

**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
Third Edition Engrossed 6/19/02**

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
Department of Public Instruction

24,994,200
(69,395,534)

1	University of North Carolina - Board of Governors	
2	Appalachian State University	(2,176,609)
3	East Carolina University	
4	Academic Affairs	(3,183,549)
5	Health Affairs	(1,100,928)
6	Elizabeth City State University	(530,995)
7	Fayetteville State University	(753,395)
8	NC Agricultural and Technical University	(1,503,208)
9	North Carolina Central University	(1,155,082)
10	North Carolina School of the Arts	(782,673)
11	North Carolina State University	
12	Academic Affairs	(6,998,183)
13	Agricultural Extension	(894,718)
14	Agricultural Research	(1,129,999)
15	University of North Carolina at Asheville	(686,125)
16	University of North Carolina at Chapel Hill	
17	Academic Affairs	(5,089,577)
18	Health Affairs	(3,802,211)
19	Area Health Education Centers	(1,101,173)
20	University of North Carolina at Charlotte	(2,727,423)
21	University of North Carolina at Greensboro	(2,333,865)
22	University of North Carolina at Pembroke	(593,820)
23	University of North Carolina at Wilmington	(1,623,313)
24	Western Carolina University	(1,489,649)
25	Winston-Salem State University	(937,810)
26	General Administration	(2,063,801)
27	University Institutional Programs	29,317,706
28	Related Educational Programs	(2,165,941)
29	North Carolina School of Science and Mathematics	(434,306)
30	UNC Hospitals at Chapel Hill	(970,076)
31	Total	(16,910,721)

HEALTH AND HUMAN SERVICES

35	Department of Health and Human Services	
36	Office of the Secretary	(10,069,221)
37	Division of Aging	(1,169,750)
38	Division of Blind Services/Deaf/HH	(643,013)
39	Division of Child Development	(26,738,752)
40	Division of Education Services	(4,024,077)
41	Division of Facility Services	(782,705)
42	Division of Medical Assistance	(27,736,891)
43	Division of Mental Health	(35,600,524)
44	NC Health Choice	(9,202,161)
45	Division of Public Health	(15,591,367)
46	Division of Social Services	(15,223,873)
47	Division of Vocation Rehabilitation	(5,599,676)
48	Total	(152,382,060)

NATURAL AND ECONOMIC RESOURCES

52	Department of Agriculture and Consumer Services	(4,819,849)
54	Department of Commerce	
55	Commerce	(10,349,674)

1	Commerce State-Aid	4,930,500
2	NC Biotechnology Center	(627,047)
3	Rural Economic Development Center	(423,851)
4		
5	Department of Environment and Natural Resources	
6	Environment and Natural Resources	(9,369,803)
7	Clean Water Management Trust Fund	0
8		
9	Office of the Governor - Housing Finance Agency	(540,600)
10		
11	Department of Labor	(1,021,674)
12		
13	JUSTICE AND PUBLIC SAFETY	
14		
15	Department of Correction	(56,505,511)
16		
17	Department of Crime Control and Public Safety	(3,638,383)
18		
19	Judicial Department	(13,874,980)
20	Judicial Department - Indigent Defense	2,255,611
21		
22	Department of Justice	(4,586,092)
23		
24	Department of Juvenile Justice and Delinquency Prevention	(16,254,846)
25		
26	GENERAL GOVERNMENT	
27		
28	Department of Administration	(5,658,873)
29		
30	Office of Administrative Hearings	(222,519)
31		
32	Department of State Auditor	(587,108)
33		
34	Office of State Controller	(919,891)
35		
36	Department of Cultural Resources	
37	Cultural Resources	(4,794,666)
38	Roanoke Island Commission	(151,222)
39		
40	State Board of Elections	209,622
41		
42	General Assembly	(3,810,151)
43		
44	Office of the Governor	
45	Office of the Governor	(504,595)
46	Office of State Budget and Management	(342,836)
47	OSBM – Reserve for Special Appropriations	0
48		
49	Department of Insurance	
50	Insurance	(1,451,366)
51	Insurance – Volunteer Safety Workers' Compensation	(2,500,000)
52		
53	Office of Lieutenant Governor	(53,280)
54		
55	Department of Revenue	(4,972,725)

1		
2	Rules Review Commission	(25,981)
3		
4	Department of Secretary of State	(721,855)
5		
6	Department of State Treasurer	
7	State Treasurer	(461,870)
8	State Treasurer – Retirement for Fire and Rescue Squad Workers	(5,248,601)
9		
10	TRANSPORTATION	
11	Department of Transportation	(2,490,841)
12		
13	RESERVES, ADJUSTMENTS AND DEBT SERVICE	
14	Reserve for Compensation Increases	(4,247,868)
15		
16	Reserve for State Health Plan	(12,621,872)
17		
18	Reserve for Teachers' and State Employees' Retirement	
19	Rate Adjustment	(142,000,000)
20		
21	Merge Judicial, Legislative and Teachers' &	
22	State Employees' Retirement Systems	(7,575,940)
23		
24	Payroll Adjustment Reserve	(36,500,000)
25		
26	Reserve for Employee Severance Compensation	20,000,000
27		
28	Contingency and Emergency	5,000,000
29		
30	Reserve for Salary Adjustments	0
31		
32	Implementation of Recommendations of	
33	Governor's Efficiency Commission	(25,000,000)
34		
35	Reserve for Information Technology Rate Adjustment	(3,414,318)
36		
37	Mental Health, Developmental Disabilities and	
38	Substance Abuse Services Trust Fund	50,000,000
39		
40	Reserve to Implement HIPPA	2,000,000
41		
42	Reserve for Experience Step Salary Increase for Teachers	
43	and Principals in Public Schools	\$51,937,267
44		
45	Debt Service	
46	General Debt Service	(98,105,542)
47	Federal Reimbursement	0
48		
49	TOTAL CURRENT OPERATIONS - GENERAL FUND	(563,757,345)
50		

Requested by: Senators Plyler, Odom, Lee

GENERAL FUND AVAILABILITY STATEMENT

SECTION 2.2.(a) Section 2.2(a) of S.L. 2001-424 is repealed. The General Fund availability used in developing the 2002-2003 fiscal year budget is shown below:

	2002-2003
1	
2	
3	Revenues Based on Existing Tax Structure 12,738,200,000
4	
5	Nontax Revenues
6	Investment Income 115,300,000
7	Judicial Fees 111,300,000
8	Disproportionate Share 107,000,000
9	Insurance 46,600,000
10	Other Nontax Revenues 98,900,000
11	Highway Trust Fund Transfer 172,400,000
12	Highway Fund Transfer 15,300,000
13	Subtotal Nontax Revenues 666,800,000
14	
15	Subtotal General Fund Availability 13,405,000,000
16	
17	Other Adjustments to Availability: 2002 Session
18	IRC Conformity (SB 1292 – Includes Pensions
19	And Education Changes, Estate Tax Credit,
20	Accelerated Depreciation) 15,800,000
21	Delay 2001 Tax Breaks (SB 1292 - Standard
22	Deduction/Marriage Penalty, Child Tax Credit) 51,700,000
23	Suspend Reimbursements to Local Governments with
24	Hold Harmless Provision (SB 1292) 270,000,000
25	Project Tax Collect 61,937,267
26	Highway Trust Fund – recurring inflationary adjustment 80,000,000
27	Highway Trust Fund Transfer – one-time transfer 125,000,000
28	Tobacco Settlement Trust Funds – divert Master
29	Settlement Agreement receipts for one year
30	(\$40 million from each fund) 120,000,000
31	Hurricane Floyd Disaster Reserve 100,000,000
32	Credit to Savings Reserve Account (14,896,335)
33	Transfer of Cash from Trust and Special Funds 8,534,164
34	Adjustment to Transfer from Insurance Regulatory Fund (851,366)
35	Increase Collection Rates for Offender Fees 1,160,000
36	Reimbursement for Unauthorized Substance Tax Division,
37	Department of Revenue (SB 1292) 886,683
38	Fee Increases (SB 1292) 25,434,311
39	Subtotal Other Adjustments to Availability: 2002 Session 844,704,724
40	
41	TOTAL GENERAL FUND AVAILABILITY 14,249,704,724
42	

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

Fund	Amount Transferred
51	Department of Agriculture and Consumer Services
52	Budget Code 23700, Fund Code 2103 (Livestock
53	Acquisition Fund) 300,000
54	Budget Code 23701, Fund Code 2201 (Warehouse
55	Investment Fund) 225,000

1	Budget Code 53750, Fund Code 5190 (State Fair	
2	Reserves and Transfers)	250,000
3	Budget Code 63700, Fund Code 6902 (Reforestation Fund)	23,915
4	Budget Code 63700, Fund Code 6105 (Forest Management	
5	Reserve)	50,000
6		
7	Department of Environment and Natural Resources	
8	Budget Code 64302, Fund Code 6710 (Natural Heritage	
9	Trust Fund)	3,287,582
10	Budget Code 24308, Fund Code 2525 (Neuse Animal Waste	
11	Cost Share)	366,335
12	Department of Labor	
13	Budget Code 23800, Fund Code 2422 (Pre-Apprenticeship-PBC)	491,332
14		
15	Department of Correction	
16	Budget Code 24502 (Inmate Canteen/Welfare Fund)	500,000
17		

Office of the State Controller

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

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

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

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

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

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

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

SECTION 2.2.(g) When the Highway Trust Fund was created in 1989, the revenue from the sales tax on motor vehicles was transferred from the General Fund to

1 the Highway Trust Fund. To offset this loss of revenue from the General Fund, the
2 Highway Trust Fund was required to transfer one hundred seventy million dollars
3 (\$170,000,000) to the General Fund each year, an amount equal to the revenue in 1989
4 from the sales tax on motor vehicles. This transfer did not, however, make the General
5 Fund whole after the transfer of the sales tax revenue because no provision has been
6 made to adjust the amount for the increased volume of transactions and increased
7 vehicle prices. The additional eighty million dollars (\$80,000,000) transferred from the
8 Highway Trust Fund to the General Fund by this act is an effort to recover a portion of
9 the sales tax revenues that would have gone to the General Fund over the last 13 years.

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

13 **SECTION 2.2.(i)** There is transferred from the Highway Trust Fund to the
14 General Fund the sum of one hundred twenty-five million dollars (\$125,000,000) for the
15 2002-2003 fiscal year. It is the intent of the General Assembly that the Highway Trust
16 Fund shall be held harmless because of this transfer. The General Assembly shall
17 transfer from the General Fund back to the Highway Trust Fund during the next five
18 years including interest at the net rate of return generated by the State Treasurer's Short
19 Term Investment Fund.

20 **SECTION 2.2.(j)** The General Assembly finds that over the last two fiscal
21 years, the cost of the Medicaid program has increased over a billion dollars. The
22 downturn in the economy has caused an unforeseeable increase in the number of
23 persons eligible for the program. Even with the significant expansion funds
24 appropriated for the increased costs, transfers of funds to meet obligations for the
25 2001-2002 fiscal year, and significant cost-savings measures imposed by the General
26 Assembly and the Department of Health and Human Services, Medicaid will still need
27 an additional one hundred nine million dollars (\$109,000,000) next year to cover
28 increased costs.

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

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

34 Notwithstanding G.S. 143-16.4(a2), of the funds credited to the Tobacco
35 Trust Account from the Master Settlement Agreement pursuant to Section 6(2) of S.L.
36 1999-2 during the 2002-2003 fiscal year, the sum of forty million dollars (\$40,000,000)
37 shall be transferred from the Department of Agriculture and Consumer Services, Budget
38 Code 23703 (Tobacco Trust Fund) to the State Controller to be deposited in Nontax
39 Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for
40 the 2002-2003 fiscal year.

41 Notwithstanding G.S. 143-16.4(a1), of the funds credited to the Health Trust
42 Account from the Master Settlement Agreement pursuant to Section 6(2) of S.L. 1999-2
43 during the 2002-2003 fiscal year, the sum of forty million dollars (\$40,000,000) shall be
44 transferred from the Department of State Treasurer, Budget Code 23460 (Health and
45 Wellness Trust Fund) to the State Controller to be deposited in Nontax Budget Code
46 19978 (Intra State Transfers) to support General Fund appropriations for the 2002-2003
47 fiscal year.

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

53 Pursuant to Section 2(b) of S.L. 1999-2, forty million dollars (\$40,000,000)
54 of the fifty percent (50%) of the annual installment payment to the North Carolina State
55 Specific Account otherwise transferred and assigned to The Golden L.E.A.F.

1 (Long-Term Economic Advancement Foundation), Inc., during the 2002-2003 fiscal
2 year is transferred to the State Controller to be deposited in Nontax Budget Code 19978
3 (Intra State Transfers) to support General Fund appropriations for the 2002-2003 fiscal
4 year. The Attorney General shall take all necessary actions to notify the court in the
5 action entitled State of North Carolina v. Philip Morris Incorporated, et. al., 98 CVS
6 14377, in the General Court of Justice, Superior Court Division, Wake County, North
7 Carolina, and the administrators of the State Specific Account established under the
8 Master Settlement Agreement of this action by the General Assembly redirecting this
9 payment.

10 **SECTION 2.2.(k)** The funds appropriated in this act from the Insurance
11 Regulatory Fund include an increase of six hundred thousand dollars (\$600,000) in
12 recurring funds from the amount appropriated in S.L. 2001-424. These funds shall be
13 used to pay for the costs and expenses incurred by the Department of Justice in the
14 2002-2003 fiscal year and subsequent fiscal years in representing the Department of
15 Insurance in its regulation of the insurance industry and other related programs and
16 industries in this State that fall under the jurisdiction of the Department of Insurance.

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

18 "**§ 7A-11. Clerk of the Supreme Court; salary; bond; fees; oath.**

19 The clerk of the Supreme Court shall be appointed by the Supreme Court to serve at
20 its pleasure. The annual salary of the clerk shall be fixed by the Administrative Officer
21 of the Courts, subject to the approval of the Supreme Court. The clerk may appoint
22 assistants in the number and at the salaries fixed by the Administrative Officer of the
23 Courts. The clerk shall perform such duties as the Supreme Court may assign, and shall
24 be bonded to the State, for faithful performance of duty, in the same manner as the clerk
25 of the superior court, and in such amount as the Administrative Officer of the Courts
26 shall determine. He shall adopt a seal of office, to be approved by the Supreme Court. A
27 fee bill for services rendered by the clerk shall be fixed by rules of the Supreme Court,
28 and all such fees shall be remitted to the State ~~treasury, except that charges to litigants~~
29 ~~for the reproduction of appellate records and briefs shall be fixed and administered as~~
30 ~~provided by rule of the Supreme Court.~~ treasury. The operations of the Clerk of the
31 Supreme Court shall be subject to the oversight of the State Auditor pursuant to Article
32 5A of Chapter 147 of the General Statutes. Before entering upon the duties of his office,
33 the clerk shall take the oath of office prescribed by law."

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

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

42 **SECTION 2.2.(n)** Of the cash balance of any funds not remitted to the State
43 Treasurer pursuant to G.S. 7A-11 and GS 7A-20(b) prior to the effective date of this act,
44 only funds necessary for payroll and existing contractual obligations may be expended.
45 The cash balance of these funds shall be transferred to the General Fund on July 1,
46 2002.

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

48 **HIGHWAY FUND APPROPRIATIONS**

49 **SECTION 3.1.** Appropriations from the Highway Fund of the State for the
50 maintenance and operation of the Department of Transportation, and for other purposes
51 as enumerated are made for the fiscal year ending June 30, 2003, according to the
52 schedule that follows. Amounts set out in brackets are reductions from Highway Fund
53 appropriations for the 2002-2003 fiscal year.
54
55

1		
2	Current Operations - Highway Fund	2002-2003
3		
4	Administration	(362,232)
5	Operations	—
6	Construction and Maintenance	
7	a. Construction	
8	(01) Primary Construction	—
9	(02) Secondary Construction	(1,887,000)
10	(03) Urban Construction	—
11	(04) Access and Public Service Roads	—
12	(05) Contingency Construction	5,000,000
13	(06) Spot Safety Construction	—
14	b. State Funds to Match Federal Highway Aid	—
15	c. State Maintenance	17,823,411
16	d. Ferry Operations	—
17	e. Capital Improvements	—
18	f. State Aid to Municipalities	(1,887,000)
19	g. State Aid for Public Transportation and Railroads	17,350,000
20	h. OSHA – State	—
21	Governor's Highway Safety Program	—
22	Division of Motor Vehicles	—
23	Reserves and Transfers	<u>(6,039,551)</u>
24	GRAND TOTAL HIGHWAY FUND	\$ 29,997,628
25		

HIGHWAY FUND AVAILABILITY STATEMENT

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

30		2002-2003
31		
32	Beginning Credit Balance	\$41,300,000
33	Estimated Revenue	1,276,600,000
34		
35	TOTAL HIGHWAY FUND AVAILABILITY	\$1,317,900,000
36		

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

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

45		
46	Current Operations and Expansion - Highway Trust Fund	2002-2003
47		
48	Intrastate System	(156,082,527)
49	Secondary Roads	(17,736,555)
50	Urban Loops	(63,113,273)
51	Aid to Municipalities	(16,376,698)
52	Program Administration	(11,534,947)
53	Transfer to General Fund	<u>207,400,000</u>
54		
55	GRAND TOTAL/HIGHWAY TRUST FUND	(57,444,000)

PART V. BLOCK GRANTS

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

DHHS BLOCK GRANTS**SECTION 5.1.(a)** Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2003, according to the following schedule:**COMMUNITY SERVICES BLOCK GRANT**

01.	Community Action Agencies	\$ 15,266,973
02.	Limited Purpose Agencies	848,165
03.	Department of Health and Human Services to administer and monitor the activities of the Community Services Block Grant	848,165

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

01.	County departments of social services (Transfer from TANF - \$4,500,000)	\$ 27,095,289
02.	Allocation for in-home services provided by county departments of social services	2,101,113
03.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	3,234,601
04.	Division of Services for the Blind	3,105,711
05.	Division of Facility Services	426,836
06.	Division of Aging - Home and Community Care Block Grant	1,840,234
07.	Child Care Subsidies	3,000,000
08.	Division of Vocational Rehabilitation - United Cerebral Palsy	71,484
09.	State administration	1,693,368
10.	Child Medical Evaluation Program	238,321
11.	Adult day care services	2,155,301
12.	Comprehensive Treatment Services Program	422,003
13.	Department of Administration	

1	for the N.C. State Commission of Indian Affairs	
2	In-Home Services Program for the Elderly	203,198
3		
4	14. Division of Vocational Rehabilitation -	
5	Easter Seals Society	116,779
6		
7	15. UNC-CH CARES Program for training and	
8	consultation services	247,920
9		
10	16. Office of the Secretary - Office of Economic	
11	Opportunity for N.C. Senior Citizens'	
12	Federation for outreach services to	
13	low-income elderly persons	41,302
14		
15	17. Division of Social Services - Child	
16	Caring Agencies	1,500,000
17		
18	18. Division of Mental Health,	
19	Developmental Disabilities, and	
20	Substance Abuse Services - Developmentally	
21	Disabled Waiting List for services	5,000,000
22		
23	19. Transfer to Preventive Health Services Block	
24	Grant for HIV/AIDS education, counseling, and	
25	testing	145,819
26		
27	20. Division of Facility Services –	
28	Mental Health Licensure	213,128
29		
30	TOTAL SOCIAL SERVICES BLOCK GRANT	\$ 52,852,407
31		
32	LOW-INCOME ENERGY BLOCK GRANT	
33		
34	01. Energy Assistance Programs	\$ 11,395,026
35		
36	02. Crisis Intervention	6,598,934
37		
38	03. Administration	2,459,510
39		
40	04. Weatherization Program	3,457,189
41		
42	05. Department of Administration -	
43	N.C. State Commission of Indian Affairs	45,189
44		
45	06. Heating Air Repair and Replacement Program	1,613,355
46		
47	TOTAL LOW-INCOME ENERGY BLOCK GRANT	\$ 25,569,203
48		
49	MENTAL HEALTH SERVICES BLOCK GRANT	
50		
51	01. Provision of community-based	
52	services for severe and persistently	
53	mentally ill adults	\$ 5,442,798
54		
55	02. Provision of community-based	

1	services to children	2,513,141
2		
3	03. Comprehensive Treatment Services	
4	Program for Children	1,500,000
5		
6	04. Administration	783,911
7		
8	TOTAL MENTAL HEALTH SERVICES BLOCK GRANT	\$ 10,239,850
9		
10	SUBSTANCE ABUSE PREVENTION	
11	AND TREATMENT BLOCK GRANT	
12		
13	01. Provision of community-based	
14	alcohol and drug abuse services,	
15	tuberculosis services, and services	
16	provided by the Alcohol and Drug Abuse	
17	Treatment Centers	\$ 15,401,711
18		
19	02. Continuation of services for	
20	pregnant women and women	
21	with dependent children	8,069,524
22		
23	03. Continuation of services to	
24	IV drug abusers and others at risk	
25	for HIV diseases	4,616,378
26		
27	04. Provision of services to children	
28	and adolescents	7,740,611
29		
30	05. Juvenile Services - Family Focus	851,156
31		
32	06. Allocation to the Division of Public Health	
33	for HIV/STD Risk Reduction Projects	383,980
34		
35	07. Allocation to the Division of Public Health	
36	for HIV/STD Prevention by County Health	
37	Departments	209,576
38		
39	08. Allocation to the Division of Public Health	
40	for the Maternal and Child Health Hotline	37,779
41		
42	09. Administration	2,596,307
43		
44	TOTAL SUBSTANCE ABUSE PREVENTION	
45	AND TREATMENT BLOCK GRANT	\$ 39,907,022
46		
47	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	
48		
49	01. Child care subsidies	\$149,801,334
50		
51	02. Quality and availability initiatives	16,496,620
52		
53	03. Administrative expenses	6,929,081
54		
55	04. Transfer from TANF Block Grant for	

1	child care subsidies	72,812,189
2		
3	TOTAL CHILD CARE AND DEVELOPMENT FUND	
4	BLOCK GRANT	\$246,039,224
5		
6	TEMPORARY ASSISTANCE TO NEEDY FAMILIES	
7	(TANF) BLOCK GRANT	
8		
9	01. Work First Cash Assistance	\$129,396,275
10		
11	02. Work First County Block Grants	92,018,855
12		
13	03. Transfer to the Child Care and	
14	Development Fund Block Grant	
15	for child care subsidies	72,812,189
16		
17	04. Allocation to the Division of Mental	
18	Health, Developmental Disabilities, and	
19	Substance Abuse Services for Work First	
20	substance abuse screening, diagnostic, and	
21	support treatment services and drug testing	400,000
22		
23	05. Allocation to the Division of Social	
24	Services for staff development	75,000
25		
26	06. Reduction of out-of-wedlock births	1,000,000
27		
28	07. Business Process Reengineering	
29	Project Reserve	325,000
30		
31	08. Allocation to the Division of Public Health	
32	for teen pregnancy prevention	600,000
33		
34	09. Child Care Subsidies for TANF Recipients	26,621,241
35		
36	10. County Child Protective Services,	
37	Foster Care, and Adoption Workers	2,727,550
38		
39	11. Transfer to Social Services Block Grant for	
40	County Departments of Social Services for	
41	Children's Services	4,500,000
42		
43	12. Residential Substance Abuse Services	
44	for Women With Children	1,475,142
45		
46	13. Division of Social Services -	
47	Administration	500,000
48		
49	14. Child Welfare workers and services for	
50	local departments of social services	7,654,841
51		
52	15. Child Welfare Training	2,000,000
53		
54	16. DSS Evaluation	500,000
55		

1	17.	SACWIS Payback	4,643,454
2			
3		TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES	
4		(TANF) BLOCK GRANT	\$347,249,547
5			
6		MATERNAL AND CHILD HEALTH BLOCK GRANT	
7			
8	01.	Healthy Mothers/Healthy Children	
9		Block Grants to Local Health	
10		Departments	9,838,074
11			
12	02.	High-Risk Maternity Clinic Services,	
13		Perinatal Education and Training,	
14		Childhood Injury Prevention,	
15		Public Information and Education, and	
16		Technical Assistance to Local Health	
17		Departments	2,012,102
18			
19	03.	Services to Children With Special Health	
20		Care Needs	5,078,647
21			
22		TOTAL MATERNAL AND CHILD	
23		HEALTH BLOCK GRANT	\$ 16,928,823
24			
25		PREVENTIVE HEALTH SERVICES BLOCK GRANT	
26			
27	01.	Statewide Health Promotion Programs	\$3,282,810
28			
29	02.	Rape Crisis/Victims' Services	
30		Program - Council for Women	197,112
31			
32	03.	Transfer from Social Services	
33		Block Grant –	
34		HIV/AIDS education, counseling, and	
35		testing	145,819
36			
37	04.	Office of Minority Health	159,459
38			
39	05.	Administrative Costs	108,546
40			
41		TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT	\$3,893,746
42			

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

52 If the United States Congress reduces the amount of TANF funds below the
 53 amounts appropriated in this section after the effective date of this act, then the
 54 Department shall allocate the decrease in funds after considering any underutilization of
 55 the budget and the effectiveness of the current level of services. Any TANF Block

1 Grant fund changes shall be reported to the Senate Appropriations Committee on Health
2 and Human Services, the House of Representatives Appropriations Subcommittee on
3 Health and Human Services, and the Fiscal Research Division.

4 Decreases in federal fund availability shall be allocated for the Maternal and
5 Child Health and Preventive Health Services federal block grants by the Department of
6 Health and Human Services after considering the effectiveness of the current level of
7 services.

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

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

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

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

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

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

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

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

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

1 **SECTION 5.1.(j)** The sum of one million four hundred seventy-five
2 thousand one hundred forty-two dollars (\$1,475,142) appropriated in this section in the
3 TANF Block Grant to the Department of Health and Human Services, Division of
4 Mental Health, Developmental Disabilities, and Substance Abuse Services, for the
5 2002-2003 fiscal year shall be used to provide regional residential substance abuse
6 treatment and services for women with children. The Department of Health and Human
7 Services, the Division of Social Services, and the Division of Mental Health,
8 Developmental Disabilities, and Substance Abuse Services, in consultation with local
9 departments of social services, area mental health programs, and other State and local
10 agencies or organizations, shall coordinate this effort in order to facilitate the expansion
11 of regionally based substance abuse services for women with children. These services
12 shall be culturally appropriate and designed for the unique needs of TANF women with
13 children.

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

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

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

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

48 **SECTION 5.1.(l)** The sum of one million five hundred thousand dollars
49 (\$1,500,000) appropriated in this section in the Mental Health Block Grant to the
50 Department of Health and Human Services, Division of Mental Health, Developmental
51 Disabilities, and Substance Abuse Services, for the 2002-2003 fiscal year and the sum
52 of four hundred twenty-two thousand three dollars (\$422,003) appropriated in this
53 section in the Social Services Block Grant to the Department of Health and Human
54 Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse
55 Services, for the 2002-2003 fiscal year shall be used to continue a Comprehensive

1 Treatment Services Program for Children in accordance with Section 21.60 of S.L.
2 2001-424, as amended.

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

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

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

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

25
26 Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

27 **NER BLOCK GRANT FUNDS**

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

30
31 **COMMUNITY DEVELOPMENT BLOCK GRANT**

32		
33	01. State Administration	\$1,000,000
34		
35	02. Urgent Needs and Contingency	1,000,000
36		
37	03. Scattered Site Housing	13,100,000
38		
39	04. Economic Development	8,710,000
40		
41	05. Community Revitalization	13,500,000
42		
43	06. State Technical Assistance	450,000
44		
45	07. Housing Development	2,100,000
46		
47	08. Infrastructure	5,140,000
48		

49 **TOTAL COMMUNITY DEVELOPMENT**
50 **BLOCK GRANT - 2002 Program Year** \$45,000,000

51
52 **SECTION 5.2.(b)** Decreases in Federal Fund Availability. – If federal funds
53 are reduced below the amounts specified above after the effective date of this act, then
54 every program in each of these federal block grants shall be reduced by the same
55 percentage as the reduction in federal funds.

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

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

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

28 29 **PART VI. GENERAL PROVISIONS**

30
31 Requested by: Senators Plyler, Odom, Lee

32 **CONTINGENCY AND EMERGENCY FUND ALLOCATIONS**

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

34 **"SECTION 6.3.(a)** Funds in the amount of five million dollars (\$5,000,000) for the
 35 2001-2002 fiscal year and ~~five million dollars (\$5,000,000) ten million dollars~~
 36 ~~(\$10,000,000)~~ for the 2002-2003 fiscal year are appropriated ~~in this act~~ to the
 37 Contingency and Emergency Fund. Of the funds:

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

1 (4) The sum of five million dollars (\$5,000,000) shall be used for the
2 purposes set out in subdivisions (1) and (2) of this subsection or to
3 settle legal disputes."
4

5 Requested by: Senators Plyler, Odom, Lee

6 **USE OF OVERREALIZED GENERAL FUND AVAILABILITY**

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

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

16
17 Requested by: Senators Plyler, Odom, Lee

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

19 **SECTION 6.3.(a)** G.S. 143-15.3(b) prohibits the Director of the Budget
20 from using funds in the Savings Reserve Account unless the use has been approved by
21 an act of the General Assembly. The General Assembly hereby authorizes the Director
22 of the Budget to use funds that were credited to the Savings Reserve Account on or
23 before June 30, 2002, to the extent necessary to balance the State budget for the
24 2001-2002 fiscal year and funds are hereby appropriated from the Savings Reserve
25 Account for this purpose.

26 **SECTION 6.3.(b)** This section becomes effective June 30, 2002.
27

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

29 **DEDUCTION FLEXIBILITY**

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

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

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

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

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

51 **"§ 135-18.8. Deduction for payments to certain employees' or retirees' associations**
52 **allowed.**

53 Any member who is a member of a domiciled employees' or retirees' association that
54 has at least 2,000 members, the majority of whom are active or retired employees of the
55 State or public school employees, may authorize, in writing, the periodic deduction

1 from the member's retirement benefits a designated lump sum to be paid to the
 2 employees' or retirees' association. The authorization shall remain in effect until
 3 revoked by the member. A plan of deductions pursuant to this section shall become void
 4 if the employees' or retirees' association engages in collective bargaining with the State,
 5 any political subdivision of the State, or any local school administrative unit.

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

14
 15 **PART VII. PUBLIC SCHOOLS**

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

18 **TEACHER SALARY SCHEDULES**

19 **SECTION 7.1.(a)** Effective for the 2002-2003 school year, the Director of
 20 the Budget shall transfer from the Reserve for Experience Step Salary Increase for
 21 Teachers and Principals in Public Schools for the 2002-2003 fiscal year funds necessary
 22 to implement the teacher salary schedule set out in subsection (b) of this section,
 23 including funds for the employer's retirement and social security contributions and
 24 funds for annual longevity payments at one and one-half percent (1.5%) of base salary
 25 for 10 to 14 years of State service, two and twenty-five hundredths percent (2.25%) of
 26 base salary for 15 to 19 years of State service, three and twenty-five hundredths percent
 27 (3.25%) of base salary for 20 to 24 years of State service, and four and one-half percent
 28 (4.5%) of base salary for 25 or more years of State service, commencing July 1, 2002,
 29 for all teachers whose salaries are supported from the State's General Fund. These
 30 funds shall be allocated to individuals according to rules adopted by the State Board of
 31 Education. The longevity payment shall be paid in a lump sum once a year.

32 **SECTION 7.1.(b)** For the 2002-2003 school year, the following monthly
 33 salary schedules shall apply to certified personnel of the public schools who are
 34 classified as teachers. The schedule contains 30 steps with each step corresponding to
 35 one year of teaching experience.

36
 37 **2002-2003 MONTHLY SALARY SCHEDULE**
 38 **"A" TEACHERS**

39 40 Years of 41 Experience	42 43 "A" 44 Teachers	45 46 NBPTS 47 Certification
48 0	\$2,525	N/A
49 1	\$2,567	N/A
50 2	\$2,611	N/A
51 3	\$2,764	\$3,096
52 4	\$2,904	\$3,252
53 5	\$3,036	\$3,400
54 6	\$3,164	\$3,544
55 7	\$3,266	\$3,658
	\$3,314	\$3,712
	\$3,362	\$3,765
	\$3,412	\$3,821
	\$3,461	\$3,876
	\$3,511	\$3,932

1	13	\$3,561	\$3,988
2	14	\$3,614	\$4,048
3	15	\$3,667	\$4,107
4	16	\$3,722	\$4,169
5	17	\$3,777	\$4,230
6	18	\$3,834	\$4,294
7	19	\$3,892	\$4,359
8	20	\$3,950	\$4,424
9	21	\$4,011	\$4,492
10	22	\$4,072	\$4,561
11	23	\$4,136	\$4,632
12	24	\$4,200	\$4,704
13	25	\$4,264	\$4,776
14	26	\$4,330	\$4,850
15	27	\$4,398	\$4,926
16	28	\$4,467	\$5,003
17	29	\$4,538	\$5,083
18	30+	\$4,538	\$5,083

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

	Years of Experience	"M" Teachers	NBPTS Certification
26	0	\$2,778	N/A
27	1	\$2,824	N/A
28	2	\$2,872	N/A
29	3	\$3,040	\$3,405
30	4	\$3,194	\$3,577
31	5	\$3,340	\$3,741
32	6	\$3,480	\$3,898
33	7	\$3,593	\$4,024
34	8	\$3,645	\$4,082
35	9	\$3,698	\$4,142
36	10	\$3,753	\$4,203
37	11	\$3,807	\$4,264
38	12	\$3,862	\$4,325
39	13	\$3,917	\$4,387
40	14	\$3,975	\$4,452
41	15	\$4,034	\$4,518
42	16	\$4,094	\$4,585
43	17	\$4,155	\$4,654
44	18	\$4,217	\$4,723
45	19	\$4,281	\$4,795
46	20	\$4,345	\$4,866
47	21	\$4,412	\$4,941
48	22	\$4,479	\$5,016
49	23	\$4,550	\$5,096
50	24	\$4,620	\$5,174
51	25	\$4,690	\$5,253
52	26	\$4,763	\$5,335
53	27	\$4,838	\$5,419
54	28	\$4,914	\$5,504
55	29	\$4,992	\$5,591

30+

\$4,992

\$5,591

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

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

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

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

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

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

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

SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE

SECTION 7.2.(a) Effective for the 2002-2003 school year, the Director of the Budget shall transfer from Reserve for Experience Step Salary Increase for Teachers and Principals in Public Schools for the 2002-2003 fiscal year funds necessary to implement the salary schedule for school-based administrators as provided in this section. These funds shall be used for State-paid employees only.

SECTION 7.2.(b) The base salary schedule for school-based administrators shall apply only to principals and assistant principals. The base salary schedule for the 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)
1						
2						
3						
4						
5	0-4	\$3,226	—	—	—	—
6	5	\$3,373	—	—	—	—
7	6	\$3,515	—	—	—	—
8	7	\$3,629	—	—	—	—
9	8	\$3,681	\$3,681	—	—	—
10	9	\$3,735	\$3,735	—	—	—
11	10	\$3,791	\$3,791	\$3,845	—	—
12	11	\$3,845	\$3,845	\$3,901	—	—
13	12	\$3,901	\$3,901	\$3,956	\$4,015	—
14	13	\$3,956	\$3,956	\$4,015	\$4,074	\$4,135
15	14	\$4,015	\$4,015	\$4,074	\$4,135	\$4,197
16	15	\$4,074	\$4,074	\$4,135	\$4,197	\$4,259
17	16	\$4,135	\$4,135	\$4,197	\$4,259	\$4,324
18	17	\$4,197	\$4,197	\$4,259	\$4,324	\$4,388
19	18	\$4,259	\$4,259	\$4,324	\$4,388	\$4,456
20	19	\$4,324	\$4,324	\$4,388	\$4,456	\$4,524
21	20	\$4,388	\$4,388	\$4,456	\$4,524	\$4,596
22	21	\$4,456	\$4,456	\$4,524	\$4,596	\$4,666
23	22	\$4,524	\$4,524	\$4,596	\$4,666	\$4,737
24	23	\$4,596	\$4,596	\$4,666	\$4,737	\$4,811
25	24	\$4,666	\$4,666	\$4,737	\$4,811	\$4,886
26	25	\$4,737	\$4,737	\$4,811	\$4,886	\$4,963
27	26	\$4,811	\$4,811	\$4,886	\$4,963	\$5,042
28	27	\$4,886	\$4,886	\$4,963	\$5,042	\$5,143
29	28	\$4,963	\$4,963	\$5,042	\$5,143	\$5,246
30	29	\$5,042	\$5,042	\$5,143	\$5,246	\$5,351
31	30	\$5,143	\$5,143	\$5,246	\$5,351	\$5,458
32	31	\$5,246	\$5,246	\$5,351	\$5,458	\$5,567
33	32	—	\$5,351	\$5,458	\$5,567	\$5,678
34	33	—	—	\$5,567	\$5,678	\$5,792
35	34	—	—	\$5,678	\$5,792	\$5,908
36	35	—	—	—	\$5,908	\$6,026
37	36	—	—	—	\$6,026	\$6,147
38	37	—	—	—	—	\$6,270

2002-2003

PRINCIPAL AND ASSISTANT PRINCIPAL SALARY SCHEDULES

CLASSIFICATION

	Yrs of Exp	Prin V (44-54)	Prin VI (55-65)	Prin VII (66-100)	Prin VIII (101+)
45					
46					
47					
48	14	\$4,259	—	—	—
49	15	\$4,324	—	—	—
50	16	\$4,388	\$4,456	—	—
51	17	\$4,456	\$4,524	\$4,666	—
52	18	\$4,524	\$4,596	\$4,737	\$4,811
53	19	\$4,596	\$4,666	\$4,811	\$4,886
54	20	\$4,666	\$4,737	\$4,886	\$4,963
55	21	\$4,737	\$4,811	\$4,963	\$5,042

1	22	\$4,811	\$4,886	\$5,042	\$5,143
2	23	\$4,886	\$4,963	\$5,143	\$5,246
3	24	\$4,963	\$5,042	\$5,246	\$5,351
4	25	\$5,042	\$5,143	\$5,351	\$5,458
5	26	\$5,143	\$5,246	\$5,458	\$5,567
6	27	\$5,246	\$5,351	\$5,567	\$5,678
7	28	\$5,351	\$5,458	\$5,678	\$5,792
8	29	\$5,458	\$5,567	\$5,792	\$5,908
9	30	\$5,567	\$5,678	\$5,908	\$6,026
10	31	\$5,678	\$5,792	\$6,026	\$6,147
11	32	\$5,792	\$5,908	\$6,147	\$6,270
12	33	\$5,908	\$6,026	\$6,270	\$6,395
13	34	\$6,026	\$6,147	\$6,395	\$6,523
14	35	\$6,147	\$6,270	\$6,523	\$6,653
15	36	\$6,270	\$6,395	\$6,653	\$6,786
16	37	\$6,395	\$6,523	\$6,786	\$6,922
17	38	\$6,523	\$6,653	\$6,922	\$7,060
18	39	—	\$6,786	\$7,060	\$7,201
19	40	—	\$6,922	\$7,201	\$7,345
20	41	—	—	\$7,345	\$7,492

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

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

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

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

SECTION 7.2.(d) A principal shall be placed on the step on the salary schedule that reflects total number of years of experience as a certificated employee of the public schools and an additional step for every three years of experience as a principal. A principal or assistant principal shall also continue to receive any additional State-funded percentage increases earned for the 1997-1998, 1998-1999, 1999-2000, and the 2001-2002 school year for improvement in student performance or maintaining a safe and orderly school.

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

SECTION 7.2.(f) There shall be no State requirement that superintendents in each local school unit shall receive in State-paid salary at least one percent (1%)

1 more than the highest paid principal receives in State salary in that school unit:
2 Provided, however, the additional State-paid salary a superintendent who was employed
3 by a local school administrative unit for the 1992-93 fiscal year received because of that
4 requirement shall not be reduced because of this subsection for subsequent fiscal years
5 that the superintendent is employed by that local school administrative unit so long as
6 the superintendent is entitled to at least that amount of additional State-paid salary under
7 the rules in effect for the 1992-93 fiscal year.

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

10 **SECTION 7.2.(h)**

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

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

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

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

36
37 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee

38 **LITIGATION RESERVE FUNDS**

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

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

44 **CHILDREN WITH DISABILITIES**

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

52
53 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee

54 **FUNDS FOR ACADEMICALLY GIFTED CHILDREN**

1 **SECTION 7.5.** The State Board of Education shall allocate funds for
2 academically or intellectually gifted children on the basis of eight hundred eighty-eight
3 dollars (\$888.00) per child. A local school administrative unit shall receive funds for a
4 maximum of four percent (4%) of its 2002-2003 allocated average daily membership,
5 regardless of the number of children identified as academically or intellectually gifted in
6 the unit. The State Board shall allocate funds for no more than 53,075 children for the
7 2002-2003 school year.

