

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

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SENATE BILL 61
Appropriations/Base Budget Committee Substitute Adopted 8/23/01
House Committee Substitute Favorable 8/28/01
Fourth Edition Engrossed 8/28/01

Short Title: Continuing Budget Authorization.

(Public)

Sponsors:

Referred to:

February 6, 2001

A BILL TO BE ENTITLED

1
2 AN ACT TO CONTINUE THE BUDGET AUTHORITY FOR STATE
3 GOVERNMENT; TO APPROPRIATE FUNDS FOR HEALTH AND HUMAN
4 SERVICES BLOCK GRANTS, FOR NATURAL AND ECONOMIC
5 RESOURCES BLOCK GRANTS, FOR COMMUNITY COLLEGE,
6 UNIVERSITY, AND PRIVATE COLLEGE ENROLLMENTS, FOR THE STATE
7 HEALTH PLAN, FOR DEBT SERVICE ON STATE BONDS, TO CONTAIN
8 MEDICAID COSTS AND REDUCE THE RATE OF GROWTH IN
9 EXPENDITURES FOR PAYMENTS FOR MEDICAL SERVICES; TO PROVIDE
10 FOR MEDICAID COST-CONTAINMENT ACTIVITIES; TO DIRECT THE
11 DEPARTMENT OF HEALTH AND HUMAN SERVICES TO IMPLEMENT A
12 MEDICAID PROGRAM MANAGEMENT PLAN; TO ADOPT A MEDICAL
13 COVERAGE POLICY UNDER THE STATE MEDICAID PROGRAM AND TO
14 EXEMPT THE POLICY FROM RULE MAKING UNDER THE STATE
15 ADMINISTRATIVE PROCEDURE ACT; TO APPROVE THE TANF STATE
16 PLAN; TO EXTEND PAYMENTS FOR MEDICAL TREATMENTS AND
17 SERVICES TO WORKERS' COMPENSATION PATIENTS; TO INCREASE
18 TUITION RATES FOR THE COMMUNITY COLLEGES AND UNIVERSITIES;
19 TO AUTHORIZE THE DEPARTMENT OF REVENUE TO BEGIN
20 RECRUITING PERSONNEL FOR PROJECT COLLECT TAX; AND TO
21 AUTHORIZE THE STATE TREASURER TO REPLACE THE OPTICAL
22 IMAGING SYSTEM IN THE RETIREMENT SYSTEMS DIVISION.

23 The General Assembly of North Carolina enacts:

24 **PART I. CONTINUED BUDGET AUTHORITY.**

25 **SECTION 1.** Section 8 of S.L. 2001-250, as amended by S.L. 2001-287 and
26 Section 1 of S.L. 2001-322, reads as rewritten:

1 "SECTION 8. Except as otherwise provided, this act becomes effective July 1,
2 2001. This act expires ~~August 29, 2001.~~ September 28, 2001."

3
4 **PART II. HEALTH AND HUMAN SERVICES BLOCK GRANTS.**

5 **SECTION 2.** Section 2 of S.L. 2001-250 is repealed.

6 **SECTION 2.1.(a)** Appropriations from federal block grant funds are made
7 for the fiscal year ending June 30, 2002, according to the following schedule:

8
9 **COMMUNITY SERVICES BLOCK GRANT**

10		
11	01. Community Action Agencies	\$ 14,160,375
12		
13	02. Limited Purpose Agencies	979,017
14		
15	03. Department of Health and Human Services	
16	to administer and monitor	
17	the activities of the	
18	Community Services Block Grant	500,000
19		

20 **TOTAL COMMUNITY SERVICES BLOCK GRANT** \$ 15,639,392

21
22 **SOCIAL SERVICES BLOCK GRANT**

23		
24	01. County departments of social services	\$ 27,395,663
25	(Transfer from TANF - \$4,500,000)	
26		
27	02. Allocation for in-home services provided	
28	by county departments of	
29	social services	2,101,113
30		
31	03. Division of Mental Health, Developmental	
32	Disabilities, and Substance Abuse Services	3,234,601
33		
34	04. Division of Services for the Blind	3,105,711
35		
36	05. Division of Facility Services	426,836
37		
38	06. Division of Aging - Home and Community	
39	Care Block Grant	1,840,234
40		
41	07. Child Care Subsidies	3,000,000
42		
43	08. Division of Vocational Rehabilitation -	

1	United Cerebral Palsy	71,484
2		
3	09. State administration	1,693,368
4		
5	10. Child Medical Evaluation Program	238,321
6		
7	11. Adult day care services	2,155,301
8		
9	12. Comprehensive Treatment Services	
10	Program	750,000
11		
12	13. Transfer to Preventive Health Services	
13	Block Grant for emergency medical services	213,128
14		
15	14. Transfer to Preventive Health Services Block	
16	Grant for HIV/AIDS Prevention Activities	395,789
17		
18	15. Department of Administration	
19	for the N.C. State Commission of Indian Affairs	
20	In-Home Services Program for the Elderly	203,198
21		
22	16. Division of Vocational Rehabilitation -	
23	Easter Seals Society	116,779
24		
25	17. UNC-CH CARES Program for training and	
26	consultation services	247,920
27		
28	18. Office of the Secretary - Office of Economic	
29	Opportunity for N.C. Senior Citizens'	
30	Federation for outreach services to	
31	low-income elderly persons	41,302
32		
33	19. Transfer from TANF Block Grant for	
34	Division of Social Services - Child	
35	Caring Agencies	1,500,000
36		
37	20. Division of Mental Health,	
38	Developmental Disabilities, and	
39	Substance Abuse Services - Developmentally	
40	Disabled Waiting List for services	5,000,000
41		
42	21. Transfer to Maternal and Child Health Block	
43	Grant for Newborn Screenings	90,611

1		
2	22.	Transfer to Preventive Health Services Block
3		Grant for HIV/AIDS education, counseling, and
4		testing
5		66,939
6		TOTAL SOCIAL SERVICES BLOCK GRANT
7		\$ 53,888,298
8		LOW-INCOME ENERGY BLOCK GRANT
9		
10	01.	Energy Assistance Programs
11		\$ 8,092,113
12	02.	Crisis Intervention
13		5,795,825
14	03.	Administration
15		1,984,934
16	04.	Weatherization Program
17		2,684,116
18	05.	Department of Administration -
19		N.C. State Commission of Indian Affairs
20		39,765
21	06.	Heating Air Repair and Replacement Program
22		1,252,588
23		TOTAL LOW-INCOME ENERGY BLOCK GRANT
24		\$ 19,849,342
25		MENTAL HEALTH SERVICES BLOCK GRANT
26		
27	01.	Provision of community-based
28		services in accordance with the
29		Mental Health Study Commission's
30		Adult Severe and Persistently
31		Mentally Ill Plan
32		\$ 5,192,826
33	02.	Provision of community-based
34		services to children
35		2,378,540
36	03.	Establish Child Residential
37		Treatment Services Program
38		1,500,000
39	04.	Administration
40		783,911
41		TOTAL MENTAL HEALTH SERVICES BLOCK GRANT
42		\$ 9,855,277
43		SUBSTANCE ABUSE PREVENTION

