet shoal system. This dredged material shall be
25 disposed of on the ocean beach or shallow active nearshore area where it is
26 environmentally acceptable and compatible with other uses of the beach."

27 **SECTION 29.2.(j)** G.S. 113-229(i) reads as rewritten:

28 "(i) Subject to ~~subsection (h1)~~ subsections (h1) and (h2) of this section, all
29 materials excavated pursuant to such permit, regardless of where placed, shall be
30 encased or entrapped in such a manner as to minimize their moving back into the
31 affected water."

32 33 **PART XXX. MISCELLANEOUS PROVISIONS**

34
35 Requested by: Senators Plyler, Odom, Lee

36 **EXECUTIVE BUDGET ACT APPLIES**

37 **SECTION 30.1.** The provisions of the Executive Budget Act, Chapter 143,
38 Article 1 of the General Statutes, are reenacted and shall remain in full force and effect
39 and are incorporated in this act by reference.

40
41 Requested by: Senators Plyler, Odom, Lee

42 **COMMITTEE REPORT**

43 **SECTION 30.2.(a)** The Senate Appropriations/Base Budget Committee
44 Report on the Continuation, Expansion and Capital Budgets, dated June 18, 2002, which
45 was distributed in the Senate and used to explain this act, shall indicate action by the
46 General Assembly on this act and shall therefore be used to construe this act, as
47 provided in G.S. 143-15 of the Executive Budget Act, and for these purposes shall be
48 considered a part of this act and as such shall be printed as a part of the Session Laws.

49 **SECTION 30.2.(b)** The budget enacted by the General Assembly for the
50 maintenance of the various departments, institutions, and other spending agencies of the
51 State for the 2002-2003 fiscal year is a line item budget, in accordance with the Budget
52 Code Structure and the State Accounting System Uniform Chart of Accounts set out in
53 the Administrative Policies and Procedures Manual of the Office of the State Controller.
54 This budget includes the appropriations made from all sources including the General

1 Fund, Highway Fund, special funds, cash balances, federal receipts, and departmental
2 receipts.

3 The General Assembly amended the requested adjustments to the budgets
4 submitted to the General Assembly by the Director of the Budget and the Advisory
5 Budget Commission, in accordance with the steps that follow and the line item detail in
6 the budget enacted by the General Assembly may be derived accordingly:

7 (1) The base budget was adjusted in accordance with the base budget cuts
8 and additions that were set out in the Senate Appropriations/Base
9 Budget Committee Report on the Continuation, Expansion and Capital
10 Budgets.

11 (2) Transfers of funds supporting programs were made in accordance with
12 the Senate Appropriations/Base Budget Committee Report on the
13 Continuation, Expansion and Capital Budgets.

14 **SECTION 30.2.(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: Senators Plyler, Odom, Lee

22 **MOST TEXT APPLIES ONLY TO 2002-2003**

23 **SECTION 30.3.** Except for statutory changes or other provisions that clearly
24 indicate an intention to have effects beyond the 2002-2003 fiscal year, the textual
25 provisions of this act apply only to funds appropriated for, and activities occurring
26 during, the 2002-2003 fiscal year.
27

28 Requested by: Senators Plyler, Odom, Lee

29 **APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY**

30 **SECTION 30.4.(a)** Except where expressly repealed or amended by this
31 act, the provisions of S.L. 2001-424, S.L. 2001-457, S.L. 2001-514, S.L. 2001-513, S.L.
32 2001-496, and S.L. 2001-487 remain in effect.

33 **SECTION 30.4.(b)** Notwithstanding any modifications by this act in the
34 amounts appropriated, except where expressly repealed or amended, the limitations and
35 directions for the 2002-2003 fiscal year in S.L. 2001-424, S.L. 2001-457, S.L.
36 2001-514, S.L. 2001-513, S.L. 2001-496, and S.L. 2001-487 that applied to
37 appropriations to particular agencies or for particular purposes apply to the newly
38 enacted appropriations and budget reductions of this act for those same particular
39 purposes.
40

41 Requested by: Senators Plyler, Odom, Lee

42 **EFFECT OF HEADINGS**

43 **SECTION 30.5.** The headings to the parts and sections of this act are a
44 convenience to the reader and are for reference only. The headings do not expand,
45 limit, or define the text of this act, except for effective dates referring to a Part.
46

47 Requested by: Senators Plyler, Odom, Lee

48 **SEVERABILITY CLAUSE**

49 **SECTION 30.6.** If any section or provision of this act is declared
50 unconstitutional or invalid by the courts, it does not affect the validity of this act as a
51 whole or any part other than the part so declared to be unconstitutional or invalid.
52

53 Requested by: Senators Plyler, Odom, Lee

54 **EFFECTIVE DATE**

1 **SECTION 30.7.** Except as otherwise provided, this act becomes effective
2 July 1, 2002.