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

10 **FUNDS FOR THE TESTING AND IMPLEMENTATION OF THE NEW**
11 **STUDENT INFORMATION SYSTEM**

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

13 **"SECTION 28.32.** The State Board of Education may transfer up to one million
14 dollars (\$1,000,000) in funds appropriated for the Uniform Education Reporting System
15 for the 2001-2002 fiscal year and up to one million dollars (\$1,000,000) in funds
16 appropriated for the Uniform Education Reporting System for the 2002-2003 fiscal year
17 to the Department of Public Instruction to lease or purchase equipment necessary for the
18 testing and implementation of NC WISE, the new student information system in the
19 public schools."

20
21 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee

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

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

- 29 (1) Incentive awards in schools that achieve higher than expected
30 improvements may be up to:
31 a. One thousand five hundred dollars (\$1,500) for each teacher
32 and for certified personnel; and
33 b. Five hundred dollars (\$500.00) for each teacher assistant.
34 (2) Incentive awards in schools that meet the expected improvements may
35 be up to:
36 a. Seven hundred fifty dollars (\$750.00) for each teacher and for
37 certified personnel; and
38 b. Three hundred seventy-five dollars (\$375.00) for each teacher
39 assistant.

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

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

45 **REVISION OF READING AND WRITING ASSESSMENTS**

46 **SECTION 7.8.** Of the funds appropriated to State Aid to Local School
47 Administrative Units, the State Board of Education may use up to one million dollars
48 (\$1,000,000) for the 2002-2003 fiscal year to revise the reading and writing
49 assessments.

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

52 **FUNDS FOR INSTRUCTIONAL SUPPLIES**

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

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

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

10 **FUNDS FOR MENTOR PAY**

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

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

18 **CONVERSION OF ACCUMULATED LEAVE TIME**

19 **SECTION 7.11.(a)** G.S. 115C-302.1 reads as rewritten:
 20 "**115C-302.1. Salary.**

21 ...
 22 ~~(c1) Conversion of Leave.—Teachers may accumulate annual vacation leave days~~
 23 ~~without any applicable maximum until June 30 of each year. In order that only 30 days~~
 24 ~~of annual vacation leave carry forward to July 1, on June 30 of each year any teacher or~~
 25 ~~other personnel paid on the teacher salary schedule who has accumulated more than 30~~
 26 ~~days of annual vacation leave shall:~~

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

30 ~~(2) Convert to sick leave the remaining excess accumulation.~~

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

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

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

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

44 ~~(2) Convert to sick leave the remaining excess accumulation which may~~
 45 ~~be used for creditable service at retirement in accordance with G.S.~~
 46 ~~135-4(e).~~

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

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

54 Upon separation from service due to service retirement, resignation, dismissal,
 55 reduction in force, or death, an employee shall be paid in a lump sum for accumulated

1 annual leave not to exceed a maximum of 30 days. In addition to the maximum of 30
2 days pay for accumulated annual leave, upon separation from service due to service
3 retirement, any teacher or other personnel paid on the teacher salary schedule with more
4 than 30 days of accumulated annual vacation leave may convert some or all of the
5 excess accumulation to sick leave for creditable service towards retirement. Employees
6 going onto term disability may exhaust annual leave rather than be paid in a lump sum.

7"

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

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

12 **RESA FUNDS SHALL BE USED FOR STAFF DEVELOPMENT**

13 **SECTION 7.12.(a)** Funds allocated to local school administrative units for
14 Regional Education and Technical Assistance Centers and not expended prior to July 1,
15 2002, shall remain available to local school administrative units for the 2002-2003 fiscal
16 year. These funds shall be transferred to the staff development funding allotment and
17 shall be used only for staff development.

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

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

21 **BASE BUDGET REDUCTION TO DEPARTMENT OF PUBLIC**
22 **INSTRUCTION**

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

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

32 **SECTION 7.13.(b)** The Office of State Budget and Management shall issue
33 a Request for Proposals for an analysis of the structure and operation of the Department
34 of Public Instruction that identifies potential efficiencies and savings in the operations
35 of the Department. The analysis may consider consolidation of functions with other
36 agencies and automation of functions.

37 The Request for Proposals may include contingency proposals based on
38 potential savings.

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

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

43 **REPLACEMENT SCHOOL BUSES FUNDS**

44 **SECTION 7.14.(a)** Of the funds appropriated to the State Board of
45 Education for the 2002-2003 fiscal year, the Board may use up to ten million dollars
46 (\$10,000,000) for grants to local boards of education for replacement school buses
47 under G.S. 115C-249(c) and (d). In making these grants, the State Board of Education
48 may impose any of the following conditions:

- 49 (1) The local board of education must use the funds only to make the first
50 year's payment on a financing contract entered into pursuant to G.S.
51 115C-528.
- 52 (2) The term of a financing contract entered into under this section shall
53 not exceed three years.

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

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

14 **SECTION 7.14.(c)** Any term contract for the purchase or lease-purchase of
15 school buses or school activity buses shall not require vendor payment of the electronic
16 procurement transaction fee of the North Carolina E-Procurement Service.
17

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

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

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

21 "(9a) Power to Develop Content Standards. – The Board shall develop a
22 comprehensive plan to revise content standards and the standard
23 course of study in the core academic areas of reading, writing,
24 mathematics, science, history, geography, and civics. The Board shall
25 involve and survey a representative sample of parents, teachers, and
26 the public to help determine academic content standard priorities and
27 usefulness of the content standards. A full review of available and
28 relevant academic content standards that are rigorous, specific,
29 sequenced, clear, focused, and measurable, whenever possible, shall be
30 a part of the process of the development of content standards. The
31 revised content standards developed in the core academic areas shall
32 (i) reflect high expectations for students and an in-depth mastery of the
33 content; (ii) be clearly grounded in the content of each academic area;
34 (iii) be defined grade-by-grade and course-by-course; (iv) be
35 understandable to parents and teachers; (v) be developed in full
36 recognition of the time available to teach the core academic areas at
37 each grade level; and (vi) be measurable, whenever possible, in a
38 reliable, valid, and efficient manner for accountability purposes.

39 High school course content standards shall include the knowledge
40 and skills necessary to enter the workforce and also shall be aligned
41 with the coursework required for admission to the constituent
42 institutions of The University of North Carolina. The Board shall
43 develop and implement a plan for end-of-course tests for the minimum
44 courses required for admission to the constituent institutions. All
45 end-of-course tests shall be aligned with the content standards.

46 The Board also shall develop and implement an ongoing process to
47 align State programs and support materials with the revised academic
48 content standards for each core academic area ~~every five years. on a~~
49 regular basis. Alignment shall include revising textbook criteria,
50 support materials, State tests, teacher and school administrator
51 preparation, and ongoing professional development programs to be
52 compatible with content standards. The Board shall develop and make
53 available to teachers and parents support materials, including teacher
54 and parent guides, for academic content standards. The State Board of
55 Education shall work in collaboration with the Board of Governors of

1 The University of North Carolina to ensure that teacher and school
2 administrator degree programs, ongoing professional development and
3 other university activity in the State's public schools align with the
4 State Board's priorities."
5

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

7 **CORPORATE TAX TRANSFER MORATORIUM**

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

13 **SECTION 7.16.(b)** Notwithstanding the provisions of G.S. 115C-546.1(b),
14 the Secretary of Revenue shall not remit any funds for credit to the Public School
15 Building Capital Fund during the 2002-2003 fiscal year but shall deposit in the State
16 Public School Fund the funds that would have otherwise been deposited in the Public
17 School Building Capital Fund pursuant to G.S. 115C-546.1(b).
18

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

20 **STUDY MODIFICATIONS**

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

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

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

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

33 **SECTION 7.17.(c)** Study of the Textbook Distribution System. – Section
34 28.24 of S.L. 2001-424 reads as rewritten:

35 "**SECTION 28.24.** The State Board of Education shall contract for an analysis of the
36 best and most efficient method to manage textbook distribution to the local schools. The
37 Board shall prepare a Request for Proposals (RFP) outlining the scope of the analysis
38 required and select a private consultant to perform the analysis. The analysis shall
39 include such issues as timely delivery, total costs to the local school systems in
40 providing textbooks to school buildings, use of currently available technology in the
41 process, pricing practices among the textbook publishing industry, and other issues the
42 Board considers relevant to a comprehensive review of the system.

43 Prior to award of a contract, the State Board shall present the Request for Proposals
44 to the Joint Legislative Education Oversight Committee for comment. The State Board
45 shall report to the Joint Legislative Education Oversight Committee on the results of the
46 consultant's analysis, including the Board's recommendations for changes in the current
47 system. The Board shall make its final report to the Committee by ~~April 1,~~
48 2002-February 1, 2003."

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

51 "**SECTION 28.34.** The Joint Legislative Education Oversight Committee shall
52 study the salaries of food service workers and custodians employed by the public
53 schools. The Committee shall report its findings to the ~~2002 Regular Session of the~~
54 2001 General Assembly-2003 General Assembly."

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

3 **"SECTION 28.37.(b)** The Joint Legislative Education Oversight Committee shall
4 study salary differentials for instructional support personnel. In the course of the study,
5 the Committee shall consider salary differentials based on degrees and other educational
6 credentials, licensure or certification by State agencies, licensure or certification by
7 private entities, and other factors. The Committee shall report its findings and
8 recommendations to the ~~2002 Regular Session of the 2001 General Assembly~~
9 2003 General Assembly."

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

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

- 14 (1) The number of tests currently mandated at the State level and the
15 process and cost of developing, validating, and scoring them.
- 16 (2) Whether the State should consider the use of nationally developed tests
17 as a substitute to State-developed testing. In particular, the Committee
18 shall determine whether this use would (i) affect the ABCs Program,
19 (ii) adequately measure student achievement and performance, (iii)
20 provide more than minimum levels of achievement, (iv) provide a
21 better comparison to student achievement and performance in other
22 states, (v) be practical for high school courses or higher level courses,
23 (vi) reduce the need for field testing, and (vii) offer any cost savings to
24 the State.
- 25 (3) The number of grades in which State tests are given. The Committee
26 shall determine the necessity for testing all grades in third through
27 eighth grades, whether a reduction in the grades tested would affect the
28 receipt of federal money, and the extent to which a reduction would
29 impair the State's ability to identify schools under the ABCs Program.
- 30 (4) The high school courses for which State tests are given and whether
31 there is an appropriate distribution of tests across grades nine through
32 12 and that test an appropriate array of the minimum courses required
33 for admission to the constituent institutions of The University of North
34 Carolina. In addition, the Committee shall examine whether students
35 who take higher level courses and students in 12th grade are held
36 accountable for their academic growth and performance.
- 37 (5) The advantages and disadvantages of using a composite of
38 end-of-course tests or other tests such as the SAT, AP tests, or other
39 nationally standardized tests in high school rather than developing a
40 high school exit exam. If the Committee finds a high school exit exam
41 is preferable, then it shall determine whether it must be administered to
42 all students or limited to certain students, for example, those who do
43 not take the SAT or a certain number of courses for which there are
44 end-of-course tests.
- 45 (6) The extent to which additional testing, including field testing, practice
46 testing, and locally mandated testing, is occurring and whether this
47 should be limited or prohibited.
- 48 (7) Evaluate alternative schools to determine how educational
49 achievement is being advanced in these alternative school programs
50 and that placement in these programs is to improve student
51 performance rather than improve the performance of the school in
52 which the student originally was assigned.
- 53 (8) Any other issue the Committee considers relevant.

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

4 **SECTION 7.17.(g)** Noncitizen Tuition Rates. – Section 8.9 of S.L.
5 2001-491 is repealed.

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

8 "**SECTION 31.4.(d)** The Joint Legislative Education Oversight Committee shall
9 review the consultant's findings and recommendations and shall submit to the ~~2002~~
10 ~~Regular Session of the 2001 General Assembly~~ 2003 General Assembly
11 recommendations to streamline, reorganize, and improve the delivery of professional
12 development for public school professionals. The recommendations may address
13 revisions to program governance and mission, reallocation of funds, methods of
14 program delivery, and methods to institute ongoing program evaluation."

15
16 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee

17 **PERFORMANCE-BASED LICENSURE PROGRAM**

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

19 "(b) (See Note) It is the policy of the State of North Carolina to maintain the
20 highest quality teacher education programs and school administrator programs in order
21 to enhance the competence of professional personnel certified in North Carolina. To the
22 end that teacher preparation programs are upgraded to reflect a more rigorous course of
23 study, the State Board of Education, as lead agency in coordination and cooperation
24 with the University Board of Governors, the Board of Community Colleges and such
25 other public and private agencies as are necessary, shall continue to refine the several
26 certification requirements, standards for approval of institutions of teacher education,
27 standards for institution-based innovative and experimental programs, standards for
28 implementing consortium-based teacher education, and standards for improved
29 efficiencies in the administration of the approved programs. The certification program
30 shall provide for initial certification after completion of preservice training, continuing
31 certification after three years of teaching experience, and certificate renewal every five
32 years thereafter.

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

37 The State Board of Education, in consultation with the Board of Governors of The
38 University of North Carolina, shall evaluate and develop enhanced requirements for
39 continuing certification. The new requirements shall reflect more rigorous standards for
40 continuing certification and to the extent possible shall be aligned with quality
41 professional development programs that reflect State priorities for improving student
42 achievement. These rigorous standards shall not include a portfolio requirement for
43 teachers.

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

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

1 All North Carolina institutions of higher education that offer teacher education
2 programs, masters degree programs in education, or masters degree programs in school
3 administration shall provide performance reports to the State Board of Education. The
4 performance reports shall follow a common format, shall be submitted according to a
5 plan developed by the State Board, and shall include the information required under the
6 plan developed by the State Board."

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

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

13
14 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee

15 **STUDY OF COORDINATION OF CENTRAL OFFICE DUTIES**

16 **SECTION 7.19.** The State Board of Education shall study whether local
17 school administrative units can effectively and efficiently coordinate central office
18 operations and functions between systems. The State Board shall report to the Senate
19 Appropriations Committee on Education/Higher Education and the House
20 Appropriations Subcommittee on Education prior to March 1, 2003, on how base
21 funding formulas for central office administrations can be reduced based on the
22 coordination of duties.

23
24 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee

25 **DISCREPANCIES BETWEEN ANTICIPATED AND ACTUAL ADM**

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

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

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

40
41 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee

42 **HIGH SCHOOL EXIT EXAMINATION**

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

52
53 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee

54 **CLARIFICATION TO PROVISION ON ADDRESSING TEACHER**
55 **SHORTAGE**

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

2 "(2) The sum of \$1,500,000 for the 2001-2002 fiscal year and the sum of
3 \$1,500,000 for the 2002-2003 fiscal year shall be used to provide
4 annual bonuses of one thousand eight hundred dollars (\$1,800) to
5 teachers certified in and teaching in the fields of mathematics, science,
6 or special education in grades 6 through 12 at middle and high schools
7 with eighty percent (80%) or more of the students eligible for free or
8 reduced lunch or with fifty percent (50%) or more of students
9 performing below grade level in Algebra I and Biology. The bonus
10 shall be paid monthly with matching benefits. Teachers shall remain
11 eligible for the bonuses so long as they continue to teach in one of
12 these disciplines at a school that was eligible for the bonus program
13 when the teacher first received the bonus."
14

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

16 **SUPPORT FOR THE BUSINESS SYSTEMS IMPROVEMENT PROJECT**
17 **(BSIP)**

18 **SECTION 7.23.** The State Board of Education may use up to one hundred
19 twenty thousand dollars (\$120,000) of driver education funds for the 2002-2003 fiscal
20 year for software maintenance and other support for the Business Systems Improvement
21 Project (BSIP), a new school bus transportation system operated by the Department of
22 Transportation.
23

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

25 **EXTEND ALTERNATIVE LATERAL ENTRY PROGRAM**

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

27 "**Section 2.** This act is effective when it becomes law and expires ~~September 1,~~
28 ~~2002, September 1, 2006,~~ except that it remains effective for any teacher employed
29 under this act before ~~September 1, 2002.~~ September 1, 2006."
30

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

32 **USE OF FUNDS FOR KINDERGARTEN**

33 **SECTION 7.25.** The maximum class size limits for kindergarten for the
34 2002-2003 school year shall be the same as the class size limits established by the State
35 Board of Education for the 2001-2002 school year.
36

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

38 **LOCAL EDUCATION AGENCY FLEXIBILITY**

39 **SECTION 7.26.** Within seven days of the date this act becomes law, the
40 State Board of Education shall notify each local school administrative unit of the
41 amount the unit must reduce from State General Fund appropriations. The State Board
42 shall determine the amount of the reduction for each unit on the basis of average daily
43 membership.
44

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

48 The General Assembly urges local school administrative units to make every
49 effort not to reduce either direct classroom services or services directly targeted to
50 at-risk students and children with special needs. If reductions to these allotment
51 categories are necessary in order to meet the reduction target, the local board of
52 education shall submit an explanation of the anticipated impact of the reduction to
53 student services along with the budget reductions to the Department of Public
54 Instruction.
55

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

BUSINESS AND EDUCATION TECHNOLOGY ALLIANCE

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

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

- (1) The Superintendent of Public Instruction or his or her designee;
- (2) One member of the State Board of Education appointed by the State Board of Education;
- (3) One parent of a public school child appointed by the State Board of Education after receiving recommendations from the North Carolina State Parent Teacher Association;
- (4) Two members of the Senate;
- (5) Two members of the House of Representatives;
- (6) One member of a local board of education who represents a local education agency (LEA) that has successfully incorporated technology into its schools, who is appointed by the Governor, after receiving recommendations from the North Carolina School Boards Association;
- (7) One member of a local board of education who represents a local education agency (LEA) that has limited access to technology, who is appointed by the Governor, after receiving recommendations from the North Carolina School Boards Association;
- (8) Two at-large members appointed by the Governor;
- (9) One representative of business and industry appointed by the State Board of Education after receiving recommendations from the North Carolina Citizens for Business and Industry;
- (10) Three members appointed by the President Pro Tempore of the Senate. In making these appointments the President Pro Tempore is encouraged to consider appointing a local school superintendent who represents a local education agency that has limited access to technology, a school principal who works in a school that successfully incorporates technology into its instructional program, and a school teacher who works in a school with limited access to technology. Professional associations representing school administrators and professional associations representing teachers may recommend appointees to the President Pro Tempore;
- (11) Three members appointed by the Speaker of the House of Representatives. In making these appointments the Speaker of the House of Representatives is encouraged to consider appointing a local school superintendent from a local education agency that has successfully incorporated the use of technology into its instructional programs, a school principal working in a school with limited access to technology, and a school teacher who has successfully incorporated the use of technology into classroom instruction. Professional associations representing school administrators and professional associations representing teachers may recommend appointees to the Speaker of the House of Representatives;
- (12) One chancellor or his or her designee of institutions of higher education who has demonstrated effective and innovative use of technology for education, appointed by the Board of Governors of The University of North Carolina;
- (13) One president or his or her designee of the Community College System who has demonstrated effective and innovative use of

1 technology for education, appointed by the Community College Board
2 of Trustees;

3 (14) Two county commissioners, one of whom represents a county that has
4 successfully incorporated technology into its schools and community,
5 who are appointed by the State Board of Education, after receiving
6 recommendations from the North Carolina Association of County
7 Commissioners;

8 (15) Two representatives of technology businesses who have either
9 successfully developed innovative technology programs for education
10 or have partnered with a local education agency (LEA) to develop a
11 technology-based education environment in that LEA, who are
12 appointed by the State Board of Education, after receiving
13 recommendations from North Carolina Electronics and Information
14 Technologies Association and the North Carolina Citizens for
15 Business and Industry; and

16 (16) One representative of the Information Resource Management
17 Commission appointed by the Commission's Chair.

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

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

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

33 **SECTION 7.27.(f)** The Business and Education Technology Alliance shall:

34 (1) Advise the State Board of Education on the development of a vision
35 for a technologically literate citizen in 2025. This vision should
36 contain the educational standards needed to accomplish that vision, the
37 educational uses of technology to accomplish that vision, and a plan
38 for educating the community, educators, and business people about the
39 vision and educational uses of technology. Incorporated within the
40 vision and the plan for educating the public about the vision may
41 include:

42 a. Various models and frameworks of the high quality and
43 effective use of technology for education purposes including
44 those students who have not learned with traditional
45 approaches. The models may include the Cumberland County
46 Schools Web Academy, the Virtual High School, and Nova
47 Net.

48 b. Opportunities for teachers to experience the uses of technology
49 in work and business settings, which is the world for which they
50 are preparing students to work.

51 c. Production of multimedia presentations such as videos,
52 commercials, and publications that help citizens, students, and
53 educators see and understand the current and future power of
54 technology for educating our children and impacting our lives.

- 1 (2) Advise the State Board of Education on the development of a
2 technology infrastructure, delivery, and support system that provides
3 equity and access to all publics in North Carolina. The infrastructure,
4 delivery, and support system may include:
5 a. Opportunities for access to high-speed connectivity to the
6 Internet which impacts on the quality of instruction that can be
7 provided for students at school and in the community.
8 b. Technology networks that enable communities to encompass
9 the student and his/her family while maintaining the rights to
10 privacy for all citizens, i.e., a social service, health, education,
11 and mental health network. This network will increase
12 collaboration among agencies and provide a coordinated,
13 systemic service approach.
14 c. Continue to evaluate the status of current technology systems
15 and structures from the State to local level as it relates to
16 employing technology for improving instruction.
17 d. Continue to provide access to technology equipment and
18 infrastructure at home, school and in the community such as
19 extended hours of operation for schools and other community
20 facilities and on-loan laptop computers for student and parent
21 use.
22 e. Continue to develop surveys that provide information about the
23 types and results of technological tools utilized by teachers,
24 students, and others at school, in the community and home.
25 f. Sufficient personnel to maintain the operation of information
26 technology systems.
27 g. Coordination with regional economic development planners to
28 position local education agencies as an integral part of
29 economic development.
- 30 (3) Advise the State Board of Education on the development of
31 professional development programs for teachers to successfully
32 implement and use technology in public schools for all students. These
33 programs should also develop their leadership skills so that they can
34 use technology as a tool to support the rethinking of the core business
35 of schools: student learning. The professional development programs
36 may include:
37 a. Models of staff development from the State that are considered
38 state of the art, support the vision for technology, and that could
39 be used by local districts to train their staffs.
40 b. Designated time for professional development for using
41 technology as well as skills for using technology as a delivery
42 for curriculum and instructional programs.
43 c. Collegial planning time so that colleagues can coach and
44 support each other in learning new ways in which to think about
45 instruction.
46 d. Teacher and administrator preparation and other programs that
47 ensure the Department of Public Instruction's Technology
48 Foundation Standards for Teachers and Administrators in
49 higher education are incorporated into classroom instruction.
50 e. Training teachers with skill sets to teach technical courses that
51 are in growing demand to function at home and work.
52 f. Increase opportunities for sharing best practices in all areas of
53 instruction.
54 g. Increase opportunities for learning how to use technology to
55 customize instruction for all students.

- 1 h. Increase opportunities for learning how to use technology to
2 diagnose student learning.
- 3 (4) Advise the State Board of Education on the development of a Funding
4 and Accountability system to ensure statewide access and equity. The
5 Funding and Accountability system may include:
- 6 a. Public-private partnerships.
7 b. Identification of resources and the cost of those resources.
8 c. Funding to keep hardware/software current.
9 d. Evaluating progress toward realizing the technology vision.
10 e. Evaluating the impact of various technology initiatives on
11 alleviating some of the State's education and economic
12 development problems.
13 f. Incentives to encourage risk taking and innovative uses of
14 technology.
15 g. Funding for only those initiatives that are well-planned,
16 demonstrate high commitment, and have a solid evaluation
17 component.
- 18 (5) Report annually to the State Board of Education on the progress of the
19 Alliance's recommendations for education technology in the public
20 schools on the first Friday in December. This report may contain a
21 summary of recommendations for changes to any law, rule, and policy
22 that would improve implementing education technology in the public
23 schools.
- 24 (6) Report annually to the Joint Legislative Education Oversight
25 Committee in the General Assembly on the recommendations for
26 education technology in the public schools on the first Friday in
27 January. This report may contain a summary of recommendations for
28 changes to any law, rule, and policy that would improve implementing
29 education technology in the public schools.

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

32 **PART VIII. COMMUNITY COLLEGES**

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

34 **COMMUNITY COLLEGE FUNDING FLEXIBILITY**

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

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

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

46 **REGIONAL PROGRAMS**

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

48 "(f) A community college may not offer a new program without the approval of
49 the State Board of Community Colleges except that approval shall not be required if the
50 tuition for the program will fully cover the cost of the program. If at any time tuition
51 fails to fully cover the cost of a program that falls under the exception, the program
52 shall be discontinued unless approved by the State Board of Community Colleges. ~~If a~~

1 ~~proposed new program would serve more than one community college, the State Board~~
2 ~~of Community Colleges shall perform a feasibility study prior to acting on the proposal.~~

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

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

13 The State Board of Community Colleges shall report on an annual basis to the
14 Governor, Lieutenant Governor, the Speaker of the House of Representatives, ~~the Joint~~
15 ~~Legislative Commission on Governmental Operations, and the Advisory Budget~~
16 ~~Commission and the Joint Legislative Education Oversight Committee~~ on all new
17 programs it approved and on the progress made on regional programs during the year.
18 The report shall include the specific reasons for which each new program was
19 approved, a progress report on regionalization of programs, a list of all
20 programs approved by the State Board that are not regional and the reasons for their
21 approval, and a list of program terminations approved by the State Board."

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

24 **REGIONAL ECONOMIC DEVELOPMENT VISION PLANS**

25 **SECTION 8.3.** The State Board of Community Colleges and the Department
26 of Commerce, in conjunction with the North Carolina Board of Economic Development
27 and the seven regional economic development commissions, shall adopt a joint policy
28 that requires the development of a five-year vision plan for each of the economic
29 development regions in the State. The joint policy shall establish a task force for each
30 economic development region. Each task force shall consist of at least one
31 representative from each of the following: the regional economic development
32 commission, the president, and board of trustees of the community colleges located in
33 that region, and any additional persons as may be designated by the policy. The task
34 force may appoint an executive committee and any subcommittees it deems appropriate.

35 The policy shall direct each task force to develop a five-year vision plan for
36 its economic development region. At a minimum, each vision plan shall determine the
37 realistic economic development goals and the future job market in that region and shall
38 identify community college courses currently offered or needed to effectuate the vision
39 plan. The policy shall require the task forces to review and update their respective
40 vision plans every five years.

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

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

46 **HAYWOOD REGIONAL HIGH TECHNOLOGY CENTER**

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

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

52 **REALIGNMENT OF FUNDING**

53 **SECTION 8.5.(a)** Academic Support Supplement. – Effective July 1, 2002,
54 funding for the Academic Support Supplement shall no longer be included as part of the
55 curriculum instruction formula but shall be allocated from a separate line item in State

1 Aid fund code 1600. The State Board of Community Colleges shall allocate these funds
2 to the colleges on the basis of the budgeted FTE curriculum student enrollment for the
3 current fiscal year.

4 Nothing in this section shall be construed to provide or to indicate the intent
5 of the General Assembly to provide additional funding for the Academic Support
6 Supplement.

7 **SECTION 8.5.(b)** Formula Modification Restrictions. – The State Board of
8 Community Colleges may examine and recommend to the General Assembly new State
9 Aid allocation options that more closely align the allocation and expenditure of
10 State-appropriated resources. The State Board shall report any recommendations
11 regarding modifications to the formula to the Senate Appropriations Committee on
12 Education/Higher Education, the House Appropriations Subcommittee on Education,
13 the President Pro Tempore of the Senate, the Speaker of the House of Representatives,
14 and the Fiscal Research Division.

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

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

21 **TEMPORARY RULES ON FTE FOR TRAINING PROVIDED TO LAW**
22 **ENFORCEMENT PERSONNEL**

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

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

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

31 **COMMUNITY COLLEGE SYSTEM STUDY**

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

- 34 (1) The organization and structure of the Community College System, the
35 number of colleges within the System, the location and size of the
36 colleges, and whether the State could realize any administrative
37 savings from the consolidation of some colleges or programs, and
- 38 (2) The formula used to fund administration at the colleges, appropriate
39 funding levels for administration of the various colleges, and the
40 appropriate number of administrative staff members for colleges of
41 different sizes.

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

45
46 **PART IX. UNIVERSITIES**

47
48 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee

49 **ELIZABETH CITY STATE UNIVERSITY PHARMACY SCHOOL**

50 **SECTION 9.1.** The Board of Governors of The University of North Carolina
51 shall establish an accredited and fully staffed stand-alone school of pharmacy at
52 Elizabeth City State University no later than the 2004-2005 academic year. The Board
53 of Governors shall immediately begin to implement the proposals regarding
54 establishment of a fully staffed stand-alone school of pharmacy at Elizabeth City State

1 University as set out in the feasibility study conducted in compliance with Section
2 31.10(c) of S.L. 2001-424.

3
4 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee
5 **TRANSFER COLLECTION RESPONSIBILITIES FOR CERTAIN**
6 **SCHOLARSHIP PROGRAMS TO STATE EDUCATION ASSISTANCE**
7 **AUTHORITY**

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

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

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

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

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

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

35 The Public School Forum, as administrator for the Teaching Fellows Program, may
36 use up to one hundred fifty thousand dollars (\$150,000) annually from the fund balance
37 for costs associated with administration of the Teaching Fellows Program. ~~These funds~~
38 ~~are in addition to funds required for collection costs related to loan repayments."~~

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

41 **"§ 115C-472.1. State Education Assistance Authority collect loan repayments.**

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

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

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

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

53
54 Requested by: Senators Dalton, Garrou, Lucas, Plyler, Odom, Lee
55 **SUBSTITUTION OF UNC BOND PROJECTS**

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

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

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

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

25 **SECTION 9.3.(c)** Nothing in this section is intended to supersede any other
26 requirement of law or policy for approval of the substituted capital improvement
27 projects.
28

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

30 **UNC SCHOLARSHIP PROGRAMS CONSOLIDATED**

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

34 (1) Minority Presence Grants for undergraduate and doctoral, law and
35 veterinary medicine students as described in the 1979 Consent Decree
36 between the University of North Carolina and the United States
37 Department of Health Education and Welfare at § VI, paragraphs 6.a.
38 and 6.b.

39 (2) Minority Presence Grants-II as established in Section 17.3A of S.L.
40 1994-769.

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

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

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

47 (6) Freshman Scholars Programs as established by Section 46 of S.L.
48 1993- 561.

49 (7) Legislative College Opportunity Program as established by Section
50 17.14 of S.L. 1994-769.

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

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

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

12 **SECTION 9.4.(e)** The Board of Trustees of each constituent institution shall
13 define its particular campus goals and guidelines for the use of the UNC Campus
14 Scholarships for undergraduates. The chancellor of each constituent institution shall
15 submit its proposed guidelines to the President of The University of North Carolina for
16 approval before implementing them. Only residents of North Carolina shall be eligible
17 to receive grants from the UNC Campus Scholarships. Unless a campus has determined
18 that it has sufficient diversity in its undergraduate student population to provide the
19 educational benefits of diversity, the campus shall use at least the portion of these funds
20 that previously provided Minority Presence Grants for undergraduates to promote
21 diversity within the undergraduate student body of the campus to the extent permitted
22 by the constitution and laws of the State of North Carolina and of the United States.

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

25 **SECTION 9.4.(g)** The State Education Assistance Authority shall
26 administer the UNC Campus Scholarships. Upon the naming of recipients of grants
27 from the UNC Campus Scholarships, each constituent institution shall inform the State
28 Education Assistance Authority (SEAA) of its decisions. The SEAA shall perform all of
29 the administrative functions necessary to implement this program. The North Carolina
30 State Education Assistance Authority shall conduct periodic evaluations of expenditures
31 of the UNC Campus Scholarships to determine if allocations are being utilized, are
32 addressing the financial needs of students or other needs identified by the constituent
33 institutions, and are improving diversity on the campuses. SEAA may make
34 recommendation for redistribution of funds to the President of The University of North
35 Carolina who may authorize redistribution of unutilized funds for a particular fiscal year
36 among the constituent institutions.

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

45
46 Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee

47 **ELIMINATE UNC MAILING LIST DUPLICATION**

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

49 **"Section 10.11.** Each constituent institution of The University of North Carolina and
50 each community college shall provide to students and their families a brief, clear
51 explanation of federal tax credits (the HOPE and Lifetime Learning Credits) that are
52 available for educational purposes. The explanation shall include the limitations of the
53 credits as well as examples of the potential benefits under certain tax situations. The
54 constituent institution shall provide the tax credit information to the student ~~and~~ or the

1 student's parents when the institution notifies each of the amount of tuition and fees paid
2 for a calendar year."
3

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

5 **AID TO PRIVATE COLLEGES TECHNICAL CORRECTIONS**

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

7 "(a) Expenditures made pursuant to G.S. 116-19, 116-20, 116-21.1, or 116-21.2
8 may be used only for secular educational purposes at ~~an institution as defined by G.S.~~
9 116-22 nonprofit institutions of higher learning that meet the qualifications set out in
10 G.S. 116-22."
11

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

13 **UNC FLEXIBILITY GUIDELINES**

14 **SECTION 9.7.** The chancellor of each constituent institution shall report to
15 the Board of Governors of The University of North Carolina on the reductions made to
16 the General Fund budget codes in order to meet the reduction reserve amounts for that
17 institution. The director of the North Carolina School of Science and Mathematics shall
18 report to the Board of Governors of The University of North Carolina on the reductions
19 made in its General Fund budget code in order to meet the reduction reserve amounts
20 for that institution. The President of The University of North Carolina shall report to the
21 Board of Governors of The University of North Carolina on the reductions made to the
22 General Fund budget codes controlled by the Board in order to meet the reduction
23 reserve amounts for those entities. The Board of Governors shall make a summary
24 report to the Fiscal Research Division by October 31, 2002, on all reductions made by
25 these entities and constituent institutions in order to reduce the budgets by the targeted
26 amounts.
27

28 Requested by: Senators Dalton, Lucas, Garrou, Clodfelter, Dannelly, Hoyle,
29 Odom, Plyler, Lee

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

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

32 **"§ 116-22. Definitions applicable to §§ 116-19 to 116-22.**

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

34 (1) "Institution" shall mean an educational institution with ~~its main a main~~
35 permanent campus located in this State that is not owned or operated
36 by the State of North Carolina or by an agency or political subdivision
37 of the State or by any combination thereof, ~~that is accredited by the~~
38 ~~Southern Association of Colleges and Schools under the standards of~~
39 ~~the College Delegate Assembly of said Association and that satisfies~~
40 all of the following:

41 a. Is accredited by the Southern Association of Colleges and
42 Schools under the standards of the College Delegate Assembly
43 of the Association or by the New England Association of
44 Schools and Colleges through its Commissions on Institutions
45 of Higher Education.

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

48 c. Is not a seminary, Bible school, Bible college or similar
49 religious institution.

50 (1a) "Main permanent campus" shall mean a campus owned by the
51 institution that provides permanent on-premises housing, food
52 services, and classrooms with full-time faculty members and
53 administration that engages in postsecondary degree activity as defined
54 in G.S. 116-15.

- 1 (2) "Student" shall mean a person enrolled in an institution that is located
2 in the State who qualifies as a resident of North Carolina in accordance
3 with definitions of residency that may from time to time be adopted by
4 the Board of Governors of the University of North Carolina and
5 published in the residency manual of said Board; and a person who has
6 not received a bachelor's degree, or qualified therefore, and who is
7 otherwise classified as an undergraduate under such regulations as the
8 Board of Governors of the University of North Carolina may
9 promulgate. The enrollment figures required by G.S. 116-19 through
10 116-22 shall be the number of full-time equivalent students as
11 computed under regulations prescribed by the Board of Governors of
12 the University of North Carolina. Qualification for in-State tuition
13 under G.S. 116-143.3 makes a person a "student" as defined in this
14 subdivision.
15

16 Requested by: Senators Robinson, Plyler, Odom, Lee

17 **FOCUSED GROWTH PILOT PROGRAM**

18 **SECTION 9.9.** The Board of Governors of The University of North Carolina
19 may allow Elizabeth City State University, the University of North Carolina at
20 Pembroke, and Western Carolina University each to allocate up to one hundred
21 seventy-eight thousand three hundred eighty dollars (\$178,380) of the funds allocated to
22 them for focused enrollment growth for a maximum of 20 Prospective Teacher
23 Scholars. These funds may be used to recruit new nonresident students to enter into
24 agreements to: (i) pursue a full-time course of study that will lead to teacher
25 certification in North Carolina and (ii) teach in a North Carolina public school or a
26 school operated by the United States government in North Carolina for one year for
27 each year that they receive this benefit. The Board of Governors shall establish
28 guidelines and regulations for this pilot program, including methodology for
29 determining its success in increasing the supply of qualified teachers for North Carolina
30 public schools. The Board shall report its guidelines and regulations to guide these pilot
31 programs to the Joint Legislative Education Oversight Committee by September 15,
32 2002. The Board shall report annually to the Committee on the progress of the pilot
33 programs and their costs.
34

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

36 **SUBPART 1. ADMINISTRATION**

37
38
39 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

40 **INFORMATION TECHNOLOGY PROJECT CONTRACTS**

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

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

50 **SECTION 21.17.(b)** Positions established pursuant to this section may commence
51 no earlier than July 1, 2001, and shall expire ~~June 30, 2003.~~ June 30, 2005."
52

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

1 **CONSOLIDATION OF DIVISIONS OF SERVICES FOR THE DEAF AND THE**
2 **HARD OF HEARING, SERVICES FOR THE BLIND, AND VOCATIONAL**
3 **REHABILITATION**

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

- 8 (1) Division of Services for the Deaf and the Hard of Hearing.
- 9 (2) Division of Services for the Blind.
- 10 (3) Division of Vocational Rehabilitation Services.

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

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

- 19 (1) The name of the new division.
- 20 (2) An organizational chart showing the organizational structure of the
21 new division.
- 22 (3) A plan for reducing the budget of the consolidated division by seven
23 hundred fifty thousand dollars (\$750,000).
- 24 (4) A list of all statutory references that need to be changed as a result of
25 the consolidation.

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

- 28 (1) Consolidate the administration of the three existing divisions.
- 29 (2) Consolidate all district offices in cities where there is currently more
30 than one office.
- 31 (3) Streamline the provision of direct client services provided by the three
32 existing divisions.
- 33 (4) Maintain services unique to persons who are blind, deaf, or blind and
34 deaf.
- 35 (5) Develop a plan for using existing resources to expand services for deaf
36 and hard-of-hearing persons to areas of the State where services are
37 currently not provided.
- 38 (6) Maintain or increase current funding levels for all programs and
39 services currently provided by the Division of Services for the Deaf
40 and Hard of Hearing.

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

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

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

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

51 **SECTION 10.3.(b)** The Department shall report the results of its review to
52 the Senate Appropriations Committee on Health and Human Services, the House of
53 Representatives Appropriations Subcommittee on Health and Human Services, and the
54 Fiscal Research Division not later than December 1, 2002. The report shall include
55 staffing requirements for adult day care and adult day health programs as compared to

1 adult care homes, assisted living facilities, and nursing homes in the State. The report
2 shall also compare staffing ratios in North Carolina to those of other states, including
3 those states that border North Carolina. The report shall be conducted by the
4 Department, Office of Long-Term Care, or by an independent contractor and shall
5 contain all of the following specific information:

- 6 (1) Number of staff required per resident.
- 7 (2) Education/work experience required and preferred as a basis for hire.
- 8 (3) Specific job duties outlined in job descriptions.
- 9 (4) Rationale and justification for establishing the existing staff ratios in
10 the Division of Aging's policy for adult day care and adult day health
11 care.
- 12 (5) An analysis of the variance in staffing requirements among adult day
13 care and adult day health programs, adult care homes, assisted living
14 facilities, and nursing homes.
- 15 (6) Identification of the entities responsible for licensing and monitoring
16 quality for all providers of long-term care in the State.
- 17 (7) Recommendations for changes to existing policies based on findings of
18 the Department's review.
- 19

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

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

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

- 27 (1) Identify all State agencies that provide services to adults age 60 and
28 older throughout the State.
- 29 (2) All resources available from all sources, including federal, State, and
30 local funds and personnel, for providing services to this population.
- 31 (3) Plans for reducing administration through the consolidation of
32 functions throughout Divisions of the Department.

33 The Office of Long-Term Care shall consult with experts in long-term care
34 and other relevant information sources to develop a plan to streamline services for older
35 adults at the local level. The Department shall submit its report not later than February
36 1, 2003.

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

39 **RURAL HEALTH LOAN REPAYMENT INCENTIVE PROGRAM**

40 **SECTION 10.5.** The Department of Health and Human Services, Office of
41 Rural Health, shall conduct an assessment of the Rural Health Loan Repayment
42 Incentive Program. The assessment shall consider whether the Program should be
43 continued and shall identify ways to recruit additional providers to rural areas within
44 existing funds. The Department shall report on its activities and progress of the
45 assessment to the Senate Appropriations Committee on Health and Human Services, the
46 House of Representatives Appropriations Subcommittee on Health and Human
47 Services, and the Fiscal Research Division no later than December 1, 2002. The report
48 shall provide detailed information on the number of providers recruited, identification of
49 the counties in which the providers are recruited, and the amount of loan repayment and
50 length of service to a community for each provider.