1	AND TREATMENT BLOCK GRANT	
2		
3	01. Provision of community-based	
4	alcohol and drug abuse services,	
5	tuberculosis services, and services	
6	provided by the Alcohol and Drug Abuse	
7	Treatment Centers	\$ 14,501,711
8		
9	02. Continuation of services for	
10	pregnant women and women	
11	with dependent children	6,007,303
12		
13	03. Continuation of services to	
14	IV drug abusers and others at risk	
15	for HIV diseases	5,209,934
16		
17	04. Provision of services to children	
18	and adolescents	6,839,190
19		
20	05. Juvenile Services - Family Focus	774,414
21		
22	06. Child Residential Treatment	
23	Services Program	700,000
24		
25	07. Administration	2,423,049
26		
27	TOTAL SUBSTANCE ABUSE PREVENTION	
28	AND TREATMENT BLOCK GRANT	\$ 36,455,601
29		
30	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	
31		
32	01. Child care subsidies	\$148,343,839
33		
34	02. Quality and availability initiatives	17,259,661
35		
36	03. Administrative expenses	6,550,000
37		
38	04. Transfer from TANF Block Grant for	
39	child care subsidies	76,675,000
40		
41	TOTAL CHILD CARE AND DEVELOPMENT FUND	
42	BLOCK GRANT	\$248,828,500
43		

1	TEMPORARY ASSISTANCE TO NEEDY FAMILIES	
2	(TANF) BLOCK GRANT	
3		
4	01.	Work First Cash Assistance \$114,181,958
5		
6	02.	Work First County Block Grants 92,018,855
7		
8	03.	Transfer to the Child Care and
9		Development Fund Block Grant
10		for child care subsidies 76,675,000
11		
12	04.	Allocation to the Division of Mental
13		Health, Developmental Disabilities, and
14		Substance Abuse Services for Work First
15		substance abuse screening, diagnostic, and
16		support treatment services and drug testing 3,500,000
17		
18	05.	Cash Assistance Reserve 11,876,624
19		
20	06.	Allocation to the Division of Social
21		Services for staff development 500,000
22		
23	07.	Reduction of out-of-wedlock births 1,440,000
24		
25	08.	Substance Abuse Services for Juveniles 1,182,280
26		
27	09.	Special Children Adoption Fund 2,811,687
28		
29	10.	Business Process Reengineering
30		Project Reserve 3,000,000
31		
32	11.	Work First Job Retention – NC Rural
33		Center (\$270,000)
34		Work Central Career Advancement
35		Center (\$180,000) 450,000
36		
37	12.	Allocation to the Division of Public Health
38		for teen pregnancy prevention 2,015,335
39		
40	13.	Transfer to Social Services Block Grant
41		for Child Caring Agencies 1,500,000
42		
43	14.	Child Care Subsidies for TANF Recipients 26,621,241

1			
2	15.	Work First Housing Initiative	
3		- Existing programs (\$1,800,000)	
4		- New programs (\$900,000)	2,700,000
5			
6	16.	Allocation to the Division of Social	
7		Services for Domestic Violence	
8		Prevention and Awareness	900,000
9			
10	17.	County Child Protective Services,	
11		Foster Care, and Adoption Workers	2,727,550
12			
13	18.	Intensive Family Preservation Program	1,800,000
14			
15	19.	Work First/Boys and Girls Clubs	900,000
16			
17	20.	Transfer to Social Services Block Grant for	
18		County Departments of Social Services for	
19		Children's Services	4,500,000
20			
21	21.	Support Our Students – Department of	
22		Juvenile Justice and Delinquency	
23		Prevention	2,475,607
24			
25	22.	Residential Substance Abuse Services	
26		for Women With Children	4,500,000
27			
28	23.	Domestic Violence Services	
29		for Work First Families	1,800,000
30			
31	24.	After-School Services for	
32		At-Risk Children	2,700,000
33			
34	25.	Division of Social Services -	
35		Administration	500,000
36			
37	26.	Child Welfare workers and services for	
38		local departments of social services	7,654,841
39			
40	27.	Child Welfare Training	2,000,000
41			
42	28.	Individual Development Accounts	180,000
43			

1	TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES	
2	(TANF) BLOCK GRANT	\$373,110,978
3		
4	MATERNAL AND CHILD HEALTH BLOCK GRANT	
5		
6	01. Healthy Mothers/Healthy Children	
7	Block Grants to Local Health	
8	Departments	\$9,838,074
9		
10	02. High-Risk Maternity Clinic Services,	
11	Perinatal Education and Training,	
12	Childhood Injury Prevention,	
13	Public Information and Education, and	
14	Technical Assistance to Local Health	
15	Departments	2,012,102
16		
17	03. Services to Children With Special Health	
18	Care Needs	5,078,647
19		
20	04. Transfer from Social Services Block Grant	
21	for Newborn Screenings	90,611
22		
23	TOTAL MATERNAL AND CHILD	
24	HEALTH BLOCK GRANT	\$ 17,019,434
25		
26	PREVENTIVE HEALTH SERVICES BLOCK GRANT	
27		
28	01. Statewide Health Promotion Programs	\$3,061,182
29		
30	02. Dental Services/Fluoridation	100,800
31		
32	03. Rape Crisis/Victims' Services	
33	Program - Council for Women	190,134
34		
35	04. Rape Prevention and Education	
36	Program - Division of Public	
37	Health and Council for Women	1,139,869
38		
39	05. Transfer from Social Services	
40	Block Grant -	
41	HIV/AIDS Prevention Activities	395,789
42		
43	06. Transfer from Social Services	

1	Block Grant -	
2	Emergency Medical Services	213,128
3		
4	07. Transfer from Social Services	
5	Block Grant –	
6	HIV/AIDS education, counseling, and	
7	testing	66,939
8		
9	08. Office of Minority Health	159,459
10		
11	09. Administrative Costs	108,546
12		
13	TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT	\$5,435,846
14		

15 **SECTION 2.1.(b)** Decreases in Federal Fund Availability. – If the United
16 States Congress reduces federal fund availability in the Social Services Block Grant
17 below the amounts appropriated in this section, then the Department of Health and
18 Human Services shall allocate these decreases giving priority first to those direct
19 services mandated by State or federal law, then to those programs providing direct
20 services that have demonstrated effectiveness in meeting the federally and
21 State-mandated services goals established for the Social Services Block Grant. The
22 Department shall not include transfers from TANF for specified purposes in any
23 calculations of reductions to the Social Services Block Grant.