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

53 **ACCESS TO PHARMACEUTICAL COMPANY PRESCRIPTION DRUG**
54 **PROGRAMS**

1 **SECTION 10.6.** Section 21.6(a) of S.L. 2001-424, as amended by S.L.
2 2001-513, reads as rewritten:

3 **"SECTION 21.6.(a)** Of the funds appropriated in this act to the Department of
4 Health and Human Services, the sum of two hundred thousand dollars (\$200,000) for
5 the 2001-2002 fiscal year ~~and the sum of two hundred thousand dollars (\$200,000) for~~
6 ~~the 2002-2003 fiscal year~~ shall be used to initiate the development of a system to assist
7 eligible individuals in obtaining prescription drugs at no cost through pharmaceutical
8 company programs. The system will be designed to minimize the efforts of patients and
9 their health care providers in securing needed drugs. The required patient and health
10 care provider data will be maintained and orders tracked in order to initiate timely
11 reorders of needed drugs to assure continuity of medication intake. The Department
12 may contract with a private nonprofit organization to assist in the development of the
13 system as provided under this section."
14

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

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

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

22 This section shall not be construed to prohibit the Institute from using State
23 funds to contract with other nongovernmental entities for the purchase of goods or
24 services.
25

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

27 **CONSOLIDATION OF MAINTENANCE ACTIVITIES**

28 **SECTION 10.8.(a)** The Department of Health and Human Services shall
29 develop a plan to consolidate building maintenance activities at the North Carolina
30 School for the Deaf at Morganton, the Western Carolina Center, and Broughton
31 Hospital. The plan shall assess the needs for maintenance at all three centers, determine
32 the level of staff necessary to carry out all of the current activities with fewer managers,
33 supervisors, and other staff, and develop a new single budget for the maintenance
34 activities.

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

39 **SECTION 10.8.(c)** The Department of Health and Human Services shall
40 report on activities carried out under this section to the Senate Appropriations
41 Committee on Health and Human Services, the House of Representatives
42 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
43 Division no later than December 1, 2002.
44

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

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

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

49 **"§ 122C-141.1. Area authority and county program prompt payment of invoices**
50 **from service providers.**

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

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

- 1 (1) Payment of the invoice,
- 2 (2) Notice of denial of payment of the invoice, or
- 3 (3) Notice that additional information is necessary for payment of the
- 4 invoice.

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

10 (c) If payment of the invoice is denied, the notice of denial shall include all of the
11 specific good-faith reasons for the denial. If payment of the invoice is denied only in
12 part, the area authority or county program shall pay the undisputed portion of the
13 invoice within 30 calendar days after receipt of the invoice and send the notice of denial
14 within 30 calendar days after receipt of the invoice. If notice is given that additional
15 information is necessary for payment of the invoice, the notice shall contain the specific
16 good-faith reasons why the invoice has not been paid and a complete itemization or
17 description of all of the information needed by the area authority or county program to
18 complete the processing of the invoice. Upon receipt of the additional information, the
19 area authority or county program shall continue processing the invoice and shall pay or
20 deny the invoice within 30 calendar days after receiving the additional information.

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

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

30
31 Requested by: Senators Plyler, Lee

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

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

34 "(a) An insurer that provides a health benefit plan and that credentials providers
35 for its networks shall maintain a process to assess and verify the qualifications of a
36 licensed health care practitioner, or applicant for licensure as a health care practitioner,
37 within 60 days of receipt of a completed provider credentialing application form
38 approved by the Commissioner. If an application submitted under this section is
39 approved, and the health care practitioner is a member of a practice that participates in
40 the health benefit plan's network, the date on which the credentialing application was
41 approved by the health benefit plan shall be the effective date of the network
42 participation contract."

43
44 Requested by: Senators Lee, Odom

45 **DEPOSIT CENTRAL DEAF SCHOOL SALE PROCEEDS IN MENTAL** 46 **HEALTH TRUST FUND**

47 **SECTION 10.10A.** The proceeds of the sale of the facilities and other real
48 estate associated with the Central North Carolina School for the Deaf shall be deposited
49 in the Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse
50 Services and Bridge Funding Needs established pursuant to G.S. 143-15.3D.

51 **SUBPART 2. DIVISION OF MEDICAL ASSISTANCE**

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

55 **MEDICAID PROGRAM**

1 **SECTION 10.11.(a)** Section 21.19 of S.L. 2001-424 reads as rewritten:
2 **"SECTION 21.19.(a)** Funds appropriated in this act for services provided in
3 accordance with Title XIX of the Social Security Act (Medicaid) are for both the
4 categorically needy and the medically needy. Funds appropriated for these services shall
5 be expended in accordance with the following schedule of services and payment bases.
6 All services and payments are subject to the language at the end of this subsection.

7 Services and payment bases:

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

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

1 by the Centers for Medicare and Medicaid Services
 2 (CMS) for children and Psychiatric Residential
 3 Treatment Facility services that meet federal and State
 4 requirements as defined by the Department.

5 Notwithstanding G.S. 150B-121.1(a), the Department of Health and
 6 Human Services may adopt temporary rules in accordance with
 7 Chapter 150B of the General Statutes further defining the
 8 qualifications of providers and referral procedures in order to
 9 implement this subdivision. Coverage policy for services defined by
 10 the Division of Mental Health, Developmental Disabilities, and
 11 Substance Abuse Services under paragraphs a. and b.2 of this
 12 subdivision shall be established by the Division of Medical Assistance.

13 (23) Medically Necessary Prosthetics or Orthotics for EPSDT Eligible
 14 Children – Reimbursement in accordance with the State Plan approved
 15 by the Department of Health and Human Services.

16 (24) Health Insurance Premiums – Payments to be made in accordance with
 17 the State Plan adopted by the Department of Health and Human
 18 Services consistent with federal regulations.

19 (25) Medical Care/Other Remedial Care – Services not covered elsewhere
 20 in this section include related services in schools; health professional
 21 services provided outside the clinic setting to meet maternal and infant
 22 health goals; and services to meet federal EPSDT mandates. Services
 23 addressed by this paragraph are limited to those prescribed in the State
 24 Plan as established by the Department of Health and Human Services.

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

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

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

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

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

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

53
 54 Categorically Needy
 55 WFFA*

Medically Needy

Family Size	Standard of Need	Families and Children Income Level	AA, AB, AD*
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, except when the prescriber has determined, at the time the drug is prescribed, that the brand name drug is medically necessary and has written on the prescription order the phrase "medically necessary". An initial prescription order for an atypical antipsychotic drug or a drug listed in the narrow therapeutic drug index that does not contain the phrase "medically necessary" shall be considered an order for the drug by its established or generic name, except that a pharmacy shall not substitute a generic or established name prescription drug for subsequent brand or trade name prescription orders of the same prescription drug without explicit oral or written approval of the prescriber given at the time the order is filled. Generic drugs shall be dispensed at a lower cost to the Medical Assistance Program rather than trade or brand name drugs. As used in this

1 subsection, "brand name" means the proprietary name the manufacturer places upon a
2 drug product or on its container, label, or wrapping at the time of packaging; and
3 "established name" has the same meaning as in section 502(e)(3) of the Federal Food,
4 Drug, and Cosmetic Act as amended, 21 U.S.C. § 352(e)(3).

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

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

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

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

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

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

- 34 (1) Pregnant women with incomes equal to or less than one hundred
35 eighty-five percent (85%) of the federal poverty guidelines as revised
36 each April 1 shall be covered for Medicaid benefits. In determining
37 income eligibility under this subdivision, the income of a minor's
38 parents shall be counted.
- 39 (2) Infants under the age of 1 with family incomes equal to or less than
40 one hundred eighty-five percent (85%) of the federal poverty
41 guidelines as revised each April 1 shall be covered for Medicaid
42 benefits.
- 43 (3) Children aged 1 through 5 with family incomes equal to or less than
44 one hundred thirty-three percent (133%) of the federal poverty
45 guidelines as revised each April 1 shall be covered for Medicaid
46 benefits.
- 47 (4) Children aged 6 through 18 with family incomes equal to or less than
48 the federal poverty guidelines as revised each April 1 shall be covered
49 for Medicaid benefits.
- 50 (5) The Department of Health and Human Services shall provide Medicaid
51 coverage for adoptive children with special or rehabilitative needs
52 regardless of the adoptive family's income.

53 Services to pregnant women eligible under this subsection continue throughout the
54 pregnancy but include only those related to pregnancy and to those other conditions
55 determined by the Department as conditions that may complicate pregnancy. In order to

1 reduce county administrative costs and to expedite the provision of medical services to
2 pregnant women, to infants, and to children described in subdivisions (3) and (4) of this
3 subsection, no resources test shall be applied.

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

6 **SECTION 21.19.(p)** The Department shall disregard earned income for recipients
7 who would otherwise lose Medicaid eligibility under section 1931 of Title XIX of the
8 Social Security Act due to earnings. This disregard shall be applied for a maximum of
9 12 consecutive months.

10 **SECTION 21.19.(q)** The Department of Health and Human Services shall submit a
11 quarterly status report on expenditures for acute care and long-term care services to the
12 Fiscal Research Division and to the Office of State Budget and Management. This
13 report shall include an analysis of budgeted versus actual expenditures for eligibles by
14 category and for long-term care beds. In addition, the Department shall revise the
15 program's projected spending for the current fiscal year and the estimated spending for
16 the subsequent fiscal year on a quarterly basis. The quarterly expenditure report and the
17 revised forecast shall be forwarded to the Fiscal Research Division and to the Office of
18 State Budget and Management no later than the third Thursday of the month following
19 the end of each quarter.

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

24 **SECTION 21.19.(s)** If first approved by the Office of State Budget and
25 Management, the Division of Medical Assistance, Department of Health and Human
26 Services, may use funds that are identified to support the cost of development and
27 acquisition of equipment and software through contractual means to improve and
28 enhance information systems that provide management information and claims
29 processing. The Department of Health and Human Services shall identify adequate
30 funds to support the implementation and first year's operational costs that exceed the
31 currently allocated funds for the new contract for the fiscal agent for the Medicaid
32 Management Information System.

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

41 **SECTION 21.19.(u)** The Department shall report to the Fiscal Research Division
42 of the Legislative Services Office and to the House of Representatives Appropriations
43 Subcommittee on Health and Human Services and the Senate Appropriations
44 Committee on Health and Human Services or the Joint Legislative Health Care
45 Oversight Committee on any change it anticipates making in the Medicaid program that
46 impacts the type or level of service, reimbursement methods, or waivers, any of which
47 require a change in the State Plan or other approval by the Centers for Medicare and
48 Medicaid Services (CMS). The reports shall be provided at the same time they are
49 submitted to CMS for approval.

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

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

5 **SECTION 21.19.(x)** The Department of Health and Human Services, Division of
 6 Medical Assistance, shall implement a new coding system for therapeutic mental health
 7 services as required by the Health Insurance Portability and Accountability Act of 1996.
 8 In implementing the new coding system, the Division shall ensure that the new coding
 9 system does not discriminate between providers of therapeutic mental health services
 10 with similar qualifications and training. In meeting the requirements of this subsection,
 11 the Division shall consult with the Division of Mental Health, Developmental
 12 Disabilities, and Substance Abuse Services and the professional licensing boards
 13 responsible for licensing the affected professionals.

14 **SECTION 21.19.(y)** The Department of Health and Human Services may apply
 15 federal transfer of assets policies, as described in Title XIX, Section 1917(c) of the
 16 Social Security Act to real property excluded as ~~"income producing"~~ "income
 17 producing", tenancy-in-common, or as nonhomesite property made "income producing"
 18 under Title XIX, Section 1902(r)(2) of the Social Security Act. The transfer of assets
 19 policy shall apply only to an institutionalized individual or the individual's spouse as
 20 defined in Title XIX, Section 1917(c) of the Social Security Act. This subsection
 21 becomes effective no earlier than October 1, 2001. Federal transfer of asset policies to
 22 properties excluded as tenancy-in-common or as nonhomesite property made "income
 23 producing" in accordance with this subsection shall become effective no earlier than
 24 October 1, 2002."

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

27 "(b) As used in this section:

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

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

43 **CAROLINA ACCESS PROGRAM IMPROVEMENTS**

44 **SECTION 10.12.(a)** In its effort to achieve anticipated savings in the
 45 Medicaid Program of nine million four hundred twenty-five thousand dollars
 46 (\$9,425,000) for the 2002-2003 fiscal year through expansion of the Carolina ACCESS
 47 II and Carolina ACCESS III programs, the Department of Health and Human Services
 48 shall monitor cost-savings activities of these programs. Carolina ACCESS II and
 49 Carolina ACCESS III programs shall provide the Department detailed information on
 50 savings realized from the following cost-savings activities:

- 51 (1) Reductions in hospital admissions;
 52 (2) Reductions in emergency room visits;
 53 (3) Use of best-prescribing practices;
 54 (4) Increased prescriptions of generic drugs;
 55 (5) Implementation of polypharmacy review;

- 1 (6) Reductions in therapy visits;
- 2 (7) Improved management of high risk/high cost patients; and
- 3 (8) Other strategies implemented by the programs to achieve anticipated
- 4 savings.

5 **SECTION 10.12.(b)** The Department of Health and Human Services shall
6 implement a process for the assessment and review of cost-effectiveness of the Carolina
7 ACCESS II and Carolina ACCESS III programs. The Division of Medical Assistance
8 shall confirm actual savings realized from the use of case management strategies of the
9 Carolina ACCESS II and Carolina ACCESS III demonstration sites. The Department
10 shall report quarterly the cost-effectiveness of these programs based on actual savings
11 achieved. The Department shall submit the report to the Senate Appropriations
12 Committee on Health and Human Services, the House of Representatives
13 Appropriations Subcommittee on Health and Human Services, the Office of State
14 Budget and Management, and the Fiscal Research Division.

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

17 **REPEAL CIRCUMCISION FUNDS**

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

19 "**SECTION 19.** Notwithstanding any other provision of law to the contrary, from
20 funds available in the General Fund, there is appropriated to the Department of Health
21 and Human Services, Division of Medical Assistance, the sum of two hundred forty-six
22 thousand, seven hundred sixty-two dollars (\$246,762) for the 2001-2002 fiscal year ~~and~~
23 ~~the sum of four hundred thousand dollars (\$400,000) for the 2002-2003 fiscal year.~~
24 These funds shall be used to provide optional circumcision procedures for newborns
25 eligible for Medicaid."
26

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

28 **MEDICAID CASE MANAGEMENT SERVICES**

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

- 35 (1) Elimination of all duplicative case management services.
- 36 (2) Consolidation of similar case management services.
- 37 (3) Provision of only one case manager per family reimbursed through the
38 Medicaid Program, when feasible.
- 39 (4) Equitable allocation of reductions in case management services
40 reimbursed by Medicaid among the different programs that provide
41 case management services.
- 42 (5) Identification of the children and adults with the greatest case
43 management needs to determine how to allocate reductions and
44 remaining resources.
- 45 (6) Reductions in administrative costs associated with providing case
46 management services reimbursed by Medicaid.

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

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

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

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

- 8 (1) Which optional categories of persons eligible for Medicaid will be
9 covered by the waiver.
- 10 (2) What optional Medicaid services will be included in the service
11 package covered by the waiver.
- 12 (3) What types of cost-sharing will be required under the waiver.
- 13 (4) Will the waiver use Carolina ACCESS, other types of managed care,
14 or will a fee-for-service system for providing health care services be
15 used.
- 16 (5) Will private insurance coverage options be incorporated into the
17 waiver.
- 18 (6) Should the NC Health Choice Program be included in the waiver.

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

- 25 (1) Copy of the application for the waiver.
- 26 (2) Description of how the waiver will help achieve long-term cost
27 containment in the State's Medicaid program.
- 28 (3) Description of legislation necessary to implement the proposed waiver.

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

31 **COMMUNITY ALTERNATIVES PROGRAMS**

32 **SECTION 10.16.(a)** The Department of Health and Human Services shall
33 administer all Community Alternative Program (CAP) waivers in the most economical
34 and efficient manner possible to support within funds appropriated the maximum
35 number of persons meeting participation requirements under the waiver. The
36 Department shall amend the waivers, as necessary, to ensure that participation
37 requirements and payment and service limits are in accordance with those reported to
38 the General Assembly. Not later than October 1, 2002, the Department shall submit a
39 report that outlines efficient use of funds appropriated and that demonstrates the
40 participation requirements, payment and service limits, and other administrative actions
41 to support the maximum number of persons to be served in the applicable State fiscal
42 year. The report shall be submitted to the Senate Appropriations Committee on Health
43 and Human Services, the House of Representatives Appropriations Subcommittee on
44 Health and Human Services, and the Fiscal Research Division.

45 **SECTION 10.16.(b)** CAP-DA services shall be provided for the 2002-2003
46 fiscal year to any eligible person who entered a nursing facility on or before June 1,
47 2002, notwithstanding that the availability of CAP-DA services may be suspended for
48 that fiscal year.

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

51 **DISPOSITION OF DISPROPORTIONATE SHARE RECEIPT CHANGE**

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

1 **SECTION 10.17.(b)** For the 2002-2003 fiscal year, as it receives funds
2 associated with Disproportionate Share Payments from State hospitals, the Department
3 of Health and Human Services, Division of Medical Assistance, shall deposit up to one
4 hundred seven million dollars (\$107,000,000) of these Disproportionate Share Payments
5 to the Department of State Treasurer for deposit as nontax revenue. Any
6 Disproportionate Share Payments collected in excess of the one hundred seven million
7 dollars (\$107,000,000) shall be reserved by the State Treasurer for future
8 appropriations.
9

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

11 **MEDICAID HOSPITAL PAYMENTS**

12 **SECTION 10.18.** The Department of Health and Human Services shall
13 reduce Medicaid payments to hospitals by one-half of one percent (.5%) for the
14 2002-2003 State fiscal year. The Department shall evaluate all medical payment
15 programs and policies administered by the Department that may affect the future
16 viability and sustainability of financially vulnerable hospitals. Based on the evaluation
17 of the medical payments programs and policies affecting hospitals, the Department shall
18 implement the one half of one percent (.5%) reduction for the 2002-2003 State fiscal
19 year such that the reduction has the least impact on the future viability and sustainability
20 of financially vulnerable hospitals. The Department shall also review the status of
21 financially vulnerable hospitals to determine whether additional State actions are
22 appropriate to ensure that communities served by these hospitals continue to receive
23 essential medical services. The Department shall consult with the North Carolina
24 Hospital Association while conducting the evaluation of medical payment programs and
25 policies and determining how to implement the one-half of one percent (.5%) reduction.
26 The Department shall report to the Senate Appropriations Committee on Health and
27 Human Services, the House of Representatives Appropriations Subcommittee on Health
28 and Human Services, and the Fiscal Research Division on its activities under this
29 section not later than October 1, 2002.
30

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

32 **MEDICAID PROGRAM MANAGEMENT**

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

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

- 38 (1) Establishing a prior authorization program to manage utilization of
39 high-cost, brand name drugs. In determining drugs to be included in
40 the prior authorization program, the Department shall consider whether
41 inclusion of these drugs is likely to:
42 a. Increase utilization of more expensive services;
43 b. Reduce quality of treatment;
44 c. Result in a lower level of compliance with appropriate drug
45 therapy; and
46 d. Have a differential impact upon racial and ethnic minorities and
47 the elderly.

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

- 52 (2) Limiting prescription drugs to a 34-day supply for some or all drugs.

- 53 (3) Developing physician prescribing practice profiles and other
54 educational tools to enable physicians to better manage their
55 prescriptions.

- 1 (4) Establishing therapeutic limits based on appropriate dosage or usage
 2 standards.
 3 (5) Encouraging use of generic drugs.
 4 (6) Using maximum allowable pricing.
 5 (7) Contracting with a pharmacy benefits manager to implement more
 6 extensive drug utilization review.
 7 (8) Studying the impact of eliminating the six prescription drug monthly
 8 limit combined with a more rigorous prior authorization program to
 9 ensure cost decisions are made based on evidence-based clinical
 10 guidelines.
 11 (9) Expanding disease management initiatives.
 12 (10) Working with ACCESS physicians to develop and implement drug
 13 utilization management initiatives.
 14 (11) If cost-effective, expanding Medicaid drug coverage to include
 15 selected over-the-counter medications.

16 The Department may adopt temporary rules in accordance with G.S. 150B-21.1
 17 when it finds these rules are necessary to clarify recipient appeal rights related to the
 18 pharmacy management plan."
 19

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

21 **NC HEALTH CHOICE**

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

23 **"§ 108A-70.21. Program eligibility; benefits; enrollment fee and other**
 24 **cost-sharing; coverage from private plans; purchase of extended**
 25 **coverage.**

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

29 (1) Children must:

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

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

54 (3) If a responsible parent is under a court order to provide or maintain
 55 health insurance for a child and has failed to comply with the court

1 order, then the child is deemed uninsured for purposes of determining
2 eligibility for Program benefits if at the time of application the
3 custodial parent shows proof of agreement to notify and cooperate
4 with the child support enforcement agency in enforcing the order.

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

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

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

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

- 37 (1) Dental: Oral examinations, teeth cleaning, and scaling twice during a
38 12-month period, full mouth X rays once every 60 months, supplemental bitewing X rays showing the back of the teeth once
39 during a 12-month period, fluoride applications twice during a
40 12-month period, sealants, simple extractions, therapeutic
41 pulpotomies, prefabricated stainless steel crowns, and routine fillings
42 of amalgam or other tooth-colored filling material to restore diseased
43 teeth. No benefits are to be provided for services under this subsection
44 that are not performed by or upon the direction of a dentist, doctor, or
45 other professional provider approved by the Plan nor for services and
46 materials that do not meet the standards accepted by the American
47 Dental Association.
- 48 (2) Vision: Scheduled routine eye examinations once every 12 months,
49 eyeglass lenses or contact lenses once every 12 months, routine
50 replacement of eyeglass frames once every 24 months, and optical
51 supplies and solutions when needed. Optical services, supplies, and
52 solutions must be obtained from licensed or certified ophthalmologists,
53 optometrists, or optical dispensing laboratories. Eyeglass lenses are
54 limited to single vision, bifocal, trifocal, or other complex lenses
55

1 necessary for a Plan enrollee's visual welfare. Coverage for oversized
2 lenses and frames, designer frames, photosensitive lenses, tinted
3 contact lenses, blended lenses, progressive multifocal lenses, coated
4 lenses, and laminated lenses is limited to the coverage for single
5 vision, bifocal, trifocal, or other complex lenses provided by this
6 subsection. Eyeglass frames are limited to those made of zylonite,
7 metal, or a combination of zylonite and metal. All visual aids covered
8 by this subsection require prior approval of the Plan. Upon prior
9 approval by the Plan, refractions may be covered more often than once
10 every 12 months.

- 11 (3) Hearing: Auditory diagnostic testing services and hearing aids and
12 accessories when provided by a licensed or certified audiologist,
13 otolaryngologist, or other hearing aid specialist approved by the Plan.
14 Prior approval of the Plan is required for hearing aids, accessories,
15 earmolds, repairs, loaners, and rental aids.

16 (c) Annual Enrollment Fee. – There shall be no enrollment fee for Program
17 coverage for enrollees whose family income is at or below one hundred fifty percent
18 (150%) of the federal poverty level. The enrollment fee for Program coverage for
19 enrollees whose family income is above one hundred fifty percent (150%) of the federal
20 poverty level shall be fifty dollars (\$50.00) per year per child with a maximum annual
21 enrollment fee of one hundred dollars (\$100.00) for two or more children. The
22 enrollment fee shall be collected by the county department of social services and
23 retained to cover the cost of determining eligibility for services under the Program.
24 County departments of social services shall establish procedures for the collection of
25 enrollment fees.

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

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

- 32 a. Two dollars (\$2.00) per child for each visit to a provider, except
33 that there shall be no copayment required for well-baby, well-
34 child, or age-appropriate immunization services;
35 b. One dollar (\$1.00) for each outpatient generic prescription drug
36 purchased;
37 c. Three dollars (\$3.00) for each outpatient brand-name
38 prescription drug purchased;
39 d. Ten dollars (\$10.00) for each emergency room visit unless:
40 1. The child is admitted to the hospital, or
41 2. No other reasonable care was available as determined by
42 the Claims Processing Contractor of the North Carolina
43 Teachers' and State Employees' Comprehensive Major
44 Medical Plan.

- 45 (2) Families covered under the Program whose family income is above
46 one hundred fifty percent (150%) of the federal poverty level shall be
47 responsible for copayments to providers as follows:

- 48 (1)a. ~~Five dollars (\$5.00)~~ Seven dollars (\$7.00) per child for each
49 visit to a provider, except that there shall be no copayment
50 required for well-baby, well-child, or age-appropriate
51 immunization services;
52 (2)b. ~~Five dollars (\$5.00)~~ Seven dollars (\$7.00) per child for each
53 outpatient hospital visit;
54 (3)c. ~~A six dollar (\$6.00)~~ five-dollar (\$5.00) fee for each outpatient
55 generic prescription drug purchased;

- 1 d. A ten-dollar (\$10.00) fee for each outpatient brand-name
 2 prescription drug purchased;
 3 ~~(4)e. Twenty dollars (\$20.00)–Thirty dollars (\$30.00) for each~~
 4 emergency room visit unless:
 5 a.1. The child is admitted to the hospital, or
 6 b.2. No other reasonable care was available as determined by
 7 the Claims Processing Contractor of the North Carolina
 8 Teachers' and State Employees' Comprehensive Major
 9 Medical Plan.

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

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

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

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

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

40 (g) Purchase of Extended Coverage. – An enrollee in the Program who loses
 41 eligibility due to an increase in family income above two hundred percent (200%) of the
 42 federal poverty level and up to and including two hundred twenty-five percent (225%)
 43 of the federal poverty level may purchase at full premium cost continued coverage
 44 under the Program for a period not to exceed one year beginning on the date the enrollee
 45 becomes ineligible under the income requirements for the Program. The same benefits,
 46 copayments, and other conditions of enrollment under the Program shall apply to
 47 extended coverage purchased under this subsection.

48 (h) No State Funds for Voluntary Participation. – No State or federal funds shall
 49 be used to cover, subsidize, or otherwise offset the cost of coverage obtained under
 50 subsection (g) of this section."
 51

52 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee
 53 **NC HEALTH CHOICE STATE PLAN TECHNICAL AMENDMENTS**

54 **SECTION 10.21.** The Department of Health and Human Services may
 55 rewrite and submit to the federal government the State Plan for the North Carolina

1 Health Choice Program solely for the purpose of incorporating amendments enacted by
2 the 1997 General Assembly, Regular Session 1998, the 1999 General Assembly, and the
3 2001 General Assembly, and to otherwise comply with applicable federal requirements.
4 Nothing in this section authorizes the Department to make amendments to the State Plan
5 for the North Carolina Health Choice Program not otherwise authorized by the General
6 Assembly. Amendments to the State Plan required by the federal government to be
7 implemented after the effective date of this section, other than those authorized by this
8 section, shall comply with G.S. 108A-70.25.
9

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

11 **MEDICAID CONTRACTING FOR SERVICES**

12 **SECTION 10.22.** When developing contracts for services, the Department
13 of Health and Human Services, Division of Medical Assistance, shall ensure that
14 Medicaid recipients have appropriate access to durable medical equipment, home health
15 supplies, and home infusion therapy. The Division may subcontract for services
16 provided that the subcontract ensures appropriate access to durable medical equipment,
17 home health supplies, and home infusion therapy.
18

19 **SUBPART 3. DIVISION OF MENTAL HEALTH, DEVELOPMENTAL** 20 **DISABILITIES, AND SUBSTANCE ABUSE SERVICES**

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

23 **ALLOCATION OF REDUCTIONS IN FUNDS FOR AREA MENTAL HEALTH,** 24 **DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE** 25 **PROGRAMS**

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

- 31 (1) Allocate reductions within the implementation scope of the State Plan
32 for Mental Health, Developmental Disabilities, and Substance Abuse
33 Services and in accordance with the intent of S.L. 2001-437, as
34 follows:
 - 35 a. Priority given to reducing or terminating services to persons
36 with lower service needs;
 - 37 b. Persons with highest need levels shall be impacted least by
38 reductions in services;
 - 39 c. Administrative costs shall be reduced concurrently with
40 reductions in services; and
 - 41 d. To the maximum extent possible no reductions, or minimal
42 reductions, shall be allocated to activities associated with
43 critical functions and federal and State requirements.
- 44 (2) Require area authorities and county programs to submit plans for prior
45 approval by the Department describing how the local program will
46 meet its reduction target within the requirements of subdivision (1) of
47 this subsection.

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

- 51 (1) The support of direct services to individuals served in State facilities
52 and local programs;
- 53 (2) The Division's ability to reorganize and continue implementation of
54 the State Plan for Mental Health, Developmental Disabilities, and
55 Substance Abuse Services; and

- 1 (3) The Division's ability to meet State and federal requirements such as
2 monitoring, program oversight, and reporting.

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

- 5 (1) In a manner that has the least impact possible on the State's ability to
6 comply with Olmstead v. L.C. & E.W. and The Civil Rights of
7 Institutionalized Persons Act (CRIPA);
8 (2) Maximum resources shall be retained for the purpose of transfer to
9 local programs for community capacity building as the population in
10 State facilities decreases and the principal focus of services transitions
11 to community-based programs;
12 (3) As deemed essential by the Secretary of the Department of Health and
13 Human Services for compliance with implementation of the State Plan
14 for Mental Health, Developmental Disabilities, and Substance Abuse
15 Services, and with Olmstead v. L.C. & E.W. and CRIPA, reduction
16 amounts and total number of positions reduced may be shifted among
17 facilities so long as the aggregate reduction in State appropriations is
18 achieved.

19 **SECTION 10.23.(d)** The Department shall report not later than October 1,
20 2002, on a plan for allocating the reductions required under this section. The plan shall
21 describe each reduction allocation demonstrating compliance with this section. The
22 Department shall submit the report to the Senate Appropriations Committee on Health
23 and Human Services, the House of Representatives Appropriations Subcommittee on
24 Health and Human Services, and the Fiscal Research Division.

25
26 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

27 **SUBSTANCE ABUSE PREVENTION SERVICES**

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

- 32 (1) Designate an Office of Substance Abuse Prevention within the
33 Department as outlined in the North Carolina Comprehensive Strategic
34 Plan for Substance Abuse Prevention. This Office shall be responsible
35 for the implementation of the goals in the Comprehensive Strategic
36 Plan for Substance Abuse Prevention. The Office shall also maintain
37 the Interagency Agreement for Substance Abuse Prevention Services
38 and ensure continuing collaboration between agencies that are parties
39 to the Agreement.
40 (2) Provide only those prevention services that are evidence-based and
41 have been determined to be effective in preventing alcohol and other
42 drug problems.
43 (3) Propose rules for the licensure of prevention programs to ensure
44 quality of service delivery in local communities. Rules shall be subject
45 to review and adoption by the Commission for Mental Health,
46 Developmental Disabilities, and Substance Abuse Services.
47 (4) Ensure that services are provided by qualified prevention
48 professionals.
49 (5) Implement an outcome-based system utilizing standard risk
50 assessments and data elements consistent with appropriate evaluation
51 of prevention programs.

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

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

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

4 **SECTION 10.25.** Section 21.56 of S.L. 2001-424, as amended by S.L.
5 2001-513, reads as rewritten:

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

14 **SECTION 21.56.(b)** If a private agency fails to timely and accurately complete the
15 required agency-wide uniform cost finding in a manner acceptable to the Department's
16 controller's office, the Department may suspend all Department funding and payment to
17 the private agency until such time as an acceptable cost finding has been completed by
18 the private agency and approved by the Department's controller's office."
19

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

21 **WHITAKER SCHOOL**

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

23 "**SECTION 21.61.(a)** The Department of Health and Human Services shall work
24 with families and guardians, the Department of Public Instruction, the Department of
25 Juvenile Justice and Delinquency Prevention, and appropriate local education agencies,
26 area mental health, developmental disabilities, and substance abuse programs, and local
27 departments of social services to develop a plan for the transition of children from the
28 Whitaker School to their homes or alternative facilities. The Plan shall ensure
29 appropriate and safe placement for those children who, in accordance with the
30 assessment, need an institutional setting. The Plan shall also include transition plans that
31 facilitate and support children living in their natural environments and utilizing existing
32 resources and natural supports. Assessments and service planning alternatives shall also
33 be undertaken for children on the waiting list for placement at Whitaker School to
34 ensure appropriate and safe placement for those children. The Department shall report
35 on the status of its compliance with this section on April 1, 2002 and again on ~~October~~
36 ~~1, 2002.~~ January 1, 2003. The report shall be submitted to the Senate Appropriations
37 Committee on Health and Human Services, the House of Representatives
38 Appropriations Subcommittee on Health and Human Services, the Joint Legislative
39 Commission on Governmental Operations, and the Fiscal Research Division."
40

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

42 **AREA MENTAL HEALTH ADMINISTRATIVE COSTS**

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

44 "**SECTION 21.65.(a)** Area mental health, developmental disabilities, and substance
45 abuse authorities or counties administering mental health, developmental disabilities,
46 and substance abuse services shall develop and implement plans to reduce local
47 administrative costs. The plans shall be developed in accordance with guidelines
48 adopted by the Secretary, in consultation with the Local Government Commission and
49 the North Carolina Association of County Commissioners, and in accordance with the
50 following:

- 51 (1) For the 2001-2002 fiscal year, administrative costs for:
52 a. Area mental health, developmental disabilities, and substance
53 abuse services programs shall not exceed fifteen percent (15%).

- 1 b. Counties administering mental health, developmental
2 disabilities, and substance abuse services through a county
3 program shall not exceed fifteen percent (15%).
4 (2) For the 2002-2003 fiscal year, administrative costs for:
5 a. Area mental health, developmental disabilities, and substance
6 abuse services programs shall not exceed thirteen percent
7 (13%).
8 b. Counties administering mental health, developmental
9 disabilities, and substance abuse services through a county
10 program shall not exceed thirteen percent (13%).

11 **SECTION 21.65.(b)** The Department of Health and Human Services shall report its
12 progress in complying with this section not later than January 1, 2002, and April 15,
13 2002. The reports shall be submitted to the Senate Appropriations Committee on Health
14 and Human Services, the House of Representatives Appropriations Subcommittee on
15 Health and Human Services, and the Fiscal Research Division and shall include:

- 16 (1) A description of the process used and the participants involved in
17 complying with subsection (a) of this section.
18 (2) The guidelines developed under subsection (a) of this section.
19 (3) A description of local compliance initiatives and efforts including
20 program or function consolidation.
21 (4) A list of area programs at or below the targeted thirteen percent (13%)
22 for the 2000-2001 fiscal year.
23 (5) Projected savings in administrative costs as a result of implementation
24 of the targeted limits required under this section.

25 **SECTION 21.65.(c)** Beginning in the 2002-2003 fiscal year, the Department may
26 implement alternative approaches to establish reasonable administrative cost limitations
27 for Local Management Entities (LMEs), including both county programs and area
28 authority models, and service providers in accordance with system reform and changes
29 in system funding structures."
30

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

32 **MENTAL RETARDATION CENTER DOWNSIZING**

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

34 **"SECTION 21.67.(a)** In accordance with the Department of Health and Human
35 Services' plan for downsizing the State's regional mental retardation facilities by four
36 percent (4%) each year, the Department shall implement cost-containment and
37 reduction strategies to ensure the corresponding financial and staff downsizing of each
38 facility. The Department shall manage the client population of the mental retardation
39 centers in order to ensure that placements for ICF/MR level of care shall be made in
40 non-State facilities. Admissions to State ICF/MR facilities are permitted only as a last
41 resort and only upon approval of the Department. The corresponding budgets for each
42 of the State mental retardation centers shall be reduced, and positions shall be
43 eliminated as the census of each facility decreases. At no time shall mental retardation
44 center positions be transferred to other units within a facility or assigned nondirect care
45 activities such as outreach.

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

- 49 (1) Nonrecurring savings shall be placed in the Trust Fund for Mental
50 Health, Developmental Disabilities, and Substance Abuse Services and
51 Bridge Funding Needs and shall be used to facilitate the transition of
52 clients into appropriate community-based services and support in
53 accordance with Section 21.58 of this act, and
54 (2) Recurring savings realized through implementation of this section
55 shall be retained by the Department of Health and Human Services,

1 Division of Mental Health, Developmental Disabilities, and Substance
2 Abuse Services to support the recurring costs of additional
3 community-based placements from Division facilities in accordance
4 with Olmstead vs. L.C. & E.W. In determining the savings in this
5 section, savings shall include all savings realized from the downsizing
6 of the State mental retardation centers including both the savings in
7 direct State appropriations in the budgets of the State mental
8 retardation centers as well as the savings in the State matching portion
9 of reduced Medicaid payments associated with downsizing.

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

16 **SECTION 21.67.(c)** Downsizing of mental retardation centers which occurs in the
17 2002 fiscal year shall be maintained for the 2003 fiscal year. Effective July 1, 2002,
18 downsizing shall be accomplished in accordance with the State Plan for Mental Health,
19 Developmental Disabilities, and Substance Abuse Services. All savings resulting from
20 downsizing occurring on and after July 1, 2002, shall be utilized as set forth in
21 subsection (a1) of this section."

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

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

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

26 **"SECTION 21.68A.** The Department of Health and Human Services shall develop
27 and implement a plan that provides for the allocation of State psychiatric hospital ~~beds~~
28 bed days among counties served by the State's regional psychiatric hospitals. The Plan
29 shall incorporate policies that take into consideration State and county fiscal
30 responsibilities and capacity, cost efficiency, and the principles and guidance embodied
31 in the Olmstead vs. L.C. & E.W. decision. The Department shall report on the
32 implementation of this section to the House of Representatives Appropriations
33 Subcommittee on Health and Human Services, the Senate Appropriations Committee on
34 Health and Human Services, and the Fiscal Research Division, on ~~March 1,~~
35 2002.November 1, 2002."

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

38 **EXTEND CONSUMER ADVOCACY PROGRAM CONTINGENT UPON**
39 **FUNDS APPROPRIATED BY THE 2003 GENERAL ASSEMBLY**

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

41 **"SECTION 4.** Sections 1.1 through 1.21(b) of this act become effective July 1,
42 2002. Section 2 of this act becomes effective ~~July 1, 2002, only if funds are~~
43 ~~appropriated by the 2001 General Assembly, Regular Session 2002, for that purpose.~~
44 only if funds are appropriated by the 2003 General Assembly for that purpose. Section 2
45 of this act becomes effective July 1 of the fiscal year for which funds are appropriated
46 by the 2003 General Assembly for that purpose. The remainder of this act is effective
47 when it becomes law."

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

50 **DHHS COORDINATION OF RULES**

51 **SECTION 10.31.(a)** The Secretary of the Department of Health and Human
52 Services and the Chairs of the Commissions listed in this section shall collaborate in the
53 development of a process for identifying and resolving issues pertaining to duplication
54 and conflict of rules adopted by the Secretary and each Commission that affect the area

1 of mental health, developmental disabilities, and substance abuse services. The process
2 shall address the following:

- 3 (1) How to identify on a routine basis proposed rules that duplicate in
4 whole or in part other rules proposed or adopted and ways of avoiding
5 the duplication without interfering with the agency's statutory duty to
6 adopt the rule and without impairing the effectiveness of the rule in
7 carrying out the statutory mandate.
- 8 (2) How to identify on a routine basis adopted rules that are in conflict,
9 proposed rules that conflict with other proposed or adopted rules, and
10 ways of addressing the conflict without interfering with the agency's
11 statutory duty to adopt the rule and without impairing the effectiveness
12 of the rule in carrying out the statutory mandate.

13 The following Commissions shall collaborate with the Secretary on the
14 development of this process: the Commission for Mental Health, Developmental
15 Disabilities, and Substance Abuse Services, the Social Services Commission, the
16 Commission for Health Services, the Medical Care Commission, and other
17 Commissions that adopt rules affecting the area of mental health, developmental
18 disabilities, and substance abuse services that the Secretary has a duty to implement.
19 The Secretary shall also involve a representative of the Division of Medical Assistance
20 in this effort.

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

- 26 (1) The status of the review of rules conducted by the Department for
27 determining the existence of ambiguity, duplication, or conflict.
- 28 (2) Specific rules identified that are in conflict and the recommended
29 action for resolving the conflict.
- 30 (3) Statutory changes necessary to accomplish the purposes of the rules
31 review process required by Section 1 of this act.