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

31 Decreases in federal fund availability shall be allocated for the Maternal and
32 Child Health and Preventive Health Services federal block grants by the Department of
33 Health and Human Services after considering the effectiveness of the current level of
34 services.

35 **SECTION 2.1.(c)** Increases in Federal Fund Availability. – Any block grant
36 funds appropriated by the United States Congress in addition to the funds specified in
37 this act shall be expended by the Department of Health and Human Services, with the
38 approval of the Office of State Budget and Management, provided the resultant
39 increases are in accordance with federal block grant requirements and are within the
40 scope of the block grant plan approved by the General Assembly.

41 **SECTION 2.1.(d)** Changes to the budgeted allocations to the block grants
42 appropriated in this act and new allocations from the block grants not specified in this
43 act shall be submitted to the Joint Legislative Commission on Governmental Operations

1 for review prior to the change and shall be reported immediately to the Senate
2 Appropriations Committee on Health and Human Services, the House of
3 Representatives Appropriations Subcommittee on Health and Human Services, and the
4 Fiscal Research Division.

5 **SECTION 2.1.(e)** The Department of Health and Human Services may
6 allow no-cost contract extensions for up to six months for nongovernmental grant
7 recipients under the TANF Block Grant.

8 **SECTION 2.1.(f)** Limitations on Preventive Health Services Block Grant
9 Funds. – Twenty-five percent (25%) of funds allocated for Rape Prevention and Rape
10 Education shall be allocated as grants to nonprofit organizations to provide rape
11 prevention and education programs targeted for middle, junior high, and high school
12 students.

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

22 **SECTION 2.1.(g)** The Department of Health and Human Services, Division
23 of Social Services, shall do the following:

- 24 (1) Continue the current evaluation of the Work First Program to assess
25 former recipients' earnings, barriers to advancement to economic
26 self-sufficiency, utilization of community support services, and other
27 longitudinal employment data. Assessment periods shall include six
28 and 18 months following closure of the case.
- 29 (2) Continue the current evaluation of the Work First Program to profile
30 the State's child-only caseload to include indicators of economic and
31 social well-being, academic and behavioral performance, demographic
32 data, description of living arrangements including length of placement
33 out of the home, social and other human services provided to families,
34 and other information needed to assess the needs of the child-only
35 Work First Family Assistance clients and families.

36 The Division of Social Services may use up to seven hundred fifty thousand
37 dollars (\$750,000) in TANF funds to complete the evaluation of Work First.

38 The Department of Health and Human Services shall make a report on its
39 progress in complying with this subsection to the Senate Appropriations Committee on
40 Health and Human Services, the House of Representatives Appropriations
41 Subcommittee on Health and Human Services, and the Fiscal Research Division no later
42 than September 30, 2001, and shall make a final report no later than September 30,
43 2002.

1 **SECTION 2.1.(h)** The sum of two million eight hundred eleven thousand
2 six hundred eighty-seven dollars (\$2,811,687) appropriated in this section in the TANF
3 Block Grant to the Department of Health and Human Services, Special Children
4 Adoption Fund, for the 2001-2002 fiscal year shall be used to implement this
5 subsection. The Division of Social Services, in consultation with the North Carolina
6 Association of County Directors of Social Services and representatives of licensed
7 private adoption agencies, shall develop guidelines for the awarding of funds to licensed
8 public and private adoption agencies upon the adoption of children described in G.S.
9 108A-50 and in foster care. Payments received from the Special Children Adoption
10 Fund by participating agencies shall be used exclusively to enhance the adoption
11 services program. No local match shall be required as a condition for receipt of these
12 funds.

13 **SECTION 2.1.(i)** The sum of one million five hundred thousand dollars
14 (\$1,500,000) appropriated in this act in the TANF Block Grant and transferred to the
15 Social Services Block Grant to the Department of Health and Human Services, Division
16 of Social Services, for child caring agencies for the 2001-2002 fiscal year shall be
17 allocated to the State Private Child Caring Agencies Fund. These funds shall be
18 combined with all other funds allocated to the State Private Child Caring Agencies Fund
19 for the reimbursement of the State's portion of the cost of care for the placement of
20 certain children by the county departments of social services who are not eligible for
21 federal IV-E funds. These funds shall not be used to match other federal funds.

22 **SECTION 2.1.(j)** The sum of three hundred thousand dollars (\$300,000)
23 appropriated in this section to the Department of Health and Human Services in the
24 Child Care and Development Fund Block Grant shall be used to develop and implement
25 a Medical Child Care Pilot open to children throughout the State.

26 **SECTION 2.1.(k)** The sum of nine hundred thousand dollars (\$900,000)
27 appropriated in this section to the Department of Health and Human Services in the
28 TANF Block Grant for Boys and Girls Clubs shall be used to make grants for approved
29 programs. The Department of Health and Human Services, in accordance with federal
30 regulations for the use of TANF Block Grant funds, shall administer a grant program to
31 award funds to the Boys and Girls Clubs across the State in order to implement
32 programs that improve the motivation, performance, and self-esteem of youths and to
33 implement other initiatives that would be expected to reduce school dropout and teen
34 pregnancy rates. The Department shall encourage and facilitate collaboration between
35 the Boys and Girls Clubs and Support Our Students, Communities in Schools, and
36 similar programs to submit joint applications for the funds if appropriate.

37 **SECTION 2.1.(l)** Payment for subsidized child care services provided with
38 federal TANF funds shall comply with all regulations and policies issued by the
39 Division of Child Development for the subsidized child care program.

40 **SECTION 2.1.(m)** The sum of two million seven hundred thousand dollars
41 (\$2,700,000) appropriated in this section in the TANF Block Grant to the Department of
42 Health and Human Services, Division of Social Services, for the Work First Housing
43 Initiative shall be used to provide direct housing support to Work First clients. Direct

1 housing support includes using funds for rental assistance, loans, moving expenses, and
2 other financial assistance. No more than ten percent (10%) of these funds may be used
3 for administration. These funds may be used for counseling or similar services only if it
4 is demonstrated that those services are not otherwise available in the community.

5 **SECTION 2.1.(n)** The sum of five hundred thousand dollars (\$500,000)
6 appropriated in this section in the TANF Block Grant to the Department of Health and
7 Human Services, Division of Social Services, for the 2001-2002 fiscal year shall be
8 used to support administration of TANF-funded programs.

9 **SECTION 2.1.(o)** The sum of four million five hundred thousand dollars
10 (\$4,500,000) appropriated in this section in the TANF Block Grant to the Department of
11 Health and Human Services, Division of Mental Health, Developmental Disabilities,
12 and Substance Abuse Services, for the 2001-2002 fiscal year shall be used to provide
13 regional residential substance abuse treatment and services for women with children.
14 The Department of Health and Human Services, the Division of Social Services, and the
15 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,
16 in consultation with local departments of social services, area mental health programs,
17 and other State and local agencies or organizations, shall coordinate this effort in order
18 to facilitate the expansion of regionally based substance abuse services for women with
19 children. These services shall be culturally appropriate and designed for the unique
20 needs of TANF women with children.

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

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

- 31 (1) The number and location of additional beds created.
- 32 (2) The types of facilities established.
- 33 (3) The delineation of roles and responsibilities at the State and local
34 levels.
- 35 (4) Demographics of the women served, the number of women served,
36 and the cost per client.
- 37 (5) Demographics of the children served, the number of children served,
38 and the services provided.
- 39 (6) Job placement services provided to women.
- 40 (7) A plan for follow-up and evaluation of services provided with an
41 emphasis on outcomes.
- 42 (8) Barriers identified to the successful implementation of the expansion.

1 (9) Identification of other resources needed to appropriately and
2 efficiently provide services to Work First recipients.

3 (10) Other information as requested.

4 **SECTION 2.1.(p)** The sum of two million four hundred seventy-five
5 thousand six hundred seven dollars (\$2,475,607) appropriated in this section in the
6 TANF Block Grant to the Department of Health and Human Services and transferred to
7 the Department of Juvenile Justice and Delinquency Prevention for the 2001-2002 fiscal
8 year shall be used to support the existing Support Our Students Program and to expand
9 the Program statewide, focusing on low-income communities in unserved areas. These
10 funds shall not be used for administration of the program.

11 **SECTION 2.1.(q)** The sum of one million eight hundred thousand dollars
12 (\$1,800,000) appropriated under this section in the TANF Block Grant to the
13 Department of Health and Human Services, Division of Social Services, for the
14 2001-2002 fiscal year shall be used to provide domestic violence services to Work First
15 recipients. These funds shall be used to provide domestic violence counseling, support,
16 and other direct services to clients. These funds shall not be used to establish new
17 domestic violence shelters or to facilitate lobbying efforts. The Division of Social
18 Services may use up to seventy-five thousand dollars (\$75,000) in TANF funds to
19 establish one administrative position within the Division of Social Services to
20 implement this subsection

21 Each county department of social services and the local domestic violence
22 shelter program serving the county shall jointly develop a plan for utilizing these funds.
23 The plan shall include the services to be provided and the manner in which the services
24 shall be delivered. The county plan shall be signed by the county social services director
25 or the director's designee and the domestic violence program director or the director's
26 designee and submitted to the Division of Social Services by December 1, 2001. The
27 Division of Social Services, in consultation with the Council for Women, shall review
28 the county plans and shall provide consultation and technical assistance to the
29 departments of social services and local domestic violence shelter programs, if needed.

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

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

1 **SECTION 2.1.(r)** The sum of two million seven hundred thousand dollars
2 (\$2,700,000) appropriated in this section in the TANF Block Grant to the Department of
3 Health and Human Services, Division of Social Services, shall be used to expand
4 after-school programs and services for at-risk children. The Department shall develop
5 and implement a grant program to award grants to community-based programs that
6 demonstrate the ability to reach children at risk of teen pregnancy and school dropout.
7 The Department shall award grants to community-based organizations that demonstrate
8 the ability to develop and implement linkages with local departments of social services,
9 area mental health programs, schools, and other human services programs in order to
10 provide support services and assistance to the child and family. These funds may be
11 used to establish one position within the Division of Social Services to coordinate
12 at-risk after-school programs and shall not be used for other State administration. The
13 Department shall report no later than March 1, 2002, on its progress in complying with
14 this section to the Senate Appropriations Committee on Health and Human Services, the
15 House of Representatives Subcommittee on Health and Human Services, and the Fiscal
16 Research Division.

17 **SECTION 2.1.(s)** The sum of seven million six hundred fifty-four thousand
18 eight hundred forty-one dollars (\$7,654,841) appropriated in this section in the TANF
19 Block Grant to the Department of Health and Human Services, Division of Social
20 Services, for the 2001-2002 fiscal year for Child Welfare Improvements shall be
21 allocated to the county departments of social services for hiring or contracting staff to
22 investigate and provide services in Child Protective Services cases; to provide foster
23 care and support services; to recruit, train, license, and support prospective foster and
24 adoptive families; and to provide interstate and post-adoption services for eligible
25 families.

26 **SECTION 2.1.(t)** The sum of one million five hundred thousand dollars
27 (\$1,500,000) appropriated in this section in the Mental Health Block Grant to the
28 Department of Health and Human Services, Division of Mental Health, Developmental
29 Disabilities, and Substance Abuse Services, for the 2001-2002 fiscal year and the sum
30 of seven hundred thousand dollars (\$700,000) appropriated in this section in the
31 Substance Abuse Prevention and Treatment Block Grant to the Department of Health
32 and Human Services, Division of Mental Health, Developmental Disabilities, and
33 Substance Abuse Services, for the 2001-2002 fiscal year shall be used to continue a
34 Comprehensive Treatment Services Program in accordance with Section 21.60 of
35 Senate Bill 1005, 2001 Session, 5th Edition engrossed, the text of which is incorporated
36 by reference.

37 **SECTION 2.1.(u)** The sum of two million dollars (\$2,000,000) appropriated
38 in this section in the TANF Block Grant to the Department of Health and Human
39 Services, Division of Social Services, for fiscal year 2001-2002 shall be used to support
40 various child welfare training projects as follows:

- 41 (1) Provide a regional training center in southeastern North Carolina.
- 42 (2) Support the Masters Degree in Social Work/Baccalaureate Degree in
43 Social Work Collaborative.

1 (3) Provide training for residential child care facilities.

2 (4) Provide for various other child welfare training initiatives.

3 **SECTION 2.1.(v)** The sum of nine million three hundred forty-seven
4 thousand six hundred thirty-one dollars (\$9,347,631) appropriated in this section in the
5 TANF Block Grant to the Department of Health and Human Services for a Cash
6 Assistance Reserve may only be used for cash assistance payment if the funds
7 appropriated in this act for cash assistance payments are not sufficient to pay Work First
8 cash assistance in the 2001-2002 fiscal year. Prior to the use of these funds, the Office
9 of State Budget and Management shall review all proposals for expenditure of these
10 funds in order to ensure compliance with this subsection.