32 33 **SUBPART 4. DIVISION OF SOCIAL SERVICES**

34
35 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

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

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

38 "**SECTION 21.42.(d)** The Department of Health and Human Services shall report
39 on the use of these funds no later than April 1, ~~2002, 2003~~, to the Senate Appropriations
40 Committee on Health and Human Services, the House of Representatives
41 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
42 Division."

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

45 **CHILD WELFARE SYSTEMS PILOTS REPORTS**

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

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

54 **SECTION 10.33.(b)** The Department of Health and Human Services shall
55 report on any activities conducted under Section 21.46 of S.L. 2001-424 to the Senate

1 Appropriations Committee on Health and Human Services, the House of
2 Representatives Appropriations Subcommittee on Health and Human Services, and the
3 Fiscal Research Division not later than April 1, 2003.

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

6 **FAMILY RESOURCE CENTERS – REPORTING REQUIREMENT**

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

8 "SECTION 21.48.(e) The Department shall report on activities under this section.
9 This report is due to the Senate Appropriations Committee on Health and Human
10 Services, the House of Representatives Appropriations Subcommittee on Health and
11 Human Services, and the Fiscal Research Division on May 1, ~~2002,2003.~~"

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

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

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

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

24
25 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

26 **STATE/COUNTY SPECIAL ASSISTANCE**

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

28 "SECTION 21.44.(d) Effective October 1, 2002, the maximum monthly rate for
29 residents in adult care home facilities shall be ~~one thousand one hundred twenty dollars~~
30 ~~(\$1,120) per month per resident.~~ one thousand ninety-one dollars (\$1,091) per month per
31 resident."

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

34 **ELECTING COUNTY TANF FUNDS REVERT**

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

36 "(c) Each Electing County's allocation for Work First Family Assistance shall be
37 computed based on the percentage of each Electing County's total expenditures for cash
38 assistance to statewide actual expenditures for cash assistance in 1995-96. The resulting
39 percentage shall be applied to the federal TANF block grant funds appropriated for cash
40 assistance by the General Assembly each fiscal year. The Department shall transmit the
41 federal funds contained in the county block grants to Electing Counties as soon as
42 practicable after they become available to the State and in accordance with federal cash
43 management laws and regulations. The Department shall transmit one-fourth of the
44 State funds contained in county block grants to Electing Counties at the beginning of
45 each quarter. ~~Once paid, the county block grant funds shall not revert.~~"

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

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

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

50 "SECTION 21.54.(b) The Department shall submit a progress report on the
51 development of the model to the Senate Appropriations Committee on Health and
52 Human Services, the House of Representatives Appropriations Subcommittee on Health
53 and Human Services, and the Fiscal Research Division on or before January 1, 2002,
54 and a final report on ~~March 1, 2002.~~ March 1, 2003. The report shall address the
55 following:

- 1 (1) The proposed time and location for implementation of the pilot.
- 2 (2) Proposed number of residents to be placed and services to be provided
- 3 directly by the facility or under contract with the facility.
- 4 (3) Method for evaluating the pilot, including services provided, on a
- 5 regular basis.
- 6 (4) A description of the living environment for each resident and a
- 7 comparison of how the living environment compares to that of other
- 8 residents in the adult care home.
- 9 (5) Changes to State law necessary to implement the pilot.
- 10 (6) Projected cost to the State for pilot and statewide implementation."
- 11

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

13 **ADULT CARE HOME RESIDENT ASSESSMENT SERVICES PROGRAM**
 14 **REPEALED**

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

16
 17 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

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

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

- 23 (1) Setting the rate at the median plus a percentage;
- 24 (2) Excluding low-occupancy facilities from the rate-setting methodology;
- 25 and
- 26 (3) Adjusting fixed costs for inflation.

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

- 29 (1) Revise the Direct Cost category to include: housekeeping/laundry,
- 30 health services, dietary services, recreational activities, and initial
- 31 orientation/aide training;
- 32 (2) Revise the Indirect Cost category to include: administration/general
- 33 and operation/maintenance;
- 34 (3) Revise the category of other Cost centers to include: personal care,
- 35 medically related transportation, and mental health services;
- 36 (4) Create a capital cost center category to include
- 37 property/ownership/use;
- 38 (5) Create a nonreimbursable cost category; and
- 39 (6) Define allowable and nonallowable expenditures.

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

42 **SECTION 10.40.(c)** The Department shall expand current audit policies and
 43 procedures for auditing provider costs. The Department shall create an audit function
 44 that is directly answerable to the State and involves fewer but more detailed audits. All
 45 providers of services to State County Special Assistance recipients shall be subject to a
 46 State audit if selected. The specific audit requirements shall be based on auditing
 47 requirements of governmental programs providing similar services. The Department of
 48 Health and Human Services shall expand current audit procedures for State County
 49 Special Assistance to include auditing of costs associated with personal care services
 50 reimbursed by Medicaid.

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

53 **SECTION 10.40.(e)** The Department shall report on the progress of the
 54 implementations of the requirements of this section no later than December 1, 2002, to
 55 the Senate Appropriations Committee on Health and Human Services, the House of

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

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

5 **SPECIAL CHILDREN ADOPTION FUND**

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

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

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

16 **FOOD BANKS FUNDS**

17 **SECTION 10.41A.(a)** Of the funds appropriated in this act to the
18 Department of Health and Human Services, the sum of nine hundred thousand dollars
19 (\$900,000) for the 2002-2003 fiscal year shall be allocated to the Division of Social
20 Services. These funds shall be equally distributed to the regional network of food banks
21 in North Carolina.

22 **SECTION 10.41A.(b)** Of the funds appropriated in this act to the
23 Department of Health and Human Services, Division of Social Services, the sum of five
24 hundred fifty thousand dollars (\$550,000) for the 2002-2003 fiscal year shall be used to
25 replace federal funds for Boys and Girls Clubs across the State.

26 **SECTION 10.41A.(c)** Of the funds appropriated in this act to the
27 Department of Health and Human Services, Division of Aging, the reduction in funds
28 allocated for Area Agencies on Aging administration shall be four hundred fifty
29 thousand dollars (\$450,000) for the 2002-2003 fiscal year.

30 **SECTION 10.41A.(d)** Of the funds appropriated in this act to the
31 Department of Health and Human Services, Office of the Secretary, the reduction in
32 funds to the Loan Repayment Incentive Funds program shall be one million six hundred
33 eighty-nine thousand one hundred twenty one dollars (\$1,689,121) for the 2002-2003
34 fiscal year.

35
36 **SUBPART 5. DIVISION OF AGING**

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

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

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

41 "**SECTION 21.31.** Of the funds appropriated in this act to the Department of Health
42 and Human Services, Division of Aging, the sum of one hundred fifty thousand dollars
43 (\$150,000) for the 2001-2002 fiscal year ~~and the sum of one hundred fifty thousand~~
44 ~~dollars (\$150,000) for the 2002-2003 fiscal year~~ shall be allocated as follows:

45 (1) ~~\$75,000 in each fiscal year~~ for the Western Carolina Alzheimer's
46 Chapter; and

47 (2) ~~\$75,000 in each fiscal year~~ for the Eastern NC Alzheimer's Chapter.

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

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

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

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

54 "**§ 143B-181. Governor's Advisory Council on Aging – members; selection;**
55 **quorum; compensation.**

1 The Governor's Advisory Council on Aging of the Department of Health and Human
2 Services shall consist of 33 members, 29 members to be appointed by the Governor, two
3 members to be appointed by the President Pro Tempore of the Senate, and two members
4 to be appointed by the Speaker of the House of Representatives. The composition of the
5 Council shall be as follows: one representative of the Department of Administration;
6 one representative of the Department of Cultural Resources; one representative of the
7 Employment Security Commission; one representative of the Teachers' and State
8 Employees' Retirement System; one representative of the Commissioner of Labor; one
9 representative of the Department of Public Instruction; one representative of the
10 Department of Environment and Natural Resources; one representative of the
11 Department of Insurance; one representative of the Department of Crime Control and
12 Public Safety; one representative of the Department of Community Colleges; one
13 representative of the School of Public Health of The University of North Carolina; one
14 representative of the School of Social Work of The University of North Carolina; one
15 representative of the Agricultural Extension Service of North Carolina State University;
16 one representative of the collective body of the Medical Society of North Carolina; and
17 19 members at large. The at large members shall be citizens who are knowledgeable
18 about services supported through the Older Americans Act of 1965, as amended, and
19 shall include persons with greatest economic or social need, minority older persons, and
20 participants in programs under the Older Americans Act of 1965, as amended. The
21 Governor shall appoint 15 members at large who meet these qualifications and are 60
22 years of age or older. The four remaining members at large, two of whom shall be
23 appointed by the President Pro Tempore of the Senate and two of whom shall be
24 appointed by the Speaker of the House of Representatives, shall be broadly
25 representative of the major private agencies and organizations in the State who are
26 experienced in or have demonstrated particular interest in the special concerns of older
27 persons. At least one of each of the at-large appointments of the President Pro Tempore
28 of the Senate and the Speaker of the House of Representatives shall be persons 60 years
29 of age or older. The Council shall meet ~~at least quarterly~~ biannually.

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

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

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

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

40 A majority of the Council shall constitute a quorum for the transaction of business.
41 All clerical and other services required by the Council shall be supplied by the Secretary
42 of Health and Human Services."
43

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

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

47 **RESIDENTIAL SCHOOLS REPORTING**

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

1
2 **SUBPART 7. DIVISION OF PUBLIC HEALTH**
3

4 Requested by: Senators Martin of Guilford, Purcell, Warren, Plyler, Lee
5 **HEART DISEASE AND STROKE PREVENTION TASK FORCE**

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

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

16
17 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee
18 **NEWBORN HEARING SCREENING PROGRAM REPORT**

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

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

- 22 (1) Unduplicated number of infants screened.
23 (2) Number of infants who failed the second hearing screening.
24 (3) Number of infants receiving the diagnostic evaluation.
25 (4) Number and types of services provided.
26 (5) Number and types of follow-up services provided to children.

27 The Department shall submit the report not later than May 1, 2002, to the Senate
28 Appropriations Committee on Health and Human Services, the House of
29 Representatives Appropriations Subcommittee on Health and Human Services, and the
30 Fiscal Research Division. The Department shall report not later than January 1, 2003, on
31 its activities to the Senate Appropriations Committee on Health and Human Services,
32 the House of Representatives Appropriations Subcommittee on Health and Human
33 Services, and the Fiscal Research Division."

34
35 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee
36 **INTENSIVE HOME VISITING**

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

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

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

1 All program information shall include the identification of the model used in order to
2 compare these models in the future."
3

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

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

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

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

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

- 27 (1) Limiting the drug formulary.
- 28 (2) Capping expenditures on a per participant/per month basis.
- 29 (3) Providing financial assistance to participants for health care program
30 premiums.

31 **SECTION 10.48.(c)** The Department shall report on activities conducted
32 under this section and under Section 21.90 of S.L. 2001-424 to the Senate
33 Appropriations Committee on Health and Human Services, the House of
34 Representatives Subcommittee on Health and Human Services, and the Fiscal Research
35 Division. The Department shall submit an interim report not later than December 1,
36 2002, and a final report not later than May 1, 2003.

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

39 **PRESCRIPTION DRUG ASSISTANCE PROGRAM**

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

41 "**SECTION 21.88.** Of the funds appropriated in this act to the Department of Health
42 and Human Services, the sum of five hundred thousand dollars (\$500,000) for the
43 2001-2002 fiscal year ~~and the sum of five hundred thousand dollars (\$500,000) for the~~
44 ~~2002-2003 fiscal year~~ shall be used to pay the cost of outpatient prescription drugs for
45 persons:

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

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

54 **SECTION 10.49.(b)** It is the intent of the General Assembly that funding for
55 prescription drug assistance provided by the Health and Wellness Trust Fund shall

1 include funds for the transition of benefits formerly provided under the Prescription
2 Drug Assistance Program.

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

5 **REPEAL DENTAL HEALTH PROGRAM IN THE DEPARTMENT OF**
6 **HEALTH AND HUMAN SERVICES**

7 **SECTION 10.50.** Article 14 of Chapter 130A of the General Statutes is
8 repealed.

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

11 **RESTRUCTURE ORAL HEALTH SECTION**

12 **SECTION 10.51.** The Department of Health and Human Services, Division
13 of Public Health, shall restructure the Division's Oral Health Section within the
14 Women's and Children's Health Section. The restructuring shall result in broadening the
15 scope of the Oral Health Section responsibilities to begin to address a more
16 comprehensive school health program throughout the State. The Division shall ensure
17 that positions and resources within the Oral Health Section are also transferred to meet
18 the requirements of a comprehensive school health program. The Division of Public
19 Health shall report not later than December 1, 2002, on the Division's reorganization,
20 including restructuring of the Oral Health Section. The Division shall submit the report
21 to the Senate Appropriations Committee on Health and Human Services, the House of
22 Representatives Appropriations Subcommittee on Health and Human Services, and the
23 Fiscal Research Division.

24
25 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

26 **EARLY INTERVENTION PROGRAM - REPORTING REQUIREMENT**

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

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

34 **DEVELOPMENTAL EVALUATION CENTERS**

35 **SECTION 10.53.(a)** The Department of Health and Human Services,
36 Division of Public Health, shall administer the reduction in funds for the 2002-2003
37 fiscal year of two million seventy-six thousand four hundred twenty-six dollars
38 \$2,076,426 to all Developmental Evaluation Centers (DEC's) based upon the following:

- 39 (1) Prior years' expenditures of the DEC,
- 40 (2) Elimination of vacant positions, and
- 41 (3) Overall needs of the DEC.

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

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

54
55 Requested by: Senators Martin of Guilford, Purcell, Cunningham, Plyler, Lee

WORKERS' COMPENSATION FOR DUSTY TRADES

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

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

When an employee and the Industrial Commission are advised by the ~~Department of Health and Human Services~~ that an employee has asbestosis or silicosis, the employer shall be notified by the Industrial Commission, and the employee, when ordered by the Industrial Commission, shall go to a place designated by the Industrial Commission and submit to X rays and a physical examination by the advisory medical committee, at least one of whom shall conduct the examination, and the member or members of the advisory medical committee conducting the examination shall forward the X rays and findings to the member or members of the committee not present for the physical examination. The employer shall pay the expenses connected with the examination in such amounts as shall be directed by the Industrial Commission. Within 30 days after the completion of the examination, the advisory medical committee shall make a written report signed by all of its members setting forth:

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

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

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

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

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

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

SUBPART 8. DIVISION OF CHILD DEVELOPMENT

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

EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES ENHANCEMENTS

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

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

- 1 (1) The North Carolina Partnership for Children, Inc., shall develop a
2 policy to allocate the reduction of funds for Early Childhood
3 Education and Development Initiatives for the 2001-2002 and 2002-
4 2003 fiscal year-years.
- 5 (2) The North Carolina Partnership for Children, Inc., administration shall
6 be reduced by ten percent (10%) from the 2000-2001 fiscal year level.
- 7 (3) The Department of Health and Human Services Smart Start
8 administration shall be reduced by ten percent (10%) from the
9 2000-2001 fiscal year level.
- 10 (4) Capital expenditures and playground equipment expenditures are
11 prohibited for fiscal year ~~2001-2002-years~~ 2001-2002 and 2002-2003.
12 For the purposes of this section, "capital expenditures" means
13 expenditures for capital improvements as defined in G.S. 143-34.40.
- 14 (5) Expenditures for advertising and promotional activities are prohibited
15 for fiscal year 2002-2003."

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

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

- 21 (1) Child care facilities with licensure of four or five stars, unless the
22 expenditure of funds is to expand capacity for low-income children.
- 23 (2) Child care facilities that do not accept child care subsidy funds.
- 24 (3) Child care facilities that previously received quality improvement
25 grants whose quality initiatives failed to increase licensure."

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

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

- 40 (1) The number of screenings conducted.
- 41 (2) The number of previously undetected vision problems discovered in
42 the screenings.
- 43 (3) The number of child care facilities in which screenings are conducted.
- 44 (4) A listing of the counties in which screenings are conducted.

45 **SECTION 10.55.(e)** Notwithstanding any other provision of law, for the
46 2002-2003 fiscal year, the North Carolina Partnership for Children, Inc., may not
47 contract with any outside entity to conduct performance assessments of local
48 partnerships.

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

51 "(e) The North Carolina Partnership shall develop guidelines for local
52 partnerships to follow in selecting capital projects to fund. The guidelines shall include
53 assessing the community needs in relation to the quantity of child care centers, assessing
54 the cost of purchasing or constructing new facilities as opposed to renovating existing

1 facilities, and prioritizing capital needs such as construction, renovations, and
2 playground equipment and other amenities."

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

4 "(1a) Develop and conduct a statewide needs and resource assessment every
5 third year, beginning in the 1997-98 fiscal year. This needs assessment
6 shall be conducted in cooperation with the North Carolina Partnership
7 and with the local partnerships. This needs assessment shall include a
8 statewide assessment of capital needs. The data and findings of this
9 needs assessment shall form the basis for annual program plans
10 developed by local partnerships and approved by the North Carolina
11 Partnership."

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

16
17 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

18 **MORE AT FOUR PROGRAM**

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

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

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

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

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

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

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

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

2 **"SECTION 21.76B.(g)** The Department of Health and Human Services, the
3 Department of Public Instruction, and the Task Force shall report by January 1, 2002,
4 and May 1, 2002, to the Joint Legislative Commission on Governmental Operations, the
5 Joint Legislative Education Oversight Committee, the Senate Appropriations
6 Committee on Health and Human Services, and the House of Representatives
7 Appropriations Subcommittee on Health and Human Services on the progress in
8 complying with this section. A final report along with recommendations for changes or
9 expansion of the program shall be presented to the ~~2003 General Assembly, Senate~~
10 Appropriations Committee on Health and Human Services, the House of
11 Representatives Appropriations Subcommittee on Health and Human Services, and the
12 Fiscal Research Division no later than December 1, 2002. This final report shall include
13 the following:

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

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

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

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

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

25 **SECTION 10.56.(e)** Effective June 30, 2002, Section 21.76B of S.L.
26 2001-424 is amended by adding a new subsection to read:

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

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

36 **SECTION 10.56.(g)** Not later than December 1, 2002, the Department of
37 Health and Human Services, in consultation with the More at Four Pre-Kindergarten
38 Program, shall establish More At Four accreditation criteria for child care centers, Head
39 Start programs, prekindergarten programs administered by local educational agencies,
40 and other educational prekindergarten programs, including centers and programs funded
41 by Smart Start. These accreditation criteria shall include, at a minimum, the guidelines
42 established by the "More At Four" Pre-K Task Force pursuant to Section 21.76B of S.L.
43 2001-424. These accreditation criteria shall also include a criterion related to the
44 number or percentage of at-risk children that must be served by a child care center,
45 Head Start program, prekindergarten program administered by a local educational
46 agency, or other educational prekindergarten program, including centers and programs
47 funded by Smart Start, before it may become an accredited More At Four program.

48 **SECTION 10.56.(h)** Beginning January 1, 2003, the Department of Health
49 and Human Services, Division of Child Development, shall initiate an accreditation
50 program based on the criteria developed pursuant to subsection (g) of this section. The
51 Department shall evaluate programs on the accreditation criteria as part of the three-year
52 rated license assessment currently conducted by the Department. Any child care center,
53 Head Start program, prekindergarten program administered by a local educational
54 agency, or other educational prekindergarten program, including centers and programs
55 funded by Smart Start, that satisfies the accreditation criteria shall be designated as a

1 More At Four accredited program. This designation shall take effect once the
2 Department finds that the accreditation criteria have been met. The Department shall
3 periodically reevaluate accredited programs to ensure that the program continues to
4 satisfy the accreditation criteria. A child care center, Head Start program,
5 prekindergarten program administered by a local educational agency, or other
6 educational prekindergarten program, including centers and programs funded by Smart
7 Start, may petition the Department to evaluate the program on the accreditation criteria
8 in advance of the next regularly scheduled rated license assessment.

9 **SECTION 10.56.(i)** The Department of Health and Human Services shall
10 conduct a county-by-county needs and resources assessment to determine what
11 additional resources are necessary, if any, to meet the needs of at-risk four-year-olds in
12 each county in the State. This assessment shall take into consideration that different
13 counties may require different resources or programs to adequately meet the needs of
14 at-risk four-year-olds. The Department shall report on the results of this assessment to
15 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 no later than April 1, 2003.

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

24
25 Requested by: Senators Martin of Guilford, Purcell, Plyler, Lee

26 **CHILD CARE SUBSIDY RATES**

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

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

- 31 (1) Payment rates shall be set at the ~~statewide~~ or regional market rate for
32 licensed child care centers and homes.
- 33 (2) If it can be demonstrated that the application of the ~~statewide~~ or
34 regional market rate to a county with fewer than ~~75~~50 children in each
35 age group is lower than the county market rate and would inhibit the
36 ability of the county to purchase child care for low-income children,
37 then the county market rate may be applied."
- 38

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

40 **REPEAL CHILD CARE FRAUD PROVISION DUE TO FEDERAL** 41 **REPAYMENT REQUIREMENTS**

42 **SECTION 10.58.** G.S. 110-108 is repealed.

43 44 **PART XI. DEPARTMENT OF AGRICULTURE AND CONSUMER** 45 **SERVICES**

46
47 Requested by: Senators Martin of Pitt, Weinstein, Odom, Lee

48 **CLOSE ROBBINS DIAGNOSTIC LABORATORY**

49 **SECTION 11.1.** The Department of Agriculture and Consumer Services
50 shall close the Poultry Disease Diagnostic Laboratory located in the Town of Robbins in
51 Moore County and reassign one veterinarian position and one medical laboratory
52 technician position to the Rollins Animal Disease Diagnostic Laboratory located in
53 Raleigh. In order to preserve current laboratory capability, poultry diagnostic services
54 currently performed at the Poultry Disease Diagnostic Laboratory located in the Town
55 of Robbins shall be performed at the Rollins Animal Disease Diagnostic Laboratory

located in Raleigh or at other animal disease diagnostic laboratories of the Department of Agriculture and Consumer Services.

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee
ADJUST METHOD OF BUDGETING RECEIPTS AND LIMIT SPENDING

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

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

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

TRANSFER MOUNTAIN STATE FAIR RECEIPTS

SECTION 11.3. The Department of Agriculture and Consumer Services shall transfer the sum of seventy thousand dollars (\$70,000) from the Mountain State Fair receipts for the 2002-2003 fiscal year to the Western North Carolina Development Association, Inc., to be used to promote agricultural development in the western part of the State.

PART XII. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee
GRASSROOTS SCIENCE PROGRAM

SECTION 12.1. Section 19.2 of S.L. 2001-424 reads as rewritten:
"SECTION 19.2. Of the funds appropriated in this act to the Department of Environment and Natural Resources for the Grassroots Science Program, the sum of three million one hundred twenty thousand dollars (\$3,120,000) for fiscal year 2001-2002 and the sum of ~~three million one hundred twenty thousand dollars (\$3,120,000)~~ two million eight hundred one thousand seven hundred sixty dollars (\$2,801,760) for fiscal year 2002-2003 are allocated as grants-in-aid for each fiscal year 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		

1	and Science	\$445,843	\$445,843	\$391,545
2	Rocky Mount Children's Museum	\$88,855	\$88,855	\$83,525
3	Schiele Museum of Natural History	\$348,433	\$348,433	\$307,496
4	Sci Works Science Center and			
5	Environmental Park of Forsyth County	\$178,947	\$178,947	\$161,259
6	Western North Carolina Nature Center	\$164,011	\$164,011	\$148,372
7				
8	Total	\$3,120,000	\$3,120,000	\$2,801,760"
9				

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

11 **STATEWIDE BEAVER DAMAGE CONTROL PROGRAM FUNDS**

12 **SECTION 12.2.** Section 19.1 of S.L. 2001-424 reads as rewritten:

13 **"SECTION 19.1.** Of the funds appropriated in this act to the Wildlife Resources
 14 Commission, the sum of five hundred thousand dollars (\$500,000) for the 2001-2002
 15 fiscal year and the sum of ~~five hundred thousand dollars (\$500,000)~~ four hundred forty-
 16 nine thousand dollars (\$449,000) for the 2002-2003 fiscal year shall be used to provide
 17 the State share necessary to support the beaver damage control program established in
 18 G.S. 113-291.10, provided the sum of at least twenty-five thousand dollars (\$25,000) in
 19 federal funds is available each fiscal year of the biennium to provide the federal share."
 20

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

22 **REORGANIZATION OF DENR/CONFORMING CHANGES**

23 **SECTION 12.3.(a)** The positions of Division Director and of Administrative
 24 Assistant I within the Division of Radiation Protection of the Department of
 25 Environment and Natural Resources are eliminated. All other positions within the
 26 Division of Radiation Protection of the Department of Environment and Natural
 27 Resources are reassigned to the Division of Environmental Health of the Department of
 28 Environment and Natural Resources. All functions, powers, duties, and obligations of
 29 the Division of Radiation Protection of the Department of Environment and Natural
 30 Resources shall be performed by the Division of Environmental Health of the
 31 Department of Environment and Natural Resources. The Division of Radiation
 32 Protection of the Department of Environment and Natural Resources is abolished.

33 **SECTION 12.3.(b)** G.S. 104E-8(c) reads as rewritten:

34 "(c) The 10 ex officio members shall be appointed by the Governor, shall be
 35 members or employees of the following State agencies or their successors, and shall
 36 serve at the Governor's pleasure:

- 37 (1) The Utilities Commission;
- 38 (2) The Commission for Health Services;
- 39 (3) The Environmental Management Commission;
- 40 (4) The Board of Transportation;
- 41 (5) The Division of Emergency Management of the Department of Crime
 42 Control and Public Safety;
- 43 (6) The Division of ~~Radiation Protection~~ Environmental Health of the
 44 Department;
- 45 (7) The Department of Labor;
- 46 (8) The Industrial Commission;
- 47 (9) The Department of Insurance;
- 48 (10) The Medical Care Commission."

49 **SECTION 12.3.(c)** G.S. 104E-9(b) reads as rewritten:

50 "(b) The ~~Radiation Protection~~ Division of Environmental Health of the
 51 Department of Environment and Natural Resources shall develop a training program for
 52 tanning equipment operators that meets the training rules adopted by the North Carolina
 53 Radiation Protection Commission. If the training program is provided by the
 54 Department, the Department may charge each person trained a reasonable fee to recover
 55 the actual cost of the training program."

1 **SECTION 12.3.(d)** G.S. 120-70.33 reads as rewritten:

2 "**§ 120-70.33. Powers and duties.**

3 The Joint Select Committee shall have the following powers and duties:

- 4 (1) To study alternatives available to the State for dealing with low-level
5 radioactive waste and the ramifications of each of those alternatives;
6 (2) Repealed by Session Laws 2001-474, s. 12, effective November 29,
7 2001.
8 (3) To evaluate actions of the Radiation Protection Commission, the
9 Division of ~~Radiation Protection~~Environmental Health of the
10 Department of Environment and Natural Resources, and of any other
11 board, commission, department, or agency of the State or local
12 government as such actions relate to low-level radioactive waste
13 management;
14 (4) Repealed by Session Laws 2001-474, s. 12, effective November 29,
15 2001.
16 (5) To review and evaluate changes in federal law and regulations,
17 relevant court decisions, and changes in technology affecting low-level
18 radioactive waste management;
19 (6) To review existing and proposed State law and rules affecting
20 low-level radioactive waste management and to determine whether any
21 modification of law or rules is in the public interest;
22 (7) To make reports and recommendations, including draft legislation, to
23 the General Assembly from time to time as to any matter relating to
24 the powers and duties set out in this section; and
25 (8) To undertake such additional studies as it deems appropriate or as may
26 from time to time be requested by the President Pro Tempore of the
27 Senate, the Speaker of the House of Representatives, either house of
28 the General Assembly, the Legislative Research Commission, the Joint
29 Legislative Commission on Governmental Operations, the
30 Environmental Review Commission, or the Joint Legislative Utility
31 Review Committee, and to make such reports and recommendations to
32 the General Assembly regarding such studies as it deems appropriate."

33 **SECTION 12.3.(e)** G.S. 143B-279.3(c)(1) is repealed.

34 **SECTION 12.3.(f)** G.S. 166A-6.1(b) reads as rewritten:

35 "(b) Every person, firm, corporation or municipality who is licensed to construct
36 or who is operating a fixed nuclear facility for the production of electricity shall pay to
37 the Department of Crime Control and Public Safety, for the use of the Division of
38 ~~Radiation Protection~~Environmental Health of the Department of Environment and
39 Natural Resources, an annual fee of thirty-six thousand dollars (\$36,000) for each fixed
40 nuclear facility that is located within this State or has a Plume Exposure Pathway
41 Emergency Planning Zone of which any part is located within this State. This fee shall
42 be applied to the costs of planning and implementing emergency response activities as
43 are required by the Federal Emergency Management Agency for the operation of
44 nuclear facilities. This fee is to be paid no later than July 31 of each year."

45
46 Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

47 **RELOCATE DIVISION OF COASTAL MANAGEMENT TO COASTAL**
48 **COUNTIES**

49 **SECTION 12.4.** The Division of Coastal Management, Department of
50 Environment and Natural Resources, shall relocate its offices and staff from Raleigh to
51 one or more of the State's 20 coastal counties by June 30, 2003. The Secretary of
52 Environment and Natural Resources is responsible for implementing this section and
53 ensuring that the relocation is completed by June 30, 2003.

54
55 Requested by: Senators Martin of Pitt, Weinstein, Odom, Plyler, Lee

DENR POSITION FOR SCRAP TIRE PROGRAM

SECTION 12.5.(a) Section 19.14 of S.L. 2001-424 reads as rewritten:

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

SECTION 12.5.(b) G.S. 130A-309.63 reads as rewritten:

"§ 130A-309.63. Scrap Tire Disposal Account.

(a) Creation. – The Scrap Tire Disposal Account is established as a nonreverting account within the Department. The Account consists of revenue credited to the Account from the proceeds of the scrap tire disposal tax imposed by Article 5B of Chapter 105 of the General Statutes. The Department may use revenue in the Account only as authorized by this section.

(b) Use. – The Department may use revenue in the Account only as authorized by this section.

(1) The Department may use up to fifty percent (50%) of the revenue in the Account to make grants to units of local government to assist them in disposing of scrap tires. To administer the grants, the Department shall establish procedures for applying for a grant and the criteria for selecting among grant applicants. The criteria shall include the financial ability of a unit of local government to provide for scrap tire disposal, the severity of a unit of local government's scrap tire disposal problem, the effort made by a unit of local government to ensure that only tires generated in the normal course of business in this State are provided free disposal, and the effort made by a unit of local government to provide for scrap tire disposal within the resources available to it.

(2) The Department may use up to forty percent (40%) of the revenue in the Account to make grants to encourage the use of processed scrap tire materials. These grants may be made to encourage the use of tire-derived fuel, crumb rubber, carbon black, or other components of tires for use in products such as fuel, tires, mats, auto parts, gaskets, flooring material, or other applications of processed tire materials. These grants shall be made in consultation with the Department of Commerce, the Division of ~~Environmental Assistance and Pollution Prevention and Environmental Assistance~~ of the Department, and, where appropriate, the Department of Transportation. Grants to encourage the use of processed scrap tire materials shall not be used to process tires.

(3) The Department may use revenue in the Account to support a position to provide local governments with assistance in developing and implementing scrap tire management programs designed to complete the cleanup of nuisance tire collection sites and prevent scrap tires generated from outside of the State from being presented for free disposal in the State.

(4) The Department may use the remaining revenue in the Account only to clean up scrap tire collection sites that the Department has determined are a nuisance. The Department may use funds in the Account to clean up a nuisance tire collection site only if no other funds are available for that purpose.

1 (c) Eligibility. – A unit of local government is not eligible for a grant for scrap
2 tire disposal unless its costs for disposing of scrap tires for the six-month period
3 preceding the date the unit of local government files an application for a grant exceeded
4 the amount the unit of local government received during that period from the proceeds
5 of the scrap tire tax under G.S. 105-187.19. A grant to a unit of local government for
6 scrap tire disposal may not exceed the unit of local government's unreimbursed cost for
7 the six-month period.

8 ~~(d) Cleanup of Nuisance Tire Sites. – The Department may use the remaining~~
9 ~~revenue in the Account only to clean up scrap tire collection sites that the Department~~
10 ~~has determined are a nuisance. The Department may use funds in the Account to clean~~
11 ~~up a nuisance tire collection site only if no other funds are available for that purpose.~~

12 (e) Reporting. – The Department shall include in the report to be delivered to the
13 Environmental Review Commission on or before 15 January of each year pursuant to
14 G.S. 130A-309.06(c) a description of the implementation of the North Carolina Scrap
15 Tire Disposal Act for the fiscal year ending the preceding 30 June. The description of
16 the implementation of the North Carolina Scrap Tire Disposal Act shall include the
17 beginning and ending balances in the Account for the reporting period, the amount
18 credited to the Account during the reporting period, and the amount of revenue used for
19 grants and to clean up nuisance tire collection sites."

20 21 PART XIII. DEPARTMENT OF COMMERCE

22
23 Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

24 OREGON INLET FUNDS

25 **SECTION 13.1.** Funds appropriated to the Department of Commerce for the
26 2001-2002 fiscal year for the Oregon Inlet Project that are unexpended and
27 unencumbered as of June 30, 2002, shall not revert to the General Fund on June 30,
28 2002, but shall remain available to the Department for legal costs associated with the
29 Project. This section becomes effective June 30, 2002.

30
31 Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

32 COUNCIL OF GOVERNMENT FUNDS

33 **SECTION 13.2.(a)** Section 20.12(a) of S.L. 2001-424 reads as rewritten:

34 **"SECTION 20.12.(a)** Of the funds appropriated in this act to the Department of
35 Commerce, nine hundred thirty-five thousand dollars (\$935,000) for the 2001-2002
36 fiscal year and ~~nine hundred thirty five thousand dollars (\$935,000)~~eight hundred thirty-
37 two thousand one hundred fifty dollars (\$832,150) for the 2002-2003 fiscal year shall
38 only be used as provided by this section. Each regional council of government or lead
39 regional organization is allocated up to ~~fifty five thousand dollars (\$55,000)~~forty-eight
40 thousand nine hundred fifty dollars (\$48,950) for ~~each the 2002-2003~~ fiscal year, with
41 the actual amount calculated as provided in subsection (b) of this section."

42 **SECTION 13.2.(b)** Section 20.12(b) of S.L. 2001-424 reads as rewritten:

43 **"SECTION 20.12.(b)** The funds shall be allocated as follows: A share of the
44 maximum ~~fifty five thousand dollars (\$55,000)~~each forty-eight thousand nine hundred
45 fifty dollars (\$48,950) for the 2002-2003 fiscal year shall be allocated to each county
46 and smaller city, based on the most recent annual estimate of the Office of State
47 Planning of the population of that county (less the population of any larger city within
48 that county) or smaller city, divided by the sum of the total population of the region
49 (less the population of larger cities within that region) and the total population of the
50 region living in smaller cities. Those funds shall be paid to the regional council of
51 government for the region in which that city or county is located upon receipt by the
52 Department of Commerce of a resolution of the governing board of the county or city
53 requesting release of the funds. If any city or county does not so request payment of
54 funds by June 30 of ~~a the~~ State fiscal year, ~~that share of~~ the allocation for that fiscal year
55 shall revert to the General Fund."

1
2 Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

3 **WORKER TRAINING TRUST FUND APPROPRIATIONS**

4 **SECTION 13.3.(a)** There is appropriated from the Worker Training Trust
5 Fund to the Employment Security Commission of North Carolina the sum of six million
6 three hundred thousand dollars (\$6,300,000) for the 2002-2003 fiscal year for the
7 operation of local offices.

8 **SECTION 13.3.(b)** Notwithstanding the provisions of G.S. 96-5(f), there is
9 appropriated from the Worker Training Trust Fund to the following agencies the
10 following sums for the 2002-2003 fiscal year for the following purposes:

- 11 (1) One million two hundred eighty-three thousand five hundred eleven
12 dollars (\$1,283,511) for the 2002-2003 fiscal year to the Department
13 of Commerce, Division of Employment and Training, for the
14 Employment and Training Grant Program;
- 15 (2) Eight hundred ninety-seven thousand five hundred eighty-seven
16 dollars (\$897,587) for the 2002-2003 fiscal year to the Community
17 Colleges System Office for customized training of the unemployed and
18 the working poor for specific jobs needed by employers through the
19 Training Initiatives Program;
- 20 (3) One million seven hundred thousand dollars (\$1,700,000) for the
21 2002-2003 fiscal year to the Community Colleges System Office to
22 continue the Focused Industrial Training Program;
- 23 (4) Two hundred one thousand nine hundred fifty-seven dollars
24 (\$201,957) for the 2002-2003 fiscal year to the Employment Security
25 Commission for the State Occupational Information Coordinating
26 Committee to develop and operate an interagency system to track
27 former participants in State education and training programs;
- 28 (5) Three hundred fifty-nine thousand thirty-five dollars (\$359,035) for
29 the 2002-2003 fiscal year to the Community Colleges System Office
30 for a training program in entrepreneurial skills to be operated by North
31 Carolina REAL Enterprises;
- 32 (6) Fifty-three thousand eight hundred fifty-six dollars (\$53,856) for the
33 2002-2003 fiscal year to the Employment Security Commission to
34 maintain compliance with Chapter 96 of the General Statutes, which
35 directs the Commission to employ the Common Follow-Up
36 Management Information System to evaluate the effectiveness of the
37 State's job training, education, and placement programs; and
- 38 (7) Eight hundred ninety-seven thousand five hundred eighty-seven
39 dollars (\$897,587) for the 2002-2003 fiscal year to the Department of
40 Labor to continue the Apprenticeship Program.

41 **SECTION 13.3.(c)** North Carolina REAL Enterprises and the other agencies
42 listed in subsections (a) and (b) of this section shall do the following for the programs
43 for which funds are appropriated in this section:

44 By January 15, 2003, and more frequently as requested, report to the
45 Joint Legislative Commission on Governmental Operations and the
46 Fiscal Research Division the following information:

- 47 a. State fiscal year 2002-2003 program activities, objectives, and
48 accomplishments;
- 49 b. State fiscal year 2002-2003 itemized expenditures and fund
50 sources;
- 51 c. State fiscal year 2003-2004 planned activities, objectives, and
52 accomplishments including actual results through December 31,
53 2002; and

- 1 d. State fiscal year 2003-2004 estimated itemized expenditures
2 and fund sources including actual expenditures and fund
3 sources through December 31, 2002.

4 **SECTION 13.3.(d)** North Carolina REAL Enterprises shall, in addition to
5 satisfying the reporting requirements in subsection (c) of this section, provide to the
6 Fiscal Research Division a copy of the organization's annual audited financial statement
7 within 30 days of issuance of the statement.
8

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

10 **NER INTERIM STUDY/SMALL BUSINESS DEVELOPMENT FUNCTIONS**

11 **SECTION 13.4.(a)** During the interim between the end of the 2002 Regular
12 Session of the 2001 General Assembly and the beginning of the 2003 General
13 Assembly, the Senate and House of Representatives Appropriations Subcommittees on
14 Natural and Economic Resources may study the feasibility and desirability of
15 designating the Small Business and Technology Development Center (SBTDC) as the
16 State's presumptive provider of small business development assistance, including: (i)
17 promoting the development of small business incubators; and (ii) investing in
18 early-stage technology-based businesses.

19 **SECTION 13.4.(b)** The subcommittees shall report their recommendations,
20 including any proposed changes to the General Statutes, to the 2003 General Assembly
21 no later than January 15, 2003. The subcommittees may seek and obtain assistance
22 from any agencies and resources outside the General Assembly that the subcommittees
23 determine are needed to adequately perform the study.
24

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

26 **REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS**

27 **SECTION 13.6.** Section 20.10 of S.L. 2001-424 reads as rewritten:

28 **"SECTION 20.10.(a)** Funds appropriated in this act to the Department of
29 Commerce for regional economic development commissions shall be allocated to the
30 following ~~commissions~~ Commissions in accordance with subsection (b) of this section:
31 Western North Carolina Regional Economic Development Commission, Research
32 Triangle Regional Commission, Southeastern North Carolina Regional Economic
33 Development Commission, Piedmont Triad Partnership, Northeastern North Carolina
34 Regional Economic Development Commission, Global TransPark Development
35 Commission, and Carolinas Partnership, Inc.