11 The sum of two million five hundred twenty-eight thousand nine hundred
12 ninety-three dollars (\$2,528,993) appropriated in this section in the TANF Block Grant
13 to the Department of Health and Human Services for a Cash Assistance Reserve shall be
14 held in the Cash Assistance Reserve until the Department of Health and Human
15 Services and the Office of State Budget and Management can certify that these funds
16 are not needed to ensure the continuation of the Work First Family Assistance payments
17 to recipients during the 2001-2002 fiscal year. These funds may be used only for the
18 payment of Work First Family Assistance and the allocations listed in this subsection. If
19 the Department of Health and Human Services and the Office of State Budget and
20 Management certify that these funds are not needed to ensure the continuation of Work
21 First Family Assistance payments, the Department may make the following transfers
22 from the Cash Assistance Reserve:

23	(1)	Reduction of out-of-wedlock births.	\$160,000
24	(2)	Work First Job Retention –	
25		Rural Center (\$30,000)	
26		Work Central Career Center (\$20,000)	\$50,000
27	(3)	Teen Pregnancy Prevention	\$223,926
28	(4)	Work First Housing Initiative	\$300,000
29	(5)	Domestic Violence Prevention and	
30		Awareness	\$100,000
31	(6)	Intensive Family Preservation Program	\$200,000
32	(7)	Work First Boys and Girls Clubs	\$100,000
33	(8)	Support our Students	\$275,674
34	(9)	Residential Substance Abuse Services	
35		for Women with Children	\$500,000
36	(10)	Domestic Violence Services for	
37		Work First Families	\$200,000
38	(11)	After School Services for At-Risk Children	\$300,000
39	(12)	Individual Development Accounts	\$20,000

40 **SECTION 2.1.(w)** The sum of three million dollars (\$3,000,000)
41 appropriated in this section in the TANF Block Grant to the Department of Health and
42 Human Services for a Business Process Reengineering Project Reserve may only be
43 used for the project if funds appropriated in this act for Business Process Reengineering

1 are not sufficient to continue the project through the 2001-2002 fiscal year. Prior to the
2 use of these funds, the Office of State Budget and Management shall review all
3 proposals for expenditure of these funds in order to ensure compliance with this
4 subsection.

5 **SECTION 2.1.(x)** If funds appropriated through the Child Care and
6 Development Fund Block Grant for any program cannot be obligated or spent in that
7 program within the obligation or liquidation periods allowed by the federal grants, the
8 Department may move funds to child care subsidies unless otherwise prohibited by
9 federal requirements of the grant, in order to use the federal funds fully.

10 **SECTION 2.1.(y)** The sum of nine hundred thousand dollars (\$900,000)
11 appropriated under this section in the TANF Block Grant to the Department of Health
12 and Human Services, Division of Social Services, for the 2001-2002 fiscal year for
13 Domestic Violence Prevention and Awareness shall be used for grants to support
14 initiatives by local domestic violence programs to prevent domestic violence.
15 Prevention activities shall include efforts to reach under-served populations and shall be
16 culturally sensitive and multilingual. The Department shall award grants to
17 community-based organizations that demonstrate the ability to collaborate and
18 coordinate services with other local human services agencies and organizations in order
19 to serve children and families where domestic violence has occurred or is occurring.
20 The Department shall report on the use of these funds no later than May 1, 2002, to the
21 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 **SECTION 2.1.(z)** The sum of three hundred ninety-five thousand seven
25 hundred eighty-nine dollars (\$395,789) appropriated in this section in the Social
26 Services Block Grant and transferred to the Preventive Health Service Block Grant to
27 the Department of Health and Human Services for the 2001-2002 fiscal year for
28 HIV/AIDS Prevention Activities shall be used to create a position in the Office of the
29 Secretary and to enhance activities for HIV/AIDS awareness and education. The
30 position shall be responsible for all planning, programming, and budgeting for
31 compliance with this subsection. These prevention activities shall be targeted to the
32 general public and programs identified in this subsection and shall not be used to
33 augment the current grant programs that target high-risk populations through the
34 community-based organizations.

35 It is the intention of the General Assembly to focus current resources and
36 activities to strengthen and enhance prevention and intervention programs directed at
37 the reduction of HIV/AIDS. The Department shall coordinate efforts to enhance
38 awareness, education, and outreach with the North Carolina AIDS Advisory Council,
39 North Carolina Minority Health Advisory Council, representatives of faith
40 communities, representatives of nonprofit agencies, and other State agencies.

41 The Department of Health and Human Services shall coordinate and ensure
42 the implementation of developmentally appropriate education, awareness, and outreach
43 campaigns to comply with this subsection in the following programs and services:

- 1 (1) Division of Social Services programs and services:
 - 2 a. Domestic Violence Prevention and Awareness.
 - 3 b. Domestic Violence Services for Work First Families.
 - 4 c. After School Services for At Risk Children.
 - 5 d. Work First Boys/Girls Clubs.
- 6 (2) Division of Mental Health, Developmental Disabilities, and Substance
7 Abuse Services programs and services:
 - 8 a. Substance Abuse Services for Juveniles.
 - 9 b. Residential Substance Abuse Services for Women and
10 Children.
- 11 (3) Division of Public Health programs and services:
 - 12 a. Teen Pregnancy Prevention Activities.
 - 13 b. Out-of-Wedlock Births.
 - 14 c. School Health Program.
 - 15 d. High-Risk Maternity Clinic Services.
 - 16 e. Perinatal Education and Training.
 - 17 f. Public Information and Education.
 - 18 g. Technical Assistance to Local Health Departments.
- 19 (4) Other divisions, services, and programs:
 - 20 a. Family Support Services.
 - 21 b. Family Resource Centers.
 - 22 c. Independent Living Services.
 - 23 d. Residential schools and facilities.
 - 24 e. Other programs, services, or contracts that provide education
25 and awareness services to children and families.

26 Other State agencies, including the Department of Public Instruction, the
27 Department of Juvenile Justice and Delinquency Prevention, and the Department of
28 Administration, shall ensure the incorporation of developmentally appropriate
29 HIV/AIDS education, awareness, and outreach information into their programs.

30 The Department shall report on the implementation of this subsection on
31 March 15, 2002, to the Senate Appropriations Committee on Health and Human
32 Services, the House of Representatives Appropriations Subcommittee on Health and
33 Human Services, and the Fiscal Research Division.

34 **SECTION 2.1.(aa)** The sum of one hundred eighty thousand dollars
35 (\$180,000) appropriated in this section in the TANF Block Grant to the Department of
36 Health and Human Services for the 2001-2002 fiscal year shall be used for Individual
37 Development Accounts (IDA) for TANF-eligible individuals. The Social Services
38 Commission shall adopt rules for the implementation of this subsection.