36 **SECTION 20.10.(b)** Funds appropriated pursuant to subsection (a) of this section
37 shall be allocated to each ~~regional economic development commission~~ Regional
38 Economic Development Commission as follows:

- 39 (1) First, the Department shall establish each ~~commission's~~ Commission's
40 allocation by determining the sum of allocations to each county that is
41 a member of that ~~commission~~ Commission. Each county's allocation
42 shall be determined by dividing the county's enterprise factor by the
43 sum of the enterprise factors for eligible counties and multiplying the
44 resulting percentage by the amount of the appropriation. As used in
45 this subdivision, the term "enterprise factor" means a county's
46 enterprise factor as calculated under ~~G.S. 105-129.3~~; G.S. 105-129.3.
- 47 (2) Next, the Department shall subtract from funds allocated to the Global
48 TransPark Development ~~Zone~~ Commission the sum of two hundred
49 four thousand four hundred thirty-three dollars (\$204,433) in ~~each~~
50 fiscal year, the 2001-2002 fiscal year and the sum of one hundred
51 seventy-one thousand nine hundred seventy-nine dollars (\$171,979) in
52 the 2002-2003 fiscal year which sum represents the interest earnings in
53 each fiscal year on the estimated balance of seven million five hundred
54 thousand dollars (\$7,500,000) appropriated to the Global TransPark

- 1 Development Zone in Section 6 of Chapter 561 of the 1993 Session
 2 ~~Laws; and Laws.~~
- 3 (3) Next, the Department shall redistribute the sum of two hundred four
 4 thousand four hundred thirty-three dollars (\$204,433) in ~~each fiscal~~
 5 ~~year the 2001-2002 fiscal year and the sum of one hundred thousand~~
 6 ~~seventy-one thousand nine hundred seventy-nine dollars (\$171,979) in~~
 7 ~~the 2002-2003 fiscal year to the seven regional economic development~~
 8 ~~commissions Regional Economic Development Commissions~~ named
 9 in subsection (a) of this section. Each ~~commission's~~ Commission's
 10 share of this redistribution shall be determined according to the
 11 enterprise factor formula set out in subdivision (1) of this subsection.
 12 This redistribution shall be in addition to each
 13 ~~commission's~~ Commission's allocation determined under subdivision
 14 (1) of this subsection.
- 15 (4) For the 2002-2003 fiscal year, funds allocated pursuant to subdivisions
 16 (1), (2), and (3) of this subsection shall be reduced by the sum of one
 17 hundred thousand dollars (\$100,000) for each of the Regional
 18 Economic Development Commissions listed in subsection (a) of this
 19 section.
- 20 (5) Funds appropriated in this act to the Department of Commerce for the
 21 Regional Economic Development Commissions shall be budgeted in
 22 Budget Code 14601 (Commerce-State Aid)."

23
 24 Requested by: Senators Martin of Pitt and Weinstein, Plyler, Odom, Lee

25 **REGIONAL COMMISSION REPORTS**

26 **SECTION 13.7.** Section 20.11(a) of S.L. 2001-424 reads as rewritten:

27 "**SECTION 20.11.(a)** ~~Each regional economic development commission~~ Regional
 28 Economic Development Commission receiving a grant-in-aid from the Department of
 29 Commerce shall:

- 30 (1) By January 15, 2002, and more frequently as requested, report to the
 31 Joint Legislative Commission on Governmental Operations, the Fiscal
 32 Research Division, and the Department of Commerce the following
 33 information:
 34 a. State fiscal year 2000-2001 program activities, objectives, and
 35 accomplishments;
 36 b. State fiscal year 2000-2001 itemized expenditures and fund
 37 sources;
 38 c. State fiscal year 2001-2002 planned activities, objectives, and
 39 accomplishments as specified in subdivisions (b)(1) through
 40 (b)(6) of this section including actual results through December
 41 31, 2001;
 42 d. State fiscal year 2001-2002 estimated itemized expenditures
 43 and fund sources including actual expenditures and fund
 44 sources through December 31, 2001.
- 45 (2) ~~By January 15, 2003, and more frequently as requested, report to the~~
 46 ~~Joint Legislative Commission on Governmental Operations, the Fiscal~~
 47 ~~Research Division, and the Department of Commerce the following~~
 48 ~~information:~~
 49 ~~a. State fiscal year 2001-2002 program activities, objectives, and~~
 50 ~~accomplishments;~~
 51 ~~b. State fiscal year 2001-2002 itemized expenditures and fund~~
 52 ~~sources;~~
 53 ~~c. State fiscal year 2002-2003 planned activities, objectives, and~~
 54 ~~accomplishments as specified in subdivisions (b)(1) through~~

- 1 ~~(b)(6) of this section including actual results through December~~
2 ~~31, 2002;~~
3 d. ~~State fiscal year 2002-2003 estimated itemized expenditures~~
4 ~~and fund sources including actual expenditures and fund~~
5 ~~sources through December 31, 2002.~~
6 (2) Report by January 15, 2003, on the first and second quarters of the
7 2002-2003 fiscal year, and by July 15, 2003, on the third and fourth
8 quarters of the 2002-2003 fiscal year, regarding the following:
9 a. Program activities, objectives, and accomplishments for its
10 region, to include:
11 1. Specific businesses and/or industries that have been
12 recruited.
13 2. Businesses and/or industries that have located as a result
14 of recruitment efforts, and number of new jobs created as
15 a result of that location decision.
16 3. Existing businesses and/or industries that have expanded
17 as a result of assistance, and number of new jobs created
18 as a result of that expansion.
19 4. Existing businesses and/or industries that have remained
20 as a result of retention efforts, and number of jobs saved
21 as a result of that retention.
22 5. For sub-sub-subdivisions 1 through 4 of this sub-
23 subdivision, each Commission shall describe its role in
24 the activities and identify the relative contributions of the
25 Commission and the Department of Commerce to the
26 activities.
27 6. Number and description of marketing outreach events,
28 including trade shows, recruitment missions, and related
29 activities.
30 7. Initiatives undertaken to establish certified sites and shell
31 buildings.
32 8. Number of referrals or leads handled that were generated
33 by the Department of Commerce, and number that were
34 generated by the Commission.
35 b. Total itemized actual revenues and expenditures, by fund
36 source.
37 The report required by this subsection shall be made to the Department
38 of Commerce, the Joint Legislative Commission on Governmental
39 Operations, and the Fiscal Research Division.
40 (3) Report by January 15, 2003, to the Joint Legislative Commission on
41 Governmental Operations, the Fiscal Research Division, and the
42 Department of Commerce on the following:
43 a. State fiscal year 2001-2002 program activities, objectives, and
44 accomplishments.
45 b. State fiscal year 2001-2002 itemized expenditures, including
46 salary and benefits for all employees regardless of funding
47 sources, and fund sources.
48 (4) Report by January 15, 2003, to the Department of Commerce on the
49 number and listing of available sites and buildings within the region.
50 ~~(3)~~(5) Provide to the Fiscal Research Division and the Department of
51 Commerce a copy of its annual audited financial statement within 30
52 days of issuance of the statement."
53
54

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

1 **PLAN FOR CONSOLIDATING CERTAIN REGIONAL ECONOMIC**
2 **DEVELOPMENT COMMISSIONS**

3 **SECTION 13.8.** The Southeastern North Carolina Regional Economic
4 Development Commission, Northeastern North Carolina Regional Economic
5 Development Commission, and the Global TransPark Development Commission shall
6 jointly develop a plan for consolidating the three separate Commissions into two
7 Commissions. The plan shall provide for the consolidation to take place no later than
8 June 30, 2003. The Commissions shall report their plan to the Joint Appropriations
9 Subcommittee on Natural and Economic Resources by January 1, 2003.

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

12 **STUDY EFFECTIVENESS OF ECONOMIC DEVELOPMENT AGENCIES**

13 **SECTION 13.9.** The Kenan-Flagler Business School ("Business School") of
14 the University of North Carolina at Chapel Hill shall study the effectiveness of the
15 economic development activities of the North Carolina Department of Commerce
16 ("Commerce") and the Regional Economic Development Commissions
17 ("Commissions"). In conducting its study the Business School shall work with
18 Commerce and the Commissions to do the following:

- 19 (1) Identify how Commerce and the Commissions can improve
20 communication, implement a more coordinated and efficient
21 recruitment and retention effort throughout the State, and avoid
22 duplication of effort,
- 23 (2) Establish specific performance measures and outcomes relevant to the
24 mission, goals, and objectives of Commerce and the Commissions,
- 25 (3) Develop a "scorecard" that can be used to measure the extent to which
26 Commerce and the Commissions have achieved their goals, objectives,
27 and outcomes, and
- 28 (4) Recommend a performance-based funding mechanism that will inform
29 the General Assembly's decisions regarding appropriations to
30 Commerce and the Commissions.

31 The Business School also may include in its study and recommendations any
32 other information it deems relevant to the study and its intent.

33 The Business School shall report its findings and recommendations to the
34 Senate Appropriations Subcommittee on Natural and Economic Resources, the Senate
35 Full Appropriations Chairs, the Joint Legislative Commission on Governmental
36 Operations, and the Fiscal Research Division by January 15, 2003.

37
38 Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

39 **NONPROFIT REPORTING REQUIREMENTS**

40 **SECTION 13.10.** Section 20.14 of S.L. 2001-424 reads as rewritten:

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

- 46 (1) By January 15, 2002, and more frequently as requested, report to the
47 Joint Legislative Commission on Governmental Operations and the
48 Fiscal Research Division the following information:
 - 49 a. State fiscal year 2000-2001 program activities, objectives, and
50 accomplishments;
 - 51 b. State fiscal year 2000-2001 itemized expenditures and fund
52 sources;
 - 53 c. State fiscal year 2001-2002 planned activities, objectives, and
54 accomplishments including actual results through December 31,
55 2001; and

- d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001;
- (2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
 - a. State fiscal year 2001-2002 program activities, objectives, and 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

1 forty-nine dollars (\$2,542,149) for the 2002-2003 fiscal year shall be allocated as
2 follows:

- 3 (1) \$1,124,000 in each for the 2001-2002 fiscal year and \$1,067,800 for
4 the 2002-2003 fiscal year for community development grants to
5 support development projects and activities within the State's minority
6 communities. Any community development corporation as defined in
7 this section is eligible to apply for funds. The Rural Economic
8 Development Center, Inc., shall establish performance-based criteria
9 for determining which community development corporation will
10 receive a grant and the grant amount. The Rural Economic
11 Development Center, Inc., shall allocate these funds as follows:
- 12 a. \$837,720 in each for the 2001-2002 fiscal year and \$810,000 for
13 the 2002-2003 fiscal year for direct grants to the local
14 community development corporations that have previously
15 received State funds for this purpose to support operations and
16 project activities;
- 17 b. \$236,280 in each for the 2001-2002 fiscal year and \$207,800 for
18 the 2002-2003 fiscal year for direct grants to local community
19 development corporations that have not previously received
20 State funds; and
- 21 c. \$50,000 in each fiscal year to the Rural Economic Development
22 Center, Inc., to be used to cover expenses in administering this
23 section.
- 24 (2) \$234,000 in each for the 2001-2002 fiscal year and \$210,600 for the
25 2002-2003 fiscal year to the Microenterprise Loan Program to support
26 the loan fund and operations of the Program; and
- 27 (3) \$1,344,000 in each for the 2001-2002 fiscal year and \$1,063,749 for
28 the 2002-2003 fiscal year shall be used for a program to provide
29 supplemental funding for matching requirements for projects and
30 activities authorized under this subdivision. The Center shall allocate
31 these funds as follows:
- 32 a. \$1,094,000 in each for the 2001-2002 fiscal year and \$838,749
33 for the 2002-2003 fiscal year to make grants to local
34 governments and nonprofit corporations to provide funds
35 necessary to match federal grants or other grants for:
- 36 1. Necessary economic development projects and activities
37 in economically distressed areas;
- 38 2. Necessary water and sewer projects and activities in
39 economically distressed communities to address health
40 or environmental quality problems except that funds
41 shall not be expended for the repair or replacement of
42 low-pressure pipe wastewater systems. If a grant is
43 awarded under this sub-subdivision, then the grant shall
44 be matched on a dollar-for-dollar basis in the amount of
45 the grant awarded; or
- 46 3. Projects that demonstrate alternative water and waste
47 management processes for local governments. Special
48 consideration should be given to cost-effectiveness,
49 efficacy, management efficiency, and the ability of the
50 demonstration project to be replicated.
- 51 b. \$250,000 in each for the 2001-2002 fiscal year and \$225,000 for
52 the 2002-2003 fiscal year to make grants to local governments
53 and nonprofit corporations to provide funds necessary to match
54 federal grants or other grants related to water, sewer, or
55 business development projects.

1 (4) \$200,000 in each fiscal year for the Agricultural Advancement
2 Consortium. These funds shall be placed in a reserve and allocated as
3 follows:

- 4 a. \$75,000 in each fiscal year for operating expenses associated
5 with the Consortium; and
6 b. \$125,000 in each fiscal year for research initiatives funded by
7 the Consortium.

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

11 The grant recipients in this subsection shall be selected on the basis of need."
12

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

14 **OPPORTUNITIES INDUSTRIALIZATION CENTER FUNDS**

15 **SECTION 13.12.** Section 20.16(a) of S.L. 2001-424 reads as rewritten:

16 "**SECTION 20.16.(a)** Of the funds appropriated in this act to the Rural Economic
17 Development Center, Inc., the sum of four hundred thousand dollars (\$400,000) for the
18 2001-2002 fiscal year and the sum of ~~four hundred thousand dollars (\$400,000)~~
19 three hundred eighty thousand dollars (\$380,000) for the 2002-2003 fiscal year shall be
20 allocated as follows:

- 21 (1) ~~\$100,000 in each for the 2001-2002 fiscal year and \$95,000 for the~~
22 2002-2003 fiscal year to the Opportunities Industrialization Center of
23 Wilson, Inc., for its ongoing job training programs;
24 (2) ~~\$100,000 in each for the 2001-2002 fiscal year and \$95,000 for the~~
25 2002-2003 fiscal year to the Opportunities Industrialization Center,
26 Inc., in Rocky Mount, for its ongoing job training programs;
27 (3) ~~\$100,000 in each for the 2001-2002 fiscal year and \$95,000 for the~~
28 2002-2003 fiscal year to the Opportunities Industrialization Centers
29 Kinston and Lenoir County, North Carolina, Inc.; and
30 (4) ~~\$100,000 in each for the 2001-2002 fiscal year and \$95,000 for the~~
31 2002-2003 fiscal year to the Opportunities Industrialization Center of
32 Elizabeth City, Inc."
33

34 **PART XIV. JUDICIAL DEPARTMENT**

35
36 Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

37 **REAPPOINTMENT OF SPECIAL SUPERIOR COURT JUDGES**

38 **SECTION 14.1.** G.S. 7A-45.1(a2) reads as rewritten:

39 "(a2) Effective December 15, 1996, the Governor may appoint four special superior
40 court judges to serve terms expiring five years from the date that each judge takes
41 office. Successors to the special superior court judges appointed pursuant to this
42 subsection shall be appointed to five-year terms. However, the terms of two of the initial
43 successors to the special superior court judges appointed pursuant to this subsection
44 shall not commence until January 1, 2003, and the terms of the other two initial
45 successors shall not commence until July 1, 2003. A special judge takes the same oath
46 of office and is subject to the same requirements and disabilities as are or may be
47 prescribed by law for regular judges of the superior court, save the requirement of
48 residence in a particular district."
49

50 Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

51 **SUCCESSORS TO JUDGES AT MANDATORY RETIREMENT AGE**

52 **SECTION 14.2.** Upon the mandatory retirement of any sitting district court
53 judge or superior court judge after January 1, 2003, the Governor shall appoint a
54 successor who shall take office on or after July 1, 2003.
55

Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

RESTRICT DISTRICT COURT MANDATORY ARBITRATION

SECTION 14.3.(a) G.S. 7A-37.1(c) reads as rewritten:

"(c) This procedure may be employed in civil actions where claims do not exceed fifteen thousand dollars (~~(\$15,000)~~, (\$15,000), except that it shall not be employed in 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

1	12	Cumberland	18 <u>17</u>
2	13	Bladen, Brunswick, Columbus	10
3	14	Durham	13
4	15A	Alamance	8
5	15B	Orange, Chatham	7
6	16A	Scotland, Hoke	5
7	16B	Robeson	9
8	17A	Rockingham	5 <u>4</u>
9	17B	Stokes, Surry	5
10	18	Guilford	26
11	19A	Cabarrus	6
12	19B	Montgomery, Moore, Randolph	11
13	19C	Rowan	5
14	20	Anson, Richmond,	15
15		Stanly, Union	
16	21	Forsyth	17 <u>16</u>
17	22	Alexander, Davidson, Davie,	16
18		Iredell	
19	23	Alleghany, Ashe, Wilkes,	5
20		Yadkin	
21	24	Avery, Madison, Mitchell,	4
22		Watauga, Yancey	
23	25	Burke, Caldwell, Catawba	14
24	26	Mecklenburg	33
25	27A	Gaston	12
26	27B	Cleveland,	8 <u>7</u>
27		Lincoln	
28	28	Buncombe	10
29	29	Henderson, McDowell, Polk,	11
30		Rutherford, Transylvania	
31	30	Cherokee, Clay, Graham,	8 <u>7</u>
32		Haywood, Jackson, Macon,	
33		Swain."	

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

1 Public Safety on the positions to be eliminated and the methodology used to identify
2 those positions.

3
4 Requested by: Senators Thomas, Wellons, Plyler, Odom, Lee

5 **TRANSFER SENTENCING SERVICES PROGRAM TO OFFICE OF**
6 **INDIGENT DEFENSE SERVICES**

7 **SECTION 14.7.(a)** The statutory authority, powers, duties, and functions,
8 records, personnel, property, unexpended balances of appropriations, allocations or
9 other funds, including the functions of budgeting and purchasing, of the Administrative
10 Office of the Courts to conduct the Sentencing Services Program, as provided by Article
11 61 of Chapter 7A of the General Statutes, are transferred to the Office of Indigent
12 Defense Services.

13 **SECTION 14.7.(b)** G.S. 7A-498.2(a) reads as rewritten:

14 "(a) The Office of Indigent Defense Services, which is administered by the
15 Director of Indigent Defense Services and includes the Commission on Indigent
16 Defense ~~Services, Services and the Sentencing Services Program established in Article~~
17 61 of this Chapter, is created within the Judicial Department. As used in this Article,
18 "Office" means the Office of Indigent Defense Services, "Director" means the Director
19 of Indigent Defense Services, and "Commission" means the Commission on Indigent
20 Defense Services."

21 **SECTION 14.7.(c)** G.S. 7A-498.6(b) reads as rewritten:

22 "(b) The Director shall:

- 23 (1) Prepare and submit to the Commission a proposed budget for the
24 Office of Indigent Defense Services, an annual report containing
25 pertinent data on the operations, costs, and needs of the Office, and
26 such other information as the Commission may require;
- 27 (2) Assist the Commission in developing rules and standards for the
28 delivery of services under this Article;
- 29 (3) Administer and coordinate the operations of the Office and supervise
30 compliance with standards adopted by the Commission;
- 31 (4) Subject to policies and procedures established by the Commission, hire
32 such professional, technical, and support personnel as deemed
33 reasonably necessary for the efficient operation of the Office of
34 Indigent Defense Services;
- 35 (5) Keep and maintain proper financial records for use in calculating the
36 costs of the operations of the Office of Indigent Defense Services;
- 37 (6) Apply for and accept on behalf of the Office of Indigent Defense
38 Services any funds that may become available from government
39 grants, private gifts, donations, or bequests from any source;
- 40 (7) Coordinate the services of the Office of Indigent Defense Services
41 with any federal, county, or private programs established to provide
42 assistance to indigent persons in cases subject to this Article and
43 consult with professional bodies concerning improving the
44 administration of indigent services;
- 45 (8) Conduct training programs for attorneys and others involved in the
46 legal representation of persons subject to this Article; ~~and~~
- 47 (8a) Administer the Sentencing Services Program established in Article 61
48 of this Chapter; and
- 49 (9) Perform other duties as the Commission may assign."

50 **SECTION 14.7.(d)** G.S. 7A-771(2a) reads as rewritten:

51 "(2a) "Director" means the Director of ~~the Administrative Office of the~~
52 ~~Courts.~~ Indigent Defense Services."

53 **SECTION 14.7.(e)** G.S. 7A-772(b) reads as rewritten:

54 "(b) The Director may establish local sentencing services programs and
55 appoint those staff as the Director deems necessary. These personnel

1 may serve as full-time or part-time State employees or may be hired on
2 a contractual basis when determined appropriate by the director.
3 Contracts entered under the authority of this subsection shall be
4 exempt from the competitive bidding procedures under Chapter 143 of
5 the General Statutes. The ~~Administrative Office of the Courts~~ Office of
6 Indigent Defense Services shall adopt rules necessary and appropriate
7 for the administration of the program. Funds appropriated by the
8 General Assembly for the establishment and maintenance of
9 sentencing services programs under this Article shall be administered
10 by the ~~Administrative Office of the Courts~~. Office of Indigent Defense
11 Services."

12 **SECTION 14.7.(f)** The Sentencing Services Program shall not use State
13 funds to prepare sentencing plans for sentenced offenders who are returning to court
14 because of potential probation violations. In addition, each sentencing services program
15 shall review its procedures and implement methods of minimizing the frequency with
16 which plans are prepared but not presented to the court.

17 **SECTION 14.7.(g)** As of July 1, 2002, the number of State positions
18 assigned as administrative staff is reduced from 11 to two and the number of State
19 positions authorized to work in local programs is reduced from 23 to 19.
20 Notwithstanding the provisions of G.S. 7A-772(b), the number of State positions shall
21 not exceed 21. The Office of Indigent Defense Services may reallocate the remaining
22 State employee positions in order to provide sentencing services in any of the districts
23 formerly served by non-State agencies. The Office of Indigent Defense Services shall
24 renegotiate contractual arrangements with some of the highest performing nonprofits
25 that have administered sentencing services program to date. Within existing funding, the
26 Office of Indigent Defense Services may also contract with individuals or organizations
27 to provide additional sentencing services.

28 **SECTION 14.7.(h)** The Office of Indigent Defense Services shall report by
29 November 1, 2002 to the Chairs of the Senate and House Appropriations Committees
30 and the Senate and House Appropriations Subcommittees on Justice and Public Safety
31 on the reorganization of the Sentencing Services Program pursuant to this section. The
32 report shall include the specific assignments for the 21 remaining State positions, the
33 districts in which sentencing services will be available, the means by which those
34 services will be provided, and an estimated number of plans and cost per plan for the
35 2002-2003 fiscal year.

36
37 Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

38 **DRUG TREATMENT COURT PROGRAM**

39 **SECTION 14.8.(a)** The Drug Treatment Court Program shall maintain the
40 existing State-funded programs in Districts 5, 9, 9A, 10, 14, 21, and 26 during the
41 2002-2003 fiscal year.

42 **SECTION 14.8.(b)** It is the intent of the General Assembly that State Drug
43 Treatment Court funds not be used to fund case manager positions when those services
44 can be reasonably provided by the Treatment Alternatives to Street Crime (TASC)
45 program in the Department of Health and Human Services or by other existing
46 resources. The Drug Treatment Court Program shall identify areas of potential cost
47 savings in the local programs that would result from reducing the number of case
48 manager positions. The Program shall also identify areas in which federal funding might
49 absorb administrative costs.

50 The Drug Treatment Court Program shall report by February 1, 2003, to the
51 Chairs of the Senate and House Appropriations Subcommittees on Justice and Public
52 Safety and the Chairs of the Senate and House Appropriations Subcommittees on
53 Justice and Public Safety on the savings identified.

54 **SECTION 14.8.(c)** Prior to the establishment of any new local drug
55 treatment court programs, the local drug treatment court management committee shall

1 consult with the TASC program as to the availability of case management services in
 2 that community.
 3

4 Requested by: Senators Rand, Plyler, Odom, Lee

5 **INCREASE JUDICIAL EFFICIENCIES**

6 **SECTION 14.9.(a)** Funding for the appellate courts is reduced in this act to
 7 reflect the elimination of the use of emergency judges at the Court of Appeals and the
 8 reduction in library expenses to eliminate unnecessary duplication of library resources
 9 between the Court of Appeals and the Supreme Court. In addition, the Supreme Court
 10 marshal, seven research assistant positions, and one vacant Supreme Court editorial
 11 assistant position are eliminated, in order to bring the staff-to-judge ratio at the appellate
 12 courts more in line with the relative workloads.

13 **SECTION 14.9.(b)** All training conferences for judges and other court
 14 personnel held during the 2002-2003 fiscal year shall be held in State-owned facilities
 15 and, to the extent possible, shall make use of employees of the Institute of Government
 16 or other State agencies as instructors.

17 **SECTION 14.9.(c)** No State funds may be used for out-of-state travel by
 18 employees or officials of the Judicial Department during the 2002-2003 fiscal year.

19 **SECTION 14.9.(d)** G.S. 7A-12 is repealed.

20 **SECTION 14.9.(e)** G.S. 7A-41(a) reads as rewritten:

21 "(a) The counties of the State are organized into judicial divisions and superior
 22 court districts, and each superior court district has the counties, and the number of
 23 regular resident superior court judges set forth in the following table, and for districts of
 24 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	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

1	Fourth	12B	(part of Cumberland, see subsection (b))	1
2	Fourth	12C	(part of Cumberland, see subsection (b))	2
3	Fourth	13	Bladen, Brunswick, Columbus	2
4	Third	14A	(part of Durham, see subsection (b))	1
5	Third	14B	(part of Durham, see subsection (b))	3
6	Third	15A	Alamance	2
7	Third	15B	Orange, Chatham	1
8	Fourth	16A	Scotland, Hoke	1
9	Fourth	16B	Robeson	2
10	Fifth	17A	Rockingham	2
11	Fifth	17B	Stokes, Surry	2
12	Fifth	18A	(part of Guilford, see subsection (b))	1
13	Fifth	18B	(part of Guilford, see subsection (b))	1
14	Fifth	18C	(part of Guilford, see subsection (b))	1
15	Fifth	18D	(part of Guilford, see subsection (b))	1
16	Fifth	18E	(part of Guilford, see subsection (b))	1
17	Sixth	19A	Cabarrus	1
18	Fifth	19B1	(part of Montgomery, part of Moore, part of Randolph see subsection (b))	1
19				
20		19B2	(part of Montgomery, part of Moore, part of Randolph see subsection (b))	1
21				
22	Sixth	19C	Rowan	1
23	Sixth	20A	Anson, Richmond	1
24	Sixth	20B	Stanly, Union	2
25	Fifth	21A	(part of Forsyth, see subsection (b))	1
26	Fifth	21B	(part of Forsyth, see subsection (b))	1
27	Fifth	21C	(part of Forsyth, see subsection (b))	1
28	Fifth	21D	(part of Forsyth, see subsection (b))	1
29	Sixth	22	Alexander, Davidson, Davie, Iredell	3
30	Fifth	23	Alleghany, Ashe, Wilkes, Yadkin	1
31	Eighth	24	Avery, Madison, Mitchell, Watauga, Yancey	2
32				
33	Seventh	25A <u>25</u>	Burke, Caldwell <u>Caldwell</u> , Catawba	2 <u>4</u>
34	Seventh	25B	Catawba	2
35	Seventh	26A	(part of Mecklenburg, see subsection (b))	2
36	Seventh	26B	(part of Mecklenburg, see subsection (b))	3
37	Seventh	26C	(part of Mecklenburg, see subsection (b))	2
38	Seventh	27A	Gaston	2
39	Seventh	27B	Cleveland, Lincoln	2
40	Eighth	28	Buncombe	2
41	Eighth	29	Henderson, McDowell, Polk, Rutherford, Transylvania	2
42				
43	Eighth	30A <u>30</u>	Cherokee, Clay, Graham, Macon, Swain <u>Swain</u> , Haywood <u>Jackson</u>	1 <u>2</u>
44				
45	Eighth	30B	Haywood, Jackson	1 "

46 **SECTION 14.9.(f)** The Administrative Office of the Courts shall study the
 47 possible cost savings and court workload efficiencies from consolidating remaining
 48 superior court districts. The Administrative Office of the Courts shall report their
 49 findings to the Chairs of the Senate and House Appropriations Committees and the
 50 Senate and House Appropriations Subcommittees on Justice and Public Safety by
 51 March 1, 2003.

52 **SECTION 14.9.(g)** Subsection (g) of this section becomes effective the later
 53 of January 15, 2003, or the date upon which that subsection is approved under section 5
 54 of the Voting Rights Act of 1965.
 55

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:

"(b) When any person is convicted of an offense under this Article, the court ~~may~~ shall order him to make restitution in the sum of one hundred dollars (\$100.00) to the State of North Carolina for the expense of analyzing any controlled substance possessed by him or his agent as part of an investigation leading to his ~~conviction~~ conviction, unless the court finds just cause for waiving the restitution required by this subsection. Any funds received under this subsection shall be deposited in the General Fund."

SECTION 15.1.(b) Part 10 of Article 3 of Chapter 20 is amended by adding a new section to read:

"§ 20-138.6. Restitution for drug lab analysis.

(a) This section applies to a person who has been convicted of any of the following offenses:

(1) G.S. 20-138.1, driving while impaired (DWI).

(2) G.S. 20-138.2, commercial DWI.

(3) G.S. 20-138.3, driving while less than 21 years old after consuming alcohol or drugs.

(4) G.S. 20-138.2A, driving a commercial motor vehicle with an alcohol concentration of greater than 0.00 and less than 0.04, if the person's drivers license was revoked under G.S. 20-17(a)(13).

(5) G.S. 20-138.2B, driving a school bus, a school activity bus, or a child care vehicle with an alcohol concentration of greater than 0.00, if the person's drivers license was revoked under G.S. 20-17(a)(14).

(b) When any person is convicted of an offense listed in subsection (a) of this section, the court shall order that person to make restitution in the sum of one hundred dollars (\$100.00) to the State of North Carolina for the expense of analyzing any blood or bodily fluid samples as part of the investigation leading to that person's conviction, unless the court finds just cause for waiving the restitution required by this section."

SECTION 15.1.(c) This section becomes effective January 1, 2003.

Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

NO-CALL REGISTRY AUTHORIZATION

SECTION 15.2.(a) The Department of Justice may use funds available to the Department up to one million dollars (\$1,000,000) during the 2002-2003 fiscal year to establish and implement a no-call registry to stop unwanted telemarketing calls and to increase protections for consumers in transactions initiated by telemarketers. These funds shall also be used to develop programs to protect citizens from improper electronic invasions of privacy.

SECTION 15.2.(b) This section becomes effective only when legislation authorizing the Department of Justice to establish and implement a no-call registry becomes law.

Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

REMOVE EXEMPTIONS FROM FINGERPRINT CHARGE

SECTION 15.3. G.S. 114-19.1 reads as rewritten:

"§ 114-19.1. Criminal history background investigations; fees.

(a) When the Department of Justice determines that any person is entitled by law to receive information, including criminal records, from the State Bureau of Investigation, for any purpose other than the administration of criminal justice, the State Bureau of Investigation shall charge the recipient of such information a reasonable fee for retrieving such information. The fee authorized by this section shall not exceed the

1 actual cost of locating, editing, researching and retrieving the information, and may be
2 budgeted for the support of the State Bureau of Investigation.

3 (b) As used in this section, "administration of criminal justice" means the
4 performance of any of the following activities: the detection, apprehension, detention,
5 pretrial release, post-trial release, prosecution, adjudication, correctional supervision, or
6 rehabilitation of persons suspected of, accused of or convicted of a criminal offense.
7 The term also includes screening for suitability for employment, appointment or
8 retention of a person as a law enforcement or criminal justice officer, ~~or as an officer of~~
9 ~~the court,~~ or for suitability for appointment of a person who must be appointed or
10 confirmed by the General Assembly, the Senate, or the House of Representatives.

11 (c) In providing criminal history record checks, the Department of Justice shall
12 process requests in the following priority order:

- 13 (1) Administration of criminal justice record checks,
- 14 (2) Mandatory noncriminal justice criminal history record checks,
- 15 (3) Voluntary noncriminal justice criminal history record checks.

16 (d) Nothing in this section shall be construed as enlarging any right to receive
17 any record of the State Bureau of Investigation. Such rights are and shall be controlled
18 by G.S. 114-15, G.S. 114-19, G.S. 120-19.4A, and other applicable statutes."
19

20 Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

21 **DENR REIMBURSE DEPARTMENT OF JUSTICE**

22 **SECTION 15.4.** From funds available to the Department of Environment
23 and Natural Resources, the sum of two hundred fifty thousand dollars (\$250,000) for the
24 2002-2003 fiscal year shall be transferred to the Department of Justice for the costs of
25 legal services performed by attorneys and support staff during the 2001-2003 biennium.
26 This transfer shall be made quarterly in the amount of sixty-two thousand five hundred
27 dollars (\$62,500) per quarter.
28

29 Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

30 **INSURANCE REGULATORY FUND REIMBURSEMENT**

31 **SECTION 15.5.** G.S. 58-6-25(d) reads as rewritten:

32 "(d) Use of Proceeds. – The Insurance Regulatory Fund is created in the State
33 treasury, under the control of the Office of State Budget and Management. The proceeds
34 of the charge levied in this section and all fees collected under Articles 69 through 71 of
35 this Chapter and under Articles 9 and 9C of Chapter 143 of the General Statutes shall be
36 credited to the Fund. The Fund shall be placed in an interest-bearing account and any
37 interest or other income derived from the Fund shall be credited to the Fund. Moneys in
38 the Fund may be spent only pursuant to appropriation by the General Assembly and in
39 accordance with the line item budget enacted by the General Assembly. The Fund is
40 subject to the provisions of the Executive Budget Act, except that no unexpended
41 surplus of the Fund shall revert to the General Fund. All money credited to the Fund
42 shall be used to reimburse the General Fund for the following:

- 43 (1) Money appropriated to the Department of Insurance to pay its
44 expenses incurred in regulating the insurance industry and other
45 industries in this State.
- 46 (2) Money appropriated to State agencies to pay the expenses incurred in
47 regulating the insurance industry, in certifying statewide data
48 processors under Article 11A of Chapter 131E of the General Statutes,
49 and in purchasing reports of patient data from statewide data
50 processors certified under that Article.
- 51 (3) Money appropriated to the Department of Revenue to pay the expenses
52 incurred in collecting and administering the taxes on insurance
53 companies levied in Article 8B of Chapter 105 of the General Statutes.

- 1 (4) Money appropriated for the office of Managed Care Patient Assistance
2 Program established under G.S. 143-730 to pay the actual costs of
3 administering the program.
- 4 (5) Money appropriated to the Department of Insurance for the
5 implementation and administration of independent external review
6 procedures required by Part 4 of Article 50 of this Chapter.
- 7 (6) Money appropriated to the Department of Justice to pay its expenses
8 incurred in representing the Department of Insurance in its regulation
9 of the insurance industry and other related programs and industries in
10 this State that fall under the jurisdiction of the Department of
11 Insurance."

12
13 **PART XVI. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY**
14 **PREVENTION**

15
16 Requested by: Senators Thomas, Wellons, Plyler, Odom, Lee

17 **USE OF FUNDS FOR YOUTH DEVELOPMENT CENTER BEDS**

18 **SECTION 16.1.(a)** The Department of Juvenile Justice and Delinquency
19 Prevention may use funds available during the 2002-2003 fiscal year to establish new
20 Youth Development Center beds and may convert one of the 50-bed modular camps in
21 the Eckerd Wilderness Camp Program for use as a Youth Development Center, as
22 defined in G.S. 7B-1501. Any conversion shall be effectuated with existing contract
23 funds.

24 **SECTION 16.1.(b)** The Department shall consult with the Joint Legislative
25 Commission on Governmental Operations and the Corrections, Crime Control, and
26 Juvenile Justice Oversight Committee prior to:

- 27 (1) Converting any Eckerd Wilderness Camp beds to secure confinement
28 beds during the 2002-2003 fiscal year; or
- 29 (2) Establishing bed capacity greater than 730 beds, including beds
30 converted at Eckerd Wilderness Camps, during the 2002-2003 fiscal
31 year.

32 The report shall include the sources of funding for any additional beds.

33
34 Requested by: Senators Thomas, Wellons, Plyler, Odom, Lee

35 **FUNDING OF TEEN COURT PROGRAMS**

36 **SECTION 16.2.(a)** Teen court programs may apply for and receive grants
37 from local Juvenile Crime Prevention Councils pursuant to Article 12 of Chapter 143B
38 of the General Statutes.

39 **SECTION 16.2.(b)** G.S. 143B-520(b) reads as rewritten:

40 "(b) Every teen court program that receives ~~State funds, including~~ funds from
41 Juvenile Crime Prevention ~~Councils, Councils~~ shall comply with rules and reporting
42 requirements of the Department of Juvenile Justice and Delinquency Prevention. ~~In~~
43 ~~particular, teen court programs receiving State funds shall report to the Department on~~
44 ~~the expenditure of State funds and the number of cases served each year."~~

45
46 Requested by: Senators Thomas, Wellons, Plyler, Odom, Lee

47 **COMMUNITIES IN SCHOOLS REDUCTIONS**

48 **SECTION 16.3.** The General Fund appropriation to the Department of
49 Juvenile Justice and Delinquency Prevention for Communities in Schools of North
50 Carolina, Inc., is reduced by the sum of ninety thousand dollars (\$90,000) for each year
51 of the 2002-2003 fiscal year. This reduction in funding shall be accomplished by
52 reducing expenditures at the State office and not through reductions in funding to
53 individual sites.

54
55 Requested by: Senators Thomas, Wellons, Ballance

FUNDING OF ECKERD WILDERNESS CAMP

SECTION 16.4. For each youth admitted to the Eckerd Wilderness Camp program from an area mental health authority or a local education agency, the admitting authority or agency shall pay the costs associated with the support and treatment of that youth in the program.

Requested by: Senators Thomas, Wellons, Plyler, Odom, Lee

STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS

SECTION 16.5. Section 24.4 of S.L. 2001-424 reads as rewritten:

"SECTION 24.4. Funds appropriated in this act to the Department of Juvenile Justice and Delinquency Prevention for the ~~2001-2002-2002-2003~~ fiscal year may be used as matching funds for the Juvenile Accountability Incentive Block Grants. If North Carolina receives Juvenile Accountability Incentive Block Grants, or a notice of funds to be awarded, the Office of State Budget and Management and the Governor's Crime Commission shall consult with the Department of Juvenile Justice and Delinquency Prevention regarding the criteria for awarding federal funds. The Office of State Budget and Management, the Governor's Crime Commission, and the Department of Juvenile Justice and Delinquency Prevention shall report to the Appropriations Committees of the Senate and House of Representatives and the Joint Legislative Commission on Governmental Operations prior to allocation of the federal funds. The report shall identify the amount of funds to be received for the ~~2001-2002-2002-2003~~ fiscal year, the amount of funds anticipated for the ~~2002-2003-2003-2004~~ fiscal year, and the allocation of funds by program and purpose."

PART XVII. DEPARTMENT OF CORRECTION

Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

ALL COUNTIES TRANSFERRING SAFEKEEPERS TO THE DEPARTMENT OF CORRECTION TO REIMBURSE DEPARTMENT REGARDLESS OF SAFEKEEPERS' RESIDENCY

SECTION 17.1. G.S. 162-39(c) reads as rewritten:

"(c) The sheriff of the county from which the prisoner is removed shall be responsible for conveying the prisoner to the jail or prison unit where he is to be held, and for returning him to the common jail of the county from which he was transferred. The return shall be made at the expiration of the time designated in the court order directing the transfer unless the judge, by appropriate order, shall direct otherwise. The sheriff or keeper of the jail of the county designated in the court order, or the officer in charge of the prison unit designated by the Secretary of Correction, shall receive and release custody of the prisoner in accordance with the terms of the court order. If a prisoner is transferred to a unit of the State prison system, the county from which the prisoner is transferred shall pay the Department of Correction for maintaining the prisoner for the time designated by the court at the per day, per inmate rate at which the Department of Correction pays a local jail for maintaining a prisoner. The county shall also pay the Department of Correction for the costs of extraordinary medical care incurred while the prisoner was in the custody of the Department of Correction, defined as follows:

- (1) Medical expenses incurred as a result of providing health care to a prisoner as an inpatient (hospitalized);
- (2) Other medical expenses when the total cost exceeds thirty-five dollars (\$35.00) per occurrence or illness as a result of providing health care to a prisoner as an outpatient (nonhospitalized); and
- (3) Cost of replacement of eyeglasses and dental prosthetic devices if those eyeglasses or devices are broken while the prisoner is incarcerated, provided the prisoner was using the eyeglasses or devices

1 at the time of his commitment and then only if prior written consent of
2 the county is obtained by the Department.

3 ~~However, a county is not required to reimburse the State for maintaining a prisoner who~~
4 ~~was a resident of another state or county at the time he committed the crime for which~~
5 ~~he is imprisoned.~~ If the prisoner is transferred to a jail in some other county, the county
6 from which the prisoner is transferred shall pay to the county receiving the prisoner in
7 its jail the actual cost of maintaining the prisoner for the time designated by the court.
8 Counties are hereby authorized to enter into contractual agreements with other counties
9 to provide jail facilities to which prisoners may be transferred as deemed necessary
10 under this section.