40 **PART III. MEDICAID COST-CONTAINMENT AND GROWTH REDUCTION.**

41 **SECTION 3.(a)** The Department of Health and Human Services, Division of
42 Medical Assistance, shall contain Medicaid Program costs by reducing the rate of
43 growth of the Medicaid Program, except for the rate of growth in the number of persons

1 eligible for Medicaid. The Department shall develop and implement a plan to reduce
2 the rate of growth in total expenditures for payments for medical services for fiscal year
3 2002-2003 to eight percent (8%) or less of the total expenditures for the 2001-2002
4 fiscal year, excluding the rate of growth associated with eligibles.

5 **SECTION 3.(b)** In addition to findings and recommendations in the "North
6 Carolina Medicaid Benefit Study", May 1, 2001, the Department of Health and Human
7 Services may also consider the following actions to reduce the rate of growth in the
8 Medicaid Program:

9 (1) Changes in methods of reimbursement;

10 (2) Changes in the method of determining or limiting inflation factors, or
11 both;

12 (3) Recalibration of existing methods of reimbursement; and

13 (4) Contracting for services.

14 **SECTION 3.(c)** As part of any efforts to contain Medicaid Program costs,
15 the Department of Health and Human Services, Division of Medical Assistance, shall
16 establish reimbursement rates that will allow efficient Medicaid providers to comply
17 with certification requirements, licensure rules, or other mandated quality or safety
18 standards.

19 **SECTION 3.(d)** The Department shall report on its plans to reduce the rate
20 of growth in the State Medicaid Program not later than December 1, 2001. The
21 Department shall submit the report to the Senate Appropriations Committee on Health
22 and Human Services, the House of Representatives Appropriations Subcommittee on
23 Health and Human Services, and the Fiscal Research Division.

24 **SECTION 3.(e)** The Department shall not change medical policy affecting
25 the amount, sufficiency, duration, and scope of health care services and who may
26 provide services until the Division of Medical Assistance has prepared a five-year fiscal
27 analysis documenting the increased cost of the proposed change in medical policy and
28 submitted it for departmental review. If the fiscal impact indicated by the fiscal analysis
29 for any proposed medical policy change exceeds three million dollars (\$3,000,000) in
30 total requirements for a given fiscal year, then the Department shall submit the proposed
31 policy change with the fiscal analysis to the Office of State Budget and Management
32 and the Fiscal Research Division.

33 34 **PART IV. MEDICAID COST-CONTAINMENT ACTIVITIES.**

35 **SECTION 4.** The Department of Health and Human Services may use not
36 more than three million dollars (\$3,000,000) in each year of the 2001-2003 fiscal
37 biennium in Medicaid funds budgeted for program services to support the cost of
38 administrative activities when cost effectiveness and savings are demonstrated. The
39 funds shall be used to support activities that will contain the cost of the Medicaid
40 Program including contracting for services or hiring additional staff. Medicaid
41 cost-containment activities may include prospective reimbursement methods,
42 incentive-based reimbursement methods, service limits, prior authorization of services,
43 periodic medical necessity reviews, revised medical necessity criteria, service provision

1 in the least costly settings, and other cost-containment activities. Funds may be
2 expended under this section only after the Office of State Budget and Management has
3 approved a proposal for the expenditure submitted by the Department. Proposals for
4 expenditure of funds under this section shall include the cost of implementing the
5 cost-containment activity and documentation of the amount of savings expected to be
6 realized from the cost-containment activity. The Department shall provide a copy of
7 proposals for expenditures under this section to the Fiscal Research Division.

8
9 **PART V. MEDICAID PROGRAM MANAGEMENT.**

10 **SECTION 5.(a)** The Department of Health and Human Services shall
11 consider the findings and recommendations in the "North Carolina Medicaid Benefit
12 Study", May 1, 2001, and shall target the following in considering whether and to what
13 extent to implement recommendations:

- 14 (1) Reduction in the fragmentation in the medical benefit policy-making
15 process.
- 16 (2) Improvement in the use of data and medical literature in the
17 decision-making process.
- 18 (3) Improvement in the coordination of care and utilization review
19 process.
- 20 (4) Strengthening of program integrity controls.

21 **SECTION 5.(b)** The Department shall implement a pharmacy management
22 plan considering the recommendations of the "North Carolina Medicaid Benefit Study"
23 to achieve anticipated cost savings. The pharmacy management plan may include the
24 following activities:

- 25 (1) Establishing a prior authorization program to manage utilization of
26 high-cost brand name drugs. In determining drugs to be included in the
27 prior authorization program, the Department shall consider whether
28 inclusion of these drugs is likely to:
 - 29 a. Increase utilization of more expensive services;
 - 30 b. Reduce quality of treatment;
 - 31 c. Result in a lower level of compliance with appropriate drug
32 therapy;
 - 33 d. Have a differential impact upon racial and ethnic minorities and
34 the elderly.

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

- 39 (2) Limiting prescription drugs to a 34-day supply for some or all drugs.
- 40 (3) Developing physician prescribing practice profiles and other
41 educational tools to enable physicians to better manage their
42 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 evidenced-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 **SECTION 5.(c)** The Department shall report on all of the activities
17 conducted under this section to the Senate Appropriations Committee on Health and
18 Human Services, the House of Representatives Appropriations Subcommittee on Health
19 and Human Services, and the Fiscal Research Division not later than January 1, 2002.

20
21 **PART VI. ADOPTION OF MEDICAL COVERAGE POLICY UNDER STATE**
22 **MEDICAID PROGRAM; MEDICAL COVERAGE POLICY EXEMPT FROM**
23 **RULE MAKING UNDER THE APA.**

24 **SECTION 6.(a)** In order to promote consistency among providers and to
25 ensure that medical coverage criteria are uniformly applied to Medicaid recipients
26 throughout the State, the Department of Health and Human Services shall adopt medical
27 coverage policies for the State Medicaid Program that are consistent with national
28 standards or Department-defined standards. If the Department determines that
29 application of a national standard would likely cause significant deterioration in the
30 quality of or access to appropriate medical care, then the Department shall substitute for
31 that national standard an evidence-based, best-practice standard that will not
32 compromise quality of or access to appropriate medical care. The adoption of new or
33 amended medical coverage policies under the State Medicaid Program are exempt from
34 rule-making requirements of Chapter 150B of the General Statutes.

35 **SECTION 6.(b)** The Department shall develop, amend, and adopt medical
36 coverage policy in accordance with the following:

- 37 (1) During the development of new medical coverage policy or
- 38 amendment to existing medical coverage policy, consult with and seek
- 39 the advice of the Physician Advisory Group of the North Carolina
- 40 Medical Society and other organizations the Secretary deems
- 41 appropriate.
- 42 (2) At least 45 days prior to the adoption of new or amended medical
- 43 coverage policy, the Department shall:

- 1 a. Publish the proposed new or amended medical coverage policy
- 2 on the Department's website and in the North Carolina Register;
- 3 b. Notify all Medicaid providers of the proposed, new, or amended
- 4 policy; and
- 5 c. Upon request, provide persons copies of the proposed medical
- 6 coverage policy.
- 7 (3) During the 45-day period immediately following publication of the
- 8 proposed new or amended medical coverage policy, accept oral and
- 9 written comments on the proposed new or amended policy.
- 10 (4) If, following the comment period, the proposed new or amended
- 11 medical coverage policy is modified, then the Department shall, at
- 12 least 15 days prior to its adoption:
- 13 a. Notify all Medicaid providers of the proposed policy;
- 14 b. Upon request, provide persons notice of amendments to the
- 15 proposed policy; and
- 16 c. Accept additional oral or written comments during this 15-day
- 17 period.

18 **SECTION 6.(c)** G.S. 150B-1(d), as amended by S.L. 2001-299, reads as
19 rewritten:

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

- 22 (1) The Commission.
- 23 (2) Repealed by Session Laws 2000-189, s. 14, effective July 1, 2000.
- 24 (3) The North Carolina Hazardous Waste Management Commission in
- 25 administering the provisions of G.S. 130B-13 and G.S. 130B-14.
- 26 (4) The Department of Revenue, with respect to the notice and hearing
- 27 requirements contained in Part 2 of Article 2A.
- 28 (5) The North Carolina Global TransPark Authority with respect to the
- 29 acquisition, construction, operation, or use, including fees or charges,
- 30 of any portion of a cargo airport complex.
- 31 (6) The Department of Correction, with respect to matters relating solely
- 32 to persons in its custody or under its supervision, including prisoners,
- 33 probationers, and parolees.
- 34 (7) The North Carolina Teachers' and State Employees' Comprehensive
- 35 Major Medical Plan in administering the provisions of Parts 2 and 3 of
- 36 Article 3 of Chapter 135 of the General Statutes.
- 37 (8) The North Carolina Federal Tax Reform Allocation Committee, with
- 38 respect to the adoption of the annual qualified allocation plan required
- 39 by 26 U.S.C. § 42(m), and any agency designated by the Committee to
- 40 the extent necessary to administer the annual qualified allocation plan.
- 41 (9) The Department of Health and Human Services in adopting new or
- 42 amending existing medical coverage policies under the State Medicaid
- 43 Program."

1

2 **PART VII. TANF STATE PLAN.**

3 **SECTION 7.(a)** The General Assembly approves the plan titled "North
4 Carolina Temporary Assistance for Needy Families State Plan FY 2001-2003", prepared
5 by the Department of Health and Human Services and presented to the General
6 Assembly on May 15, 2001, as revised in accordance with subsection (b) of this section.
7 The North Carolina Temporary Assistance for Needy Families State Plan covers the
8 period October 1, 2001, through September 30, 2003. The Department shall submit the
9 State Plan, as revised in accordance with subsection (b) of this section, to the United
10 States Department of Health and Human Services as amended by this act or any other
11 act of the 2001 General Assembly.

12 **SECTION 7.(b)** The Department of Health and Human Services shall revise
13 the North Carolina Temporary Assistance for Needy Families State Plan FY 2001-2003,
14 submitted to the General Assembly for approval on May 15, 2001. The revisions shall
15 be made to the following Plan components:

- 16 (1) Enhanced Employee Assistance Program to reflect changes in funding.
- 17 (2) Services for Families to remove reference to start-up activities.
- 18 (3) Work Responsibility to remove reference to start-up activities.
- 19 (4) Cabarrus County Waiver to reflect changes in the law made by the
20 2001 General Assembly.
- 21 (5) Goal #8 to provide that caseload reduction goals are subject to
22 economic conditions in the county.

23 **SECTION 7.(c)** The counties approved as Electing Counties in North
24 Carolina's Temporary Assistance for Needy Families State Plan FY 2001-2003 as
25 approved by this section are: Caldwell, Caswell, Davie, Henderson, Iredell, Lenoir,
26 Lincoln, Macon, McDowell, Randolph, Sampson, Surry, and Wilkes.

27 **SECTION 7.(d)** Counties designated as electing counties pursuant to
28 Section 12.27A of S.L. 1998-212 and who submitted the letter of intent to be
29 redesignated as a standard county and the accompanying county plan for FY 2001-2003,
30 pursuant to G.S. 108A-27(e), shall operate under the standard county budget
31 requirements effective July 1, 2001. Counties that submitted the letter of intent to
32 remain as an electing county or to be redesignated as an electing county and the
33 accompanying county plan for FY 2001-2003, pursuant to G.S. 108A-27(e), shall
34 operate under the electing county budget requirements effective July 1, 2001. For
35 programmatic purposes, all counties referred to in this subsection shall remain under
36 their current county designation through September 30, 2001.

37

38 **PART VIII. NATURAL AND ECONOMIC RESOURCES BLOCK GRANTS.**

39 **SECTION 8.(a)** Appropriations from federal block grant funds are made for
40 the fiscal year ending June 30, 2002, according to the following schedule:

41

42 **COMMUNITY DEVELOPMENT BLOCK GRANT**

43

1	01.	State Administration	\$1,000,000
2			
3	02.	Urgent Needs and Contingency	1,000,000
4			
5	03.	Scattered Site Housing	13,200,000
6			
7	04.	Economic Development	8,710,000
8			
9	05.	Community Revitalization	13,500,000
10			
11	06.	State Technical Assistance	450,000
12			
13	07.	Housing Development	2,000,000
14			
15	08.	Infrastructure	5,140,000
16			
17	TOTAL COMMUNITY DEVELOPMENT		
18	BLOCK GRANT - 2002 Program Year		\$45,000,000

19
20 **SECTION 8.(b)** Decreases in Federal Fund Availability. – If federal funds
21 are reduced below the amounts specified above after the effective date of this act, then
22 every program in each of these federal block grants shall be reduced by the same
23 percentage as the reduction in federal funds.

24 **SECTION 8.(c)** Increases in Federal Fund Availability for Community
25 Development Block Grant. – Any block grant funds appropriated by the Congress of the
26 United States in addition to the funds specified in this section shall be expended as
27 follows: Each program category under the Community Development Block Grant shall
28 be increased by the same percentage as the increase in federal funds.