11 Whenever prisoners are arrested in such numbers that county jail facilities are
12 insufficient and inadequate for the safekeeping of such prisoners, the resident judge of
13 the superior court or any superior or district court judge holding court in the district may
14 order the prisoners transferred to a unit of the State Department of Correction
15 designated by the Secretary of Correction or his authorized representative, where the
16 prisoners may be held for such length of time as the judge may direct, such detention to
17 be in cell separate from that used for imprisonment of persons already convicted of
18 crimes, except when admission to an inpatient prison medical or mental health unit is
19 required to provide services deemed necessary by a prison health care clinician. The
20 sheriff of the county from which the prisoners are removed shall be responsible for
21 conveying the prisoners to the prison unit or units where they are to be held, and for
22 returning them to the common jail of the county from which they were transferred.
23 However, if due to the number of prisoners to be conveyed the sheriff is unable to
24 provide adequate transportation, he may request the assistance of the Department of
25 Correction, and the Department of Correction is hereby authorized and directed to
26 cooperate with the sheriff and provide whatever assistance is available, both in vehicles
27 and manpower, to accomplish the conveying of the prisoners to and from the county to
28 the designated prison unit or units. The officer in charge of the prison unit designated by
29 the Secretary of Correction or his authorized representative shall receive and release the
30 custody of the prisoners in accordance with the terms of the court order. The county
31 from which the prisoners are transferred shall pay to the Department of Correction the
32 actual cost of transporting the prisoners and the cost of maintaining the prisoners at the
33 per day, per inmate rate at which the Department of Correction pays a local jail for
34 maintaining a prisoner, provided, however, that a county is not required to reimburse the
35 State for transporting or maintaining a prisoner who was a resident of another state or
36 county at the time he was arrested. However, if the county commissioners shall certify
37 to the Governor that the county is unable to pay the bill submitted by the State
38 Department of Correction to the county for the services rendered, either in whole or in
39 part, the Governor may recommend to the Council of State that the State of North
40 Carolina assume and pay, in whole or in part, the obligation of the county to the
41 Department of Correction, and upon approval of the Council of State the amount so
42 approved shall be paid from Contingency and Emergency Fund to the Department of
43 Correction.

44 When, due to an emergency, it is not feasible to obtain from a judge of the superior
45 or district court a prior order of transfer, the sheriff of the county and the Department of
46 Correction may exercise the authority hereinafter conferred; provided, however, that the
47 sheriff shall, as soon as possible after the emergency, obtain an order from the judge
48 authorizing the prisoners to be held in the designated place of confinement for such
49 period as the judge may direct. All provisions of this subsection shall be applicable to
50 municipalities whenever prisoners are arrested in such numbers that the municipal jail
51 facilities and the county jail facilities are insufficient and inadequate for the safekeeping
52 of the prisoners. The chief of police is hereby authorized to exercise the authority herein
53 conferred upon the sheriff, and the municipality shall be liable for the cost of
54 transporting and maintaining the prisoners to the same extent as a county would be

1 unless action is taken by the Governor and Council of State as herein provided for
2 counties which are unable to pay such costs."
3

4 Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee
5 **REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY**
6 **MEDICAL COSTS FOR INMATES, PAROLEES, AND POST-RELEASE**
7 **SUPERVISEES AWAITING TRANSFER TO STATE PRISON SYSTEM**

8 **SECTION 17.2.** Section 25.4 of S.L. 2001-424 reads as rewritten:

9 "**SECTION 25.4.** The Department of Correction may use funds appropriated to the
10 Department for the ~~2001-2002 fiscal year~~ 2001-2003 biennium to pay the sum of forty
11 dollars (\$40.00) per day as reimbursement to counties for the cost of housing convicted
12 inmates, parolees, and post-release supervisees awaiting transfer to the State prison
13 system, as provided in G.S. 148-29. The Department shall report by December 1 and
14 May 1 of each year to the Joint Legislative Commission on Governmental Operations,
15 the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight
16 Committee, the Chairs of the Senate and House of Representatives Appropriations
17 Committees, and the Chairs of the Senate and House of Representatives Appropriations
18 Subcommittees on Justice and Public Safety on the expenditure of funds to reimburse
19 counties for prisoners awaiting transfer and on its progress in reducing the jail backlog."
20

21 Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

22 **REPORT ON INMATES ELIGIBLE FOR PAROLE**

23 **SECTION 17.3.** Section 25.21 of S.L. 2001-424 reads as rewritten:

24 "**SECTION 25.21.** The Post-Release Supervision and Parole Commission shall
25 ~~provide quarterly reports~~ report by January 15 and July 15 of each year to the Senate
26 and House of Representatives Appropriations Subcommittees on Justice and Public
27 Safety and the Joint Legislative Corrections, Crime Control, and Juvenile Justice
28 Oversight Committee on inmates eligible for parole. These reports shall include at least
29 the following:

- 30 (1) The total number of Fair Sentencing and Pre-Fair Sentencing inmates
31 that were parole-eligible during the previous quarter and the total
32 number of those inmates that were paroled. The report should group
33 these inmates by ~~offense type and custody classification; type, custody~~
34 classification, and type of parole;
35 (2) ~~A list of all those inmates paroled or released by category of parole or~~
36 ~~release, including each inmate's offense and custody classification at~~
37 ~~the time of the parole or release;~~
38 (3)(2) The average time served, by offense class, of Fair Sentencing and
39 Pre-Fair Sentencing inmates compared to inmates sentenced under
40 Structured Sentencing; and
41 (4)(3) The projected number of parole-eligible inmates to be paroled or
42 released by the end of the ~~2001-2002~~ 2002-2003 fiscal year and by the
43 end of the ~~2002-2003~~ 2003-2004 fiscal year."
44

45 Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

46 **USE OF LAPSED SALARIES FOR SHIFT PAY FOR SECURITY STAFF**

47 **SECTION 17.4.** During the 2002-2003 fiscal year only, the Department of
48 Correction shall not use lapsed salaries for the payment to security staff of (i) special
49 premium holiday pay that exceeds standard holiday pay or (ii) special supplemental
50 weekend shift premium pay that exceeds standard weekend shift pay. The Department
51 shall also continue to take steps to hold down the cost of shift pay by converting prisons
52 from three eight-hour shifts to two twelve-hour shifts whenever practical.

53 The Department of Correction shall report to the Senate and House
54 Appropriations Subcommittees on Justice and Public Safety by April 1, 2003, on its
55 progress in converting prison work shifts from eight hours to twelve hours. The report

1 shall include information on savings generated to date and potential future savings, as
2 well as any changes in employee morale and leave usage, as a result of converting to
3 twelve-hour shifts.

4
5 Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

6 **DEPARTMENT OF CORRECTION SECURITY STAFFING FORMULAS**

7 **SECTION 17.5.(a)** The Department of Correction shall conduct security
8 staffing post-audits of each prison at least biannually, the first such audit to be
9 completed during the 2002-2003 fiscal year. The initial post-audit shall be conducted
10 jointly by Department staff and a consultant, external to the Department, and shall
11 include analysis of the staffing levels assigned for supervision of correctional officers.

12 **SECTION 17.5.(b)** The Department of Correction shall update the security
13 staffing relief formula biannually, the first update to be completed during the 2002-2003
14 fiscal year. Each update shall include a review of all annual training requirements for
15 security staff to determine which of these requirements should be mandatory and the
16 appropriate frequency of the training.

17 **SECTION 17.5.(c)** The Department of Correction shall report the results of
18 the initial security staffing post-audits and relief formula update to the Senate and
19 House Appropriations Subcommittees on Justice and Public Safety by April 1, 2003.

20
21 Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

22 **COMMUNITY WORK CREWS**

23 **SECTION 17.6.(a)** The Department of Correction shall implement a
24 reduction in inmate community work crews systemwide, but work crews shall not be
25 reduced at any locations that have fewer than three work crews.

26 The Department of Correction may use up to 39 work crews for Department
27 of Transportation litter control projects. The Department of Transportation shall transfer
28 at least one million three hundred thousand dollars (\$1,300,000) from the Highway
29 Fund to the Department of Correction during the 2002-2003 fiscal year to cover the cost
30 of those work crews. Should the two departments determine that the actual cost of
31 operating 39 work crews exceeds that amount, the Department of Transportation shall
32 transfer an additional amount as agreed upon by the two departments and the Office of
33 State Budget and Management.

34 **SECTION 17.6.(b)** The Department of Correction shall identify locations
35 where the number of inmate work crews is being reduced or diverted to perform litter
36 control for the Department of Transportation and, to the extent possible, arrange for
37 community service work program placements so that the affected work projects for
38 State and local government can be maintained. The Department shall report by March 1,
39 2003, to the Chairs of the Senate and House Appropriations Subcommittees on Justice
40 and Public Safety on all projects formerly performed by inmate work crews that have
41 been continued through the community service work program.

42 **SECTION 17.6.(c)** The Department of Correction shall identify all inmate
43 labor supplied to public agencies for which the Department does not receive
44 reimbursement for the costs of the labor and the supervision of the labor. The
45 Department shall report by March 1, 2003, to the Chairs of the Senate and House
46 Appropriations Subcommittees on Justice and Public Safety on the type of labor
47 provided, the number of security positions assigned for that labor, and the actual costs
48 of providing the labor and supervision. The report shall also identify alternative
49 methods for charging public agencies for the costs of inmate labor and the supervision
50 of that labor.

51
52 Requested by: Senators Thomas, Wellons, Plyler, Odom, Lee

53 **SUBSTANCE ABUSE PROGRAMS**

54 **SECTION 17.7.** G.S. 143B-262.1 reads as rewritten:

55 **"§ 143B-262.1. Department of Correction – Substance Abuse Program.**

1 (a) The Substance Abuse Program established by subsection (d) of § 143B-262
2 shall be offered in a ~~medium-custody~~ correctional facility, or a portion of a ~~medium~~
3 ~~eustody~~ correctional facility that is self-contained, so that the residential and program
4 space is separate from any other programs or inmate housing, and shall be operational
5 by January 1, 1988, at such unit as the Secretary may designate.

6 (b) An Assistant Secretary for Substance Abuse shall be employed and shall
7 report directly to the Office of the Secretary of Correction. ~~A Correctional~~
8 ~~Administrator I shall be employed to manage programs for offenders with substance~~
9 ~~abuse problems in the Department of Correction and its divisions. The Correctional~~
10 ~~Administrator I shall report to the Assistant Secretary for Substance Abuse. A Secretary~~
11 ~~IV shall be employed to assist the Correctional Administrator I. An Administrative~~
12 ~~Officer II and a Secretary IV shall be employed to assist the Assistant Secretary and~~
13 ~~work under his direction and management.~~ The duties of the Assistant Secretary shall
14 include the following:

- 15 (1) Administer and coordinate all substance abuse programs, grants,
16 contracts, and related functions in the Department of Correction;
- 17 (2) Develop and maintain working relationships and agreements with
18 agencies and organizations that will assist in developing and operating
19 a Substance Abuse Program in the Department of Correction;
- 20 (3) Develop and coordinate the use of volunteers in the Substance Abuse
21 Program;
- 22 (4) Develop and present training programs related to substance abuse for
23 employees and others at all levels in the agency;
- 24 (5) Develop programs that provide effective treatment for inmates,
25 probationers, and parolees with substance abuse problems;
- 26 (6) Maintain contact with key leaders in the substance abuse field and
27 active supporters of the Correction Program;
- 28 (7) Supervise directly the directors of treatment units, specialized
29 personnel, and programs that exist or may be developed in the
30 Department of Correction; and
- 31 (8) Develop employee assistance programs for employees with substance
32 abuse problems.

33 ~~(c) Ten additional program staff shall be employed. There shall be a Correctional~~
34 ~~Program Director II who is responsible to the Assistant Secretary for Substance Abuse.~~
35 ~~This employee shall be responsible for managing and implementing the inpatient~~
36 ~~treatment program. Also employed will be a Correctional Program Director I, two~~
37 ~~Correctional Program Supervisors, four Correctional Program Assistant II's, one~~
38 ~~Correctional Program Assistant I, and one Clerk Stenographer IV.~~

39 ~~(d) The duties of the Program Director shall include the following:~~

- 40 ~~(1) Implement and manage the inpatient treatment program for inmates~~
41 ~~with substance abuse problems;~~
- 42 ~~(2) Supervise personnel assigned to the inpatient treatment program;~~
- 43 ~~(3) Assist in developing the treatment program for inmates with substance~~
44 ~~abuse problems;~~
- 45 ~~(4) Recruit and develop staff for the inpatient program and other staff as~~
46 ~~required;~~
- 47 ~~(5) Assist in developing linkage and follow up of inmates between the~~
48 ~~inpatient program, related agencies, organizations, and other facilities~~
49 ~~of the Department of Correction;~~
- 50 ~~(6) Be responsible for treatment plans and daily activities and schedules~~
51 ~~for all assigned inmates;~~
- 52 ~~(7) Develop methods for involving families of inmates in the program to~~
53 ~~the extent deemed appropriate and useful; and~~
- 54 ~~(8) Other duties as required.~~

1 ~~Preference shall be accorded to qualified recovering alcoholics and substance abusers in~~
2 ~~the employment of treatment counselors.~~

3 (e) In the unit there shall be a unit superintendent under the Division of Prisons
4 and other custodial, administrative, and support staff as required for a medium custody
5 facility for approximately 100 inmates. The unit superintendent shall be responsible for
6 all matters pertaining to custody and administration of the unit. ~~The Correctional~~
7 ~~Program Director II will Assistant Secretary shall designate an employee to administer~~
8 the inpatient treatment program under the direction of the Assistant Secretary for
9 Substance Abuse.

10 (f) Extensive use may be made of inmates working in the role of ancillary staff,
11 peer counselors, role models, or group leaders as the program manager determines.
12 Additional resource people who may be required for specialized treatment activities,
13 presentations, or group work may be employed on a fee or contractual basis.

14 ~~(g) The Program in each unit shall be structured such that approximately 25~~
15 ~~offenders will enter the Program on a weekly basis.~~

16 (h) Admission priorities shall be established as follows:

- 17 (1) Court recommendation.
- 18 (2) Evaluation and referral from reception and diagnostic centers.
- 19 (3) General staff referral.
- 20 (4) Self-referral.

21 The Program shall include extensive follow-up after the period of intensive treatment.
22 There will be specific plans for each departing inmate for follow-up, including active
23 involvement with Alcoholics Anonymous, community resources, and personal
24 sponsorship."
25

26 Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

27 **USE OF CLOSED PRISON FACILITIES**

28 **SECTION 17.8.** Section 25.5 of S.L. 2001-424 reads as rewritten:

29 **"SECTION 25.5.** In conjunction with the closing of prison facilities, including
30 small expensive prison units recommended for consolidation by the Government
31 Performance Audit Committee, the Department of Correction shall consult with the
32 county or municipality in which the unit is located, with the elected State and local
33 officials, and with State agencies about the possibility of converting that unit to other
34 use. The Department may also consult with any private for-profit or nonprofit firm
35 about the possibility of converting the unit to other use. In developing a proposal for
36 future use of each unit, the Department shall give priority to converting the unit to other
37 criminal justice use. Consistent with existing law and the future needs of the
38 Department of Correction, the State may provide for the transfer or the lease of any of
39 these units to counties, municipalities, State agencies, or private firms wishing to
40 convert them to other use. The Department of Correction may also consider converting
41 some of the units recommended for closing from ~~medium security to minimum~~
42 ~~security, one security custody level to another,~~ where that conversion would be
43 cost-effective. A prison unit under lease to a county pursuant to the provisions of this
44 section for use as a jail is exempt for the period of the lease from any of the minimum
45 standards adopted by the Secretary of Health and Human Services pursuant to G.S.
46 153A-221 for the housing of adult prisoners that would subject the unit to greater
47 standards than those required of a unit of the State prison system.

48 Prior to any transfer or lease of these units, the Department of Correction shall report
49 on the terms of the proposed transfer or lease to the Joint Legislative Commission on
50 Governmental Operations and the Joint Legislative Corrections, Crime Control, and
51 Juvenile Justice Oversight Committee. The Department of Correction shall also provide
52 annual summary reports to the Joint Legislative Commission on Governmental
53 Operations and the Joint Legislative Corrections, Crime Control, and Juvenile Justice
54 Oversight Committee on the conversion of these units to other use and on all leases or
55 transfers entered into pursuant to this section."

1
2 Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

3 **MEDICAL BUDGET FOR PRESCRIPTION DRUGS**

4 **SECTION 17.9.** Section 25.6(b) of S.L. 2001-424 reads as rewritten:

5 "**SECTION 25.6.(b)** Notwithstanding the provisions of G.S. 143-23(a2), the
6 Department of Correction may use funds available during the ~~2001-2002 fiscal year~~
7 2001-2003 biennium for the purchase of prescription drugs for inmates if expenditures
8 are projected to exceed the Department's inmate medical continuation budget for
9 prescription drugs. The Department shall consult with the Joint Legislative Commission
10 on Governmental Operations prior to exceeding the continuation budget amount.

11 The Department of Administration, Purchase and Contract Division, and the
12 Department of Correction shall review the current statewide contract for purchase of
13 prescription drugs as it applies to the Department of Correction's purchases for inmates
14 to determine if the Department is receiving the lowest rate available and to determine
15 whether the Department should be authorized to issue a request for proposals for a
16 separate vendor or purchasing consortium for the provision of prescription drugs for
17 inmates. The Departments shall report on their findings to the Joint Legislative
18 Commission on Governmental Operations by February 1, 2002."

19
20 Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

21 **ELECTRONIC MONITORING COSTS**

22 **SECTION 17.10.(a)** Article 1 of Chapter 148 of the General Statutes is
23 amended by adding a new section to read:

24 "**§ 148-10.3. Electronic monitoring costs.**

25 Personnel, equipment, and other costs of providing electronic monitoring of pretrial
26 or sentenced offenders shall be reimbursed on a cost basis to the Department of
27 Correction by the State or local agency requesting the service."

28 **SECTION 17.10.(b)** The Department of Correction shall report by March 1,
29 2003, to the Chairs of the Senate and House Appropriations Committees and the Chairs
30 of the Senate and House Appropriations Subcommittees on Justice and Public Safety on
31 efforts to increase the use of electronic monitoring of sentenced offenders in the
32 community.

33
34 Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

35 **COLLECTION OF OFFENDER FEES**

36 **SECTION 17.11.** The Department of Correction and the Judicial
37 Department shall jointly develop a plan to improve the collection rate of offender fees
38 for probationers and for nonprobationers sentenced to community service. The plan
39 should address improving both the rate at which offenders are levied fees and the rate at
40 which those offenders satisfy their obligations. The plan shall address steps to improve
41 the overall collection rate from thirty-seven percent (37%) to forty percent (40%) during
42 the 2002-2003 fiscal year and to forty-five percent (45%) during the 2003-2004 fiscal
43 year.

44 The two departments shall report by February 1, 2003 to the Chairs of the
45 Senate and House Appropriations Committees and the Chairs of the Senate and House
46 Appropriations Subcommittees on Justice and Public Safety on the success of their
47 efforts to improve these collection rates. The report shall also include any
48 recommendations for statutory changes aimed at improving the collection rates.

49
50 Requested by: Senators Thomas, Wellons, Plyler, Odom, Lee

51 **MOBILE MEDICAL OPERATING ROOM**

52 **SECTION 17.12.** The Department of Correction shall continue the contract
53 for a mobile medical operating room at Central Prison for the 2002-2003 fiscal year at a
54 reduced fixed rate that more clearly reflects the usage. However, the Department shall
55 use the mobile unit for additional procedures, as authorized by the terms of the

1 agreement, whenever the Department's Utilization Review Team determines that (i) a
2 specific procedure can be performed at a cost below that charged by a public or private
3 hospital; and (ii) there is no compelling medical reason for performing the procedure in
4 a hospital instead of using the mobile medical unit.

5 The Department shall also study the use of this mobile operating room and
6 report by March 1, 2003, to the Chairs of the Senate and House Appropriations
7 Subcommittees on Justice and Public Safety. The report shall recommend whether the
8 mobile unit should be continued, eliminated, or expanded in terms of capacity of the
9 current unit and the potential for establishing an additional mobile unit. The report shall
10 also include information on the number and type of procedures performed over and
11 above the fixed rate contract and the savings generated.

12
13 Requested by: Senators Thomas, Wellons, Plyler, Odom, Lee

14 **CRIMINAL JUSTICE PARTNERSHIP PROGRAM**

15 **SECTION 17.13.(a)** Notwithstanding the provisions of G.S. 143B-273.16,
16 Caswell, Person, and Union Counties shall not receive implementation funding for the
17 Criminal Justice Partnership Program for the 2002-2003 fiscal year. However, those
18 counties will be eligible to reapply for funding in future years.

19 **SECTION 17.13.(b)** It is the intent of the General Assembly that State
20 Criminal Justice Partnership Program funds not be used to fund case manager positions
21 when those services can be reasonably provided by Division of Community Corrections
22 personnel or by the Treatment Alternatives to Street Crime (TASC) program in the
23 Department of Health and Human Services. The Division of Community Corrections
24 shall identify at least the sum of eight hundred fifty-two thousand dollars (\$852,000) in
25 cost savings by eliminating funding for personnel in these cases and shall reduce the
26 amount of implementation grant funding for those affected counties. These
27 recommended modifications shall be first approved by the State Criminal Justice
28 Partnership Advisory Board. The Division of Community Corrections shall report to the
29 Chairs of the Senate and House Appropriations Committees and the Chairs of the
30 Senate and House Appropriations Subcommittees on Justice and Public Safety on the
31 specific adjustments within 45 days of the enactment of the budget for the 2002-2003
32 fiscal year.

33 **SECTION 17.13.(c)** Funding for implementation grants shall be reduced an
34 additional sum of seven hundred five thousand eight hundred seventy dollars (\$705,870)
35 by reducing funding for contractual services evenly in all participating counties.

36 **SECTION 17.13.(d)** For the 2002-2003 fiscal year only, funds provided to
37 the Criminal Justice Partnership Program for distribution as implementation grants are
38 reduced by an additional sum of one million three hundred fifty thousand dollars
39 (\$1, 350,000).

40
41 Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

42 **CONVERSION OF CONTRACTED MEDICAL POSITIONS**

43 **SECTION 17.14.(a)** The Department of Correction may convert contract
44 medical positions to permanent State medical positions at individual correctional
45 facilities if the Department can document that the total savings generated will exceed
46 the total cost of the new positions for each facility. Where practical, the Department
47 shall convert contract positions to permanent positions by using existing vacancies in
48 medical positions.

49 **SECTION 17.14.(b)** The Department of Correction shall report by October
50 1, 2002, to the Joint Legislative Commission on Governmental Operations and the
51 Chairs of the Senate and House Appropriations Subcommittees on Justice and Public
52 Safety on all conversions made pursuant to this section, by type of position and location,
53 and on the savings generated at each correctional facility.

54
55 Requested by: Senators Thomas, Wellons, Ballance, Plyler, Odom, Lee

REDUCE SUMMIT HOUSE APPROPRIATION

SECTION 17.15. Subsection (a) of Section 25.14 of S.L. 2001-424 reads as rewritten:

"SECTION 25.14.(a) The General Fund appropriation to the Department of Correction for Summit House, Inc., is reduced by the sum of one hundred thirty-nine thousand six hundred fifty dollars (\$139,650) for ~~each year of the 2001-2003 biennium.~~ This the 2001-2002 fiscal year and by the sum of two hundred sixty-three thousand three hundred dollars (\$263,300) for the 2002-2003 fiscal year. The ten percent (10%) reduction in funding for the 2001-2002 fiscal year shall be accomplished by reducing expenditures at the State office and not through reductions in funding to individual sites. The additional ten percent (10%) reduction for the 2002-2003 fiscal year shall be accomplished by reducing State funding for the State office by at least sixteen and seven-tenths percent (16.7%) in order to minimize the impact on the individual sites.

The Summit House Management Team shall continue to explore ways to reduce the use of State funds at the State office, including consideration of co-locating the State office with one of the local programs and contracting for financial services in lieu of a full-time staff. As of May 1, 2003, no State funds shall be used to support the State office."

PART XVIII. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY

Requested by: Senators Thomas, Wellons, Plyler, Odom, Lee

ELIMINATE STATE BOXING COMMISSION

SECTION 18.1.(a) Article 68 of Chapter 143 of the General Statutes is repealed.

SECTION 18.1.(b) G.S. 90-18.3 reads as rewritten:

"§ 90-18.3. Physical examination by nurse practitioners and physician assistants.

(a) Whenever a statute or State agency rule requires that a physical examination shall be conducted by a physician, the examination may be conducted and the form signed by a nurse practitioner or a physician's assistant, and a physician need not be present. Nothing in this section shall otherwise change the scope of practice of a nurse practitioner or a physician's assistant, as defined by G.S. 90-18.1 and G.S. 90-18.2, respectively.

(b) This section shall not apply to physical examinations conducted pursuant to G.S. 1A-1, Rule 35; G.S. 15B-12; or G.S. 90-14; ~~or any rules adopted by the North Carolina Boxing Commission requiring physical examinations~~ unless those statutes or rules are amended to make the provisions of this section applicable."

Requested by: Senators Thomas, Wellons, Ballance, Albertson, Plyler, Odom, Lee

TARHEEL CHALLENGE MATCHING FUNDS

SECTION 18.2. The North Carolina National Guard shall identify alternative sources of funding, including local and private funds, to be used to meet the forty percent (40%) match requirement for federal funds.

Requested by: Senators Thomas, Wellons, Plyler, Odom, Lee

PLAN OF REORGANIZATION FOR CAMP BUTNER

SECTION 18.3. It is the intent of the General Assembly to transfer the State's obligation of providing public safety services to Camp Butner, including the State and federal institutions and entities located at Camp Butner, and to transfer funds sufficient to provide fire and safety protection to the State institutions at Camp Butner, effective June 30, 2003. The Office of the Governor shall consult with the Department of Crime Control and Public Safety, the Department of Health and Human Services, the Department of Correction, the Department of Juvenile Justice and Delinquency Prevention, the Department of Agriculture and Consumer Services, North Carolina State University, the Department of Public Instruction, and the Community Colleges System

1 to develop a plan of reorganization to transfer the State's authority, powers, duties, and
 2 contractual obligations of providing public safety services, including fire and police or
 3 safety protection, to Camp Butner and to the State and federal institutions and entities
 4 located at Camp Butner to either the county in which the real property is located or an
 5 incorporated municipality. In developing the plan of reorganization, the Office of the
 6 Governor shall also consider how fire and safety protections for the institutions located
 7 in Morganton, Burke County, and in Goldsboro, Wayne County, are funded.

8 On or before October 1, 2002, the Governor shall submit the plan of
 9 reorganization, including any legislative proposals and funding requirements that are
 10 required to implement the plan of reorganization, to the Chairs of the Senate
 11 Appropriations Committee on Justice and Public Safety, the Chairs of the House of
 12 Representatives Appropriations Subcommittee on Justice and Public Safety, the Fiscal
 13 Research Division, and the Corrections, Crime Control, and Juvenile Justice Oversight
 14 Committee. The plan of reorganization shall become effective June 30, 2003, unless the
 15 General Assembly disapproves of the plan.

16 17 PART XIX. DEPARTMENT OF ADMINISTRATION

18
19 Requested by: Senators Warren, Harris, Plyler, Odom, Lee

20 EXPAND DEFINITION OF HUB BUSINESS

21 SECTION 19.1. G.S. 143-128.2(g) reads as rewritten:

22 "(g) As used in this section:

23 (1) The term 'minority business' means a ~~business;~~ business which either
 24 meets the tests of subparagraphs a. and b. of this subdivision, or meets
 25 the test of subparagraph c. of this subdivision:

26 a. In which at least fifty-one percent (51%) is owned by one or
 27 more minority persons or socially and economically
 28 disadvantaged individuals, or in the case of a corporation, in
 29 which at least fifty-one percent (51%) of the stock is owned by
 30 one or more minority persons or socially and economically
 31 disadvantaged ~~individuals; and individuals.~~

32 b. Of which the management and daily business operations are
 33 controlled by one or more of the minority persons or socially
 34 and economically disadvantaged individuals who own it.

35 c. Which is a 'HUBZone small business concern' as defined by the
 36 Small Business Administration.

37 (2) The term 'minority person' means a person who is a citizen or lawful
 38 permanent resident of the United States and who is:

39 a. Black, that is, a person having origins in any of the black racial
 40 groups in Africa;

41 b. Hispanic, that is, a person of Spanish or Portuguese culture with
 42 origins in Mexico, South or Central America, or the Caribbean
 43 Islands, regardless of race;

44 c. Asian American, that is, a person having origins in any of the
 45 original peoples of the Far East, Southeast Asia and Asia, the
 46 Indian subcontinent, or the Pacific Islands;

47 d. American Indian, that is, a person having origins in any of the
 48 original Indian peoples of North America; or

49 e. Female.

50 (3) The term 'socially and economically disadvantaged individual' means
 51 the same as defined in 15 U.S.C. 637."

52
53 Requested by: Senators Warren, Harris, Plyler, Odom, Lee

54 INCREASE EFFICIENCY OF MAIL SERVICE CENTER

55 SECTION 19.2. G.S. 143-341(8)g. reads as rewritten:

1 "g. To establish and operate a central mailing system for all State
 2 agencies, and in connection therewith and in the discretion of
 3 the Secretary, to make application for and procure a post-office
 4 substation for that purpose, and to do all things necessary in
 5 connection with the maintenance of the central mailing system.
 6 The Secretary may allocate and charge against the respective
 7 departments and agencies their proportionate parts of the cost of
 8 the maintenance of the central mailing system. The Secretary
 9 shall develop a plan for the efficient operation of the center that
 10 meets the needs of State agencies and ensures timely delivery of
 11 mail, and shall present that plan to the Office of State Budget
 12 and Management and the General Assembly no later than the
 13 convening date of the 2003 General Assembly."
 14

15 Requested by: Senators Warren, Harris, Plyler, Odom, Lee

16 **SCHOLARSHIPS FOR CHILDREN OF WAR VETERANS AMENDMENTS**

17 **SECTION 19.3.** Article 4 of Chapter 165 of the General Statutes reads as
 18 rewritten:

19 "Article 4.

20 "Scholarships for Children of War Veterans.

21 "**§ 165-19. Purpose.**

22 In appreciation for the service and sacrifices of North Carolina's war veterans and as
 23 evidence of this State's concern for their children, there is hereby continued a revised
 24 program of scholarships for said children as set forth in this Article.

25 "**§ 165-20. Definitions.**

26 As used in this Article the terms defined in this section shall have the following
 27 meaning:

- 28 (1) "Active federal service" means full-time duty in the armed forces other
 29 than active duty for training; however, if disability or death occurs
 30 while on active duty for training (i) as a direct result of armed conflict
 31 or (ii) while engaged in extra-hazardous service, including such
 32 service under conditions simulating war, such active duty for training
 33 shall be considered as active federal service.
- 34 (2) "Armed forces" means the army, navy, marine corps, air force and
 35 coast guard, including their reserve components.
- 36 (3) "Child" means a person: (i) under 26 years of age at the time of
 37 application for such scholarship, (i) (ii) who is a domiciliary of North
 38 Carolina and is a resident of North Carolina when applying for a
 39 scholarship, and (ii) (iii) who is a senior in high school or its
 40 equivalent and who will graduate at the end of the academic year or a
 41 person who has completed high school or its equivalent, prior to
 42 receipt of a scholarship as may be awarded under this Article, and
 43 (iii)(iv) who has complied with the requirements of the Selective
 44 Service System, if applicable, and (iv)(v) who further meets one of the
 45 following requirements:
- 46 a. A person whose veteran parent was a legal resident of North
 47 Carolina at the time of said veteran's entrance into that period of
 48 service in the armed forces during which eligibility is
 49 established under G.S. 165-22.
- 50 b. A veteran's child who was born in North Carolina and has ~~lived~~
 51 ~~in been a resident of~~ North Carolina continuously since birth.
 52 ~~Provided, that the requirement in the preceding sentence as to~~
 53 ~~birth in North Carolina may be waived by the Department of~~
 54 ~~Administration if it is shown to the satisfaction of the~~
 55 ~~Department that the child's mother was a native born resident of~~

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

- c. A person meeting either of the requirements set forth in subdivision (3)a or b above, and who was legally adopted by the veteran prior to said person's reaching the age of 15 years.
- (4) "Period of war" and "wartime" shall mean any of the periods or circumstances as defined below:
- a. World War I, meaning (i) the period beginning on April 6, 1917 and ending on November 11, 1918, and (ii) in the case of a veteran who served with the United States armed forces in Russia, the period beginning on April 6, 1917 and ending on April 1, 1920.
- b. World War II, meaning the period beginning on December 7, 1941 and ending on December 31, 1946.
- c. Korean Conflict, meaning the period beginning on June 27, 1950 and ending on January 31, 1955.
- d. Vietnam era, meaning the period beginning on August 5, 1964, and ending on May 7, 1975.
- d1. Persian Gulf War, meaning the period beginning on August 2, 1990, and ending on the date prescribed by Presidential proclamation or concurrent resolution of the United States Congress.
- e. Any period of service in the armed forces during which the veteran parent of an applicant for a scholarship under this Article suffered death or disability (i) as a direct result of armed conflict or (ii) while engaged in extra-hazardous service, including such service under conditions simulating war.
- (5) "Private educational institution" means any junior college, senior college or university which is operated and governed by private interests not under the control of the federal, State or any local government, which is located within the State of North Carolina, which does not operate for profit, whose curriculum is primarily directed toward the awarding of associate, baccalaureate or graduate degrees, which agrees to the applicable administration and funding provisions of G.S. 165-22.1, of this Article, and which is otherwise approved by the State Board of Veterans Affairs.
- (6) "State educational institution" means any educational institution of higher learning which is owned and operated by the State of North Carolina, or any community college operated under the provisions of Chapter 115A and Article 3 of Chapter 116 of the General Statutes of North Carolina, or the college program of the North Carolina School of the Arts, or any technical institute operated under the provisions of Chapter 115A of the General Statutes of North Carolina.
- (7) "Veteran" means a person who served as a member of the armed forces of the United States in active federal service during a period of war and who was separated from the armed forces under conditions other than dishonorable. A person who was separated from the armed forces under conditions other than dishonorable and whose death or disability was incurred (i) as a direct result of armed conflict or (ii) while engaged in extra-hazardous service, including such service under conditions simulating war, shall also be deemed a "veteran" and such death or disability shall be considered wartime service-connected.

"§ 165-21. Scholarship.

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

- (1) With respect to State educational institutions, unless expressly limited elsewhere in this Article, a scholarship shall consist of:
 - a. Tuition,
 - b. A reasonable board allowance,
 - c. A reasonable room allowance,
 - d. Matriculation and other institutional fees required to be paid as a condition to remaining in said institution and pursuing the course of study selected, excluding charges or fees for books, supplies, tools and clothing.
- (2) With respect to private educational institutions, a scholarship shall consist of a monetary allowance as prescribed in G.S. 165-22.1(d).
- (3) Only one scholarship may be granted pursuant to this Article with respect to each child and it shall not extend for a longer period than four academic years, which years, however, need not be consecutive.
- (4) No educational assistance shall be afforded a child under this Article after the end of a ~~10-year~~ eight-year period beginning on the date the scholarship is first awarded. Those persons who have been granted a scholarship under this Article prior to the effective date of this act shall be entitled to the remainder of their period of scholarship eligibility if used prior to August 1, ~~1999~~ 2010. Whenever a child is enrolled in an educational institution and the period of entitlement ends while enrolled in a term, quarter or semester, such period shall be extended to the end of such term, quarter or semester, but not beyond the entitlement limitation of four academic years.

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

"§ 165-22. Classes or categories of eligibility under which scholarships may be awarded.

A child, as defined in this Article, who falls within the provisions of any eligibility class described below shall, upon proper application be considered for a scholarship, subject to the provisions and limitations set forth for the class under which he is considered:

- (1) Class I-A: Under this class a scholarship shall be awarded to any child whose veteran parent
 - a. Was killed in action or died from wounds or other causes not due to his own willful misconduct while a member of the armed forces during a period of war, or
 - b. Has died of service-connected injuries, wounds, illness or other causes incurred or aggravated during wartime service in the armed forces, as rated by the United States Department of Veterans Affairs.
- (2) Class I-B: Under this class a limited scholarship providing only those benefits set forth in G.S. 165-21(1)a and d and 165-21(2) of this Article, shall be awarded to any child whose veteran parent, at the time the benefits pursuant to this Article are sought to be availed of, is or was at the time of his death receiving compensation for a wartime service-connected disability of one hundred percent (100%) as rated by the United States Department of Veterans Affairs. Provided, that if the veteran parent of a recipient under this class should die of his wartime service-connected condition before the recipient shall have utilized all of his scholarship eligibility time, then the North Carolina Department

1 of Administration shall amend the recipient's award from Class I-B to
2 Class I-A for the remainder of the recipient's eligibility time. The
3 effective date of such an amended award shall be determined by the
4 Department of Administration, but, in no event shall it predate the date
5 of the veteran parent's death.

6 (3) Class II: Under this class a scholarship may be awarded to not more
7 than 100 children yearly, each of whose veteran parent, at the time the
8 benefits pursuant to this Article are sought to be availed of:

9 a. Is or was at the time of his death receiving compensation for a
10 wartime service-connected disability of twenty percent (20%)
11 or more, but less than one hundred percent (100%), as rated by
12 the United States Department of Veterans Affairs, or

13 ~~b. Is or was at the time of his death receiving wartime~~
14 ~~compensation for a statutory award for arrested pulmonary~~
15 ~~tuberculosis, as rated by the United States Department of~~
16 ~~Veterans Affairs.~~

17 b. Was awarded the Purple Heart for wounds received as a result
18 of an act of any opposing armed force, as a result of an
19 international terrorist attack, or as a result of military operations
20 while serving as part of a peacekeeping force.

21 (4) Class III: Under this class a scholarship may be awarded to not more
22 than 100 children yearly, each of whose veteran ~~parent, parent at the~~
23 ~~time the benefits pursuant to this Article are sought to be availed of:~~
24 served in the United States armed forces during a period of war, as
25 specified by G.S. 165-20(4) of this Article, and who does not fall
26 within the provisions of any other eligibility class described in G.S.
27 165-22(1), (2), (3), nor (5).

28 ~~a. Is or was at the time of his death drawing pension for~~
29 ~~permanent and total disability, nonservice connected, as rated~~
30 ~~by the United States Department of Veterans Affairs, or~~

31 ~~b. Is deceased and who does not fall within the provisions of any~~
32 ~~other eligibility class described in G.S. 165-22(1), (2), (3), (4)a.,~~
33 ~~nor (5) provided such child is less than 23 years of age at the~~
34 ~~time of application for such scholarship.~~

35 (5) Class IV: Under this class a scholarship as defined in G.S. 165-21 shall
36 be awarded to any child whose parent, while serving honorably as a
37 member of the armed forces of the United States in active federal
38 service during a period of war, as defined in G.S. 165-20(4), was listed
39 by the United States government as (i) missing in action, (ii) captured
40 in line of duty by a hostile force, or (iii) forcibly detained or interned
41 in line of duty by a foreign government or power.

42 **"§ 165-22.1. Administration and funding.**

43 (a) The administration of the scholarship program shall be vested in the
44 Department of Administration, and the disbursing and accounting activities required
45 shall be a responsibility of the Department of Administration. The Veterans Affairs
46 Commission shall determine the eligibility of applicants, select the scholarship
47 recipients, establish the effective date of scholarships, and may suspend or revoke
48 scholarships if the said Veterans Affairs Commission finds that the recipient does not
49 comply with the registration requirements of the Selective Service System or does not
50 maintain an adequate academic status, or if the recipient engages in riots, unlawful
51 demonstrations, the seizure of educational buildings, or otherwise engages in disorderly
52 conduct, breaches of the peace or unlawful assemblies. The Department of
53 Administration shall maintain the primary and necessary records, and the Veterans
54 Affairs Commission shall promulgate such rules and regulations not inconsistent with
55 the other provisions of this Article as it deems necessary for the orderly administration

1 of the program. It may require of State or private educational institutions, as defined in
2 this Article, such reports and other information as it may need to carry out the
3 provisions of this Article. The Department of Administration shall disburse scholarship
4 payments for recipients certified eligible by the Department of Administration upon
5 certification of enrollment by the enrolling institution.

6 (b) Funds for the support of this program shall be appropriated to the Department
7 of Administration as a reserve for payment of the allocable costs for room, board,
8 tuition, and other charges, and shall be placed in a separate budget code from which
9 disbursements shall be made. In the event the said appropriation for any year is
10 insufficient to pay the full amounts allocable under the provisions of this Article, such
11 supplemental sums as may be necessary shall be allocated from the Contingency and
12 Emergency Fund. The method of disbursing and accounting for funds allocated for
13 payments under the provisions of this section shall be in accordance with those
14 standards and procedures prescribed by the Director of the Budget, pursuant to the
15 Executive Budget Act.

16 (c) Allowances for room and board in State educational institutions shall be at
17 such rate as ~~the Director of the Budget may determine to be reasonable.~~ established by
18 the Secretary of the Department of Administration.

19 (d) Scholarship recipients electing to attend a private educational institution shall
20 be granted a monetary allowance for each term or other academic period attended under
21 their respective scholarship awards. All recipients under Class I-B scholarship shall
22 receive an allowance at one rate, irrespective of course or institution; all recipients
23 under Classes I-A, II, III and IV shall receive a uniform allowance at a rate higher than
24 for Class I-B, irrespective of course or institution. The amount of said allowances shall
25 be determined by the Director of the Budget and made known prior to the beginning of
26 each fall quarter or semester; provided that the Director of the Budget may change the
27 allowances at intermediate periods when in his judgment such changes are necessary.
28 Disbursements by the State shall be to the private institution concerned, for credit to the
29 account of each recipient attending said institution. The manner of payment to any
30 private institution shall be as prescribed by the Department of Administration. The
31 participation by any private institution in the program shall be subject to the applicable
32 provisions of this Article and to examination by State auditors of the accounts of
33 scholarship recipients attending or having attended private institutions. The Veterans
34 Affairs Commission may defer making an award or may suspend an award in any
35 private institution which does not comply with the provisions of this Article relating to
36 said institutions.

37 (e) Irrespective of other provisions of this Article, the Veterans Affairs
38 Commission may prescribe special procedures for adjusting the accounts of scholarship
39 recipients who for reasons of illness, physical inability to attend class or for other valid
40 reason satisfactory to the Veterans Affairs Commission may withdraw from State or
41 private educational institutions prior to the completion of the term, semester, quarter or
42 other academic period being attended at the time of withdrawal. Such procedures may
43 include, but shall not be limited to, paying the recipient the dollar value of his unused
44 entitlements for the academic period being attended, with a corresponding deduction of
45 this period from his remaining scholarship eligibility time."
46

47 Requested by: Senators Harris

48 **NO REDUCTION OF VETERANS AFFAIRS OFFICES**

49 **SECTION 19.3A.** Notwithstanding Page J-5, Item 1771 20 of The Senate
50 Appropriations/Base Budget Committee Report on the Continuation, Expansion and
51 Capital Budgets, dated June 18, 2002, for fiscal year 2002-2003 the number of veterans
52 affairs district offices is not reduced from 15 to 12 and only five positions are
53 eliminated, and in the budget of the Division of Veterans Affairs the appropriation for
54 the Veterans' Scholarship Program is reduced by one hundred eighty-eight thousand
55 eight hundred eighty-eight dollars (\$188,888) for the 2002-2003 fiscal year.

1
2 Requested by: Senators Warren, Harris, Plyler, Odom, Lee

3 **REGIONAL OFFICE CONSOLIDATION PLAN**

4 **SECTION 19.4.** The Department of Administration, State Property Office,
5 shall identify regional offices established throughout the State in all State agencies and
6 shall develop a plan that provides for the consolidation of the individual regional offices
7 into a central facility in each region, giving consideration to sharing space and utilizing
8 vacant space, and to availability of space in all agencies, including university and
9 community college campuses. The Department shall report its findings and
10 recommendations to the Chairs of the Appropriations Committees of the Senate and
11 House of Representatives and to the Fiscal Research Division by November 1, 2002.

12
13 Requested by: Senators Warren, Harris, Plyler, Odom, Lee

14 **REPEAL NORTH CAROLINA AGENCY FOR PUBLIC**
15 **TELECOMMUNICATIONS**

16 **SECTION 19.5.(a)** Part 22 of Article 9 of Chapter 143B of the General
17 Statutes is repealed.

18 **SECTION 19.5.(b)** G.S. 147-33.91(13) is repealed.

19
20 **PART XX. OFFICE OF THE STATE AUDITOR**

21
22 Requested by: Senator Horton

23 **USE RECEIPTS FOR CONTRACT AUDITS**

24 **SECTION 20.2.(a)** Notwithstanding the reduction of \$360,606 in funding
25 from the General Fund for the Department of State Auditor for Smart Start Contract
26 Services, which is included in item number 28 on page J-8 of the Senate
27 Appropriations/Base Budget Committee Report on the Continuation, Expansion and
28 Capital Budgets, dated June 18, 2002, funding for this function shall be provided by an
29 increase in General Fund Receipts. The North Carolina Partnership for Children shall
30 pay for the audit of the Partnership and for the audits of the local partnerships.

31 **SECTION 20.2.(b)** G.S. 143B-168.12 is amended by adding a new
32 subsection to read:

33 "(c1) The North Carolina Partnership shall reimburse the General Fund for the
34 amount appropriated to the State Auditor for auditing the Partnership and the local
35 partnerships."

36
37 **PART XXI. DEPARTMENT OF CULTURAL RESOURCES**

38
39 Requested by: Senators Warren, Harris, Plyler, Odom, Lee

40 **NC ARTS COUNCIL LIMIT USE OF CONSULTANTS**

41 **SECTION 21.1.** The North Carolina Arts Council shall limit the use of
42 consultants to evaluate and approve applications for arts and cultural grants for
43 individuals and organizations and shall conduct the grants process with the Division of
44 Arts Council staff.

45
46 Requested by: Senators Warren, Harris, Plyler, Odom, Lee

47 **MUSEUM ADMISSION FEE STUDY**

48 **SECTION 21.2.** The Office of State Budget and Management shall study the
49 feasibility of charging an admission fee to the State's museums and other similar
50 facilities open to the public. The Office of State Budget and Management shall conduct
51 the study in consultation with the Fiscal Research Division of the Legislative Services
52 Office. The Office of State Budget and Management shall complete this study and
53 report to the Chairs of the Senate and House of Representatives Appropriations
54 Committees by November 1, 2002.

PART XXII. DEPARTMENT OF REVENUE

Requested by: Senators Warren, Harris, Plyler, Odom, Lee

LOCAL SALES TAX ADMINISTRATIVE COSTS

SECTION 22.1. To the extent the Department of Revenue's nonrecurring costs of implementing and administering Article 44 of Chapter 105 of the General Statutes, as amended, exceed funds available in its budget for the 2002-2003 fiscal year, the Department may pay the excess cost by withholding funds from collections under Subchapter VIII of Chapter 105 of the General Statutes.

Requested by: Senators Warren, Harris, Plyler, Odom, Lee

DOR REPORTS ON DEBT COLLECTION

SECTION 22.2. G.S. 105-243.1(f) reads as rewritten:

"(f) Reports. – The Department must report to the Joint Legislative Commission on Governmental Operations and to the Revenue Laws Study Committee on its efforts to collect tax debts. Reports must be submitted quarterly beginning November 1, 2001, through ~~November 1, 2002~~, June 30, 2005, and semiannually thereafter. Each report must include a breakdown of the amount and age of tax debts collected by collection agencies on contract, the amount and age of tax debts collected by the Department through warning letters, and the amount and age of tax debts otherwise collected by Department personnel. The report must itemize collections by type of tax. Each report must also include a long-term collection plan, a timeline for implementing each step of the plan, a summary of steps taken since the last report and their results, and any other data requested by the Commission or the Committee."

Requested by: Senators Warren, Harris, Plyler, Odom, Lee

DOR VACANT POSITIONS

SECTION 22.3. The Department of Revenue shall reclassify vacant positions and allocate up to eight hundred fifty-five thousand forty-seven dollars (\$855,047) in recurring funds for the 2002-2003 fiscal year, and up to two hundred thousand one hundred dollars (\$200,100) in nonrecurring funds for the 2002-2003 fiscal year as follows:

- (1) To increase staff and provide operating costs in the Criminal Investigations Division to expand fraud investigations.
- (2) To support the Department of Justice's personnel and operating expenses for legal services related to the expansion of fraud investigations.

Requested by: Senators Warren, Harris, Plyler, Odom, Lee

DOR DEBT COLLECTION FUNDS

SECTION 22.4. The Department of Revenue may use up to six hundred thousand dollars (\$600,000) each fiscal year from the collection assistance fee account created in G.S. 105-243.1 to be allocated as follows:

- (1) Two hundred thousand dollars (\$200,000) for contractual services related to system changes for managing and filing bankruptcies.
- (2) Four hundred thousand dollars (\$400,000) for identifying delinquent taxpayers.

Requested by: Senators Warren, Harris, Plyler, Odom, Lee

DOR REPORT ON LOCAL TAX ADMINISTRATION EXPENSES

SECTION 22.5. G.S. 105-256 is amended by adding a new subsection to read:

"(e) Local Tax Administration Expenses. – The Secretary must report quarterly to the chairs of the Appropriations Committees and Finance Committees of each house of the General Assembly and to the Fiscal Research Division on its expenditures of funds

1 withheld from distributions to local governments to cover its costs of administering
2 local taxes and local programs. The report must itemize expenditures for personnel,
3 operating expenses, and nonrecurring expenses by division and must specify the source
4 of the withheld funds in each case. The report is due 15 days after the end of each
5 quarter."

7 PART XXIII. RULES REVIEW COMMISSION

9 Requested by: Senators Warren, Harris, Plyler, Odom, Lee

10 RULES REVIEW COMMISSION MEETING SCHEDULE

11 SECTION 23.1. G.S. 143B-30.1 reads as rewritten:

12 "§ 143B-30.1. Rules Review Commission created.

13 (a) The Rules Review Commission is created. The Commission shall consist of
14 10 members to be appointed by the General Assembly, five upon the recommendation
15 of the President Pro Tempore of the Senate, and five upon the recommendation of the
16 Speaker of the House of Representatives. These appointments shall be made in
17 accordance with G.S. 120-121, and vacancies in these appointments shall be filled in
18 accordance with G.S. 120-122. Except as provided in subsection (b) of this section, all
19 appointees shall serve two-year terms.

20 (b) In 1990, two of the appointments made by the General Assembly upon the
21 recommendation of the President of the Senate shall expire June 30, 1991, and two shall
22 expire June 30, 1992. In 1990, two of the appointments made by the General Assembly
23 upon the recommendation of the Speaker of the House of Representatives shall expire
24 June 30, 1992, and two shall expire June 30, 1993. Subsequent terms shall be for two
25 years.

26 (c) Any appointment to fill a vacancy on the Commission created by the
27 resignation, dismissal, ineligibility, death, or disability of any member shall be for the
28 balance of the unexpired term. The chairman shall be elected by the Commission, and
29 he shall designate the times and places at which the Commission shall meet. ~~The~~
30 ~~Commission shall meet at least once a month.~~ A quorum of the Commission shall
31 consist of six members of the Commission. The Commission is an independent agency
32 under Article III, Section 11 of the Constitution.

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

39 (e) Any other provision of the General Statutes notwithstanding, the appointment
40 of employees of the Commission shall be made by the Commission. Nothing in this
41 Article shall be construed to exempt employees of the Commission from the State
42 Personnel Act.

43 (f) ~~The Commission shall prescribe procedures and forms to be used in~~
44 ~~submitting rules to the Commission for review.~~ may make rules concerning its meeting
45 schedule, filing procedures, and review schedule and procedures. The Commission may
46 have computer access to the North Carolina Administrative Code to enable the
47 Commission and its staff to view and copy rules in the Code."

49 PART XXIV. SECRETARY OF STATE

51 Requested by: Senators Warren, Harris, Plyler, Odom, Lee

52 ELIMINATE THE BUSINESS LICENSE INFORMATION OFFICE

53 SECTION 24.1.(a) Article 4B of Chapter 147 of the General Statutes is
54 repealed.

55 SECTION 24.1.(b) G.S. 105-259(b)(17) is repealed.

1
2 **PART XXV. OFFICE OF THE STATE CONTROLLER**
3

4 Requested by: Senators Warren, Harris, Plyler, Odom, Lee

5 **OVERPAYMENTS AUDIT**

6 **SECTION 25.1.(a)** During the 2002-2003 fiscal year, receipts generated by
7 the collection of inadvertent overpayments by State agencies to vendors as a result of
8 pricing errors, neglected rebates and discounts, miscalculated freight charges, unclaimed
9 refunds, erroneously paid excise taxes, and related errors as required by
10 G.S.147-86.22(c) are to be deposited in the Special Reserve Account 24172.

11 **SECTION 25.1.(b)** For the 2002-2003 fiscal year, two hundred thousand
12 dollars (\$200,000) of the funds transferred from the Special Reserve Account 24172
13 shall be used by the Office of the State Controller for data processing, debt collection,
14 or other information technology initiatives.

15 **SECTION 25.1.(c)** All funds available in the Special Reserve Account
16 24172 on July 1, 2002, are transferred to the General Fund on that date.

17 **SECTION 25.1.(d)** Any unobligated funds in the Special Reserve Account
18 24172 that are realized above the allowance in subsection (b) of this section are subject
19 to appropriation by the General Assembly in the 2003 Regular Session of the General
20 Assembly.

21 **SECTION 25.1.(e)** The State Controller shall report quarterly to the Joint
22 Legislative Commission on Governmental Operations and the Fiscal Research Division
23 on the revenue deposited into the Special Reserve Account and the disbursement of that
24 revenue.
25

26 **PART XXVI. DEPARTMENT OF TRANSPORTATION**
27

28 Requested by: Senators Gulley, Plyler, Odom, Lee

29 **CASH-FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND**
30 **APPROPRIATIONS**

31 **SECTION 26.1.** Section 27.4(a) of S.L. 2001-424 reads as rewritten:

32 **"SECTION 27.4.(a)** The General Assembly authorizes and certifies anticipated
33 revenues of the Highway Fund as follows:

34	FY 2003-2004	\$1,334.6 million	<u>\$1,328.9 million</u>
35	FY 2004-2005	\$1,369.8 million	<u>\$1,374.0 million</u>
36	FY 2005-2006	\$1,406.1 million	<u>\$1,422.4 million</u>
37	FY 2006-2007	\$1,445.5 million	<u>\$1,472.6 million</u>

38 The General Assembly authorizes and certifies anticipated revenues of the Highway
39 Trust Fund as follows:

40	FY 2003-2004	\$1,127.6 million	<u>\$1,019.4 million</u>
41	FY 2004-2005	\$1,176.5 million	<u>\$1,058.5 million</u>
42	FY 2005-2006	\$1,226.8 million	<u>\$1,110.2 million</u>
43	FY 2006-2007	\$1,278.4 million	<u>\$1,162.5 million</u>

44
45 Requested by: Senators Gulley, Garrou, Plyler, Odom, Lee

46 **HIGHWAY TRUST FUND STUDY COMMITTEE CONTINUED**

47 **SECTION 26.2.(a)** Section 27.6(b) of S.L. 2001-424 reads as rewritten:

48 **"SECTION 27.6. (b)** Membership. – The Study Committee shall be composed of
49 ~~16~~18 members as follows:

- 50 (1) The Chairs of the Joint Legislative Transportation Oversight
51 Committee.
52 (2) Four Representatives and ~~three~~four public members appointed by the
53 Speaker of the House of Representatives.
54 (3) Four Senators and ~~three~~four public members appointed by the
55 President Pro Tempore of the Senate.

1 The appointing authorities shall make their appointments to reflect the urban-rural
2 diversity of the population of the State."

3 **SECTION 26.2.(b)** Section 27.6(c) of S.L. 2001-424 reads as rewritten:

4 **"SECTION 27.6.(c)** Duties of the Study Committee. – The Committee may study
5 all aspects of the Highway Trust Fund. The study shall include the examination of all
6 the following:

- 7 (1) The current status, cost estimates, and feasibility of Highway Trust
8 Fund projects currently listed in Article 14 of Chapter 136 of the
9 General Statutes.
- 10 (2) Unanticipated problems with the structure of the Highway Trust Fund.
- 11 (3) The gap between transportation funding structures and the actual
12 transportation needs of the State.
- 13 (4) Allocation issues raised by the structure of the transportation funding
14 equity distribution formula in G.S. 136-17.2A.
- 15 (5) The feasibility of altering the project eligibility requirements of the
16 Highway Trust Fund, including permitting the Department of
17 Transportation to add projects as long as adding those projects does
18 not delay projects already to be funded by the Highway Trust Fund,
19 projects scheduled under the 2002-2008 Transportation Improvement
20 Program, and does not impair the cash-flow provisions of G.S.
21 136-176(a1).
- 22 (6) The feasibility of altering the funding allocation structure of the
23 Highway Trust Fund, including the possible use of the Highway
24 Trust Fund to provide the State match for available federal aid
25 highway funds as long as using the funds in this manner does not delay
26 projects already funded by the Highway Trust Fund, projects
27 scheduled under the 2002-2008 Transportation Improvement Program,
28 and does not impair the cash-flow provisions of G.S. 136-176(a1).
- 29 (7) Any other issue related to the Highway Trust Fund or transportation
30 funding."

31 **SECTION 26.2.(c)** Section 27.6(k) of S.L. 2001-424 reads as rewritten:

32 **"SECTION 27.6.(k)** Report. – The report of the study shall be made to the Joint
33 Legislative Transportation Oversight Committee no later than ~~April 1, 2002.~~ the first
34 day of the 2003 Session of the General Assembly. Upon the filing of its final report, the
35 Study Committee shall terminate."
36

37 Requested by: Senators Gulley, Metcalf, Carter, Plyler, Odom, Lee

38 **BILTMORE AVENUE AIRSPACE ENCROACHMENT**

39 **SECTION 26.3.** The Department of Transportation shall permit private use
40 of and encroachment upon the airspace above Biltmore Avenue located inside the
41 corporate limits of the City of Asheville for the purpose of construction and
42 maintenance of a pedestrian bridge to connect the campuses of Mission St. Joseph's
43 Health System unless, in the opinion of the Department, the bridge will unreasonably
44 interfere with and impair the property rights and easement of abutting owner or
45 unreasonably interfere with or obstruct the public use of Biltmore Avenue.
46

47 Requested by: Senators Gulley, Plyler, Odom, Lee

48 **PROPORTIONAL REDUCTION OF USE OF HIGHWAY TRUST FUND CASH** 49 **BALANCES**

50 **SECTION 26.4.** G.S. 136-176(a2) reads as rewritten:

51 "(a2) The Department shall certify to the Joint Legislative Transportation Oversight
52 Committee each year, on or before November 1, that use of the Highway Trust Fund
53 cash balances for these purposes will not adversely affect the delivery schedule of
54 Highway Trust Fund projects in the 2002-2008 Transportation Improvement Program.
55 If the Department cannot certify that the full cash balances authorized in subsection (a1)

1 of this section are available and can be used without adversely affecting the delivery
2 schedule, then if any cash balances are available for the purposes set forth in
3 subdivisions (1) through (4) of subsection (a1) of this section, the Department shall
4 report to the Joint Legislative Transportation Oversight Committee on the actual
5 amounts and proportionally reduce the use of the cash balances for all of these
6 purposes."

7
8 Requested by: Senators Rand, Plyler, Odom, Lee

9 **DIVISION OF MOTOR VEHICLES PRINTING EFFICIENCY**

10 **SECTION 26.5.** The Department of Transportation is directed to implement
11 a more cost effective method of providing printing services for the Division of Motor
12 Vehicles.

13
14 Requested by: Senators Gulley, Plyler, Odom, Lee

15 **DMV DRIVERS LICENSE EXAMINER DRESS CODE**

16 **SECTION 26.6.** The Secretary of Transportation shall eliminate the
17 requirement that Division Of Motor Vehicle Drivers License examiners wear uniforms.
18 The Secretary shall develop a new dress code for examiners that includes a requirement
19 that examiners wear khaki-type slacks and wear polo-type shirts bearing the Division's
20 logo.

21
22 Requested by: Senators Gulley, Plyler, Odom, Lee

23 **DIVISION OF MOTOR VEHICLES TO IMPLEMENT MULTIYEAR**
24 **REGISTRATIONS AND TEN-YEAR DRIVERS LICENSES**

25 **SECTION 26.7.** The Division of Motor Vehicles shall develop and
26 implement a system of issuing multiyear motor vehicle registrations and ten-year
27 drivers licenses. The Division of Motor Vehicles shall report to the General Assembly
28 on the first day of the 2003 Regular Session on any statutory changes required to
29 implement the multiyear registrations and ten-year licenses.

30
31 **PART XXVII. INFORMATION TECHNOLOGY**

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

34 **ELECTRONIC PROCUREMENT AND STATE INFORMATION**
35 **TECHNOLOGY PROCUREMENT BY SECRETARY OF**
36 **ADMINISTRATION**

37 **SECTION 27.1.(a)** G.S. 143-48.3(a) reads as rewritten:

38 "(a) The Department of Administration ~~and the~~ shall develop and maintain
39 electronic or digital standards for procurement. The Department of Administration shall
40 consult with the Office of the State Controller, ~~in conjunction with~~ the Office of
41 Information Technology Services (ITS), the Department of State Auditor, the
42 Department of State Treasurer, The University of North Carolina General
43 Administration, the Community Colleges System Office, and the Department of Public
44 Instruction shall collaborate to develop electronic or digital procurement
45 standards.~~Instruction."~~

46 **SECTION 27.1.(b)** G.S. 143-48.3(c) reads as rewritten:

47 "(c) The Department of Administration shall utilize the Office of Information
48 Technology Services ~~shall act as~~ an Application Service Provider for an electronic
49 procurement system ~~and shall establish, manage, and~~ system. The Office of Information
50 Technology Services shall operate this electronic procurement system, through State
51 ownership or commercial leasing, in accordance with the requirements and operating
52 standards developed by the Department of Administration, ~~the Office of the State~~
53 Controller, ~~and ITS.~~ Administration and the financial reporting and accounting
54 procedures of the Office of the State Controller."

1 **SECTION 27.1.(c)** G.S. 143-48.3 is amended by adding a new subsection to
2 read:

3 "**(a1)** The Department of Administration shall comply with the State government-
4 wide technical architecture for information technology, as required by the Information
5 Resources Management Commission."

6 **SECTION 27.1.(d)** G.S. 143-129(e)(7) reads as rewritten:

7 "**(e)** Exceptions. - The requirements of this Article do not apply to:

8 (7) Purchases of information technology through contracts ~~established~~
9 offered by the State Office of Information Technology Services as
10 provided in G.S. 147-33.82(b) and G.S. 147-33.92(b)."

11 **SECTION 27.1.(e)** Part 4 of Article 3D of Chapter 147 of the General
12 Statutes, being G.S. 147-33.95 through G.S. 147-33.103, is repealed.

13 **SECTION 27.1.(f)** G.S. 143-33.82(a) reads as rewritten:

14 "**§ 147-33.82. Powers and duties of the State Chief Information Officer and the**
15 **Office of Information Technology Services.**

16 (a) The Office of Information Technology Services shall:

17 ~~(1) Procure all information technology for State agencies, as provided in~~
18 ~~Part 4 of this Article.~~

19 (1a) Assist the Department of Administration specifically, and State
20 agencies generally, with technological review and cost analysis
21 relative to the State's information technology needs.

22 (1b) Establish processes, specifications, and standards relating to
23 information technology that assist the Department of Administration to
24 purchase, license, or lease information technology for State agencies.

25 (2) Submit for approval of the Information Resources Management
26 Commission all rates and fees for common, shared State
27 government-wide technology services provided by the Office.

28 (3) Submit for approval of the Information Resources Management
29 Commission recommended State government-wide, enterprise-level
30 policies for information technology.

31 (4) Develop standards, procedures, and processes to implement policies
32 approved by the Information Resources Management Commission.

33 (5) Assure that State agencies implement and manage information
34 technology portfolio-based management of State information
35 technology resources, in accordance with the direction set by the State
36 Chief Information Officer.

37 (6) Assure that State agencies implement and manage information
38 technology enterprise management efforts of State government, in
39 accordance with the direction set by the State Chief Information
40 Officer.

41 (7) Provide recommendations to the Information Resources Management
42 Commission for its biennial technology strategy and to develop State
43 government-wide technology initiatives to be approved by the
44 Information Resources Management Commission.

45 (8) Develop a project management, quality assurance, and architectural
46 review process that adheres to the Information Resources Management
47 Commission's certification program and portfolio-based management
48 initiative.

49 (9) Establish and utilize the Information Technology Management
50 Advisory Council to consist of representatives from other State
51 agencies to advise the Office on information technology business
52 management and technology matters.

53 (10) Maintain the confidentiality of trade secrets, test data, similar
54 proprietary information, and security information protected under G.S.
55 132-6.1(c)."

1 **SECTION 27.1.(g)** G.S. 147-33.82(b) reads as rewritten:

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

13 **SECTION 27.1.(h)** G.S. 147-33.82(e) reads as rewritten:

14 "(e) The State Chief Information Officer shall submit the enterprise-wide set of
15 standards for the State's information technology security to the Information Resources
16 Management Commission for approval. The Information Resources Management
17 Commission shall report approval of the standards to the Department of Administration
18 and to the Joint Legislative Commission on Governmental Operations prior to
19 implementation of the standards. The State Chief Information Officer shall review and
20 revise the standards at least annually, and the revisions shall be subject to approval by
21 the Information Resources Management Commission, with the Commission reporting to
22 the Joint Legislative Commission on Governmental Operations on the revisions."

23 **SECTION 27.1.(i)** Beginning October 15, 2002, and quarterly thereafter, the
24 Department of Administration shall report to the Chairs of the Senate Appropriations
25 Committee on Information Technology and the House of Representatives
26 Appropriations Subcommittee on Information Technology, to the Chairs of the Joint
27 Select Committee on Information Technology, and to the Fiscal Research Division on
28 the status of electronic procurement.
29

30 **PART XXVIII. SALARIES AND EMPLOYEE BENEFITS**

31
32 Requested by: Senators Odom, Lee

33 **NO AUTOMATIC STEP INCREASES FOR CERTAIN EMPLOYEES**

34 **SECTION 28.1.** State employees subject to G.S. 7A-102(c), 7A-171.1, or
35 20-187.3 shall not move up on salary schedules or receive automatic step increases for
36 the 2002-2003 fiscal year.
37

38 Requested by: Senators Plyler, Odom, Lee

39 **FUND PAYROLL AND RELATED EMPLOYMENT CONTRIBUTIONS AT** 40 **NINETY-EIGHT PERCENT OF BUDGETED REQUIREMENTS**

41 **SECTION 28.2.** The purpose of the payroll turnover adjustment set out in
42 Section 2.1. of this act is to adjust the amount of funds appropriated to the General Fund
43 for State-paid salaries and wages to more accurately reflect actual salary and wage
44 requirements for full-time and part-time State-paid personnel. The Office of State
45 Budget and Management shall allocate to State departments and agencies funds
46 necessary to support salaries and wages and related employer contributions for social
47 security and retirement at an average rate of ninety-eight percent (98%) of budgeted
48 requirements for salaries and related employer contributions. The provisions of this
49 section shall not apply to salary and related employer contributions funded by the State
50 for The University of North Carolina, the community colleges, and the public school
51 system.
52

53 Requested by: Senators Plyler, Odom, Lee

54 **ESTABLISH SEVERANCE EXPENDITURE RESERVE**

55 **SECTION 28.3.(a)** Section 32.19 of S.L. 2001-424 is repealed.

1 **SECTION 28.3.(b)** There is established in the Office of State Budget and
 2 Management a General Fund reserve budget code for the purpose of funding severance-
 3 related obligations to employees subject to the State Personnel Act, and to exempt State
 4 employees, who are separated from State service due to a reduction-in-force action.
 5 Severance-related expenditures from this reserve shall include obligations to fund (i) an
 6 employee's severance salary continuation with an age adjustment factor as defined by
 7 the State Personnel Commission in State Personnel Manual Section 11, Revision No. 7,
 8 9/22/2000, (ii) noncontributory health premiums for up to 12 months, (iii)
 9 employer-related contributions for social security, and (iv) payment of an employee's
 10 unused vacation leave not to exceed 240 hours.

11 **SECTION 28.3.(c)** The Director of the Budget shall allocate funds
 12 appropriated in Section 2.1. of this act to the Reserve for Severance Benefits to State
 13 agencies to fund severance-related obligations incurred by the agencies as a result of
 14 reduction-in-force actions taken by the Director of the Budget that cause State
 15 employees to be terminated from State employment. Funds appropriated to the Reserve
 16 for Severance Benefits shall be expended in their entirety before funds appropriated to a
 17 State agency for personal services expenditures may be used to fund any
 18 severance-related obligations.

19 **SECTION 28.3.(d)** The provisions of this section shall not apply to local
 20 school administrative units, to community colleges, or to The University of North
 21 Carolina.

22
 23 Requested by: Senators Plyler, Lee

24 **DHHS EXEMPT POLICYMAKING POSITIONS**

25 **SECTION 28.4.** G.S. 126-5(d)(1) reads as rewritten:

26 "(d) (1) Exempt Positions in Cabinet Department. – The Governor may
 27 designate a total of 100 exempt policymaking positions throughout the
 28 following departments:

- 29 a. Department of Administration;
- 30 b. Department of Commerce;
- 31 c. Department of Correction;
- 32 d. Department of Crime Control and Public Safety;
- 33 e. Department of Cultural Resources;
- 34 f. Department of Health and Human Services;
- 35 g. Department of Environment and Natural Resources;
- 36 h. Department of Revenue;
- 37 i. Department of Transportation; and
- 38 j. Department of Juvenile Justice and Delinquency Prevention.

39 The Governor may designate exempt managerial positions in a number
 40 up to one percent (1%) of the total number of full-time positions in
 41 each cabinet department listed above in this sub-subdivision, not to
 42 exceed 30 positions in each department. Notwithstanding the
 43 provisions of this subdivision, or the other requirements of this
 44 subsection, the Governor may at any time increase by five the number
 45 of exempt policymaking positions at the Department of Health and
 46 Human Services. The Governor shall notify the General Assembly and
 47 the State Personnel Director of the additional positions designated
 48 hereunder."

49
 50 Requested by: Senators Plyler, Odom, Lee

51 **SALARY-RELATED CONTRIBUTIONS/EMPLOYERS**

52 **SECTION 28.5.** Section 32.21(b) of S.L. 2001-424 reads as rewritten:

53 "**SECTION 32.21.(b)** The State's employer contribution rates budgeted for
 54 retirement and related benefits as percentage of covered salaries for ~~the 2001-2002~~
 55 ~~fiscal year and~~ the 2002-2003 fiscal year are (i) ~~five percent (5.00%)~~ three and three

1 ~~one-hundredths percent (3.03%) - Teachers and State Employees; (ii) ten percent~~
2 ~~(10.00%) - eight and three one-hundredths percent (8.03%) - State Law Enforcement~~
3 ~~Officers; (iii) nine and seventy-one hundredths percent (9.71%) - University~~
4 ~~Employees' Optional Retirement System; (iv) nine and seventy-one hundredths percent~~
5 ~~(9.71%) - Community College Optional Retirement Program; (v) sixteen and forty~~
6 ~~hundredths percent (16.40%) - Consolidated Judicial Retirement System; and (vi)~~
7 ~~twenty five and fifty five hundredths percent (25.55%) - Legislative Retirement~~
8 ~~System. Each of the foregoing contribution rates includes two and thirty-five hundredths~~
9 ~~percent (2.35%) for hospital and medical benefits. The rate for Teachers and State~~
10 ~~Employees, State Law Enforcement Officers, Community College Optional Retirement~~
11 ~~Program, and for the University Employees' Optional Retirement Program includes~~
12 ~~fifty-two hundredths percent (0.52%) for the Disability Income Plan. The rates for~~
13 ~~Teachers and State Employees and State Law Enforcement Officers include~~
14 ~~sixteen-hundredths percent (0.16%) for the Death Benefits Plan. The rate for State Law~~
15 ~~Enforcement Officers includes five percent (5%) for Supplemental Retirement Income."~~

16
17 Requested by: Senators Plyler, Odom, Lee, Rand

18 **PUBLIC EMPLOYEE SPECIAL PAY PLAN**

19 **SECTION 28.6.** Article 9 of Chapter 143B of the General Statutes is
20 amended by adding a new Part to read:

21 "Part 29. Board of Trustees of the North Carolina
22 Public Employee Special Pay Plan.

23 **"§ 143B-426.41. Board of Trustees of the North Carolina Public Employee Special**
24 **Pay Plan.**

25 (a) The Governor shall, by Executive Order, establish a Board of Trustees of the
26 North Carolina Public Employee Special Pay Plan, which when established shall be
27 constituted as an agency of the State of North Carolina within the Department of
28 Administration. The Board shall create, establish, implement, coordinate, and
29 administer a Special Pay Plan for State employees, which shall enhance, and not
30 diminish, existing Special Pay benefits. A Special Pay Plan is a qualified retirement
31 plan, approved by the Internal Revenue Service, that reduces the federal tax burden on
32 special compensation paid to State employees, including bonuses, accumulated sick
33 leave, accumulated vacation leave, and any other payment or benefit designated as
34 special pay by the Internal Revenue Code.

35 (b) The Board shall consist of five voting members, as follows:

36 (1) The State Controller;

37 (2) The State Budget Officer, who shall serve as chair;

38 (3) The State Treasurer;

39 (4) A representative of a public school system administrative unit who is
40 knowledgeable about payroll and benefit matters, appointed by the
41 Governor; and

42 (5) A representative of the University of North Carolina system who is
43 knowledgeable about payroll and benefit matters, appointed by the
44 Governor.

45 Any member may designate in writing, filed with the Board, any employee of his
46 department to act at any meeting of the Board from which the member is absent, to the
47 same extent that the member could act if present at that meeting. The initial term of the
48 member appointed pursuant to subdivision (4) of this subsection shall end July 1, 2004,
49 and, thereafter, the member shall serve terms of four years. The initial term of the
50 member appointed pursuant to subdivision (5) of this subsection shall end July 1, 2006,
51 and, thereafter, the member shall serve terms of four years.

52 (c) The Board may delegate the performance of such of its administrative duties
53 as it deems appropriate, including coordination and administration of the Plan.

54 (d) The Board shall devise a uniform Special Pay Plan for State employees for
55 the investment of special pay funds. The Plan shall be limited to employees age 55 or

1 older whose special pay totals five thousand dollars (\$5,000) or more per year. The
2 Board may designate appropriate investment vehicles from any company duly
3 authorized to conduct business in this State, or may establish, alter, amend, and modify,
4 to the extent it deems necessary or desirable, a trust for the purpose of facilitating the
5 administration, investment, and maintenance of assets acquired by the investment of
6 Special Pay Plan funds.

7 (e) A majority of the Board shall constitute a quorum for the transaction of
8 business."

9
10 Requested by: Senators Plyler, Odom, Lee, Harris, Warren, Kerr

11 **INCREASE FIRE AND RESCUE PENSION BENEFITS**

12 **SECTION 28.7.** G.S. 58-86-55 reads as rewritten:

13 **"§ 58-86-55. Monthly pensions upon retirement.**

14 Any member who has served 20 years as an "eligible fireman" or "eligible rescue
15 squad worker" in the State of North Carolina, as provided in G.S. 58-86-25 and G.S.
16 58-86-30, and who has attained the age of 55 years is entitled to be paid a monthly
17 pension from this fund. The monthly pension shall be in the amount of ~~one hundred~~
18 ~~fifty one dollars (\$151.00)~~ one hundred fifty-six dollars (\$156.00) per month. Any
19 retired fireman receiving a pension shall, effective ~~July 1, 2000,~~ July 1, 2002, receive a
20 pension of ~~one hundred fifty one dollars (\$151.00)~~ one hundred fifty-six dollars
21 (\$156.00) per month.

22 Members shall pay ten dollars (\$10.00) per month as required by G.S. 58-86-35 and
23 G.S. 58-86-40 for a period of no longer than 20 years. No "eligible rescue squad
24 member" shall receive a pension prior to July 1, 1983. No member shall be entitled to a
25 pension hereunder until the member's official duties as a fireman or rescue squad
26 worker for which the member is paid compensation shall have been terminated and the
27 member shall have retired as such according to standards or rules fixed by the board of
28 trustees.

29 A member who is totally and permanently disabled while in the discharge of the
30 member's official duties as a result of bodily injuries sustained or as a result of extreme
31 exercise or extreme activity experienced in the course and scope of those official duties
32 and who leaves the fire or rescue squad service because of this disability shall be
33 entitled to be paid from the fund a monthly benefit in an amount of ~~one hundred fifty~~
34 ~~one dollars (\$151.00)~~ one hundred fifty-six dollars (\$156.00) per month beginning the
35 first month after the member's fifty-fifth birthday. All applications for disability are
36 subject to the approval of the board who may appoint physicians to examine and
37 evaluate the disabled member prior to approval of the application, and annually
38 thereafter. Any disabled member shall not be required to make the monthly payment of
39 ten dollars (\$10.00) as required by G.S. 58-86-35 and G.S. 58-86-40.

40 A member who is totally and permanently disabled for any cause, other than line of
41 duty, who leaves the fire or rescue squad service because of this disability and who has
42 at least 10 years of service with the pension fund, may be permitted to continue making
43 a monthly contribution of ten dollars (\$10.00) to the fund until the member has made
44 contributions for a total of 240 months. The member shall upon attaining the age of 55
45 years be entitled to receive a pension as provided by this section. All applications for
46 disability are subject to the approval of the board who may appoint physicians to
47 examine and evaluate the disabled member prior to approval of the application and
48 annually thereafter.

49 A member who, because his residence is annexed by a city under Part 2 or Part 3 of
50 Article 4 of Chapter 160A of the General Statutes, or whose department is closed
51 because of an annexation by a city under Part 2 or Part 3 of Article 4 of Chapter 160A
52 of the General Statutes, and because of such annexation is unable to perform as a
53 fireman of any status, and if the member has at least 10 years of service with the
54 pension fund, may be permitted to continue making a monthly contribution of ten
55 dollars (\$10.00) to the fund until the member has made contributions for a total of 240

1 months. The member upon attaining the age of 55 years and completion of such
2 contributions shall be entitled to receive a pension as provided by this section. Any
3 application to make monthly contributions under this section shall be subject to a
4 finding of eligibility by the Board of Trustees upon application of the member.

5 The pensions provided shall be in addition to all other pensions or benefits under any
6 other statutes of the State of North Carolina or the United States, notwithstanding any
7 exclusionary provisions of other pensions or retirement systems provided by law."

8
9 Requested by: Senators Plyler, Odom, Lee

10 **PROVIDE COST-OF-LIVING INCREASES FOR RETIREES OF THE**
11 **TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM AND**
12 **THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM**

13 **SECTION 28.8.(a)** G.S. 135-5 is amended by adding a new subsection to
14 read:

15 "(jjj) From and after July 1, 2002, the retirement allowance to or on account of
16 beneficiaries whose retirement commenced on or before July 1, 2001, shall be increased
17 by one and one-tenth percent (1.10%) of the allowance payable on June 1, 2002, in
18 accordance with G.S. 135-5(o). Furthermore, from and after July 1, 2002, the retirement
19 allowance to or on account of beneficiaries whose retirement commenced after July 1,
20 2001, but before June 30, 2002, shall be increased by a prorated amount of one and one-
21 tenth percent (1.10%) of the allowance payable as determined by the Board of Trustees
22 based upon the number of months that a retirement allowance was paid between July 1,
23 2001, and June 30, 2002."

24 **SECTION 28.8.(b)** G.S. 128-27 is amended by adding a new subsection to
25 read:

26 "(bbb) From and after July 1, 2002, the retirement allowance to or on account of
27 beneficiaries whose retirement commenced on or before July 1, 2001, shall be increased
28 by one and one-tenth percent (1.10%) of the allowance payable on June 1, 2002, in
29 accordance with subsection (k) of this section. Furthermore, from and after July 1, 2002,
30 the retirement allowance to or on account of beneficiaries whose retirement commenced
31 after July 1, 2001, but before June 30, 2002, shall be increased by a prorated amount of
32 one and one-tenth percent (1.10%) of the allowance payable as determined by the Board
33 of Trustees based upon the number of months that a retirement allowance was paid
34 between July 1, 2001, and June 30, 2002."

35
36 Requested by: Senators Plyler, Odom, Lee, Harris

37 **ENHANCE BENEFITS PAYABLE FROM THE TEACHERS' AND STATE**
38 **EMPLOYEES' RETIREMENT SYSTEM AND THE LOCAL**
39 **GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM**

40 **SECTION 28.9.(a)** G.S. 135-5(b18) reads as rewritten:

41 "(b18) Service Retirement Allowance of Members Retiring on or After July 1, 2000-
42 2000, but Before July 1, 2002. – Upon retirement from service in accordance with
43 subsection (a) or (a1) above, on or after July 1, 2000, but before July 1, 2002, a member
44 shall receive the following service retirement allowance.

45 (1) A member who is a law enforcement officer or an eligible former law
46 enforcement officer shall receive a service retirement allowance
47 computed as follows:

48 a. If the member's service retirement date occurs on or after his
49 55th birthday, and completion of five years of creditable service
50 as a law enforcement officer, or after the completion of 30 years
51 of creditable service, the allowance shall be equal to one and
52 eighty-one hundredths percent (1.81%) of his average final
53 compensation, multiplied by the number of years of his
54 creditable service.