29 **SECTION 8.(d)** Limitations on Community Development Block Grant
30 Funds. – Of the funds appropriated in this section for the Community Development
31 Block Grant, the following shall be allocated in each category for each program year: up
32 to one million dollars (\$1,000,000) may be used for State administration; up to one
33 million dollars (\$1,000,000) may be used for Urgent Needs and Contingency; up to
34 thirteen million two hundred thousand dollars (\$13,200,000) may be used for Scattered
35 Site Housing; up to eight million seven hundred ten thousand dollars (\$8,710,000) may
36 be used for Economic Development; not less than thirteen million five hundred
37 thousand dollars (\$13,500,000) shall be used for Community Revitalization; up to four
38 hundred fifty thousand dollars (\$450,000) may be used for State Technical Assistance;
39 up to two million dollars (\$2,000,000) may be used for Housing Development; up to
40 five million one hundred forty thousand dollars (\$5,140,000) may be used for
41 Infrastructure. If federal block grant funds are reduced or increased by the Congress of
42 the United States after the effective date of this act, then these reductions or increases
43 shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

1 **SECTION 8.(e)** Increase Capacity for Nonprofit Organizations. –
2 Assistance to nonprofit organizations to increase their capacity to carry out
3 CDBG-eligible activities in partnership with units of local government is an eligible
4 activity under any program category in accordance with federal regulations. Capacity
5 building grants may be made from funds available within program categories, program
6 income, or unobligated funds.

7 **SECTION 8.(f)** Study. – The Department of Commerce shall study the
8 development of a training program designed to provide a minimum level of knowledge
9 and skills for Community Development Block Grant administrators. In conducting the
10 study, the Department shall consult the North Carolina League of Municipalities, the
11 North Carolina Association of County Commissioners, the North Carolina Community
12 Development Association, and the Institute of Government at the University of North
13 Carolina at Chapel Hill. The Department may use unencumbered and unspent State
14 Technical Assistance funds from previous program years to conduct the study. The
15 Department shall report its findings to the House and Senate Appropriations
16 Subcommittees on Natural and Economic Resources and the Fiscal Research Division
17 by February 1, 2002.

18
19 **PART IX. ESTABLISHED PAYMENTS FOR MEDICAL TREATMENTS AND**
20 **SERVICES TO WORKERS' COMPENSATION PATIENTS EXTENDED.**

21 **SECTION 9.** Section 2 of S.L. 2001-253, as amended by Section 3 of S.L.
22 2001-322, reads as rewritten:

23 "**SECTION 2.** Notwithstanding G.S. 97-26, payment for medical treatment and
24 services rendered to workers' compensation patients by a hospital on or after July 1,
25 2001, and before ~~September 1, 2001~~, September 15, 2001, shall be equal to the payment
26 the hospital would have received for such treatment and services on June 30, 2001."

27
28 **PART X. COMMUNITY COLLEGE, UNIVERSITY, AND PRIVATE**
29 **COLLEGE ENROLLMENT AND COMMUNITY COLLEGE AND**
30 **UNIVERSITY TUITION INCREASES.**

31 **SECTION 10.(a)** Beginning with the Fall 2001 academic semester, the State
32 Board of Community Colleges shall increase the tuition charged to students enrolled in
33 curriculum programs by three dollars and fifty cents (\$3.50) per student credit hour up
34 to 16 credit hours per semester.

35 **SECTION 10.(b)** There is appropriated from tuition receipts received by the
36 Community Colleges System Office pursuant to subsection (a) of this section to the
37 Community Colleges System Office the sum of ten million dollars (\$10,000,000) for the
38 2001-2002 fiscal year to fully fund enrollment.

39 **SECTION 10.(c)** Beginning with the Fall 2001 academic semester and
40 notwithstanding G.S. 116-144, the tuition charged nonresident students shall be set at a
41 rate to generate thirty million eight hundred sixty-four thousand eight hundred fifty-
42 seven dollars (\$30,864,857) in additional out-of-state tuition receipts for the 2001-2002
43 academic year. The Board of Governors of The University of North Carolina shall not

1 increase tuition for in-state students for the 2001-2002 academic year. The receipts in
2 this subsection are appropriated for the purpose of funding regular term and distance
3 education enrollment, including the enrollment hold harmless as requested by the Board
4 of Governors and as provided in subsection (e) of this section. This section shall not
5 affect campus-initiated tuition increases already in effect.

6 **SECTION 10.(d)** There is appropriated from the General Fund to the Board
7 of Governors of The University of North Carolina the sum of nine million six hundred
8 seventy-two thousand one hundred six dollars (\$9,672,106) for the 2001-2002 fiscal
9 year for the purpose of fully funding regular term and distance education enrollment,
10 including the enrollment hold harmless as requested by the Board of Governors.

11 **SECTION 10.(e)** Of the funds and receipts appropriated by this section, the
12 Board of Governors may expend up to forty million five hundred thirty-six thousand
13 nine hundred sixty-three dollars (\$40,536,963) for the purpose of funding enrollment.

14 **SECTION 10.(f)** There is appropriated from the General Fund to the Board
15 of Governors of The University of North Carolina the sum of three million two hundred
16 twenty-six thousand two hundred ten dollars (\$3,226,210) for the 2001-2002 fiscal year
17 to be allocated to the University Board of Governors Related Educational Programs to
18 be used to provide funds for the Legislative Tuition Grant program and the State
19 Contractual Scholarship program enrollment increases.

20 21 **PART XI. STATE EMPLOYEE HEALTH PLAN FUNDING.**

22 **SECTION 11.(a)** There is appropriated from the General Fund to the
23 Reserve for State Health Plan the sum of one hundred fourteen million dollars
24 (\$114,000,000) for the 2001-2002 fiscal year.

25 **SECTION 11.(b)** There is appropriated from the Highway Fund to the
26 Reserve for State Health Plan the sum of seven million dollars (\$7,000,000) for the
27 2001-2002 fiscal year.

28 29 **PART XII. BOND DEBT SERVICE.**

30 **SECTION 12.** There is appropriated from the General Fund to the
31 Department of State Treasurer the sum of twelve million three hundred thousand dollars
32 (\$12,300,000) for the 2001-2002 fiscal year to pay the debt service for bonds.

33 34 **PART XIII. PROJECT COLLECT TAX COLLECTION.**

35 **SECTION 13.** The Department of Revenue may initiate recruitment
36 activities for personnel to implement Project Collect Tax; however, the Department
37 shall not employ the personnel until the Current Operations and Capital Improvements
38 Appropriations Act of 2001 becomes law.

39 40 **PART XIV. REPLACE OPTICAL IMAGING SYSTEM IN RETIREMENT** 41 **SYSTEMS DIVISION.**

42 **SECTION 14.** There is appropriated to the Department of State Treasurer
43 departmental receipts in the amount of two million four hundred sixty-five thousand

1 dollars (\$2,465,000) for the 2001-2002 fiscal year to replace the optical imaging system
2 used by the Retirement Systems Division.

3

4 **PART XV. EFFECTIVE DATE.**

5 **SECTION 15.** This act is effective when it becomes law.