- 1 b. If the member's service retirement date occurs on or after his
2 50th birthday and before his 55th birthday with 15 or more
3 years of creditable service as a law enforcement officer and
4 prior to the completion of 30 years of creditable service, his
5 retirement allowance shall be equal to the greater of:
- 6 1. The service retirement allowance payable under G.S.
7 135-5(b18)(1)a. reduced by one-third of one percent (
8 1/3 of 1%) thereof for each month by which his
9 retirement date precedes the first day of the month
10 coincident with or next following the month the member
11 would have attained his 55th birthday; or
12 2. The service retirement allowance as computed under
13 G.S. 135-5(b18)(1)a. reduced by five percent (5%) times
14 the difference between 30 years and his creditable
15 service at retirement.
- 16 (2) A member who is not a law enforcement officer or an eligible former
17 law enforcement officer shall receive a service retirement allowance
18 computed as follows:
- 19 a. If the member's service retirement date occurs on or after his
20 65th birthday upon the completion of five years of membership
21 service or after the completion of 30 years of creditable service
22 or on or after his 60th birthday upon the completion of 25 years
23 of creditable service, the allowance shall be equal to one and
24 eighty-one hundredths percent (1.81%) of his average final
25 compensation, multiplied by the number of years of creditable
26 service.
- 27 b. If the member's service retirement date occurs after his 60th
28 birthday and before his 65th birthday and prior to his
29 completion of 25 years or more of creditable service, his
30 retirement allowance shall be computed as in G.S.
31 135-5(b18)(2)a. but shall be reduced by one-quarter of one
32 percent (1/4 of 1%) thereof for each month by which his
33 retirement date precedes the first day of the month coincident
34 with or next following his 65th birthday.
- 35 c. If the member's early service retirement date occurs on or after
36 his 50th birthday and before his 60th birthday and after
37 completion of 20 years of creditable service but prior to the
38 completion of 30 years of creditable service, his early service
39 retirement allowance shall be equal to the greater of:
- 40 1. The service retirement allowance as computed under
41 G.S. 135-5(b18)(2)a. but reduced by the sum of
42 five-twelfths of one percent (5/12 of 1%) thereof for
43 each month by which his retirement date precedes the
44 first day of the month coincident with or next following
45 the month the member would have attained his 60th
46 birthday, plus one-quarter of one percent (1/4 of 1%)
47 thereof for each month by which his 60th birthday
48 precedes the first day of the month coincident with or
49 next following his 65th birthday; or
50 2. The service retirement allowance as computed under
51 G.S. 135-5(b18)(2)a. reduced by five percent (5%) times
52 the difference between 30 years and his creditable
53 service at retirement; or
54 3. If the member's creditable service commenced prior to
55 July 1, 1994, the service retirement allowance equal to

1 the actuarial equivalent of the allowance payable at the
2 age of 60 years as computed in G.S. 135-5(b18)b.

- 3 d. Notwithstanding the foregoing provisions, any member whose
4 creditable service commenced prior to July 1, 1963, shall not
5 receive less than the benefit provided by G.S. 135-5(b)."

6 **SECTION 28.9.(b)** G.S. 135-5 is amended by adding a new subsection to

7 read:

8 "(b19) Service Retirement Allowance of Members Retiring on or After July 1, 2002.
9 – Upon retirement from service in accordance with subsection (a) or (a1) above, on or
10 after July 1, 2002, a member shall receive the following service retirement allowance:

11 (1) A member who is a law enforcement officer or an eligible former law
12 enforcement officer shall receive a service retirement allowance
13 computed as follows:

14 a. If the member's service retirement date occurs on or after his
15 55th birthday, and completion of five years of creditable service
16 as a law enforcement officer, or after the completion of 30 years
17 of creditable service, the allowance shall be equal to one and
18 eighty-two hundredths percent (1.82%) of his average final
19 compensation, multiplied by the number of years of his
20 creditable service.

21 b. If the member's service retirement date occurs on or after his
22 50th birthday and before his 55th birthday with 15 or more
23 years of creditable service as a law enforcement officer and
24 prior to the completion of 30 years of creditable service, his
25 retirement allowance shall be equal to the greater of:

26 1. The service retirement allowance payable under G.S.
27 135-5(b19)(1)a. reduced by one-third of one percent (1/3
28 of 1%) thereof for each month by which his retirement
29 date precedes the first day of the month coincident with
30 or next following the month the member would have
31 attained his 55th birthday; or

32 2. The service retirement allowance as computed under
33 G.S. 135-5(b19)(1)a. reduced by five percent (5%) times
34 the difference between 30 years and his creditable
35 service at retirement.

36 (2) A member who is not a law enforcement officer or an eligible former
37 law enforcement officer shall receive a service retirement allowance
38 computed as follows:

39 a. If the member's service retirement date occurs on or after his
40 65th birthday upon the completion of five years of membership
41 service or after the completion of 30 years of creditable service
42 or on or after his 60th birthday upon the completion of 25 years
43 of creditable service, the allowance shall be equal to one and
44 eighty-two hundredths percent (1.82%) of his average final
45 compensation, multiplied by the number of years of creditable
46 service.

47 b. If the member's service retirement date occurs after his 60th
48 birthday and before his 65th birthday and prior to his
49 completion of 25 years or more of creditable service, his
50 retirement allowance shall be computed as in G.S. 135-
51 5(b19)(2)a. but shall be reduced by one-quarter of one percent
52 (1/4 of 1%) thereof for each month by which his retirement date
53 precedes the first day of the month coincident with or next
54 following his 65th birthday.

- 1 c. If the member's early service retirement date occurs on or after
 2 his 50th birthday and before his 60th birthday and after
 3 completion of 20 years of creditable service but prior to the
 4 completion of 30 years of creditable service, his early service
 5 retirement allowance shall be equal to the greater of:
- 6 1. The service retirement allowance as computed under
 7 G.S. 135-5(b19)(2)a. but reduced by the sum of five-
 8 twelfths of one percent (5/12 of 1%) thereof for each
 9 month by which his retirement date precedes the first day
 10 of the month coincident with or next following the
 11 month the member would have attained his 60th
 12 birthday, plus one-quarter of one percent (1/4 of 1%)
 13 thereof for each month by which his 60th birthday
 14 precedes the first day of the month coincident with or
 15 next following his 65th birthday; or
 - 16 2. The service retirement allowance as computed under
 17 G.S. 135-5(b19)(2)a. reduced by five percent (5%) times
 18 the difference between 30 years and his creditable
 19 service at retirement; or
 - 20 3. If the member's creditable service commenced prior to
 21 July 1, 1994, the service retirement allowance equal to
 22 the actuarial equivalent of the allowance payable at the
 23 age of 60 years as computed in G.S. 135-5(b19)b.
- 24 d. Notwithstanding the foregoing provisions, any member whose
 25 creditable service commenced prior to July 1, 1963, shall not
 26 receive less than the benefit provided by G.S. 135-5(b)."

27 **SECTION 28.9.(c)** G.S. 135-5 is amended by adding a new subsection to
 28 read:

29 "(kkk) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 2002. –
 30 From and after July 1, 2002, the retirement allowance to or on account of beneficiaries
 31 on the retirement rolls as of June 1, 2002, shall be increased by six-tenths of one percent
 32 (0.6%) of the allowance payable on June 1, 2002. This allowance shall be calculated on
 33 the allowance payable and in effect on June 30, 2002, so as not to be compounded on
 34 any other increase granted by act of the 2002 Regular Session of the 2001 General
 35 Assembly."

36 **SECTION 28.9.(d)** G.S. 135-5(m) reads as rewritten:

37 "(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the
 38 principal beneficiary designated to receive a return of accumulated contributions shall
 39 have the right to elect to receive in lieu thereof the reduced retirement allowance
 40 provided by Option 2 of subsection (g) above computed by assuming that the member
 41 had retired on the first day of the month following the date of his death, provided that
 42 the following conditions apply:

- 43 (1) a. The member had attained such age and/or creditable service to
 44 be eligible to commence retirement with an early or service
 45 retirement allowance, or
- 46 b. The member had obtained 20 years of creditable service in
 47 which case the retirement allowance shall be computed in
 48 accordance with ~~G.S. 135-5(b18)(1)b. or G.S. 135-5(b18)(2)c.,~~
 49 G.S. 135-5(b19)(1)b. or G.S. 135-5(b19)(2)c., notwithstanding
 50 the requirement of obtaining age 50.
- 51 (2) The member had designated as the principal beneficiary to receive a
 52 return of his accumulated contributions one and only one person who
 53 was living at the time of his death.
- 54 (3) The member had not instructed the Board of Trustees in writing that he
 55 did not wish the provisions of this subsection to apply.

1 For the purpose of this benefit, a member is considered to be in service at the date of
2 his death if his death occurs within 180 days from the last day of his actual service. The
3 last day of actual service shall be determined as provided in subsection (l) of this
4 section. Upon the death of a member in service, the surviving spouse may make all
5 purchases for creditable service as provided for under this Chapter for which the
6 member had made application in writing prior to the date of death, provided that the
7 date of death occurred prior to or within 60 days after notification of the cost to make
8 the purchase. The term "in service" as used in this subsection includes a member in
9 receipt of a benefit under the Disability Income Plan as provided in Article 6 of this
10 Chapter."

11 **SECTION 28.9.(e)** G.S. 128-27(b19) reads as rewritten:

12 "(b19) Service Retirement Allowance of Member Retiring on or After July 1, ~~2001~~
13 2001, But Before July 1, 2002. – Upon retirement from service in accordance with
14 subsection (a) or (a1) above, on or after July 1, 2001, but before July 1, 2002, a member
15 shall receive the following service retirement allowance:

16 (1) A member who is a law enforcement officer or an eligible former law
17 enforcement officer shall receive a service retirement allowance
18 computed as follows:

19 a. If the member's service retirement date occurs on or after his
20 55th birthday and completion of five years of creditable service
21 as a law enforcement officer, or after the completion of 30 years
22 of creditable service, the allowance shall be equal to one and
23 eighty-one hundredths percent (1.81%) of his average final
24 compensation, multiplied by the number of years of his
25 creditable service.

26 b. If the member's service retirement date occurs on or after his
27 50th birthday and before his 55th birthday with 15 or more
28 years of creditable service as a law enforcement officer and
29 prior to the completion of 30 years of creditable service, his
30 retirement allowance shall be equal to the greater of:

- 31 1. The service retirement allowance payable under G.S.
32 128-27(b19)(1)a. reduced by one-third of one percent
33 (1/3 of 1%) thereof for each month by which his
34 retirement date precedes the first day of the month
35 coincident with or next following the month the member
36 would have attained his 55th birthday;
- 37 2. The service retirement allowance as computed under
38 G.S. 128-27(b19)(1)a. reduced by five percent (5%)
39 times the difference between 30 years and his creditable
40 service at retirement.

41 (2) A member who is not a law enforcement officer or an eligible former
42 law enforcement officer shall receive a service retirement allowance
43 computed as follows:

44 a. If the member's service retirement date occurs on or after his
45 65th birthday upon the completion of five years of creditable
46 service or after the completion of 30 years of creditable service
47 or on or after his 60th birthday upon the completion of 25 years
48 of creditable service, the allowance shall be equal to one and
49 eighty-one hundredths percent (1.81%) of average final
50 compensation, multiplied by the number of years of creditable
51 service.

52 b. If the member's service retirement date occurs after his 60th
53 birthday and before his 65th birthday and prior to his
54 completion of 25 years or more of creditable service, his
55 retirement allowance shall be computed as in G.S.

1 128-27(b19)(2)a. but shall be reduced by one-quarter of one
 2 percent (1/4 of 1%) thereof for each month by which his
 3 retirement date precedes the first day of the month coincident
 4 with or next following his 65th birthday.

5 c. If the member's early service retirement date occurs on or after
 6 his 50th birthday and before his 60th birthday and after
 7 completion of 20 years of creditable service but prior to the
 8 completion of 30 years of creditable service, his early service
 9 retirement allowance shall be equal to the greater of:

10 1. The service retirement allowance as computed under
 11 G.S. 128-27(b19)(2)a. but reduced by the sum of
 12 five-twelfths of one percent (5/12 of 1%) thereof for
 13 each month by which his retirement date precedes the
 14 first day of the month coincident with or next following
 15 the month the member would have attained his 60th
 16 birthday, plus one-quarter of one percent (1/4 of 1%)
 17 thereof for each month by which his 60th birthday
 18 precedes the first day of the month coincident with or
 19 next following his 65th birthday; or

20 2. The service retirement allowance as computed under
 21 G.S. 128-27(b19)(2)a. reduced by five percent (5%)
 22 times the difference between 30 years and his creditable
 23 service at retirement; or

24 3. If the member's creditable service commenced prior to
 25 July 1, 1995, the service retirement allowance equal to
 26 the actuarial equivalent of the allowance payable at the
 27 age of 60 years as computed in G.S. 128-27(b19)(2)b.

28 d. Notwithstanding the foregoing provisions, any member whose
 29 creditable service commenced prior to July 1, 1965, shall not
 30 receive less than the benefit provided by G.S. 128-27(b)."

31 **SECTION 28.9.(f)** G.S. 128-27 is amended by adding a new subsection to

32 read:

33 "(b20) Service Retirement Allowance of Member Retiring on or After July 1, 2002.
 34 – Upon retirement from service in accordance with subsection (a) or (a1) above, on or
 35 after July 1, 2002, a member shall receive the following service retirement allowance:

36 (1) A member who is a law enforcement officer or an eligible former law
 37 enforcement officer shall receive a service retirement allowance
 38 computed as follows:

39 a. If the member's service retirement date occurs on or after his
 40 55th birthday and completion of five years of creditable service
 41 as a law enforcement officer, or after the completion of 30 years
 42 of creditable service, the allowance shall be equal to one and
 43 eighty-two hundredths percent (1.82%) of his average final
 44 compensation, multiplied by the number of years of his
 45 creditable service.

46 b. If the member's service retirement date occurs on or after his
 47 50th birthday and before his 55th birthday with 15 or more
 48 years of creditable service as a law enforcement officer and
 49 prior to the completion of 30 years of creditable service, his
 50 retirement allowance shall be equal to the greater of:

51 1. The service retirement allowance payable under G.S.
 52 128-27(b20)(1)a. reduced by one-third of one percent
 53 (1/3 of 1%) thereof for each month by which his
 54 retirement date precedes the first day of the month

1 coincident with or next following the month the member
2 would have attained his 55th birthday;

3 2. The service retirement allowance as computed under
4 G.S. 128-27(b20)(1)a. reduced by five percent (5%)
5 times the difference between 30 years and his creditable
6 service at retirement.

7 (2) A member who is not a law enforcement officer or an eligible former
8 law enforcement officer shall receive a service retirement allowance
9 computed as follows:

10 a. If the member's service retirement date occurs on or after his
11 65th birthday upon the completion of five years of creditable
12 service or after the completion of 30 years of creditable service
13 or on or after his 60th birthday upon the completion of 25 years
14 of creditable service, the allowance shall be equal to one and
15 eighty-two hundredths percent (1.82%) of average final
16 compensation, multiplied by the number of years of creditable
17 service.

18 b. If the member's service retirement date occurs after his 60th
19 birthday and before his 65th birthday and prior to his
20 completion of 25 years or more of creditable service, his
21 retirement allowance shall be computed as in G.S. 128-
22 27(b20)(2)a. but shall be reduced by one-quarter of one percent
23 (1/4 of 1%) thereof for each month by which his retirement date
24 precedes the first day of the month coincident with or next
25 following his 65th birthday.

26 c. If the member's early service retirement date occurs on or after
27 his 50th birthday and before his 60th birthday and after
28 completion of 20 years of creditable service but prior to the
29 completion of 30 years of creditable service, his early service
30 retirement allowance shall be equal to the greater of:

31 1. The service retirement allowance as computed under
32 G.S. 128-27(b20)(2)a. but reduced by the sum of five-
33 twelfths of one percent (5/12 of 1%) thereof for each
34 month by which his retirement date precedes the first day
35 of the month coincident with or next following the
36 month the member would have attained his 60th
37 birthday, plus one-quarter of one percent (1/4 of 1%)
38 thereof for each month by which his 60th birthday
39 precedes the first day of the month coincident with or
40 next following his 65th birthday; or

41 2. The service retirement allowance as computed under
42 G.S. 128-27(b20)(2)a. reduced by five percent (5%)
43 times the difference between 30 years and his creditable
44 service at retirement; or

45 3. If the member's creditable service commenced prior to
46 July 1, 1995, the service retirement allowance equal to
47 the actuarial equivalent of the allowance payable at the
48 age of 60 years as computed in G.S. 128-27(b20)(2)b.

49 d. Notwithstanding the foregoing provisions, any member whose
50 creditable service commenced prior to July 1, 1965, shall not
51 receive less than the benefit provided by G.S. 128-27(b)."

52 **SECTION 28.9.(g)** G.S. 128-27 is amended by adding a new subsection to

53 read:

54 "(ccc) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 2002. –
55 From and after July 1, 2002, the retirement allowance to or on account of beneficiaries

1 on the retirement rolls as of June 1, 2002, shall be increased by six-tenths of one percent
2 (0.6%) of the allowance payable on June 1, 2002. This allowance shall be calculated on
3 the allowance payable and in effect on June 30, 2002, so as not to be compounded on
4 any other increase payable under subsection (k) of this section or otherwise granted by
5 act of the 2002 Regular Session of the 2001 General Assembly."

6 **SECTION 28.9.(h)** G.S. 128-27(m) reads as rewritten:

7 "(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the
8 principal beneficiary designated to receive a return of accumulated contributions shall
9 have the right to elect to receive in lieu thereof the reduced retirement allowance
10 provided by Option two of subsection (g) above computed by assuming that the member
11 had retired on the first day of the month following the date of his death, provided that all
12 three of the following conditions apply:

- 13 (1) a. The member had attained such age and/or creditable service to
14 be eligible to commence retirement with an early or service
15 retirement allowance, or
16 b. The member had obtained 20 years of creditable service in
17 which case the retirement allowance shall be computed in
18 accordance with ~~G.S. 128-27(b19)(1)b. or G.S. 128-~~
19 ~~27(b19)(2)e.,~~ G.S. 128-27(b20)(1)b. or G.S. 128-27(b20)(2)c.,
20 notwithstanding the requirement of obtaining age 50.
21 (2) The member had designated as the principal beneficiary to receive a
22 return of his accumulated contributions one and only one person who
23 is living at the time of his death.
24 (3) The member had not instructed the Board of Trustees in writing that he
25 did not wish the provisions of this subsection apply.

26 For the purpose of this benefit, a member is considered to be in service at the date of
27 his death if his death occurs within 180 days from the last day of his actual service. The
28 last day of actual service shall be determined as provided in subsection (l) of this
29 section. Upon the death of a member in service, the surviving spouse may make all
30 purchases for creditable service as provided for under this Chapter for which the
31 member had made application in writing prior to the date of death, provided that the
32 date of death occurred prior to or within 60 days after notification of the cost to make
33 the purchase."

34 **SECTION 28.9.(i)** This section becomes effective July 1, 2002.

35
36 Requested by: Senators Plyler, Odom, Lee

37 **RETIRED TEACHERS RETURNING TO THE CLASSROOM WITHOUT**
38 **LOSS OF RETIREMENT BENEFITS/OPTION EXTENDED**

39 **SECTION 28.10.(a)** Subsection (d) of Section 28.24 of S.L. 1998-212 reads
40 as rewritten:

41 "(d) This section becomes effective January 1, 1999, and expires ~~June 30, 2003.~~
42 June 30, 2004."

43 **SECTION 28.10.(b)** The catch line to Section 67 of S.L. 1998-217 reads as
44 rewritten:

45 "**SECTION 67.** Effective January 1, 1999, through ~~June 30, 2003, June 30, 2004,~~
46 G.S. 135-3(8)c., as rewritten by Section 28.24(a) of ~~Senate Bill 1366 of the 1997~~
47 ~~General Assembly, as enacted, S.L. 1998-212~~ reads as rewritten:"

48 **SECTION 28.10.(c)** Subsection (b) of Section 67.1 of S.L. 1998-217 reads
49 as rewritten:

50 "(b) This section becomes effective January 1, 1999, and expires ~~June 30, 2003.~~
51 June 30, 2004."

52 **SECTION 28.10.(d)** Subsection (c) of Section 32.25 of S.L. 2001-424 reads
53 as rewritten:

54 "**SECTION 32.25.(c)** This section becomes effective July 1, 2001, and expires
55 ~~June 30, 2003. June 30, 2004.~~"

1
2 Requested by: Senators Plyler, Odom, Lee

3 **ABOLISH JUDICIAL/LEGISLATIVE RETIREMENT SYSTEMS**

4 **SECTION 28.11.(a)** Article 4 of Chapter 135 of the General Statutes is
5 repealed.

6 **SECTION 28.11.(b)** Article 1A of Chapter 120 of the General Statutes is
7 repealed.

8 **SECTION 28.11.(c)** G.S. 135-1(10) reads as rewritten:

9 "(10) "Employee" shall mean all full-time employees, agents or officers of
10 the State of North Carolina or any of its departments, bureaus and
11 institutions other than educational, whether such employees are
12 elected, appointed or employed: Provided that the term "employee"
13 shall not include ~~any person who is a member of the Consolidated~~
14 ~~Judicial Retirement System, any member of the General Assembly or~~
15 ~~any part-time or temporary employee.~~ Notwithstanding any other
16 provision of law, "employee" shall include all employees of the
17 General Assembly except participants in the Legislative Intern
18 Program, pages, and reemployed beneficiaries in receipt of a monthly
19 retirement allowance under this Chapter. In all cases of doubt, the
20 Board of Trustees shall determine whether any person is an employee
21 as defined in this Chapter. "Employee" shall also mean every full-time
22 civilian employee of the army national guard and air national guard of
23 this State who is employed pursuant to section 709 of Title 32 of the
24 United States Code and paid from federal appropriated funds, but held
25 by the federal authorities not to be a federal employee: Provided,
26 however, that the authority or agency paying the salaries of such
27 employees shall deduct or cause to be deducted from each employee's
28 salary the employee's contribution in accordance with applicable
29 provisions of G.S. 135-8 and remit the same, either directly or
30 indirectly, to the Retirement System; coverage of employees described
31 in this sentence shall commence upon the first day of the calendar year
32 or fiscal year, whichever is earlier, next following the date of
33 execution of an agreement between the Secretary of Defense of the
34 United States and the Adjutant General of the State acting for the
35 Governor in behalf of the State, but no credit shall be allowed pursuant
36 to this sentence for any service previously rendered in the
37 above-described capacity as a civilian employee of the national guard:
38 Provided, further, that the Adjutant General, in his discretion, may
39 terminate the Retirement System coverage of the above-described
40 national guard employees if a federal retirement system is established
41 for such employees and the Adjutant General elects to secure coverage
42 of such employees under such federal retirement system. Any full-time
43 civilian employee of the national guard described above who is now or
44 hereafter may become a member of the Retirement System may secure
45 Retirement System credit for such service as a national guard civilian
46 employee for the period preceding the time when such employees
47 became eligible for Retirement System coverage by paying to the
48 Retirement System an amount equal to that which would have
49 constituted employee contributions if he had been a member during the
50 years of ineligibility, plus interest. Employees of State agencies,
51 departments, institutions, boards, and commissions who are employed
52 in permanent job positions on a recurring basis and who work 30 or
53 more hours per week for nine or more months per calendar year are
54 covered by the provisions of this subdivision."

1 **SECTION 28.11.(d)** Any member of the Consolidated Judicial Retirement
2 System with five or more years of membership service on June 30, 2002, is entitled to
3 any inchoate rights and benefits provided under Article 4 of Chapter 135 of the General
4 Statutes prior to its repeal pursuant to subsection (a) of this section.

5 **SECTION 28.11.(e)** Any member of the Legislative Retirement System with
6 five or more years of membership service on June 30, 2002, is entitled to any inchoate
7 rights and benefits provided under Article 1A of Chapter 120 of the General Statutes
8 prior to its repeal pursuant to subsection (a) of this section.

9 **SECTION 28.11.(f)** This section becomes effective June 30, 2002.

10
11 Requested by: Senators Plyler, Odom, Lee

12 **CONFORM TREATMENT OF RETIRED LEGISLATIVE EMPLOYEES WHO**
13 **RETURN TO EMPLOYMENT IN A FULL-TIME PERMANENT POSITION**
14 **WITH THAT OF OTHER STATE EMPLOYEES**

15 **SECTION 28.12.(a)** G.S. 135-1(10) reads as rewritten:

16 "(10) "Employee" shall mean all full-time employees, agents or officers of
17 the State of North Carolina or any of its departments, bureaus and
18 institutions other than educational, whether such employees are
19 elected, appointed or employed: Provided that the term "employee"
20 shall not include any person who is a member of the Consolidated
21 Judicial Retirement System, any member of the General Assembly or
22 any part-time or temporary employee. Notwithstanding any other
23 provision of law, "employee" shall include all employees of the
24 General Assembly except participants in the Legislative Intern
25 Program, pages, and ~~reemployed~~ beneficiaries in receipt of a monthly
26 retirement allowance under this ~~Chapter.~~ Chapter who are reemployed
27 on a temporary basis. In all cases of doubt, the Board of Trustees shall
28 determine whether any person is an employee as defined in this
29 Chapter. "Employee shall also mean every full-time civilian employee
30 of the army national guard and air national guard of this State who is
31 employed pursuant to section 709 of Title 32 of the United States Code
32 and paid from federal appropriated funds, but held by the federal
33 authorities not to be a federal employee: Provided, however, that the
34 authority or agency paying the salaries of such employees shall deduct
35 or cause to be deducted from each employee's salary the employee's
36 contribution in accordance with applicable provisions of G.S. 135-8
37 and remit the same, either directly or indirectly, to the Retirement
38 System; coverage of employees described in this sentence shall
39 commence upon the first day of the calendar year or fiscal year,
40 whichever is earlier, next following the date of execution of an
41 agreement between the Secretary of Defense of the United States and
42 the Adjutant General of the State acting for the Governor in behalf of
43 the State, but no credit shall be allowed pursuant to this sentence for
44 any service previously rendered in the above-described capacity as a
45 civilian employee of the national guard: Provided, further, that the
46 Adjutant General, in his discretion, may terminate the Retirement
47 System coverage of the above- described national guard employees if a
48 federal retirement system is established for such employees and the
49 Adjutant General elects to secure coverage of such employees under
50 such federal retirement system. Any full-time civilian employee of the
51 national guard described above who is now or hereafter may become a
52 member of the Retirement System may secure Retirement System
53 credit for such service as a national guard civilian employee for the
54 period preceding the time when such employees became eligible for
55 Retirement System coverage by paying to the Retirement System an

1 amount equal to that which would have constituted employee
2 contributions if he had been a member during the years of ineligibility,
3 plus interest. Employees of State agencies, departments, institutions,
4 boards, and commissions who are employed in permanent job
5 positions on a recurring basis and who work 30 or more hours per
6 week for nine or more months per calendar year are covered by the
7 provisions of this subdivision. On and after August 1, 2001, a person
8 who is a nonimmigrant alien and who otherwise meets the
9 requirements of this subdivision shall not be excluded from the
10 definition of "employee" solely because the person holds a temporary
11 or time-limited visa."

12 **SECTION 28.12.(b)** This section is effective when it becomes law, provided
13 any person who has been reemployed by the General Assembly on a permanent
14 full-time basis prior to the effective date of this section may purchase credit for that
15 service by returning any retirement allowance received as well as the employee
16 contributions attributable to the service plus interest as determined by the Board of
17 Trustees of the Retirement System. In addition, the employer must pay the employer
18 contributions attributable to the service.
19

20 Requested by: Senators Plyler, Odom, Lee

21 **MODIFY BENEFIT RESTRICTIONS FOR REEMPLOYED RETIREES IN THE**
22 **TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM AND IN**
23 **THE LOCAL GOVERNMENTAL EMPLOYEES RETIREMENT SYSTEM**

24 **SECTION 28.13.(a)** G.S. 135-3(8)c. reads as rewritten:

25 "c. Should a beneficiary who retired on an early or service
26 retirement allowance under this Chapter be reemployed, or
27 otherwise engaged to perform services, by an employer
28 participating in the Retirement System on a part-time,
29 temporary, interim, or on a fee-for-service basis, whether
30 contractual or otherwise, and if such beneficiary earns an
31 amount during the 12-month period immediately following the
32 effective date of retirement or in any calendar year which
33 exceeds fifty percent (50%) of the reported compensation,
34 excluding terminal payments, during the 12 months of service
35 preceding the effective date of retirement, or twenty thousand
36 dollars (\$20,000), whichever is greater, as hereinafter indexed,
37 then the retirement allowance shall be suspended as of the first
38 day of the month following the month in which the
39 reemployment earnings exceed the amount above, for the
40 balance of the calendar year. The retirement allowance of the
41 beneficiary shall be reinstated as of January 1 of each year
42 following suspension. The amount that may be earned before
43 suspension shall be increased on January 1 of each year by the
44 ratio of the Consumer Price Index to the Index one year earlier,
45 calculated to the nearest tenth of a percent (1/10 of 1%).

46 The computation of postretirement earnings of a beneficiary
47 under this sub-subdivision, G.S. 135-3(8)c., who has been
48 retired at least six months and has not been employed in any
49 capacity, except as a substitute teacher or a part-time tutor, with
50 a public school for at least six months immediately preceding
51 the effective date of reemployment, shall not include earnings
52 while the beneficiary is employed to teach on a substitute,
53 interim, or permanent basis in a public school. The Department
54 of Public Instruction shall certify to the Retirement System that
55 a beneficiary is employed to teach by a local school

administrative unit under the provisions of this sub-subdivision and as a retired teacher as the term is defined under the provisions of G.S. 115C-325(a)(5a).

Beneficiaries employed under this sub-subdivision are not entitled to any benefits otherwise provided under this Chapter as a result of this period of employment."

SECTION 28.13.(b) G.S. 128-24(5)c. reads as rewritten:

"c. Should a beneficiary who retired on an early or service retirement allowance be reemployed, or otherwise engaged to perform services, by an employer participating in the Retirement System on a part-time, temporary, interim, or on fee-for-service basis, whether contractual or otherwise, and if such beneficiary earns an amount during the 12-month period immediately following the effective date of retirement or in any calendar year which exceeds fifty percent (50%) of the reported compensation, excluding terminal payments, during the 12 months of service preceding the effective date of retirement, or 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

1 **SECTION 29.2.(a)** The General Assembly finds that North Carolina is the
 2 tenth largest exporting state in the nation and that water resources development projects
 3 are vital to the economy of the State. North Carolina State Ports facilities, notably those
 4 in Wilmington, provide gateways to the global marketplace for North Carolina's
 5 importers and exporters. The State's ports annually generate thousands of jobs and
 6 millions of dollars in State and local taxes.

7 The General Assembly further finds that the ports are also invaluable assets to
 8 the communities that each serves. For example, according to the North Carolina State
 9 Ports Authority, nearly seven billion dollars (\$7,000,000,000) worth of goods, or
 10 nineteen million dollars (\$19,000,000) a day, were handled at the Port of Wilmington in
 11 1997. The harbor improvements in Wilmington, provided for in subsection (b) of this
 12 section, are projected to add thirty-four million dollars (\$34,000,000) in annual regional
 13 benefits.

14 The General Assembly also finds that particularly in times of heightened
 15 national and local security, the water resources projects provide strategic mobilization
 16 benefits to the Port of Wilmington and to the Military Ocean Terminal at Sunny Point.

17 **SECTION 29.2.(b)** The Department of Environment and Natural Resources
 18 shall allocate the funds appropriated in this act for water resources development projects
 19 to the following projects whose costs are as indicated:

21 Name of Project	22 2002-2003
23 (1) Wilmington Harbor Deepening	\$20,100,000
24 (2) Manteo (Shallowbag) Bay Channel Maintenance	3,100,000
25 (3) Wilmington Harbor Maintenance	500,000
26 (4) B. Everett Jordan Lake Water Supply	90,000
27 (5) John H. Kerr Reservoir Operations Evaluation	800,000
28 (6) Oregon Inlet Jetties	70,000
29 (7) Silver Lake Harbor Maintenance	600,000
30 (8) West Onslow Beach (Topsail Beach) Nourishment	203,000
31 (9) Wanchese Marsh Creation	180,000
32 (10) Bogue Banks Shore Protection Study	315,000
33 (11) Surf City/North Topsail Beach Protection Study	200,000
34 (12) Walter Slough Maintenance Dredging	58,000
35 (13) Currituck Sound Water Management Study	400,000
36 (14) Deep Creek (Yadkin County) Watershed Management	500,000
37 (15) State Local Projects	2,900,000
38 (16) Aquatic Weed Control, Lake Gaston and Statewide	300,000
39 (17) Swan Quarter (Hyde County) Flood Control Dikes	100,000
40 (18) North Topsail Beach Feasibility Study (nonfederal)	250,000
41 (19) Neuse River Basin Feasibility Study	100,000
42 (20) Edgewater Canal (Camden County) Drainage	25,000
43 (21) Emergency Flood Control Projects	187,000
44 (22) Projected Feasibility Studies	120,000
45 (23) Planning Assistance to Communities	<u>150,000</u>
46	
47 TOTAL	\$31,248,000

48 **SECTION 29.2.(c)** Where the actual costs are different from the estimated
 49 costs under subsection (a) of this section, the Department may adjust the allocations
 50 among projects as needed. If any projects listed in subsection (a) of this section are
 51 delayed and the budgeted State funds cannot be used during the 2002-2003 fiscal year,
 52 or if the projects listed in subsection (a) of this section are accomplished at a lower cost,
 53 the Department may use the resulting fund availability to fund any of the following:

- 54 (1) Corps of Engineers project feasibility studies.
 55

1 (2) Corps of Engineers projects whose schedules have advanced and
2 require State-matching funds in fiscal year 2002-2003.

3 (3) State-local water resources development projects.

4 Funds not expended or encumbered for these purposes shall revert to the
5 General Fund at the end of the 2003-2004 fiscal year.

6 **SECTION 29.2.(d)** The Department shall make quarterly reports on the use
7 of these funds to the Joint Legislative Commission on Governmental Operations, the
8 Fiscal Research Division, and the Office of State Budget and Management. Each report
9 shall include all of the following:

10 (1) All projects that receive funding.

11 (2) The estimated cost of each project.

12 (3) The date that work on each project began or is expected to begin.

13 (4) The date that work on each project was completed or is expected to be
14 completed.

15 (5) The actual cost of each project.

16 The quarterly reports shall also show those projects advanced in schedule,
17 those projects delayed in schedule, and an estimate of the amount of funds expected to
18 revert to the General Fund.

19 **SECTION 29.2.(e)** Notwithstanding G.S. 143-23, if additional federal funds
20 that require a State match are received for water resources projects or for beach
21 nourishment projects for the 2002-2003 fiscal year, the Director of the Budget may,
22 after consultation with the Joint Legislative Commission on Governmental Operations,
23 transfer funds from General Fund appropriations to match the federal funds.

24 **SECTION 29.2.(f)** G.S. 113A-118.1 is amended by adding a new subsection
25 to read:

26 (e) The Commission shall allow the use of riprap in the construction of groins in
27 estuarine and public trust waters on the same basis as the Commission allows the use of
28 wood."

29 **SECTION 29.2.(g)** The Coastal Resources Commission shall not enforce
30 any provision of any rule that is inconsistent with G.S. 113A-118.1(e), as enacted by
31 this act, and the Commission shall amend its rules as may be required to conform with
32 G.S. 113A-118.1(e), as enacted by this act.

33 **SECTION 29.2.(h)** G.S. 113-229(h1) reads as rewritten:

34 "(h1) All-Except as provided in subsection (h2) of this section, all construction and
35 maintenance dredgings of beach-quality sand may be placed on the affected downdrift
36 ocean beaches or, if placed elsewhere, an equivalent quality and quantity of sand from
37 another location shall be placed on the downdrift ocean beaches."

38 **SECTION 29.2.(i)** G.S. 113-229 is amended by adding a new section to
39 read:

40 "(h2) Clean, beach quality material dredged from navigational channels within the
41 active nearshore, beach or inlet shoal systems shall not be removed permanently from
42 the active nearshore, beach or inlet shoal system. This dredged material shall be
43 disposed of on the ocean beach or shallow active nearshore area where it is
44 environmentally acceptable and compatible with other uses of the beach."

45 **SECTION 29.2.(j)** G.S. 113-229(i) reads as rewritten:

46 "(i) Subject to ~~subsection (h1)~~ subsections (h1) and (h2) of this section, all
47 materials excavated pursuant to such permit, regardless of where placed, shall be
48 encased or entrapped in such a manner as to minimize their moving back into the
49 affected water."

50 51 **PART XXX. MISCELLANEOUS PROVISIONS**

52
53 Requested by: Senators Plyler, Odom, Lee
54 **EXECUTIVE BUDGET ACT APPLIES**

1 **SECTION 30.1.** The provisions of the Executive Budget Act, Chapter 143,
2 Article 1 of the General Statutes, are reenacted and shall remain in full force and effect
3 and are incorporated in this act by reference.

4
5 Requested by: Senators Plyler, Odom, Lee

6 **COMMITTEE REPORT**

7 **SECTION 30.2.(a)** The Senate Appropriations/Base Budget Committee
8 Report on the Continuation, Expansion and Capital Budgets, dated June 18, 2002, which
9 was distributed in the Senate and used to explain this act, shall indicate action by the
10 General Assembly on this act and shall therefore be used to construe this act, as
11 provided in G.S. 143-15 of the Executive Budget Act, and for these purposes shall be
12 considered a part of this act and as such shall be printed as a part of the Session Laws.

13 **SECTION 30.2.(b)** The budget enacted by the General Assembly for the
14 maintenance of the various departments, institutions, and other spending agencies of the
15 State for the 2002-2003 fiscal year is a line item budget, in accordance with the Budget
16 Code Structure and the State Accounting System Uniform Chart of Accounts set out in
17 the Administrative Policies and Procedures Manual of the Office of the State Controller.
18 This budget includes the appropriations made from all sources including the General
19 Fund, Highway Fund, special funds, cash balances, federal receipts, and departmental
20 receipts.

21 The General Assembly amended the requested adjustments to the budgets
22 submitted to the General Assembly by the Director of the Budget and the Advisory
23 Budget Commission, in accordance with the steps that follow and the line item detail in
24 the budget enacted by the General Assembly may be derived accordingly:

- 25 (1) The base budget was adjusted in accordance with the base budget cuts
26 and additions that were set out in the Senate Appropriations/Base
27 Budget Committee Report on the Continuation, Expansion and Capital
28 Budgets.
29 (2) Transfers of funds supporting programs were made in accordance with
30 the Senate Appropriations/Base Budget Committee Report on the
31 Continuation, Expansion and Capital Budgets.

32 **SECTION 30.2.(c)** The budget enacted by the General Assembly shall also
33 be interpreted in accordance with the special provisions in this act and in accordance
34 with other appropriate legislation.

35 In the event that there is a conflict between the line item budget certified by
36 the Director of the Budget and the budget enacted by the General Assembly, the budget
37 enacted by the General Assembly shall prevail.

38
39 Requested by: Senators Plyler, Odom, Lee

40 **MOST TEXT APPLIES ONLY TO 2002-2003**

41 **SECTION 30.3.** Except for statutory changes or other provisions that clearly
42 indicate an intention to have effects beyond the 2002-2003 fiscal year, the textual
43 provisions of this act apply only to funds appropriated for, and activities occurring
44 during, the 2002-2003 fiscal year.

45
46 Requested by: Senators Plyler, Odom, Lee

47 **APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY**

48 **SECTION 30.4.(a)** Except where expressly repealed or amended by this
49 act, the provisions of S.L. 2001-424, S.L. 2001-457, S.L. 2001-514, S.L. 2001-513, S.L.
50 2001-496, and S.L. 2001-487 remain in effect.

51 **SECTION 30.4.(b)** Notwithstanding any modifications by this act in the
52 amounts appropriated, except where expressly repealed or amended, the limitations and
53 directions for the 2002-2003 fiscal year in S.L. 2001-424, S.L. 2001-457, S.L.
54 2001-514, S.L. 2001-513, S.L. 2001-496, and S.L. 2001-487 that applied to
55 appropriations to particular agencies or for particular purposes apply to the newly

1 enacted appropriations and budget reductions of this act for those same particular
2 purposes.

3
4 Requested by: Senators Plyler, Odom, Lee

5 **EFFECT OF HEADINGS**

6 **SECTION 30.5.** The headings to the parts and sections of this act are a
7 convenience to the reader and are for reference only. The headings do not expand,
8 limit, or define the text of this act, except for effective dates referring to a Part.

9
10 Requested by: Senators Plyler, Odom, Lee

11 **SEVERABILITY CLAUSE**

12 **SECTION 30.6.** If any section or provision of this act is declared
13 unconstitutional or invalid by the courts, it does not affect the validity of this act as a
14 whole or any part other than the part so declared to be unconstitutional or invalid.

15
16 Requested by: Senators Plyler, Odom, Lee

17 **EFFECTIVE DATE**

18 **SECTION 30.7.** Except as otherwise provided, this act becomes effective
19 July 1, 2002.